

Consolidated financial statements for
Boryszew Capital Group
for the period from 1 January to 31 December
2016





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(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Continuing operations			
Revenues from sales	6	5 582 224	5 677 980
Prime cost of sale	7	4 951 900	5 200 785
Gross profit (loss) from sales		630 324	477 195
Selling costs		133 268	118 500
General and administrative costs		257 077	222 376
Other operating revenue	8	58 060	98 727
Other operating expenses	9	39 031	97 025
Profit (loss) from operating activity		259 008	138 021
Financial revenues	10	28 117	14 545
Financial expenses	11	69 701	57 471
Financial profit/loss		(41 584)	(42 926)
Share in profit of affiliates		(159)	(5 610)
Profit (loss) before income tax		217 265	89 485
Income tax	12	26 671	7 232
Net profit (loss) on continued operations		190 594	82 253
Net profit on discontinued operations		693	1 528
Net profit/loss on continued activity and discontinued operations including attributable:		191 287	83 781
<i>to shareholders of the parent</i>		<i>135 553</i>	<i>40 042</i>
<i>to non-controlling interest</i>		<i>55 734</i>	<i>43 739</i>
Earnings/loss per share			
Weighted average number of shares	-	222 825 410	228 358 012
Net profit attributable to the parent (PLN thousand)		135 553	40 042
Earnings per one share (PLN)		0,62	0,17
Number of ordinary shares entitled to the dividend		218 010 000	218 025 419
Number of ordinary shares entitled to the dividend		0,62	0,18



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME cont.

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Net profit	191 287	83 781
Earnings recognised in equity		
Earnings recognised in equity, to be transferred to income statement		
Exchange differences on translating foreign operations	(22 348)	(6 915)
Financial assets available for sale	(433)	(16 198)
Hedge accounting	1 459	(11 202)
<i>Income tax</i>	2 687	(5 080)
Earnings recognised in equity, not to be transferred to income statement		
Employee benefit capital reserve	167	393
<i>Income tax</i>	32	75
Total earnings recognised in equity	(23 874)	(28 917)
<i>to shareholders of the parent</i>	(19 392)	(20 345)
<i>to non-controlling interest</i>	(4 482)	(8 572)
Total comprehensive income, including attributable:	167 413	54 864
<i>to shareholders of the parent</i>	116 161	19 697
<i>to non-controlling interest</i>	51 252	35 167



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED INCOME STATEMENT – DISCONTINUED OPERATIONS

Discontinued operations	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Total revenues from sales	177	291
Manufacturing cost of products sold	188	290
Gross profit (loss) from sales	(11)	1
Selling costs	-	-
General and administrative costs	-	-
Other operating revenue	5 743	8 178
Other operating expenses	5 233	7 126
Profit (loss) from operating activity	499	1 053
Financial revenues	119	281
Financial expenses	362	537
Profit (loss) before income tax	256	797
Deferred income tax	(437)	(731)
Net profit (loss) on discontinued operations	693	1 528
including attributable to:		
<i>to shareholders of the parent</i>	1 136	508
<i>non-controlling interest</i>	(443)	1 020



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	<u>As at 31.12.2016</u>	<u>As at 31.12.2015</u>
ASSETS			
Non-current assets			
Non-current assets	13	1 271 028	1 103 343
Investment property	14	111 879	191 034
Goodwill	15	23 464	23 855
Intangible assets	16	42 646	36 679
Shares in subsidiaries and associates	17	331 876	255 977
Financial assets	18	21 790	22 339
Deferred tax assets	12	50 416	43 382
Long-term receivables	20	4 975	11 768
Other assets	22	42 859	18 720
Total fixed assets		1 900 933	1 707 097
Current assets			
Inventory	21	896 432	837 760
Trade receivables and other receivables	20	666 742	672 470
Short-term financial assets	18	86 857	67 350
Derivative financial instruments	19	18 231	11 072
Current tax assets	12	1 743	6 501
Other assets	22	43 052	47 245
Cash and cash equivalents	23	154 498	98 686
Total current assets		1 867 555	1 741 084
Assets classified as held for sale	24	1 653	4 610
Total assets		3 770 141	3 452 791



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

	As at	As at
	31.12.2016	31.12.2015
LIABILITIES AND EQUITY		
Equity		
Share capital	248 906	248 906
Own shares	(135 756)	(125 657)
Share premium	114 435	114 435
Hedge accounting capital	(2 348)	(4 011)
Capital reserve on translating employee payables	28	(92)
Revaluation reserve	(12 374)	(12 051)
Exchange differences on translating foreign entities	(24 281)	(3 429)
Retained earnings	765 131	639 410
Total equity	953 741	857 511
Non-controlling shareholders' capital	601 703	557 386
Total equity	25 1 555 444	1 414 897
Long-term liabilities		
Bank credits, loans, bonds	26 232 171	98 556
Lease liabilities	27 81 827	71 099
Payables on perpetual usufruct of investment land	28 40 631	51 379
Deferred tax provision	12 80 405	78 823
Employee benefit provisions	29 18 732	17 224
Other provisions	30 9 839	7 362
Other liabilities and equity	32 11 818	13 150
Total long-term liabilities	475 423	337 593
Short-term liabilities		
Bank credits, loans, bonds	26 756 049	796 444
Lease liabilities	27 38 272	42 278
Trade payables and other liabilities	31 829 432	746 825
Derivative financial instruments	33 27 779	21 354
Current tax liabilities	12 11 389	6 494
Employee benefit provisions	29 26 574	20 656
Other provisions	30 17 276	33 580
Other liabilities and equity	32 10 338	5 947
Total short-term liabilities	1 717 109	1 673 578
Liabilities related to assets classified as held for sale	24 22 165	26 723
Total liabilities and reserves	2 214 697	2 037 894
Total equity and liabilities	3 770 141	3 452 791



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED CASH FLOW STATEMENT

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Cash flows from operating activities		
Profit from continuing operation before tax (without the share in profits of the associates)	217 424	95 095
Adjustments for (+/-)	157 372	178 089
Depreciation / amortisation	123 213	120 904
Interest on financial liabilities	38 190	36 130
Profit from investing activities	-	-
Change in receivables	13 038	3 035
Change in inventories	(58 672)	20 814
Change in liabilities	82 584	75 038
Change in provisions and accruals as well as prepayments	(23 264)	2 571
Other items	(3 223)	(45 784)
Income tax paid	(14 494)	(34 619)
Net cash from operating activities	374 796	273 184
Cash flows from investment activities		
Profit on fixed assets disposal	-	25 160
Revenues from disposal of shares in capital group entities	15 737	-
Redemption of bonds	-	-
Expenses on acquisition of fixed assets	(258 161)	(140 785)
Acquisition of shares in capital group entities	(82 076)	(79 490)
Purchase of financial assets	(23 516)	(6 040)
Net cash from investing activities	(348 016)	(201 155)
Cash flows from financial activities		
Net incomes on issue of shares		
Incomes on credit and loan facilities	362 889	194 009
Incomes from bond issue	6 406	1 000
Payment of dividends	-	(22 630)
Share buy-back expense	(10 099)	(25 075)
Redemption of bonds	(1 000)	-
Loans repaid	(265 754)	(151 749)
Repayment of borrowings	(7 116)	(4 921)
Interest paid on loans, bonds...	(38 190)	(36 130)
Payment of liabilities under finance lease agreements	(18 104)	(9 135)
Net cash from financing activities	29 032	(54 631)
Net change in cash	55 812	17 398
Cash opening balance	98 686	81 288
Cash closing balance	154 498	98 686



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Cash flow from discontinued operations	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Gross result	256	797
Adjustments	(8 320)	(8 701)
Flows from investment operations	5 135	2 856
Flows from financial operations	2 887	4 723
Net cash flows	(42)	(325)
Cash at the beginning of the period	50	375
Cash at the end of the period	8	50



(amounts expressed in PLN thousands unless specified otherwise)

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Share capital	treasury shares	Share premium	Hedge accounting	Revaluation reserve	Profit/Loss on restatement of employee benefits	Currency translation differences (subsidiaries)	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to minority interest	Total equity
As at 01.01.2016	248 906	(125 657)	114 435	(4 011)	(12 051)	(92)	(3 429)	639 410	857 511	557 386	1 414 897
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
Exchange differences							(20 852)		(20 852)	(3 988)	(24 840)
Profit for 2015								135 553	135 553	55 734	191 287
Total comprehensive income for 2016	-	-	-	1 663	(323)	120	(20 852)	135 553	116 161	51 252	167 413
Share buy-back - Boryszew SA		(10 099)							(10 099)		(10 099)
Change of group structure								(9 832)	(9 832)	(6 935)	(16 767)
As at 31.12.2016	248 906	(135 756)	114 435	(2 348)	(12 374)	28	(24 281)	765 131	953 741	601 703	1 555 444

The attached notes constitute an integral part of these financial statements



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	Share capital	treasury shares	Share premium	Hedge accounting	Revaluation reserve	Profit/Loss on restatement of employee benefits	Currency translation differences (subsidiaries)	Retained earnings	Equity attributable to shareholders of the parent	Equity attributable to minority interest	Total equity
As at 01.01.2015	248 906	(100 582)	114 435	2 138	(4 713)	(371)	3 708	587 913	851 434	582 815	1 434 249
Valuation of hedge instruments				(6 149)					(6 149)	(2 925)	(9 074)
Valuation of assets available for sale					(7 338)				(7 338)	(5 782)	(13 120)
Valuation of employee benefits						279			279	39	318
Exchange differences							(7 137)		(7 137)	96	(7 041)
Profit for 2014								40 042	40 042	43 739	83 781
Total comprehensive income for 2015	-	-	-	(6 149)	(7 338)	279	(7 137)	40 042	19 697	35 167	54 864
Share buy-back - Boryszew SA		(25 075)							(25 075)		(25 075)
Payment of dividends								(22 630)	(22 630)		(22 630)
								34 085	34 085	(60 596)	(26 511)
Change of Group structure	248 906	(125 657)	114 435	(4 011)	(12 051)	(92)	(3 429)	639 410	857 511	557 386	1 414 897
As at 31.12.2015	248 906	(100 582)	114 435	2 138	(4 713)	(371)	3 708	587 913	851 434	582 815	1 434 249

The attached notes constitute an integral part of these financial statements



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 2016, the composition of the Supervisory Board was as follows:

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

On 14 June 2016, Mr Jan Bogolubow resigned from his function as a Member of the Supervisory Board. Furthermore, on 15 June 2016 The General Meeting of the company appointed Mr Piotr Lisiecki to the Supervisory Board.

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

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

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



(amounts expressed in PLN thousands unless specified otherwise)

MANAGEMENT BOARD OF BORYSZEW S.A.

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

Mr Piotr Szeliga – President of the Management Board, CEO,

Mr Mikołaj Budzanowski – Vice-President of the Management Board, Development Director

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

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

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

As of 31 December 2016, the Management Board consisted of:

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

Mr Aleksander baryś - Member of the Management Board, Financial Director,

Mr Mikołaj Budzanowski - Member of the Management Board, Development Director,

Mr Cezary Pyszkowski – Member of the Management Board, Director of Merger and Development of Automotive sector.

Mr Piotr Szeliga - Member of the Management Board, Director of Metals Segment.

In the period from 31 December 2016 until the date of publishing the statement, there were no changes in the composition of the Management Board of the Company.

1.1. Composition of the Capital Group

Composition of Boryszew Capital Group as at 31.12.2016

Companies included in the consolidated financial statements

Company name	Seat	Share of the parent in share capital (%)	Share in voting rights (%)	Subsidiary of:	Business segment
Boryszew S.A.:	Warsaw			Parent Company	
<i>Headquarter</i>	Warsaw				Holding activity
<i>Elana Branch in Toruń</i>	Toruń				Chemicals
<i>Energy Branch in Toruń</i>	Toruń				Trade and others
<i>Enterprise Data Center Branch in Toruń</i>	Toruń				Trade and other segments
<i>Maflow Branch in Tychy</i>	Tychy				Automotive
<i>NPA Skawina</i>	Skawina				Alluminium
<i>Trade Branch</i>	Sochaczew				Trade and others
<i>Boryszew ERG Branch</i>	Sochaczew				Chemicals
<i>Boryszew ERG Branch</i>	Sochaczew				Chemicals
<i>Nylonbor Branch</i>	Sochaczew				Chemicals
<i>Elimer Sp. z o.o.</i>	Sochaczew	52.44	52.44	Boryszew SA	Chemicals
<i>Torlen Sp. z o.o.</i>	Toruń	100	100	Boryszew SA	Chemicals
<i>Elana Pet Sp. z o.o.</i>	Toruń	100	100	Boryszew SA	Chemicals
<i>Elana Energetyka Sp. z o.o.</i>	Toruń	100	100	Boryszew SA	Chemicals



Boryszew Capital Group
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Boryszew Components Poland Sp. zo.o.	Warszawa	100	100	Boryszew SA	Inactive
Boryszew HR Service Sp. z o.o.	Toruń	100	100	Boryszew SA	Automotive
SPV Boryszew 3 Sp. z o.o.	Warszawa	100	100	Boryszew SA	Trade and other segments
Boryszew Commodities Sp. z o.o.	Warszawa	100	100	Boryszew SA	Automotive
SPV Boryszew 5 Sp. z o.o.	Warszawa	100	100	Boryszew SA	Inactive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100	100	Boryszew S.A.	Automotive
Maflow Polska Sp. z o.o.	Warszawa	100	100	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100	100	Boryszew SA	Automotive
Maflow Spain Automotive S.L.U	Spain	100	100	Boryszew SA	Automotive
Maflow France Automotive S.A.	France	100	100	Boryszew SA	Automotive
Maflow do Brasil Ltda	Brazil	100	100	Maflow Sp. z o.o.	Automotive
Maflow Components Co. Ltd	China	100	100	Maflow Sp. z o.o.	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Has not commenced operations
MAFMEX S.DE R.L.DE C.V	Mexico	100	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Automotive
ICOS GmbH	Germany	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Germany	100	100	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Germany	100	100	ICOS GmbH	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
BRS YMOS GmbH	Germany	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächetechnik GmbH	Germany	100	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Germany	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	Czech Republic	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	51	51	Boryszew Kunststofftechnik Deutschland GmbH	Automotive



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Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	80	80	Boryszew S.A.	Automotive
Impexmetal S.A.	Warsaw	57,21	57,21	Boryszew SA	Aluminium
Hutmen S.A.	Warsaw	62,00	62,00	Impexmetal S.A., Impex – invest	Copper
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	43,97	43,97	Hutmen S.A. , Impexmetal S.A., Boryszew S.A.	Copper
Huta Metali Nieżelaznych Szopienice S.A. - w likwidacji	Katowice	35,34	35,34	Polski Cynk Sp. z o.o.	Copper
ZM Silesia S.A.	Katowice	57,21	57,21	Impexmetal S.A.	Zink and Lead
Baterpol S.A.	Katowice	57,21	57,21	Polski Cynk Sp. z o.o.	Zink and Lead
Polski Cynk Sp. z o.o.	Katowice	57,21	57,21	Impexmetal S.A., ZM Silesia S.A.	Zink and Lead
FŁT Polska Sp. z o.o.	Warsaw	56,27	56,27	Impexmetal S.A.	Trade and others
FLT & Metals Ltd.	United Kingdom	57,21	57,21	Impexmetal S.A.	Trade and others
S & I S.A.	Szwajcaria	57,21	57,21	Impexmetal S.A.	Trade and others
FLT Bearings Ltd.	United Kingdom	56,27	57,21	FLT France SAS	Trade and others
FLT France SAS	France	56,27	57,21	FŁT Polska Sp. z o.o.	Trade and others
SPV Lakme Investment Sp. z o.o.	Warsaw	53,23	57,20	Impexmetal S.A.	Trade and others
Impex – Invest Sp. z o.o.	Warsaw	57,21	57,21	Impexmetal S.A.	Trade and others
Eastside Capital Investments Sp. z o.o.	Warsaw	85,06	85,06	Boryszew SA , Impexmetal S.A.	Trade and others
Symonvit Ltd	Cyprus	57,21	57,21	Impexmetal S.A.	Aluminium
Baterpol Recycler Sp. z o.o.	Wrocław	57,21	57,21	Polski Cynk Sp. z o.o.	Zink and Lead
ZM Nieruchomości Sp. Zo.o.	Katowice	57,21	57,21	ZM Silesia S.A.	Trade and other segments
Baterpol Recycler Sp. z o.o. Spółka komandytowa	Wrocław	57,21	57,21	Baterpol Recycler Sp. z o.o. , HMN Szopienice S.A. w likwidacji	Trade and others
Surowce Hutmen S.A. Sp. Komandytowa	Wrocław	57,21	57,21	Hutmen SA, Baterpol SA, FLT Polska Sp. Zo.o.	Trade and others
SPV Impexmetal Sp. z o.o.	Warsaw	57,20	57,20	Impexmetal SA, ZUO Sp. zo.o, BAP Sp. Zo.o.	Trade and others
Metal Zinc Sp. Zo.o.	Katowice	57,21	57,21	ZMSilesia SA	Trade and others
EastsideBis Sp. z o.o.	Warsaw	85,06	85,06	Eastside Capital Investments Sp. z o.o.	Trade and others



(amounts expressed in PLN thousands unless specified otherwise)

Details about subsidiaries with significant NCIs

In the Capital Group the subsidiaries with NCIs are Impexmetal S.A. as well as Hutmen S.A., listed on Warsaw Stock Exchange

Below present is the financial information about Impexmetal S.A. and Hutmen S.A., holding NCIs. The presented amounts are amounts before the intra-group transaction elimination.

Selected financial data of Impexmetal S.A.	2016-12-31	2015-12-31
Current assets	1 182 513	981 352
Fixed assets	400 392	377 281
Total assets	1 582 905	1 358 633
Equity	1 063 089	935 484
Long-term liabilities	170 255	108 971
Short-term liabilities	349 561	314 178
Total equity and liabilities	1 582 905	1 358 633
Effective share of the parent in the Company	57,21%	55,57%
Non-controlling interests	42,79%	44,43%
Equity attributable to entity's owners	608 193	519 848
Equity attributable to non-controlling interest	454 896	415 636
Selected financial data of Impexmetal S.A. cd.	Period ended 31/12/2016	Period ended 31/12/2015
Total	1 004 907	1 053 576
Costs and expenses	865 477	960 010
Net profit for the financial year	139 430	93 566
Net profit attributable to company's owners	54 459	26 476
Net profit attributable to NCIs	40 732	21 169
Net profit for the financial year	95 191	47 645
Comprehensive income attributable to the company's owners	73 8721	11 098
Comprehensive income attributable to the NCIs	55 252	8 873
Comprehensive income for the financial year	129 124	19 971
Cash flow on investing activity	116 183	126 511
Cash flow on operating activity	-161 061	-84 207
Cash flow on financial activity	46 558	-41 928
Net cash flows	1680	376



Boryszew Capital Group
Notes to the consolidated financial statements
for the period from 1 January to 31 December 2015

(amounts expressed in PLN thousands unless specified otherwise)

Selected financial data of Hutmen S.A.	2016-12-31	2015-12-31
Current assets	138 677	158 334
Fixed assets	129 750	122 384
Total assets	268 427	280 718
Equity	193 667	212 505
Long-term liabilities	8 347	10 019
Short-term liabilities	66 413	58 194
Total equity and liabilities	268 427	280 718
Effective share of the parent in the Company	62,00%	56,82%
Non-controlling interests	38,00%	43,18%
Equity attributable to entity's owners	116 918	120 745
Equity attributable to non-controlling interest	76 749	91 760
Selected financial data of Hutmen S.A. cd.	period ended 31/12/2016	period ended 31/12/2015
Total	301 301	528 555
Costs and expenses	312 319	52 522
Net profit for the financial year	-11 018	-10 691
Net profit attributable to company's owners	-6 831	-6 075
Net profit attributable to NCIs	-4 187	-4 616
Net profit for the financial year	-11 018	-10 691
Other comprehensive income attributable to the company's owners	-5 101	2 043
Other comprehensive income attributable to the NCIs	-2 719	1 552
Other comprehensive income for the financial year	-7 820	3 595
Comprehensive income attributable to the company's owners	-11 932	-4 032
Comprehensive income attributable to the NCIs	-7 699	-3 064
Comprehensive income for the financial year	-18 838	-7 096
Cash flow on investing activity	-3 479	9 719
Cash flow on operating activity	-6 518	-12 073
Cash flow on financial activity	9 686	9686
Net cash flows	-311	675



(amounts expressed in PLN thousands unless specified otherwise)

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				
Zavod Mogiliew - Sp. zo.o. Belarus	Belarus	50	50	trade, production of secondary raw materials
Elana Ukraina Sp.z o.o.	Ukraine	90	90	trade, production of secondary raw materials
Maflow Indie Private Ltd	India	100	100	manufacture of car parts
Boryszew Energy Sp. zo.o.	Toruń	100	100	dormant company
Impexmetal S.A. companies				
Brasco Inc	USA	50.70	50.70	dormant company
Zakład Utylizacji Odpadów Sp. Z o.o.	Konin	30.40	30.40	waste disposal
Hutnik Sp. z o.o.	Konin	47.66	47.66	catering and recreational services
Susmed Sp. z o.o.	Wrocław	50.70	50.70	catering and recreational services
FLT Wälzlager GmbH	Germany	50.70	50.70	distribution of bearings
FLT & Metals s.r.l.	Italy	50.70	50.70	distribution of bearings
FLT (Wuxi) Trading Co. Ltd.	China	50.70	50.70	distribution of bearings
FLT Metal Ltd. in liquidation	Kazakhstan	50.70	50.70	dormant company
MBO-Hutmen jv Sp. z o.o.	Italy	25,35	25,35	processing of alloy metals
Katech-Hutmen Sp. z o.o. – in liquidation,	Ukraine	25,35	25,35	dormant company
Remal Sp. z o.o.	Konin	24.81	24.81	repair services
Altech Sp. z o.o.	Konin	17.70	17.70	services, automation and measurements

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).

Changes in Group structure

Sale of 100% of the shares in SPV Boryszew 7 Spółka z o.o.

On 18 July, Eastside-Bis Sp. z o. o., acting as the sole shareholder of SPV Boryszew 7 Sp. z o. o., entered into a conditional agreement for the sale of 100% of the shares of PV Boryszew 7 Sp. z o. o., which was the owner inter alia of the copyrights to the Investment at ul. Łucka in Warsaw, and the sole beneficiary of the decision and administrative licences relating to the property. A prerequisite for meeting the execution of the agreement was the conclusion of an agreement for the sale of the perpetual usufruct right of the property in Warsaw, at ul. Łucka. On 3 August 2016, Eastside-Bis Sp. z o.o. entered into an agreement for the sale of the aforementioned property, and thus the condition suspending the agreements for the sale of 100% of the shares of SPV Boryszew 7 Spółka z o.o. was met.

Increase of the share capital of SPV Impexmetal Spółka z o.o.

On 29 December 2016, the Extraordinary General Meeting of Shareholders of SPV Impexmetal Sp. z o.o. took a resolution, under which the share capital of the company was increased from the amount of 33 527 000.00 PLN to the amount of 41 727 000.00 PLN, by the creation of 8 200 new shares with a nominal value of 1 000.00 PLN each. All newly created shares were covered by the existing shareholder, i.e. Impexmetal S.A., and were covered with a



(amounts expressed in PLN thousands unless specified otherwise)

non-cash contribution in the form of 24 D series bonds with a nominal value of 24 000 000 PLN, and 17 E series bonds with a nominal value of 17 000 000 PLN of Boryszew Tensho Poland Sp. z o.o., with its registered office in Ostaszewo, i.e. with a total value of 41 000 000.00 PLN, and the excess over the nominal value of the shares was transferred to the reserve capital.

Increase of the share capital of Boryszew Automotive Plastics Spółka z o.o.

On 29 December 2016, the Extraordinary General Meeting of Shareholders of Boryszew Automotive Plastics Sp. z o.o. took a resolution, under which the share capital of the company was increased from the amount of 1 442 000.00 PLN to the amount of 4 661 000.00 PLN, by the amount of 3 219 000.00 PLN, the creation of 6 438 new shares with a nominal value of 500.00 PLN each.

All newly created shares were covered by the existing sole shareholder, i.e. Boryszew Spółka Akcyjna, with its registered office in Warsaw, and covered with a non-cash contribution with a total amount of 16 096 000.00 PLN, the excess over the nominal value of the shares was transferred to the reserve capital.

Sale of 100% of the shares of AKT plastikarska technologie Cechy, spol. s.r.o.

On 30 December 2016, Boryszew S.A. entered into an agreement with Boryszew Automotive Plastics Ltd., with its registered office in Toruń, based on which it decided to sell the share of ACT plastikarska technologie Cechy, spol. S.r.o., with its registered office in Jablonec nad Nisou, the Czech Republic, with the nominal value of 7 000 000.00 Kč, which represents 100% of the share capital of the company for Boryszew Automotive Plastics Ltd., at the price of 32 535 thousand PLN.

Dissolution of the Company and opening of the liquidation of SPV Silesia Sp. z o.o.

On 18 April 2016, the Extraordinary General Meeting of SPV Silesia Spółka z o.o. took a resolution on dissolution of the Company and opening the liquidation of SPV Silesia Spółka z o.o. with its registered office in Katowice.

On 28 November 2016, the District Court Katowice-East in Katowice, 8th Commercial Department of the NCR, deleted SPV Silesia Sp. z o.o. from the National Court Register, based on the liquidation process.

Withdrawal of Impexmetal SA from Baterpol S.A. i Wspólnicy/ dissolution of the company

On 6 June 2016, Impexmetal S.A. withdrew from Baterpol SA i Wspólnicy with the return of equivalent of the contribution in the form of 9 920 shares in Impex-invest Ltd., with its registered office in Warsaw.

On 21 July 2016, the partners of the company took a resolution on the dissolution and opening the liquidation. The company was deleted from the NCR on 20 October 2016.

Dissolution of the Company and opening of the liquidation of ZM Nieruchomości Sp. z o.o.

On 30 June 2016, the Extraordinary General Meeting of ZM Nieruchomości Spółka Sp. z o.o. took a resolution on dissolution of the Company and opening the liquidation of ZM Nieruchomości Spółka z o.o. with its registered office in Katowice.

Opening of the liquidation of FLT and Metals Ltd. Spółka z o.o., Branch in Poland.

On 29 August 2016, the Extraordinary General Meeting of Shareholders of FLT and Metals Ltd., with its registered office in Brentford, took a resolution on the opening of the liquidation of FLT and Metals Ltd. Spółka z o.o., Branch in Poland.

Liquidation of Baterpol S.A. Spółka Komandytowa.

On 28 July 2016, the partners of the company took a resolution on the dissolution and opening the liquidation. The company was deleted from the NCR on 28 December 2016.

Liquidation of Impex Service Sp. z o.o.

On 12 October 2016, the Extraordinary General Meeting of Impex Service Sp. z o.o. took a resolution on opening the liquidation of Impex Service Sp. z o.o. with its registered office in Konin.

Acquisition of the shares of ZM SILESIA S.A.

In 2016, Impexmetal S.A. acquired 108 700 shares of ZM SILESIA S.A., which, with the already held shares, is a total sum of 5 551 210 shares, which represents 99.13% shares and entitles to 99.13% votes at the General Meeting.

Increase of the capital of SPV Impexmetal Sp. z o.o.

On 29 December 2016, the Extraordinary General Meeting of Shareholders of SPV Impexmetal Sp. z o.o. took a resolution, under which the share capital of the company was increased from the amount of 33 527 000.00 PLN to the amount of 41 727 000.00 PLN, i.e. by the amount of 8 200 000.00 PLN, by the creation of 8 200 new shares with a nominal value of 1 000.00 PLN each.

All newly created shares were covered by the existing shareholder, i.e. Impexmetal S.A., and were covered with a non-cash contribution in the amount of 41 000 000.00 PLN.



Acquisition of the shares of ZM SILESIA S.A.

In 2016, Impexmetal S.A. acquired 108 700 shares of ZM SILESIA S.A., which, with the already held shares, is a total sum of 5 551 210 shares, which represents 99.13% shares and entitles to 99.13% votes at the General Meeting.

Increase of the capital of SPV Impexmetal Sp. z o. o.

On 29 December 2016, the Extraordinary General Meeting of Shareholders of SPV Impexmetal Sp. z o.o. took a resolution, under which the share capital of the company was increased from the amount of 33 527 000.00 PLN to the amount of 41 727 000.00 PLN, i.e. by the amount of 8 200 000.00 PLN, by the creation of 8 200 new shares with a nominal value of 1 000.00 PLN each.

All newly created shares were covered by the existing shareholder, i.e. Impexmetal S.A., and were covered with a non-cash contribution in the amount of 41 000 000.00 PLN.

Acquisition of the shares of Boryszew S.A.

- Boryszew S.A., acting based on the authorisation granted by the resolution no. 19 of the Ordinary General Meeting of Boryszew S.A. of 25 June 2014, on the authorisation of the Management Board to acquire its own shares of Boryszew S.A., and based on article 362 § 1 (8) and article 362 § 4 of the Commercial Companies Code, acquired a total number of 1 000 000 own shares with a nominal value of 1.00 PLN each, which, with the already held shares, is the sum of 7 830 000 shares, representing 3.26% of the total number of votes at the GM of Boryszew S.A.
- Impexmetal S.A. acquired the total number of 5 990 000 shares of Boryszew S.A., which, with the already held shares, is the sum of 11 990 000 shares, which represents 4.996% of the total number of votes at the GM of Boryszew S.A.

As of 31 December 2016, Boryszew S.A. had directly and indirectly through its subsidiaries 21 990 000 shares of Boryszew S.A., authorising to 21 990 000 votes at the GM, which is 9.163% of the total number of votes at the GM of Boryszew S.A., including:

- Boryszew S.A.: 7 830 000 own shares, which represented 3.260% share in the share capital and the total number of votes at the GM of Boryszew S.A.,
- by Impexmetal S.A.: 11 990 000 shares, which represented 4.996% share in the share capital and the total number of votes at the GM of Boryszew S.A.,
- by Polski Cynk Sp. z o. o.: 5 000 shares, which represented 0.002% share in the share capital and the total number of votes at the GM of Boryszew S.A.,
- by SPV Boryszew 3 Sp. z o.o. 2 165 000 shares, which represented 0.900% share in the share capital and the total number of votes at the GM of Boryszew S.A.,

Transactions with the shares of Impexmetal S.A.

- in relation to the implemented programme of acquiring own shares in order to cancel or sell them, or finance the acquisitions within the implementation of the development strategy of the Company or Grupa Kapitałowa Impexmetal, adopted by the General Meeting of Shareholders under the resolution no. 18 of 15 June 2016, Impexmetal S.A. acquired a total number of 527 800 own shares, which, with the already held shares, is the sum of 7 737 800 own shares, which represented 3.87% of the total number of votes at the GM of Impexmetal S.A.
- SPV Boryszew 3 Sp. z o.o. acquired the total number of 6 070 000 shares of Impexmetal S.A, which, with the already held shares, is the sum of 7 279 032 shares, which represents 3.64% of the total number of votes at the GM of Impexmetal S.A.
- Boryszew S.A. sold 5 900 000 shares of Impexmetal S.A, and acquired 2 710 000 shares of Impexmetal S.A, which, with the already held shares, is the sum of 102 720 968 shares, which represents 51.36% of the total number of votes at the GM of Impexmetal S.A.

As of 31 December 2016, Grupa Kapitałowa Boryszew had 117 737 800 shares of Impexmetal S.A., representing 58.87% of the total number of votes at the BM of Impexmetal S.A., including:

- Boryszew S.A.: 102 720 968 shares of Impexmetal S.A., which represented 51.36% share in the share capital and the total number of votes at the GM of Impexmetal S.A.,
- Impexmetal S.A.: 7 737 800 shares, which represented 3.87% share in the share capital and the total number of votes at the GM of Impexmetal S.A.,

SPV Boryszew 3 Sp. z o.o. 7 279 032 shares, which represented 3.64% share in the share capital and the total number of votes at the GM of Impexmetal S.A.

Acquisition of the shares of Hutmen S.A.



(amounts expressed in PLN thousands unless specified otherwise)

- SPV Borszew 3 Sp. z o.o. acquired the total number of 900 572 shares of Hutmen S.A, which, with the already held shares, is the sum of 6 165 383 shares, which represents 24.09% of the total number of votes at the GM of Hutmen S.A.
- Borszew S.A. acquired the total number of 84 753 shares of Hutmen S.A., which, with the already held shares, is the sum of 107 552 shares, which represents 0.42% of the total number of votes at the GM of Hutmen S.A.
- SPV Impexmetal Spółka z o.o. acquired the total number of 77 000 shares of Hutmen S.A, which, with the already held shares, is the sum of 3 528 383 shares, which represents 24.09% of the total number of votes at the GM of Hutmen S.A.

As of 31 December 2016, Grupa Kapitałowa Borszew had 23 046 290 shares of Hutmen S.A., which represented 90.04% share in the share capital of Hutmen S.A, including:

- Borszew S.A.: 107 552 shares of Hutmen S.A., which represented 0.42% share in the share capital and the total number of votes at the GM of Hutmen S.A.,
- Impexmetal S.A.: 695 159 shares, which represented 2.72% share in the share capital and the total number of votes at the GM of Hutmen S.A.,
- SPV Borszew 3 Sp. z o.o.: 6 165 383 shares, which represented 24.09% share in the share capital and the total number of votes at the GM of Hutmen S.A.
- SPV Impexmetal Sp. z o.o.: 3 528 196 shares, which represented 13.78% share in the share capital and the total number of votes at the GM of Hutmen S.A.
- Impex – Invest Sp. z o.o.: 12 550 000 shares, which represented 13.78% share in the share capital and the total number of votes at the GM of Hutmen S.A.

2. PLATFORM OF APPLIED IFRS

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

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

Amendments to IFRS 10 "Consolidated financial statement", IFRS 12 "Disclosures on the shares in other entities", and IAS 28 "Investments in associates and joint ventures" - Investment units: applied release from consolidation - approved by the EU on 22 September 2016 (applicable to annual periods beginning on 1 January 2016 or after that date).

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

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

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

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

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

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

Amendments to various standards "Improvements to IFRS (2010-2012 cycle)" - resulting from the annual improvement procedure of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a



(amounts expressed in PLN thousands unless specified otherwise)

view to removing inconsistencies and clarifying wording - approved in the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

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

The above standards, interpretations and amendments to the standards did not significantly impact on the accountancy policy applied in the Group, and the presentation of the financial statements.

New standards and amendments to the existing standards, which were already issued by the IASB and approved by the EU, but did not enter into force yet.

When developing the financial statement, the Companies of the Group did not apply the following standards, amendments to the standards and interpretations, which were published by the IASB and approved for use in the EU, but did not enter into force yet:

IFRS 9 “Financial instruments” - approved in the EU on 22 November 2016 (applicable for annual periods beginning on 1 January 2018 or after that date),

IFRS 15 “Revenues from agreements with customers” and amendments to IFRS 15 “Date of entry into force of IFRS 15” - approved in the EU on 22 September 2016 (applicable for annual periods beginning on 1 January 2018 or after that date).

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

IFRS in the form approved by the EU does not differ in a meaningful way now from the regulation adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, amendments to the standards and interpretations, which as of the date of the publication of the financial statement were not adopted for using:

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

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

Amendments to IFRS 2 “Share-based payments” – Classification and valuation of share-based payments (applicable for annual periods beginning on 1 January 2018 or after the date),

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

Amendments to IFRS 10 “Consolidated financial statement” and IAS 28 “Investments in associates and joint ventures” - Sale or payment of the assets between the investor and the associate or joint venture and the subsequent amendments (date of entry into force of the amendments was postponed until the end of the research on the equity method),

Amendments to IFRS 15 “Revenues from agreements with customers” - Explanations to IFRS 15 “Revenue from agreements with customers” (applicable to annual periods beginning on 1 January 2018 or after that date),

Amendments to IAS 7 “Statement on cash flows” – Initiative with regard to disclosures (applicable to annual periods beginning on 1 January 2017 or after that date),

Amendments to IAS 12 “Income tax” - Recognition of the assets from deferred income tax from unrealised losses (applicable to annual periods beginning on 1 January 2017 or after that date).



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

Amendments to various standards “Amendments to IFRS (cycle of 2014-2016)” - amendments to the procedure of annual improvements to IFRS (IFRS 1, IFRS 12 and IAS 28) focused mostly on the dissolution of discrepancies and the clarification of vocabulary (amendments to IFRS 12 apply to annual periods beginning on 1 January 2017 or after that date, and amendments to IFRS 1 and IAS 28 apply to annual periods beginning on 1 January 2018 or after that date).

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

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

However, apart from approved regulations, the EU still has not regulated hedge accounting for the portfolio of financial assets or liabilities, whose principles have not yet been approved by the EU.

According to Parent 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 have had no material effect 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 executed, if the Company 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.



(amounts expressed in PLN thousands unless specified otherwise)

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.

Purchase price or production cost of an asset item

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

Tangible assets

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

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

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



(amounts expressed in PLN thousands unless specified otherwise)

for a small fee and the company plans to renew them and it is expected that they will generate cash flow without any time restrictions. At the balance-sheet day, the company did not reveal such intangible assets.

Limited life assets are amortised over their life.

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

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

Depreciation rates applied for intangible fixed assets:

Patents, licenses, software 10% - 50%

Other intangible fixed assets 10% - 50%

Leasing

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

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

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

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

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

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

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

Assets held for sale and discontinuation of operations

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



(amounts expressed in PLN thousands unless specified otherwise)

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

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

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

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

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

Shares in associates and subsidiaries

Investments in subsidiaries are measured at acquisition cost

Financial instruments

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

Financial investments

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

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

- long-term,
- short-term

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



(amounts expressed in PLN thousands unless specified otherwise)

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.

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. The 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.



(amounts expressed in PLN thousands unless specified otherwise)

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

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

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

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

Equity instruments

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

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

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

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

Compound instruments

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

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

Valuation of financial liability by using discounted cash flow method



(amounts expressed in PLN thousands unless specified otherwise)

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.

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,



(amounts expressed in PLN thousands unless specified otherwise)

- 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:

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



(amounts expressed in PLN thousands unless specified otherwise)

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 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



(amounts expressed in PLN thousands unless specified otherwise)

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 para. 1 of the Minister of Finance Regulation of 19 February 2009 (Journal of Law No. 33, item 259 of 2009).

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

	Average EUR exchange rate in the period	EURO exchange rate as at the last day of period
01.01.2016 -31.12. 2016	4.3757	4.4240
01.01.2015 -31.12. 2015	4.1848	4.2615

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.



(amounts expressed in PLN thousands unless specified otherwise)

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 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.

a. Conversion of financial data

The Group did not change the presentation of data in the financial statements for 2016.



b. Dividend

Division of profit for 2015

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

4. STATEMENT BY THE MANAGEMENT ON COMPLIANCE OF ACCOUNTING PRINCIPLES

The Management Board of the Parent Company - Boryszew S.A. and its members, Jarosław Michniuk, Aleksander Baryś, Piotr Szeliga, Mikołaj Budzanowski, Cezary Pyszkowski represent that to the best of their knowledge the consolidated financial statement 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 Capital Group. 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.

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

On 12 July 2016, the Supervisory Board selected Deloitte Polska Sp. z o.o. Spółka komandytowa to audit the financial statements of Boryszew S.A. and Grupa Kapitałowa Boryszew for the period from 1 January 2016 to 31 December 2016.

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

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

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

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



(amounts expressed in PLN thousands unless specified otherwise)

5. OPERATING SEGMENTS (continuing operations)

01.01.2016 -31.12. 2016	Holding activity	Chemicals	Automotive	Aluminium	Zink and Lead	Copper	Trade and other segments	Total	exclusions from consolidation - between segments	Total
Revenues from sales	56 904	321 599	2 175 209	1 306 795	685 412	841 529	328 986	5 716 434	(134 210)	5 582 224
Segment selling costs	51 328	276 864	1 896 212	1 131 557	633 909	756 859	304 789	5 051 518	(99 618)	4 951 900
Result on sales within segment	5 576	44 735	278 997	175 238	51 503	84 670	24 197	664 916	(34 592)	630 324
General, administrative and sales expenses	14 065	34 679	223 017	49 578	30 577	58 303	15 904	426 123	(35 778)	390 345
Other operating profit/loss	(25 343)	3 085	(5 732)	(16 529)	2 989	(1 946)	9 070	(34 406)	53 435	19 029
Segment profit/loss	(33 832)	13 141	50 248	109 131	23 915	24 421	17 363	204 387	54 621	259 008
Amortisation	149	6 347	59 478	35 726	12 732	8 454	165	123 051	162	123 213
Segment assets	754 861	272 231	1 410 470	1 578 089	469 945	489 216	117 172	5 091 984	(1 323 496)	3 768 488
Segment liabilities	340 141	86 464	1 606 124	609 181	217 445	208 428	45 353	3 113 136	(920 604)	2 192 532
01.01.2015 -31.12. 2015	Holding activity	Chemicals	Automotive	Aluminium	Zink and Lead	Copper	Trade and other segments	Total	exclusions from consolidation between segments	Total
Revenues from sales	84 712	352 692	2 030 656	1 384 801	636 022	880 085	550 958	5 919 926	(241 946)	5 677 980
Segment selling costs	73 605	298 915	1 864 256	1 247 464	588 693	825 512	538 277	5 436 722	(235 937)	5 200 785
Result on sales within segment	11 107	53 777	166 400	137 337	47 329	54 573	12 681	483 204	(6 009)	477 195
General, administrative and sales expenses	12 742	33 936	180 381	46 898	29 682	38 008	9 334	350 981	(10 105)	340 876
Other operating profit/loss	(29 588)	6 140	(8 473)	(44)	(1 632)	(1 352)	29 652	(5 297)	6 999	1 702
Segment profit	(31 223)	25 981	(22 454)	90 395	16 015	15 213	32 999	126 926	11 095	138 021
Amortisation	867	6 766	57 609	35 145	11 394	8 461	35	120 277	627	120 904
Segment assets	822 569	265 884	1 270 370	1 664 972	536 230	552 798	450 276	5 563 099	(2 114 918)	3 448 181
Segment liabilities	319 550	89 457	1 445 578	517 312	165 407	207 764	91 943	2 837 011	(825 840)	2 011 171

The attached notes constitute an integral part of these financial statements



(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 (in order of revenue value):

- Automotive,
- Aluminium,
- Copper,
- Zinc and Lead,
- Trade and other segments,
- Chemicals,
- Holding activity.

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

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

6. REVENUES

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Net revenues from sales of products	4 789 987	4 718 044
Net revenues from sales of services	61 945	58 622
Net revenues from sales of goods and materials	730 292	901 314
	5 582 224	5 677 980

Revenues from sale by destination market

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Continuing operations		
Domestic sales	1 866 823	1 843 340
Sales to EU countries	3 392 410	3 497 330
Sales to other European countries	170 008	189 355
Export outside Europe	152 983	147 955
Total revenues from sale (continuing operations)	5 582 224	5 677 980

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Share of EU member states in intra-Community sales:		
Germany	46%	44%
Czech Republic	13%	16%
France	7%	6%
Slovakia	2%	4%
Italy	4%	4%



(amounts expressed in PLN thousands unless specified otherwise)

7. OPERATING EXPENSES

Costs by type	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Depreciation / amortisation	123 216	120 904
Consumption of materials and energy	3 247 128	3 386 540
External services	386 170	358 064
Taxes and charges	39 056	36 416
Costs of employee benefits, including:	786 855	725 649
<i>costs of remuneration</i>	619 563	559 592
<i>costs of social insurance</i>	133 365	131 822
<i>other benefits</i>	33 927	34 235
Other expenses	29 486	54 876
Value of sold goods and materials	858 514	917 332
Total costs	5 470 425	5 599 781
Movements in products (+/-)	(100 251)	(23 853)
Own work capitalised (-)	(23 648)	(27 784)
Impairment write-offs on inventories in COGS	(4 281)	(6 483)
Total operating expenses	5 342 245	5 541 661
Selling costs	(133 268)	(118 500)
General and administrative costs (-)	(257 077)	(222 376)
Prime cost of sale	4 951 900	5 200 785

8. OTHER OPERATING REVENUES

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Valuation to fair value of investment properties	-	61 500
Profit from sales of tangible fixed assets	3 141	5 278
Profit from sales of investment property	36 427	-
Reversal of write-downs on fixed assets	793	4 277
Reversal of unnecessary provisions	6 236	7 565
Dividends received	-	-
Subsidies	4 524	5 314
Valuation to fair value of investment properties	-	310
Revenues from land under perpetual usufruct	252	2 194
Damages received	2 775	2 817
Other	3 912	9 472
Total	58 060	98 727



(amounts expressed in PLN thousands unless specified otherwise)

9. OTHER OPERATING EXPENSES

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Loss on sale of non-financial non-current assets	15	325
Assets revaluation loss	21 285	65 531
<i>Tangible fixed assets revaluation loss</i>	527	271
<i>Goodwill write-off</i>	-	55 533
<i>Loss on revaluation of trade and other receivables</i>	17 394	7 582
<i>Write-off of inventories not recognized in CoS</i>	2 273	2 145
<i>Non-activated R&D expenses</i>	1 091	-
Creation of provisions	6 079	4 112
Other expenses	11 652	27 057
<i>Compensation, fines paid</i>	974	2 820
<i>Restructuring costs not included to the provision *)</i>	481	3 515
<i>Claims costs not included to the provision</i>	3 277	2 581
<i>Accounts receivable written off</i>	572	220
<i>Other business expenses**)</i>	1 814	12 781
<i>R&D expenses</i>	-	3 327
<i>Other expenses</i>	4 534	1 813
Total	39 031	97 025

10. FINANCIAL REVENUES

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Interest income	4 243	2 826
Reversal of the financial assets revaluation allowances	2 514	1 298
Profit on sales of financial assets:	98	18
Other financial revenues	21 262	10 403
<i>Profit on derivative financial instruments</i>	-	7 393
<i>Currency exchange rate gains</i>	19 760	-
<i>Other financial revenues</i>	1 502	3 010
Total	28 117	14 545



(amounts expressed in PLN thousands unless specified otherwise)

11. FINANCIAL EXPENSES

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Interest expense, including:	38 190	36 130
<i>interest on loans</i>	21 064	21 283
<i>interest on factoring</i>	4 525	3 696
<i>interests on loans</i>	822	2 050
<i>interest from issued bonds</i>	-	228
<i>interest on lease</i>	5 786	2 779
<i>interest on other liabilities</i>	5 993	6 094
Impairment write-offs on financial investments	5 660	3 918
Loss on sales of financial assets	-	326
Other financial expenses, including:	25 851	17 097
<i>foreign exchange gains/losses</i>	-	13 009
<i>loss on derivative financial instruments</i>	17 168	-
<i>discount</i>	2 569	-
<i>SMA liabilities valuation (investment properties) resulting from the change of discount rate</i>	434	68
<i>other</i>	5 645	4 020
Total	69 701	57 471

The amount of 5 660 (write-downs of financial assets) concerns the assets available for sale, in the amount of 4 751 thousand that the Group recognised that to fair value through other total income. As a result of the continuation of a long-term fall in the value of the shares listed on the Warsaw Stock Exchange, the Company recognised the value loss in the statement on total income, in accordance with IAS 39. The impairments concern the shares of Skotan and Krezus.

12. INCOME TAX

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Income tax		
Gross profit (loss)	217 265	89 485
Persistent differences that increase the tax base	(74 201)	(38 290)
Temporary differences in the tax base	(9 014)	30 425
Taxation exempt income due to business activity in the Special Economic Zone) (-)	(33 716)	(49 984)
Income tax base	100 334	31 636
Weighted average tax rate	24,97%	22,90%
Tax per tax rate	25 053	7 245
Current tax	24 147	15 751
Deferred tax	2 524	(8 519)
	26 671	7 232
Effective tax rate	26,6%	22,9%



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	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Deferred tax		
Deferred tax assets	(62 850)	(43 382)
Deferred tax provision	96 049	78 823
Deferred tax balance	29 989	35 441

Movements in deferred income tax assets in 2016

Deferred tax assets	As at 01.01.2016	Movement (+ / -) recognized in equity	Movement (+ /-) recognized in the profit/loss for the current period	As at 31.12.2016
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
Depreciation / amortisation	2 592		1 539	4 131
Asset for the tax loss	20 478		449	20 927
Tax on dividends	-			-
Other assets	6 639		3 743	10 382
Total	50 766	3 081	9 003	62 850

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



(amounts expressed in PLN thousands unless specified otherwise)

Change of the assets and reserves status from the deferred income tax 2015

Deferred tax assets	As at 01.01.2015	Movement (+ / -) recognized in equity	Movement (+ /-) recognized in the profit/loss for the current period	As at 31.12.2015
Employee benefit provisions	2 814			2 814
Creation of other provision	1 020			1 020
Impairment write-offs on assets	15 706	2 889	(9 079)	9 516
Valuation of derivative instruments	937	2 116	1 812	4 865
Unrealised negative currency exchange differences	2 842			2 842
Depreciation / amortisation	1 358		1 234	2 592
Asset for the tax loss	22 502		(2 024)	20 478
Tax on dividends	2 044		(2 044)	0
Other assets	6 639			6 639
Total	55 862	5 005	(10 101)	50 766

Deferred tax provisions	As at 01.01.2015	Movement (+ / -) recognized in equity	Movement (+ /-) recognized in the profit/loss for the current period	As at 31.12.2015
Valuation of assets	37 026		(7 613)	29 413
Valuation of derivative instruments	715		82	797
Unrealised negative currency exchange differences	4 447		1 045	5 492
Depreciation / amortisation	35 871		(7 719)	28 152
Other	23 238	20	(905)	22 353
Total	101 297	20	(15 110)	86 207



(amounts expressed in PLN thousands unless specified otherwise)

13. NON-CURRENT ASSETS

Tangible fixed assets (by type groups)	As at 31.12.2016	As at 31.12.2015
Tangible fixed assets:	1 188 664	1 066 848
land	36 194	35 464
buildings, premises, civil and water engineering structures	335 318	330 099
technical equipment and machines	766 696	659 992
vehicles	14 974	9 802
other tangible fixed assets	35 482	31 491
Advances for tangible fixed assets	82 364	36 495
Total property, plant and equipment	1 271 028	1 103 343

Additional information	As at 31.12.2016	As at 31.12.2015
Capitalized amount of external financing	-	-
Tangible fixed assets under construction	61 086	23 973
Incurred expenses for acquisition, construction of non-current assets	203 533	52 131
Planned outlays on tangible fixed assets under construction	2 347	115 690
non-current assets used under leasing or rental agreements	248 032	216 544
Amount of net non-current assets with the limited ownership right	16 483	1 034
Fixed assets provided as collateral to loan repayment	332 306	344 119
Amount of the contractual liabilities taken due to the non-current assets acquisition	0	730
Compensation from third parties on impairment losses	15 518	15 848

*) Refers to compensation from the insurance of the plant in Prenzlau.



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	Land	Buildings	TECHNICAL EQUIPMENT AND MACHINES	Vehicles	Other	Total
Movements in tangible fixed assets 2016						
Gross value of fixed assets at the beginning of the period	35 712	521 910	1 460 283	29 825	98 089	2 145 819
Additions (acquisition, reclassification from assets under construction) (+)	-	35 769	152 694	8 068	9 523	206 054
Received as in-kind contribution (+)	-	2 437	-	0	-	2 437
Disposal (-)	(1)	(5 361)	(10 416)	(483)	(725)	(16 986)
Tangible fixed assets under construction (+/-)	-	(5 606)	33 773	(41)	2 370	30 496
Liquidation (-)	-	(2 418)	(13 693)	(947)	(2 347)	(19 405)
Introduced as in-kind contribution (-)	-	- 1 395	- 76	(311)	-	(1 782)
Reclassification to assets held for sale (-)	-	(1)	-	-	-	(1)
Other (+/-)	-	(247)	10 529	709	535	11 526
Impact of exchange rate differences (+/-)	0	(51)	0	(19)	(198)	(268)
Gross value of fixed assets at the end of the period	35 711	545 037	1 633 094	36 801	107 247	2 357 890
Accumulated depreciation at the beginning of the period	110	159 161	732 222	19 233	64 742	975 468
Depreciation of tangible fixed assets (+)	(742)	20 178	88 726	2 861	7 931	118 954
Decrease due to disposal (-)	-	(542)	(10 061)	(1 140)	(978)	(12 721)
Decrease due to reclassification to assets held for sale (-)	11	-	-	-	-	11
Impact of exchange rate differences (+/-)	-	- 4	929	182	(55)	1 052
Other (+/-)	-	(1 621)	(10 776)	(80)	(1 871)	(14 348)
Accumulated depreciation at the end of the period	(621)	177 172	801 040	21 056	69 769	1 068 416
Impairment write-offs at the beginning of the period	138	32 650	68 069	790	1 856	103 503
Reversal of write-downs recognized in the profit/loss for the current period (-)	-	(5)	0	-	(23)	(28)
Decrease due to disposal (-)	-	(8)	(1 205)	-	0	(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	1 996	100 810
Net fixed assets as at the end of period	36 194	335 318	766 696	14 974	35 482	1 188 664



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Movements in tangible fixed assets 2015	Land	Buildings	TECHNICAL EQUIPMENT AND MACHINES	Vehicles	Other	Total
Gross value of fixed assets at the beginning of the period	34 500	500 932	1 396 347	26 522	90 288	2 048 589
Additions (acquisition, reclassification from assets under construction) (+)	1 179	14 320	81 465	3 935	10 962	111 861
Acquisition in a form of business combination (+)	-	3 033	-	720	-	3 753
Disposal (-)	(26)	(8 101)	(4 048)	(163)	(128)	(12 466)
Tangible fixed assets under construction (+/-)	-	19 201	2 414	40	11	21 666
Liquidation (-)	-	(4 344)	(14 531)	(805)	(2 421)	(22 101)
Provided by contribution (+)	-	-	-	(947)	-	(947)
Reclassification to assets held for disposal (-)	-	1 200	528	-	43	1 771
Other (+/-)	-	(4 531)	(2 840)	462	(712)	(7 621)
Impact of exchange rate differences (+/-)	59	200	948	61	46	1 314
Gross value of fixed assets at the end of the period	35 712	521 910	1 460 283	29 825	98 089	2 145 819
Accumulated depreciation at the beginning of the period	84	140 825	647 833	18 111	59 291	866 144
Depreciation of tangible fixed assets (+)	26	20 052	88 695	2 077	6 824	117 674
Decrease as a result of disposal... (-)	-	(1 031)	(5 448)	(567)	(535)	(7 581)
Decrease as a result of reclassification to assets held for disposal (-)	-	265	202	(54)	0	413
Impact of exchange rate differences (+/-)	-	-	940	5	38	983
Others	-	(950)	0	(339)	(876)	(2 165)
Accumulated depreciation at the end of the period	110	159 161	732 222	19 233	64 742	975 468
Impairment write-offs at the beginning of the period	138	32 281	72 166	939	2 074	107 598
Reversal of write-downs recognized in the profit/loss for the current period (-)	-	(19)	(72)	-	(22)	(113)
Decrease due to disposal (-)	-	(109)	(3 876)	-	(103)	(4 088)
Other (+/-)	-	497	(149)	(149)	(93)	106
impairment write-offs at the end of the period	138	32 650	68 069	790	1 856	103 503
Net fixed assets as at the end of period	35 464	330 099	659 992	9 802	31 491	1 066 848



(amounts expressed in PLN thousands unless specified otherwise)

14. INVESTMENT PROPERTY

Investment real estate property at fair value	As at 31.12.2016	As at 31.12.2015	<i>Level of fair value hierarchy</i>
Eastside Bis real property in Toruń	80 234	84 457	3
Real property at Łucka street in Warsaw	0	74 932	
Elana Branch real property in Toruń	288	288	3
WM Dziedzice SA real property	18 276	18 276	3
ZM Silesia SA real property	8 019	8 019	3
Central Hotel and Klub Hutnik Club in Konin	5 062	5 062	3
	111 879	191 034	

Investment real estate property at fair value	As at 31.12.2016	As at 31.12.2015
Balance at the beginning of the period	191 034	116 756
Additions	16	79 310
<i>valuation to fair value (+)</i>	16	310
<i>reclassification from fixed assets</i>	0	4 068
<i>recognition in the balance sheet</i>		74 932
Reductions (-)	(79 171)	(5 032)
<i>sale (-)</i>	(79 078)	(4 240)
<i>other</i>	(93)	(792)
Balance as at period end	111 879	191 034

The real properties located in Toruń are the collateral of the credit payments

	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Revenues from investment property (disposal, rent)	124 008	14 495
Maintenance cost of investment property	7 333	5 304

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:

	<u>As at 31.12.2016</u>	<u>As at 31.12.2015</u>
Combination of Impexmetal S.A. with Huta Konin	2 122	2 122
Eastside Bis Sp. Z o.o.	0	391
Baterpol S.A.	6 418	6 418
ZM Silesia S.A.	14 924	14 924
ICOS GmbH	-	-
Theysohn Kunststoff GmbH	-	-
Theysohn Formenbau GmbH	-	-
Boryszew Kunststofftechnik GmbH	-	-
Boryszew Formenbau GmbH	-	-
	23 464	23 855

Movements in goodwill

	<u>01.01.2016 - 31.12. 2016</u>	<u>01.01.2015 - 31.12. 2015</u>
Goodwill at the beginning of the period	23 855	78 959
Increases due to acquisition	(391)	391
Write-down on goodwill (-)	-	(55 495)
Reduction in goodwill upon disposal of subsidiary (-)	-	-
Goodwill at the end of the period	23 464	23 855

The tests for the loss of value, carried out at the end of 2016, did not specify the need for the write-downs for goodwill. The Companies achieve good financial results in their market segments.

Goodwill impairment testing was conducted as at 31 December 2016 on the basis of five-year discounted forecast 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. Current goodwill for Eastside-Bis Sp. z o.o. is based on the current fair value of the company which is higher than its book value hence no indications exist suggesting an impairment of goodwill.

The following WACC discount rates were used in the models: for goodwill generated in Impexmetal S.A. a rate of 9.04% p.a. (in 2015 – 9.49%), for ZM Silesia S.A. – 7.6% (2015 – 7.8%), for Baterpol S.A. – 5.8% (in 2015 – 7.3%), exchange rates in all models for EUR and USD were EUR 4.3 and USD 3.90 (in 2015 - 4.20 and 3.80 respectively). 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 Company believe that in case of any justified and possible changes in the main assumptions under which the recoverable amount was determined, the total balance sheet value of that company would not exceed its total recoverable amount.



(amounts expressed in PLN thousands unless specified otherwise)

16. INTANGIBLE ASSETS

	As at 31.12.2016	As at 31.12.2015
Intangible assets		
	12 044	8 876
Costs of finished development works	19 512	14 116
Patents, licenses, software	7 130	7 382
Land perpetual usufruct rights	3 957	6 040
Other intangible assets	3	265
<i>Advance payments for intangible assets</i>	42 646	36 679

	R&D expenses	Patents, licenses, software	Perpetual land usufruct right	Other intangible assets	Total
Changes of fixed assets in 2016					
Gross value at the beginning of the period	27 618	34 499	9 000	15 548	86 665
Increases (purchase) (+)	5 075	7 356		2 980	15 411
Sale (-)	-		(319)		(319)
Liquidation (-)	-	(103)		(4 766)	-4 869
Gross value of WN at the end of the period	32 693	41 752	8 681	13 762	96 888
Accumulated depreciation at the beginning of the period	18 742	20 383	1 404	9 508	50 037
Planned depreciation of WN (+)	1 907	1 857	147	297	4 208
Depreciation at the end of the period	20 649	22 240	1 551	9 805	54 245
Write-downs from the loss of value at the beginning of the period					0
Reversal of write-down recognised in the result of the current period (-)					0
write-downs from the loss of value at the end of the period	0	0	0	0	0
Net value of WN at the end of the period	12 044	19 512	7 130	3 957	42 643

Advances for intangible assets - 3



(amounts expressed in PLN thousands unless specified otherwise)

Movements in intangible fixed assets

	R&D expenses	Patents, licenses, software	Perpetual land usufruct right	Other intangible assets	Total
Change in 2015					
Gross value at the beginning of the period	20 571	23 914	8 959	16 368	69 812
Additions (acquisition) (+)	7 047	11 726	0	266	19 039
Received as in-kind contribution (+)	0	461	492	0	953
Disposal (-)	0	(970)	(130)	(26)	(1 126)
Liquidation (-)	0	(67)	0	0	(67)
Introduced as in-kind contribution (-)	0	(483)	(75)	0	(558)
Reclassification to assets held for sale (-)	0	0	(246)	0	(246)
Other (+/-)	0	(82)	0	(1 060)	(1 142)
Gross value of intangible assets at the end of the period	27 618	34 499	9 000	15 548	86 665
Accumulated depreciation at the beginning of the period	17 965	19 553	1 299	9 174	47 991
Planned depreciation of intangible assets (+)	777	1 917	132	441	3 267
Decrease due to disposal (-)	0	(990)	(27)	0	(1 017)
Other (+/-)	0	(97)	0	(107)	(204)
Accumulated depreciation at the end of the period	18 742	20 383	1 404	9 508	50 037
Impairment write-offs at the beginning of the period	0	0	217	0	217
Reversal of write-downs recognized in the profit/loss for the current period (-)	0	0	(3)	0	(3)
impairment write-offs at the end of the period	0	0	214	0	214
Net value of intangible assets at the end of the period	8 876	14 116	7 382	6 040	36 414

Advances for intangible assets - 265



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17. SHARES IN SUBSIDIARIES

Entity name	Value of shares at cost of acquisition	Impairment write-offs on	Carrying value of shares 31.12.2016	Carrying value of shares 31.12.2015	Share of the parent in share capital (%)	Percentage of votes at the General Meeting (%)	Core activity
Subsidiaries belonging directly to Boryszew S.A.							
Zavod Mogiliew - Sp. zo.o. Belarus	1 091	1091	0	1 091	30	30	trade, production of secondary raw materials
Elana Ukraina Sp.z o.o.	338	338	-	-	90	90	trade, production of secondary raw materials
Maflow India	14 297		14 297	14 297	100	100	manufacture of car parts
Subsidiaries belonging to GK Impexmetal							
Impex service	5		5	-	57,41	100	dormant company
Brasco Inc	754	754	-	-	30,9	55,6	domant company
Zakład Utylizacji Odpadów Sp. Z o.o.	8 600	2 911	5 689	5 689	18,5	33,3	waste disposal
Hutnik Sp. z o.o.	1 881	1 881	-	-	29,0	52,2	catering and recreational services
FLT Wälzlager GmbH	1 906		1 906	1 906	30,9	55,6	distribution of bearings
FLT & Metals s.r.l.	1 425		1 425	1 425	30,9	55,6	distribution of bearings
FLT (Wuxi) Trading Co. Ltd.	944	0	944	-	30,9	55,6	distribution of bearings
FLT Metal Ltd. in liquidation	79	79	-	-	30,9	55,6	dormant company
MBO-Hutmen jv Sp. z o.o.	430		430	430	15,4	27,8	processing of alloy metals
Katech-Hutmen Sp. z o.o. – in liquidation,	7	7	-	-	15,4	27,8	dormant company
Affiliated entities							
Remal Sp. z o.o.			-	-	0,0	0	repair services
Altech Sp. z o.o.	160		160	160	15,1	27,2	services, automation and measurements
	29	29	0	29	10,8	19,4	

The above entities were excluded from consolidation. 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).



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Shares in affiliates

Name of the unit	Value of shares in accordance with the purchase price	Updating write-downs	Balance value of shares, interests 31 Dec 2016	Balance value of shares, interests 31 Dec 2015	Share of the Parent Company in the capital (%)	Proposal of votes at the general meeting (%)	Basic operations
Alchemia	340 181	-33 161	307 020	230 950	32,98	32,98	metallurgical

18. FINANCIAL ASSETS

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

FINANCIAL ASSETS	As at 31.12.2016	As at 31.12.2015
Shares listed on the WSE at the fair value through the capital	3 462	6 052
Non-listed shares and interests valued based on the result	1 907	3 875
Bonds	78 189	54 673
Assets for trading, valued based on the result	25 089	25 089
Total financial assets, including:	108 647	89 689
<i>long-term</i>	21 790	22 339
<i>short-term</i>	86 857	67 350

The shares, owned by the Company, listed on the Warsaw Stock Exchange, are valued at the fair value (as available-for-sale assets) through other total incomes. In the current year, due to the fact of maintaining a long-term fall in the value of the shares listed on the Warsaw Stock Exchange (31.12.2016), the Company recognised the loss of value in the results income (note 11), in accordance with IAS 39.

19. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31.12.2016	assets	liabilities
Instruments held for trading	1 525	14 298
<i>currency instruments</i>	0	532
<i>commodity instruments</i>	1 525	13 766
Cash flows hedging instruments	14 444	9 731
<i>price hedging instruments</i>	9 821	9 248
<i>FX rate hedging instruments</i>	4 623	483
Fair value hedges	2 262	3 750
<i>price hedging instruments</i>	1 957	622
<i>FX rate hedging instruments</i>	305	3 128
	18 231	27 779
Positive (+) / negative (-) valuation	(9 548)	
long-term	-	27 779
short-term	18 231	-

The attached notes constitute an integral part of these financial statements



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As at 31.12.2015	<u>assets</u>	<u>liabilities</u>
Instruments held for trading	2 663	17 403
<i>currency instruments</i>	18	12 817
<i>commodity instruments</i>	2 645	4 586
Cash flows hedging instruments	5 916	1 345
<i>price hedging instruments</i>	850	1 240
<i>FX rate hedging instruments</i>	5 066	105
Fair value hedges	2 493	2 606
<i>price hedging instruments</i>	1 874	14
<i>FX rate hedging instruments</i>	619	2 592
	11 072	21 354
Positive (+) / negative (-) valuation	(10 282)	

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.

Disclosure of instruments in income statement

	<u>01.01.2016 -</u> <u>31.12. 2016</u>	<u>01.01.2015 -</u> <u>31.12. 2015</u>
Income statement items		
Revenues from sale	(13 410)	(2 113)
Manufacturing cost of products sold	7 327	(13 479)
Financial income, of which:	12 993	39 037
- profit from derivatives trading	12 993	25 884
- ineffective part of cash flow hedges		
- exchange rate differences (correction with the effective part)		13 153
Financial expenses, including:	33 333	33 333
- loss due to derivatives trading	20 073	20 073
- ineffective part of cash flow hedges (negative value)	-	
- exchange rate differences (correction with the effective part)	13 260	13 260
Total impact on profit/loss	(41 077)	17 070



(amounts expressed in PLN thousands unless specified otherwise)

20. TRADE AND OTHER RECEIVABLES

	As at 31.12.2016	As at 31.12.2015
Trade receivables	583 566	570 281
Loans granted	1 693	1 176
State budget receivables (excluding income tax)	33 802	47 786
Other receivables*)	52 656	64 995
Trade receivables and other receivables	671 717	684 238
<i>long-term</i>	4 975	11 768
<i>short-term</i>	666 742	672 470
Impairment write-off for receivables		
doubtful debt allowance on trade receivables	46 545	42 314
doubtful debt allowance on loans	3 655	3 655
doubtful debt allowance on other receivables	21 012	18 761
Total allowances	71 212	64 730
Gross accounts receivable	742 929	748 968
Receivables as a security of repayment of credits	137 925	134 913

Trade receivables aging	As at 31.12.2016	As at 31.12.2015
net accounts receivable with the remaining repayment period from the balance sheet date	465 140	413 865
a) up to 1 month	268 468	225 752
b) between 1 and 3 months	171 252	157 493
c) between 3 and 6 months	18 860	14 886
d) between 6 months and 1 year	6 414	14 945
e) over 1 year	146	789
overdue accounts receivable	118 426	156 416
a) up to 1 month	47 504	79 677
b) between 1 and 3 months	37 446	54 404
c) between 3 and 6 months	10 034	12 066
d) between 6 months and 1 year	19 297	5 252
e) over 1 year	4 145	5 017
total trade receivables	583 566	570 281
Write-downs on trade	46 545	42 314



(amounts expressed in PLN thousands unless specified otherwise)

Write-downs on trade and other receivables	As at 31.12.2016	As at 31.12.2015
Balance as at the beginning	64 730	58 873
Creation of provision (+)	20 053	11 572
Write – downs created together with receivable as uncollectible (-)	(12 781)	(3 082)
Write-downs derecognized from recovered receivables (-)	(4 704)	(1 382)
Reversal of write-downs on accounts receivable (-)	(100)	(1 491)
Other movements (+,-)	359	240
Write-downs at the end of the period	67 557	64 730

21. INVENTORIES

Structure of inventories	As at 31.12.2016	As at 31.12.2015
Materials	294 687	267 371
Semi-finished products and work in progress	247 116	181 425
Finished products	236 167	248 337
Traded goods	103 023	131 839
Advances on supplies	15 439	8 788
Carrying value of inventories	896 432	837 760
Impairments	26 972	22 549
Gross value of inventories	923 404	860 309
Inventories securing loan repayments	168 500	178 239
Revaluation write-offs for inventories at the beginning of the period	22 549	21 352
Increase of impairments in the period	8 547	5 381
Reversal of write-downs in the period (-)	(4 102)	(4 189)
Other decrease of write-downs in the period (written down with inventories) (-)	(22)	5
Revaluation write-offs for inventories at the end of the period	26 972	22 549

Creation of impairments for inventories results from comparing the carrying value of inventories with their recoverable value by use or sale. Write-downs are also created for obsolete inventories in accordance with the Group's accounting policies. A write-down is charged to particular period's costs. Reversal of write-downs occurs during cessation of the cause for creation and it is credited to the particular period's incomes.



(amounts expressed in PLN thousands unless specified otherwise)

22. OTHER ASSETS

OTHER ASSETS	As at 31.12.2016	As at 31.12.2015
Prepayments - other than financial expenses	13 795	12 722
Prepayments - financial expenses	163	180
Quick savings (only automotive)	22 942	9 112
Capitalised costs of new projects	22 135	22 145
Other assets	26 876	21 806
Total	85 911	65 965
<i>Long-term part</i>	<i>42 859</i>	<i>18 720</i>
<i>Short-term part</i>	<i>43 052</i>	<i>47 245</i>

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 expenditure incurred by Maflow and BAP groups production facilities in the process of technical documentation development and thereafter the implementation tests of new products. That expenditure is depreciated in the period of life of relevant project.

23. CASH

CASH	As at 31.12.2016	As at 31.12.2015
Cash and cash equivalents		
Cash in hand and at bank	154 498	98 653
Other,	0	33
	154 498	98 686

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 profit and loss account from discontinued operations.



(amounts expressed in PLN thousands unless specified otherwise)

ASSETS held for sale and LIABILITIES from discontinued operations

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 w likwidacji.

Below are the individual items of fixed and current assets as well as liabilities and provisions for commitments 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, statement of cash flows.

ASSETS

	<u>31/12/2016</u>	<u>31/12/2015</u>
Tangible fixed assets	500	2 690
Financial assets available for sale	14	14
Inventory		
Receivables	1 131	1 856
Other assets		
Cash	8	50
	1 653	4 610

Liabilities

Reserve for deferred income tax		
Commercial liabilities	21 463	25 302
Liabilities for employees' benefits		
Other reserves	413	1 421
Other liabilities	289	
	22 165	26 723

Cash flows from discontinued operations

	<u>01.01.2016 - 31.12. 2016</u>	<u>01.01.2015 - 31.12. 2015</u>
Gross result	256	797
Adjustments	(8 320)	(8 701)
Cash flows from investment operations	5 135	2 856
Cash flows from financial operations	2 887	4 723
Net cash flows	(42)	(325)
Cash at the beginning of the period	50	375
Cash at the end of the period	8	50



(amounts expressed in PLN thousands unless specified otherwise)

25. EQUITY

Share capital structure

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2016:

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

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

According to IAS 29 par. 24 the components of owners' equity (except retained earnings and revaluation reserve) were restated as at the date of IAS transition, i.e. 01.01.2004 by applying general price indices from the dates the components were contributed or otherwise created. The amount of the hyperinflationary revaluation increased the share capital and the issue premium while the value of the retained earnings was reduced.

Changes in equity	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
Number of shares at the beginning of the year	240 000 000	240 000 000
Number of shares at the beginning of the year		
Share capital at the beginning of the year	248 906	248 906
issue of new shares	-	-
depreciation	248 906	248 906
Balance as at the end	240 000 000	240 000 000
Share premium as at the beginning of the year	114 435	114 435
share premium in 2014		
Balance as at the end	114 435	114 435
Own shares (-)		
Balance as at the beginning of the year	(125 657)	(100 582)
share buy-back	(10 099)	(25 075)
Redemption of own shares		
Balance as at the end	(135 756)	(125 657)
Reserve capital - hedge accounting		
Balance as at the beginning	(4 011)	2 138
Recognised profit/loss	2 053	(7 591)
Income tax (+/-)	390	(1 442)
Balance as at the end	(2 348)	(4 011)

Revaluation reserve

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Balance as at the beginning of the year	(12 051)	(4 713)
Valuation to fair value (+/-)	(567)	(9 059)
Income tax (+/-)	(109)	(1 721)
Transfer to retained earnings	135	
Balance as at the end	(12 374)	(12 051)
Restatement of employee benefits		
Balance as at the beginning of the year	(92)	(371)
Valuation of retirement benefits liabilities in the period (+/-)	148	287
income tax (+/-)	28	8
Balance as at the end	28	(92)
Exchange differences on translating foreign entities		
Balance as at the beginning of the year	(3 429)	3 708
Movement (+ / -)	(18 360)	(7 163)
income tax (+/-)	2 492	126
Balance as at the end	(24 281)	(3 429)
Retained earnings		
Balance as at the beginning of the year	639 410	587 912
Result of the current year	135 553	40 043
Dividends paid		(22 630)
Costs of issue of shares	-	-
Change of capital group structure	(9 832)	34 085
Transfer from revaluation reserve	-	-
Balance as at the end	765 131	639 410
Total equity of the parent company	953 713	857 511
Equity attributable to minority interest		
Balance as at the beginning of the year	557 386	582 815
Movement in exchange differences balance	(3 988)	96
Movement in valuation of assets		(5 782)
Movement in restatement of employee benefits	15	39
Movement in hedge accounting capital	(481)	(2 925)
Result of the current year	55 734	43 739
Change of capital group structure	(6 935)	(60 596)
Balance as at the end	601 731	557 386
TOTAL EQUITY	1 555 444	1 414 897



(amounts expressed in PLN thousands unless specified otherwise)

26. BANK LOANS, BORROWINGS, BONDS

External financing liabilities	As at 31.12.2016	As at 31.12.2015
Bank loans and factoring	974 499	879 573
Borrowings	12 721	13 427
Bonds	1 000	2 000
	988 220	895 000
<i>Long-term</i>	232 171	98 556
<i>Short-term</i>	756 049	796 444
	As at 31.12.2016	As at 31.12.2015
Bank credits		
Loan debt, including:	974 499	879 573
<i>Long-term loans</i>	223 983	92 265
<i>Short-term loans</i>	750 516	787 308
Unused lending limits	148 216	212 693
Interest on loans included in the result		
Effective interest rates	21 064	21 283

Name of loan holder	Loan liabilities at 31.12.2016	Loan liabilities at 31.12.2015	Change of status	Interest rate terms according to agreement	Interest rates (%)
	PLN	PLN			
Alior Bank	14 198	0	14 198	2018-04-26	WIBOR 1M+margin
Alior Bank	11 994	11 994	0	2017-02-01	WIBOR 1M +margin
Alior Bank	0	38 304	-38 304	2019-03-03	EURIBOR 3M+margin
Alior Bank.	38 821	0	38 821	2019-03-03	EURIBOR 3M+margin
Alior Bank	21 934	23 839	-1 905	2017-09-29	WIBOR 1M +margin
Alior Bank	9 759	0	9 759	2017-09-29	WIBOR 3M +margin
Bank Gospodarstwa Krajowego	2 570	0	2 570	2017-05-30	WIBOR 1M+margin
Bank Gospodarstwa Krajowego	4 269	0	4 269	2017-05-30	EURIBOR 1M+margin
Bank Gospodarstwa Krajowego	24 000	0	24 000	2019-05-30	WIBOR 1M+margin
Bank Gospodarstwa Krajowego	15 484	0	15 484	2019-05-30	EURIBOR 1M+margin
Bank Gospodarstwa Krajowego	60 240	0	60 240	2022-03-31	WIBOR 1M+margin
Bank Gospodarstwa Krajowego	26 889	0	26 889	2024-12-31	EURIBOR 1M +margin
Bank Gospodarstwa Krajowego	46 222	13 145	33 077	2020-06-30	EURIBOR 3M +margin
Bank Handlowy	17 272	2 617	14 655	2017-01-04	EURIBOR 1M+margin
Bank Handlowy	9 453	0	9 453	2017-08-03	WIBOR 1M +margin
Bank Handlowy	2 784	0	2 784	2017-03-14	WIBOR 1M +margin
Bank Handlowy	10 000	10 000	0	2017-10-20	WIBOR 1M +margin
Bank Intesa	982	0	982	2017-12-31	variable
Bank Intesa	310	0	310	2017-12-31	EURIBOR1M+margin

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Bank Millennium	39 761	36 048	3 713	2017-10-19	WIBOR 1M +margin
Bank Millennium	42	18 198	-18 156	2017-10-19	WIBOR 1M+margin
Bank Millennium	95	842	-747	2017-10-19	EURIBOR 1M+margin
Bank Millennium	252	0	252	2017-10-19	LIBOR 1M+margin
Bank Millennium	0	15 000	-15 000	2018-02-12	WIBOR 1M+margin
Bank Millennium	0	8 557	-8 557	2017-02-18	WIBOR 1M +margin
Bank Ochrony Środowiska	0	4 972	-4 972	2016-10-14	variable
Bank Ochrony Środowiska	0	5 496	-5 496	2016-09-30	variable
Bank Pekao	18 422	22 611	-4 189	2017-06-30	WIBOR 1M+margin
Bank Pekao	0	17	-17	2017-06-30	LIBOR 1M+margin
Bank Pekao	4 980	2 582	2 398	2017-06-30	EURIBOR 1M+margin
Bank Pekao	1 517	2 046	-529	2017-06-30	WIBOR 1M +margin
Bank Zachodni WBK	18 951	20 263	-1 312	2017-05-31	WIBOR 1M+margin
Bank Zachodni WBK	4 480	8 320	-3 840	2017-05-31	EURIBOR 1M+margin
Bank Zachodni WBK	2	0	2	2017-05-31	LIBOR 1M+margin
Bank Zachodni WBK	2 402	2 518	-116	indefinite time	EURIBOR1M +margin
Bank Zachodni WBK	0	29 605	-29 605	repaid	
Bank Zachodni WBK	25 972	0	25 972	2017-05-31	WIBOR 1M +margin
Bank Zachodni WBK	20 466	21 647	-1 181	2017-05-31	WIBOR 1M +margin
Bank Zachodni WBK	0	8 963	-8 963	repaid	EURIBOR, WIBOR 1M+margin
Banco Popular	1 261	0	1 261	2026-12-31	variable
Banco Popular	3 283	2 646	637	2018-12-31	EURIBOR 1Y+margin
Banco Popular	2 234	283	1 951	2023-04-19	EURIBOR1Y+margin
Bankinter	1 252	1 517	-265	2019-10-20	EURIBOR 1Y+margin
Liberbank	1 371	588	783	2020-11-20	variable
BBVA	1 157	1 133	24	2020-09-16	variable
BBVA	700	0	700	2020-03-02	variable
BBVA	2 230	1 115	1 115	2018-12-31	variable
Coface Poland	87	1 067	-980	indefinitely	WIBOR 1M +margin
Commerzbank	10 819	14 913	-4 094	renewable line	EONIA +margin
La Caixa	1 106	407	699	2022-11-30	EURIBOR 1Y +margin
Liberbank	2 508	1 323	1 185	2018-12-31	variable
Liberbank	978	1 354	-376	2018-12-31	variable
Credit Agricole Bank Polska	4 809	0	4 809	2017-11-30	WIBOR 1M+margin
Credit Agricole Bank Polska	1 734	0	1 734	2017-11-30	EURIBOR 1M+margin
Credit Agricole Bank Polska	15 117	0	15 117	2017-11-30	WIBOR 1M +margin
Credit Agricole Bank Polska	21 287	17 761	3 526	2017-11-30	WIBOR 1M +margin
CSOB	1 096	1 510	-414	2019-06-26	variable
DNB Bank Polska	17 696	0	17 696	2017-08-31	EURIBOR 1M+margin
DNB Bank Polska	0	17 683	-17 683	repaid	variable
DNB Bank Polska	4 980	0	4 980	2018-03-09	EURIBOR 1M+margin
DNB Bank Polska	2 064	720	1 344	2018-08-30	WIBOR ON +margin
DNB Bank Polska	24 946	24 989	-43	2018-08-31	WIBOR 1M +margin
DNB Bank Polska	11 000	11 000	0	2018-08-30	variable
Bankinter	2 938	2 150	788	2017-11-30	EURIBOR 1Y+margin
La Caixa	2 840	2 376	464	2022-11-30	EURIBOR 1Y + margin
GE Capital	1 310	2 057	-747	2018-09-30	variable
Hawlett - Packart	907	1 367	-460	2019-05-31	variable

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HSBC Bank Polska	10 000	0	10 000	2017-07-31	WIBOR 1M+margin
HSBC Bank Polska	50 000	0	50 000	2019-06-13	WIBOR 1M+margin
HSBC Bank Polska	15 000	0	15 000	2019-06-13	WIBOR 1M+margin
Bank IFIS	509	385	124	2017-11-30	EURIBOR3M+margin
ING Bank Śląski	13 736	14 774	-1 038	2018-06-30	variable
ING Bank Śląski	0	3 208	-3 208	2018-06-30	variable
ING Bank Śląski	17 736	30 930	-13 194	2018-06-30	EURIBOR 1M+margin
ING Bank Śląski	5 704	7 000	-1 296	2021-05-31	WIBOR 1M +margin
ING Bank Śląski	7 101	6 718	383	2017-05-07	EURIBOR1M +margin
mBank	1 645	1 103	542	2017-08-29	WIBOR O/N +margin
mBank	323		323	2017-07-31	EUR-LIBOR 1M+margin
mBank	23 991	17 920	6 071	2017-05-31	LIBOR (EUR) O/N +margin
Bank PKO BP	19 986	17 732	2 254	2017-05-31	WIBOR 1M +margin
Bank PKO BP	36 740	16 575	20 165	2017-01-31	WIBOR 1M+margin
Bank PKO BP	3 969	1 098	2 871	2017-01-31	EURIBOR 1M+margin
Bank PKO BP	25 000	45 008	-20 008	2017-01-31	WIBOR 1M+margin
Bank PKO BP	34 752	32 047	2 705	2017-10-31	WIBOR 1M +margin
Bank PKO BP	20 321	24 639	-4 318	2017-05-31	WIBOR 1M+margin
Bank PKO BP	11 358	5 693	5 665	2017-10-19	WIBOR 1M +margin
Bank PKO BP	9 790	9 790	0	2018-12-31	WIBOR 1M+margin
Bank PKO BP	10 972	15 800	-4 828	2018-12-31	WIBOR 1M+margin
Bank PKO BP	0	34 035	-34 035	2016-09-30	WIBOR 1M+margin
Bank PKO BP	15 152	20 000	-4 848	2018-12-31	WIBOR 1M+margin
Bank PKO BP	0	3 610	-3 610	2018-12-31	WIBOR 1M+margin
Bank PKO BP	0	4 042	-4 042	2018-12-31	WIBOR 1M+margin
Bank PKO BP	0	36 436	-36 436	2018-02-15	EURIBOR 1M +margin
Bank PKO BP	0	12 375	-12 375	2017-04-13	EURIBOR 3M+margin
Bank PKO BP	0	789	-789	2016-05-31	EURIBOR 3M+margin
Bank PKO BP	0	4 545	-4 545	2017-08-31	WIBOR 1M +margin
Bank PKO BP	9 964	11 679	-1 715	2017-05-26	WIBOR 1M +margin
Raiffeisen Bank Polska	0	15 064	-15 064	2016-02-02	WIBOR 1M+margin
Raiffeisen Bank Polska	0	28 253	-28 253	2016-02-02	EURIBOR 1M+margin
Raiffeisen Bank Polska	1 597	1 625	-28	2017-11-30	WIBOR 1M +margin
Raiffeisen Bank Polska	7 574	9 674	-2 100	2017-11-30	WIBOR 1M+margin
Raiffeisen Bank Polska	3 117	3 722	-605	2017-11-30	WIBOR 1M+margin
Bank IFIS	1 628	0	1 628	2017-11-30	EURIBOR3M+margin
Societe Generale	3 181	5 194	-2 013	2018-06-14	variable
UniCredit Bank	1 936	0	1 936	2017-11-30	EURIBOR 1M +margin
UniCredit Bank	9 676	12 258	-2 582	2020-09-30	EURIBOR 3M +margin
UniCredit Bank	5 512	7 963	-2 451	2019-03-31	EURIBOR 1M +margin
VR	13	35	-22	2017-06-01	variable
Unpaid interest	283	102	181		variable
Impact of foreign exchange rate changes		2 209			
	974 499	879 573	97 135		

All credits are secured on the assets of the Group of Companies, including: fixed assets, stocks listed on the Warsaw Stock Exchange, stocks, receivables as well as promissory notes and guarantees issued by the entities of the Group of Companies.



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Borrowings	As at 31.12.2016	As at 31.12.2015
Loans from related parties	4 414	4 253
Loans from other entities	8 307	9 174
Total loans, including:	12 721	13 427
<i>Long-term loans</i>	7 188	5 291
<i>Bank loans - short-term</i>	5 533	8 136
Interest expenses included in the result	822	2 050

Name of loan holder	Loan liabilities at 31.12.2016	Loan liabilities at 31.12.2015	Change of status	Interest rate terms according to agreement	Security	Interest rates (%)
	PLN	PLN				
Government Grant	566	3 989	-3 423	indefinitely	Pledge on the machines	Fixed interest rate
WFOŚiGW Katowice	471	629	-158	15.03.2021	Assignment of receivables term deposit	Fixed interest rate
WFOŚiGW in Katowice	384	538	-154	15.02.2019	Registered pledge on inventories	Fixed interest rate
FLT Walzlager	4 414	4 253	161	31.12.2017	Bill of exchange	EURIBOR +margin
Siemens	6 245	0	6 245	15.09.2022	Bill of exchange, pledge on the machines	EURIBOR, WIBOR +margin
IBM GLOBAL FINANCING POLSKA	331	2 451	-2 120	01.03.2019	Bill of exchange	Fixed interest rate
IBM Polska Sp. z o.o.	217	1 478	-1 261	01.04.2017	Bill of exchange	Fixed interest rate
Unpaid interests	93	89	4			
	12 721	13 427	-706			



(amounts expressed in PLN thousands unless specified otherwise)

Liabilities arising from issued bonds	As at 31.12.2016	As at 31.12.2015
Liabilities to related entities arising from issued bonds	1 000	2 000

Bonds were acquired by an entity related to Zakład Utylizacji Odpadów Sp. Z o.o. in Konin. Maturity: June 2018

27. LEASE LIABILITIES

Maturity dates of lease instalments	As at 31.12.2016	As at 31.12.2015
between 1 and 12 months	82 169	49 240
from 1 to 3 years	50 663	69 538
from 3 to 5 years	6 077	7 789
Total	138 909	126 567
Interest part of future lease instalments	(18 810)	(13 190)
Carrying value of liabilities	120 099	113 377

The subject of leasing mainly includes the machines and devices in the departments of Boryszew S.A. and in the company in Russia as well as passenger cars.

28. PAYABLES ON PERPETUAL USUFRUCT OF INVESTMENT LAND

Payables on perpetual usufruct of investment land	As at 31.12.2016	As at 31.12.2015
Long-term accounts payable	40 631	51 379
Change in payables on perpetual usufruct of investment land	01.01.2016 - 31.12. 2016	01.01.2015 - 31.12. 2015
SMA liabilities - opening balance	51 379	38 612
decrease of liabilities due to payments, disposal	-10 748	-208
recognition in the balance sheet		13 432
balance sheet valuation of liabilities included in the result (+/-)		-457
Carried amount of liabilities as at the end of period	40 631	51 379

29. PENSION AND OTHER EMPLOYEE BENEFITS LIABILITIES

Provision for employee benefits	As at 31.12.2016	As at 31.12.2015
Long-term provisions for employee benefit	18 732	17 224
Short-term provisions for employee benefit	26 574	20 656
Total	45 306	37 880



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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	Other provisions	Total
As at 01.01.2016	9 783	582	1 820	5 488	14 004	6 203	37 880
Movement:	672	-24	53	329	1 794	4 602	7 426
Interest expense	123	14	49	90	-	-	276
Current employment costs (+/-)	1 371	48	143	181	5 705	15 338	22 786
Future employment costs (+/-)	(7)	6	-	-	(161)	(1 399)	(1 561)
Benefits paid (-)	(919)	(11)	-	(349)	(3 750)	(9 337)	(14 366)
Actuarial gains and losses - demographic changes (+/-)	424	(41)	235	(80)	-	-	538
Actuarial gains and losses - financial changes (+/-)	(320)	(40)	(374)	487	-	-	(247)
As at 31.12.2016	10 455	558	1 873	5 817	15 798	10 805	45 306
Change of status	672	(24)	53	329	1 794	4 602	7 426
changes recognised in P&L (- cost, + cost reduction)	568	57	192	(78)	1 794	4 602	7 135
Change recognised in capitals (profit +/-loss-)	104	(81)	(139)	407	-	-	291

	Retireme nt severanc e 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	14 004	6 203	37 880
Movement:	672	-24	53	329	1 794	4 602	7 426
<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)	(3 750)	(9 337)	(14 366)
<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	15 798	10 805	45 306



Boryszew Capital Group
Notes to the consolidated financial statements
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(amounts expressed in PLN thousands unless specified otherwise)

	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	11 098	552	1 770	5 299	13 392	6 026	38 137
Movement:	-1 315	30	50	189	612	177	-257
<i>Interest expense</i>	(305)	14	44	272	0	0	25
<i>Current employment costs (+/-)</i>	(282)	114	177	25	3 448	8 469	11 951
<i>Future employment costs (+/-)</i>	224	0	64	0	593	(345)	536
<i>Benefits paid (-)</i>	(860)	(22)	(21)	(30)	(3 429)	(7 947)	(12 309)
<i>Actuarial gains and losses - demographic changes (+/-)</i>	(68)	(41)	18	(78)	0	0	(169)
<i>Actuarial gains and losses - financial changes (+/-)</i>	(24)	(35)	(232)	0	0	0	(291)
As at 31.12.2016	9 783	582	1 820	5 488	14 004	6 203	37 880

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

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

30. OTHER PROVISIONS

	As at 01.01.2016	creation of provision (+)	utilization (-)	reversal of provisions (-)	provisions of acquired/disposed entities (+/-)	exchange rate differences from opening balance (+/ -)	As at 31.12.2016
Provisions for restructuring costs	11		(11)				-
Provision for disposal of fixed assets	5 849		(10)				5 839
Provision for land reclamation and recycling of production waste	273		(273)				-
Provision for legal proceedings and other claims	7 940		(2 503)				5 437
Provision for warranty repairs	4 680	613					5 293
Provision for complaint claims - charges made by customers	1 980	(449)					1 531
Other provisions	20 209	(11 194)					9 015
Total	40 942	(11 030)	(2 797)	0	0	0	27 115
Short-term provisions							9 839
Long-term provisions							17 276

The attached notes constitute an integral part of these financial statements



Boryszew Capital Group
Notes to the consolidated financial statements
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(amounts expressed in PLN thousands unless specified otherwise)

	As at 01.01.2015	creation of provision (+)	utilization (-)	reversal of provisions (-)	provisions of acquired/disposed entities (+/-)	exchange rate differences from opening balance (+/-)	As at 31.12.2015
Provisions for restructuring costs	2 037		-2 060			34	11
Provision for disposal of fixed assets	5 905		-56				5 849
Provision for land reclamation and recycling of production waste	50	223					273
Provision for legal proceedings and other claims	3 294	4 568				78	7 940
Provision for warranty repairs	4 771	-91					4 680
Provision for complaint claims - charges made by customers	0	1 499	481				1 980
Other provisions	28 639		-5 930	-2 500			20 209
Total	44 696	6 199	-7 565	-2 500	0	112	40 942
<i>Short-term provisions</i>							7 362
<i>Long-term provisions</i>							33 580

31. TRADE PAYABLES AND OTHER LIABILITIES

	As at 31.12.2016	As at 31.12.2015
Trade payables	614 331	507 865
Accrued expenses	15 423	15 057
Liabilities on investment purchases	11 155	3 292
Received advances for deliveries	23 098	50 678
State treasury liabilities	56 659	47 850
Liabilities towards employees	31 599	32 077
Other Liabilities	74 392	86 001
Special funds	2 775	4 005
	829 432	746 825

32. OTHER LIABILITIES AND EQUITY

	As at 31.12.2016	As at 31.12.2015
State subsidies	20 878	17 552
Other (deferred revenues)	1 278	1 521
	22 156	19 073
long-term	11 818	13 150
short-term	10 338	5 947

The attached notes constitute an integral part of these financial statements



(amounts expressed in PLN thousands unless specified otherwise)

State subsidies	As at 31.12.2016	As at 31.12.2015
Grant, reimbursement from NFRD	3 856	4 499
Environmental protection	688	759
Development and new technologies	11 172	6 756
Investment bonus	506	580
Contingent write-off of loan	4 656	4 958
In total, including:	20 878	17 552

33. FINANCIAL INSTRUMENTS

Financial assets as per the balance sheet at 31.12.2016

	Loans and receivables	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets available for sale	Carrying value
Assets available for sale				5 369	5 369
Shares held for trading		25 089			25 089
Trade and other receivables	597 364				597 364
Derivative financial instruments			18 231		18 231
Loans granted	1 693				1 693
Other debtors	38 879				38 879
Cash and cash equivalents	154 498				154 498
Total	792 434	25 089	18 231	5 369	841 123

Financial assets as per the balance sheet at 31.12.2015

	Loans and receivables	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets available for sale	Carrying value	Fair value
Assets available for sale				9 927	9 927	
Shares held for trading		25 089			25 089	
Trade and other receivables	589 541				589 541	589 541
Derivative financial instruments			11 072		11 072	
Loans granted	1 176				1 176	1 176
Other debtors	45 816				45 816	45 816
Cash and cash equivalents	98 686				98 686	98 686
Total	735 219	25 089	11 072	9 927	781 307	735 219



(amounts expressed in PLN thousands unless specified otherwise)

Financial liabilities as at 31.12.2016

	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Derivatives used for hedges	Total
Bank loans and borrowings		987 220		987 220
<i>Debt securities</i>		1 000		1 000
Derivative financial instruments	3 750		27 779	31 529
Leasing liabilities		120 099		120 099
SMA liabilities		40 631		40 631
Trade and other liabilities		614 615		614 615
Total	3 750	1 763 565	27 779	1 795 094

Financial liabilities as at 31.12.2015

	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Other financial liabilities	TOTAL
Bank loans and borrowings		893 000		893 000
<i>Debt securities</i>		2 000		2 000
Derivative financial instruments	2 606		21 354	2 606
Leasing and SMA liabilities		113 377		113 377
Trade and other liabilities		51 379		51 379
Total		508 139		508 139

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;

and risks related to stability of debt and cash flow:

- liquidity risk;
- credit risk.



(amounts expressed in PLN thousands unless specified otherwise)

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 Company 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.

	As at 31.12.2016	As at 31.12.2015
Net debt to equity ratio		
Loan, lease, borrowings debt	1 108 319	1 008 377
Cash and cash equivalents	-154 498	-98 686
Net debt	953 821	909 691
Equity	1 555 444	1 414 897
Net debt to equity	61,3%	64,3%
Debt ratio		
Liabilities	2 214 697	2 037 894
Assets	3 770 141	3 452 791
Debt rate	58%	60%
Liquidity ratios		
current ratio	1,09	1,04
quick ratio	0,57	0,54
current ratio	0,09	0,06

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.

Amounts of allowances for losses, if any, associated with credit risk:

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.



(amounts expressed in PLN thousands unless specified otherwise)

Liquidity risk

Boryszew Group is exposed to liquidity risk due to high 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.

Due to its nature and size, the Group maintains on-going monitoring of financial liquidity in the form of reports anticipating three weeks ahead. The Group's entities show no arrears in servicing their interest debt, both in terms of principal amounts as well as interest.

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

	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	Total
Bank loans maturities	88 754	21 490	359 549	296 704	135 746	35 397	937 640
Factoring	16 626	2 758	51 766				71 150
Maturities of borrowings	9	250	5 967	5 930	170	-	12 326
Maturities of liabilities on issued bonds	0	4	8	1 024	0	-	1 036
Maturities of leasing liabilities	4 288	5 170	22 178	48 558	23 402	8 953	112 549
payment of trade liabilities and other items	602 204	160 409	27 040	32 585		0	822 238
Total	711 881	190 081	439 468	352 216	159 318	44 350	1 134 701

	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	Total	Balance sheet value
Bank loans maturities	88 754	21 490	359 549	296 704	135 746	35 397	937 640	905 089
Factoring	16 626	2 758	51 766				71 150	69 410
Maturities of borrowings	9	250	5 967	5 930	170	-	12 326	12 721
Maturities of liabilities on issued bonds	0	4	8	1 024	0	-	1 036	1 000
Maturities of leasing liabilities	4 288	5 170	22 178	48 558	23 402	8 953	112 549	120 099
payment of trade liabilities and other items	602 204	160 409	27 040	32 585		0	822 238	829 931
Total	711 881	190 081	439 468	352 216	159 318	44 350	1 134 701	1 938 250



(amounts expressed in PLN thousands unless specified otherwise)

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

	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	Total	Balance sheet value
Bank loans maturities	97 361	145 567	319 058	290 841	34 727	8 783	896 337	841 009
Factoring	11 408	9 234	9 440	8 660			38 742	38 564
Maturities of borrowings	15	52	6 500	674	813	-	8 054	13 427
Maturities of liabilities on issued bonds	0	4	1 008	1 024	25	-	2 061	2 000
Maturities of leasing liabilities	2 483	4 512	39 343	64 149	15 012	1 068	126 567	113 377
payment of trade liabilities and other items	448 330	168 056	123 316	1 554		6 086	747 342	747 342
Total	559 597	327 425	375 349	365 348	50 577	9 851	1 071 761	1 755 719

	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	Total
Bank loans maturities	97 361	145 567	319 058	290 841	34 727	8 783	896 337
Factoring	11 408	9 234	9 440	8 660			38 742
Maturities of borrowings	15	52	6 500	674	813	-	8 054
Maturities of liabilities on issued bonds	0	4	1 008	1 024	25	-	2 061
Maturities of leasing liabilities	2 483	4 512	39 343	64 149	15 012	1 068	126 567
payment of trade liabilities and other items	448 330	168 056	123 316	1 554		6 086	747 342
Total	559 597	327 425	375 349	365 348	50 577	9 851	1 071 761

The amount of non-discounted cash flows include the amount of future interest costs

Market risk - metal prices

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)

Description of exposure

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

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



(amounts expressed in PLN thousands unless specified otherwise)

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

Both exposures occurs at the strategic / fundamental / and operational level.

Strategic risk in terms metal prices was identified at Baterpol S.A., and is associated with future revenue and cash flows, which have not yet been contracted.

Operational risk in terms metal prices was identified at: 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.

Regarding the strategic risk in terms of currency, it can be divided into two types of risks:

- strategic risk associated with currency of the metal (as a rule USD/PLN) strategic risk premium associated with the throughput (USD / PLN and EUR / PLN)
- strategic risk premium associated with output bonus (USD/PLN and EUR/PLN)

The first type of risk is present, as in case of metal, at Baterpol S.A., the second at: 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.

Strategic 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. Strategic exposure to currencies associated with the achieved output bonus is calculated by multiplying the output bonus by the sales of finished products.

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.

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.

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

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 the 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.



(amounts expressed in PLN thousands unless specified otherwise)

Operational risk in terms metal prices was identified at: 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) This risk exists in case of: 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.

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.

Foreign exchange rate change risk

Currency risk is an inevitable element of a business activity denominated in foreign currencies. The sources of currency risk to which companies of Boryszew Group were exposed in 2015 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.

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

	Value in currency	effect of increase in exchange rate 10%	effect of decrease in exchange rate 10%
Receivables and payables in EUR			
trade and other receivables	77 390	34 237	(34 237)
loans	40 891	18 090	(18 090)
bonds	-	-	-
other liabilities	45 502	(20 130)	20 130
borrowings and loans	75 451	(33 380)	33 380
bonds	-	-	-
lease	15 305	(6 771)	6 771
Result		(7 954)	7 954

The attached notes constitute an integral part of these financial statements



(amounts expressed in PLN thousands unless specified otherwise)

Receivables and payables in USD

trade receivables	40 937	17 108	(17 108)
other liabilities	24 222	(10 122)	10 122
borrowings and loans	938	(392)	392
Result		6 594	(6 594)

Currency	Exrate as at 31.12.2015 (PLN)	10% exrate change (PLN)
EUR	4,2615	0,4262
USD	3,9011	0,3901

Receivables and payables in EUR	Value	effect of increase in exchange rate	effect of decrease in exchange rate
	in currency	10%	10%
trade and other receivables	153 990	65 631	-65 631
loans			
bonds			
other liabilities	103 845	44 259	-44 259
borrowings and loans	115 275	49 130	-49 130
bonds	1 500	639	-639
lease	10 640	4 535	-4 535
		164 194	-164 194

Receivables and payables in USD

trade receivables	21 145	8 249	-8 249
other liabilities	19 235	7 504	-7 504
borrowings and loans	43	17	-17
	0	15 770	-15 770

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



(amounts expressed in PLN thousands unless specified otherwise)

Sensitivity analysis

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

Analysis of sensitivity to the risk of changing interest rates according to the balance of interest-bearing receivables and payables as at 31.12.2016

The table above illustrates sensitivity of the Company'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 31.12.2016	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
Interest-bearing (variable %) financial assets	79 882	399	-399
Loans granted	1 693	8	(8)
Debt instruments other	78 189	391	(391)
		-	-
Interest-bearing (variable %) financial liabilities	1 108 319	-5 541	5 541
<i>Loans</i>	905 089	(4 525)	4525
<i>Factoring</i>	69 410	(347)	347
<i>Borrowings</i>	12 721	(64)	64
<i>Debt securities</i>	1 000	(5)	5
<i>Financial lease</i>	120 099	(600)	600
<i>Other</i>	-	-	-
Impact on future profit/loss before tax		(5 142)	5 142
Impact on future net profit/loss		(4 165)	4 165

Analysis of sensitivity to the risk of changing interest rates according to the balance of interest-bearing receivables and payables as at 31.12.2015

	As at 31.12.2015	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
Interest-bearing (variable %) financial assets	55849	279	-279
Loans granted	1 176	6	(6)
Debt instruments other	54 673	273	(273)
		-	-
Interest-bearing (variable %) financial liabilities	1 008 377	-5 042	5 042
<i>Loans</i>	841 009	(4 205)	4205
<i>Factoring</i>	38 564	(193)	193
<i>Borrowings</i>	13 427	(67)	67
<i>Debt securities</i>	2 000	(10)	10
<i>Financial lease</i>	113 377	(567)	567
<i>Other</i>	-	-	-
Impact on future profit/loss before tax		(4 763)	4 763
Impact on future net profit/loss		(3 858)	3 858



(amounts expressed in PLN thousands unless specified otherwise)

This analysis ignores payables on perpetual usufruct of investment land considered as financial lease. The level of interest rates does not affect the amount of fees for perpetual usufruct, which are determined as a percentage of the value of land. Changing of Wibor recalculates all the discounted cash flows from fees for perpetual use and it is included in the result on on-going basis. Impact on profit/loss is described in Note 28.

Fair value

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

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

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

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

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 31.12.2016	As at 31.12.2015	
Financial assets			
Listed shares	3 462	189 379	Level 1
Derivative financial instruments	18 231	11 072	Level 2
Financial obligations			
Derivative financial instruments	27 779	21 354	Level 2

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 31.12.2016	As at 31.12.2015	
Financial investments			
Not listed shares	0	4 864	Level 3
Shares held for trading	25 089	25 068	Level 3
Bonds	78 189	54 673	Level 3
Receivables and loans	585 259	571 457	Level 3
Investment property	111 879	116 756	Level 3
Cash and cash equivalents	154 498	81 288	Level 3
Financial obligations			
Borrowings and loans and lease	1 108 319	1 008 377	Level 2
Trade liabilities	614 331	507 865	Level 3
SMA liabilities	40 631	38 612	Level 2



(amounts expressed in PLN thousands unless specified otherwise)

All investment real estate properties described in note 14 belong to level 3 fair value hierarchy.

Insurance Contracts

Boryszew S.A. and subsidiaries had insurance policies for 2015 within the framework of general agreements concluded by the Parent Company with several insurance companies for the entire Boryszew Capital Group. The contracts covered insurance of:

- property held,
- loss of profit due to all risks,
- machinery damage,
- loss of profit due to machinery damage,
- electronic equipment – sum insured for Boryszew Capital Group companies,
- business liability and property owners insurance,
- liability of the members of corporation bodies

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

35. CONTINGENT LIABILITIES

	As at 31.12.2016	As at 31.12.2015
Contingent liabilities	21 422	51 416

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.

TRANSACTIONS WITH AFFILIATED ENTITIES AND BALANCES OF RECEIVABLES AND PAYABLES

Subsidiaries and associates

	01.01.2016 -31.12. 2016	01.01.2015 -31.12. 2015	Amounts included in the note
Revenues and costs			
Revenues from sales	179 549	174 658	6
Interest income	69	434	10
Incomes on dividend	-	-	8
Operating costs	26 535	15 162	7, 9
Interest expense	-	-	11
Receivables and payables	As at 31.12.2016	As at 31.12.2015	Amounts included in the note
Trade and other receivables	32 100	27 692	19
Bonds	1 569	-	19



Boryszew Capital Group
Notes to the consolidated financial statements
for the period from 1 January to 31 December 2015

(amounts expressed in PLN thousands unless specified otherwise)

	16 421	19 967	18
Trade and other liabilities			
Liabilities arising from issued bonds	6 213	8 501	29
Liabilities arising from loans and borrowings	1 000	2 000	26

Transactions with associated entities

Revenues and costs	01.01.2016 -31.12. 2016	01.01.2015 -31.12. 2015	Amounts included in the note
Revenues from sales	31 403	48 539	6
Operating costs	1 141	8 192	7

	01.01.2016 -31.12. 2016	01.01.2015 -31.12. 2015	Amounts included in the note
Receivables and payables			
Trade and other payables	444	244	19
Trade payables	1564	4512	31

Parties related personally

Revenues and costs	01.01.2016 -31.12. 2016	01.01.2015 -31.12. 2015	Amounts included in the note
Revenues from sales	10 046	14 335	6
Interest income	1 315	644	10
Operating costs	19 778	5 908	7

Receivables and payables	As at 31.12.2016	As at 31.12.2015	Amounts included in the note
Trade and other receivables	7 018	1 468	19
Loans and bonds granted	56 227	8 541	20
Liabilities	328	8 658	31

ACQUISITION OF BONDS ISSUED BY BORYSZEW S.A.

Remuneration of Management Board and Supervisory Board	01.01.2016 - 31.12. 2016	01.01.2015- 31.12.2015
Remuneration of Management Board	2 644	2 180
Remuneration of Supervisory Board	461	738



(amounts expressed in PLN thousands unless specified otherwise)

37. EMPLOYMENT

Employment in Capital Group Boryszew

Employment structure (in full-time equivalents)	As at 31.12.2016	As at 31.12.2015
Blue-collar workers	7 304	6 528
White-collar workers	1 834	1 642
Total	9 138	8 170

38. SIGNIFICANT EVENTS

All significant events relating to the operation of the Group were disclosed in the report on activities developed by the Management Board.

39. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

As a result of the announced on 12 January 2017 by Boryszew S.A. and the subsidiaries included in Grupa Kapitałowa Boryszew, i.e. The company under the name SPV Boryszew 3 Sp. z o.o., the company under the name Impex-Invest Sp. z o.o., the company under the name Impexmetal S.A. and the company SPV Impexmetal Sp. z o.o. (Grupa Boryszew), the request of forced acquisition from the minority shareholders of 2 549 980 shares representing approximately 9.96% of the share capital and the total number of votes at the general meeting of Hutmen S.A., on 17 January 2017, Boryszew S.A. acquired all shares which are the subject of forced acquisition. In connection with the settlement of the shares acquired within forced acquisition, Grupa Boryszew has 25 596 270 shares of Hutmen S.A., representing 100.00% of the share capital and the total number of votes at the general meeting of Hutmen S.A.

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

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



(amounts expressed in PLN thousands unless specified otherwise)

40. APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements of Boryszew Capital Group for 2015 was approved for publication by Management Board's resolution on 29 March 2017 and presents the Group's situation pursuant to the legal requirements for the period from 1 January 2016 to 31 December 2016, including any events which occurred by the date of approval of this report for publication.

Management Board of Boryszew S.A.:

Jarosław Michniuk	–	President of the Management Board.....
Aleksander Baryś	–	Member of the Management Board
Mikołaj Budzanowski	–	Member of the Management Board
Cezary Pyszkowski	–	Member of the Management Board
Piotr Szeliga	–	Member of the Management Board
Chief Accountant	–	Elżbieta Słaboń.....