



Interim Report

January - June 2016

118.0 million

(109.1)

+ 8%

Sales

6.3 million

(3.4)

+ 85%

Adjusted EBITA

SECOND QUARTER 2016

- Sales in the quarter were up 8% compared to the same period of last year driven by continental Europe. Comparable business in the US after the closing of the PDR activity last year, increased by double digits.
- Order intake for the quarter was strong following the heavy rains in central Europe that took place in late May and early June.
- Adjusted EBITA amounted to EUR 6.3 million (3.4), an increase with 85% compared to the previous year. The main earnings improvement came from continental Europe and was driven by Germany which, along with the US, is continuing to perform well following the restructuring activities last year.
- Operating profit before amortization (EBITA) was EUR 6.2 million (loss 1.1). EUR 4.5 million was booked last year for restructuring in Germany and the US.
- A first pilot of the new field force system was implemented in mid-June.
- On 29 June Polygon received permission from the bondholder to reorganize the internal debt structure.

JANUARY - JUNE 2016

- Strong sales in several markets compensated for the effects of the closed activity in the US during 2015. Underlying organic growth adjusted for restructuring in the US and currency effects was positive at 7.1%. Reported sales increased by 3.3% compared to the same period of last year. Polygon gained large contracts during the period (UK, Germany and Norway), strengthening the market position.
- Adjusted EBITA amounted to EUR 12.5 million (7.8), an increase of 60% compared to the previous year. Ten countries out of 13 improved their earnings. A large part of the improvement has come from Germany and the US following the restructuring in 2015.
- Operating profit before amortization (EBITA) was EUR 12.1 million (3.3). Items affecting comparability have decreased substantially in 2016.
- Cash flow from operating activities of EUR 7.3 million followed the seasonal pattern with build-up of working capital. Net debt was EUR 99.8 million (107.3).
- The Board of Directors was strengthened in January 2016 with the addition of Ole Skov.

GROUP KEY FIGURES

EUR million	Q2		Q1-2		12 Months	
	2016	2015	2016	2015	2015	LTM
Sales	118.0	109.1	227.3	220.1	438.7	446.0
EBITDA	8.6	1.2	16.7	7.9	21.8	30.7
EBITA	6.2	-1.1	12.1	3.3	12.5	21.3
EBITA, %	5.3	-1.0	5.3	1.5	2.9	4.8
Adjusted EBITA	6.3	3.4	12.5	7.8	20.1	24.8
Adjusted EBITA, %	5.3	3.1	5.5	3.6	4.6	5.6
Earnings per share (EUR)	0.57	-0.95	0.86	-0.30	0.01	-0.30
Cash flow from operating activities	6.7	5.0	7.3	5.7	25.5	27.3
Net debt	99.8	107.3	99.8	107.3	96.2	99.8
Full time employees	2,821	2,770	2,821	2,770	2,765	2,816

Comments from the CEO

2016's flying start confirmed after a strong Q2



Evert Jan Jansen,
President and CEO

After last year's repeated remarks about the absence of weather related events, we now find ourselves in a situation where the weather has been favourable, at least compared to the same period of last year. It should be mentioned that 2015 was an "exception to the rule", namely a year with a very mild winter combined with the absence of significant floodings. Very late in 2015 we experienced floodings in the UK that, to a large extent materialized during the second quarter. In late May and early June we experienced rainfall in central Europe that caused severe floods in Germany, but also affected France, the Netherlands and Belgium. We expect the effects of these events to become visible during Q3. During major crises, Polygon is and will continue to be a very strong partner due to the fact that we can move large volumes of skilled labour and equipment within national geographies or even cross-border. Our European warehouse, where we keep an emergency drying stock, is unsurpassed when it comes to size and capability.

Although weather remains important to our business, we should at the same time keep in mind that the most of what we do can be considered repeat business. Taps will always break, showers and central heating systems will leak, people will forget to turn off the stove, electrical short circuits will occur, and so on. In that light, 2015 can be seen as a good benchmark year, when business improved considerably without any weather support.

The combination of an average weather pattern, effects from last year's restructuring and good underlying growth has manifested itself during 2016 in improved earnings. The underlying growth, adjusted for currency effects and the closed business in the US, amounted to 7%, which we estimate to be higher than growth in the number of claims as indicated by insurance firms. Adjusted EBITA for Q2 increased by 85% compared to last year and the first half of 2016 was up 60% compared to 2015. Ultimately, this growth has been driven by the local managements responsible for implementing Polygon's way of working (the Polygon model). After the restructuring programs from last year, Germany and the US continue to show improvement in earnings, and due to their size they are important contributors to the company's overall development. We have also been able to better exploit Polygon's core competence. Good examples of this are the use of Harwell's specialist document drying expertise in markets outside the UK and the deployment of our German complex and industrial loss team, which includes technical reconditioning experts, to support projects in other countries. Going forward, we will continue to invest in our global competence centre for specialist services, where we develop and deploy "cutting-edge" expertise for the PDR markets.

On several occasions we have mentioned our diligent efforts related to "getting the basics right" as an important driver behind our current performance improvement. Well-designed processes that are executed in a consistent way are fundamental for both profit and growth. We will continue to drive gross margin improvements through operational focus on productivity and efficiency. An ever-increasing number of countries within our Group are reaching a mature phase and are looking to expand their business through bolt-on acquisitions or the development of new services and new customer segments. They have the processes and people in place to successfully integrate new businesses. The model has been proven in the two most recent acquisitions, Harwell in the UK and Tinkler Bau in Austria, both of which continue to perform well. One prerequisite for financing acquisitions is that the business generates sufficient cash. We expect to see improved cash flows through an improved EBITDA, a well-managed working capital and very little restructuring exercises going forward.

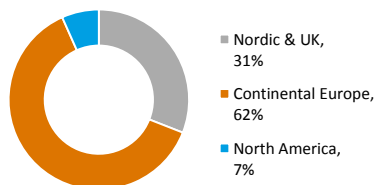
Short-term outlook

The effects of business optimization projects together with the order intake at the end of Q2 should contribute positively in the second half of the year. The effects of last year's costs savings from restructuring will have a smaller impact in the second half compared to the first half of the year. Weather events in the second half of the year will contribute positively, as the comparable period had almost no weather events.

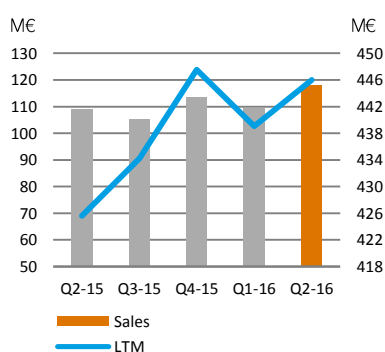
Market development

There are several trends in the property damage restoration market that are benefiting larger players like Polygon, such as procurement centralization, the customer preference for one-stop-shops and the more complex requirements for front-end IT systems. Global warming is gradually increasing rainfall levels and extreme weather conditions, which will consequently increase water damages.

Sales per segment LTM (%)



Sales development



Net sales and profit for the second quarter of 2016

Sales amounted to EUR 118 million, an increase of 8% compared to the same quarter of last year. Continental Europe developed well with growth of 12% and sales for comparable business in the US (TCS and document restoration) increased by double digits. Activity in Nordics and UK improved after a slow Q1 and showed growth of 4%. Order intake for the Group improved compared to last year mainly due to the flooding in continental Europe and gain of large loss projects in Germany.

Adjusted EBITA was EUR 6.3 million (3.4) and improved by 85%. The impact of last year's restructuring, structural improvements and leverage from sales growth explains the increase in earnings. The main improvement was seen in Continental Europe, driven by Germany and also supported by good earnings in the other countries. Items affecting comparability amounted to EUR 0.1 million (4.5). Operating profit before amortization (EBITA) was EUR 6.2 million (loss 1.1).

Net financial expenses for the period amounted to EUR 1.5 million (2.8) of which EUR 1.9 million (1.9) refers to interest expenses and EUR 0.4 million (loss 0.9) refers to exchange rate gains.

Profit before tax amounted to EUR 3.3 million (loss 5.2) and net profit was EUR 3.2 million (loss 5.3).

Net sales and profit for the first half of 2016

Sales amounted to EUR 227 million, an increase of 3.3% compared to the same period of last year. Organic growth adjusted for restructuring in the US last year and currency effects was 7.1%. This was mainly fuelled by good development in continental Europe driven by Germany and strong sales in the UK following the event late in December. The Nordic area recovered after a slow first quarter. Sales in North America were down by 23% but the remaining core business (TCS and document restoration) grew by 16%.

Adjusted EBITA of EUR 12.5 million (7.8) improved by 60%. The main driver was the effects of last year's restructuring combined with sustainable improvements in several countries. The increase in continental Europe explains a major part of the increase. North America improved substantially from a low level while the Nordics & the UK showed a more moderate increase. Items affecting comparability amounted to EUR 0.5 million (4.5). Operating profit before amortization (EBITA) was EUR 12.1 million (3.3).

Net financial expenses for the period amounted to EUR 4.2 million (2.0) of which EUR 3.8 million (3.8) refers to interest expenses and EUR 0.4 million (plus 1.8) refers to exchange rate losses.

Profit before tax amounted to EUR 5.0 million (loss 1.5) and net profit was EUR 4.9 million (loss 1.6).

Cash flow and financing

Cash flow from operating activities during the second quarter was EUR 6.7 million (5.0). Trade receivables were negatively impacted by the high activity late in the period. Corresponding figures for the first half year, EUR 7.3 million (5.7), followed the normal seasonal pattern with a working capital increase.

Total interest-bearing net debt amounted to EUR 99.8 million (December 2015: 96.2). The Group's liquidity buffer amounted to EUR 32.8 million (December 2015: 36.5), consisting of cash and cash equivalents of EUR 23.1 million (December 2015: 26.5) and unutilized contracted loan commitments of EUR 9.7 million. (December 2015: 10.0).

Equity amounted to EUR 47.3 million (December 2015: 42.3).

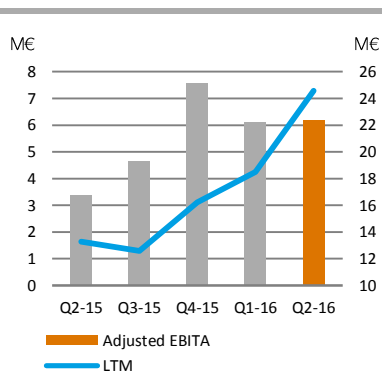
On June 29 Polygon received permission from the bondholders to undertake a debt reorganization of the Polygon Group. The purpose of the debt reorganization is to strengthen the balance sheet of Polygon Germany and to better reflect the revenue profile of the Group on an entity-by-entity basis. The reorganization was implemented with effect from 1st of July and will both provide operational advantages and enhance cash flow for Polygon Group.

Capital expenditure

Capital expenditure in the second quarter was driven by a focus on TCS and structural investments in special large loss equipment and amounted to EUR 4.3 million (2.8). The total for the first half year was EUR 8.2 million (5.3).

Parent Company

The consolidated figures in this report are presented at the consolidated level for Polygon AB. The Parent Company, Polygon AB (corporate identity number 556816-5855), directly and indirectly holds 100% of the shares in all subsidiaries in the Group, except for the company in Denmark, in which the non-controlling interest is 24.2%. The net loss for Polygon AB for the second quarter amounted to EUR 47 thousand (profit 39).

Adjusted EBITA**Significant risks and uncertainties**

Around 75% of Polygon's business consists of property damage control, which follows a seasonal pattern of predictable demand. The remaining 25% is related to more extreme and less predictable events caused by weather and fire. The frequency of property damage can vary depending on circumstances beyond Polygon's control, the outdoor temperature and the weather. Since part of Polygon's cost structure is fixed, the proceeds of the operations are unpredictable to some degree and vary from time to time.

Polygon is to a large extent dependent on its key customers, the insurance companies, and must maintain mutually beneficial relationships with them in order to compete effectively. Our top ten customers represent about 30% of Polygon's sales, with the newest customer on the top-ten list having a seven-year relationship.

For further details about the Group's risks and uncertainties, please refer to the 2015 Annual Report.

Polygon's view is that there have not been any significant changes during the reporting period with regard to the risks and uncertainties that were presented in the Annual Report.

Related party transactions

The Group is under the controlling influence of Polygon Holding AB, the Parent Company of Polygon AB. Polygon Holding AB is under the controlling influence of MuHa No2 LuxCo S.á.r.l. There have been no material transactions with companies in which MuHa No2 LuxCo S.á.r.l. has significant or controlling influence.

Other

The Board of Directors of Polygon AB (publ) or any of its subsidiaries may from time to time resolve to purchase notes issued by Polygon AB (publ), which are listed on Nasdaq Stockholm, on the market or in any other manner. Any purchase of notes will be made in accordance with the terms and conditions of the notes and the applicable laws and regulations.

Accounting policies

The interim report for the Group has been prepared in accordance with IAS 34 Interim Reporting. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act.

The Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act.

The accounting policies applied in this interim report are the same as those applied in the consolidated annual accounts for 2015. More detailed accounting policies can be found on pages 11-16 of the Annual Report for 2015.

A number of standards and changes in standards are effective from 1 January 2017. Polygon does not intend to apply these in advance and the overall assessment is that they will have no material impact on the Group's result or position.

The term "IFRS" used in this document refers to the application of IAS and IFRS as well as the interpretations of these standards published by the IASB's Standards Interpretation Committee (SIC) and the International Reporting Interpretations Committee (IFRIC).

The undersigned gives his assurance that this interim report provides a true and fair overview of the business activities, financial position and results of the Parent Company and the Group and describes the significant risk and uncertainties to which the Parent Company and its subsidiaries are exposed.

Stockholm, 11 August 2016

Evert Jan Jansen
President and CEO

Segment reporting

The segment information is presented based on the company management's perspective, and operating segments are identified based on the internal reporting to Polygon's chief operating decision maker.

EUR thousands	Q2		Q1-2		Full Year
	2016	2015	2016	2015	2015
Sales of services					
Nordic & UK	34,949	33,522	69,493	69,147	137,724
Continental Europe	75,622	67,365	143,447	132,108	266,949
North America	7,398	8,220	14,430	18,848	34,118
Intercompany sales	-10	-33	-32	-37	-51
Total	117,959	109,074	227,338	220,066	438,740
Operating profit before IAC					
Nordic & UK	953	757	2,430	1,916	6,497
Continental Europe	2,981	170	5,269	1,065	4,531
North America	523	67	848	142	434
Shared	441	991	1,174	1,891	3,064
Items affecting comparability (IAC)	-103	-4,480	-469	-4,523	-7,551
Operating profit	4,795	-2,495	9,252	491	6,975
Net financial items	-1,504	-2,755	-4,204	-1,975	-6,812
Income after financial items	3,291	-5,250	5,048	-1,484	163

Consolidated income statement

EUR thousands	Q2		Q1-2		Full Year
	2016	2015	2016	2015	2015
Sales of services	117,959	109,074	227,338	220,066	438,740
Cost of sales	-90,412	-84,646	-172,682	-168,554	-333,718
Gross profit	27,547	24,428	54,656	51,512	105,022
Selling and distribution costs	-22,352	-22,154	-44,342	-45,892	-89,345
Other operating income	16	-79	-	-102	-106
Other operating costs	-416	-4,690	-1,062	-5,027	-8,596
Operating profit	4,795	-2,495	9,252	491	6,975
Financial income	62	54	104	70	361
Financial expenses	-1,566	-2,809	-4,308	-2,045	-7,173
Profit before tax	3,291	-5,250	5,048	-1,484	163
Income taxes	-57	-50	-144	-152	41
Profit for the period	3,234	-5,300	4,904	-1,636	204

Consolidated statement of comprehensive income

EUR thousands	Q2		Q1-2		Full Year
	2016	2015	2016	2015	2015
Profit for the period	3,234	-5,300	4,904	-1,636	204
Comprehensive income					
<i>Items that can not be reclassified to profit or loss</i>					
Actuarial gains and losses on defined benefit plans	-	-	-	-	585
Tax	-	-	-	-	-146
<i>Items that subsequently can be reclassified to profit or loss</i>					
Exchange differences on transactions of foreign operations	-39	171	248	-351	-591
Tax	-	-	-	-	-
Total comprehensive income, net of tax	3,195	-5,129	5,152	-1,987	52
Profit attributable to:					
Owners of the company	3,191	-5,341	4,821	-1,707	33
Non-controlling interests	43	41	83	71	171
Total	3,234	-5,300	4,904	-1,636	204
Total comprehensive income attributable to:					
Owners of the company	3,152	-5,170	5,069	-2,058	-119
Non-controlling interests	43	41	83	71	171
Total	3,195	-5,129	5,152	-1,987	52
Number of shares	5,600	5,600	5,600	5,600	5,600
Earnings per share (EUR)	0.57	-0.95	0.86	-0.30	0.01

Financial ratios

EUR thousands	Q2		Q1-2		Full Year
	2016	2015	2016	2015	2015
EBITDA break down					
Operating profit (EBIT)	4,795	-2,495	9,252	491	6,975
<i>Operating margin, %</i>	<i>4.1</i>	<i>-2.3</i>	<i>4.1</i>	<i>0.2</i>	<i>1.6</i>
Add back amortization	1,403	1,400	2,802	2,799	5,568
Operating profit before amortization (EBITA)	6,198	-1,095	12,054	3,290	12,543
<i>Operating margin before amortization (EBITA), %</i>	<i>5.3</i>	<i>-1.0</i>	<i>5.3</i>	<i>1.5</i>	<i>2.9</i>
Add back depreciation	2,365	2,321	4,660	4,592	9,300
Operating profit before depreciation (EBITDA)	8,563	1,226	16,714	7,882	21,843
Adjusted EBITA break down					
Operating profit (EBIT)	4,795	-2,495	9,252	491	6,975
<i>Operating margin, %</i>	<i>4.1</i>	<i>-2.3</i>	<i>4.1</i>	<i>0.2</i>	<i>1.6</i>
Add back amortization	1,403	1,400	2,802	2,799	5,568
Operating profit before amortization (EBITA)	6,198	-1,095	12,054	3,290	12,543
<i>Operating margin before amortization (EBITA), %</i>	<i>5.3</i>	<i>-1.0</i>	<i>5.3</i>	<i>1.5</i>	<i>2.9</i>
Add back IAC	103	4,480	469	4,523	7,551
Operating profit before amortization and IAC (Adjusted EBITA)	6,301	3,385	12,523	7,813	20,094
<i>Operating margin before amortization and IAC (Adjusted EBITA), %</i>	<i>5.3</i>	<i>3.1</i>	<i>5.5</i>	<i>3.6</i>	<i>4.6</i>

Consolidated balance sheet

EUR thousands	30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	151,101	157,603	152,388
Property, plant and equipment	29,088	27,317	27,233
Deferred tax assets	22,038	23,025	22,282
Total non-current assets	202,227	207,945	201,903
Current assets			
Work in progress	16,772	12,543	17,508
Trade receivables	72,328	70,728	66,830
Receivables from parent company	318	72	72
Prepaid expenses	5,718	6,014	4,386
Cash and cash equivalents	23,086	16,542	26,529
Total current assets	118,222	105,899	115,325
TOTAL ASSETS	320,449	313,844	317,228
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Other contributed capital	6,771	6,771	6,771
Other capital reserves	-610	-352	-858
Retained earnings	40,069	32,815	35,248
Equity attributable to owners of the parent company	46,288	39,292	41,219
Non-controlling interests	991	938	1,038
Total equity	47,279	40,230	42,257
Liabilities			
Shareholders loans	57,744	57,744	57,744
Non-current liabilities			
Provisions	4,668	6,109	4,782
Deferred tax liabilities	21,623	23,714	21,937
Non-current interest-bearing liabilities	118,384	117,880	118,068
Total non-current liabilities	144,675	147,703	144,787
Current liabilities			
Provisions	1,068	838	921
Trade payables	32,870	30,486	34,294
Current interest-bearing liabilities	1,394	800	1,401
Other liabilities	13,649	11,420	12,460
Accrued expenses	21,770	24,623	23,364
Total current liabilities	70,751	68,167	72,440
Total liabilities	273,170	273,614	274,971
TOTAL EQUITY AND LIABILITIES	320,449	313,844	317,228

Net debt

EUR thousands	30 Jun 2016	30 Jun 2015	31 Dec 2015
Defined benefit plans	4,452	5,971	4,709
Other long-term loans, interest bearing	118,384	117,778	118,067
Financial lease and current loans, interest bearing	-	103	1
Cash and bank	-23,086	-16,542	-26,529
Net debt	99,750	107,310	96,248

Consolidated statement of cash flow

EUR thousands	Q2		Q1-2		Full Year 2015
	2016	2015	2016	2015	
Operating activities					
Earnings before interest and taxes	4,795	-2,495	9,252	491	6,975
Adjustments for non-cash items before tax	3,243	3,769	6,661	7,582	17,263
Financial income received	62	54	104	70	361
Income tax paid	-269	-837	-603	-977	-1,058
Cash flow from operating activities before changes in working capital	7,831	491	15,414	7,166	23,541
Cash flow from changes in working capital					
Changes in operating receivables	-6,684	-2,418	-7,557	-353	4,045
Changes in work in progress	2,122	6,355	425	4,609	-530
Changes in operating liabilities	3,391	615	-952	-5,769	-1,524
Cash flow from operating activities	6,660	5,043	7,330	5,653	25,532
Investing activities					
Acquisition of subsidiary, net of cash acquired	-	-13	-	-968	-987
Purchase of property, plant and equipment	-3,467	-1,726	-6,490	-3,744	-8,806
Purchase of intangible fixed assets	-800	-1,056	-1,748	-1,560	-1,934
Sale of non-current assets	-	16	-	17	127
Cash flow used in investing activities	-4,267	-2,779	-8,238	-6,255	-11,600
Cash flow before financing activities	2,393	2,264	-908	-602	13,932
Cash flow from financing activities					
Dividend to non-controlling interests	-95	-227	-130	-227	-227
Financial expenses paid	-1,260	-1,684	-3,109	-3,469	-7,612
Net cash flow from financing activities	-1,355	-1,911	-3,239	-3,696	-7,839
Cash flow for the period	1,038	353	-4,147	-4,298	6,093
Cash and cash equivalents, opening balance	21,965	16,143	26,529	21,509	21,509
Translation difference in cash and cash equivalents	83	46	704	-669	-1,073
Cash and cash equivalents, closing balance	23,086	16,542	23,086	16,542	26,529

Consolidated statement of changes in equity

EUR thousands	Attributable to the owners of the company						Total equity
	Share capital	Other contributed capital	Other capital reserved	Retained earnings	Total	Non-controlling interests	
Closing balance, 31 December 2014	58	6,771	-267	34,789	41,351	1,094	42,445
Merger loss	-	-	-	-12	-12	-	-12
Dividend	-	-	-	-	-	-227	-227
Profit for the period	-	-	-	33	33	171	204
Other comprehensive income	-	-	-591	438	-153	-	-153
Closing balance, 31 December 2015	58	6,771	-858	35,248	41,219	1,038	42,257
Dividend	-	-	-	-	-	-130	-130
Profit for the period	-	-	-	4,821	4,821	83	4,904
Other comprehensive income	-	-	248	-	248	-	248
Closing balance, 30 June 2016	58	6,771	-610	40,069	46,288	991	47,279

Income statement, Parent Company

EUR thousands	Q2		Q1-2		Full Year
	2016	2015	2016	2015	2015
Sales	798	1,375	1,572	2,182	3,985
Gross profit	798	1,375	1,572	2,182	3,985
General administrative and sale expenses	-743	-632	-1,483	-1,417	-3,097
Other operating income/expenses	-4	-626	-	-711	-773
Operating profit	51	117	89	54	115
Financial income	1,574	1,578	3,147	3,155	6,338
Financial expenses	-1,672	-1,656	-3,333	-3,233	-6,591
Profit after financial items	-47	39	-97	-24	-138
Group contribution	-	-	-	-	8,140
Profit before income taxes	-47	39	-97	-24	8,002
Taxes	-	-	-	-	-
Profit for the period	-47	39	-97	-24	8,002

Statement of comprehensive income

EUR thousands	Q2		Q1-2		Full Year
	2016	2015	2016	2015	2015
Profit for the period	-47	39	-97	-24	8,002
Comprehensive income	-	-	-	-	-
Comprehensive income after tax	-47	39	-97	-24	8,002
Total comprehensive income	-47	39	-97	-24	8,002

Statement of financial position, Parent Company

EUR thousands	30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS			
Non-current assets			
Participations in group companies	130,627	76,296	76,296
Receivables from group companies	63,674	117,950	117,950
Total non-current assets	194,301	194,246	194,246
Current assets			
Receivables from group companies	688	908	1,425
Other receivables	79	48	73
Prepaid expenses	10	23	17
Receivables from subsidiaries	27,226	19,386	26,941
Total current assets	28,003	20,365	28,456
TOTAL ASSETS	222,304	214,611	222,702
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Other contributed capital	6,771	6,771	6,771
Non-restricted equity	94,665	86,685	94,711
Total equity	101,494	93,514	101,540
Non-current liabilities			
Non-current interest-bearing liabilities	118,488	117,925	118,202
Total non-current liabilities	118,488	117,925	118,202
Current liabilities			
Trade payables	-	31	3
Other current liabilities	274	369	212
Accrued expenses	2,048	2,772	2,745
Total other current liabilities	2,322	3,172	2,960
TOTAL EQUITY AND LIABILITIES	222,304	214,611	222,702
Pledged assets and contingent liabilities			
Pledged assets			
Shares in subsidiaries	130,627	76,296	76,296
Total assets pledged	76,296	76,296	76,296
Contingent liabilities	None	None	None

Financial instruments

Polygon is exposed to a number of financial market risks that the Group is responsible for managing under the finance policy approved by the Board of Directors. The overall objective is to have cost-effective funding in the group companies. The financial risks in the Group are mainly managed through a weekly exchange of non-euro cash into euros and, to a limited extent, through financial instruments. The main exposures for the Group are liquidity risk, interest risk and currency risk.

The derivatives are valued at fair value at level 2 and additional considerations at level 3, according to IFRS 13. Other financial instruments are valued at the carrying amount.

Interest swaps are subject to ISDA agreements which allow netting, in case of any failure. On the closing day there were no interest swaps.

The significant financial assets and liabilities are shown below. According to Polygon's assessment, there is no significant difference between the carrying amounts and fair values.

EUR thousands	30 Jun 2016		30 Jun 2015		31 Dec 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Trade receivables	69,670	69,670	68,240	68,240	64,344	64,344
Other current assets	2,747	2,747	2,050	2,050	2,644	2,644
Receivables from parent company	318	318	72	72	72	72
Cash and cash equivalents	23,086	23,086	16,542	16,542	26,529	26,529
Total	95,821	95,821	86,904	86,904	93,589	93,589
Liabilities						
Non-current interest-bearing liabilities	118,384	120,022	117,880	120,139	118,068	120,028
Other interest-bearing liabilities	57,744	57,744	57,744	57,744	57,744	57,744
Trade payables	32,870	32,870	30,486	30,486	34,294	34,294
Other current liabilities	13,649	13,649	11,420	11,420	12,460	12,460
Accrued expenses	1,818	1,818	1,536	1,536	1,629	1,629
Total	224,465	226,103	219,066	221,325	224,195	226,155

Definitions

Sales	Sales net of VAT and discounts
Gross Profit	Sales minus cost of goods sold
EBITDA	Earnings before interest, tax, depreciation and amortization
EBITA	Earnings before interest, tax and amortization
Adjusted EBITA	Earnings before interest, tax and amortization before IAC
EBIT	Earnings before interest and tax
Operating margin	EBIT as a percentage of sales
Net Financial expenses	Financial income minus financial expenses including exchange rate differences related to financial assets and liabilities
Net debt	Interest-bearing debt (including pension and leasing debts) minus cash and cash equivalents
Earnings per share	Profit for the period attributable to owners of the company/average number of shares during the period
Items affecting comparability	Items attributable to capital gain/losses, impairment, restructuring and other redundancy costs
Capital expenditures	Recourses used to acquire intangible and tangible assets which are capitalized
Organic growth	Business expansion generated within the existing company excluding the impact of foreign exchange
Adjusted organic growth	Business expansion generated within the existing company excluding the impact of foreign exchange and adjusted to comparable business
LTM	Last twelve month

Amounts in brackets in this report refer to the corresponding period of the previous year.

This interim report has not been reviewed by an auditor.

Financial calendar 2016

This report was published on the Group's website on 11 August 2016.

Interim Report

Q3 2016, will be published on 11 November 2016

Q4 2016, will be published on 9 February 2017

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