



**REPORT ON ACTIVITIES
BORYSZEW CAPITAL GROUP
IN H1 OF 2017**



*The report was approved for publication on:
30 August 2017*



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1. INTRODUCTION

COMPANY DATA

The head office of Boryszew Spółka Akcyjna is located in Warsaw.

The company is registered with the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register under KRS number 0000063824. The Company's REGON (Business ID) is 750010992 and NIP (tax ID) is 837-000-06-34.

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

HISTORY

The history of Boryszew SA (the "Company") dates back to 1911, when the Belgian Society of the Sochaczew Rayon Factory was established. Following the II WW the factory was nationalised. In 1991, as a result of privatisation of the state-owned enterprise Boryszew ERG, a joint stock company Boryszew S.A. with 100% private capital was established.

The Company is listed on the Warsaw Stock Exchange since May 1996.

In 1999 Boryszew S.A., offering a wide range of chemicals (including Borygo, a widely known coolant) gained a strategic investor, Mr Roman Karkosik.

The new shareholder initiated a dynamic growth of the company. Acquisitions of non-ferrous metals and automotive manufacturing companies combined with their restructuring, mergers and organic growth in sales of Group's companies contributed to a significant improvement in the Group's results.

Boryszew Capital Group is one of the largest industrial groups in Poland, with production plants on 4 continents, operating in the automotive, non-ferrous metals and chemical industries. The Capital Group employs more than 9 000 employees.

SUPERVISORY BOARD OF BORYSZEW S.A.

As at 1 January 2017, the composition of the Supervisory Board was as 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.

On 18 May 2017 the Ordinary General Meeting of Shareholders of the Company appointed the Supervisory Board for a new three-year term of office in the following composition:

Mr Janusz Siemieniec

Mr Arkadiusz Krężel

Mr Piotr Lisiecki

Ms Małgorzata Waldowska

Mr Mirosław Kutnik

Mr Roman Wieczorek

On 27 June 2017 Mr Roman Wieczorek handed in his resignation from the position of a Member of the Supervisory Board for personal reasons.



In 2017 the composition of the Supervisory Board was as follows:

Mr Janusz Siemieniec - Chairman of the Supervisory Board,

Mr Piotr Lisiecki – Vice-Chairman of the Supervisory Board,

Mr Mirosław Kutnik – Secretary of the Supervisory Board

Mr Arkadiusz Krężel – Member of the Supervisory Board,

Ms Małgorzata Waldowska - Member of the Supervisory Board,

In the period from 30 June 2017 to the date of publishing this report, there were no changes in the composition of the Supervisory Board.

MANAGEMENT BOARD OF BORYSZEW S.A.

As at 1 January 2017, the composition of the Management Board of Boryszew S.A. was as follows:

Mr Jarosław Michniuk – President of the Management Board, Chief Executive Officer,

Mr Aleksander Baryś – Member of the Management Board, Chef Finance Officer,

Mr Mikołaj Budzanowski – Member of the Management Board, Director for Development,

Mr Cezary Pyszkowski – Member of the Management Board, Director for Automotive Sector Development,

Mr Piotr Szeliga – Member of the Management Board, Director for the Metal Segment.

On 18 May 2017, the Supervisory Board of Boryszew S.A. appointed the Company's Management Board for a 3-years' term of office (joint term of office).

The following persons were appointed to the Management Board of the new term of office:

Mr Jarosław Michniuk as the President of the Management Board, General Director,

Mr Aleksander Baryś as Member of the Management Board, CFO,

Mikołaj Budzanowski as Member of the Management Board, Development Director,

Mr Paweł Surówka as Member of the Management Board, Director for Automotive Sector Development.

Mr Piotr Szeliga – Member of the Management Board, Director for the Metal Segment.

No changes in the composition of the Management Board occurred by the date of publication of the report.

2. APPROVAL OF THE REPORT FOR PUBLICATION

This report on the operations of Boryszew Capital Group in the first six months of 2017, which is an integral part of the interim condensed consolidated report of Boryszew Capital Group for the period from 1 January 2017 to 30 June 2017, was approved for publication by resolution of the Management Board on 30 August 2017 and presents the situation of the Group in accordance with the legal requirements for the period from 1 January 2017 to 30 June 2017, including events that occurred up to the date of approval of these financial statements.

A significant part of the information contained herein is described in more detail in the Company's current reports available on www.boryszew.com.pl, where other information about the Company and the Group can also be found.

3. ACCOUNTING PRINCIPLES APPLIED

The information included in the Report for the first six months of 2017 was prepared in accordance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state



(Journal of Laws No. 33, item 259 of 2009 with subsequent amendments) as well as the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The accounting principles and computation methods applied by the Group are presented in details in the consolidated financial statements for 2016, published on 29 March 2017.

Consolidated financial statements include the financial statements of the parent company and statements of entities controlled by the parent company (or subsidiaries of the parent company) prepared as at the balance sheet date. Control exists when the parent has the power to influence the financial and operating policies of a subsidiary in order to obtain benefits from its activities.

CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING COMPANIES:

Company name	Seat	share of the parent in share capital (%)	share in voting rights (%)	subsidiary of:	business segment
Boryszew S.A. :	Warsaw			Parent Company	
<i>Head Office</i>	Warsaw				Other
<i>Elana Branch in Toruń</i>	Toruń				Chemical products
<i>Energy Branch in Toruń</i>	Toruń				Other
<i>Enterprise Data Center Branch in Toruń</i>	Toruń				Other
<i>Maflow Branch in Tychy</i>	Tychy				Automotive
<i>NPA Skawina Branch</i>	Skawina				Metals
<i>Nylonbor Branch</i>	Sochaczew				Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	52.44	Boryszew SA	Chemical products
Torlen Sp. z o.o.	Toruń	100	100	Boryszew SA	Chemical products
Elana Pet Sp. z o.o.	Toruń	100	100	Boryszew SA	Chemical products
Elana Energetyka Sp. z o.o.	Toruń	100	100	Boryszew SA	Other
Boryszew Components Poland Sp. z o.o.	Warsaw	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service sp. z o.o.	Toruń	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
SPV Boryszew 3 Sp. z o.o.	Warsaw	100	100	Boryszew SA	Other
Boryszew Commodities Sp. z o.o.	Warsaw	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji	Warsaw	100	100	Boryszew SA	Other
SPV Boryszew 6 Sp. z o.o.	Warsaw	100	100	Boryszew SA	Other
Maflow Toruń Sp. z o.o.	Toruń	100	100	Boryszew SA	Other
SPV Boryszew 9 Sp. z o.o. w likwidacji	Warsaw	100	100	Boryszew SA	Other
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100	100	Boryszew S.A.	Automotive
Maflow Polska Sp. z o.o.	Warsaw	100	100	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100	100	Boryszew SA	Automotive
Maflow Spain Automotive S.L.U	Spain	100	100	Boryszew SA	Automotive



Maflow France Automotive S.A.	France	100	100	Boryszew SA	Automotive
Maflow do Brasil Ltda	Brazil	100	100	Maflow Polska Sp. z o.o.	Automotive
Maflow Components Co. Ltd	China	100	100	Maflow Polska Sp. z o.o.	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Automotive
MAFMEX S.DE R.L.DE C.V	Mexico	100	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Automotive
Maflow India Private Limited	India	100	100	Boryszew S.A. Maflow Polska Sp. z o.o.	Automotive
ICOS GmbH	Germany	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Germany	100	100	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Germany	100	100	ICOS GmbH	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
BRS YMOS GmbH	Germany	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächetechnik Deutschland GmbH	Germany	100	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Germany	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie Cechy	The Czech Republic	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	100	100	Boryszew Kunststofftechnik Deutschland GmbH; Boryszew S.A.	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	80	80	Boryszew S.A.	Automotive
Impexmetal S.A.	Warsaw	57.91	57.91	Boryszew SA	Metals
Hutmen S.A.	Warsaw	73,80	100.00	Impexmetal S.A., Impex – invest, SPV Impexmetal, SPV Boryszew 3, Boryszew S.A.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	84.57	100.00	Hutmen S.A. , Impexmetal S.A., Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. w likwidacji	Katowice	37,08	61.77	Polski Cynk Sp. z o.o.	Other
ZM Silesia S.A.	Katowice	60.03	100.00	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	60.03	100.00	Polski Cynk Sp. z o.o.	Metals
Polski Cynk Sp. z o.o.	Katowice	60.03	100.00	Impexmetal S.A., ZM Silesia S.A.	Metals
FŁT Polska Sp. z o.o.	Warsaw	59.04	98,35	Impexmetal S.A.	Metals
FLT Bearings Ltd.	Great Britain	59.04	100.00	FLT France SAS	Metals
FLT France SAS	France	59.04	100.00	FŁT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH,	Germany	59.04	100.00	FŁT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.,	Italy	59.04	100.00	FŁT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd,	China	59.04	100.00	FŁT Polska Sp. z o.o.	Metals
FLT & Metals Ltd.	Great Britain	60.03	100.00	Impexmetal S.A.	Metals
S & I S.A. w likwidacji	Switzerland	60.03	100.00	Impexmetal S.A.	Other



SPV Lakme Investment Sp. z o.o.	Warsaw	55.85	100.00	SPV Impexmetal Sp. z o.o., Eastside Capital Investments Sp. z o.o.	Other
Impex – Invest Sp. z o.o.	Warsaw	60.03	100.00	Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	86.02	100.00	Boryszew SA , Impexmetal S.A.	Other
Symonvit Ltd w likwidacji	Cyprus	60.03	100.00	Impexmetal S.A.	Metals
Baterpol Recycler Sp. z o.o.	Wroclaw	60.03	100.00	Polski Cynk Sp. z o.o.	Metals
Surowce Hutmen S.A. Sp. Sp. Komandytowa (limited partnership)	Wroclaw	60.03	100.00	Hutmen SA, Baterpol SA, FLT Polska Sp. z o.o.	Metals
SPV Impexmetal Sp. z o.o.	Warsaw	60.03	100.00	Impexmetal SA, ZUO Sp. z o.o, BAP Sp. z o.o.	Metals
Metal Zinc Sp. z o.o.	Katowice	60.03	100.00	ZM Silesia SA	Metals
Eastside BIS Sp. z o.o.	Warsaw	86.02	100.00	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. z o.o.,	Konin	36,00	59.97	Impexmetal S.A.	Metals

4. SIGNIFICANT ACHIEVEMENTS OR FAILURES IN CURRENT PERIOD;

A. ACHIEVED RESULTS

a. OVERALL MACROECONOMIC SITUATION

Market (by segment and geographies) Boryszew CG

% breakdown of revenues by segments

Chemical products	131 582	4%
Automotive	1 042 350	33%
Metals	1 898 597	59%
Other	129 553	4%

Geographical structure of revenues

Poland	1 072 289	34%
Germany	805 375	25%
Other EU countries	1 058 233	33%
Other	235 890	7%

Key determinants:

Market sentiment - PMI and GDP:

More than 90% of revenues at Boryszew CG is generated in Europe, hence the overall economic situation within EU is critical for the Company. The situation in the first half of 2017 was more favourable than in the corresponding period of the previous year. The domestic market has been experiencing a slight cooling down of the general sentiment in the economy since the beginning of this year.

The average PMI's, which determine the level of activity in the industry of the most important economies for the Capital Group (EUR zone, Germany) were at a higher level, whereas for Poland slightly lower than in the corresponding period of the previous year.



PMI for Germany and the EU has improved its 6-year peaks, reaching 57.4 pp for the EU and 59.6 pp for Germany. For comparison, in the corresponding period of the previous year, PMI was at the following levels: 52.8 pp. for EU and 54.5 pp. for Germany.

In Poland PMI is slightly higher than in the same period of last year, i.e. 53.1 pp (first six months of 2016: 51.8 pp), but the first six months of 2017 saw a downward trend.

The EC forecast of May 2017 indicates an improvement of the economic situation in Poland, compared to February 2017 (the GDP growth was increased from by 0.3 pp, to +3.5%) as well as GDP increase in the EU by 0.1 pp to +1.9%. The data of the World Bank and IMF published in April this year showed similar forecast. The World Bank improved its forecast for growth in Poland in 2017 to 3.3% compared to 3.1% published in January. The increased forecast of IMF now says 3.4% (previously: 3.3%). According to the Finance Ministry the growth of GDP in 2017 will close at 3.6% and the National Bank of Poland says that at 4.0%.

Market sentiment - Sales of cars:

Another important parameter showing the dynamics and results of the CG is the sale of cars level (Automotive segment is where the Group makes 30% of its sales). According to ACEA, in the first six months of 2017 the automotive market in Europe moved up 4.2% (with a 4.2% increase in June alone). The main customer for the Automotive Segment - Volkswagen Group - recorded an increase in car sales on the European Market of 3.2% in H '2017 (compared to the corresponding period of previous year). The European Market remains a key market for the Automotive Segment, despite the fact that companies engaged in this segment are also present in Latin America and Asia.

Market sentiment - Prices of basic raw materials:

Since almost 60% of BCG's sales is in the non-ferrous metals industry, the Group is exposed to fluctuations in average prices of metals quoted on the London Metal Exchange (LME). During the period in question, the average prices of all four basic metals increased significantly in USD, i. e. aluminium (by 23%), copper (by 24%), lead (by 27%), and zinc (by 49%).

On the other hand, the increase in metal prices expressed in PLN amounted to: aluminium +24%, copper +25%, lead +27% and for zinc +50%.

The raw material significant for the Group is scrap metal (including battery scrap) which the basic (Baterpol SA, WM Dziedzice SA) or significant (Impexmetal SA) raw material for production. Prices of metal scrap metal scrap were about 4 percentage points lower for battery scrap, about 3 percentage points lower for aluminium scrap and about 3 percentage points lower for copper and brass scrap.

Another important indicator for the Group is the level of subsidies to metal, which in the first half of 2017 was higher for zinc and lower for aluminium and lead compared to the same period of 2016.

Market sentiment - significant currency pairs

For major currencies, the most significant factor is the level of USD rates, which affects both the Group's revenues, which are materially dependent on the level of metals traded as the main component of the price of the products as well as their cost. In the reporting period, the dollar appreciated by 1% against PLN, which also had an impact on the price of basic metals expressed in PLN and on sales profitability.

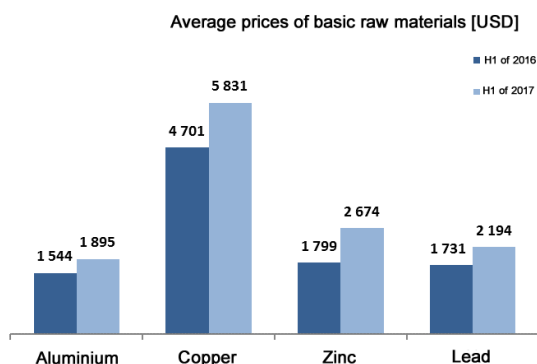


The level of the Euro rate is important for the Group, given the predominance of the processing margins expressed in this currency and more than 60% share of export sales, mainly to the Euro zone. Average Euro rates decreased by over 2% compared to PLN.

The EUR/USD exchange rate was at 1.08 after H1 2017, i. e. by 3 percentage points lower than in the corresponding period of the previous year.

The appreciation of the dollar and the simultaneous weakening of Euro had a negative impact on the Group's performance, especially in terms of trade margins.

Detailed data on the development of the above mentioned key parameters (metal prices and exchange rates) are presented in the following graph and table:



	H1 of 2017	H1 of 2016	% change
Aluminium [USD]	1 895	1 544	23%
Copper [USD]	5 831	4 701	24%
Zinc [USD]	2 674	1 799	49%
Lead [USD]	2 194	1 731	27%
EUR/PLN	4,27	4,37	-2%
USD/PLN	3,95	3,91	1%
EUR/USD	1,08	1,12	-3%

	H1 of 2017	H1 of 2016	% change
Aluminium [PLN]	7 482	6 043	24%
Copper [PLN]	23 016	18 399	25%
Zinc [PLN]	10 554	7 042	50%
Lead [PLN]	8 662	6 776	28%

Source: Daily listings of LME, NBP

Revenues from sales / Demand for Group's products

Boryszew Capital Group revenues in H1 of 2017 amounted to PLN 3 171.8 million PLN and were higher by 10.1% than those generated in H1 of previous year.

By segments, the sales figures are as follows:

- Metals – revenues PLN 1 898.6 million (PLN 1 635.2 million in H1 of 2016), sales volume 137.4 thousand tons (127.6 thousand tons in H1 of 2016),
- Automotive – revenues PLN 1 042.3 million (PLN 993,7 million in H1 of 2016),
- Chemical products – revenues PLN 131.6 million (PLN 163.3 million in H1 of 2016), sales volume 25.1 thousand tons (23.6 thousand tons in H1 of 2016),
- Other segments – revenues PLN 129.5 million (PLN 128,7 million in H1 of 2016).



The increase in the Metals Segment's revenues is mainly due to the increase in non-ferrous metals quotations, expressed in PLN from +24% (aluminium) to +50% (zinc), which are the basic component of product prices and an increase in sales volumes.

The description of the increase in metal price quotations is presented in the section on basic raw material prices and currencies.

An increase in sales volumes in the Metals Segment can be observed in practically all entities, including in particular in: ZM SILESIA S.A., O/NPA Skawina, Impexmetal S.A. (Aluminium plant Konin), Baterpol S.A. Only Hutmen S. A. recorded a decrease in sales volumes in the first half of this year.

The highest percentage increase in sales volumes was reported by ZM SILESIA S. A. (in particular the plant in Katowice itself) and amounted to approximately 24.7% (i. e. 1.8 thousand tons more) in comparison to the corresponding period of the previous year. It was a result of the increase in sales of practically all assortments, including the intensification of sales of a new product - zinc-titanium-zinc plate carbon patina (so-called black sheet). The increase in sales volume of the second plant of this company, i. e. Huta Oława Branch was 0.9 thousand tons (i. e. 6.2%) and was recorded on sales volume of zinc oxides to Continental (factory in Germany and Hungary) and to Michelin in France and Spain. Sales to the domestic market increased significantly for Goodyear plants (Dębica).

The increase in the NPA Skawina Branch sales volume amounted to 19.2%, i. e. 3.2 thousand tons. This increase was mainly attributable to the increase in sales of most wire rod ranges.

In Aluminium Plant Konin the sales volume increased by 3.1 thousand tons (i. e. 6.8%) and it was possible with the completion of the next stage of plant's production capacity expansion for high-processed products.

In case of Baterpol S. A. the increase in sales volume amounted to 1.1 thousand tons (i. e. 6.1%) and was due to the change in the situation on the battery scrap market - increased supply enabling intensified purchases of raw materials and thus affecting the increased sales of the plant.

Increase in revenues of the Automotive Segment occurred in the Maflow Group and was a result of new contracts coming into force. Revenues in BAP Group decreased mainly due to lower sales of tools.

The sales dynamics in subsequent years in the Automotive Segment are influenced by contracts signed. The so-called new nominations are contracts concluded in 2017 and earlier contracts under which series production begins in 2018 and subsequent years. The nomination information as at the date of the report can be found in the table below.

PLN '000	2018	2019	2020	2021	2022
New nominations	42 367	119 857	135 110	135 007	128 251



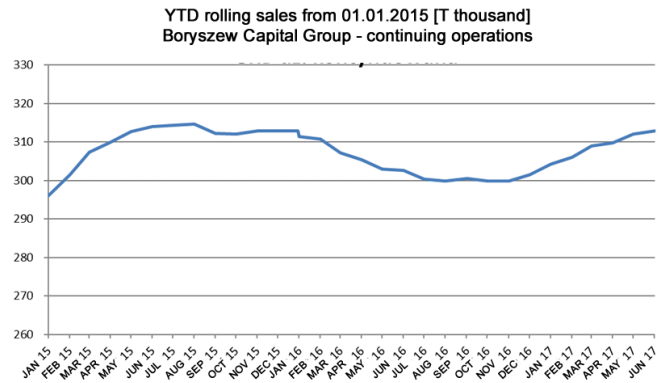
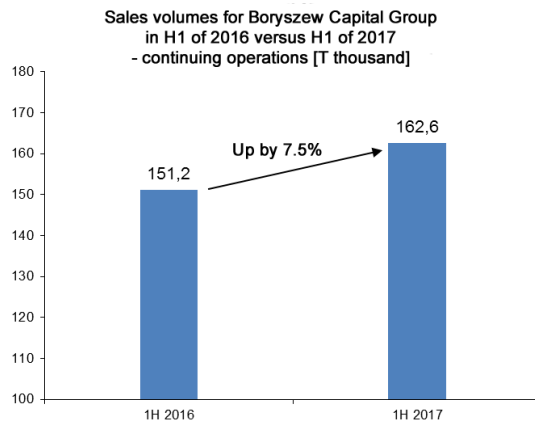
Remarks: The presented sales figures do not include:

- EOP - lost sales on termination of contracts concluded in previous years
- Opportunities - new sales opportunities within the framework of on-going and future negotiations but not formally concluded contracts
- Others - Other sales (tools, non-automotive).

The decrease in the sales revenues of the Chemical products segment is mainly attributable to a decrease in the revenues of ERG Branch on the sale of goods. In product sales the revenue goes up while sales volumes stay at a level similar to the same period of the previous year.

Lower revenues from sales in the Segment Other result from reduction in sales of goods in the Group, including, among others, due to the liquidation of the Trade Branch in Boryszew S. A. as well as lower sale of real estate.

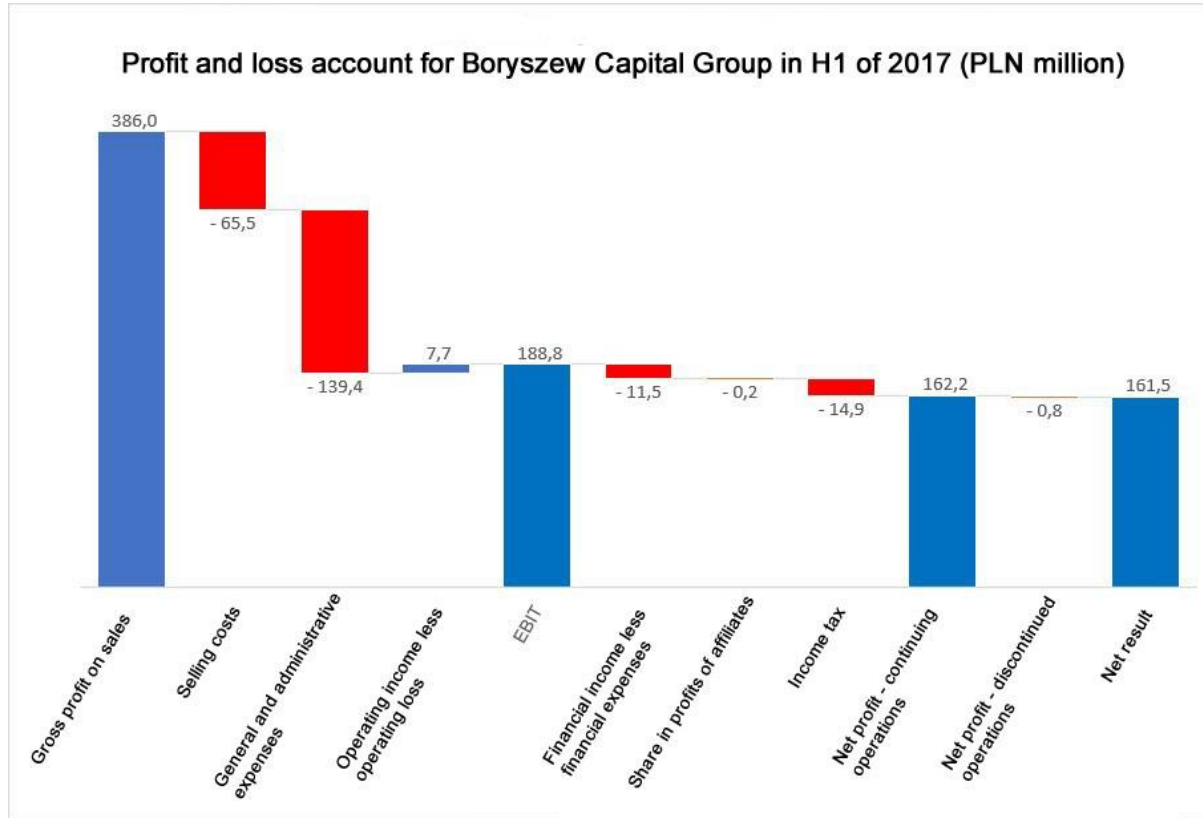
Comparison of the Capital Group's total sales volumes in the periods in question and rolling 12-month sales volumes are presented in the following charts:





Achieved profit/loss

The graph below compiles components of the profit and loss account in H1 of 2017



The gross result on sales in the first half of 2017 amounted to PLN 386.0 million and was higher by PLN 50.1 million than the result achieved in the first half of 2016.

The improvement of gross result resulted mainly from the improved results in the Automotive segment.

The average gross return on sales increased from 11.6% in the first half of 2016 to 12.2% at present.

Costs of sales dropped nominally by PLN 2.4 million despite an increase in sales compared to the previous year.

General and administrative expenses in the first half of 2017 were higher by PLN 15.9 million than in the first half of 2016. The highest increase in costs was observed in the automotive segment companies as a result of strengthening management structures (such as R&D, quality management and controlling).

The balance of income/operating expenses amounted to PLN 7.7 million and it was PLN 5.1 million higher as compared to the same period of 2016. The level of the above mentioned balance in the first half of 2017 was mainly influenced by lower sales of fixed assets and investment property (PLN 5.4 million lower result)



OPERATING RESULTS

1. Consolidates figures:

In H1 of 2017, EBITDA on continuing operations amounted to PLN 255.3 million compared to PLN 188.5 million in the corresponding period of the previous year. In relevant operating segments, the EBITDA result was as follows:

- Metals – EBITDA PLN 136.0 million (PLN 119.6 million in H1 of 2016),
- Automotive – EBITDA PLN 102.2 million (PLN 67.4 million in H1 of 2016),
- Chemical products – EBITDA PLN 11.6 million (PLN 5,4 million in H1 of 2016).
- Other segments – EBITDA PLN 9.8 million (PLN 23,4 million in H1 of 2016).

2. Metal Segment:

The improved results of the Metals Segment were mainly contributed by Impexmetal S.A., NPA Skawina, Baterpol S.A. as well as ZM SILESIA S.A. Branch Katowice.

Better results of Impexmetal S.A. were brought about by investments made in recent years as well as technological changes resulting in increased productivity and unit net margins. Investment expenditure in Aluminium Konin in the last 4 years exceeded PLN 150 million. This resulted in significant increase of production capacity from ap. 75 thousand tons to 100 thousand tons. The results improved as an effect of sales of more products with a higher unit margin, driven by good economic situation on the aluminium products market.

In case of NPA Skawina, which recorded an increase in the sales volume by 3.3 T tons (six months to six months) the positive change in the operating result was offset by lower unit net premium (difference between individual processing margins obtained and unit metal surcharge) and the positive deviation results from the write-off on accounts receivable made in the first half of 2016 (PLN 8.1 million).

Baterpol S. A. achieved better results, mainly due to higher sales volumes, significantly lower raw material prices (mainly battery scrap and lead scrap) as well as higher unit processing margins on practically all product ranges.

ZM SILESIA S. A. Branch Katowice achieved a better result with much higher sales volumes, mainly of sheet metal and wire and due to the change of product mix to those with higher unit processing margins.

Entities in the copper and brass sector, ZM SILESIA Branch Oława and bearing companies of the Metals segment showed some drop in results.

The decrease in results of WM Dziedzice S. A. occurred with slightly higher volumes compared to the same period of the previous year. The drop was due to significantly lower unit processing margins in product groups of pipes and rods, which were not compensated by the increase in margins on other products. The drop in margins resulted from high level of copper prices, which upheld the customers' conservative approach to contracting and thus preserved the downward trend in margins.



Hutmen S.A. achieved worse operating results mainly due to the fact that they could not break lower average trade margins for practically all product ranges (except copper tubes) and lower sales volumes since the beginning of this year (mainly in foundry alloys, where decrease in sales was not compensated by an increase in sales in other product ranges).

The deterioration of results of ZM SILESIA S. A. Branch Oława was the consequence of an increase in quotations and subsidies for zinc (particularly in the first quarter of 2017) coupled by a simultaneous decrease in unit processing margins.

Lower result of bearing manufacturing companies was primarily the consequence of a significant deterioration of the operating results presented by FLT Polska Sp. z o.o., FLT & Metals s.r.l. and FLT Bearings Ltd.; this drop was due to the weakening of EUR/USD exchange rates in the first half of 2017 and intensified competition on the bearing market (also coming from SKF).

3. Automotive Segment

Improved results in the Automotive segment came from the growth in BAP Group and Maflow Group, where BAP Group showed much better performance than Maflow Group.

Virtually all BAP Group member companies participated in the improvement except for Boryszew Plastics Russia, with the largest share coming from: Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Formenbau Deutschland GmbH, AKT Plastikarska Technologie. Improved results of Boryszew Kunststofftechnik Deutschland GmbH, Theysohn Kunststoff GmbH came from a change in product prices. Boryszew Oberflächentechnik Deutschland GmbH improved its performance with compensations following the fire in its production facility. Better performance of Boryszew Formenbau Deutschland GmbH i AKT Plastikarska Technologie resulted from increased sales (primarily tools).

The largest contribution in improved results of Maflow Group came from all companies except Maflow O/Tychy, Maflow Mexico, Maflow India. Highest growth in results was recorded by Maflow China, Maflow Brasil, Maflow Italy and Maflow Spain.

Maflow China and Brasil improved performance due to increased revenues (in China - from new contracts), Brasil (larger volumes in existing contracts), cost optimisation including improved efficiency. For Maflow Italy and Maflow Spain the improvement is mainly due to increased revenues and reduced fixed costs including general administration costs.

4. Chemical products segment

In the Chemical products segment better results came primarily from ERG Branch Boryszew and less so from Torlen Sp. z o.o., Nylonbor and Elana Pet Sp. z o.o.. Branch Elana as the only entity in the segment achieved lower result than in the corresponding period of the previous year.

The increase in ERG Branch Boryszew results was due to significantly higher sales volumes of de-icing fluids for airports and automotive fluids with higher unit trade margins for these two product groups.



5. Other Activities Segment

The Group recorded a decrease in the net result by PLN 23 999 thousand in relation to the corresponding period of the previous year.

b. NET RESULT

The balance of revenues/financial costs amounted to PLN -11.5 million and was higher by PLN 31.5 million, which resulted mainly from positive result on foreign exchange differences and derivative financial instruments related to currency and metal collaterals in the total amount of PLN +25.1 million.

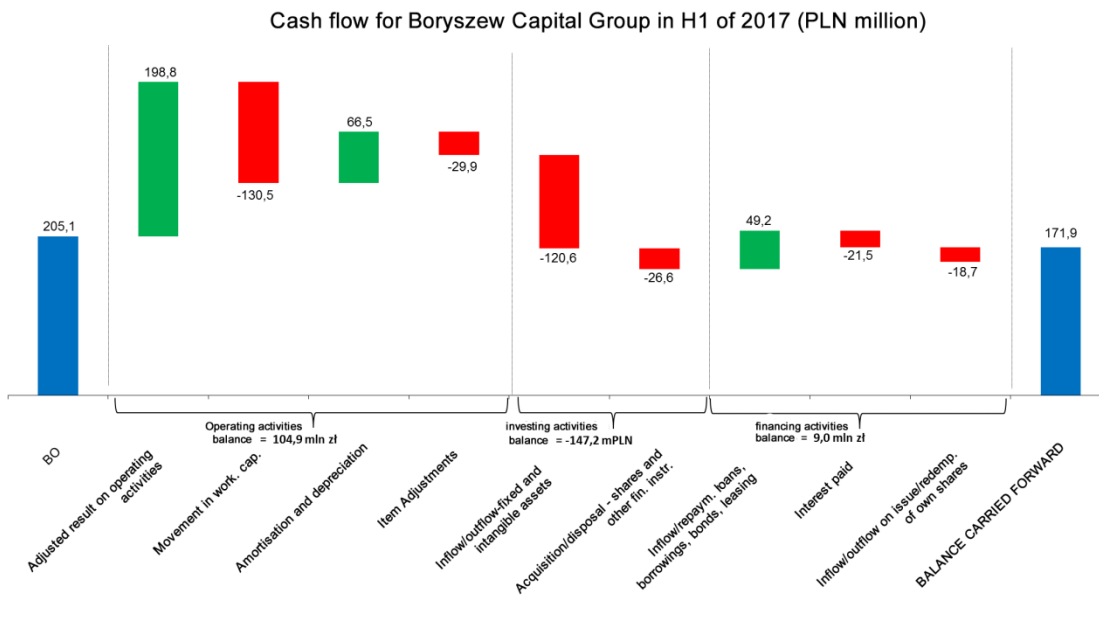
The net result on continued operations amounted to PLN 162.2 million and was higher by PLN 66.6 million than the result after the first half of the previous year.

The total net result including continued and discontinued operations amounted to PLN 161.5 million and was higher than in the first half of last year by PLN 65.2 million.

On the other hand, the net profit attributable to shareholders of the parent company amounted to PLN 131.2 million and was higher than last year by PLN 64.2 million.

c. CASH FLOW

Cash flows in the first half of 2017 are shown in the following chart:





In the first half of 2017, the Boryszew Capital Group generated positive revenues from direct operating activities in the amount of PLN 104.9 million and PLN 9.0 million from financing activities, which were allocated mainly to financing investment activities in the amount of PLN 147.2 million (expenditure on fixed assets and redemption of shares in Hutmen S.A.).

The relative decrease in the level of cash from operating activities was mainly influenced by the increase in exposure to working capital, mainly in trade receivables in the Metals Segment, caused by the increase in metal prices and the increase in sales volumes.

The negative balance of cash flows from investing activities resulted mainly from investments in fixed assets in the amount of PLN 120.6 million, and from the balance of acquisition/disposal of shares and other financial assets in the amount of PLN 26.6 million.

Top expenditure on fixed assets were incurred at: BOD (PLN 37.0 million), Impexmetal S.A. (PLN 26.5 million), Maflow Group (PLN 27.5 million).

In the BOD, the investments included the reconstruction of the production plant in Prenzlau, which was opened on 19-04-2017.

The investments in Impexmetal S. A. were related to the completion of the first stage of the development programme with a total expenditure of ca. PLN 125 million, assuming an increase in the production capacity of rolled products to 100,000 tonnes/year.

In the Maflow Group, capital expenditures related to the expansion of production capacity in Poland (including the construction of a new plant in Toruń).

After the first half of 2017, the Boryszew Capital Group's net debt amounted to PLN 994.5 million and was higher by PLN 82.4 million compared to the end of 2016.

B. OTHER IMPORTANT EVENTS

BORYSZEW S.A.

Forced buyout of Hutmen S.A. shares

As a result of the forced buyout demand of minority shareholders holding 2 549 980 shares accounting for approximately 9.96% of the share capital and votes at the General Meeting of Shareholders of Hutmen S.A. by Boryszew S.A., announced on 12 January 2017, Boryszew S.A. and subsidiaries of Boryszew Capital Group, i.e. the company under the name SPV Boryszew 3 Sp. z o.o., the company under the name of Impex - Invest Sp. z o.o., the company under the name of Impexmetal S.A. and SPV Impexmetal Sp. with o.o. (Boryszew Group) , on 17 January 2017 Boryszew S.A. acquired all shares under forced buyout.



Upon completion of the forced buyout Boryszew Capital Group now holds 25 596 270 shares of Hutmen S.A. accounting for 100.00% of share capital and votes at the General Meeting of Shareholders of Hutmen S.A.

On 6 October 2017 Hutmen S.A. held the Extraordinary General Assembly that adopted a resolution on revocation of dematerialisation of shares of Hutmen S.A. and their withdrawal from trade on the regulated market conducted by Giełda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange].

On 10 February 2017, the Management Board of Hutmen S. A. filed a motion with the Polish Financial Supervision Authority (KNF) to grant the Polish Financial Supervision Authority a permit for restoring the form of a document to the shares of Hutmen S. A. (removal of dematerialization of shares).

On 28 March 2017, the Polish Financial Supervision Authority (KNF) allowed Hutmen S. A. to reinstate the shares in the form of a document (removal of dematerialization of shares) on 18 April 2017.

By virtue of a resolution dated 11 April 2017, the Management Board of the Warsaw Stock Exchange S. A. decided to exclude the shares of Hutmen S. A. from stock exchange trading as of 18 April 2017.

As at 30 June 2017 Boryszew Capital Group held 25 596 270 shares of Hutmen S.A., which constituted 100.00% of Hutmen S.A. share capital, including:

- Boryszew S.A. : 2 657 532 shares of Hutmen S.A., accounting for 10.38% share in share capital and votes during General Assembly of Hutmen S.A.,
- Impexmetal S.A.: 695 159 shares, accounting for 2.72% share in share capital and votes during General Assembly of Hutmen S.A.,
- SPV Boryszew 3 Sp. z o.o.: 6 165 383 shares, accounting for 24.09% share in share capital and votes during General Assembly of Hutmen S.A.,
- SPV Impexmetal Sp. z o.o.: 3 528 196 shares, accounting for 13.78% share in share capital and votes during General Assembly of Hutmen S.A.,
- Impex – Invest Sp. z o.o.: 12 550 000 shares, accounting for 49.03% share in share capital and votes during General Assembly of Hutmen S.A.,

Opening of Boryszew Oberflächetechnik Deutschland GmbH plant in Prenzlau

Boryszew completed the works related to the opening of the plant in Prenzlau. Manufacturing of plastic, galvanised automotive components was officially launched on 19 April 2017. Thus, it completed the investment in Prenzlau, Germany, which is a key investment in the automotive segment of the Group. In the hall with an area of approx. 14.5 thousand m², one of the most modern technological lines for galvanization of plastic elements with a capacity of 400 thousand m² of galvanized area per year was built in Europe. The components will be incorporated into Volkswagen, Audi, BMW, Daimler and Toyota cars.

The value of the investment amounted to EUR 22 million.

IMPEXMETAL S.A.

Signing of the subsidy agreement

In the first half of 2017, Impexmetal S. A. signed an agreement for the project financing Development of the production technology for open and closed sections made of Aluminium ECO - AISi alloy, which originated entirely from the recycling of aluminium car parts.



Value of the project PLN 8.7 million, including the value of co-financing PLN 2.9 million.

The result of the project will be an innovative product: OPEN AND CLOSED SECTION made of 100% recycled material. The project implementation assumes the construction of a demo line enabling the production of aluminium closed and open sections. The project concerns the recycling of scrap metal car parts (car heat exchangers), which are considered difficult to recycle due to the nature of the production process.

Start of R&D works

In the first half of 2017, Impexmetal S. A. began research and development works related to the project "Development of highly advanced technology for manufacturing multi-layer aluminium tapes of HSAA-P30 for a new generation of heat exchangers". The result of the project will be an innovative multi-layer HSAA-P30 aluminium tape designed for the new generation of automotive heat exchangers, characterized by significantly higher strength properties compared to standard cladding tapes, increased corrosion resistance and higher susceptibility to plastic deformations in cold forming processes, high thermal resistance and adequate soldering susceptibility.

The project assumes the design and construction of a demonstration longitudinal cutting line dedicated to multi-layer tapes. This will enable the cutting of tapes of different susceptibility to plastic deformations of individual layers and obtaining new product features and guaranteed quality of workmanship.

The project received co-financing under the INNOMOTO Sectoral Programme in the amount of approximately PLN 8.3 million.

HUTMEN S.A.

Conclusion of a material agreement

On 3 January 2017, an agreement was signed between Hutmen S. A. and KGHM Polska Miedź S. A. regarding the sale of round copper ingots by KGHM. The annual base quantity of round copper ingots covered by the Agreement is 11,000 tonnes per year, and taking into account the Buyer's option 20,000 tonnes. The price for the individual batches of copper ingots supplied was determined as the sum of the price for cathode copper (average official settlement quotations for copper grade "A" on the London Metal Exchange for the agreed period of pricing) plus a metal premium and a processing premium. The estimated value of the contract in 2015, as per current copper prices amounts to approximately PLN 229 million net for deliveries of the base amount and PLN 416 million net for deliveries taking into account the Buyer's option. A registered pledge on fixed assets of at least PLN 5 million as well as promissory note with promissory note agreement is the collateral of the claims of the KGHM toward Hutmen S.A.

ACQUISITION OF SHARES OF BORYSZEW CAPITAL GROUP MEMBER COMPANIES

Purchase of own shares by Boryszew S.A.

Acting within the limits of the authorisation granted by Resolution no. 19 of the Ordinary General Meeting of Shareholders of Boryszew S.A. dated 25 June 2014 on authorising the Company's Management Board to repurchase Boryszew S.A. own shares as well as pursuant to Art. 362 § 1 point 8) and Art. 362 § 4 of Commercial Companies Code in the period between 1 January 2017 and 30 June 2017.

Boryszew S.A. acquired a total of 1 653 831 own shares, making a total of 9 483 831 own shares with the shares already held, accounting for 3.952% stake in total votes on the GA of Boryszew S.A.



As at 30 June 2017 Boryszew Capital Group held 23 643 831 shares of Boryszew S.A., accounting for 9.85% of total votes at the General Meeting of Boryszew S.A.

- Boryszew S.A. : 9 483 831 shares, accounting for 3.95% share in the share capital and votes during the General Assembly of Boryszew S.A.,
- Impexmetal S.A. 10 990 000 shares, accounting for 4.99% share in the share capital and votes during the General Assembly of Boryszew S.A.,
- SPV Boryszew 3 Sp. z o.o. 2 165 000 shares, accounting for 0.90% share in the share capital and votes during the General Assembly of Boryszew S.A.,
- Polski Cynk Sp. z o.o. 5 000 shares, accounting for 0.00% share in the share capital and votes during the General Assembly of Boryszew S.A.,

Acquisition of own shares by Impexmetal S.A.

Under the own share buyout scheme for redemption or resale or for financing business combinations as part of Group's or Impexmetal strategy, adopted by the General Assembly by resolution No 18 of 15 June 2016, in the first six months of 2017 Impexmetal S.A. acquired a total of 2 322 200 own shares, making a total of 10 060 000 own shares with the shares already held, accounting for 5.03% stake in total votes on the GA of Impexmetal S.A.

As at 30 June 2017 Boryszew Capital Group held 120 060 000 shares of Impexmetal S.A., accounting for 60.03% of total votes at the General Meeting of Impexmetal S.A., including:

- Boryszew S.A. : 102 720 968 shares of Impexmetal S.A., accounting for 51.36% share in the share capital and votes during the General Assembly of Impexmetal S.A.,
- Impexmetal S.A. 10 060 000 shares, accounting for 5.03% share in the share capital and votes during the General Assembly of Impexmetal S.A.,
- SPV Boryszew 3 Sp. z o.o. 7 279 032 shares, accounting for 3.64% share in the share capital and votes during the General Assembly of Impexmetal S.A., Information on other important events was provided in the form of current reports of the Company, which are available on the website: www.boryszew.com.pl

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

IMPEXMETAL S.A.

Information on a potential transaction concerning the sale of subsidiaries operating in the retail segment.

On 23 August 2017 Impexmetal S.A. signed a letter of intent with a potential investor, a member of the Chinese machinery industry leader in the global markets (the Buyer) for the sale of shares in FŁT Polska Spółka z o.o. (FŁT Polska), accounting for 98.35% of the share capital / total number of votes in FŁT Polska (Shares).

The parties seek to establish detailed terms (including prices) of the potential transaction of the sale of Shares to the Buyer, based on the results of the evaluation of FŁT Polska legal and financial situation, as one of many conditions. The parties also seek to conclude an initial sale agreement of the shares as soon as possible; the final agreement should be concluded upon obtaining all necessary approvals, including the consent of the Chinese authorities.



5. FACTORS AND EVENTS, AND IN PARTICULAR THOSE OF UNTYPICAL NATURE, AFFECTING THE FINANCIAL PERFORMANCE IN THE CURRENT PERIOD

There are no such factors.

6. DESCRIPTION OF BASIC THREATS AND RISKS

The activities of Boryszew Capital Group generate exposure to market risk (including interest rate risk, currency risk and risk of change in prices of raw materials and products), as well as credit risk and liquidity risk.

MARKET RISK - METAL PRICES AND CURRENCY EXCHANGE RATES

The main risks arising from the specific activities of the Group are risks associated with the price of metals on the London Metal Exchange (LME) as well as currency exchange rate changes. The exposure that has so far been identified at Boryszew Group defines, as a rule, two types of risks:

- risk of changes in metal prices,
- risk of changes in foreign exchange rates

The risk of changes in metal prices occurs at the operating level, whereas the risk of changes in foreign exchange rates occurs at the strategic /fundamental as well as operating level.

- **Metal Segment:**

Metals in case of which price changes have an impact on Group's results include: copper, aluminium, lead, zinc, tin, nickel and to a lesser extent - silver.

Operational risk in terms metal prices was identified at the following companies in the Metals segment: Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcownia Metali Dziedzice S.A, ZM SILESIA S.A. and NPA Branch Skawina; the risk is associated with future revenue and cash flows, which have already been contracted, in other words - with securing the fair value of the contract.

Strategic risk involving currencies is associated with throughput bonus (USD/PLN and EUR/PLN) - this risk is present in: Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcownia Metali Dziedzice S.A., ZM SILESIA S.A. and NPA Branch Skawina.

In case of currency operational risk, the risk source is mainly the operating metal, so to obtain the full effect of hedging it is also necessary to determine the currency exposure. In addition, there is still operational risk from the time the fixed price for sale or purchase is determined (e.g. sales invoice issue) until the moment of making or receiving the payment.

Strategic and operational risk in individual companies is closely related to their business activities. In case of metal the companies determine the so-called net exposure i.e. the sale based on the LME listed prices is set-off by cost items, which are also based on the same base, the difference is the net exposure that is hedged. In case of operational risk, it arises mainly as a result of the mismatch between bases for purchase of raw materials and sales of products. Strategic exposure to currencies associated with the achieved output bonus is calculated by multiplying the output bonus by the sales of finished products.

- **Automotive Segment**

Strategic currency risk in the Automotive segment results from sales to foreign customers of a significant part of domestic production - this risk is present in the Maflow Group. In order to diversify strategic risk in this segment, the Group locates production plants in various countries and continents.



In the case of the Automotive segment, the operational risk resulting from the realisation of revenue under contracts in EUR is currently partially mitigated by the financing of operations in the same currency, which makes it possible to apply a natural currency hedge.

MARKET RISKS - INTEREST RATES

To finance its operations, the Group uses interest-bearing debt with a variable interest rate, which means that the Group's operations are exposed to the risk of interest rate fluctuations. The profile of the interest rate risk in Companies is characterized by adverse impact of increased interest rates on the level of cost of interest.

Some Group companies also have floating rate financial assets. Ownership of both assets and liabilities generating interest calculated on the basis of variable base rates (WIBOR/EURIBOR) can significantly protect such companies against adverse changes in base rates (and thus changes in interest rates). The impact of these changes on liabilities and assets is likely to be largely offset.

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 future cash flows.

This risk, similarly to metal price risk and exchange rate risk is subject to an on-going monitoring. In the event of observing permanent unfavourable trends in interest rate changes, while taking into account the mutual elimination of the effects of these changes on interest-bearing assets and liabilities, the Group is ready to enter into interest rate hedging transactions.

CREDIT RISK

Credit risk for the Boryszew Capital Group is related to market conditions leading to the necessity of applying deferred payment terms. The Group Companies monitor the creditworthiness of the contracting parties to whom the sale of goods is directed, as well as various types of collateral in the form of guarantees, letters of credit or bills of exchange.

A large part of the Capital Group companies insures trade receivables, which significantly reduces credit risk.

Investment in debt instruments of other entities is also exposed to credit risk. The Group Companies try to assess creditworthiness and prospects of the entities they provide financing as best as possible. Atypical events, such as turbulence in financial markets, may increase the risk of recoverability of these investments and significantly increase the time horizon for releasing funds. The Group Companies invest mainly in debt instruments of entities related by equity.

LIQUIDITY RISK

In order to limit the liquidity risk in the Group, both actual and projected cash flows are monitored on an on-going basis. By following the maturities of financial assets and liabilities, they are adjusted accordingly and thus the cash balances are maintained accordingly. The Group uses the services of banks with open credit lines. The demand for external financing is monitored on an on-going basis. The Group's objective is to provide a level of financing that is sufficient for the Group's operations.

Liquidity risk is also carefully analysed in relation to the hedging business. In the case of limits for hedging transactions, the Group Companies try to have high limits adequate for the transactions, so that in the event of a negative fair value measurement of the transactions held, they do not pay any collateral margins.

According to the best assessment, the financial markets may pose a potential risk to the Group's liquidity position. Liquidity could also be adversely affected by the sharp increase in metals prices on world stock exchanges, forcing greater use of working capital to meet quantitative sales targets. Currently, the companies have sufficient potential to take out new loans.



OBJECTIVES, POLICY AND RISK MANAGEMENT PROCESS, AS WELL AS APPLIED RISK ASSESSMENT METHODS

- **Risk management process - objectives, policy**

The main objective of the Group's risk management policy is to ensure stability of cash flows and, in addition, to secure the fair value of contracts concluded. The policy is established at the level of the parent company. The risk management process is delegated to individual Group companies. Companies define and implement a risk management policy and the whole process of determining exposure, preparing strategies, concluding transactions, checking them and recording them takes place there as well.

- **Risk measurement methods**

Currently strategic risk measurement at companies is based on data contained in the approved current business plan for relevant period and updated current purchase and sales plans.

In the case of operational collaterals, the risk is measured on the basis of updated current purchase and sales plans, stock levels or sales.

- **Risk management function structure and organisation**

The risk management function in the Boryszew Group is organised on two levels. At the level of individual companies, a risk management policy is implemented, a methodology is established for calculating exposures, calculating this exposure both on currencies and metals, setting the hedging strategy, i. e. what amounts are hedged in which instruments and for what dates. At the level of companies, the terms and conditions of transactions are negotiated, concluded, confirmed to the institutions with which they have been concluded, booked, closed and cleared. Additionally, the company keeps hedge accounting.

The second level of risk management organisation has been located at the Group level and is executed, among other things, through the use of ownership supervision by the parent companies and includes the development and updating of risk management policy as well as monitoring the risk management process in the Companies.

- **Scope and characteristics of reporting systems and risk monitoring**

The reporting system in the Boryszew Group is carried out in many stages. The first stage is: reporting to the Management Boards of individual companies. The layout and frequency of these reports shall be determined by the respective Management Boards. Additionally, the Management Boards present information on security issues - at meetings of supervisory boards, and the frequency and details of such information depend on individual supervisory boards.

Additionally, since 2007 a detailed weekly reporting system has been introduced in some Group companies. These reports are characterized by a high level of detail and contain, inter alia, the volume and currency of transactions, the level of collateralisation, the date of transaction execution and settlement, the settlement formula and the institutions through which these transactions were executed. The process of entering into transactions hedging metal and currency risk includes activities related to written confirmation of transaction terms and conditions as well as introducing appropriate levels of competence when accepting transactions, which minimizes the risk of confusion.

- **Description of the risk hedging policy**

The Management Boards of the individual companies are responsible for the implementation of the risk hedging policy. The policies are designed to set out in detail the risks to which particular companies are exposed and present an approach to them, possibly including limits to which collateral can be provided. Policies include objectives that companies set for themselves and the collateral they provide should help achieve these objectives.



- **Processes for monitoring the effectiveness of securities and other risk management tools**

For transactions for which it is possible to apply hedging relations, the Capital Group companies have implemented hedge accounting. For each reporting period, the companies assess the effectiveness of their hedging relationships and perform effectiveness tests in order to maintain these relationships at certain intervals. In addition, during the reporting periods, effectiveness is monitored by analysing deviations of hedged and hedging items from standard items.

Additionally, information systems are used in the Capital Group's risk management process: REUTERS, MetalPrice, which allow for on-going monitoring of market data and valuation of the positions held.

- **Description of policies and procedures for risk concentration mitigation**

All companies of the Boryszew Group try to diversify, as far as possible, all the existing risks, both the risks related to contractors in the area of raw materials purchase and sales of finished products through entering into commercial contracts with many entities, as well as in the case of financial institutions with which the companies have concluded cooperation agreements. In the case of limits for hedging transactions, the companies try to have high limits adequate for the transactions, so that in case of negative fair value measurement of the transactions held, they do not pay any collateral margins. A similar situation is observed in the case of credit lines, especially revolving ones.

In case of concentration of major market risks: metal, currency and interest rates, these risks spread rather evenly, due to widespread operations of the entire Group, mainly on metals, produced and processed by relevant companies, namely metals such as : copper, aluminium, lead, zinc, tin, nickel and to some limited extent silver. As regards the concentration of foreign exchange risk, it focuses mainly on the USD/PLN and EUR/PLN exchange rate risks, the minimum amounts being different rates.

In the case of interest rate risk, it focuses mainly on PLN, but also on EUR and USD.

7. NOTES ON THE SEASONALITY OF THE COMPANY'S BUSINESS IN THE PRESENTED PERIOD

Boryszew Capital Group is exposed to seasonality only in limited extent.

In the Automotive segment seasonality affects holiday months as well as December, when production of cars falls considerably, causing also a fall in component orders.

In the Metal Segment, seasonality affects the range of products sold for the construction sector, which include:

- copper installation pipes and cupronickel condenser pipes manufactured by Hutmen S.A.
- brass condenser pipes used for district heating, manufactured by WM Dzierżycze S.A.
- zinc-titanium roofing sheets and zinc wire manufactured by ZM SILESIA S.A.

The peak in sales of these products is recorded the second and third quarter, which is predominantly influenced by weather conditions, suitable for carrying out construction works, as well as the economic situation in the construction industry. Other products of this segment are less prone to seasonality, fluctuations in their sales are mainly due to macroeconomic conditions and economic situation.



In the segment of Chemical products seasonality affects a certain range of products manufactured by Boryszew ERG, Branch of Boryszew S.A. in Sochaczew. This range includes cooling fluids for the automotive segment (with peak demand in the third and fourth quarter, shifting to the beginning of the first quarter), de-icing fluids for runways and aircraft (with peak demand in the fourth and first quarter). PWC siding and EPS decorative components follow the seasonality of the construction industry, showing peak demand in second and third quarter.

No specific seasonality is observed for other products of the Capital Group.

It is important to note that the Christmas period in December is usually the time of scheduled shut-downs at our customers, hence sales also decline.

8. INCOME AND PROFITS/LOSSES BY SEGMENTS OF BUSINESS FROM THE BEGINNING OF THE CURRENT YEAR

Boryszew Capital Group operates in the area of four industry segments. In 2017 the division into business segments was changed.

OPERATING SEGMENTS

Automotive	Boryszew S.A. Oddział Maflow, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow Automotive Mexico S.de. RI. De.C, MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, BRS YMOS GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., ICOS GmbH, Boryszew Deutschland GmbH, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o.
Metals	Impexmetal S.A., Hutmen S.A., WM Dzierżycie S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A. Branch NPA Skawina, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Surowce Hutmen S.A. Sp. komandytowa, SPV Impexmetal Spółka z o.o., FŁT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S., FLT & Metals s.r.l., FLT Wälzlager GmbH, FLT (Wuxi) Trading Co. Ltd., FLT Metals Ltd.; Zakład Utylizacji Odpadów Sp. z o.o., Symonvit Ltd. w likwidacji,
Chemical products	Torlen Sp. z o.o., Elana Pet Sp. z o.o., Boryszew S.A. Branch Elana, Boryszew S.A. Branch Boryszew ERG, Boryszew S.A. Branch Nylonbor, Elimer Sp. z o.o.
Other	Boryszew S.A. – Centrala, Boryszew S.A. Oddział Enterprise Data Center, Boryszew S.A. Oddział Energy, Eastside – Bis Sp. z o.o., Huta Metali Szopienice S.A. w likwidacji, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., S&I S.A. w likwidacji, SPV Boryszew 3 Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o.



w likwidacji, SPV Boryszew 6 Sp. z o.o., Maflow Toruń Sp. z o.o., SPV Boryszew 9 Sp. z o.o. w likwidacji.

REVENUES FROM SALE BY DESTINATION MARKET

	01.01.2017 - 30.06. 2017	01.01.2016 - 30.06. 2016
Revenues from sales by geographies		
Continuing operations		
Domestic sales	1 072 289	932 854
Sales to EU countries	1 863 608	1 763 343
Sales to other European countries	89 846	88 582
Export outside Europe	146 044	97 000
Total revenues from sale (continuing operations)	3 171 787	2 881 779

**REVENUES AND RESULTS BY OPERATING SEGMENTS IN THE FIRST SIX MONTHS OF 2017***(data regarding continued activity)*

01.01.2017 -30.06.2017	Chemical products	Automotive	Metals	Other	Total	consolidation exclusions between segments	Total
Revenues from sales	131 582	1 042 350	1 898 597	129 553	3 202 082	(30 295)	3 171 787
Cost of sales for the segment	109 374	869 028	1 719 510	117 239	2 815 151	(29 318)	2 785 833
Result on sales within segment	22 208	173 322	179 087	12 314	386 931	(977)	385 954
General, administrative and sales expenses	16 078	102 020	77 254	15 476	210 828	(5 979)	204 849
Other operating profit/loss	2 254	572	2 037	12 104	16 967	(9 260)	7 707
Segment profit/loss	8 384	71 874	103 870	8 942	193 070	(4 258)	188 812
Amortisation and depreciation	3 225	30 362	32 094	870	66 551	6	66 557
EBITDA *)	11 609	102 236	135 964	9 812	259 621	(4 252)	255 369
Segment assets	270 982	1 453 172	2 731 783	1 232 955	5 688 892	(1 552 865)	4 136 027
Segment liabilities	86 387	1 618 137	1 094 918	465 781	3 265 223	(887 801)	2 377 422

*) EBITDA = operating result increase by amortisation and depreciation



01.01.2016 -30.06. 2016 - rested data	Chemical products	Automotive	Metals	Other	Total	consolidation exclusions between segments	Total
Revenues from sales	163 340	993 666	1 635 192	128 675	2 920 873	(39 094)	2 881 779
Cost of sales for the segment	142 693	888 516	1 455 668	119 235	2 606 112	(59 319)	2 546 793
Result on sales within segment	20 647	105 150	179 524	9 440	314 761	20 225	334 986
General, administrative and sales expenses	18 856	74 863	73 924	24 411	192 054	(659)	191 395
Other operating profit/loss	762	9 452	(15 478)	20 964	15 700	(2 869)	12 831
Segment profit/loss	2 553	39 739	90 122	5 993	138 407	18 015	156 422
Amortisation and depreciation	2 889	27 696	29 474	495	60 554		60 554
EBITDA *)	5 442	67 435	119 596	6 488	198 961	18 015	216 976
Segment assets	264 553	1 322 322	2 245 719	1 231 522	5 064 116	(1 282 859)	3 781 257
Segment liabilities	85 596	1 540 343	931 987	488 174	3 046 100	(852 818)	2 193 282

*) EBITDA = operating result increase by amortisation depreciation



9. INFORMATION CONCERNING THE ISSUE, REDEMPTION AND REPAYMENT OF NON-SHARE AND EQUITY SECURITIES

DEBT SECURITIES

- I. Under registered bond issue scheme adopted under Resolution No. 153/2016 of the Management Board for Boryszew S.A, dated 28 July 2016, amended by Resolution No. 1/2017 of the Management Board for Boryszew S.A. of 2 January 2017, Boryszew S.A. issued:
- on 2 January 2017, 15 A5 series registered bond with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 15 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 31 December 2017. These bond are a replacement for bonds issued by Boryszew S.A. on 31 February 2013 under the registered Bond Issue Scheme on 31 December 2015 and acquired by Hutmen S.A. Proceeds from the issue were used to finance operating activity of Boryszew S.A.
 - on 2 January 2017 1 A6 series registered bond with nominal value of PLN 1 000 000.00. The total nominal value of bonds issued this series was PLN 1 000 000.00. The interest on the bonds was determined on the arm's length basis. Bond redemption date - 31 December 2017. These bond are a replacement for bonds issued by Boryszew S.A. on 31 February 2013 under the registered Bond Issue Scheme on 31 December 2015 and acquired by S&I S.A. based in St. Sulpice, Switzerland. Proceeds from the issue were used to finance operating activity of Boryszew S.A.
 - on 30 June 2017 16 A7 series registered bonds with a nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 16 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 June 2018. These bond are a replacement for bonds issued by Boryszew S.A. under the registered Bond Issue Scheme on 27 August and 1 October 2015 and acquired by WM Dziedzice S.A. based in Czechowice – Dziedzice. Proceeds from the issue were used to finance operating activity of Boryszew S.A.
 - on 30 June 2017 11 A8 series registered bonds with a nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 11 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 June 2019. These bond are a replacement for bonds issued by Boryszew S.A. under the registered Bond Issue Scheme on 22 December 2015 and acquired by Metal Zinc Spółka z o.o. based in Katowice. Proceeds from the issue were used to finance operating activity of Boryszew S.A.
- II. Under registered 5-year bond issue scheme adopted under Resolution No. 124/2013 of the Management Board for Boryszew S.A, dated 13 September 2013, Boryszew S.A. issued:
- on 30 June 2017 3 BE series registered bonds with a nominal value of EUR 500 000.00 each. The total nominal value of bonds issued this series was EUR 1 500 000.00.
The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 September 2018.
These bond are a replacement for bonds issued by Boryszew S.A. under the registered 5-year Bond Issue Scheme on 30 September 2015 and acquired by Polski Cynk Sp. z o.o. based in Oława. Proceeds from the issue of these bonds were used to finance operating activity of Boryszew S.A.



EQUITY SECURITIES

In H1 of 2017, until publication of the report the Company did not issue any equity securities.

10. DIVIDEND PAID OR DECLARED

On 18 May 2017, the Ordinary General Meeting of Shareholders of Boryszew S. A. adopted resolution No. 18, on the basis of which it was decided to allocate the Company's net profit for 2016 in the amount of PLN 3,707 thousand to increase the Company's supplementary capital.

11. EVENTS WHICH HAVE FOLLOWED AFTER THE DAYS FOR WHICH THE FINANCIAL STATEMENTS PREPARED NOT ENTERED IN THIS REPORT, AND WHICH MAY BE ENTERED IN THE SIGNIFICANT ON THE FUTURE RESULTS OF THE GROUP

None occurred.

12. MOVEMENTS IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	As at	As at
	As at 30.06.2017	31.12.2016
Contingent liabilities:	51 318	21 422
guarantees and sureties granted for repayment of loans and liabilities for deliveries	51 318	21 422

13. ORGANISATION OF THE ISSUER'S CAPITAL GROUP

Boryszew S.A. is the Parent entity of Boryszew Capital Group. The Group features both domestic and foreign subsidiaries, jointly controlled entities, affiliates. As the Parent company, it performs management and supervisory functions with regard to other companies of the Capital Group.

The core business of the Head Office in Warsaw is management of the Capital Group, and its objective is to increase the Company's goodwill in the long run.

In H1 of 2017 Boryszew S.A. carried out its activity through the following units:

- Maflow Branch in Tychy – producer of tubes for the automotive industry, including mainly air-conditioning tubes, power steering systems and various rubber components. The Branch's assets, constituting the largest productive assets of Maflow Group, were purchased on 10 August 2010.
- Elana Branch w Toruń - producer of polyester fibre and plastics with wide application. Its key products include staple fibres and silicon spheres. Elana Branch was established by merger of Boryszew S.A. and Elana S.A., which took place on 28 January 2005.
- Nowoczesne Produkty Aluminiowe Skawina Branch in Skawina– operating in the field of manufacturing of aluminium rods, wire and cables, including overhead cables of special aluminium alloys with constructions which eliminate the threat if phenomena of the „black-out” type, and supply of energy carries to external customers.
- Boryszew ERG Branch in Sochaczew – offering chemical and construction products. Company's flagship product in “Borygo” coolant.



- Nylonbor Branch in Sochaczew – production of modern engineering polyamides, which are used for manufacture of machinery and equipment as well as battlefield simulators for military applications.
- Enterprise Data Center Branch in Toruń - responsible for IT project for Boryszew Group companies and external parties utilising the existing IT infrastructure.
- Boryszew Energy Branch in Toruń, which is involved in sales of energy for Boryszew Capital Group companies and third parties.
- The Sochaczew Branch was involved in non-ferrous metals trading with entities from outside the Boryszew Group in Poland and on European Union markets (since 1 September 2016, the Branch did not conduct any operations). The Branch was removed from the National Court Register on 17 February 2017.

STRUCTURE OF BORYSZEW GROUP

Boryszew Capital Group is one of the largest industrial groups in Poland.

In 2005 Boryszew SA seized control of Impexmetal S.A., a company listed at the Warsaw Stock Exchange, a parent company of manufacturing enterprises involved in non-ferrous metals and bearing industry.

In 2010, the Company seized control of the Maflow Group, one of the largest manufacturers of air-conditioning tubes, power steering systems and active suspension systems for automotive industry. It was then that the automotive sector became the key segment of the Group's activity.

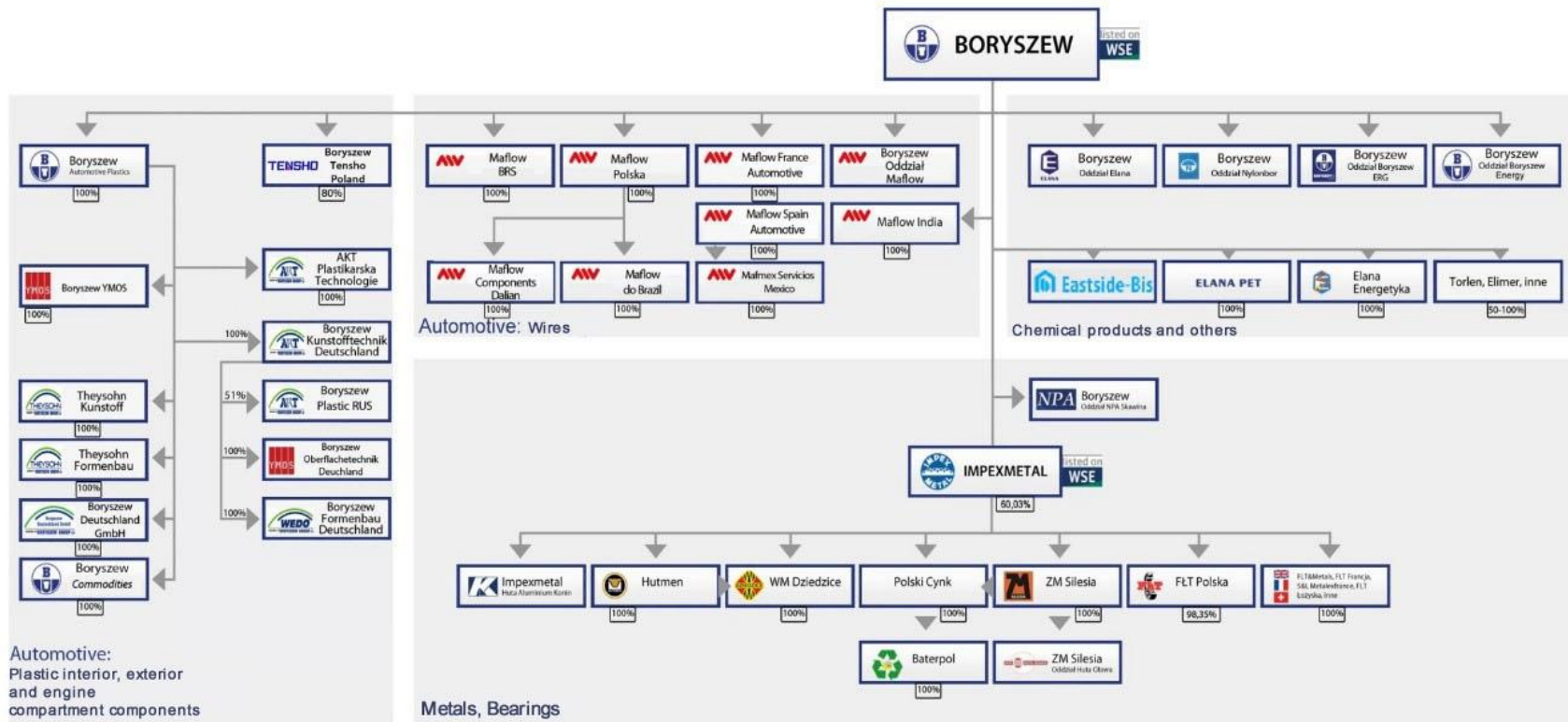
In 2011 and 2012, the Company continued its growth strategy through acquisitions in the automotive industry.

In July 2011, the Company signed takeover agreements in respect of two German capital groups (AKT/ICOS – Theysohn) in the plastics processing sector, and in March 2012 share acquisition agreement for shares of YMOS Group, leading European producer of plastic, galvanized and chromium-plated components for the automotive industry.

In June 2014 Boryszew S.A. acquired 80% shares of Tensho Poland Corporation spółka z o.o. with its registered office in Ostaszewo (currently: Boryszew Tensho Poland Sp. z o.o.), manufacturer of top quality plastic products.



SIMPLIFIED ORGANIZATION CHART OF BORYSZEW GROUP (AT THE DATE OF REPORT RELEASE) WITH AGGREGATE HOLDINGS IN INDIVIDUAL ENTITIES





14. IMPACT OF CHANGES IN THE STRUCTURE OF THE GROUP FROM THE YEAR, INCLUDING THE PAYMENT OF ECONOMIC UNDERTAKINGS, ACCEPTANCE OR SALE OF SUBSIDIARIES AND LONG-TERM INVESTMENTS, RESTRUCTURING AND DISSEMINATION OF LONG-TERM INVESTICES

Purchase of share of Boryszew Plastic RUS Sp. z o.o.

On 28 April 2017 Boryszew S.A. purchased a share in the share capital of Boryszew Plastic Rus Spółka z o.o. based in Dzerzhinsk, Russia, accounting for 49% of share capital and nominal value of RUB 19 600 000. Upon completion of this transaction Boryszew Capital Group now holds 100% stake in the share capital of Boryszew Plastic Rus Spółka z o.o. based in Dzerzhinsk, Russia.

Reduction in the share capital of FLT and Metals Ltd, Brandford based

On 26 January 2017, the General Meeting of Shareholders decided to reduce the share capital of FLT and Metals Ltd, based in Brandford from GBP 2,000,000 to GBP 200,000, i. e. GBP 1,800,000.

Dissolution of Baterpol Recycler Sp. z o. o. z o. o. limited joint-stock partnership in liquidation with its registered office in Olawa.

The shareholders of the company adopted a resolution on dissolution and commencement of liquidation. The Company was removed from the National Court Register on 29 May 2017.

Opening of the liquidation of S and I S. A. with its registered office in Saint Sulpice

On 21 March 2017, the General Meeting of Shareholders of S and I S. A. with its registered office in Saint Sulpice decided to open the liquidation of the company.

Removal from the National Court Register of ZM Nieruchomości Spółka z o. o. in liquidation

The Company was removed from the National Court Register on 9 May 2017.

In the first half of 2017, there were no other changes in the structure of the Boryszew Group other than the events indicated above.

15. POSITION OF THE MANAGEMENT BOARD' S POSITION ON THE POSSIBILITY OF PREVIOUS PREVIOUSLY PUBLISHED FINANCIAL RESULT FORECASTS IN THE CURRENT YEAR

The performance of the forecast for 2017 published in the current report no. 6/2017 of 29-03-2017 amounts to EBITDA (47.3%) and net profit (52.9%) after the first half of 2017, respectively.

In the opinion of the Management Board of Boryszew S. A., there is no indication that the forecast of annual results published in the aforementioned report will change.

16. SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES, AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF THE COMPANY AS AT THE DATE OF SUBMITTING THE REPORT

The table below presents the Shareholders holding more than 5% of the share capital and of the total number of votes as on the date of approval of the present report for publication:



Shareholders	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik	152 814 120	63.67%	151 654 285	63.189%
including: subsidiaries	24 818 412	10,34%	24 818 412	10,341%
Nationale – Nederlanden Otwarty Fundusz Emerytalny (**)	14 773 261	6.16%	14 773 261	6.156%
Others	72 412 619	30.17%	73 572 454	30.655%
Total:	240 000 000	100.00%	240 000 000	100.000%

(*) Mr Roman Krzysztof Karkosik with subsidiaries (as per notification of 13 October 2016).

(**) Nationale – Nederlanden Otwarty Fundusz Emerytalny (as per notification of 11 January 2017).

17. CHANGES IN THE OWNERSHIP STRUCTURE OF SUBSTANTIAL SHAREHOLDINGS OF THE COMPANY IN THE PERIOD FOLLOWING THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT - SHARES IN VOTES DURING THE GENERAL ASSEMBLY

No changes occurred in the ownership structure of substantial shareholdings of the Company in the period following the submission of the previous quarterly report.

Detailed information on changes in the ownership structure of significant shareholdings of Boryszew S.A. was provided in the form of current reports of the Company, which are available on the website: www.boryszew.com.pl

18. COMPANY'S MANAGERS AND SUPERVISORS - CHANGES IN SHARE HOLDING OR SHARE OPTIONS IN THE CURRENT PERIOD SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT.

List of the number of shares in Boryszew S. A. or rights to them by the Management Board of the Company.

Management Board of Boryszew S.A.	As at the date of publication of previous quarterly report	Change in holding acquisition / (disposal)	As at the date of publication of this report
Aleksander Baryś	3 000	-	3 000

Other managing persons and persons supervising Boryszew S. A. do not hold any shares of the Company or any rights to them, and since the day of submitting the previous quarterly report there have been no changes in this respect.

19. PROCEEDINGS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY

As on the date of preparation of this report, none of Boryszew Capital Group member companies were a party to any litigation proceedings before any court, any authority competent in conducting arbitration procedures or any authority of public administration, where the total value of such amounts in litigation would amount to at least 10% of Boryszew S.A. equity.

20. CONCLUSION BY THE COMPANY OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED PARTIES

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

LOANS GRANTED BY BORYSZEW S.A. AT 30 JUNE 2017

Company	Date of agreement	Repayment date	Loan amount as per agreement	Amount to be repaid	Currency	Amount to be repaid as translated into PLN	Interest
Theysohn Kunststoff GmbH	30.08.2011	31.12.2017	400 000	400 000	EUR	1 690 600	3M EURIBOR + margin
Boryszew Kunststofftechnik Deutschland GmbH	01.09.2011	31.12.2017	3 000 000	2 249 652	EUR	9 508 155	3M EURIBOR + margin
	02.08.2011	31.12.2017	14 500 000	14 371 899	EUR	60 742 832	3M EURIBOR + margin
	10.12.2012	31.12.2017	2 400 000	2 150 000	EUR	9 086 975	3M EURIBOR + margin
	10.07.2013	31.12.2017	10 000 000	10 000 000	EUR	42 265 000	3M EURIBOR + margin
	21.08.2014	31.12.2017	10 000 000	7 060 426	EUR	29 840 890	3M EURIBOR + margin
	31.08.2016	31.12.2017	2 800 000	310 000	EUR	1 310 215	3M EURIBOR + margin
	03.11.2016	30.11.2017	512 000	200 000	EUR	845 300	3M EURIBOR + margin
	24.11.2014	31.12.2017	6 500 000	6 500 000	PLN	6 500 000	WIBOR 3M + margin
Boryszew Oberflächentechnik Deutschland GmbH	09.12.2016	30.09.2017	3 000 000	3 000 000	EUR	12 679 500	3M EURIBOR + margin
	19.12.2016	30.09.2017	3 000 000	500 000	EUR	2 113 250	3M EURIBOR + margin
	29.03.2017	30.09.2017	3 300 000	600 000	EUR	2 535 900	3M EURIBOR + margin
BRS YMOS GmbH	17.01.2013	31.12.2017	500 000	500 000	EUR	2 113 250	3M EURIBOR + margin
	13.03.2015	31.12.2017	150 000	150 000	EUR	633 975	3M EURIBOR + margin
	07.06.2016	31.12.2017	460 000	460 000	EUR	1 944 190	3M EURIBOR + margin
	27.06.2016	31.12.2017	240 000	240 000	EUR	1 014 360	3M EURIBOR + margin
	05.05.2017	30.09.2018	1 300 000	1 300 000	EUR	5 494 450	3M EURIBOR + margin
Boryszew Deutschland GmbH	02.07.2014	31.12.2017	1 000 000	1 000 000	EUR	4 226 500	3M EURIBOR + margin
	22.09.2014	31.12.2017	10 000 000	6 349 000	EUR	26 834 049	3M EURIBOR + margin
Boryszew Automotive Plastics Sp. z o.o.	03.09.2015	31.12.2017	8 000 000	834 733	PLN	834 733	WIBOR 3M + margin
	23.09.2015	31.12.2017	2 800 000	2 800 000	EUR	11 834 200	WIBOR 3M + margin
	27.01.2017	31.12.2017	325 350	325 350	PLN	325 350	WIBOR 3M + margin
Boryszew Tensho Poland Sp. z o.o.	06.06.2017	31.10.2017	700 000	700 000	EUR	2 958 550	3M EURIBOR + margin
Polish Wind Holding	14.09.2015	31.12.2017	1 100 000	1 100 000	PLN	1 100 000	WIBOR 3M + margin



	20.12.2016	31.12.2017	550 000	550 000	PLN	550 000	WIBOR 3M + margin
Eastside BIS Sp. z o.o.	26.05.2017	31.07.2017	8 000 000	8 000 000	PLN	8 000 000	1M WIBOR + margin
Eastside BIS Sp. z o.o.	21.06.2017	31.07.2017	1 200 000	1 200 000	EUR	5 071 800	3M EURIBOR + margin
Boryszew HR Service Sp. z o.o.	10.02.2016	29.02.2017	170 000	35 895	EUR	151 710	EURIBOR 1M + margin
MAFMEX S. de R.L. de C.V.	18.11.2015	30.06.2020	689 772	689 772	EUR	2 915 322	EURIBOR 1M + margin
	19.02.2016	30.06.2020	1 695 000	1 695 000	EUR	7 163 918	EURIBOR 1M + margin
	14.09.2016	30.06.2020	1 046 712	1 046 712	EUR	4 423 928	EURIBOR 1M + margin
	16.12.2016	30.06.2020	568 516	568 516	EUR	2 402 832	EURIBOR 1M + margin
	23.12.2016	31.12.2022	448 337	448 337	EUR	1 894 895	EURIBOR 1M + margin
	29.05.2017	31.12.2022	1 151 287	1 151 287	EUR	4 865 915	EURIBOR 1M + margin
Total to be repaid					PLN	275 872 543	

The sum of the abovementioned loans granted by Boryszew SA does not include the interest accrued as at 30.06.2017.

LOANS GRANTED BY IMPEXMETAL S.A.

On 17 March 2017 Impexmetal S.A. granted a loan to ZM SILESIA S.A. based in Katowice in the amount of PLN 10 000 000, with repayment on 30 September 2017.

The interest was determined on the arm's length basis.

EXTENSION OF REPAYMENT DATE FOR LOANS GRANTED BY IMPEXMETAL S.A.

On 31 March 2017 Impexmetal S.A. extended the repayment date of the following loans granted to Boryszew S.A. until 31 March 2018:

- loan of PLN 30 000 000 granted on 16 June 2015,
- loan of PLN 100 000 000 granted on 2 July 2015,
- loan of PLN 3 000 000 granted on 7 September 2015,
- loan of PLN 5 000 000 granted on 17 July 2014.

LOANS GRANTED BY EASTSIDE CAPITAL INVESTMENTS SP. Z O.O.

On 26 April 2017 Eastside Capital Investments Sp. z o.o. granted a loan to Eastside Bis Sp. z o.o. based in Warsaw in the amount of PLN 1 700 000.00, with repayment by 31 December 2017.

The interest was determined on the arm's length basis.

LOANS GRANTED BY BORYSZEW KUNSTSTOFFTECHNIK DEUTSCHLAND GmbH (BKD)

On 19 January 2017 BKD granted a loan to BRS YMOS GmbH in the amount of EUR 500 000 with repayment by 31 December 2017. The interest was determined on the arm's length basis.



On 11 April 2017 BKD granted a loan to BRS YMOS GmbH in the amount of EUR 1 000 000 with repayment by 31 December 2017. The interest was determined on the arm's length basis.

On 23 June 2017 BKD granted a loan to Boryszew Oberflächentechnik Deutschland GmbH in the amount of EUR 675 000 with repayment by 31 July 2017. The interest was determined on the arm's length basis.

INCREASE OF LOAN GRANTED TO THEYSOHN FORMAENBAU GMBH

In the first half of 2017, Theysohn Kunststoff GmbH increased the loan amount granted to Theysohn Formenbau GmbH by EUR 453,859 to EUR 6,591,909. There is no deadline for repayment of the loan. The loan was granted on arm's length basis.

ACQUISITION OF BONDS ISSUED BY BORYSZEW S.A.

- On 2 December 2017 Hutmen S.A. based in Warsaw acquired 15 A5 series registered bonds with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued in this series was PLN 15 000 000.00. Bonds redemption date: 31 December 2017.
- On 2 January 2017 S&I S.A. based in St. Sulpice, Switzerland, acquired 1 A6 series registered bond with nominal value of PLN 1 000 000.00. The total nominal value of bonds issued in this series was PLN 1 000 000.00. Bonds redemption date: 31 December 2017.
- On 30 June 2017 WM Dzierżycze S.A. based in Czechowice - Dzierżycze acquired 16 A7 series registered bonds with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 16 000 000.00. Bonds redemption date - 30 June 2018.
- On 30 June 2017 Metal Zinc Spółka z o.o. based in Katowice acquired 11 A8 series registered bonds with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 11 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 June 2019.
- On 30 June 2017 Polski Cynk Sp. z o.o. based in Oława acquired 3 BE series registered bonds with a nominal value of EUR 500 000.00 each. The total nominal value of bonds issued this series was EUR 1 500 000.00. Bonds redemption date - 30 September 2018.

The bonds mentioned above were acquired on the arm's length basis.

REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.

On 30 June 2017 Boryszew S.A. redeemed 1 H series registered bond acquired by Zakład Utylizacji Odpadów Spółka z o.o. based in Konin on 30 September 2015 with a nominal value of PLN 1 000 000.00.

ACQUISITION OF BONDS ISSUED BY SPV BORYSZEW 3 SPÓŁKA Z O.O.

- On 2 January 2017 Hutmen S.A. based in Warsaw acquired 5 registered I series registered bond of nominal value PLN 1 000 000 issued by SPV Boryszew 3 Sp. z o.o. with total nominal value of PLN 5 000 000. Bond redemption date: 31 December 2017. These bonds replace G series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 31 December 2015 and acquired by Hutmen S.A.
- On 30 July 2017 Baterpol S.A. based in Katowice acquired 8 registered J series registered bonds of nominal value PLN 1 000 000, issued by SPV Boryszew 3 Sp. z o.o. with total nominal value of PLN 8 000 000. Bonds redemption date: 30 June 2018. These bonds replace D series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 20 July 2015 and acquired by Baterpol S.A.



- On 30 June 2017 Hutmen S.A. based in Warsaw acquired 6 registered K series registered bonds of nominal value PLN 1 000 000 issued by SPV Boryszew 3 Sp. z o.o. with total nominal value of PLN 6 000 000. Bond redemption date: 30 June 2018. These bonds replace E series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 21 July 2015 and acquired by Hutmen S.A.
- On 30 June 2017 WM Dziedzice S.A. based in Czechowice Dziedzice acquired 20 registered L series registered bonds of nominal value PLN 1 000 000 issued by SPV Boryszew 3 Sp. z o.o. with total nominal value of PLN 20 000 000. Bond redemption date: 30 June 2018. These bonds replace H series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 31 December 2015 and acquired by ZM Dziedzice S.A.

The bonds mentioned above were acquired on the arm's length basis.

ACQUISITION OF BONDS ISSUED BY BORYSZEW TENSZO POLAND SP.

On 10 February 2017 ZM SILESIA S.A. based in Katowice acquired 10 registered bonds of nominal value PLN 1 000 000.00 each, for a total of PLN 10 000 000.00. Bond redemption date: 31 December 2021. The bonds mentioned above were acquired on the arm's length basis. These bonds replace registered bonds issued by Boryszew Tensho Poland Sp. z o.o. on 14 August 2015

ACQUISITION OF BONDS ISSUED BY SPV EASTSIDE BIS Sp. z o.o.

On 26 April 2017 SPV Lakme Investment Sp. z o.o. acquired A1 series registered bonds with a nominal value of PLN 2 300 000.00, issued by Eastside Bis Sp. z o.o. based in Warsaw. Bonds redemption date: 31 December 2017. The bonds mentioned above were acquired on the arm's length basis.

REDEMPTION OF BONDS ISSUED BY IMPEXMETAL S.A.

On 31 May 2017, Impexmetal S. A. redeemed 5 registered bonds with a nominal value of PLN 1,000,000,000.00 each and a total nominal value of PLN 5,000,000.00, issued on 2 February 2016 and subscribed by Baterpol S. A. These bonds were issued with redemption date of 31 December 2017. The registered bonds were redeemed at their nominal value plus interest due.

MAFLOW GROUP

On 5 April 2017 Maflow Branch in Tychy acquired registered bonds issued by Maflow India Private Limited for EUR 303 000.00. The bond redemption period is 5 years, after which the bonds may be converted into shares.

ACQUISITION OF BONDS ISSUED BY UNIBAX SP. Z O.O.

On 15 March 2017, Boryszew S.A. acquired 1 AW2 series registered bond with a nominal value of PLN 700 000.00, issued by Unibax Sp. z o.o. based in Toruń. Bonds redemption date: 31 December 2017. The bonds mentioned above were acquired on the arm's length basis.

MODIFICATION OF THE DEADLINE OF PURCHASE OF BONDS EMITTED BY UNIBAX SP. Z O.O.

Redemption date for 25 registered bonds with nominal value of PLN 56 000 000, issued by Unibax Sp. z o.o. based in Toruń and acquired by Eastside – Bis Spółka z o.o., that is

- 10 EB1 series registered bonds with a nominal value of PLN 3 000 000.00 each on 15 November 2016,
 - 10 EB2 series registered bonds with a nominal value of PLN 2 153 500.00 each on 15 November 2016,
 - 5 EB3 series registered bonds with a nominal value of PLN 953 000.00 each on 18 November 2016,
- was determined at 31 August 2017.



21. INFORMATION ON GRANTING BY THE COMPANY OR ITS SUBSIDIARY OF LOAN OR BORROWING SURETIES OR GUARANTEES – JOINTLY TO A SINGLE ENTITY OR ITS SUBSIDIARY, IF THE TOTAL VALUE OF THE EXISTING SURETIES OR GUARANTEES IS EQUIVALENT TO AT LEAST 10% OF THE COMPANY'S EQUITY.

SURETIES AND GUARANTEES GRANTED BY BORYSZEW S.A. AT 30 JUNE 2017

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee in its currency	Value of guarantee in its currency	Value of guarantee	Expiry date of guarantee
			EUR	USD	PLN	
Torlen Sp. z o.o.	12.02.2010	Surety regarding trade liabilities, granted to Polytrade GmbH	684 000		2 890 926	indefinite validity
	24.02.2011	Surety regarding trade liabilities, granted to MB Barter & Trading SA	800 000		3 381 200	indefinite validity
Boryszew Kunststofftechnik Deutschland GmbH	06.09.2012	Guarantee granted to Deutsche Leasing International GmbH valid from 02.01.2013	890 000		3 761 585	02.05.2018
	31.01.2013	Guarantee granted to Commerzbank	5 000 000		21 132 500	indefinite validity
	20.04.2013	Guarantee granted to Hewlett-Packard International Plc.	150 000		633 975	30.04.2018
	23.07.2013	Guarantee issued as security for loans granted by GE Capital Bank AG	992 373		4 194 264	30.08.2021
	04.10.2013	Guarantee issued as security for repayment to ALD AutoLeasing D GmbH	750 000		3 169 875	01.07.2017
	11.12.2013	Guarantee granted to Hewlett-Packard International Plc.	297 500		1 257 384	28.02.2018
	12.03.2014	Guarantee granted to Hewlett-Packard International Plc.	297 500		1 257 384	28.02.2019
	06.06.2014	Guarantee granted to Hewlett-Packard International Plc.	297 500		1 257 384	31.05.2019
	25.09.2014	Guarantee granted to Hewlett-Packard International Plc.	267 750		1 131 645	31.05.2019
	22.01.2015	Guarantee granted to Hewlett-Packard International Plc.	100 000		422 650	31.08.2019
	31.01.2017	Guarantee granted to DNB Bank Polska SA	15 000 000		63 397 500	30.11.2017
Theysohn Kunststoff GmbH / Theysohn Formenbau GmbH	28.02.2012	Guarantee issued as security for loans granted by Deutsche Bank AG to Theysohn Formenbau and Theysohn Kunststoff	640 000		2 704 960	indefinite validity
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee for Bank Gospodarstwa Krajowego	21 838 000		92 298 307	31.12.2026
	27.03.2017	Helag Electronic GmbH	200 000		845 300	31.12.2017
Boryszew Plastic RUS	11.07.2013	Guarantee granted to ZAO Hewlett-Packard AO		200 000	741 240	indefinite validity
	27.08.2013	Guarantee granted to RB Leasing Ltd.	449 600		1 900 234	15.06.2019



	30.04.2014	Guarantee granted to ZAO Hewlett-Packard AO		100 000	370 620	indefinite validity
	13.02.2017	Guarantee granted to Volvo Group Trucks Operations	5 000 000		21 132 500	indefinite validity
BRS YMOS GmbH	27.05.2015	Guarantee granted to Würth Leasing GmbH & Co. KG	309 812		1 309 420	30.11.2020
	15.03.2016	Würth Leasing GmbH	354 902		1 499 993	15.03.2022
Boryszew Tensho Poland Sp. z o.o.	10.12.2015	Guarantee granted to PGE Obrót S.A.			300 000	indefinite validity
	14.03.2016	Guarantee granted to Impexmetal S.A. for payment of financial liabilities			41 000 000	indefinite validity
	13.06.2016	Guarantee granted to HSBC Bank Polska			10 000 000	12.09.2020
SPV Lakme Investment Sp. z o.o.	19.02.2015	Guarantee granted to ACG 3 Sp. z o.o.			70 000	indefinite validity
Maflow BRS s.r.l.	01.01.2017	Guarantee granted to Evercompounds S.p.A. in respect of repayment of commercial debt	1 000 000		4 226 500	31.12.2017
	01.01.2017	Guarantee granted to Arkema	100 000		422 650	31.12.2017
	01.01.2017	Guarantee granted to CORDTECH INTERNATIONAL SAS	300 000		1 267 950	31.12.2017
	01.01.2017	Guarantee granted to Mehler Engineered Products GmbH for repayment of commercial debts	400 000		1 690 600	31.12.2017
	01.01.2017	Guarantee granted to Softer Spa for repayment of commercial debts	250 000		1 056 625	31.12.2017
	26.04.2016	Banka IFIS	750 000		3 169 875	no time limit
	16.05.2017	Guarantee granted to Cover	100 000		422 650	31.12.2017
Maflow France Automotive S.A.S.	26.07.2016	Guarantee against a Leasing agreement in favour of Natixs Lease	377 000		1 593 391	22.07.2022
Maflow do Brasil Ltda,	01.10.2016	Guarantee granted to Schrader International	100 000		422 650	01.10.2017
Boryszew Commodities Sp. z o.o.	19.12.2016	Borealis AG	375 000		1 584 938	31.12.2017
	8.02.2016	BSB Recycling GmbH	2 500 000		10 566 250	31.12.2017
	19.12.2016	Trinseo Europe GmbH	400 000		1 690 600	31.12.2017
	19.12.2016	WMK Plastics GmbH	200 000		845 300	31.12.2017
	30.05.2016	Guarantee granted to Basell Sales and Marketing Company B.V.	1 500 000		6 339 750	31.12.2017
	24.04.2017	Guarantee granted to Sabc Sales Europe B.V., Sabc Innovative Plastics B.V.	500 000		2 113 250	01.05.2018
BAP Group companies - customers of Volkswagen AG	16.12.2016	Volkswagen AG	20 000 000		84 530 000	no time limit
Elana Energetyka	1.12.2015	PGE Obrót S.A.			3 000 000	until liabilities are settled
Impexmetal S.A.	1.02.2017	Marshal Office of Wielkopolskie province			5 814 361	31.12.2018



Alchemia S.A.	01.01.2017	Arcelormittal Poland S.A.	6 000 000		25 359 000	31.12.2017
	01.06.2017	Arcelormittal Poland S.A.	3 000 000		12 679 500	31.12.2017
Total guarantees and sureties granted by Boryszew SA			92 170 937	300 000	450 856 686	

22. OTHER INFORMATION THAT IS RELEVANT FOR THE EVALUATION OF ITS HUMAN RESOURCES, FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CHANGES THEREOF AS WELL AS ANY INFORMATION RELEVANT FOR THE EVALUATION OF THE CAPACITY TO MEET OBLIGATIONS

In the reporting period, there were no events other than those described above that would be significant for the assessment of the Group's personnel, property, financial standing, financial result and the ability of the Capital Group to meet its liabilities.

23. FACTORS WHICH WILL INFLUENCE THE ISSUER'S FINANCIAL PERFORMANCE FOR AT LEAST THE UPCOMING QUARTER

External factors that will affect the consolidated results of subsequent quarters include:

- The global economic situation, especially in the key sectors (motorization and construction) as well as in the main sales markets (the European Union, including Germany).
- Demand for new cars, especially for products of the VW Group, which is the most important customer of the Boryszew Capital Group.
- The level of metal quotations and currencies determining the amount of working capital and effectiveness of export and domestic sales.
- Costs of raw materials, including in particular scrap prices and the amount of the metal premium,
- PLN exchange rate against foreign currencies; due to the significant share of export sales, which in effect affects the level of margins earned in PLN.
- Prices of crude oil and, as a consequence, prices of organic chemicals derivatives - plastics and components for the production of plastic parts for cars in injection moulding technology,
- Cost of energy carriers, which are important in the energy-intensive metal processing industry.

Internal factors significant for the Group's performance in future periods include the following:

- Results of development investments, including to the greatest extent in Impexmetal S. A., which in 2017 will reach the production capacity of 100 thousand tons/year.
- Effects of project grants received in NPA Skawina (MultiEx - innovative technology of production of functional products based on aluminium) and in Group companies related to obtaining energy efficiency certificates (white certificates).

24. DECLARATIONS OF THE MANAGEMENT BOARD

The Management Board of Boryszew S.A. represent hereby that:

1. to the best of their knowledge the consolidated interim report of Boryszew Capital Group for the first six months and the comparable data were compiled as per the binding accounting principles and truly, accurately and clearly reflect the actual and financial condition as well as the financial result Boryszew S.A. and Boryszew Capital Group.



2. the interim management report of the Boryszew Capital Group for the first six months presents a true view of development, accomplishments and situation Boryszew Capital Group, including a description of fundamental risks and threats.
3. the entity authorised to audit financial statements and reviewing the interim consolidated financial statements of Boryszew Capital Group for the first six months has been selected in line with the law, and the entity and the auditors responsible for the audit met the criteria necessary to provide the unbiased and impartial review report, in line with the applicable provisions of the national law.

MANAGEMENT BOARD OF BORYSZEW S.A.

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