

Consolidated financial statements for
Boryszew Capital Group
for the period from 1 January to 31 December
2017





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(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Continuing operations			<i>restated data</i>
Revenues from sales	6	6 290 336	5 643 618
Prime cost of sale	7	5 557 664	4 987 217
Gross profit on sales		732 672	656 401
Selling costs		141 265	144 894
General and administrative costs		262 261	265 912
Other operating revenue	8	108 112	58 456
Other operating expenses	9	101 813	39 470
Operating income		335 445	264 581
Financial revenues	10	40 855	28 213
Financial expenses	11	133 500	70 924
Financial profit/loss		(92 645)	(42 711)
Share in profit of affiliates		2 699	(159)
Profit before taxation		245 499	221 711
Income tax	12	43 898	28 316
Net profit on continuing operations		201 601	193 395
Net profit/loss on discontinued operations		2 293	693
		-	-
Net profit on continued activity and discontinued operations including attributable:		203 894	194 088
<i>to shareholders of the parent</i>		<i>173 005</i>	<i>134 575</i>
<i>non-controlling interests</i>		<i>30 889</i>	<i>59 513</i>
Earnings per share / Diluted earnings per share			
Weighted average number of shares		215 379 577	222 825 410
Net profit attributable to the parent (PLN thousand)		173 005	134 575
Earnings per one share (PLN) / Diluted earnings per share (PLN)		0.80	0.60



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME cont.

	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
		<i>restated data</i>
Net profit	203 894	194 088
Earnings recognised in equity		
Earnings recognised in equity, to be transferred to profit and loss account	(7 701)	(17 866)
Hedge accounting	16 168	1 459
Available-for-sale financial assets	727	(433)
Exchange rate differences on converting foreign operations	(18 359)	(21 579)
<i>Income tax</i>	(6 237)	2 687
Earnings recognised in equity, not to be transferred to income statement	(730)	199
Employee benefit capital reserve	(901)	167
<i>Income tax</i>	171	32
Total earnings recognised in equity	(8 431)	(23 105)
<i>to shareholders of the parent</i>	(11 206)	(18 306)
<i>non-controlling interests</i>	2 775	(4 799)
Total comprehensive income, including attributable:	195 463	170 983
<i>to shareholders of the parent</i>	161 799	116 269
<i>non-controlling interests</i>	33 664	54 714



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED INCOME STATEMENT – DISCONTINUED OPERATIONS

	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Profit and loss account - discontinued operations		
Revenues from sales	120	177
Prime cost of sale	132	188
Gross profit (loss) from sales	(12)	(11)
Selling costs	-	-
General and administrative costs	-	-
Other operating revenue	4 584	5 743
Other operating expenses	2 098	5 233
Profit (loss) from operating activity	2 474	499
Financial revenues	96	119
Financial expenses	277	362
Financial profit/loss	(181)	(243)
Profit (loss) before income tax	2 293	256
Income tax:	-	(437)
<i>current tax</i>	-	-
<i>deferred tax</i>	-	(437)
Net profit / (loss) on discontinued operations	2 293	693
in the parent company	1 804	1 136
<i>non-controlling interests</i>	489	(443)



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	As at	As at
		31.12.2017	31.12.2016	01.01.2016
			<i>restated data</i>	<i>restated data</i>
ASSETS	Note			
Non-current assets				
Non-current assets	13	1 405 068	1 309 818	1 142 524
Investment property	14	154 984	111 879	191 034
Goodwill	15	23 464	23 464	23 855
Intangible assets	16	39 896	43 386	37 484
Shares in affiliates	17	281 834	307 615	232 660
Financial investments	18	64 674	9 128	13 508
Long-term receivables	20	5 075	4 425	11 105
Deferred tax assets	12	68 842	51 311	44 416
Other assets	22	31 168	42 909	18 810
Total fixed assets		2 075 005	1 903 935	1 715 396
Current assets				
Inventory	21	978 528	925 010	862 996
Trade receivables and other receivables	20	729 397	675 247	677 124
Short-term financial assets	18	42 390	87 030	67 350
Derivative financial instruments	19	33 750	18 231	11 072
Current tax assets	12	1 198	3 230	7 106
Other assets	22	31 571	43 633	48 300
Cash and cash equivalents	23	216 120	205 108	138 071
Total current assets		2 032 954	1 957 489	1 812 019
Assets classified as held for sale	24	1 622	1 653	4 610
Total assets		4 109 581	3 863 077	3 532 025



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LIABILITIES AND EQUITY	Note	As at	As at	As at
		31.12.2017	31.12.2016	01.01.2016
			<i>restated data</i>	<i>restated data</i>
Equity				
Share capital		248 906	248 906	248 906
Share premium		114 435	114 435	114 435
Own shares		(170 567)	(135 756)	(125 657)
Hedge accounting capital		5 259	(2 348)	(4 011)
Capital reserve on translating employee payables		(775)	28	(92)
Revaluation reserve		(12 024)	(12 374)	(12 051)
Exchange differences on translating foreign entities		(39 569)	(21 788)	(2 022)
Retained earnings		985 803	783 395	657 646
Total equity		1 131 468	974 498	877 154
Equity of non-controlling shareholders		590 622	642 554	594 775
Total equity	25	1 722 090	1 617 052	1 471 929
Liabilities and long-term provisions				
Bank loans and borrowings	26	416 213	232 171	98 901
Lease liabilities	27	48 635	89 761	79 411
Payables on perpetual usufruct of investment land	28	60 902	40 631	51 379
Deferred tax provision	12	101 902	81 018	79 469
Derivative financial instruments	19	-	-	-
Employee benefit provisions	29	20 045	19 707	18 517
Other provisions	30	11 211	12 733	9 716
Other long term equity and liabilities	31	11 581	12 964	14 359
Liabilities and long-term provisions - total		670 489	488 985	351 752
Short-term liabilities				
Bank loans and borrowings	26	653 452	756 207	803 134
Lease liabilities	27	27 428	39 071	43 314
Payables on perpetual usufruct of investment land	28	67	-	-
Trade payables and other liabilities	31	827 608	844 597	745 578
Derivative financial instruments	19	25 250	27 779	21 354
Current tax liabilities	12	28 334	11 562	6 971
Employee benefit provisions	29	30 500	27 206	21 201
Other provisions	30	76 444	18 053	34 060
Other equity and liabilities	31	27 896	10 400	6 009
Liabilities and short-term provisions - total		1 696 979	1 734 875	1 681 621
Liabilities related to assets classified as held for sale	24	20 023	22 165	26 723
Total liabilities and provisions		2 387 491	2 246 025	2 060 096
Total equity and liabilities		4 109 581	3 863 077	3 532 025

The attached notes are provided as an integral part of these financial statements



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED CASH FLOW STATEMENT

	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Cash flows from operating activities		
Profit before taxation	245 499	221 711
Adjustments for (+/-)	76 003	163 547
Amortisation and depreciation	133 766	127 601
Profit/loss on financial activity (including interest on financial liabilities)	36 484	38 190
Dividends from share in profit	-	-
Profit / loss on investment activities	(13 489)	-
Change in receivables	(54 800)	8 644
Change in inventories	(53 518)	(62 014)
Change in liabilities	(16 989)	91 814
Change in provisions and accruals as well as prepayments	100 417	(21 326)
Other items	(28 046)	(3 223)
Income tax paid	(27 822)	(16 139)
Net cash from operating activities	321 502	385 258
Cash flows from investment activities		
Profit on fixed assets disposal	26 266	-
Proceeds from disposal of shares	6 448	15 737
Expenditure on acquisition of fixed assets	(192 829)	(258 161)
Acquisition of shares in capital group entities	(56 977)	(82 076)
Long term borrowings granted	(127)	-
Expenditure on bonds	(14 271)	(23 516)
Other capital expenditure	-	-
Net cash from investing activities	(231 490)	(348 016)
Cash flows from financial activities		
Proceeds from credit and loan facilities	341 862	362 889
Loans received	17 707	-
Proceeds from bond issue	-	6 406
Share buy-back expense	(34 811)	(10 099)
Loans repaid	(252 398)	(265 754)
Borrowings repaid	(1 696)	(7 116)
Interest paid on loans, bonds...	(36 484)	(38 427)
Payment of liabilities under finance lease agreements	(79 953)	(18 104)
Other financial expenditure	(30 747)	-
Net cash from financing activities	(76 520)	29 795
Net change in cash	13 492	67 037
Foreign exchange differences arising from conversion	(2 480)	-
Cash opening balance	205 108	138 071
Cash closing balance	216 120	205 108



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	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Cash flows from discontinued operations		
Profit (loss) before income tax	2 293	256
Adjustments	(4 783)	(8 320)
Net cash flow from operating activity	(2 490)	(8 064)
Cash flows from investment activities	-	
Inflows	3 275	5 135
Outflows	-	-
Net cash flow from investment activity	3 275	5 135
Cash flows from financial activities	-	
Inflows	-	
Outflows	(200)	(200)
Net cash flow from financial activity	(200)	(200)
Movement in cash and cash equivalents	585	(42)
Opening balance of cash and cash equivalents	8	50
Closing balance of cash and cash equivalents	593	8



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Currency translation differences (overseas subsidiaries)	Retained earnings	Parent's equity	Equity of non-controlling interest	Total equity
As at 01.01.2017	248 906	114 435	(135 756)	(2 348)	28	(12 374)	(21 788)	783 395	974 498	642 554	1 617 052
Valuation of hedge instruments				6 938					6 938	6 158	13 096
Valuation of assets available for sale						350			350	239	589
Valuation of employee benefits					(538)				(538)	(192)	(730)
Currency translation differences (subsidiaries)							(17 781)		(17 781)	(3 430)	(21 211)
Profit/loss for 2017								173 005	173 005	30 889	203 894
Total comprehensive income for 2017	-	-	-	6 938	(538)	350	(17 781)	173 005	161 974	33 664	195 638
Share buy-back			(34 811)						(34 811)		(34 811)
Change of Group structure				669	(265)			34 800	35 204	(82 263)	(47 059)
Share buyback in subsidiaries								(5 397)	(5 397)	(3 333)	(8 730)
As at 12.31.2017	248 906	114 435	(170 567)	5 259	(775)	(12 024)	(39 569)	985 803	1 131 468	590 622	1 722 090

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Notes to the consolidated financial statements
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<i>restated data</i>	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Currency translation differences (overseas subsidiaries)	Retained earnings	Parent's equity	Equity of non-controlling interest	Total equity
As at 01.01.2016	248 906	114 435	(125 657)	(4 011)	(92)	(12 051)	(2 022)	657 646	877 154	594 775	1 471 929
Valuation of hedge instruments				1 663					1 663	(481)	1 182
Valuation of assets available for sale						(323)			(323)	(28)	(351)
Valuation of employee benefits					120				120	15	135
Currency translation differences (subsidiaries)							(19 766)		(19 766)	(4 305)	(24 071)
Profit/loss for 2016								134 575	134 575	59 513	194 088
Total comprehensive income for 2016	-	-	-	1 663	120	-323	(19 766)	134 575	116 269	54 714	170 983
Share buy-back			(10 099)						(10 099)		(10 099)
Change of Group structure								(8 826)	(8 826)	(6 935)	(15 761)
As at 12.31.2016	248 906	114 435	(135 756)	(2 348)	28	(12 374)	(21 788)	783 395	974 498	642 554	1 617 052

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ADDITIONAL INFORMATION

1. BASIC DATA

Parent company - Boryszew Spółka Akcyjna

Boryszew Spółka Akcyjna (joint stock company)

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

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

KRS number 0000063824

Statistical registration number (REGON) 750010992

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

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

Classification of the Company on the listing market

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

Company's business includes manufacturing, services and trade.

SUPERVISORY BOARD OF BORYSZEW S.A.

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

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

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

Janusz Siemieniec
Arkadiusz Krężel
Piotr Lisiecki
Małgorzata Iwanejko
Mirosław Kutnik
Roman Wieczorek

On 27 June 2017 Roman Wieczorek handed in his resignation from the position of a Member of the Supervisory Board

On 3 October 2017 the Supervisory Board of the Company resolved to appoint Jarosław Antosik, as of 3 October 2017, as a member of Supervisory Board. Jarosław Antosik was appointed to the Supervisory Board to replace Roman Wieczorek who resigned from his membership in the Supervisory Board.

As at 31 December 2017 the composition of the Supervisory Board was follows:

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

No changes in the composition of the Supervisory Board occurred between 31 December 2017 and the date of publication of the financial statements.

MANAGEMENT BOARD OF BORYSZEW S.A.

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

Jarosław Michniuk – President of the Management Board, Chief Executive Officer,
Aleksander Baryś – Member of the Management Board, Finance Director,
Mikołaj Budzanowski – Member of the Management Board, Business Development Director
Cezary Pyszkowski – Member of the Management Board, Director for Automotive Sector Development,
Piotr Szeliga – Member of the Management Board, Director for the Metal Segment.

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

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



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Jarosław Michniuk as the President of the Management Board, General Director,
 Mr Aleksander Baryś as Member of the Management Board, CFO,
 Mikołaj Budzanowski as Member of the Management Board, Development Director,
 Cezary Pyszkowski as Member of the Management Board, Director for Mergers and Development, Automotive Sector,
 Piotr Szeliga – Member of the Management Board, Director for the Metal Segment.

On 19 January 2018 Mr Jarosław Michniuk, President of the Management Board, Chief Executive Officer, resigned from his function. No reasons for this resignation were revealed by Mr Michniuk.
 Also on 19 January 2018 the Supervisory Board of the Company appointed Mr Piotr Szeliga, Member of the Management Board, as acting President of the Management Board, Chief Executive Officer.
 No changes in the composition of the Management Board occurred between 19 January 2018 and the date of publication of the financial statements.

COMPOSITION OF THE CAPITAL GROUP

a) Companies included in the consolidated financial statements

Company name	Based in	share of the parent in share capital (%)	subsidiary of:	Business segment
Boryszew S.A. :	Warsaw		Parent Company	
<i>Head Office</i>	Warsaw			Other
<i>Elana Branch in Toruń</i>	Toruń			Chemical products
<i>Energy Branch in Toruń</i>	Toruń			Other
<i>Enterprise Data Center Branch in Toruń</i>	Toruń			Other
<i>Maflow Branch in Tychy</i>	Tychy			Automotive
<i>NPA Skawina Branch</i>	Skawina			Metals
<i>Boryszew ERG Branch</i>	Sochaczew			Chemical products
<i>Nylonbor Branch</i>	Sochaczew			Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew SA	Chemical products
Torlen Sp. z o.o.	Toruń	100	Boryszew SA	Chemical products
Elana Pet Sp. z o.o.	Toruń	100	Boryszew SA	Chemical products
Elana Energetyka Sp. z o.o.	Toruń	100	Boryszew SA	Other
SPV Boryszew 3 Sp. z o.o.	Warsaw	100	Boryszew SA	Other
SPV Boryszew 5 Sp. z o.o.	Warsaw	100	Boryszew SA	Inactive
Boryszew Components Poland Sp. zo.o.	Warsaw	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100	Boryszew SA Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100	Boryszew SA	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 SA	Automotive
Maflow Spain Automotive S.L.U	Spain	100	Boryszew SA	Automotive
Maflow France Automotive S.A.	France	100	Boryszew SA	Automotive
Maflow do Brasil Ltda	Brazil	100	Maflow Sp. z o.o.	Automotive
Maflow Components Co. Ltd	China	100	Maflow Sp. z o.o.	Automotive
Maflow India Private Limited	India	100	Boryszew S.A. Maflow Spain	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100	Automotive S.L.U., Maflow Sp. z o.o. Maflow Spain	Not involved in any operating activities
MAFMEX S.DE R.L.DE C.V	Mexico	100	Automotive S.L.U., Maflow Sp. z o.o.	Automotive

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ICOS GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Germany	100	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Germany	100	ICOS GmbH	Automotive
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
BRS YMOS GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächetechnik GmbH	Germany	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	The 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	80	Boryszew S.A.	Automotive
Impexmetal S.A.	Warsaw	61.82	Boryszew SA	Metals
Hutmen S.A.	Warsaw	74.98	Boryszew S.A., SPV 3 Boryszew, Impexmetal S.A., Impex – invest Hutmen S.A., Impexmetal S.A., Boryszew S.A.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	71.94		
Huta Metali Nieżelaznych Szopienice S.A. - w likwidacji	Katowice	38.19	Polski Cynk Sp. z o.o.	discontinued operations
ZM Silesia S.A.	Katowice	61.82	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	61.82	Polski Cynk Sp. z o.o.	Metals
Polski Cynk Sp. z o.o.	Katowice	61.82	Impexmetal S.A., ZM Silesia S.A.	Metals
FŁT Polska Sp. z o.o.	Warsaw	60.80	Impexmetal S.A.	Metals
FLT & Metals Ltd.	Great Britain	61.82	Impexmetal S.A.	Metals
S & I S.A.	Switzerland	61.82	Impexmetal S.A.	Metals
FLT Bearings Ltd.	Great Britain	60.80	FLT France SAS	Metals
FLT France SAS	France	60.80	FŁT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH	Germany	60.80	FŁT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.	Italy	60.80	FŁT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd.	China	60.80	FŁT Polska Sp. z o.o.	
SPV Lakme Investment Sp. z o.o.	Warsaw	57.52	Impexmetal S.A.	Other
Impex – Invest Sp. z o.o.	Warsaw	61.82	Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	65.02	Boryszew SA	Other
Symonvit Ltd	Cyprus	61.82	,Impexmetal S.A.	Metals
Baterpol Recycler Sp. z o.o.	Wrocław	61.82	Impexmetal S.A.	Metals
Surowce Hutmen S.A. Sp. Sp. Komandytowa (limited partnership)	Wrocław	61.82	Polski Cynk Sp. z o.o.	Metals
			Hutmen SA, Baterpol SA, FLT Polska Sp. Zo.o.	Metals

The attached notes are provided as an integral part of these financial statements



Boryszew Capital Group
Notes to the consolidated financial statements
for the period from 1 January to 31 December 2017

(amounts expressed in PLN thousands unless specified otherwise)

SPV Impexmetal Sp. z o.o.	Warsaw	61.81	Impexmetal SA, ZUO Sp. zo.o, BAP Sp. Zo.o.	Other
Metal Zinc Sp. Zo.o.	Katowice	61.82	ZMSilesia SA	Metals
Remal Sp. z o.o.	Konin	49.25	repair services	Other
EastsideBis Sp. z o.o.	Warsaw	86,64	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. zo.o. in Konin	Konin	37.07	Impexmetal S.A.	Metals

b) Details about subsidiaries with significant NCIs

In the Capital Group the subsidiaries with significant NCIs are Impexmetal S.A. as well as Hutmen S.A ZM Silesia S.A, Baterpol S.A. FLT Polska Sp. zo.o.

Below presented is the financial information for these companies.

The presented amounts are amounts before the intra-group transaction elimination.

2017	Impexmetal S.A.	Hutmen S.A.	ZM Silesia S.A.	Baterpol S.A.	FLT Polska Sp. Zo.o.
non-controlled shares in %	38.18	25.02	38.18	38.18	39.20
Fixed assets	1 184 971	139 079	104 909	55 980	10 275
Current assets	403 240	148 680	135 200	126 776	58 283
Long-term liabilities	207 746	9 387	8 119	10 181	586
Short-term liabilities	228 097	139 640	100 116	89 327	35 207
Net assets	1 152 368	138 732	131 874	83 248	32 765
Net assets attributable to non-controlled interests	439 974	34 711	50 349	31 784	12 844
Revenues from sales	1 140 435	335 770	546 944	400 798	272 097
Net profit	73 884	(58 390)	(8 271)	16 212	15 043
Other comprehensive income	24 125	3 455	29	1 999	(78)
Comprehensive income attributable to minority interest	37 420	(13 745)	(3 147)	6 953	5 866

2016	Impexmetal S.A.	Hutmen S.A.	ZM Silesia S.A.	Baterpol S.A.	FLT Polska Sp. Zo.o.
non-controlled shares in %	42.79	38.00	42.79	42.79	43.73
Fixed assets	1 182 513	139 807	98 769	56 498	10 588
Current assets	400 392	129 750	159 718	133 904	56 605
Long-term liabilities	170 255	9 477	12 017	18 193	701
Short-term liabilities	349 561	66 413	92 995	107 172	32 381
Net assets	1 063 089	193 667	153 475	65 037	34 111
Net assets attributable to non-controlled interests	454 896	73 593	65 672	27 829	14 917
Revenues from sales	1 004 907	299 681	416 967	311 438	252 972
Net profit	95 191	(11 018)	4 042	9 180	16 867
Other comprehensive income	33 933	(7 820)	102	627	0
Comprehensive income attributable to minority interest	55 252	(7 158)	1 773	4 196	7 376



(amounts expressed in PLN thousands unless specified otherwise)

c) Companies not included in the consolidated financial statements

Company name	Based in	share of the parent in share capital (%)	share in voting rights (%)	Core activity
Boryszew S.A. companies				
Cegielnia «Wostocznaja - Sp. zo.o. Belarus	Belarus	30	30	trade, production of secondary raw materials
Elana Ukraina Sp.z o.o.	Ukraine	90	90	trade, production of secondary raw materials
Boryszew Energy Sp. zo.o.	Toruń	100	100	dormant company
Impexmetal S.A. companies				
Brasco Inc	USA	57.41	57.41	dormant company
Hutnik Sp. z o.o.	Konin	47.66	47.66	catering and recreational services
Susmed Sp. z o.o.	Wrocław	57.41	57.41	catering and recreational services
Impex Service Sp. z o.o. z o.o. in liquidation	Konin	61.82		
MBO-Hutmen jv Sp. z o.o.	Italy	25.35	25.35	processing of alloy metals

For practical reasons they were excluded from the consolidation and the applied simplification is not material to the total consolidated financial statements and the assessment of the financial standing of the Group (pursuant to articles 29 and 30 of Framework for the Preparation and Presentation of Financial Statements).

d) Changes in the Group structure

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

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

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

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

Purchase of share / increase of share capital in Boryszew Plastic RUS Sp. z o.o.

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

On 18 December 2017, an increase in the initial capital of Boryszew Plastic Rus Spółka z o.o. was registered to RUB 180 000 000. Upon registration of this share capital Boryszew S.A. now holds 10.89% of share capital and Boryszew Kunststofftechnik Deutschland GmbH 89.11% of share capital of Boryszew Plastic Rus Spółka z o.o.

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

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

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

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

Acquisition of shares in SPV Impexmetal Sp. z o.o.

On 13 October 2017 Impexmetal S.A. purchased 5 shares in SPV Impexmetal Sp. z o. o. from Boryszew HR Service Sp. z o.o. z based in Toruń. As at the date of drafting the financial statements Impexmetal S.A holds 100% interest in the Company.



(amounts expressed in PLN thousands unless specified otherwise)

Boryszew HR Service Sp. z o.o. share disposal agreement

On 16 November 2017 Boryszew S.A. acquired from Boryszew Automotive Plastics Sp. z o.o. based in Toruń 5 shares in Boryszew HR Service Sp. z o.o. z based in Toruń (the "Company") with nominal value of PLN 1000 each, accounting for 100.00% of Company's share capital, along with all rights and liabilities arising from the shares.

Opening of liquidation procedure for Surowce Hutmen S.A. Sp. komandytowa

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

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

In January 2018 Impexmetal S.A. purchased 17 shares in FŁT Polska Sp. z o. o. As at the date of drafting the financial statements Impexmetal S.A holds 100% interest in the Company.

Incorporation of Aluminium Konin Sp. z o.o. based in Konin

On 22 January 2018 the Management Board of Impexmetal S.A. resolved to establish Aluminium Konin Sp. z o.o. based in Konin (the "Company"). The share capital of the Company is PLN 100 000 and is divided into 100 shares with nominal value of PLN 1.000 each share. All shares were subscribed to by Impexmetal S.A. and covered by cash contribution. The core business of the Company includes production of goods of aluminium and aluminium alloy.

The Company was registered with the National Court Register on 26 February 2018.

Starting from 1 January until publication date of the report no other significant changes occurred in the structure of Boryszew Capital Group apart from the events indicated above.

Acquisition of Impexmetal S.A. shares

In 2017, Impexmetal S.A, under the own share buyout scheme for redemption or resale or for financing business combinations as part of Group's or Impexmetal strategy, adopted by the General Assembly by resolution No 18 of 15 June 2016, in the first six months of 2017 Impexmetal S.A. acquired a total of 2 322 200 own shares, making a total of 10 060 000 own shares with the shares already held, accounting for 5.0300% stake in total votes on the GA of Impexmetal S.A.

In 2017 Boryszew S.A acquired in total 7 374 717 shares of Impexmetal S.A., accounting for 55.0734% share in the share capital and total votes during the General Assembly of Impexmetal S.A., taking into consideration 110 146 798 shares of Impexmetal S.A. already held.

As at 31 September 2017 Boryszew Capital Group held 127 485 830 shares of Impexmetal S.A., accounting for 63.7429% of total votes at the General Meeting of Impexmetal S.A., including:

- Boryszew S.A. : 104 888 288 shares of Impexmetal S.A., accounting for 55.0734% share in the share capital and total votes during the General Assembly of Impexmetal S.A.,
- Impexmetal S.A.: 10 060 000 shares, accounting for 5.0300% share in the share capital and total votes during the General Assembly of Impexmetal S.A.,
- SPV Boryszew 3 Sp. z o.o. 7 279 032 shares, accounting for 3.6395% share in the share capital and votes during the General Assembly of Impexmetal S.A.,

Forced buyout of Hutmen S.A. shares

In 2017 Boryszew S.A. acquired a total of 2 549 980 shares of Hutmen S.A., making a total of 5 264 811 shares with the shares already held, constituting 10.3825% of Hutmen S.A. share capital.

As at December 31, 2017, the Boryszew Capital Group held 25,967,270 shares of Hutmen SA, which represented a 100.00% share in the share capital of Hutmen SA, including:

- Boryszew S.A. : 2 657 532 shares of Hutmen S.A., accounting for 10.3825% share in share capital and votes during General Assembly of Hutmen S.A.,
- Impexmetal S.A.: 695 159 shares, accounting for 2.7159% share in share capital and votes during General Assembly of Hutmen S.A.,
- SPV Boryszew 3 Sp. z o.o.: 6 165 383 shares, accounting for 24.0870% share in share capital and votes during General Assembly of Hutmen S.A.
- SPV Impexmetal Sp. z o.o.: 6 165 383 shares, accounting for 13.7840% share in share capital and votes during General Assembly of Hutmen S.A.
- Impex – Invest Sp. z o.o.: 12 550 000 shares, accounting for 49.0306% share in share capital and votes during General Assembly of Hutmen S.A.,

Purchase of own shares by Boryszew S.A.

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



(amounts expressed in PLN thousands unless specified otherwise)

Companies Code in the period between 1 January 2017 and 31 December 2017 Borszew S.A. acquired a total of 3 309 905 own shares which together with the shares already held by the Company makes a total of 11 139 905 own shares, accounting for 4.6416% of share capital and total number of votes during the General Assembly of Borszew S.A. shareholders

As at 31 December 2017 Borszew Capital Group held 25 299 905 shares of Borszew S.A., which represented a 10.5416% share in share capital and total number of votes during the General Assembly of Borszew S.A. shareholders, including:

- Borszew S.A. : 10 002 831 own (treasury) shares, accounting for 4.6416% share in the share capital and total votes during the General Assembly of Borszew S.A.,
- Impexmetal S.A.: 11 990 000 shares, accounting for 4.9958% share in the share capital and total votes during the General Assembly of Borszew S.A.,
- SPV Borszew 3 Sp. z o.o. 2 165 000 shares, accounting for 0.9021% share in the share capital and votes during the General Assembly of Borszew S.A.,
- Polski Cynk Sp. z o.o. 5 000 shares, accounting for 0.0021% share in the share capital and votes during the General Assembly of Borszew S.A.,

e) Litigations underway

Settlement after final conclusion of proceedings relating to HMN Szopienice S.A. w likwidacji

The court proceedings of HMN Szopienice S.A. in liquidation against the State Treasury - the Minister of Treasury, which should determine the non-existence of Treasury's claim of PLN 10 342.9 thousand along with relevant interest, as the refund of public aid provided to the Company according to the agreement of 6 March 2003 and later changed by Annex no. 1 of 28 December 2005 was disclosed in previously issued periodical reports.

The conclusion of the proceedings was such that the Company must now refund the public aid it received. The Company and the State Treasury entered into an agreement providing for repayment of the principal in instalments plus postponing of the payments on account of the refund of the public aid.

The agreement provides for suspension of interest on the principal amount as of the date of its conclusion and the deadline for final payment was determined as 25 December 2025. The principal amount will be repaid in part with cash generated from revenues from sales of Company's non-current assets.

Tax proceedings in Capital Group companies

The Group operates in a sector which is particularly vulnerable to extortion of VAT on the part of dishonest contractors. Group companies are subject to control proceedings, at various stages, on the correctness of VAT settlements. Hence the Parent Entity took measures to capture the risks that could be estimated and which are associated with these on-going proceedings.

Significant proceedings closed at first instance

1. On 12 March 2018, ZM SILESIA S.A. received the decision issued on 28 February 2018 by the Head of the Tax and Customs Office in Opole (Office), which sets out VAT arrears for 2012 amounting to PLN 28.9 million plus interest on tax arrears amounting to PLN 15.5 million. The Office claims that ZM SILESIA S.A. did not exercise due diligence in verifying the tax accuracy of some of its suppliers, who, as it turned out, did not pay the due VAT to the budget. Consequently, ZM SILESIA S.A. was not entitled to a reduction in output tax by input tax shown on invoices issued by dishonest suppliers. Since the Company subject to control construes the facts distinctly from the controlling authorities, it has appealed from the Office's decision.
2. On 3 April 2018, HUTMEN S.A. received the decision issued on 26 March 2018 by the Head of the Lower Silesian Tax and Customs Office (Office), which sets out HUTMEN S.A.'s VAT arrears for Q4 of 2014 amounting to PLN 3.04 million plus interest on tax arrears. The Office claims that HUTMEN S.A. did not exercise due diligence in verifying the tax accuracy of some of its suppliers and consequently was not entitled to use the 0% VAT rate in intra-Community supply of goods.

Since the Company subject to control construes the facts distinctly from the controlling authorities, it has appealed from the Office's decision.



(amounts expressed in PLN thousands unless specified otherwise)

Other significant on-going tax procedures regarding VAT in companies of the Capital Group

Apart from the procedures described above, control procedures have been established in companies of the Capital Group, which are in an initial phase (no decisions have been issued). These procedures may result in negative authorities' decisions about the Company, however this risk is difficult to estimate.

On-going proceedings:

1. ZM SILESIA S.A. - on-going audit proceedings regarding VAT for 2013 to 2014 period,
2. Baterpol Recycler Spółka z o.o. - on-going proceedings regarding VAT for March to September 2016 period,
3. Baterpol S.A. - on-going proceedings regarding VAT for the July 2013 to December 2015 period,
4. Baterpol S.A. - on-going proceedings regarding VAT for 2015.

As of the date of publication of the consolidated financial statement, the established controls have not been concluded with a decision.

Due to the fact that there is a risk of instituting new controls that might potentially result in issuing decisions determining tax liabilities of these companies, the Management Board of the Parent Company analysed documentation relevant for the on-going procedures and estimated risks by classifying them according to the likelihood of emergence:

- a. probable (high) risk – there is strong likelihood of emergence of negative tax consequences (i.e., suffering consequences is more likely than not suffering them);
- b. possible (average) risk – there is a risk of suffering negative tax consequences, however, it is equally likely that they might arise and that they might not;
- c. potential (low) risk – there is some risk of suffering negative tax consequences, however, it more unlikely than likely to happen.

These risks are recognised in the consolidated financial statement partially as provisions for liabilities (for those considered highly risky), i.e., amounting to PLN 65 million, and partially as contingent liabilities (for those with average or low risk) amounting to PLN 38 million. The Management Board of the Parent Company estimated the provisions by also taking into account the probability of cash outflow from the Group and decided not to provide for events, if the likelihood of cash outflow in connection with them is low.

The Parent Company's Management Board may not rule out that if new circumstances arise, the risk estimation provided above might change.

2. PLATFORM OF APPLIED IFRS

Adjustment to existing standards used for the first time in the 2017 financial statements

The following amendments to the existing standards and interpretations published by the International Accounting Standards Board (IASB) and approved by the European Union (EU), were adopted for the first time in Company's financial statements for 2017:

Amendments to IAS 7 “Statement of cash flows” - Initiative regarding disclosures - approved in the EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017),

Amendments to IAS 12 “Income Taxes” – Recognition of deferred tax assets for unrealised losses - approved in the EU on 6 November 2017 (effective for annual periods beginning on or after 1 January 2017).

Amendments to IFRS 12 resulting from “Improvements to IFRS (2014-2016 cycle)” - amendments being part of the annual improvement procedure of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording - approved in the EU on 7 January 2018 (amendments to IFRS 12 effective for annual periods beginning on or after 1 January 2017)

These standards had no impact of Company's financial statements for 2017.

New standards and modification to existing standards already published by IASB and approved by the EU but not yet effective, that have not been adopted by the Company before:

When approving these financial statements the following new standards and amendments to standards were published by IASB and approved by the EU but have not yet been effective:

Amendments to IFRS 9 “Financial Instruments” – approved in the EU on 22 November 2016 (effective for annual periods as of 1 July 2018 and thereafter).

IFRS 9 “Financial Instruments” replaces IAS 39 “Financial instruments - recognition and measurement”.



(amounts expressed in PLN thousands unless specified otherwise)

IFRS 9 defines the requirements for **recognition and valuation, impairment, de-recognition** as well as hedge accounting.

Classification and valuation – IFRS 9 introduces a new approach to classification of financial assets, which is dependent on the characteristics of cash flows and business model relevant for the given assets.

The standard splits financial assets into three groups:

- financial assets measured at fair value with the possibility to recognise the change in the profit or loss,
- financial assets measured at fair value with the possibility to recognise the change in other comprehensive income,
- financial assets measured at amortised cost.

IFRS 9 introduces new approach to estimating loss on financial liabilities measured at amortised cost. This approach involves determination of expected loss rather than using the incurred loss model of IAS 39.

Value impairment - IFRS 9 introduces a new model of value impairment, determined based on the IAS 39 principles. This new mode unifies the value impairment model incorporating expected losses, where expected losses must be recognised on current basis. In particular, the new standard requires units to recognize expected credit losses when financial instruments are recognised for the first time and recognize any expected credit losses over the life of the instruments in a faster manner than before.

Hedge accounting - IFRS 9 modifies the hedge accounting model by introducing extended disclosure requirements on risk management. The new model is a significant change in hedge accounting aimed at adapting accounting principles to risk management practices.

Self credit risk - IFRS 9 removes volatility of profit or loss caused by changes in credit risk on liabilities being recognised at fair value. As a result, any gain on liabilities caused by deterioration of self credit risk is not recognised in profit or loss.

- The Group chose to implement the standard on 1 January 2018 without adjusting comparable data, which means that data from a comparable period that are provided in the financial statements for 2018 will not be adjusted for changes arising from IFRS 9. Also, the Group has not identified significant values as differences between change resulting from the standard and the rules adopted on the basis of the previously applicable provisions of law.

Based on the factoring agreements in force, the Group sells receivables that, following evaluation for the purpose of classification in compliance with IFRS, have been classified within the asset sales model in order to recover cash flows, i.e. valuation to fair value. For balances of receivables that have not been assigned to factoring as of 31 December 2017, fair value is equal to the balance sheet value of these receivables owing to the short period between the deadline for assignment to factoring as well as receiving payment and the balance sheet date.

- All equity instruments held by the Group were measured at fair value through other comprehensive income. Proceeds arising from valuation to fair value will be recognized through comprehensive income, and the impairment loss write-off will be recognised in the profit or loss in the period; in case of sale of a given instrument, the profit/loss from sale will not be reclassified for the profit or loss and this value will be recognized through other total income. The Group holds listed equity instruments measured through revaluation reserve and not listed measured at acquisition cost less permanent impairment through profit or loss.

- The Group, following recommendations of IFRS 9, adopts the new approach to evaluation and loss estimation for financial assets measured at amortised cost. This approach involves estimating expected loss irrespective of its reasons or lack of reasons. The standard requires that financial assets are classified for value impairment to one of the following three stages:

stage one for items without significant increase in credit risk since initial recognition and the expected impairment is determined based on default probability over a 12-month perspective,

stage two for items with significant increase in credit risk since initial recognition and the expected impairment is determined based on default probability over the entire loan period,

stage three for items with value impairment.

To determine the expected impairment loss for trade receivables measured at amortised cost, the Group will use the simplified model by way of estimating the expected impairment loss over the entire life on the basis of historical data regarding delays in payment and will make write-downs on amounts receivable based on these data.

The influence of new rules concerning impairment of trade receivables measured at amortised cost is insignificant owing to the fact that a small percentage of trade receivables is not covered by an insurance policy.



(amounts expressed in PLN thousands unless specified otherwise)

The Group follows IFRS 9 for hedge accounting for open hedge transactions as at 1 January 2018 and for hedge transactions that will be concluded after 1 January 2018. In consequence of these changes, there is no need to change values or presentation as of the day of implementation of these provisions.

IFRS 15 "Revenue from contracts with customers" and subsequent amendments to IFRS 15 "Effective date for IFRS 15" - approved in the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).

The standard defines how and when revenues are recognised and requires more detailed disclosures. IFRS 15 replaces IAS 18 "Revenues", IAS 11 "Construction contracts" and a number of interpretations on revenues recognition. The standard is applicable to nearly all agreements with clients (with the main exceptions being leasing agreements, financial instruments, and insurance agreements).

The fundamental principle of the new standard is to recognise revenues in such a way as to reflect the transfer of goods or services to customers in such amount that reflects the amount of remuneration (i.e. payment) the right to which the Group expects to obtain in exchange for goods or services. The standard also provides guidelines for recognising transactions that have not been regulated in detail by previous standards (e.g. revenue from services or modifications of agreements) and offers more lengthy explanation of multiple-element arrangements recognition.

The Group adopted IFRS 15 starting from 1 January 2018 using the modified retrospective method, which means that the cumulative effect of applying the standard for the first time should be recognized through retained earnings.

The Group has evaluated the influence of the adoption of the new standard on the financial statement, particularly as regards multiple-element arrangements, licensing agreements, trade bonuses, and services performed in cooperation with subcontractors. Based on the analysis, the Group estimates that IFRS 15 will not have any material effect on the time of recognition, the amount and type of revenue presented in the financial statements at the time of initial application. The Group estimates the likelihood of offering bonuses for clients and recognizes their value at the end of each month as adjustment of revenues from sales.

Also, the Group judges that the standard will not influence the manner of presentation of some balance-sheet items and will not broaden the scope of disclosures in the financial statements in compliance with the standard.

IFRS 16 „Leasing” - approved in the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019)

Under IFRS 16 the lessee recognises the right to use an asset item as well as lease liability. The right to use an asset item is considered as equivalent to other non-financial and depreciated accordingly. The lease liability is initially recognised based on current lease payments during the lease period, discounted using the interest rate agreed in the lease agreement if it can be determined. If such a rate is not easily determinable, the leaseholder will apply the marginal interest rate. Regarding the leasing classification of the lessors, it is carried out in the same way as in accordance with IAS 17 - i.e. as operating or financial leasing. According to the lessor, leasing is classified as a financial lease if it transfers substantially all the risks and rewards incidental to ownership of the related assets. Otherwise, the lease is classified as an operational lease. In financial leasing, the lessor recognises financial revenues throughout the lease term based on constant periodic rate of return on net investment. The lessor recognises payments for operational leasing on a straight-line basis or other systematic basis, if it reflects the pattern of deriving benefits from the use of the relevant assets more accurately.

As a result of analysis of the stipulations of this standard, the Group has initially identified that the most significant asset item that must be introduced into the statement of financial position is the right to perpetual usufruct which is not currently recognised and received free of charge by administrative decision.

The Group started the process of evaluating the impact of the application of the new standard on the financial statements. On the basis of initial analysis, the Group judges that part of fees for perpetual usufruct as well as office space rental and production agreements may be classified as leasing agreements in line with IFRS 16. In consequence, at the outset of adoption, i.e. in the period that starts on 1 January 2019, an increase in the value of assets and liabilities in the balance sheet may occur as well as an increase in depreciation cost and cost of interest in the income statement with simultaneous reduction in fee for SMA. It should be noted though that currently fees arising from operational leasing are recognized in accordance with IFRS 17, whereas as a result of changes produced by the adoption of IFRS 16, it is expected that while assets from rental will also be recognised on a straight-line basis though depreciation allowances, the cost of interest on liabilities will be recognised on the basis of an effective interest rate, which will result in increased liabilities in the initial period following conclusion of an agreement and a decrease in this respect over time. In 2018, the impact of IFRS 16 will continue to be analysed, especially with respect to agreements that give rise to future minimum fees resulting from operational leasing disclosed



(amounts expressed in PLN thousands unless specified otherwise)

Amendments to IFRS 2 “Share-based Payment” - classification and valuation of share-based payments - approved

in the EU on 27 February 2018 (effective for annual periods as of 1 January 2018 and thereafter),
The Group does not expect these changes to have impact on the financial statements

Amendments to IFRS 4 “Insurance Contracts” – Application of IFRS 9 “Financial instruments” with IFRS 4 “Insurance Instruments - approved in the EU on 3 November 2017 (effective for annual periods as of 1 January 2018 and thereafter or at the first use of IFRS 9 “Financial instruments”),
The changes concern the scope of application of IFRS 4 since the effective date of the IFRS 9 standard. The changes will have no impact on the consolidated financial statements.

IFRS 15 “Revenue from contracts with customers” - Clarification to IFRS 15 “Revenue from contracts with customers” - approved in the EU on 31 October 2017 (effective for annual periods as of 1 January 2018 and thereafter),

Amendments to IFRS 1 and IAS 28 resulting from “Improvements to IFRS (2014-2016 cycle)” - amendments being part of the annual improvement procedure of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording - approved in the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 effective for annual periods beginning on or after 1 January 2018)

The Group has not decided to opt for an early adoption of the above new standards and amendments to existing standards. As per Company’s estimates, the above-mentioned new standards and modifications of existing standards would have had no material effect on the financial statements, had they been applied as at the balance sheet date.

New Standards and Interpretations issued by IASB but not yet approved for use in EU

The Group chose not to early adopt new standards and interpretations, already published and approved in the EU or to be approved in near future, which will become effective after the balance sheet date.

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

IFRS 14 “Deferred balances on regulated activity” (applicable to annual period beginning on or after 1 January 2016) - the European Commission chose not to initiate the process of approval of this interim standard for use in the EU until the final version of IFRS 14 is published,
The Group does not expect these changes to have impact on the financial statements.

IFRS 17 “Insurance Contracts” (applicable to annual periods as of 1 January 2021 and thereafter),

The Group does not expect these changes to have impact on the financial statements.

IFRS 9 “Financial Instruments” - On prepayment option with negative compensation (effective for annual periods beginning on or after 1 January 2019),

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - sale or in-kind contribution of assets between an investor and its associated entity or joint venture and subsequent changes (the effective date was postponed until the research work on the ownership rights methodology are completed),

Amendments to IAS 19 “Employee benefits” - Change, limitation or settlement of the plan (effective for annual periods beginning on or after 1 January 2019),

The Group does not expect these changes to have impact on the financial statements.

Amendments to IAS 28 “Investments in Associates and Joint Ventures” - Long term interest in associates and joint ventures (effective for annual periods as of 1 January 2019 and thereafter).
The Group does not expect these changes to have impact on the financial statements.

Amendments to IAS 40 “Investment property” - Reclassification of investment property (effective for annual periods as of 1 January 2018 and thereafter).



(amounts expressed in PLN thousands unless specified otherwise)

The above changes may have an impact on the financial statements. Transfer to or from investment properties and changes in the manner of property usage may occur

Amendments to various standards “Improvements to IFRS (2015-2017 cycle)” - resulting from the annual improvement procedure of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods as of 1 January 2019 and thereafter).

Interpretation IFRIC 22 “Transactions in foreign currency and prepayments” (effective for annual periods as of 1 January 2018 and thereafter),

Interpretation IFRIC Interpretation 23 “Uncertainty over income tax treatments“ (applicable to annual periods as of 1 January 2019 and thereafter),

As per Company’s estimates, the above-mentioned new standards and modifications of existing standards would have had no material effect on the financial statements, had they been applied as at the balance sheet date.

The EU still has not regulated hedge accounting for the portfolio of financial assets and liabilities, whose principles have not yet been approved by the EU.

As per Company’s estimates, the application of hedge accounting for the portfolio of financial assets or liabilities under **IAS 39 “Financial Instruments: recognition and evaluation”** would not have had a material impact on the financial statements had it been approved by the EU as at the balance sheet date.

3. ACCOUNTING PRINCIPLES APPLIED

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

Consolidation principles

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. The control is exercised if the Group is able to direct the financial and operating policy of the entity in order to derive the economic benefits from its business activity.

Income and costs of the subsidiaries acquired or disposed during the year are recognized in the consolidated comprehensive income from the date of actual acquisition and to the date of effective disposal. The comprehensive income of the subsidiaries are attributed to the Company’s owners and NCIs, event of such attribution results in the negative balance of NCIs.

If necessary, the financial statements of subsidiaries are adjusted in order to adjust their accounting policy to the Group’s policy,.

All intra-group transactions, mutual balances and income and costs of the intra-group transactions are totally excluded from consolidation.

As of the day of subsidiary acquisition, the assets as well as equity and liabilities of the acquired entity are measured at their fair value. The surplus of the purchase price over the fair value of identifiable acquired net assets of the relevant unit is disclosed in balance sheet assets as goodwill. If the purchase price is lower than the fair value of identifiable acquired net assets of the relevant unit, the difference is disclosed as profit in the profit and loss account for the period during which the purchase took place. The share of NCIs is recognized at the appropriate proportion of the fair value and equity.

Income statement by function was applied in the preparation of the consolidated financial statements.

Cash flow statement is prepared using the indirect method

Principles and methods of valuating assets and liabilities

Model based on purchase price or production cost plus revaluation

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

Revaluation model

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



(amounts expressed in PLN thousands unless specified otherwise)

Purchase price or production cost of an asset item

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

Tangible assets

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

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

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

Depreciation rates applied for individual groups of tangible fixed assets:

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

Investment outlays

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

The right for perpetual usufruct of land acquired on the market

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

Intangible assets

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

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

Limited life assets are amortised over their life.

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

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



(amounts expressed in PLN thousands unless specified otherwise)

Depreciation rates applied for intangible fixed assets:	
Patents, licenses, software	10% - 50%
Other intangible fixed assets	10% - 50%

Leasing

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

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

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

Operating lease in the leaseholder ledger

Costs of lease payments in operating lease are set systematically, correctly reflecting user's profit over time during which benefits are obtained and are recognised in the profit and loss in individual fiscal periods.

Investment property

Investment property is a property (land, building or a part of building or both), which the Group, as owner or leaseholder treats as a source of income from rent including operating lease or owns due to the increase in its value, or both, the property should not be used neither for production activities, deliveries, services or for administrative purposes nor should it be held for sale as part of company's ordinary activity.

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

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

After the initial recognition, investment properties are valued by the Group according to fair value and fixed differences of value, both increase and decrease are recognised directly in the profit and loss account.

Assets held for sale and discontinuation of operations

The Group recognised a non-current asset item (or group of items) as held for sale in the lower amount of its carrying value or fair value less selling costs. Asset item is considered as held for sale if decisions were made by the management and a potential customer is actively sought, the offered price corresponds to its fair value and the sale should be completed within 12 months.

Assets held for sale are recognised at fair value not higher than accounting value.

Goodwill

Goodwill results, as at the date of acquisition, from the surplus of purchase costs over the fair value of identifiable assets and liabilities of a subsidiary, affiliate or common venture as on the purchase date.

In case of a subsidiary, goodwill is recognised as an asset item and is revised at least once a year for loss of value. A potential loss of value is recognized immediately in the income statement and is not subject to reversal in future periods.

In case of an associate or joint venture, goodwill is included in the carrying value of the investment and impairment loss is valued as part of the entire value of the investment.

At sale of a subsidiary, associate or joint venture, relevant part of the company's value is included in the calculation of profit or loss on the sale.

Goodwill created before the change of rules to IFRS was recognised in the ledgers according to the value recognised in line with previously applied accounting principles and was subject to impairment test as at the date of transition to IFRS.

Surplus of fair value of the acquired net assets over full cost of merger is recognised in the financial result as at the acquisition day.

Impairment loss for tangible and intangible fixed assets.

As on each balance date, the Group reviews its tangible and intangible fixed assets in order to verify if premises exist that would suggest any loss of value of these assets. Should such premises be found, the retrievable value



(amounts expressed in PLN thousands unless specified otherwise)

of an asset is estimated in order to determine a potential write-off. If a given asset does not generate any cash flows which would be substantially independent from cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows to which such asset belongs.

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

The retrievable value is the higher of the two following values: fair value less sales costs or usable value. The latter corresponds to the current value of the estimated future cash flows expected by the company from the assets, discounted at the discount rate which takes into account the current money value in time and the asset-specific risk.

If the retrievable value is lower than the balance sheet value of an asset (or a cash flow generating unit), the balance sheet value of the asset or unit is written-down to the retrievable value. The amount of impairment loss is immediately recognised as a cost for the period.

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

Shares in associates and subsidiaries

Investments in subsidiaries are measured at acquisition cost

Financial instruments

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

Financial investments

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

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

- long-term,
- short-term.

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

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

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

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

b) Loans and receivables

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

c) Financial assets available for sale

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

d) Financial assets held to maturity

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



(amounts expressed in PLN thousands unless specified otherwise)

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

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

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

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

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

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

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

Financial asset impairment loss

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

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

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

Valuation of financial liabilities in later period

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

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

Derivatives and hedging

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

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



(amounts expressed in PLN thousands unless specified otherwise)

hedged risk recognized in the income statement. Profits and losses resulting from revaluation of a derivative are recognized in the income statement.

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

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

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

Equity instruments

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

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

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

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

Compound instruments

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

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

Valuation of financial liability by using discounted cash flow method

Determining capital liability as a difference between the value of compound instrument and the financial liability.

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

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

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

Inventories

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

Goods and materials

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

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

Goods and materials issue methodology

Due to the fact that the purchase prices of materials and goods fluctuate throughout the fiscal year, issue of materials

and goods is recorded according to "first in, first out" (FIFO) method.

Products and work in progress

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



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

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

Product issue methodology

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

according to FIFO ("first in, first out") method

according to average manufacturing costs set by weighted average for a given product.

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

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

Inventory impairment write-offs

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

Cash and cash equivalents

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

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

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

Accruals

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

prepayments (included in trade and other receivables) are recognised if expenses incurred relate to future reporting periods;

accruals (included in trade and other payables) are recognised at the amount of probable liabilities in the current reporting period, arising in particular:

- from services provided to the Company by its suppliers (contractors), where the amount of liabilities can be reliably estimated,
- from the obligation to provide future services to unknown persons, where such services related to current activity and where the amount can be estimated even though the date of the liability is not yet known, in particular for warranty and guarantee repairs of sold durable products.

Provisions, contingent liabilities and contingent assets

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

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

The Group recognises provisions, if:

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

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

Shareholders' equity

Shareholders' equity is measured at least at the balance sheet date in the nominal value and is recognised in the ledgers according to their nature and rules set by law or the Company's statute or agreement. In accordance with IFRS 29, art. 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS i.e. 01.01.2004 using general price indices since their contribution or otherwise. The amount arising from the hyperinflation revaluation increased share capital and the issue premium.

State subsidies

Subsidies are divided into:



(amounts expressed in PLN thousands unless specified otherwise)

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

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

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

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

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

Revenues

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

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

Sales of traded goods and products

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

Group transferred significant risks and benefits resulting from the ownership right to goods or products to the purchaser, group ceases to be constantly involved in managing the sold goods or products to an extent to which it usually performs such function in reference to goods or products with ownership title neither does the Group effectively controls such goods or products.

The amount of revenues may be assessed in a reliable way

It is likely that the Group will generate economic benefits from the transaction

Costs incurred as well as costs to be incurred by the Company in connection with the transaction may be reliably estimated.

Interest and dividends

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

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

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

Dividends are accounted for when shareholders receive the right to obtain them in the Other revenue section.

Principle of substance over form

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

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

Costs of external financing

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

Costs of external financing include:

- Interest on loans and borrowings
- Amortisation of discount or bonus related to loans and borrowings
- Amortisation of costs associated with obtaining borrowings and loans
- Financial leasing costs

Exchange rate differences associated with borrowings and loans in foreign currency, in the interest valuation part the Costs of external financing are the costs of the period, in which they were incurred, excluding the costs of external financing, which can be directly assigned to the adjusted assets. Costs of external financing for the period of adjusting the asset increase the cost of production of fixed assets or real estate investments.

Employee benefits

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

Holiday provision – employees of the Company are entitled to holiday according to the Labour Code regulations. The costs of employees' holiday are recognised on accrual basis. Employee holiday liability is determined based



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on the difference between the actual status of employees' holiday usage and the status, which would result from use proportional to the passage of time.

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

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

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

Restructuring provision

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

Accrued income

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

Impact of foreign exchange rate changes

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

Valuation as at transaction date

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

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

Valuation as at balance sheet date

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

Cash items - NBP average exchange rate as at

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

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

Disclosure of exchange rate differences

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

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

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

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

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

	Average EUR exchange rate in the period	EURO exchange rate as at the last day of period
01.01.2017 -31.12. 2017	4.2447	4.1709
01.01.2016 -31.12. 2016	4.3757	4.4240



(amounts expressed in PLN thousands unless specified otherwise)

Events after the balance sheet date

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

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

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

Income tax

Net book and tax value of assets and liabilities

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

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

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

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

Special funds

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

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

BASIC ACCOUNTING JUDGMENTS AND BASES FOR UNCERTAINTY ESTIMATION

Estimates of the Management Board

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

The main accounting estimates and the assumptions adopted refer to:

- estimated useful life of the asset - the subject matter of the estimation is to determine the estimated useful life, which may be shortened or extended in use. The end value and amortisation/depreciation methods are verified by the Group once per fiscal year. The verification includes among others: economic useful life, end value of asset, expected method of consuming the economic benefits from an intangible asset, expected physical wear and tear estimated on the basis of the present average useful life, reflecting the speed of physical wear and tear and intensity of use etc., technical or market obsolescence, legal and other limitations to the use of the asset, expected use of the asset estimated under the expected production capacity or production size and other circumstances effecting the useful life of assets.
- Impairment losses- are made if there are any external or internal indications of no possible recovery of the carrying amount of the non-current assets. If the carrying amount assets exceeds the recoverable amount of



(amounts expressed in PLN thousands unless specified otherwise)

the asset, the value of asset is lowered to the recoverable amount by the appropriate impairment and recognition of the costs in the income statement.

- allowances of current assets (inventories and receivables), for inventories the allowance is estimated on the basis of the difference between net realizable amount and expected amount of future cash-flows. On the other hand estimate of accounts receivable write-off is the difference between the carrying value of given asset item and the current value of future cash flows discounted at the effective interest rate.
- employee benefits and provisions for retirement benefits and similar- the current amount of benefits and provisions depend on many factors determined by actuarial methods. The assumptions adopted to establish the net amount (income) for the retirement benefit include the discount rate. Any and all changes of such assumptions shall affect the amount of the retirement liabilities. The Group determines relevant discount rate at the end of each year. It is the interest rate applied to determine the present value of the estimated future outflows of cash assessed as necessary to meet the liabilities.
- provisions for expected liabilities due to the business activities- they are established in the amount representing the best estimate of the expenditure required to settle the present obligation or substantiation of the future obligation at the end of the reporting period.

3.1. Conversion of financial data

Starting on 1 January 2017 the consolidated financial statements of the Group included the following companies, previously excluded from consolidation:

Business segment - Automotive:

- Maflow India Private Ltd, India, Maharashtra

Business segment - Metals:

- Zakład Utylizacji Odpadów Sp. z o.o., in Konin
- FLT Wälzlager GmbH, Germany, Viersen
- FLT & Metals s.r.l., Italy, Alserio
- FLT (Wuxi) Trading Co. Ltd., China, Wuxi

Upon inclusion of new companies in the consolidation, comparable data were restated. In previous years the Parent company periodically evaluated the materiality of exclusion of some subsidiaries from consolidated financial statements. Due to the materiality criterion and the fact that the effect of exclusion of these subsidiaries from consolidation would be disproportionate with the work involved, these subsidiaries remained excluded from consolidation.

In the period covered by this report, a reassessment was made, which considered current technical and organizational conditions, and based on that reassessment subsidiaries previously excluded are now consolidated.

Despite the fact that the inclusion of these subsidiaries in the consolidation of the Capital Group does not result in any significant changes to the information previously published, according to the Management Board, inclusion of those subsidiaries in consolidation prospectively could result in significant distortions of financial results for 2017 and could undermine the principle of comparability of financial data between individual reporting periods. Given that the Management Board has decided to classify the non-consolidation of the above mentioned subsidiaries in the previous periods as a prior years' error in accordance with IAS 8 and restate the comparable data as if those subsidiaries were in fact included in consolidation.

Apart from the above-described, no other corrections of prior years' errors occurred in 2017.

In addition to error correction the Company changed presentation of loans granted. Until 2016 these would be presented as trade receivables and other receivables, from 2017 as financial assets.



(amounts expressed in PLN thousands unless specified otherwise)

Restatement of consolidated statement of financial position as at 01.01.2016

ASSETS	As at 01.01.2016	<i>correction</i>	<i>correction in presentation</i>	As at 01.01.2016
	<i>data published</i>			<i>restated data</i>
Non-current assets				
Non-current assets	1 103 343	39 181		1 142 524
Investment property	191 034			191 034
Goodwill	23 855			23 855
Intangible assets	36 679	805		37 484
Shares in subsidiaries and associates	255 977	(23 317)		232 660
Financial investments	22 339	(10 426)	1 595	13 508
Deferred tax assets	43 382	1 034		44 416
Long-term receivables	11 768	932	(1 595)	11 105
Other assets	18 720	90		18 810
Total fixed assets	1 707 097	8 299	0	1 715 396
Current assets				
Inventory	837 760	25 236		862 996
Trade receivables and other receivables	672 470	4 654	(81)	677 124
Short-term financial assets	67 350		81	67 350
Derivative financial instruments	11 072			11 072
Current tax assets	6 501	605		7 106
Other assets	47 245	1 055		48 300
Cash and cash equivalents	98 686	39 385		138 071
Total current assets	1 741 084	70 935	0	1 812 019
Assets classified as held for sale	4 610			4 610
Total assets	3 452 791	79 234	0	3 532 025



Boryszew Capital Group
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(amounts expressed in PLN thousands unless specified otherwise)

LIABILITIES AND EQUITY	As at 01.01.2016		As at
	<i>data published</i>	correction	01.01.2016
			<i>restated data</i>
Equity			
Share capital	248 906		248 906
Own shares	(125 657)		(125 657)
Share premium	114 435		114 435
Hedge accounting capital	(4 011)		(4 011)
Capital reserve on translating employee payables	(92)		(92)
Revaluation reserve	(12 051)		(12 051)
Exchange differences on translating foreign entities	(3 429)	1 407	(2 022)
Retained earnings	639 410	18 236	657 646
Total equity	857 511	19 643	877 154
Equity of non-controlling shareholders	557 386	37 389	594 775
Total equity	1 414 897	57 032	1 471 929
Liabilities and long-term provisions			
Bank credits, loans, bonds	98 556	345	98 901
Lease liabilities	71 099	8 312	79 411
Payables on perpetual usufruct of investment land	51 379		51 379
Deferred tax provision	78 823	646	79 469
Employee benefit provisions	17 224	1 293	18 517
Other provisions	7 362	2 354	9 716
Other equity and liabilities	13 150	1 209	14 359
Liabilities and long-term provisions - total	337 593	14 159	351 752
Short-term liabilities			
Bank credits, loans, bonds	796 444	6 690	803 134
Lease liabilities	42 278	1 036	43 314
Trade payables and other liabilities	746 825	(1 247)	745 578
Derivative financial instruments	21 354		21 354
Current tax liabilities	6 494	477	6 971
Employee benefit provisions	20 656	545	21 201
Other provisions	33 580	480	34 060
Other equity and liabilities	5 947	62	6 009
Liabilities and short-term provisions - total	1 673 578	8 043	1 681 621
Liabilities related to assets classified as held for sale	26 723		26 723
Total liabilities and provisions	2 037 894	22 202	2 060 096
Total equity and liabilities	3 452 791	79 234	3 532 025

The attached notes are provided as an integral part of these financial statements



(amounts expressed in PLN thousands unless specified otherwise)

Restatement of consolidated statement of financial position as at 12.31.2016

ASSETS

	As at 31.12.2016	<i>correction</i>	<i>correction in presentation</i>	As at 31.12.2016
	<i>data published</i>			<i>restated data</i>
Non-current assets				
Non-current assets	1 271 028	38 790		1 309 818
Investment property	111 879			111 879
Goodwill	23 464			23 464
Intangible assets	42 646	740		43 386
Shares in subsidiaries and associates	331 876			307 615
Financial investments	21 790	(24 261)		9 128
Deferred tax assets	50 416	895	1 520	51 311
Long-term receivables	4 975	970	(1 520)	4 425
Other assets	42 859	50		42 909
Total fixed assets	1 900 933	3 002	0	1 903 935
Current assets				
Inventory	896 432	28 578		925 010
Trade receivables and other receivables	666 742	8 678	(173)	675 247
Short-term financial assets	86 857		173	87 030
Derivative financial instruments	18 231			18 231
Current tax assets	1 743	1 487		3 230
Other assets	43 052	581		43 633
Cash and cash equivalents	154 498	50 610		205 108
Total current assets	1 867 555	89 934	0	1 957 489
Assets classified as held for sale	1 653			1 653
Total assets	3 770 141	92 936	0	3 863 077



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(amounts expressed in PLN thousands unless specified otherwise)

LIABILITIES AND EQUITY	As at 31.12.2016		As at
	<i>data published</i>	<i>correction</i>	31.12.2016
			<i>restated data</i>
Equity			
Share capital	248 906		248 906
Own shares	(135 756)		(135 756)
Share premium	114 435		114 435
Hedge accounting capital	(2 348)		(2 348)
Capital reserve on translating employee payables	28		28
Revaluation reserve	(12 374)		(12 374)
Exchange differences on translating foreign entities	(24 281)	2 493	(21 788)
Retained earnings	765 131	18 264	783 395
Total equity	953 741	20 757	974 498
Equity of non-controlling shareholders	601 703	40 851	642 554
Total equity	1 555 444	61 608	1 617 052
Liabilities and long-term provisions			
Bank credits, loans, bonds	232 171	(1 000)	231 171
Lease liabilities	81 827	7 934	89 761
Payables on perpetual usufruct of investment land	40 631		40 631
Deferred tax provision	80 405	613	81 018
Employee benefit provisions	18 732	975	19 707
Other provisions	9 839	2 894	12 733
Other equity and liabilities	11 818	1 146	12 964
Long-term liabilities and provisions - total	475 423	12 562	487 985
Short-term liabilities			
Bank credits, loans, bonds	756 049	1 158	757 207
Lease liabilities	38 272	799	39 071
Trade payables and other liabilities	829 432	15 165	844 597
Derivative financial instruments	27 779		27 779
Current tax liabilities	11 389	173	11 562
Employee benefit provisions	26 574	632	27 206
Other provisions	17 276	777	18 053
Other equity and liabilities	10 338	62	10 400
Liabilities and short-term provisions - total	1 717 109	18 766	1 735 875
Liabilities related to assets classified as held for sale	22 165		22 165
Total liabilities and provisions	2 214 697	31 328	2 246 025
Total equity and liabilities	3 770 141	92 936	3 863 077

The attached notes are provided as an integral part of these financial statements



(amounts expressed in PLN thousands unless specified otherwise)

Restatement of statement of comprehensive income for the period 01.01.2016-31.01.2016

	01.01.2016 - 31.12. 2016	write	01.01.2016 - 31.12. 2016
	<i>data published</i>		<i>restated data</i>
Continuing operations			
Revenues from sales	5 582 224	61 394	5 643 618
Prime cost of sale	4 951 900	35 317	4 987 217
Gross profit on sales	630 324	26 077	656 401
Selling costs	133 268	11 626	144 894
General and administrative costs	257 077	8 835	265 912
Other operating revenue	58 060	396	58 456
Other operating expenses	39 031	439	39 470
Operating income	259 008	5 573	264 581
Financial revenues	28 117	96	28 213
Financial expenses	69 701	1 223	70 924
Financial profit/loss	(41 584)	(1 127)	(42 711)
Share in profit of affiliates	(159)	-	(159)
Profit before taxation	217 265	4 446	221 711
Income tax	26 671	1 645	28 316
Net profit on continuing operations	190 594	2 801	193 395
Net profit/loss on discontinued operations	693		693
Net profit on continued activity and discontinued operations including attributable:	191 287	2 801	194 088
<i>to shareholders of the parent</i>	<i>135 553</i>	<i>(978)</i>	<i>134 575</i>
<i>non-controlling interest</i>	<i>55 734</i>	<i>3 779</i>	<i>59 513</i>
Earnings per share / Diluted earnings per share			
Weighted average number of shares	222 825 410		222 825 410
Net profit attributable to the parent (PLN thousand)	135 553		134 575
Earnings per one share (PLN) / Diluted earnings per share (PLN)	0.61		0.60



Boryszew Capital Group
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	01.01.2016 - 31.12. 2016	corrections	01.01.2016 - 31.12. 2016
	<i>data published</i>		<i>restated data</i>
Net profit	191 287	2 801	194 088
Earnings recognised in equity			
Earnings recognised in equity, to be transferred to profit and loss account	(24 009)	769	(23 240)
Hedge accounting	1 459		1 459
Available-for-sale financial assets	(433)		(433)
Exchange rate differences on converting foreign operations	(22 348)	769	(21 579)
<i>Income tax</i>	2 687		2 687
Earnings recognised in equity, not to be transferred to income statement	135	0	135
Employee benefit capital reserve	167		167
<i>Income tax</i>	32		32
Total earnings recognised in equity	(23 874)	769	(23 105)
<i>to shareholders of the parent</i>	(19 392)	1 086	(18 306)
<i>non-controlling interest</i>	(4 482)	(317)	(4 799)
Total comprehensive income, including attributable:	167 413	3 570	170 983
<i>to shareholders of the parent</i>	116 161	108	116 269
<i>non-controlling interest</i>	51 252	3 462	54 714



(amounts expressed in PLN thousands unless specified otherwise)

4. DECLARATIONS OF THE MANAGEMENT BOARD

Statement by the Management Board on compliance of accounting principles

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

Statement by the Management Board on the selection of entity to audit financial statements

On 5 May 2017, the Supervisory Board appointed Deloitte Audyt Sp. z o.o. Sp. k. to audit the financial statements of Boryszew S.A. and Boryszew Capital Group for the period from 1 January 2017 to 31 December 2017.

On 14 June 2017 an Agreement on audit and review of the financial statements was signed. Per the agreement, the net remuneration for its performance will amount to PLN 215 000, including:

- PLN 100 000 for the review of condensed interim consolidated financial statements for the period of 6 months, and the review of condensed interim financial statement for the period of 6 months ended on 30 June 2017,
- PLN 115 000 for the audit of consolidated financial statement for the period of 12 months, and the audit of financial statements for the period of 12 months ended on 31 December 2017.

The Management Board of the Parent Company represents that Deloitte Audyt Sp. z o.o. Sp.k., performing the audit of the financial statements for 2017 was selected in accordance with legal regulations and that Deloitte Audyt Sp. z o.o. Sp.k., as well as statutory auditors performing this audit met the conditions to issue an impartial and independent opinion on the audit of the financial statements in accordance with applicable regulations and professional standards.

Representation on preparation of non-financial report

Management Board of Parent Company: Piotr Szeliga, Aleksander Baryś, Mikołaj Budzanowski and Cezary Pyszkowski represent that the Group drafted a statement on non-financial disclosure, referred to in Art. 49b section 1 of the Accounting Act, as part of the statement on activity. Financial statements are drafted both at the standalone basis for Boryszew S.A. as well as for Boryszew Capital Group. The report is available on Company's website – www.boryszew.com.pl.



(amounts expressed in PLN thousands unless specified otherwise)

5. OPERATING SEGMENTS (continuing operations)

01.01.2017 -31.12. 2017 - continuing operations	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	283 161	2 053 569	3 743 537	254 367	6 334 634	(44 298)	6 290 336
Cost of sales for the segment	237 525	1 738 084	3 389 335	230 999	5 595 943	(38 279)	5 557 664
Result on sales within segment	45 636	315 485	354 202	23 368	738 691	(6 019)	732 672
General, administrative and sales expenses	33 359	191 445	166 285	25 995	417 084	(13 558)	403 526
Other operating profit/loss	6 172	1 086	13 499	(6 851)	13 906	(7 607)	6 299
Segment profit/loss	18 449	125 126	201 416	(9 478)	335 513	(68)	335 445
Amortisation and depreciation	6 054	60 932	65 063	1 717	133 766		133 766
EBITDA *)	24 503	186 058	266 479	(7 761)	469 279		469 211
Segment assets	243 917	1 265 829	2 692 961	849 631	5 052 338	(944 379)	4 107 959
Segment liabilities	77 301	1 479 591	1 094 893	597 498	3 249 283	(881 815)	2 367 468

01.01.2016 -31.12. 2016 - rested data	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	296 742	1 982 737	3 182 920	243 095	5 705 494	(61 876)	5 643 618
Cost of sales for the segment	254 025	1 739 203	2 833 641	215 738	5 042 607	(55 390)	4 987 217
Result on sales within segment	42 717	243 534	349 279	27 357	662 887	(6 486)	656 401
General, administrative and sales expenses	33 521	208 908	151 751	24 901	419 081	(8 275)	410 806
Other operating profit/loss	5 927	(5 668)	(7 459)	(1 188)	(8 388)	27 374	18 986
Segment profit/loss	15 123	28 958	190 069	1 268	235 418	29 163	264 581
Amortisation and depreciation	5 773	60 298	60 051	1 488	127 610		127 610
EBITDA *)	20 896	89 256	250 120	2 756	363 028		392 191
Segment assets	272 231	1 341 524	2 556 233	680 180	4 850 168	(988 744)	3 861 424
Segment liabilities	86 464	1 574 346	1 042 677	434 334	3 137 821	(913 961)	2 223 860

*) EBITDA = operating result plus depreciation



(amounts expressed in PLN thousands unless specified otherwise)

Boryszew Capital Group is one of Poland's largest capital groups. It includes several dozen entities with their registered offices located on three continents, which operate primarily in the following sectors: automotive, metal-forming and chemicals. Pursuant to IFRS no. 8, the following seven business segments have been defined:

- Metals
- Automotive,
- Chemical products
- Other.

The applied principle is that each entity belongs to only one operating segment.

Automotive	Boryszew S.A. Oddział Maflow, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow Automotive Mexico S.de. RI. De.C, MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, BRS YMOS GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., ICOS GmbH, Boryszew Deutschland GmbH, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o.
Metals	Impexmetal S.A., Hutmen S.A., WM Dziedzice S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A Oddział NPA Skawina, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Surowce Hutmen S.A. Sp. komandytowa, SPV Impexmetal Spółka z o.o., FŁT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S., FLT & Metals s.r.l., FLT Wälzlager GmbH, FLT (Wuxi) Trading Co. Ltd., FLT Metals Ltd.; Zakład Utylizacji Odpadów Sp. z o.o., Symonvit Ltd. w likwidacji, Remal Sp. z o.o.
Chemical products	Torlen Sp. z o.o., Elana Pet Sp. z o.o., Boryszew S.A. Branch Elana, Boryszew S.A. Branch Boryszew ERG, Boryszew S.A. Branch Nylonbor, Elimer Sp. z o.o.
Other	Boryszew S.A. – Headquarters, Boryszew S.A. Branch Enterprise Data Center, Boryszew S.A. Branch Energy, Eastside – Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. in liquidation, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., S&I S.A. in liquidation, SPV Boryszew 3 Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. in liquidation, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. in liquidation.



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Comparable data for 2016 were converted due to the change in the number of segments in 2017
The segments reported in 2017 included:

Holding activity	Boryszew S.A. - Headquarters
Chemicals	Boryszew S.A. Branch Elana, Torlen Sp. z o.o., Elana Energetyka Sp. z o.o., Elana Pet Sp. z o.o., Boryszew S.A. Branch Boryszew ERG, Elimer Sp. z o.o., Boryszew S.A. Branch Nylonbor.
Automotive	Boryszew Automotive Plastics Sp. z o.o., Boryszew Commodities Sp. z o.o., Boryszew S.A. Branch Maflow, Boryszew HR Service Sp. z o.o., Maflow BRS s.r.l., Maflow Spain Automotive S.L.U., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow France Automotive S.A.S., Maflow Automotive Mexico S.de. RI. De.C, ICOS GmbH, Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, BRS YMOS GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., FŁT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S.,
Aluminium	Impexmetal S.A., Boryszew S.A. Branch NPA Skawina, Symonvit Ltd. liquidation, SPV Impexmetal Spółka z o.o.
Zink and Lead Copper	ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Baterpol Recycler Sp. z o.o. Hutmen S.A., WM Dziedzice S.A.
Trade and other segments	Boryszew Components Poland Sp. z o.o., Boryszew S.A. Branch Energy, Boryszew S.A. Branch Enterprice Data Center, Boryszew S.A. Branch Handlowy, Metalex France S.A., Huta Metali Szopienice S.A. w likwidacji, FLT Metals Ltd.;S&I S.A., SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Baterpol Recycler, Sp. z o.o., Sp. komandytowa, Surowce Hutmen S.A. Sp. komandytowa, ZM Nieruchomości Sp. z o.o. in liquidation, Eastside – Bis Sp. z o.o., Metal Zinc Sp. z o.o., sales of goods not reported in other segments.



(amounts expressed in PLN thousands unless specified otherwise)

6. REVENUES FROM SALE

Revenues from sale	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
	<i>restated data</i>	
Revenues from sale of products	5 558 458	4 803 461
Revenues from sales of services	87 215	79 877
Revenues from the sale of goods and materials	644 663	760 280
Total (revenues on continued operations)	6 290 336	5 643 618

Revenues from sale by destination market

Revenues from sales by geographies	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Continuing operations	<i>restated data</i>	
Domestic sales	2 247 740	1 928 217
Sales to EU countries	3 563 669	3 392 410
Sales to other European countries	195 175	170 008
Export outside Europe	283 752	152 983
Total (revenues on continued operations)	6 290 336	5 643 618

Share of EU member states in intra-Community sales:	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
	<i>restated data</i>	
Germany	42%	46%
The Czech Republic	13%	13%
France	7%	7%
Slovakia	3%	2%
Italy	6%	4%



(amounts expressed in PLN thousands unless specified otherwise)

7. OPERATING EXPENSES

Operating expenses by type	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
		<i>restated data</i>
Amortisation and depreciation	133 766	127 610
Consumption of materials and energy	3 870 163	3 264 633
External services	411 735	390 201
Taxes and charges	39 841	41 911
Costs of employee benefits, including:	847 294	797 102
<i>costs of remuneration</i>	706 619	630 125
<i>costs of social insurance</i>	113 508	135 139
<i>other employee benefits</i>	27 167	34 205
Other expenses	90 440	34 970
Value of sold goods and materials	604 948	790 830
Total expenses by type	5 998 187	5 447 257
Movements in products (+/-)	(57 226)	(21 305)
Capitalised costs by type (-) benefits used internally	2 314	(23 648)
Impairment write-offs on inventories in COGS	17 915	(4 281)
	5 961 190	5 398 023
Selling costs	(141 265)	(144 894)
General and administrative costs (-)	(262 261)	(265 912)
Cost of sales	5 557 664	4 987 217

8. OTHER OPERATING REVENUES

Other operating revenues	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
		<i>restated data</i>
Profit from sale of non-current assets and investment property	12 317	39 806
Valuation of assets, including:	48 478	1 196
<i>valuation to fair value of investment property *)</i>	31 781	309
<i>reversal of write-off on trade and other receivables</i>	11 727	-
<i>reversal of write-off on inventories</i>	3 501	94
reversal of tangible fixed assets impairment write-offs	1 469	793
Reversal of unnecessary provisions	6 500	6 297
Other income, of which:	32 546	6 633
<i>compensation received</i>	6 842	2 775
<i>liabilities written off</i>	10 396	3 177
<i>white certificates received</i>	1 801	-
<i>inclusion of companies in consolidation</i>	5 479	-
<i>write-off on provisions for liabilities</i>	-	-
<i>other</i>	8 028	681
Subsidies	8 271	4 524
Total	108 112	58 456

*) The Group chose to include in the balance sheet all land under perpetual usufruct, located in Toruń. The profit on the difference between the fair value of investment land and the discounted liability due to perpetual usufruct fee was recognised in other operating income



(amounts expressed in PLN thousands unless specified otherwise)

9. OTHER OPERATING EXPENSES

Other operating expenses	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
	<i>restated data</i>	
Loss on sale of non-current assets	1 954	15
Impairment write-offs on assets, including	20 070	21 408
<i>write-off on trade and other receivables</i>	15 817	17 153
<i>inventory impairment write-offs</i>	3 551	2 637
<i>write-off on property, plant and equipment and intangible assets</i>	702	527
<i>write-off on shares</i>	-	1 091
New provisions, including:	54 738	6 165
<i>provisions for claims</i>	1 186	667
<i>provisions for complaints and guarantees</i>	1 766	1 943
<i>provisions for disposal of fixed assets</i>	400	18
<i>provisions for contracts generating loss</i>	1 581	3 537
<i>provisions for VAT claims</i>	49 805	-
Other expenses, including:	25 051	11 882
<i>accounts receivable written off</i>	1 661	572
<i>compensation penalties paid</i>	3 199	974
<i>restructuring costs not included in provision</i>	-	481
<i>claims costs not included in provision</i>	-	3 277
<i>write-down of assets utilised for production facility commissioning</i>	16 202	-
<i>other expenses</i>	3 989	6 578
Total	101 813	39 470

Costs due to VAT claims are explained in note 1 e). Claims in the amount of PLN 49 805 are presented in Other segment

10. FINANCIAL REVENUES

Financial revenues	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
	<i>restated data</i>	
FX gains	-	20 395
Profit on derivative financial instruments	26 145	114
Discount	780	144
Measurement of financial liabilities/assets	2 250	1 389
Measurement of other liabilities (SMA)	5 029	-
Interest income	5 273	4 503
Other financial revenues	1 378	1 668
Total	40 855	28 213



(amounts expressed in PLN thousands unless specified otherwise)

11. FINANCIAL EXPENSES

Financial expenses	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
		<i>restated data</i>
Interest expense **)	56 974	39 421
Revaluation of shares *)	30 633	4 751
Loss on derivative financial instruments	31 935	17 168
Foreign exchange losses	8 082	-
Discount	2 041	2 569
Other financial costs	3 835	7 015
Total	133 500	70 924

The Group recognised impairment write-off on the value of Alchemia shares (PLN 27 911 thousand) presented in the balance sheet as interest in affiliates. PLN 343 thousand write-off was recognised in the profit and loss of Chemical segment, PLN 4 152 thousand - Other segment, PLN 23 416 thousand - Metals segment. PLN 2 722 thousand write-off (PLN -4 751 thousand in 2016) for Skotan and Krezus shares, recognised by the Group as other financial assets available for sale and valued through other comprehensive income. As the share price had been falling since 2016 (share are traded on Warsaw Stock Exchange), share value impairment was recognised in the profit and loss as per IAS 39. The Group disposed of Skotan and Krezus shares in the second half of 2017. PLN 1 096 thousand was recognised in Other segment, PLN 1 638 thousand in Metals segment.

****) Interest expense**

<i>Interest on loans</i>	29 956	25 965
<i>Interests on borrowings</i>	969	678
<i>Interest on lease</i>	5 559	6 847
<i>Interest on liabilities to state budget</i>	16 307	
<i>Interest on trade liabilities and other interest</i>	4 183	5 931
Total	56 974	39 421

PLN 16.3 million of interest includes interest of PLN 15.5 million on claims, explained in note 1e).

12. INCOME TAX

12.1. Income tax	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
		<i>restated data</i>
Current tax	46 626	26 162
Deferred tax	(2 728)	2 154
Total tax	43 898	28 316
Effective tax rate	17,88%	12,77%



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	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
12.2. Current corporate income tax		
		<i>restated data</i>
Gross profit (loss)	245 499	221 711
Permanent differences increasing income tax base	(21 065)	(74 201)
Temporary difference in tax base	(6 466)	(9 014)
Taxation exempt income due to business activity in the Special Economic Zone) (-)	(38 443)	(33 716)
Deduction from income for tax loss settlement	(57 866)	
Income tax base	121 659	104 780
Current tax	46 626	26 162

	As at 31.12.2017	As at 31.12.2016
12.3. Deferred tax		
Deferred tax provision	132 032	96 049
Deferred tax asset	98 972	66 342
Compensation for asset and provision	30 130	15 031
Deferred income tax provision recognised in the statement of financial position	101 902	81 018
Deferred income tax asset recognised in the statement of financial position	68 842	51 311

	As at 01.01.2017	Foreign exchange differences arising from conversion	change recognised in current year	tax recognised in profit and loss	tax recognised in other comprehensive income	As at 31.12.2017
Change in deferred tax asset						
Tax asset on provisions for employee benefits	4 262	(18)	(441)	(576)	135	3 803
Tax asset on other provisions	1 474		2 103	2 103		3 577
Impairment write-offs on assets	9 407		10 970	10 970		20 377
Valuation of derivative instruments	7 925		(4 808)	(4 808)		3 117
Unrealised negative currency exchange differences	4 342	712	4 581	7 608	(3 027)	9 635
Amortisation and depreciation	4 618		16 749	16 749		21 367
Asset for the tax loss	23 932	(1 067)	-1 527	-1 527		21 338
Tax asset on SSE exemption	0		7 000	7 000		7 000
Other deferred tax assets	10 382	(485)	(1 139)	(1 139)		8 758
Total	66 342	(858)	33 488	36 380	(2 892)	98 972

	As at 01.01.2017	Foreign exchange differences arising from conversion	change recognised in current year	tax recognised in profit and loss	tax recognised in other comprehensive income	As at 31.12.2017
Changes in deferred tax provisions						
Valuation of Assets	33 925	(333)	6 017	5 915	102	39 609
Balance sheet valuation of derivatives	1 941		1 260	(1 812)	3 072	3 201
Unrealised currency exchange rate differences	10 477		(8 663)	(8 663)		1 814
Depreciation of PP&E	27 333	(354)	43 391	43 391		70 370
Other deferred tax provisions	22 373	(156)	(5 179)	(5 179)		17 038
Total	96 049	(843)	96 049	33 652	3 174	132 032



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	as at 01.01.2016	Movement (+ / -) recognized in equity	Movement (+ / -) recognized in the profit/loss for the current period	as at 31.12.2016
Deferred tax assets - restated data				
Employee benefit provisions	2 814	34	1 414	4 262
Creation of other provision	1 020		454	1 474
Impairment write-offs on assets	9 516	(66)	(43)	9 407
Valuation of derivative instruments	4 865	3 113	(53)	7 925
Unrealised negative currency exchange differences	2 842		1 500	4 342
Amortisation and depreciation	3 079		1 539	4 618
Asset for the tax loss	20 379	3 104	449	23 932
Tax on dividends	-			-
Other assets	6 639		3 743	10 382
Total	51 154	6 185	9 003	66 342

	as at 01.01.2016	Movement (+ / -) recognized in equity	Movement (+ / -) recognized in the profit/loss for the current period	as at 31.12.2016
Deferred tax provisions				
Valuation of assets	29 413		4 512	33 925
	797			1 941
Valuation of derivative instruments		851	293	
Unrealised negative currency exchange differences	5 492	2 492	2 493	10 477
Amortisation and depreciation	28 152		(819)	27 333
Other	22 353	20		22 373
Total	86 207	3 363	6 479	96 049

13. NON-CURRENT ASSETS

	As at 31.12.2017	As at 31.12.2016
Tangible fixed assets (by type groups)		
		<i>restated data</i>
Fixed assets by type:	1 388 093	1 227 198
land	36 063	37 048
buildings, premises, civil and water engineering structures	461 015	354 911
technical equipment and machines	833 636	783 909
vehicles	18 383	15 718
other tangible fixed assets	38 996	35 612
Advances for tangible fixed assets	16 975	82 620
Total property, plant and equipment	1 405 068	1 309 818



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additional information	As at 31.12.2017	As at 31.12.2016
		<i>restated data</i>
Capitalised costs of external financing	592	-
Incurred outlays on tangible fixed assets under construction	51 079	61 086
Incurred expenses for acquisition, construction of non-current assets	211 653	203 533
Non-current assets used under leasing added during the year	32 697	47 015
Amount of the contractual liabilities due to the non-current assets acquisition	682	-
Net value of tangible fixed assets, used under lease agreements	258 706	248 032
Amount of net non-current assets with the limited ownership right	77 522	16 483
Fixed assets provided as collateral to loan repayment	521 333	359 115
Compensation from third parties on impairment losses	219	15 518

Change in fixed assets for the period of 01.01.2017 to 31.12.2017 2017	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Total
Gross value of fixed assets at the beginning of the period	36 565	580 973	1 661 075	40 050	109 540	2 428 203
Additions - acquisition, leasing, reclassification from assets under construction (+)	343	82 090	171 291	6 962	13 914	274 600
Disposal (-)	(225)	(756)	(3 897)	(637)	(81)	(5 596)
Tangible fixed assets under construction (+/-)	-	51 079	(6 287)	-	508	45 300
Liquidation (-)	-	(131)	(11 318)	(690)	(1 248)	(13 387)
Other (+/-)	11	717	13 633	422	2 178	16 961
Impact of exchange rate differences (+/-)	(1 114)	(6 577)	(26 441)	(215)	(2 898)	(37 245)
Gross value of fixed assets at the end of the period	35 580	707 395	1 798 056	45 892	121 913	2 708 836
Accumulated depreciation at the beginning of the period	(621)	193 515	811 808	23 561	71 898	1 100 161
Planned depreciation of fixed assets (+)	-	18 079	86 504	2 634	9 162	116 379
Planned depreciation of leased fixed assets (+)	-	113	9 973	1 464	64	11 614
Decrease due to disposal (-)	-	(84)	(5 884)	(835)	(1 017)	(7 820)
Impact of exchange rate differences (+/-)	-	(2 171)	(12 131)	(120)	(1 787)	(16 209)
Other (+/-)	-	5 559	8 985	191	1 429	16 164
Accumulated depreciation at the end of the period	(621)	215 011	899 255	26 895	79 749	1 220 289
Impairment write-offs at the beginning of the period	138	32 547	65 358	771	2 030	100 844
Write-down provision recognized in the profit/loss for the current period (-)	-	-	948	30	40	1 018
Reversal of write-downs recognized in the profit/loss for the current period (-)	-	(687)	(1 665)	(90)	(180)	(2 622)
Decrease due to disposal (-)	-	(82)	(80)	-	(41)	(203)
Other (+/-)	-	(409)	553	(88)	1 319	1 375
Impact of exchange rate differences (+/-)	-	-	51	(9)	-	42
impairment write-offs at the end of the period	138	31 369	65 165	614	3 168	100 454
Net fixed assets as at the end of period	36 063	461 015	833 636	18 383	38 996	1 388 093

The attached notes are provided as an integral part of these financial statements



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Change in fixed assets for the period of 01.01.2016 to 31.12. 2016-restated data	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Total
Gross value of fixed assets at the beginning of the period	36 392	557 157	1 486 117	33 102	100 328	2 213 096
Additions (acquisition, reclassification from assets under construction) (+)	174	35 990	137 265	5 227	9 540	188 196
Additions - under lease agreements (+)	-	-	17 546	2 943	-	20 489
Received as in-kind contribution (+)	-	2 437	-	-	-	2 437
Disposal (-)	(1)	(5 361)	(10 416)	(608)	(725)	(17 111)
Tangible fixed assets under construction (+/-)	-	(5 606)	33 773	(41)	2 363	30 489
Liquidation (-)	-	(2 418)	(13 715)	(947)	(2 380)	(19 460)
Introduced as in-kind contribution (-)	-	(1 396)	(76)	(320)	-	(1 792)
Other (+/-)	-	(247)	10 529	709	535	11 526
Impact of exchange rate differences (+/-)	-	417	52	(15)	(121)	333
Gross value of fixed assets at the end of the period	36 565	580 973	1 661 075	40 050	109 540	2 428 203
Accumulated depreciation at the beginning of the period	110	174 222	740 497	21 465	66 751	1 003 045
Planned depreciation of fixed assets (+)	(742)	21 386	91 213	3 255	8 019	123 131
Planned depreciation of leased fixed assets (+)	-	217	-	-	-	217
Decrease due to disposal (-)	-	(542)	(10 083)	(1 265)	(1 014)	(12 904)
Decrease due to reclassification to assets held for sale (-)	11	-	-	-	-	11
Impact of exchange rate differences (+/-)	-	70	966	186	10	1 232
Other (+/-)	-	(1 838)	(10 785)	(80)	(1 868)	(14 571)
Accumulated depreciation at the end of the period	(621)	193 515	811 808	23 561	71 898	1 100 161
Impairment write-offs at the beginning of the period	138	32 650	68 069	790	1 856	103 503
Write-down provision recognized in the profit/loss for the current period (-)	-	-	-	-	34	34
Reversal of write-downs recognized in the profit/loss for the current period (-)	-	(5)	-	-	(23)	(28)
Decrease due to disposal (-)	-	(8)	(1 205)	-	-	(1 213)
Other (+/-)	-	(90)	(1 506)	(19)	163	(1 452)
impairment write-offs at the end of the period	138	32 547	65 358	771	2 030	100 844
Net fixed assets as at the end of period	37 048	354 911	783 909	15 718	35 612	1 227 198



(amounts expressed in PLN thousands unless specified otherwise)

14. INVESTMENT PROPERTY

	As at 31.12.2017	As at 31.12.2016
Investment real estate property at fair value		
Eastside Bis real property in Toruń	107 102	80 234
Real estate properties of Boryszew S.A. in Toruń	16 525	288
WM Dziedzice SA real property	18 276	18 276
ZM Silesia SA real property	8 019	8 019
Central Hotel and Klub Hutnik Club in Konin	5 062	5 062
Total	154 984	111 879

	As at 31.12.2017	As at 31.12.2016
Balance at the beginning of the period	111 879	191 034
Additions	57 334	16
land under perpetual usufruct.	47 190	
capitalisation of subsequent expenditure	(6 965)	
valuation to fair value (+/-)	12 538	16
reclassification (from fixed assets, inventories)	4 315	
other	256	
Reductions (-)	(14 229)	(79 171)
sale (-)	(9 989)	(79 078)
other (-)	(4 240)	(93)
Balance as at period end	154 984	111 879

The real properties located in Toruń are the collateral of the credit payments. The Group chose to include in the balance sheet all land under perpetual usufruct, located in Toruń. The profit on the difference between the fair value of investment land and the discounted liability due to perpetual usufruct fee (not 28) was recognised in other operating income - note 8. Land was valued by an independent appraiser.

	01.01.2017 - 31.12. 2017	01.01.2016 -31.12. 2016
Revenues from investment property (disposal, rent)	14 412	124 008
Maintenance cost of investment property	9 506	7 333

Investment real property is real property treated as a source of incomes in the form of rent or/ and held in books due to expected value increase. The components of the investment lands in the perpetual usufruct right buildings located in the above mentioned locations

Profits and loss on the change of investment real property fair value are recognized in the income statement in the period in which they occurred. Valuation of investment properties was carried out by an independent expert. The market value of the real property is determined by revenue approach, using the investment method, using simple capitalization method assuming the stable net operating income in the long prospectus and the comparative method was applied using the method of adjusted average price (estimation of the market value at the average prices of the similar real properties at the moment of appraisal).



(amounts expressed in PLN thousands unless specified otherwise)

15. GOODWILL

Accumulated goodwill arisen as a result:	As at 31.12.2017	As at 31.12.2016
Combination of Impexmetal S.A. with Huta Konin	2 122	2 122
Baterpol S.A.	6 418	6 418
ZM Silesia S.A.	14 924	14 924
Total	23 464	23 464

The impairment testing conducted at the end of 2017 did not reveal the necessity of making write-downs of goodwill. Companies perform well in their market segments

Goodwill impairment testing was conducted as at 31 December 2017 and were based on five-year discounted forecasted cash flows. Cash flows assumed for the testing conform with the plans approved by Management Boards of Impexmetal S.A., ZM Silesia S.A. And Baterpol S.A.

Analysis of goodwill impairment for Eastside-Bis Sp. z o.o. based on the current fair value of the company revealed no indications suggesting an impairment of goodwill, goodwill exceeds the book value

The following WACC discount rates were used in the models: for goodwill generated in Impexmetal S.A. a rate of 7.87% for 2018, then 8.45 (in 2016 - 9.04%), for ZM Silesia S.A. – 8.69% (2016 - 7.6%), for Baterpol S.A. – 6.5% (in 2016 - 5.8%), exchange rate in all models for EUR was EUR/PLN 4.3 (in 2016 - 4.30). Since the cash flow forecast was carried out for the period covered by the planning of the Parent Company Management Board and Management Boards of individual companies did not specify the growth rate for extrapolation of cash flow projections. The tests did not reveal goodwill impairment.

The Group carried out a sensitivity analysis to change of key assumptions used to determine the recoverable value of fixed assets. Assuming exchange rate fluctuations in EUR/PLN of +/- 10%, USD/PLN of +/- 5% and the weighted average cost of capital (WACC) of +/- 20%, with other factors unchanged, test showed no impairment of fixed assets and goodwill assigned to them.

The Management Board of the Parent Entity believes that in case of justified and possible changes in the main assumptions under which the recoverable amount was determined, the total balance sheet value of each of this entity would not exceed its total recoverable amount.



(amounts expressed in PLN thousands unless specified otherwise)

16. INTANGIBLE ASSETS

Intangible assets	As at 31.12.2017	As at 31.12.2016
Costs of completed development works	11 683	12 044
Patents, licenses, software	18 489	19 559
Perpetual land usufruct right	6 773	7 130
Other intangible assets	2 943	4 638
<i>Advances for intangible assets</i>	8	15
Total	39 896	43 386

Change in intangible assets for the period of 01.01.2017 to 31.12.2017 2017	Costs of completed development works	Patents, concessions, licence, software	Perpetual land usufruct right	Other intangible assets	Total
Gross value at the beginning of the period	32 692	39 566	8 813	10 937	92 008
Additions (acquisition) (+)	2 215	2 106	0	1 864	6 185
Disposal (-)	-	(158)	(27)	(3)	(188)
Liquidation (-)	-	(1 444)	(9)	(4)	(1 457)
Other (+/-)	-	296	(177)	(2 974)	(2 855)
Impact of exchange rate differences (+/-)	-	(567)	-	(172)	(739)
Gross value of intangible assets at the end of the period	34 907	39 799	8 600	9 648	92 954
Accumulated depreciation at the beginning of the period	20 648	20 035	1 471	6 201	48 355
Planned depreciation of intangible assets (+)	2 576	2 482	166	549	5 773
Decrease due to disposal (-)	-	(200)	(6)	-	(206)
Impact of exchange rate differences (+/-)	-	(411)	-	(113)	(524)
Other (+/-)	-	(596)	(12)	68	(540)
Accumulated depreciation at the end of the period	23 224	21 310	1 619	6 705	52 858
Impairment write-offs at the beginning of the period	-	-	211	-	211
Reversal of a write-down (-)	-	-	(3)	-	(3)
impairment write-offs at the end of the period	-	-	208	-	208
Net value of intangible assets at the end of the period	11 683	18 489	6 773	2 943	39 888



(amounts expressed in PLN thousands unless specified otherwise)

Change in intangible assets for the period of 01.01.2016 to 31.12.2016-restated data	Costs of completed development works	Patents, concessions, licence, software	Perpetual land usufruct right	Other intangible assets	Total
Gross value at the beginning of the period	27 435	32 713	9 337	8 015	77 500
Additions (acquisition) (+)	5 257	6 970	-	22	12 249
Disposal (-)	-	-	(112)	-	(112)
Liquidation (-)	-	(139)	-	(197)	(336)
Other (+/-)	-	34	(405)	2 956	2 585
Impact of exchange rate differences (+/-)	-	13	(8)	43	48
Gross value of intangible assets at the end of the period	32 692	39 591	8 812	10 839	91 934
Accumulated depreciation at the beginning of the period	18 740	18 647	1 404	6 021	44 812
Planned depreciation of intangible assets (+)	1 908	1 456	136	361	3 861
Decrease due to disposal (-)	-	(69)	(13)	-	(82)
Impact of exchange rate differences (+/-)	-	105	-	16	121
Other (+/-)	-	(107)	(56)	(197)	(360)
Accumulated depreciation at the end of the period	20 648	20 032	1 471	6 201	48 352
Impairment write-offs at the beginning of the period	-	-	214	-	214
Creating a write-down (+)	-	-	(3)	-	(3)
impairment write-offs at the end of the period	-	-	211	-	211
Net value of intangible assets at the end of the period	12 044	19 559	7 130	4 638	43 371

17. SHARES IN AFFILIATES

The Group holds shares in Alchemia S.A., which are accounted for using the equity method.

	As at 31.12.2017	As at 31.12.2016
Value at acquisition costs at the beginning of the year	335 007	261 715
Shares acquired during the year (+)	2 130	73 560
Shares disposed of during the year (-)		(268)
Value at acquisition cost at the end of the year	337 137	335 007
Accumulated valuation as at year end (+/-)	(55 303)	(27 392)
Accumulated share in profit of affiliates	(3 070)	(5 769)
Carrying value of investments in affiliates	281 834	307 615
Accumulated impairment write-downs recognised in comprehensive income	(27 392)	(27 392)
Impairment of write-downs recognised in the profit and loss	(27 911)	

The Group recognised an impairment write-off on shares resulting from long-term adverse trend of Alchemia share prices, listed on the Warsaw Stock Exchange. The shares were valued at PLN 4.85 per share, corresponding to their price as at 31.12.2017 (as at 31.12.2016 the share price was PLN 5.11 per share). The amount of write-off was PLN 27 911 thousand.



(amounts expressed in PLN thousands unless specified otherwise)

Abbreviated financial information on associated entities as at 31.12.2017

Entity	entity liabilities	entity receivables	entity assets	entity revenues	entity net profit (loss)
Alchemia S.A.	215 277	152 024	774 529	744 115	12 235
Alchemia Group	332 737	175 713	862 299	969 848	7 415

18. FINANCIAL ASSETS

Financial investments

	As at 31.12.2017	As at 31.12.2016
		<i>restated data</i>
Shares valued to fair value through by other comprehensive income	8	3 462
Shares at fair value through profit and loss	1 890	1 907
Shares at fair value held for trading	25 068	25 089
Debt instruments (bonds)	78 278	64 007
Loans granted	1 820	1 693
In total, including:	107 064	96 158
<i>Long-term financial assets</i>	64 674	9 128
<i>Short-term financial assets</i>	42 390	87 030

The Group classifies its financial assets as long or short-term, depending on whether such assets were acquired with the intention of short term disposal or as a long-term investment.

Shares held for trading are shares in Polish Wind. The Group acquired these shares for further resale. The sale transactions was in February 2018.

Bonds	As at 31.12.2017	As at 31.12.2016
Chemicals Advisory & Trade	2 000	2 040
Unibax Sp. z o.o.	74 521	61 967
Skotan S.A.	1 757	
	78 278	64 007

No reasons existed for write-downs on bonds as at the balance sheet date.

Receivables from awarded loans	As at 31.12.2017	As at 31.12.2016
Polish Wind Holdings B.V.	1 741	1 569
Other	79	124
Total	1 820	1 693

As at the end of 2017 no reasons existed for write-downs on loans granted.



(amounts expressed in PLN thousands unless specified otherwise)

19. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31.12.2017

	<u>assets</u>	<u>liabilities</u>
Cash flows hedging instruments	28 006	15 239
<i>Commodity swaps</i>	2 827	6 671
<i>Currency contracts</i>	25 179	8 568
Fair value hedges	2 197	6 480
<i>Interest swaps</i>	-	-
<i>Currency contracts</i>	1 906	13
<i>Commodity swaps</i>	291	6 467
Instruments held for trading	3 547	3 531
<i>Currency contracts</i>	20	-
<i>Commodity swaps</i>	3 527	3 531
Total	33 750	25 250
per account balance	8 500	

As at 31.12.2016

	<u>assets</u>	<u>liabilities</u>
Cash flows hedging instruments	14 444	14 298
<i>Commodity swaps</i>	9 821	532
<i>Currency contracts</i>	4 623	13 766
Fair value hedges	2 262	9 731
<i>Interest swaps</i>	-	-
<i>Currency contracts</i>	1 957	9 248
<i>Commodity swaps</i>	305	483
Instruments held for trading	1 525	3 750
<i>Currency contracts</i>	-	622
<i>Commodity swaps</i>	1 525	3 128
Total	18 231	27 779
per account balance	(9 548)	

Presentation of derivative instruments in the income statement

	<u>As at 31.12.2017</u>	<u>As at 31.12.2016</u>
Income statement items		<i>restated data</i>
Revenues from sale	1 886	(13 410)
Manufacturing cost of products sold	(13 751)	7 327
Other operating expenses	-	-
Financial income, of which	48 504	12 993
<i>profit from derivatives trading</i>	26 145	12 993
<i>ineffective part of cash flow hedges (positive value)</i>	-	-
<i>exchange rate differences - correction by the effective part</i>	22 359	
Financial expenses, including	48 095	33 333
<i>loss due to derivatives trading</i>	31 935	20 073
<i>ineffective part of cash flow hedges (negative value)</i>	0	
<i>exchange rate differences - correction by the effective part</i>	16 160	13 260
Impact on profit/loss	16 046	(41 077)



(amounts expressed in PLN thousands unless specified otherwise)

Changes in the fair value of derivatives for cash flow hedging in such part in which they operate as effective hedge are recognized in equity while in such part in which they do not operate as effective hedge are recognized as financial income or expenses of the reporting period. At the moment of realisation and recognition in the income statement of the hedged item, the effective part of the hedge corrects its value, e.g. sales revenues or costs of production. The amount representing the ineffective part of the hedge is recognized as financial income or expense.

Changes in the fair value of derivatives for fair value hedging in such part in which they operate as effective hedge are recognised in the profit and loss account with an offset against valuation of the hedged item, while in such part in which they do not operate as effective hedge are recognized as financial income or expenses of the reporting period. At the moment of realisation and recognition in the income statement of the hedged item, the effective part of the hedge corrects its value in the same position. The amount representing the ineffective part of the hedge is recognized as financial income or expense.

Commercial instruments are instruments designed for hedging against specific risks that do not feature formally established hedging relationships. Effects of changes in their fair value are recognised in the income statement and disclosed in financial income and expenses.

20. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivable	As at 31.12.2017	As at 31.12.2016
		<i>restated data</i>
Trade receivables from the sales of products, goods and services	638 807	592 244
Receivables on compensations associated with operating activity	0	13 272
Receivables on sales of fixed assets and intangible assets	1 100	353
Budget receivables	54 263	33 802
Other debtors	40 302	40 001
Trade receivables and other receivables	734 472	679 672
<i>long-term</i>	5 075	4 425
<i>short-term</i>	729 397	675 247
Receivables securing loan repayments	109 508	108 730
Receivables from related entities	7 359	7 462
Accumulated write-downs on receivables		
Write-downs on receivables from sales	46 373	56 801
Doubtful debt allowance on other receivables	13 463	21 012
Total allowances	59 836	77 813
Gross accounts receivable	794 308	757 485



(amounts expressed in PLN thousands unless specified otherwise)

	01.01.2016 - 31.12. 2016	01.01.2016 -31.12. 2016
Write-downs on trade receivables at risk		
		<i>restated data</i>
Balance as at the beginning	56 801	52 570
Creation of provision (+)	15 809	16 548
Write – downs created together with receivable as uncollectible (-)	(13 660)	(8 985)
Write-downs derecognized from recovered receivables (-)	(1 244)	(1 903)
Reversal of write-downs on accounts receivable (-)	(9 877)	(18)
exchange rate differences from opening balance (+/ -)	(1 456)	(1 411)
Write-downs at the end of the period	46 373	56 801

	As at 31.12.2017	As at 31.12.2016
Trade receivables aging		
		<i>restated data</i>
Net accounts receivable with the remaining repayment period from the balance sheet date	508 302	435 765
up to 3 months	478 446	403 245
up to 6 months	25 860	16 786
up to 1 year	800	14 945
above 1 year	3 196	789
Overdue accounts receivable	130 505	156 479
up to 3 months	93 131	134 144
up to 6 months	13 333	12 066
up to 1 year	15 168	5 252
above 1 year	8 873	5 017
Total trade receivables	638 807	592 244

	As at 31.12.2017	As at 31.12.2016
Accumulated write-downs on trade receivables value		
up to 3 months	382	706
up to 6 months	1 088	333
up to 1 year	2 292	1 326
above 1 year	42 611	54 436
Write-downs at the end of the period	46 373	56 801



(amounts expressed in PLN thousands unless specified otherwise)

21. INVENTORIES

Structure of inventories	As at 31.12.2017	As at 31.12.2016
		<i>restated data</i>
Materials and raw materials	365 049	294 687
Work in progress	218 788	216 777
Finished products	307 534	343 086
Traded goods	58 305	54 330
Energy certificates	1 019	691
Total	950 695	909 571
Advances on supplies	27 833	15 439
Carrying value of inventories	978 528	925 010
Impairment losses	31 706	27 576
Gross value of inventories	1 010 234	952 586
	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Change in write-downs on inventories		
Revaluation write-offs for inventories at the beginning of the period	27 576	24 298
Increase of impairments in the period	15 902	8 400
Reversal of write-downs in the period (-)	(10 983)	(4 033)
Valuation of the fair value of energy certificates (+/-)	26	-
exchange rate differences from opening balance (+/ -)	(684)	42
Other decrease of write-downs in the period (written down with inventories) (-)	-	(1 131)
Revaluation write-offs for inventories at the end of the period	31 837	27 576
Impairment write-offs in manufacturing cost	1 368	1 730
Impairment write-offs in other operating expenses	3 551	2 637
Reversal of write-offs recognised in other operating revenues	3 501	94



(amounts expressed in PLN thousands unless specified otherwise)

22. OTHER ASSETS

	As at 31.12.2017	As at 31.12.2016
Costs recognised on accrual basis		
Prepayments - other than financial expenses	18 666	14 426
Prepayments - financial expenses	229	163
Quick savings (only automotive)	16 683	22 942
Capitalised costs of new projects	27 161	49 011
Total	62 739	86 542
<i>Long-term part</i>	31 168	42 909
<i>Short-term part</i>	31 571	43 633

Quick savings concern the fees which automotive branch providers are required to pay to their customers (OEM). These fees occur at the time of conclusion of a contract for production of parts (granting nominations) and are charged against standard prices of supplied products. The amount of these charges reflects the savings that result from cooperation in production of the same or similar products using the same technologies and procedures as well as the exchange of technical knowledge and experience. Therefore, it is assumed that the Supplier obtains specific cost savings that would have otherwise been necessary to expand manufacturing process and to achieve the target process efficiency. These fees are depreciated in the period of life of a given project.

Automotive development projects refer to expenditures incurred by Maflow and BAP groups production facilities in the process of technical documentation development and thereafter the implementation tests of new products. These expenditures are depreciated in the period of life of a given project.

During the year the Group wrote down assets resulting from historical expenditure on production facility commissioning (write-down in the amount of PLN 16 202 thousand); this amount was recognised in other operating costs.

23. CASH

	As at 31.12.2017	As at 31.12.2016
Cash and cash equivalents		<i>restated data</i>
Cash in hand and at bank	216 120	205 108
Other		

24. DISCONTINUED OPERATIONS AS WELL AS ASSETS AND LIABILITIES AVAILABLE FOR SALE

The assets and liabilities associated with assets held for sale concern discontinued operations, i.e. the assets and liabilities of the subsidiary HMN Szopienice SA in liquidation.

Below are the individual items of fixed and current assets as well as liabilities and provisions for commitments statement of cash flows shown in the separate financial statements of HMN Szopienice SA in liquidation. The initial part of these consolidated financial statements includes the income statement from discontinued operations and statement of cash flows.



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	As at 31.12.2017	As at 31.12.2016
ASSETS held for sale from discontinued operations	1 622	1 653
Liabilities related to fixed assets held for sale (discontinued operations)	20 023	22 165

ASSETS held for sale from discontinued operations	As at 31.12.2017	As at 31.12.2016
Non-current assets	489	500
Financial investments	14	14
Trade receivables and other receivable	526	1 131
Other assets	-	-
Cash and cash equivalents	593	8
Total assets	1 622	1 653

Liabilities related to fixed assets held for sale (discontinued operations)		
Trade and other liabilities	19 467	21 463
Income tax provision	289	289
Other provisions	267	413
Other Liabilities	-	-
Total liabilities	20 023	22 165

25. EQUITY

Share capital structure

Shareholders	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik	153 101 002	63.79%	153 101 002	63.79%
including: subsidiaries	47 814 905	19,92%	47 814 905	19,92%
Nationale - Nederlanden Otworthy Fundusz Emerytalny	14 773 261	6.16%	14 773 261	6.16%
Others	72 125 737	30.05%	72 125 737	30.05%
Total:	240 000 000	100.00%	240 000 000	100.00%

The Parent Company holds no preferred shares. Each share carries one vote at the Shareholders' Meeting.



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Change in equity	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
		<i>restated data</i>
Number of shares as at balance sheet date	240 000 000	240 000 000
<i>number of own shares</i>	<i>11 139 905</i>	<i>7 830 000</i>
<i>the number of shares entitled to dividend</i>	<i>228 860 095</i>	<i>232 170 000</i>
Share capital at the beginning of the year, including:	248 906	248 906
<i>Paid-up capital</i>	<i>240 000</i>	<i>240 000</i>
<i>Revaluation *)</i>	<i>8 906</i>	<i>8 906</i>
Share capital as at the end of the year	248 906	248 906
Share premium as at the beginning of the year	114 435	114 435
<i>change</i>	<i>-</i>	<i>-</i>
Balance as at the end	114 435	114 435
Own shares (-)		
Balance as at the beginning of the year	(135 756)	(125 657)
<i>share buy-back</i>	<i>(34 811)</i>	<i>(10 099)</i>
<i>Redemption of treasury shares</i>		
Balance as at the end	(170 567)	(135 756)
Reserve capital - hedge accounting		
Balance as at the beginning	(2 348)	(4 011)
<i>Current period profit/loss</i>	<i>8 565</i>	<i>2 053</i>
<i>Income tax (+/-)</i>	<i>(1 627)</i>	<i>(390)</i>
<i>Change resulting from changes in Group structure</i>	<i>669</i>	
Balance as at the end	5 259	(2 348)
Revaluation reserve on assets available for sale		
Balance as at the beginning of the year	(12 374)	(12 051)
<i>Valuation to fair value (+/-)</i>	<i>432</i>	<i>(399)</i>
<i>Income tax (+/-)</i>	<i>(82)</i>	<i>76</i>
<i>Transfer of accumulated valuation to profit and loss</i>		
<i>Transfer of deferred tax to profit and loss</i>		
Balance as at the end	(12 024)	(12 374)
Restatement of employee benefits		
Balance as at the beginning	28	(92)
<i>Current period profit/loss</i>	<i>(664)</i>	<i>148</i>
<i>Income tax (+/-)</i>	<i>126</i>	<i>(28)</i>
<i>Change resulting from changes in Group structure</i>	<i>(265)</i>	
Balance as at the end	(775)	28



(amounts expressed in PLN thousands unless specified otherwise)

Currency translation differences (overseas subsidiaries)

Balance as at the beginning	(21 788)	(2 022)
Current period profit/loss	(20 808)	(22 258)
Income tax (+/-)	3 027	2 492
Change resulting from changes in Group structure		
Balance as at the end	(39 569)	(21 788)

Retained earnings

Balance as at the beginning of the year	783 395	657 646
Result of the current year	173 005	134 575
Change resulting from changes in Group structure	29 403	(8 826)
Balance as at the end	985 803	783 395

Total Parent's equity

1 131 468 **974 498**

Equity of non-controlling interest

Balance as at the beginning	642 554	594 775
Result of the current year	30 889	59 513
Other profit/loss recognised in equity	2 775	(4 799)
Change resulting from changes in Group structure	(85 596)	(6 935)
Balance as at the end	590 622	642 554

Total equity

1 722 090 **1 617 052**

*) In accordance with IFRS 29, art. 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS i.e. 01.01.2004 using general price indices since their contribution or otherwise. The amount of the hyperinflationary revaluation increased the share capital and the issue premium while the value of the retained earnings was reduced.

26. BANK CREDITS, LOANS

External financing liabilities	As at 31.12.2017	As at 31.12.2016
Bank credits	1 045 340	980 071
Loans received	24 325	8 307
Total loans, including:	1 069 665	988 378
<i>Bank credits - long term</i>	416 213	232 171
<i>Bank credits - short term</i>	653 452	756 207



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	As at 31.12.2017	As at 31.12.2016
		<i>restated data</i>
26.1. Bank credits (including accrued interest)		
Bank investment loans	340 220	282 219
Working capital facility	449 423	63 409
Revolving loans (including accrued interest)	183 837	565 033
Factoring	71 860	69 410
Total loans, including:	1 045 340	980 071
<i>Bank credits - long term</i>	<i>396 461</i>	<i>228 397</i>
<i>Bank credits - short term</i>	<i>648 879</i>	<i>751 674</i>
Interest on loans (excluding factoring)	24 899	21 064
Effective interest rates	2.64%	2.30%

All loans are secured. Loans are secured by:

- investment real estate
- tangible fixed assets,
- shares: Boryszew S.A. (own shares and shares in subsidiaries), Impexmetal S.A. and Alchemia S.A.
- inventories,
- trade receivables from business partners,
- bills of exchange,
- assignment of rights under insurance policies,
- guarantees issued by capital group member companies

Summary of loans

Loan details	Loan liability as at 31.12.2017	Loan liability as at 31.12.2016	Movement	Loan repayment date as per agreement
BANK HANDLOWY	-	10 000	(10 000)	20.10.2017
DNB Bank	8 510	11 000	(2 490)	30.08.2018
ING Bank Śląski	13 932	13 736	196	30.06.2018
ING Bank Śląski	4 037	-	4 037	30.06.2018
mBank	9 708	-	9 708	12.10.2018
mBank	8 000	-	8 000	14.10.2020
PKO BP	9 790	9 790	-	31.12.2018
PKO BP	5 719	10 972	(5 253)	31.12.2018
PKO BP	27 443	-	27 443	31.12.2018
DNB Bank	25 000	24 946	54	31.08.2018
Alior Bank	11 961	11 994	(33)	24.03.2020
ING Bank Śląski	31 258	17 736	13 522	30.06.2018
ING Bank Śląski	4 516	5 704	(1 188)	31.05.2021
BGK	59 195	46 222	12 973	30.06.2020
Credit Agricole Bank Polska	20 855	-	20 855	19.12.2022
Alior Bank	34 777	38 821	(4 044)	03.03.2019
BZ WBK	29 994	25 972	4 022	31.05.2018
BZ WBK Faktor	-340	2 402	(2 742)	unspecified period of time
ING Commercial Finance	-168	7 101	(7 269)	unspecified period of time
mBANK faktoring	24 664	23 991	673	unspecified period of time
PKO FAKTORING	6 540	-	6 540	25.07.2019

The attached notes are provided as an integral part of these financial statements



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HSBC	19 264	-	19 264	23.08.2018
PKO BP	20 215	20 321	(106)	31.05.2018
Raiffeisen Bank	7 859	7 574	285	30.11.2018
Raiffeisen Bank	3 268	3 117	151	04.01.2019
PKO BP	2 642	5	2 637	31.12.2018
HSBC Bank Polska	50 000	50 000	-	12.06.2020
HSBC Bank Polska	15 000	15 000	-	12.06.2020
PKO BP	7 879	15 152	(7 273)	31.12.2018
PKO BP	3 610	-	3 610	31.12.2018
PKO BP	12 000	-	12 000	31.12.2018
DNB Bank	2 127	-	2 127	31.08.2018
Alior Bank	14 000	-	14 000	24.05.2020
DM PKO BP - deferred payment for shares	816	-	816	03.01.2018
<i>interest unpaid as at the balance sheet date</i>	478		478	
PKO BP S.A.	749	36 740	(35 991)	31.01.2018
PKO BP S.A.	349	3 969	(3 620)	
PKO BP S.A.	40 000	25 000	15 000	31.01.2020
Bank Pekao S.A.	2 216	18 422	(16 206)	30.06.2018
Bank Pekao S.A.	6 745	4 980	1 765	
Bank Millennium S.A.	916	42	874	19.10.2018
Bank Millennium S.A.	1 629	95	1 534	12.02.2018
Bank Millennium S.A.	0	253	(253)	
Bank Zachodni WBK S.A.	0	18 951	(18 951)	31.05.2018
Bank Zachodni WBK S.A.	72	4 481	(4 409)	
Alior Bank S.A.	460	14 198	(13 738)	26.04.2018
Credit Agricole Bank Polska S.A	1 469	4 809	(3 340)	30.11.2018
Credit Agricole Bank Polska S.A	5 732	1 734	3 998	
Bank Gospodarstwa Krajowego	1 061	2 570	(1 509)	31.05.2018
Bank Gospodarstwa Krajowego	448	4 269	(3 821)	31.05.2018
Bank Gospodarstwa Krajowego	24 005	24 006	(1)	30.05.2019
Bank Gospodarstwa Krajowego	14 598	15 485	(887)	
Bank Gospodarstwa Krajowego	74 013	60 391	13 622	30.09.2022
Bank Millennium S.A.	12	0	12	19.10.2018
Bank Millennium S.A.	46	0	46	
Coface Poland	28		28	no time limit
Factoring Sp. z o.o.	0	120	(120)	
Credit Agricole Bank Polska S.A	23 608	15 117	8 491	30.11.2018
Bank Handlowy w Warszawie S.A.	0	2 784	(2 784)	30.03.2018
Bank PKO BP S.A.	19 196	19 986	(790)	31.05.2018
ALIOR BANK SA	3 007	21 934	(18 927)	29.09.2018
BZ WBK SA	22 760	20 466	2 294	31.05.2018
Millennium SA	0	0	0	18.02.2018
PKO BP SA	18 042	9 964	8 078	31.05.2018
Credite Agricole	18 743	21 287	(2 544)	30.11.2018
PEKAO SA	18 798	0	18 798	29.11.2018
PEKAO SA		87	(87)	
PKO BP	12 963	11 358	1 605	19.10.2018
BANK HANDLOWY	17 913	17 272	641	02.08.2018
BANK MILLENNIUM	39 450	39 761	(311)	19.10.2018
BANK HANDLOWY	4 674	9 453	(4 779)	02-08-2018
ALIOR BANK	22	9 759	(9 737)	29-09-2018
MILLENNIUM	37 805		37 805	26-10-2018
PKO BP		34 752	(34 752)	
Raiffeisen Bank Polska S.A.	1 538	1 597	(59)	30.11.2018
Bank Pekao S.A.	2 389	1 517	872	30.06.2018
DnB NORD	1 212	2 064	(852)	30.08.2018

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Banco Desio c/anticipo export	1 356	487	869	31.12.2018
Unicredit Factoring	5 193	5 083	110	no time limit
investment loans with mBank	35 870	0	35 870	30.04.2024
working capital facility with mBank	1 200	0	1 200	30.06.2018
Bank Gospodarstwa Krajowego	34 652	26 889	7 763	31.12.2024
Commerzbank AG	7 478	10 821	(3 343)	no time limit
Société Générale	1 022	3 181	(2 159)	14.06.2018
Banque Populaire	1 960	1 261	699	31.12.2026
Hewlett-Packard	405	907	(502)	31.05.2019
VW Bank Braunschweig	29	0	29	15.03.2019
GE Capital Bank AG	530	1 310	(780)	30.09.2018
DNB Bank	0	17 533	(17 533)	31.08.2017
HSBC Bank Polska	10 000	10 000	0	12.06.2020
DNB Bank	0	4 980	(4 980)	09.03.2018
La Caixa	4 554	3 946	608	30.11.2022
Liberbank	967	1 371	(404)	20.11.2020
Liberbank	2 904	3 859	(955)	31.12.2018
Bankinter	774	1 252	(478)	20.10.2019
Bankinter	1 480	2 938	(1 458)	30.11.2018
Banco Popular	4 266	3 283	983	31.12.2018
Banco Popular	1 789	2 234	(445)	19.04.2023
BBVA	2 198	1 857	341	16.09.2020
mBank	0	1 968	(1 968)	30.08.2018
UniCredit Bank	12 216	18 219	(6 003)	30.09.2020
Bank Intesa	542	1 292	(750)	30.03.2022
Bank IFIS	1 297	1 941	(644)	31.12.2018
BBVA	1 250	2 230	(980)	31.12.2018
HSBC Bank Polska	191		191	2018.06.26
Total loans	1 045 340	980 071	65 269	

Movement of liabilities due to loans

The nominal value of loans at the beginning of the year

	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
raising new loans (+)	341 862	361 439
loan repayments (-)	(252 398)	(274 384)
unpaid interest at period end (+)	1 039	93
impact of exchange rate differences (+/-)	(25 234)	6 034

Carrying value of loans at year end

1 045 340 980 071

Interest expense, including:

interest on loans included in the result	30 739	25 965
Interest expense (fixed assets)	29 956	25 965
	783	



(amounts expressed in PLN thousands unless specified otherwise)

Expected discounted cash flows on committed loans

up to 3 months	86 800	263 470
up to 6 months	155 955	169 044
up to 1 year	377 147	204 546
between 1 year and 3 years	307 576	299 501
from 3to 5 years	110 422	34 727
over 5 years	7 440	8 783
Total	1 045 340	980 071

26.2. Liabilities due to received loans

	As at 31.12.2017	As at 31.12.2016
		<i>restated data</i>
Loans from third parties	24 325	8 307
Total loans, including:	24 325	8 307
<i>Long-term loans</i>	19 752	3 774
<i>Bank loans - short-term</i>	4 573	4 533

Movement of liabilities due to loans

	01.01.2017 - 31.12. 2017	01.01.2016 -31.12. 2016
Loan carrying value brought forward	8 307	9 174
new loans taken (+)	17 707	6 245
repayment of loans (-)	(1 696)	(7 205)
accrued interest at the end of the period (+)	7	93
Balance sheet value of loans	24 325	8 307

Paid interest on loans, including:

interest on loans included in the result	970	678
interest expense (fixed assets)	1	

Expected discounted cash flows on committed borrowings

up to 3 months	993	134
up to 6 months	992	2 167
up to 1 year	4 259	4 519
between 1 year and 3 years	13 123	674
from 3to 5 years	3 480	813
over 5 years	1 478	-
Total	24 325	8 307



(amounts expressed in PLN thousands unless specified otherwise)

Loans as at 31.12.2017 and as at 31.12.2016

Loan date/lender name	As at 31 December 2017	As at 31 December 2016	Movement	Loan repayment date as per agreement	Collateral	Interest rate
Government Grant	455	566	(111)	no time limit	pledge on machinery	fixed interest rate
NFEP&WM Katowice	360	471	(111)	15.03.2021	transfer of receivables from time deposit	fixed interest rate
NFEP&WM IN KATOWICE	276	384	(108)	15.02.2019	registered pledge on inventories	fixed interest rate
Siemens	5 339	6 245	(906)	31.03.2023	Bill of exchange, pledge on machinery	EURIBOR,WIBOR + margin
IBM GLOBAL FINANCING POLSKA	181	331	(150)	01.03.2019	promissory note	fixed interest rate
IBM Polska sp. z o.o.		217	(217)	01.04.2017	promissory note	fixed interest rate
unpaid interest	7	93	(86)			
mLeasing Sp. z o.o.	14 997		14 997	30.06.2022	Blank promissory note, including promissory note declaration	variable
The Provincial Funds for Environmental Protection and Water Management in Toruń	2 710		2 710	30.09.2028	1. Promissory note 2. Pledge by Boryszew SA	variable
	24 325	8 307	16 018			

27. LEASE LIABILITIES

Liabilities due to lease	As at 31.12.2017	As at 31.12.2016
		<i>restated data</i>
Long-term lease	48 635	89 761
Short-term lease	27 428	39 071
Total lease liabilities	76 063	128 832

The subject of the lease are machines and equipment in Boryszew SA branches as well as in Metals and Automotive segments and passenger cars in all Group companies.



(amounts expressed in PLN thousands unless specified otherwise)

Financial leasing liabilities gross - minimum payments (principal + interest as per payment schedule)

up to 3 months	9 332	22 517
up to 6 months	8 350	20 542
up to 1 year	12 247	39 110
between 1 year and 3 years	27 963	50 686
from 3 to 5 years	15 384	6 077
over 5 years	8 479	
Total amount of undiscounted lease payments remaining until the end of the lease	81 755	138 932
future interest payments (-)	(5 692)	(10 100)
Carrying value of liabilities due to lease	76 063	128 832

Additional information on lease

Lease liabilities movements

	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Liabilities due to leasing at the beginning of the year	128 832	122 725
raising new liabilities	32 697	47 015
repayment of capital lease payments (-)	(79 953)	(43 602)
impact of exchange rate differences (+/-)	(5 513)	2 694
Carrying value of lease liabilities	76 063	128 832

28. PAYABLES ON PERPETUAL USUFRUCT OF INVESTMENT LAND

	As at 31.12.2017	As at 31.12.2016
Discounted liability due to WUG for investment property		
long-term accounts payable	60 902	40 631
short-term liabilities	67	-
Total	60 969	40 631

Disclosed liabilities are real estate properties and land under perpetual usufruct recognised in the balance sheet; they are located in Toruń

	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Change in accounts payable		
SMA liabilities - opening balance	40 631	51 379
WUG's liability due to new investment property (+)	27 504	-
repayment during the period and reductions due to disposal (-)	(7 166)	(10 748)
carried amount of liabilities as at the end of period	60 969	40 631



(amounts expressed in PLN thousands unless specified otherwise)

29. PENSION AND OTHER EMPLOYEE BENEFITS LIABILITIES

Employee benefit provisions

	As at	As at
	31.12.2017	31.12.2016
		<i>restated data</i>
Employee benefit reserve as per actuarial valuation (pension, disability, death benefits, long service benefits)	21 197	18 703
Provision for payments in lieu of leaves not taken	18 543	16 430
Bonus provision	10 805	11 780
In total, including:	50 545	46 913

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

As at 31.12.2017 for the calculation of provisions for liabilities to employees, the following parameters and assumptions were adopted: the rate of mobility (rotation) of employees at the level of 1-5%, depending on age, the rate of return on investment at 3.3% and wage growth rate at 2.3%. In the previous year, the adopted actuarial valuation parameters were similar to those used in the current year, except for the interest rate of return on investment, which in the previous year was 3.7%. Using the last year's parameters in the current year differences are irrelevant



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Provision for employee benefits

	Retirement severance pay	Disability severance pay	Death benefits	Long- service benefits	Provision for payments in lieu of leaves not taken	Bonus and other benefits	Total
As at 01.01.2017	10 455	558	1 873	5 817	16 430	11 780	46 913
Movement:	2 373	27	-19	113	2 113	-975	3 632
<i>Interest expense</i>	158	16	63	116	272	-	625
<i>Current employment costs (+/-)</i>	627	78	156	1 359	7 419	8 206	17 845
<i>Future employment costs (+/-)</i>	1 391	(74)	(323)	(48)	(409)	(16)	521
<i>Benefits paid (-)</i>	(649)	(15)	3	(1 459)	(4 710)	(8 956)	(15 786)
<i>Actuarial gains and losses - demographic changes (+/-)</i>	325	(18)	(57)	137	(459)	(209)	(281)
<i>Actuarial gains and losses - financial changes (+/-)</i>	521	40	139	8	-	-	708
As at 31.12.2017	12 828	585	1 854	5 930	18 543	10 805	50 545

Provision for employee benefits

	Retirement severance pay	Disability severance pay	Death benefits	Long- service benefits	Provision for payments in lieu of leaves not taken	Other provisions	Total
As at 01.01.2016	9 783	582	1 820	5 488	15 842	7 178	40 693
Movement:	672	(24)	53	329	588	4 602	6 220
<i>Interest expense</i>	123	14	49	90	-	-	276
<i>Current employment costs (+/-)</i>	1 371	48	143	181	5 705	15 338	22 786
<i>Future employment costs (+/-)</i>	(7)	6	-	-	(161)	(1 399)	(1 561)
<i>Benefits paid (-)</i>	(919)	(11)	-	(349)	(4 956)	(9 337)	(15 572)
<i>Actuarial gains and losses - demographic changes (+/-)</i>	424	(41)	235	(80)	-	-	538
<i>Actuarial gains and losses - financial changes (+/-)</i>	(320)	(40)	(374)	487	-	-	(247)
As at 31.12.2016	10 455	558	1 873	5 817	16 430	11 780	46 913

The attached notes are provided as an integral part of these financial statements



(amounts expressed in PLN thousands unless specified otherwise)

30. OTHER PROVISIONS

	As at	As at
	31.12.2017	31.12.2016
Other provisions		
		<i>restated data</i>
Provisions for liquidation of fixed assets	5 904	5 839
Provision for waste liquidation and land reclamation	2 855	-
Provisions for liabilities on non-performed contracts	83	777
Provisions for liabilities on litigations	2 542	5 437
Provisions for warranty repairs, complaints	6 381	9 718
Provisions for state budget claims	65 042	-
Provisions for contracts generating loss (onerous contracts)	4 848	9 015
Total other provisions	87 655	30 786
<i>long-term provisions</i>	11 211	12 733
<i>short-term provisions</i>	76 444	18 053

PLN 65 042 thousand provision is made against VAT payment risk Explanation provided in note 1 e).



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Change in provisions 01.01.2017 - 31.12. 2017	As at 01.01.2017	creation of provision (+)	provisions utilised during the year (-)	release of unused provision (-)	translation reserve (+/-)	As at 31 December 2017
Provisions for liquidation of fixed assets	5 839	71	(6)			5 904
Provision for waste liquidation and land reclamation	-	2 916	(61)			2 855
Provisions for liabilities on non-performed contracts	777	67	(777)		16	83
Provisions for liabilities on litigations	5 437	683	(1 535)	(1 536)	(507)	2 542
Provisions for warranty repairs, complaints	9 718	3 936	(1 432)	(5 568)	(273)	6 381
Provisions for state budget claims	-	65 042				65 042
Provisions for contracts generating loss (onerous contracts)	9 015	4 881	(1 315)	(7 023)	(710)	4 848
Total	30 786	77 596	(5 126)	(14 127)	(1 474)	87 655

Change in provisions 01.01.2016 - 31.12. 2016 <i>restated data</i>	As at 01.01.2017	creation of provision (+)	provisions utilised during the year (-)	release of unused provision (-)	translation reserve (+/-)	As at 31 December 2016
Provisions for liquidation of fixed assets	5 849		(10)			5 839
Provision for waste liquidation and land reclamation	2 407	355	(2 762)			-
Provisions for liabilities on non-performed contracts	777					777
Provisions for liabilities on litigations	6 749	1 310	470	(3 332)	240	5 437
Provisions for warranty repairs, complaints	9 696	185	(29)	(134)		9 718
Provisions for contracts generating loss (onerous contracts)	8 523	1 484	(992)			9 015
Total	34 001	3 334	(3 323)	(3 466)	240	30 786

The attached notes are provided as an integral part of these financial statements



(amounts expressed in PLN thousands unless specified otherwise)

31. TRADE PAYABLES AND OTHER LIABILITIES

	As at 31.12.2017	As at 31.12.2016
		<i>restated data</i>
Trade liabilities for materials, services, goods	665 755	644 919
Liabilities due to the purchase of property, plant and equipment	14 593	23 098
Budget liabilities (except income tax)	51 470	56 659
Other Liabilities	56 586	85 547
Payroll liabilities	36 678	31 599
Special funds	2 526	2 775
In total, including:	827 608	844 597
<i>Liabilities towards related parties</i>	25 337	26 804

32. OTHER LIABILITIES AND EQUITY

	As at 31.12.2017	As at 31.12.2016
State subsidies	32 175	20 878
Other (deferred revenues)	7 302	2 486
Total	39 477	23 364
<i>long-term</i>	11 581	12 964
<i>short-term</i>	27 896	10 400

State subsidies

Subsidies, refund from the National Fund for the Rehabilitation of Disabled	3 354	3 856
Environment protection	979	688
Development and new technologies	6 779	11 172
Investment bonus	419	506
BOD investment grant	16 308	0
Conditionally waived loans	4 336	4 656
Total	32 175	20 878



(amounts expressed in PLN thousands unless specified otherwise)

33. FINANCIAL INSTRUMENTS

Financial assets as per the balance sheet

	Loans and receivables	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets available for sale	Carrying value
As at 31.12.2017					
Assets available for sale				8	8
Shares held for trading		25 068			25 068
Trade receivables	638 807				638 807
Derivative financial instruments		3 547	24 459		28 006
Loans granted	1 820				1 820
Bonds	78 278				78 278
Other debtors	40 302				40 302
Cash and cash equivalents	216 120				216 120
Total	975 327	28 615	24 459	8	1 028 409

	Loans and receivables	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets available for sale	Carrying value
As at 31.12.2016					
Assets available for sale				5 369	5 369
Shares held for trading		25 089			25 089
Trade and other receivables	592 244				592 244
Derivative financial instruments		1 525	16 706		18 231
Loans granted	1 693				1 693
Bonds	64 007				64 007
Other debtors	39 849				39 849
Cash and cash equivalents	205 108				205 108
Total	902 901	26 614	16 706	5 369	951 590



(amounts expressed in PLN thousands unless specified otherwise)

Financial liabilities as per balance sheet

	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Derivatives used for hedges	Carrying value
As at 31.12.2017				
Bank loans, factoring, borrowings		1 069 665		1 069 665
Derivative financial instruments	3 531		21 719	25 250
Leasing liabilities		76 063		76 063
SMA liabilities		60 969		60 969
Trade and other liabilities		736 934		736 934
Total	3 531	1 943 631	21 719	1 968 881

	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Derivatives used for hedges	Carrying value
As at 31.12.2016				
Bank loans, factoring, borrowings		988 378		988 378
Derivative financial instruments	3 750		24 029	27 779
Leasing liabilities		128 832		128 832
SMA liabilities		40 631		40 631
Trade and other liabilities		753 564		753 564

	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Derivatives used for hedges	Carrying value
As at 31.12.2016				
Bank loans, factoring, borrowings		988 378		988 378
Derivative financial instruments	3 750		24 029	27 779
Leasing liabilities		128 832		128 832
SMA liabilities		40 631		40 631
Trade and other liabilities		753 564		753 564
Total	3 750	1 911 405	24 029	1 939 184



(amounts expressed in PLN thousands unless specified otherwise)

34. BUSINESS RISKS

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

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

market risk, including:

- foreign exchange rate risk (change in the exchange rate of PLN to other currencies);
- interest rate risk (increase in interest rates);
- risk of change in prices of primary raw materials and products;
- risks related to stability of debt and cash flow:
- liquidity risk;
- credit risk.
- risk of changes in applicable law

Capital management, liquidity risk and credit risk

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

Net debt to equity ratio	As at 31.12.2017	As at 31.12.2016
Loan, lease, borrowings debt	1 145 728	1 117 210
Cash and cash equivalents	(216 120)	(205 108)
Net debt	929 608	912 102
Equity	1 722 090	1 617 052
Net debt to equity	54.0%	56.4%
Debt ratio	As at 31.12.2017	As at 31.12.2016
Liabilities	2 367 468	2 223 860
Assets	4 109 581	3 863 077
Debt rate	57%	58%
Liquidity ratios	As at 31.12.2017	As at 31.12.2016
current ratio	1.74	1.74
quick ratio	0.70	0.63
current ratio	0.14	0.13



(amounts expressed in PLN thousands unless specified otherwise)

Credit risk is understood as the risk of a counterparty failing to fulfil its contractual obligations, thus exposing the lender to financial loss.

From the perspective of Boryszew Group, credit risk is associated with:

- trade receivables from business partners,
- loans granted,
- guarantees and sureties granted,
- cash and bank deposits.

The Group recognises write-off on possible losses resulting from credit risk.

Accumulated write-downs on receivables

Write-downs on receivables from sales	46 373	56 801
Doubtful debt allowance on other receivables	13 463	21 012
Total allowances	59 836	77 813

Boryszew Group is exposed to credit risk associated with credit-worthiness of customers being parties to transactions of sale of products and traded goods. The risk is limited by application of internal procedures for setting credit limits of customers and managing trade receivables. Of crucial importance in crediting activities is evaluation of credit-worthiness of customers and adequate collateral provided by the borrower, which enables reduction of losses in case of customer's failure to repay the debt. The customer's credit risk is assessed prior to conclusion of contract and then again, periodically, on subsequent deliveries of goods according to procedures in force. Companies monitor the working capital cycle on an on-going basis as well as aim to reduce the collection period of receivables and at the same time to extend the terms for repayment of liabilities.

Credit risk associated with cash on banks accounts and bank deposits is low since Boryszew Group enters into transactions with reputable banks having high ratings and stable market standing.

Liquidity risk

Boryszew Group is exposed to liquidity risk due to high, although falling, proportion of short-term third party financing (overdraft facilities and working capital facilities) in the Group's financing structure. Currently, the Group has secured its access to third-party financing and has no difficulty in obtaining new loans or renewing the existing ones. Potential risk may exist in the event of significant deterioration of results of the Group's companies or large scale disturbances in financial markets.

Group's entities show no arrears in servicing their interest debt, both in terms of principal amounts as well as interest. In 2017 the Group refinanced approximately PLN [142 931] thousand of repaid loans.

The analysis of contractual maturities of undiscounted cash flows due to financial liabilities as at 31.12.2017

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	86 800	155 955	377 147	307 576	110 422	7 440	1 045 340	1 045 340
Maturities of borrowings	993	992	4 259	13 123	3 480	1 478	24 325	24 325
Maturities of leasing liabilities	9 332	8 350	12 247	27 963	15 384	8 479	81 755	76 063
The maturity of WUG charges	1 985	0	0	4 064	4 111	132 174	142 334	60 969
payment of trade liabilities and other items	761 285	18 479	876	46 968			827 608	827 608
Total	860 395	183 776	394 529	399 694	133 397	149 571	2 121 362	2 034 305



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The analysis of contractual maturities of undiscounted cash flows due to financial liabilities as at 31.12.2016

converted data	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	263 470	169 044	204 546	299 501	34 727	8 783	980 071	980 071
Maturities of borrowings	134	2 167	4 519	674	813	-	8 307	8 307
Maturities of leasing liabilities	22 517	20 542	39 110	50 686	6 077		138 932	128 832
The maturity of WUG charges	2 075	0	0	4 244	4 291	150 521	161 131	40 631
payment of trade liabilities and other items	612 392	168 402	29 040	34 763	0	0	844 597	844 597
Total	900 588	360 155	277 215	389 868	45 908	159 304	2 133 038	2 002 438

Undiscounted cash flows include amounts of future interest cost

Foreign exchange rate change risk

Currency risk is an inherent risk of trade business denominated in foreign currency. Sources of currency risk to which companies of Boryszew Group were exposed in 2017 included: transactions of raw materials purchase, transactions of product sales, loans and borrowings incurred and cash denominated in foreign currencies. Adverse changes in exchange rates may lead to decrease in the financial results of Boryszew Group. For the purposes of this analysis, the data concerning companies for which the functional currencies are: EUR, USD.

Analysis of sensitivity to risk of foreign exchange changes 2017

Currency	Exrate as at 31.12.2017 (PLN)	5% exrate change (PLN)
EUR	4.1709	0.2085
USD	3.4813	0.1741

Receivables and payables in EUR	Net value	effect of increase	effect of decrease
	in currency	in exchange rate	in exchange rate
trade and other receivables	63 482	13 236	(13 236)
trade and other liabilities	69 780	(14 549)	14 549
loans and advances	71 902	(14 992)	14 992
bonds	0	0	0
lease	13 643	(2 845)	2 845
Result		(19 150)	19 150

Receivables and payables in USD

trade receivables	4 567	795	(795)
other liabilities	26 657	(4 641)	4 641
borrowings and loans and lease	359	(63)	63
Result		(3 909)	3 909



(amounts expressed in PLN thousands unless specified otherwise)

Analysis of sensitivity to risk of foreign exchange rates changes 2016

Currency	Exrate as at 31.12.2016 (PLN)	5% exrate change (PLN)
EUR	4.424	0.2212
USD	4.1793	0.2090

Receivables and payables in EUR	Net value	effect of increase	effect of decrease
	in currency	in exchange rate 5%	in exchange rate 5%
trade and other receivables	77 390	17 119	(17 119)
trade and other liabilities	61 065	(13 508)	13 508
loans and advances	68 657	(15 187)	15 187
bonds		0	0
lease	15 305	(3 385)	3 385
Result		(14 961)	14 961

Receivables and payables in USD

trade receivables	8 354	1 746	(1 746)
other liabilities	21 958	(4 589)	4 589
loans and advances	938	(196)	196
Result		(3 039)	3 039

Market risk - metal prices and currency exchange rates

The main risks arising from the specific activities of the Group are risks associated with the price of metals on the London Metal Exchange (LME) as well as currency exchange rate changes.

Description of exposure

The exposure that has so far been identified at Impexmetal Group defines, as a rule, two types of risks:

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

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

Risk of changes in metal prices exists at the operational level while risk of changes in currency exchange rates occurs at the strategic / fundamental / and operational level.

Operational risk in terms metal prices was identified at: Boryszew S.A. branch NPA, Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcowania Metali Dziedzice S.A., Zakłady Metalurgiczne Silesia S.A., and is associated with future revenue and cash flows, which have already been contracted, in other words - with securing the fair value of the contract.

Strategic risk involving currencies is associated with throughput bonus (USD/PLN and EUR/PLN) The risk exists at: Boryszew S.A. branch NPA, Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcowania Metali Dziedzice S.A., Zakłady Metalurgiczne Silesia S.A.

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



(amounts expressed in PLN thousands unless specified otherwise)

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

Due to the fact that companies in Impexmetal Group are mainly financed by debt with variable interest coupon, companies are exposed to changes in interest rates. The profile of the interest rate risk in Companies is characterized by adverse impact of increased interest rates on the level of cost of interest. Due to lower impact of interest rates on costs and revenues of the Companies, the risk of changes in interest rates does not constitute the basic risk from the point of view of its effect on the volume of companies' cash flows.

This risk, similarly to metal price risk and exchange rate risk is subject to an on-going monitoring.

Planned dates of cash flows associated with derivatives

Commodity derivatives as at 12.31.2017

currency	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	total
USD	(1 407)	(1 526)	(450)	-	-	-	(3 383)
EUR	(53)	(3 565)	(483)	(259)	-	-	(4 360)
Total	(1 460)	(5 091)	(933)	(259)	-	-	(7 743)

Commodity derivatives as at 12.31.2016

currency	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	total
USD	(2 466)	427	1 322	-	-	-	(717)
EUR	(11 432)	578	10 625	(248)	-	-	(477)
Total	(13 898)	1 005	11 947	(248)	-	-	(1 194)

Commodity derivatives as at 12.31.2017

currency	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	total
USD	(557)	(1 964)	(1 139)	(1 636)	-	-	(5 296)
EUR	3 725	8 738	6 010	7 600	-	-	26 073
PLN '000	-	-	-	-	-	-	-
Total	3 168	6 774	4 871	5 964	-	-	20 777



(amounts expressed in PLN thousands unless specified otherwise)

Commodity derivatives as at 12.31.2016

currency	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	total
USD	(504)	628	1 232	2 112	-	-	3 468
EUR	(1 679)	(2 470)	(1 961)	(5 961)	-	-	(12 071)
PLN '000	(185)	(1 191)	20	-	-	-	(1 356)
Total	(2 368)	(3 033)	(709)	(3 849)	-	-	(9 959)

Analysis of sensitivity of derivatives to the change in foreign exchange rates and metal prices

Analysis of sensitivity of financial derivatives recognised in the statement on financial situation as at 31.12.2017 to the change in metal prices and in EUR/PLN exchange rates as well as impact of these changes on the financial result and equity.

Derivative instruments	31/12/2017			31/12/2016		
	increase (+) / decrease (-) in listed prices	impact on profit/loss PLN '000	impact on equity PLN '000	increase (+) / decline (-) in listed prices	impact on profit/loss PLN '000	impact on equity PLN '000
USD/PLN	+10.0%	1 299	6 899	+12.5%	3 840	14 814
	-10.0%	(1 299)	(6 899)	-12.5%	(3 840)	(14 814)
EUR/PLN	+ 5%	(7 260)	(33 699)	+ 7.5%	(6 861)	(44 479)
	- 5%	7 260	33 699	- 7.5%	6 861	44 479
METAL- Aluminium	+15%	-	(4 251)	+15%	-	11 652
	-15%	-	4 251	-15%	-	(11 652)
Metal - Lead	+25%	(521)	(16 828)	+30%	(737)	(19 120)
	-25%	521	16 828	-30%	737	19 120
Metal - Zinc	+20%	(7 813)	1 966	+30%	(8 288)	276
	-20%	7 813	(1 966)	-30%	8 288	(276)
Metal - Copper	+20%	(22 428)	4 787	+25%	(12 546)	149
	-20%	22 428	(4 787)	-25%	12 546	(149)
Metal - Zinc	+15%	-	-	+25%	(357)	-
	-15%	-	-	-25%	357	-
Metal - Silver	+20%	(198)	-	+25%	(88)	-
	-20%	198	-	-25%	88	-
Total impact on financial result and equity before tax	Increase in listed prices	(36 921)	(41 126)		(25 037)	(36 708)
	Decline in listed prices	36 921	41 126		25 037	36 708



(amounts expressed in PLN thousands unless specified otherwise)

Interest rate risk

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

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

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

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

Analysis of sensitivity to changes of interest rates

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

	As at 31.12.2017	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
Interest-bearing (variable %) financial assets	80 098	400	(400)
Loans granted	1 820	9	(9)
Debt instruments other	78 278	391	(391)
Interest-bearing (variable %) financial liabilities	1 206 697	(6 033)	6 033
Credits	973 480	(4 867)	4 867
Factoring	71 860	(359)	359
Borrowings	24 325	(122)	122
Debt instruments	-	-	-
Financial lease	76 063	(380)	380
Other	60 969	(305)	305
Impact on future profit/loss before tax		(5 633)	5 633
Impact on future net profit/loss		(4 563)	4 563
	As at 31.12.2016	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
Interest-bearing (variable %) financial assets	65 700	328	(328)
Loans granted	1 693	8	(8)
Debt instruments other	64 007	320	(320)
Interest-bearing (variable %) financial liabilities	1 157 841	(5 789)	5 789
Credits	910 661	(4 553)	4 553
Factoring	69 410	(347)	347
Borrowings	8 307	(42)	42
Debt instruments	-	-	-
Financial lease	128 832	(644)	644
Other	40 631	(203)	203
Impact on future profit/loss before tax		(5 461)	5 461
Impact on future net profit/loss		(4 423)	4 423



(amounts expressed in PLN thousands unless specified otherwise)

Risk of changes in applicable law, in particular regulations pertaining to Group's business

Also tax provisions in Poland are highly volatile. Any changes in taxation on business, both in income tax, VAT as well as other taxes, may have an adverse impact on Group's business and performance.

The Group is exposed to risk of volatility in interpretations of tax provisions, issued by tax authorities, which have an impact on the operational activity and financial results.

Fair value

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

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

In the reporting period as well as in the comparable period, no shift of instruments between level 1 and 2 occurred.

In the reporting period as well as in the comparable period, level 3 instruments were not reclassified to level 1 and 2

Fair value of financial assets and liabilities

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

	Fair value as at		Hierarchy of fair value
	As at 31.12.2017	As at 31.12.2016	
Financial investments			
Listed shares	8	3 462	Level 1
Derivative financial instruments	33 750	18 231	Level 2
Financial obligations			
Derivative financial instruments	25 250	27 779	Level 2



(amounts expressed in PLN thousands unless specified otherwise)

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

	Fair value as at		Hierarchy of fair value
	As at 31.12.2017	As at 31.12.2016	
Financial investments			
Not listed shares	1 890	1 907	Level 3
Shares held for trading	25 068	25 089	Level 3
Bonds	78 278	64 007	Level 3
Borrowings	1 820	1 693	Level 3
Trade receivables	729 397	675 247	Level 3
Investment property	154 984	111 879	Level 3
Cash and cash equivalents	216 120	205 108	Level 3
Financial obligations			
Borrowings and loans	1 069 665	988 378	Level 3
Leasing	76 063	128 832	Level 3
Trade liabilities	680 348	668 017	Level 3
SMA liabilities	60 969	40 631	Level 3

Risk insurance

Boryszew S.A. and subsidiaries had insurance policies for 2017 within the framework of general agreements concluded by the Parent Company with several insurance companies for the entire Boryszew Group. The scope of these agreements covers:

- own property
- loss of profit due to any risk
- machinery against damage
- machinery loss of profit
- electronic equipment
- business activity and property owners civil liability insurance
- liability of the members of corporation bodies - basic insurance policy and excess policies (used upon exhaustion of the basic sum insured, regardless of whether the sum insured is exhausted at one or multiple events).

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



(amounts expressed in PLN thousands unless specified otherwise)

35. OFF-BALANCE-SHEET LIABILITIES

Guarantees and sureties

Guarantees and avals for repayment of financial liabilities granted to subsidiaries and joint subsidiaries

As at 31.12.2017	As at 31.12.2016
142 218	83 825

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Number of guaranteed contract/agreement	Subject of liability	Value of guarantee	Expiry date of guarantee
				PLN '000	
Boryszew Plastic RUS	13.02.2017	Guarantee 3/2017	Guarantee granted to Volvo Group Trucks Operations	20 855	indefinite validity
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee 31/2016	Volkswagen AG	83 418	no time limit
Alchemia S.A.	01.10.2017	Guarantee 22/2017	Arcelormittal Poland S.A.	37 538	30.09.2018
SPV Boryszew 7 Sp. z o.o.	12.05.2011	surety	Surety against payment of liabilities by Warszawa Łucka 14A and 16A tenants' association	407	no time limit
				142 218	

36. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL

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

Below presented is information on transactions in securities within the Capital Group. These transactions were carried out based on Group standard liquidity management mechanisms that involve balancing the funds necessary for financing activities of individual Group's member companies.

Transactions and balances of payables and receivables with related parties

	2017	2016 ^{re-stated data}
Revenues from sales	49 518	31 403
Interest income	55	69
Purchase of goods and services	-	1 141
Trade and other receivables (deposits, advances)	3 341	444
Loan receivables	1 741	1 609
Trade and other liabilities (deposits, advances)	97	1 564

Transactions and balances of payables and receivables with personally related entities

	2017	2016
Revenues from sales	5 148	10 046
Interest income	2 606	1 315
Purchase of goods and services	11 376	19 778
Trade and other receivables (deposits, advances)	4 018	7 018
Loan and bond receivables	76 278	61 967
Trade and other liabilities (deposits, advances)	25 240	25 240



(amounts expressed in PLN thousands unless specified otherwise)

	01.01.2017 - 31.12. 2017	01.01.2016 - 31.12. 2016
Remuneration of Management Board and Supervisory Board		
Remuneration of Management Board members	4 615	2 644
Remuneration of Supervisory Board members	580	461

37. EMPLOYMENT

Employment	As at 31.12.2017	As at 31.12.2016
Employment structure (in full-time equivalents)		<i>restated data</i>
Blue-collar workers	7 663	7 468
White-collar workers	2 472	1 890
Total	10 135	9 358

38. SIGNIFICANT EVENTS

Significant events regarding activities of the Group are disclosed in the Statement of the Management Board on Capital Group activities.

39. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Information on evaluation of strategic options for Boryszew S.A.

On January 10, 2018, Boryszew SA (the "Company") received information from a financial advisor cooperating with the Company on the potential investor's initial interest in substantial assets of the Boryszew Capital Group from the automotive and aluminium processing sectors.

On the basis of the foregoing, the Management Board of Boryszew S.A. made a decision on the same day about the Company's intention to consider, as part of a review of strategic options, a scenario of possible sale of assets in the above mentioned industries and enter into initial discussions on terms and conditions, scope, and mode of a potential transaction.

On April 16, 2018, the Management Board of Boryszew S.A. decided to close the proceeding regarding the possible sales of assets of the Boryszew Capital Group from the automotive and aluminium processing sectors to a potential investor. Simultaneously, the Management Board of Boryszew S.A. has decided that the review process of strategic options will continue.

As of the day of compiling this statement, the Company has not received an offer in this respect and has not made any binding decisions or arrangements neither in terms of altering the corporate strategy nor potential transaction, nor the adoption of any other strategic option, and it is not certain whether such decisions will be made in the future. Notwithstanding, the Company believes that the fact that Boryszew S.A. undertakes action intended to potentially adopt such strategic options in case a potential buyer turns up may be significant information for investors regardless of the result of conversations and analyses or the final outcome of the potential process.

Information on potential disposal of a subsidiary

On 15 January 2018 Boryszew S.A. received an offer from Krezus S.A. with a registered office in Toruń (hereinafter: the Investor) to enter into discussions on the possibility of Boryszew S.A. and its subsidiaries selling 100% shares in Walcownia Metali Dziejdzice S.A. with a registered office in Czechowice-Dziejdzice (Disposed Company) for about PLN 160 million.

On the basis of the foregoing, the Management Board of Boryszew S.A. along with the remaining shareholders of the Disposed Company made a decision to enter into initial discussions with the Investor in order to set out the terms and conditions (including the final price), scope, and mode of the potential transaction.

On 18 January 2018, the Company signed a Letter of intent with Krezus S.A. with a registered office in Toruń regarding purchase of 100% shares in Walcownia Metali Dziejdzice S.A. with a registered office in Czechowice-Dziejdzice by the Investor.

In accordance with the Letter of intent, the parties committed themselves to endeavour to sale of 100% of the shares in the Disposed Company to the Investor, whereas Boryszew S.A., which is one of the three shareholders in the Disposed Company, undertook to take action that are to result in the remaining shareholders in the



(amounts expressed in PLN thousands unless specified otherwise)

Disposed Company, i.e. Impexmetal S.A. (holding 71.30% of shares in the Disposed Company) and Hutmen S.A. (holding 26.78% of shares in the Disposed Company), entering into a potential transaction.

Following due diligence analysis, technical audit, and obtaining all corporate approvals necessary to conclude the final agreement, transfer of the title of ownership of shares will take place on the basis of a separate sale agreement.

The parties are bound by the arrangements set out in the Letter of intent until 31 May 2018.

As of the day of publication of the statement, the Company has not made any binding decisions or arrangements regarding the possible transaction.

Signing agreements on the acquisition of assets of significant value

On 19 January 2018, Impexmetal SA signed with Achenbach Buschhütten with its registered office in Kreuztal (Germany) two interconnected contracts for the supply and assembly of a new cold mill in Aluminium Konin plant. The first of the contracts, concluded as part of the project implemented with the NCBiR co-financing from EU funds, includes the supply of innovative mill parts that will allow the rolling of special aluminium alloys for the automotive industry, the second pertains to the supply of other machine parts. The total value of the agreements concluded is approximately PLN 115 000 000. The planned delivery date of the rolling mill to Aluminium Konin plant is the first quarter of 2019, and the production start is planned for the fourth quarter of 2019. Other conditions of the signed agreements, including those pertaining to contractual penalties, do not differ from the provisions commonly applied for this type of agreements. The purchase of the rolling mill is related to the development strategy adopted by the Company for Impexmetal SA for the years 2018 to 2026, assuming the increase of production capacity of Aluminium Konin Plant to approximately 200 000 tons. The purchase will be financed from own funds and from an investment loan, which Impexmetal SA plans to raise for this purpose.

Temporary suspension of the contract execution

On 12.04.2018 Impexmetal S.A. notified (current report No. 32/2018) that upon internal evaluation for possible and admissible legal solutions regarding potential consequences of sanctions imposed by the US government on one of the supplier of raw material, that is Rusal (and its subsidiaries), with the view of the options to fulfil the contract for delivery aluminium blocks to the Issuer in 2018, concluded by Impexmetal S.A. with Rusal Marketing GmbH (Supplier), Impexmetal S.A., based on the information received from the Supplier, approved Supplier's decision on temporary suspension of delivery of the contract.

Also the Company expects that suspending the deliveries of raw material will have no impact on production volumes and sales of Aluminium Konin as deliveries from Rusal Marketing GmbH account for less than 10% of Aluminium Konin demand and the Issuer expects no disturbances in securing the supply of raw materials for its needs from other available sources.

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

On 4 January 2018 Impexmetal S.A. purchased 17 shares in FŁT Polska Sp. z o. o. for a total of PLN 2 125 000.00 Currently Impexmetal S.A holds 100% interest in the Company.

Incorporation of Aluminium Konin Spółka z o. o.

On 23 January 2018 the Group established Aluminium Konin Spółka z o. o. based in Konin. The share capital of the Company is PLN 100 000.00 and is divided into 100 shares with nominal value of PLN 1 000 each share. The sole shareholder of the Company is Impexmetal S.A.



40. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements of Boryszew Capital Group for 2017 was approved for publication by Management Board's resolution on 26 April 2018 and presents the Group's situation pursuant to legal requirements for the period from 1 January 2017 to 31 December 2017, including any events which occurred by the date of approval of these financial statements for publication.

Management Board of Boryszew S.A.:

Piotr Szeliga	– acting President of the Management Board
Aleksander Baryś	– Member of the Management Board
Mikołaj Budzanowski	– Member of the Management Board
Cezary Pyszkowski	– Member of the Management Board
Elżbieta Staboń	– Chief Accountant