

**BORYSZEW CAPITAL GROUP
WARSAW, ŁUCKA STREET
NO. 7/9**

**CONSOLIDATED FINANCIAL
STATEMENTS FOR THE
FINANCIAL YEAR 2014**

**INCLUDING
AUDITOR'S OPINION
AND REPORT ON AUDIT
OF FINANCIAL
STATEMENTS**

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CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP FOR THE FINANCIAL YEAR 2014

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MANAGEMENT REPORT ON THE CAPITAL GROUP'S BUSINESS FOR THE FINANCIAL YEAR 2014

INDEPENDENT STATUTORY AUDITOR'S OPINION

To Shareholders and Supervisory Board of Boryszew Capital Group

We have audited the enclosed consolidated financial statements of Boryszew Capital Group (hereinafter referred to as the “Capital Group”) with Boryszew S.A. as the Parent Company (hereinafter referred to as the “Parent Company”) with its registered office in Warsaw at Łucka street No. 7/9. The statements include: consolidated statement of financial position as at 31 December 2014, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for the financial year between 1 January 2014 and 31 December 2014 as well as additional information about the adopted accounting policy and other explanations.

The Management Board of the Parent Company is responsible for the preparation of consolidated financial statements and report on activities of the Capital Group in a manner consistent with the applicable regulations.

The Management Board of the Parent Company as well as members of its Supervisory Board are obliged to ensure compliance of the consolidated financial statements and the Management report for the Capital Group with the requirements of the Act of 29 September 1994 on accounting (Journal of Laws of 2013 item 330 with amendments), hereinafter referred to as the Accounting Act”.

Our task was to audit the consolidated financial statements and to express an opinion on the compliance of consolidated financial statements with the accounting principles (policy) adopted by the Capital Group and to verify whether or not they present, in all material aspects, a true and fair view of the Capital Group’s economic and financial situation as well as the financial result.

We have planned and conducted the audit of the financial statements according to the provision of:

- chapter 7 of the Accounting Act,
- polish Auditing Standards (KSRAF) issued by the National Council of Statutory Auditors in Poland (KRBR)

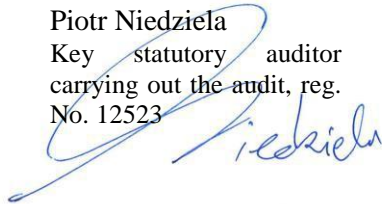
We have planned the audit and audited the consolidated financial statements in such a way as to obtain reasonable certainty which allows for expressing an opinion on these statements. In particular, the audit included a verification of the correctness of accounting principles (policy) used by the Parent Company and subsidiaries and checking – mainly by random verification – the basis for the figures and information included in the consolidated financial statements, as well as the overall assessment of the consolidated financial statements. We believe that the audit provided a reasonable basis for expressing auditor’s opinion.

In our opinion, the audited consolidated financial statements, in all material respects:

- provide a reliable and clear presentation of all the information essential for assessment of the economic and financial standing of the Capital Group as at 31 December 2014, as well as its financial performance for the financial year between 1 January 2014 and 31 December 2014,
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations announced as regulations of the European Commission, and to the extent not regulated by these Standards – in compliance with the requirements of the Accounting Act and executive regulations based on the Act,
- are consistent with legal regulations existing at the Capital Group and the entities of the Capital Group, which affect the content of the consolidated financial statements.

Report on activities of the Capital Group in the financial year 2014 is complete within the meaning of Art. 49 par. 2 of the Accounting Act and the Regulation of the Minister of Finance of 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (Journal of Laws of 2014 item 133) and the information included in the Report conforms to the information included in the audited financial statements.

Piotr Niedziela
Key statutory auditor
carrying out the audit, reg.
No. 12523



On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership) – an entity authorised to carry out audits of financial statements and registered in the list of authorised entities, held by by the National Council of Statutory Auditors in Poland (KRBR), under registration no. 73:



Jacek Mateja - Vice - President of the Management Board of Deloitte Polska Sp. z o.o. - general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership)

Warsaw, 20 March 2015

**REPORT ON AUDIT OF THE CONSOLIDATED FINANCIAL
STATEMENTS OF BORYSZEW CAPITAL GROUP
FOR THE FINANCIAL
YEAR 2014**

I. GENERAL INFORMATION

1. Information identifying the audited Parent Company

Parent Company operates under the company name of Boryszew S.A. (hereinafter referred to as the „Parent Company”). The Company is based in Warsaw, at Łucka street no. 7/9

The Company operates as a joint stock company. The Parent Company is entered in the register of entrepreneurs of the National Court Register kept by the District Court in Warsaw, 12th Commercial Division of the National Court Register, under KRS number 0000063824.

The Parent Company operates under the provisions of the Commercial Companies Code.

As at 31 December 2014 the share capital of the Parent Company amounted to PLN 248,906 thousand and was divided into 240,000,000 shares with the nominal value of PLN 1 each share. The Company's share capital includes hyper-inflation revaluation in the amount of PLN 8,906 thousand

The Management Board of the Parent Company, as at the date of issue of the opinion, included:

- | | |
|-----------------------|--------------------------------------|
| – Piotr Szeliga | – President of the Management Board, |
| – Mikołaj Budzanowski | – Member of the Management Board |
| – Cezary Pyszkowski | – Member of the Management Board. |

The following changes in the composition of the Management Board took place in the audited period and to the date of issuing auditor's opinion:

- on 22 December 2014, Mr Paweł Surówka handed in his resignation as the Management Board Member.
- on 22 December 2014 Mr Cezary Pyszkowski was appointed by the Supervisory Board as Management Board Member.
- on 30 January 2015 Mr Miłosz Wiśniewski handed over his resignation as the Vice – President of the Management Board

The above mentioned changes, with the exception of resignation by Mr Miłosz Wisniewski, were registered with the National Court Register on 20 March 2015.

2. Structure of the Capital Group

The consolidated financial statements as at 31 December 2014 included the following companies:

- a) Parent Company – Boryszew S.A.

We conducted the audit of the Parent Company's financial statements for the period from 1 January to 31 December 2014. As a result of the audit we issued an unqualified auditor's opinion on 20 March 2015.

b) Companies included under full consolidation method:

Name and registered office Companies	Share in share capital (%)	Entity conducting the audit of financial statement and type of auditor's opinion issued	Balance sheet date of the consolidated entity
Elimer Sp. z o.o.	52.44%	CHE Consulting Sp. z o.o., unqualified opinion,	31 December 2014
Torlen Sp. z o.o.	100%	CHE Consulting Sp. z o.o., unqualified opinion,	31 December 2014
Elana Pet Sp. z o.o.	100%	CHE Consulting Sp. z o.o., unqualified opinion,	31 December 2014
Elana Energetyka Sp. z o.o.	100%	CHE Consulting Sp. z o.o., No auditor's opinion issued until 20.03.2015	31 December 2014
Boryszew Tensho Poland Sp. z o.o.	80%	CHE Consulting Sp. z o.o., No auditor's opinion issued until 20.03.2015	31 December 2014
Boryszew Automotive Plastics Sp. z o.o.	100%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership) No auditor's opinion issued until 20.03.2015	31 December 2014
Maflow Sp. z o.o.	100%	Company' financial statements not subject to audit	31 December 2014
Maflow BRS s.r.l	100%	Company' financial statements not subject to audit	31 December 2014
Maflow Spain Automotive S.L.U	100%	Deloitte S.L. No auditor's opinion issued until 20.03.2015	31 December 2014
Maflow France Automotive S.A.	100%	Company' financial statements not subject to audit	31 December 2014
Maflow do Brasil Ltda	100%	Company' financial statements not subject to audit	31 December 2014
Maflow Components Co. Ltd	100%	Company' financial statements not subject to audit	31 December 2014
ICOS GmbH	100%	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft No auditor's opinion issued until 20.03.2015	31 December 2014
Theysohn Kunststoff GmbH	100%	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft No auditor's opinion issued until 20.03.2015	31 December 2014
Theysohn Formenbau GmbH GmbH	100%	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft No auditor's opinion issued until 20.03.2015	31 December 2014
Boryszew Kunststofftechnik Deutschland GmbH	100%	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft No auditor's opinion issued until 20.03.2015	31 December 2014
Boryszew Deutschland GmbH	100%	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft No auditor's opinion issued until 20.03.2015	31 December 2014
Boryszew Formenbau Deutschland GmbH	100%	Company' financial statements not subject to audit	31 December 2014
BRS YMOS GERMANY GmbH	100%	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft No auditor's opinion issued until 20.03.2015	31 December 2014
Boryszew Oberflächentechnik Deutschland GmbH	100%	Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft No auditor's opinion issued until 20.03.2015	31 December 2014
AKT Plastikarska Technologie Cechy spol. s.r.o.	100%	Deloitte Audit s.r.o. No auditor's opinion issued until 20.03.2015	31 December 2014

Name and registered office Companies	Share in share capital (%)	Entity conducting the audit of financial statement and type of auditor's opinion issued	Balance sheet date of the consolidated entity
Boryszew Plastic RUS Sp. z o.o.	51%	Audit i Prawo Sp. z o.o. No auditor's opinion issued until	31 December 2014
Impexmetal S.A.	50.72%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership)	31 December 2014
Hutmen S.A.	51.70%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership)	31 December 2014
Walcownia Metali Dziedzice S.A.	52.37%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership)	31 December 2014
Huta Metali Nieżelaznych Szopienice S.A. – in liquidation	31.22%	Company' financial statements not subject to audit	31 December 2014
Zakłady Metalurgiczne Silesia S.A.	49.64%	PRO AUDIT Kancelaria Biegłych Rewidentów Spółka z o.o. Unqualified opinion	31 December 2014
Baterpol S.A.	50.55%	PRO AUDIT Kancelaria Biegłych Rewidentów Spółka z o.o. Unqualified opinion	31 December 2014
Polski Cynk Sp. z o.o.	50.55%	Company' financial statements not subject to audit	31 December 2014
FLT Polska Sp. z o.o.	49.88%	PRO AUDIT Kancelaria Biegłych Rewidentów Spółka z o.o. Unqualified opinion	31 December 2014
FLT & Metals Ltd.	50.72%	HB Accountants; Amwell House 19 Amwell Street Hoddesdon Herts.EN11 8TS Unqualified opinion	31 December 2014
Metalexfrance S.A.	49.88%	Henri SCHVARTZ, F.-M. RICHARD et Associés PARIS No auditor's opinion issued until	31 December 2014
S & I S.A.	50.72%	Company' financial statements not subject to audit	31 December 2014
FLT Bearings Ltd.	49.88%	HB Accountants; Amwell House 19 Amwell Street Hoddesdon Herts.EN11 8TS unqualified opinion,	31 December 2014
FLT France SAS	49.88%	F.-M. Richard & Associés (Jaques Andrès & Poiré Associés) 1, Place d'Estienne d'Orves 75009 Paris No auditor's opinion issued until 20.03.2015	31 December 2014
SPV Lakme Investment Sp. z o.o.	50.72%	Company' financial statements not subject to audit	31 December 2014

Name and registered office Companies	Share in share capital (%)	Entity conducting the audit of financial statement and type of auditor's opinion issued	Balance sheet date of the consolidated entity
Impex – Invest Sp. z o.o.	50.72%	Company' financial statements not subject to audit	31 December 2014
Eastside Capital Investments Sp. z o.o.	50.72%	Company' financial statements not subject to audit	31 December 2014
Symonvit Ltd	50.72%	Deloitte Ltd. Maximos Plaza, Tower 1 CY-3030 Limassol, Cyprus No auditor's opinion issued until 20.03.2015	31 December 2014
Baterpol Recycler Sp. z o.o.	50.55%	Company' financial statements not subject to audit	31 December 2014
Baterpol Recycler Sp. z o.o. Spółka sp. Komandytowa (limited partnership)	50.72%	Company' financial statements not subject to audit	31 December 2014
Baterpol S.A. Sp. Sp. Komandytowa (limited partnership)	50.72%	Company' financial statements not subject to audit	31 December 2014
Surowce Hutmen S.A. Sp. Sp. Komandytowa (limited partnership)	50.72%	Company' financial statements not subject to audit	31 December 2014
Baterpol S.A. i Wspólnicy Sp. Komandytowa (limited partnership)	50.72%	Company' financial statements not subject to audit	31 December 2014
Baterpol Recycler Sp. z o.o. komandytowo – akcyjna	50.72%	Company' financial statements not subject to audit	31 December 2014
SPV Impexmetal Sp. z o.o.	57.03%	Company' financial statements not subject to audit	31 December 2014
Boryszew Components Poland Sp. z o.o.	100%	Company' financial statements not subject to audit	31 December 2014
Boryszew HR Service Sp. z o.o.	100%	Company' financial statements not subject to audit	31 December 2014
SPV Boryszew 3 Sp. z o.o.	100%	Company' financial statements not subject to audit	31 December 2014
Boryszew Commodities Sp. z o.o.	100%	Company' financial statements not subject to audit	31 December 2014
SPV Boryszew 5 Sp. z o.o.	100%	Company' financial statements not subject to audit	31 December 2014

In the audited financial year the Parent Company included in consolidation the following newly incorporated entities:

- SPV Boryszew 5 Sp. z o.o.
- ZM Nieruchomości Sp. z o.o.

Moreover, during the audited year the composition of the Capital Group expanded through acquisition of Tensho Poland Corporation Sp. z o.o. shares. The impact of this change on the consolidated financial statements was presented in note 1.2 of the additional information to the consolidated financial statements.

3. Information on the consolidated financial statements for previous year

The Capital Group's operations in 2013 closed with a net profit of PLN 54,952 thousand. The financial statements of the Capital Group for the financial year 2013 were audited by an independent auditor. The audit was conducted by an entity authorised to carry out statutory audits - now Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. [limited liability company, limited partnership]. On 28 April 2014, statutory auditor released an unqualified auditor's opinion on those financial statements.

General Shareholders' Meeting called to approve the consolidated financial statements for the financial year 2013 was held on 25 June 2014.

The consolidated financial statements for the financial year 2013 were filed with the National Court Register on 7 July 2014.

4. Information identifying the authorised entity and the key statutory auditor conducting the audit on behalf of the authorised entity

The authorised entity was selected by the Supervisory Board. The audit of the consolidated financial statements was conducted pursuant to the agreement dated 18 July 2014, concluded between the Parent Company and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. [limited liability company, limited partnership]) with its registered office in Warsaw, Jan Paweł II street No. 19, registered in the list of entities authorised to carry out statutory audits, held by the National Council of Statutory Auditors in Poland (KRBR), under registration no. 73. On behalf of the authorised entity qualified, the audit was conducted under the supervision of Piotr Niedziela, key statutory auditor (Registration No. 12523) at the registered office of the Parent Company between 16 February and 6 March 2015 as well as outside of the Parent Company's registered office until the date of issuing of this opinion.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership) and the key auditor confirm that they are authorised to carry out statutory audits of financial statements and comply with the conditions laid down in Art. 56 of the Act on statutory auditors and their professional association, entities authorised to audit financial statements and on public supervision (Journal of Laws of 2009 No. 77, item 649 with subsequent amendments) to express an impartial and independent opinion of the consolidated financial statements of the Capital Group.

5. Availability of data and representations of the Parent Company's managers

No limitations to the scope of our audit occurred.

The authorised entity and the key statutory auditor, during the course of the audit, were provided access to all requested documents and data, as well as were provided with detailed information and explanations, which, among other things, was confirmed in a written statement of the Management Board of Parent Company dated 20 March 2014.

II. ECONOMIC AND FINANCIAL SITUATION OF THE CAPITAL GROUP

The figures presented below are the key values from the consolidated statement of comprehensive income, consolidated statement of financial situation as well as financial ratios that describe the Capital Group's performance, its financial and economic situation in comparison to corresponding values for the previous year.

<u>Key values from the profit and loss statement (in PLN thousand)</u>	<u>2014</u>	<u>2013</u>
Revenues from sales (Continuing operations)	5 058 120	4 836 269
Result of operating activities (continuing operations)	210 355	88 294
Net profit (loss) (continuing operations)	146 613	34 253
Total net profit (loss)	155 950	54 952

Basic financial figures from the statement of financial position (in PLN thousand)

Inventories	858 574	673 401
Trade receivables	572 562	569 723
Current assets	1 725 676	1 491 739
Total assets	3 350 187	2 921 196
Equity	1 434 249	1 209 459
Short-term liabilities (including short-term provisions and accruals)	1 458 487	1 340 821
Trade payables	490 111	375 138
Total of liabilities and provisions for liabilities	1 915 938	1 711 737

<u>Profitability ratios and effectiveness ratios</u>	<u>2014</u>	<u>2013</u>
– profitability of sales	4%	2%
– net profitability of sales	3%	1%
– net return on equity	12%	5%
– assets turnover ratio	1.51	1.66
– accounts receivable turnover ratio in days	41	44
– accounts payable turnover ratio in days	32	29
– inventory turnover ratio in days	56	50

Liquidity /Net working capital

– gearing ratio	57%	59%
– equity to assets ratio	43%	41%
– net working capital (in PLN thousand)	267 189	150 918
– liquidity ratio	1.18	1.11
– acid test ratio	0.59	0.61

The analysis of the above figures and ratios suggests the occurrence of following trends in 2014:

- increase in the profitability ratios,
- decline in assets turnover ratio,
- reduction in receivables turnover in days,
- increase of payables and inventory turnover in days,
- drop in gearing ratio,
- increase of net working capital,
- increase of the liquidity ratio and decline of the acid test ratio.

III. DETAILED INFORMATION

1. Information on the audited consolidated financial statements

The audited consolidated financial statements were prepared as at 31 December 2014 and include:

- statement of financial position prepared as at 31 December 2014 with total assets and total liabilities of PLN 3 350.187 thousand,
- consolidated statement of comprehensive income for the period between 1 January 2014 and 31 December 2014 showing a net profit of PLN 155 950 thousand as well as total comprehensive income of PLN 153 100 thousand,
- statement of changes in consolidated equity for the period between 1 January 2014 and 31 December 2014, showing an increase in equity by PLN 224 790 thousand,
- consolidated cash flow statement for the period between 1 January 2014 and 31 December 2014, showing a decline in cash by PLN 11 689 thousand,
- additional information on adopted accounting policy and other explanations.

The audit was performed for the period between 1 January 2014 and 31 December 2014 and it involved primarily:

- audit of accuracy and reliability of the consolidated financial statements prepared by the Parent Company's Management Board,
- audit of consolidation documents
- assessment of correctness of consolidation methods and procedures applied during consolidation
- review of opinions and audit reports of subsidiaries and associated companies, subject to consolidation, prepared by other statutory auditors.

2. Consolidation documents

The Company provided consolidation documents which included:

- financial statements of entities included in the consolidated financial statements,
- financial statements of controlled entities, adapted to the accounting principles (policy) binding for consolidation,
- financial statements of controlled entities, recalculated to PLN,
- adjustments and eliminations for the purpose of consolidation, as necessary to prepare the consolidated financial statements,
- fair value calculations for net assets of controlled entities,
- calculations of goodwill and profit on incidental acquisition,
- calculations of non-controlling interest,
- calculations of exchange rate differences resulting from recalculation of controlled entities' financial statements, denominated in foreign currency.

Consolidation of the Capital Group's financial statements with regard to subsidiaries, was carried out using the full method by combining, in full amount, all relevant items of the financial statements of the Parent Company and subsidiaries, included in the consolidation.

The Parent Company preparing the consolidated financial statements did not simplify and deviate from the accepted principles of consolidation in relation to the controlled entities.

3. Completeness and correctness of preparation of additional information and explanations as well as management report on the activities of the Capital Group

The Parent Company confirmed the validity of the going concern principle when preparing the consolidated financial statements. Significant principles for valuation of assets and liabilities, determination of financial results as well as preparation of the consolidated financial statements were properly and completely described in additional information and explanations to the consolidated financial statements.

The Parent Company prepared additional information and explanations in the form of table notes for individual items of consolidated statement of financial situation, consolidated profit and loss account and consolidated statement of comprehensive income as well as in the form of verbal descriptions according to the principles determined by the IFRS.

The Management Board of the Parent Company prepared and attached to the consolidated financial statements the report on the Capital Group's activities during the financial year 2014. Report on the Company's activities includes information required by art. 49 par. 2 of the Accounting Act and the Regulation of the Minister of Finance of 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (Journal of Laws of 2014 item 133). We have audited the above mentioned report with respect to the information disclosed therein, derived directly from the audited consolidated financial statements.

IV. CLOSING REMARS

Representations of the Management Board

Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership) as well as the key auditor received from the Parent Company's Management Board a written statement in which the Management Board represented that the Capital Group had complied with the law.



Piotr Niedziela
Key statutory auditor
carrying out the audit, reg.
No. 12523

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership) – an entity authorised to carry out audits of financial statements and registered in the list of authorised entities, held by the National Council of Statutory Auditors in Poland (KRBR), under registration no. 73:



Jacek Mateja – Vice – President of the Management Board of Deloitte Polska Sp. z o.o. - general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością sp. k. (limited liability company, limited partnership)

Warsaw, 20 March 2015