



**CONSOLIDATED HALF-ANNUAL  
STATEMENT OF  
CAPITAL GROUP BORYSZEW**

**for the period from 1 January to 30 June 2018**

**INTERIM CONDENSED CONSOLIDATED**

**FINANCIAL STATEMENT OF**

**Capital Group Boryszew**

**for the period from 1 January to 30 June 2018**



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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01.01.2018 - 30.06. 2018	01.01.2017 - 30.06.2017	01.04.2018 - 30.06. 2018	01.04.2017 -30.06. 2017
<b>Continuing operations</b>				
Revenues from sales	3 249 229	3 171 787	1 626 678	1 567 693
Prime cost of sale	2 915 322	2 785 833	1 460 339	1 378 521
<b>Gross profit from sales</b>	<b>333 907</b>	<b>385 954</b>	<b>166 339</b>	<b>189 172</b>
Selling costs	76 549	65 456	44 342	32 345
General and administrative costs	121 696	139 393	54 483	67 928
Other operating revenue	37 308	29 057	24 543	20 461
Other operating expenses	16 116	21 350	10 321	14 101
<b>Profit from operating activity</b>	<b>156 854</b>	<b>188 812</b>	<b>81 736</b>	<b>95 259</b>
Financial revenues	37 551	38 153	22 019	(3 607)
Financial expenses	64 060	49 640	33 947	8 656
<b>Financial profit</b>	<b>(26 509)</b>	<b>(11 487)</b>	<b>(11 928)</b>	<b>(12 263)</b>
Share in profit of affiliates	9 451	(176)	5 011	710
<b>Profit before income tax</b>	<b>139 796</b>	<b>177 149</b>	<b>74 819</b>	<b>83 706</b>
Income tax	32 177	14 904	18 548	(266)
<b>Net profit on continued operations</b>	<b>107 619</b>	<b>162 245</b>	<b>56 271</b>	<b>83 972</b>
<b>Net profit on discontinued operations</b>	<b>217</b>	<b>(755)</b>	<b>129</b>	<b>(423)</b>
<b>Net profit on continued activity and discontinued operations including attributable:</b>	<b>107 836</b>	<b>161 490</b>	<b>56 400</b>	<b>83 549</b>
<i>to shareholders of the parent</i>	<i>74 740</i>	<i>131 176</i>	<i>37 030</i>	<i>66 077</i>
<i>to non-controlling interest</i>	<i>33 096</i>	<i>30 314</i>	<i>19 370</i>	<i>17 472</i>
<b>Profit/diluted earnings per share</b>				
Weighted average number of shares	213 490 286	217 669 759	213 231 724	217 333 262
Profit/Diluted earnings per one share (PLN)	0,35	0,60	0,17	0,30



<b>Net profit</b>	<b>107 836</b>	<b>161 490</b>	<b>56 400</b>	<b>83 549</b>
<b>Earnings recognised in equity</b>				
<i>Income included in equity, transferred to the profit and loss account</i>	<b>1 685</b>	<b>2 499</b>	<b>(3 063)</b>	<b>(21 887)</b>
Hedge accounting	(20 049)	24 543	(23 405)	(415)
Valuation of financial assets transferred to the financial result		(199)		(1 705)
Exchange rate differences from the conversion of foreign operations	18 769	(20 524)	16 474	(20 993)
Income tax (-reserve /+asset)	2 965	(1 321)	3 868	1 226
<i>Income included in capital, not be reclassified to profit or loss</i>	-	-	-	<b>(14)</b>
Capital reserve on translating employee payables				(17)
Income tax				3
<b>Income included in the capitals in total</b>	<b>1 685</b>	<b>2 499</b>	<b>(3 063)</b>	<b>(21 901)</b>
<i>to shareholders of the parent</i>	3 220	(1 779)	(605)	(20 878)
<i>to non-controlling interest</i>	(1 535)	4 278	(2 458)	(1 023)
<b>Total incomes, including attributable to:</b>	<b>109 521</b>	<b>163 989</b>	<b>53 337</b>	<b>61 648</b>
<i>to shareholders of the parent</i>	77 960	129 397	36 425	45 199
<i>to non-controlling interest</i>	31 561	34 592	16 912	16 449

## CONSOLIDATED INCOME STATEMENT – discontinued operations

<b>Consolidated income statement from discontinued operations</b>	<b>01.01.2018 - 30.06. 2018</b>	<b>01.01.2017 - 30.06. 2017</b>	<b>01.04.2018 - 30.06. 2018</b>	<b>01.04.2017 -30.06. 2017</b>
Revenues from sales	33	57	20	30
Prime cost of sale	39	63	23	35
<b>Gross profit (loss) from sales</b>	<b>(6)</b>	<b>(6)</b>	<b>(3)</b>	<b>(5)</b>
Selling costs	-	-		
General and administrative costs	-	-		
Other operating revenue	1 874	528	1 337	284
Other operating expenses	1 588	1 135	1 155	683
<b>Profit (loss) from operating activity</b>	<b>280</b>	<b>(613)</b>	<b>179</b>	<b>(404)</b>
Financial revenues	1		1	
Financial expenses	64	142	51	19
<b>Financial profit</b>	<b>(63)</b>	<b>(142)</b>	<b>(50)</b>	<b>(19)</b>
<b>Profit (loss) before income tax</b>	<b>217</b>	<b>(755)</b>	<b>129</b>	<b>(423)</b>
<b>Income tax:</b>	-	-	-	
<b>Net profit (loss) on discontinued operations</b>	<b>217</b>	<b>(755)</b>	<b>129</b>	<b>(423)</b>
<i>to shareholders of the parent</i>	554	162	291	66
<i>non-controlling interest</i>	(337)	(917)	-162	(489)



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.06.2018	As at 31.12.2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Non-current assets	1 456 742	1 405 068
Investment property	146 321	154 984
Goodwill	23 464	23 464
Intangible assets	38 592	39 896
Shares in associates	287 331	281 834
Financial assets	122 116	64 674
Long-term receivables	4 957	5 075
Deferred tax assets	45 415	68 842
Other assets	36 480	31 168
<b>Total fixed assets</b>	<b>2 161 418</b>	<b>2 075 005</b>
<b>Current assets</b>		
Inventory	984 809	978 528
Trade receivables and other receivables	952 077	729 397
Short-term financial assets	116	42 390
Derivative financial instruments	18 943	33 750
Current tax assets	1 183	1 198
Other assets	48 535	31 571
Cash and cash equivalents	170 950	216 120
<b>Total current assets</b>	<b>2 176 613</b>	<b>2 032 954</b>
<b>Assets classified as held for sale</b>	<b>1 196</b>	<b>1 622</b>
<b>Total assets</b>	<b>4 339 227</b>	<b>4 109 581</b>



<b>LIABILITIES AND EQUITY</b>	<b>As at 30.06.2018</b>	<b>As at 31.12.2017</b>
<b>Equity</b>		
Share capital	248 906	248 906
Share premium	114 435	114 435
Shares/own shares	(190 038)	(170 567)
Hedge accounting capital	-7 856	5 259
Capital reserve on translating employee payables	(783)	(775)
Revaluation reserve	(12 603)	(12 024)
Exchange differences on translating foreign entities	(22 959)	(39 569)
Retained earnings	1 076 977	985 803
<b>Total equity</b>	<b>1 206 079</b>	<b>1 131 468</b>
<b>Non-controlling shareholders' capital</b>	<b>591 694</b>	<b>590 622</b>
<b>Total equity</b>	<b>1 797 773</b>	<b>1 722 090</b>
<b>Long-term liabilities and reserves</b>		
Bank credits, loans, bonds	375 068	416 213
Lease liabilities	63 456	48 635
Payables on perpetual usufruct of investment land	57 072	60 902
Deferred tax provision	81 062	101 902
Employee benefit provisions	21 183	20 045
Other reserves	12 731	11 211
Other long-term liabilities and equity	12 281	11 581
<b>Total long-term liabilities and reserves</b>	<b>622 853</b>	<b>670 489</b>
<b>Short-term liabilities</b>		
Bank credits, loans, bonds	761 707	653 452
Lease liabilities	20 557	27 428
Payables on perpetual usufruct of investment land	1 915	67
Trade liabilities and other liabilities	928 431	827 608
Derivative financial instruments	18 373	25 250
Current tax liabilities	19 641	28 334
Capital reserve on translating employee payables	34 167	30 500
Other reserves	80 129	76 444
Other liabilities	36 074	27 896
<b>Total short-term liabilities and reserves</b>	<b>1 900 994</b>	<b>1 696 979</b>
<b>Liabilities related to assets classified as held for sale</b>	<b>17 607</b>	<b>20 023</b>
<b>Total liabilities and reserves</b>	<b>2 541 454</b>	<b>2 387 491</b>
<b>Total equity</b>	<b>4 339 227</b>	<b>4 109 581</b>



## CONSOLIDATED CASH FLOW STATEMENT

	01.01.2018 - 30.06. 2018	01.01.2017 - 30.06. 2017
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>139 796</b>	<b>177 149</b>
<b>Adjustments for (+/-)</b>	<b>(50 568)</b>	<b>(72 217)</b>
Amortisation	74 161	66 557
Profits/losses from financial operations (including interest from financial liabilities)	18 048	21 487
Profit/loss from investing activities	(11 845)	176
Change in receivables	(222 562)	(213 141)
Change in inventories	(6 281)	(6 928)
Change in liabilities	125 913	89 559
Change in provisions and accruals as well as prepayments	(3 410)	9 451
Other items	9 034	(25 410)
Income tax paid	(33 626)	(13 968)
<b>Net cash from operating activities</b>	<b>89 228</b>	<b>104 932</b>
<b>Cash flows from investment activities</b>		
Profit on fixed assets disposal	827	13 888
Revenues from bonds	-	1 335
Expenses on acquisition of fixed assets	(104 184)	(134 483)
Acquisition of shares in capital group entities	(14 367)	(24 531)
Redemption of bonds	(38 449)	(3 360)
<b>Net cash from investing activities</b>	<b>(156 173)</b>	<b>(147 151)</b>
<b>Cash flows from financial activities</b>		
Incomes on credits	150 415	170 238
Incomes from bond issue	-	11 407
Expenses for the purchase of own shares	(19 471)	(18 666)
Loans repaid	(81 926)	(108 862)
Repayment of borrowings	(1 379)	-
Interest paid on loans, bonds	(18 048)	(21 487)
Payment of liabilities under finance lease agreements	(9 932)	(23 613)
<b>Net cash from financing activities</b>	<b>19 659</b>	<b>9 017</b>
<b>Change in net cash</b>	<b>(47 286)</b>	<b>(33 202)</b>
Exchange differences on translation	2 116	-
Cash opening balance	216 120	205 108
<b>Cash closing balance</b>	<b>170 950</b>	<b>171 906</b>





## CONSOLIDATED CASH FLOW STATEMENT – discontinued operations

	01.01.2018 - 30.06. 2018	01.01.2017 - 30.06. 2017
<b>Discounted operation</b>		
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	217	(755)
Adjustments	(1 682)	(19)
<b>Net cash from operating activities</b>	<b>(1 465)</b>	<b>(774)</b>
<b>Cash flows from investment activities</b>		
Proceeds	1 125	488
Expenditures	-	-
<b>Net cash flows from investment activities</b>	<b>1 125</b>	<b>488</b>
<b>Cash flow from financial activities</b>		
Proceeds	-	300
Expenditures	(100)	-
<b>Net cash flows from financial activities</b>	<b>(100)</b>	<b>300</b>
<b>Change in cash and cash equivalents</b>	<b>(440)</b>	<b>14</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>593</b>	<b>8</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>153</b>	<b>22</b>



## CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	share capital	Surplus from the issue of shares above their nominal valuej	own shares	hedge accounting	Profits/losses from revaluation of employee benefits	Revaluation reserve	Exchange differences on the translation of foreign subordinated entities	Profits retained	Capital of the Parent	Non-controlling interest	Total equity
<b>As at 01.01.2018</b>	<b>248 906</b>	<b>114 435</b>	<b>(170 567)</b>	<b>5 259</b>	<b>(775)</b>	<b>(12 024)</b>	<b>(39 569)</b>	<b>985 803</b>	<b>1 131 468</b>	<b>590 622</b>	<b>1 722 090</b>
Valuation of hedge instruments				(13 280)					(13 280)	(2 960)	(16 240)
Exchange differences on the translation of subordinated entities							16 500		16 500	1 425	17 925
Profit / loss for the first half of the year 2018								74 740	74 740	33 096	107 836
<b>Total comprehensive income for the first half of the year 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-13 280</b>	<b>-</b>	<b>-</b>	<b>16 500</b>	<b>74 740</b>	<b>77 960</b>	<b>31 561</b>	<b>109 521</b>
Share buy-back			(19 471)						(19 471)		(19 471)
Change of group structure				165	(8)	(579)	110	16 434	16 122	(30 489)	(14 367)
<b>As at 30.06.2018</b>	<b>248 906</b>	<b>114 435</b>	<b>(190 038)</b>	<b>(7 856)</b>	<b>(783)</b>	<b>(12 603)</b>	<b>(22 959)</b>	<b>1 076 977</b>	<b>1 206 079</b>	<b>591 694</b>	<b>1 797 773</b>



**Capital Group Boryszew**  
**Consolidated condensed financial statement from 1 January to 30 June 2018**  
**Prepared in accordance with the IAS 34 granted by European Union**

	Share capital	Own shares	Surplus from the issue of shares above their nominal valuej	Hedge accounting	Revaluation reserve	Profits/losses from revaluation of employee benefits	Exchange differences on the translation of foreign subordinated entities	Profits retained	Capital attributable to shareholders of the Parent	Capital attributable to non-controlling interests	Total equity
<b>As at 01.01.2017</b>	<b>248 906</b>	<b>(135 756)</b>	<b>114 435</b>	<b>(2 348)</b>	<b>(12 374)</b>	<b>28</b>	<b>(21 788)</b>	<b>783 395</b>	<b>974 498</b>	<b>642 554</b>	<b>1 617 052</b>
Valuation of hedge instruments				10 741					10 741	9 139	19 880
Valuation of financial assets					118				118	(279)	(161)
Exchange differences							(12 638)		(12 638)	(4 582)	(17 220)
Profit for the first half of the year 2017								131 176	131 176	30 314	161 490
<b>Total comprehensive income for the first half of the year 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 741</b>	<b>118</b>	<b>-</b>	<b>(12 638)</b>	<b>131 176</b>	<b>129 397</b>	<b>34 592</b>	<b>163 989</b>
Share buy-back - Boryszew SA		(18 666)							(18 666)		(18 666)
Change of group structure								12 561	12 561	(37 390)	(24 829)
<b>As at 30.06.2017</b>	<b>248 906</b>	<b>(154 422)</b>	<b>114 435</b>	<b>8 393</b>	<b>(12 256)</b>	<b>28</b>	<b>(34 426)</b>	<b>927 132</b>	<b>1 097 790</b>	<b>639 756</b>	<b>1 737 546</b>



## **ADDITIONAL INFORMATION**

### **1. Basic information regarding Capital Group Boryszew**

#### **Parent company - Boryszew Spółka Akcyjna**

Registered office: 03-301 Warsaw; Jagiellońska street No. 76  
Registered with the National Court Register kept by the District Court for the capital city of Warsaw in Warsaw,  
12nd Commercial Division,  
KRS number 0000063824  
Statistical registration number (REGON) 750010992  
NIP (Tax ID) 837-000-06-34  
The company has been established for an indefinite period of time.

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

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

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

In the first half of the year 2018, the composition of the Supervisory Board was as follows:

Mr Janusz Siemienieć – Chairman of the Supervisory Board,  
Mr Piotr Lisiecki – Deputy Chairman of the Supervisory Board,  
Mr Mirosław Kutnik – Secretary of the Supervisory Board,  
Mr Jarosław Antosik – Member of the Supervisory Board,  
Mr Arkadiusz Krężel – Member of the Supervisory Board,  
Ms Małgorzata Waldowska – Member of the Supervisory Board,

No changes in the composition of the Supervisory Board occurred between 30 June 2018 and the date of publication of the report.

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

As at 1 January 2018, the composition of the Management Board of the Boryszew S.A. was as follows:

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

On 19 January 2018, Mr. Jarosław Michniuk - President of the Management Board, General Director of the Company resigned from the function. Mr. Jarosław Michniuk did not give reasons for resignation.

At the same time, on 19 January 2018, the Supervisory Board of the Company decided to temporarily entrust the Member of the Management Board Mr. Piotr Szeliga with the duties of the President of the Management Board and the General Director.

As at 30 June 2018, the composition of the Management Board of the Boryszew S.A. was as follows:

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

No changes in the composition of the Supervisory Board occurred between 30 June 2018 and the date of publication of the report.



## Capital Group Boryszew

### Consolidated entities

Company name	Seat	Share of the parent in share capital (%)	Subsidiary of:	Business segment
<b>Boryszew S.A. :</b>	<b>Warsaw</b>		<b>Parent entity</b>	
<i>Branch Centrala</i>	Warsaw			Other
<i>Elana Branch in Toruń</i>	Toruń			Chemistry
<i>Energy Branch in Toruń</i>	Toruń			Other
<i>Maflow Branch in Tychy</i>	Tychy			Automotive
<i>NPA Branch Skawina</i>	Skawina			Metals
<i>Boryszew ERG Branch</i>	Sochaczew			Chemistry
<i>Nylonbor Branch</i>	Sochaczew			Chemistry
Elimer Sp. z o.o.	Sochaczew	52,44	Boryszew SA	Chemistry
Torlen Sp. z o.o.	Toruń	100	Boryszew SA	Chemistry
Elana Pet Sp. z o.o.	Toruń	100	Boryszew SA	Chemistry
Elana Energetyka Sp. z o.o.	Toruń	100	Boryszew SA	Other
SPV Boryszew 3 Sp. z o.o.	Warsaw	100	Boryszew SA	Other
SPV Boryszew 5 Sp. z o.o.	Warsaw	100	Boryszew SA	Innactive
Boryszew Components Poland Sp. z o.o.	Warsaw	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100	Boryszew SA	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100	Boryszew S.A.	Automotive
Maflow Polska Sp. z o.o.	Warsaw	100	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Włochy	100	Boryszew SA	Automotive
Maflow Spain Automotive S.L.U	Hiszpania	100	Boryszew SA	Automotive
Maflow France Automotive S.A.	Francja	100	Boryszew SA	Automotive
Maflow do Brasil Ltda	Brazylia	100	Maflow Sp. z o.o.	Automotive
Maflow Components Co. Ltd	Chiny	100	Maflow Sp. z o.o.	Automotive
Maflow India Private Limited	Indie	100	Boryszew S.A.	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Meksyk	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Has not commenced operations
MAFMEX S.DE R.L.DE C.V	Meksyk	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Automotive
ICOS GmbH	Niemcy	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Niemcy	100	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Niemcy	100	ICOS GmbH	Automotive
Boryszew Formenbau Deutschland GmbH	Niemcy	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Niemcy	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive



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BRS YMOS GmbH	Niemcy	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächetechnik GmbH	Niemcy	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Niemcy	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	Republika Czeska	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Rosja	100	Boryszew S.A., Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	100	Boryszew S.A.	Automotive
Impexmetal S.A.	Warsaw	63,20	Boryszew SA	Metals
Hutmen S.A.	Warsaw	75,88	Boryszew S.A., SPV 3 Boryszew, Impexmetal S.A., Impex – invest Hutmen S.A., Impexmetal S.A., Boryszew S.A.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	72,95		Metals
Huta Metali Nieżelaznych Szopienice S.A. - w likwidacji	Katowice	39,04	Polski Cynk Sp. z o.o.	discontinued operations
ZM Silesia S.A.	Katowice	63,20	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	63,20	Polski Cynk Sp. z o.o. Impexmetal S.A., ZM Silesia S.A.	Metals
Polski Cynk Sp. z o.o.	Katowice	63,20		Metals
FŁT Polska Sp. z o.o.	Warsaw	63,20	Impexmetal S.A.	Metals
FLT & Metals Ltd.	Wielka Brytania	63,20	Impexmetal S.A.	Metals
S & I S.A.	Szwajcaria	63,20	Impexmetal S.A.	Metals
FLT Bearings Ltd.	Wielka Brytania	63,20	FLT France SAS	Metals
FLT France SAS	Francja	63,20	FŁT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH	Niemcy	63,20	FŁT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.	Włochy	63,20	FŁT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd.	Chiny	63,20	FŁT Polska Sp. z o.o.	
SPV Lakme Investment Sp. z o.o.	Warsaw	58,80	Impexmetal S.A.	Other
Impex – Invest Sp. z o.o.	Warsaw	63,20	Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	65,02	Boryszew SA, Impexmetal S.A.	Other
Symonvit Ltd	Cypr	63,20	Impexmetal S.A.	Metals
Baterpol Recycler Sp. z o.o.	Wrocław	63,20	Polski Cynk Sp. z o.o.	Metals
SPV Impexmetal Sp. z o.o.	Warsaw	63,19	Impexmetal SA, ZUO Sp. zo.o, BAP Sp. Zo.o.	Other
Metal Zinc Sp. Zo.o.	Katowice	63,20	ZMSilesia SA	Metals
Remal Sp. z o.o.	Konin	50,35	usługi remontowe	Other
EastsideBis Sp. z o.o.	Warsaw	87,13	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. zo.o.w Koninie	Konin	37,90	Impexmetal S.A.	Metals
MBO-Hutmen jv Sp. z o.o.	Wrocław	37,95	Hutmen SA	Metals



### 1.3. Changes in the Capital Group and significant events

#### Acquisition of shares of Capital Group Boryszew

##### Acquisition of the shares of Impexmetal S.A.

In the period from 1 January, 2018 to 30 June, 2018, Boryszew S.A. acquired a total of 2 614 70 shares of Impexmetal S.A., which, with already held shares, is the sum of 112 798 968 shares of Impexmetal S.A., which represented 59.37%

##### Acquisition of the shares in FŁT Polska Sp. z o. o.

Impexmetal S.A. purchased 17 shares in FŁT Polska Sp. z o. o. at a total amount of PLN 2 125 000.00. Currently Impexmetal S.A. holds 100% of shares in the company.

##### Establishment of a company, Aluminium Konin Sp. z o.o., with its registered office in Konin

On 23 January, 2018, Aluminium Konin Spółka z o.o. with its registered office in Konin was established. The company's initial capital is 100 000.00 PLN and is divided into 100 shareholders at 1.000 PLN each. The sole shareholder of the Company is Impexmetal S.A.

##### Removal of the company, Surowce Hutmen S.A. Sp. komandytowa, from the National Court Register

On 20 December 2017, the General Meeting of Shareholders of Surowce Hutmen S.A. Sp. komandytowa decided to initiate the liquidation of the company. On 6 April, 2018, the company was deleted from the National Court Register.

##### Acquisition of the shares in Remal Sp. z o. o.

Impexmetal S.A. purchased 7 shares in Remal Sp. z o. o. constituting 1.24% of the share capital. Currently Impexmetal S.A. holds 80.90% of shares in the company.

##### Acquisition of the shares in Boryszew Tensho Poland Sp. z o. o.

On 18 June, 2018, Boryszew SA, acting under the Joint Venture Agreement concluded on 17 June 2014 between Sanko & Co., Ltd., Tensho Electric Industries Co., Ltd., and Boryszew SA, purchased from Sanko & Co., Ltd. 23 266 shares of Boryszew Tensho Poland Spółka z o.o. with its registered office in Ostaszew, which constitutes 13.68% of the share capital and the total number of votes at the GM.

As at the date hereof, Boryszew S.A. holds 155 226 shares in Boryszew Tensho Poland Spółka z o.o., which constitutes 93.68% of the share capital and the total number of votes at the GM.

Until the date of publication hereof, there were no other significant changes in the structure of Capital Group Boryszew except for the events listed above.

## SIGNIFICANT EVENTS

### 2. Declaration of the management board regarding the conformity of accounting principles

The Management Board of Boryszew S.A. represented by Mr Piotr Szeliga, Mr Aleksander Baryś, Mr Mikołaj Budzanowski and Mr Cezary Pyszkowski, hereby represents that in accordance with the best knowledge of the consolidated financial statements and comparable data were developed in accordance with applicable accounting principles and that the statements give a true and fair view of the financial position and the financial result of Boryszew Capital Group.

### 3. Statement of the Management Board on the selection of the entity to audit financial statements

The Management Board of Boryszew S.A. declares that BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, auditing the consolidated financial statement for the first half of 2018, was selected in accordance with the law, and BDO Spółka z ograniczoną odpowiedzialnością sp. k. and the statutory auditors auditing the statement, met the conditions to issue an unbiased and independent opinion on the audit of the financial statement, in accordance with the applicable professional regulations and standards.

On 28 June, 2018, the Supervisory Board of Boryszew SA, acting pursuant to § 15 (1) of the Articles of Association of Boryszew S.A., pursuant to resolution no. 37, selected BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw to:

- review the interim separate financial statement of Boryszew S.A. and the interim consolidated financial statement of Capital Group Boryszew drawn up in accordance with International Financial Reporting Standards and the regulations on public trading in securities for the six months ended on 30 June, 2018 and 30 June, 2019,
- audit of the annual separate financial statement of Boryszew S.A. and the annual consolidated financial statement of Capital Group Boryszew drawn up in accordance with the International Financial Reporting Standards and the regulations on public trading in securities for the periods ending on 31 December in 2018-2019.



BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw is entered into the list of entities authorized to audit financial statements under registration no. 3355, kept by the National Council of Statutory Auditors.

The company did not use the services of the aforementioned auditor in the scope of auditing and reviewing financial statements.

The Supervisory Board selected the auditor in accordance with its competences set out in the Articles of Association of the Company, recommendation of the Audit Committee and in accordance with applicable law (in accordance with Article 66 (4) of the Accounting Act) and based on internal policies and procedures.

#### **4. Applied accountancy policies**

Information included in financial statement for the first half of 2018 was prepared in accordance with the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent the information required by the laws of a non-member state and the International Accounting Standard 34 (IAS 34) "Mid-year financial reporting".

The accounting principles and calculation methods used by the Group did not change in the first half of 2018, they were presented in detail in the consolidated annual statement for 2017, published on 30 April 2018.

These financial statements have been prepared on the basis of International Financial Reporting Standards as adopted by the European Union (EU).

The selected financial data in the initial part of the report were presented in EUR according to § 64 para. 1 of the Minister of Finance Regulation of 29 February 2018 (original text: Journal of Laws No. 2018.757 of 20.04.2018)

Balance sheet items were translated at the exchange rate of the last day of the reporting period and income statement items as well as cash flow statement items - at the average rate of the period.

	<b>Average EUR exchange rate in the period</b>	<b>EUR exchange rate the last day of the period</b>
1.01- 30.06.2017	4,2474	4,2265
1.01- 31.12.2017	4,2447	4,1709
1.01- 30.06.2018	4,2395	4,3616

#### **Changes in accounting policies in respect of:**

##### **Financial instruments - IFRS 9**

The Group has qualified its financial assets since 1 January, 2018 to the following categories:

- valued at the fair value by other total incomes,
- valued at the fair value by a financial result,
- valued based on a depreciated cost.
- hedging financial instruments.

At the time of initial recognition, the Group classified the equity instruments, i.e. shares and interests in the remaining companies, to the category of financial instruments valued at the fair value through other total income.

The Group classified trade receivables, granted loans, other financial receivables, cash and cash equivalents to the assets valued based on a depreciated cost.

The Group classified the derivative instruments for which the hedge accounting was not applied as well as those hedging instruments that were subject to the valuation by the result in accordance with the hedge accounting principles, as the assets valued at fair value by the financial result.

The Group has qualified its financial liabilities since 1 January, 2018 to the following categories:

- valued based on a depreciated cost.
- valued at the fair value by a financial result,
- hedging financial instruments.

The Group classified trade liabilities, credits, loans and bonds to the category of liabilities valued based on a depreciated cost.

Liabilities from derivative instruments to which the hedge accounting was not applied were classified by the Group as at the fair value by the financial result.

Hedging financial instruments are valued and presented in accordance with the hedge accounting principles.





Influence on the change in the classification and valuation of financial assets since 1 January, 2018:

<b>Instrument class</b>	<b>In accordance with IAS 39 classification and valuation</b>	<b>In accordance with IFRS 9 classification and valuation</b>
Shares and interests other than the subordinated	Available for sale	Valued at the fair value by other total incomes
Granted loans	Loans and receivables	Valued based on a depreciated cost
Trade receivables and other receivables	Loans and receivables	Valued based on a depreciated cost
Derivatives other than the hedge accounting	Valued at the fair value by a financial result	Valued at the fair value by a financial result
Derivatives hedging cash flows	Hedging financial instruments.	Hedging financial instruments.
Cash and cash equivalents	Loans and receivables	Valued based on a depreciated cost

#### **Revenues from agreements with customers - IFRS 15**

Starting from 1 January, 2018, the Group has applied IFRS 15 Revenue from agreements with customers and changes to IFRS 15 specifying the principles of mutual benefits resulting from agreements with customers. The specificity of the industry and agreements with customers applied in the Group do not require a change in the recognition or valuation of receivables or liabilities resulting from agreements with customers. The influence of the application of IFRS 15 on the consolidated financial statement of the Group in relation to the previously applicable provisions of IAS 11 and IAS 18 is not significant. The Group disclosed the information regarding the influence on applying IFRS 9 and IFRS 15 in the annual consolidated financial statement for the period from 1 January to 31 December, 2017.

#### **Changes to the existing standards were applied in the financial statement for the first time in 2018**

The following new standards, changes to existing standards and interpretation issued by the International Accounting Standards Board (IASB) and approved for use in the EU come into force for the first time in 2018:

**IFRS 15 “Revenues from agreements with customers”** and amendments to IFRS 15 - Explanations to IFRS 15 “Revenue from agreements with customers” – approved in the UE 22 September 2016 (applicable to annual periods beginning on 1 January 2018 or after that date),

**Amendments to IFRS 15 “Revenues from agreements with customers”** - Explanations to IFRS 15 “Revenue from agreements with customers” – approved in the UE 31 October 2017 (applicable to annual periods beginning on 1 January 2018 or after that date),

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

**Amendments to IFRS 4 “Insurance agreements”** - Application of IFRS 9 “Financial instruments” with IFRS 4 “Insurance instruments” – approved in the UE 3 November 2017 (applicable to annual periods beginning on 1 January 2018 or after that date, or at the time of the application of IFRS 9 “Financial instruments” for the first time),

**Amendments to IFRS 2 “Payments based on shares”** – Classification and valuation based on shares – approved in the UE 27 February 2018 (applicable to annual periods beginning on 1 January 2018 or after that date),

**Amendments to IAS 40 “Investment properties”** - Transfer of the investment properties – approved in the EU on 14 March 2018 (applicable to annual periods beginning on 1 January 2018 or after that date),

**Interpretation of IFRIC 22 “Foreign currency transactions and advance payments”** – approved in the EU on 28 March 2018 (applicable for annual periods beginning on 1 January 2018 or after that date).

**Amendments to IFRS 1 and Amendments to IAS 28** as a result of “Amendments to IFRS (cycle of 2014-2016)” - amendments to the procedure of annual improvements to IFRS (IFRS 1, IFRS 12 and IAS 28) focused mostly on the dissolution of discrepancies and the clarification of vocabulary - approved in the UE on 7 February 2018 (amendments to IFRS 1 and IAS 28 apply to annual periods beginning on 1 January 2018 or after that date).



**New standards and amendments to the existing standards, which were already issued by the IASB and approved by the EU, but did not enter into force yet and they were not previously used by the Group**

By approving this financial statement, the following new standards and changes to the standards were issued by the IASB and approved for use in the EU, but they have not been entered into force yet:

**IFRS 16 “Leasing”** - approved in the EU on 31 October 2017 (applicable for annual periods beginning on 1 January 2019 or after that date).

**Amendments to IFRS 9 “Financial instruments”** - Characteristics of the prepayment option with negative offset – approved in the EU on 22 March 2018 (applicable for annual periods beginning on 1 January, 2019 or after that date).

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

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

**IFRS 17 “Insurance agreements”** - (applicable to annual periods beginning on 1 January 2021 or after that date,).

**IFRS 14 “Deferred balances on regulated activity”** (effective for annual periods beginning on or after 1 January 2016) - the European Commission chose not to initiate the process of approval of this interim standard for use in the EU until the final version of IFRS 14 is published,

**Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** - Sale or in-kind contribution of assets between an investor and its associated entity or joint venture as well as subsequent amendments (the effective date of the amendments has been postponed until the end of research on the equity method),

**Amendments to IAS 19 “Employment benefits”** - Amendment, limitation or settlement of the plan (applicable to annual periods beginning on 1 January 2019 or after that date).

**Amendments to IAS 28 “Investments in associates and joint ventures”** - Long-term shares in associates and joint ventures (applicable for annual periods beginning on 1 January 2019 or after that date).

**Amendments to various standards “Amendments to IFRS (cycle of 2015-2017)”** - amendments to the procedure of annual improvements to IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) focused mostly on the dissolution of discrepancies and the clarification of vocabulary (applicable to annual periods beginning on 1 January 2019 or after that date)

**Interpretation of IFRIC 23 “Uncertainty in income tax settlement”** (applicable for annual periods beginning on 1 January 2019 or after that date).

According to Parent Entity’s estimates, the above-mentioned standards, interpretations and amendments – except IFRS 16 “Leasing” applicable from 1 January 2019 - would have had no material effect on the financial statements, had they been applied by the entity as at the balance sheet date. The impact of IFRS 16 on the financial statements of the Capital Group is described below.

**IFRS 16 „Leasing”**

According to IFRS 16, the lessee recognises the right to use the asset and the lease obligation. The right to use an asset is considered similarly to other non-financial assets and depreciated accordingly. Lease liabilities are initially valued at the current value of lease payments payable during the lease period, discounted by the rate included in the lease if it is not difficult to determine it. If the rate cannot be easily determined, the lessee applies the marginal interest rate. Regarding the classification of leasing with the lessors, it is carried out in the same way as in accordance with IAS 17 - i.e. as operating or financial leasing. The lessor classifies leasing as financial leasing if it transfers substantially all risks and benefits resulting from ownership of the related assets. Otherwise, leasing is classified as operating leasing. In financial leasing, the lessor recognises financial income over the leasing period, based on a fixed periodic rate of return on the net investment. The lessor recognises payments of operating leasing in revenues on a straight-line basis or in another systematic manner if it better reflects the pattern of obtaining benefits from the use of related assets.

**Impact of IFRS 16 on future financial statements**

As a result of the analysis of this standard, the Company initially identified that the perpetual usufruct rights to land is the most important component of assets to be included in the financial statements, which is not currently replaced and received free of charge through administrative decisions.

The Company will apply the provisions of IFRS 16 since 1 January, 2019.

The Company is in the process of estimating the impact of IFRS 16 on the financial statements.



## 5. Paid or declared dividend during the period from the beginning of the year

On 14 June, 2018, the Ordinary General Meeting of Boryszew S.A., by resolution no. 19, decided to allocate the Company's net profit for 2017 in the amount of PLN 84 504 thousand to the reserve capital to finance the redemption of own shares.

## 6. Contingent liabilities

### Guarantees and sureties

Guarantees and sureties granted to the subsidiaries and affiliates to repay the financial liabilities

	As at 30.06.2018	As at 31.12.2017
	149 435	121 729

Entity granted a surety or a guarantee	Date of issue of a surety or a guarantee	Number of guaranteed/surety contract/agreement	Subject of the obligations	Surety value	Surety validity date
				thousand PLN	
Boryszew Plastic RUS	13.02.2017	Guarantee 3/2017	The guarantee granted to Volvo Group trucks Operations	21 808	indefinitely
Spółki Grupy BAP będące klientami Volkswagen AG	16.12.2016	Guarantee 31/2016	Volkswagen AG	87 966	indefinitely
Alchemia S.A.	02.10.2017	Guarantee 22/2017	Arcelormittal Poland S.A.	39 254	31.12.2018
SPV Boryszew 7	12.05.2011	poręczenie	Surety of repayment of liabilities towards Wspólnota Mieszkaniowa Nieruchomości Warszawa Łucka 14A i 16A	407	indefinitely
				<b>149 435</b>	

## 7. Estimates of the Management Board

In the first half of 2018, there were significant changes in estimates adopted by the Management Board to draw up the financial statements. The following table shows the revenues of the items included in the statement of comprehensive income:



### Impact on the write-down of assets and provisions

	<b>01.01.2018 - 30.06. 2018</b>	<b>01.01.2017 - 30.06. 2017</b>
Creating of write-offs for receivables	(3 472)	(2 969)
Reversal of impairment losses on receivables	1 318	1 203
Creating write-offs for inventories	(2 068)	(5 075)
Reversal of impairment losses on inventories	3 395	2 066
Creating write-offs for fixed assets	(547)	0
Reversal of impairment losses on property, plant and equipment	1 319	1 587
Valuation to the fair value of shares	(3 954)	(1 429)
Establishment of reserves	(2 061)	(2 027)
Reversal of unnecessary reserves	3 542	1217
Deferred tax	(7 229)	10 705
<b>Impact on the write-offs of assets and provisions</b>	<b>(9 757)</b>	<b>5 278</b>

## 8. Financial instruments valued at the fair value

During the six months ended on 30 June, 2018, the method of determining the fair value of financial instruments did not change.

The fair value of the Group's financial assets and liabilities measured at fair value at an on-going basis.

	<b>Fair value as at</b>		<b>Hierarchy</b>
	<b>As at 30.06.2018</b>	<b>As at 31.12.2017</b>	<b>fair value</b>
<b>Financial assets</b>			
Quoted shares	8	8	Level 1
Derivative financial instruments	18 943	33 750	Level 2
<b>Financial liabilities</b>			
Derivative financial instruments	18 373	25 250	Level 2

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

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

Level 3 contains unobservable data used if the information from the first two levels of valuation cannot be obtained. It includes all valuations characterized by subjective input data.

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

Fair value of financial assets and liabilities that are not measured at fair value on an ongoing basis (but disclosures about fair values are required).



	<b>Fair value as at</b>		<b>Hierarchy</b>
	<b>As at 30.06.2018</b>	<b>As at 31.12.2017</b>	<b>fair value</b>
<b>Financial assets</b>			
Not listed shares	1 890	1 890	Level 3
Shares held for trading	0	25 068	Level 3
Bonds	118 203	78 278	Level 3
Borrowings	2 131	1 820	Level 3
Trade liabilities	957 034	734 472	Level 3
Investment property	146 321	154 984	Level 3
Cash and cash equivalents	170 950	216 120	Level 3
<b>Financial obligations</b>			
Borrowings and loans	1 136 775	1 069 665	Level 3
Leasing	84 013	76 063	Level 3
Trade liabilities	783 330	680 348	Level 3
SMA liabilities	58 987	60 969	Level 3

The fair value of financial instruments that are not regularly valued at fair value held by the Group as at 30 June, 2017 and 31 December, 2016 did not significantly differ from the presented value.

in financial statements for particular years for the following reasons:

- in relation to short-term instruments, the possible discount effect is not significant (receivables and trade liabilities, granted loans, liabilities due to loans and borrowings, cash, other liabilities),
- these instruments relate to transactions concluded on market terms (applies to interest-bearing receivables and liabilities due to bonds, loans and borrowings for which the interest rate is determined based on the market conditions).
- with respect to shares not quoted on an active market, classified as available-for-sale financial assets, it is assumed that their valuation at cost less any impairment losses does not significantly differ from fair value.

## **9. Changes of the share capital**

### **Acquisition of own shares of Boryszew S.A.**

Acting based on the authorization granted by Resolution no. 19 of the Ordinary General Meeting of Boryszew S.A. of 25 June, 2014 regarding the authorization of the Management Board of the Company to acquire own shares of Boryszew S.A. and pursuant to art. 362 § 1 (8) and art. 362 § 4 of the Code of Commercial Companies, in the period from 1 January, 2018 to 30 June, 2018 Boryszew S.A. acquired a total of 2 039 624 own shares, which, with already held shares, is the sum of 13 179 529 own shares, which represented 5.4915% of the total number of votes at the General Meeting of Boryszew S.A.

As at 30 June 2018, Capital Group Boryszew had 28 695 698 shares of Boryszew S.A., representing 11.9565% of the total number of votes at the GM of Boryszew S.A., including:

- Boryszew S.A.: 13 179 529 own shares, which represented 5.4915% share in the share capital and the total number of votes at the GM of Boryszew S.A.
- Impexmetal S.A.: 13 346 169 shares, which represented 5.5609% share in the share capital and the total number of votes at the GM of Boryszew S.A.
- SPV Boryszew 3 Sp z o.o.: 2.165.000 shares, which represented 0.902% share in the share capital and the total number of votes at the GM of Boryszew S.A.
- Polski Cynk Sp. z o.o.: 5.000 shares, which represented 0.002% share in the share capital and the total number of votes at the GM of Boryszew S.A.



## 10. Operating segments

### Segment data includes revenues and results from continuing operations

01.01.2018 -30.06. 2018	Chemicals	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	141 653	1 032 241	1 951 030	150 945	3 275 869	(26 640)	3 249 229
Segment selling costs	122 508	915 089	1 762 542	140 029	2 940 168	(24 846)	2 915 322
<b>Result on sales within segment</b>	<b>19 145</b>	<b>117 152</b>	<b>188 488</b>	<b>10 916</b>	<b>335 701</b>	<b>(1 794)</b>	<b>333 907</b>
General, administrative and sales expenses	16 886	100 613	77 779	8 898	204 176	(5 931)	198 245
Other operating profit	1 380	11 121	7 024	15 985	35 510	(14 318)	21 192
<b>Segment profit</b>	<b>3 639</b>	<b>27 660</b>	<b>117 733</b>	<b>18 003</b>	<b>167 035</b>	<b>(10 181)</b>	<b>156 854</b>
Amortisation	3 187	35 710	33 755	1 509	74 161		74 161
EBITDA *)	6 826	63 370	151 488	19 512	241 196	(10 181) (1 028)	231 015
Segment assets	250 422	1 447 119	2 802 342	866 260	5 366 143	112)	4 338 031
Segment liabilities	91 087	1 607 001	1 151 476	606 903	3 456 467	(932 620)	2 523 847

  

01.01.2017 -30.06.2017	Chemicals	Automotive	Metals	Other	Total	consolidated 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
Segment selling costs	109 374	869 028	1 719 510	117 239	2 815 151	(29 318)	2 785 833
<b>Result on sales within segment</b>	<b>22 208</b>	<b>173 322</b>	<b>179 087</b>	<b>12 314</b>	<b>386 931</b>	<b>(977)</b>	<b>385 954</b>
General, administrative and sales expenses	16 078	102 020	77 254	15 476	210 828	(5 979)	204 849
Other operating profit	2 254	572	2 037	12 104	16 967	(9 260)	7 707
<b>Segment profit</b>	<b>8 384</b>	<b>71 874</b>	<b>103 870</b>	<b>8 942</b>	<b>193 070</b>	<b>(4 258)</b>	<b>188 812</b>
Amortisation	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

### Revenues from sales by geographical directions

Revenues from sales by geographical directions	01.01.2018 - 30.06. 2018	01.01.2017 - 30.06. 2017
<b>Continuing operations</b>		
Domestic sales	1 106 143	1 072 289
Sales to EU countries	1 893 399	1 863 608
Sales to other European countries	91 550	89 846
Export outside Europe	158 137	146 044
<b>Total revenues from sale (continuing operations)</b>	<b>3 249 229</b>	<b>3 171 787</b>



	01.01.2018 - 30.06. 2018	01.01.2017 - 30.06. 2017
<b>Share of EU member states in intra-Community sales:</b>		
Germany	41%	43%
Czech Republik	15%	13%
France	7%	5%
Slovakia	3%	3%
Italy	6%	6%

## 11. Explanations concerning seasonality of the company's operations in the presented period

In the case of Capital Group Boryszew, the seasonality/cyclicity occurs rarely.

In the Automotive Segment seasonality refers to the summer months and December, during which the production of cars decreases significantly, which translates into the decrease in orders for components in this period.

In the Metals Segment, seasonality occurs in the field of products sold for the needs of the construction sector, which may include:

- copper installation pipes and condenser pipes made of copper-nickel produced by Hutmen S.A.,
- brass condenser pipes used in the heating industry, produced by WM Dzierżycie S.A.
- zinc-titanium roof sheets and zinc wire produced by ZM SILESIA S.A.

The highest sales of these products is observed in the second and third quarter due to weather conditions that determine the possibility of conducting construction works, as well as the situation in the construction industry. Other products of this Segment do not show such clear cyclicity. The sale fluctuations are mainly the result of macroeconomic conditions and the economic situation.

In the Chemistry Segment, seasonality occurs for some of the products produced by Boryszew S.A. Boryszew ERG Branch in Sochaczew. It concerns refrigeration fluids for the automotive industry (accumulation in the third and the fourth quarter with the tendency to move to the beginning of the first quarter of the next year), de-icing fluids for airports and aircraft machines (accumulation in the fourth and the first quarter). In turn, PVC siding and EPS decorative elements are related with the business cycle of the construction industry, i.e. the highest sales in the second and the third quarters.

Other products of the Capital Group do not show any specific signs of cyclicity.

It should be noted that due to the December holiday period and downtime planned by the recipients, lower sales are observed every year.

## 12. The information on issuing, redemption and repayment of bonds

As part of the Bond Issue Program adopted by Resolution no. 153/2016 of the Management Board of Boryszew S.A. as at 28 July, 2016 (as amended), Boryszew S.A. issued:

- on 11 January 2018, 12 registered bonds of A16 series with a nominal value of PLN 1 000 000 each, at an average unit price of PLN 1 000 000 per bond. The total nominal value of the bonds issued in this series is PLN 12 000 000. The interest rate of the bonds was specified based on the market conditions. The bond redemption date was set at 31 December 2020.





- on 14 February 2018, 16 A17 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 16.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.
- on 1 March 2018, 25 A18 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 25.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 28 February 2021.
- on 18 June 2018, 8 A19 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 8.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.
- on 19 June 2018, 2 A20 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 2.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.
- on 18 June 2018, 2 A21 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 12.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.

After the balance sheet date

- On 2 July 2018, 16 A22 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 16.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 30 June 2019. The discussed bonds replace 16 registered bonds of A7 series with a nominal value of PLN 1 000 000 each, and the total value of PLN 16 000 000 taken on 30 June, 2017 by WM Dziedzice S.A. with its registered office in Czechowice-Dziedzice, with maturity: 30 June 2018.

The funds from the issue of the above bonds were used to finance the operational activity of Boryszew S.A.

### 13. Transactions with related entities

Transactions between related parties are mainly commercial transactions between companies in the scope of sales or purchases of goods and products of a typical, traditional nature for the Group's operations. Non-trading transactions are mainly loans and the purchase of bonds from related entities. The details of transactions with related entities are presented below:

#### Related entities

##### Receivables and liabilities

	As at 30.06.2018	As at 30.06.2017
Loans granted	-	1 687





## Transactions with affiliates

Receivables and liabilities	01.01.2018 - 30.06. 2018	01.01.2017 - 30.06.2017
Sales revenues	28 220	27 082
Operation costs	-	61

Receivables and liabilities	As at 30.06.2018	As at 30.06.2017
Trade receivables and other	4 627	1 864
Trade receivables	1 118	1 568

Receivables and liabilities	01.01.2018 - 30.06. 2018	01.01.2017 - 30.06.2017
Sales revenues	2 299	1 105
Interest income	1 883	57
Operation costs	2 002	3 434

Receivables and liabilities		
Trade receivables and other	1 653	2 386
Granted loans and purchased bonds	117 202	59 333
Trade receivables and other	875	27 482

## 14. Current court proceedings

As at the date hereof, Boryszew S.A. and the Companies of Capital Group Boryszew were not parties to significant proceedings regarding liabilities and claims pending before a court, a competent arbitration authority or a public administration body.

## 15. Litigation underway

The Group operates in a sector which due to its specificity is particularly vulnerable to extortion of VAT on the part of dishonest contractors. The Group's companies carry out control proceedings at various stages regarding the correctness of VAT settlements. In connection with the above, the Parent Entity took actions to include the risks that can be estimated, and related to ongoing proceedings.

### Significant proceedings that were terminated at first instance

1. ZM SILESIA S.A. received on March 12, 2018 the decision of the Chief of Opole Customs and Tax Office (Office) in Opole of February 28, 2018 specifying the outstanding VAT liability for 2012 in the amount of PLN 28.9 million plus interest on tax arrears in the amount PLN 15.5 million. According to the position of the Office, ZM SILESIA S.A. did not exercise due diligence in verifying the tax reliability of some of its suppliers who, as it turned out, did not pay VAT due to the budget. Consequently, ZM SILESIA S.A. had no right to reduce the tax due by the input tax shown on invoices issued by dishonest contractors. Due to a different assessment of the facts in relation to the assessment presented by the inspection bodies, the controlled company appealed against the decision of the Office received.



2. HUTMEN S.A. received on April 3, 2018, the decision of the Head of the Lower Silesian Customs and Tax Office (Office) in Wrocław of March 26, 2018 specifying the overdue tax liability of HUTMEN S.A. in VAT for the fourth quarter of 2014 in the amount of PLN 3.04 million plus interest on tax arrears. According to the position of the Office, HUTMEN S.A. failed to exercise due diligence in verifying the tax reliability of some of his contractors, and consequently had no right to apply a VAT rate of 0% for intra-Community supply of goods.

Due to a different assessment of the facts in relation to the assessment presented by the inspection bodies, the controlled company appealed against the decision of the Office received.

3. Baterpol Recycler Sp. z o. o. received the decision of the Chief of the Lower Silesia Customs and Tax Office in Wrocław of 8 June, 2018 specifying the outstanding VAT liability for the third and the fourth quarter of 2016 in the amount of PLN 3.00 million plus interests on tax arrears in the amount of PLN 116 million. The decision is not final and the Company submitted an appeal against the aforementioned decision on the statutory date. Due to a different assessment of the facts in relation to the assessment presented by the inspection bodies, the controlled Company appealed against the decision of the Office. On 12 July, 2018, the Chief of the Lower Silesia Customs and Tax Office in Wrocław referred the case to the decision of the Director of the Tax Administration Chamber in Wrocław.

In addition, the inspection proceedings conducted by the Customs and Tax Office in Wrocław regarding the settlement of tax on goods and services for the period from July to September 2016 are in progress against Baterpol Recycler Sp. z o.o. A possible unfavourable decision in the aforementioned scope may amount to PLN 2.8 million. On 26 July, 2018, the Chief of the Lower Silesia Tax Office in Wrocław took bank accounts of Baterpol Recycler Sp. z o.o. for the total amount of PLN 2.1 million as security for the recovery of tax liabilities of the Company due to the tax on goods and services for March 2017 and July-December 2017.

#### Other significant pending tax proceedings regarding VAT in the Capital Group companies

In addition to the above-described, Capital Group companies conduct audit proceedings that are at an initial stage (not completed with decisions). These proceedings may result in a negative position of the authorities towards the Company, however, the determination of this risk is difficult to estimate.

The ongoing proceedings:

1. ZM SILESIA S.A. - control proceedings in the field of VAT for 2013 - 2014 are pending,
2. Baterpol Recycler Spółka z o.o. - VAT proceedings are pending for March - September 2016,
3. Baterpol S.A. - VAT proceedings are pending for July 2013 - December 2015,
4. Hutmen S.A. - VAT proceedings for 2015 are pending.

Until the day of publication of the consolidated report, the inspections were not completed by issuing the decision.

Due to the fact that there is a risk of initiating further inspections, which may potentially result in issuing decisions determining tax liabilities of these companies, the Parent Company's Management Board analyzed the documentation related to the ongoing proceedings and estimated the risks by classifying them according to the probability of their occurrence:

**a) probable (large) risk** - there is a high probability of negative tax consequences (the occurrence of negative consequences is more likely than not to occur),

**b) possible (average) risk** - there is a risk of negative tax consequences but their occurrence or not is equally probable,

**c) potential (low) risk** - there is some risk of negative tax consequences, however, this risk is less likely than probable.

These risks were partially recognized in the consolidated financial statements as a liability reserve (for which the risk is estimated as large, i.e. in the amount of PLN 66,3 million and partly as contingent liabilities (medium or low risk) in the amount of PLN 38 million. The Management Board of the Parent Entity estimated the provisions taking into account also the probability of cash outflow from the Group and decided not to create them for events for which the probability of outflow is low.

The Management Board of the Parent Company cannot exclude that in the event of new circumstances, the risk estimates described above may change.



#### 16. Events after the balance sheet date

Apart from the events described in this report, after the end of the reporting period there were no events that could significantly affect future results.

**The financial statement was signed at the seat of the entity on 30 August 2018**

Piotr Szeliga – Chairman of the Supervisory Board

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Aleksander Baryś– Member of the Supervisory Board

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Mikołaj Budzanowski – Member of the Supervisory Board

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Cezary Pyszkowski – Member of the Supervisory Board

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Elżbieta Słaboń – Chief accountant

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**INTERIM CONDENSED CONSOLIDATED**

**FINANCIAL STATEMENT OF**

**Capital Group Boryszew**

**for the period from 1 January to 30 June 2018**



## STATEMENT OF COMPREHENSIVE INCOME

	01.01.2018 -30.06. 2018	01.01.2017 -30.06. 2017	01.04.2018 -30.06. 2018	01.04.2017 - 30.06. 2017
Revenues from sales	813 668	758 656	411 147	374 552
Prime cost of sale	736 695	661 368	372 543	336 410
<b>Gross profit from sales</b>	<b>76 973</b>	<b>97 288</b>	<b>38 604</b>	<b>38 142</b>
Selling costs	14 903	14 858	7 756	7 710
General and administrative costs	37 496	39 862	17 486	13 572
Other operating revenue	33 532	25 729	25 055	20 345
Other operating expenses	5 359	15 654	3 445	8 847
<b>Profit from operating activity</b>	<b>52 747</b>	<b>52 643</b>	<b>34 972</b>	<b>28 358</b>
Financial revenues	33 878	7 511	25 274	3 406
Financial expenses	27 224	24 167	18 949	8 752
<b>Financial profit</b>	<b>6 654</b>	<b>(16 656)</b>	<b>6 325</b>	<b>(5 346)</b>
<b>Profit before income tax</b>	<b>59 401</b>	<b>35 987</b>	<b>41 297</b>	<b>23 012</b>
Income tax	8 664	-3 029	5 386	-5 963
<b>Net profit</b>	<b>50 737</b>	<b>39 016</b>	<b>35 911</b>	<b>28 975</b>
<b>Profit/loss per share</b>				
Weighted average number of shares	227 681 526	231 829 760	227 446 652	231 493 259
Profit per one share (PLN)	0,22	0,17	0,16	0,13
	01.01.2018 -30.06. 2018	01.01.2017 -30.06. 2017	01.04.2018 -30.06. 2018	01.04.2017 - 30.06. 2017
<b>Net profit</b>	<b>50 737</b>	<b>39 016</b>	<b>35 911</b>	<b>28 975</b>
<b>Earnings recognised in equity</b>				
<i>Income included in equity, transferred to the profit and loss account</i>	<b>(4 857)</b>	<b>(2 487)</b>	<b>(5 442)</b>	<b>(585)</b>
Hedge accounting	(5 996)	(3 070)	(6 632)	(722)
Profits / losses from the valuation of capital instruments transferred to the financial result	-	-	-	137
Income tax	1 139	583	1 190	-
<b>Income included in capital, not reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit/loss on valuation of equity instruments				
Profit/loss on disposal of equity instruments				
Capital reserve on translating employee payables	-	0	-	-
Income tax	-	0	-	-
<b>Income included in the capitals in total</b>	<b>(4 857)</b>	<b>(2 487)</b>	<b>(5 442)</b>	<b>(585)</b>
<b>Total incomes</b>	<b>45 880</b>	<b>36 529</b>	<b>30 469</b>	<b>28 390</b>

**STATEMENT OF FINANCIAL POSITION**

	<b>As at 30.06.2018</b>	<b>As at 31.12.2017</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property fixed assets	273 367	272 862
Investment property	16 525	16 525
Intangible assets	25 805	26 856
Shares in subsidiaries and associates	456 641	444 437
Financial assets	440 031	388 685
Long-term receivables	34 188	32 693
Deferred tax assets	-	6 038
Other assets	20 493	15 002
<b>Total fixed assets</b>	<b>1 267 050</b>	<b>1 203 098</b>
<b>Current assets</b>		
Inventory	188 301	181 956
Trade receivables and other receivables	353 240	289 688
Short-term financial assets	7 507	40 157
Derivative financial instruments	-	-
Current tax assets	-	-
Other assets	14 833	10 893
Cash and cash equivalents	38 905	36 081
<b>Total current assets</b>	<b>602 786</b>	<b>558 775</b>
<b>Total assets</b>	<b>1 869 836</b>	<b>1 761 873</b>

**Boryszew S.A.**

Unitary condensed financial statement from 1 January to 30 June 2018

Prepared in accordance with the IAS 34 granted by European Union

**LIABILITIES AND EQUITY**

	<b>As at 30.06.2018</b>	<b>As at 31.12.2017</b>
<b>Equity</b>		
Share capital	248 906	248 906
Share premium	112 346	112 346
Shares/own shares	(102 067)	(84 329)
Hedge accounting capital	(7 654)	(2 797)
Capital reserve on translating employee payables	(169)	(169)
Retained earnings	391 133	340 396
<b>Total equity</b>	<b>642 495</b>	<b>614 353</b>
<b>Long term liabilities and reserves</b>		
Bank credits, loans, bonds	225 302	230 096
Lease liabilities	28 685	28 977
Payables on perpetual usufruct of investment land	1 893	1 957
Deferred tax provision	741,00	-
Employee benefit provisions	3 009	3 036
Other reserves	5 219	5 221
Other long-term liabilities and equity	2 716	2 851
<b>Total long-term liabilities and reserves</b>	<b>267 565</b>	<b>272 138</b>
<b>Short-term liabilities</b>		
Bank credits, loans, bonds	596 448	500 650
Lease liabilities	11 713	16 094
Payables on perpetual usufruct of investment land	67,00	67
Trade liabilities and other liabilities	330 367	337 377
Derivative financial instruments	104	4 530
Current tax assets	1 562	935
Employee benefit provisions	9 859	8 826
Other reserves	2 341	2 349
Other equity	7 315	4 554
<b>Total short-term liabilities and reserves</b>	<b>959 776</b>	<b>875 382</b>
<b>Total liabilities and reserves</b>	<b>1 227 341</b>	<b>1 147 520</b>
<b>Total equity</b>	<b>1 869 836</b>	<b>1 761 873</b>



**Boryszew S.A.**

Unitary condensed financial statement from 1 January to 30 June 2018

Prepared in accordance with the IAS 34 granted by European Union

## CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Share capital	Surplus from the issue of shares above their nominal value	Own shares	Hedge accounting	Profits/losses from revaluation of employee benefits	Profits retained	Own capital in total
<b>As at 01.01.2018</b>	<b>248 906</b>	<b>112 346</b>	<b>(84 329)</b>	<b>(2 797)</b>	<b>(169)</b>	<b>340 396</b>	<b>614 353</b>
Valuation of hedge instruments				(4 857)			(4 857)
Valuation of employee benefits							0
Profit/loss for the first half of the year 2018						50 737	50 737
<b>Total comprehensive income for the first half of the year 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4 857)</b>	<b>-</b>	<b>50 737</b>	<b>45 880</b>
Share buy-back			(17 738)				(17 738)
<b>As at 30.06.2018</b>	<b>248 906</b>	<b>112 346</b>	<b>(102 067)</b>	<b>(7 654)</b>	<b>(169)</b>	<b>391 133</b>	<b>642 495</b>

	Share capital	Own shares	Surplus from the issue of shares above their nominal value	Hedge accounting	Profits/losses from revaluation of employee benefits	Profits retained	Own capital in total
<b>As at 01.01.2017</b>	<b>248 906</b>	<b>(49 518)</b>	<b>112 346</b>	<b>44</b>	<b>77</b>	<b>255 892</b>	<b>567 747</b>
Valuation of hedge instruments				(2 487)			(2 487)
Valuation of employee benefits							-
Profit for the first half of the year 2017						39 016	39 016
<b>Total comprehensive income for I quarter 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2 487)</b>	<b>-</b>	<b>39 016</b>	<b>36 529</b>
Share buy-back - Boryszew SA			(18 665)				(18 665)
<b>As at 30.06.2017</b>	<b>248 906</b>	<b>(68 183)</b>	<b>112 346</b>	<b>(2 443)</b>	<b>77</b>	<b>294 908</b>	<b>585 611</b>



**CASH FLOW STATEMENT**

	01.01.2018 - 30.06. 2018	01.01.2017 - 30.06. 2017
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>59 401</b>	<b>35 987</b>
<b>Adjustments for (+/-)</b>	<b>(62 352)</b>	<b>(54 920)</b>
Amortisation	16 495	14 041
Profits/losses from financial activities (including interest on financial liabilities)	(2 546)	8 594
Dividends from share in profits	(1 018)	(10 078)
Profit/loss from investing activities	(6 599)	(1 456)
Change in receivables	(64 047)	(14 502)
Change in inventories	(6 345)	(31 705)
Change in liabilities	18 058	(19 233)
Change in provisions and accruals as well as prepayments	(5 809)	961
Other items	(9 563)	587
Income tax paid	(978)	(2 129)
<b>Net cash from operating activities</b>	<b>(2 951)</b>	<b>(18 933)</b>
<b>Cash flows from investment activities</b>		
Revenues from the disposal of property, plant and equipment	-	1 616
Revenues from the sale of shares	-	1 375
Revenues from bonds	6 599	
Revenues from dividends	18	10 078
Revenues from repaid loans	17 475	-
Expenses for the purchase of fixed assets	(15 949)	(31 277)
Acquisition of shares and stocks in facilities from the Capital Group	(12 204)	(15 801)
Long-term loans granted	-	429
Expenses for the purchase of bonds	(47 236)	-
Other investment expenses	-	(3 100)
<b>Net cash from investment activities</b>	<b>(51 297)</b>	<b>(36 680)</b>
<b>Cash flows from financial activities</b>		
Revenues from loans	34 565	74 058
Loans received	-	16 354
Revenues from the issue of bonds	64 991	1 334
Expenses for the purchase of own shares	(17 738)	(18 665)
Repayment of loans	(7 273)	(5 662)
Loan repayment	(1 279)	(13 800)
Bond buy-back	-	
Interest paid on loans, loans and bonds.	(11 457)	(8 594)
Payments of liabilities under financial leasing agreements	(4 737)	(18 356)
<b>Net cash from financial activities</b>	<b>57 072</b>	<b>26 669</b>
<b>Change in net cash</b>	<b>2 824</b>	<b>(28 944)</b>
Cash opening balance	36 081	60 932
<b>Cash closing balance</b>	<b>38 905</b>	<b>31 988</b>

**ADDITIONAL INFORMATION****TO INTERIM FINANCIAL STATEMENT OF BORYSZEW S.A. FOR THE FIRST HALF OF 2018****1. Declaration of the management board regarding the conformity of accounting principles**

The Management Board of Boryszew S.A. represented by Mr Piotr Szeliga, Mr Aleksander Baryś, Mr Mikołaj Budzanowski and Mr Cezary Pyszkowski, hereby represents that in accordance with the best knowledge of the consolidated financial statements and comparable data were developed in accordance with applicable accounting principles and that the statements give a true and fair view of the financial position and the financial result of Boryszew S.A.

**2. Statement of the Management Board on the selection of the entity to audit financial statements**

The Management Board of Boryszew S.A. declares that BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, auditing the consolidated financial statement for the first half of 2018, was selected in accordance with the law, and BDO Spółka z ograniczoną odpowiedzialnością sp. k. and the statutory auditors auditing the statement, met the conditions to issue an unbiased and independent opinion on the audit of the financial statement, in accordance with the applicable professional regulations and standards.

On 28 June, 2018, the Supervisory Board of Boryszew SA, acting pursuant to § 15 (1) of the Articles of Association of Boryszew S.A., pursuant to resolution no. 37, selected BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw to:

- a) review the interim separate financial statement of Boryszew S.A. and the interim consolidated financial statement of Capital Group Boryszew drawn up in accordance with International Financial Reporting Standards and the regulations on public trading in securities for the six months ended on 30 June, 2018 and 30 June, 2019,
- b) audit of the annual separate financial statement of Boryszew S.A. and the annual consolidated financial statement of Capital Group Boryszew drawn up in accordance with the International Financial Reporting Standards and the regulations on public trading in securities for the periods ending on 31 December in 2018-2019.

BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw is entered into the list of entities authorized to audit financial statements under registration no. 3355, kept by the National Council of Statutory Auditors.

The company did not use the services of the aforementioned auditor in the scope of auditing and reviewing financial statements.

The Supervisory Board selected the auditor in accordance with its competences set out in the Articles of Association of the Company, recommendation of the Audit Committee and in accordance with applicable law (in accordance with Article 66 (4) of the Accounting Act) and based on internal policies and procedures.

**3. Applied accountancy policies**

Information included in financial statement for the first half of 2018 was prepared in accordance with the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent the information required by the laws of a non-member state and the International Accounting Standard 34 (IAS 34) "Mid-year financial reporting".

The accounting principles and calculation methods used by the Group did not change in the first half of 2018, they were presented in detail in the consolidated annual statement for 2017, published on 30 April 2018.

These financial statements have been prepared on the basis of International Financial Reporting Standards as adopted by the European Union (EU).

The selected financial data in the initial part of the report were presented in EUR according to § 64 para. 1 of the Minister of Finance Regulation of 29 February 2018 (original text: Journal of Laws No. 2018.757 of 20.04.2018)

Balance sheet items were translated at the exchange rate of the last day of the reporting period and income statement items as well as cash flow statement items - at the average rate of the period.

	<b>Average EUR exchange rate</b> in the period	<b>EUR exchange rate</b> the last day of the period
1.01- 30.06.2017	4,2474	4,2265
1.01- 31.12.2017	4,2447	4,1709
1.01- 30.06.2018	4,2395	4,3616

**4. Estimates of the Management Board**

**Boryszew S.A.**

Unitary condensed financial statement from 1 January to 30 June 2018

Prepared in accordance with the IAS 34 granted by European Union

In the first half of 2018, there were significant changes in estimates adopted by the Management Board to draw up the financial statements. The following table shows the revenues of the items included in the statement of comprehensive income:

**Impact on the write-down of assets and provisions**

	<b>01.01.2018 - 30.06. 2018</b>	<b>01.01.2017 - 31.12. 2017</b>
Creating of write-offs for receivables	(2 167)	(12 573)
Reversal of impairment losses on receivables	18 632	469
Creating write-offs for inventories	-	(2 232)
Reversal of impairment losses on inventories	(1 362)	(3 048)
Creating write-offs for fixed assets	2 490	-
Reversal of impairment losses on property, plant and equipment	(547)	-
Valuation to the fair value of shares	960	1 587
Establishment of reserves	(27)	(1 084)
Reversal of unnecessary reserves	(7 059)	9 761
Deferred tax	<b>10 920</b>	<b>(7 120)</b>

**Impact on the write-offs of assets and provisions**

The sum of changes in estimates recognized in the profit and loss account significantly influenced on the result, as shown below.

Impairment write-offs on trade and loan receivables mainly relate to receivables from the affiliates: (Maflow Brazil and Maflow China). This year, the Company significantly reduced the financing of subsidiaries from Maflow Group due to improved liquidity. Therefore, the costs of write-offs were significantly lower in the current period than in 2017.

In the current year, the Company received from the subsidiaries previously written-off receivables, therefore, in the current period, it reversed the write-offs in the amount of PLN 18.6 million.

**5. Off-balance sheet liabilities**

	<b>As at 30.06.2018</b>	<b>As at 31.12.2017</b>
<b>Contingent liabilities:</b>	<b>534 951</b>	<b>450 857</b>
guarantees and sureties granted to the affiliates for repayment of loans and repayment of liabilities due to deliveries	534 951	450 857

**Guarantees and sureties granted by Boryszew S.A. as at 30 June 2018**

L.P.	Entity granted a surety or a guarantee	Date of issue of a surety or a guarantee	Subject of the obligations	Surety value in currency	Surety value in currency	Surety value	Surety validity date
				EUR	USD	PLN	
1.	Torlen Sp. z o.o.	24.07.2017	The surety for trading liabilities granted to Polytrade GmbH	1 500 000		6 542 400	31.07.2020
		11.12.2017	The surety for trading liabilities granted to MB Barter & Trading SA	500 000		2 180 800	31.12.2020
2.	Boryszew Kunststofftechnik Deutschland GmbH	08.06.2018	The guarantee granted to Deutsche Leasing International GmbH	600 000		2 616 960	08.06.2023
		31.01.2013	The guarantee granted to Commerzbank	5 000 000		21 808 000	indefinitely



		23.07.2013	The guarantee granted as a security of a loan granted by GE Capital Bank AG	992 373		4 328 334	30.08.2021
		24.07.2017	The guarantee granted as a security of repayment from ALD AutoLeasing D GmbH	200 000		872 320	30.06.2022
		12.03.2014	The guarantee granted to Hewlett-Packard International Plc.	297 500		1 297 576	28.02.2019
		06.06.2014	The guarantee granted to Hewlett-Packard International Bank Plc.	297 500		1 297 576	31.05.2019
		25.09.2014	The guarantee granted to Hewlett-Packard International Bank Plc.	267 750		1 167 818	31.05.2019
		22.01.2015	The guarantee granted to Hewlett-Packard International Bank Plc.	100 000		436 160	31.08.2019
		23.11.2017	The guarantee granted as a security of a loan granted by DNB Bank Polska SA	7 500 000		32 712 000	31.01.2019
		07.08.2017	The guarantee granted to Deutsche Leasing International GmbH	1 400 000		6 106 240	indefinitely
3.	<b>Theysohn Formenbau GmbH</b>	06.09.2017	The guarantee granted to akf Leasing GmbH	2 339 459		10 203 785	31.08.2023
4.	<b>Boryszew Oberflächentechnik Deutschland GmbH</b>	26.01.2016	The guarantee granted as a security of a loan granted by Bank Gospodarstwa Krajowego	21 838 000		95 248 621	31.12.2026
5.	<b>Boryszew Plastic RUS</b>	11.07.2013	The guarantee granted to ZAO Hewlett-Packard AO		200 000	748 800	indefinitely
		27.08.2013	The guarantee granted to RB Leasing Ltd.	449 600		1 960 975	15.06.2019
		29.01.2013	The guarantee granted to Deutsche Leasing Vostok ZAO	8 486 448		37 014 490	07.10.2019
		08.04.2013	The guarantee granted to Deutsche Leasing Vostok ZAO	264 783		1 154 879	07.10.2019
		30.04.2014	The guarantee granted to ZAO Hewlett-Packard AO		100 000	374 400	indefinitely
		13.02.2017	The guarantee granted to Volvo Group Trucks Operations	5 000 000		21 808 000	indefinitely
6.	<b>BRS YMOS GmbH</b>	27.05.2015	The guarantee granted to Wurth Leasing GmbH & Co. KG	309 812		1 351 276	30.11.2020
		15.03.2016	The guarantee granted to Wurth Leasing GmbH	354 902		1 547 941	15.03.2022
7.	<b>Boryszew Tensho Poland Sp. z o.o.</b>	6.12.2017	The guarantee granted to PGE Obrót S.A.			1 800 000	indefinitely
		14.03.2017	The guarantee granted to SPV Impexmetal Sp. z o.o. for liabilities			41 000 000	indefinitely


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		24.10.2017	Bill of exchange of lease agreement for mLeasing	179 624		783 449	15.04.2021
		24.10.2017	Bill of exchange of lease agreement for mLeasing	1 499 920		6 542 049	15.11.2020
		13.06.2016	The guarantee granted as a security for a loan granted by HSBC Bank Polska			10 000 000	12.09.2020
8.	<b>Maflow BRS s.r.l.</b>	01.01.2017	The guarantee granted to CORDTECH INTERNATIONAL SAS	300 000		1 308 480	31.12.2018
		01.01.2017	The guarantee granted to Mehler Engineered Products GmbH for the repayment of trade liabilities	400 000		1 744 640	31.12.2018
		26.04.2016	Banka IFIS	750 000		3 271 200	indefinitely
		16.05.2017	The guarantee granted to Cover	100 000		436 160	31.12.2018
9.	<b>Maflow France Automotive S.A.S.</b>	07.07.2016	The guarantee of proper performance of the Leasing agreement for Natixs Lease	377 000		1 644 323	07.07.2021
10.	<b>Boryszew Commodities</b>	12.12.2017	Borealis AG	250 000		1 090 400	31.12.2018
		11.06.2018	Bill of exchange for loan agreement in mBank S.A.	16 500 000		71 966 400	02.11.2018
11.	<b>Spółki Grupy BAP będące klientami Volkswagen AG</b>	16.12.2016	Volkswagen AG	20 000 000		87 232 000	indefinitely
12.	<b>Impexmetal S.A.</b>	1.02.2017	Marshal's Office of the Wielkopolska Region			5 814 361	31.12.2018
13.	<b>Alchemia S.A.</b>	1.10.2017	Arcelormittal Poland S.A.	9 000 000		39 254 400	31.12.2018
14.	<b>Eastside-Bis</b>	01.09.2017	Voivodeship Fund for Environmental Protection and Water Management in Toruń			3 283 600	indefinitely
15.	<b>Boryszew HR Service Sp. z o.o.</b>	30.08.2016	Bill of exchange guarantee for loan granted by mBank			2 000 000	30.08.2018
16.	<b>Elana Energetyka</b>	01.12.2015	PGE Obrót S.A.			3 000 000	indefinitely
<b>Total granted guarantees and sureties by Boryszew S.A.</b>						<b>534 950 813</b>	

## 6. Paid or declared dividend during the period from the beginning of the year

On 14 June, 2018, the Ordinary General Meeting of Boryszew S.A., by resolution no. 19, decided to allocate the Company's net profit for 2017 in the amount of PLN 84 504 thousand to the reserve capital to finance the redemption of own shares.


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**7. Operation segments**

<b>01.01.2018 -30.06. 2018</b>	Chemicals	Automotive	Metals	Other	Total	Exclusions between segments	Total
Revenues from sale	116 548	349 442	222 501	125 101	813 592	76	813 668
Costs of segment sales	99 307	308 791	208 431	120 166	736 695		736 695
<b>Result on sales in the segment</b>	<b>17 241</b>	<b>40 651</b>	<b>14 070</b>	<b>4 935</b>	<b>76 897</b>	<b>76</b>	<b>76 973</b>
Management and sales costs	14 459	24 945	6 682	6 315	52 401	(2)	52 399
Result of other operations	(263)	12 502	558	15 376	28 173		28 173
<b>Segment operation result</b>	<b>2 519</b>	<b>28 208</b>	<b>7 946</b>	<b>13 996</b>	<b>52 669</b>	<b>78</b>	<b>52 747</b>
Depreciation	2 764	10 745	2 774	212	16 495		16 495
EBITDA *)	5 283	38 953	10 720	14 208	69 164	78	69 242
Segment assets	195 532	625 776	208 924	981 849	2 012 081	(142 245)	1 869 836
Segment liabilities	80 057	686 046	140 487	464 925	1 371 515	(144 174)	1 227 341

<b>01.01.2017 -30.06.2017</b>	Chemicals	Automotive	Metals	Other	Exclusions between segments	Total
Revenues from sale	103 981	348 461	198 597	110 946	(3 329)	758 656
Costs of segment sales	84 854	278 059	180 921	103 440	(3 112)	644 162
<b>Result on sales in the segment</b>	<b>19 127</b>	<b>70 402</b>	<b>17 676</b>	<b>7 506</b>	<b>(217)</b>	<b>114 494</b>
Management and sales costs	14 198	39 961	6 746	11 462	(441)	71 926
Result of other operations	2 141	(10 596)	632	18 139	(241)	10 075
<b>Segment operation result</b>	<b>7 070</b>	<b>19 845</b>	<b>11 562</b>	<b>14 183</b>	<b>(17)</b>	<b>52 643</b>
Depreciation	2 617	8 519	2 557	178	-	13 871
EBITDA *)	9 687	28 364	14 119	14 361	(17)	66 514
Segment assets	227 141	538 307	175 591	833 026	(89 456)	1 684 609
Segment liabilities	76 462	630 207	115 595	366 190	(89 456)	1 098 998

\*) EBITDA - the result of the operating activities increased by the depreciation

	<b>01.01.2018 - 30.06. 2018</b>	<b>01.01.2018 - 30.06. 2018</b>
<b>Share of EU member states in intra-Community sales:</b>		
Germany	25%	27%
Great Britain	11%	12%
Czech Republik	12%	7%
Italy	6%	9%
Spain	8%	9%

**EXPLANATIONS CONCERNING SEASONALITY OF THE COMPANY'S OPERATIONS IN THE PRESENTED PERIOD**

In the case of Capital Group Boryszew, the seasonality/cyclicity occurs rarely.

In the Automotive Segment seasonality refers to the summer months and December, during which the production of cars decreases significantly, which translates into the decrease in orders for components in this period.

In the Metals Segment, seasonality is practically non-existent

In the Chemistry Segment, seasonality occurs for some of the products produced by Boryszew S.A. Boryszew ERG Branch in Sochaczew. It concerns refrigeration fluids for the automotive industry (accumulation in the third and the fourth quarter with the tendency to move to the beginning of the first quarter of the next year), de-icing fluids for airports and aircraft machines (accumulation in the fourth and the first quarter). In turn, PVC siding and EPS decorative elements are related with the business cycle of the construction industry, i.e. the highest sales in the second and the third quarters.

Other products of the Capital Group do not show any specific signs of cyclicity.

It should be noted that due to the December holiday period and downtime planned by the recipients, lower sales are observed every year.

**8. Financial instruments valued at the fair value**

During the six months ended on 30 June, 2018, the method of determining the fair value of financial instruments did not change.

The fair value of the Group's financial assets and liabilities measured at fair value at an on-going basis.

	Fair value as at		Hierarchy fair value
	As at 30.06.2018	As at 31.12.2017	
<b>Financial assets</b>			
Quoted shares	2 133	2 160	Level 1
Derivative financial instruments	-	-	Level 2
<b>Financial liabilities</b>			
Derivative financial instruments	104	4 530	Level 2

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

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

Level 3 contains unobservable data used if the information from the first two levels of valuation cannot be obtained. It includes all valuations characterized by subjective input data.

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

Fair value of financial assets and liabilities that are not measured at fair value on an ongoing basis (but disclosures about fair values are required).

	Fair value as at		Hierarchy
	As at 30.06.2018	As at 31.12.2017	fair value
<b>Financial assets</b>			
Shares held for trading	-	25 068	Level 3
Bonds	76 397	29 161	Level 3
Borrowings	371 141	374 613	Level 3
Trade liabilities and other	372 295	306 265	Level 3
Investment property	16 525	16 525	Level 3
Cash and cash equivalents	38 905	36 081	Level 1
<b>Financial obligations</b>			
Borrowings, loans and leasing	850 435	759 723	Level 2
Trade liabilities	303 438	309 993	Level 3
SMA liabilities	1 960	2 024	Level 2

The fair value of financial instruments that are not regularly valued at fair value held by the Group as at 30 June, 2017 and 31 December, 2016 did not significantly differ from the presented value.

in financial statements for particular years for the following reasons:

- in relation to short-term instruments, the possible discount effect is not significant (receivables and trade liabilities, granted loans, liabilities due to loans and borrowings, cash, other liabilities),
- these instruments relate to transactions concluded on market terms (applies to interest-bearing receivables and liabilities due to bonds, loans and borrowings for which the interest rate is determined based on the market conditions).
- with respect to shares not quoted on an active market, classified as available-for-sale financial assets, it is assumed that their valuation at cost less any impairment losses does not significantly differ from fair value.

**9. Information about transactions and balances with the affiliates**

	Subsidiaries	Affiliates	Personally-related entities
<b>Transaksions in the period 01.01.2018 to 30.06.2018</b>			
Sales revenues (products, services, goods)	48 480	27 842	2 296
Interest income	6 599		694
Dividends received	1 018		
Shopping (materials, goods, services)	19 793		
Interest costs	3 101		
<b>Settlement balance as at 30.06.2018</b>			
Trade receivables	105 974	4 553	778
Acquired bonds	15 176		58 793



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Loans granted	371 141		355
Other receivables (advances, deposits)	34 188		0
Trade liabilities	26 016	1 118	0
Loans received	115 790		
Bonds issued	165 384		

**10. Events after the balance sheet date**

Apart from the events described in this report, after the end of the reporting period there were no events that could significantly affect future results.

**The financial statement was signed at the seat of the entity on 30 August 2018**

Piotr Szeliga – Chairman of the Supervisory Board

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Aleksander Baryś– Member of the Supervisory Board

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Mikołaj Budzanowski – Member of the Supervisory Board

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Cezary Pyszkowski – Member of the Supervisory Board

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Elżbieta Słaboń – Chief accountant

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