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Interim Report

January - September 2016

121.7 million
(105.3)
+ 16%
Sales

9.3 million
(4.7)
+ 98%
Adjusted EBITA

THIRD QUARTER 2016

- Sales in the quarter were up 16% compared to the same period of last year, driven by strong organic growth. Growth was generated by the combined effects of an increased share of wallet from existing customers, recently awarded new contracts and the summer rains in central Europe. Comparable business in the US, after the closing of the PDR activity last year, increased by double digits.
- Order intake was continuously good during the quarter which will materialize in the fourth quarter.
- Adjusted EBITA amounted to EUR 9.3 million (4.7), an increase close to 100%, compared to the previous year. The main earnings improvement came from continental Europe and, like in Q2, 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 9.1 million (4.4).
- The roll out of the new field force system continued in mid-September with additional users going live.

JANUARY - SEPTEMBER 2016

- Sales for the first nine months grew by 7.3%, following a strong second and third quarter. Underlying organic growth adjusted for restructuring in the US and currency effects were positive at 11%. Polygon gained large contracts during the period (UK, Germany and Norway), thereby strengthening the market position.
- Adjusted EBITA amounted to EUR 21.8 million (12.5), an increase of 74% compared to the previous year. 11 countries out of 13 improved their earnings. A large part of the improvement has come from Germany and the US following the restructuring in Q2 2015.
- Operating profit before amortization (EBITA) was EUR 21.2 million (7.7). Items affecting comparability have decreased by EUR 4.2 million from EUR 4.8 million 2015. EUR 4.0 million was booked last year for the restructuring in Germany and the US.
- Cash flow from operating activities of EUR 15.3 million was hampered by the strong activity in the third quarter resulting in build-up of receivables and work in progress. Net debt was EUR 99.3 million (107.4).
- In January 2016 the Board of Directors was strengthened with the addition of Ole Skov.
- On 29 June, Polygon received permission from bond holders to reorganize internal debt structure.

GROUP KEY FIGURES

EUR million	**Q3**		**Q1-3**		**12 Months**	
	2016	**2015**	**2016**	**2015**	**LTM**	**2015**
Sales	121.7	105.3	349.0	325.4	462.4	438.7
EBITDA	**11.5**	**6.8**	**28.2**	**14.7**	**35.4**	**21.8**
EBITDA,%	*9.5*	*6.4*	*8.1*	*4.5*	*7.7*	*5.0*
Adjusted EBITDA	**11.7**	**7.0**	**28.9**	**19.4**	**38.8**	**29.4**
Adjusted EBITDA, %	*9.6*	*6.7*	*8.3*	*6.0*	*8.4*	*6.7*
EBITA	**9.1**	**4.5**	**21.2**	**7.7**	**26.0**	**12.5**
EBITA, %	*7.5*	*4.2*	*6.1*	*2.4*	*5.6*	*2.9*
Adjusted EBITA	**9.3**	**4.7**	**21.8**	**12.5**	**29.4**	**20.1**
Adjusted EBITA, %	*7.6*	*4.4*	*6.3*	*3.8*	*6.4*	*4.6*
Earnings per share (EUR)	0.76	0.00	1.62	-0.30	-0.30	0.01
Cash flow from operating activities	8.1	4.8	15.3	10.3	30.3	25.4
Net debt	99.3	107.4	99.3	107.4	99.3	96.2
Full time employees	2,882	2,758	2,882	2,758	2,889	2,765

Comments from the CEO

Positive trend continues and gains more speed during Q3

The figures for Q3 2016 confirm the strong trend of continuous improvement in our business. For nine consecutive quarters, our results have improved compared to the same period of last year. There is no doubt that this year's summer floods in Central Europe have contributed positively to our strong performance, but even when looking back at recent years with very similar weather patterns, we can see impressive gains. Compared to our performance (adjusted EBITA) in 2014, which had similar conditions, we have almost tripled our result. It is the higher quality of our local leadership, combined with better process control across all of our operating units, that has enabled us to see higher retention from incidental weather-related projects.

Although we continue to see good improvement deltas across the board, the largest contribution to our improved performance come from our German and American operations. Both countries are on the right track after the restructuring projects in 2015 and now continue to gain momentum. The Nordic countries, which have been below par in the past few years, are now also showing progress, driven by a combination of higher utilization and better project management. Furthermore, we have seen sustained high profit levels in the UK and Austria. Last but not least, the other countries are also contributing on a higher level than in previous years. In the third quarter, 12 out of 13 countries improved compared to last year. 6 countries improved their results by >50%.

Erik Jan Jansen,
President and CEO

An important part of our philosophy is that we constantly question and challenge ourselves about our business progress, about where we are today, and how we got there and about where we want to go and, most importantly, how to get there. By doing so we gain important wisdom for the future, which in turn results in effective improvement plans. The simple analysis two years ago was that the basics were not in order for the task that lay ahead of us. By putting a great deal of effort into changing our leadership, streamlining our processes, becoming more efficient and improving our quality, we have been able to build a better company. Our ongoing investments in a new and sophisticated field reporting system are expected to further enhance our gross margins. Austria and the Netherlands have started their roll-out during Q3, soon to be followed by Norway and Finland, before the remaining countries follow suit. Our recently introduced senior management training program, the Polygon Academy, is an important tool to develop future generations of leaders and ambassadors of our company culture. The graduates of this program are key to instilling and executing our philosophy down to the lowest level of our organization. These recent developments have not gone unnoticed by our customers, resulting in strong organic growth and higher market shares.

We work in a highly competitive industry, and many players are in the business to gain from an expected consolidation, investing for growth and taking advantage of a favourable long-term market. As the European market leader, we are positioned to capitalize on these developments. Today it is also obvious that global warming will continue to produce climate change, resulting in weather events that will benefit a business like ours. The ever-growing focus on health hazards connected to indoor air quality and mould issues are other areas where Polygon sees potential to develop its service offerings. Polygon is ready to take part in the expected market consolidation. Our local management teams are prepared for the next step and some have already displayed their ability to successfully integrate bolt-on acquisitions. We are producing good cash flows, will continue to do so and thus have the capacity to both grow organically and execute on potential acquisitions.

Short-term outlook

Although the bulk of the central European surge projects have now been completed and invoiced, we are content with our current backlog levels. Furthermore, we are continuing to experience a good order intake in most service lines and operating units. Based on the backlog and order intake levels, we expect to see a similarly good Q4 as in the previous year.

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.

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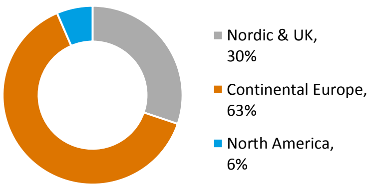
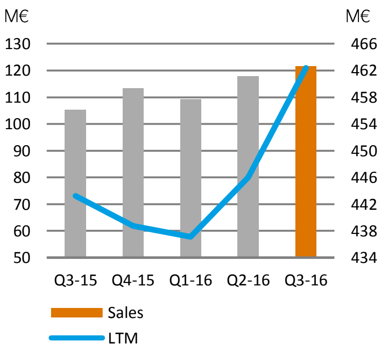
Sales per segment LTM (%)



Sales development



Sales and profit for the third quarter of 2016

Sales amounted to EUR 121.7 million, an increase of 16% compared to the same quarter of last year. Continental Europe developed well, with growth of 22% , mainly coming from an increasing share of wallet fuelled by the execution of projects resulting from floods that occurred in the second quarter. Sales for comparable business in the US (TCS and document restoration) showed double-digit growth. Activity in the Nordic & UK was lower due to the slow Nordic market, while UK sales have grown as a result of the earlier flooding combined with the signing of new agreements. Order intake continued to be good for the quarter, driven by Continental Europe, leading to an order backlog which was over 50% higher than last year.

Adjusted EBITA was EUR 9.3 million (4.7) and improved by 98%. 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 0.2 million (0.2). Operating profit before amortization (EBITA) was EUR 9.1 million (4.5).

Net financial expenses for the period amounted to EUR 3.7 million (3.2) of which EUR 3.4 million (2.2) refers to net interest expenses and EUR 0.3 million (1.0) refers to exchange rate changes.

Profit before tax amounted to EUR 4.2 million (loss 0.1) and net profit was EUR 4.3 million (0.0).

Sales and profit for the first nine months of 2016

Sales amounted to EUR 349.0 million, an increase of 7.3% compared to the same period of last year. Organic growth adjusted for restructuring in the US during 2015 and currency effects was 11%. This growth was mainly due to positive development in Continental Europe, driven by Germany and robust sales in the UK during Q2 and Q3 in the aftermath of the events in late December. The Nordic region showed recovery after low activity in the first quarter. Overall sales in North America declined by 16%, but sales for the remaining core business in US (TCS and document restoration) were up by 10%.

Adjusted EBITA was EUR 21.8 million (12.5), an improvement of 74%. This was mainly driven by effects of last year's restructuring and sustainable improvements in a number of countries. A major part of the increase is attributable to Continental Europe. North America improved significantly from a low level, while growth in the Nordics & the UK was more moderate. Items affecting comparability amounted to EUR 0.6 million (4.7). Operating profit before amortization (EBITA) was EUR 21.2 million (7.7).

Net financial expenses for the period amounted to EUR 7.9 million (5.1) of which EUR 7.1 million (5.9) refers to net interest expenses and EUR 0.8 million refers to exchange rate losses (gain 0.8).

Profit before tax amounted to EUR 9.3 million (loss 1.6) and net profit was EUR 9.2 million (loss 1.6).

Cash flow and financing

Cash flow from operating activities during the third quarter was EUR 8.1 million (4.8). Trade receivables and work in progress are continuing to increase as an effect of high activity. The corresponding figure for the first nine months was EUR 15.3 million (10.3).

Total interest-bearing net debt amounted to EUR 99.3 million (December 2015: 96.2). The Group's liquidity buffer amounted to EUR 34.8 million (December 2015: 36.5), consisting of cash and cash equivalents of EUR 24.8 million (December 2015: 26.5) and unutilized contracted loan commitments of EUR 10.0 million. (December 2015: 10.0).

Equity amounted to EUR 50.2 million (December 2015: 42.3).

On June 29 Polygon received permission from the bondholders to undertake a internal 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 1 July and will provide both operational advantages and enhance cash flow for Polygon Group.

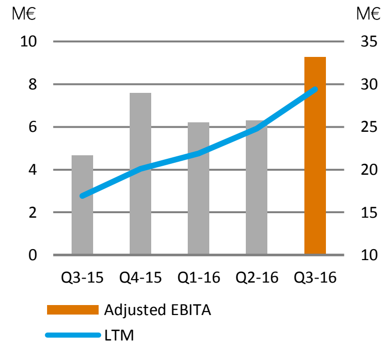
Capital expenditure

Capital expenditure in the third quarter was driven by a focus on TCS, structural investments in special large loss equipment and equipment to handle the increased number of jobs, and amounted to EUR 4.8 million (2.8). The total for the first nine months was EUR 13.1 million (8.1).

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 profit for Polygon AB for the third quarter amounted to EUR 1.3 thousand (loss 0.1).

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 one third of the Group's total sales, and the newest customer on the top-ten list has a seven-year relationship with Polygon.

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, 14 October 2016

Evert Jan Jansen

President and CEO

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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	Q3		Q1-3		Full Year
	2016	2015	2016	2015	2015
Sales of services					
Nordic & UK	33,394	31,746	102,887	100,893	137,724
Continental Europe	80,149	65,552	223,596	197,660	266,949
North America	8,159	7,989	22,588	26,837	34,118
Intercompany sales	-19	-	-51	-37	-51
Total	**121,683**	**105,287**	**349,020**	**325,353**	**438,740**
Operating profit before IAC					
Nordic & UK	1,836	1,615	4,266	3,531	6,497
Continental Europe	2,937	1,200	8,206	2,265	4,531
North America	789	260	1,636	403	434
Shared	2,515	208	3,690	2,097	3,064
Items affecting comparability (IAC)	-157	-226	-627	-4,749	-7,551
Operating profit	**7,920**	**3,057**	**17,171**	**3,547**	**6,975**
Net financial items	-3,685	-3,159	-7,888	-5,134	-6,812
Income after financial items	**4,235**	**-102**	**9,283**	**-1,587**	**163**

Consolidated income statement

EUR thousands	Q3		Q1-3		Full Year
	2016	2015	2016	2015	2015
Sales of services	121,683	105,287	349,020	325,353	438,740
Cost of sales	-91,008	-80,277	-263,689	-248,832	-333,718
Gross profit	**30,675**	**25,010**	**85,331**	**76,521**	**105,022**
Selling and administration costs	-22,485	-21,449	-66,827	-67,341	-89,345
Other operating income	-	-12	-	-114	-106
Other operating costs	-270	-492	-1,333	-5,519	-8,596
Operating profit	**7,920**	**3,057**	**17,171**	**3,547**	**6,975**
Financial income	28	35	133	105	361
Financial expenses	-3,713	-3,194	-8,021	-5,239	-7,173
Profit before tax	**4,235**	**-102**	**9,283**	**-1,587**	**163**
Income taxes	48	146	-95	-6	41
Profit for the period	**4,283**	**44**	**9,188**	**-1,593**	**204**

Consolidated statement of comprehensive income

EUR thousands	Q3		Q1-3		Full Year
	2016	2015	2016	2015	2015
Profit for the period	**4,283**	**44**	**9,188**	**-1,593**	**204**
Comprehensive income					
Items that can not be reclassified to profit or loss					
Actuarial gains and losses on defined benefit plans	-1,905	-	-1,905	-	585
Tax	419	-	419	-	-146
Items that subsequently can be reclassified to profit or loss					
Exchange differences on transactions of foreign operations	100	-162	346	-514	-588
Tax	-	-	-	-	-
Total comprehensive income, net of tax	**2,897**	**-118**	**8,048**	**-2,107**	**55**
Profit attributable to:					
Owners of the company	4,242	17	9,064	-1,691	33
Non-controlling interests	41	27	124	98	171
Total	**4,283**	**44**	**9,188**	**-1,593**	**204**
Total comprehensive income attributable to:					
Owners of the company	2,856	-145	7,924	-2,205	-116
Non-controlling interests	41	27	124	98	171
Total	**2,897**	**-118**	**8,048**	**-2,107**	**55**
Number of shares	5,600	5,600	5,600	5,600	5,600
Earnings per share (EUR)	0.76	0.00	1.62	-0.30	0.01

Financial ratios

EUR thousands	Q3		Q1-3		Full Year
	2016	2015	2016	2015	2015
Adjusted EBITDA break down					
Operating profit (EBIT)	7,920	3,057	17,171	3,547	6,975
Add back amortization	1,217	1,397	4,020	4,196	5,568
Operating profit before amortization (EBITA)	9,137	4,454	21,191	7,743	12,543
Add back depreciation	2,383	2,348	7,042	6,940	9,300
Operating profit before depreciation (EBITDA)	11,520	6,802	28,233	14,683	21,843
Add back IAC	157	227	627	4,749	7,551
Operating profit before depreciation and IAC (Adjusted EBITDA)	11,677	7,029	28,860	19,432	29,394
Adjusted EBITA break down					
Operating profit (EBIT)	7,920	3,057	17,171	3,547	6,975
Add back amortization	1,217	1,397	4,020	4,196	5,568
Operating profit before amortization (EBITA)	9,137	4,454	21,191	7,743	12,543
Add back IAC	157	227	627	4,749	7,551
Operating profit before amortization and IAC (Adjusted EBITA)	9,294	4,681	21,818	12,492	20,094

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Consolidated balance sheet

EUR thousands	30 Sep 2016	30 Sep 2015	31 Dec 2015
ASSETS			
Non-current assets			
Goodwill	103,619	104,345	104,865
Other intangible assets	46,460	51,289	47,523
Property, plant and equipment	30,850	27,186	27,233
Deferred tax assets	22,316	22,962	22,282
Total non-current assets	**203,245**	**205,782**	**201,903**
Current assets			
Work in progress	22,303	15,200	17,508
Trade receivables	75,294	69,033	66,830
Receivables from parent company	330	71	72
Prepaid expenses	5,266	4,667	4,386
Cash and cash equivalents	24,847	16,554	26,529
Total current assets	**128,040**	**105,525**	**115,325**
TOTAL ASSETS	**331,285**	**311,307**	**317,228**
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Other contributed capital	6,771	6,771	6,771
Other capital reserves	-511	-781	-858
Retained earnings	42,825	33,098	35,248
Equity attributable to owners of the parent company	**49,143**	**39,146**	**41,219**
Non-controlling interests	1,032	965	1,038
Total equity	**50,175**	**40,111**	**42,257**
Liabilities			
Shareholders loans	**57,744**	**57,744**	**57,744**
Non-current liabilities			
Provisions	5,816	6,000	4,782
Deferred tax liabilities	21,424	23,419	21,937
Non-current interest-bearing liabilities	118,533	118,031	118,068
Total non-current liabilities	**145,773**	**147,450**	**144,787**
Current liabilities			
Provisions	1,197	884	921
Trade payables	35,650	29,382	34,294
Current interest-bearing liabilities	1,392	856	1,182
Other liabilities	13,714	11,691	12,679
Accrued expenses	25,640	23,189	23,364
Total current liabilities	**77,593**	**66,002**	**72,440**
Total liabilities	**281,110**	**271,196**	**274,971**
TOTAL EQUITY AND LIABILITIES	**331,285**	**311,307**	**317,228**

Net debt

EUR thousands	30 Sep 2016	30 Sep 2015	31 Dec 2015
Defined benefit plans	5,595	5,879	4,708
Other long-term loans, interest bearing	118,533	117,930	118,068
Financial lease and current loans, interest bearing	-	102	1
Cash and bank	-24,847	-16,554	-26,529
Net debt	**99,281**	**107,357**	**96,248**

Consolidated statement of cash flow

EUR thousands	Q3		Q1-3		Full Year
	2016	2015	2016	2015	2015
Operating activities					
Earnings before interest and taxes	7,920	3,057	17,171	3,547	6,975
Adjustments for non-cash items before tax	3,248	3,811	9,777	11,317	17,084
Financial income received	28	35	133	104	361
Income tax paid	-207	47	-810	-930	-1,058
Cash flow from operating activities before changes in working capital	**10,989**	**6,950**	**26,271**	**14,038**	**23,362**
Cash flow from changes in working capital					
Changes in operating receivables	-2,695	2,269	-10,251	1,916	4,045
Changes in work in progress	-5,614	-2,893	-5,190	1,716	-530
Changes in operating liabilities	5,382	-1,569	4,430	-7,336	-1,524
Cash flow from operating activities	**8,062**	**4,757**	**15,260**	**10,334**	**25,353**
Investing activities					
Acquisition of subsidiary, net of cash acquired	-	-7	-	-975	-987
Purchase of property, plant and equipment	-4,298	-2,554	-10,788	-6,298	-8,806
Purchase of intangible fixed assets	-533	-208	-2,281	-1,768	-1,934
Sale of non-current assets	4	-	4	17	127
Cash flow used in investing activities	**-4,827**	**-2,769**	**-13,065**	**-9,024**	**-11,600**
Cash flow before financing activities	**3,235**	**1,988**	**2,195**	**1,310**	**13,753**
Cash flow from financing activities					
Dividend to non-controlling interests	-	-	-130	-227	-227
Financial expenses paid	-1,847	-1,983	-4,824	-5,376	-7,433
Net cash flow from financing activities	**-1,847**	**-1,983**	**-4,954**	**-5,603**	**-7,660**
Cash flow for the period	**1,388**	**5**	**-2,759**	**-4,293**	**6,093**
Cash and cash equivalents, opening balance	23,086	16,542	26,529	21,509	21,509
Translation difference in cash and cash equivalents	373	7	1,077	-662	-1,073
Cash and cash equivalents, closing balance	**24,847**	**16,554**	**24,847**	**16,554**	**26,529**

Consolidated statement of changes in equity

EUR thousands	Attributable to the owners of the company						
	Share capital	Other contributed capital	Other capital reserved	Retained earnings	Total	Non-controlling interests	Total equity
Closing balance, 31 December 2014	**58**	**6,771**	**-267**	**34,789**	**41,351**	**1,094**	**42,445**
Dividend	-	-	-	-	-	-227	-227
Profit for the period	-	-	-	-1,691	-1,691	98	-1,593
Other comprehensive income	-	-	-514	-	-514	-	-514
Closing balance, 30 September 2015	**58**	**6,771**	**-781**	**33,098**	**39,146**	**965**	**40,111**
Merger loss	-	-	-	-12	-12	-	-12
Profit for the period	-	-	-	1,724	1,724	73	1,797
Other comprehensive income	-	-	-77	438	361	-	361
Closing balance, 31 December 2015	**58**	**6,771**	**-858**	**35,248**	**41,219**	**1,038**	**42,257**
Dividend	-	-	-	-	-	-130	-130
Profit for the period	-	-	-	9,064	9,064	124	9,188
Other comprehensive income	-	-	346	-1,486	-1,140	-	-1,140
Closing balance, 30 September 2016	**58**	**6,771**	**-512**	**42,826**	**49,143**	**1,032**	**50,175**

Income statement, Parent Company

EUR thousands	Q3		Q1-3		Full Year
	2016	2015	2016	2015	2015
Sales	841	643	2,413	2,825	3,985
Gross profit	**841**	**643**	**2,413**	**2,825**	**3,985**
General administrative and sale expenses	-828	-613	-2,311	-2,030	-3,097
Other operating income/expenses	-	1	-	-710	-773
Operating profit	**13**	**31**	**102**	**85**	**115**
Financial income	2,642	1,592	5,840	4,747	6,338
Financial expenses	-1,654	-1,685	-4,987	-4,918	-6,591
Profit after financial items	**1,001**	**-62**	**955**	**-86**	**-138**
Group contribution	-	-	-	-	8,140
Profit before income taxes	**1,001**	**-62**	**955**	**-86**	**8,002**
Taxes	254	-	254	-	-
Profit for the period	**1,255**	**-62**	**1,209**	**-86**	**8,002**

Statement of comprehensive income

EUR thousands	Q3		Q1-3		Full Year
	2016	2015	2016	2015	2015
Profit for the period	1,255	-62	1,209	-86	8,002
Comprehensive income	-	-	-	-	-
Comprehensive income after tax	1,255	-62	1,209	-86	8,002
Total comprehensive income	**1,255**	**-62**	**1,209**	**-86**	**8,002**

Statement of financial position, Parent Company

EUR thousands	30 Sep 2016	30 Sep 2015	31 Dec 2015
ASSETS			
Non-current assets			
Participations in group companies	130,627	76,296	76,296
Receivables from group companies	64,019	117,950	117,950
Deferred tax assets	254	-	-
Total non-current assets	**194,900**	**194,246**	**194,246**
Current assets			
Receivables from group companies	672	300	1,425
Other receivables	97	59	73
Prepaid expenses	12	29	17
Receivables from subsidiaries	28,187	19,367	26,941
Total current assets	**28,968**	**19,755**	**28,456**
TOTAL ASSETS	**223,868**	**214,001**	**222,702**
EQUITY AND LIABILITIES			
Equity			
Issued capital	58	58	58
Share premium reserv	6,771	6,771	6,771
Unrestricted equity	95,920	86,623	94,711
Total equity	**102,749**	**93,452**	**101,540**
Non-current liabilities			
Non-current interest-bearing liabilities	118,631	118,071	118,202
Total non-current liabilities	**118,631**	**118,071**	**118,202**
Current liabilities			
Payables to group companies	2	-	-
Trade payables	16	12	3
Other current liabilities	190	196	212
Accrued expenses	2,280	2,270	2,745
Total other current liabilities	**2,488**	**2,478**	**2,960**
TOTAL EQUITY AND LIABILITIES	**223,868**	**214,001**	**222,702**

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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.

Additional are valued at fair value 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 Sep 2016		30 Sep 2015		31 Dec 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Trade receivables	72,730	72,730	66,779	66,779	64,344	64,344
Other current assets	2,611	2,611	1,858	1,858	2,644	2,644
Receivables from parent company	330	330	71	71	72	72
Cash and cash equivalents	24,847	24,847	16,554	16,554	26,529	26,529
Total	**100,518**	**100,518**	**85,262**	**85,262**	**93,589**	**93,589**
Liabilities						
Non-current interest-bearing liabilities	118,533	120,018	118,031	120,133	118,068	120,028
Other interest-bearing liabilities	57,744	57,744	57,744	57,744	57,744	57,744
Trade payables	35,650	35,650	29,382	29,382	34,294	34,294
Other current liabilities	13,430	13,430	11,446	11,446	12,460	12,460
Accrued expenses	3,237	3,237	1,579	1,579	1,629	1,629
Total	**228,594**	**230,079**	**218,182**	**220,284**	**224,195**	**226,155**

Contingent liabilities, Parent Company

EUR thousands	30 Sep 2016	30 Sep 2015	31 Dec 2015
Pledged assets and contingent liabilities			
Pledged assets			
Shares in subsidiaries	130,627	76,296	76,296
Total assets pledged	**130,627**	**76,296**	**76,296**
Contingent liabilities	**None**	**None**	**None**

Review report

Introduction

We have reviewed the condensed interim report for Polygon AB as at September 30, 2016 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 14 October, 2016

Ernst & Young AB

Staffan Landén

Authorized Public Accountant

Definitions

Sales	Sales net of VAT and discounts
Gross Profit	Sales minus cost of goods sold
EBITDA	Earnings before interest, tax, depreciation and amortization
Adjusted EBITDA	Earnings before interest, tax, depreciation and amortization before IAC
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
EBITDA %, Adjusted EBITDA %, EBITA %, Adjusted EBITA %	As 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.

The financial statements are presented in million EUR, rounded off to the nearest thousand, unless otherwise stated. All individual figures (including totals and sub-totals) are rounded off to the nearest thousand. From a presentation standpoint, certain individual figures may therefore differ from the computed totals.

Polygon presents certain financial measures that are not defined in the interim report in accordance with IFRS. Polygon believes that these measures provide useful supplemental information to investors and the company's management when they allow evaluation of trends and the company's performance. As not all companies calculate the financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should not be seen as a substitute for measures defined under IFRS.

Financial calendar 2016

This report was published on the Group's website on 14 October 2016.

Interim Report

Q4 2016, will be published on 9 February 2017

For more information please contact:

Mats Norberg, CFO, + 46 70 331 65 71

Email address: ir@polygongroup.com

Polygon AB

Sveavägen 9

SE-111 57 Stockholm

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