

**Financial statements of**  
**Boryszew S.A.**  
**for the period from 1 January to 31 December**  
**2016**





(amounts expressed in PLN thousands unless specified otherwise)

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(amounts expressed in PLN thousands unless specified otherwise)

## STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2016- 31.12. 2016	01.01.2015 -31.12. 2015
Revenues from sales	6	1 445 961	1 318 721
Prime cost of sale	7	1 253 178	1 160 436
<b>Profit from sales</b>		<b>192 783</b>	<b>158 285</b>
Selling costs		44 548	27 367
General and administrative costs		78 694	56 221
Other operating revenue	8	31 761	23 184
Other operating expenses	9	53 887	70 079
<b>Profit from operating activity</b>		<b>47 415</b>	<b>27 802</b>
Financial revenues	10	23 191	16 181
Financial expenses	11	68 323	52 792
<b>Financial profit/loss</b>		<b>(45 132)</b>	<b>(36 611)</b>
<b>Profit (loss) before income tax</b>		<b>2 283</b>	<b>8 809</b>
Income tax	12	(1 424)	(12 595)
<b>Net profit/loss</b>		<b>3 707</b>	<b>3 786</b>
<b>Earnings/loss per share</b>			
Average weighted number of shares		232 501 093	233 170 000
Earnings per one share (PLN)		0.02	0.02



**Boryszew S.A.**  
**Notes to the financial statements**  
**for the period from 1 January to 31 December 2016**

(amounts expressed in PLN thousands unless specified otherwise)

	<b>01.01.2016 -</b>	<b>01.01.2015</b>
	<b>31.12. 2016</b>	<b>-31.12. 2015</b>
<b>Net profit</b>	<b>3 707</b>	<b>3 786</b>
<b>Earnings recognised in equity</b>		
<b>Earnings recognised in equity, to be transferred to income statement</b>		
Valuation of financial assets DDS	-	(132)
Transfer of valuation to results account from impairment losses	166	
Hedge accounting	2 909	(3 640)
<i>Income tax</i>	(584)	717
<b>Earnings recognised in equity, not to be transferred to income statement</b>		
Employee benefit capital reserve	147	154
<i>Income tax</i>	(28)	(29)
<b>Total earnings recognised in equity</b>	<b>2 610</b>	<b>(2 930)</b>
<b>Total comprehensive income</b>	<b>6 317</b>	<b>856</b>



(amounts expressed in PLN thousands unless specified otherwise)

## STATEMENT OF FINANCIAL POSITION

	Note	As at 31.12.2016	As at 31.12.2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non-current assets	13	260 785	221 536
Investment property	14	144	288
Intangible assets	15	25 915	18 897
Shares in subsidiaries and associates	16	364 938	419 272
Financial assets	17	19 036	17 480
Deferred tax assets	12	-	-
Long-term receivables	19	354 721	328 325
Other assets	21	14 191	-
<b>Total fixed assets</b>		<b>1 039 730</b>	<b>1 005 798</b>
<b>Current assets</b>			
Inventory	20	134 259	176 665
Trade receivables and other receivables	19	318 893	271 700
Short-term financial assets	17	27 108	34 668
Derivative financial instruments	18	1 609	206
Current tax assets		-	-
Other assets	21	6 261	8 851
Cash and cash equivalents	22	60 932	22 731
<b>Total current assets</b>		<b>549 062</b>	<b>514 821</b>
<b>Total assets</b>		<b>1 588 792</b>	<b>1 520 619</b>



**Boryszew S.A.**  
**Notes to the financial statements**  
**for the period from 1 January to 31 December 2016**

(amounts expressed in PLN thousands unless specified otherwise)

<b>LIABILITIES AND EQUITY</b>	Note	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
<b>Equity</b>			
Share capital		248 906	248 906
Own shares		(49 518)	(44 411)
Share premium		112 346	112 346
Hedge accounting capital		44	(2 312)
Capital reserve on translating employee payables		77	(42)
Revaluation reserve		-	(135)
Retained earnings:		255 892	252 185
<b>Total equity</b>	24	<b>567 747</b>	<b>566 537</b>
<b>Long-term liabilities</b>			
Bank loans, borrowings and bonds	25	136 334	68 987
Lease liabilities	26	67 832	42 325
Payables on perpetual usufruct of investment land	27	61	122
Deferred tax provision	12	2 453	3 265
Employee benefit provisions	29	2 482	2 482
Other provisions	30	5 156	5 166
Other liabilities	31	3 151	3 594
<b>Total long-term liabilities</b>		<b>217 469</b>	<b>125 941</b>
<b>Short-term liabilities</b>			
Bank loans, borrowings and bonds	25	450 170	476 765
Lease liabilities	26	27 569	36 018
Trade payables and other liabilities	28	311 333	300 968
Derivative financial instruments		-	<b>2 908</b>
Current tax liability	12	-	<b>1</b>
Employee benefit provisions	29	8 097	5 622
Other provisions	30	1 694	1 694
Other liabilities	31	4 713	4 165
<b>Total short-term liabilities</b>		<b>803 576</b>	<b>828 141</b>
<b>Total liabilities</b>		<b>1 021 045</b>	<b>954 082</b>
<b>Total equity and liabilities</b>		<b>1 588 792</b>	<b>1 520 619</b>



(amounts expressed in PLN thousands unless specified otherwise)

## CASH FLOW STATEMENT

	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 -31.12. 2015</b>
<b>Cash flows from operating activities</b>		
<b>Profit before income tax</b>	<b>2 283</b>	<b>(8 809)</b>
<b>Adjustments for (+/-)</b>	<b>103 614</b>	<b>77 765</b>
Depreciation / amortisation	25 861	24 393
Profits/losses from financial operation (including interest from financial liabilities)	21 829	18 215
Dividends from share in profit	(2 554)	(810)
Profit from sale of subsidiaries	23 856	-
Change in receivables	(2 921)	(553)
Change in inventories	42 406	(3 113)
Change in liabilities	5 604	55 007
Change in provisions and accruals as well as prepayments	(9031)	(1 768)
Other items	(1 436)	(13 606)
Income tax paid	-	-
<b>Net cash from operating activities</b>	<b>105 897</b>	<b>68 956</b>
<b>Cash flows from investment activities</b>		
Profit on fixed assets disposal	<b>2 138</b>	4 820
Proceeds from sale of shares	13 215	-
Revenues from dividend	2 554	810
Redemption of bonds	2 565	-
Expenses on acquisition of fixed assets	(40 626)	(26 352)
Acquisition of shares in capital group entities	(11 631)	(21 969)
Long-term borrowings granted	(38 133)	(65 513)
Other capital expenditure	-	(11 956)
<b>Net cash from investing activities</b>	<b>(69 918)</b>	<b>(120 160)</b>
<b>Cash flows from financial activities</b>		
Incomes on credit and loan facilities	101 418	143 238
Received loans	<b>37 361</b>	31 532
Proceeds from issuance of bonds	39 000	14 213
Dividend distribution	-	(23 447)
Expenditure on acquisition of own shares (5 107) (9 738)	(131 426)	-
Repayment of credits	(6 176)	(87 568)
Interest paid on loans, bonds...	(14 247)	(18 215)
Payment of liabilities under finance lease agreements	<b>(18 601)</b>	-
<b>Net cash from financing activities</b>	<b>2 222</b>	<b>50 015</b>
<b>Net change in cash</b>	<b>38 201</b>	<b>(1 189)</b>
Cash opening balance	22 731	23 920
<b>Cash closing balance</b>	<b>60 932</b>	<b>22 731</b>



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## STATEMENT OF CHANGES IN EQUITY

	Share capital	treasury shares	Share premium	Hedge accounting	Revaluation reserve	Profit/Loss on restatement of employee benefits	Retained earnings	Total equity
<b>As at 01.01.2016</b>	<b>248 906</b>	<b>(44 411)</b>	<b>112 346</b>	<b>(2 312)</b>	<b>(135)</b>	<b>(42)</b>	<b>252 185</b>	<b>566 537</b>
Valuation of hedge instruments				2 356				2 356
Valuation of assets available for sale					135			135
Valuation of employee benefits						119		119
Profit for 2016							3 707	3 707
<b>Total comprehensive income for 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 356</b>	<b>135</b>	<b>119</b>	<b>3 707</b>	<b>6 317</b>
Share buy-back - Boryszew SA		(5 107)						(5 107)
Dividend distribution								-
<b>As at 31.12.2016</b>	<b>248 906</b>	<b>(49 518)</b>	<b>112 346</b>	<b>44</b>	<b>-</b>	<b>77</b>	<b>255 892</b>	<b>567 747</b>
<b>As at 01.01.2015</b>	<b>248 906</b>	<b>-34 673</b>	<b>112 346</b>	<b>636</b>	<b>-28</b>	<b>-167</b>	<b>271 846</b>	<b>598 866</b>
Valuation of hedge instruments				(2 948)				(2 948)
Valuation of assets available for sale					(107)			(107)
Valuation of employee benefits						125		125
Profit for 2015							3 786	3 786
<b>Total comprehensive income for 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2 948)</b>	<b>(107)</b>	<b>125</b>	<b>3 786</b>	<b>856</b>
Share buy-back - Boryszew SA		(9 738)						(9 738)
Payment of dividend							(23 447)	(23 447)
<b>As at 31.12.2015</b>	<b>248 906</b>	<b>(44 411)</b>	<b>112 346</b>	<b>(2 312)</b>	<b>(135)</b>	<b>(42)</b>	<b>252 185</b>	<b>566 537</b>





## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

### **1. GENERAL INFORMATION**

#### **1.1 Basic data of the company**

##### **Boryszew Spółka Akcyjna (joint stock company)**

Registered office: 03-301 Warsaw; Jagiellońska street No. 76

Registered with the National Court Register kept by the District Court for the capital city of Warsaw in Warsaw, 14th Commercial Division, under KRS number 0000063824

Statistical registration number (REGON) 750010992

NIP (Tax ID) 837-000-06-34

The company has been established for an indefinite period of time.

##### **Classification of the Company on the listing market**

Company's shares are listed on the main market of Warsaw Stock Exchange in the continuous trading system, chemical sector.

Company's business includes manufacturing, services and trade.

These financial statements include combined figures.

#### **SUPERVISORY BOARD OF BORYSZEW S.A.**

As at 1 January 2016, the composition of the Supervisory Board was as follows:

Mr Janusz Siemieniec - Chairman of the Supervisory Board  
Mr Arkadiusz Krężel – Deputy Chairman of the Supervisory Board  
Mr Mirosław Kutnik – Secretary of the Supervisory Board  
Mr Jan Bogolubow – Member of the Supervisory Board  
Ms Małgorzata Waldowska – Member of the Supervisory Board

On 14 June 2016, Mr. Jan Bogolyubov resigned from Member of the Supervisory Board of the Company.

On 15 June 2016, the General Meeting appointed Mr. Piotr Lisiecki as Member of the Supervisory Board of Boryszew S.A.

As at 31 December 2016 the composition of the Supervisory Board was follows:

Mr Janusz Siemieniec - Chairman of the Supervisory Board  
Mr Arkadiusz Krężel - Vice-Chairman of the Supervisory Board  
Mr Mirosław Kutnik – Secretary of the Supervisory Board  
Mr Piotr Lisiecki – Member of the Supervisory Board  
Ms Małgorzata Waldowska - Member of the Supervisory Board

No changes in the composition of the Supervisory Board occurred between 31 December 2016 and the date of publication of the report.



(amounts expressed in PLN thousands unless specified otherwise)

## **MANAGEMENT BOARD OF BORYSZEW S.A.**

As at 1 January 2016, the composition of the Management Board of the Company was as follows:

Mr Piotr Szeliga – President of the Management Board, CEO,  
Mr Mikołaj Budzanowski – Member of the Management Board  
Mr Cezary Pyszkowski – Member of the Management Board, Director for Automotive Sector Development.

On 6 September 2016, the Supervisory Board decided to extend the composition of the Management Board since 1 October 2016, and that day it appointed Mr Jarosław Michniuk as President of the Management Board, General Director, and Mr Aleksander Baryś as Member of the Management Board, Financial Director.

At the same time, the Supervisory Board entrusted Mr Piotr Szeliga, hitherto President of the Management Board, the duties of Member of the Management Board, Director of Metals Segment, from 1 October 2016.

As at 31 January 2016, the composition of Boryszew S.A. Management Board was as follows:

Mr Jarosław Michniuk – President of the Management Board, CEO,  
Mr Aleksander Baryś – Member of the Management Board, Financial Director  
Mr Mikołaj Budzanowski – Member of the Management Board, Director of Development  
Mr Cezary Pyszkowski – Member of the Management Board, Director for Automotive Sector Development.  
Mr Piotr Szeliga – Member of the Management Board, Director of Metals Segment

No changes in the composition of the Company's Management Board occurred between 31 December 2016 and the date of publication of the report.

## **1.2 Internal structure of the Company**

In 2016 Boryszew S.A. conducted its business in eight branches running own sets of accounts:

<b>Branch</b>	<b>Business segment</b>
Head Office	Holding activity
Elana Branch in Toruń	Chemical products
Energy Branch in Toruń	other
Commercial Branch in Sochaczew	Other
EDC Branch in Toruń	Other
ERG Branch in Sochaczew	Chemical products
Nylonbor Branch in Sochaczew	Chemical products
NPA Skawina Branch	Manufacture of aluminium and its alloys
Maflow Branch in Tychy	Automotive

## **Changes to infrastructure**

The Commercial Branch in Sochaczew, which dealt with non-ferrous metals trading with entities outside Grupa Boryszew in the country and on the markets of the European Union, has not operated since 1 September 2016.

## **1.3 Financial statements**

The financial statements was prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union (EU).

In addition to the presented financial statements the Company prepared consolidated financial statements for Boryszew Capital Group, for this it is a parent company. Presented financial statements are separate financial statements and was prepared for statutory purposes.

The financial statements were prepared in PLN. PLN is the functional and reporting currency. All figures in the financial statements are presented in full thousands of PLN unless provided otherwise.

The financial statements were prepared on the assumption that the entity will continue as a going concern in the foreseeable future. As at the date of financial statements no circumstances exist which would indicate any threats to further business activity by the Company.

This report was approved for publication by way of the Management Board's resolution on 29 March 2017 and presents Boryszew S.A. situation pursuant to the legal requirements for the period from 1 January 2016 to 31 December 2016, including any events which occurred by the date of approval of this report for publication.



(amounts expressed in PLN thousands unless specified otherwise)

Financial statements were prepared in line with the historical cost concept, except for revaluation of some fixed assets and financial instruments that are measured at revalued value or fair value at the end of each reporting period in accordance with the accounting policy, outlined below.

The historical costs is determined based on the fair value of the payment. A fair value is the price which can be obtained for a sale of an asset item or the price paid to transfer a liability in a common transaction on the primary (or most favourable) market on the valuation date under current market conditions, irrespective of whether the price is directly observable or estimated using another valuation technique.

#### **1.4 Conversion of financial data**

In 2016, the Company did not transform comparable data.

#### **1.5 Statement by the Management Board on compliance of accounting principles**

Members of Boryszew S.A. Management Board – Jarosław Michniuk, Aleksander Baryś, Piotr Szeliga, Mikołaj Budzanowski and Cezary Pyszkowski represent that to the best of their knowledge the financial statements and comparative data have been compiled in accordance with the binding accounting principles and truly, accurately and clearly reflect the actual and financial condition as well as the financial result of Boryszew S.A. The Management Board confirms that the report on the activities of Boryszew S.A. presents a true picture of the development and accomplishments of the Company as well as its situation, including a description of fundamental risks and threats.

#### **1.6 Representation of the Management Board on the selection of entity authorised to audit financial statements**

On 12 July 2016, the Supervisory Board of Boryszew S.A. appointed Deloitte Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa (limited partnership) to audit the financial statements of Boryszew S.A. and Boryszew Capital Group for the period from 1 January 2016 to 31 December 2016.

On 18 July 2016, the Agreement for review and audit the financial statements was signed (the "Agreement"). In accordance with the Agreement, the amount of remuneration in respect of its implementation will be 215 000 PLN net, including:

- 100 000 for the review of the condensed interim consolidated financial statement for the period of 6 months, and the review of the condensed interim financial statement for the period of 6 months ended on 30 June 2016,
- 115 000 for the audit of the consolidated financial statement for the period of 12 months, and the audit of the financial statement for the period of 12 months ended on 31 December 2016.

The remuneration of the auditor for auditing the financial statements and the interim statement in 2015 was 205 000 PLN.

The Management Board of Boryszew S.A. declares that Deloitte Polska Sp. z o.o. Sp.k., auditing the consolidated financial statement for 2016, was selected in accordance with the law, and Deloitte Polska Sp. z o.o., Sp.k. and the statutory auditors auditing the statement, met the conditions to issue an unbiased and independent opinion on the audit of the financial statement, in accordance with the applicable professional regulations and standards.

#### **1.7 Dividend**

##### **Division of profit for 2015**

On 15 June 2016, the General Meeting of Shareholders of Boryszew S.A. took a resolution on the division of the net profit for 2015, under which the net profit amounting to 3 786 thousand PLN was wholly allocated to increase the reserve capital of the Company.

##### **Proposal to divide profit for 2016**

The Management Board recommends leaving the profit for 2016 in the Company, for the reserve capital.



(amounts expressed in PLN thousands unless specified otherwise)

## 2. PLATFORM OF APPLIED IFRS

### Standards and interpretations used in 2016 for the first time

#### Amendments to the existing standards were applied in the financial statement for the first time in 2016

In the current year the Company adopted new and revised standards and interpretations listed below, issued by the International Accounting Standards Board and the IFRS Interpretations Committee and approved for use in the European Union ("EU"), applicable to its operations and effective for annual reporting periods from 1 January 2016.

**Amendments to IFRS 10 "Consolidated financial statements", IFRS 12 "Disclosure of interests in other entities" and IAS 28 "Investments in associates and joint ventures"** - Investment units: exemption from consolidation - approved in EU on 13 September 2014 (effective for annual periods beginning on or after 1 January 2016),

**Amendments to IFRS 11 "Joint Arrangements"** - reconciliation of acquisition of interest in joint operations - approved in the EU on 24 November 2015 - (effective for annual periods beginning on or after 1 January 2016),

**Amendments to IAS 1 "Presentation of Financial Statements"** - Initiative regarding disclosures - approved in the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),

**Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Explanations on acceptable methods of depreciation - approved in the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),

**Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: crops - approved in the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),

**Amendments to IAS 19 "Employee benefits"** - Certain benefit schemes: employee contributions - approved in the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

**Amendments to IAS 27 "Separate financial statements"** - Equity method in separate financial statements - approved in the EU on 18 December 2015 (applicable to annual periods beginning on or after 1 January 2016);

**Amendments to various standards "Improvements to IFRS (2010-2012 cycle)"** - resulting from the annual improvement procedure of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - approved in the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

**Amendments to various standards "Improvements to IFRS (2012-2014 cycle)"** - resulting from the annual improvement procedure of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - approved in the EU on 15 December 2015 (effective for annual periods beginning on or after 1 January 2016)

The above-mentioned standards, interpretations and amendments to standards had no significant effect on the accounting policy applied by the Company or presentation of its financial statements.

#### New standards and amendments to the existing standards issued by the IASB, but still not approved for use in the EU

When preparing these financial statements, Group Companies did not apply the following standards, amendments to standards and interpretations, which were published by the IASB and approved by the EU, but not yet effective:

**IFRS 9 "Financial Instruments"** - approved in the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),



(amounts expressed in PLN thousands unless specified otherwise)

**IFRS 15 "Revenue from contracts with customers"** - approved in the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),

**New standards and amendments to the existing standards issued by the IASB, but still not approved for use in the EU**

IFRS, as approved by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, amendments to standards and interpretations that were not effective as at the date of publication of these financial statements:

**IFRS 14 "Deferred balances on regulated activity"** beginning on or after 1 February 2018) - the European Commission chose not to initiate the process of approval of this interim standard for use in the EU until the final version of IFRS 14 is published

**IFRS 16 "Leasing"** (effective for annual periods beginning on or after 1 January 2019),

**Amendments to IFRS 2 "Payments based on shares"** – Classification and valuation based on shares (applicable to annual periods beginning on 1 January 2018 or after that date),

**Amendments to IFRS 4 "Insurance agreements"** - Application of IFRS 9 "Financial instruments" with IFRS 4 "Insurance instruments" (applicable to annual periods beginning on 1 January 2018 or after that date, or at the time of the application of IFRS 9 "Financial instruments" for the first time),

**Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures"** - Sale or in-kind contribution of assets between an investor and its associated entity or joint venture and subsequent amendments (date of entry into force of the amendments was postponed until the end of the audit on equity method),

**Amendments to IFRS 15 "Revenue from contracts with customers"** - Explanation to IFRS 15 "Revenues from agreements with customers" (effective for annual periods beginning on or after 1 January 2018),

**Amendments to IAS 7 "Statement of cash flows"** - Initiative regarding disclosures (effective for annual periods beginning on or after 1 January 2017),

**Amendments to IAS 12 "Income Taxes"** – Recognition of deferred tax assets for unrealised losses (effective for annual periods beginning on or after 1 January 2017).

**Amendments to IAS 40 "Investment properties"** - Transfer of the investment properties (applicable to annual periods beginning on 1 January 2018 or after that date),

**Amendments to various standards "Improvements to IFRS (2014-2016 cycle)"** - resulting from the annual improvement procedure of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (Amendments to IFRS 12 effective for annual periods beginning on or after 1 January 2017, Amendments to IFRS 1 and IAS 28 effective for annual periods beginning on or after 1 January 2018)

**Interpretation of IFRIC 22 "Foreign currency transactions and advance payments"** (applicable for annual periods beginning on 1 January 2018 or after that date).

According to estimates of the Company, the aforementioned new standards and amendments to the existing standards would not have significantly impacted on the financial statement if they had been applied on the balance sheet date. The Company analyses the effects of the amendments of the standards of IFRS 9, 15 and 16, which will be effective from 1 January 2018.

However, apart from approved regulations, the EU still has not regulated hedge accounting for the portfolio of financial assets or liabilities, whose principles have not yet been approved by the EU. According to the Company's estimates, the application of hedge accounting for the portfolio of financial assets or liabilities under **IAS 39 "Financial Instruments: Recognition and Evaluation"** would not have a material impact on the financial statements if it had been introduced by EU as at the balance sheet date.



### **3. ACCOUNTING PRINCIPLES APPLIED**

The adopted accounting principles conform with the International Financial Reporting Standards within the scope of regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning application of the International Financial Reporting Standards with subsequent amendments.

When preparing these financial statements the Company made no changes to previously applied accounting principles.

#### **Principles and methods of valuating assets and liabilities**

##### **Model based on purchase price or production cost plus revaluation**

The balance sheet value of an asset item is written down to the recoverable value only, if the retrievable value is lower than its balance sheet value. The above reduction is recognised as impairment write-off. This write-off is recognized immediately recognized in the income statement, unless such asset is recognized at revalued amount. Any impairment write-offs for restated asset item are considered as reduction of revaluation reserve.

##### **Revaluation model**

Upon initial recognition of the asset at cost, which fair value can be reliably estimated, such asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

##### **Fair value**

Fair value is the price that would be obtained for sale of an asset item or which would be paid to transfer a liability in a common transaction on the primary (or most favourable) market on the valuation date under current market conditions (ie. the exit price) irrespective of whether the price is directly observable or estimated using another valuation technique.

##### **Purchase price or production cost of an asset item**

Purchase cost or cost of manufacturing is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. The purchase price covers the amount payable to the seller, without deductible: VAT and excise duty tax, and in case of import - increased by relevant charges and costs directly associated with the purchase and adaptation of the asset item to a condition suitable for use or introduction into trade, along with the costs of transport, loading, unloading, storage or introduction into trade, and decreased by discounts, allowances and other similar decreases or recoveries.

##### **Tangible assets**

After the initial recognition at purchase price or production cost, the components of tangible fixed assets are measured by a valuation model based on purchase price or production cost and the revaluation for impairment loss.

Tangible fixed assets, which value has been determined as at the day of transition to IFRS, i.e. 01.01.2014 by fair value, after this date will be measured by the valuation model based on purchase price or production cost and the revaluation for impairment loss.

Tangible fixed assets, which are owned or jointly owned by the Company, purchased or produced in-house, under a finance lease and usable on the day of commissioning, with an expected use period longer than one year, used by the company for the purposes associated with business activity or let to use based on rental, tenancy or lease agreement, are subject to amortisation. The value, which is either a purchase price or cost of production of specific assets, reduced by the final value of this asset, should be amortised. The final value of the asset is the amount, which according to the forecast the company could currently obtain taking into consideration the age and state at the end of its life (after deducting the estimated selling costs). Amortisation begins in the month in which the asset is available for use. Amortisation of fixed assets is made on the basis of planned, systematic spread of the depreciable value over estimated life of the specific asset item. Amortisation ends in the month, in which the asset was classified as held for sale (in accordance with IFRS 5 Fixed Assets held for sale and discontinued operation) or in the month in which the asset is no longer disclosed, taking into consideration the earlier of these dates.



(amounts expressed in PLN thousands unless specified otherwise)

Depreciation rates applied for individual groups of tangible fixed assets:

Land	-
Buildings, premises, civil and water engineering structures	2.5% - 50%
Technical equipment and machines	5% - 50%
Means of transportation	10% - 33%
Other tangible fixed assets	6% - 50%

#### **Investment outlays**

Fixed assets under construction are recognised at the price of purchase or cost of manufacturing less impairment write-offs. Until completion of construction and handing over for use they are recognised in individual groups of fixed assets and are not amortised until handed over for use.

#### **The right for perpetual usufruct of land acquired on the market**

The cost of acquisition of the right for perpetual usufruct of land is depreciated on a straight-line basis over the period for which the right is granted. An average depreciation rate for the right for perpetual usufruct of land is 1.1%-1.2%.

#### **Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical form, which is in entity's possession to use or to put into gratuitous use. Intangible assets purchased in a separate transaction are capitalised at purchase price or production cost, reduced by accumulated depreciation and accumulated revaluation write-offs.

Life of intangible assets is estimated and found to be limited or unlimited. Intangible assets with unlimited life are not amortised, neither are they subject to annual impairment evaluation. An example of intangible assets with unlimited life are concessions, licenses and purchased trademarks, which can be renewed without any time limit for a small fee and the company plans to renew them and it is expected that they will generate cash flow without any time restrictions. At the balance-sheet day, the company did not reveal such intangible assets.

Limited life assets are amortised over their life.

Amortisation ends in the month, in which the asset was classified as held for sale (in accordance with IFRS 5 Fixed Assets held for sale and discontinued operation) or in the month in which the asset is no longer disclosed, taking into consideration the earlier of these dates.

Life of intangible assets should not be longer than 20 years from the date when the asset is ready to use, unless this is possible to prove longer period.

Depreciation rates applied for intangible fixed assets:

Patents, licenses, software	10% - 50%
Other intangible fixed assets	10% - 50%

#### **Leasing**

Financial leasing agreements where the Company retains substantially all the risks and rewards of ownership of the leased item are recognised, as at the date of leasing commencement, at the lower of: fair value of leased asset or current value of minimum lease payments. Leasing fees are divided into financial costs and decrease of the liability balance against leasing (represented in the balance sheet as trade payables and other long term and short term liabilities) - so as to obtain a fixed interest rate on the outstanding liability amount.

If there is no certainty that the leaseholder will receive ownership before the end of the lease agreement, the activated tangible assets used under lease agreements are amortised throughout shorter of the two periods: estimated life of fixed asset or lease period.

If the lease agreement is so favourable that it is highly probable that after the lease agreement the asset will become leaseholder's property and will be used, then this asset is amortised over life.

#### **Investment property**

Investment property is a property (land, building or a part of building or both), which the company, as owner or leaseholder treats as a source of income from rent including operating lease or owns due to the increase in its value,



(amounts expressed in PLN thousands unless specified otherwise)

or both, the property should not be used neither for production activities, deliveries, services or for administrative purposes nor should it be held for sale as part of company's ordinary activity.

Investment property is initially valued according to its purchase price or construction cost.

Leased investment properties are recognised at the lower of the two values: property fair value or current value (discounted) of lease payments with simultaneous recognition of lease liability.

After the initial recognition, investment properties are valued by the company according to fair value and fixed differences of value, both increase and decrease are recognised directly in the income statement.

#### **Impairment loss for tangible and intangible fixed assets.**

As on each balance date, the Company reviews its tangible and intangible fixed assets in order to verify if premises exist that would suggest any loss of value of these assets. Should such premises be found, the retrievable value of an asset is estimated in order to determine a potential write-off. If a given asset does not generate any cash flows which would be substantially independent from cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows to which such asset belongs.

In the case of intangible assets with undefined usability period, the loss of value test is carried out every year and, additionally, if there are any premises that the loss of value could have occurred.

The retrievable value is the higher of the two following values: fair value less sales costs or usable value. The latter corresponds to the current value of the estimated future cash flows expected by the company from the assets, discounted at the discount rate which takes into account the current money value in time and the asset-specific risk. If the retrievable value is lower than the balance sheet value of an asset (or a cash flow generating unit), the balance sheet value of the asset or unit is written-down to the retrievable value. The amount of impairment loss is immediately recognised as a cost for the period.

When the loss of value is subsequently reversed, the net value of the asset (or cash flow generating unit) is increased to the new estimated retrievable value, however not higher than the balance sheet value of the asset which would have been determined had the loss of value of the asset/cash flow generating unit not been recognized in the previous years. The amount of impairment loss reversal is recognised in the income statement.

#### **Shares in associates and subsidiaries**

Investments in subsidiaries are measured at acquisition cost

#### **Financial instruments**

Financial instrument means every agreement which results in creation of a financial asset of one of the parties and a financial obligation or a capital instrument of the other party.

#### **Financial investments**

Financial investment is any asset in the form of cash, equity instrument issued by other entities as well as a contract (agreement) based right to receive financial assets or the right to exchange financial instruments with another entity under favourable conditions.

Based on the timeliness criterion, they can be divided into:

- long-term,
- short-term

When the deadline for disposal of long-term financial assets becomes less than one year, these assets are reclassified to short-term investments.

The entity classifies its assets under the following categories: assets disclosed at the fair value through profit and loss and financial assets available for sale or held to maturity. The classification is based on the purpose of the purchase of financial investments. The Management Board determines the classification of financial investments at initial recognition.

##### a) Financial assets disclosed at the fair value through the income statement

This category includes financial assets held for trading. A financial asset is included in this category, if it is purchased primarily for short-term sale. Derivative instruments are also classified as "held for trading," unless they are used hedging accounting. These assets are classified as current assets.

##### b) Loans and receivables





(amounts expressed in PLN thousands unless specified otherwise)

Loans and receivables are financial assets with determined or determinable payments, not classified as derivative instruments, not traded on an active market. These assets are classified as current assets. They are included into non-current assets if their maturity date exceeds 12 months after the balance sheet date. Loans and receivables of the Company are included in "Trade and other receivables."

c) Financial assets available for sale

Financial assets available for sale are those not constituting derivative instruments designated for this category or not classified in any other category. They are included into non-current assets unless the Board intends to sell them within 12 months after the balance sheet date.

d) Financial assets held to maturity

Financial assets held to maturity are financial assets which are not derivative instruments with determined or determinable payments and fixed maturity, where the Group companies have a strong intention and ability to hold such assets to maturity.

Financial assets are recognised on the purchase date and are excluded from the financial statements on the date of sale, if the agreement requires delivering them within the time set by a specific market and their initial value is estimated at fair value increased by transactions costs, excluding those assets, which are classified as financial assets initially measured at fair value through income statement.

The rules of valuation in later period depend on the group to which individual assets were qualified.

- financial assets held for trade, assets available for sale are recognised at fair value

Financial assets held for trade are recognised at fair value and the resulting profits or losses are recognised in the income statement. Net profit or loss recognised in the income statement take into consideration dividends or interest generated by a specific financial asset.

Financial assets held for sale – profits and losses arising from changing the fair value are recognised directly in the equity as revaluation reserve, excluding impairment loss, interest calculated using the effective interest rate and gains and losses on exchange rates differences of the financial assets originating from these assets in accordance with amortised cost, recognised directly in the income statement. If the investment is disposed of or determined to be impaired, the cumulative profit or loss previously recognised in revaluation reserve is included in the profit or loss in the particular reporting period. Dividends from equity instruments available for sale are recognised in the income statement when the company obtains the right to receive them.

- borrowings and receivables are recognised at amortised cost using the effective interest rate
- investments held to maturity at amortised cost using the effective interest rate
- investments in equity instruments, which do not have market price quotation on the active market and which fair value cannot be reliably measured are recognised at the purchase price

Valuation according to fair value is based on the current market data, including instrument characteristics.

### **Financial asset impairment loss**

Financial assets, except for those disclosed at the fair value through the income statement, are subject of evaluation for impairment loss as at the each balance sheet date. Financial assets are impaired when an objective evidence exists that the events, which happened after the initial recognition of a particular asset, have negatively affected the estimated future cash flow. For financial assets recognised at amortised historical cost, the impairment loss amount constitutes the difference between the carrying amount and the present value of estimated cash flow discounted using the initial effective interest rate.

Carrying amount of the financial asset is directly reduced by an impairment loss write-down. Impairment write-off is recognised as cost in the income statement.

If in the subsequent period the impairment loss amount is reduced and the reduction can be objectively related to an event, which happened after the impairment loss initial recognition, the impairment loss is reversed through the income statement to the extent of carrying amount reversal for the impairment loss date to the degree not exceeding the amortised historical cost, which would have been recognised if the impairment loss never happened. This applies to all assets, excluding equity instruments held for sale. In this case, the increase of the fair value after impairment loss is recognised directly in equity. For equity instruments valued at cost, performed impairment loss write-off cannot be reversed.

### **Valuation of financial liabilities in later period**



(amounts expressed in PLN thousands unless specified otherwise)

Liabilities are measured at fair value through profit or loss are measured at fair value, e.g. derivative instruments, except for hedging instruments, short sale is recognised at fair value. The effects of the valuation are recognised in the income statement. If a reliable fair value cannot be determined, these liabilities are held at the initial value.

Other financial liabilities (borrowings and bank loans, liabilities arising from issued debt securities or supplies and services) are valued at the amortised cost using the effective interest rate.

### **Derivatives and hedging**

Changes in the fair value of derivatives selected to hedge the cash flows in such part in which they operate as effective hedge are charged against or credited towards the equity. Changes in the fair value of derivatives for cash flow hedging in such part in which they do not operate as effective hedge are recognized as financial profits or costs of a reporting period.

If the cash flow hedge (connected with future liabilities or planned transactions) involves recognition of an asset or liability, then, at the moment of initial recognition of such asset or liability, profits or loss on financial instrument previously recognized in the capitals result in adjustment of the initial value of the asset or liability. If the cash flow hedge does not involve recognition of an asset or liability, the value deferred in capitals is recognized in the profit and loss account in the period in which the settlement of the hedge position is recognized in the profit and loss account.

In case of fair value hedge, the value of the hedged position is adjusted by the changes in the fair value of the hedged risk recognized in the income statement. Profits and losses resulting from revaluation of a derivative are recognized in the income statement.

Changes in the fair value of derivatives other than hedging instruments are recognized in the income statement for the reporting period in which the revaluation occurred.

The Group discontinues the use of hedge accounting if a hedge instrument expires, is sold, terminated or executed or if it does not comply with the hedge accounting criteria. On that date, cumulative profits or loss on that hedge instrument recognized in the capitals remain a capital item until the hedged transaction is executed. If the hedged transaction is not executed, cumulative net result recognized in the capitals is carried to the income statement for a given period.

Derivatives embedded in other financial instruments or agreements, which are not instruments, are treated as separate derivatives if the character of the embedded instrument and the related risks are not closely associated with the nature of the primary agreement and the related risks and if the primary agreements are not measured according to the fair value, which alterations are recognised in the income statement.

### **Equity instruments**

An equity instrument is any agreement which is the evidence of residual interest in assets of an entity after deducting all of the entity's liabilities.

If the entity purchases its own equity instruments, they are deducted from the equity (own shares). Purchase, sale, issue or destruction of own equity instruments are not recognised in financial result and paid or received amounts are recognised directly in the equity.

Interest, dividends and profits and losses connected with the financial instrument or financial liability are recognised as revenue or costs in the financial result.

Amounts given to the equity instruments owners, which do not take into account the income tax benefit, directly reduce the equity. Costs of transactions on equity (excluding emissions associated with acquisition) directly reduce the equity.

### **Compound instruments**

Financial instruments featuring both a capital and financial liability, such as bonds convertible into shares.

Division into capital and financial liability should be done, consisting of:

- valuation of financial liability by using discounted cash flow method
- determining capital liability as a difference between the value of compound instrument and the financial liability.

If the holder of the instrument does not exercise the conversion option into shares the equity portion is transferred to retained earnings. In case of using the conversion, an issue of shares takes place and the capital liability of the compound instrument is reconciled against share capital or issue premium.

**The fair value** of financial instruments traded on an active market is the market value less transaction costs should they be considerable.

**The market price** of financial assets held by the Company and financial liabilities that the Group intends to take out, is the current purchase offer placed on market while the market price of financial assets, which the Group intends to purchase and financial liabilities is the current sales offer placed on the market.

### **Inventories**



(amounts expressed in PLN thousands unless specified otherwise)

Inventories are valued at the lower of purchase price and net realisable value.

#### **Goods and materials**

They are valued at the purchase price not higher than their net realisable value.

The difference between higher net purchase and lower net sale price is written off to manufacturing costs. For inventories which are unnecessary or lost their commercial value, the Group creates write-downs recognised as production.

#### **Goods and materials issue methodology**

Due to the fact that the purchase prices of materials and goods fluctuate throughout the fiscal year, issue of materials and goods is recorded according to "first in, first out" (FIFO) method as well as at weighted average prices.

#### **Products and work in progress**

Products are recognised at their cost of manufacture which covers the costs in direct connection with the product plus justified part of costs directly associated with the manufacture of the product.

On the balance-sheet day, the value of the products accounted for in the ledgers at fixed price is adjusted to the effective cost of their manufacture, not higher than the realisable market prices.

The effects of write-downs on the finished products and their reversal, refers to the cost of sales.

#### **Product issue methodology**

If the costs of manufacturing of identical products or products considered as identical due to similarity of nature and purpose, are different then the final value of these assets, depending on the method the Company chose to determine the issue value of particular kind of products, sale or use is measured:

- according to FIFO ("first in, first out") method
- according to average manufacturing costs set by weighted average for a given product.

Various methods of determining the issue in case of inventories with a different nature and purpose are allowed.

Items in the work in progress are measured at the direct manufacturing cost.

#### **Inventory impairment write-offs**

The Group accounts for impairment write-offs recognised in the profit and loss account for all inventories being unjustifiably obsolete. The Group takes into account the requirement that the carrying value cannot exceed net sales prices.

#### **Cash and cash equivalents**

Cash is considered as cash in hand, on bank accounts and deposits payable on demand.

Cash disbursement in foreign currency is determined by using average weighted cost method.

Bank deposits, bonds, treasury and commercial bills with payment date of up to 3 months from the purchase date are considered by the Group as cash.

#### **Accruals**

The Group recognises **accruals and prepayments** as well as their financial impact as follows:

- prepayments (included in trade and other receivables) are recognised if expenses incurred relate to future reporting periods;
- accruals (included in trade and other payables) are recognised at the amount of probable liabilities in the current reporting period, arising in particular:
  - from services provided to the Company by its suppliers (contractors), where the amount of liabilities can be reliably estimated,
  - from the obligation to provide future services to unknown persons, where such services related to current activity and where the amount can be estimated even though the date of the liability is not yet known, in particular for warranty and guarantee repairs of sold durable products.

#### **Provisions, contingent liabilities and contingent assets**

**Provisions** are liabilities with uncertain maturity date or of uncertain amount.

**Contingent liabilities** - possible liability that arises from past events and whose existence will be confirmed only by occurrence or not of one or more uncertain future events beyond the Company's control or an existing liability, which is not recognised in the balance sheet, because disbursement of beneficial funds is unlikely or the amount of the liability cannot be reasonably estimated.

**The Group recognises provisions, if:**

- legal or constructive obligation resulting from past events exists
- outflow of resources is probable
- reliable estimate is possible



(amounts expressed in PLN thousands unless specified otherwise)

**Provisions are measured** at least at the balance sheet date in a reasonable, estimated value. The Group discounts a provision when the time value of money significantly affects the amount of such provision.

### **Shareholders' equity**

Shareholders' equity is measured at least at the balance sheet date in the nominal value and is recognised in the ledgers according to their nature and rules set by law or the Company's statute or agreement. According to IAS 29 par. 24 the components of owners' equity (except retained earnings and revaluation reserve) were restated as at the date of IAS transition, i.e. 01.01.2014 by applying general price indices from the dates the components were contributed or otherwise created. The amount arising from the hyperinflation revaluation increased share capital and the issue premium.

### **State subsidies**

Subsidies are divided into:

capital subsidies - for acquisition, financing of fixed tangible and intangible assets

revenue/cost subsidies - for financing of expenses in a given area.

State subsidies including non-cash subsidies accounted for in their fair value are not recognized unless a reasonable certainty exists that the Group will comply with the subsidy-related conditions and will receive such subsidies.

Revenue from cash subsidies are accounted for in the profit and loss account parallel to the associated subsidy expenses. Costs and subsidies amounts are recognised separately in the income statement.

Revenue from capital grants is accounted for as deferred income in the "State subsidies" section and is settled parallel to the associated amortisation of fixed or intangible assets.

### **Revenues**

Revenues are economic benefits of the given period arising from the Company's activity, resulting in equity increase, other than increase resulting from shareholders' contribution.

Revenues from the Company's activity are accounted for and presented according to the IAS 18 "Revenue." The fair value of the received or due economic benefits from goods and services sale within the basic Company's activity, less income tax and discounts, is treated as revenue.

### **Sales of traded goods and products**

Revenues from sales are recognized if the following conditions are satisfied:

- Group transferred significant risks and benefits resulting from the ownership right to goods or products to the purchaser, group ceases to be constantly involved in managing the sold goods or products to an extent to which it usually performs such function in reference to goods or products with ownership title neither does the Group effectively controls such goods or products.
- the amount of revenues may be assessed in a reliable way
- it is likely that the Group will generate economic benefits from the transaction
- costs incurred as well as costs to be incurred by the Company in connection with the transaction may be reliably estimated.

### **Interest and dividends**

The Group recognises revenues occurring as the result of interest and dividend generating Company's assets being used by other entities as long as:

it is likely that the Group will generate economic benefits and the amount of revenues can be reliably estimated

**Interest** are disclosed gradually to the time passage taking into account the effective yield.

**Dividends** are accounted for when shareholders receive the right to obtain them in the Other revenue line

### **Principle of substance over form**

For each transaction, the Group analyses whether the transaction raises the economic effects, which would be expected for this kind of transaction. This rule is applied in case of sales, leasing, consignment or sales with recourse to the seller.

To demonstrate the sales, transfer of significant risks and profits for the buyer, the lack of ability to control by the seller and high probability of benefits impact should be taken into account.

### **Costs of external financing**

Costs of external financing include interest and other costs incurred by the entity in connection with borrowing of funds. Costs of external financing include:

- interest on loans and borrowings



(amounts expressed in PLN thousands unless specified otherwise)

- amortisation of discount or bonus related to loans and borrowings
- amortisation of costs associated with obtaining borrowings and loans
- financial leasing costs
- exchange rate differences associated with borrowings and loans in foreign currency, in the interest valuation part

Costs of external financing are the costs of the period, in which they were incurred, excluding the costs of external financing, which can be directly assigned to the adjusted assets. Costs of external financing for the period of adjusting the asset increase the cost of production of fixed assets or real estate investments.

#### **Employee benefits**

Employee benefits are all the benefits offered in exchange for employees' work. The working period should absorb the full cost of work.

**Holiday provision** – employees of the Company are entitled to holiday according to the Labour Code regulations. The costs of employees' holiday are recognised on accrual basis. Employee holiday liability is determined based on the difference between the actual status of employees' holiday usage and the status, which would result from use proportional to the passage of time.

**Retirement provision** – they result from the Labour Code regulations, collective labour agreement or in-company regulations. The estimation of the provision amount requires several premises:

- salary – indication of salary increase, bonuses and grading
- staff turnover
- risk of survival
- interest rates associated with discounting
- the necessity for estimation for a large number of people

Retirement provisions are determined each year by an independent pensions actuary and the actuarial differences are included in the income statement in the Administration costs or Cost of Goods Sold. All the actuarial profits and losses relating to demographic changes and discount rate changes are recognised directly in other comprehensive income.

#### **Restructuring provision**

Restructuring provision is recognised when the Group is certain that the cash outflow will be needed and that its amount was reliably estimated. Provisions include, in particular, gratuities for dismissed employees. Restructuring provision is recognised only when the Group announced a detailed and formal restructuring plan to all interested parties.

#### **Accrued income**

Accrued income is recognised prudently and includes the equivalent of amounts received or receivable from customers for services that will be performed in future reporting periods.

#### **Impact of foreign exchange rate changes**

Functional and presentation currency of the Company is the Polish currency.

#### **Valuation as at transaction date**

Transactions in currency different than PLN are posted at the average exchange rate announced by the National Bank of Poland for the day preceding the transaction. For purchase or sale of the foreign currency in a bank, Group Companies use the exchange rates negotiated with the bank.

Non-monetary assets and liabilities are measured at fair value and denominated in foreign currency, are valued according to the average exchange rate set by the National Bank of Poland on the date of setting the fair value.

#### **Valuation as at balance sheet date**

As at the balance sheet date, foreign-currency assets and liabilities are converted at the average exchange rate of the National Bank of Poland (NBP) applicable on the balance sheet date.

Cash items - NBP average exchange rate as at the balance sheet date

Non-cash items at historical cost - at exchange rate as at the transaction date

Non-cash items in foreign currency at fair value - translated at the exchange rate effective as at the date of fair value determination.

#### **Disclosure of exchange rate differences**

Exchange rate differences arising from implementation or conversion of monetary items are accounted for in the profit and loss account and are presented in net amount (exchange rate profit or loss).

If the non-monetary profits or losses are recognised in the profit and loss account then the associated exchange rates are also recognised in the same account.



(amounts expressed in PLN thousands unless specified otherwise)

If the profits and losses from non-monetary items are recognised directly in the equity, then the exchange rates associated with them are also recognised directly in the equity.

The selected financial data in the initial part of the report were presented in EUR according to § 91 para. 1 of the Minister of Finance Regulation of 19 February 2009 (Journal of Law No. 33, item 259 of 2009).

The exchange rate on the last day for balance sheet items and average exchange rate for the income statement and cash flow statement were used for conversion.

#### **Events after the balance sheet date**

Adjusting events after the balance sheet date- those that provide evidence of conditions that existed at the balance sheet date.

Non-adjusting events after the balance sheet date- those that are indicative of conditions that arose after the balance sheet date. If they are significant, they are recognized in the additional information by the Group, giving the nature and financial effect of such event or by the statement that determination of such effect is impossible or not reliable.

Each event causing the going concern principle cannot be continued is the event causing adjustments in the accounting books and financial statements. An entity shall not prepare its financial statements on a going concern basis, if management determines after the balance sheet date either that it intends to liquidate the Company or to cease trading, or that it has no realistic alternative but to do so.

#### **Income tax**

##### **Net book and tax value of assets and liabilities**

The Group accounts for provisions and recognises deferred income tax assets as a result of temporary differences between the book value of assets and liabilities and their tax value and tax loss or tax exemption deductible from taxable income in the future.

**Deferred tax assets** are determined by the Group as the future foreseeable amount, deductible from income tax in respect of deductible temporary differences, tax loss or tax exemption which will result in future reduction of the tax base, calculated in accordance with the prudence principle.

**Deferred income tax provision** is recognised by the Group in the amount of the income tax payable in future due to occurrence of taxable temporary differences which will increase the income tax base in the future.

The amount of deferred tax provision and deferred tax assets is determined by the Group according to income tax rates applied during the year, in which the tax obligation arose.

##### **Special funds**

The contributions to the Company Social Benefits Fund are calculated in compliance with the Act of 04.03.1994 on Company Social Benefits Fund. Assets and liabilities related to this fund are not recognized in the financial statements, because they are not controlled by the Company.

The Company Fund for Rehabilitation of the Disabled is accounted for by Group in accordance with the Ordinance of the Minister of Labour and Social Policy of 31 December 1998 on the Company's Fund for Rehabilitation of the Disabled (Journal of Laws of 1999 No. 3, item 22) and internal rules drafted pursuant to this Ordinance, with funds raised under tax exemptions and fees; the fund is recognised in nominal value.

#### **Events after the balance sheet date**

Adjusting events after the balance sheet date- those that provide evidence of conditions that existed at the balance sheet date.

Non-adjusting events after the balance sheet date- those that are indicative of conditions that arose after the balance sheet date. If they are significant, they are recognized in the additional information by the Company, giving the nature and financial effect of such event or by the statement that determination of such effect is impossible or not reliable.

Each event causing the going concern principle cannot be continued is the event causing adjustments in the accounting books and financial statements. An entity shall not prepare its financial statements on a going concern basis, if management determines after the balance sheet date either that it intends to liquidate the Company or to cease trading, or that it has no realistic alternative but to do so.

#### **Assets held for sale and discontinuation of operations**



(amounts expressed in PLN thousands unless specified otherwise)

The company recognised a non-current assets item (or group of items) as held for sale in the lower amount of its carrying value or fair value less selling costs. Asset item is considered as held for sale if decisions were made by the management and a potential customer is actively sought

## **FINANCIAL STATEMENTS**

### **1. Statement of comprehensive income**

**Profit on sale** is the difference between the sum of due revenues from sales of products, services and goods, including rebates, discounts and other increases and decreases, without VAT and the value of sold goods at purchase prices and costs of production of sold products and services as well as all SG&A costs incurred during the current period.

**Other revenue** is made of dividends received, reversal of unnecessary provisions, damages received reversal of assets revaluation provisions as well as gains on sales of non-current assets (tangible fixed assets, intangible assets, investment real estate properties as well as shares in subsidiaries)

**Other expenses** - these are primarily provisions, paid penalties and damages as well as losses on sales of non-current assets (tangible fixed assets, intangible assets, investment real estate properties as well as shares in subsidiaries), contributions to capital of subsidiaries.

**Financial income** is made of interest received, result on disposal of receivables, profit from derivative instruments, currency exchange rate gains and gains on revaluation or disposal of financial assets

**Financial expenses**- interest paid, loss on disposal of receivables, loss on derivative instruments, currency exchange rate losses, loss on revaluation or disposal of financial assets

**Income tax** - obligatory charges on financial result due to income tax (including income tax provisions).

**2. Other income recognised directly in equity** - income from revaluation of assets available for sale, net of tax and gains/losses on revaluation of provisions for employee benefits

### **Statement of financial position**

In the statement of financial position, the Company recognises assets and liabilities as at the last day of the current and previous reporting period. The value of individual groups of assets, recognised in the balance sheet assets, results from their book value adjusted for depreciation, effects of revaluation as well as write-downs of assets due to permanent value impairment. Financial assets and financial liabilities are recognised by the Company in the balance sheet at net amount if the Company has an unconditional right to offset assets and liabilities of relevant type and intends to settle them at net amount or at the same time issue a financial asset item and settle the financial liability.

### **Other financial reports mandatory for the Company**

Statement of changes in equity  
Cash flow statement  
additional information in the form of explanatory notes.

**Statement of changes in equity** shows changes in individual items of equity for the current and previous reporting period.

**Cash flow statement** is prepared by the Company using the indirect method. It covers all cash inflows and outflows from operating, investing and financing activity, with the exception of inflows and outflows resulting from purchase or sale of cash for the current and previous period.

Notes to the financial statements contain relevant information and explanations necessary to ensure that the financial statements reliably and clearly present Company's economic and financial condition and its financial result.

### **Report on Company's activities**

Along with semi-annual and annual financial statements the Company also files Management Board Report on its activities for relevant period. Report of the management board on company's activities is not part of financial statements.

It provides important information about Company's economic and financial condition, including the assessment of its accomplishments as well as identification of risk factors and description of threats.



#### **4. BASIC ACCOUNTING JUDGMENTS AND BASES FOR UNCERTAINTY ESTIMATION**

##### **Basic accounting judgments and bases for estimation**

Estimates of the Management Board

Preparation of financial statements in compliance with IFRS requires the Management Board to make professional judgements, estimates and assumptions that impact the adopted accounting principles and the presented value of assets, liabilities, revenues and costs. The estimates and the underlying assumptions are based on historical experience and other factors considered reasonable under given circumstances and the results of such estimates are the basis for professional judgement of the carrying value of assets and liabilities, which cannot be determined using other sources. Actual results may differ from the assumed estimated values. The estimates and the underlying assumptions are reviewed on an on-going basis. A change in estimated values is recognized in the period in which the verification occurred if it concerns that period only, or in the current period and future periods, if the change concerns both the current period and future periods.

The main accounting estimates and the assumptions adopted refer to:

- estimated useful life of the asset - the subject matter of the estimation is to determine the estimated useful life, which may be shortened or extended in use. The end value and amortisation/depreciation methods are verified by the Company once per fiscal year. The verification includes among others: economic useful life, end value of asset, expected method of consuming the economic benefits from an intangible asset, expected physical wear and tear estimated on the basis of the present average useful life, reflecting the speed of physical wear and tear and intensity of use etc., technical or market obsolescence, legal and other limitations to the use of the asset, expected use of the asset estimated under the expected production capacity or production size and other circumstances effecting the useful life of assets.
- Impairment losses- are made if there are any external or internal indications of no possible recovery of the carrying amount of the non-current assets. If the carrying amount assets exceeds the recoverable amount of the asset , the value of asset is lowered to the recoverable amount by the appropriate impairment and recognition of the costs in the income statement.
- allowances of current assets (inventories and receivables), for inventories the allowance is estimated on the basis of the difference between net realizable amount and expected amount of future cash-flows. On the other hand estimate of accounts receivable write-off is the difference between the carrying value of given asset item and the current value of future cash flows discounted at the effective interest rate.
- employee benefits and provisions for retirement benefits and similar- the current amount of benefits and provisions depend on many factors determined by actuarial methods. The assumptions adopted to establish the net amount (income) for the retirement benefit include the discount rate. Any and all changes of such assumptions shall affect the amount of the retirement liabilities. The Group determines relevant discount rate at the end of each year. It is the interest rate applied to determine the present value of the estimated future outflows of cash assessed as necessary to meet the liabilities.
- provisions for expected liabilities due to the business activities- they are established in the amount representing the best estimate of the expenditure required to settle the present obligation or substantiation of the future obligation at the end of the reporting period.

#### **5. OPERATING SEGMENTS**

<b>Branch</b>	<b>Business segment</b>
Head Office	Holding activity
Elana Branch in Toruń	Chemical products
Energy Branch in Toruń	Other
Commercial Branch in Sochaczew	Other
EDC Branch in Toruń	Other
ERG Branch in Sochaczew	Chemical products
Nylonbor Branch in Sochaczew	Chemical products
NPA Skawina Branch	Manufacture of aluminium and its alloys
Maflow Branch in Tychy	Automotive





**Boryszew S.A.**  
**Notes to the financial statements**  
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(amounts expressed in PLN thousands unless specified otherwise)

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The applied principle is that each branch belongs to only one operating segment. Described below are the most significant segments of Boryszew S.A. in terms of business activity, sales, markets, competition and sources of supplies as well as particularly key parameters.

The comparable data for 2015 for the segment "Holding operations" were converted. The Energy Branch was excluded from this segment, and in 2016, it was assigned to the "other" segment.



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	Holding activity	Chemicals	Automotive	Aluminium	Other	exclusions from consolidation - between segments	Total
<b>01.01.2016 -31.12. 2016</b>							
Revenues from sales	56 904	262 333	619 725	300 541	213 304	(6 846)	1 445 961
Segment selling costs	51 328	224 879	516 616	266 080	200 592	(6 317)	1 253 178
<b>Result on sales within segment</b>	<b>5 576</b>	<b>37 454</b>	<b>103 109</b>	<b>34 461</b>	<b>12 712</b>	<b>(529)</b>	<b>192 783</b>
General, administrative and sales expenses	14 065	28 559	64 348	12 559	4 241	(530)	123 242
Other operating profit/loss	(25 343)	2 731	10 994	(10 745)	<b>237</b>	-	(22 126)
<b>Segment profit/loss</b>	<b>(33 832)</b>	<b>11 626</b>	<b>49 755</b>	<b>11 157</b>	<b>8 708</b>	<b>1</b>	<b>47 415</b>
Depreciation / amortisation	149	4 577	15 947	4 904	284	-	<b>25 861</b>
Segment assets	754 861	225 497	469 777	149 725	93 104	(104 172)	1 588 792
Segment liabilities	340 141	77 538	584 772	94 487	28 279	(104 172)	1 021 045
<b>01.01.2015 -31.12. 2015</b>							
Revenues from sales	84 712	283 284	490 152	364 353	104 033	(7 813)	1 318 721
Segment selling costs	73 605	234 064	435 611	325 535	99 086	(7 465)	1 160 436
<b>Result on sales within segment</b>	<b>11 107</b>	<b>49 220</b>	<b>54 541</b>	<b>38 818</b>	<b>4 947</b>	<b>(348)</b>	<b>158 285</b>
General, administrative and sales expenses	12 742	28 300	28 912	12 332	2 021	(719)	83 588
Other operating profit/loss	(29 588)	2 673	(18 539)	(1 063)		(378)	(46 895)
<b>Segment profit/loss</b>	<b>(31 223)</b>	<b>23 593</b>	<b>7 090</b>	<b>25 423</b>	<b>2 926</b>	<b>(7)</b>	<b>27 802</b>
Depreciation / amortisation	867	4 474	14 887	4 137	<b>28</b>	-	<b>24 393</b>
Segment assets	822 569	210 585	394 013	143 411	13 785	(63 744)	1 520 619
Segment liabilities	319 550	81 254	515 848	93 639	7 535	(63 744)	954 082



(amounts expressed in PLN thousands unless specified otherwise)

## 6. REVENUES FROM SALES

### Revenues from sales

	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
Net revenues from sales of products	1 097 340	1 004 684
Net revenues from sales of services	39 387	50 415
Net revenues from sales of goods and materials	309 234	263 622
<b>Total revenues from sale</b>	<b>1 445 961</b>	<b>1 318 721</b>

	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
<b>Revenues from sale by destination market</b>		
Domestic sales	508 426	465 188
Sales to EU countries	862 577	769 724
Sales to other European countries	37 076	51 694
Export outside Europe	37 882	32 115
<b>Total revenues from sale (continuing operations)</b>	<b>1 445 961</b>	<b>1 318 721</b>

	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
Share of EU member states in intra-Community sales:		
Germany	34%	35%
The Czech Republic	11%	17%
Great Britain	13%	11%
Spain	8%	8%
Italy	3%	4%



(amounts expressed in PLN thousands unless specified otherwise)

## 7. OPERATING EXPENSES

<b>Costs by type</b>	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
Depreciation / amortisation	25 861	24 393
Consumption of materials and energy	691 642	713 377
External services	106 716	88 268
Taxes and charges	9 675	11 044
Costs of employee benefits, including:	198 971	152 001
<i>costs of remuneration</i>	162 392	121 977
<i>costs of social insurance</i>	27 138	21 600
<i>other benefits</i>	9 441	8 424
Other expenses	7 601	7 678
Value of sold goods and materials	351 670	250 570
<b>Total expenses by type</b>	<b>1 392 136</b>	<b>1 247 331</b>
Movements in products (+/-)	(21 654)	(3 189)
Own work capitalised (-)	4 381	(676)
Impairment write-offs on inventories in COGS	1 557	558
<b>Total operating expenses</b>	<b>1 376 420</b>	<b>1 244 024</b>
Selling costs (-)	(44 548)	(27 367)
General and administrative costs (-)	(78 694)	(56 221)
<b>Prime cost of sale</b>	<b>1 253 178</b>	<b>1 160 436</b>

## 8. OTHER OPERATING REVENUES

	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
Profit from sale of non-current assets	3 166	4 820
Profit on revaluation of fixed assets	12 393	422
Reversal of unnecessary provisions	12	86
Dividend	2 554	810
Subsidies	2 863	2 795
Revenues on trademark	8 347	9 269
Other revenue	2 426	4 982
	<b>31 761</b>	<b>23 184</b>

In previous years, the Company carried out write-downs for receivables from Maflow Brazil due to the bad economic situation in that company. In the current year, Maflow Brazil showed a profit on operating activities. The forecasts point to a stabilisation of the economic situation, which will allow for the recovery of claims in the future. Due to the fact that the Company decided to stop carrying out current write-downs and reverse write-down in the amount of 11 837 thousand PLN, which is included in the profit from updated assets.



(amounts expressed in PLN thousands unless specified otherwise)

## 9. OTHER OPERATING EXPENSES

	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
Loss from sale of fixed assets, including:	23 856	-
Loss from sale of shares *)	23 856	-
Loss from updated financial assets, including:	27 074	41 461
<i>Write-downs updating shares and interests **)</i>	12 210	0
<i>Write-downs updating trade receivables and other ***)</i>	14 864	40 805
<i>Write-downs updating other assets</i>	-	656
Reserves creation	-	53
Other costs	2 957	28 565
<i>Paid compensations, penalties</i>	281	239
<i>Claims costs not covered by reserve</i>	-	775
<i>Write down, redemption of receivables</i>	162	26 471
<i>Other costs</i>	2 514	1 080
<b>Total</b>	<b>53 887</b>	<b>70 079</b>
	-	-

\*) The Company sold 100 % of the shares of AKT Plastikarska technologie Czechy, spol. s.r.o. Boryszew Automotive Plastics Spółka z o.o. with its registered office in Toruń was the purchaser of the shares, at the price of 32 535 thousand PLN (note 16)

\*\*\*) The Company carried out write-down updating the value of the shares in Boryszew Automotive Plastics Sp. z o.o. in the amount of 11 119 thousand PLN and Zavod Mogiliew in the amount of 1 091 thousand PLN (note 16)

\*\*\*) Write-down for the trade receivables in the amount of 11 752 thousand PLN applies to the receivables from the unrelated entities, while the remaining amount, i.e. 3 112 thousand PLN, applies to write-downs updating the receivables from the subsidiary, i.e. Maflow China.

## 10. FINANCIAL REVENUES

	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
Interest income *)	15 449	14 479
Exchange differences	6 488	-
Profit on derivative financial instruments	842	1 582
The reversal of write-downs updating the financial assets	412	-
Other financial revenues	0	120
	<b>23 191</b>	<b>16 181</b>
	-	-

\*) Interest incomes apply to interests from loans granted to the associates as described in note 19.



(amounts expressed in PLN thousands unless specified otherwise)

## 11. FINANCIAL EXPENSES

	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
Interests costs, including: *)	22 753	18 215
<i>interests from credits</i>	8 623	9 665
<i>interests from factoring</i>	1 594	1 541
<i>interests from loans</i>	2 369	1 994
<i>interests from issued bonds</i>	1 661	1 315
<i>interests from lease</i>	3 990	1 832
<i>interests from liabilities</i>	4 516	1 868
Write-downs updating granted loans	40 431	31 404
Write-downs updating other financial assets **)	3 624	-
Loss from sale of financial assets	-	-
Other financial costs, including:	1 515	3 173
<i>exchange rates differences</i>	-	2 266
<i>loss from derivative financial instruments</i>	-	-
<i>valuation of liabilities for WUG (investment properties) related to the change of the discount rate</i>	-	68
<i>Other</i>	1 515	839
<b>Total</b>	<b>68 323</b>	<b>52 792</b>
	-	-

\*) This interest expense is primarily on external financing and is presented in note 25, 26,27

\*\*\*) Write-downs applies to available-for-sale assets, which the Company values to the fair value through other total incomes. As a result of the continuation of a long-term decrease in the value of the shares listed on the Warsaw Stock Exchange, the Company recognised the value loss in the statement on total income, in accordance with IAS 39.

## 12. INCOME TAX

<b>Income tax</b>	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
<b>Gross profit (loss)</b>	<b>2 283</b>	<b>(8 809)</b>
<b>Permanent differences in tax base</b>	48 454	67 463
<b>Interim differences in tax base:</b>	(9 079)	7 008
<i>Taxation exempt income due to business activity in the Special (-)</i>	(40 079)	(49 979)
<b>Income tax base</b>	<b>1 579</b>	<b>15 683</b>
Tax based on the rate	<b>300</b>	<b>2 980</b>
<i>Settlements of assets for tax losses</i>		(7 968)
Current tax	3	2
Deferred tax	(1 427)	(12 597)
	<b>(1 424)</b>	<b>(12 595)</b>
Effective tax rate	-62,4%	143,0%



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	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
<b>Deferred tax</b>		
Assets from deferred tax	(32 168)	(23 992)
Reserve for deferred tax	34 621	27 257
<b>Balance of deferred tax</b>	<b>2 453</b>	<b>3 265</b>
Amount compensating assets and liabilities	32 168	-23 992
Reserve for deferred tax shown in the balance sheet	2 453	3 265

### Change in deferred tax status 2016

	<b>As at 01.01.2016</b>	Movement (+ / -) recognized in equity	Movement (+ / -) recognized in current period profit/loss	<b>As at 31.12.2016</b>
<b>Deferred tax assets</b>				
Employee benefit provisions	1 078	(28)	1414	2 464
Creation of other provision	329			329
Valuation/Impairment write-offs on assets	8 901		(43)	8 858
Valuation of derivative instruments	503		(503)	-
Unrealised negative currency exchange differences	181		2 054	2 235
Depreciation / amortisation	4 054		1 539	5 593
	-			-
Tax on dividends	579			579
Other assets	8 367		3 743	12 110
<b>Total</b>	<b>23 992</b>	<b>(28)</b>	<b>8 204</b>	<b>32 168</b>
<b>Deferred tax provisions</b>				
Valuation of Assets	6 349		4512	10 861
Valuation of derivative instruments	-	587	591	1 178
Unrealised negative currency exchange differences	1 054		2493	3 547
Depreciation / amortisation	17 879		(819)	17 060
Other	1 975			1 975
<b>Total</b>	<b>27 257</b>	<b>587</b>	<b>6 777</b>	<b>34 621</b>



(amounts expressed in PLN thousands unless specified otherwise)

## Change in deferred tax status 2015

### deferred tax

	As at 01.01.2015	Movement (+ / -) recognized in equity	Movement (+ / -) recognized in current period profit/loss	As at 31.12.2015
<b>Deferred tax assets</b>				
Employee benefit provisions	1 024	(29)	83	1 078
Creation of other provision	329			329
Valuation/Impairment write-offs on assets	3 409	25	5 467	8 901
Valuation of derivative instruments	26	477		503
Unrealised negative currency exchange differences	1 044		(863)	181
Depreciation / amortisation	2 419		1 635	4 054
Asset for the tax loss	1 514		(1 514)	0
Tax on dividends	2 044		(1 465)	579
Other assets	8 367			8 367
<b>Total</b>	<b>20 176</b>	<b>473</b>	<b>3 343</b>	<b>23 992</b>
<b>Deferred tax provisions</b>				
Valuation of Assets	21 334		(14 985)	6 349
Valuation of derivative instruments	149	(149)		0
Unrealised negative currency exchange differences	2 846		(1 792)	1 054
Depreciation / amortisation	10 337		7 542	17 879
Other	1 975			1 975
<b>Total</b>	<b>36 641</b>	<b>(149)</b>	<b>(9 235)</b>	<b>27 257</b>

The Company does not establish income tax assets associated with SEZ.

### 13. NON-CURRENT ASSETS

	As at 31.12.2016	As at 31.12.2015
<b>Tangible fixed assets (by type groups)</b>		
<b>Tangible fixed assets:</b>	<b>260 070</b>	<b>221 179</b>
land	9 303	9 303
buildings, premises, civil and water engineering structures	65 417	58 075
technical equipment and machines	176 801	148 179
vehicles	2 930	2 233
other tangible fixed assets	5 619	3 389
<b>Advances for tangible fixed assets</b>	<b>715</b>	<b>357</b>
<b>Total property, plant and equipment</b>	<b>260 785</b>	<b>221 536</b>

The Company insures all its assets. Details of insurance are described in note 32





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<b>Movements in tangible fixed assets 2016</b>	Land	Buildings	TECHNICAL EQUIPMENT AND MACHINES	Vehicles	Other	Total
<b>Gross value of fixed assets at the beginning of the period</b>	<b>9 303</b>	<b>86 135</b>	<b>260 897</b>	<b>5 157</b>	<b>13 132</b>	<b>374 624</b>
Additions (acquisition, reclassification from assets under construction) (+)	-	6 484	11 007	16	1 190	18 697
Increase - based on leasing agreements (+)	-	-	17 546	1 402	-	18 948
Disposal (-)	-	(562)	(8 005)	(129)	(57)	(8 753)
Tangible fixed assets under construction (+/-)	-	3 839	21 906	-	1 029	26 774
Liquidation (-)	-	-	(1 306)	(3)	(313)	(1 622)
Other (+/-)	-	(250)	(54)	440	1 863	1 999
<b>Gross value of fixed assets at the end of the period</b>	<b>9 303</b>	<b>95 646</b>	<b>301 991</b>	<b>6 883</b>	<b>16 844</b>	<b>430 667</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>-</b>	<b>23 639</b>	<b>108 180</b>	<b>2 658</b>	<b>9 427</b>	<b>143 904</b>
Depreciation of tangible fixed assets (+)	-	2 554	19 632	871	1 303	24 360
Decrease due to disposal (-)	-	(78)	(6 175)	(34)	(234)	(6 521)
Other (+/-)	-	(299)	(960)	192	438	(629)
<b>Accumulated depreciation at the end of the period</b>	<b>-</b>	<b>25 816</b>	<b>120 677</b>	<b>3 687</b>	<b>10 934</b>	<b>161 114</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>4 421</b>	<b>4 538</b>	<b>266</b>	<b>316</b>	<b>9 541</b>
Decrease due to disposal (-)	-	(8)	(1)	-	-	(9)
Other (+/-)	-	-	(24)	-	(25)	(49)
<b>impairment write-offs at the end of the period</b>	<b>-</b>	<b>4 413</b>	<b>4 513</b>	<b>266</b>	<b>291</b>	<b>9 483</b>
<b>Net fixed assets as at the end of period</b>	<b>9 303</b>	<b>65 417</b>	<b>176 801</b>	<b>2 930</b>	<b>5 619</b>	<b>260 070</b>
	-	-	-	-	-	-

<b>Movements in tangible fixed assets 2015</b>	Land	Buildings	TECHNICAL EQUIPME NT AND MACHINES	Vehicles	Other	Total
<b>Gross value of fixed assets at the beginning of the period</b>	<b>9 303</b>	<b>99 793</b>	<b>268 071</b>	<b>3 728</b>	<b>13 183</b>	<b>394 078</b>
Additions (acquisition, reclassification from assets under construction) (+)	0	3 865	37 853	1 818	735	44 271
Adoption based on contribution (+)	0	4 181	2 043	98	35	6 357
Disposal (-)	0	(7 880)	(167)	(20)	(59)	(8 126)
Tangible fixed assets under construction (+/-)	0	3 653	(1 881)	0	0	1 772
Liquidation (-)	0	(338)	(596)	0	(263)	(1 197)
Introduced as in-kind contribution (-)	0	(21 677)	(42 328)	(636)	(357)	(64 998)
Other (+/-)	0	4 538	(2 098)	169	(142)	2 467
<b>Gross value of fixed assets at the end of the period</b>	<b>9 303</b>	<b>86 135</b>	<b>260 897</b>	<b>5 157</b>	<b>13 132</b>	<b>374 624</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>-</b>	<b>24 425</b>	<b>104 867</b>	<b>2 433</b>	<b>8 589</b>	<b>140 314</b>
Depreciation of tangible fixed assets (+)	0	2 461	19 419	489	1 208	23 577
Decrease due to disposal (-)	0	(347)	(260)	(20)	(159)	(786)
Other (+/-)	0	(2 900)	(15 846)	(244)	(211)	(19 201)
<b>Accumulated depreciation at the end of the period</b>	<b>0</b>	<b>23 639</b>	<b>108 180</b>	<b>2 658</b>	<b>9 427</b>	<b>143 904</b>



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<b>Impairment write-offs at the beginning of the period</b>	-	<b>16 298</b>	<b>19 756</b>	<b>415</b>	<b>423</b>	<b>36 892</b>
Decrease due to disposal (-)	0	(109)	(37)	0	(14)	(160)
Other (+/-)	0	(11 768)	(15 181)	(149)	(93)	(27 191)
<b>impairment write-offs at the end of the period</b>	<b>0</b>	<b>4 421</b>	<b>4 538</b>	<b>266</b>	<b>316</b>	<b>9 541</b>
<b>Net fixed assets as at the end of period</b>	<b>9 303</b>	<b>58 075</b>	<b>148 179</b>	<b>2 233</b>	<b>3 389</b>	<b>221 179</b>

Additional Information	2 016	2 015
Activated amount of external financing	-	-
Fixed assets in progress	1 586	1 737
Costs incurred for acquisition, construction of fixed assets	27 627	5 204
Value of net fixed assets for which the unit has a limited ownership title	16 149	791
Net fixed assets constituting the security of liabilities repayment	4 740	5 467

#### 14. INVESTMENT PROPERTY

Investment real estate property at fair value	As at	As at	The level of the fair value hierarchy
	31.12.2016	31.12.2015	
Boryszew SA Elana Branch in Toruń	144	288	3
	<b>144</b>	<b>288</b>	
	-	-	
Investment real estate property at fair value	As at	As at	
	31.12.2016	31.12.2015	
<b>Balance at the beginning of the period</b>	<b>288</b>	<b>82 760</b>	
<b>Additions</b>		<b>233</b>	
<i>valuation to fair value (+)</i>			
<i>other</i>		233	
<b>Reductions (-)</b>	<b>(144)</b>	<b>(82 705)</b>	
<i>sale (-)</i>	(144)	-1439	
<i>contribution in kind (-)</i>		-81266	
<i>other (-)</i>		0	
<b>Balance as at period end</b>	<b>144</b>	<b>288</b>	
	-	-	
	<b>01.01.2016 -</b>	<b>01.01.2015 -</b>	
	<b>31.12. 2016</b>	<b>31.12. 2015</b>	
<i>Revenues from investment property (rental agreements)</i>	378	4 678	
<i>Maintenance cost of investment property</i>	127	2 421	



(amounts expressed in PLN thousands unless specified otherwise)

## 15. INTANGIBLE ASSETS

### Changes of intangible assets in 2016

	R&D expenses	Patents, licenses, software	Perpetu al land usufruct right	Other intangibl e assets	Total
<b>Gross value at the beginning of the period</b>	<b>4 266</b>	<b>13 573</b>	<b>2 198</b>	<b>7 177</b>	<b>27 214</b>
Additions (acquisition) (+)	5 075	6 272		1 712	13 059
Liquidation (-)		(95)			(95)
Other (+/-)		-		(4 546)	(4 546)
<b>Gross value of intangible assets at the end of the period</b>	<b>9 341</b>	<b>19 750</b>	<b>2 198</b>	<b>4 343</b>	<b>35 632</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>3 097</b>	<b>2 506</b>	<b>304</b>	<b>2 410</b>	<b>8 317</b>
Planned depreciation of intangible assets (+)	995	472	34	1	1 502
Other (+/-)		(102)			(102)
<b>Accumulated depreciation at the end of the period</b>	<b>4 092</b>	<b>2 876</b>	<b>338</b>	<b>2 411</b>	<b>9 717</b>
<b>Impairment write-offs at the beginning of the period</b>	-	-	-	-	-
<b>impairment write-offs at the end of the period</b>	-	-	-	-	-
<b>Net value of intangible assets at the end of the period</b>	<b>5 249</b>	<b>16 874</b>	<b>1 860</b>	<b>1 932</b>	<b>25 915</b>
	-	-	-	-	-

### Movements in intangible fixed assets in 2015

	R&D expenses	Patents, licenses, software	Perpetual land usufruct right	Other intangible assets	Total
<b>Gross value at the beginning of the period</b>	<b>4 266</b>	<b>3 024</b>	<b>2 273</b>	<b>8 225</b>	<b>17 788</b>
Additions (acquisition) (+)		5 026		4 551	9 577
Adoption based on contribution (+)		427			427
Liquidation (-)		(3)			(3)
Introduced as in-kind contribution (-)		(452)	(75)		(527)
Other (+/-)		5 551		-5 599	(48)
<b>Gross value of intangible assets at the end of the period</b>	<b>4 266</b>	<b>13 573</b>	<b>2 198</b>	<b>7 177</b>	<b>27 214</b>
<b>Accumulated depreciation at beginning of the period</b>	<b>2 707</b>	<b>2 151</b>	<b>287</b>	<b>2 409</b>	<b>7 554</b>
Planned depreciation of intangible assets	390	400	26	1	817
Decrease due to disposal (-)		(3)	(9)		(12)
Other (+/-)		(42)			(42)
<b>Accumulated depreciation at the end of the period</b>	<b>3 097</b>	<b>2 506</b>	<b>304</b>	<b>2 410</b>	<b>8 317</b>
<b>Impairment write-offs at the beginning of the period</b>	-	-	-	-	-
<b>impairment write-offs at the end of the period</b>	-	-	-	-	-
<b>Net value of intangible assets at the end of the period</b>	<b>1 169</b>	<b>11 067</b>	<b>1 894</b>	<b>4 767</b>	<b>18 897</b>



(amounts expressed in PLN thousands unless specified otherwise)

**16. SHARES IN SUBSIDIARIES AND ASSOCIATES**

Company name	As at 01.01.2016				Changes			As at 31.12.2016			
	share of the entity in share capital (%)	Value of shares	Impairment write-off	Net value	Acquisition	Sale (-)	changes of updating write-downs	share of the entity in share capital (%)	Value of shares	Impairment write-off	Net value
<b>Direct subsidiaries</b>											
Elimer Sp. z o.o.	52,44	53		53				52,44	53	-	53
Torlen Sp. z o.o.	100	15 808	2 555	13 253				100	15 808	2 555	13 253
Elana Pet Sp. z o.o.	100	4 707		4 707				100	4 707	-	4 707
Elana Energetyka Sp. z o.o.	100	1 500	1 500	-				100	1 500	1 500	-
SPV Boryszew 3 Sp. z o.o.	100	9 086		9 086				100	9 086	-	9 086
Boryszew Commodities Sp. z o.o.	100	246		246	350	(596)		-	-	-	-
SPV Boryszew 5 Sp. z o.o.	100	5		5	12			100	17	-	17
SPV Boryszew 6 Sp. z o.o.	100	25		25				100	25	-	25
SPV Boryszew 7 Sp. z o.o.	100	25		25		(25)		-	-	-	-
SPV Boryszew 8 Sp. z o.o.	100	25		25				100	25	-	25
SPV Boryszew 9 Sp. z o.o.	100	25		25				100	25	-	25
Boryszew Automotive Plastics Sp. z o.o.	100	11 119		11 119	16 095		11 119	100	27 214	11 119	16 095
AKT Plastikarska Technologie	100	56 463		56 463		(56 463)		-	-	-	-
Boryszew Tensho Poland Sp. z o.o.	80	6 736		6 736				80	6 736	-	6 736
Maflow Polska Sp. z o.o.	100	5		5				100	5	-	5
Maflow BRS s.r.l	100	40		40				100	40	-	40
Maflow Spain Automotive S.L.U	100	6 080		6 080				100	6 080	-	6 080
Maflow France Automotive S.A.	100	3 951	3 951	-				100	3 951	3 951	-
Maflow Indie	100	14 294		14 294				100	14 294	-	14 294
Eastside Bis Sp. z o.o.	65,02	58 662		58 662				65,02	58 662	-	58 662
Boryszew Energy Sp. z o.o.	100	-		-				100	-	-	-



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Elana Ukraina Sp. z o.o.	90	338	338	-			90	338	338	-	
Impexmetal S.A.	50,7	235 692		235 692	7 353	(13 128)	50,7	229 917	-	229 917	
		<b>424 885</b>	<b>8 344</b>	<b>416 541</b>	<b>23 810</b>	<b>(70 212)</b>		<b>378 483</b>	<b>19 463</b>	<b>359 020</b>	
<b>Indirect subsidiaries</b>											
Hutmen S.A.		111		111	424			535	-	535	
Walcownia Metali Dziedzice S.A.	1,92	1 529		1 529				1 529	-	1 529	
		<b>1 640</b>	<b>-</b>	<b>1 640</b>	<b>424</b>	<b>-</b>	<b>-</b>	<b>2 064</b>	<b>-</b>	<b>2 064</b>	
<b>Affiliated entities</b>											
Zavod Mogiliew – Sp. z o.o. Białoruś	30	1 091		1 091			30	1 091	<i>1 091,00</i>	0	
Alchemia					3 854			3 854	-	3 854	
		<b>1 091</b>	<b>-</b>	<b>1 091</b>	<b>3 854</b>	<b>-</b>		<b>4 945</b>	<b>1 091,00</b>	<b>3 854</b>	
<b>Total shares</b>		<b>427 616</b>	<b>8 344</b>	<b>419 272</b>	<b>28 088</b>	<b>(70 212)</b>	<b>12 210</b>	<b>-</b>	<b>385 492</b>	<b>20 554</b>	<b>364 938</b>



(amounts expressed in PLN thousands unless specified otherwise)

## 17. FINANCIAL ASSETS

	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Shares valued through other comprehensive income - listed on WSE*)	2 615	6 040
Shares at fair value through profit and loss	-	14
Shares acquired for resell	25 068	25 068
Bonds	18 461	21 026
Other financial assets	-	-
<b>In total, including:</b>	<b>46 144</b>	<b>52 148</b>
<i>Long-term financial assets</i>	<i>19 036</i>	<i>17 480</i>
<i>Short-term financial assets</i>	<i>27 108</i>	<i>34 668</i>

\*) The shares, owned by the Company, listed on the Warsaw Stock Exchange, are valued at the fair value (as available-for-sale assets) through other total incomes. In the current year, due to the fact of maintaining a long-term decrease in the value of the shares listed on the Warsaw Stock Exchange, the Company recognised the loss of value in the results account (note 11), in accordance with IAS 39.

<b>Bonds</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Chemicals Advisory & Trade	2 000	5 100
Unibax Sp. z o.o.	2 279	4 500
Maflow India Private Ltd	14 182	11 426
	<b>18 461</b>	<b>21 026</b>

## 18. DERIVATIVE FINANCIAL INSTRUMENTS

<b>As at 31.12.2016</b>	<b>assets</b>	<b>liabilities</b>
<b>Cash flows hedging instruments</b>	<b>1 609</b>	-
<i>price hedging instruments</i>	<i>181</i>	-
<i>FX rate hedging instruments</i>	<i>1 428</i>	-
	<b>1 609</b>	-
<b>positive(+)/negative(-) valuation</b>	<b>1 609</b>	



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As at 31.12.2015	<u>assets</u>	<u>liabilities</u>
<b>Instruments held for trading</b>	-	<b>2 908</b>
<i>currency instruments</i>	-	2 480
<i>commodity instruments</i>	-	428
<b>Cash flows hedging instruments</b>	<b>206</b>	-
<i>price hedging instruments</i>	206	-
	<b>206</b>	<b>2 908</b>
<b>positive(+)/negative(-) valuation</b>	(2 702)	

### 19. TRADE AND OTHER RECEIVABLES

	<u>As at 31.12.2016</u>	<u>As at 31.12.2015</u>
Trade receivables	271 971	240 124
Loans granted *)	324 068	285 935
State budget receivables (excluding income tax)	7 374	19 828
Other debtors **)	70 201	54 138
<b>Trade receivables and other receivables</b>	<b>673 614</b>	<b>600 025</b>
<i>long-term</i>	354 721	328 325
<i>short-term</i>	318 893	271 700
<b>Impairment write-off for receivables</b>		
doubtful debt allowance on trade receivables	75 885	69 831
doubtful debt allowance on loans	187 084	131 095
doubtful debt allowance on other receivables	36 722	36 567
<b>Total allowances</b>	<b>299 691</b>	<b>237 493</b>
<b>Gross accounts receivable</b>	<b>973 305</b>	<b>837 518</b>
Receivables as a security of repayment of credits	33 940	18 832

Updating write-downs relate mainly to loans granted to Maflow China and Maflow Brazil, which are the subsidiaries. The Company constantly monitors the financial situation of these subsidiaries. The financial situation of Maflow Brazil is improving and a part of the debts was repaid, and therefore, in 2016, the Company stopped to create updating write-downs for the debts from Maflow Brazil.



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	<b>As at</b> <b>31.12.2016</b>	<b>As at</b> <b>31.12.2015</b>
<b>Trade receivables aging</b>		
<b>net accounts receivable with the remaining repayment period from the balance sheet date</b>	<b>148 082</b>	<b>145 831</b>
up to 1 month	116 215	67 763
above 1 month and up to 3 months	31 453	44 381
above 3 month and up to 6 months	414	14 876
above 6 months and up to 1 year	-	18 811
<b>overdue accounts receivable</b>	<b>123 889</b>	<b>94 293</b>
up to 1 month	19 465	32 112
above 1 month and up to 3 months	39 438	47 145
above 3 month and up to 6 months	2 662	8 664
above 6 months and up to 1 year	38 069	1 900
above 1 year	24 255	4 472
<b>total trade receivables</b>	<b>271 971</b>	<b>240 124</b>

**Impairment write-offs on trade receivables**

above 1 month and up to 3 months	6 122	1 300
above 3 months and up to 1 year	18 241	6 954
above 1 year	51 522	61 577
<b>Write-downs at the end of the period</b>	<b>75 885</b>	<b>69 831</b>

**Receivables from loans granted (including interest) by borrowers**

	<b>As at</b> <b>31.12.2016</b>	<b>As at</b> <b>31.12.2015</b>
Theysohn Kunststoff GmbH	3 272	3 040
Boryszew Kunststofftechnik Deutschland GmbH	201 851	182 365
Boryszew Automotive Plastics Sp.z o.o.	-	20197
BRS YMOS GmbH	6 868	3 373
Boryszw SPV 3 Sp.zo.o.	<b>21 312</b>	-
Boryszew Formenbau GmbH	434	418
Boryszew Oberflächentechnik Deutschland GmbH	13 973	507
Boryszew Deutschland GmbH	37 274	33 859
Boryszew Tensho Poland Sp. z o.o.	-	3 299
Maflow BRS Srl	8 843	12 299
Maflow Sp. Zo.o.	4 586	-
Mafmex Servicios S de.RL.de.C	19 869	2 910
Boryszew Energy Sp. z o.o.	21	21
Boryszew HR Service Sp. z o.o.	159	2328
Elana Petp. Zo.o.	4 023	-
Boryszew Commodities Sp. z o.o.	-	233
Polish Wind Holdings B.V.	1 569	1074
Boryszew SPV 4 Sp.zo.o.	14	-
Boryszew SPV 3 Sp. Zo.o.	0	20012
	<b>324 068</b>	<b>285 935</b>





(amounts expressed in PLN thousands unless specified otherwise)

	-	-
	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
<b>Aging of receivables from loans granted</b>		
Maturing after more than 1 year	324 068	285 935

All companies which were granted loans are subsidiaries of Boryszew S.A (direct or indirect) or are personally related to Boryszew S.A.

## 20. INVENTORIES

<b>Structure of inventories</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Materials	67 951	64 235
Semi-finished products and work in progress	14 298	7 504
Finished products	29 802	38 179
Traded goods	19 715	29 107
Advances on supplies	2 493	37 640
<b>Carrying value of inventories</b>	<b>134 259</b>	<b>176 665</b>
Updating write-downs	12 373	9 573
Gross value of stocks	<b>146 632</b>	<b>186 238</b>
Stocks as a security of repayment of receivables	25 000	43 097
Write-downs updating stocks included in the production cost	1 918	2 113
Impairment write-offs in other operating expenses	-	636

	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
<b>Impairment write-offs on inventories at the beginning of the period</b>	<b>9 573</b>	<b>9 455</b>
Increase of impairments in the period	5 854	2 113
Reversal of write-downs in the period (-)	-3 054	-1 995
Other decrease of write-downs in the period (written down with inventories) (-)	-	-
<b>Revaluation write-offs for inventories at the end of the period</b>	<b>12 373</b>	<b>9 573</b>

The creation of updating write-downs on stocks is due from a comparison of the balance value of stocks with their value recoverable by use or sale. Write-downs are also created for recumbent stocks in accordance with the accountancy policy of the Group. Write-down charges the costs for the period. The reversal of write-downs occurs at the time of cessation of the cause of the creation, and is classified as income for the period.



(amounts expressed in PLN thousands unless specified otherwise)

## 21. OTHER ASSETS

<b>OTHER ASSETS</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Accrued expenses	4 028	3 052
Quick savings (only automotive)	14 191	0
Capitalised costs of new projects	1 341	4 015
Other assets	892	1 784
<b>Total</b>	<b>20 452</b>	<b>8 851</b>
<i>Long-term part</i>	14 191	0
<i>Short-term part</i>	6 261	8 851

## 22. CASH

<b>CASH</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
<b>Cash and cash equivalents</b>		
Cash in hand and at bank	60 932	22 731
Other,	-	-
	<b>60 932</b>	<b>22 731</b>
Restricted cash*)	8 988	3 203
Unutilised current account overdrafts	2701	114 150

\*) Measures concerning special funds included in liabilities and associated with the National Fund for the Rehabilitation of Disabled

## 23. EQUITY

### Share capital structure as at 21.12.2015

Shareholders holding more than 5% of share capital and total votes as at 31.12.2015:

<b>Shareholders:</b>	<b>Number of shares</b>	<b>% of capital</b>	<b>Number of votes</b>	<b>% of votes</b>
Roman Krzysztof Karkosik (*)	152 814 120	63,67%	151 654 285	63,19%
subsidiaries (**)	24 818 412	10,34%	24 818 412	10,34%
Others	87 185 880	36,33%	88 345 715	36,81%
<b>Total:</b>	<b>240 000 000</b>	<b>100,00%</b>	<b>240 000 000</b>	<b>100,00%</b>



(amounts expressed in PLN thousands unless specified otherwise)

According to IAS 39 (24) the equity components (except from retained profits and capital from assets valuation) were converted at the date of the transfer to IAS i.e. 1 January 2004, with the general increase of prices from the time of being entered into forced or created otherwise. The amount of the hyper-inflation revaluation increased the share capital and share premium account, and the value of the retained ones was decreased.

<b>Change in equity</b>	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
<b>Number of shares at the beginning of the year</b>	<b>240 000 000</b>	<b>240 000 000</b>
<i>number of own shares</i>	<i>7 830 000</i>	<i>6 830 000</i>
<i>number of shares entitled to dividend</i>	<i>232 170 000</i>	<i>233 170 000</i>
<b>Share capital as at the beginning of the year, including:</b>	<b>248 906</b>	<b>248 906</b>
Redemption of shares (-)		-
issue of new shares		-
<b>Share capital as at the end of the year</b>	<b>248 906</b>	<b>248 906</b>
<b>Share premium as at the beginning of the year</b>	<b>112 346</b>	<b>112 346</b>
share premium in 2014		-
<b>Balance as at the end</b>	<b>112 346</b>	<b>112 346</b>
<b>Own shares (-)</b>		
<b>Balance as at the beginning of the year</b>	<b>(44 411)</b>	<b>(34 673)</b>
share buy-back	(5 107)	(9 738)
Redemption of own shares		-
<b>Balance as at the end</b>	<b>(49 518)</b>	<b>(44 411)</b>
<b>Reserve capital - hedge accounting</b>		
<b>Balance as at the beginning</b>	<b>(2 312)</b>	<b>636</b>
Recognised profit/loss	2 909	(3 640)
Income tax (+/-)	(553)	(692)
<b>Balance as at the end</b>	<b>44</b>	<b>(2 312)</b>
<b>Revaluation reserve from assets available for sale</b>		
<b>Balance as at the beginning of the year</b>	<b>(135)</b>	<b>(28)</b>
Valuation to fair value (+/-)		(132)
Income tax (+/-)		(25)
Transfer of cumulative valuation to the results account	166	
Transfer deferred tax to the results account	(31)	
<b>Balance as at the end</b>	<b>-</b>	<b>(135)</b>
<b>Restatement of employee benefits</b>		
<b>Balance as at the beginning of the year</b>	<b>(42)</b>	<b>(167)</b>
Valuation of retirement benefits liabilities in the period (+/-)	147	154
income tax (+/-)	(28)	29
<b>Balance as at the end</b>	<b>77</b>	<b>(42)</b>
<b>Retained earnings</b>		
<b>Balance as at the beginning of the year</b>	<b>252 185</b>	<b>271 846</b>
Result of the current year	3 707	3 786
Dividends paid		(23 447)



(amounts expressed in PLN thousands unless specified otherwise)

<b>Balance as at the end</b>	<b>255 892</b>	<b>252 185</b>
<b>Total equity</b>	<b>567 747</b>	<b>566 537</b>

#### 24. BANK LOANS, BORROWINGS AND BONDS

<b>Liabilities from external financing</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Bank credits	371 556	401 564
Loans received	126 547	94 795
Bonds	88 401	49 393
<b>In total, including:</b>	<b>586 504</b>	<b>545 752</b>
<i>long-term</i>	136 334	68 987
<i>short-term</i>	450 170	476 765

<b>Interest expense on external sources of financing</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
<b>Interest expense on external sources of financing</b>		
Interest on loans	10 217	11 206
<i>effective interest rate on loans</i>	2,64%	3,00%
Interests on loans	2 369	1 994
<i>effective interest rate on borrowings</i>	2,14%	2,52%
Interest on bonds	1 661	1 315
<i>effective interest rate on bonds</i>	2,41%	3,11%

The amount of the liability from credit includes incomplete factoring with recourse: as of 31 December 2016 - the amount of 33 492 thousand PLN, as of 31 December 2015 - the amount of 21 156 thousand PLN.



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(amounts expressed in PLN thousands unless specified otherwise)

**Change in status of liabilities from credits and factoring**

Credit data	Liability from credit as of 31 December 2016	Liability from credit as of 31/12/2015	<i>Change of status</i>	Date of credit repayment in accordance with the agreement	interest rate (%)	Security for credit
Bank Handlowy	10 000	10 000	-	2017-10-20	WIBOR + margin	joint mortgage, assignment of rights from the insurance policies
DNB Bank	11 000	11 000	-	2018-08-30	WIBOR + margin	joint mortgage, assignment of rights from the insurance policies, pledge on machines
ING Bank Śląski	13 736	14 774	-1 038	2018-06-30	WIBOR + margin	pledge on materials, pledge on products, assignment of rights from a trade agreement, total mortgage on a property, assignment from the insurance agreement, blockade on shares
credit in EUR on a current account	-	3 208	-3 208	2018-06-30	EURIBOR + margin	pledge on materials, pledge on products



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(amounts expressed in PLN thousands unless specified otherwise)

PKO BP	9 790	9 790	-	2018-12-31	WIBOR + margin	Power of attorney for disposing of funds on a bank account, Registered pledge on fixed assets, Deposit mortgage, Assignment of rights to the insurance policies, Blockade on shares
PKO BP	10 972	15 800	-4 828	2018-12-31	WIBOR + margin	as above
PKO BP	-	34 035	-34 035	repaid on 30 Sept 2016		
BZ WBK	-	29 605	-29 605	converted into PLN		
DNB Bank	24 946	24 989	-43	2018-08-31	WIBOR + margin	Registered pledge on shares Financial pledge on shares
ALIOR Bank	11 994	11 994	-	2017-02-01	WIBOR + margin	Power of attorney to a current account in the Bank Pledge on shares Registered pledge on shares
ALIOR Bank	-	38 304	-38 304	2019-03-03	EURIBOR + margin	Power of attorney to an account in the Bank Blockade on shares



(amounts expressed in PLN thousands unless specified otherwise)

						Registered pledge on shares
ING Bank Śląski	17 736	30 930	-13 194	2018-06-30	EURIBOR + margin	Capped mortgage on properties, Registered pledge on stocks, Blockade of shares Assignment of debts from the Factoring Agreement
ING Bank Śląski	5 704	7 000	-1 296	2021-05-31	WIBOR + margin	Capped mortgage on properties with assignment of rights from the insurance policy
BGK	46 222	13 145	33 077	2020-06-30	EURIBOR + margin	Mortgage on fixed assets, Assignment from a framework loan agreement, Pledge on bank accounts, Pledge agreement on borrowers' accounts, Pledge agreement on shares
BZ WBK Faktor	2 402	2 518	-116	indefinite period	EURIBOR + margin	Own bill of exchange with bill of exchange declaration, Power of attorneys for an account, blockade of funds on an account, registered pledge
ING Commercial Finance	7 101	6 718	383	2017-05-07	EURIBOR + margin	Blank bill of exchange with bill of exchange declaration
mBANK	23 991	17 920	6 071	2017-05-31	EURIBOR + margin	Own blank bill of exchange with bill of exchange declaration, assignment of debts from P account
ALIOR Bank	38 821	-	38 821	2019-03-03	EURIBOR + margin	Power of attorney to dispose funds on accounts in the Bank,  Blockade on shares  Registered pledge on shares





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BZ WBK	25 972	-	25 972	2017-05-31	WIBOR + margin	Capped mortgage on the perpetual usufruct of developed land and legal ownership of buildings and facilities on the property Capped mortgage on perpetual usufruct of land Blockade on shares; Transfer of cash debts;
PKO BP	20 321	24 639	-4 318	2017-05-31	WIBOR + margin	Transfer of receivables from the insurance agreement, Registered pledge on working capital resources, Agreed capped mortgage on property, Registered pledge on machines



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Raiffeisen Bank	7 574	9 674	-2 100	2017-11-30	WIBOR + margin	Power of attorney to the Current account and other accounts in the Bank, Blank bill of exchange with bill of exchange declaration, Assignment of existing and future debts, Capped mortgage on the developed property with assignment of rights from the insurance policy of the aforementioned property.
Raiffeisen Bank	3 117	3 722	-605	2017-11-30	WIBOR + margin	
PKO BP	5	2	3			
HSBC Bank Polska	50 000	-	50 000	2019-06-13	WIBOR + margin	Mortgage, Assignment of rights from the insurance policy, Registered pledge on machines,
HSBC Bank Polska	15 000	-	15 000	2019-06-13	WIBOR + margin	Registered pledge on shares
PKO BP	15 152	20 000	-4 848	2018-12-31	WIBOR + margin	right of deduction of debts Registered pledge on machines and devices, Total capped mortgage,



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						Transfer of debts from the insurance agreements of machines and devices,
PKO BP	-	3 610	-3 610	2018-12-31	WIBOR + margin	blockade on shares
PKO BP	-	4 042	-4 042	2018-12-31	WIBOR + margin	registered pledge on shares
DNB Bank	-	36 436	-36 436	2018-02-15	EURIBOR + margin	Assignment of cash debts, Power of attorney of a bank account Mortgages
ALIOR Bank	-	12 375	-12 375	2017-04-13	EURIBOR + margin	Power of attorney to dispose funds on accounts Registered pledge on shares Assignment of debts
BZ WBK	-	789	-789	2016-05-31	EURIBOR + margin or WIBOR + margin	Capped mortgage on the perpetual usufruct of developed land and legal ownership of buildings and facilities on the property Capped mortgage on perpetual usufruct of land Blockade on shares; Transfer of cash debts; Registered pledge on shares cash deposit
DNB Bank	-	4 545	-4 545	2017-08-31	WIBOR 1M + margin	Registered pledge on shares Financial pledge on shares
	<b>371 556</b>	<b>401 564</b>	<b>-30 008</b>			



(amounts expressed in PLN thousands unless specified otherwise)

**Change in status of liabilities from loans**

Series and date of issuance of bonds	Liability from issued bonds as of 31 December 2016	Liability from issued bonds as of 31/12/2015	Change of status	Date of bonds repayment under the contract	Date of bonds acquisition	interest rate (%)
Siemens	6 245	-	6 245	2022-09-15		EURIBOR + margin
Impexmetal	5 000	5 000	-	2017-03-31		WIBOR + margin
Metal Zink	800	800	-	2017-12-31		WIBOR + margin
Impexmetal	20 000	-	20 000	2018-12-31		WIBOR + margin
IBM Polska	331	2 451	-2 120	2017-03-01		
Impexmetal	24 256	17 256	7 000	2017-12-31	2015-04-20	WIBOR + margin
Impexmetal	29 500	29 500	0	2017-03-31	2015-06-16	WIBOR + margin
Impexmetal	10 000	10 000	0	2017-03-31	2015-07-02	WIBOR + margin
Impexmetal	3 000	3 000	0	2017-03-31	2015-09-07	WIBOR + margin
Impexmetal	5 000	0	5 000	2018-12-31	2016-07-07	WIBOR + margin
SPV BORYSZEW 3	21 445	24 240	-2 795	Indefinitely		WIBOR + margin
IBM Polska	217	1 478	-1 261	2017-03-01		
Unpaid interest	753	186	567	2017-01-20		
<b>Total</b>	<b>126 547</b>	<b>94 795</b>	<b>31 752</b>			

Loans from the associates 118 201

89 880



(amounts expressed in PLN thousands unless specified otherwise)

### Liabilities from issued bonds

Series and date of issuance of bonds	Liability from issued bonds as of 31 December 2016	Liability from issued bonds as of 31/12/2015	Change of status	Date of bonds acquisition	interest rate (%)
Series BD - Polski Cynk	6 393	6 393	-	2017-06-30	WIBOR + margin
Registered bonds series H - ZUO	1 000	1 000	-	2017-06-30	WIBOR + margin
Registered bonds series J - HTM	15 000	15 000	-	2017-12-31	WIBOR + margin
Registered bonds series K - Metal Zinc	11 000	11 000	-	2017-06-30	WIBOR + margin
Registered bonds series F - WM Dziedzice	5 000	5 000	-	2017-06-30	WIBOR + margin
Registered bonds series G - WM Dziedzice	10 000	10 000	-	2017-07-01	WIBOR + margin
Registered bonds series L - S and I	1 000	1 000	-	2017-12-31	WIBOR + margin
Registered bonds series A2 - Eastside Bis	12 000	-	12 000	2019-06-30	WIBOR + margin
Registered bonds series A1 - WM Dziedzice	15 000	-	15 000	2019-06-30	WIBOR + margin
Registered bonds series A3 - HTM	7 000	-	7 000	2017-06-30	WIBOR + margin
Registered bonds series A4 - Eastside Bis	5 000	-	5 000	2019-06-30	WIBOR + margin
unpaid interests at the balance sheet date	8	-	8		
	<b>88 401</b>	<b>49 393</b>	<b>39 008</b>		

All issued bonds were acquired by related companies

### Conditions of credit agreements

The agreements signed with banks impose legal and financial obligations (covenants) on the Company, applied as standard in these types of transactions, including, inter alia:

- maintenance of financial indicators at the specified level (calculated at individual and consolidated levels), the net debt to EBITDA is the most common of which,
- carrying out cash transactions by specific bank accounts,
- restrictions on granting loans and sureties, as well as incurring investment expenditures,
- equivalent treatment of credit liabilities.

## 25. LEASE LIABILITIES

Lease liabilities	As at 31.12.2016	As at 31.12.2015
Long-term lease liability	67 832	42 325
Short-term lease liability	27 569	36 018
<b>Total</b>	<b>95 401</b>	<b>78 343</b>
Interest expense on lease	3 990	1 832

The lease covers machinery and equipment in Maflow branch in Tychy and NPA Skawina and a car fleet.



(amounts expressed in PLN thousands unless specified otherwise)

<b>Maturity dates of lease instalments</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
between 1 and 12 months	31 690	38 286
from 1 to 3 years	46 513	40 757
from 3 to 5 years	21 508	7 659
over 5 years	6 077	-
<b>Total</b>	<b>105 788</b>	<b>86 702</b>
Interest part of future lease instalments	10 387	8 359
<b>Carrying value of liabilities</b>	<b>95 401</b>	<b>78 343</b>

## 26. PAYABLES ON PERPETUAL USUFRUCT OF INVESTMENT LAND

<b>Payables on perpetual usufruct of investment land</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
long-term accounts payable	61	122
<b>Change in payables on perpetual usufruct of investment land</b>	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
<b>SMA liabilities - opening balance</b>	<b>122</b>	<b>37 813</b>
decrease of liabilities due to payments, disposal removal from books together with in-kind contribution to SPV Lakme	-61	-664 -37 027
balance sheet valuation of liabilities included in the result (+/-)	-	-
<b>Carried amount of liabilities as at the end of period</b>	<b>61</b>	<b>122</b>

## 27. TRADE PAYABLES AND OTHER LIABILITIES

	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Liabilities due to deliveries and services	237 992	199 969
Budget liabilities	13 625	11 557
Liabilities towards employees	9 066	8 253
Other liabilities	48 231	77 910
Special funds	2 419	3 279
	<b>311 333</b>	<b>300 968</b>
Liabilities towards employees	77 200	64 624
Other liabilities	231 714	233 064

Liabilities of 77 200 thousand are liabilities to related parties (in 2015 the amount was 64 624).



(amounts expressed in PLN thousands unless specified otherwise)

## 28. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES

### Provision for employee benefits

	Retirement severance pay	Disability severance pay	Death benefits	Provision for payments in lieu of leaves not taken	Other provisions	Total
<b>Stan na 01.01.2016</b>	<b>977</b>	<b>404</b>	<b>1510</b>	<b>5158</b>	<b>55</b>	<b>8 104</b>
<b>Movement:</b>	<b>7</b>	<b>(125)</b>	<b>27</b>	<b>537</b>	<b>2 029</b>	<b>2 475</b>
<i>Interest expense</i>	21	9	41			71
<i>Current employment costs</i>	106	(74)	38	537	2 029	2 636
<i>Future employment costs</i>	-	-	-			-
<i>Benefits paid</i>	(74)	(9)	-			(83)
<i>Actuarial gains and losses - demographic changes</i>	84	(19)	280			345
<i>Actuarial gains and losses - financial changes</i>	(130)	(32)	(332)			(494)
<b>As at 31.12.2016</b>	<b>984</b>	<b>279</b>	<b>1 537</b>	<b>5 695</b>	<b>2 084</b>	<b>10 579</b>
<b>Movement</b>	<b>7</b>	<b>(125)</b>	<b>27</b>	<b>537</b>	<b>2 029</b>	<b>2 475</b>

### Provision for employee benefits

	Retirement severance pay	Disability severance pay	Death benefits	Provision for payments in lieu of leaves not taken	Other provisions	Total
<b>As at 01.01.2015</b>	<b>890</b>	<b>379</b>	<b>1 478</b>	<b>5 163</b>	<b>78</b>	<b>7 988</b>
<b>Movement:</b>	<b>87</b>	<b>25</b>	<b>32</b>	<b>-5</b>	<b>-23</b>	<b>116</b>
<i>Interest expense</i>	19	8	37			64
<i>Current employment costs</i>	231	61	165	1 365		1 822
<i>Future employment costs</i>	-	-	-			-
<i>Benefits paid</i>	(112)	(11)	(8)	(1 370)	(23)	(1 524)
<i>Actuarial gains and losses - demographic changes</i>	55	(6)	55			104
<i>Actuarial gains and losses - financial changes</i>	(106)	(27)	(217)			(350)
<b>As at 31.12.2015</b>	<b>977</b>	<b>404</b>	<b>1 510</b>	<b>5 158</b>	<b>55</b>	<b>8 104</b>

Calculations of provisions for employee benefits were carried out by an independent actuary and involved establishing current (discounted) value of retirement or similar benefit to which the employee became entitled as of the date of calculation, proportionally to the quotient of the employee's service period at the moment of calculation in relation to the service period at the date of payment of the benefit.

As at 31.12.2016 for the calculation of provisions for liabilities to employees, the following parameters and assumptions were assumed: the rate of mobility (rotation) of employees at the level of 1-8%, depending on the age, rate of return on investment at 3.7% and wage growth rate at 1.3%. In the previous year, the adopted actuarial valuation parameters were similar to those used in the current year, except for the interest rate of return on investment, which in the previous year was 3.2 %. Using the last year's parameters in the current year differences are irrelevant



(amounts expressed in PLN thousands unless specified otherwise)

## 29. OTHER PROVISIONS

	<b>As at 01.01.2016</b>	creation of provision	utilization	reversal of unnecessary provisions	<b>As at 31.12.2016</b>
Provision for disposal of fixed assets	5 166	2	(12)		<b>5 156</b>
Provision for land reclamation and recycling of production waste	-				-
Provision for warranty repairs	1 387	307			<b>1 694</b>
Other provisions	307			<b>(307)</b>	-
<b>Total</b>	<b>6 860</b>	<b>309</b>	<b>(12)</b>	<b>(307)</b>	<b>6 850</b>
<i>Short-term provisions</i>					1 694
<i>Long-term provisions</i>					5 156

	<b>As at 01.01.2015</b>	creation of provision	utilization	reversal of unnecessary provisions	<b>As at 31.12.2015</b>
Provision for disposal of fixed assets	5 206		(40)		<b>5 166</b>
Provision for land reclamation and recycling of production waste	50		(50)		-
Provision for warranty repairs	1 308	79			<b>1387</b>
Other provisions	307				<b>307</b>
<b>Total</b>	<b>6 871</b>	<b>79</b>	<b>(90)</b>	-	<b>6 860</b>
<i>Short-term provisions</i>					1 694
<i>Long-term provisions</i>					5 166

Provision for liquidation of fixed assets relates to the costs of liquidation of assets in NPA Skawina branch after the end of their use.

## 30. DEFERRED INCOME

	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Government grants	7 830	7 675
Other (deferred income)	34	84
	<b>7 864</b>	<b>7 759</b>
<i>long-term</i>	3 151	3 594
<i>short-term</i>	4 713	4 165





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<b>Government grants</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Grant, reimbursement from NFRD	3 800	4 292
Grant for environment protection	94	140
Grant for development and new technologies	3 936	3 243
Other	34	84
	<b>7 864</b>	<b>7 759</b>
<i>Long-term part</i>	<i>3 151</i>	<i>3 594</i>
<i>Short-term part</i>	<i>4 713</i>	<i>4 165</i>

### 31. FINANCIAL INSTRUMENTS

#### Financial instruments by carrying value and categories

##### Financial assets as at 31.12.2016

	Loans and receivables	Financial liabilities valued at the fair value by financial result	Derivatives used for hedges	Financial assets available for sale	Carrying value
Shares available for sale				2 615	2 615
Shares held for trading		25 068			25 068
Trade receivables and other	304 506				304 506
Derivative financial instruments			1 609		1 609
Loans granted	324 068				324 068
Other receivables	37 596				37 596
Cash and cash equivalents	60 932				60 932
<b>Total</b>	<b>727 102</b>	<b>25 068</b>	<b>1 609</b>	<b>2 615</b>	<b>756 394</b>

##### Financial assets as at 31.12.2015

	Loans and receivables	Derivatives used for hedges	Financial assets valued at the fair value by result	Carrying value
Shares available for sale			6 054	6 054
Shares held for trading	25 068			25 068
Debt instruments	21 026			21 026
Loans granted	285 935			285 935
Derivative financial instruments	-	206		206
Trade receivables	240 124			240 124
Cash and cash equivalents	22 731			22 731
<b>Total</b>	<b>594 884</b>	<b>206</b>	<b>6 054</b>	<b>601 144</b>



(amounts expressed in PLN thousands unless specified otherwise)

### Financial assets as at 31.12.2016

	Financial liabilities valued at the fair value by financial result	Other financial liabilities	Derivatives used for hedges	Total
Bank credits, factoring loans		498 103		498 103
Debt securities		88 401		88 401
Derivative financial instruments	-		-	-
Leasing liabilities		95 401		95 401
Obligations of WUG		61		61
Trade liabilities and other		285 620		285 620
<b>Total</b>	-	967 586	-	967 586

Financial assets as at 31.12.2015 r.	Derivatives used for hedges	Other financial liabilities	Carrying value
Bank loans and borrowings		496 359	496 359
Bonds		49 393	49 393
Derivative financial instruments	2 908		2 908
Leasing liabilities		78 344	78 344
Trade liabilities		199 969	199 969
<b>Total</b>	2 908	824 065	826 973

## 32. BUSINESS RISKS

The fundamental task in the financial risk management process was identification, measurement, monitoring and limitation of primary sources of risk, which include:

market risk, including:

- credit risk
- foreign exchange rate risk (change in PLN exchange rate to other currencies);
- interest rate risk (increase in interest rates);
- liquidity risk

### Credit risk

The company supplies products to customers in the automotive industry (37% of sales in the reporting period) as well as aluminium products (28%) and chemicals (21% of sales in the reporting period). Average payment terms are 14 to 90 days



(amounts expressed in PLN thousands unless specified otherwise)

Customers in the automotive industry are world renowned manufacturers of cars and components for their production. In this case the credit policy on payment terms and limits is determined within the framework of general terms of cooperation. The Company has a flexibility in management of payments in this segment using instruments such as discounts. Receivables from Automotive customers are not insured.

Credit policy on payment terms and limits for the Aluminium and Chemical industry is determined periodically by the Management Board (regular renewal of terms) during negotiations with customers. When verifying new customers, the Company uses the opinions of market leading companies that insure trade receivables. Current compliance with the agreements is monitored daily by the Financial management office. Regular reports on aging of receivables are the main tool for credit monitoring. In the case of late payments from manufacturers of components, where Boryszew is a subcontractor, the Company sends reminders for immediate settlement together with a debit note for interest (at statutory interest), and in the absence of client's reaction, in extreme cases supplies are withheld. Receivables from Aluminium and Chemical industry are insured.

Two groups of procedures are distinguished in case of customers:

Procedures for domestic sales, where based on analysis of legal and financial situation customers are categorised in terms of risk inherent in cooperation:

Customers whose receivables need not to be secured (good or stable financial situation, significant own assets, positive credit rating). In this category, monitoring of financial situation is carried out once a year.

Customers requiring security (those who do not meet the conditions described above and show an irregularity in payment or those who previously were subject to recovery procedures). In this category of customers monitoring of financial situation carried out twice a year and situation payment is constantly monitored. Most common security are bank guarantees or promissory notes.

The procedures described above lead to establishing credit limits.

Amounts of allowances for losses associated with credit risk as at 31 December 2016:

\*) The Company provides long-term loans to related entities - note 19. Given the uncertainty of repayment the Company recognises impairment write-offs. The amount of depreciated write-downs for possible losses associated with credit risk.

	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
<b>Impairment write-off for receivables</b>		
doubtful debt allowance on trade receivables	75 885	69 831
doubtful debt allowance on loans	187 084	131 095
doubtful debt allowance on other receivables	36 722	36 567
<b>Total</b>	<b>299 691</b>	<b>237 493</b>
<b>Impairment write-offs on trade receivables</b>		
above 1 month and up to 3 months	6 122	1 300
above 3 months and up to 1 year	18 241	6 954
above 1 year	51 522	61 577
<b>Write-downs at the end of the period</b>	<b>75 885</b>	<b>69 831</b>



(amounts expressed in PLN thousands unless specified otherwise)

### Interest rate risk

There is a risk that future cash flows related to a financial instrument will be subject to fluctuations due to changes in the interest rates. The Company's exposure to interest rate risk is mainly caused by the fact that the business operations are financed with the use of variable coupon interest debt. The profile of the interest rate risk in the Company is characterized by adverse impact of increased interest rates on the level of cost of interest.

Changes in interest rates affect the volume of future cash flows associated with assets and liabilities.

Due to lower variability of interest rates and to their current relatively low level, the risk of changes in interest rates does not constitute the main risk from the point of view of its impact on the volume of companies' cash flows.

The Company has identified and monitors the interest rate risk, however, in the opinion of the Management Board the risk of interest rates changes does not constitute the main risk from the perspective of its influence on the volume of cash flows and on profit/loss.

### Sensitivity analysis

	As at 31.12.2016	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
<b>Interest-bearing (variable %) financial assets</b>	<b>342 529</b>	<b>1 712</b>	<b>(1 712)</b>
Loans granted	324 068	1 620	(1 620)
Debt instruments other	18 461	92	(92)
		-	-
<b>Interest-bearing (variable %) financial liabilities</b>	<b>681 905</b>	<b>(3 409)</b>	<b>3 409</b>
<i>Loans</i>	338 064	(1 690)	1 690
<i>Factoring</i>	33 492	(167)	167
<i>Borrowings</i>	126 547	(633)	633
<i>Debt securities</i>	88 401	(442)	442
<i>Financial lease</i>	95 401	(477)	477
<i>Other</i>	-	-	-
<b>Impact on future profit/loss before tax</b>		<b>(1 697)</b>	<b>1 697</b>
<b>Impact on future net profit/loss</b>		<b>(1 375)</b>	<b>1 375</b>

	As at 31.12.2015	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
<b>Interest-bearing (variable %) financial assets</b>	<b>306 961</b>	<b>1535</b>	<b>(1535)</b>
Loans granted	285 935	1430	(1 430)
Debt instruments other	21 026	105	(105)
		-	-
<b>Interest-bearing (variable %) financial liabilities</b>	<b>624 095</b>	<b>(3 121)</b>	<b>3 121</b>
<i>Loans</i>	374 408	(1 872)	1872
<i>Factoring</i>	27 156	(136)	136
<i>Borrowings</i>	94 795	(474)	474
<i>Debt securities</i>	49 393	(247)	247
<i>Financial lease</i>	78 343	(392)	392
<i>Other</i>	-	-	-
<b>Impact on future profit/loss before tax</b>		<b>(1 586)</b>	<b>1 586</b>
<b>Impact on future net profit/loss</b>		<b>(1 285)</b>	<b>1 285</b>



(amounts expressed in PLN thousands unless specified otherwise)

All significant items of the Company's interest debt and granted loans are based on variable interest rates (1M WIBOR, 3M WIBOR, 1M EURIBOR). Therefore, the fair value of financial assets and liabilities is not exposed to changing rates of interest. However, changes in interest rates affect the volume of future cash flows associated with assets and liabilities.

The table above illustrates sensitivity of the Company's profit/loss to changing rates of interest. The discussed impact on results refers to the time span of subsequent 12 months (assuming that the amount of interest-bearing assets and liabilities remains unchanged).

### Foreign exchange rate risk

Foreign exchange rate risk arises primarily from the fact that approximately 59% of the Company's revenue is from sales to European Union countries and other European countries and the contracts are concluded in EUR. The Company granted loans to Group entities in EUR. Change (decrease) EUR exchange rate may have a significant impact on sales revenues and the cost of exchange rate differences for valuation of receivables.

In 2016 the Company was not involved in currency option or any other derivative instruments of a speculative nature. The Company does not hedge its currency risk by entering into long-term transaction hedging foreign exchange risk, the Company does not exclude the conclusion of such currency contracts in the future.

Sensitivity analysis was prepared on the assumption of changes in exchange rates, as shown below

Currency	Exrate as at 31.12.2016 (PLN)	10% exrate change (PLN)
EUR	4,4240	0,4424
USD	4,1793	0,4179

### Analysis of sensitivity to risk of foreign exchange rates changes 2016

	Value in currency	effect of increase in exchange rate 10%	effect of decrease in exchange rate 10%
<b>Receivables and payables in EUR</b>			
trade and other receivables	42 842	18 953	(18 953)
borrowings	68 505	30 307	(30 307)
bonds	2 578	1 141	(1 141)
other liabilities	27 732	(12 269)	12 269
borrowings and loans	31 664	(14 008)	14 008
bonds	1 500	(664)	664
lease	13 534	(5 987)	5 987
<b>Result</b>		<b>17 473</b>	<b>(17 473)</b>
<b>Receivables in USD</b>			
trade receivables	6 865	2 869	(2 869)
other receivables	6 267	(2 619)	2 619
borrowings and loans	5	(2)	2
<b>Total</b>		<b>248</b>	<b>(248)</b>



**Boryszew S.A.**  
**Notes to the financial statements**  
**for the period from 1 January to 31 December 2016**

(amounts expressed in PLN thousands unless specified otherwise)

Currency	Exrate as at 31.12.2015 (PLN)	10% exrate change (PLN)
EUR	4,2615	0.4262
USD	3,9011	0.3901

**Analysis of sensitivity to risk of foreign exchange rates changes 2015**

	Value	effect of increase in exchange rate 10%	effect of decrease in exchange rate 10%
<b>Receivables in EUR</b>			
trade and other receivables	44 216	18 845	(18 845)
borrowings	58 209	24 809	(24 809)
bonds	2 578	1 099	(1 099)
other receivables	15 429	(6 576)	6 576
credits and loans	43 387	(18 492)	18 492
bonds	1 500	(639)	639
leasing	9 940	(4 236)	4 236
<b>Score</b>		<b>14 810</b>	<b>(14 810)</b>
<b>Receivables in USD</b>			
trade liabilities	997	389	(389)
other receivables	4 704	(1 835)	1 835
<b>Score</b>		<b>(1 446)</b>	<b>1 446</b>

**Capital management**

The policy of the Management Board focuses on maintaining a solid capital standing in order to retain the trust of investors, lenders and the market and ensure future economic growth of the Company. Growth is the absolute priority for the Management Board and it is for this purpose that the Company first and foremost seeks to allocate funds, thus building long-term value for shareholders through acquisitions and new projects.

<b>Net debt to equity ratio</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Loan, lease, borrowings debt	681 905	624 095
Cash and cash equivalents	-60 932	-22 731
<b>Net debt</b>	<b>620 973</b>	<b>601 364</b>
<b>Equity</b>	<b>567 747</b>	<b>566 537</b>
Net debt to equity	109,4%	106,1%
<b>Debt ratio</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Liabilities	1 021 045	954 082
Assets	1 588 792	1 520 619
Debt rate	63%	60%



(amounts expressed in PLN thousands unless specified otherwise)

## Liquidity risk

Liquidity risk is the risk of difficulties in meeting Company's commitments associated with financial liabilities that are settled by delivering cash or other financial assets. Company's liquidity management is about ensuring, as far as possible, that the Company always enjoys sufficient liquidity to settle the required commitments, both in normal and crisis situation, without exposure to unacceptable loss or undermining the Company's reputation.

The Company has secured cash payable on demand in the amount which is sufficient to cover the expected operating expenses, including the handling of credit liabilities

## Liquidity ratios

	<u>As at 31.12.2016</u>	<u>As at 31.12.2015</u>
current ratio	0,68	0,62
quick ratio	0,52	0,41
current ratio	0,08	0,03

## Plans for financing Boryszew S.A.

As of 31 December 2016, the net working capital was negative and amounted to - 254 514 thousand PLN. In order to further improve the Company's liquidity in 2016, activities were taken to be continued in the next period, namely:

The Management Board took a decision to change the structure of the debt, consisting of inter alia

- refinancing a part of short-term debts on credits and/or long-term bonds,
- financing of investment expenditures based on new long-term investment credits,
- increased share of leasing in business financing - including back-leasing - to finance investment expenditures.

As the holding Company, it has the shares of Impexmetal S.A. at the fair value of 328 707 thousand PLN, which may be partially disposed without causing loss of control in this Company.

The Company has no arrears in payments of its financial liabilities and interest. Management Board believes that the current financial situation and the actions justify preparation of financial statements on the going concern basis and there is no need to change the valuation of assets and liabilities that would have been necessary if the Company was not able to its business in the same or similar scope.

## Analysis of contractual maturity dates of non-discounted cash flows from financial liabilities as at 31.12.2016

	<u>&lt;1 month</u>	<u>1-3 months</u>	<u>3-12 months</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>&gt;5 years</u>	<u>Total</u>	<u>Carrying value</u>
Bank loans maturities	1 253	14 931	89 237	197 578	48 432		351 431	338 064
Factoring	23	46	33 552				33 621	33 492
Maturities of borrowings	0	5 476	22 411	95 727	5 496	-	129 110	126 547
Maturities of liabilities on issued bonds	0	204	56 801	33 311	931	-	91 247	88 401
Maturities of leasing liabilities	3 045	4 879	21 280	45 238	22 252	8 926	105 620	95 401
payment of trade and other liabilities	113 624	59 706	88 532	24 361		0	286 223	286 223
<b>Total</b>	<b>117 945</b>	<b>85 242</b>	<b>311 813</b>	<b>396 215</b>	<b>77 111</b>	<b>8 926</b>	<b>997 252</b>	<b>968 128</b>



(amounts expressed in PLN thousands unless specified otherwise)

**Analysis of contractual maturity dates of non-discounted cash flows from financial liabilities as at 31.12.2015**

	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	9 471	38 703	118 227	219 993	23 971	8 783	419 148	401 564
Maturities of borrowings	113	199	89 624	6 749	807	-	97 492	94 795
Maturities of liabilities on issued bonds	-	114	16 310	34 422	1 658	-	52 504	49 393
Maturities of leasing liabilities	447	3 484	32 362	38 025	11 317	1 067	86 702	78 343
SMA fees			4	8	8	276	296	122
payment of trade liabilities	119 315	56 726	47 763	77 163	-	-	300 967	300 968
<b>Total</b>	<b>129 346</b>	<b>99 226</b>	<b>304 290</b>	<b>376 360</b>	<b>37 761</b>	<b>10 126</b>	<b>957 109</b>	<b>925 185</b>

**Fair value**

**Valuation techniques and basic inputs that are used for the measurement of fair value**

Level 1	Listed shares	Shares listed at Warsaw Stock Exchange were valued based on the closing price on the date of the reporting period end.
Level 2	Derivative commodity financial instruments - commodity swaps	The fair value of commodity transactions is calculated based on the prices of contracts for the timely distribution of individual metals as at valuation date and the exchange rates. Data for the valuation obtained from Reuters.
	Derivative currency financial instruments - currency forwards	The fair value of the foreign currency term symmetrical transactions was determined based on the model for the valuation of forward contracts which uses NBP rates as at the valuation date and term interest rates for individual currencies.

In the reporting period as well as in the comparable period, no shift of instruments between level 1 and 2 occurred.  
 In the reporting period as well as in the comparable period, level 3 instruments were not reclassified to level 1 and 2.





(amounts expressed in PLN thousands unless specified otherwise)

### Fair value of financial assets and liabilities valued at fair value on the on-going basis

Financial assets and liabilities	Fair value as at		Hierarchy of fair value
	As at 31.12.2016	As at 31.12.2015	
<b>Financial investments</b>			
Listed shares	2 615	6 040	Level 1
Derivative financial instruments	1 609	206	Level 2
<b>Financial obligations</b>			
Derivative financial instruments	0	2 908	Level 2

The shares of Impexmetal S.A. (a subsidiary) listed on the stock exchange are valued at their acquisition price. The fair value of the shares is significant because these shares constitute a security of credits. As of 31 December 2016, the fair value of the shares was 328 707 thousand PLN (according to the acquisition price of 229 917 thousand PLN).

### Fair value of financial assets and liabilities of the Group not valued at fair value on the on-going basis (but fair value disclosures are required)

Financial assets and liabilities	Balance sheet value		Hierarchy of fair value
	As at 31.12.2016	As at 31.12.2015	
<b>Financial investments</b>			
Not listed shares			Level 3
Shares held for trading	25 068	25 068	Level 3
Bonds	18 461	21 026	Level 3
Receivables and loans	596 039	526 059	Level 3
Investment property	144	288	Level 3
Cash and cash equivalents	60 932	22 731	Level 3
<b>Financial obligations</b>			
Borrowings and loans and bonds			Level 2
	681 905	624 095	
trade liabilities	288 642	281 157	Level 3
SMA liabilities	61	123	Level 2

### Insurance of Company's assets and risks

Boryszew S.A. and subsidiaries had insurance policies for 2016 within the framework of general agreements concluded by the Parent Company with several insurance companies for the entire Boryszew Group.

The contracts covered insurance of:

- property held,
- loss of profit due to all risks,
- machinery damage,
- loss of profit due to machinery damage,
- electronic equipment,
- business liability and property owners insurance
- liability of the members of corporation bodies.

Boryszew S.A. and its subsidiaries also signed, depending on the needs, insurance contracts for insurance such as transport cargo insurance, motor insurance, compulsory third party insurance for bookkeeping services and tax advisory services and insurance of trade receivables.



### **33. SIGNIFICANT EVENTS IN THE ACTIVITY OF THE ISSUER**

#### **Distribution of profit for 2015**

On 15 June 2016, the General Meeting of Shareholders of Boryszew S.A. took a resolution on the division of the net profit for 2015, under which the net profit amounting to 3 786 thousand PLN was wholly allocated to increase the reserve capital of the Company.

### **34. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

#### **Information on the acquisition of shares of Hutmen S.A. within forced acquisition**

As a result of the announced on 12 January 2017 by Boryszew S.A. and the subsidiaries included in Grupa Kapitałowa Boryszew, i.e. The company under the name SPV Boryszew 3 Sp. z o.o., the company under the name Impex-Invest Sp. z o.o., the company under the name Impexmetal S.A. and the company SPV Impexmetal Sp. z o.o. (Grupa Boryszew), the request of forced acquisition from the minority shareholders of 2 549 980 shares representing approximately 9.96% of the share capital and the total number of votes at the general meeting of Hutmen S.A., on 17 January 2017, Boryszew S.A. acquired all shares which are the subject of forced acquisition.

In connection with the settlement of the shares acquired within forced acquisition, Grupa Boryszew has 25 596 270 shares of Hutmen S.A., representing 100.00% of the share capital and the total number of votes at the general meeting of Hutmen S.A.

On 6 February 2017, the Extraordinary General Meeting of Hutmen S.A. was held, during which the participants took a resolution on the abolition of the dematerialisation of the shares Hutmen S.A. and the withdrawal from trading on a regulated market operated by the Warsaw Stock Exchange S.A.

On 10 February 2017, the Management Board of Hutmen S.A. submitted a request in the Financial Supervision Commission for a consent of the Financial Supervision Commission to restore the shares of Hutmen S.A. a form of a document (the abolition of the dematerialisation of the shares). On 28 March 2017, the Financial Supervisory Commission agreed to restore the shares of Hutmen S.A. a form of a document with the effect from 18 April 2017.



(amounts expressed in PLN thousands unless specified otherwise)

### 35. CONTINGENT LIABILITIES

	As at 31.12.2016	As at 31.12.2015
<b>Contingent liabilities:</b>	<b>220 030</b>	<b>152 346</b>
guarantees and sureties granted for repayment of loans and liabilities	220 030	152 346

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee PLN	Expiry date of guarantee
Boryszew Commodities Sp. z o. o.	8.02.2016	BSB Recycling GmbH	11 060	31.12.2017
	30.05.2016	Basell Sales and Marketing Company B.V.	6 636	31.12.2017
	19.12.2016	Borealis AG	1 659	31.12.2017
	19.12.2016	WMK Plastics GmbH	885	31.12.2017
	19.12.2016	Trinseo Europe GmbH	1 770	31.12.2017
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Bank Gospodarstwa Krajowego	96 611	31.12.2026
Boryszew S.A. Oddział Maflow w Tychach	7.09.2016	Agnieszka Mikołajko	180	30.11.2018
Boryszew Tnesho Poland Sp. z o. o.	14.03.2016	Impexmetal S.A.	-	indefinite validity
BRS Ymos GmbH	15.03.2016	Wurth Leasing GmbH	1 570	15.03.2022
Spółki z Grupy BAP będące klientami Volkswagen AG	16.12.2016	Volkswagen AG	88 480	indefinite validity
Maflow BRS Srl	27.12.2016	ARKEMA	442	31.12.2017
	27.12.2016	Mehler Engineered Products GmbH	1 770	31.12.2017
	31.12.2016	Softer S.P.A.	1 106	31.12.2017
	27.12.2016	Evercounponnds S.P.A	4 424	31.12.2017
		Cordtech Interantional SAS	1 327	31.12.2017
Maflow do Brasil Ltda	01.10.2016	Schrader International	442	01.10.2017
Maflow France Automotive S.A.S	07.07.2016	Natixis Lease	1 668	indefinite validity
<b>Total guarantees and sureties granted by Boryszew SA</b>			<b>220 030</b>	



(amounts expressed in PLN thousands unless specified otherwise)

### 36. TRANSACTIONS WITH RELATED ENTITIES AND BENEFITS FOR KEY PERSONNEL

Transactions between subsidiaries mainly include commercial transactions concluded between companies of the Capital Group with regard to sale or purchase of traded goods and products of typical, conventional nature for the Group's operations.

#### TRANSACTIONS OF NON-TRADE NATURE

##### Transactions with related entities and balances of receivables and payables

###### Subsidiaries and associates

<b>Revenues and costs</b>	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>	Amounts included in the note
Revenues from sales	236 136	228 386	6
Interest income	14 430	13 480	10
Incomes on dividend	2554	810	8
Operating costs	120 638	127 212	7, 9
Interest expense	6 783	2 716	11

<b>Receivables and payables</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>	Amounts included in the note
Trade and other receivables	192 075	148 231	19
Loans granted	322 479	285 902	19
Bonds	14 295	10 988	17
Trade and other liabilities	48 633	57 426	28
Liabilities arising from issued bonds	89 401	49 393	25
Liabilities arising from loans and borrowings	118 660	90 866	25

###### Transactions with associated entities

<b>Revenues and costs</b>	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>	Amounts included in the note
Revenues from sales	30 844	47 390	6
Operating costs	460	-	7

<b>Receivables and payables</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>	Amounts included in the note
Trade and other receivables	-	-	19
Trade liabilities	444	2 227	28
	1 564		

###### Parties related personally

<b>Revenues and costs</b>	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>	Amounts included in the note
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**Boryszew S.A.**  
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Revenues from sales	4 589	13 265	6
Interest income	40	210	10
Operating costs	14 041	5 224	7

Trade transactions between related parties involving sales or purchase of goods and services are concluded on market terms.

<b>Remuneration of Management Board and Supervisory Board</b>	<b>01.01.2016 - 31.12. 2016</b>	<b>01.01.2015 - 31.12. 2015</b>
Remuneration of Management Board members	2 540	2 168
Remuneration of Supervisory Board members	331	450

### **37. EMPLOYMENT**

<b>Employment structure (in full-time equivalents)</b>	<b>As at 31.12.2016</b>	<b>As at 31.12.2015</b>
Blue-collar workers	2 553	2 127
White-collar workers	630	599
<b>Total</b>	<b>3 183</b>	<b>2 726</b>



(amounts expressed in PLN thousands unless specified otherwise)

### 38. THE STATEMENT DEVELOPED BASED ON THE PROVISIONS OF ARTICLE 44 OF THE ACT OF ENERGY LAW FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 DECEMBER 2016.

#### The statement on total income for the period from 1 January 2016 to 31 December 2016.

	<i>Distribution of gas fuels</i>	<i>Trading of gas fuels</i>	<i>Delivery of electricity</i>	<i>Trading of electricity</i>	<b>Total operations covered by the Energy Law</b>	<i>Other operations</i>	<b>Total</b>
Revenues from sale	18 893	121 130	2 567	45 753	188 343	1 257 618	1 445 961
Prime cost	18 958	108 858	2 651	44 190	174 657	1 078 521	1 253 178
<b>Sales result</b>	<b>(65)</b>	<b>12 272</b>	<b>(84)</b>	<b>1 563</b>	<b>13 686</b>	<b>179 097</b>	<b>192 783</b>
Sales costs and the management board costs	151	2 382	65	1 089	3 687	119 555	123 242
Result of other operations	-	-	-	-	-	(22 126)	(22 126)
Financial revenues	-	-	-	-	-	23 191	23 191
Financial costs	33	214	-	99	346	67 977	68 323
<b>Profit (loss) before tax</b>	<b>(249)</b>	<b>9 676</b>	<b>(149)</b>	<b>375</b>	<b>9 653</b>	<b>(7 370)</b>	<b>2 283</b>
Income tax	(47)	1 838	(28)	71	1 834	(3 258)	(1 424)
<b>Net profit/loss</b>	<b>(202)</b>	<b>7 838</b>	<b>(121)</b>	<b>304</b>	<b>7 819</b>	<b>(4 112)</b>	<b>3 707</b>
<b>Net profit/loss</b>	<b>(202)</b>	<b>7 838</b>	<b>(121)</b>	<b>304</b>	<b>7 819</b>	<b>(4 112)</b>	<b>3 707</b>
<b>Other revenues recognized in the capitals</b>	-	-	-	-	-	2 610	2 610
<b>Total incomes</b>	<b>(202)</b>	<b>7 838</b>	<b>(121)</b>	<b>304</b>	<b>7 819</b>	<b>(1 502)</b>	<b>6 317</b>

#### The statement on total incomes for the period from 1 January 2015 to 31 December 2015

	<i>Distribution of gas fuels</i>	<i>Trading of gas fuels</i>	<i>Delivery of electricity</i>	<i>Trading of electricity</i>	<b>Total operations covered by the Energy Law</b>	<i>Other operations</i>	<b>Total</b>
Revenues from sale	12 970	84 011	2 508	4 544	104 033	1 214 688	1 318 721
Prime cost	13 350	78 874	3 494	3 368	99 086	1 061 350	1 160 436
<b>Sales result</b>	<b>(380)</b>	<b>5 137</b>	<b>(986)</b>	<b>1 176</b>	<b>4 947</b>	<b>153 338</b>	<b>158 285</b>
Sales costs and the management board costs	142	876	371	632	2 021	81 567	83 588
Result of other operations	-	-	-	-	-	(46 895)	(46 895)
Financial revenues	-	-	120	-	120	16 061	16 181
Financial costs	12	12	-	-	24	52 768	52 792
<b>Profit (loss) before tax</b>	<b>(534)</b>	<b>4 249</b>	<b>(1 237)</b>	<b>544</b>	<b>3 022</b>	<b>(11 831)</b>	<b>(8 809)</b>
Income tax	(101)	573	(235)	103	340	(12 935)	(12 595)
<b>Net profit/loss</b>	<b>(433)</b>	<b>3 676</b>	<b>(1 002)</b>	<b>441</b>	<b>2 682</b>	<b>1 104</b>	<b>3 786</b>



**Boryszew S.A.**  
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(amounts expressed in PLN thousands unless specified otherwise)

<b>Net profit/loss</b>	(433)	3 676	(1 002)	441	2 682	1 104	3 786
<b>Other revenues recognized in the capitals</b>					-	(2 930)	(2 930)
<b>Total incomes</b>	(433)	3 676	(1 002)	441	2 682	(1 826)	856

**The statement on financial situation as of 31 December 2016**

<b>ASSETS as of 31 December 2016</b>	<i>Distribution of gas fuels</i>	<i>Trading of gas fuels</i>	<i>Delivery of electricity</i>	<i>Trading of electricity</i>	<b>Total operations covered by the Energy Law</b>	<i>Other operations</i>	<b>Total</b>
<b>Fixed assets</b>							
Tangible fixed assets	367	11	2 165	165	2 708	258 077	260 785
Intangible assets	128	98	102	9	337	25 578	25 915
Other fixed assets	-	228	-	-	228	752 802	753 030
<b>Total fixed assets</b>	<b>495</b>	<b>337</b>	<b>2 267</b>	<b>174</b>	<b>3 273</b>	<b>1 036 457</b>	<b>1 039 730</b>
<b>Current assets</b>							
Trade receivables and other receivables	2 032	16 154	259	4 671	23 116	295 777	318 893
Other assets	1 442	9 996	0	3 177	14 615	215 554	230 169
<b>Total current assets</b>	<b>3 474</b>	<b>26 150</b>	<b>259</b>	<b>7 848</b>	<b>37 731</b>	<b>511 331</b>	<b>549 062</b>
Classified-for-sale assets					-		
<b>Total assets</b>	<b>3 969</b>	<b>26 487</b>	<b>2 526</b>	<b>8 022</b>	<b>41 004</b>	<b>1 547 788</b>	<b>1 588 792</b>
<b>Fixed assets</b>							
<b>LIABILITIES as of 31 December 2016</b>							
<b>Equity</b>							
Share capital							
Retained profits and other capitals	-282	4 031	-1 191	3 171	5 729	558 311	564 040
Profit of current year	(202)	7 838	(121)	304	7 819	(4 112)	3 707
<b>Total equity</b>	<b>(484)</b>	<b>11 869</b>	<b>(1 312)</b>	<b>3 475</b>	<b>13 548</b>	<b>554 199</b>	<b>567 747</b>
<b>Long-term liabilities</b>	-	-	2	-	2	217 467	217 469
<b>Short-term liabilities</b>							
Trade liabilities and other liabilities	231	12 520	251	14 790	27 792	283 541	311 333
Reserves for employees' benefits	6	40	5	14	65	8 032	8 097
<b>Total short-term liabilities</b>	<b>237</b>	<b>12 560</b>	<b>256</b>	<b>14 804</b>	<b>27 857</b>	<b>291 573</b>	<b>803 576</b>
<b>Total liabilities</b>	<b>237</b>	<b>12 560</b>	<b>258</b>	<b>14 804</b>	<b>27 859</b>	<b>509 040</b>	<b>1 021 045</b>



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<b>Total</b>	<b>-247</b>	<b>24 429</b>	<b>(1 054)</b>	<b>18 279</b>	<b>41 407</b>	<b>1 063 239</b>	<b>1 588 792</b>
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**The statement on financial situation as of 31 December 2015**

<b>ASSETS as of 31 December 2015</b>	<i>Distribution of gas fuels</i>	<i>Trading of gas fuels</i>	<i>Delivery of electricity</i>	<i>Trading of electricity</i>	<b>Total operations covered by the Energy Law</b>	<i>Other operations</i>	<b>Total</b>
<b>Fixed assets</b>							
Tangible fixed assets	39	0	1 185	0	1 224	220 312	221 536
Intangible assets	19	102	53	0	174	18 723	18 897
Other fixed assets	0	236	1	0	237	765 128	765 365
<b>Total fixed assets</b>	<b>58</b>	<b>338</b>	<b>1 239</b>	<b>0</b>	<b>1 635</b>	<b>1 004 163</b>	<b>1 005 798</b>
<b>Current assets</b>							
Trade receivables and other receivables	714	6 659	376	298	8 047	263 653	271 700
Other assets	537	3 566	0	0	4 103	239 018	243 121
<b>Total current assets</b>	<b>1 251</b>	<b>10 225</b>	<b>376</b>	<b>298</b>	<b>12 150</b>	<b>502 671</b>	<b>514 821</b>
Classified-for-sale assets						-	
<b>Total assets</b>	<b>1 309</b>	<b>10 563</b>	<b>1 615</b>	<b>298</b>	<b>13 785</b>	<b>1 506 834</b>	<b>1 520 619</b>

<b>LIABILITIES as of 31 December 2015</b>	<i>Distribution of gas fuels</i>	<i>Trading of gas fuels</i>	<i>Delivery of electricity</i>	<i>Trading of electricity</i>	<b>Total operations covered by the Energy Law</b>	<i>Other operations</i>	<b>Total</b>
<b>Equity</b>							
Share capital						248 906	248 906
Retained profits and other capitals	151	355	(189)	2 730	3 047	310 798	313 845
<b>Profit of current year</b>	<b>-433</b>	<b>3 676</b>	<b>-1 002</b>	<b>441</b>	<b>2 682</b>	<b>1 104</b>	<b>3 786</b>
Total equity	-282	4 031	-1 191	3 171	5 729	560 808	566 537
<b>Long-term liabilities</b>							
			2		2	125 939	125 941
<b>Short-term liabilities</b>							
Trade liabilities and other liabilities	865	5 750	264	649	7 528	293 439	300 967
Reserves for employees' benefits	0	1	4	0	5	5 617	5 622
<b>Other short-term liabilities</b>							
					0	521 552	521 552
Total short-term liabilities	865	5 751	268	649	7 533	820 608	828 141
Total liabilities	865	5 751	270	649	7 535	946 547	954 082
Total equities and liabilities	583	9 782	-921	3 820	13 264	1 507 355	1 520 619





(amounts expressed in PLN thousands unless specified otherwise)

## **Additional information**

### **1.1 Basic data of the Company**

#### **Boryszew Spółka Akcyjna**

License number: DKN 807

Type of concession: DEE, OEE, DPG, OPG

Activities covered by the energy law are carried out in the following branches:

<b>Branches of Boryszew S.A.:</b>	2016	2015
Registered office		DPG,OPG
Energy Branch in Toruń	DPG,OPG, OEE, DEE	DPG,OPG
ERG Branch in Sochaczew	DEE, OEE	DEE, OEE
NPA Branch in Skawina	DEE, OEE,DPG,OPG	DEE, OEE,DPG,OPG

This statement contains the aggregated data.

## **Financial statement**

The financial statement was presented in Polish zlotys. Polish zloty is a functional and statement currency. All values in the financial statement were presented in full thousands of PLN, unless otherwise stated.

### **1. The Statement of the Management Board on the compliance of the accountancy policy**

The Management Board of Boryszew SA, Jarosław Michniuk, Aleksander Baryś, Piotr Szeliga, Mikołaj Budzanowski and Cezary Pyszkowski, declares that according to the best knowledge, the financial statement and the comparable data were developed according to article 44 of the Energy Law.

### **2. APPLIED ACCOUNTANCY POLICIES**

The statement was developed based on the aforementioned individual statement of Boryszew S.A., which was developed in accordance with the International Financial Reporting Standards as established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accountancy standards as amended.

When developing the financial statement, the Company did not change any previously applied accountancy policies.

The statement on total incomes was developed according to article 44 (1) of the energy law. The Company maintains its accountancy records in a way that makes it possible to separately calculate the variables costs and revenues for each operation. If fixed costs cover several operations, they are allocated based on the percentage share of sales revenue from a particular operation in total sales revenue as referred to in the energy law

Bearing in mind that the division of items of the statement on financial situation is also required, the same accountancy records of the Company are applied to the balance sheet items.

The structure of the developed financial statement is based on the following general division:

- **licensed operations covered by the Energy Law** - income operations consisting of sale and distribution of electricity and gas fuels



(amounts expressed in PLN thousands unless specified otherwise)

- **other operations** - operations in segments: automotive, chemical products, aluminium products, holding operations

Licensed operations include particularly:

- Electricity with segments:
  - Distribution
  - Trading
- Gas fuels with segments:
  - Distribution
  - Trading

### **The statement of total incomes**

#### **2.1. Licensed operations covered by the Energy Law**

Total revenues from distribution and trading of electricity and gas fuels were specified directly, and result from issued invoices for sale and distribution of electricity and gas fuels.

Variable costs for the segment of electricity and gas fuel trading are directly connected with the invoices for the purchase of energy and gas for further resale.

Fixed costs are the result of the allocation of costs related to the maintenance of infrastructure for the distribution of electricity and gas fuels and the costs of the management board and sales. The costs of the management board and sales recognised as the licensed operations business are allocated to the individual segments based on the percentage share of sales revenue in the respective segments in total sales revenue as referred to in the energy law.

The financial revenues include the interests received from customers, and the costs include the interests paid to suppliers and the costs of purchasing of certificates on the stock exchange.

#### **Total revenue from licensed operations for 2016 for each segment was:**

Distribution of gas fuels	(148) thousand PLN
Trading of gas fuels	9 103 thousand PLN
Delivery of electricity	86 thousand PLN
Trading of electricity	272 thousand PLN



(amounts expressed in PLN thousands unless specified otherwise)

## **2.2. Other operations (uncovered by the Energy Law)**

Items of revenues and costs from other operations represent all revenues and costs of Boryszew S.A. uncovered by the operations included in the Energy Law, i.e. operations in the segments: automotive, chemical products, aluminium products, holding operations.

Total incomes from other operations in 2016 (2 996) thousand PLN

## **2.3. Total**

The items shown in the Total column are the sum of the individual items of licensed operations described in point 2.1 covered by the Energy Law and operations uncovered by the Energy Law described in point 2.2.

### **The statements of the financial situation**

## **2.4. Licensed operations covered by the Energy Law**

- Distribution I trading of electricity

Tangible fixed assets for the distribution are the sum of the book value of fixed assets as of 31 December 2016 allocated in the financial and accountancy system for the distribution of electricity. This is mainly the infrastructure used for the transmission of electricity. Tangible fixed assets are not used in the trading segment, and were not separated for this part of the statement.

Intangible assets include software calculated based on the percentage share of revenues from the distribution/trading of electricity in total revenue.

Trade and other receivables for the distribution and trading of electricity are the actual amounts arising from issued, unpaid as of 31 December 2016 sales invoices and receivables from VAT surplus receivables calculated over due VAT.

The Company does not show the stocks for the distribution and trading of electricity.

The equity (own fund) for the distribution and trading operations represents only the net profit for the years 2013 - 2016 resulting from the statement on total incomes for the segment of an operation. Other equity items were shown as operations uncovered by the energy law.

Long-term liabilities include the reserves for the benefits for employees in the electricity distribution segment. Trade and other liabilities are actually unpaid suppliers' invoices for the purchase of electricity and surplus of due VAT over calculated VAT and excise liabilities. Liabilities do not cover a part of liabilities of purchases for own needs.

- Distribution I trading of gas fuels

Tangible fixed assets for the distribution are the sum of the book value of fixed assets as of 31 December 2015 allocated in the financial and accountancy system for the distribution of gas fuels. This is mainly the infrastructure used for the transmission of gas. Tangible fixed assets are not used in the trading segment, and were not separated for this part of the statement.

Intangible assets include software calculated based on the percentage share of revenues from the distribution/trading of gas in total revenue.

Trade and other receivables for the distribution and trading of gas are the actual amounts arising from issued, unpaid as of 31 December 2016 sales invoices and receivables from VAT surplus receivables calculated over due VAT.

The Company does not show the stocks for the distribution and trading of gas.

The equity (own fund) for the distribution and trading operations represents only the net profit for the years 2013 and 2016 resulting from the statement on total incomes for the segment of an operation. Other equity items were shown as operations uncovered by the energy law.

Short-term trade and other liabilities are actually unpaid suppliers' invoices for the purchase and distribution of gas and surplus of due VAT over the calculated VAT and excise liabilities. Liabilities do not cover a part of liabilities of purchases of gas for own needs.



(amounts expressed in PLN thousands unless specified otherwise)

## 2.5. Operations uncovered by the Energy Law

The balance sheet items from operations uncovered by Energy Law are all items arising from the financial statement of Boryszew S.A. related to operations in the following segments: automotive, chemical products, aluminium products, holding operations, trade and others.

## 2.6. Total

The items shown in the Total column consist of the sum of the individual items of licensed operations covered by Energy Law and operations in the segments: automotive, chemical, aluminium products, holding activities.

## 39. APPROVAL OF THE FINANCIAL STATEMENTS

This report was approved for publication by way of the Management Board's resolution on 29 March 2017 and presents Company's situation pursuant to the legal requirements for the period from 1 January 2016 to 31 December 2016, including any events which occurred by the date of approval of this report for publication.

Jarosław Michniuk – President of the Management Board .....

Aleksander Baryś – Member of the Management Board .....

Mikołaj Budzanowski – Member of the Management Board .....

Cezary Pyszkowski – Member of the Management Board .....

Piotr Szeliga – Member of the Management Board .....

Chief Accountant – Elżbieta Słaboń .....