

SYNTHOS S.A.

FINANCIAL INFORMATION

01.07.2015 – 30.09.2015

QUARTERLY REPORT



synthos
chemical innovations

FINANCIAL PART OF THE REPORT

(all figures in thousands of zlotys, unless otherwise stated)

I. CONSOLIDATED REPORT

Consolidated statement of comprehensive income for the 9 months ended 30 September 2015

	Q3 2015 period from 2015-07-01 to 2015-09-30	Q3 2015 period from 2015-01-01 to 2015-09-30	Q3 2014 period from 2014-07-01 to 2014-09-30	Q3 2014 period from 2014-01-01 to 2014-09-30
Revenue	1 014 489	3 135 808	1 225 403	3 575 380
Cost of sales	(820 749)	(2 531 591)	(1 020 351)	(2 976 314)
Gross profit on sales	193 740	604 217	205 052	599 066
Other operating income	4 902	15 747	11 573	24 560
Selling costs	(29 162)	(96 823)	(35 544)	(102 092)
Administrative expenses	(45 450)	(132 908)	(38 933)	(118 733)
Other operating expenses	(4 849)	(9 362)	(2 408)	(10 845)
Share value write-down	-	(5 130)	-	-
Operating profit	119 181	375 741	139 740	391 956
Finance income	(4 365)	30 436	990	3 303
Finance costs	(12 795)	(38 266)	(2 122)	(24 437)
Net finance costs	(17 160)	(7 830)	(1 132)	(21 134)
Gain on available-for-sale financial assets	42 058	42 058	-	-
Profit before tax	144 079	409 969	138 608	370 822
Income tax	(8 464)	(27 979)	(16 273)	(79 580)
Net profit	135 615	381 990	122 335	291 242
Other comprehensive income which may be transferred to the income statement				
Foreign exchange gains/ (losses) on translation of subsidiaries and joint operations	10 283	11 104	883	12 148
Valuation of financial assets available for sale	(42 963)	(45 607)	6 263	(42 462)
Other comprehensive income (net)	(32 680)	(34 503)	7 146	(30 314)
Total comprehensive income	102 935	347 487	129 481	260 928
Profit attributable to:				
Equity holders of the parent company	131 358	381 596	122 102	290 858
Non-controlling interests	137	394	233	384
Net profit for the period	131 495	381 990	122 335	291 242
Comprehensive income attributable to:				
Equity holders of the parent company	102 798	347 093	260 544	260 544
Non-controlling interests	137	394	384	384
Comprehensive income for the period	102 935	347 487	260 928	260 928
Earnings per share attributable to the equity holders of the Company in the period (in PLN per share):				
Basic (PLN)	0,10	0,29	0,09	0,22
Diluted (PLN)	0,10	0,29	0,09	0,22

Costs by type

	Q3 2015 period from 2015-07-01 to 2015-09-30	Q3 2015 period from 2015-01-01 to 2015-09-30	Q3 2014 period from 2014-07-01 to 2014-09-30	Q3 2014 period from 2014-01-01 to 2014-09-30
Amortization and depreciation	40 096	117 983	37 614	115 390
Materials and energy used	674 955	1 989 668	878 918	2 555 407
External services	70 105	208 072	92 114	198 992
Taxes and fees	5 996	19 561	6 137	17 810
Wages and salaries	35 675	108 620	31 542	99 438
Social insurance and similar charges	9 994	31 955	8 632	28 697
Other costs by type	5 747	14 376	4 789	15 983
Total costs by type	842 568	2 490 235	1 059 746	3 031 717
Changes in inventories of finished goods	(291)	120 516	(27 274)	(7 085)
Changes in settled costs	(5 656)	(6 000)	230	(2 244)
Selling costs (negative value)	(29 162)	(96 823)	(35 544)	(102 092)
Administrative expenses (negative value)	(45 450)	(132 908)	(38 933)	(118 733)
Cost of sales of finished goods	762 009	2 375 020	958 225	2 801 563
Cost of goods for resale and materials sold	58 739	156 570	62 126	174 751
Cost of sales	820 749	2 531 591	1 020 351	2 976 314

Revenues from sales

	Q3 2015 period from 2015-07-01 to 2015-09-30	Q3 2015 period from 2015-01-01 to 2015-09-30	Q3 2014 period from 2014-07-01 to 2014-09-30	Q3 2014 period from 2014-01-01 to 2014-09-30
Revenues from sales of finished goods	945 480	2 937 328	1 160 171	3 385 502
Revenues from sales of services	11 889	24 935	5 718	18 086
Revenues from sales of goods for resale and materials	56 876	172 737	59 249	170 903
Income from rental of investment properties	244	808	265	889
Total sales	1 014 489	3 135 808	1 225 403	3 575 380

Consolidated statement of financial position as at 30 September 2015

	30.09.2015	30.06.2015	31.12.2014	30.09.2014	30.06.2014
Non-current assets					
Property, plant and equipment	2 263 937	2 148 864	1 966 376	1 775 844	1 702 625
Intangible assets	230 146	231 676	227 458	166 538	161 554
Investment properties	-	-	-	441	456
Non-current investments	1 179	2 095	6 425	44 142	2 295
Goodwill	-	-	-	1 929	4 475
Loans granted	-	-	-	2 097	1 067
Available-for-sale financial assets	8 801	130 631	132 553	216 955	210 520
Deferred tax assets	20 637	25 407	32 665	25 763	29 929
Total non-current assets	2 524 700	2 538 673	2 365 477	2 233 709	2 112 921
Current assets					
Inventories	422 210	408 479	495 762	468 155	442 903
Income tax receivables	56 981	53 671	47 501	39 455	73 429
Trade and other receivables	757 198	965 177	949 362	1 072 545	1 062 340
Cash and cash equivalents	919 282	984 572	783 563	655 695	180 191
Total current assets	2 155 671	2 411 899	2 276 188	2 235 850	1 758 863
Total assets	4 680 371	4 950 572	4 641 665	4 469 559	3 871 784
Total equity and liabilities					
Equity					
Share capital	39 698	39 698	39 698	39 698	39 698
Revaluation reserve	2 559	45 522	48 166	32 775	26 512
Foreign exchange differences on translation of subordinated entities	27 871	17 588	16 767	3 512	2 629
Retained earnings, including: <i>net profit for the current period</i>	2 168 598 381 596	2 033 120 246 118	2 117 815 356 883	2 051 789 290 858	1 929 688 168 756
Equity attributable to equity holders of the parent	2 238 726	2 135 928	2 222 446	2 127 774	1 998 527
Non-controlling interests	13 891	13 754	13 497	14 207	13 974
Total equity	2 252 617	2 149 682	2 235 943	2 141 981	2 012 501
Liabilities					
Overdrafts facilities	-	-	-	1 461 425	-
Liabilities in respect of loans, borrowings and other debt instruments	1 675 435	1 658 860	1 472 550	5 334	587 267
Employee benefits payable	4 365	4 392	4 451	3 740	3 765
Deferred income from government	155 380	149 929	141 398	99 310	66 141
Provisions	30 260	30 260	30 260	30 260	30 260
Deferred income tax liability	42 241	42 537	42 736	43 919	41 253
Other long-term liabilities	29 244	28 832	28 813	28 457	28 400
Total non-current liabilities	1 936 925	1 914 810	1 720 208	1 672 445	757 086
Overdrafts facilities	-	-	-	-	371 071
Liabilities in respect of loans, borrowings and other debt instruments	3 654	20 380	18 518	3 556	128 248
Employee benefits payable	353	352	352	150	150
Income tax liabilities	4	390	802	4 397	1 402
Deferred income from government	8 064	8 064	8 064	-	-
Trade and other payables	473 304	851 260	651 519	638 684	593 944
Provisions	4 186	4 131	4 090	4 000	3 992
Derivatives	1 264	1 503	2 169	4 346	3 390
Total current liabilities	490 829	886 080	685 514	655 133	1 102 197
Total liabilities	2 427 754	2 800 890	2 405 722	2 327 578	1 859 283
Total equity and liabilities	4 680 371	4 950 572	4 641 665	4 469 559	3 871 784

	30.09.2015	30.06.2015	31.12.2014	30.09.2014	30.06.2014
Carrying amount	2 252 617	2 149 682	2 235 943	2 141 981	2 012 501
Number of shares (in units)	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000
Weighted average number of shares	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000
Book value per share (in PLN)	1,70	1,62	1,69	1,62	1,52
Diluted number of shares (in units)	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000
Diluted book value per share (in PLN)	1,70	1,62	1,69	1,62	1,52

Consolidated statement of changes in equity for the 9 months ended 30 September 2015

	Attributable to equity holders of the Company					Total equity
	Share capital	Retained earnings	Foreign exchange differences on translation	Revaluation reserve	Attributable to minority interests	
1 January 2015	39 698	2 117 815	16 767	48 166	13 497	2 235 943
Payment of dividend	-	(330 813)	-	-	-	(330 813)
Total comprehensive income	-	381 596	11 104	(45 607)	394	347 487
30 September 2015	39 698	2 168 598	27 871	2 559	13 891	2 252 617

	Attributable to shareholders of the Company					Total equity
	Share capital	Retained earnings	exchange differences on translation	Revaluation reserve	Attributable to minority interests	
1 January 2014	39 698	2 171 139	(8 636)	75 237	13 823	2 291 261
Payment of dividend	-	(410 208)	-	-	0	(410 208)
Total comprehensive income	-	290 858	12 148	(42 462)	384	260 928
30 September 2014	39 698	2 051 789	3 512	32 775	14 207	2 141 981

Consolidated statement of cash flows for the 9 months ended 30 September 2015

	Q3 2015 period from 2015-07-01 to 2015-09-30	Q3 2015 period from 2015-01-01 to 2015-09-30	Q3 2014 period from 2014-07-01 to 2014-09-30	Q3 2014 period from 2014-01-01 to 2014-09-30
Profit before tax	144 079	409 969	138 608	370 822
Adjustments:				
Amortization and depreciation	40 096	117 983	37 614	115 390
Gain on available-for-sale financial assets	(42 058)	(42 058)	-	-
Share value write-down	-	5 130	-	-
Foreign exchange (gains)/ losses	2 303	(7 926)	(1 292)	6 380
(Gains)/losses on investing activities	1 207	(17 713)	1 311	859
(Gains)/ losses on disposal of fixed assets	(181)	(519)	(3 856)	(5 737)
Interest	9 356	28 056	4 716	12 709
Others	(1 243)	(291)	(1 344)	(745)
Operating profit before changes in working capital	153 559	492 631	175 757	499 678
(Increase)/decrease in receivables	162 792	144 125	(5 329)	(109 927)
(Increase)/decrease in inventories	(27 251)	71 812	(17 232)	(2 370)
(Increase)/decrease in trade and other payables	(34 468)	(67 700)	13 737	29 079
(Increase)/decrease in provisions	-	39	-	36
(Increase)/decrease in employee benefit liabilities	(27)	(86)	(25)	(76)
Cash flows generated in operating activities	254 605	640 821	166 908	416 420
Tax paid	(6 912)	(26 543)	27 214	4 970
Net cash from operating activities	247 693	614 278	194 122	421 390
Cash flows from investing activities				
Disposal of intangible assets and property, plant and equipment	692	1 390	9 851	11 578
Interest received	2 121	5 919	266	2 016
Sale of available-for-sale assets	120 625	120 625	-	-
Subsidies received	5 900	16 484	33 911	56 985
Proceeds from forward transactions realized	(335)	20 079	85	2 357
Purchase of intangible assets and property, plant and equipment	(148 526)	(509 078)	(92 119)	(236 442)
Purchase of shares in subsidiaries	-	(1 373)	(41 848)	(49 596)
Loans granted	(420)	(420)	(1 175)	(1 492)
Outflows/inflows from the cash pool agreement	61 875	49 330	11 420	(11 151)
Net cash from investing activities	41 932	(297 044)	(79 609)	(225 745)
Cash flows from financing activities				
Loans and borrowings received	-	-	-	276 122
Overdrafts (repaid)/taken	-	-	(371 618)	(456 107)
Outflows in respect of swap transactions	(872)	(2 366)	(267)	(3 343)
Dividends and other payments to shareholders	(330 813)	(330 813)	(931)	(411 122)
Outflows on repayment of loans and borrowings	-	-	(706 785)	(826 004)
Other inflows	1 418	1 418	-	-
Interest paid	(28 300)	(48 785)	(5 170)	(15 194)
Inflows from issuance of bonds	-	201 649	1 445 081	1 445 081
Net cash from financing activities	(358 567)	(178 897)	360 310	9 433
Net increase/(decrease) in cash and cash equivalents	(68 942)	138 337	474 823	205 078
Change in cash and cash equivalents in the balance sheet, including:	(65 290)			
Cash and cash equivalents at the beginning of the year	984 572	783 563	180 191	447 055
Effect of changes in foreign exchange differences on cash and cash equivalents	3 652	(2 618)	681	3 562
Cash and cash equivalents at the end of the year	919 282	919 282	655 695	655 695

II. SEPARATE REPORT

Separate statement of comprehensive income for the 3 months ended 30 September 2015

	Q3 2015 period from 2015-07-01 to 2015-09-30	Q3 2015 period from 2015-01-01 to 2015-09-30	Q3 2014 period from 2014-07-01 to 2014-09-30	Q3 2014 period from 2014-01-01 to 2014-09-30
Revenue	31 357	84 487	26 560	79 040
Cost of sales	(27 751)	(72 361)	(23 020)	(68 168)
Gross profit on sales	3 606	12 126	3 540	10 872
Other operating income	345	840	21	2 129
Result from liquidation of shares in subsidiaries	(681)	(681)	-	-
Administrative expenses	(1 796)	(6 601)	(1 291)	(5 085)
Other operating expenses	(4 833)	(4 939)	(49)	(291)
Dividend	-	-	-	990 683
Share value write-down	-	(5 130)	-	-
Operating profit	(3 359)	(4 385)	2 221	998 308
Finance income	20 760	68 701	10 282	17 726
Finance costs	(29 877)	(79 912)	(3 568)	(15 823)
Net finance income / (costs)	(9 117)	(11 211)	6 714	1 903
Profit before tax	(12 476)	(15 596)	8 935	1 000 211
Corporate income tax	(975)	(1 706)	(2 329)	(2 751)
Net profit	(13 451)	(17 302)	6 605	997 460
Other comprehensive income that may be later reclassified to profit or loss				
Foreign exchange differences on translation of the foreign branch	868	1 120	1 262	1 027
Valuation of financial assets available for sale	(1 324)	1 754	733	2 991
Other total (net) income	(456)	2 874	1 995	4 018
Total comprehensive income	(13 907)	(14 428)	8 600	1 001 478
Basic (PLN)	(13 451)	(17 302)	6 605	997 460
Diluted (PLN)	(13 451)	(17 302)	6 605	997 460
Earnings per share:				
Basic (PLN)	(0,01)	(0,01)	0,00	0,75
Diluted (PLN)	(0,01)	(0,01)	0,00	0,75

Costs by type

	Q3 2015 period from 2015-07-01 to 2015-09-30	Q3 2015 period from 2015-01-01 to 2015-09-30	Q3 2014 period from 2014-07-01 to 2014-09-30	Q3 2014 period from 2014-01-01 to 2014-09-30
Amortization and depreciation	2 857	7 742	2 399	8 099
Materials and energy used	730	2 416	794	2 349
External services	10 709	24 961	7 201	18 492
Taxes and fees	281	821	88	316
Wages and salaries	9 769	29 645	9 727	29 411
Social insurance and similar charges	1 808	6 114	1 687	6 000
Other costs by type	3 393	7 263	2 415	8 586
Total costs by type	29 547	78 962	24 311	73 253
Administrative expenses (negative value)	(1 796)	(6 601)	(1 291)	(5 085)
Cost of sales	27 751	72 361	23 020	68 168

Revenues from sales

	Q3 2015 period from 2015-07-01 to 2015-09-30	Q3 2015 period from 2015-01-01 to 2015-09-30	Q3 2014 period from 2014-07-01 to 2014-09-30	Q3 2014 period from 2014-01-01 to 2014-09-30
Revenues from sales of services	31 357	84 487	26 560	79 040
Total revenues from sales	31 357	84 487	26 560	79 040

Separate statement of financial position as at 30 September 2015

	30.09.2015	30.06.2015	31.12.2014	30.09.2014	30.06.2014
Assets					
Non-current assets					
Property, plant and equipment	79 087	70 961	54 187	44 103	45 972
Intangible assets	87 795	87 686	88 166	89 244	85 614
Shares in subsidiaries	697 822	736 815	740 523	736 585	694 507
Long-term financial assets	574 000	574 000	574 000	574 000	574 000
Loans granted	621 926	751 504	1 285 886	1 190 408	387
Available-for-sale financial assets	8 815	10 450	6 650	10 516	9 611
Deferred tax assets	9 038	9 713	10 501	-	1 585
Total non-current assets	2 078 483	2 241 129	2 759 913	2 644 856	1 411 676
Current assets					
Loans granted	1 230	490	15 417	17 411	7 143
Current financial assets	17 300	7 032	27 679	-	-
Income tax receivables	2 577	314	34	92	136
Trade and other receivables	36 711	88 138	74 658	57 967	56 759
Cash and cash equivalents	427 916	554 464	40 302	257 461	2 943
Total current assets	485 734	650 438	158 090	332 931	66 981
Total assets	2 564 217	2 891 567	2 918 003	2 977 787	1 478 657
Equity					
Share capital	39 698	39 698	39 698	39 698	39 698
Revaluation reserve	2 559	3 883	805	3 936	3 203
Foreign exchange differences on translation of the foreign branch	(4 693)	(5 561)	(5 813)	(5 310)	-6 572
Retained earnings, including: <i>Current net profit/(loss)</i>	748 436 (17 302)	761 887 (3 851)	1 096 551 1 005 858	1 088 153 997 460	1 081 547 990 854
Total equity	786 000	799 907	1 131 241	1 126 477	1 117 876
Liabilities					
Liabilities in respect of loans, borrowings and other debt instruments	1 461 994	1 445 933	1 467 790	1 436 376	81 143
Employee benefits payable	446	446	446	340	341
Deferred income from government subsidies	17 964	16 913	12 229	18 543	11 188
Deferred income tax liability	147	165	-	771	-
Total non-current liabilities	1 480 551	1 463 457	1 480 465	1 456 030	92 672
Liabilities in respect of loans, borrowings and other debt instruments	262 354	277 305	272 619	377 667	250 187
Employee benefits payable	24	24	25	11	11
Income tax liabilities	-	104	-	-	-
Trade and other payables	35 288	350 770	33 653	17 602	17 911
Total current liabilities	297 666	628 203	306 297	395 280	268 109
Total liabilities	1 778 217	2 091 660	1 786 762	1 851 310	360 781
Total equity and liabilities	2 564 217	2 891 567	2 918 003	2 977 787	1 478 657

Off-balance sheet items in PLN '000

	30.09.2015	30.06.2015	31.12.2014	30.09.2014	30.06.2014
2. Contingent liabilities	1 695 440	1 677 760	1 641 805	1 611 425	1 445 506
2.1. To related entities	1 695 440	1 677 760	1 641 805	1 611 425	1 445 506
- Guarantee for Synthos Finance AB - bonds repayment guarantee *	1 695 440	1 677 760	1 491 805	1 461 425	-
- guarantee of loan instalments	-	-	150 000	150 000	1 445 506
Total off-balance-sheet items	(1 695 440)	(1 677 760)	(1 641 805)	(1 611 425)	(1 445 506)

*Issuers of the guarantee: Synthos SA, SD 7 Sp. z o.o. sp. j., Synthos Kralupy a.s., Synthos PBR s.r.o., Tamero Invest s.r.o.

	30.09.2015	30.06.2015	31.12.2014	30.09.2014	30.06.2014
Carrying amount	786 000	799 907	1 131 241	1 126 477	1 117 876
Number of shares (in units)	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000
Weighted average number of shares	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000
Book value per share (in PLN)	0,59	0,60	0,85	0,85	0,84
Diluted number of shares (in units)	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000	1 323 250 000
Diluted book value per share (in PLN)	0,59	0,60	0,85	0,85	0,84

Statement of changes in equity for the 9 months ended 30 September 2015

	Attributable to shareholders of the Company				Total equity
	Share capital	Retained earnings	Foreign exchange differences on translation	Revaluation reserve	
1 January 2015	39 698	1 096 551	(5 813)	805	1 131 241
Payment of dividend	-	(330 813)	-	-	(330 813)
Total comprehensive income	-	(17 302)	1 120	1 754	(14 428)
30 September 2015	39 698	748 436	(4 693)	2 559	786 000

	Attributable to shareholders of the Company				Total equity
	Share capital	Retained earnings	Foreign exchange differences on translation	Revaluation reserve	
1 January 2014	39 698	500 901	(6 337)	945	535 207
Payment of dividend	-	(410 208)	-	-	(410 208)
Total comprehensive income	-	997 460	1 027	2 991	1 001 478
30 September 2014	39 698	1 088 153	(5 310)	3 936	1 126 477

Separate statement of cash flows for the 9 months ended 30 September 2015

	Q3 2015 period from 2015-07-01 to 2015-09-30	Q3 2015 period from 2015-01-01 to 2015-09-30	Q3 2014 period from 2014-07-01 to 2014-09-30	Q3 2014 period from 2014-01-01 to 2014-09-30
Profit before tax	(12 476)	(15 596)	8 935	1 000 211
Adjustments				
Amortization and depreciation	2 857	7 742	2 399	8 099
Dividends received	-	-	-	(985 792)
Share value write-down	-	5 130	-	-
Foreign exchange (gains)/ losses	9 528	15 582	510	588
Gain on sale of share	681	681	-	-
(Gains)/ losses on disposal of fixed assets	(30)	(107)	(9)	(2 083)
Interest	452	(5 014)	(7 098)	(8 249)
Others	(295)	(729)	(6)	(16)
Operating profit before changes in working capital	717	7 689	4 731	12 758
(Increase)/decrease in receivables	50 952	40 352	(5 867)	(24 051)
(Increase)/decrease in trade and other payables	18 073	8 036	2 038	7 032
(Increase)/decrease in employee benefit liabilities	-	-	(4)	(2)
Cash flows generated from operating activities	69 742	56 077	898	(4 263)
Tax paid	(2 379)	(3 043)	(101)	(155)
Net cash from operating activities	67 363	53 034	797	(4 418)
Cash flows from investing activities				
Disposal of intangible assets and fixed tangible assets	59	176	5 377	5 543
Repayment of loans	138 235	694 071	-	-
Dividends received	196	196	-	411 792
Interest received	9 333	90 512	11	236
Proceeds from liquidation of shares in subsidiaries	39 717	39 717	-	-
Subsidies received	1 150	6 268	7 360	10 331
Purchase of intangible assets and property, plant and equipment	(12 536)	(40 090)	(5 958)	(9 135)
Purchase of shares in dependent parties	(1 431)	(2 804)	(42 078)	(49 827)
Borrowings granted	(3 220)	(54 221)	(1 192 525)	(1 192 525)
Net cash from investing activities	171 503	733 825	(1 227 813)	(823 585)
Cash flows from financing activities				
Loans and borrowings received	-	-	42 635	74 954
Outflows on repayment of loans and borrowings	-	-	-	(21 497)
Issue of bonds	-	-	1 439 403	1 439 403
Dividends and other payments to shareholders	(330 813)	(330 813)	-	(410 191)
Interest paid	(34 573)	(68 739)	-	-
Net cash from financing activities	(365 386)	(399 552)	1 482 038	1 082 669
Net increase/(decrease) in cash and cash equivalents	(126 520)	387 307	255 022	254 666
Change in cash and cash equivalents in the balance sheet, including:				
Cash and cash equivalents at the beginning of the year	554 464	40 302	2 943	3 317
Effect of changes resulting from foreign exchange differences on cash and cash equivalents	28	(307)	504	522
Cash and cash equivalents at the end of the year	427 916	427 916	257 461	257 461

III. Operating segment reporting

	Rubbbers		Styrene derivatives		Dispersions, Adhesives and Latexes		Media		Agro		Other		Total	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Sales revenue														
Sales of goods/finished products (external customers)	1 415 394	1 793 060	1 343 893	1 485 426	145 817	132 984	139 766	140 339	63 477	2 317	1 718	2 280	3 110 065	3 556 406
Sales of services							15 335	8 223	-	-	9 600	9 863	24 935	18 086
Rental income									-	-	808	889	808	889
Total income	1 415 394	1 793 060	1 343 893	1 485 426	145 817	132 984	155 101	148 562	63 477	2 317	12 126	13 032	3 135 808	3 575 381
Total costs	1 239 327	1 554 862	1 214 143	1 386 201	132 697	128 879	119 255	123 979	54 338	2 294	1 562	924	2 761 322	3 197 139
Segment result	176 067	238 198	129 750	99 225	13 120	4 105	35 846	24 583	9 139	23	10 564	12 108	374 486	378 242
Other income	3 130	85	3 162	2 129	127	40	8 599	14 283	72	4	657	8 018	15 747	24 559
Other expenses	933	2 974	3 082	2 388	529	424	1 778	775	392	17	7 778	4 267	14 492	10 845
Operating profit	178 264	235 309	129 830	98 966	12 718	3 721	42 667	38 091	8 819	10	3 443	15 859	375 741	391 956
Finance income													30 436	2 313
Finance costs													38 266	22 315
Gain on available-for-sale financial assets													42 058	-
Profit before tax	178 264	235 309	129 830	98 966	12 718	3 721	42 667	38 091	8 819	10	3 443	15 859	409 969	371 954
Income tax													27 979	26 707
Net profit	178 264	235 309	129 830	98 966	12 718	3 721	42 667	38 091	8 819	10	3 443	15 859	381 990	345 247
Segment assets	1 939 803	1 471 604	886 763	948 662	133 434	52 969	541 087	430 636	94 649	3 245	218 461	231 109	3 814 197	3 138 225
Unallocated assets													866 174	1 331 334
Total assets	1 939 803	1 471 604	886 763	948 662	133 434	52 969	541 087	430 636	94 649	3 245	218 461	231 109	4 680 371	4 469 559
Capital expenditure	324 938	136 334	29 722	17 247	14 644	713	79 607	67 683	12 869	120	47 298	14 345	509 078	236 442
Amortization and depreciation	33 657	32 039	34 550	38 351	6 429	5 121	24 073	21 379	2 781	14	16 493	18 486	117 983	115 390



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ADDITIONAL INFORMATION
01.07.2015 – 30.09.2015
QUARTERLY REPORT

**Additional notes and explanations for
the SYNTHOS S.A. Group**

**Quarterly report for the period
from 1 July 2015 to 30 September 2015**

THE MANAGEMENT BOARD OF SYNTHOS S.A.:

- PRESIDENT OF THE BOARD

- VICE-PRESIDENT OF THE BOARD

- BOARD MEMBER

- BOARD MEMBER

- BOARD MEMBER

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1. INTRODUCTION

The Group is one of the leading manufacturers of chemical raw materials in Central and Eastern Europe, headquartered in Poland with its main production operations located in Poland and the Czech Republic. The Group is the leading producer of synthetic rubber and the leading producer of expandable and extruded polystyrene in Europe, based on data provided by IHS Chemical. The Group's upstream integration with a stable source of raw materials, including C₄ fraction, butadiene, benzene and ethylene, which the Group sources mainly from regional crackers, has allowed the Group to achieve a leading cost position in the synthetic rubber industry. The Group has a broad and diverse customer base across a wide range of industries, including the automotive, construction and packaging industries. The Group has developed long-term relationships with its key customers, which include market leaders, many of which have lasted over several decades. Over the years, the Group has successfully leveraged its key proprietary technologies and transformed itself into a modern synthetic rubber and styrenics producer with global operations. The Company's shares have been listed on the Warsaw Stock Exchange since 2004, and the Company has been a member of the blue chip WIG20 index on the Warsaw Stock Exchange since 2012. As at September 30, 2015, the Company has a market capitalization of PLN 5,822.3 million.

For the nine months ended September 30, 2015, the Group has generated consolidated revenues from sales of PLN 3,135.8 million and EBITDA of PLN 493.7 million. The Group's business is divided into four main business segments: butadiene and rubber (the "**Synthetic Rubber Segment**"), styrene and styrene derivatives (the "**Styrene Plastics Segment**"), dispersions adhesives and latex (the "**Dispersions, Adhesives and Latex Segment**") and manufacturing means of plant protection (the "**AGRO Segment**"). Other sources of revenues include auxiliary operations related to the production and distribution of thermal energy from the Group's own power plants, as well as revenues derived from the trading and distribution of electricity ("**Other Operations**," including "Media," which is reported as a separate segment in the Consolidated Annual Report). Other Operations also include income and costs not allocated to any segments.

1.1 Accounting policies adopted in the preparation of the report

In these condensed consolidated financial statements the Synthos Group applied the International Financial Reporting Standards (IFRS) which were also binding in the comparative period.

In accordance with the resolution of our General Shareholders' Meeting of 30/05/2005, the separate financial statements have been prepared under IAS.

1.2 Functional currency and presentation currency

We have two functional currencies due to the fact that we operate on two markets:

- a) in Czech companies, the Czech koruna is the functional currency;
- b) in Polish entities, the Polish zloty is the functional currency.

The presentation currency in which these financial statements are prepared is the Polish zloty. Assets and liabilities & equity measured in the functional currencies

were translated into the presentation currency at the mid-exchange rate of the National Bank of Poland as at the balance sheet date.

Transactions expressed in foreign currencies are recognized in the functional currency as at the transaction date using the mid-exchange rate of the NBP or the CNB (the Czech National Bank) as at the transaction date.

Assets and liabilities expressed in foreign currencies are translated as at the balance sheet date at the mid-exchange rate of a given functional currency as at that date. Foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and valuation of monetary assets and liabilities expressed in foreign currencies as at the balance sheet date are recognized in profit or loss. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated at the mid-exchange rate of the functional currency as at the transaction date.

Financial data in CZK has been translated as follows:

- individual assets and liabilities & equity – at the exchange rate as at 30 September 2015 – PLN/CZK 0.1560

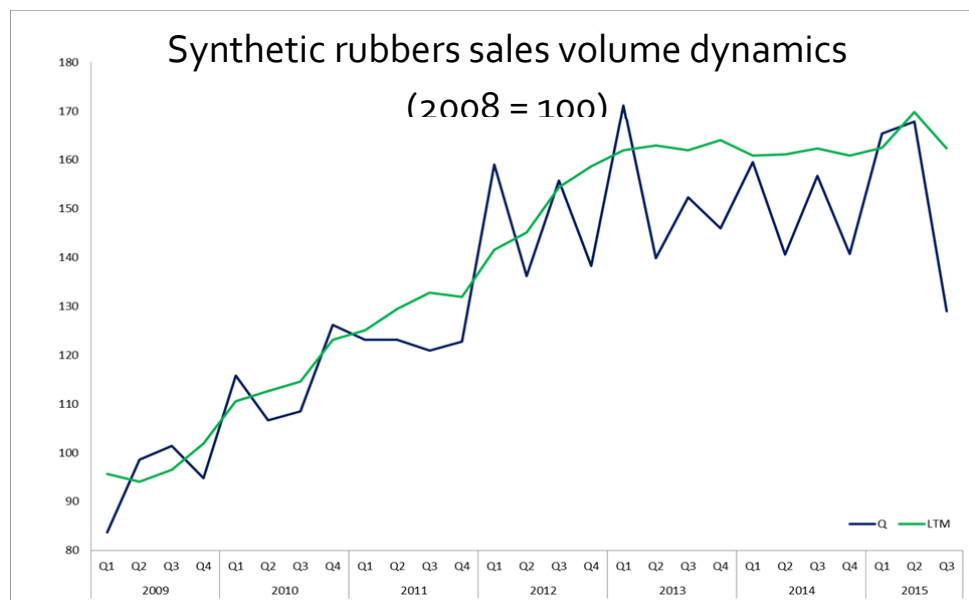
2. BUSINESS DESCRIPTION OF SYNTHOS GROUP

2.1 Overview

The Group's business is divided into four main business segments: butadiene and rubber (the "**Synthetic Rubber Segment**"), styrene and styrene derivatives (the "**Styrene Plastics Segment**"), dispersions adhesives and latex (the "**Dispersions, Adhesives and Latex Segment**") and manufacturing means of plant protection (the "**AGRO Segment**"). Other sources of revenues include auxiliary operations related to the production and distribution of thermal energy from the Group's own power plants, as well as revenues derived from the trading and distribution of electricity ("**Other Operations**," including "Media," which is reported as a separate segment in the Consolidated Financial Statements). Other Operations also include income and costs not allocated to any segments.

Synthetic Rubber Segment

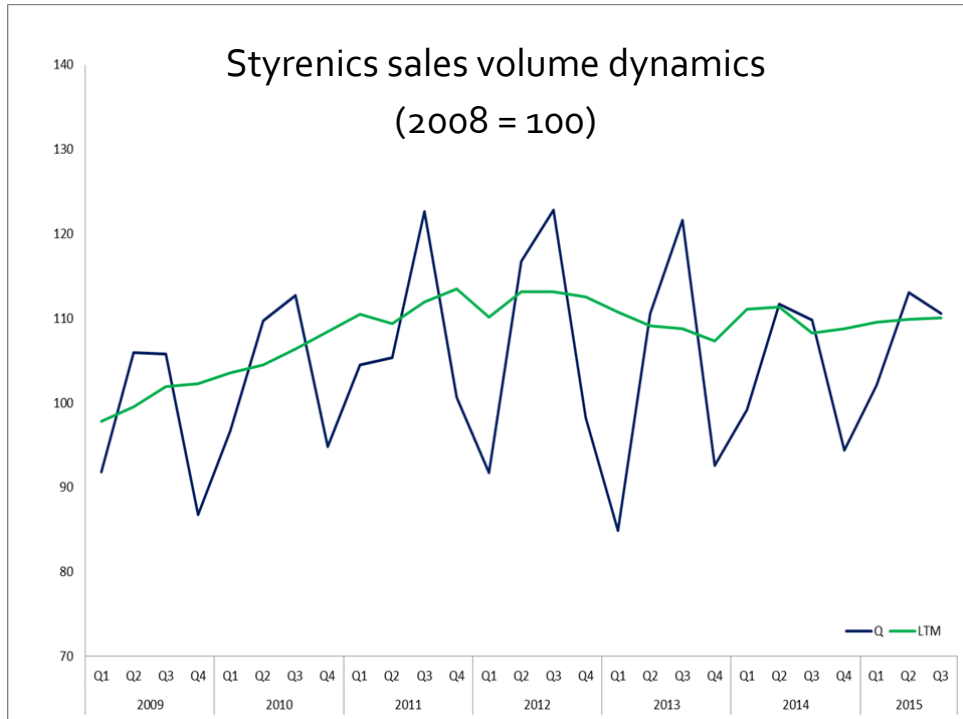
The Group's Synthetic Rubber Segment is its core business segment. 82% of the volume of products sold in this segment is attributable to large tire industry participants, including Michelin, Continental, Bridgestone, Goodyear and Pirelli. The remaining 18% of the volume of products sold in this segment is derived from other markets, including those involved in the production of technical rubber, soles for footwear, flexible cables and transmission belts. For the nine months ended September 30, 2015, the Group's Synthetic Rubber Segment generated revenues from sales of PLN 1,415.4 million and EBITDA of PLN 211.9 million.



Styrene Plastics Segment

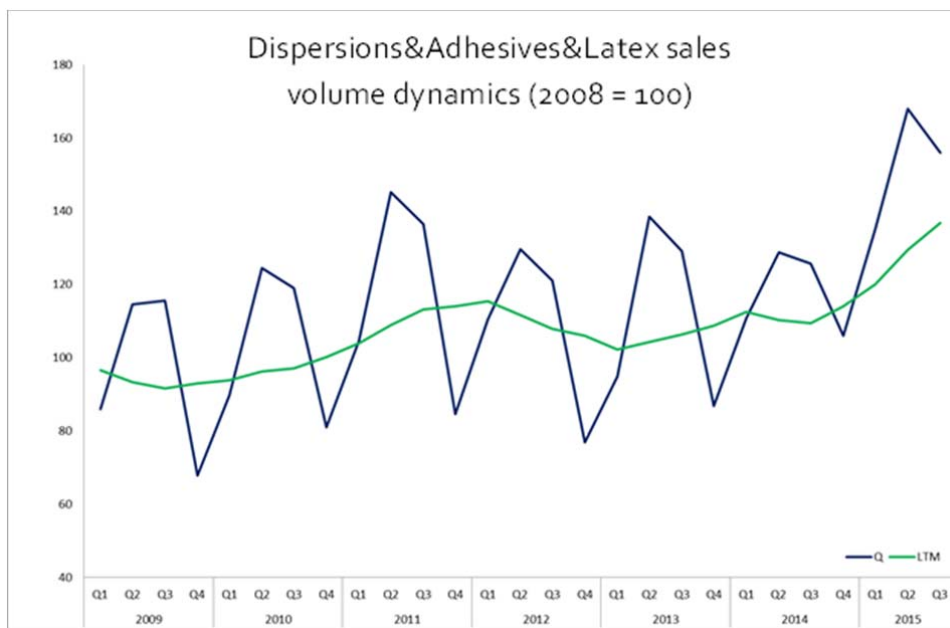
The Group's Styrene Plastics Segment produces three main types of products, which differ in their application. The first is expandable polystyrene ("**EPS**"), which is primarily used in the production of thermal insulation boards, a basic thermal insulation material used in Central Europe. The second includes general purpose polystyrenes ("**GPPS**") and high impact polystyrenes ("**HIPS**"), which are primarily used in the food packaging industry. Polystyrene is also used for making disposable tableware, cups, and containers for dairy products, trays and cutlery. It

is also used as a raw material in the production of shower cubicles, jewelry packaging, and other materials requiring a stiff but transparent packaging material. The third is extruded polystyrene board ("XPS"). XPS is used primarily in the construction industry, as a thermal insulation material for the perimeters of buildings, roofs with reverse layer sequences, flooring and in thermal bridges and cavity walls. For the nine months ended September 30, 2015, the Group's Styrene Plastics Segment generated revenues of PLN 3,143.9 million and EBITDA of PLN 164.4 million.



Dispersions, Adhesives and Latex Segment

The Group's Dispersions, Adhesives and Latex Segment produces acrylic, styrene-acrylic, vinyl acetate polymer dispersions: wood- and paper-adhesives and two different types of synthetic latex: concentrated styrene butadiene and styrene butadiene carboxylic latex. The main application for these materials is in the production of high-quality paints, acrylic plasters, primers, sealers and other chemicals used in the construction industry. Polyvinyl acetate dispersions are used in the manufacturing of adhesives for wood and in the paper, textile and construction industries. The Group's adhesives are used mainly in the wood, furniture and paper industries. For the nine months ended September 30, 2015, the Group's Dispersions, Adhesives and Latex Segment generated revenues from sales of PLN 145.8 million and EBITDA of PLN 19.1 million.



AGRO Segment

The Group's AGRO Segment consists of plant protection products and biocides. The AGRO Segment offers protection of seedlings, protection of plants against fungi in all of the vegetation season's months, protection against weeds and supply plants with essential micronutrients and microelements. For the nine months ended September 30, 2015, the Group's AGRO Segment generated revenues from sales of PLN 63.4 million and EBITDA of PLN 11.6 million.

2.2 Recent Developments

Launch of a facility for the production of SSBR rubber

In 2015, work related to the development of a facility for the production of modern SSBR rubber was continued in the plant in Oświęcim. In the discussed period, among others, the final construction and assembly works related to the launch of the production facility were carried out. Simultaneously, systems related to the production facility were constructed.

On June 15, 2015, the construction of the facility has ended. After the acceptance of the machinery, pipelines and systems needed for the construction of the production processes, preparations for the launch of the facility began.

Within the process of the facility launch, the first test SSBR rubber brick was produced on August 4, 2015. Currently, the production tests are conducted for the rubber assortment under the license and other activities aimed at a full start of the facility.

The investment carried out by Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna is based on a license agreement of June 2012 with The Goodyear Tire & Rubber Company.

The development of the project leads to the expansion of the production capabilities of Grupa Kapitałowa Synthos S.A. within the scope of modern SSBR rubber up to the nominal volume of 90,000 tons per year. The SSBR rubber will be

sold mainly to major global tire manufacturers. Moreover, the facility in question enables the production of polybutadiene rubber.

Synthos S.A. already contracted the material part of the planned production. Regular supply of the product must be preceded by the product specification acceptance of the most important clients, mainly the tire manufacturers.

SSBR rubber, which will be produced in the launched factory, is used in the manufacture of modern tires, for both the winter and summer seasons, with enhanced functional properties within the scope of resistance to abrasion, rolling resistance, and wet grip performance ("performance tires"). These properties lead to the reduction of fuel consumption, as well as improvement of safety and driving comfort. The market demand for such tires will develop faster than in the case of traditional tires, which also results from the energy conservation policies and CO² emission reduction policies pursued in the developed countries (including the European Union, Japan, the US, and South Korea), which is reflected by the legislation covering the so-called tire labeling.

Development of an energy-related project

In the third quarter of this year, in Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna in Oświęcim the construction of exhaust gas denitrogenation and desulphurization systems to be installed in one of the dust boilers has ended. Currently, the launch of the facility is undergoing. The project is based on the application of advanced technology, whose use for the purpose of desulphurization will lead to the generation of, among others, magnesium sulphate, used as an artificial fertilizer in agriculture. During the reporting period works were continued on the second project in this area, i.e., the construction of a fluidized bed boiler. Currently, there are works related to its launch.

A failure of the ethylene unit and fire at the chemical facilities of the Unipetrol Group

On August 13, 2015 occurred a failure of the ethylene unit and a subsequent fire in the chemical facilities Chempark Zaluži in Litvinov in the Czech Republic, which belong to Unipetrol Group (forming part of the PKN Orlen group).

Synthos Group sources raw materials from the cracking unit of Unipetrol Group and is linked through pipelines with Unipetrol Group through which the Group obtains C₄ fraction, ethylene and benzene for the Group's production facility in the Czech Republic, and as a result of the failure and fire resulted in a temporary suspension of supply. In connection with the above, the Group has launched alternative sources of deliveries and uses the existing stock of raw materials and products.

The event had a negative, though limited, impact on the financial results of the Group in the third quarter of 2015.

As Unipetrol informed, the launch of the steam cracking unit in Chempark Zaluži destroyed in the fire in August should be possible in July 2016 and will cover up to 65% of the production capacity. The standard and maximum production capacity use of the steam cracking is expected to be possible in October 2016.

The Group undertakes all means to limit the effects of the failure in Litvinov in the next reporting periods by optimization of the raw materials supply from alternative sources.

2.3 **There were no events which occurred after the preparation of this quarterly financial statement and were not recognized in this financial statement, which could have a significant effect on the future results of the Synthos Group.**

2.4 **Legal Proceedings**

The Group is involved in legal proceedings in connection with its operations in the ordinary course of our business. These may include actions by regulatory authorities, tax authorities, suppliers and customers, employment-related claims, contractual disputes, claims for personal injury or property damage that occur in connection with the Group's services performed relating to projects or construction sites, tax assessments, environmental claims and other matters. Many of the Group's contracts contain provisions relating to alternative dispute resolution proceedings. If the parties to the contract are unable to reach an agreement, legal proceedings may be necessary to resolve the dispute.

The Group has not, during the nine months ended September 30, 2015 been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware), which have had in the recent past, or may have, significant effect on our financial condition and profitability.

3. OPERATIONAL AND FINANCIAL REVIEW

The following is a discussion and analysis of our results of operations and financial condition based on the consolidated financial statements. The following section should be read in conjunction with the consolidated financial statements, including the additional information and explanatory notes to them as well as with other financial information included elsewhere in this Consolidated Quarterly Report.

3.1 Key Factors Influencing Our Results of Operations

Our results of operations are driven by a combination of factors. These are: global supply and demand in the end markets where our customers compete, prices of raw materials, general economic conditions and compliance with environmental legislation. Our results of operations and cash flow are also affected by company specific structural and operational factors.

Economic environment, demand and cyclicity in the chemicals end markets

Our business covers the manufacturing and sale of chemical products, which are used in a wide range of industries, including in particular the automotive, packaging and construction industries. Such industries, and therefore the ensuing demand for our products, are affected by general economic conditions. Our operations are also subject to the cyclical and, more importantly, variable nature of the supply and demand balance in the chemicals industry, and our future results of operations will continue to be affected by cyclicity and variability.

Our revenue growth is dependent on the overall condition of Poland and the broader European and global economic environments. In the past, our results of operations were affected by, and will continue to be affected by, key macroeconomic factors such as GDP growth, inflation, interest rates, currency exchange rates, unemployment rates, rate of corporate insolvencies. Generally, weak economic conditions in Europe, including in Poland, may weigh on the growth prospects of our markets.

Prospects for GDP growth in Europe, including in Poland, and other macroeconomic factors are by their nature uncertain and strongly dependent the general economic environment, including the growth rate of China's economy having impact on the world, huge tonnage chemical industry.

Automotive and construction industry

Our business is largely based on the market conditions of the industries which use our raw materials and intermediate products, including, in particular, the automotive and construction industries.

In the period of the first-third quarter of 2015 the growth in the motor industry in Europe hold steady. In this period, 10,413,675 passenger vehicles were sold in the European Union. The number of newly registered vehicles grew by 8.8% in relation to 2014 (source: European Automobile Manufacturers' Association (ACEA)). The largest growth was recorded in Spain (22.4%) and Italy (15.3%). In Great Britain, car sales rose by 7.1% and in Germany by 5.5%, respectively.

The above positive result was not able to balance the influence of the other negative factors on the results of the rubber segment (eg. low cost of raw materials, remaining low prices pressure from natural rubber).

In the reporting period, our results were influenced by the worse condition of the construction industry. In the third quarter of this year, the growth of the added value in the construction sector was 2.0%, which is a significant decrease in comparison with the first half of the year, where the growth was 3,7%. There was also a decrease of the growth of the production sold, which was only 0.7% in the third quarter, based on the IBnGR estimations (source: Current economic situation and economic forecast, IBnGR, November 2015). The situation affected the results of the segment „Dispersions, glues and latexes“ manufactured by Grupa Kapitałowa Synthos S.A., which products are intended mainly for the construction industry.

Despite the worse condition in the construction industry, the Group was able to improve the financial results in the “Dispersions, glues and latexes” segment based on, among others, the growth of sales.

Fluctuations in the prices of raw materials

The costs of raw materials constitute a significant component of the operating costs of our business. For the nine months ended September 30, 2015, raw materials constituted 65% of our total revenue from sales. Our principal raw materials are butadiene, styrene, ethylbenzene, butyl acrylate, vinyl acetate monomer, ethylene and benzene and C₄ fraction. Our results of operations are therefore directly affected by any volatility in the cost of our raw materials, which are subject to global supply and demand and other factors beyond our control. The prices of our raw materials are to a certain extent correlated with the global price of crude oil because crude oil is the source of feedstock for European crackers, which in turn provides us with raw materials. Low price of crude oil lead to the reduction of prices of petrochemical products used as raw materials by our Group. Lower prices of raw materials, including butadiene, resulted in strong pressure on the prices of synthetic rubber. In Europe, the prices of our raw materials depend only to a small extent on the price of gas.

We generally seek to pass on to our customers increases in raw material prices. However, due to pricing and other competitive or market pressures we may be unable to do so completely or at all. Furthermore, volatility in the cost of these raw materials makes it more challenging to manage pricing and we may experience a time lag between an increase in raw material prices and any increase in our prices to our customers. Although changes in the prices of raw materials usually translate to changes in product prices in the long run, prices of our products may not immediately reflect changes in the prices of raw materials as a result of our pricing mechanisms or delays in updating our product prices. This impacts our ability to pass the increases on to our customers in a timely manner. Accordingly, fluctuations in the prices of raw materials can have a significant impact on our gross profits, gross margins and other operating results.

Furthermore, in order to minimize the price fluctuations in our long term contracts for supplies of raw materials, the price formulas in our long term contracts reflect the current situation on the raw material market. The formulas reduce the risk of large deviations of contracted purchase prices from market prices. Backward

integration and obtaining long term supply contracts at attractive prices are key factors for controlling the costs of raw materials.

Changes in the prices of raw materials have a direct impact on our working capital levels. In general, increases in prices lead to an increase in our working capital requirements and decreases lead to a decrease in our working capital requirements.

Fluctuations in margins and supply and demand for our products

The margins in our markets are strongly influenced by supply and demand for products and the costs of principal raw materials. Certain markets, such as those for plastic and synthetic rubber products, are more mature, so their overall growth tends to correlate closely with global GDP growth. As demand for products increases and approaches available supply, utilization rates rise, and prices and margins typically increase. Supply in our markets tends to be cyclical, generally characterized by periods of limited supply, resulting in higher operating rates and margins, followed by periods of oversupply, typically stimulated by the creation of additional capacity, resulting in lower operating rates and margins.

In addition to being cyclical, our margins are also susceptible to potentially significant swings in the short term due to various factors, including planned or unplanned plant outages, political or economic conditions affecting prices and changes in inventory management policies by customers (such as inventory building or de stocking in periods of expected price increases).

Current and future environmental regulatory considerations

We are subject to extensive environmental, health and safety regulations at both the national and European levels. There are numerous laws that affect our business, and we have incurred, and expect to continue to incur, substantial ongoing capital expenditures to ensure compliance with current and future laws and regulations. We may also incur remediation, decommissioning and ongoing upgrade or compliance costs in connection with our production facilities and other properties. However, we believe that the potential remediation costs would not be high, and we do not anticipate that they could influence our results of operations.

The REACH Regulation imposes significant obligations on us and the chemicals industry as a whole with respect to the testing, evaluation, assessment and registration of basic chemicals and chemical intermediates. The EU Classification, Labeling and Packaging Regulation ("CLP") imposes on us significant obligations with respect to the testing, evaluation, assessment and registration of basic chemicals, which are expensive, time consuming and lead to increased production costs and reduced operating margins of our products.

Over the next few years, we expect to be affected by new legal requirements related to environmental protection, resulting from, among others, the Directive on Industrial Emissions ("IED") and the EU Emissions Trading System ("EU ETS"). We keep up with the growing eco awareness among our customers by producing, e.g. NdBR, which is used in high performance tires that minimize fuel consumption. Additionally, we are involved in development of alternative routes for obtaining butadiene from renewable sources. Finally, we are considering the construction of an incineration plant for municipal waste, which will be in line with Polish national regulations concerning waste management.

Foreign currency exchange rate fluctuations

We operate internationally and as a result, are exposed to various currency risks and exposures, including in particular, in relation to the euro, Polish złoty, U.S. dollar and Czech koruna. Although our reporting currency is the złoty, for the nine months ended September 30, 2015, 64% of our revenues and 82% of our costs related to transactions settled in a currency other than Polish złoty. We are therefore affected by both the transaction effects and translation effects of foreign currency exchange rate fluctuations. In recent years, the exchange rates between these currencies and the złoty have fluctuated significantly and may continue to do so in the future. A depreciation of these currencies against the złoty will decrease the złoty equivalent of the amounts derived from these operations reported in our consolidated financial statements. An appreciation of these currencies will result in a corresponding increase in such amounts. Fluctuations in exchange rates have an impact on the volume of revenue from sales and purchase costs of raw materials. While an increase in the relative strength of the złoty against other currencies may have a negative impact on the profitability of our export and domestic sales, changes in our revenues from export and domestic sales caused by exchange rate fluctuations are offset in part by changes in the costs of raw material imports. As a result of our purchases of raw materials, product sales, loans and borrowings, bond issuance and cash in foreign currencies, we have been, and expect to continue to be, exposed to foreign exchange rate fluctuations, which could materially affect our results of operations, assets and liabilities, and cash flows as reported in złoty. Variability in exchange rates could also significantly impact the comparability of our results of operations between periods.

Hazards and risks of disruption associated with chemical manufacturing

We are exposed to the typical hazards and risks of disruption associated with chemical manufacturing and the related storage and transportation of raw materials, products and wastes. These potential risks of disruption include, among others, explosions and fires, inclement weather and natural disasters, and failure of mechanical, process safety and pollution control equipment. When such disruptions occur, alternative facilities with sufficient production capacity may not be available, may cost substantially more or may take a significant time to start production, which could negatively affect our business and financial performance. Although these kinds of events are standard, they occur infrequently, usually not more than once or twice per year, and are typically short lived.

3.2 Presentation of Financial Information

For the purposes of the following discussion of our results of operations, the key line items from the statement of comprehensive income include the following: revenues from sales, cost of sales, selling costs, other operating income, general and administrative expenses, other operating expenses, financial income, financial costs, income tax and net profit. The following discussion also refers to our EBITDA and segment results.

Revenues from sales

Revenues from sales are comprised of revenues from the sales of goods and finished products, provision of services, materials and income from lease of properties.

Segment results

Segment results are comprised of revenues from each segment's sales minus total cost allocated to such segment. Reconciliation of the segment results to profit before tax was included in the Consolidated Financial Statements.

Cost of sales

Cost of sales includes, among others, consumption of materials and energy, salaries, costs of goods and materials sold.

Selling costs

Selling costs are comprised of, among others, transportation, loading and unloading costs, duty fees, trade fees and cargo insurance.

General and Administrative Expenses

General and administrative expenses include general administrative costs associated with the maintenance of our management board and administration and general production costs related to the maintenance and operation of general purpose units.

Other operating income

Other operating income includes, among others, income associated with the sale of fixed assets, reversal of provisions, compensation from insurance companies and contractual penalties.

Other operating expenses

Other operating expenses include, among others, revaluations of provisions, impairment losses, write offs, costs of unused production capacity.

Financial income

Financial income comprises income from valuation of derivatives, interest at amortized cost using the effective interest rate, surplus of foreign exchange gains over losses on cash, loans and borrowings as well as other assets and liabilities.

Financial costs

Financial costs primarily comprise, among others interest charges determined on the basis of the effective interest rate and a surplus of negative foreign exchange rate differences over the positive exchange rate differences on cash assets, loans and borrowings as well as other assets and liabilities.

Income tax

Income tax comprises current and deferred income tax expense.

Net profit

Net profit comprise total revenues minus total expenses.

EBITDA

EBITDA is calculated as operating profit plus depreciation of property, plant and equipment and amortization of intangible assets.

3.3 Our Results of Operations

The following table sets forth our consolidated results of operations for each of the periods indicated.

	For the nine months ended September 30,	
	2015	2014
	<i>(PLN million)</i>	
Revenues from Sales.....	3,135.8	3,575.4
Cost of sales.....	(2,531.6)	(2,976.3)
Gross profit/Loss on sales.....	604.2	599.1
Other operating income.....	15.7	24.6
Selling costs.....	(96.8)	(102.1)
General and administrative expenses.....	(132.9)	(118.7)
Other operating expenses.....	(9.4)	(10.9)
Profit/(Loss) on sale of property, plant and equipment.....	(5.1)	—
Operating profit/loss.....	375.7	392.0
<i>Financial income.....</i>	<i>30.4</i>	<i>3.3</i>
<i>Financial costs.....</i>	<i>(38.3)</i>	<i>(24.5)</i>
Net financial costs.....	(7.9)	(21.2)
Profit from sales of the financial assets available for sale	42.1	-
Profit before tax.....	409.9	370.8
Income tax.....	(27.9)	(79.6)
Net profit.....	382.0	291.2
Other comprehensive income that may be later reclassified to profit or loss		

	For the nine months ended September 30,	
	2015	2014
	(PLN million)	
Foreign exchange differences on subordinated entities	11.1	12.1
Valuation of financial assets available for sale	(45.6)	(42.5)
Other (net) comprehensive income	(34.5)	(30.4)
Total comprehensive income	347.5	260.8

3.4 **Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014**

Revenues from Sales

Total revenues from sales for the nine months ended September 30, 2015 were PLN 135,8 million, a decrease of PLN 439,6 million, or 12.3 %, from PLN 3,575.4 million for the nine months ended September 30, 2014. The decrease was driven mainly by the slow recovery of the EU economy and the lower than expected growth in the Chinese economy, strong completion out of EU in PS segment and the low prices of butadiene and synthetic rubber.

Segment analysis for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014

Segment results for the nine months ended September 30, 2015 were PLN 374.5 million, a decrease of PLN 3.7 million, or 1%, from PLN 378.2 million for the nine months ended September 30, 2014.

The following table sets forth our historical revenues from sales and results by business segment for the nine months ended September 30, 2015 and 2014.

	For the nine months ended September 30,	
	2015	2014
	(PLN million)	
Revenues from sales		
Synthetic Rubber Segment	1,415.4	1,793.0
Styrene Plastics Segment	1,343.9	1,485.4

Dispersions, Adhesives and Latex Segment.....	145.8	133.0
AGRO Segment	63.5	2.3
Other Operations	167.2	161.7
Total revenues from sales.....	<u>3,135.8</u>	<u>3,575.4</u>
Costs by segment		
Synthetic Rubber Segment.....	1,239.3	1,554.9
Styrene Plastics Segment.....	1,214.1	1,386.2
Dispersions, Adhesives and Latex Segment.....	132.7	128.9
AGRO Segment	54.3	2.3
Other Operations	120.9	124.9
Total costs	<u>2,761.3</u>	<u>3,197.2</u>
Segment results		
Synthetic Rubber Segment.....	176.1	238.2
Styrene Plastics Segment.....	129.8	99.2
Dispersions, Adhesives and Latex Segment.....	13.1	4.1
AGRO Segment	9.1	-
Other Operations	46.4	36.7
Total segment results	<u>374.5</u>	<u>378.2</u>

Synthetic Rubber Segment

The segment results in our Synthetic Rubber Segment for the nine months ended September 30, 2015 were PLN 176.1 million, an decrease of PLN 62.1 million, or 26.13%, from PLN 238.2 million for the three quarters ended September 30, 2014.

This decrease was driven mainly by much lower rate value of MCP butadiene in the first nine months of 2015 compared to the same period of last year. Additionally, due to the cracker failure in Litvinov the supplies of C₄ fraction from Unipetrol were limited, what has influenced the structure and source of the raw materials supply and the increase of costs of butadiene used in Kralupy. Increased purchases of butadiene from the market were necessary for maintaining the rubber production.

Styrene Plastics Segment

The segment results in our Styrene Plastics Segment for the nine months ended September 30, 2015 were loss of PLN 129.8 million, an increase of

PLN 30.6 million, or 30.8%, from PLN 99.2 million for the three quarters ended September 30, 2014.

The improvement of the styrene plastics products results is a consequence of mainly high spread between the styrene contract, determining the sale price of the products, and rates of contract ethylene and benzene affecting largely the cost of styrene production (mostly in II and III quarter of 2015). The failure of the cracker in Litvinov in August 2015 had an impact on limited ethylene and benzene supplies from Unipetrol leading to a limited production of styrene and an increase of the monomer purchases directly from the market.

Dispersions, Adhesives and Latex Segment

The segment results in our Dispersions, Adhesives and Latex Segment for the nine months ended September 30, 2015 were PLN 13.1 million, an increase of PLN 9 million, or 219.5%, from PLN 4.1 million for the nine months ended September 30, 2014. A significant increase of the results in this segment was due to an expansion of business activities, mainly as a result of taking over of the dispersions and glue production unit in Sochaczew by Synthos from Boryszew ERG S.A. in the second quarter of 2014.

AGRO Segment

The segment results in our AGRO Segment for the nine months ended September 30, 2015 were PLN 9.1 million. We did not separate this segment in the analogous financial period for the last year.

Other Operations

The segment results from our Other Operations Segment for the nine months ended September 30, 2015 were PLN 46.4 million, a decrease of PLN 9.7 million, or 26.4%, from PLN 36.7 million for the three quarters ended September 30, 2014.

Cost of Sales

Cost of sales for the nine months ended September 30, 2015 was PLN 2,531.6 million, a decrease of PLN 444.7 million, or 14.9%, from PLN 2,976.3 million for the three quarters ended September 30, 2014. This decrease was mainly due to main monomers average market prices.

Other Operating Income

Other operating income for the nine months ended September 30, 2015 was PLN 15.7 million, a decrease of PLN 8.9 million, or 36.2%, from PLN 24.6 million for the three quarters ended September 30, 2014. The decrease was mainly due to a lower profit on the sales of nonfinancial assets.

Selling costs

Selling costs for the nine months ended September 30, 2015 were PLN 96.8 million, a decrease of PLN 5.3 million, or 5.2%, from PLN 102.1 million for the three quarters ended September 30, 2014.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2015 were PLN 132.9 million, an increase of PLN 14.2 million, or 12.0%, from PLN

118.7 million for the three quarters ended September 30, 2014. The increase in general and administrative expenses was mainly due to the new activity in AGRO segment.

Other Operating Expenses

Other operating expenses for the nine months ended September 30, 2015 were PLN 9.4 million, a decrease of PLN 1.4 million, or 13.0%, from PLN 10.8 million for the three quarters ended September 30, 2014.

Financial Income

Financial income for the nine months ended September 30, 2015 was PLN 30.4 million, an increase of PLN 27.1 million, or 821.2%, from PLN 3.3 million for the three quarters ended September 30, 2014. The increase in financial income was mainly due to the foreign exchange gains and Currency Forward Contracts gains.

Financial Costs

Financial costs for the nine months ended September 30, 2015 were PLN 38.3 million, an increase of PLN 13.9 million, or 57.0%, from PLN 24.4 million for the three quarters ended September 30, 2014. The increase in financial cost was mainly due to increase in interest costs.

Profit on the sales of the financial assets available for sale

For the nine months ended September 30, 2015 the profit on the sales of the financial assets available for sale was PLN 42.1. This result occurred from the sale of shares of Echo Investment S.A.

Income Tax

Income tax for the nine months ended September 30, 2015 was PLN 27.9 million, a decrease of PLN 51.7 million, or 64.9%, from PLN 79.6 million for the three quarters ended September 30, 2014.

Net Profit

For the reasons discussed above, our net profit for the nine months ended September 30, 2015 was PLN 382 million, an increase of PLN 90.8 million, or 31.2%, from PLN 291.2 million for the three quarters ended September 30, 2014.

EBITDA

Our EBITDA for the nine months ended September 30, 2015 was PLN 493.7 million, a decrease of PLN 13.6 million, or 2.7%, from PLN 507.3 million for the three quarters ended September 30, 2014. The decrease in EBITDA was primarily due to the performance of our Synthetic Rubber Segment.

The following table sets forth our historical EBITDA by segment for the nine months ended September 30, 2015 and 2014.

**For the nine months
ended
September 30,**

	<u>2015</u>	<u>2014</u>
	<i>(unaudited)</i>	
	<i>(PLN million)</i>	
Synthetic Rubber Segment	212.0	267.3
Styrene Plastics Segment	164.5	137.3
Dispersions, Adhesives and Latex Segment	19.1	18.8
AGRO Segment	11.5	-
Other Operations ⁽¹⁾	86.6	93.9
Total	493.7	507.3

3.5 Liquidity and Capital Resources

Historically, our liquidity needs have arisen primarily from the need to fund capital expenditures and working capital and service our debt obligations. Our principal sources of liquidity have been funds generated from our operations, bank facilities, issued bonds, disposal of assets, and EU grants for capital expenditures.

Cash Flow

The following table sets forth our consolidated cash flow data for each of the periods indicated.

	For the ninemonths ended September 30,	
	<u>2015</u>	<u>2014</u>
	<i>(PLN million)</i>	
Net cash from operating activities	614.3	421.4
Net cash from investing activities	(297.0)	(225.7)
Net cash from financing activities	(178.9)	9.4

Net Cash from Operating Activities

Net cash from operating activities for the three months ended September 30, 2015 was PLN 614.3 million, an increase of PLN 192.9 million, or 45.8%, from PLN 421.4 million for the three quarters ended September 30, 2014. This increase was principally due to the stock and receivables change.

Net Cash from Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2015 was PLN 297 million, an increase of PLN 71.3 million, or 31.6%, from PLN 225.7 million for the three quarters ended September 30, 2014. This increase was principally due to higher expenditures on the purchase of intangible assets and property, plant and equipment.

Net Cash from Financing Activities

The outflow of the net cash from financing activities for the nine months ended September 30, 2015 was PLN 178.9 million, which, in comparison to the outflows of PLN 9.4 mln for the three quarters ended September 30, 2014, is a decrease of PLN 188.3 million, or 2003.2%. This is caused mainly by the increase in the value of paid interest and the lower finance debt increase in three quarters of this year.

Working Capital Requirements

We define our net working capital as current assets except for cash flows minus short-term liabilities except for financial liabilities. Our net working capital requirements primarily depend on the prices of raw materials and the management of receivables, liabilities and stock.

As at September 30, 2015, net working capital was PLN 749.3 million, a decrease of PLN 179.4 million, from PLN 928.7 million as of three quarters ended September 30, 2014. This decrease resulted mainly from lower raw material prices and better inventory and receivables management.

Off-Balance Sheet Arrangements

As at September 30, 2015, we did not have any contingent liabilities in relation to unrelated entities.

Investment Expenditures

Our investment expenditures were PLN 509.1 million for the three quarters ended September 30, 2015.

The following table sets forth our capital expenditures by business segment for the periods indicated.

	For the nine months ended September 30,	
	2015	2014
	<i>(PLN million)</i>	
Synthetic Rubber Segment	324.9	136.3
Styrene Plastics Segment	29.8	17.3
Dispersions, Glues and Latex Segment	14.6	0.7

AGRO Segment	12.9	-
Other Operations	126.9	82.1
Total	509.1	236.4

We have a capital expenditure program in place to fund the development, maintenance and improvement of our production facilities. Significant capital expenditures are required to maintain our plants' current production, meet the requirements of new regulations, and retain our licenses and permits to operate. Additional capital expenditures are further required to upgrade aging or obsolete equipment, improve energy efficiency, increase production capabilities, and improve process control.

The Group expects that the total capital expenditures for the year ended December 31, 2015 will amount to around PLN 580 million.

The Group intends to execute investment plans which comprise organic and equity growth.

Forecasts

The Management Board of Synthos S.A. did not publish any forecasts of the financial results of the Company and the Synthos Group for the first quarter of 2015.

Significant changes in the estimates made by the Synthos S.A. Group in the 3rd quarter of 2014

We did not make any significant changes to our estimates in the reporting period.

3.6 **Financing Activities**

The Initial Notes

On 30 September 2014, Synthos Finance AB (publ), with its registered seat in Stockholm, Sweden (the "**Issuer of the Notes**"), the 100% owned subsidiary of Synthos S.A., issued senior notes with a total nominal value of EUR 350,000,000 ("**Initial Notes**"). The Initial Notes bear fixed interest of 4.000% per annum, with the interest payable semi-annually (on March 30 and September 30 of each year), payable for the first time on March 30, 2015, and will mature on September 30, 2021. The Initial Notes were issued for a price equal to 100% of their principal amount for a total consideration of EUR 350,000,000. The Initial Notes constitute senior debt and rank equally in right of payment with its existing and future unsecured senior debt.

The Notes are unsecured and are jointly and severally guaranteed by Synthos S.A., Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością sp. j., SYNTHOS Kralupy a.s., TAMERO INVEST s.r.o. and SYNTHOS PBR s.r.o. (the "**Guarantors**"). The guarantee provided by the Guarantors covers all obligations of Synthos Finance AB (publ) stemming from the Initial Notes (including the obligation to pay a nominal value of the Initial Notes and interest on Notes) and has been granted to all Noteholders. The guarantee shall expire after extinction of claims of Noteholders against Synthos Finance AB (publ). Remuneration obtained for providing the guarantee has been granted on the arm's length basis.

In relation with the issuance of the Initial Notes, the Group is subject to typical covenants for high-yield bonds which may limit its ability to finance future operations and capital needs and to pursue business opportunities and activities. The restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Initial Notes are subject to listing on the Official List of the Irish Stock Exchange and were admitted to trading on the Global Exchange Market.

The Indenture, the Initial Notes and the Guarantees are governed by, and construed in accordance with, the laws of the State of New York.

Concurrently, in order to transfer the funds from the Initial Notes issue, the Management Board of the Company adopted a resolution dated 30 September 2014 regarding the issue of the intercompany bonds by Synthos S.A., which constitute unsecured registered bonds issued pursuant to the Bonds Act of 29 June 1995. The nominal value of the intercompany bonds is equal to 350.000.000 EUR and corresponds to the nominal value of the Initial Notes. The total issue price of the intercompany bonds is equal to 344.001.000 EUR. Funds raised from the issue of intercompany bonds were allotted for the repayment of indebtedness of the Group, estimated fees and expenses associated with the Initial Notes issuance and general corporate purposes of the Group, including the Company and other Guarantors. Terms and conditions of intercompany bonds redemption and interest payment redemption correspond to the Initial Notes.

The Additional Notes

On 2 April 2015, Synthos Finance AB (publ), with its registered seat in Stockholm, issued EUR 50,000,000 4.000% senior notes due 30 September 2021 ("**Additional Notes**"). The Additional Notes constitute the tap issue of the Initial Notes.

Similarly to the issuance of the Initial Notes, the obligations of Synthos Finance AB (publ) under the Additional Notes are guaranteed on a joint and several basis by the Guarantors.

Concurrently, in order to transfer the funds from the Additional Notes issue, on 2 April 2015, Synthos Finance AB (publ) granted the intercompany loan to Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością sp. j., the indirectly subsidiary of Synthos S.A. from Synthos S.A. in the amount of EUR 50,000,000 4.700% due 30 September 2021.

Similarly to the Initial Notes, the Additional Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market.

Information on dividends paid (or declared)

On June 24, 2015 the Ordinary General Meeting of Synthos S.A. passed a resolution no. 6 on dividend payment in the amount of PLN 330,812.50 (three hundred thirty million eight hundred twelve thousand and five hundred zlotys zlotys), that is PLN 0.25 (twenty five grosz) per share. The date of record was set to July 2, 2015. Dividend shall be paid on July 17, 2015. The dividend was paid on the date.

3.7 Other factors potentially which could potentially affect our results in the subsequent reporting periods

In our opinion, the following factors could have influence on our financial results in the in the subsequent reporting periods:

- (a) Launch of the SBR rubber production in August this year.
- (b) Implementation of a number of projects expanding the product portfolio and energy-related projects by the companies from Grupa Kapitałowa Synthos S.A. currently and in recent years.
- (c) Gradual and further improvement of the economic situation in Poland and other EU member states that constitute major selling markets for the products offered by companies from Grupa Kapitałowa Synthos S.A., which should continue in the future as a result of the monetary policy quantitative easing program expanded since March 2015 by the European Central Bank. The implementation of the program in the current form is planned till September 2016.
- (d) In the case of the Polish economy, its condition may be materially affected by the maintainence of the low interest rates made by the Monetary Policy Board. Record low lending costs should contribute to the revival of the economic situation, including growth in the construction industry.
- (e) Geographical diversification achieved by way of intensifying sales of products manufactured by Grupa Synthos on the South American and North American markets.
- (f) Escalation of the conflict between Ukraine and Russia. Negative economic effects will also arise from maintaining international sanctions imposed on Russia and its retaliatory measures. The sanctions will influence of these sanctions on the level of the economic growth in the Ukraine and Russia region, as well as in the entire EU. Owing to the relatively low involvement of Grupa Kapitałowa Synthos S.A. in the Eastern markets, it should not be largely affected by their consequences.
- (g) Situation in the replacement tire market. The situation in the European replacement tire market should gradually improve. In the long run, real growth of the demand for tires is expected in the Asian markets, including China and India and, to a smaller extent, South American markets (mainly Brazil). The tire industry consumes approximately 70% of the global SBR rubber output.
- (h) Situation in the Polish construction industry, which has considerable influence on the results of the segment of "Dispersions, glues and latexes". According to the Market Economy Research Institute's forecast, in 2015 growth of the added value in the construction sector will be 3.3%. In the next reporting periods, the situation in that industry should be under increasingly positive influence of the infrastructural projects financed within the framework of the budget forecast of the European Union for 2014-2020. The IBnGR estimates that in 2014 the growth of the added value in construction sector will be 6.7% (source: Current and Forecasted Economic Situation, IBnGR, November 2015).

- (i) In the long-term run, consistent development of the range of the products offered should contribute to the improvement of the glue segment results.
- (j) Rate of the economic growth in China and the USA, which is decisive for the condition of the global petrochemical market. In the case of the USA, unknown consequences of withdrawal from the economic growth support program manifested by the eased monetary policy may play an important role; some experts forecast a first interest rate increase since 2006 still this year.
- (k) Rate of the Polish zloty and Czech koruna in relation to euro and dollar.
- (l) The long-term impact of the regulations concerning tire labeling, resulting in an increased demand for Nd BR and SSBR rubber, which are applied in the production of modern tires with enhanced functional properties within the scope of resistance to abrasion, rolling resistance, and wet grip performance.

4. MANAGEMENT

4.1 Supervisory Board

The Company's shares held by the Supervisory Board members as at September 30, 2015 and the information on any changes in the shareholding from the date of the previous quarterly report:

Full name	Number of shares held as at September 30, 2015	Change in the shareholding up to September 30, 2015
Jarosław Grodzki Supervisory Board Chairperson	350	no change
Krzysztof Kwapisz Supervisory Board Deputy Chairperson ..	0	no change
Grzegorz Miroński Supervisory Board Secretary	0	no change
Wojciech Ciesielski Supervisory Board Member	0	no change
Robert Oskard Supervisory Board Member	0	no change

4.2 Management Board

The Company's shares held by Management Board members as at September 30, 2015 and the information on any changes in the shareholding from the date of the previous quarterly report:

Full name	Number of shares held as at September, 30 2015	Change in the shareholding up to September 30, 2015
Tomasz Kalwat President of the Management Board	786,000	no change
Zbigniew Warmuz Vice-President of the Management Board	0	no change
Tomasz Piec Management Board Member	0	no change
Zbigniew Lange Management Board Member	0	no change
Jarosław Rogoża Management Board Member	0	no change

5. PRINCIPAL SHAREHOLDERS

As at September 30, 2015 our issued share capital amounted to PLN 39,697,500 and was divided into 1,323,250,000 ordinary bearer shares with a par value of PLN 0.03 each.

We are a public company and our shares are listed on the regulated market of the Warsaw Stock Exchange. Therefore, we do not have detailed information on all of our shareholders. We receive information on our significant shareholders only if these shareholders comply with the notification requirements prescribed by Polish law.

The following table sets forth the list of shareholders as at September 30, 2015, based on their notifications of holding at least 5% of votes at the shareholders meeting of Synthos.

Shareholder	Number of shares	Percentage of share capital (%)	Number of votes at general shareholders' meeting	Percentage of voting rights at the general shareholders' meeting
Michał Sołowow, <i>indirectly through subsidiaries:</i>	826,559,009	62.46%	826,559,009	62.46%
FTF Galleon S.A.	682,918,112	51.61%	682,918,112	51.61%
Ustra S.A.	143,640,897	10.85%	143,640,897	10.85%
Others ⁽¹⁾	496,690,991	37.54%	496,690,991	37.54%
Total	1,323,250,000	100%	1,323,250,000	100%

⁽¹⁾ Other than the shareholders set forth in the table above and based on notifications of holding received at the shareholders meeting, no shareholder owns more than 5% of the shares in the Company.

The Company is unaware of any agreements which may result in future changes to the proportions of shares held by the current shareholders.

6. STRUCTURE OF THE CAPITAL GROUP

6.1 Organization of the Group

The parent company of the Capital Group SYNTHOS S.A. is SYNTHOS S.A. (the "Company"). The main area of operation of the Company is the management of the Capital Group. The Company's share capital amounts to PLN 39,697,500 (thirty nine million six hundred ninety seven thousand five hundred zlotys), and is divided into:

- (a) 854,250,000 (eight hundred fifty four million two hundred fifty thousand) A series ordinary bearer shares with a nominal value of PLN 0.03 (three grosz) each, numbered from A 000,000,001 to A 854,250,000,
- (b) 469,000,000 (four hundred sixty nine million) B series ordinary bearer shares with a nominal value of PLN 0.03 (three grosz) each, numbered from A 000,000,001 to B 469,000,000,

In the structure of the Capital Group Synthos S.A. there are three key manufacturing companies: Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna, Synthos Kralupy a.s. and Synthos PBR s.r.o., whose principal activity is the production of mainly rubber and styrene plastics.

6.2 The subsidiaries being part of the Company's Group and being subject to consolidation:

The branch of Synthos S.A. operating under the name Synthos S.A. (organisační složka) with its registered office in Kralupy nad Vltavou, the Czech Republic, which started its operations on the day of its registration in the Czech Commercial Register, i.e. on 22 January 2008.

Synthos Dwory 7 sp. z o.o. with its registered office in Oświęcim. The Company held 100% shares in the share capital and 100% votes at the Shareholders' Meeting of Synthos Dwory 7 sp. z o.o. On September 18, 2015, all of the shares of this company were sold to Vilium Investments Sp. z o.o. with its registered seat in Krakow for the purpose of a liquidation of the company.

Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna with its registered office in Oświęcim. The company is engaged in the production of synthetic rubber and synthetic latex, styrene plastics, vinyl dispersions and acrylate and copolymer dispersions and the generation and distribution of electricity, generation and distribution of heat, collection and treatment of water. Synthos Dwory 2 sp. z o.o. z with its registered office in Oświęcim, in which the Company holds 100% shares in the share capital, and Green Pepper SCSp with its registered office in Luxemburg (an indirect subsidiary of the Company) are currently the shareholders of that company. Synthos Dwory 7 sp. z o.o., a 100% subsidiary of the Company, is the shareholder entitled to exclusive representation.

Synthos Kralupy, a.s. with its registered office in Kralupy nad Vltavou, Czech Republic. It is a chemical producing such materials as synthetic rubber, styrene plastics, ethylbenzene, butadiene. The sole shareholder of Synthos Kralupy a.s. is the Company, which represents 100% of the share capital of that company.

Synthos PBR s.r.o. with its registered office in Kralupy nad Vltavou, Czech Republic. The company is engaged in the production of synthetic rubbers on the basis of a license granted by the Michelin Group. The Company holds 100% of shares in the share capital of that company and represents 100% votes at the Shareholders' Meeting of that company.

Tamero Invest s.r.o with its registered office in Kralupy nad Vltavou, Czech Republic. The areas of operation of the company are the generation and distribution of electricity, generation and distribution of heat, collection and treatment of water. Synthos Kralupy a.s. holds 100% of shares in the share capital of that company.

Synthos Dwory 4 Sp. z o.o. with its registered office in Oświęcim,- an indirect subsidiary of the Company. On November 5, 2015, the District Court for Kraków-Śródmieście in Kraków has registered the increase of the share capital up to PLN 12,225,000.00 and the current shareholders are Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna, which holds 99,94% of shares in the share capital and represents 99,94% votes at the Shareholders' Meeting of that company and Synthos Dwory 2 Sp. z o.o., which holds 0,06% of shares in the share capital and represents 0,06% votes at the Shareholders' Meeting of that company. The areas of operation of that company include the generation of electricity.

Synthos Dwory 5 Sp. z o.o. with its registered office in Oświęcim - an indirect subsidiary of the Company. On November 3, 2015, the District Court for Kraków-Śródmieście in Kraków has registered the increase of the share capital up to PLN 6,100,000.00 and the current shareholders are Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna holds 99,94% of shares in the share capital and represents 99,94% votes at the Shareholders' Meeting of that company and Synthos Dwory 2 Sp. z o.o., which holds 0,06% of shares in the share capital and represents 0,06% votes at the Shareholders' Meeting of that company. The areas of operation of that company include the generation of electricity.

Synthos Dwory 8 Sp. z o.o. with its registered office in Oświęcim an indirect subsidiary of the Company. Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna holds 99,89% of shares in the share capital and represents 99,89% and Synthos Dwory 2 Sp. z o.o., which holds 0,11% of shares in the share capital and represents 0,11% votes at the Shareholders' Meeting of that company . The areas of operation of that company include the generation of electricity.

Miejsko-Przemysłowa Oczyszczalnia Ścieków Sp. z o.o. with its registered office in Oświęcim. Company operates in the areas of collection, treatment and discharge of waste water, waste disposal and the provision of sanitation and related services. Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna holds 76.79% of shares in the share capital of that company and represents 76.79% of votes at the Shareholders' Meeting of that company. The Oświęcim Municipality holds other 23.21% of shares in the share capital and represents 23.21% of votes at the Shareholders' Meeting of that company.

FORUM 62 FIZ managed by FORUM TFI S.A. with its registered office in Cracow. The Company holds directly and indirectly all certificates issued by the fund. Of the total number of 1,379,911 certificates, Synthos S.A. holds 250 certificates Series A, and Red Chilli Ltd. (100% subsidiary of the Company) holds 1,379,661 certificates Series B.

CALGERON INVESTMENT LIMITED with its registered office in Nicosia, Cyprus. Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością jawna holds 99.87% of the share capital of CALGERON INVESTMENT Ltd., which conducts investment and capital activity with the Capital Group Synthos S.A.

Red Chilli Ltd. with its registered office in Nicosia, Cyprus. SYNTHOS S.A. holds 100% of shares in the share capital and represents 100% votes at the Shareholders' Meeting of that company, which conducts investment and capital activity with the Capital Group Synthos S.A.

Butadien Kralupy, a.s. with its registered office in Kralupy nad Vltavou, Czech Republic. Synthos Kralupy a.s. holds 49% of shares in the share capital of that company – the area of operation of Butadien Kralupy a.s. is C₄ fraction processing to obtain butadiene and raffinate-1 products. The company is consolidated using the equity method.

Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością Holding spółka komandytowo-akcyjna with its registered office in Oświęcim, entered into the National Court Register on 26 September 2013 under the no KRS 0000478085. The company's share capital is PLN 50,000.00. 49,900 (forty nine thousand nine hundred) of A Series shares were held by Green Pepper SCSp (indirectly 100% subsidiary of the Company). On September 18, 2015, Green Pepper sold all shares to Vilium Investements sp. z o.o. with its registered seat in Cracow.

Zakład Doświadczalny "Organika" Sp. z o.o. with its registered office in Nowa Sarzyna, an indirect subsidiary of the Company, in which Synthos Agro sp. z o.o. currently holds 100% of shares in the share capital and represents 100% votes at the Shareholders' Meeting of that company. The area of operation of that company is the production of pesticides.

Synthos Finance AB (publ.) – Swedish special purpose vehicle, conducts capital activity. The share capital of that company is EUR 55,005.61 and is divided into 4951 shares, and the nominal value of the shares is EUR 11.11 each. The Company owns 100% of shares of this Company.

Green Pepper SCSp with its registered office in Luxemburg, registered in the Commercial and Companies Register in Luxemburg under the number RCS: B 192143 on 27 November 2014. The company is in 100% indirectly controlled by Synthos S.A. In the Capital Group Synthos S.A., it conducts the investment and capital activity.

Synthos Agro Sp. z o.o. with its registered office in Oświęcim, an indirect subsidiary of the Company. The company conducts commercial and marketing activity in the area of plant protection products. On October 30, 2015 the District Court for Kraków Śródmieście in Kraków register the share capital increase up to PLN 32,250.00 and currently the shareholders are Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna holds 99,84% of shares in the share capital and represents 99,84% votes at the Shareholders' Meeting of that company and Synthos Dwory 2 sp. zo.o., which holds 0,16% of shares in the share capital and represents 0,16% votes at the Shareholders' Meeting of that company . SYNTHOS S.A. holds 1% of shares in the share capital and represents 1% votes at the Shareholders' Meeting of that company.

Synthos Dwory 2 Sp. z o.o. with its registered office in Oświęcim. The Company holds 100% shares in the share capital and represents 100% votes at the Shareholders' Meeting of that company.

Oristano Investment Spółka z ograniczoną odpowiedzialnością w likwidacji with its registered office Oświęcim. The Company holds 100% of shares in the share capital and represents 100% of votes on the Shareholders' Meeting of that company. On 15 October 2014, the Shareholders' Meeting adopted a resolution on the liquidation of the company. Accordingly, from 15 October 2014 the liquidation procedure has been started.

6.3 The companies not subject to consolidation but being part of the Capital Group:

Synthos XEPS s.r.o. with its registered office in Kralupy nad Vltavou, Czech Republic. The Company holds 100% of shares in the share capital of that company and represents 100% votes at the Shareholders' Meeting of that company.

Synthos do Brasil Industria e Comercio de Quimicos Limitada, registered in the National Register of Legal Persons of the Federal Republic of Brazil on 21 November 2013 under the number 19.297.642/0001-22. The Company's share capital amounts 3,544,400.00 of Brazilian real and is divided into 3 544 400 000 shares. Synthos S.A. holds 3 542 400 shares in the share capital. Synthos Dwory 2 Sp. z o.o. holds 2 000 shares in the share capital.

6.4 Bilberry S.a.r.l. – with its registered office in Luxembourg, established on October 28, 2015, conducts investment and capital activity. The Company holds 100% of shares in the share capital and represents 100% of votes at the Shareholder's Meeting of that company. Changes in our capital group structure

In the reporting period there were no changes in our capital group structure other than indicated in the other points of the report.

6.5 Information about transactions concluded by Synthos S.A. or its subsidiary with related entities on terms other than on an arm's length, if they are material either individually or cumulatively

There were no such events in the reporting period.

7. DEFINITIONS

“**Additional Notes**” means senior notes with a total nominal value of EUR 50,000,000 which Synthos Finance AB (publ) issued on April 2, 2015;

“**C₄ fraction**” means a mixture of liquidated hydrocarbons with prevailing content of four carbon atoms in their molecules;

“**Company**” means Synthos S.A.;

“**Consolidated Quarterly Report**” means the consolidated financial statement of the Group for the period from July 1, 2015 to September 30, 2015;

“**EPS**” means expandable polystyrene;

“**EU**” means European Union;

“**GDP**” means gross domestic product;

“**GHG**” means carbon dioxide, methane and other greenhouse gases;

“**GPPS**” means general purpose polystyrenes, clear, hard, usually colorless thermoplastic resin;

“**Group**” or “**Synthos Group**” means Synthos S.A and all its subsidiaries;

“**Guarantor**” or “**Guarantors**” means each Synthos S.A., Synthos Dwory 7 spółka z ograniczoną odpowiedzialnością spółka jawna., SYNTHOS Kralupy a.s., TAMERO INVEST s.r.o. and SYNTHOS PBR s.r.o. guaranteed the Notes;

“**HIPS**” means high impact polystyrenes;

“**Indenture**” means the indenture governing the Notes.

“**Initial Notes**” means senior notes with a total nominal value of EUR 350,000,000 which Synthos Finance AB (publ) issued on September 30, 2014;

“**Issuer of Notes**” means Synthos Finance AB (publ), with its registered seat in Stockholm, Sweden who issued Initial Notes and Additional Notes;

“**LBS**” means concentrated styrene-butadiene latex;

“**LBSK**” means styrene-butadiene carboxylic latex;

“**PET**” means polyethylene terephthalate;

“**PPP**” means plant protection products;

“**R&D**” means Research and Development;

“**WSE**” means Warsaw Stock Exchange;

“**XPS**” means extruded polystyrene board.



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