Polish Financial Supervision Authority

Quarterly consolidated financial reports QSr 3/2016
Quarter/Year

pursuant to § 82 paragraph 2 and § 83 paragraph 1 of the Minister of Finance Regulation of February 19th, 2009 – Dz. U. No 33, item 259 with subsequent amendments for issuers of securities engaged in manufacturing, construction and service industries or trade

for the third quarter of fiscal year 2016 covering the period from 1st July 2016 to 30th September 2016 containing condensed consolidated financial statements in accordance with IFRS / IAS in the currency PLN
and condensed financial statement in accordance with IFRS / IAS in the currency PLN

submission date: 7th November 2016

ZAKŁADY URZĄDZEŃ KOMPUTEROWYCH ELZAB S.A
(full issuer name)

ELZAB.	Informatics
(abbreviated issuer name)	(sector acc. to WNE classification)
41-813	Zabrze
(zip code)	(town city)
Kruczkowskiego	39
(street)	(building number)
(32) 272 20 21	(32) 272 25 83
(telephone number)	(fax)
Ir@elzab.com.pl	www.elzab.com.pl
(e-mail)	(www)
6480000255	270036336
(Vatin)	(National Business Registry Number)

SELECTED FINANCIAL DATA	in thousands of PLN		in thousands of EUR	
	3 quarters/2016 period from 1st January 2016 to 30th September 2016	3 quarters/2015 period from 1st January 2015 to 30th September 2015	3 quarters/2016 period from 1st January 2016 to 30th September 2016	3 quarters/2015 period from 1st January 2015 to 30th September 2015
I. SELECTED FINANCIAL DATA OF GROUP ELZAB	3 quarters 2016	3 quarters 2015	3 quarters 2016	3 quarters 2015
II. Net revenue from sales	66 094	90 868	15 129	21 851
III. Operating profit (loss)	5 057	13 472	1 158	3 240
IV. Gross profit (loss)	2 151	11 486	492	2 762
V. Profit (loss) attributable to equity holders of the parent	1 237	9 185	283	2 209
VI. Net cash flows from operating activities	14 281	-19 168	3 312	-4 522
VII. Net cash flows from investment activities	-3 379	-24 710	-784	-5 830
VIII. Net cash flows from financing activities	-4 054	25 063	-940	5 913
IX. Total net cash flow	6 848	-18 815	1 588	-4 439
X. Annualized earnings (loss) per ordinary share (in PLN / EUR)	0,18	0,92	0,04	0,22
XI. Annualized earnings (loss) per ordinary share excluding treasury shares (in PLN/ EUR)	0,20	1,00	0,05	0,24
XII. SELECTED FINANCIAL DATA OF GROUP ELZAB	As for 30th September 2016	As for 31st December 2015	As for 30th September 2016	As for 31st December 2015
XIII. Total assets	156 021	158 269	36 183	37 139
XIV. Long-term liabilities	28 232	28 670	6 547	6 728
XV. Short-term liabilities	54 970	50 224	12 748	11 786
XVI. Equity	72 819	79 375	16 888	18 626
XVII. Share capital	22 143	22 143	5 135	5 196
XVIII. Total number of shares	16 137 050	16 137 050	16 137 050	16 137 050
XIX. Number of shares adjusted for treasury shares	14 963 295	14 963 295	14 963 295	14 963 295
XX. Book value per share (in PLN / EUR)	4,51	4,92	1,05	1,15
XXI. Book value per share excluding treasury shares (in PLN / EUR)	4,87	5,30	1,13	1,24
XXII. SELECTED FINANCIAL DATA OF ELZAB	3 quarters 2016	3 quarters 2015	3 quarters 2016	3 quarters 2015
XXIII. Net revenue from sales	65 714	84 669	15 042	20 360
XXIV. Operating profit (loss)	5 089	11 574	1 165	2 783
XXV. Gross profit (loss)	4 291	17 273	982	4 154

SELECTED FINANCIAL DATA	in thousands of PLN		in thousands of EUR	
	3 quarters/2016 period from 1st January 2016 to 30th September 2016	3 quarters/2015 period from 1st January 2015 to 30th September 2015	3 quarters/2016 period from 1st January 2016 to 30th September 2016	3 quarters/2015 period from 1st January 2015 to 30th September 2015
XXVI. Gross profit (net)	3 376	15 233	773	3 663
XXVII. Net cash flows from operating activities	14 109	-14 196	3 272	-3 349
XXVIII. Net cash flows from investment activities	-3 440	-24 452	-798	-5 769

XXIX. Net cash flows from financing activities	-4 694	21 009	-1 089	4 957
XXX. Total net cash flow	5 975	-17 639	1 386	-4 162
XXXI. Annualized earnings (loss) per ordinary share (in PLN / EUR)	0,30	1,28	0,07	0,31
XXXII. Annualized earnings (loss) per ordinary share excluding treasury shares (in PLN/ EUR)	0,32	1,38	0,07	0,33
XXXIII. SELECTED FINANCIAL DATA OF ELZAB	As for 30th September 2016	As for 31st December 2015	As for 30th September 2016	As for 31st December 2015
XXXIV. Total assets	158 677	159 429	36 799	37 411
XXXV. Long-term liabilities	27 585	28 670	6 397	6 728
XXXVI. Short-term liabilities	54 925	50 187	12 738	11 777
XXXVII. Equity	76 167	80 572	17 664	18 907
XXXVIII. Share capital	22 143	22 143	5 135	5 196
XXXIX. Total number of shares	16 137 050	16 137 050	16 137 050	16 137 050
XL. Number of shares adjusted for treasury shares	14 963 295	14 963 295	14 963 295	14 963 295
XLI. Book value per share (in PLN / EUR)	4,72	4,99	1,09	1,17
XLII.Book value per share excluding treasury shares (in PLN / EUR)	5,09	5,38	1,18	1,26

When presenting selected financial data of the condensed financial statements, such data are to be properly described.

Selected financial data from the consolidated balance sheet (consolidated statement of financial position) or respectively from the balance sheet (statement of financial position) should be presented at the end of the first half of the current fiscal year and at the end of the previous fiscal year, which shall be properly described.

This report should be forwarded to the Polish Financial Supervision Authority, to the company managing regulated market and to the public through a news agency in accordance with the law.

CONTENTS OF THE REPORT

File:	Description:
The financial statements of the ELZAB Group S.A. for third quarter of 2016.pdf	The financial statements of the Group ELZAB.
The financial statements of the ELZAB S.A. for third quarter of 2016.pdf	The financial statements of the ELZAB.
Additional information for third quarter 2016	Additional information for third quarter 2016.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

Date	Name and Surname	Position/Function	Signature
7th November 2016	Krzysztof Urbanowicz	President of the Management Board	
7th November 2016	Jerzy Poplawski	Vice President of the Management Board	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	As of 30th September 2016	As of 31th December 2015	As of 30th September 2015
A. Non-current assets	**91 237**	**89 433**	**90 138**
1. Tangible fixed assets	21 338	20 683	20 796
2. Goodwill	55	55	55
3. Intangible assets	12 890	9 936	9 405
4. Shares in subsidiaries are valued using the equity method	55 252	57 368	57 091
5. Long-term financial assets	647	0	1 009
6. Deferred income tax	973	1 183	1 409
7. Long-term receivables and prepayments	82	208	373
B. Current assets	**61 608**	**65 660**	**61 069**
1. Stocks	16 381	20 220	19 402
2. Short-term receivables and prepayments	20 550	22 294	20 383
3. Receivables from income tax	242	1 315	773
4. Short-term financial assets	16 633	20 877	19 708
5. Cash and cash equivalents	7 802	954	803
C. Non-current assets classified as held for sale	**3 176**	3 176	**3 176**
Total assets	**156 021**	**158 269**	**154 383**

LIABILITIES	As of 30th September 2016	As of 31th December 2015	As of 30th September 2015
A. Equity	**72 819**	**79 375**	**77 623**
1. Share capital	22 143	22 143	22 143
2. Surplus from sale of shares above their nominal value	11 211	11 211	11 211
3. Own shares	-4 936	-4 936	-4 936
4. Other reserves - own shares	6 254	6 254	6 254
5. Reserves and spare	33 963	25 099	25 099
6. Exchange differences on translation of subsidiaries	0	0	0
7. Profit / loss from previous years and the current year, including:	4 133	19 541	17 798
7.1. Cumulative gains / losses from previous years	2 896	8 613	8 613
7.2. Profit / loss for the current year	1 237	10 928	9 185
8. Shares minority	51	63	54
B. Long-term liabilities	**28 232**	**28 670**	**28 818**
1. Provisions	545	556	453
2. Deferred income tax	0	0	0
3. Long-term bank credits and loans	1 597	1 447	1 612
4. Long-term lease liabilities	547	1 156	1 239
5. Long-term financial liabilities	25 000	25 000	25 000
6. Long-term liabilities and accruals	543	511	514
C. Current liabilities	**54 970**	**50 224**	**47 942**
1. Provisions	5 436	7 009	7 769
2. Short-term bank credits and loans	35 428	29 794	29 122
3. Short-term lease	414	687	753
4. Short-term financial liabilities	5	232	1
5. Short-term liabilities and accrual	13 687	12 502	10 285
6. Liabilities Income tax	0	0	12
Total liabilities	**156 021**	**158 269**	**154 383**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OPTION SPREADSHEET	Third quarter / 2016 from 1st July 2016 to 30th September 2016	3 quarters / 2016 from 1st January 2016 to 30th September 2016	Third quarter / 2015 from 1st July 2015 to 30th September 2015	3 quarters / 2015 from 1st January 2015 to 30th September 2015
A. Revenues from sales of products, goods and materials	**20 221**	**66 094**	**24 142**	**90 868**
B. Costs of products, goods and materials	**14 659**	**46 280**	**15 605**	**59 434**
C. Gross profit / loss from the sale of (A-B)	**5 562**	**19 814**	**8 537**	**31 434**
D. Cost of sales	2 131	5 964	2 977	8 381
E. General and administrative expenses	2 927	9 259	3 432	10 369
F. Net profit / loss from the sale of (C-D-E)	**504**	**4 591**	**2 128**	**12 684**
G. Other income	259	857	522	1 522
H. Other expenses	154	391	175	734
I. Profit / loss from operating activities (F + G-H)	**609**	**5 057**	**2 475**	**13 472**
J. Financial income	127	558	1 390	1 729
K. Financial costs	455	1 348	408	885
L. Share in losses / profits of associates	-609	-2 116	-1 215	-2 830
M. Gross profit / loss (I+J-K-L)	**-328**	**2 151**	**2 242**	**11 486**
N. Income tax	*109*	*918*	*297*	*2 185*
O. Net profit / loss from continuing operations (M-N)	**-437**	**1 233**	**1 945**	**9 301**
P. Net profit / loss from discontinued operations	**0**		**0**	
R. Net profit / loss (O+P)	**-437**	**1 233**	**1 945**	**9 301**
Attributable / a on				
Owners of the parent	**-434**	**1 237**	**1 931**	**9 185**
Profit / loss attributable to non-controlling interests	**-3**	**-4**	**14**	**116**
S. Other comprehensive income:	**0**	**0**	**62**	**-34**
which will not be subsequently reclassified to profit or loss	**0**	**0**	**0**	**-10**
Income tax - due to the difference in the balance sheet depreciation and tax, revaluation of assets	**0**	**0**	**0**	**-10**
which will be subsequently reclassified to profit or loss under certain conditions	**0**	**0**	**62**	**-24**
Exchange differences on translation of subsidiaries	0	0	62	-24
Other				
T. Total comprehensive income (R+S)	**-437**	**1 233**	**2 007**	**9 267**
Attributable / a on				
Owners of the parent	**-434**	**1 237**	**1 993**	**9 151**
Minority shares	**-3**	**-4**	**14**	**116**
Net profit / loss annualized		**2 980**		**14 923**

Annualized profit / loss per share:				
- Annualized net profit / loss		**2 980**		**14 923**
- The number of all shares		16 137 050		16 137 050
- Number of shares excluding own shares		14 963 295		14 963 295
- Basic earnings continuing operations (for all shares)		0,18		0,92
-Basic earnings continuing operations (the number of shares adjusted for the treasury shares)		0,20		1,00

CONSOLIDATED STATEMENT OF CASH FLOWS

INDIRECT METHOD	Third quarter / 2016 from 1st July 2016 to 30th September 2016	3 quarters / 2016 from 1st January 2016 to 30th September 2016	Third quarter / 2015 from 1st July 2015 to 30th September 2015	3 quarters / 2015 from 1st January 2015 to 30th September 2015
Cash flows from operating activities				
Net profit / loss	-434	1 237	1 931	9 185
Adjustments for:	1 611	13 044	1 243	-28 353
Share in net profit / loss of associates and joint ventures accounted for using the equity method	609	2 116	1 215	2 830
Depreciation of fixed assets	-3	-4	14	116
Amortization of intangible assets	1 016	3 369	1 150	3 120
Impairment of goodwill	0	0	0	
Gains / losses on foreign exchange differences	0	0	350	-24
Costs and interest income	329	891	251	505
Dividend income	0	0	0	
Profit / loss from investing activities	54	20	-4 856	-4 914
Change in provisions	58	-1 585	-921	-4 007
Change in inventories	1 497	3 837	3 717	2 338
Change in receivables and prepayments	2 590	1 799	4 409	9 564
Change in liabilities and accruals	-4 013	1 290	-3 479	-32 694
Tax recognized in the statement of comprehensive income	109	918	297	2 185
Paid / returned income tax	-635	393	-904	-7 372
Other adjustments	0	0	0	
Net cash flows from operating activities	**1 177**	**14 281**	**3 174**	**-19 168**
Cash flows from investing activities				
Proceeds from sale of fixed assets and intangible assets	0	187	63	165
Net proceeds from the sale of associates and subsidiaries	0		0	
Proceeds from sales of short-term financial assets	0		0	2 500
Proceeds from interest	8	189	0	87
Proceeds from dividends	0		0	
Repayment of loans	0	4 500	0	
Expenditure on acquisition of tangible fixed assets and intangible assets	3 113	7 591	3 204	6 961
Net expenses for the acquisition of subsidiaries and associates	0		1	1
Expenditures for the purchase of short-term financial assets	0		4 000	15 000
Loans granted	654	654	0	5 500
Other	10	10	0	
Net cash flows from investing activities	**-3 769**	**-3 379**	**-7 142**	**-24 710**
Cash flows from financing activities				
Proceeds from borrowings	17 637	17 981	13 965	17 769
Net proceeds from issue of shares, bonds, notes, bills	0	0	0	25 000
Others	0		0	
Repayment of borrowings	165	12 197	66	2 922
Payment of liabilities under finance lease agreements	121	512	297	741
Dividends paid to shareholders	7 781	7 781	13 317	13 317
Dividends paid to minority shareholders	0	0	0	
Purchase of own shares	0		0	
Interest paid	665	1 545	568	726
Other	0		0	
Net cash flows from financing activities	**8 905**	**-4 054**	**-283**	**25 063**
Increase / decrease in cash and cash equivalents	**6 313**	**6 848**	**-4 251**	**-18 815**
Cash, cash equivalents at beginning of period	**1 489**	**954**	**5 054**	**19 618**
Gains / losses on foreign exchange differences on valuation of cash, cash equivalentsCash,				
cash equivalents at end of period	**7 802**	**7 802**	**803**	**803**
including:				
-Cash for the repayment of the loan advance (factoring)				
-Cash ZFŚS				
Amount of unused credit limit of bank account		1 234		5 441

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Surplus from sale of shares above their nominal value	Own shares	Other reserves - own shares	Supplementary capital created from profits	Reserve capital from revaluation of assets	Exchange differences on translation of subsidiaries	Profit / loss from previous years and the current year, including;	profit / loss from previous years	net profit / loss of the current year	Total	Equity attributable to non-controlling interest	Total equity of the Group
Balance at 1st January 2016	**22 143**	**11 211**	**-4 936**	**6 254**	**24 550**	**549**	**0**	**19 541**	**19 541**		**79 312**	**63**	**79 375**
Changes in accounting policies											**0**		**0**
Balance at 1st January 2016 after adjustments (restated)	**22 143**	**11 211**	**-4 936**	**6 254**	**24 550**	**549**	**0**	**19 541**	**19 541**	**0**	**79 312**	**63**	**79 375**
Total comprehensive income	**0**	**0**	**0**	**0**	**8 849**	**15**	**0**	**-7 627**	**-8 864**	**1 237**	**1 237**	**-4**	**1 233**
Adjustment due to liquidation of fixed assets						15		-15	-15		**0**		**0**
Settlement of the financial result for the previous financial year - transfer to reserve capital					8 849			-8 849	-8 849		**0**		**0**
Profit / loss for the year								1 237		1 237	**1 237**	-4	**1 233**
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-7 781**	**-7 781**	**0**	**-7 781**	**-8**	**-7 789**
Settlement of the financial result for the previous financial year - dividend payment								-7 781	-7 781		**-7 781**		**-7 781**
minority interest at the time of sale of shares								0			**0**	-8	**-8**
Balance at 30th September 2016	**22 143**	**11 211**	**-4 936**	**6 254**	**33 399**	**564**	**0**	**4 133**	**2 896**	**1 237**	**72 768**	**51**	**72 819**

	Share capital	Surplus from sale of shares above their nominal value	Own shares	Other reserves - own shares	Supplementary capital created from profits	Reserve capital from revaluation of assets	Exchange differences on translation of subsidiaries	Profit / loss from previous years and the current year, including;	profit / loss from previous years	net profit / loss of the current year	Total	Equity attributable to non-controlling interest	Total equity of the Group
Balance at 1st January 2015	22 143	11 211	-4 936	6 254	18 397	549	-643	28 753	28 753		**81 728**	393	**82 121**
Changes in accounting policies								0			**0**	0	**0**
Balance at 1st January 2015 after adjustments (restated)	**22 143**	**11 211**	**-4 936**	**6 254**	**18 397**	**549**	**-643**	**28 753**	**28 753**	**0**	**81 728**	**393**	**82 121**
Total comprehensive income	**0**	**0**	**0**	**0**	**6 153**	**0**	**-24**	**4 765**	**-6 163**	**10 928**	**10 894**	**125**	**11 019**
Income tax - Reversal of provision for the difference in the balance sheet depreciation and tax as a result of the valuation of fixed assets on the date of transition to IFRS	0	0	0	0	0	0	0	-10	-10	0	**-10**	0	**-10**
Settlement of the financial result for the previous year	0	0	0	0	6 153	0	0	-6 153	-6 153	0	**0**	0	**0**
Exchange differences on translation of subsidiaries	0	0	0	0	0	0	-24	0	0	0	**-24**		**-24**
Profit / loss for the year	0	0	0	0	0	0	0	10 928	0	10 928	**10 928**	125	**11 053**
Other comprehensive income								0			**0**		**0**
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**667**	**-13 977**	**-13 977**	**0**	**-13 310**	**-455**	**-13 765**
Settlement of the financial result for the previous financial year - dividend payment								-13 317	-13 317		**-13 317**	0	**-13 317**
Sale of subsidiary							667	-660	-660		7	-455	**-448**
Balance at 31st December 2015	**22 143**	**11 211**	**-4 936**	**6 254**	**24 550**	**549**	**0**	**19 541**	**8 613**	**10 928**	**79 312**	**63**	**79 375**

	Share capital	Surplus from sale of shares above their nominal value	Own shares	Other reserves - own shares	Supplementary capital created from profits	Reserve capital from revaluation of assets	Exchange differences on translation of subsidiaries	Profit / loss from previous years and the current year, including;	profit / loss from previous years	net profit / loss of the current year	Total	Equity attributable to non-controlling interest	Total equity of the Group
Balance at 1st January 2015	**22 143**	**11 211**	**-4 936**	**6 254**	**18 397**	**549**	**-643**	**28 753**	**28 753**		**81 728**	**393**	**82 121**
Changes in accounting policies											**0**		**0**
Balance at 1st January 2015 after adjustments (restated)	**22 143**	**11 211**	**-4 936**	**6 254**	**18 397**	**549**	**-643**	**28 753**	**28 753**	**0**	**81 728**	**393**	**82 121**
Total comprehensive income	**0**	**0**	**0**	**0**	**6 153**	**0**	**-24**	**3 022**	**-6 163**	**9 185**	**9 151**	**116**	**9 267**
Deferred income tax on revaluation								-10	-10		**-10**		**-10**
Settlement of the financial result for the previous financial year - transfer to reserve capital					6 153			-6 153	-6 153		**0**		**0**
Exchange differences on translation of subsidiaries							-24	0			**-24**		**-24**
Profit / loss for the year								9 185		9 185	**9 185**	116	**9 301**
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**667**	**-13 977**	**-13 977**	**0**	**-13 310**	**-455**	**-13 765**
Purchase of own shares								0			**0**		**0**
Settlement of the financial result for the previous financial year - dividend payment								-13 317	-13 317		**-13 317**		**-13 317**
Sale of subsidiary							667	-660	-660		7	-455	**-448**
Balance at 30th September 2015	**22 143**	**11 211**	**-4 936**	**6 254**	**24 550**	**549**	**0**	**17 798**	**8 613**	**9 185**	**77 569**	**54**	**77 623**

STATEMENT OF FINANCIAL POSITION

ASSETS	As of 30th September 2016	As of 31th December 2015	As of 30th September 2015
A. Non-current assets	**95 089**	**90 947**	**91 987**
1. Tangible fixed assets	21 299	20 644	20 757
2. Intangible assets	12 801	9 844	9 322
3. Long-term financial assets	59 941	59 078	60 137
4. Deferred income tax	966	1 173	1 398
5. Long-term receivables and prepayments	82	208	373
B. Current assets (short-term)	**60 412**	**65 306**	**60 714**
1. Stocks	16 065	19 880	19 072
2. Short-term receivables and prepayments	20 546	22 107	20 167
3. Receivables from income tax	201	1 301	773
4. Short-term financial assets	16 683	21 076	19 907
5. Cash and cash equivalents	6 917	942	795
C. Non-current assets classified as held for sale	**3 176**	**3 176**	**3 176**
Total assets	**158 677**	**159 429**	**155 877**

LIABILITIES	As of 30th September 2015	As of 31th December 2015	As of 30th September 2015
A. Equity	**76 167**	**80 572**	**79 175**
1. Share capital	22 143	22 143	22 143
2. Surplus from sale of shares above their nominal value	11 211	11 211	11 211
3. Own shares	-4 936	-4 936	-4 936
4. Other reserves - own shares	6 254	6 254	6 254
5. Reserves and spare	33 963	25 099	25 099
6. Profit / loss from previous years and the current year, including:	7 532	20 801	19 404
6.1. Cumulative gains / losses from previous years	4 156	4 171	4 171
6.2. Profit / loss for the current year	3 376	16 630	15 233
B. Long-term liabilities	**27 585**	**28 670**	**28 818**
1. Provisions	545	556	453
2. Deferred income tax	0	0	0
3. Long-term bank credits and loans	950	1 447	1 612
4. Long-term lease liabilities	547	1 156	1 239
5. Long-term financial liabilities	25 000	25 000	25 000
6. Long-term liabilities and accruals	543	511	514
C. Current liabilities	**54 925**	**50 187**	**47 884**
1. Provisions	5 435	7 009	7 768
2. Short-term bank credits and loans	35 428	29 794	29 122
3. Short-term lease	414	687	753
4. Short-term financial liabilities	5	232	1
5. Short-term liabilities and accrual	13 643	12 465	10 240
6. Liabilities Income tax	0	0	0
Total liabilities	**158 677**	**159 429**	**155 877**

STATEMENT OF COMPREHENSIVE INCOME

OPTION SPREADSHEET	Third quarter / 2016 from 1st July 2016 to 30th September 2016	3 quarters / 2016 from 1st January 2016 to 30th September 2016	Third quarter / 2015 from 1st July 2015 to 30th September 2015	3 quarters / 2015 from 1st January 2015 to 30th September 2015
A. Revenues from sales of products, goods and materials	20 079	65 714	22 566	84 669
B. Costs of products, goods and materials	14 476	45 852	14 890	56 162
C. Gross profit / loss from the sale of (A-B)	**5 603**	**19 862**	**7 676**	**28 507**
D. Cost of sales	2 052	5 718	2 747	7 352
E. General and administrative expenses	3 011	9 521	3 375	10 122
F. Net profit / loss from the sale of (C-D-E)	**540**	**4 623**	**1 554**	**11 033**
G. Other income	265	873	544	1 212
H. Other expenses	160	407	179	671
I. Profit / loss from operating activities (F + G-H)	**645**	**5 089**	**1 919**	**11 574**
J. Financial income	121	549	6 181	6 591
K. Financial costs	454	1 347	407	892
L. Gross profit / loss (I + J-K)	**312**	**4 291**	**7 693**	**17 273**
M. Income tax	109	915	195	2 040
N. Net profit / loss from continuing operations (L-M)	**203**	**3 376**	**7 498**	**15 233**
O. Net profit / loss from discontinued operations	0	0	0	0
P. Net profit / loss (N+O)	**203**	**3 376**	**7 498**	**15 233**
R. Other comprehensive income:	0	0	0	0
which will not be subsequently reclassified to profit or loss	0	0	0	0
Income tax - due to the difference in the balance sheet depreciation and tax, revaluation of assets	0	0	0	0
which will be subsequently reclassified to profit or loss under certain conditions	0	0	0	0
Exchange differences on translation of subsidiaries	0	0	0	0
S. Total comprehensive income (P+R)	**203**	**3 376**	**7 498**	**15 233**
Net profit / loss annualized		**4 773**		**20 577**
Earnings per share:				
- Annualized net profit / loss		4 773		20 577
- The number of all shares		16 137 050		16 137 050
- Number of shares excluding own shares		14 963 295		14 963 295
- Basic earnings continuing operations (for all shares)		0,30		1,28
- Basic earnings continuing operations (the number of shares adjusted for the treasury shares)		0,32		1,38
- Basic earnings from discontinued operations		0,00		0,00

STATEMENT OF CASH FLOWS

INDIRECT METHOD	Third quarter / 2016 from 1st July 2016 to 30th September 2016	3 quarters / 2016 from 1st January 2016 to 30th September 2016	Third quarter / 2015 from 1st July 2015 to 30th September 2015	3 quarters / 2015 from 1st January 2015 to 30th September 2015
Cash flows from operating activities				
Net profit / loss	**203**	**3 376**	**7 498**	**15 233**
Adjustments for:	**905**	**10 733**	**203**	**-29 429**
Depreciation of fixed assets	586	1 919	600	1 653
Amortization of intangible assets	428	1 444	529	1 393
Impairment of goodwill	0		0	
Gains / losses on foreign exchange differences	0		0	
Costs and interest income	329	891	250	504
Dividend income	0		0	
Profit / loss from investing activities	53	19	-4 911	-4 965
Change in provisions	58	-1 587	553	-2 392
Change in inventories	1 487	3 814	1 819	173
Change in receivables and prepayments	2 551	1 663	3 846	7 956
Change in liabilities and accruals	-4 061	1 262	-1 785	-28 449
Tax recognized in the statement of comprehensive income	109	915	195	2 040
Paid / returned income tax	-635	393	-893	-7 342
Other adjustments	0		0	0
Net cash flows from operating activities	**1 108**	**14 109**	**7 701**	**-14 196**
Cash flows from investing activities				
Proceeds from sale of fixed assets and intangible assets	0	187	63	117
Net proceeds from the sale of associates and subsidiaries	0		0	
Proceeds from sales of short-term financial assets	0	0	0	2 500
Proceeds from interest	3	186	2	93
Proceeds from dividends	0		0	
Repayment of loans	50	4 649	50	151
Expenditure on acquisition of tangible fixed assets and intangible asse	3 111	7 589	3 205	6 812
Net expenses for the acquisition of subsidiaries and associates	6	6	1	1
Expenditures for the purchase of short-term financial assets	0	0	0	15 000
Loans granted	867	867	4 000	5 500
Other	0		0	
Net cash flows from investing activities	**-3 931**	**-3 440**	**-7 091**	**-24 452**
Cash flows from financing activities				
Proceeds from borrowings	16 991	17 335	13 965	17 769
Net proceeds from issue of shares, bonds, notes, bills	0	0	0	25 000
Repayment of borrowings	165	12 197	67	6 976
Payment of liabilities under finance lease agreements	121	512	289	727
Dividends paid to shareholders	7 781	7 781	13 317	13 317
Dividends paid to minority shareholders	0		0	
Purchase of own shares	0		0	
Interest paid	659	1 539	567	740
Other	0		0	0
Net cash flows from financing activities	**8 265**	**-4 694**	**-275**	**21 009**
Increase / decrease in cash and cash equivalents	**5 442**	**5 975**	**335**	**-17 639**
Cash, cash equivalents at beginning of period	**1 475**	**942**	**460**	**18 434**
Cash equivalents at end of period	**6 917**	**6 917**	**795**	**795**
including:	0	0	0	0
-Cash for the repayment of the loan advance (factoring)	**0**	**0**	**0**	**0**
-Cash ZFŚS	**0**	**0**	**0**	**0**
Amount of unused credit limit of bank account		**1 234**		**5 441**

There were no non-cash transactions disclosed in the statement of cash flows, which would be excluded from investing and financing activities.

There were no net cash flows relating to discontinued operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (thousand PLN)

	Share capital	Surplus from sale of shares above their nominal value	Own shares	Other reserves - own shares	Supplementary capital created from profits	Reserve capital from revaluation of assets	Profit / loss from previous years and the current year, including;	profit / loss from previous years	net profit / loss of the current year	Total
Balance at 1st January 2016	**22 143**	**11 211**	**-4 936**	**6 254**	**24 550**	**549**	**20 801**	**20 801**		**57 782**
Changes in accounting policies							0			**0**
Balance at 1st January 2016 after adjustments (restated)	**22 143**	**11 211**	**-4 936**	**6 254**	**24 550**	**549**	**20 801**	**20 801**	**0**	**80 572**
Total comprehensive income	**0**	**0**	**0**	**0**	**8 849**	**15**	**-5 488**	**-8 864**	**3 376**	**3 376**
Transfer of capital reserve reserve capital - purchase of own shares						15	-15	-15		**0**
Adjustment due to liquidation of fixed assets						0	0	0	0	**0**
Settlement of the financial result for the previous financial year - transfer to reserve capital					8 849		-8 849	-8 849		**0**
Profit / loss for the year							3 376	0	3 376	**3 376**
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**-7 781**	**-7 781**	**0**	**-7 781**
Settlement of the financial result for the previous financial year - dividend payment							-7 781	-7 781		**-7 781**
Balance at 30th September 2016	**22 143**	**11 211**	**-4 936**	**6 254**	**33 399**	**564**	**7 532**	**4 156**	**3 376**	**76 167**

	Share capital	Surplus from sale of shares above their nominal value	Own shares	Other reserves - own shares	Supplementary capital created from profits	Reserve capital from revaluation of assets	Profit / loss from previous years and the current year, including;	profit / loss from previous years	net profit / loss of the current year	Total
Balance at 1st January 2015	22 143	11 211	-4 936	6 254	18 397	549	23 641	23 641		**77 259**
Changes in accounting policies										**0**
Balance at 1st January 2015 after adjustments (restated)	**22 143**	**11 211**	**-4 936**	**6 254**	**18 397**	**549**	**23 641**	**23 641**	**0**	**77 259**
Total comprehensive income	**0**	**0**	**0**	**0**	**6 153**	**0**	**10 477**	**-6 153**	**16 630**	**16 630**
Settlement of the financial result for the previous year					6 153		-6 153	-6 153		**0**
Profit / loss for the year							16 630		16 630	**16 630**
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**-13 317**	**-13 317**	**0**	**-13 317**
Settlement of the financial result for the previous financial year - dividend payment							-13 317	-13 317		**-13 317**
Balance at 31st December 2015	**22 143**	**11 211**	**-4 936**	**6 254**	**24 550**	**549**	**20 801**	**4 171**	**16 630**	**80 572**

	Share capital	Surplus from sale of shares above their nominal value	Own shares	Other reserves - own shares	Supplementary capital created from profits	Reserve capital from revaluation of assets	Profit / loss from previous years and the current year, including;	profit / loss from previous years	net profit / loss of the current year	Total
Balance at 1st January 2015	**22 143**	**11 211**	**-4 936**	**6 254**	**18 397**	**549**	**23 641**	**23 641**		**57 782**
Changes in accounting policies							0			**0**
Balance at 1st January 2015 after adjustments (restated)	**22 143**	**11 211**	**-4 936**	**6 254**	**18 397**	**549**	**23 641**	**23 641**	**0**	**77 259**
Total comprehensive income	**0**	**0**	**0**	**0**	**6 153**	**0**	**9 080**	**-6 153**	**15 233**	**15 233**
Settlement of the financial result for the previous financial year - transfer to reserve capital					6 153		-6 153	-6 153		**0**
Profit / loss for the year							15 233	0	15 233	**15 233**
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**-13 317**	**-13 317**	**0**	**-13 317**
Settlement of the financial result for the previous financial year - dividend payment							-13 317	-13 317		**-13 317**
Balance at 30th September 2015	**22 143**	**11 211**	**-4 936**	**6 254**	**24 550**	**549**	**19 404**	**4 171**	**15 233**	**79 175**

Zakłady Urządzeń Komputerowych ELZAB S.A.

Additional information to the Condensed Consolidated Financial Statements of ELZAB Group

for the third quarter of 2016

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I. Basic information

1. Basic information about the ELZAB S.A.

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41-813 Zabrze
Tel. +48 32 272 20 21
Fax. +48 32 272 25 83
www.elzab.com.pl

Auditor: Deloitte Polska Sp. z o.o. Sp. k.

Polish Classification of Activities: 2620Z - manufacture of computers and peripheral equipment
Code: 270036336
Tax identification number: 648-000-02-55
Chief Inspectorate for Environmental Protection: E0000414WZ
The National Court Register 95317: District Court in Gliwice, X Commercial Division
Share capital:: 22 142 962,40 PLN
Paid-up capital: 22 142 962,40 PLN

The company listed on the Warsaw Stock Exchange since 13th May 1998
Listing: Basic
Sector: Computer

2. Composition of Management and Supervisory Board of ELZAB S.A

For the day of the publication of the report the Management Board of the Company Consists of:
Krzysztof Urbanowicz – President of the Management Board
Jerzy Popławski – Vice President of the Management Board
Zbigniew Stanasiuk – Member of the Management Board
Janusz Krupa – Member of the Management Board

Proxy of the Company is Małgorzata Kaczmarska - Chief Accountant.

The Supervisory Board of ELZAB S.A. on 17th October 2016 adopted resolutions regarding the selection of the Presidium of the Supervisory Board.

The Supervisory Board of the Company consists of:

Jacek Papaj - Member of the Supervisory Board
Krzysztof Morawski - Member of the Supervisory Board
Jarosław Wilk - Member of the Supervisory Board
Andrzej Wawer - Member of the Supervisory Board

Jacek Pulwarski – Member of the Supervisory Board
Grzegorz Należyty- Member of the Supervisory Board

The Supervisory Board also adopted a resolution appointing the Audit Committee.

The Audit Committee were appointed:
Andrzej Wawer – Chairman of the Audit Committee of the Supervisory Board
Jacek Pulwarski – Member of the Audit Committee of the Supervisory Bard
Grzegorz Należyty – Member of the Audit Committee of the Supervisory Board

In third quarter of 2016 the Management Board and the Supervisory Board did not change.

3. Composition of the ELZAB Group

As of 30th September 2016 ELZAB Group consisted of the following entities:

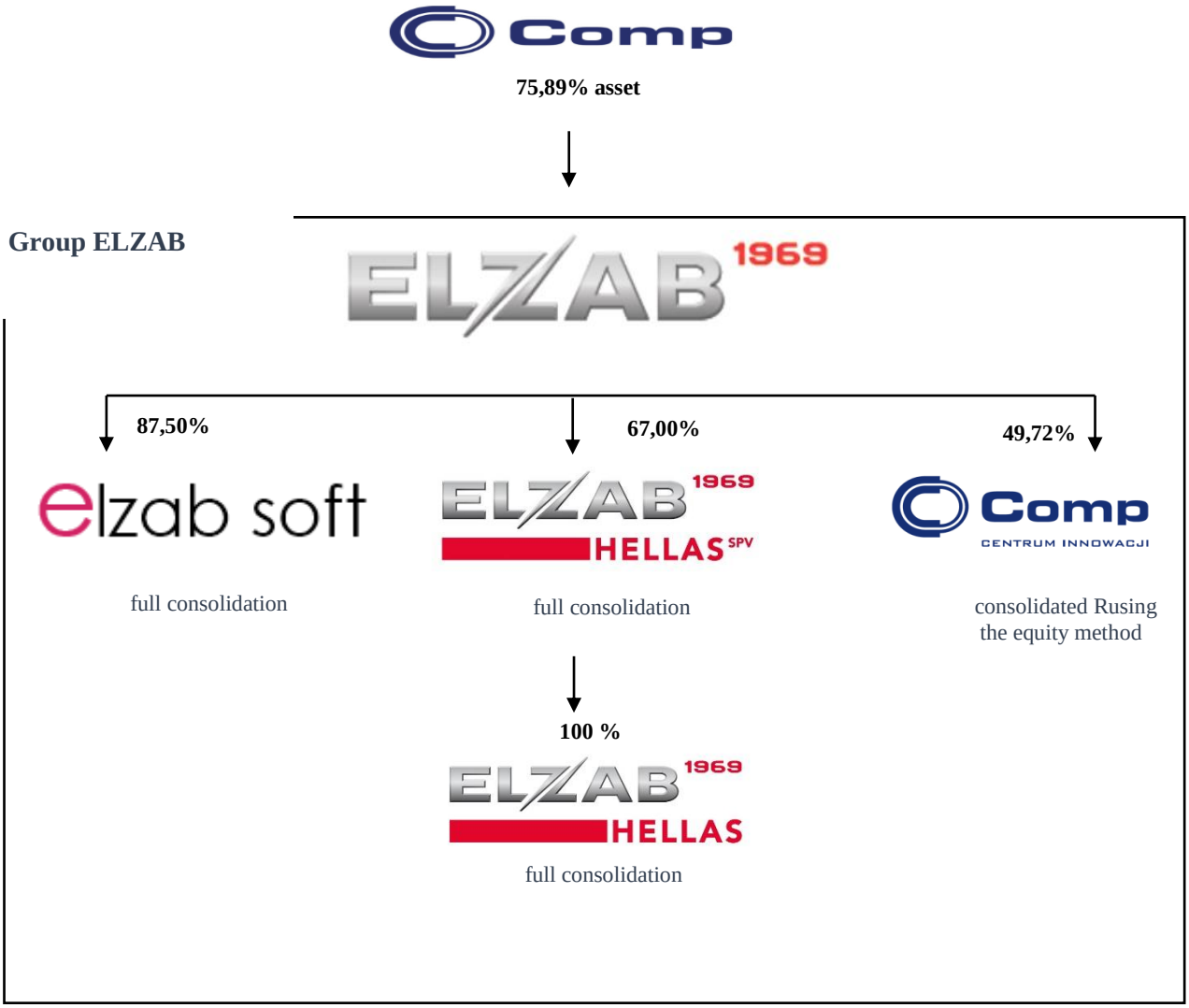
- ELZAB SA - the parent company,
- ELZAB SOFT Sp. z o. o.- the subsidiary, fully consolidated, the share of ELZAB S.A.- 87.5% of the capital and at the General Meeting,
- ELZAB HELLAS SPV Sp. z o. o. – the subsidiary, fully consolidated, the share of ELZAB S.A - 67% in the share capital of the Company and GM. The remainder of the shares are held by MONEA V Sp. z o. o.,
- ELZAB HELLAS AE (joint stock company) - the subsidiary, fully consolidated, participation ELZAB HELLAS SPV Sp. z o. o. -100% Of the capital and at the General Meeting,
- COMP INNOVATION CENTRE Sp. z o. o. - the affiliated company, valued by the equity method, the share of ELZAB S.A. - 49.72% in the share capital of the Company and GM. The remainder of the shares are held by COMP S.A., the dominant entity in relation to ELZAB S.A.

In the third quarter of 2016 there have been changes in the structure of ELZAB.

On 3rd August 2016 ELZAB S.A. acquired 100 % of shares in ELZAB HELLAS SPV Sp. z o. o. (The company originally was called Duray Sp. z o. o. and was based in Warsaw, the change registered in KRS on 30th April 2016). The share capital amounts to 5 thousand PLN. On 22nd September 2016 ELZAB S.A. sold 33% of shares in ELZAB HELLAS SPV Sp. z o. o. for MONEA V Sp. z o. o.

On 15th September 2016 was set up by ELZAB HELLAS SPV Sp. z o. o. the company ELZAB HELLAS AE (joint stock company) with its registered office in Greece (registration 19th September 2016). The share capital in the amount of 24 thousand EUR was paid on 4th October 2016.

Graphical representation of the organizational structure of the ELZAB Capital Group as of 30th September 2016.



II. Accounting principles

The object of the publication of the consolidated report for the third quarter of 2016., which includes a separate summary report quarterly of ELZAB S.A.

The consolidated financial statements and separate financial statements ELZAB S.A. have been prepared on a going concern in the foreseeable future. At the date of preparation of financial statements we are not aware of any circumstances indicating a threat to the continuation of business activity by the Group ELZAB and by ELZAB S.A.

In the third quarter of 2016. Group ELZAB there has been no abandonment of any business activities of the Group ELZAB.

The functional currency and reporting of domestic companies is the Polish Zloty (PLN).
The functional currency of ELZAB HELLAS AE, based in Greece, is the currency of the European Union (EUR).
In 2015, consolidation is subject to Financial Statements MICRA METRIPOND KFT until the sale of shares, ie. to 1st September 2015. The functional currency of MICRA METRIPOND KFT based in Hungary was the Hungarian Forint (HUF).

The data included in the financial statements are stated in thousands PLN. There may be a case of feeding data with greater accuracy.

Consolidated quarterly report ELZAB Group for the reporting period from the date of 1st July 2016 to 9th September 2016 contains:

- Report of the financial standing according to the state on 30th September 2016, 31st December 2015 and 30th September 2015.
- Statement of comprehensive income for the period from 1stJuly 2016 to 30th September 2016 and for the comparable period from 1st July 2015 to 30th September 2015 and for increasing periods from 1st January 2016 to 30th September 2016 and for the comparable period from 1st January 2015 to 30th September 2015
- Statement of Cash Flows for the period from 1stJuly 2016 to 30th September 2016 and for the comparable period from 1st July 2015 to 30th September 2015 and for increasing periods from 1st January 2016 to 30th September 2016 and for the comparable period from 1st January 2015 to 30th September 2015
- Statement of changes in equity for the period from 1st January 2015 to 30th September 2015. For the period from 1st January 2015 to 31st December 2015 and from 1st January 2015 to 30th September 2015
- Information additional to the extent specified in Article. 87 points. 3 and 4 Regulation of the Minister of Finance dated 19th February 2009., and other additional information to the extent specified in Article. 87 points. 7, 9, 10 Regulation of the Minister of Finance dated 19 February 2009.

The consolidated financial statements for the third quarter of 2016. And for the comparable period of the third quarter of 2015. Have been prepared in accordance with the principles of IAS / IFRS, which comprise standards and interpretations approved by the International Accounting Standards and Standing Interpretations Committee.

In both periods they were applied the same accounting principles and presented data are comparable.

Applied accounting principles are published on 31st March 2016 in the consolidated annual report for 2015.

These interim condensed financial statements for the third quarter of 2016 should be read together with the report of the Group ELZAB and ELZAB SA for 2015 and the report of ELZAB Group for the first half of 2016, which contain the necessary information and disclosures.

MICRA METRIPOND KFT, in the comparative period, due to the regulations in force in Hungary, ran its books and draw up financial statements according to Hungarian accounting standards and transform them to the IAS / IFRS for consolidation purposes.

ELZAB HELLAS AE keeps its books and prepares financial statements in accordance with Greek accounting standards, and converts them to the IAS / IFRS for consolidation purposes.

III. Information on the review of the condensed financial statements

Condensed financial statements for the third quarter of 2016 was not subject to review by an entity authorized to audit financial statements.

IV. Wybrane dane finansowe Grupy ELZAB i ELZAB S.A.

	in thousand PLN		in thousand EUR	
SELECTED FINANCIAL DATA ELZAB GROUP	**3 quarters of 2016**	**3 quarters of 2015**	**3 quarters of 2016**	**3 quarters of 2015**
Net revenues from sales of products, goods and materials	66 094	90 868	15 129	21 851
Profit (loss) from operations	5 057	13 472	1 158	3 240
Profit (loss) gross	2 151	11 486	492	2 762
Profit (loss) attributable to equity holders of the parent	1 237	9 185	283	2 209
Net cash flows from operating activities	14 281	-19 168	3 312	-4 522
Net cash flows from investing activities	-3 379	-24 710	-784	-5 830
Net cash flows from financing activities	-4 054	25 063	-940	5 913
Net cash flow, total	6 848	-18 815	1 588	-4 439
Annualized earnings (loss) per ordinary share (in PLN / EUR)	0,18	0,92	0,04	0,22
Annualized earnings (loss) per ordinary share excluding treasury shares (in PLN / EUR)	0,20	1,00	0,05	0,24
SELECTED FINANCIAL DATA ELZAB GROUP	**30th September 2016**	**31st December 2015**	**30th September 2016**	**31st December 2015**
Total assets	156 021	158 269	36 183	37 139
Current liabilities and long – term provisions	28 232	28 670	6 547	6 728
Current liabilities and short – term provisions	54 970	50 224	12 748	11 786
Equity capital	72 819	79 375	16 888	18 626
Share capital	22 143	22 143	5 135	5 196
Total number of shares	16 137 050	16 137 050	16 137 050	16 137 050
Number of shares adjusted for treasury shares	14 963 295	14 963 295	14 963 295	14 963 295
Book value per share (in PLN / EUR)	4,51	4,92	1,05	1,15
Book value per share excluding treasury shares (in PLN / EUR)	4,87	5,30	1,13	1,24
	in thousand PLN		in thousand EUR	
SELECTED FINANCIAL DATA ELZAB	**3 quarters of 2016**	**3 quarters of 2015**	**3 quarters of 2016**	**3 quarters of 2015**
Net revenues from sales of products, goods and materials	65 714	84 669	15 042	20 360
Profit (loss) from operations	5 089	11 574	1 165	2 783
Profit (loss) gross	4 291	17 273	982	4 154
Profit (loss) net	3 376	15 233	773	3 663
Net cash flows from operating activities	14 109	-14 196	3 272	-3 349
Net cash flows from investing activities	-3 440	-24 452	-798	-5 769
Net cash flows from financing activities	-4 694	21 009	-1 089	4 957
Net cash flow, total	5 975	-17 639	1 386	-4 162
Annualized earnings (loss) per ordinary share (in PLN / EUR)	0,30	1,28	0,07	0,31
Annualized earnings (loss) per ordinary share excluding treasury shares (in PLN / EUR)	0,32	1,38	0,07	0,33
SELECTED FINANCIAL DATA ELZAB	**30th September 2016**	**31st December 2015**	**30th September 2016**	**31st December 2015**
Total assets	158 677	159 429	36 799	37 411
Current liabilities and provisions	27 585	28 670	6 397	6 728
Current liabilities and short – term provisions	54 925	50 187	12 738	11 777
Equity capital	76 167	80 572	17 664	18 907
Share capital	22 143	22 143	5 135	5 196
Total number of shares	16 137 050	16 137 050	16 137 050	16 137 050
Number of shares adjusted for treasury shares	14 963 295	14 963 295	14 963 295	14 963 295
Book value per share (in PLN / EUR)	4,72	4,99	1,09	1,17
Book value per share excluding treasury shares (in PLN / EUR)	5,09	5,38	1,18	1,26

For the calculation of selected financial data, the following courses EURO:

- *For the calculation of assets and liabilities on 30th September 2016 and cash flows for the three quarters of 2016 the average Euro exchange rate announced by the NBP on 30th September 2016 - 4.3120*
- *For the calculation of assets and liabilities on 31st December 2015 EUR average rate announced by the NBP on 31st December 2015 - 4.2615*
- *For the calculation of assets and liabilities on 30th September 2015 and cash flows for the three quarters of 2015 the average Euro exchange rate announced by the NBP on 30th September 2015 - 4.2386*
- *To calculate the profit and loss account for three quarters of 2016 arithmetic mean of average euro rates announced by the NBP on the last day of each month from January to September 2016 - 4.3688*
- *To calculate the profit and loss account for three quarters of 2015 arithmetic mean of average euro rates announced by the NBP on the last day of each month from January to September 2015 - 4.1585.*

V. Consolidated Financial Statements of ELZAB Group

1. Significant achievements ELZAB Group and events affecting the financial results Revenue - Costs - Financial result.

Parent company ELZAB S.A. is a manufacturer and supplier of equipment and systems supporting retail sales. Is a company specializing in the design, manufacture and distribution of a wide range of cash registers, equipment and POS systems, peripherals and accessories for the registration and management of sales, such as electronic scales, price checkers, printer non-fiscal, label printers, cash drawers, modems, cash and multiplexers. Offer ELZAB S.A. also includes products such as commercial scales spreadsheets and labeling, platform scales and maintenance services relating to the aforesaid devices.

Revenues from sales of own products and services as well as goods and materials in the third quarter of 2016 amounted to 20 079 thousand PLN and they were 11% lower than in the corresponding period of 2015., which amounted to 22 566 thousand PLN.

Segments	Third quarter of 2016	Third quarter of 2015	change
Fiscal devices	12 045	14 429	-17%
Products non-fiscal	3 599	4 048	-11%
Services of industrial and nonindustrial	1 575	1 401	12%
Goods and materials	2 860	2 688	6%
Total	**20 079**	**22 566**	**-11%**

Equipment sales in the third quarter of fiscal 2016 compared to the third quarter of 2015 was lower by 17%. Lower sales focused mainly on the segment of large printers and cash registers.

MICRA METRIPOND KFT
In connection with the sale by ELZAB S.. all shares held in the Company MICRA METRIPOND KFT on 1st September 2015 in the third quarter of 2015 subject to consolidation results for July and August. Revenues from sales made in the two months amounted to 1 746 thousand PLN.
The company was not consolidated in the third quarter of 2016.

MICRA METRIPOND KFT continues to sell fiscal devices, electronic scales, spreadsheets, LABELLING and platform and provides maintenance services in the field of products sold. MICRA METRIPOND KFT is still distributor of ELZAB S.A.

ELZAB SOFT Sp. z o.o.
ELZAB SOFT Sp. z o. o. is a company providing services mainly for ELZAB S.A. and providing software for fiscal devices. Offer ELZAB SOFT Sp. z o. o. also it includes products for guitarists sold under the brand name GLAB.

Revenues from sales realized in the third quarter of 2016 amounted to 382 thousand PLN and they were lower than in the corresponding period of 2015, which amounted to 423 thousand PLN.

ELZAB HELLAS SPV Sp. z o. o.
Company ELZAB HELLAS SPV Sp. z o. o. is a advisory company

ELZAB HELLAS A.E.
Company ELZAB HELLAS AE is a distributor of fiscal ELZAB S.A. in the Greek market.

ELZAB GROUP
Revenues from sales realized by the Group ELZAB in the third quarter of 2016 amounted to 20 221 thousand PLN and it was about 16% lower than those achieved in the comparable quarter of 2015. The decrease in revenues in the third quarter of 2016 compared to the third quarter of 2015, 2 factors influence. The first is to lower sales of fiscal devices in the domestic market. The second is the level of income generated by the MICRA METRIPOND KFT in the third quarter of 2015. This entity was not consolidated in the third quarter of 2016.

Taking into account the costs incurred for the production of products, the value of materials and goods sold, ELZAB Capital Group in the third quarter of 2016. Generated consolidated gross profit in the amount of 5 562 thousand PLN, reaching profitability of 27.5 %, ie. lower than the gross margin achieved in the third quarter of 2015, which was 35.4 %.

After taking into account the costs of distribution, marketing, promotion and advertising, and general costs of operation and maintenance companies, ELZAB Group in the third quarter of 2016 Net profit on sales in the amount of 504 thousand PLN. In the comparable period of the third quarter of 2015 Net profit on sales amounted to 2 128 thousand PLN.

The impact on the results achieved by the Group ELZAB had the structure and level of sales, which has a direct impact on obtainable margin.

In the third quarter of 2016 total cost of sales (excluding the effects of renovation receivables), general and administrative expenses incurred by ELZAB Group amounted to 5 056 thousand PLN and were lower by 22% than those incurred in the third quarter of 2015.

In the third quarter of 2016 incurred a 30% lower cost of sales (excluding the impact of updating receivables) compared to the third quarter of 2015. In the third quarter of 2016 due to renovation and write-off of receivables slightly worsened as a result of EUR 2 thousand PLN, while in the comparable quarter of last year was 55 thousand PLN and contributed to the improvement in the result.

In the third quarter of 2016 general and administrative costs were at a lower level by 15%.

In the reporting quarter, the result on other operating activities was positive and amounted to 105 thousand PLN. Other operating income consisted mainly of income from rental property. In the third quarter of 2015 result for other operations it was also positive and amounted to 347 thousand PLN.

Taking into account the result on other operating activities, the Group ELZAB reached in the third quarter of 2016 operating profit in the amount of 609 thousand PLN. In the same period last year ELZAB Group generated operating profit of PLN 2 475 thousand PLN.

In the third quarter of 2016 occured a negative balance of financial income and expenses of 328 thousand PLN in the comparative period recorded a positive balance, which amounted to 982 thousand PLN. The financial income includes mainly accrued interest and interest of customers covered bonds and loans. In the third quarter of 2015 financial income into account also the result of the sale of shares in a subsidiary MICRA METRIPOND KFT.

Profit on sale of shares MICRA METRIPOND KFT in the consolidated financial statements for the 3 quarters of 2015:

in thousand PLN

Equity MICRA METRIPOND KFT 31.08.2015 r.	5 736
Equity MICRA METRIPOND KFT for the Group ELZAB %	92,18%
Equity MICRA METRIPOND KFT for the Group ELZAB in value	5 287
The sale price of the shares	6 515
Profit on sale of shares MICRA METRIPOND KFT	**1 228**

Profit on sale of shares MICRA METRIPOND KFT in the separate financial statements:

in thousand PLNl

The value of shares MICRA METRIPOND KFT	496
The sale price of the shares	6 515
Profit on sale of shares MICRA METRIPOND KFT	6 019

The result on the sale of shares acquired at the level of the individual financial statements was eliminated in the consolidated financial statements.

The financial costs have been included, among others, interest and fees on loans, interest on issued bonds and interest write-downs on receivables.

In the third quarter of 2016. ELZAB Group financial activities also included the share of loss of associates in the amount of 609 thousand PLN. In the third quarter of 2015 participated in the losses of associated companies amounted to 1 215 thousand PLN.

ELZAB Group achieved in the third quarter of 2016 gross loss of 328 thousand PLN compared to the gross profit generated in the third quarter of 2015 in the amount of 2 242 thousand PLN.

Taking into account the burden of income tax in the current and deferred, ELZAB Group in the third quarter of 2016 generated a net loss of 437 thousand PLN compared to a net profit in the third quarter of 2015 in the amount of 1 945 thousand PLN.

2. Key Financial Indicators

	ELZAB Group	1st Jaunary7 2016 – 30th September 2016	1st January 2015 to 30th September 2015
1	Rate of return on sales before tax%	30,0	34,6
2	Rate of return on net%	1,9	10,2
3	Return on equity ROE%	1,6	11,6
4	Profitability of total assets ROA%	0,8	5,9
5	The current ratio	1,5	1,3
6	Quick ratio	1,1	0,9
7	Total debt ratio	51,6	49,1

	ELZAB S.A.	1st Jaunary7 2016 – 30th September 2016	1st January 2015 to 30th September 2015
1	Rate of return on sales before tax%	30,2	33,7
2	Rate of return on net%	5,1	18,0
3	Return on equity ROE%	4,3	19,5
4	Profitability of total assets ROA%	2,1	9,9
5	The current ratio	1,5	1,3
6	Quick ratio	1,1	0,9
7	Total debt ratio	50,7	49,3

1 gross profit / net sales %
2 net profit / net sales%
*3 net profit / equity % **
*4 zysk netto / suma aktywów %**
*5 current assets / current liabilities (excluding provisions and accruals) **
*6 assets-stocks-accruals * / current liabilities **
*7 liabilities and provisions for liabilities * / total assets **
**(As of the beginning of the period + at the end of the period) / 2*

3. Business Segments

ELZAB Group realizes revenues from sales in one industry segment of electronic devices, which includes fiscal and non-fiscal devices, which are products of own production and goods purchased for resale. Revenues generated from other sales, ie. From the sales of goods and materials complement the main Group's offer. Provided services warranty, post-warranty service, training and installation are closely related to the commercial offer of the Group.
The range offered for sale has a similar production process, distribution methods used and the range of services provided and is designed for specific audiences. In this situation, there is no need to make the distribution of the carrying amounts of the assets and liabilities because they are involved in the generation of profit in one segment of the electronics industry.
For management purposes, the following reporting of achieved gross margin on the various ranges or groups of products, each entity included in the ELZAB Capital Group.

Revenues from sales presented in the consolidated income statement for the third quarter of 2016. Take into account the exclusion of mutual turnover inside ELZAB Capital Group and are revenues from sales to external customers outside the Group. The costs of producing and selling costs are also costs of sales to external customers.
The following table is presented the percentage of the product range offered in the value of total realized revenues from sales in individual companies and in the Group and the reached level of gross margin on sales in the third quarter of 2016 in assortment groups separated as one segment of the electronics market.

Name of entity	Electronic equipment of its own production and services, including maintenance services	Goods (electronic equipment) and materials and accessories	TOTAL SALES
ELZAB S.A.	86%	14%	100%
- revenues	17 218	2 861	20 079
ELZAB SOFT Sp. z o.o.	95%	5%	100%
- revenues	363	19	382
Grupa ELZAB HELLAS	0%	100%	100%

- revenues	0	44	44
The consolidated value of revenues to external customers	86%	14%	100%
- revenues	17 353	2 868	20 221
Gross margin on sales achieved in the third quarter of 2016.	5 157	405	5 562

Name of entity	Electronic equipment of its own production and services, including maintenance services	Goods (electronic equipment) and materials and accessories	TOTAL SALES
ELZAB S.A.	88%	12%	100%
- revenues	19 879	2 687	22 566
MICRA METRIPOND KFT	34%	66%	100%
- revenues	602	1 144	1 746
ELZAB SOFT Sp. z o.o.	96%	4%	100%
- revenues	406	17	423
The consolidated value of revenues to external customers	84%	16%	100%
- revenues	20 362	3 780	24 142
Gross margin on sales achieved in the third quarter of 2016.	7 615	922	8 537

ELZAB SA in the third quarter of 2016 supplied its products to market through direct sales to dealers and the sales offices in Warsaw, Wroclaw and in Suchy Las near Poznan.

The consolidated value of revenues achieved by the Group ELZAB in the comparable periods of the third quarter 2016 and third quarter of 2015 according to the geographical structure, shown in the following table:

in thousand PLN	Third quarter of 2016	% share	Third quarter of 2015	% share
sales realized on the territory of the Republic of Poland	18 603	92%	20 744	85,9%
sales realized on foreign markets	1 618	8%	3 398	14,1%
Total	**20 221**	**100%**	**24 142**	**100,0%**

4. Seasonality or cyclicality of operations ELZAB S. A.

Seasonality of sales on the domestic market:

- focuses on the primary market and is associated with entering into force of the regulations of the Minister of Finance imposing on another group of taxpayers to install fiscal devices:

  - according to the Regulation of the Minister of Finance dated 4 November 2014 on the exemption from the obligation to keep records using cash registers (date of application - from 1st January 2015 latest from 1st March 2015 subject to the duty were industry led, which have so far benefited from the exemption from registration of sale using fiscal devices, such as entities performing: repair of motor vehicles and motorcycles engines, replacing the tires or wheels of motor vehicles and motorcycles; research and technical inspection of vehicles; medical care provided by doctors and dentists; legal services; tax advisory services; services connected with catering provided by stationary and mobile food service; hairdressing, cosmetic and beauty.
  - according to the Regulation of the Minister of Finance of 29th November 2012 on the exemption from the obligation to keep records using cash registers in the first half of 2013 to registration of sales by fiscal device they were covered by taxpayers who in 2012 realized a turnover for individuals worth more than 20 thousand PLN (used to be 40 thousand PLN). Obligation to register sales were also covered by the driving school.
  - in the first half of 2012 they have been concerned by the large group of taxpayers - doctors and lawyers.

- does not apply to secondary market, where buying decisions fiscal devices are taken after filling the fiscal module.

Seasonality of sales on foreign markets::

- applicable, as well as on the domestic market, the primary market and is associated with the implementation by the relevant administrative authorities of the country concerned regulations on groups of taxpayers subject to obligatory installation of fiscal devices.

Seasonality of sales is also influenced by the seasonality of production.

5. Important information about changes in estimates

In ELZAB SA and the subsidiaries in the third quarter of 2016, the following changes in the positions of write-downs, provisions and accruals (in thousand PLN):

1. The state of impairment losses on receivables and interest on late payments in the third quarter of 2016 increased by 4 thousand PLN in comparison to the 30th September 2016 amounts to 1 029 thousand PLN at the end of the third quarter in 2016.
2. In the third quarter of 2016 the value of sold products, goods and materials has been increased by the effect of revaluation of inventories in the amount of 138 thousand PLN.
3. Other changes in provisions and accruals (in thousand PLN):

	As of 30th June 2016	As of 30th September 2016	Change
Provision for employee benefits (retirement benefits)	550	545	-5
Provision for equivalents for unused leave	396	396	0
Provision for bonuses of the Board, the bonus MBO	1 459	1 244	-215
Provision for promotional and advertising activities, commissions	540	945	405
Provision for guarantee fund	2 833	2 678	-155
Provision for the review and audit of financial statements	50	29	-21
Other provisions	143	173	30
Total provisions and accruals	**5 971**	**6 010**	**39**

Reserves were classified according to the manufacturing costs, selling costs, general costs.

Provision for deferred income tax in relation to the state on 30th June 2016 decreased by 28 thousand PLN, and at the end of the third quarter of 2016 amounted to 661 thousand PLN. The main amount of the provision is the difference between the carrying amount and tax base of assets and financial assets (bonds and loans).

4. Balance of deferred tax assets on 30th September 2016 amounted to 1 634 thousand PLN and in comparison to the 30th June 2016 shows the following changes in each title (in thousand PLN)

	As of 30th June 2016	As of 30th September 2016	Change
retirement benefits	105	104	-1
unused annual leave	76	76	0
revaluation of real estate and land in Suchy	478	470	-8
accrued expenses	330	288	-42
suspended margin on inventories	7	7	0
fund promotional and advertising, commissions	103	180	77
guarantee fund	538	509	-29
interest on bonds issued	42	0	-42
Deferred income tax	**1 679**	**1 634**	**-45**

As of 30th September 2016 was netted assets with liabilities of deferred income tax at the level of individual financial statements of subsidiaries.

Off assets with the obligations of the deferred tax assets as of 30th September 2016:
:

Assets from deferred income tax	1 634
Deferred income tax	661
The balance of assets of deferred income tax	973
The balance of deferred income tax	0

6. Financial instruments

On 30th September 2016 at ELZAB S.A were open forward contracts (thousand PLN):

Lp	Date of the transaction	type of transaction	currency	quantity	exchange implementation	time limit for completion	valuation at the balance sheet date	future expenses / proceeds
1	19-07-2016	FX FORWARD	HUF/PLN	2 023 326	1,3896	18-10-2016	28	28
2	28-07-2016	FX FORWARD	HUF/PLN	2 386 400	1,3967	27-10-2016	33	33
3	22-09-2016	FX FORWARD	PLN/USD	9 686	3,8064	07-10-2016	37	37
4	31-08-2016	FX FORWARD	PLN/USD	18 842	3,9155	17-10-2016	72	74
5	16-09-2016	FX FORWARD	PLN/USD	29 001	3,865	28-10-2016	111	112
6	19-09-2016	FX FORWARD	PLN/USD	4 187	3,8512	07-11-2016	16	16
7	30-09-2016	FX FORWARD	PLN/USD	7 138	3,85	21-11-2016	27	27
8	16-08-2016	FX FORWARD	HUF/PLN	17 461 957	1,3776	05-10-2016	238	241
9	16-08-2016	FX FORWARD	HUF/PLN	1 929 600	1,3787	16-11-2016	27	27
10	18-08-2016	FX FORWARD	HUF/PLN	1 365 040	1,382	16-11-2016	19	19
11	06-09-2016	FX FORWARD	HUF/PLN	5 465 754	1,4011	26-10-2016	77	77
12	14-09-2016	FX FORWARD	HUF/PLN	2 062 935	1,4025	31-10-2016	29	29
13	14-09-2016	FX FORWARD	HUF/PLN	1 583 200	1,404	16-12-2016	22	22
						RAZEM	**736**	**742**

HUF: refers to the price for 100 HUF

These transactions serve to secure the future of the proceeds from sales made on the Hungarian market and purchases for the Company.

As of 30th September 2016 ELZAB Group held bonds in the amount of 15 588 thousand PLN (including interest) and receivables from loans granted in the amount of 1 692 thousand PLN (including interest).

7. Significant transactions with related parties and data necessary to prepare consolidated financial statements

	ELZAB sales to related parties	*ELZAB Purchases from related parties*	*The balance of financial income / expenses*
Transactions with related parties	**4 985**	**7 608**	**413**
ELZAB SOFT Sp. z o.o.	346	560	3
ELZAB HELLAS SPV Sp. z o.o.	14		
MICRA METRIPOND KFT	1 624	2	
COMP S.A.	401	6 429	
INSOFT Sp. z o.o.	4	62	
Paytel S.A.	7	7	
ENIGMA Systemy Ochrony Informacji Sp. z o.o.	112		
Comp Centrum Innowacji Sp. .z o.o.	2 477	548	410

	ELZAB Receivables from related parties	*ELZAB Receivables from related parties by virtue of the bonds ELZAB*	*Receivables from related parties loans granted*	*ELZAB liabilities to related parties*
ELZAB SOFT Sp. z o.o.	452		50	59
ELZAB HELLAS SPV Sp. z o.o.	18		213	
MICRA METRIPOND KFT	492			
COMP S.A.	147			5 443
INSOFT Sp. z o.o.				26
Paytel S.A.				
ENIGMA Systemy Ochrony Informacji Sp. z o.o.	-4			
Comp Centrum Innowacji Sp. z o.o.	2 298	15 588		103

These tables include turnover for the 9 months of 2016 and the liabilities and receivables as of 30th September 2016.

Inventories of products ELZAB S.A. warehouses subsidiaries on 30th September 2016 amounted to 199 thousand PLN. Realized margin on inventories contributed slightly to the improvement of the net financial result ELZAB Group for the third quarter of 2016 was 2 thousand PLN.

Agreements concluded with related parties

On 6th May 2016 Comp Centrum Innowacji Spółka z o.o with registered office in Warsaw at 116 Dawn street redeemed 150 bonds issued by Comp Centrum Innowacji Spółka z o.o. – Z -series at the issue price of 100 thousand PLN each, ie. The total amount of 15 000 thousand PLN.

ELZAB S.A concluded on 6th May 2016 a contract for bonds with the Company Comp Centrum Innowacji Spółka z o.o., the object of which is to cover 154 bonds issued by Comp Centrum Innowacji Spółka z o.o. BB series at the issue price of 100 thousand PLN each, ie. the total amount of 15 400 thousand PLN. Significant terms of the Agreement: interest rate is set at an interest rate equal to WIBOR 1M plus margin established on the market conditions. The bonds are non-transferable. The sale of the Notes is only possible for the Issuer. The bonds are not secured. The Bonds will be made within twelve (12) months from the date of allotment. As the purpose of the bond issue, the Company Comp Centrum Innowacji Spółka z o.o. announced funding of operating, investing and financing activities of the Issuer.

At the same time ELZAB S.A. concluded on 6th May 2016 an agreement with Comp Company Comp Centrum Innowacji Spółka z o.o. by deduction of mutual claims arising from the redemption of bonds Series Z in the amount of 15 455 thousand PLN and pay for BB bonds in the amount of 15 400 thousand PLN, as a result of the debt remitted to each other to the amount of debt lower, while the remaining amount Company Comp Centrum Innowacji Spółka z o.o. paid into the bank account of the company ELZAB S.A.

Information on bonds ELZAB SA published in the current report 9/2016.

- On 24th February 2016 ELZAB S.A. entered into with the Company Comp Centrum Innowacji Spółka z o.o. with registered office in Warsaw at 116 Dawn street an agreement on mutual settlements. The agreement relates to a claim in the amount of 336 thousand PLN and claims arising from the agreement on cooperation in the field of know-how to the device "K10" concluded on 9h December 2015.

- On 30th March 2016 ELZAB S.A. concluded two agreements on the transfer KNOW HOW to the cash register "Delta" and "Alpha" the Company Comp Innovation Centre Sp. o.o. with registered office in Warsaw, with a total value of 1 650 thousand PLN.

- ELZAB S.A issued on 25th August 2016 two loans in the amount of 40 thousand EUR and 40 thousand PLN to company ELZAB HELLAS SPV Sp z o. o. Repayment is to take place within 36 months from the launch date of payment. The financial terms w / the agreements do not differ from commonly applied in agreements of this type. The loan rate is set at WIBOR (a loan of PLN) / EURIBOR (loan in eur) for one-month interbank deposits plus a margin.

- 11th October 2016 ELZAB SA granted a loan in the amount of 400 thousand EUR to Company ELZAB HELLAS SPV Sp. z. o.o. Repayment is to take place within 36 months from the launch date of payment. The financial terms w / the agreement do not

differ from commonly applied in agreements of this type. The interest rate on the loan was determined based on the EURIBOR 1M plus margin.

8. Information on non-market transactions concluded between Group entities ELZAB

In the reporting period there were between ELZAB S.A. and related party transactions that would be concluded on other than market terms.

9. Description of factors and events of unusual nature, having a significant impact on financial results

In the third quarter of 2016 there were no events of unusual nature, which would have a significant impact on the financial results.

10. Goodwill

As of 30th September 2016 the goodwill on consolidation of individual subsidiaries is as follows:

ELZAB SOFT Sp. z o.o. – The company consolidated since the month of August 2012.
Goodwill arising on the acquisition of shares 55 thousand PLN
Goodwill as of 30th September 2016 55 thousand PLN

Compared to the end of 2015 the net value of goodwill has not changed.

ELZAB HELLAS SPV Sp. z o.o. – The company consolidated since the month of August 2016.
Goodwill arising on the acquisition of shares 1 thousand PLN
Goodwill as of 30th September 2016 0 thousand PLN
Due to the negligible level of goodwill in the amount of 1 thousand PLN it was once written off as expenses.

ELZAB HELLAS AE – The company consolidated since the month of September 2016. Goodwill does not occur in connection with the appointment of the company.

11. Shares in subsidiaries are valued using the equity method

Name of associate	Core business	Place of registration and activity	The percentage of shares and voting rights held by the Group	
			Aa of 31st December 2016	As of 30th September 2016
COMP Centrum Innowacji Sp. z o.o.	activities, consultancy	Polska	49,72%	49,72%

	As of 30th September 2016		
Name of associate	expense	Accumulated share of profits / losses of associates	The net value
COMP Centrum Innowacji Sp. z o.o.	58 641	-3 389	55 252
Inwestycje w spółki stowarzyszone razem	58 641	-3 389	55 252

Grupa Comp Centrum Innowacji	**As of 30th September 2016**
Assets	29 341
fixed assets	156 241
Current liabilities	66 900
Long-term liabilities	1 644

Grupa Comp Centrum Innowacji	**Za okres od 01.01.2016-30.09.2016**
revenues	16 393
Profit (loss) from continuing operations	-4 334
Profit (loss) from discontinued operations (after tax)	0
Profit (loss) for the period	-4 334
Other comprehensive income for the period	79
Total comprehensive income for the periodCałkowite dochody razem za okres	-4 255
Dividends received from associated company	0

The carrying value of the Group's interest in the COMP INNOVATION CENTRE at the beginning of the period (A)	57 368
Change in the Group's equity Comp Innovation Centre for 3 quarters of 2016.	*-4 255*
Percentage share of the Group in shares of Comp Innovation Centre of the first quarter of 2016.	*49,72%*
Equity Group Comp Innovation Centre for the Group ELZAB 3 quarters of 2016.	-2 116
The carrying value of the Group's interest in the COMP INNOVATION CENTRE at the end of the period (A + B)	55 252

12. Information on loans and on warranties and guarantees granted by the ELZAB SA or through subsidiaries,

Loans granted:

In 2014 ELZAB S.A. granted a loan to company ELZAB SOFT Sp.z o.o. in the amount of 400 thousand PLN funding for current operations. Repayable starting in January 2015 by the end of 2016.

On 28th January and on 9th February 2015 ELZAB S.A. granted two loans to the company Comp Innovation Centre Sp. z o.o., with a total value of 500 thousand PLN which aim is funding current operations. Financial terms of loan agreements do not differ from commonly applied in agreements of this type. The loan rate was established based on WIBOR for one-month interbank deposits plus a margin. Repayment of the loans was to take place within 6 months from the launch date. On 27th July 2015, 7th August 2015 and 16th December 2015 ELZAB S.A. concluded Annexes to the two loans relating to the extension of repayment until 31st December 2016.

On 13th August 2015 ELZAB S.A. granted a loan to Company Comp Innovation Centre Sp. z o.o., with a total value of 4 000 thousand PLN which aim is funding current operations. The loan was to be repaid by the deadline of 18th August 2016.
In June 2016 Company Comp Innovation Center Sp.z o.o. repaid these loans, together with accrued interest.

On 8th June and 26th June 2015 ELZAB S.A. granted two loans to the Company PCE Real Estate office in Warsaw street Pląsy 16 B. for amount of 180 PLN and 820 thousand PLN. The total value of loans amounts to 1 000 thousand PLN. The term of repayment of loans will take place no later than the date of 10th August 2016 and 31st December 2016. The financial terms of loan agreements do not differ from commonly applied in agreements of this type. The loan rate was established based on WIBOR for one-month interbank deposits plus a margin. The loans are blank promissory note. On 7th August 2015 ELZAB S.A. concluded an annex to the loan agreement dated 8th June extending the repayment by the deadline of 31st December 2016.

ELZAB S.A granted on 25th August 2016 two loans amounting to 40 thousand EUR and 40 thousand PLN to company ELZAB HELLAS SPV Sp. z o. o. Repayment is to take place within 36 months from the launch date of payment. The financial terms w / the agreements do not differ from commonly applied in agreements of this type. The loan rate is set at WIBOR (a loan of PLN) / EURIBOR (loan in eur) for one-month interbank deposits plus a margin.

On 22nd September 2016 ELZAB S.A. granted a loan to an individual. Repayment is to take place within 36 months from the launch date of payment. Financial terms of the abovementioned agreements do not differ from commonly applied in agreements of this type. The interest rate on the loan was determined based on the EURIBOR rate for one-month interbank deposits plus a margin. The security for this loan agreement will be life insurance made out min. 150 thousand EUR, which ELZAB S.A. is the main beneficiary, registered pledge on shares Mone V Sp. z o. o. in the amount of 300 thousand EUR., and a guarantee to 300 thousand Euro granted by the company V Mone Sp. z o. o.

On 22nd September 2016 ELZAB S.A. granted a loan to an individual. Repayment is to take place within 36 months from the launch date of payment. Financial terms of the abovementioned agreements do not differ from commonly applied in agreements of this type. The interest rate on the loan was determined based on the EURIBOR rate for one-month interbank deposits plus a margin. The security for this loan agreement will be life insurance made out min. 150 thousand EUR, which ELZAB S.A. is the main beneficiary, registered pledge on shares Mone V Sp. z o. o. in the amount of 300 thousand EUR., and a guarantee to 300 thousand Euro granted by the company V Mone Sp. z o. o.

On 22nd September 2016 Company Monea V Sp. z .o. o. granted a loan ELZAB Hellas SPV Sp. z o.o. in the amount of 150 thousand Euro. Repayment of the loan is to take place within 36 months from the launch date of payment. Financial terms of the agreement do not differ from commonly applied in agreements of this type. The interest rate on the loan was determined based on the EURIBOR rate for one-month interbank deposits plus a margin.

On 11th October 2016 ELZAB S.A. granted a loan of 400 thousand EUR to company ELZAB HELLAS SPV Sp. z o.o. Repayment is to take place within 36 months from the launch date of payment. The financial terms w / the agreement do not differ from commonly applied in agreements of this type. The interest rate on the loan was determined based on the EURIBOR 1M plus margin.

Guarantees

Subsidiaries have granted the loans and did not grant sureties and guarantees as of 30th September 2016.

13. Loans and lease liabilities

Liabilities arising from loans and leases	30th September 2016	31st December 2015
Long-term liabilities	**2 144**	**2 603**
Long-term bank credits and loans	1 597	1 447
Other long-term financial liabilities (leasing)	547	1 156
Current liabilities	**35 842**	**30 481**
Short-term bank credits and loans	35 428	29 794
Other short-term financial liabilities (leasing)	414	687

Bank loans, as of 30th September 2016 include:

- investment loan - to purchase INC Strippit punch presses - the amount of the outstanding amounts to 418 thousand PLN,
- Overdrafts:

Overdrafts as of 30th September 2016	limit	amount used	the remaining amount to be used
ING BANK ŚLĄSKI S.A.	10 000	9 424	576
Millennium S.A.	8 000	7 930	70
PKO BP S.A.	6 000	5 480	520
Mbank S.A.	6 000	5 932	68
BZ WBK S.A.	6 000	6 000	0
total	36 000	34 766	1 234

Loans as of 30th September 2016 include:
- Regional Fund for Environmental Protection and Water Management - the amount of 1 194 thousand PLN
- Loan ELZAB HELLAS SPV Sp. z o.o. of Monee V Sp. z o.o. - The amount of 647 thousand PLN.
Liabilities arising from finance leases:
- In ELZAB S. A. - In respect of financing the purchase of manufacturing equipment and cars - the value of these liabilities is 961 thousand PLN.

On 5th May 2016 ELZAB S.A. concluded with ING Bank Slaski S.A. an Annex no. 4 to the Multi Agreement dated 6th M<ay 2014 on the basis of which the Company renewed its credit limit in the amount of 10 200 thousand PLN with access to the following forms of financing: working capital loan in the bank account in PLN, bank guarantees and letters of credit PLN in PLN, USD and HUF. Commitment credit in the form of a revolving credit facility in the form of a renewable line for the amount of PLN 10 200 thousand will be allocated to the repayment of the Company's liabilities towards ING Bank Slaski S.A. arising from the abovementioned multi-product Agreement.
The term of repayment of the loan made available in the financial framework of the Agreement on a multi no later than 6th May 2017. The term of repayment of bank guarantees and letters of credit provided under the Agreement, Multi-no later than 5th May 2018. Revolving term loan repayment in the form of a revolving line no later than 11th May 2018.

The interest rate was set at a variable interest rate based on WIBOR for one-month interbank deposits plus bank margin, moreover, was set a one-time commission on the loan amount and the commission on the loan amount at the end of the calendar year as of the end of the year. The loan is a blank promissory note with a promissory note. Other financial terms of the Multi Contract have not changed.

Information regarding the increase of credit, the Company published in the current report No. 8/2016.

On 28th June 2016 ELZAB SA Concluded Annex no. 2 to the agreement of 6th July 2015 for loan in Bank SA mBank on the basis of Which the bank Increased the overdraft limit to the amount of PLN 6,000 thousand in the period from 6th July 2015 to 4th July 2017. This limit will be allocated to finance the current operations of the Company. Financial terms of the agreement do not differ from commonly applied in Agreements of this type. The loan is a blank promissory note with a promissory note and a statement of submission to execution.

On 28th September 2016 ELZAB S.A. concluded annex No. 2 to the agreement dated 29th June 2015 of PLN loan with Bank PKO BP in the amount of 6,000 thousand PLN by changed the repayment date. Under that annex, the repayment will be made not later than 31st December 2016. Financial terms of the agreement do not differ from commonly applied in agreements of this type. This limit will be allocated to finance the current operations of the Company. The loan is a blank promissory note with a promissory note and a statement of submission to execution.

On 30th September 2016 ELZAB S.A. entered into an agreement with BZ WBK SA to run the overdraft for 12 months or until 30th September 2017. The limit is 6 000 thousand PLN. The loan will be used to finance the current operations of the Company. Financial terms of the agreement do not differ from commonly applied in agreements of this type. The interest rate was set at a variable interest rate based on WIBOR for one-month interbank deposits plus bank margin. The loan is a blank promissory note with a promissory note and a statement of submission to execution.

On 12th July 2016 company ELZAB S.A. concluded with ING Lease Poland Sp. z o.o. lease agreement for the purchase of the laser cutting system model TruLaser 3030 fiber, for a price of 470 thousand euro net. The agreement was concluded for a period of 59 months. Until publication of the report for the third quarter 2016 lease was not running.

On 10th August 2016 ELZAB S.A. entered into an agreement to acquire the operating lease between the Company COMP SA and ING Lease Poland Sp. z o.o., whose subject is the car.
In 5th September 2016 ELZAB S.A. entered into an agreement to acquire the financing of the operating lease between the Company COMP SA and the company Mercedes-Benz Leasing Poland Sp. z o.o., whose subject is the car.

14. Assets held for sale

ELZAB S.A. has a property located in Suchy Las, which is available for immediate sale.

The Annual General Meeting dated 26th June 2011 changed the provisions of Resolution No. 2 of the Extraordinary General Meeting of 7th January 2008. Expressing consent to the sale of the property, changing the boundary selling price of EUR 5 756 thousand PLN to the amount of 3 135 thousand PLN.

Despite the passage of more than 12 months of qualifying property as assets held for sale, there has been the sale, including due to the purchase, which in the opinion of the board were significantly below the market value of the property. The property is available for immediate sale and meets all the conditions of IFRS 5 for further classification of the asset in this position. In particular, the intention of the Board is to sell the property and the Board is actively seeking buyers for the assets. In the first half of this year. The Management Board of ELZAB S.A. adopted regulations concerning the sale of real estate and appointed a commission aimed at preparing the notices, tender and recommendation of the offer. Information on the sale of real estate has been presented in the national press and specialized websites dealing with advertisements real estate sales.

In order to minimize the cost of maintaining the property the Management leases utility properties based on short-term contracts lease.

Revenues and costs associated with renting this property for 9 months of 2016 years are as follows:

- income from leases and re-invoicing of costs of maintaining the property – 364 thousand PLN
- property maintenance costs – 184 thousand PLN

The property as office Elzab S.A .is located in Suchy Las.

15. Contingent liabilities and commitments

The amount of contingent liabilities:

- As of 30th September 2016
- Protection of promissory note operating leases (balance sheet financial leasing) concluded with ING Lease (Poland) Sp. z o.o. Warsaw to finance the purchase of production equipment and non-productive (IT equipment) and cars with Millennium Leasing Sp. z o.o. to finance the purchase of cars. The total value of leased assets accounted for EUR 1 134 thousand PLN
- Protection of promissory note loan agreement in the current account PKO BP S.A. - the credit limit is 6 000 thousand PLN, Millennium SA - The credit limit is 8 000 thousand PLN, mBank S.A. - the credit limit is 6 000 thousand PLN and BZ WBK S.A - the credit limit is 6 000 thousand PLN.

- As of 30th December 2016
- Protection bill of exchange operating leases (balance sheet financial leasing) concluded with ING Lease (Poland) Sp. z o.o. Warsaw to finance the purchase of production equipment and automobiles (Millennium Leasing Sp z o.o. BMW Financial Services Poland Sp. z o.o..). The total value of leased assets accounted for EUR 1 722 thousand PLN
- Protection of promissory note loan agreement in the current account PKO BP S.A. - the credit limit was 6 000 thousand PLN, Millennium S.A. - The credit limit was 8 000 thousand PLN, mBank S.A. - the credit limit was 6 000 thousand PLN and Bank Pekao S.A. - The credit limit was 6 000 thousand PLN. Credit agreement in the current account in Bank Pekao S.A. was concluded on 12th September 2014 with maturity on 31st December 2015. The commitment has been paid in full, the contract was not renewed.

Balance sheet liabilities do not exist.

16. Events after the balance sheet date

There were no significant events after the balance sheet date.

VI. Equity ELZAB S.A.

1. The ownership structure of capital and changes in the Shareholding

The structure of shareholders holding directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting as of 30th September 2016 and the date of publication of the report, to the best of the Company's knowledge, is as follows:

Name (Company)	Number of ordinary shares	Number of preference shares.	Total number of shares	Total number of votes	% Of votes at the General Meeting	share capital
COMP S.A.*	12 228 189	18 450	12 246 639	12 320 439	75,66	75,89
ELZAB S.A. (akcje własne)	1 173 755		1 173 755	1 173 755	7,21	7,27
ALTUS TFI S.A.	821 446		821 446	821 446	5,04	5,09
Pozostali akcjonariusze	1 877 190	18 020	1 895 210	1 967 290	12,08	11,74
OGÓŁEM	16 100 580	36 470	16 137 050	16 282 930	100,00	100,00

** Company COMP SA based in Warsaw, it has a total of 13,420,394 shares in ELZAB SA which represents 83.17% of the share capital (directly - 12,228,189 shares ordinary, which represents 75.78% of the share capital, directly -18,450 shares privileged, representing 0.11% of the share capital, indirectly - 1,173 .755 shares of ELZAB SA, representing 7.27% of the share capital).Total number of votes from shares held by COMP SA amounts to 13,494,194 votes, representing 82.87% of the total number of votes (directly 12,320,439 votes, representing 75.66% of the total number of votes indirectly - 1,173,755 votes attaching to shares held by ELZAB what It represents 7.21% of the total number of votes).*

Together:

Share capital	22 142 962,40 PLN
Total number of shares	16 137 050
Total number of votes	16 282 930
the number of shares in public trading	16 137 050
the number of shares on the stock exchange	16 100 580

2. The shares of ELZAB SA held by members of the Management Board, the Executive Board and Supervisory Board

Number of shares held by the Management Board of ELZAB SA and the Executive, possessed by the Company's knowledge, at the date of the report is as follows (pcs.):

Krzysztof Urbanowicz	Chairman of the Board	0
Jerzy Popławski	Vice President	0
Zbigniew Stanasiuk	Member of the Board	0
Janusz Krupa	Member of the Board	0
Krzysztof Pyrsz	Director. Production	0
Grzegorz Konopkin	Director. Sales and Marketing	0
Jan Siwy	Director of Research and Development	0
Małgorzata Kaczmarska	Proxy	220
Total		220

Members of the Supervisory Board of ELZAB S.A owned by the Company's belief at the date of the report, do not hold shares in ELZAB S.A.

Number of shares held directly and indirectly by members of the Board of Directors, Executives and proxy and by members of the Supervisory Board since the publication of the report for the first half of 2016., Owned by the Company's knowledge, has not changed.

3. Shares in associated companies held by members of the Management Board and the Supervisory Board

According to our knowledge of the Company's Management Board members and Supervisory Board do not hold any shares in subsidiaries of ELZAB S.A.

Members of the Management Board of ELZAB S.A. does not hold shares in other related entities.

Shares in other related parties held by members of the Supervisory Board of ELZAB SA (pcs.):

		COMP S.A.
Jacek Papaj	Chairman of the Board	817 811
Krzysztof Morawski	Vice-Chairman of the Supervisory Board	0
Jarosław Wilk	Secretary of the Supervisory Board	0
Andrzej Wawer	Member of the Supervisory Board	1 780
Jacek Pulwarski	Member of the Supervisory Board	1 000
Grzegorz Należyty	Member of the Supervisory Board	0

The number of shares held by members of the Management Board and the Supervisory Board members in other related entities since the publication of the report for the first half of 2016 has not changed

4. Own shares

ELZAB S.A. carried out the following transactions on the purchase of own shares:
a) in 2008 Company has focused of 405 662 own shares for redemption.
b) in 2009 Company bought 104 610 shares of its own for resale or other purpose related to the Company's strategy
c) in the third quarter of 2013 company implementing the resolution AGM No. 23/2013 of 28th June 2013 has acquired 663 483 shares of ordinary bearer shares for resale or other purpose related to the Company's strategy.

The publication date of the financial statements for the first half of 2016 no decision has been made on redemption of own shares, to resell them or use them to meet another objective of the Strategy Board.

ELZAB S.A. - OWN SHARES	year	Number of shares	Purchase price	the value of shares in the purchase price	% Of share capital	% Of votes	the nominal value of the shares acquired	the value of the acquired shares
ELZAB S.A **- own shares acquired for redemption**	2008	405 662	4,91	1 993	2,51%	2,49%	552	1 996
ELZAB SA **- shares purchased for resale or other purpose related to the Company's Strategy**	2009	104 610	2,41	252	0,65%	0,64%	142	254
ELZAB SA **- own shares acquired for redemption, or - after a positive opinion by the Supervisory Board - in order to resale, exchange or for another purpose specified by Resolution of the Management Board**	2013	663 483	4,00	2 654	4,11%	4,07%	902	2 686
TOTAL	**X**	**1 173 755**	**4,17**	**4 899**	**7,27%**	**7,21%**	**1 596**	**4 936**

The acquired shares are recognized in equity ELZAB S.A. and equity ELZAB Group with a negative sign.

5. Payment of Dividend

According to Resolution No. 8 Ordinary General Meeting of 30th June 2016 net profit of ELZAB S.A. for 2015 in the amount of 16 630 thousand PLN was divided as follows:
- The amount of 7 781 thousand PLN for the dividend payment,
- - The amount of 8 849 thousand PLN for allocated capital.

The right to the dividend is covered by 14,963,295 shares (excluding 1,173,755 shares in treasury) and the amount of the dividend per share amounts to 0.52 PLN. The dividend record date was set for 7th September 2016.
The dividend was paid on 21st September 2016.

Information regarding the dividend, the company published its current reports no 3/2016, 5/2016, 13/2016.

VII. Information on the issue, redemption and repayment of debt and equity securities

Bond issue

The Management Board of ELZAB S.A. on 23rd February 2015 adopted Resolution No. 09/2015 on the adoption of the Company's bond issue program is limited to the amount of 50 million (fifty million zlotys) constituting a maximum aggregate value of the bonds issued and outstanding, and to carry out the program the first issue of unsecured bearer bonds with a total nominal value of 20 million PLN (twenty million zlotys).
On 30th March 2015 the Management Board of ELZAB S.A. adopted Resolution No. 13/2015 on increasing the amount of the bond issue, determine the amount of the interest margin and the final Terms of Issue. Under the resolution, the Management Board decided to increase the nominal value of the bonds of the first series of A / 2015 issued under the bond program is limited to the amount of 50 million (fifty million euros) from 20 million (twenty million) to PLN 25 million (twenty-five million) Golden. In the first issue of issued 25,000 (twenty five thousand) of unsecured bearer bonds series A / 2015 non-document form, with a nominal value of 1 thousand. (One thousand) each, with a total nominal value of all bonds in the amount of 25 million (twenty-five million zloty), at the issue price equal to the nominal value, bearing interest at a rate equal to the annual base rate WIBOR 6M plus a margin of interest set at the level of the market, maturing on 3rd April 2018.
The bonds were issued under the program, as bearer, dematerialized form in accordance with the Law on Bonds dated 29th June 1995. The notes were issued in accordance with Article. 9 Section 3 of the Act on Bonds (private placement) by submitting proposals for the purchase of bonds to individual addressees, not more than 149 people. The bonds are not secured. Purpose of the issue of bonds within the meaning of art. 10 of the Act on Bonds has not been determined. Offering bonds was MBank S.A., which on 23rd February 2015 the Company entered into an agreement for the bond program.

On 8th May 2015 Board of KDPW registered in the depository of securities 25,000 (twenty five thousand) bearer bonds series A / 2015 the company ELZAB S.A. nominal value of 1 thousand (One thousand zlotys) each and maturity date on 3rd April 2018. The bonds were coded PLELZAB00069.

On 3 June 2015. The Management Board of ELZAB SA received Resolution No. 92/15 of the Management Board of BondSpot S.A., under which the BondSpot Management S.A. introduced to the alternative trading system on Catalyst organized by BondSpot SA 25,000 bearer bonds series A / 2015 issued by the Company, with a total nominal value of 25 million PLN and a par value of 1 thousand PLN.

On 11th June 2015 Management Board of ELZAB S.A. received Resolution No. 96/15 of the Management Board of BondSpot SA under which the BondSpot Management SA appointed 15 June 2015., as the first day of trading in the alternative trading system on Catalyst organized by BondSpot SA 25,000 bearer bonds series A / 2015 issued by the Company, with a total nominal value of 25 million zł and a par value of 1 thousand PLN, marked by the National Depository for Securities SA code "PLELZAB00069."

On 1st October 2015 Company paid interest on bonds in the amount of 17.35 PLN to Bondholders who own bonds on the day of establishing the right to interest, ie. 23rd September 2015.

On 1st April.2016 Company paid interest on bonds in the amount of 18.05 PLN to Bondholders who own bonds on the day of establishing the right to interest, ie. 23rd March 2016.

On 10th March 2016 Company paid interest on bonds in the amount of 17.94 PLN to bondholders who own bonds on the day of establishing the right to interest, ie. 23rd September 2016 r.

Information regarding the issuance of the Bonds, the Company published current reports no 5/2015, 6/2015, 7/2015, 8/2015, 11/2015, 16/2015 and 17/2015.

VIII. The Management Board on the implementation of published forecasts

The Management Board of ELZAB S.A. did not publish forecasts for 2016 on the financial results of ELZAB Capital Group and the parent company ELZAB S.A.

IX. Proceedings pending before court, body competent for arbitration or public administration

There are pending before a court or public administration body concerning liabilities or receivables of the issuer or its subsidiaries, with a total value of at least 10% of the equity of the Company and which could materially affect the Company's financial situation.

X. Other information relevant to the assessment of the personnel, assets, financial result and their changes and information that are relevant for the assessment of capacity to meet obligations by ELZAB S.A. and Group ELZAB

In the third quarter of 2016 than those described in the present report, there were no other events that may have a significant impact on personnel, assets, financial position, results of operations and the ability of the Company to meet its obligations.

XI. A description of the factors that will have an impact on its results for at least the next quarter

Macroeconomic factors and independent of the company:
a) the size of the secondary market for fiscal devices and changes in taxation law - in particular, announced by the Ministry of changes in the organization recording tax on retail sales by the recording equipment,
b) regulations and economic conditions affecting the demand for fiscal devices exported by ELZAB (Hungary, Greece).

Market factors and dependent companies:
a) increasing the share of ELZAB market for fiscal devices equipped with an electronic copy, including fiscal printers on the market,
b) increase in the share of the non-fiscal market through the development of sales of proprietary solutions and distributed in the field of electronic scales, price checkers, automatic identification devices, cash drawers, POS components and software sales management.

XII. Financial risk management and capital risk

The Group's activities ELZAB and ELZAB S.A. exposed to various types of financial risk and capital.
Risk management seeks to minimize potential adverse effects of these risks on the financial result.

Financial risk management

For the financial risk factors to which a greater or lesser extent, is exposed to the activity of ELZAB SA and the subsidiaries include:
- Credit risk
- Liquidity risk,
- Market risk, which include: price risk, interest rate risk and exchange rate risk.

Capital risk management

The objective of managing capital are to safeguard the ability of ELZAB S.A. and ELZAB Group to continue its operations, so that it was possible to generate return for shareholders and to maintain an optimal capital structure to reduce its cost.

Information about financial risk management and capital are presented in the consolidated annual report for 2015 and in the consolidated report for the first half of 2016.