



**CONSOLIDATED HALF-ANNUAL**

**STATEMENT OF**

**CAPITAL GROUP BORYSZEW**

**for the period from 1 January to 30 June 2019**

**INTERIM CONDENSED CONSOLIDATED**

**FINANCIAL STATEMENT OF**

**Capital Group Boryszew**

**for the period from 1 January to 30 June 2019**



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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	01.01.2019 - 30.06. 2019	01.01.2018 - 30.06. 2018	01.04.2019 - 30.06. 2019	01.04.2018 -30.06. 2018
<b>Continuing operations</b>				
Revenues from sales	3 211 053	3 249 229	1 706 542	1 626 678
Prime cost of sale	2 897 946	2 915 322	1 536 287	1 460 339
<b>Gross profit from sales</b>	<b>313 107</b>	<b>333 907</b>	<b>170 255</b>	<b>166 339</b>
Selling costs	76 352	76 549	42 143	44 342
General and administrative costs	126 338	121 696	57 440	54 483
Other operating revenue	36 018	37 308	22 907	24 543
Other operating expenses	12 374	16 116	6 731	10 321
	2 284		950	-
Profit / loss due to impairment of trade receivables	<b>136 345</b>	<b>156 854</b>	<b>87 798</b>	<b>81 736</b>
<b>Profit from operating activity</b>	<b>23 511</b>	<b>37 551</b>	<b>8 724</b>	<b>22 019</b>
	53 256	64 060	26 039	33 947
Financial revenues	(58)	-	(59)	-
Financial expenses	<b>(29 803)</b>	<b>(26 509)</b>	<b>(17 374)</b>	<b>(11 928)</b>
Profit/loss due to impairment of financial assets				
<b>Financial profit</b>	<b>818</b>	<b>9 451</b>	<b>(2)</b>	<b>5 011</b>
Share in profit of affiliates				
	<b>107 360</b>	<b>139 796</b>	<b>70 422</b>	<b>74 819</b>
<b>Profit before income tax</b>	<b>32 790</b>	<b>32 177</b>	<b>21 529</b>	<b>18 548</b>
Income tax	<b>74 570</b>	<b>107 619</b>	<b>48 893</b>	<b>56 271</b>
<b>Net profit on continued operations</b>				
<b>Net profit on discontinued operations</b>	<b>(1 911)</b>	<b>217</b>	<b>(577)</b>	<b>129</b>
<b>Net profit on continued activity and discontinued operations including attributable:</b>	<b>72 659</b>	<b>107 836</b>	<b>48 316</b>	<b>56 400</b>
<i>to shareholders of the parent</i>	<i>52 874</i>	<i>74 740</i>	<i>37 310</i>	<i>37 030</i>
<i>to non-controlling interest</i>	<i>19 785</i>	<i>33 096</i>	<i>11 006</i>	<i>19 370</i>
<b>Profit/diluted earnings per share</b>	<b>52 874</b>	<b>74 740</b>	<b>37 310</b>	<b>37 030</b>
Weighted average number of shares	202 897 891	213 490 286	202 000 000	213 231 724
Profit/Diluted earnings per one share (PLN)	0,26	0,35	0,18	0,17



	01.01.2019 - 30.06. 2019	01.01.2018 - 30.06. 2018	01.04.2019 - 30.06. 2019	01.04.2018 -30.06. 2018
<b>Net profit</b>	<b>72 659</b>	<b>107 836</b>	<b>48 316</b>	<b>56 400</b>
<b>Earnings recognised in equity</b>				
<i>Income included in equity, transferred to the profit and loss account</i>	<b>348</b>	<b>1 685</b>	<b>8 859</b>	<b>(3 063)</b>
Hedge accounting	(512)	(20 049)	4 229	(23 405)
Valuation of financial assets transferred to the financial result	-		-	0
Exchange rate differences from the conversion of foreign operations	763	18 769	5 434	16 474
<i>Income tax (-reserve /+asset)</i>	97	2 965	(804)	3 868
<i>Income included in capital, not be reclassified to profit or loss</i>	<b>0</b>	<b>0</b>	<b>(27)</b>	<b>0</b>
Gains/losses on the valuation of equity instruments	-	-	-	-
Capital reserve on translating employee payables	0	(33)		0
<i>Income tax</i>	0	6		0
<b>Income included in the capitals in total to shareholders of the parent to non-controlling interest</b>	<b>348</b> 631 (283)	<b>1 685</b> 3 220 (1 535)	<b>8 832</b> 11 958 (3 126)	<b>(3 063)</b> (605) (2 458)
		<b>0</b>	<b>0</b>	
<b>Total incomes, including attributable to:</b>	<b>73 007</b>	<b>109 521</b>	<b>57 148</b>	<b>53 337</b>
<i>to shareholders of the parent</i>	53 505	77 960	49 268	36 425
<i>to non-controlling interest</i>	19 502	31 561	7 880	16 912

## CONSOLIDATED INCOME STATEMENT – discontinued operations

### Consolidated income statement from discontinued operations

	01.01.2019 - 30.06. 2019	01.01.2018 - 30.06. 2018	01.04.2019 - 30.06. 2019	01.04.2018 -30.06. 2018
Revenues from sales	1 995	33	706	20
Prime cost of sale	1 536	39	398	23
<b>Gross profit (loss) from sales</b>	<b>459</b>	<b>(6)</b>	<b>308</b>	<b>(3)</b>
Selling costs	21	-	1	-
General and administrative costs	2 353		762	-
Other operating revenue	907	1 874	471	1 337
Other operating expenses	928	1 588	612	1 155
<b>Profit (loss) from operating activity</b>	<b>(1 936)</b>	<b>280</b>	<b>(596)</b>	<b>179</b>
			0	0
Financial revenues	37	1	26	1
Financial expenses	12	64	7	51
<b>Financial profit</b>	<b>25</b>	<b>(63)</b>	<b>19</b>	<b>(50)</b>
			0	0
<b>Profit (loss) before income tax</b>	<b>(1 911)</b>	<b>217</b>	<b>(577)</b>	<b>129</b>
<b>Income tax:</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>
<b>Net profit (loss) on discontinued operations</b>	<b>(1 911)</b>	<b>217</b>	<b>(577)</b>	<b>129</b>
<i>to shareholders of the parent</i>	(1 037)	554	(107)	291
<i>non-controlling interest</i>	(874)	(337)	(470)	(162)



## CONSOLIDATED CASH FLOW STATEMENT – discontinued operations

	01.01.2019 - 30.06. 2019	01.01.2018 - 30.06. 2018
<b>Discounted operation</b>		
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	(1 911)	217
Adjustments		(1 682)
<b>Net cash from operating activities</b>	<b>(1 911)</b>	<b>(1 465)</b>
<b>Cash flows from investment activities</b>		
Proceeds	2 857	1 125
Expenditures	-	-
<b>Net cash flows from investment activities</b>	<b>2 857</b>	<b>1 125</b>
<b>Cash flow from financial activities</b>		
Proceeds	-	-
Expenditures	(262)	(100)
<b>Net cash flows from financial activities</b>	<b>(262)</b>	<b>(100)</b>
<b>Change in cash and cash equivalents</b>	<b>684</b>	<b>(440)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3 529</b>	<b>0</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4 213</b>	<b>153</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Non-current assets	1 713 491	1 474 215
Investment property	149 313	150 906
Goodwill	225 498	23 464
Intangible assets	51 731	46 667
Assets due to right to use	349 431	
Shares in associates	2 426	316 582
Financial assets	4 973	4 374
Long-term receivables	4 601	4 840
Deferred tax assets	55 054	61 598
Other assets	19 368	21 593
<b>Total fixed assets</b>	<b>2 575 886</b>	<b>2 104 239</b>
<b>Current assets</b>		
Inventory	1 233 799	1 040 253
Trade receivables and other receivables	948 869	664 410
Short-term financial assets	34 398	195 545
Derivative financial instruments	21 574	23 907
Current tax assets	5 361	5 627
Other assets	62 674	54 445
Cash and cash equivalents	226 195	137 667
<b>Total current assets</b>	<b>2 532 870</b>	<b>2 121 854</b>
<b>Assets classified as held for sale</b>	<b>5 986</b>	<b>10 664</b>
<b>Total assets</b>	<b>5 114 742</b>	<b>4 236 757</b>



<b>LIABILITIES AND EQUITY</b>	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
<b>Equity</b>		
Share capital	248 906	248 906
Share premium	114 435	114 435
Shares/own shares	(236 752)	(217 657)
Hedge accounting capital	6 870	4 797
Capital reserve on translating employee payables	(1 376)	(1 148)
Revaluation reserve	(17 556)	(13 142)
Exchange differences on translating foreign entities	(20 453)	(21 572)
Retained earnings	1 338 425	1 101 613
<b>Total equity</b>	<b>1 432 499</b>	<b>1 216 232</b>
<b>Non-controlling shareholders' capital</b>	<b>422 117</b>	<b>578 675</b>
<b>Total equity</b>	<b>1 854 616</b>	<b>1 794 907</b>
<b>Long-term liabilities and reserves</b>		
Bank credits, loans, bonds	623 637	441 206
Lease liabilities	95 842	70 215
Liabilities related to the right to use the assets	149 816	
Payables on perpetual usufruct of investment land	57 736	57 077
Deferred tax provision	122 162	99 330
Employee benefit provisions	27 241	22 140
Other reserves	45 996	46 071
Other long-term liabilities and equity	36 860	11 520
<b>Total long-term liabilities and reserves</b>	<b>1 159 290</b>	<b>747 559</b>
<b>Short-term liabilities</b>		
Bank credits, loans, bonds	783 706	742 793
Lease liabilities	36 426	32 505
Liabilities related to the right to use the assets	25 953	
Payables on perpetual usufruct of investment land	11	250
Trade liabilities and other liabilities	1 082 190	746 431
Derivative financial instruments	5 918	5 170
Current tax liabilities	26 091	32 406
Capital reserve on translating employee payables	33 897	24 069
Other reserves	58 316	52 185
Other liabilities	30 957	38 195
<b>Total short-term liabilities and reserves</b>	<b>2 083 465</b>	<b>1 674 004</b>
<b>Liabilities related to assets classified as held for sale</b>	<b>17 371</b>	<b>20 287</b>
<b>Total liabilities and reserves</b>	<b>3 260 126</b>	<b>2 441 850</b>
<b>Total equity</b>	<b>5 114 742</b>	<b>4 236 757</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>107 360</b>	<b>139 796</b>
<b>Adjustments for (+/-)</b>	<b>192 671</b>	<b>(50 568)</b>
Amortisation	92 281	74 161
Profits/losses from financial operations (including interest from financial liabilities)	24 079	18 048
Profit/loss from investing activities		
Change in receivables	(5 241)	(11 845)
Change in inventories	(47 059)	(222 562)
Change in liabilities	101 009	(6 281)
Change in provisions and accruals as well as prepayments	59 595	125 913
Other items	1 384	(3 410)
Income tax paid	(4)	9 034
<b>Net cash from operating activities</b>	<b>(33 373)</b>	<b>(33 626)</b>
<b>Cash flows from investment activities</b>	<b>300 031</b>	<b>89 228</b>
Profit on fixed assets disposal		
Proceeds from the sale of shares	42 744	827
Proceeds from the redemption of bonds by issuers	-	
Expenses on acquisition of fixed assets	182 731	
Acquisition of shares in capital group entities	(88 635)	(104 184)
Long-term loans granted	(339 187)	(14 367)
Redemption of bonds	(1 430)	
<b>Net cash from investing activities</b>	<b>(55 000)</b>	<b>(38 449)</b>
<b>Cash flows from financial activities</b>	<b>(258 777)</b>	<b>(156 173)</b>
Incomes on credits		
Loans received	368 466	150 415
Other income	12 014	
Incomes from bond issue	7 180	
Expenses for the purchase of own shares	(4 516)	(19 471)
Loans repaid	(273 721)	(81 926)
Repayment of borrowings	-	(1 379)
Interest paid on loans, bonds	(24 079)	(18 048)
Payment of liabilities under finance lease agreements	(37 583)	(9 932)
<b>Net cash from financing activities</b>	<b>47 761</b>	<b>19 659</b>
<b>Change in net cash</b>	<b>89 015</b>	<b>(47 286)</b>
Exchange differences on translation	(487)	2 116
Cash opening balance	137 667	216 120
<b>Cash closing balance</b>	<b>226 195</b>	<b>170 950</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 01.01.2019</b>	<b>248 906</b>	<b>114 435</b>	<b>-217 657</b>	<b>4 797</b>	<b>-1 148</b>	<b>-13 142</b>	<b>-21 572</b>	<b>1 101 613</b>	<b>1 216 232</b>	<b>578 675</b>	<b>1 794 907</b>
Valuation of hedge instruments				(215)					(215)	(200)	(415)
Valuation of employee benefits									0		0
Exchange differences on the translation of subordinated entities							846		846	(83)	763
Profit / loss for the first half of the year 2019								52 874	52 874	19 785	72 659
<b>Total comprehensive income for the first half of the year 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(215)</b>	<b>-</b>	<b>-</b>	<b>846</b>	<b>52 874</b>	<b>53 505</b>	<b>19 502</b>	<b>73 007</b>
Share buy-back			(4 516)						(4 516)		(4 516)
Change of group structure				2 288	(228)	(4 414)	273	183 938	181 857	(379 747)	(197 890)
			(14 579)						(14 579)	203 687	189 108
<b>As at 30.06.2019</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 752)</b>	<b>6 870</b>	<b>(1 376)</b>	<b>(17 556)</b>	<b>(20 453)</b>	<b>1 338 425</b>	<b>1 432 499</b>	<b>422 117</b>	<b>1 854 616</b>



Capital Group Boryszew  
Consolidated condensed financial statement from 1 January to 30 June 2019  
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 01.01.2018</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)
Valuation of financial assets							16 500		16 500	1 425	17 925
Exchange differences								74 740	74 740	33 096	107 836
Profit for the first half of the year 2018	-	-	-	-13 280	-	-	16 500	74 740	77 960	31 561	109 521
<b>Total comprehensive income for the first half of the year 2018</b>			(19 471)						(19 471)		(19 471)
Share buy-back - Boryszew SA				165	(8)	(579)	110	16 434	16 122	(30 489)	(14 367)
Change of group structure											
<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>



## ADDITIONAL INFORMATION

### 1. Basic information regarding Capital Group Boryszew

#### Parent company - Boryszew Spółka Akcyjna

Boryszew Spółka Akcyjna has its registered office in Warsaw.

The Company is registered in the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register under the NCR (KRS) no.: 0000063824. The company was granted a REGON state statistical number 750010992 and the Tax Identification Number (NIP): 837-000-06-34.

The company was created 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.

As at 1 January 2018, the composition of the Supervisory Board was as follows:

Mr Janusz Siemieniec – 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,

On January 17th, 2019 the Company's Supervisory Board adopted a resolution regarding appoint Mr Janusz Wiśniewski for the Supervisory Board. Mr Janusz Wiśniewski was appointed for the Supervisory Board to replace Mr Piotr Lisiecki, who submitted his resignation from the membership in the Supervisory Board dated November 7th, 2018.

On April 1st, 2019, the Company undertook information regarding the fact that Mr Janusz Siemieniec - the Chairman of the Supervisory Board of the Company - submitted a resignation from acting as a Member of the Supervisory Board, dated March 31st, 2019 and effective as of the day of submission.

On April 8th, 2019 the Supervisory Board selected Mr Arkadiusz Krężel to be the Chairman and Mr Janusz Wiśniewski to be the Deputy Chairman of the Supervisory Board of Boryszew S.A.

As of the day of the handover of the report for publication, the Supervisory Board operated consisting of:

Mr Arkadiusz Krężel - Chairman of the Supervisory Board,  
Mr Janusz Wiśniewski - Deputy Chairman of the Supervisory Board,  
Mr Mirosław Kutnik - Secretary of the Supervisory Board,  
Mr Jarosław Antosik - Supervisory Board Member,  
Ms. Małgorzata Waldowska - Supervisory Board Member.

### MANAGEMENT BOARD OF BORYSZEW S.A.

As of January 1st, 2019, the Management Board of Boryszew S.A operated consisting of:

Mr Piotr Lisiecki - Board President, Managing Director  
Mr Aleksander Baryś - Board Member, Chief Financial Officer,  
Mr Mikołaj Budzanowski - Board Member, Director for Development,  
Mr Cezary Pyszkowski- Board Member, Director for Development of the Automotive Sector.

On April 29th, 2019, Mr Cezary Pyszkowski submitted a resignation from the function held, of a Member of the Board of Boryszew S.A., effective on the same day. The resignation was submitted due to the appointment of Mr Cezary Pyszkowski as the President of the Board of Boryszew S.A.'s subsidiary - Automotive Plastics Sp. z o.o., with its registered seat in Toruń.

On July 29th, 2019 Mr Aleksander Baryś, Board Member, the Company's Chief Financial Officer submitted a resignation from the function held as of August 31st, 2019.



At the same time, the Supervisory Board of the Company, on July 29th, 2019, decided to appoint Mr Krzysztof Kołodziejczyk to be Boryszew S.A.'s Board Member, and Chief Financial Officer, as of September 1st, 2019.

As of the day of the handover of the report, the Board of Boryszew S.A operates consisting of:

Mr Piotr Lisiecki - Board President, Managing Director

Mr Mikołaj Budzanowski - Board Member, Director for Development,

Mr Krzysztof Kołodziejczyk - Board Member, Chief Financial Officer.

Capital Group Boryszew

### Consolidated entities

Company name	Registered office	share of the Parent Company in the capital (%)	Subsidiary of:	Business segment
<b>Boryszew S.A. :</b>	<b>Warsaw</b>		<b>Parent Company</b>	
<i>Headoffice</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 S.A.	Chemistry
Torlen Sp. z o.o. w likwidacji	Toruń	100	Boryszew S.A.	Chemistry
Elana Pet Sp. z o.o.	Toruń	100	Boryszew S.A.	Chemistry
Elana Energetyka Sp. z o.o.	Toruń	100	Boryszew S.A.	Other
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji	Warsaw	100	Boryszew S.A.	Other
SPV Boryszew 3 Sp. z o.o.	Warsaw	100	Boryszew S.A.	Inactive
Boryszew Components Poland Sp. z o.o.	Toruń	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100	Boryszew S.A.	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	Italy	100	Boryszew S.A.	Automotive
Maflow Spain Automotive S.L.U	Spain	100	Boryszew S.A.	Automotive
Maflow France Automotive S.A.	France	100	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brasil	100	Maflow Polska Sp. z o.o.	Automotive
Maflow India Private Limited	India	100	Boryszew S.A.	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100	Maflow Spain Automotive S.L.U., Maflow Polska	Automotive
MAFMEX S.DE R.L.DE C.V	Mexico	100	Maflow Polska	Automotive
Theysohn Kunststoff GmbH	Germany	100	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Germany	100	ICOS GmbH	Automotive



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Boryszew Formenbau Deutschland GmbH	Germany	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik GmbH	Germany	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	Czech Republic	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	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.	Warszawa	87,49	Boryszew SA	Metals
Hutmen S.A.	Wrocław	91,80	Boryszew S.A., SPV 3 Boryszew, Impexmetal S.A. Impex – invest Sp. z o.o.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	90,81	Hutmen S.A. , Impexmetal S.A., Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. - w likwidacji	Katowice	54,04	Polski Cynk Sp. z o.o.	Inactive
ZM Silesia S.A.	Katowice	87,49	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	87,49	Polski Cynk Sp. z o.o.	Metals
Alchemia SA	Warsaw	53,81	Impexmetal SA, Eastside Bis, Boryszew S.A.	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	53,81	Alchemia S.A	Metals
Laboratoria Badań Batory	Chorzów	53,81	Alchemia S.A	Metals
Polski Cynk Sp. z o.o.	Katowice	87,49	Impexmetal S.A., ZM Silesia S.A.	Metals
FŁT Polska Sp. z o.o.	Warsaw	87,49	Impexmetal S.A.	Metals
FLT & Metals Ltd.	Great Britain	87,49	Impexmetal S.A.	Metals
				Metals
FLT Bearings Ltd.	Great Britain	87,49	FLT France SAS	Metals
FLT France SAS	France	87,49	FŁT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH	Germany	87,49	FŁT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.	Italy	87,49	FŁT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd.	China	87,49	FŁT Polska Sp. z o.o.	
SPV Lakme Investment Sp. z o.o.	Warsaw	81,40	SPV Impexmetal Sp. z o. o.	Other
Impex – Invest Sp. z o.o.	Warsaw	87,49	Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	95,62	Boryszew SA ,Impexmetal S.A.	Other
Symonvit Ltd w likwidacji	Cyprus	87,49	Impexmetal S.A.	Metals
Baterpol Recycler Sp. z o.o.	Oława	87,49	Polski Cynk Sp. z o.o.	Other
SPV Impexmetal Sp. z o.o.	Warsaw	87,48	Impexmetal SA,	Metals
Metal Zinc Sp. z o. o.	Katowice	87,49	ZM Silesia SA	Other
Remal Sp. z o.o.	Konin	69,69	Impexmetal S.A.	Other
Eastside Bis Sp. z o.o.	Warsaw	95,62	Eastside Capital Investments Sp. z o.o.	Other
Zakład utylizacji Odpadów Sp. z o.o.	Konin	52,47	Impexmetal S.A.	Metals



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

Information regarding the change in the classification of the Alchemia SA. shares.

As of March 15th, 2019 in connection to another acquisition of the Alchemia S.A. shares and due to taking control over Alchemia S.A. Company, those shares were reclassified to investments in subordinated entities, consolidated under the full method. Applying a simplification, until March 31st, 2019 the shares were valued using the equity method and as of that day, they were reclassified to shares in subordinated entities, consolidated under the full method, introducing the net assets of the Alchemia Group into the consolidated balance sheet. The inclusion of revenues and expenses in the Total Income Statement occurred starting from the second quarter i.e. From April 1st, 2019.

In the comparable period, the shares of Alchemia S.A. were presented as shares of an affiliated entity.

#### Preliminary settlement of the acquisition of control over Alchemia S.A.

According to the adopted consolidation rules in relation to Alchemia S.A. The Parent Company in its consolidated statements, present Alchemia S.A. Shares from the moment of obtaining significant influence for the corrected price of acquisition, established as the market (stock exchange) value of this day. Within subsequent periods, the shares of the affiliated entity were not subject to valuation, and the cumulated valuation was taken to revaluation reserve and remains there. Subsequent increases in the possessed shares of the affiliated entity Alchemia S.A are included in the acquisition price.

As of March 31st, 2019, which was established for the sake of consolidation as the day of taking control, the Impexmetal Capital Group possesses a total of 58.85% of Alchemia S.A shares, while the effective share was established at the level of 53.13%.

As of June 30th, 2019, the Impexmetal capital group possesses the effective share of 54.64%. The share of Boryszew as of June 30th, 2019 amounted to -6.001%. The total effective share of the Boryszew Capital Group is 60.65%.

<b>The value of the Alchemia S.A. shares before taking control (as of December 31st, 2018).</b>	<b><u>316 582</u></b>
including:	
- the value of the shares for the acquisition price	337 137
- a correction to the acquisition price (a valuation until the day of establishing a significant influence taken directly to equity)	(24 504)
- an impairment write-off	(7 548)
- cumulated results of the affiliated entity as of the day of December 31st 2018 (from before the day of taking control)	11 497
The number of Alchemia S.A. shares in the Boryszew Capital Group as of December 31st, 2018	65 950 000 pcs.
The unit price of a share of Alchemia S.A presented in the consolidated balance sheet before taking control (valuation by means of equity method)	4.8013
The market price of the share established as of the day of taking control.	4.8000
<b>The market price of the Alchemia S.A share established before taking control</b>	<b><u>316 560</u></b>

The difference between the value of the share included in the consolidated statement and the market value established as of the day of taking control amounts to PLN 83 thousand, which amounts to 0.03%, it is a non-tangible asset and was introduced into the consolidated balance sheet.



<b>The change in the value of the shares between December 31st 2018 (before taking control) and March 31st, 2019 (the day control was taken)</b>	<b>178 334</b>
The value of the acquired shares for the acquisition price (for the period between January 1st and March 31st 2019)	177 580
The change to the impairment write-off in Impexmetal S.A.	(66)
The participation in the affiliated entity's result established proportionally to the period of obtaining control (for the period between January 1st and March 31st 2019)	820
<b>The value of the Alchemia S.A. Shares included in the consolidate balance sheet as of the day of establishing control (31.03.2019)</b>	<b>494 916</b>
<b>Net assets of the Alchemia Capital Group as of March 31st, 2019 (**)</b>	<b>303 097</b>
<b>The value of the company established as of the day of taking control (March 31st, 2019).</b>	<b>191 819</b>
The change of the value of the company between March 31st, 2019 and June 30th, 2019.	10 215
<b>The value of the company as of June 30th, 2019</b>	<b>202 034</b>

(\*) In accordance with the policy, the Alchemia S.A. Shares, from the day of establishing significant influence and reclassifying them from financial assets to shares in affiliated entities, were not subject to valuation. The valuation included in Impexmetal S.A. Until the day of establishing significant influence remained in revaluation reserve.

(\*\*) For the sake of presenting the initial settlement the net assets of Alchemia S.A. have not yet been measured at fair value, the value of the assets net was presented in accordance with the standard value, the Company is in the process of establishing the valuation.

#### **The purchase of the Impexmetal S.A. shares.**

On June 21st, 2019, Impexmetal S.A acquired 46.776.642 pcs. of own shares, constituting, after rounding it up, 24.62% of the share capital and the total number of votes at the General Assembly of Impexmetal S.A.

#### **Transactions after the balance sheet day**

On July, 16th, 2019, Impexmetal S.A acquired 7.142.741 pcs. of own shares, constituting, after rounding it up, 3.76% of the share capital and the total number of votes at the General Assembly of Impexmetal S.A.

On August 9th, 2019, Impexmetal S.A acquired 10.480.617 pcs. of own shares, constituting, after rounding it up, 5.52% of the share capital and the total number of votes at the General Assembly of Impexmetal S.A.

In total in the year 2019, Impexmetal S.A acquired 64.400.000 pcs. of own shares, constituting, after rounding it up, 33.89% of the share capital and the total number of votes at the General Assembly of Impexmetal S.A.

On August 9th, 2019, Boryszew S.A acquired 220.000 pcs. of Impexmetal S.A. shares, constituting, after rounding it up, 0.12% of the share capital and the total number of votes at the General Assembly of Impexmetal S.A.

As at the date of publication of the statement, the Boryszew Capital Group holds 100.00% of shares in Impexmetal S.A. (more information regarding the purchase of the Impexmetal S.A. shares is included in point 3 of the report on operations).

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





## SIGNIFICANT EVENTS

### The reception of a decision regarding supporting the investment in the Łódź Special Economic Zone.

On January 31st 2019, Impexmetal S.A was granted a decision on support from the Łódź Special Economic Zone (under art. 31 para. 3 of the act dated May 10th, 2018 on supporting new investments), investments executed by the Company at the plant in Konin (Aluminium Konin) for the expansion of the plant's production capacity.

### The commencement of talks regarding the sales of assets

On May 28th, 2019, the Board of Directors of Boryszew S.A. ("the Company") based on the interest communicated to the financial advisor of the Company by potential investors and the recommendation issued by the financial advisor on this basis, made a decision about the intent to include, as part of the review of strategic options, a scenario, providing for the possible disposal of assets in the aluminium processing sector, possessed by Impexmetal S.A. and about the commencement of talks in the scope of establishing the conditions, the scope and the mode for conducting a potential transaction.

As of the day of the preparation of the present statement, the Company has not made any binding decisions or arrangements in the scope of changing the corporate strategy or concerning the potential transaction or the execution of any other strategic options and is not sure whether such decision will be made in the future.

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

The Management Board of Boryszew S.A. represented by Mr Piotr Lisiecki, Mr Mikołaj Budzanowski and Mr Krzysztof Kołodziejczyk, 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. The report was prepared with the assumption that the operations shall be continued.

## 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:

- 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.



#### 4. Applied accountancy policies

The financial statement for the first half of 2019 were prepared in accordance with the Regulation of the Minister of Finance dated March 29th, 2018 on current and periodical information provided by issuers of securities and the conditions for recognizing as equivalent information required by the provisions of the law of a non-member state and the International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

The accounting principles and calculation methods used by the Group (except for changes related to the implementation of IFRS 9, 15) did not change in the period covered by this Report, and are presented in detail in the consolidated annual report for 2018, published on April 25, 2019.

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 § 87 para. 7 of the Minister of Finance Regulation of 19 February 2018 (original text: Journal of Laws No. 33, 259 of 2009)

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.

	Average EUR exchange rate in the period	EUR exchange rate the last day of the period
01.01.2019 -30.06. 2019	4,2880	4,2520
1.01- 31.12.2018 r.	4,2669	4,3000
01.01.2018 -30.06. 2018	4,2395	4,3616

#### CHANGES IN THE ACCOUNTING PRINCIPLES

##### ▪ Changes resulting from amendments to the International Financial Reporting Standards

From the beginning of the trading year, the following, new or amended standards and interpretations issued by the International Financial Reporting Standards Council (IFRSC) or the Committee for Interpreting the International Financial Reporting apply.

##### Effects of the used principles of accounting in the scope of the International Financial Reporting Standard 16

the International Financial Reporting Standard 16 establishes new accounting principles applicable for reporting leasing agreements. As of the day of January 1st 2019, the Group identified two new categories of leasing agreements:

- Long term property lease agreements: production halls, warehouse halls, offices,
- perpetual usufruct of land;

In the previous period, it used to be the leasing of machines, technical devices, cars and obligations on account of the payment for the perpetual usufruct of land included in the assets as investment properties.

The presentation of leasing agreements in the financial situation statement depends mainly on: - the scope of agreements qualified as leasing assumed for particular types of agreements, which requires the assumption of significant estimations by the company's Management Board. The Management Board verifies the assumed estimations based on the changes to the factors taken into consideration when making them, new information or the established market practice.

The leasing period covers the irrevocable period of the agreement together with the periods by which the leasing can be extended, if it can be assumed with sufficient certainty, that the Group will use this right and the periods in which the leasing can be terminated, if it can be assumed with sufficient certainty that the Group will not use this right.

While determining the leasing period, legal and customary regulations in force in the Polish legal environment were also taken into account, as well as the specifics of the agreements within the Group. In particular, for agreements concluded for an indefinite period, the Group accepts the notice period as an irrevocable leasing period. In the case of leasing agreements concluded for an indefinite period, most of the notice periods are shorter than 12 months and for these



agreements the Group has applied an exemption from recognizing short-term leases. Consequently, such agreements are treated as short-term agreements and are not measured or presented in the statement of financial position.

In the case of limited property rights in buildings in which the Group has a telecommunications infrastructure established, the leasing period has been determined as the average lifetime of buildings in the Group. Using any of the options for early termination of the agreement has not been assessed as probable as at January 1, 2019. Agreements for which the use of the extension option has been assessed as probable have an intangible impact on the measurement of the lease liability.

The impact of IFRS 16 on the Group mainly concerns the Group as a lessee and results in:

- a) Recognizing all lease agreements in accordance with one model, in which the statement of financial position includes an asset arising from the right to use the leased asset in correspondence with an obligation arising from leasing agreements;
- b) recognizing the depreciation on the asset due to the right to use and interest costs on the leasing obligation, instead of recognizing operating costs;
- c) an accelerated recognition of costs associated with leasing agreements, resulting in particular from the interest component.

As of January 1st, 2019, the Group used a "modified retrospective approach" without transforming comparative data. The implementation of the standard did not affect equity as at January 1, 2019, because the Group decided to value the asset under the right to use at a value equal to the liability under the lease.

The Group decided to apply the exception provided for in IFRS 16. point C.10. (c) allowing for a waiver of the requirements described in items (a) - (c) above for leases for which the lease period expires within 12 months of the date of first application.

As a result of applying IFRS 16, some changes were made to the presentation in the consolidated financial statements that had an impact on comparative data.

All the fixed assets being subjects of leases at the end of the previous year were moved from "tangible fixed assets" to the item "assets under the right to use"

The application of IFRS 16 had the following effect on the consolidated statement of financial position as at January 1, 2019:

The tangible fixed assets in accordance with the status as of January 1, 2019	1 474 215
Fixed assets used based on leasing agreements	(151 879)
<b>Tangible fixed assets after correction</b>	<b>1 322 336</b>

#### **Assets under the right to use**

Transfer from the tangible fixed assets item	151 879
Recognition of the right to perpetual usufruct of land	84 027
Recognition of service leasing (property lease agreements)	67 124
<b>Total</b>	<b>303 030</b>

**Increasing total assets** **151 151**

#### **Liabilities**

Liabilities under leasing in accordance with the status as of January 1, 2019	102 720
Increasing liabilities (implementing IFRS 16)	151 151
<b>Total</b>	<b>253 871</b>

**Increasing liabilities** **151 151**



- **IFRIC 23 Uncertainty regarding how to recognize income tax**

The new interpretation was published on June 7, 2017 and applies to annual periods beginning on January 1, 2019 or later. The purpose of the interpretation is to indicate how to recognize income tax in the financial statements, in cases where the existing tax regulations may leave room for interpretation and disagreement between the entity and tax authorities.

- **An amendment in the IFRS 9: Prepayments with negative compensation**

The amendment in IFRS 9 was published on October 12th, 2017 and applies to annual periods beginning on January 1, 2019 or later. Its purpose is to indicate the valuation principles for financial assets that can be repaid earlier on the basis of agreemental conditions and, formally, could not meet the requirements of the "payment of the equity and interest only" test, which would exclude their valuation at amortized cost or at fair value through other total income.

- **An amendment in the IAS 28: Long-term shares in affiliated entities and joint ventures**

The amendment in IAS 28 was published on October 12th, 2017 and applies to annual periods beginning on January 1, 2019 or later. Its purpose is to indicate the valuation principles for shares in affiliated entities and joint ventures when they are not measured using the equity method.

- **Amendments to different standards resulting from the annual inspection of the International Financial Reporting Standards (Annual Improvements 2015-2017)**

On December 12th, 2017 as a result of the inspection executed, small corrections were introduced to the following standards:

- IFRS 3 *Business combinations* in the scope of clarifying that at the time of taking control, the entity shall re-measure its shares in the joint operation,

- IFRS 11 *Joint agreemental arrangements* in the scope of clarifying that at the time of taking co-control, the entity shall not re-measure its shares in the joint operation,

- IAS 12 *Income tax*, indicating that any and all taxation consequences of the payments of dividends are to be recognized in the same manner,

- IAS 23 *Borrowing costs* ordering to include in the sources of financing of a general nature also those credits and loans that were originally used to finance the emerging assets - from the moment when the assets are ready for use in accordance with the intended purpose (use or sale).

They apply to annual periods beginning on January 1, 2019 or later.

- **Amendments in the IAS 19: Changing, limiting or settling a program**

The amendments in IAS 19 were published on February 7th, 2018 and apply to annual periods beginning on January 1, 2019 or later. The amendments concern the manner of re-measurement of the programmes of qualified payments in case they change. Amendments to the standard mean that in case of a re-measurement of a given asset/liability net on account of a given program, updated assumptions are to be applied in order to determine the current cost of employment and the costs of interest for the periods after the programme changed. Until now, IAS 19 failed to explain this precisely.

### **Amendments introduced by the Group on its own**

The Group has not made a presentation adjustment of the comparable data as of December 31, 2018 or for the first half of the year that ended on June 30, 2018.

### **Non-binding standards (New standards and interpretations)**

In these financial statements, the Group has not decided to apply the published standards or interpretations before their date of entry into force.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, and have not yet entered into force as at the balance sheet date:

- **IFRS 14 Regulatory Deferral Accounts**

The new standard was published on January 30th, 2014 and applies to annual periods beginning on January 1, 2016 or later. The new standard is of a temporary nature in connection with the ongoing work of the IASB to regulate the method of settling operations in price regulation conditions. Standard. The standard introduces the principles of recognizing assets and liabilities arising in connection with transactions at regulated prices if the entity decides to switch to IFRS.



The Group will apply the new standard not earlier than on the day set by the European Union as the date of entry into force of this standard. Due to the transitional nature of the standard, the European Commission decided not to start the formal procedure of approving the standard and wait for the target standard.

- **IFRS 17 Insurance agreements**

The new standard was published on May 18th, 2017 and applies to annual periods beginning on January 1, 2021 or later. Earlier application is permitted (provided that IFRS 15 and IFRS 9 are applied simultaneously). The standard replaces the regulations to date regarding insurance agreements (IFRS 4).

The Group will apply the new standard from the day on which it becomes applicable.

- **Amendments in the IFRS 10 and IAS 28: Sale or transfer of assets between the investor and its affiliated entity or joint venture**

Amendments to IFRS 10 and IAS 28 were published on September 11, 2014 and apply to annual periods beginning on January 1, 2016 or later (the entry into force has now been deferred without specifying the starting date). The amendments clarify the accounting for transactions in which the parent company loses control of a subsidiary that is not a "business" as defined in IFRS 3 "Business combinations" by selling all or part of shares in that subsidiary to an affiliated entity or joint venture recognized under the equity method.

The Group will apply the amendments to the standards not earlier than on the day set by the European Union as the date of entry into force of this standard. Currently, the European Commission has decided to postpone the formal approval procedure for the amended standards.

- **Amendments in the IFRS 3 Business combinations**

The amendment in IFRS 3 was published on October 22nd, 2018 and applies to annual periods beginning on January 1, 2020 or later.

The aim of the amendment was to clarify the definition of a business and to provide an easier distinction between the acquisitions of 'businesses' from asset groups for the purpose of settling the combinations.

The Group will apply the new standard from the day on which it becomes applicable.

- **Amendments in the IAS 1 and IAS 8: The definition of the term "significant"**

The amendments in IAS 1 and IAS 8 were published on October 31st, 2018 and apply to annual periods beginning on January 1, 2020 or later.

The purpose of the amendments was to provide a clearer definition of "significance" and facilitate its practical application.

The Group will apply the new standard from the day on which it becomes applicable.

According to the parent company's estimates, the above standards, interpretations and amendments to standards, if not described above, would not have a significant impact on the consolidated financial statements if they were applied by the Group as at the balance sheet date.

The IFRS as approved by the EU do not currently differ significantly from regulations adopted by the International Accounting Standards Board (IASB), except for the standards, interpretations and amendments

to them provided below, which as at the date of approval of these financial statements for publication have not been approved for use by EU countries:

- IFRS 14 *Regulatory Deferral Accounts* published on January 30th, 2014 (suspended process of admission for the EU countries),
- IFRS 17 *Insurance agreements* published on May 18th, 2017.
- Amendments in the IFRS 10 and IAS 28: *Sale or transfer of assets between the investor and its affiliated entity or joint venture* published on September 11, 2014 (suspended process of admission for the EU countries).
- An amendment in the IFRS 3 *Business combinations* published on May 18th, 2017.
- Amendments in the IAS 1 and IAS 8: *Definition of the term "significant"* published on October 31, 2018.

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

On June 25th, 2019, the Ordinary General Assembly of Boryszew S.A., With Resolution no. 19 decided to use the company's net profit for 2018 in the amount of PLN 44,720 thousand to fund the capital - retained earnings.



## 6. Contingent liabilities

	As at 30.06.2019	As at 31.12.2018
<b>Contingent liabilities:</b>	<b>127 560</b>	<b>129 000</b>
Guarantees and credit payment warranties as well as warranties regarding payment of liabilities on account of deliveries granted to affiliated entities.	127 560	129 000

Entity granted a surety or a guarantee	Date of issue of a surety or a guarantee	Subject of the obligations	Surety value	Surety validity date
			thousand PLN	
Boryszew Plastic RUS	13.02.2017	The guarantee granted to Volvo Group rucks Operations	21 260	indefinitely
BAP Group companies which are customers of Volkswagen AG	16.12.2016	Volkswagen AG	85 040	indefinitely
Alchemia S.A.	01.10.2018	Arcelormittal Poland S.A.	21 260	31.12.2019
			<b>127 560</b>	

## 7. Estimates of the Management Board

In the first half of 2019, 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

	01.01.2019 - 30.06. 2019	01.01.2018 - 30.06. 2018
Creating of write-offs for receivables	667	(3 472)
Reversal of impairment losses on receivables	2 951	1 318
Creating write-offs for inventories	(2 364)	(2 068)
Reversal of impairment losses on inventories	6 141	3 395
Creating write-offs for fixed assets	(954)	(547)
Reversal of impairment losses on property, plant and equipment	39	1 319
Valuation to the fair value of shares	(62)	(3 954)
Establishment of reserves	114	(2 061)
Reversal of unnecessary reserves	1 961	3 542
Deferred tax	(5 466)	(7 229)
<b>Impact on the write-offs of assets and provisions</b>	<b>3 027</b>	<b>(9 757)</b>



## 8. Financial instruments valued at the fair value

During the six months ended on 30 June, 2019, 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 30.06.2019	As at 31.12.2018	
<b>Financial assets</b>			
Quoted shares	0	9	Level 1
Derivative financial instruments	21 574	23 907	Level 2
<b>Financial liabilities</b>			
Derivative financial instruments	5 918	5 170	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).

	Fair value as at		Hierarchy fair value
	As at 30.06.2019	As at 31.12.2018	
<b>Financial assets</b>			
Not listed shares	1 896	1 887	Level 3
Shares held for trading	0	0	Level 3
Bonds	34 050	197 047	Level 3
Borrowings	3 425	1 995	Level 3
Trade liabilities	953 470	665 808	Level 3
Investment property	149 313	140 135	Level 3
Cash and cash equivalents	226 195	139 800	Level 3
<b>Financial obligations</b>			
Borrowings and loans	1 407 343	1 183 999	Level 3
Leasing	132 268	102 720	Level 3
Trade liabilities	905 768	631 666	Level 3





The fair value of financial instruments that are not regularly valued at fair value held by the Group as at 30 June, 2019 and 31 December, 2018 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

### The completion of the redemption of own shares

On June 25, 2019, in connection with the expiry of the period for which it was adopted, the own shares redemption program, adopted by resolution No. 19 of the Ordinary General Assembly of Boryszew S.A., ended on June 25, 2014.

As a result of the implementation of Resolution No. 19 of the Ordinary General Assembly of Shareholders (as amended), the companies of the Boryszew Capital Group acquired a total of 25,466,149 shares of Boryszew S.A. (including Boryszew S.A. acquired 14,955,399 shares) with a nominal value of PLN 1.00 each, at an average price of PLN 6.46, i.e. for the total amount of PLN 164,398,381.14. The acquired shares constitute 10.60% of the share capital and correspond to 25,466,149 votes at the General Assembly of Boryszew S.A., i.e. 10.60% of the total number of votes.

Pursuant to the resolution cited above, shares acquired under the buyout program will be allocated to one of the purposes set out therein, i.e. (i) for resale, (ii) for redemption.

The Group acquired 3,200,000 own shares with the value of PLN 14,579 thousand as a result of the merger with Alchemia S.A.

## 10. Operating segments

Segment data includes revenues and results from continuing operations

01.01.2019 -30.06. 2019	Chemicals	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	132 728	922 656	2 040 468	168 853	3 264 705	(53 652)	3 211 053
Segment selling costs	114 549	828 417	1 847 154	160 377	2 950 497	(52 551)	2 897 946
<b>Result on sales within segment</b>	<b>18 179</b>	<b>94 239</b>	<b>193 314</b>	<b>8 476</b>	<b>314 208</b>	<b>(1 101)</b>	<b>313 107</b>
General, administrative and sales expenses	15 425	89 813	94 765	8 111	208 114	(5 424)	202 690
Other operating profit	2 064	2 511	19 130	9 013	32 718	(6 790)	25 928
<b>Segment profit</b>	<b>4 818</b>	<b>6 937</b>	<b>117 679</b>	<b>9 378</b>	<b>138 812</b>	<b>(2 467)</b>	<b>136 345</b>
Amortisation	3 663	45 368	42 961	2 802	94 794	(2 513)	92 281
EBITDA *)	8 481	52 305	160 640	12 180	233 606	(4 980)	228 626
Segment assets	258 972	1 519 622	3 554 815	849 100	6 182 509	(1 073 753)	5 108 756
Segment liabilities	112 086	1 751 353	1 705 723	631 929	4 201 091	(958 336)	3 242 755





01.01.2018 -30.06.2018	Chemicals	Automotive	Metals	Other	Total	consolidated 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)	231 015
Segment assets	250 422	1 447 119	2 802 342	866 260	5 366 143	(1 028 112)	4 338 031
Segment liabilities	91 087	1 607 001	1 151 476	606 903	3 456 467	(932 620)	2 523 847

### Revenues from sales by geographical directions

Revenues from sales by geographical directions	01.01.2019 - 30.06. 2019	01.01.2018 - 30.06. 2018
<b>Continuing operations</b>		
Domestic sales	1 140 646	1 106 143
Sales to EU countries	1 803 133	1 893 399
Sales to other European countries	89 468	91 550
Export outside Europe	177 806	158 137
<b>Total revenues from sale (continuing operations)</b>	<b>3 211 053</b>	<b>3 249 229</b>

Share of EU member states in intra-Community sales:	01.01.2019 - 30.06. 2019	01.01.2018 - 30.06. 2018
Germany	40%	41%
Czech Republik	15%	15%
France	4%	7%
Slovakia	4%	3%
Italy	7%	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 Dzierżycze 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**

In the first half of 2019 and until the date of publication of the report, the Company did not issue debt securities or equity securities.

In the first half of 2019, Boryszew S.A. made an earlier redemption of the following:

- 1 bond with the nominal value of PLN 1,000,000 from the A26 series (with interest) taken up by Polski Cynk Spółka z o.o.
- 6 bonds with a nominal value of PLN 1,000,000 and a total nominal value of PLN 6,000,000 from the A27 series (with interest) and 3 bonds with a nominal value of PLN 1,000,000 and a total nominal value of PLN 3,000,000 from the A30 series (with interest), acquired by WM Dziedzice S.A.

### **Transactions after the balance sheet day**

In September 2019, Boryszew S.A. Made an earlier redemption of 13 bonds with a nominal value of PLN 1,000,000 and a total nominal value of PLN 13,000,000 of the A18 series, with interest, taken up by Zakład Utylizacji Odpadów Spółka z o.o.

## **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:



	01.01.2019 - 30.06. 2019	01.01.2018 - 30.06. 2018
<b>Transactions with personally related entities</b>		
<b>Revenues</b>		
Revenues from the sales (of products, services, goods)	1 296	2 299
Revenues from the sales of assets (fixed assets, debits, shares)	295	
Other revenues (decommitment of liabilities)	0	
Interest income	566	1 883
Received dividends	0	
Purchases/costs		
Purchases (of materials, goods, services)	2 456	2 002
Investment purchases (purchase of fixed assets, debits, shares)	49 775	
Other transactions (the cost of the decommitted liabilities)	0	
Interest costs	0	
Receivables/gross without write-offs	As at 30.06.2019	As at 30.06.2018
Trade receivables	837	1 653
Loans granted	3 290	
Acquired bonds	34 058	117 202
Other receivables (advance payments, deposits)	1 308	
Liabilities		
Trade liabilities	750	875

#### 14. Current court and tax 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.

#### Settlements regarding the legitimately completed proceedings of HMN Szopienice S.A in liquidation

The legal proceedings of HMN Szopienice S.A in liquidation against the State Treasury - the Minister of the State Treasury for establishing the non-existence of the right of the State Treasury to demand from the Company a payment of PLN 10,342.9 thousand, together with interest due to the recovery of aid granted to the Company pursuant to the agreement of March 6, 2003 as amended with Annex No. 1 of December 28, 2005, was described in the previously published periodic reports. As a result of these proceedings the company was obliged to return the state aid received. The Company concluded an agreement with the State Treasury regarding the spreading of the payment of the principal due amount into instalments and postponing the payment of monetary dues on account of the return of the state aid. Under the agreement, interest is not accrued on the principal amount from the date of its conclusion and the date of the final repayment of interest has been set for December 31, 2025. The principal amount due shall be paid partly from the means obtained from the sales of the company's assets.

#### Tax proceedings in the Capital Group companies

The Group operates in a sector which, due to its specificity, is particularly exposed to VAT fraud by dishonest counterparties. In the companies within the group, at different stages, control proceedings shall be conducted in the scope of the correctness of settlements on account of the VAT tax. Due to the above, the Parent Company undertook actions aiming at recognizing the risks possible to estimate and connected with the ongoing proceedings.



## 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. HUTMEN S.A. on 10.09.2018 received the decision from the Tax Administration Chamber (Office) in Wrocław dated 04.09.2018, determining the overdue tax obligation of HUTMEN S.A. in VAT tax for the 4th quarter of 2012 in the amount of 1.1 million PLN, increased by the interest on the tax arrears. In the Office's opinion, HUTMEN S.A. failed to exercise due diligence in verifying the tax integrity of some of his counterparties, and consequently had no right to deduct input VAT. Due to a different assessment of the facts in relation to the assessment presented by the controlling authorities, Hutmen S.A. filed a complaint to the Provincial Administrative Court regarding the negative decision of the Tax Chamber. At the same time, the company paid the due amount with interest due in the amount of PLN 1.7 million. On March 13, 2019, the Provincial Administrative Court issued a ruling in favour of HUTMEN S.A., the ruling is final and binding, the company is waiting for a return of the paid obligation with interest.
4. 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. The decision is not final and the Company has lodged an appeal against the aforementioned decision within the statutory deadline.  
Due to a different assessment of the actual status in relation to the assessment presented by the controlling authorities, the controlled company appealed against the Office's decision received. On 04.01.2019, the Head of the Lower Silesian Customs and Tax Office in Wrocław referred the case to the Director of the Tax Administration Chamber in Wrocław for resolution. Within the deadline of 10.05.2019, a decision from the Tax



Administration Chamber Wrocław was received, fully revoking the decision of the Customs and Tax Office in Wrocław regarding The VAT for the period of July-September 2016 and handing the case over for re-examination to a first instance body. On 26.07.2018, the Head of the Lower Silesian Tax Office in Wrocław attached the bank accounts of Baterpol Recycler Sp. z o.o. for the total amount of PLN 2.1 million as security for the enforcement of outstanding tax liabilities of the Company due to the tax on goods and services for the month of 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, I-VI 2015 are pending,
2. Hutmen S.A. - VAT proceedings are pending for 2015,
3. Baterpol S.A. - is in possession of a report on VAT control - the period from July 2013 to December 2015 is controlled. On the basis of the said protocol, the Company estimated the risk of questioning the VAT for deduction for the amount of PLN 3.2 million plus interest (as of 31/12/2018 - PLN 1.1 million). Control was carried out by the First Silesian Tax Office in Sosnowiec On 20 March 2019, the Head of the First Tax Office in Sosnowiec initiated tax proceedings regarding the subject matter.
4. On 12 March of this year The head of the Lower Silesian Tax Office in Wrocław sent notice of the commencement of an investigation into a tax offense suspending the limitation period of the company's tax liabilities by the Regional Prosecutor's Office in Katowice on 1 April 2016 to the company Baterpol Recycler Sp. z o.o.

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 73.7 million and partly as contingent liabilities (medium or low risk) in the amount of PLN 38.9 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.

#### Other significant proceedings in the Group

##### EASTSIDE - BIS SPÓŁKA Z O.O.

The company is under customs and tax control regarding the correctness of the settlement of corporate income tax. On March 9, 2018, a control was initiated for the period from December 1, 2015 to November 30, 2016. As of the day of the publication of the report, the company has not received the protocol from the control.

##### EASTSIDE CAPITAL INVESTMENTS SPÓŁKA Z O.O.

The company is under customs and tax control regarding the correctness of the settlement of corporate income tax. On March 9, 2018, a control was initiated for the period from December 1, 2014 to November 30, 2016. As of the day of the publication of the report, the company has not received the protocol from the control.



#### **SPV LAKME INVESTMENT SPÓŁKA Z O.O.**

The company is under customs and tax control regarding the correctness of the settlement of corporate income tax. On 9 March 2018 a control was initiated for the period from 1 January to 31 December 2015 and on 12 July 2018 a control was initiated for the following period from 1 January to 31 December 2016. As of the day of the publication of the report, the company has not received the protocol from the control.

#### **16. Approval of the report for publication**

The present financial report of the Boryszew Capital Group for the period from January 1, 2019 to June 30, 2019 was approved for publication by the Resolution of the Management Board on September 17, 2019 and presents the situation of the Group in accordance with legal requirements for the period from January 1, 2019 to June 30, 2019. including events that have occurred until the date of approval of this report for publication

Piotr Lisiecki - President of the Management Board

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Krzysztof Kołodziejczyk – Member of the Management Board

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Mikołaj Budzanowski – Member of the Management Board

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Elżbieta Słaboń – Chief Accountant

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**INTERIM CONDENSED**

**FINANCIAL STATEMENT OF**

**Boryszew S.A.**

**for the period from 1 January to 30 June 2019**

**STATEMENT OF COMPREHENSIVE INCOME**

	<b>01.01.2019 -30.06.2019</b>	<b>01.01.2018 -30.06.2018</b>	<b>01.04.2019- 30.06.2019</b>	<b>01.04.2018- 30.06.2018</b>
Revenues from sales	715 703	813 668	343 697	411 147
Prime cost of sale	640 838	736 695	303 523	372 543
<b>Gross profit from sales</b>	<b>74 865</b>	<b>76 973</b>	<b>40 174</b>	<b>38 604</b>
Selling costs	12 588	14 903	6 026	7 756
General and administrative costs	36 816	37 496	17 724	17 486
Other operating revenue	17 340	33 532	1 968	25 055
Other operating expenses	5 403	5 359	3 671	3 445
<b>Profit from operating activity</b>	<b>275</b>	<b>-</b>	<b>235</b>	<b>-</b>
	<b>37 673</b>	<b>52 747</b>	<b>14 956</b>	<b>34 972</b>
Financial revenues	11 432	33 878	6 684	25 274
Financial expenses	23 698	27 224	13 751	18 949
Write-offs on financial assets	-	-	-	-
<b>Financial profit</b>	<b>(12 266)</b>	<b>6 654</b>	<b>(7 067)</b>	<b>6 325</b>
<b>Profit before income tax</b>	<b>25 407</b>	<b>59 401</b>	<b>7 889</b>	<b>41 297</b>
Income tax	3 201	8 664	1 568	5 386
<b>Net profit</b>	<b>22 206</b>	<b>50 737</b>	<b>6 321</b>	<b>35 911</b>
	-	-	-	-
<b>Profit/loss per share</b>				
Weighted average number of shares	220 856 534	227 681 526	220 716 169	227 446 652
Profit per one share (PLN)	0,10	0,22	0,03	0,16
<b>Net profit</b>	<b>22 206</b>	<b>50 737</b>	<b>6 321</b>	<b>35 911</b>
<b>Earnings recognised in equity</b>				
<i>Income included in equity, transferred to the profit and loss account</i>	<b>1 180</b>	<b>(4 857)</b>	<b>2 349</b>	<b>(5 442)</b>
Hedge accounting	1 457	(5 996)	2 900	(6 632)
Profits / losses from the valuation of capital instruments transferred to the financial result	-	-	-	-
<i>Income tax</i>	(277)	1 139	(551)	1 190
<b>Income included in capital, not reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income included in the capitals in total</b>	<b>1 180</b>	<b>(4 857)</b>	<b>2 349</b>	<b>(5 442)</b>
<b>Total incomes</b>	<b>23 386</b>	<b>45 880</b>	<b>8 670</b>	<b>30 469</b>



**STATEMENT OF FINANCIAL POSITION**

	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property fixed assets	230 961	272 723
Investment property	16 525	16 525
Intangible assets	32 142	33 115
Assets under right to use	128 020	-
Shares in subsidiaries and associates	463 577	463 522
Financial assets	394 070	382 320
Long-term receivables	33 329	33 705
Deffered tax assets	-	141
Other assets	4 946	5 485
<b>Total fixed assets</b>	<b>1 303 570</b>	<b>1 207 536</b>
<b>Current assets</b>		
Inventory	163 787	181 527
Trade receivables and other receivables	315 412	285 672
Short-term financial assets	3 802	136 243
Derivative financial instruments	255	579
Current tax assets	40	313
Other assets	18 239	17 827
Cash and cash equivalents	50 085	29 313
<b>Total current assets</b>	<b>551 620</b>	<b>651 474</b>
<b>Total assets</b>	<b>1 855 190</b>	<b>1 859 010</b>



	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>		
Share capital	248 906	248 906
Share premium	112 346	112 346
Shares/own shares	(134 251)	(129 735)
Hedge accounting capital	(1 120)	(2 300)
Capital reserve on translating employee payables	(162)	(162)
Retained earnings	400 874	378 668
<b>Total equity</b>	<b>626 593</b>	<b>607 723</b>
<b>Long term liabilities and reserves</b>		
Bank credits, loans, bonds	387 169	368 119
Lease liabilities	83 920	30 066
Payables on perpetual usufruct of investment land	1 942	1 951
Deferred tax provision	2 432	-
Employee benefit provisions	3 388	3 377
Other reserves	5 136	5 136
Other long-term liabilities and equity	12 876	2 534
<b>Total long-term liabilities and reserves</b>	<b>267 565</b>	<b>496 863</b>
<b>Short-term liabilities</b>		
Bank credits, loans, bonds	377 594	535 892
Lease liabilities	27 322	8 033
Payables on perpetual usufruct of investment land	9	9
Trade liabilities and other liabilities	307 834	280 773
Derivative financial instruments	113	66
Current tax assets	-	-
Employee benefit provisions	6 754	5 277
Other reserves	4 538	2 798
Other equity	7 570	7 256
<b>Total short-term liabilities and reserves</b>	<b>959 776</b>	<b>731 734</b>
<b>Total liabilities and reserves</b>	<b>1 228 597</b>	<b>1 251 287</b>
<b>Total equity</b>	<b>1 855 190</b>	<b>1 859 010</b>



**Boryszew S.A.**

Unitary condensed financial statement from 1 January to 30 June 2019

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 01.01.2019</b>	<b>248 906</b>	<b>112 346</b>	<b>(129 735)</b>	<b>(2 300)</b>	<b>(162)</b>	<b>378 668</b>	<b>607 723</b>
Valuation of hedge instruments				1 180			1 180
Valuation of employee benefits							0
Profit/loss for the first half of the year 2019						22 206	22 206
<b>Total comprehensive income for the first half of the year 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 180</b>		<b>22 206</b>	<b>23 386</b>
Share buy-back			(4 516)				(4 516)
<b>As at 30.06.2019</b>	<b>248 906</b>	<b>112 346</b>	<b>(134 251)</b>	<b>(1 120)</b>	<b>(162)</b>	<b>400 874</b>	<b>626 593</b>

	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)
Profit for the first half of the year 2018						50 737	50 737
<b>Total comprehensive income for 1 quarter 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 - Boryszew SA			(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>614 353</b>

**CASH FLOW STATEMENT**

	<b>01.01.2018 - 30.06. 2018</b>	<b>01.01.2017 - 30.06. 2017</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>25 407</b>	<b>59 401</b>
<b>Adjustments for (+/-)</b>	<b>51 509</b>	<b>(62 352)</b>
Amortisation	21 196	16 495
Profits/losses from financial activities (including interest on financial liabilities)	12 989	(2 546)
Dividends from share in profits	(6 841)	(1 018)
Profit/loss from investing activities	(1 737)	(6 599)
Change in receivables	(22 559)	(64 047)
Change in inventories	17 740	(6 345)
Change in liabilities	23 997	18 058
Change in provisions and accruals as well as prepayments	5 831	(5 809)
Other items	1 632	(9 563)
Income tax paid	(739)	(978)
<b>Net cash from operating activities</b>	<b>76 916</b>	<b>(2 951)</b>
<b>Cash flows from investment activities</b>		
Revenues from the disposal of property, plant and equipment	8 484	
Revenues from the sale of shares	-	
Revenues from bonds	182 731	6 599
Revenues from dividends	292	18
Revenues from repaid loans	3 015	17 475
Expenses for the purchase of fixed assets	(14 615)	(15 949)
Acquisition of shares and stocks in facilities from the Capital Group	(10)	(12 204)
Long-term loans granted	(6 320)	
Expenses for the purchase of bonds	(55 000)	(47 236)
Other investment expenses	-	
<b>Net cash from investment activities</b>	<b>118 577</b>	<b>(51 297)</b>
<b>Cash flows from financial activities</b>		
Revenues from loans	70 041	34 565
Loans received	8 000	
Revenues from the issue of bonds	-	64 991
Other revenues	7 180	
Expenses for the purchase of own shares	(4 516)	(17 738)
Repayment of loans	(152 637)	(7 273)
Loan repayment	(68 772)	(1 279)
Bond buy-back	(10 000)	
Interest paid on loans, loans and bonds.	(11 825)	(11 457)
Payments of liabilities under financial leasing agreements	(12 192)	(4 737)
<b>Net cash from financial activities</b>	<b>(174 721)</b>	<b>57 072</b>
<b>Change in net cash</b>	<b>20 772</b>	<b>2 824</b>
Cash opening balance	29 313	36 081
<b>Cash closing balance</b>	<b>50 085</b>	<b>38 905</b>



## **ADDITIONAL INFORMATION**

### **TO INTERIM FINANCIAL STATEMENT OF BORYSZEW S.A. FOR THE FIRST HALF OF 2019**

#### **1. Declaration of the management board regarding the conformity of accounting principles**

The Management Board of Boryszew S.A. represented by Mr Piotr Lisiecki, Mr Mikołaj Budzanowski and Mr Krzysztof Kołodziejczyk, 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:

- c) 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,
- d) 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**

The information contained in the Report for the first half of 2019 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 recognizing as equivalent information required by the laws of a non-member state (original text: Journal of Laws No. 33, item 259 of 2009, consolidated text: Journal of Laws item 133 of 2014) and the International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting'.

The accounting principles and calculation methods used by the Group (except for changes related to the implementation of IFRS 9, 15) did not change in the period covered by this Report, and are presented in detail in the consolidated annual report for 2018, published on April 25, 2019.

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

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.



	Average EUR exchange rate in the period	EUR exchange rate the last day of the period
01.01.2019 -30.06. 2019	4,2880	4,2520
1.01- 31.12.2018 r.	4,2669	4,3000
01.01.2018 -30.06. 2018	4,2395	4,3616

## CHANGES IN THE ACCOUNTING PRINCIPLES

### Amendments to the used principles of accounting in the scope of the International Financial Reporting Standard 16

the International Financial Reporting Standard 16 establishes new accounting principles applicable for reporting leasing agreements. As of the day of January 1st 2019, the Group identified two new categories of leasing agreements:

- Long term property lease agreements: production halls, warehouse halls, offices,
- perpetual usufruct of land;

In the previous period, it used to be the leasing of machines, technical devices, cars and obligations on account of the payment for the perpetual usufruct of land included in the assets as investment properties.

The presentation of leasing agreements in the financial situation statement depends mainly on: - the scope of agreements qualified as leasing assumed for particular types of agreements, which requires the assumption of significant estimations by the company's Management Board. The Management Board verifies the assumed estimations based on the changes to the factors taken into consideration when making them, new information or the established market practice.

The leasing period covers the irrevocable period of the agreement together with the periods by which the leasing can be extended, if it can be assumed with sufficient certainty, that the Group will use this right and the periods in which the leasing can be terminated, if it can be assumed with sufficient certainty that the Company will not use this right.

While determining the leasing period, legal and customary regulations in force in the Polish legal environment were also taken into account, as well as the specifics of the agreements within the Group. In particular, for agreements concluded for an indefinite period, the company assumes the notice period as an irrevocable leasing period. In the case of leasing agreements concluded for an indefinite period, most of the notice periods are shorter than 12 months and for these agreements the Company has applied an exemption from recognizing short-term leases. Consequently, such agreements are treated as short-term agreements and are not measured or presented in the statement of financial position.

In the case of limited property rights in buildings in which the Company has a telecommunications infrastructure established, the leasing period has been determined as the average lifetime of buildings in the Group. Using any of the options for early termination of the agreement has not been assessed as probable as at January 1, 2019. Agreements for which the use of the extension option has been assessed as probable have an intangible impact on the measurement of the lease liability.

The impact of IFRS 16 on the Group mainly concerns the Group as a lessee and results in:

- a) recognizing all lease agreements in accordance with one model, in which the statement of financial position includes an asset arising from the right to use the leased asset in correspondence with an obligation arising from leasing agreements;
- b) recognizing the depreciation on the asset due to the right to use and interest costs on the leasing obligation, instead of recognizing operating costs;
- c) an accelerated recognition of costs associated with leasing agreements, resulting in particular from the interest component.

As of January 1st, 2019, the Company used a "modified retrospective approach" without transforming comparative data. The implementation of the standard did not affect equity as at January 1, 2019, because the Company decided to value the asset under the right to use at a value equal to the liability under the lease

The Company decided to apply the exception provided for in IFRS 16. point C.10. (c) allowing for a waiver of the requirements described in items (a) - (c) above for leases for which the lease period expires within 12 months of the date of first application.

As a result of applying IFRS 16, some changes were made to the presentation in the consolidated financial statements that had an impact on comparative data.



All the fixed assets being subjects of leases at the end of the previous year were moved from “tangible fixed assets” to the item “assets under the right to use”

The application of IFRS 16 had the following effect on the consolidated statement of financial position as at January 1, 2019:

**STATEMENT OF FINANCIAL POSITION - transformation of data as of 01.01.2019**

Tangible fixed assets	272,723
Fixed assets used based on leasing agreements	(75 331)
<b>Tangible fixed assets after correction</b>	<b>197 392</b>
<b>Assets under the right to use</b>	
Fixed assets used based on financial leasing agreements - transfer from the tangible fixed assets item	75 331
Recognition of the right to perpetual usufruct of land	17 028
Recognition of service leasing (property lease agreements)	47 162
<b>Total</b>	<b>139 521</b>
<b>Increasing total assets</b>	<b>64 190</b>
<b>Long-term liabilities</b>	
Liabilities under leasing in accordance with the status as of January 1, 2019	30 066
Increasing liabilities (implementing IFRS 16)	56 179
<b>Total long-term liabilities</b>	<b>30 066</b>
<b>Short-term liabilities</b>	
Liabilities under leasing in accordance with the status as of January 1, 2019	8 033
Increasing liabilities (implementing IFRS 16)	8 011
<b>Total short-term liabilities</b>	<b>8 033</b>
<b>Increasing total liabilities</b>	<b>64 190</b>

**4. Estimates of the Management Board**

In the first half of 2019, 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:

<b>Impact on the write-down of assets and provisions</b>	<b>01.01.2019 - 30.06. 2019</b>	<b>01.01.2018 - 30.06. 2018</b>
Creating of write-offs for receivables	(333)	(2 167)
Reversal of impairment losses on receivables	591	18 632
Creating write-offs for inventories	-	-
Reversal of impairment losses on inventories	(1 266)	(1 362)
Creating write-offs for fixed assets	1 960	2 490
Reversal of impairment losses on property, plant and equipment	(954)	(547)
Valuation to the fair value of shares	-	960
Reversal of unnecessary reserves	(14)	(27)
Recognizing provisions	-	-
Accruals of unnecessary provisions	1	-
Deferred tax	(2 121)	(7 059)
<b>Impact on the write-offs of assets and provisions</b>	<b>(2 136)</b>	<b>10 920</b>



**5. Off-balance sheet liabilities**

	<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
<b>Contingent liabilities:</b>	<b>907 384</b>	<b>549 607</b>
guarantees and sureties granted to the affiliates for repayment of loans and repayment of liabilities due to deliveries	907 384	549 607

**Guarantees and sureties granted by Boryszew S.A. as at 30 June 2019**

Entity granted a surety or a guarantee	Date of issue of a surety or a guarantee	Subject of the obligations	Surety value	Surety validity date
			PLN thous.	
<b>Impexmetal S.A.</b>	16.05.2019	The guarantee for HSBC France Polska Branch	270 000	16.09.2021
<b>Boryszew Kunststofftechnik Deutschland GmbH</b>	31.01.2013	The guarantee granted to Commerzbank	21 260	indefinitely
	23.07.2013	The guarantee granted to GE Capital Bank AG	4 220	30.08.2021
	22.01.2015	The guarantee granted to Hewlett-Packard International Bank Plc.	425	31.08.2019
	24.07.2017	The guarantee granted to ALD AutoLeasing D GmbH	850	30.06.2022
	07.08.2017	The guarantee granted to Deutsche Leasing International GmbH	5 953	indefinitely
	08.06.2018	The guarantee granted to Deutsche Leasing International GmbH	2 551	08.06.2023
	29.01.2019	The guarantee granted to DNB Bank Polska SA	66 331	01.03.2021
	06.03.2019	Bill of exchange guarantee of lease agreement with PKO Leasing Sp. z o.o.	24 534	31.03.2022
	13.06.2019	The guarantee granted to Deutsche Leasing International GmbH	12 611	31.08.2024
<b>Theysohn Formenbau GmbH</b>	06.09.2017	The guarantee granted to akf Leasing GmbH	9 947	31.08.2023
<b>Theysohn Kunststoff GmbH</b>	28.09.2018	The guarantee granted to PKO Leasing Sp. z o.o.	14 571	31.12.2021
	23.04.2019	The guarantee granted to HSBC Trinkhaus&Burkhardt AG	25 512	10.05.2022
<b>Boryszew Oberflächentechnik Deutschland GmbH</b>	26.01.2016	The guarantee granted to Bank Gospodarstwa Krajowego	54 064	31.12.2026
<b>Boryszew Plastic RUS</b>	11.07.2013	The guarantee granted to ZAO Hewlett-Packard AO	747	indefinitely
	29.01.2013	The guarantee granted to Deutsche Leasing Vostok ZAO	36 084	07.10.2019
	08.04.2013	The guarantee granted to Deutsche Leasing Vostok ZAO	1 126	07.10.2019
	30.04.2014	The guarantee granted to Hewlett-Packard AO	373	indefinitely
	13.02.2017	The guarantee granted to Volvo Group Trucks Operations	21 260	indefinitely
	25.02.2019	The guarantee granted to Alfa Bank	11 100	31.12.2024





<b>BRS YMOS GmbH</b>	27.05.2015	The guarantee granted to Wurth Leasing GmbH & Co. KG	1 317	30.11.2020
	15.03.2016	The guarantee granted to Wurth Leasing GmbH	1 509	15.03.2022
<b>Boryszew Tensho Poland Sp. z o.o.</b>	13.06.2016	The guarantee granted to HSBC Bank Polska S.A.	10 000	11.09.2021
	14.03.2017	The guarantee granted to SPV Impexmetal Sp. z o.o. for the implementation of financial liabilities	41 000	indefinitely
	24.10.2017	Bill of exchange guarantee of lease agreement for mLeasing	764	15.04.2021
	24.10.2017	Bill of exchange guarantee of lease agreement for mLeasing	6 378	15.11.2020
	6.12.2017	The guarantee granted to PGE Obrót S.A.	1 800	indefinitely
	22.10.2018	Bill of exchange guarantee for SGB Leasing Sp. z o.o.	357	30.09.2025
	29.01.2019	The guarantee granted to DNB Bank Polska S.A.	10 205	01.03.2021
	04.03.2019	Bill of exchange guarantee leasing agreements for mLeasing	8 787	15.04.2024
<b>Maflow BRS s.r.l.</b>	26.04.2016	The guarantee granted to Banka IFIS	3 189	indefinitely
	01.01.2017	Bill of exchange for CORDTECH INTERNATIONAL SAS	1 290	31.12.2019
	01.01.2017	The guarantee granted to Mehler Engineered Products GmbH for the repayment of trade liabilities	1 701	31.12.2019
	16.05.2017	The guarantee granted to Cover	425	31.12.2019
	23.05.2019	The guarantee granted to HSBC France, Mediolan Branch	19 347	23.05.2023
<b>Maflow France Automotive S.A.S.</b>	07.07.2016	The guarantee granted to Natixs Lease	1 603	07.07.2021
<b>Boryszew Commodities</b>	12.12.2017	The guarantee granted Borealis AG fot trade liabilities	1 063	31.12.2019
	26.04.2019	Bill of exchange for mBank S.A.	3 189	10.04.2021
	23.07.2018	Bill of exchange guarantee for loan granted by mBank	70 158	04.11.2019
<b>BAP Group companies which are customers of Volkswagen AG</b>	16.12.2016	Volkswagen AG	85 040	indefinitely
<b>Alchemia S.A.</b>	01.10.2018	The guarantee granted to Arcelormittal Poland S.A.	21 260	31.12.2019
<b>Eastside-Bis Sp. z o.o.</b>	01.09.2017	Wojewódzki Fundusz Ochrony Środowiska i Gospodarki Wodnej in Toruń	3 284	indefinitely
<b>Boryszew HR Service Sp. z o.o.</b>	30.08.2016	Bill of exchange guarantee for loan granted by mBank	2 000	27.08.2019
<b>Elana Energetyka</b>	01.12.2015	PGE Obrót S.A.	3 000	indefinitely
<b>ZM Silesia S.A.</b>	26.09.2018	Bill of exchange for PKO BP S.A.	10 800	28.02.2022
	26.10.2018	The guarantee granted to BGŻ BNP Paribas S.A.	14 400	31.12.2020
<b>Total sureties and guarantees granted by Boryszew SA</b>			<b>907 384</b>	

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

On June 25th, 2019, the Ordinary General Assembly of Boryszew S.A., With Resolution no. 19 decided to use the company's net profit for 2018 in the amount of PLN 44,720 thousand to fund the capital - retained earnings.



## 7. Information regarding the issuing, redemption and repayment of bonds

In the first half of 2019 and until the date of publication of the report, the Company did not issue debt securities or equity securities.

In the first half of 2019, Boryszew S.A. made an earlier redemption of the following:

- 1 bond with the nominal value of PLN 1,000,000 from the A26 series (with interest) taken up by Polski Cynk Spółka z o.o.
- 6 bonds with a nominal value of PLN 1,000,000 and a total nominal value of PLN 6,000,000 from the A27 series (with interest) and 3 bonds with a nominal value of PLN 1,000,000 and a total nominal value of PLN 3,000,000 from the A30 series (with interest), acquired by WM Dziedzice S.A.

### Transactions after the balance sheet day

In September 2019, Boryszew S.A. Made an earlier redemption of 13 bonds with a nominal value of PLN 1,000,000 and a total nominal value of PLN 13,000,000 of the A18 series, with interest, taken up by Zakład Utylizacji Odpadów Spółka z o.o.

## 8. Operating segments

01.01.2019 -30.06. 2019	Chemicals	Automotive	Metals	Other	Total	Exclusions between segments	Total
Revenues from sale	116 854	305 700	151 802	141 347	715 703		715 703
Costs of segment sales	100 533	261 450	143 667	135 188	640 838		640 838
<b>Result on sales in the segment</b>	<b>16 321</b>	<b>44 250</b>	<b>8 135</b>	<b>6 159</b>	<b>74 865</b>	<b>0</b>	<b>74 865</b>
Management and sales costs	14 597	20 899	7 339	6 569	49 404		49 404
Result of other operations	1 801	(310)	1 742	9 316	12 549	(337)	12 212
<b>Segment operation result</b>	<b>3 525</b>	<b>23 041</b>	<b>2 538</b>	<b>8 906</b>	<b>38 010</b>	<b>(337)</b>	<b>37 673</b>
Depreciation	2 714	15 200	2 754	528	21 196		21 196
EBITDA *)	6 239	38 241	5 292	9 434	59 206	(337)	58 869
Segment assets	214 339	630 217	190 842	960 419	1 995 817	(129 193)	1 866 624
Segment liabilities	89 412	675 563	124 164	480 085	1 369 224	(129 193)	1 240 031
01.01.2018 -30.06.2018	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

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



<b>Sales revenues by geographical areas</b>	<b>01.01.2019 - 30.06. 2019</b>	<b>01.01.2018 - 30.06. 2018</b>
<b>Continued operations</b>		
National sales	312 616	324 785
Sales to EU member states	359 317	439 895
Sales to other European countries	16 230	17 602
Sales outside Europe	27 540	31 386
<b>Total</b>	<b>715 703</b>	<b>813 668</b>

	<b>01.01.2019 - 30.06. 2019</b>	<b>01.01.2018 - 30.06. 2018</b>
<b>Share of EU member states in intra-Community sales:</b>		
Germany	22%	12%
Great Britain	10%	11%
Czech Republik	7%	12%
Italy	4%	3%
Spain	9%	4%

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

In the case of Capital Group Boryszew, the seasonality/cyclicality 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 cyclicality.

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



## 9. Financial instruments valued at the fair value

During the six months ended on 30 June, 2019, 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 30.06.2019	As at 31.12.2018	
<b>Financial assets</b>			
Quoted shares	2 383	2 338	Level 1
Derivative financial instruments	255	579	Level 2
<b>Financial liabilities</b>			
Derivative financial instruments	113	66	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).

	Fair value as at		Hierarchy fair value
	As at 30.06.2019	As at 31.12.2018	
<b>Financial assets</b>			
Shares held for trading	-	0	Level 3
Bonds	19 329	144 915	Level 3
Borrowings	378 543	373 648	Level 3
Trade liabilities and other	330 527	305 601	Level 3
Investment property	16 525	16 525	Level 3
Cash and cash equivalents	50 085	29 313	Level 1
<b>Financial obligations</b>			
Borrowings, loans and leasing	793 970	934 077	Level 2
Trade liabilities	285 217	257 091	Level 3



The fair value of financial instruments that are not regularly valued at fair value held by the Group as at 30 June, 2019 and 31 December, 2018 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.

**Financial assets according to the balance sheet as at 30/06/2019**

	Financial assets measured at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Balance sheet value
Bonds	19 329			19 329
Trade receivables kept for collection	228 544			228 544
Receivables intended for factoring		61 815		61 815
Derivative financial instruments			255	255
Loand granted	397 872			397 872
Other receivables		38 382		38 382
Cash and cash equivalents	50 085			50 085
<b>Total</b>	<b>695 830</b>	<b>100 197</b>	<b>255</b>	<b>796 282</b>

**Financial liabilities as at 30/06/2019**

	Financial liabilities measured at amortized cost	Derivatives used for hedging	Balance sheet value	
Bank credits, loans	606 509		606 509	
Bonds	158 254		158 254	
Derivative financial instruments		113	-	
Leasing liabilities	48 514		48 514	
Liabilities of the WUG	62 728		62 728	
Trade and other liabilities	285 217		285 217	
<b>Total</b>	-	1 161 222	-	1 161 222

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

	Subsidiaries	Personally- related entities
<b>Transaktions in the period 01.01.2019 to 30.06.2019</b>		
Sales revenues (products, services, goods)	75 811	1 027
Interest income	5 932	56
Dividends received	6 841	
Shopping (materials, goods, services)	47 917	
Interest costs	5 109	
<b>Settlement balance as at 30.06.2019</b>		
Trade receivables	139 852	774
Acquired bonds	15 659	3 695
Loans granted	377 289	2 996
Other receivables (advances, deposits)	33 329	356
Trade liabilities	22 551	0
Loans received	121 207	
Bonds issued	158 254	

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

On July 8, 2019, Boryszew S.A. signed Annex No. 2 to the Warranty Agreement of July 19, 2018 (as amended) concluded with DNB Bank Polska S.A. by which Boryszew S.A. granted a warranty for obligations of Boryszew Kunststofftechnik Deutschland GmbH and Boryszew Tensho Poland Sp. z o.o. up to a maximum amount of EUR 18,000,000, with an expiry date of March 1, 2021.

On July 15, 2019, Boryszew S.A. granted a guarantee to Engel Austria GmbH with its registered office in Schwertberg, Austria for the obligations of OOO Boryszew Plastic Rus up to a maximum amount of EUR 3,046.896. The guarantee will be valid until the full repayment of the liability of OOO Boryszew Plastic Rus.

On July 26, 2019, Boryszew S.A. acceded to the Amending and Unification Agreement to the Term Loan Agreement up to the amount of EUR 20,338,000 and the revolving loan up to the amount of EUR 1,500,000 from October 29, 2015. (as amended) and loan repayment collateral agreements concluded by Boryszew Oberflächentechnik Deutschland GmbH with Bank Gospodarstwa Krajowego, as a joint and several debtor, and signed declarations of submission to enforcement in favor of Bank Gospodarstwa Krajowego.

On September 16, 2019, Impexmetal S.A. granted a guarantee for the obligations of ZM SILESIA S.A. towards Huta Cynku "Miasteczko Śląskie" up to a maximum amount of PLN 20,000,000, valid until December 31, 2019.



**Boryszew S.A.**

**Unitary condensed financial statement from 1 January to 30 June 2019**  
**Prepared in accordance with the IAS 34 granted by European Union**

**SIGNATURES:**

This report was signed at the Company's registered office on 17 September, 2019.

Piotr Lisiecki - President of the Management Board

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Aleksander Kołodziejczyk – Member of the Management Board

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Mikołaj Budzanowski – Member of the Management Board

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Elżbieta Słaboń – Chief Accountant

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