



BORYSZEW S.A.

REPORT ON ACTIVITIES OF BORYSZEW S.A. AND BORYSZEW CAPITAL GROUP FOR 2016



*The report was approved for publication on:
29 March 2017*

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1. INTRODUCTION

COMPANY DATA

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

The company is registered with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register under KRS number 0000063824. The Company's REGON (Business ID) is 750010992 and NIP (tax ID) is 837- 000-06-34.

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

HISTORY

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

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

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

The new shareholder initiated a dynamic growth of the company. Acquisitions of manufacturing companies in the same industry combined with restructuring, mergers as well as organic growth of sales in Group's companies contributed to significant improvement of results.

Boryszew Capital Group is one of the largest industrial groups in Poland, with production facilities on 4 continents, involved in automotive, non-ferrous metals, chemical and trade industry. The Capital Group employs more than 9 000 people.

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

Mr 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 Ordinary General Meeting of Boryszew S.A. appointed Ms Piotr Lisiecki from 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.

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 – Member of the Management Board, Director of Development

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 at 31 December 2016, the composition of Boryszew S.A. Management Board was as follows:

Mr Jarosław Michniuk – President of the Management Board, CEO,

Mr Aleksander Baryś – Member of the Management Board, Chief Financial Officer

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

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

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

No changes in the composition of the Company's Management Board occurred between 31 December 2016 and the date of publication of the report.

2. APPROVAL OF THE REPORT FOR PUBLICATION

This report on the activities of Boryszew S.A. and Boryszew Capital Group in 2016 is an integral part of the consolidated statement of Boryszew S.A. for 2016 and was approved for publication by way of the Management Board's resolution on 29 March 2017 and presents the Boryszew Capital 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.

A significant part of the information contained herein was presented in more detail in the Company's current announcements which are available from the investor relations website www.boryszew.com.pl which also contains other information on the Company and the Boryszew Capital Group.

This statement contains information, the scope of which is specified in § 92 and § 91 of Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state.

Pursuant to §83 (7) of Regulation, this statement includes the disclosures required for the Statement on the Issuer's activities referred to in §91 (1) (4) of Regulation and thus the Issuer did not draw up a separate Statement on the activity of the Parent Company.

The consolidated annual financial statement of Grupa Kapitałowa Boryszew and the separate annual statement of Boryszew S.A. were developed in accordance with the international financial statement standards in the form approved by the European Union.

3. ORGANIZATIONAL STRUCTURE

STRUCTURE BORYSZEW S.A.

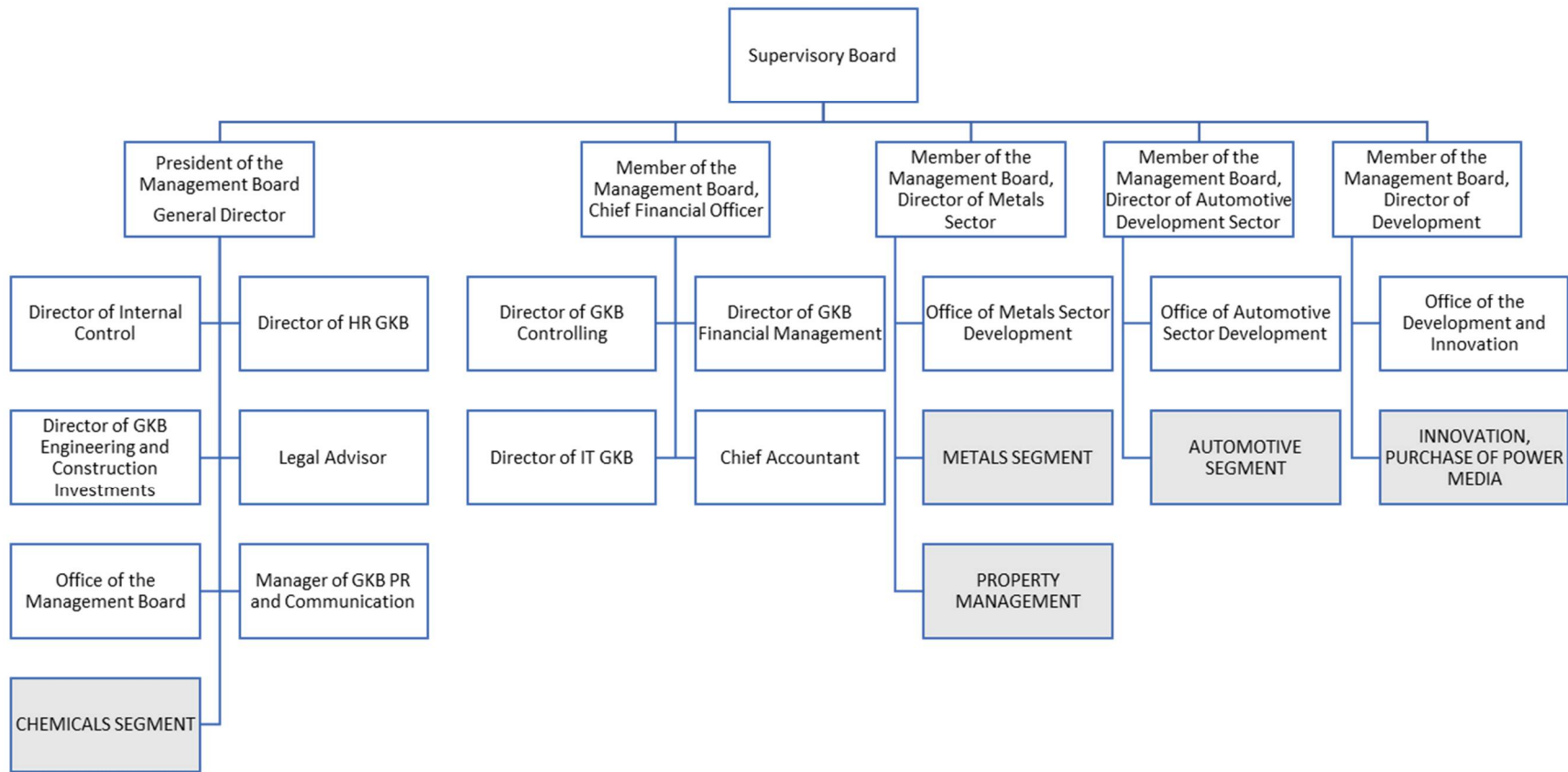
Boryszew S.A. is the Parent entity of Boryszew Capital Group. The Group features both domestic and foreign subsidiaries, jointly controlled entities, affiliates. As the Parent company, Boryszew S.A. performs management and supervisory functions with regard to companies of the Capital Group.

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

In 2016 Boryszew S.A. carries out its activity through the following units:

- Maflow Branch in Tychy – producer of tubes for the automotive industry, including mainly air-conditioning tubes, power steering systems and various rubber components. The Branch's assets, constituting the largest productive assets of Maflow Group, were purchased on 10 August 2010.
- Elana Branch w Toruń - producer of polyester fibre and plastics with wide application. Its key products include staple fibres and silicon spheres. Elana Branch was established by merger of Boryszew S.A. and Elana S.A., which took place on 28 January 2005.
- Nowoczesne Produkty Aluminiowe Skawina Branch in Skawina– operating in the field of manufacturing of aluminium rods, wire and overhead cables of special aluminium alloys with constructions which eliminate the threat of phenomena of the „black-out” type, and supply of energy carries to external customers.
- Boryszew ERG Branch in Sochaczew – offering chemical products. Company's flagship product in “Borygo” coolant.
- Nylonbor Branch in Sochaczew – production of modern engineering polyamides, which are used for manufacture of machinery and equipment as well as battlefield simulators for military applications.
- Enterprise Data Center Branch in Toruń - responsible for IT project for Group companies and external parties utilising the existing IT infrastructure.
- Boryszew Energy Branch in Toruń was established on 29 April 2015 and is involved in sales of energy for Boryszew Capital Group companies and third parties.
- The Commercial Branch in Sochaczew, which dealt with non-ferrous metals trading with entities outside Grupa Boryszew in the country and on the markets of the European Union, has not operated since 1 September 2016.

BRIEF DIAGRAM OF BORYSZEW S.A. (WITH THE DETERMINATION OF THE RESPONSIBILITY OF THE INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD)



STRUCTURE OF BORYSZEW GROUP

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

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

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

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

In June 2014 Boryszew S.A. acquired 80% shares of Tensho Poland Corporation spółka z o.o. based in Ostaszewo (currently: Boryszew Tensho Poland Sp. z o.o.), manufacturer of high-quality plastic products.

SEGMENTS OF OPERATION OF GRUPA KAPITAŁOWA BORYSZEW

Holding activity	Boryszew S.A. – Headquarters
Chemicals	Boryszew S.A. Elana Branch, Torlen Sp. z o.o., Elana Energetyka Sp. z o.o., Elana Pet Sp. z o.o., Boryszew S.A. Boryszew ERG Branch, Elimer Sp. z o.o., Boryszew S.A. Nylonbor Branch.
Automotive	Boryszew Automotive Plastics Sp. z o.o., Boryszew Commodities Sp. z o.o., Boryszew S.A. Maflow Branch, Boryszew HR Service Sp. z o.o., Maflow BRS s.r.l., Maflow Spain Automotive S.L.U., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow France Automotive S.A.S., Maflow Automotive Mexico S.de. RI. De.C, ICOS GmbH, Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. S.r.o., Boryszew Formenbau Deutschland GmbH, BRS YMOS GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., FŁT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S.,
Aluminium	Impexmetal S.A., Boryszew S.A NPA Skawina Branch, Symonvit Ltd. in liquidation, SPV Impexmetal Spółka z o.o.
Zink and Lead	ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Baterpol Recycler Sp. z o.o.
Copper	Hutmen S.A., WM Dziedzice S.A.
Trade and other segments	Boryszew Components Poland Sp. z o.o., Boryszew S.A. Energy Branch, Boryszew S.A. Enterprise Data Center Branch, Boryszew S.A. Branch Trade, Metalex France S.A., Huta Metali Szopienice S.A. in liquidation, FLT Metals Ltd.;S&I S.A., SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Baterpol Recycler, Sp. z o.o., Sp. komandytowa (limited partnership), Surowce Hutmen S.A. Sp. komandytowa (limited partnership), ZM Nieruchomości Sp. z o.o. in liquidation, Eastside – Bis Sp. z o.o., Metal Zinc Sp. z

o.o., the sale of goods excluded from the other segments.

AS OF 31 DECEMBER 2016 CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE FOLLOWING COMPANIES:

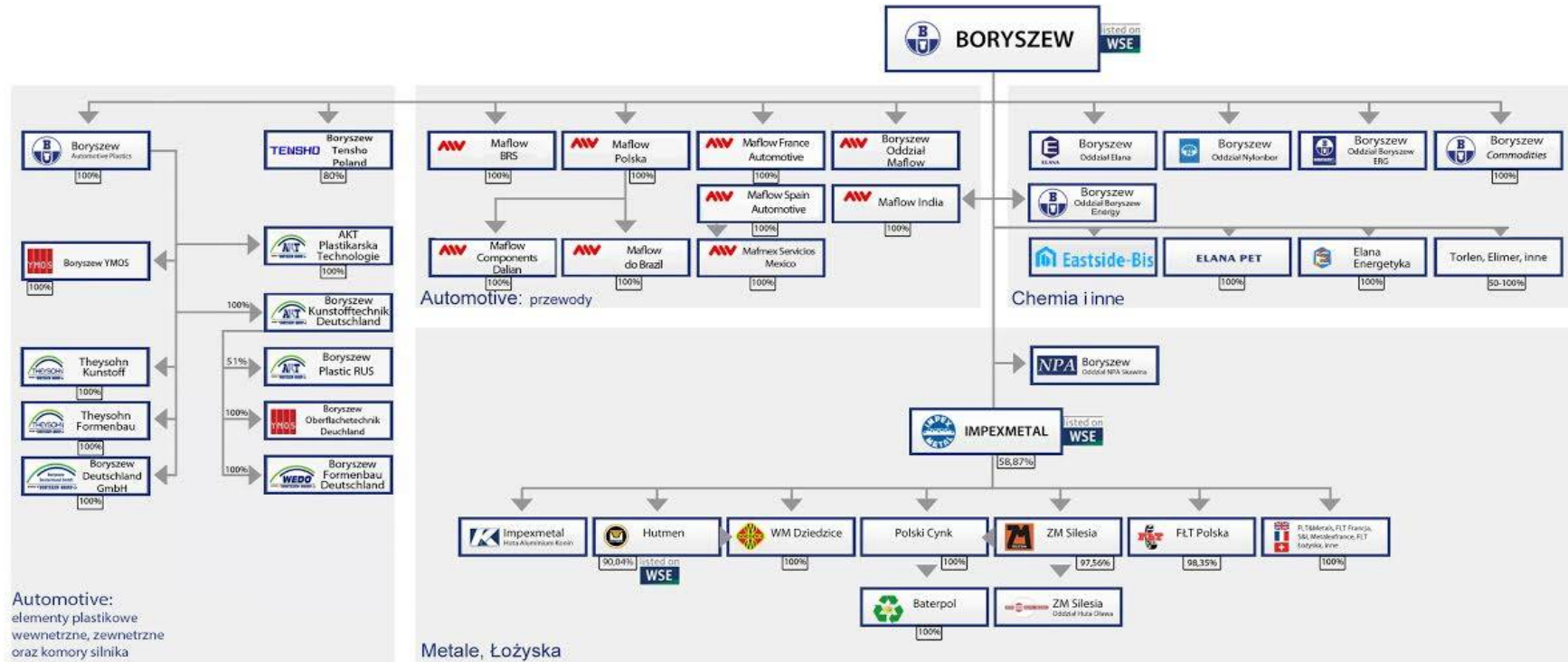
Company name	Seat	Share of the parent in share capital (%)	Share in voting rights (%)	Subsidiary of:	Business segment
Boryszew S.A.:	Warsaw			Parent Company	
<i>Branch Headquarters</i>	Warszawa				Holding activity
<i>Elana Branch in Toruń</i>	Toruń				Chemicals
<i>Energy Branch in Toruń</i>	Toruń				Trade and other segments
<i>Enterprise Data Center Branch in Toruń</i>	Toruń				Trade and other segments
<i>Maflow Branch in Tychy</i>	Tychy				Automotive
<i>NPA Skawina Branch</i>	Skawina				Aluminium
<i>Trade Branch</i>	Sochaczew				Trade and other segments
<i>Boryszew ERG Branch</i>	Sochaczew				Chemicals
<i>Nylonbor Branch</i>	Sochaczew				Chemicals
Elimer Sp. z o.o.	Sochaczew	52,44	52,44	Boryszew SA	Chemicals
Torlen Sp. z o.o.	Toruń	100	100	Boryszew SA	Chemicals
Elana Pet Sp. z o.o.	Toruń	100	100	Boryszew SA	Chemicals
Elana Energetyka Sp. z o.o.	Toruń	100	100	Boryszew SA	Chemicals
Boryszew Components Poland Sp. z o.o.	Warszawa	100	100	Boryszew Automotive Plastics Sp. z o.o.	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 Automotive Plastics Sp. z o.o.	Automotive
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. in liquidation	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	Włochy	100	100	Boryszew SA	Automotive
Maflow Spain Automotive S.L.U	Hiszpania	100	100	Boryszew SA	Automotive
Maflow France Automotive S.A.	Francja	100	100	Boryszew SA	Automotive
Maflow do Brasil Ltda	Brazylia	100	100	Maflow Sp. z o.o.	Automotive
Maflow Components Co. Ltd	Chiny	100	100	Maflow Sp. z o.o.	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Meksyk	100	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	inactive
MAFMEX S.DE R.L.DE C.V	Meksyk	100	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Automotive
ICOS GmbH	Niemcy	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Niemcy	100	100	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Niemcy	100	100	ICOS GmbH	Automotive
Boryszew Formenbau Deutschland GmbH	Niemcy	100	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Niemcy	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
BRS YMOS GmbH	Niemcy	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive

Boryszew Oberflächetechnik GmbH	Niemcy	100	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Niemcy	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	Republika Czeska	100	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Rosja	51	51	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	80	80	Boryszew S.A.	Automotive
Impexmetal S.A.	Warszawa	57,21	57,21	Boryszew SA	Aluminium
Hutmen S.A. *)	Warszawa	62,00	62,00	Impexmetal S.A., Impex – invest, SPV Impexmetal, SPV Boryszew 3, Boryszew S.A.	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. – in liquidation	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.	Warszawa	56,27	56,27	Impexmetal S.A.	Trade and other segments
FLT & Metals Ltd.	Wielka Brytania	57,21	57,21	Impexmetal S.A.	Trade and other segments
S & I S.A.	Szwajcaria	57,21	57,21	Impexmetal S.A.	Trade and other segments
FLT Bearings Ltd.	Wielka Brytania	56,27	56,27	FLT France SAS	Trade and other segments
FLT France SAS	Francja	56,27	56,27	FŁT Polska Sp. z o.o.	Trade and other segments
SPV Lakme Investment Sp. z o.o.	Warszawa	53,23	53,23	Impexmetal S.A.	Trade and other segments
Impex – Invest Sp. z o.o.	Warszawa	57,21	57,21	Impexmetal S.A.	Trade and other segments
Eastside Capital Investments Sp. z o.o.	Warszawa	85,06	85,06	Boryszew SA ,Impexmetal S.A.	Trade and other segments
Symonvit Ltd	Cypr	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. z o.o.	Katowice	57,21	57,21	ZM Silesia S.A.	Trade and other segments
Baterpol Recycler Sp. z o.o. (limited partnership)	Wrocław	57,21	57,21	Baterpol Recycler Sp. z o.o. , HMN Szopienice S.A. w likwidacji	Trade and other segments
Surowce Hutmen S.A. Sp. Komandytowa (limited partnership)	Wrocław	57,21	57,21	Hutmen SA, Baterpol SA, FLT Polska Sp. z o.o.	Trade and other segments
SPV Impexmetal Sp. z o.o.	Warszawa	57,20	57,20	Impexmetal SA, ZUO Sp. zo.o, BAP Sp. z o.o.	Trade and other segments
Metal Zinc Sp. z o.o.	Katowice	57,21	57,21	ZM Silesia SA	Trade and other segments
Eastside – Bis Sp. z o.o.	Warszawa	85,06	85,06	Eastside Capital Investments Sp. z o.o.	Trade and other segments

Other units included in the consolidation

Partnerships	Partners of the Company	Subject of business
Surowce Hutmen S.A. Spółka Komandytowa (limited partnership), Wrocław	General Partner: Hutmen S.A, Partners: Baterpol S.A., FŁT Polska Sp. z o.o.	carried out wholesale on request, of other semi-products, wholesale of waste and scrap

SIMPLIFIED ORGANIZATION CHART OF BORYSZEW GROUP WITH AGGREGATE HOLDINGS IN INDIVIDUAL ENTITIES AS AT 31.12.2016



4. SIGNIFICANT EVENTS

BORYSZEW S.A.

The amendment to the agreement concerning the shares of Boryszew S.A.

On 13 April 2016, Sanko & Co., Ltd. (Sanko), Impexmetal S.A. and Boryszew S.A. concluded an agreement pursuant to which the parties agreed that the shares of Boryszew S.A. will be transferred on 17 June 2014 by Impexmetal S.A. to Sanko, in the amount of 1 356 169 pieces, in exchange for the acquired by Impexmetal S.A. claims of Sanko to Boryszew Tensho Poland Spółka z o.o., will be blocked on the brokerage account for another 2 years.

After this period, Impexmetal S.A. will have the option to purchase (call option) for an amount equal to the price of the acquired shares increased by 20%, and Sanko Corp. Ltd sales option (put option) for an amount equal to the acquisition price.

The intent to acquire the shares of Hutmen S.A. within forced acquisition

On 21 December 2016, the Brokerage House of Bank Ochrony Środowiska S.A., with its registered office in Warsaw, acting based on art. 82 (5) of the Act on public offering [...] submitted to the Financial Supervision Commission and to the Warsaw Stock Exchange S.A. the documentation related to the intention to acquire Hutmen S.A. by the specified entity of Grupa Kapitałowa Boryszew, belonging to all other shareholders of this company by way of the forced acquisition.

Based on the submitted documentation, the subject of the forced acquisition of the shares of Hutmen S.A. which were not held by Grupa Kapitałowa Boryszew, i.e. a total of 2 549 980, representing approximately 9.96% of the share capital of Hutmen S.A. and the total number of votes at the general meeting of the company.

Boryszew S.A. Announced the intention of Boryszew S.A. and its subsidiaries to acquire 100% of the share capital and the total number of votes at the general meeting of shareholders of Hutmen S.A., in the manner of requesting the sale of all remaining shares of Hutmen S.A. owned by minority shareholders, in a notice on the exceedance by Grupa Kapitałowa Boryszew of a threshold of 90% of the total number of votes in Hutmen S.A., drawn up based on art. 69 of the Act of Public Offering [...], about which Hutmen S.A. informed in the current statement no. 23/2016 of 20 December 2016.

A BRANCH OF THE MODERN ALUMINIUM PRODUCTS, SKAWINA

The National Research and Development Centre granted funds for the project: MultiEx - innovative technology for continuous production of composite pipes on the basis of aluminium and aluminium alloys.

EVENTS AFTER THE BALANCE SHEET DAY

Acquisition of the 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 authorised Hutmen S.A. to restore the shares a form of a document (the abolition of the shares dematerialisation) with effect from 18 April 2017.

The information on other relevant events was provided in a form of current statements of the Company and is available on the website: www.boryszew.com.pl

EVENTS IN THE SUBSIDIARIES

GRANTING OF THE COMPANIES OF GRUPA KAPITAŁOWA BORYSZEW OF THE ENERGY EFFICIENCY CERTIFICATES

As a result of the resolution of the fourth tender for the selection of the projects to improve the energy efficiency, the President of the ERO granted the companies of Grupa Kapitałowa Boryszew the energy efficiency certificates with a total value of 13 656 thousand PLN. This means that the companies of GKB were granted the certificates with the current stock value equal to 13.5 million PLN. Funds will be allocated to inter alia modernise the production processes.

IMPEXMETAL S.A.

The conclusion of significant trade agreements

On 16 June 2016, the Impexmetal S.A. concluded an agreement for the delivery of aluminium products for plants of Valeo Group and their sub-suppliers. The terms of the agreement take into account the variables listings on the London Metal Exchange (LME). In the period from 2017 to 2019, the estimated value of the supplies is approx. 398 million PLN, and it was specified on the basis of the current aluminium listings on the LME and the current exchange rates. Impexmetal S.A. is a supplier for Valeo of a wide range of aluminium tapes used for the production of heat exchangers for vehicles.

On 21 October 2016, the Company concluded another agreement with Trafigura PTE Ltd with its registered office in Singapore, for the delivery of primary aluminium in a form of rods for the purposes of Zakład Aluminium Konin, which resulted in the total value of the agreements concluded by Impexmetal S.A. within the cooperation with Trafigura PTE Ltd during last year amounted to approx. 287 million PLN. The agreement value was specified on the basis of current aluminium listings on the LME and the current exchange rates. Other terms of the agreement do not differ from the commonly used in this type of agreements.

On 5 December 2016, the Impexmetal S.A. concluded an agreement with MAHLE Behr GmbH & Co. KG (MAHLE Behr) for the delivery of aluminium products for the years 2017-2019. The terms of the agreement take into account the variables listings on the London Metal Exchange (LME). The estimated value of the supplies in the period of 2017-2019 is approx. 322 million PLN, and it was specified on the basis of the current aluminium listings on the LME and the current exchange rates.

Conclusion of credit agreements with BGK

On 31 May 2016, Impexmetal S.A. signed a credit agreement with Bank Gospodarstwa Krajowego, with a total value of approx. 80 million PLN intended for the financing of the investment programme, which is designed to increase the production of flat rolled products to approx. 100 thousand tonnes per year and to finance current operations.

Acquisition of the shares of Boryszew S.A.

On 1 July 2016, Tensho Electric Industries Co. Ltd executed the consent entitled under the provisions of the agreement concluded with Impexmetal S.A. on 17 June 2014 for the option to sell (put option) for the purchase by Impexmetal S.A. of 5.618.412 shares of Boryszew S.A. which represents 2.34% of the share capital and entitled

to 5.618.412 votes at the General Meeting, which represents 2.34% votes, for 7.250.000 Euro. The agreement of 17 June 2014 related to the purchase by Impexmetal S.A. from Tensho Electric Industries Co. Ltd of claims of Boryszew Tensho Poland Spółka z o.o.

The agreement of 17 June 2014 related to the purchase by Impexmetal S.A. from Tensho Electric Industries Co. Ltd of claims of Boryszew Tensho Poland Spółka z o.o., and was included in the statement for the first half of 2014.

On 10 October 2016, the ownership of 5.618.412 shares of Boryszew S.A., which is 2.34% of the share capital of Boryszew S.A. and entitled to 5.618.412 votes at the General Meeting of Boryszew S.A., which is 2.34% votes, was transferred on the brokerage account of Impexmetal S.A.

HUTMEN S.A.

The expiration of the letter of intent signed with Karo BHZ Spółka z o.o. on the sale of the shares of WM Dziedzice S.A.

On 31 March 2016, the provisions of the letter of intent signed on 8 December 2015 between Hutmen S.A. and Karo BHZ Sp. z o. o. expired, based on which the parties committed themselves to sale 100% of the shares of WM Dziedzice S.A. to Karo BHZ Sp. z o.o.

The conclusion of significant agreements

On 16 December 2015, Annex 2 was signed to the agreement of 27 January 2014 concluded by and between Hutmen S.A. and KGHM Polska Miedź S.A. The subject of the aforementioned agreement is the execution and delivery of round copper ingots by the KGHM Polska Miedź S.A. The estimated value of the agreement in 2016, according to the copper quotations on the day of conclusion of the agreement, is: approx. 197 million PLN net for the base quantity delivery and approx. 287 million PLN net per delivery, taking into account the purchaser's option.

Securing the seller's claims against Hutmen S.A. remains unchanged, i.e. the registered pledge on fixed assets of the Company with the value of not less than 5 million PLN and the promissory note with the promissory note declaration up to the amount of 5 million PLN. Annex 2 was in force from 1 January 2016 to 31 December 2016.

EASTSIDE – BIS SP. Z.O.O.

The conclusion of the conditional sales agreements of the right of perpetual usufruct of the property located at ul. Łucka 7/9 in Warsaw

On 18 July 2016, Eastside-BIS and the entities of Skanska Group concluded the agreement regarding the sale of the investment project (the investment includes the expenditures on the investment property of Eastside-Bis Sp. z o.o. as well as 100% of the shares in SPV Boryszew 7 Sp. z o.o. owned by Eastside-Bis Sp. z o.o.) carried out on the property located in Warsaw at ul. Łucka 7/9 for the total amount of 96 million PLN. A prerequisite for meeting the performance of the sale agreement of the right of perpetual usufruct was the resignation of the President of Warsaw, CC, to pre-emption rights of the aforementioned property.

On 1 August 2016, the Company received the decision of the President of Warsaw, CC, not to take advantage of the statutory right of pre-redemption of the Capital City of Warsaw in relation to the aforementioned property, and thus met the condition suspending the conditional property sale agreement concluded on 18 July 2016.

The conclusion of the sale agreement of the right of perpetual usufruct of the property located at ul. Łucka 7/9 in Warsaw

Due to meeting the condition suspending the sales agreements of the right of perpetual usufruct, on 3 August 2016, the Company and the entity Skanska Group concluded the final agreement transferring the right of perpetual usufruct of the property at ul. Łucka in Warsaw.

As a result of the conclusion of the Final Agreement, the condition suspending the sales agreements of 100% of shares of SPV Boryszew 7 Spółka z o.o. was met. The Company will be the owner of the copyright owner of the Investment and the sole beneficiary of the decision and the administrative rights of the Investment.

The total value of the concluded sale agreements of the Investment is approx. 96 million PLN net. The payment of the funds from the purchaser for the purchase of the Investment was made on the day of the sale. The release of the assets that comprise the Investment was made on the day of the conclusion of the agreement.

The value in the accounting books of the sold assets, including the accounts related to the sold company, is 85 million PLN.

TRANSACTIONS ON THE SHARES OF GRUPA KAPITAŁOWA BORYSZEW AND ITS AFFILIATES

Acquisition of the shares of Boryszew S.A.

In 2016:

- 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.,
- through 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 2016:

- 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.

Transactions on the shares of Alchemia S.A.

In 2016:

- Impexmetal S.A. acquired the total number of 5 990 461 shares of Alchemia S.A., which, with the already held shares, is the sum of 59 930 000 shares, which represents 29.97% of the total number of votes at the GM of Alchemia S.A.
- Boryszew S.A. acquired 770 000 shares of Alchemia S.A., which represented 0.39% of the total number of votes in at the GM of Alchemia S.A.
- Eastside - Bis Sp. z o.o. acquired the total number of 5 250 000 shares of Alchemia S.A., which represents 2.63% of the total number of votes at the GM of Alchemia S.A.
- SPV Boryszew 3 Sp. z o.o. sold 500 000 shares of Alchemia S.A. and does not have shares of that company.

As of 31 December 2016, Grupa Kapitałowa Boryszew had 65 950 000 shares of Alchemia S.A., which represented 32.98% of the total number of votes at the GM of Alchemia S.A., including:

- Boryszew S.A.: 770 000 shares of Alchemia S.A., which represented 0.39% share in the share capital and the total number of votes at the GM of Alchemia S.A.,
- Impexmetal S.A.: 59 930 000 shares, which represented 29.97% share in the share capital and the total number of votes at the GM of Alchemia S.A.,
- Eastside Bis Sp. z o.o.: 5 250 000 shares, which represented 2.63% share in the share capital and the total number of votes at the GM of Alchemia S.A.

Acquisition of the shares of Hutmen S.A.

In 2016:

- SPV Boryszew 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.
- Boryszew 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 Boryszew had 23 046 290 shares of Hutmen S.A., which represented 90.04% share in the share capital of Hutmen S.A, including:

- Boryszew 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 Boryszew 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.

5. CORE BUSINESS, MARKETS, SOURCES OF SUPPLIES AND COMPETITION

BORYSZEW S.A.

Boryszew S.A. is a company listed on the Warsaw Stock Exchange. In 2016, as per IFRS No. 8, the following five business segments have been defined (in order of revenue value):

- Automotive,
- Chemicals,
- Aluminium,
- Holding activity,
- Other.

The applied principle is that each entity belongs to only one operating segment. Described below are the most significant segments of Boryszew S.A. in terms of business activity, sales, markets, competition and sources of supplies as well as particularly key parameters.

Automotive

- **Scope of business**

This segment consists of entities of **Boryszew Maflow Branch**, the largest entity of the Maflow Group, operating three production plants:

- Facility in Tychy is Maflow Group's largest plant. It is involved in manufacture of aluminium air-conditioning tubes and installation of steel air-conditioning tubes.
- Chelmek 1 plant, which manufactures aluminium air-conditioning tubes and components (endings) for steel and aluminium air-conditioning tubes, sold to other companies of the Group.
- Chelmek 2 plant, which manufactures preformed rubber for air-conditioning tubes; fuel lines, oil cooling hoses and other tubes and hoses used for transportation of liquids in motor vehicles,

- **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Automotive Segment in 2016-2015.

The Company	Product range	Value PLN	
		2016	2015
Boryszew Maflow Branch	Air-conditioning tubes and other*	619 725	490 152
Total for Automotive Segment		619 725	490 152

(*) other products refer mainly to power-steering tubes, rubber tubes, brake tubes and active suspension tubes.

2016 closed with higher revenues in the Automotive Segment, primarily as a result of new contracts but also due to the improving economic situation in the car market in the EU.

The customer that generates more than 10% of Boryszew S.A. sales revenues in Volkswagen Group (15,4% share in sale of the Company).

Main directions of sales in the Segment for 2016 - 2015 are shown in the following table:

Sales structure [%]	2016	2015
Germany	30%	34%
Great Britain	18%	17%
Spain	10%	11%
Sweden	7%	5%
France	5%	4%
Czech Republic	4%	5%
The Netherlands	4%	4%
Slovakia	4%	3%
Domestic	3%	4%
Romania	3%	2%
Other	11%	10%
Export sales as % of total sales		96%

Maflow Branch generated its revenue mainly on export sales, which accounts for 97% of turnover. Only some of the export destinations changes. Sale to the Swedish market went up by 2%, British and French by 1%, the German market ended 4 pp. down.

- **Market share**

Maflow Branch is the largest entity of Maflow Group. On the European market, Maflow Group is the biggest supplier of air-conditioning tubes, closely following Contitech and Hutchinson. TI Automotive Group enjoys a market position close to that of Maflow Group.

- **Competition**

Direct competitors in the automotive industry, in which Boryszew entities of the Segment operate, include: **Contitech, Eaton, TI Automotive Daytech, Hutchinson, Parker, SMA, Visteon, SAAA**. Some of these companies are multinational corporations where production of air-conditioning tubes is neither the only nor primary business.

Maflow Branch operates on the basis of contracts of several years' duration concluded with the world's leading car manufacturers. The contracts are shared, in order to secure continuity of supply, with one or two competitors. The competition element is present only when bidding for new contracts.

- **Sources of supplies**

The Segment mainly imports its supplies. The largest items of the purchase list include rubber, aluminium blocks and pipes as well as sensors.

- **Particularly key parameters for the Segment**

Condition of the automotive market (detailed description can be found in the financial analysis section)

Chemicals Segment

- **Scope of business**

The Chemicals Segment includes the following branches: Elana, Boryszew ERG, Nylonbor. The entities of the Chemicals Segment operate in several sectors:

- staples, continuous filaments – used mainly in textile, furniture and clothing industries,
- chemical (among others: plasticizers, stabilizers, grease used for production of plastics),
- automotive (among others: engine coolants, brake fluids),
- construction (among others: wall siding, doors, coffers),
- packaging (among others: Styrofoam moulds, polyethylene drums),
- construction polyamides (universal plastics used, among others, in conveyor rolls and stretching rolls, gears, tracks, etc.),
- special products (among others: flares, smoke signalling products, white theatrical smoke, smoke hand grenades),

- **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Chemicals Segment in 2016-2015.

Entity	Product range	Quantity [T]		Value PLN	
		2016	2015	2016	2015
Boryszew O/Elana	Elana (staples, elball)	11 150	11 801	51 640	57 250
	Goods and materials	1 423	2 024	5 194	8 483
	Other services			1 555	1 564
	Total	12 574	13 825	58 389	67 297
Boryszew O/ERG	Chemicals	14 109	15 895	112 233	105 950
	Automotive	15 663	16 279	52 117	59 219
	Construction materials	0	0	16 477	19 774
	Packaging	0	0	6 526	8 129
	Other	0	0	8 812	14 146
	Total	29 772	32 174	196 164	207 218
Boryszew O/Nylonbor	Polyamides	91	109	1 913	2 455
	Special production	0	0	4 021	4 584
	Other			1 931	2 101
	Total	91	109	7 866	9 140
Exclusions between segments				-85	-371
Total Chemicals Segment		42 437	46 108	262 333	283 284

For the Chemicals Segment, 2016 ended with lower quantity sales, which is mainly related to lower volumes of sales of plasticizers and fluids for the automotive industry in Boryszew Branch/ERG.

Main directions of sales in the Segment for 2016 - 2015 are shown in the following table:

Sales structure [%]	2016	2015
Domestic	58%	65%
Czech Republic	16%	7%
German	10%	10%
Ukraine	5%	2%
Russia	4%	4%

Spain	2%	2%
Lithuania	2%	2%
Slovakia	1%	4%
Belarus	1%	0%
Hungary	1%	1%
Other	2%	3%
Export sales as % of total sales	42%	35%

The domestic market remained the main market for the Chemicals Segment companies, generating 58% of the business. In terms of export sales, only some of the expert destinations changes. Export sales to German market remained unchanged, sales to other markets increased: Czech by 9% and Ukrainian by 4%; decline of 3% was seen in case of the Slovak market.

a) Market share

The market share in the Chemicals Segment should be considered based on the division into the product ranges mainly due to their different application and customers' groups.

The share of the most important product groups on the domestic market in 2016 was as follows:

- automotive products market - approx. 25%, installation fluids of approx. 45%, de-icing products (new product),
- chemical products market (auxiliary products for processing) – depending upon product range, approx. 3-20%,
- construction: wall siding approx. 8%,
- filaments market - approx. 8%.
- packaging materials market - approx. 5% (EPS packaging) up to 20% (decorative elements).

The companies of the Chemicals Segment occupy the position of a small supplier in the European market.

b) Competition

Competition for filaments includes:

- **Silon** – Czech manufacturer of, primarily, fibres used for technical and hygienic purposes.
- **Maerkische Faser** – German manufacturer of more specialised fibres used for technical and hygienic purposes.
- **Green Fiber** – Romanian manufacturer of fibres for furniture production and automotive industry, to be used in lower quality products,
- manufacturers from Turkey and far east countries (Huvis, Far Eastern Textile, Nan Ya - South Korea)
- The competition for the automotive industry involved – Orlen Oil, Parys, Organika Łódź, Autoland. In terms of automotive fluids, Organika GLI Therm, Bio-Chem for installation fluids, Clariant, Kilfrost, JSC Esspo for de-icing fluids
- Competition for auxiliary products in plastics processing: **ZAK Kędzierzyn, BASF, DEZA,**
- Competition for wall siding - **Gamrat S.A., ASKO, VOX Industrie, Royal Europa,**
- Competition for packaging materials – **Knauf, HSV Polska, HIRSCH**

c) Raw materials and sources of supplies

Main raw materials and sources of supplies for the Chemicals Segment include:

- PET flakes (fibre production),

- octyl alcohol (production of chemicals),
- ethylene glycol (automotive production),
- caprolactam (production of polyamides).

Aluminium Segment

- **Scope of business**

Aluminium Segment is the home turf for NPA Skawina Branch, the only manufacturer in Poland of rods made of aluminium and its alloys, used for production of power lines and cables, and as well as non-conductor wire rods, used in the steel industry as a deoxidizer. Apart from aluminium wire rods the branch also wires for low to high voltage overhead power lines.

- **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Aluminium Segment in 2016-2015.

Entity	Product range	Quantity [T]		Value PLN	
		2016	2015	2016	2015
Boryszew NPA Skawina Branch	Wire rods	18 695	24 205	154 204	217 640
	Alloy rods	4 748	4 578	44 830	47 204
	Non-wire rods	1 964	1 830	15 800	16 048
	Wire	1 366	1 030	14 525	11 539
	Overhead lines	4 891	5 906	52 902	60 650
	Other	0	0	10 485	3 670
	Sales of media	0	0	7 795	7 603
Exclusions between segments				0	
Total for the Aluminium Segment		31 665	37 549	300 541	364 353

2016 ended with lower quantity sales, which is mainly associated with the reduced demand from the energy sector in terms of sales of mainly wire rods and overhead cables.

Main directions of sales in the Segment for 2016 - 2015 are shown in the following table:

Sales structure [%]	2016	2015
Domestic	46%	43%
Sweden	9%	1%
Czech Republic	9%	22%
Germany	8%	0%
Austria	8%	8%
Italy	6%	6%
Romania	4%	0%
Switzerland	1%	1%
Ukraine	1%	2%
Hungary	1%	0%
Other	7%	17%
Export sales as % of total sales	54%	57%

Aluminium Segment generated its revenue mainly on export sales, which accounts for 54% of turnover and saw a decline by 3%. The main export destinations were Swedish, Czech, German, Austrian.

Market share

In 2016 NPA Skawina reinforced its position on the Polish market and was able to maintain its previous position on the international market at 2015 level. Poland accounts for 45% of the market, EU approximately 5%.

Competition

The largest competitors for the Aluminium Segment include:

- In terms of rolled products, the most important competitors include: Alro Vimetco Romania, Rusal Russia, Trimet France, Hydro Aluminium Norway, Inotal Hungary, Alcoa Island, Lamifil Belgium, Manfisa Spain, Midal Bahrain, supplier from China, India.
- In terms of processed products, the most important competitors include: Fabryka Przewodów Energetycznych Będzin, Tele-Fonika Kable S.A., Zircon Poland offer wires from Chinese suppliers, Fux Hungary, Prysmian Capital group, Trefinasa Spain, Nexans Group, Brugg Switzerland, Lumpi Austria, WDI Germany, General Cable Spain, Midal Cable Bahrain.

Raw materials and sources of supplies

The basic raw materials for production in the Aluminium Segment include aluminium pig sows and blocks, as well as aluminium scraps, which are imported (pure metal, alloys) or purchased at home (scraps).

Particularly key parameters for the Segment

- the amount of trade bonus that affects revenues and results,
- the amount of subsidies for the main raw material (aluminium), scrap price level, which affect production costs.

Holding Activity Segment

- **Scope of business**

The head Offices in Warsaw – its activity includes management of the Capital Group (several dozen companies, both domestic and foreign), and its objective is to increase the goodwill of the Company and of the Group in the long run. The Company generates revenues from sale of traded goods, services, dividend and interest.

BORYSZEW CAPITAL GROUP

MAIN ENTITIES OF BORYSZEW GROUP BY OPERATING SEGMENTS

Introduction

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. Described below are the most significant segments of Boryszew Capital Group in terms of business activity, sales, markets, competition and sources of supplies .

AUTOMOTIVE SEGMENT

1. Scope of business

Boryszew Automotive Plastics Group is a group of companies specialized in the production of high quality plastic parts for the automotive sector, used inside and outside of vehicles, including galvanized and lacquered plastic parts and injection moulds for the production of these components.

BAP Group (Plastics) is composed of the following entities:

- Boryszew Kunststofftechnik Deutschland GmbH (formerly AKT Germany) – manufacturer of plastic components for automotive equipment (internal, engine accessories), including elements of dashboards, compartments, ventilation nozzles, elements of bonnets, doors.
 - Theysohn Kunststoff GmbH – manufacturer of external plastic components of automotive equipment (wheel housings, engine casings, etc.)
 - AKT Plastikarska Technologie spol.sr.o (AKT Czech Republic) – manufacturer of plastic products for automotive industry and household equipment industry,
 - BRS Oberflächetechnik GmbH (BOD) – manufacturing of galvanized plastic components used in automotive equipment (mainly doorknobs, frames),
 - Boryszew Formenbau Deutschland GmbH – manufacturer of small and large injection moulds,
 - Theysohn Formenbau GmbH - manufacturer of large injection moulds,
 - ICOS Germany – holding company,
 - Boryszew Plastik Rus - production of plastic external car components and accessories,
 - Boryszew Deutschland – Group's shared service company in the scope of sales, finance, procurement, IT and design.
 - Boryszew Tensho Poland - the production of plastic elements (including lacquered ones) to provide for the needs of the automotive and RTV sectors,
 - BRS Ymos – manufacturer of injection-moulded components based on ZnAl (handles, doorknobs, emblems).
 - Boryszew Automotive Plastics Spółka z o.o. – is the holding and parent company in BAP Group (Plastics).
2. Maflow Group is one of the largest producers of cables for air conditioning and other applications to ensure the transport of fluids and gases in passenger vehicles and commercial vehicles. Maflow also has a department specializing in the production of flexible rubber connections for the transport of fluids and gases in all vehicles systems.
- W skład Grupy Maflow wchodzi poniższe podmioty:
- . Boryszew Maflow Branch, - described in the section on Boryszew S.A”
 - . Maflow Italy – manufacturer of rubber tubes, customers include Maflow Group (67%) and other customers (33%),

- . Maflow France – manufacturer of air-conditioning tubes,
- . Maflow Spain – installation of air-conditioning tubes,
- . Maflow Brazil – manufacturer of air-conditioning tubes,
- . Maflow China – manufacturer of rubber tubes and air-conditioning tubes,
- . Maflow India – manufacturer of air-conditioning tubes.
- . Maflow Mexico – manufacturer of air-conditioning tubes.

3. Bearing manufacturers - comprise of the following subjects: FŁT Polska Sp. z o.o., FLT Bearings Ltd, FLT France SAS. involved in development, testing, introduction and distribution of bearings for renowned global manufacturers of motor vehicles and agricultural machines.

b) Sales and Markets

Revenues from Automotive Segment sales in 2016 and 2015 are presented in the table below:

Entity	Product range	Value PLN	
		2016	2015
BAP Group (Plastics)			
Boryszew Kunststofftechnik GmbH (AKT Germany)	Plastic components	421 423	404 159
Theysohn Kunststoff GmbH	Plastic components	246 436	258 809
AKT Plastikarska Technologie spol.sr.o (AKT Czech Republic)	Plastic components	135 360	127 006
BRS Ymos GmbH	ZnAl components	95 649	102 850
BRS Oberflächetechnik GmbH	Plastic components	153 023	129 506
YMOS Branch in Kędzierzyn-Koźle	ZnAl components	0	0
Theysohn Formenbau GmbH	Injection moulds production	42 181	54 842
Boryszew Formenbau GmbH (Wedo)	Injection moulds production	32 923	38 969
ICOS Germany	Holding company	31 067	26 004
Boryszew Plastic RUS	Plastic components	12 715	23 239
Boryszew Tensho Poland	Plastic components	76 839	49 894
BDE Boryszew Deutschland GmbH	Shared service company	12 729	13 500
Boryszew Automotive Plastics Toruń		17 574	5 444
Total for BAP Group (Plastics)		1 277 919	1 234 222
Maflow Group			
Boryszew Maflow Branch	Air-conditioning tubes and other*	619 725	490 152
Maflow Italy	Rubber tubes	113 493	89 897
Maflow France	Air-conditioning tubes and other*	87 956	70 715
Maflow Spain	Air-conditioning tubes and other*	131 919	112 835
Maflow Brazil	Air-conditioning tubes and other*	33 407	23 463
Maflow China	Air-conditioning tubes and other*	38 661	18 249
Maflow Mexico	Air-conditioning tubes and other*	1 598	25
Total for Maflow Group		1 026 759	805 336
Bearing manufacturers			
FLT Polska	Bearings and bearings elements	252 972	252 946
FLT Bearings	Bearings and bearings elements	19 042	17 148
FLT France	Bearings and bearings elements	40 615	37 429
Total bearing manufacturers		312 629	307 523

Consolidation adjustments	-442 098	-316 425
Total for Automotive Segment	2 175 209	2 030 656

(*) other products refer mainly to power-steering tubes, rubber tubes, brake tubes and active suspension tubes.

2016 closed with higher revenues in the Automotive Segment as a result of the improving economic situation in the car market in the EU, higher sales of companies involved in bearing production and starting the production under new contracts.

Main directions of sales in the Automotive Segment for 2016 - 2015 are shown in the following table:

Sales structure [%]	2016	2015
Domestic	8%	7%
Germany	46%	49%
France	7%	7%
Spain	7%	7%
Great Britain	5%	4%
Czech Republic	5%	5%
Italy	4%	4%
Slovakia	2%	3%
China	2%	1%
Portugal	2%	2%
other	12%	11%
Export as % of total sales	92%	93%

The main sales market for the Automotive Segment is still that of the European Union countries, with Germany accounting for approximately 50% of product sales.

The customer that generates more than 10% of Boryszew Group sales revenues in Volkswagen Group; its share amounted to 21.0%.

c) Market share

In 2016, the Automotive Segment significantly increased its revenues, with the largest increases in Maflow Group (in Poland).

Entities of BAP Group (Plastics) account for a significant part of the sales of components for the Volkswagen Group. In case of other customers, proportion of the sales is marginal.

In the European market, Maflow Group is one of the leading suppliers of air conditioning cables. VW Group is the largest recipient of Maflow Group, which equips approximately 25% of its vehicles with Maflow products.

d) Competition

The following entities can be considered competitors of BAP Group (Plastics): **Magna International, Johnson Controls, Lear, Faurecia, Valeo**. These are multinational corporations for which production of plastics is neither the sole nor primary activity. These companies are integrators of complete products used in automotive industry (Tier1). BAP Groups is frequently a sub-supplier for these competitors (e.g. Valeo, Faurecia, Johnson Controls).

BAP Group operates on the basis of contracts of several years' duration, which are mostly awarded to one company. This is caused by high cost of the tool/mould, which ultimately belongs to the customer. Competition occurs at the time of tender for contract; also, at times contracts are taken over in their entirety during the project. Direct competitors of Maflow Group include: **Contitech, Eaton, TI Automotive Daytech, Hutchinson, Parker, SMA, Visteon, SAAA**. Some of these companies are multinational corporations where production of air-conditioning tubes is neither the only nor primary business.

Maflow Group operates on the basis of contracts of several years' duration concluded with the world's leading car manufacturers. The contracts are shared, in order to secure continuity of supply, with one or two competitors.

Competitors in the bearing segment mainly include distributors of bearings from Sweden (SKF), Germany (FAG), countries of Asia and Central - Eastern Europe.

e) Sources of supplies

Thermoplastic plastics are the main raw materials used by the companies of BAP Group, i.e. reinforced with talc and fiberglass, ABS, polycarbonate, polyamide, etc. Additionally, the Group purchases ZnAl alloys. Suppliers of the aforesaid raw materials are global chemical corporations: Lyondell Basell, BSB, Covestro, Trinseo, LG Chemicals, Sabic, Borealis, Graffe or manufacturers of zinc alloys.

For the purpose of production of air-conditioning tubes, companies of Maflow Group purchase mainly such raw materials as: rubber mixes, aluminium and steel pipes, sensors. These are mainly purchased abroad.

Bearing companies are primarily sourcing on domestic market and in China.

f) Particularly key parameters for the Segment

- condition of the automotive market (detailed description can be found in the financial analysis section)
- continuous improvement of operational efficiency of the production plant of the Segment,
- relationship with FŁT Krasnik, which is the main supplier of FŁT Polska

ALUMINIUM SEGMENT

a) Scope of business

The following entities make up the Aluminium Segment: Zakład Aluminium Konin (Impexmetal SA), NPA Skawina Branch, SPV Impexmetal Sp. z o.o. and Symonvit Ltd. (in liquidation).

Zakład Aluminium Konin which belongs to Impexmetal S.A. is the market leader in Poland for standard rolled products made of aluminium and its alloys.

Main products of the Aluminium Segment include:

- metal sheets and strips (hot rolled and cold rolled) – used in electrical engineering industry, chemical and automotive industry as well as construction,
- thin sheets and strips – used in production of cooling radiators, bottle screw tops, trays, window blinds and construction slats,
- aluminium and alloys wire rods, an input product for manufacturing of wires, power cables,
- non-wire rods, which are used in steel-forming as deoxidizers,
- naked aluminium wire and power conductors/cables.

The Group's aluminium products are primarily used in the automotive industry, construction industry, electrical engineering and production of packaging materials.

The companies Symonvit Ltd and SPV Impexmetal Sp. z o.o. in 2016 managed the intellectual property. Symonvit Ltd. is currently in the process of liquidation.

b) Sales and Markets

Sales volumes and revenues from sales in the Aluminium Segment in 2016 and 2015 are presented in the table below:

Entity	Product range	Quantity [T]		Value	
		2016	2015	2016	2015
Impexmetal (Zakład Aluminium Konin)					
	Thin products	30 938	28 138	368 817	347 306
	Cold rolled products	57 573	57 983	583 472	618 061
	Goods and materials			34 840	39 358
	Services + other			17 776	10 432
	Total	88 511	86 121	1 004 905	1 015 157
Boryszew NPA Skawina Branch					
	Wire rods	18 695	24 205	154 204	217 640
	Alloy rods	4 748	4 578	44 830	47 204
	Non-wire rods	1 964	1 830	15 800	16 048
	Wire	1 366	1 030	14 525	11 539
	Overhead lines	4 891	5 906	52 902	60 650
	Other	0	0	10 485	3 670
	Sales of media	0	0	7 795	7 603
	Total	31 665	36 054	300 541	321 948
Symonvit					
				0	0
SPV Impexmetal					
				17 644	18 507
Intercompany Corrections					
				-16 295	29 189
Total for the Aluminium Segment					
			122 175	1 306 795	1 384 801

For the Aluminium Segment, 2016 ended with lower levels of sales by volume of 1.6% and concerned MAP Skawina, which obtained the lower sales of rolled rods and overhead cables due to less demand in the energy industry. The increase in sales volume in Huta Aluminium Konin was mainly due to the completion of the hot rolling mill modernization process, which translated into the increased production capacity and allowed to increase sale from 86.1 thousand tonnes to 88.5 thousand tonnes.

The main sales directions in the Aluminium Segment for 2016 – 2015 are presented in the table below:

Sales structure [%]	2016	2015
Domestic	47%	46%
Czech Republic	10%	14%
Germany	9%	6%
France	4%	4%
Sweden	3%	1%

Austria	3%	4%
Ukraine	3%	3%
Hungary	2%	1%
Switzerland	2%	2%
Romania	2%	1%
Other	13%	17%
Export sales as % of total sales	53%	54%

Only a slight change in sales destinations Aluminium Segment was seen in 2016. Still almost 50% of sale is domestic sale. The largest export market for the company is that the Czech Republic, followed by Germany.

a) Market share

The global market of aluminium rolled goods is - according to many different studies - estimated to be about 20 million tonnes a year, Europe being responsible for about 4 million tonnes. With reference to the above values, the market share of Aluminium Konin in the global market is estimated at 0.4%, while in the European market at 2%. The actual share in the range of product offered by the company is higher, as its offer does not include all types of rolled products available on the market.

The share in the rolled products market manufactured by NPA Skawina Branch is estimated at approx. 45% in Poland and approx. 5% in Europe

b) Competition

The competition in the business of aluminium rolled products is diverse. In the European market, there are more than a dozen producers which directly compete with Aluminium Konin. Competitors can be divided according to their geographical location, scale of operations or their technological level. The main competitors are entities operating in Europe. The importance of other markets is marginal. The largest producers operating on the European market are:

- multinational corporations: **ALCOA, CONSTELLIUM, NOVELIS, ALERIS, GRÄNGES, HYDRO**. These companies technology leaders with specialised manufacturing in individual production plants.
- Independent European companies: **ALINVEST, IMPOL, ELVAL, ALCOMET, ALRO, TLM, AMAG** and Turkish companies: **ASSAN, PMS, TEKNİK**. These companies represent diverse technological levels and, similarly to HAK, they offer a wide mix of products manufactured by a single plant. In 2015, the Eurometal company (Poland) started to produce rolled goods. The company offers goods based on the technology of continuous casting. Due to the limited potential of the product range, Eurometal's offer is not a significant competition.

In terms of rolled products, the most important competitors include: **Alro Vimetco Romania, Rusal Russia, Trimet France, Hydro Aluminium Norway, Inotal Hungary, Alcoa Island, Lamifil Belgium, Manfisa Spain, Midal Bahrain.**

In terms of processed products, the most important competitors include: **Fabryka Przewodów Energetycznych Będzin, Tele-Fonika Kable S.A., Zircon Poland** offer wires from Chinese suppliers, **Fux Hungary, Prysmian Capital group, Trefinasa Spain, Nexans Group, Brugg Switzerland, Lumpi Austria, Haase Austria, WDI Germany, General Cable Spain, Midal Cable Bahrainu.**

c) Raw materials and sources of supplies

The basic raw materials used for manufacturing in the Aluminium Segment are aluminium ingots and blocks. The company diversifies its supply sources, purchasing the basic raw materials from the well-known producers of aluminium (Rusal, Trafigura, Glencore International AG, Berliner Aluminiumwerk) and supplementing them by purchase of aluminium scraps.

d) Particularly key parameters for the Segment

- the amount of trade bonus that affects revenues and results,
- the amount of subsidies for the main raw material (aluminium), scrap price level, which affect production costs.

COPPER SEGMENT

a) Scope of business

In the Copper Segment, the Group has two key manufacturers: Hutmen S.A. and WM Dziedzice S.A., who operate on partially overlapping markets.

The most important products in the Segment are:

- bars and wires of copper and copper alloys – for construction industry, electronics and electrical engineering,
- plumbing copper pipes – for use in construction industry as well as general purpose pipes,
- copper alloy pipes (including capacitor pipes) for the power engineering industry, shipbuilding and heat engineering
- brass and bronze strips – for construction industry, electronics and electrical engineering,
- coin blanks for coin-making industry.

The most important markets for the Copper Segment products are construction industry, electronics, electrical engineering, metal-forming and coin-making industry.

b) Sales and Markets

The sales volumes and revenues from sales of the Copper Segment in 2016 and 2015 are presented in the table below:

Entity	Product range	Quantity [T]		Value [PLN thousand]	
		2016	2015	2016	2015
Hutmen					
	Casting alloys	4 822	4 375	110 523	110 734
	Copper wire, bars and profiles	4 618	5 029	108 936	124 803
	Copper pipes (including plumbing pipes)	412	569	11 310	16 509
	Bronze bars and pipes	2 747	3 617	49 688	70 978
	Materials			13 984	187 449
	other			5 241	5 507
	Total	12 600	13 590	299 681	515 980
WM Dziedzice					
	Brass bars	20 481	20 479	334 657	360 874
	Brass pipes (including capacitor pipes)	4 089	3 969	83 929	87 561
	Brass strips	1 105	1 073	16 066	16 450
	Coin blanks and keys	3 828	1 864	98 697	57 441
	Other	5 267	7 656	23 026	30 719

Total	34 770	35 041	556 376	553 045
Intercompany Corrections			-14 528	-188 940
Total for the Copper Segment	47 370	48 631	841 529	880 085

2016 ended for the copper segment with a lower level of sales by 2.6% and the value by 4.5%. The decrease in the sales was mainly related to Hutmen's products. In the area of foundry alloys (in the country and in exports), it resulted from higher competition and price pressure and in the field of copper pipes (mainly in exports) was caused by falling metal prices.

The main sales directions in the Copper Segment in 2016– 2015 are presented in the table below:

Sales structure [%]	2016	2015
Domestic	44%	35%
Germany	29%	25%
Czech Republic	8%	15%
Austria	2%	2%
Spain	2%	1%
Italy	2%	1%
Canada	2%	1%
Hungary	2%	1%
Slovenia	1%	0%
Slovakia	1%	4%
other	9%	13%
Eksport jako % sprzedaży łącznej	56%	65%

Only a slight change in sales destinations of the Copper Segment was seen in 2015. The export market still prevailed. The domestic sales increased, mainly at the expense of the reduced sales on the Czech market.

c) Market share

The market share in the Copper Segment should be analysed by product ranges mainly due to their diverse applications and customer groups.

In 2016, the companies of the Copper Segment were rather minor suppliers on the European market. The largest market share on the European market for copper bars and profiles amounted to approx. 2%. On the world markets, the share of the Copper Segment remains below 1%.

In 2015 the share of the Copper Segment in the domestic market by product groups amounted to:

- brass bars market - approx. 52%
- casting bronzes market - approx. 15%,
- plumbing copper pipes market - approx. 62%,
- copper bars and profiles market - approx. 19%

d) Competition

The following multinational corporations are examples of strong foreign competitors in the Copper Segment:

K Europa Metal AG – world's largest manufacturer of products made of non-ferrous metals. Its annual production output exceeds 600 thousand tonnes of products made of copper and copper alloys,

Wieland AG – a German company specialising in manufacturing of products made of non-ferrous metals, with 9 production plants worldwide and 500 thousand tonnes of copper and copper alloys products produced annually,

MKM – a German manufacturer of intermediate products of copper and its alloys (wires, pipes, flats, bars, strips, sheets).

Domestic competitors include:

Walcownia Metali Nieżelaznych Gliwice – Łabędy – which produces copper, brass and bronze strips and sheets; casting brasses and bronzes. The company's production capacity amounts to 4.6 thousand tonnes per year. On the domestic market, the company sells approx. 800 tonnes of copper sheets and strips.

e) Raw materials and sources of supplies

The main raw materials in the Copper Segment include copper and brass scraps and copper cathodes. These raw materials are purchased mainly on the domestic market and are supplemented with imported supplies.

f) Particularly key parameters for the Segment

- level of copper prices, due to the existence of alternative materials for plumbing copper pipes, used in the construction industry,
- repair policy in the energy sector, the main customer of condenser tubes.

ZINC AND LEAD SEGMENT

a) Scope of business

The Zinc and Lead Segment includes manufacturers: Baterpol S.A., ZM Silesia S.A. and two other non-manufacturing units: Polski Cynk Sp. z o.o. and Baterpol Recycler Sp. z o.o.

Each of the manufacturing companies operates on different product markets. Baterpol S.A. deals in recycling of batteries and lead processing. ZM Silesia S.A. deals in zinc and lead processing.

The main products in this segment are:

- refined and alloyed lead – mainly used in batteries production,
- zinc and zinc-and-titanium sheets for roof coverings and flashing,
- zinc and zinc-and-aluminium wire used in cold spray coating,
- zinc anodes used in galvanotechnics,
- casting alloys for metal-forming,
- zinc oxides – used in tyre manufacturing, pharmaceutical production and animal feed production,
- lead oxides – used in batteries

The products of this segment are used mainly for manufacturing of batteries, in construction industry, galvanotechnics and metal-forming.

b) Sales and Markets

The sales volumes and revenues from sales of the Zinc and Lead Segment in 2016 and 2015 are presented in the table below:

Entity	Product range	Quantity [T]		Value [T PLN]	
		2016	2015	2016	2015
Baterpol					
	Lead and alloys	37 464	44 938	296 917	315 684
	Lead products			12 548	10 989
	By-products			5 065	4 580
	Processing services			2 585	8 241
	Other			666	13 525
	PLN	37 464	44 938	317 782	353 019
ZM Silesia (Katowice)					
	Metal sheets	9 728	9 018	108 215	91 476
	Anodes	2 232	2 308	21 123	20 240
	Wire	2 296	2 050	27 049	22 427
	Casting alloys	620	1 169	5 962	10 288
	Other	0	0	4 306	11 678
	PLN	14 877	14 545	166 655	156 109
ZM Silesia (Oława Branch)					
	Zinc oxides and lead oxides	27 765	24 852	219 829	187 075
	Other	26	39	30 357	58 037
	PLN	27 791	24 891	250 186	245 112
Polski Cynk				690	690
Baterpol Recycler				0	133 204
Intercompany					
Corrections				-49 900	-252 112
Total for the Zinc and Lead Segment			84 374	685 412	636 022

2016 ended for the Zinc and Lead Segment by 5% less volume sale, i.e. by 4.2 thousand tonnes compared to 2015.

The main sales directions in the Copper Segment in 2016 – 2015 are presented in the table below:

Sales structure [%]	2016	2015
Domestic	60%	59%
Czech Republic	11%	8%
Germany	11%	12%
France	8%	7%
Spain	3%	3%
South Korea	1%	1%
Italy	1%	1%
Austria	1%	1%
Hungary	1%	1%
Denmark	1%	0%
Pozostałe	3%	6%
Export as % of total sales	40%	41%

In 2016 the domestic market is still dominating with its share in all sales amounting to 60%. This results from the dominance of domestic recipients for Baterpol SA. Increases in sales volumes occurred mainly in sales directed towards domestic markets of: Czech Republic, France.

c) Market share

The market share in the Zinc and Lead Segment should be analysed by product ranges mainly due to their diverse applications and customer groups.

In 2016 the share of the Zinc and Lead Segment in Europe by product groups in 2015 are estimated at:

- lead oxides market - approx. 16%.
- zinc wire market - approx. 5%,
- zinc oxides market - approx. 7%.
- zinc-and-titanium sheets market - approx. 6%,
- lead and alloys market - approx. 2 %.

d) Competition

Foreign competition on the market of zinc-and-titanium strips and sheets are two leading companies – **Rheinzink and VM Zinc**, owned respectively by Grillo and Umicore.

On the domestic market, the main competitor in the lead and alloys sector is **Orzeł Biały S.A.** The other two competitors are **Huta Cynku „Miasteczko Śląskie” S.A. (zinc smelter) and KGHM Polska Miedź S.A.**, which offer a limited products range and for which lead production is only a “side business” carried out, so to speak, coincidentally with their main business activity.

e) Raw materials and sources of supplies

The Zinc and Lead Segment procures mainly battery scraps, zinc and lead. The above mentioned raw materials are purchased mostly in Poland.

f) Particularly key parameters for the Segment

- price level and availability of battery scrap,
- demand of the automotive and construction industry, two main customers of the Zinc and Lead Segment

TRADE AND OTHER SEGMENTS

a) Scope of business

In 2016 the Trade Segment and other segments include the following companies/entities: Boryszew S.A. Energy Branch, Boryszew S.A. Trade Branch (ended its operations in October 2016), FLT & Metals Ltd., involved in space lease (Elana Nieruchomości Branch/Eastside Bis), sales of products not included in other segments as well as results of other entities.

These entities are mainly engaged in non-ferrous metals trade and lease of office and storage space as well as land.

b) Competition

Competitors in non-ferrous metals trading segment mainly include well-known large international trading companies, manufacturers of metals and local trading companies.

The main competition for rental and sale of land as well as production, storage and office facilities is from modern warehouse facilities built in recent years near Toruń as well as the supply of land sold by public entities.

c) Raw materials and sources of supplies

Non-ferrous metals are primarily procured on domestic and European market.

d) Particularly key parameters for the Segment:

- gas and electricity prices,
- non-ferrous metal prices,
- situation in real estate market in Toruń.

CHEMICALS SEGMENT

a) Scope of business

The Chemicals Segment includes the following entities: Boryszew S.A. Elana Branch, Torlen Sp. z o.o., Elana Pet Sp. z o.o., Elana Energetyka Sp. z o.o. Boryszew S.A. Boryszew ERG. Branch, Boryszew S.A. Nylonbor Branch and Elimer Sp. z o.o.

The entities of the Chemicals Segment operate in the following sectors:

- staples, continuous filaments – used mainly in textile, furniture and clothing industries,
- PET flakes used as a raw material in chemical, textile and packaging industries,
- repair and maintenance as well as technical services,
- chemical - including plasticizers, stabilizers, grease - used for production of plastics,
- automotive (including: engine coolants, brake fluids),
- construction (including: wall siding, doors, coffers),
- packaging (including: Styrofoam moulds, polyethylene drums),
- construction polyamides (universal plastics used, among other things, in conveyor rolls and stretching rolls, gears, tracks, etc.)
- special products (including: flares, smoke signalling products, white theatrical smoke, smoke hand grenades).

b) Sales and Markets

The sales volumes and revenues from sales in the Chemicals Segment in 2016 and 2015 are presented in the table below:

Entity	Product range	Quantity [T]		Value [TPLN]	
		2016	2015	2016	2015
Boryszew Elana Branch	Elana (staples, elball)	11 150	11 801	51 640	57 250
	Goods and materials	1 423	2 024	5 194	8 483
	Other services			1 486	1 564
	Total	12 574	13 088	58 320	67 297
Boryszew Branch RG	Chemicals	29 207	24 808	112 233	105 950
	Automotive	15 663	16 279	52 117	59 219
	Construction materials	0	0	16 477	19 774
	Packaging	0	0	6 526	8 129
	Other	0	0	8 793	14 146
	Total	44 870	41 087	196 145	207 218
Boryszew Branch Nylonbor	Polyamides	109	109	1 913	2 455
	Special production	0	0	4 021	4 584
	Other			1 933	2 101
	Total	109	109	7 868	9 140
Torlen	Continuous filaments	2 372	2 372	24 078	24 256
	Other		0	385	408
	Total	2 372	2 372	24 463	24 664
Elana Energetyka	Electrical energy [MWh]	41 953	41 953	16 177	16 644
	Heat [GJ]	80 149	80 149	4 892	5 168
	Other	0	0	3 788	4 032
	Total	n.a.	nd	24 857	25 844
Elana Pet	PET flakes	7 976	7 976	20 245	24 119
	Repair and maintenance services	0	0	8 599	9 572
	Other	3 205	3 205	837	8 457
	Total	11 181	11 181	29 681	42 147
Elimer	Technical services			3 091	3 341
Intercompany Corrections			-22 825	-26 959	
Total Chemicals Segment			67 836	321 599	352 692

For the Chemicals Segment, 2016 ended with slightly lower quantity sales.

The main sales directions in the Chemicals Segment in years 2016 – 2015 are presented in the table below:

Sales structure [%]	2016	2015
Domestic	62%	65%
Czech Republic	12%	5%
Germany	7%	8%

Russia	5%	5%
Ukraine	3%	1%
Hungary	2%	2%
Spain	2%	1%
Lithuania	1%	1%
Great Britain	1%	1%
Slovakia	1%	3%
other	3%	6%
Export sales as % of total sales	38%	35%

The domestic market remained the main market for the Chemicals Segment companies, generating 65% of the business. In terms of export sales, only some of the expert destinations changes. The highest increase, 4 pp., was recorded on the Czech market, which has become the second most important market segment.

c) Market share

The market share in the Chemicals Segment should be analysed by product ranges mainly due to their diverse applications and customer groups.

The share of the most important product groups on the domestic market in 2016 was as follows:

- automotive products market - radiator fluids approx. 35%, installation fluids approx. 45%,
- chemical products market (auxiliary products for processing) – depending upon product range, approx. 3-20%,
- construction - wall siding approx. 8%,
- filaments market - approx. 8%.
- packaging materials market - depending on the product range from 5% (EPS packaging) up to 20% (decorative elements).

Companies of the Chemicals Segment are minor suppliers on the European market.

d) Competition

Competition for filaments includes:

- **Silon** – Czech manufacturer of, primarily, fibres used for technical and hygienic purposes.
- **Maerkische Faser** – German manufacturer of more specialised fibres used for technical and hygienic purposes.
- **Green Fiber** – Romanian manufacturer of fibres for furniture production and automotive industry, to be used in lower quality products,
- manufacturers from Turkey and far east countries (**Huvis, Far Eastern Textile, Nan Ya - South Korea**)

Competition in the automotive segment –**Orlen Oil, Parys, Organika Łódź, Autoland**. In terms of automotive fluids, **Organika GLI Therm, Bio-Chem** in terms of installation fluids , **Clariant, Kilfrost, UAB Esspo** in terms of de-icing fluids.

Competition for auxiliary products in plastics processing: **ZAK Kędzierzyn, Perstorp, DEZA,**

Competition for wall siding – **Gamrat S.A., ASKO, , VOX Industrie, Royal Europa,**

Competition for packaging materials – *Knauf, HSV Polska, HIRSCH*

Activity in the heat and electrical energy industry, due to its specific nature, is regulated by ERO. This segment has no direct competition.

e) Raw materials and sources of supplies

Main raw materials and sources of supplies for the Chemicals Segment include:

- PET flakes (fibre production),
- octyl alcohol (production of chemicals),
- ethylene glycol (automotive production),
- caprolactam (production of polyamides).

All these raw materials are procured both on the domestic market as well as overseas.

HOLDING ACTIVITY

Domain of the Head Offices in Warsaw, its activity includes management of the Capital Group (several dozen companies, both domestic and foreign) and its objective is to increase the value of the Company and of the Group in the long run. The Head Office generates revenues from sale of traded goods, services, dividend and interest.

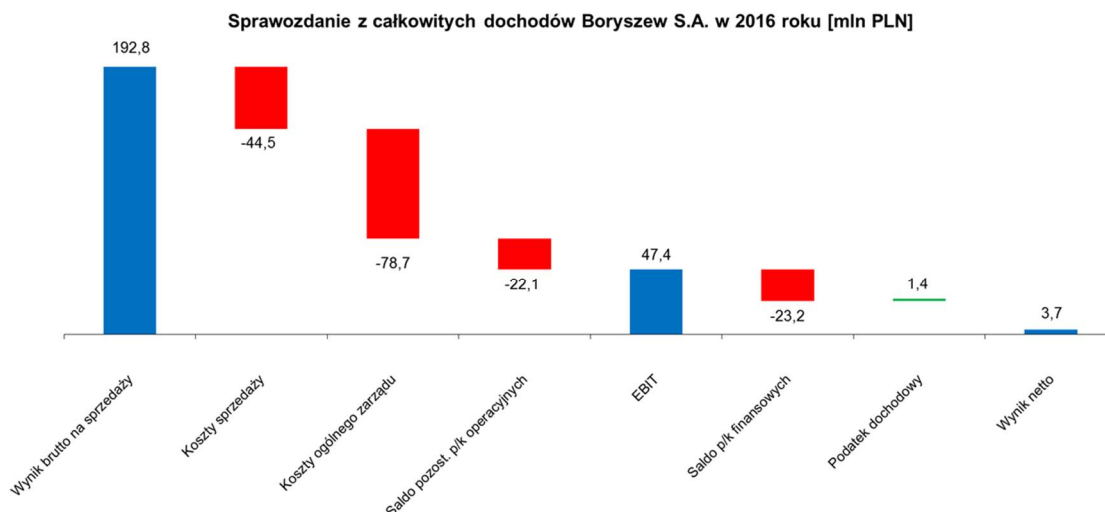
6. FINANCIAL ANALYSIS

ANALYSIS OF THE MARKET SITUATION IN 2016

The selected items of the statement on total income of Boryszew S.A. for 2016 compared to 2015 are presented in the following table:

in PLN million	2016	2015
Revenues from sale	1 446,0	1 318,7
Gross profit on sales	192,8	158,3
Profit on sales	148,2	130,9
EBITDA	79,7	94,5
Operating profit	53,9	70,1
Gross profit	2,3	-8,8
Net profit	3,7	3,8

The impact of the various components of the income statement on the consolidated net profit for 2016 is presented graphically below.



REVENUES

in PLN million	2016	2015
Revenues from sale, including:	1 446,0	1 318,7
Automotive Segment	619,7	490,2
Aluminium Segment	300,5	364,4
Chemicals Segment	262,3	283,3
Holding activity and other activities segment	270,2	188,7
exclusions between segments	-6,8	-7,8
Export sales as % of total sales	64,8%	64,7%

In 2016 revenues from sale amounted to PLN 1 446 million and increased by 9,6% for the following reasons:

- improvement of the economic condition of the automotive market,
- growth of the sales volume in the Group, in particular in Chemicals and Aluminium Segment,
- macroeconomic situation in Poland and the Euro zone.

ECONOMIC CONDITION OF THE AUTOMOTIVE MARKET

A crucial factor shaping the revenues level of Boryszew Company is the economic condition of the automotive sector. The main sales market for the Automotive Segment is that of the European Union countries. According to ACEA, in 2016 the entire automotive market in Europe grew by 6,8% (including the German market with sales up by 3,5%). The European Market remains a key market for the Automotive Segment. From September 2013 and during 2014-2015 an increase in the volume of car sales in Europe can be observed.

SALES VOLUME

2016 Boryszew S.A. sale volume decreased by 9.7%, which means 8.3 thousand tonnes. This higher volume comes mainly from lower sales of Boryszew O/NPA Skawina branch by 5.9 thousand tonnes and Boryszew O/ERG Branch by 2,4 thousand tonnes.

OPERATIONAL RESULTS

In the main operating segments, the operating profit/loss (EBIT) was as follows:

in PLN million	2016	2015
Profit/loss (EBIT) on operating activities, including:	47,4	27,8
Automotive Segment	49,8	7,1
Chemicals Segment	11,6	23,6
Aluminium Segment	11,2	25,4
Holding activity and other activities segment	-25,1	-28,3
exclusions between segments	0,0	0,0

The level of the operating results in 2016 in individual segments was a result of:

- higher results in the **Automotive Segment** – the increase in results was a result of revenue growth by 26.4% due to the implementation of new projects and a lower level of impairment losses on trade receivables, as well as the level of amortization of receivables within GK Boryszew (without impact on the consolidated result).
- lower results in the **Aluminium Segment** – mainly due to the creation of revaluation updating write-offs for trade receivables of 10.9 million PLN, and also due to a lower sales result of 4.6 million PLN resulting from a decrease in sales volumes.
- lower results in the **Chemicals Segment** - the decrease in the results is mainly attributable to ERG Boryszew Branch and Elana Branch.
In the case of ERG Boryszew Branch, the decrease in the operating results was due to inter alia the costs of introducing new products on the market and weakening of the economic situation on the eastern markets.
The decline in the operating results in Elana Branch was impacted by lower sales volume compared to 2015, which was caused, inter alia, by aggressive price policy of competition. Other entities achieved the results similar to the previous year.
- higher results in **Holding Business Segment and Other** - higher compared to 2015 due to energy activities.

The balance of other operating revenues and expenses amounted to (22.1) million PLN, and was higher than last year's by approx. 24.8 million PLN. The aforementioned increases were related to more positive balances in 2016 of revaluation of other receivables, debt write-offs and gains on sale of shares in the subsidiaries. These transactions were grouped and therefore did not affect the consolidated results of the Group.

REVENUES AND FINANCIAL COSTS, NET RESULT

The balance of financial revenues and expenses amounted to (45.1) million PLN and was lower by 8.5 million PLN than last year. The decrease of the balance on financial activity was mainly related to the higher level of write-offs for granted intra-group loans, the increase in the value of shares and stocks by 12.6 million PLN, a higher level of foreign exchange gains by 8.8 million PLN, and a higher negative balance on interests on trade receivables and others by 4.8 million PLN.

The net profit on continuing and discontinued operations in 2016 was 3.7 million PLN, and was lower by 0.1 million from net profit achieved in 2015.

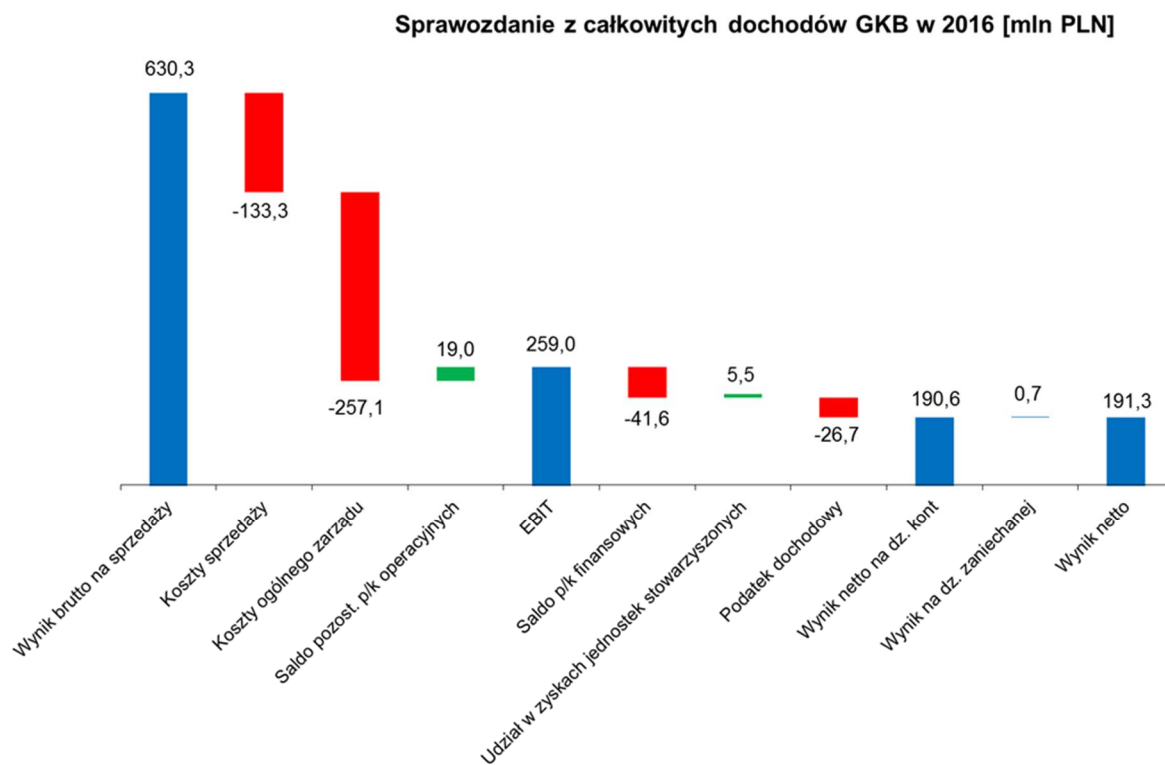
CAPITAL GROUP

ANALYSIS OF THE SELECTED STATEMENT ITEMS WITH TOTAL REVENUE

in PLN million	2016	2015
Revenues from sale	5 582,2	5 678,0
Gross profit on sales	630,3	477,2
Profit on sales	240,0	136,3
EBITDA	382,2	258,9
Operating profit	259,0	138,0
Gross profit	217,3	89,5
Net profit on continuing operations	190,6	82,3
Net profit on discontinued operations	0,7	1,5
Total net profit	191,3	83,8

The selected items of the statement on total income of Grupa Kapitałowa Boryszew for 2016 compared to 2015 are presented in the table below:

The following chart presents the impact of individual components of the income statement on the consolidated net result for 2016.



REVENUES FROM SALE

in PLN million

	2016	2015
Revenues from sale, including:	5 582,2	5 678,0
Automotive Segment	2 175,2	2 030,7
Aluminium Segment	1 306,8	1 384,8
Copper Segment	841,5	880,1
Zinc and Lead Segment	685,4	636,0
Trade and other segments	329,0	551,0
Chemicals Segment	321,6	352,7
Holding activity	56,9	84,7
Intercompany Corrections	-134,2	-241,9
Export sales as % of total sales	60%	65%

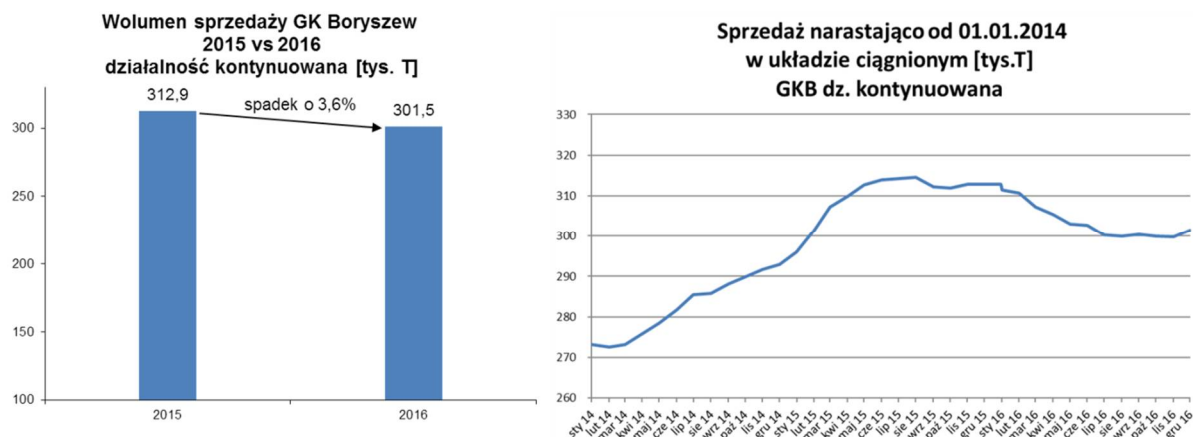
Sales revenues in 2016 decreased by 1.7% to a level of 5 582.2 million PLN. Reduction in the revenue was mainly the result of:

- restrictions on activities in the trade area (end of operation of Boryszew S.A. the Trade Branch),
- decreased sales volumes and revenues in the Copper Segment,
- decreased sales volumes and revenues in the Aluminium Segment (in MAP Skawina).

These factors were compensated by with improvements in the macroeconomic situation of the Euro area and in Poland, which resulted in a better situation in the automotive market.

VOLUME OF SALES

Grupa Kapitałowa Boryszew recorded decreased sales volume by 3.6% relatively to the same period of the previous year.



Most of the companies recorded lower sales than in the same period of the previous year. The companies with the largest decrease of sales volume include: Baterpol S.A. with the decrease of 7.5 thousand tonnes (i.e. 16.6%), MAP Skawina with the decrease of 5.9 thousand tonnes (i.e. 15.7%) and Hutmen with the decrease of approx. 1.0 thousand tonnes (i.e. 7.3%).

The decreased sales in Baterpol S.A. was associated only with a lower orders scale in 2016. Lower sales volume in MAP Skawina related the main product range group (i.e. cable rolled rods) and was due to the poorer market situation in the energy sector, which is the main recipient of the aforementioned products. The decrease in sales volumes of Hutmen S.A. related to export sales and was associated with strong price competition.

ECONOMIC CONDITION OF THE AUTOMOTIVE MARKET

A crucial factor shaping the revenues level of Boryszew Group is the economic condition of the automotive sector. The main sales market for the Automotive Segment is that of the European Union countries. According to ACEA, in 2016 the entire automotive market in Europe grew by 6,8% (including the German market with sales up by 3,5%). The European Market remains a key market for the Automotive Segment, despite the fact that entities in this segment are also present in Latin America and Asia.

The positive aspect is the fact that from September 2013 and during 2015-2016 an increase in the volume of car sales in Europe can be observed.

OPERATIONAL RESULTS

In the main operating segments, the operating profit/loss (EBIT) was as follows:

in PLN million	2016	2015
Revenues from sale, including:	259,0	138,0
Aluminium Segment	109,1	90,4
Trade and other segments	17,4	33,0
Automotive Segment	50,2	-22,5
Zinc and Lead Segment	23,9	16,0
Chemicals Segment	13,1	26,0
Copper Segment	24,4	15,2
Holding activity	-33,8	-31,2
Intercompany Corrections	54,6	11,1

In 2016, gross result on sale increased by 153.1 million PLN to a level of 630.3 million PLN.

Selling expenses increased by 14.8 million PLN, and the general management board expenses increased by 34.7 mln PLN. The increase in the general management board expenses was mainly in the Automotive Segment. It was caused mainly by the higher activity scale in 2016 in the Automotive Segment.

The operating income/expenses balance amounted to 19.0 million PLN, and was higher by 17.3 million compared to 2015. The increase of the balance was impacted by a number of factors, including the most important inter alia as a result of the sale of non-current assets by 32.4 million PLN, a higher level of write-offs on trade receivables by 10.6 million PLN. In addition, in 2015, there were two one-off significant events: profit related to the disclosure of fixed assets (the plot in ul. Łucka in Warsaw) in the amount of 61.5 million PLN and updating write-off of the goodwill (mainly in the Automotive Segment) in the amount of (55.3) million PLN.

The level of the operating results in 2016 in individual segments was a result of:

- improved results in the **Automotive Segment** – the increase in the results occurred in all segment groups. The highest was noted in BAP Group, and was mainly due to changes in the price of the products the companies of Boryszew Kunststofftechnik Deutschland GmbH and Theysohn Kunststoff GmbH, as well as the effects of the restructuring work. The increase in the results of Maflow Group was a consequence of the revenue growth by 30% in respect of the implementation of new projects. In addition, in 2016, the improved results were impacted by no significant negative results of the events, which had a negative impact on the results of the Segment in 2015, in the amount of 55.5 million PLN (write-offs – primarily in the companies of BAP Group).
- improved results in the **Aluminium Segment** – the increase in the results of Impexmetal S.A. and was a consequence of the technological changes, resulting in an increase in productivity and net margins per unit. The improved results were the result of the sale of more products with a higher unit margin, which is a part of the strategy of the segment. In addition, the improved results were also impacted by higher euro exchange rate and lower manufacturing costs, including lower electricity prices.
The second segment entity, i.e. NPA Skawina recorded a significant decrease of the operating results, mainly due to the creation of revaluation updating write-offs for trade receivables of 10.9 million PLN, and also due to a lower sales result of 4.6 million PLN resulting from a decrease in sales volumes.

- improved results in the **Copper Segment** - WM Dziedzice S.A. is responsible for the increase in the operating results, which will increase its trade margins for all product ranges in 2016. The second company of the segment - Hutmen S.A. achieved worse operating results mainly due to lower average trade margins for almost all product ranges (except foundering alloys) and lower sales volumes (for foundry alloys the decreased sales of which was not compensated by the increased sales in other product ranges). The improvement of the segment's results was also significantly impacted in the decrease in electricity costs incurred in the case of both Companies of the segment.
- improved results in the **Zinc and Lead Segment** - ZM SILESIA S.A. contributed to the increased results of the segment, mainly due to higher sales volume of zinc oxide and export of natural steel sheet. Average unit production margins for both branches slightly decreased compared to the same period of 2015. The second significant segment of the company - Baterpol S.A. achieved worse results, mainly due to lower sales volumes, higher raw material costs (battery scrap and lead scrap) and lower unit margins.
- lower results in the **Chemicals Segment** - the decrease in the results is mainly attributable to ERG Boryszew Branch and Elana Branch.

In the case of ERG Boryszew Branch, the decreased operating results were caused by inter alia higher costs of promotion, advice, certification of new products (liquid de-icing planes and airports) and the costs of unused capacity related to the shutdown in the chemistry department. In addition, the weakness of the eastern markets is attributable to the decrease in the entity's performance.

The decline in the operating results in Elana Branch was impacted by lower sales volume compared to 2015, which was caused, inter alia, by aggressive price policy of competition. Other entities achieved the results similar to the previous year.
- lower results in the **Trade Segment and Others** - sale/revaluation of the property significantly impacted on the results of the segment. In 2015, the high result of the segment was impacted by updated value of the in ul. Łucka in Warsaw (former registered office of Impexmetal) to the value of 61.5 million PLN. The plot was sold in 2016. In addition, in 2016, the trade activity was limited due to the liquidation of Boryszew S.A., the Trade Branch.

REVENUES AND FINANCIAL COSTS, NET RESULT

The operating income/expenses balance amounted to 41.6 million PLN, and was higher by 1.3 million compared to the previous balance. The impact on the aforementioned value of the balance was equal to the balance of interest revenues/expenses in the amount of PLN (33.9) million PLN, the balance of updating write-offs on shares and stocks (3.8) million PLN, balance of the discounts and allowances for previous payments of liabilities/receivables (1.9) million PLN.

The net result of the continued activity amounted to 190.6 million PLN, and was higher by 108.3 million PLN. Taking into account the net result on the discontinued activities amounted to 0.7 mln PLN, the net profit amounted to 191.3 mln PLN in 2016.

7. DESCRIPTION OF ASSETS, EQUITY AND LIABILITIES STRUCTURE

BORYSZEW SA

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

Selected items of Boryszew S.A. separate balance sheet are presented in the table below:

in PLN million	2016	2015
Non-current assets	1 039,7	1 005,8
including:		
rzeczowe aktywa trwałe	260,8	221,5
nieruchomości inwestycyjne	0,1	0,3
wartości niematerialne	25,9	18,9
udziały i akcje	364,9	419,3
pozostałe	387,9	345,8
Current assets	549,1	514,8
including:		
inventories	134,3	176,7
trade receivables and other receivable	318,9	271,7
cash and cash equivalents	60,9	22,7
assets available for sale and other assets	35,0	43,7
Equity	567,7	566,5
Total liabilities	1 021,0	954,1
including:		
Long-term liabilities	217,5	125,9
Short-term liabilities	803,6	828,1
Balance sheet total	1 588,8	1 520,6

Increase in assets (balance sheet total) level of PLN 68,2 million resulted from an increase of fixed assets by PLN 33,9 million PLN and current assets by PLN 34,2 million.

The increase in assets was due mainly to:

- 42.1 million PLN - increased other, mainly the level of receivables and other assets (granted loans),
- 39.2 million PLN - increased value of tangible assets,
- (54.3) million PLN - decreased level of shares and stocks

The increase in current assets was due mainly to:

- 47.2 million PLN - increased trade receivables,
- 38.2 million PLN - increased cash and cash equivalents,
- (42.4) million PLN - decreased inventories levels (tools for the automotive industry).

The increased liabilities were mainly due to the increase in the level of external financing of 57.8 million PLN.

ANALYSIS OF WORKING CAPITAL

	2016	2015
Non-cash working capital (PLN million)	168,3	216,9
Inventory turnover (in days)	34	49

Turnover of trade receivables (in days)	69	66
Turnover of trade payables (in days)	60	55
Working capital turnover (in days)	42	59

Non-cash working capital = inventories + trade receivables – short-term trade payables as at the end of the period
Turnover ratios are calculated based on revenues

Demand for working capital as at the end of 2016 amounted to 168,3 million PLN and dropped as compared to the end of 2015 by 22,4%, i.e. by PLN 48,6 million. The decrease in the level of the working capital was mainly due to the decreased inventories (tools for the automotive industry).

ANALYSIS OF INTEREST DEBT

The main ratios of interest liabilities in Boryszew S.A. are presented in the table below:

in PLN million	2016	2015
Interest liabilities, including:	681,9	624,1
Long-term interest liabilities	231,9	111,3
including: bonds	65,4	48,4
including: loans, borrowings, leases	166,5	62,9
Short-term interest liabilities	450,0	512,8
including: bonds	23,0	1,0
including: loans, borrowings, leases	427,0	511,8
Cash and cash equivalents	60,9	22,7
Net debt	296,9	315,4
Interest liabilities / equity	1,2	1,1
Net debt/EBITDA	4,1	6,0

Interest liabilities = long-term liabilities + short-term liabilities (for credits and loans + for debt securities + leasing)

Net debt = interest liabilities - cash and cash equivalents - loans granted to the companies of GKB (Boryszew S.A. acts as a funding entity for the subsidiaries).

Net interest debt of Boryszew S.A. (decreased by cash and cash equivalents and loans granted to GKB companies) amounted to 296.9 million PLN at the end of 2016 and was lower by 18.5 million PLN compared to the end of 2015.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

	2016	2015
Current ratio	0,7	0,6
Quick ratio	0,5	0,4

Current ratio = current assets / short-term liabilities

Quick ratio = (current assets – inventories) / short-term liabilities

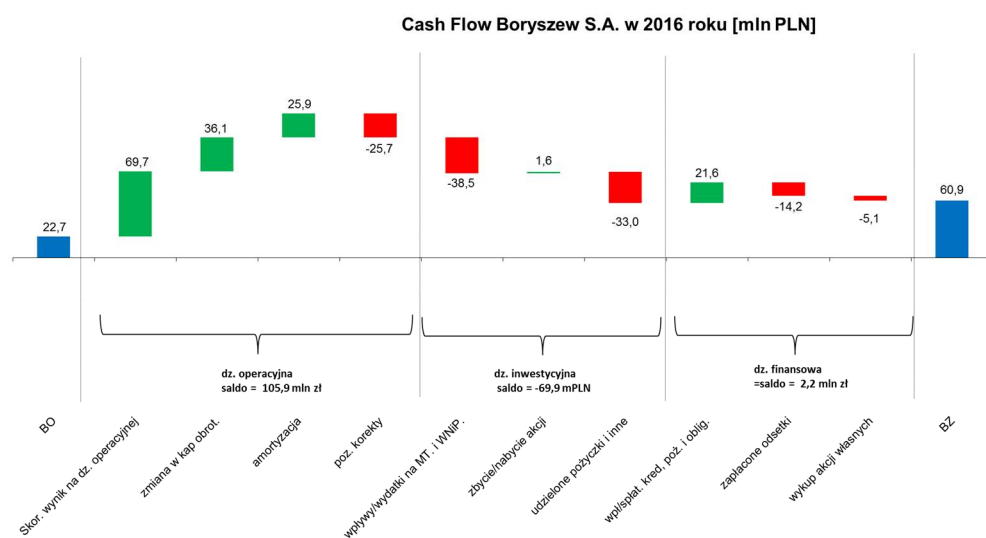
In 2016, liquidity ratio and current ratio increased by 0.1.

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

Major item of separate statement of cash flows for Boryszew S.A. in 2016 is presented in the following table.

in PLN million	2016	2015
Net cash flow from operating activities	105,9	69,0
Net cash flow from investment activities	-69,9	-120,2
Net cash flow from financial activities	2,2	50,0
Total cash flow	38,2	-1,2

The following chart presents the strengths of the main factors shaping the cash flow of Boryszew S.A. in 2016:



In 2016 Boryszew S.A. had positive cash flows from directly operational activity, which together with positive inflows from granted loans were mainly utilised to cover expenditure on investment activities, pay dividends and service current debt. The largest items of the investment activities are loans granted to Group's companies of PLN 33 million and funds spent to acquire fixed tangible and intangible assets in the amount of PLN 40,6 million. Expenditure on Fixed tangible and intangible assets occurred primarily in Maflow Branch (mainly investments to increase production capacity due to implementation of new projects) and in Elana Branch Toruń (modernisation of facilities for future lease of space).

BORYSZEW CAPITAL GROUP

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

Selected items of the consolidated balance sheet of Boryszew Capital Group are presented in the table below:

in PLN million	2016	2015
Non-current assets	1 900,9	1 707,1
including:		
tangible fixed assets	1 271,0	1 103,3
investment real estate	111,9	191,0
intangible fixed assets	42,6	36,7
financial assets	21,8	22,3

shares in related parties	331,9	256,0
other	121,7	97,7
Current assets	1 867,6	1 741,1
including:		
inventories	896,4	837,8
trade and other receivables	666,7	672,5
cash and cash equivalents	154,5	98,7
other	149,9	132,2
Assets held for sale	1,7	4,6
Equity	1 555,4	1 414,9
Total liabilities	2 214,7	2 037,9
including:		
Long-term liabilities	475,4	337,6
Short-term liabilities	1 717,1	1 673,6
Liabilities associated with fixed assets held for sale	22,2	26,7
Balance sheet total	3 770,1	3 452,8

The increased level of assets resulted from:

- PLN 193.8 million - increase in fixed assets level,
- PLN 126,5 million – increase in of current assets level,
- PLN (3,0) million – decrease in assets held for sale (HMN Szopienice w likwidacji).

The increase in the level of non-current assets was the result of the investment programmes in the properties, plant and equipment of the companies of the group. Expenditures for the acquisition of fixed assets amounted to 258.2 million PLN, more by 117.4 million PLN compared to the previous year. The most important investment projects involved the increase of the production capacity at Zakład Aluminium Konin and the reconstruction of the plant to produce galvanized components in Boryszew Oberflächentechnik GmbH in Prenzlau (detailed analysis of the investment expenditures is below). In addition, the value of financial assets increased (primarily the acquisition of Alchemia S.A.).

The increase in current assets was due mainly to the increase in inventories and cash and cash equivalents.

A decrease in assets designated for sale (HMN Szopienice in liquidation) resulted from disposal of liquidated assets.

The increase of the aforementioned value of assets was mostly financed by funds generated within the activities of the group and the increase in debt in absolute terms. The relative debt measured by the ratio of net debt/EBITDA decreased from 3.5x to 2.5x.

ANALYSIS OF INTEREST DEBT

in PLN million	2016	2015
Interest liabilities, including:	1 108,3	1 008,4
Long-term interest liabilities	314,0	169,7

including: bonds	1,0	1,0
including: loans, borrowings, leases	313,0	168,7
Short -term interest liabilities	794,3	838,7
including: bonds	0,0	1,0
including: loans, borrowings, leases	794,3	837,7
Cash and cash equivalents	154,5	98,7
Net debt	953,8	909,7
Net debt/EBITDA	2,5	3,5

Interest liabilities = long-term liabilities + short-term liabilities (for credits and loans + for debt securities + leasing)
Net debt = interest liabilities – cash and cash equivalents

The interest debt of Boryszew Capital Group (less cash and cash equivalents) as at the end of 2016 amounted to PLN 953,8 million and was higher by PLN 44,1 million than at the end of 2015.

ANALYSIS OF WORKING CAPITAL

in PLN million	2016	2015
Non-cash working capital (PLN million)	859,9	896,9
Inventory turnover (in days)	59	54
Turnover of trade receivables (in days)	38	37
Turnover of trade payables (in days)	41	33
Working capital turnover (in days)	56	58

working capital = inventory + trade receivables - trade liabilities.

*Turnover ratios calculated based on revenues, i.e. the level of, for instance, inventories at the end of the period/revenues from sale * 365 days.*

The demand for working capital as at the end of 2016 amounted to PLN 859,9 million. The demand for working capital decreased as compared to the end of 2015 by PLN 37,0 million.

The actual level of working capital in Boryszew Capital Group, computed as a turnover ratio (calculated based on revenues) expressed in days decreased to 56 days as at the end of 2016. The rotation cycle of trade liabilities significantly impacted on the decrease of the ratio of rotation of the working capital.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2016	2015
Current ratio	1,1	1,0
Quick ratio	0,6	0,5

Current ratio = current assets / short-term liabilities

Quick ratio = (current assets – inventories) / short-term liabilities

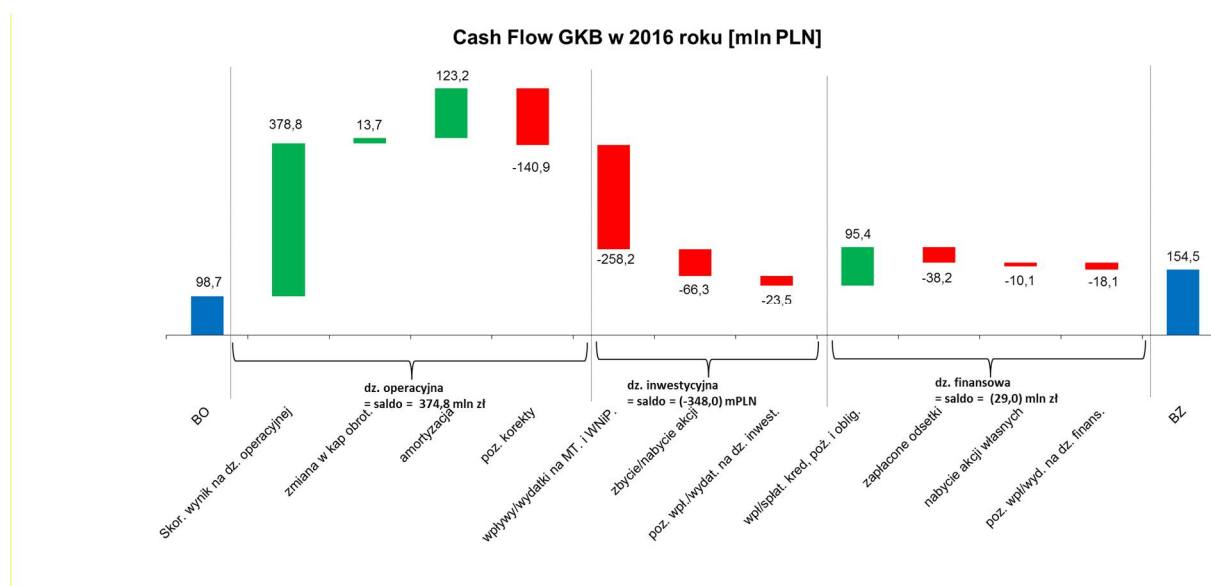
In 2016 the current liquidity ratio and the quick liquidity ratio slightly changed compared to the same period of the previous year. The above ratios confirm that the Group has sufficient financial liquidity to pay current and future liabilities.

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

Main items of the consolidated cash flow statement of Boryszew Group in 2016, as compared to the corresponding period of previous year, are presented in the table below:

in PLN million	2016	2015
Net cash flow from operating activities	374,8	273,2
Net cash flow from investment activities	-348,0	-201,2
Net cash flow from financial activities	29,0	-54,6
Total cash flow	55,8	17,4

The following chart presents the strengths of the main factors shaping the cash flow of Boryszew Capital Group in 2016:



In 2016 the Group generated positive cash flow from directly operational activity, which was allocated mainly to investments in non-current assets, acquisition of financial assets and debt service.

The most important investments in the fixed assets concerned the companies: Maflow Group (80.8 million, mainly in the branch of Maflow Tychy), Impexmetal SA (82.1 mln PLN), BAP Group (57.6 mln PLN, including mainly the reconstruction of the plant of Boryszew Oberflächentechnik GmbH), ERG Branch (6.8 mln PLN), NPA Skawina (6.4 mln PLN), ZM SILESIA S.A. (5.8 mln PLN), Baterpol S.A. (4.8 million PLN) and Dziedzice S.A. (3.0 mln PLN).

In Maflow Group, high capital expenditures are related to expansion of the plants mainly in Poland, Mexico and China (new production halls and production machinery) in order to increase the number of orders and implement new projects.

Impexmetal S.A. Carried out the investment programme of a development nature with a total value of approx. 125 million PLN. The programme assumes inter alia:

- in the first stage, the installation of machines and equipment that make up the technological process allows to increase the production of aluminium composite products that are used in the automotive sector,

- in the second stage, the increase of the production of thin flat products with a higher processing degree for the packaging industry.

The implementation of this investment programme will increase the production and sales of flat products to 100 thousand tonnes per year, including thin products up to 36 thousand tonnes in 2017 and 40 thousand tonnes in 2019.

The carried out activities involve the implementation of adopted by Impexmetal SA strategy, focused on increasing the production capacity in the segment of a higher processing degree for the demanding markets in the following sectors: automotive, construction or the packaging industry and electrical engineering.

In BAP Group, the investments included mainly (90%) the reconstruction of the production plant in Prenzlau.

8. DESCRIPTION OF SIGNIFICANT OFF-BALANCE SHEET ITEMS

In addition to the sureties described in point 14, SECURITIES AND GUARANTIES below, Grupa Kapitałowa Boryszew did not have significant off-balance sheet items.

9. SIGNIFICANT AGREEMENTS AND CONTRACTS

Companies of Boryszew Capital Group conduct their business on the basis of several cooperation agreements, one-off, yearly or multi-year trade contracts concluded with raw material suppliers and with customers for the manufactured products. These are usually transnational transactions covering purchase (in the country or abroad) of raw materials and materials for production and sale of manufactured products on the domestic and foreign market.

BORYSZEW SA

In 2016, VW Group was the recipient whose share represented more than 10% of the revenues from the sale of the Company:

Company	Conclusion date	Subject	Estimated value of the agreement in 2016	Share in sale [%]	Relations with the Boryszew S.A.
Grupa VW	orders	Delivery of air-conditioning tubes	PLN 223,1 million	15,4%	None

The value of contracts of purchase/sale from other contractors of the Company did not exceed 10% of revenues from sale of Boryszew S.A. in 2016.

The most important agreements for the Boryszew S.A. are listed below:

Conclusion date	Name of the party to the agreement	Subject	Contract value in 2015
Long-term orders	VW Group	Delivery of air-conditioning tubes	PLN 172.8 million

Conclusion date of contract	Name of the party to the agreement	Subject	Estimated value of contract in 2016
orders	VW Group	Delivery of air-conditioning tubes	PLN 223,1 million
25.11.2015	Tele – Fonika Kable SA	the sale of rods, wires, veins of aluminium and alloys	PLN 71,0 million
22,29.10.2015	Glencore International AG	Purchase of aluminium	PLN 72,0 million

SIGNIFICANT AGREEMENTS OF THE CAPITAL GROUP

GROUP BORYSZEW AUTOMOTIVE PLASTICS

Conclusion date of contract	Name of the party to the agreement	Subject	Estimated value of contract in 2016
orders	Group VW	sale of parts to automotive	PLN 823,0 million

GROUP MAFLOW (BORYSZEW S.A. MAFLOW BRANCH)

Conclusion date of contract	Name of the party to the agreement	Subject	Estimated value of contract in 2016
orders	Group VW	sale of parts to automotive	PLN 373,3 million

IMPEXMETAL S.A. (ZAKŁAD ALUMINIUM KONIN)

Conclusion date of contract	Name of the party to the agreement	Subject	Estimated value of contract in 2016
Short-term contracts	Glencore International AG	Purchase of primary aluminium	PLN 185,4 million

HUTMEN S.A.

Conclusion date of contract	Name of the party to the agreement	Subject	Estimated value of contract in 2016
27.01.2014 z późn. zm.	KGHM Polska Miedź S.A.	Delivery of raw materials	PLN 262,0 million

WALCOWNIA METALI DZIEDZICE S.A. (ROLLING PLANT)

Conclusion date			Estimated value of

of contract	Name of the party to the agreement	Subject	contract in 2016
28.01.2015	KARO BHZ	Delivery of raw materials	PLN 129,6 million

ZM SILESIA S.A.

Conclusion date of contract	Name of the party to the agreement	Subject	Estimated value of contract in 2016
1.12.2015	Glencore International AG	Delivery of raw materials	PLN 149,0 million

FLT POLSKA SPÓŁKA Z O.O.

Conclusion date of contract	Name of the party to the agreement	Subject	Estimated value of contract in 2016
multi annual agreements	PBF (Warsaw) Sp. z o.o.	purchase of bearings	PLN 121,9 million

SIGNIFICANT CONTRACTORS

In 2016, VW Group was the entity whose share in the sale of Grupa Kapitałowa exceeded 10%.

Company	Conclusion date of contract	Subject	Estimated value of contract in 2016	Share in sale [%]	Relations with the issuer
VW Group	orders	the supply of components and parts for the automotive industry	PLN 1.195,0 million	21,0%	None

In 2016, there were no other customers and suppliers whose turnover exceeded 10% of the Group's sales revenue.

INSURANCE CONTRACTS

Boryszew S.A. and subsidiaries had insurance policies for 2016 within the framework of general agreements concluded by the Parent Company with several insurance companies.

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,
- Business activity and property owners civil liability insurance,
- liability of the members of corporation bodies - basic insurance policy and excess policy (used upon exhaustion of the basic sum insured, regardless of whether the sum insured is exhausted at one or multiple events).

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

10. CAPITAL INVESTMENTS AND CHANGES IN THE 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 non-cash contribution.

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.

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.

Other transactions

In the first quarter of 2016, the deadline for the existing agreements between Boryszew S.A. and PG Aluminium Sp. regarding the potential sale transaction to PG Aluminium Spółka z o.o. the Branch of the Modern Aluminium Products, Skawina, expired.

11. RESEARCH AND DEVELOPMENT

Companies of the Capital Group carry out research and development works in order to advance the technologies employed.

BORYSZEW S.A. MAFLOW BRANCH IN TYCHY

The significant achievements in the field of research and development in 2016:

- development AirPress cables for Volvo, for the innovative engine boosting system,
- implementation of Vigor HP cables for commercial vehicles by Iveco, reducing noise level and improving a driver's comfort, A stronger braid and dedicated crimped connections were introduced,
- Porsche automatic gearboxes, new OIL 180K HP oil cooler, capable of carrying high heat loads up to 165 degrees,
- completion of the production lines for mobile refrigerators (a separate business the Rubber Division) with Iceberg cable, compiling a complete market offer according to the diameter required by customers,
- TB1 brake line for Porsche vehicles, the expansion of the product line beyond air conditioning and oil cooling,
- refrigeration cables for Fiat engines, the development of additional products in addition to air conditioning.

The activities on the research programmes co-funded by the National Centre for the Research and Development, Innotech Programme, PBS, were also carried out.

The package of the analytical methods was implemented to better cooperate with customers and defend Maflow's interests against competition from China - based on technical knowledge and product parameters.

BORYSZEW S.A. ERG BORYSZEW BRANCH IN SOCHACZEW

The significant achievements of the Branch in the field of research and development in 2016:

- certification of aircraft de-icing fluid - Borygo[®] Plane I
Certification of the preparation in accordance with AMS 1424L allowed ERG Boryszew Branch to be listed on the SAE Type I de-icing producers, so that the fluid can be offered to any airport.
- certification of a permanent surfaces de-icing measure – Borygo[®] Runway SF
Certification of the granules according to 1431D confirmed its performance and physical and chemical properties.
- certification according to the defense standard of surfaces de-icing fluid - Borygo[®] Runway KF
- development of cooling G13-type fluids recipes - concentrate and operating fluid G13. Certification according to standard NO-17-A204:2015 indicates the safety of the product on surfaces made of concrete cement. These fluids expand the range of the automotive products offered by the Branch.
- refining the technologies of the production of bis (2-ethylhexyl) terephthalate, which influenced the improvement of physical and chemical parameters of TDO and increased the efficiency and cost-effectiveness of the process.
- modernization at the PC Construction Department concerned the use of new tooling for SGB-250 extrusion blow moulding machine and Battenfeld BSKM 2600x450 injection moulding machine. $V=220\text{dm}^3$.

BORYSZEW S.A. A BRANCH OF THE MODERN ALUMINIUM PRODUCTS, SKAWINA

The research and development works implemented in the Branch in 2016:

- started project "Development of innovative technology for the production of rods from high-strength aluminium alloys 2xxx, 5xxx and 7xxx series" under the Operational Programme "Smart Development in Priority Axis 1, Action 1, Subaction 2 - Support for R&D by the companies involved in pilot/demonstration system.
- implementation of the project "Reducing transmission losses in electricity distribution lines 110 kV by developing innovative solutions in materials and construction and production technology of low-loss overhead cables" under the Operational Programme Smart Development in Priority Axis 4, Action 1, Subaction 4 - Application Projects.

- a number of new cable designs were implemented to the product portfolio of the company.
- received positive NCBiR recommendation for co-financing for the project: "MultiEx - innovative technology for continuous production of composite tubes based on aluminium and aluminium alloys under the Operational Program Smart Development 2014 - 2020, Action 1.1/ Subaction 1.1.1. - competition for large entrepreneurs.

IMPEXMETAL S.A. ZAKŁAD ALUMINIUM KONIN

In 2016, the research and development works were started on the project "Development and implementation of an innovative AlMg-VHS aluminium alloy production technology with a magnesium content of more than 6% for the automotive industry". As a result of the project, the technology of the production of plastic ingots and hot and cold rolling technology was developed in order to obtain an innovative product - aluminium alloy tape or sheet with a higher magnesium content characterized by very high mechanical properties, very good corrosion resistance and possibility of reduction of produced elements weight.

The purpose of the project is to develop an innovative product that, by virtue of its durability, will allow for the successive replacement of the steel body components, which will allow vehicles producers to reduce vehicle weight and, as a result, reduce fuel consumption and CO₂ emissions.

Implementation of the project "Development and implementation of innovative AlMg-VHS aluminium alloy production technology with magnesium content exceeding 6% for the automotive industry" will be continued in 2017 in cooperation with the Polish and foreign scientific units.

In June 2016, the request: "Development of the technology of production of open and closed aluminium alloy profiles ECO-ALSi from recycled aluminium automotive parts" was submitted to Wielkopolska Regional Operational Programme for 2014-2020 (WRPO 2014+) under measure 1.2 Strengthening the innovative potential of Wielkopolska. The Wielkopolska Region Management Board decided to grant funds for this project.

The result of the project will be an innovative product: open and closed section made of 100% recycled material.

The recipients will in particular involve the companies in the construction and furniture sector. The offer will also be addressed to outdoor products producers (including tent producers).

WM DZIEDZICE S.A.

In 2016, the Company carried out the works on the project "*BRASS CAST&DRAW® Tech - Innovative production technology of copper alloy with a new standard of geometrical quality for losses treatment on high-speed cutting machines*". The request developed and submitted by WM Dziedzice S.A. was positively assessed by the National Research and Development Centre (NCBiR) and recommended for the funds under the Operational Programme of Smart Development for the period of 2014-2020.

In addition, it was another year in which the Company carried out a number of research and development works related to the improvement of the product and offer to customers. The most important include:

- implementation of the new CW706R alloy foundering crystallizer - improved surface quality of the ingot by changing the cooling method by optimizing the flow temperature distribution in the crystallizer;
- expanding the range of products produced from new alloys;
- the introduction of modifications to the structure of cutting tools and the encapsulation of stainless steel monetary discs, which contributed to the increase in tool life, improved the quality of the produced products and brought the cutting efficiency to the range of copper alloys carried out so far.

ZM SILESIA S.A.

Branch of ZM SILESIA S.A. - in 2016, Huta Olawa and the Institute of Non-ferrous Metals in Gliwice started the project co-financed by the National Centre for Research and Development the effect of which is to construct a new furnace for the production of white zinc. The current phase is the final construction works and the necessary

processing of the technological installations in Zakład Feniks in Będzin. The planned commissioning of the furnace prototype in April 2017.

In 2016, together with the Technical University of Wrocław, the technical assumptions were developed to construct a new lead ore furnace with a capacity of 5000 tonnes/year. Currently, the materials are provided to potential contractors for valuation, and after it has been obtained, they will begin searching for an appropriate source of financing and presenting the investment project.

Other entities of the Group did not implement significant projects within the scope of research and development.

12. TRANSACTIONS WITH AFFILIATED ENTITIES

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

Below you will find information on transactions related to the securities within Grupa Kapitałowa Boryszew. These transactions were carried out on the basis of the standard mechanisms for liquidity management at group level associated with balancing measures for financing the activities of the individual companies of the group.

ACQUISITION OF BONDS ISSUED BY BORYSZEW S.A.

On 29 July 2016, WM Dzierżycze S.A. with its registered office in Czechowice-Dzierżycze acquired 15 registered bonds of A1 series with the nominal value of 1 million PLN each. The total nominal value of the bonds issued in this series is 15 000 000 PLN. Redemption deadline of the registered bonds: 30 June 2019.

On 8 September 2016, Eastside-Bis Sp. z o.o. with its registered office in Warsaw acquired 12 registered bonds of A2 series with the nominal value of 1 million PLN each. The total nominal value of the bonds issued in this series is 12 million PLN. Redemption deadline of the registered bonds: 30 September 2019.

On 14 September 2016, Hutmen S.A. with its registered office in Warsaw acquired 7 registered bonds of A3 series with the nominal value of 1 million PLN each. The total nominal value of the bonds issued in this series is 7 000 000 PLN. Redemption deadline of the registered bonds: 30 September 2017.

On 8 December 2016, Eastside-Bis Sp. z o.o. with its registered office in Warsaw acquired 5 registered bonds of A4 series with the nominal value of 1 million PLN each. The total nominal value of the bonds issued in this series is 5 000 000 PLN. Redemption deadline of the registered bonds: 30 September 2019.

The interest rate of the aforementioned bonds was specified based on the market conditions.

ACQUISITION OF THE BONDS ISSUED BY IMPEXMETAL S.A.

On 2 February 2016, Bartepol S.A. with its registered office in Katowice acquired 7 registered bonds of O series with the nominal value of 7 000 000.00 PLN each. Bonds redemption deadline: 31 December 2017. The bonds were acquired under the market terms.

On 2 February 2016, ZM Silesia S.A. with its registered office in Katowice acquired 8 registered bonds of P series with the nominal value of 8 000 000.00 PLN each. Bonds redemption deadline: 31 December 2017. The bonds were acquired under the market terms.

ACQUISITION OF THE BONDS ISSUED BY BATERPOL S.A.

On 22 November 2016 Impexmetal S.A. acquired 2 registered bonds of I series with the total nominal value of 30 800 000.00 PLN, issued by BATERPOL S.A. with its registered office in Katowice. Bonds redemption deadline: 22 December 2016. The bonds were acquired under the market terms.

BATERPOL S.A. made early redemption of the aforementioned bonds.

ACQUISITION OF THE BONDS ISSUED BY BORYSZEW TENSHO POLAND SP. Z O.O.

On 15 December 2016 Impexmetal S.A. acquired 24 registered bonds of D series with the total nominal value of 24 000 000.00 PLN. Bonds redemption deadline: 31 December 2020. The bonds were acquired under the market terms.

On 19 December 2016 Impexmetal S.A. acquired 17 registered bonds of E series with the total nominal value of 17 000 000.00 PLN. Bonds redemption deadline: 31 December 2020. The bonds were acquired under the market terms.

On 27 December 2016 Boryszew S.A. acquired 5 registered bonds of F series with the total nominal value of 5 000 000.00 PLN. Bonds redemption deadline: 31 December 2019. The bonds were acquired under the market terms. On 29 December 2016, the aforementioned bonds were contributed in kind to Boryszew Automotive Plastics Sp. z o.o. in exchange for coverage by Boryszew S.A. of newly created shares in the increased share capital of that company.

On 29 December 2016, SPV Impexmetal Spółka z o.o. acquired 4 pieces of registered bonds of G series with the total nominal value of 800 000 PLN. The interest rate was specified based on the market conditions. Redemption deadline: 31 December 2020.

AQUISITION OF THE BONDS ISSUED BY BORYSZEW HR SERVICE SP. Z O.O.

On 27 December 2016 Boryszew S.A. acquired 5 registered bonds of A series with the total nominal value of 2 500 000.00 PLN, issued by Boryszew HR Service Sp. z o.o. with its registered office in Toruń. Bonds redemption deadline: 31 December 2019. The bonds were acquired under the market terms. On 29 December 2016, the aforementioned bonds were contributed in kind to Boryszew Automotive Plastics Sp. z o.o. in exchange for coverage by Boryszew S.A. of newly created shares in the increased share capital of that company.

AQUISITION OF THE BONDS ISSUED BY BORYSZEW COMMODITIES SP. Z O.O.

On 28 December 2016 Boryszew S.A. acquired 8 registered bonds of A series with the total nominal value of 8 000 000.00 PLN, issued by Boryszew Commodities Sp. z o.o. with its registered office in Warsaw. Bonds redemption deadline: 31 December 2019. The bonds were acquired under the market terms. On 29 December 2016, the aforementioned bonds were contributed in kind to Boryszew Automotive Plastics Sp. z o.o. in exchange for coverage by Boryszew S.A. of newly created shares in the increased share capital of that company.

AQUISITION OF THE BONDS ISSUED BY BORYSZEW AUTOMOTIVE PLASTICS SP. Z O.O.

On 28 December 2016 Boryszew Commodities Sp. z o.o. acquired 5 registered bonds of B1 series with the total nominal value of 8 000 000.00 PLN, issued by Boryszew Automotive Plastics Sp. z o.o. with its registered office in Toruń. Bonds redemption deadline: 31 December 2019. The bonds were acquired under the market terms.

AQUISITION OF THE BONDS ISSUED BY BORYSZEW MAFLOW INDIA

In 2016, Maflow Branch in Tychy acquired the debt securities issued by Maflow India Pvt. Ltd., at the total amount of 2.5 million PLN.

EARLY REDEMPTION OF THE BONDS ISSUED BY SPV BORYSZEW 3 SP. Z O.O.

On 15 December 2016, SPV Boryszew 3 Sp. z o.o. early redeemed 5 registered bonds of F series with the nominal value of 1 million PLN and the total value of 5 million PLN, issued on 18 September 2015 (from the acquisition date of 30 June 2017) acquired by Baterpol S.A.

On 22 December 2016, SPV Boryszew 3 Sp. z o.o. early redeemed 2 registered bonds of D series with the nominal value of 1 million PLN and the total value of 2 million PLN, issued on 20 July 2015 (from the acquisition date of 30 June 2017) acquired by Baterpol S.A.

AQUISITION OF THE BONDS ISSUED BY UNIBAX SP. Z O.O.

On 22 June 2016, Impexmetal S.A. acquired 5 pieces of registered bonds of AS series with the nominal value of 1 000 000 PLN each, and the total value of 5 000 000 PLN. The interest rate was specified based on the market conditions. Redemption deadline: 31 December 2017. The bonds were early redeemed (on 30 June 2016, 1 July 2016, 4 July 2016, 18 August 2016 and 19 August 2016).

On 15 November 2016, Eastside-Bis Sp. z o.o. acquired 10 registered bonds of EB1 series with the nominal value of 3 000 000 PLN each. The total nominal value of the bonds issued in this series is 30 000 000 PLN. Redemption deadline of the registered bonds: 31/03/2017.

On 15 November 2016, Eastside-Bis Sp. z o.o. acquired 10 registered bonds of EB2 series with the nominal value of 2 123 500.00 PLN each. The total nominal value of the bonds issued in this series is 21 235 000.00 PLN. Redemption deadline of the registered bonds: 31/03/2017.

On 18 November 2016, Eastside-Bis Sp. z o.o. acquired 5 registered bonds of EB3 series with the nominal value of 953 000.00 PLN each. The total nominal value of the bonds issued in this series is 4 765 000.00 PLN. Redemption deadline of the registered bonds: 31/12/2017.

On 9 December 2016, Boryszew S.A. acquired 2 registered bonds of AW series with the total nominal value of 2 000 000.00 PLN, issued by Unibax Sp. z o.o. with its registered office in Toruń. Redemption deadline: 31 December 2018. The bonds were acquired under the market terms.

EARLY REDEMPTION OF THE BONDS ISSUED BY UNIBAX SP. Z O.O.

On 29 June 2016, Unibax Spółka z o.o. early redeemed 5 registered bonds with the nominal value of 1 300 000 PLN and the total value of 6 500 000 PLN, issued on 12 October 2015 (from the acquisition date of 31 December 2016) acquired by Impexmetal S.A.

On 2 September 2016 and on 2 September 2016, Unibax Spółka z o.o. early redeemed 2 registered bonds with the nominal value of 1 000 000 PLN and the total value of 2 000 000 PLN, issued on 12 October 2015 (from the acquisition date of 31 December 2016) acquired by WM Dziedzice S.A.

TRANSACTIONS AFTER THE BALANCE SHEET DATE

AQUISITION OF THE BONDS ISSUED BY BORYSZEWS S.A.

On 2 January 2017, Hutmen S.A. with its registered office in Warsaw acquired 15 registered bonds of A5 series with the nominal value of 1 million PLN each. The total nominal value of the bonds issued in this series is 15 000 000 PLN. Redemption deadline of the registered bonds: 31 December 2017.

On 2 January 2017, S&I S.A. with its registered office in Switzerland acquired 1 registered bond of A6 series with the nominal value of 1 million PLN each. The total nominal value of the bonds issued in this series is 1 000 000 PLN. Redemption deadline of the registered bonds: 31 December 2017.

AQUISITION OF THE BONDS ISSUED BY UNIBAX SP. Z O.O.

On 15 March 2017, Boryszew S.A. acquired 1 registered bond of AW2 series with the total nominal value of 770 000.00 PLN, issued by Unibax Sp. z o.o. with its registered office in Toruń. Redemption deadline: 31 December 2018. The bonds were acquired under the market terms.

More information on the transactions with the affiliates is included in the financial statement of Boryszew S.A.

13. LOANS AND BORROWINGS

LOAN AGREEMENTS CONCLUDED AND TERMINATED IN 2016

BORYSZEWS SA

Bank	Date of agreement	Loan amount stipulated in the agreement	Liability from credit as of 31 December 2016 (in thousand PLN)	Repayment date	Interest (%)
ALIOR BANK S.A.	11.03.2016	EUR 9 000	38 821	03.03.2019	EURIBOR 3M+ margin
HSBC Bank Polska S.A. Credit agreement of 13 June 2016 with annexes	13.06.2016	PLN 50 000	50 000	13.06.2019	WIBOR 1M+ margin
	13.06.2016	PLN 15 000	15 000		

A detailed list of loans in companies of Boryszew S.A. as at 31.12.2016 was presented in the consolidated financial statements, note no. 25.

CAPITAL GROUP

Creditor name	Liability from credit as of 31 December 2016	Liability from credit as of 31/12/2015	Change of status	Repayment date	Interest (%)
Alior Bank	14 198	0	14 198	2018-04-26	WIBOR 1M+ margin
Alior Bank	11 994	11 994	0	2017-02-01	WIBOW 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		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		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		variables
Bank Intesa	310	0	310		EURIBOR1M+ margin
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	variables
Bank Ochrony Środowiska	0	5 496	-5 496	2016-09-30	variables
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	czas nieokreślony	EURIBOR1M + margin
Bank Zachodni WBK	0	29 605	-29 605		
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		EURIBOR, WIBOR 1M+ margin
Banco Popular	1 261	0	1 261	2026-12-31	variables
Banco Popular	3 283	2 646	637		EURIBOR 1Y+ margin
Banco Popular	2 234	283	1 951	2023-04-19	EURIBOR1Y+ margin
Bankinter	1 252	1 517	-265	2019-10-20	EURIBOR1Y+ margin
Liberbank	1 371	588	783	2020-11-20	variables
BBVA	1 157	1 133	24	2020-09-16	variables
BBVA	700	0	700	2020-03-02	variables
BBVA	2 230	1 115	1 115		variables
Coface Poland	87	1 067	-980	bezterminowo	WIBOR 1M + margin
Commerzbank	10 819	14 913	-4 094	linia odnawialna	EONIA + margin
La Caixa	1 106	407	699	2022-11-30	EURIBOR 1Y + margin
Liberbank	2 508	1 323	1 185		variables
Liberbank	978	1 354	-376		variables
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	variables
DNB Bank Polska	17 696	0	17 696	2017-08-31	EURIBOR 1M+ margin
DNB Bank Polska	0	17 683	-17 683		variables
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	variables
Bankinter	2 938	2 150	788		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	variables
Hawlett - Packart	907	1 367	-460	2019-05-31	variables
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		EURIBOR3M+ margin
ING Bank Śląski	13 736	14 774	-1 038	2018-06-30	variables
ING Bank Śląski	0	3 208	-3 208	2018-06-30	variables
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		EURIBOR3M+ margin
Societe Generale	3 181	5 194	-2 013	2018-06-14	variables
UniCredit Bank	1 936	0	1 936		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	variables
Unpaid interest	283	102	181		variables
Impact of foreign exchange differences		2 209			
	974 499	879 573	97 135		

LOANS GRANTED TO BORYSZEW S.A. AS OF 31 DEC 2016

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Amount to be repaid	Currency	Interest
Impexmetal S.A.	17.07.2014	31.03.2017	5 000 000	5 000 000	PLN	WIBOR 3M + margin
Impexmetal S.A.	12.05.2016	31.12.2018	20 000 000	20 000 000	PLN	WIBOR 3M + margin
Metal Zinc	21.12.2015	31.12.2016	800 000	800 000	PLN	WIBOR 1M + margin
Siemens	15.09.2016	15.09.2022	7 000 000	6 210 000	PLN	EURIBOR + margin
Impexmetal S.A.	20.04.2015	31.12.2018	25 000 000	24 256 000	PLN	WIBOR 3M + margin
Impexmetal S.A.	16.06.2015	31.03.2017	30 000 000	29 500 000	PLN	WIBOR 3M + margin
Impexmetal S.A.	02.07.2015	31.03.2017	10 000 000	10 000 000	PLN	WIBOR 3M + margin
Impexmetal S.A.	07.09.2015	31.03.2017	3 000 000	3 000 000	PLN	WIBOR 3M + margin
Impexmetal S.A.	07.07.2016	31.12.2018	5 000 000	5 000 000	PLN	WIBOR 3M + margin
SPV 3	30.12.2014	Unlimited duration	24 700 000	21 445 000	PLN	WIBOR 3M + margin

IBM Polska	24.10.2014	01.04.2017	2 431 491	216 000	PLN	Fixed interest rate
IBM Polska	24.10.2014	01.04.2017	2 400 000	331 000	PLN	Fixed interest rate
			Łącznie do spłaty	125 758 000	PLN	

The amount of the aforementioned loans granted to Boryszew S.A. does not include the accrued interest as of 31 Dec 2016.

LOANS GRANTED BY BORYSZEW S.A. AS OF 31 DEC 2016

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Amount to be repaid	Currency	Amount to be repaid as translated into PLN	Interest
Theysohn Kunststoff GmbH	30.08.2011	31.12.2017	400 000	400 000	EUR	1 769 600	EURIBOR 3M + margin
Boryszew Kunststofftechnik Deutschland GmbH	01.09.2011	31.12.2017	3 000 000	2 249 652	EUR	9 952 461	EURIBOR 3M + margin
	02.08.2011	31.12.2017	14 500 000	14 371 899	EUR	63 581 282	EURIBOR 3M + margin
	10.12.2012	31.12.2017	2 400 000	2 150 000	EUR	9 511 600	EURIBOR 3M + margin
	10.07.2013	31.12.2017	10 000 000	10 000 000	EUR	44 240 000	EURIBOR 3M + margin
	21.08.2014	31.12.2017	10 000 000	7 060 426	EUR	31 235 324	EURIBOR 3M + margin
	31.08.2016	31.12.2017	2 800 000	310 000	EUR	1 371 440	EURIBOR 1M + margin
	03.11.2016	30.11.2017	512 000	200 000	EUR	884 800	EURIBOR 3M + margin
	24.11.2014	31.12.2017	6 500 000	6 500 000	PLN	6 500 000	WIBOR 3M + margin
Boryszew Oberflächentechnik Deutschland GmbH	09.12.2016	30.04.2017	3 000 000	1 500 000	EUR	6 636 000	EURIBOR 3M + margin
	19.12.2016	30.06.2017	3 000 000	1 500 000	EUR	6 636 000	EURIBOR 3M + margin
BRS YMOS GmbH	17.01.2013	31.12.2017	500 000	500 000	EUR	2 212 000	EURIBOR 3M + margin
	13.03.2015	31.12.2017	150 000	150 000	EUR	663 600	EURIBOR 3M + margin
	07.06.2016	31.12.2017	460 000	460 000	EUR	2 035 040	EURIBOR 3M + margin
	27.06.2016	31.12.2017	240 000	240 000	EUR	1 061 760	EURIBOR 3M + margin
Boryszew Deutschland	02.07.2014	31.12.2017	1 000 000	1 000 000	EUR	4 424 000	EURIBOR 3M + margin
	22.09.2014	31.12.2017	10 000 000	6 349 000	EUR	28 087 976	EURIBOR 3M + margin
Boryszew Automotive Plastics Sp. z o.o.	03.09.2015	31.12.2017	8 000 000	834 733	PLN	834 733	WIBOR 3M + margin
	23.09.2015	31.12.2017	2 800 000	2 800 000	EUR	12 387 200	WIBOR 3M + margin
Polish Wind Holding B.H.	14.02.2014	31.01.2017	350 000	350 000	PLN	350 000	WIBOR 3M + margin
	12.06.2015	31.01.2017	50 000	50 000	PLN	50 000	WIBOR 3M + margin
	14.09.2015	31.12.2017	1 100 000	1 100 000	PLN	1 100 000	WIBOR 3M + margin
	20.12.2016	31.12.2017	550 000	0	PLN	0	WIBOR 3M + margin
Boryszew HR Service Sp. z o.o.	10.02.2016	29.02.2017	170 000	35 895	EUR	158 799	EURIBOR 1M + margin

Boryszew Commodities Sp. z o.o.	17.09.2015	31.12.2016	1 000 000	9 000	PLN	9 000	WIBOR 3M + margin
SPV Boryszew 3 spz. O.o.	02.10.2015	31.03.2018	20 000 000	20 000 000	PLN	20 000 000	WIBOR 1M + margin
	28.07.2016	31.12.2017	5 000 000	1 050 000	PLN	1 050 000	WIBOR 3M + margin
MAFMEX S. de R.L. de C.V.	18.11.2015	30.06.2020	689 772	689 772	EUR	3 051 552	EURIBOR 1M + margin
	19.02.2016	30.06.2020	1 695 000	1 695 000	EUR	7 498 680	EURIBOR 1M + margin
	14.09.2016	30.06.2020	1 046 712	1 046 712	EUR	4 630 654	EURIBOR 1M + margin
	16.12.2016	30.06.2020	568 516	568 516	EUR	2 515 114	EURIBOR 1M + margin
	23.12.2016	31.12.2022	448 337	448 337	EUR	1 983 442	EURIBOR 1M + margin
Total to be repaid					PLN	276 422 057	

The amount of the aforementioned loans granted to Boryszew S.A. does not include the accrued interest as of 31 Dec 2016.

LOANS GRANTED BY IMPEXMETAL S.A. AS AT 31.12.2016

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Currency	Amount to be repaid as translated into PLN	Interest
Boryszew Tensho Poland Sp. z o.o.	Annex 2 of 27 June 2016 to the Agreement of 20 April 2015, increasing the amount of the loan by 250 000 Euro		2.000.000	EUR	2.000.000	EURIBOR 3 M + margin
BOD GmbH	Annex 5 of 15 December 2016 to the Agreement of 20 April 2012	30.09.2017	2.268.732,44	EUR	2.268.732,44	EURIBOR 3 M + margin
Boryszew Formanbau Deutschland GmbH	Annex 5 of 15 December 2016 to the Agreement of 27 October 2011	30.09.2017	2.084.149,64	EUR	2.084.149,64	EURIBOR 3 M + margin
Theysohn Kunststoff GmbH	Annex 5 of 15 December 2016 to the Agreement of 13 September 2011	30.09.2017	3.128.122,45	EUR	3.128.122,45	EURIBOR 3 M + margin
AKT plastikarska technologie Cechy spol. s.r.o.	Annex 6 of 15 December 2016 to the Agreement of 28 December 2011	30.09.2017	664.829,32	EUR	664.829,32	EURIBOR 3 M + margin
BRS YMOS GmbH	Annex 5 of 15 December 2016 to the Agreement of 20 April 2012	30.09.2017	1.497.663,27	EUR	1.497.663,27	EURIBOR 3 M + margin

The sum of the abovementioned loans does not include the interest accrued as at 31.12.2016.

LOANS GRANTED BY EASTSIDE – BIS SP. Z O.O.

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Currency	Amount to be repaid	Interest
SPV Boryszew 7 Sp. z o. o.	11.04.2016	31.12.2016	2 500 000,00	PLN	0	WIBOR 3 M + margin

LOANS GRANTED BY POLSKI CYNK SP. Z O.O.

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Currency	Amount to be repaid	Interest
HMN Szopienice w likwidacji S.A.	13.01.2016	30.06.2017	2 500 000,00	PLN	0	WIBOR 3 M + margin

LOANS GRANTED BY ELANA BRUNCH

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Currency	Amount to be repaid	Interest
Elana PET Sp. z o.o.	30.09.2016	30.09.2017	3 000 000,00	PLN	3 000 000,00	WIBOR 3 M + margin
	13.12.2016	13.12.2017	1 000 000,00	PLN	1 000 000,00	WIBOR 3 M + margin

LOANS GRANTED BY MAFLOW GROUP, AS AT 31.12.2016

LOANS GRANTED BY MAFLOW BRUNCH

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Currency	Amount to be repaid	Interest
Maflow Do Brasil Ltda.	08.11.2010	31.12.2016	1 000 000,00	EUR	1 000 000,00	EURIBOR 3m+ margin
	11.01.2011	31.12.2016	1 000 000,00	EUR	1 000 000,00	EURIBOR 3m+ margin
	14.03.2011	31.12.2016	1 000 000,00	EUR	1 000 000,00	EURIBOR 3m+ margin
	04.05.2011	31.12.2016	1 000 000,00	EUR	1 000 000,00	EURIBOR 3m+ margin
	30.05.2011	31.12.2016	600 000,00	EUR	600 000,00	EURIBOR 3m+ margin
	16.06.2011	31.12.2016	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	29.06.2011	31.12.2016	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	05.07.2011	31.12.2016	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	11.07.2011	31.12.2016	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	19.07.2011	31.12.2016	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	03.08.2011	31.12.2016	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	25.08.2011	31.12.2016	700 000,00	EUR	700 000,00	EURIBOR 3m+ margin
	27.09.2011	31.12.2016	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	27.10.2011	31.12.2016	400 000,00	EUR	400 000,00	EURIBOR 3m+ margin
	24.11.2011	31.12.2016	1 000 000,00	EUR	1 000 000,00	EURIBOR 3m+ margin
	20.12.2011	31.12.2016	1 000 000,00	EUR	1 000 000,00	EURIBOR 3m+ margin
	26.01.2012	31.12.2016	1 500 000,00	EUR	850 000,00	EURIBOR 3m+ margin
	RAZEM:		12 700 000,00	EUR	12 050 000,00	
Maflow	17.08.2010	31.12.2018	1 000 000,00	EUR	1 000 000,00	WIBOR 3M + margin

Components Dalian Co., Ltd.	18.04.2011	31.12.2018	1 000 000,00	EUR	1 000 000,00	WIBOR 3M + margin
	24.11.2011	31.12.2018	1 000 000,00	EUR	1 000 000,00	EURIBOR 3m+ margin
	18.07.2012	31.12.2018	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	15.10.2012	31.12.2018	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	04.12.2012	30.06.2019	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	28.03.2013	30.06.2019	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	08.08.2013	28.02.2017	500 000,00	EUR	500 000,00	EURIBOR 3m+ margin
	14.02.2014	31.08.2018	90 000,00	EUR	90 000,00	EURIBOR 3m+ margin
	20.07.2015	30.06.2020	982 699,27	EUR	982 699,27	EURIBOR 1M+ margin
	RAZEM:		6 572 699,27	EUR	6 572 699,27	
Maflow Polska sp. z o.o.	10.09.2013	30.06.2019	200 000,00	EUR	0,00	EURIBOR 1M+ margin
	24.03.2014	31.12.2018	1 000 000,00	EUR	1 000 000,00	EURIBOR 1M+ margin
	05.06.2014	31.12.2018	1 000 000,00	EUR	1 000 000,00	EURIBOR 1M+ margin
	12.08.2014	31.12.2018	500 000,00	EUR	500 000,00	EURIBOR 1M+ margin
	19.08.2014	31.12.2018	500 000,00	EUR	500 000,00	EURIBOR 1M+ margin
	12.06.2014	31.12.2018	96 000,00	EUR	96 000,00	EURIBOR 1M+ margin
	03.12.2014	31.12.2018	500 000,00	EUR	500 000,00	EURIBOR 1M+ margin
	31.03.2015	31.12.2018	500 000,00	EUR	500 000,00	EURIBOR 1M+ margin
	06.02.2015	30.06.2019	500 000,00	EUR	500 000,00	EURIBOR 1M+ margin
	30.04.2015	31.12.2018	1 000 000,00	EUR	1 000 000,00	EURIBOR 1M+ margin
	20.07.2015	31.12.2018	1 000 000,00	EUR	1 000 000,00	EURIBOR 1M+ margin
	20.01.2016	31.12.2019	891 000,00	EUR	891 000,00	EURIBOR 3M + margin
	05.04.2016	31.12.2019	1 000 000,00	EUR	1 000 000,00	EURIBOR 3M + margin
	14.06.2016	31.12.2019	1 000 000,00	EUR	1 000 000,00	EURIBOR 1M+ margin
	14.06.2016	31.12.2019	1 000 000,00	EUR	785 000,00	EURIBOR 1M+ margin
	12.09.2016	31.12.2019	500 000,00	EUR	370 000,00	EURIBOR 1M+ margin
	22.11.2016	31.12.2019	1 000 000,00	EUR	50 050,00	EURIBOR 1M+ margin
RAZEM:		12 187 000,00		10 692 050,00		
MAFMEX S. de R.L. de C.V.	18.11.2015	30.06.2020	689 772,11	EUR	689 772,11	EURIBOR 1M+ margin
	19.02.2016	30.06.2020	1 695 000,00	EUR	1 695 000,00	EURIBOR 1M+ margin
	14.09.2016	30.06.2020	1 046 712,01	EUR	1 046 712,01	EURIBOR 1M+ margin
	16.12.2016	30.06.2020	568 515,88	EUR	568 515,88	EURIBOR 1M+ margin
	23.12.2016	31.12.2022	448 336,74	EUR	448 336,74	EURIBOR 1M+ margin

	RAZEM:		4 448 336,74		4 448 336,74	
Total			37 242 369,44	EUR	33 763 086,01	

LOANS GRANTED BY MAFLOW POLSKA SP. Z O.O.

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Currency	Amount to be repaid	Interest
Maflow Components Dalian Co., Ltd.	05.06.2014	31.12.2018	1 000 000,00	EUR	1 000 000,00	EURIBOR 1M+ margin
	26.08.2014	31.12.2018	1 000 000,00	EUR	1 000 000,00	EURIBOR 1M+ margin
	20.05.2015	31.12.2018	750 000,00	EUR	500 000,00	EURIBOR 1M+ margin
	18.09.2016	30.12.2019	1 000 000,00	EUR	250 000,00	EURIBOR 1M+ margin
	RAZEM:		3 750 000,00		2 750 000,00	
Maflo do Brazil Ltda.	30.11.2015	01.04.2017	100 000,00	EUR	100 000,00	EURIBOR 3M+ margin
	12.06.2016	30.12.2019	500 000,00	EUR	370 000,00	EURIBOR 1M+ margin
	RAZEM:		600 000,00	EUR	470 000,00	
MAFMEX S. de R.L. de C.V.	15.06.2016	31.12.018	1 000 000,00	EUR	1 000 000,00	EURIBOR 1M+ margin
	22.11.2016	30.12.2019	1 000 000,00	EUR	50 000,00	EURIBOR 1M+ margin
	RAZEM:		2 000 000,00	EUR	1 050 000,00	

LOANS GRANTED BY MAFLOW BRS S.R.L.

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Currency	Amount to be repaid	Interest
Maflow do Brazil Ltda.	22.12.2010	31.12.2011	700 000,00	EUR	700 000,00	EURIBOR 3M+marża

The sum of the abovementioned loans does not include the interest accrued as at 31.12.2016. The loans were granted under the market terms.

14. GUARANTEES AND SURETIES

GUARANTEES AND SURETIES ISSUED BY BORYSZEW S.A. AS AT 31.12.2016

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Subject of liability	Value of guarantee in its currency	Value of guarantee in its currency	Value of guarantee	Expiry date of guarantee
			EUR	USD	PLN	
Torlen Sp. z o.o.	12.02.2010	Surety regarding trade liabilities, granted to Polytrade GmbH	471 280		2 084 943	indefinite validity
	24.02.2011	Surety regarding trade liabilities, granted to MB Barter & Trading SA	800 000		3 539 200	indefinite validity

Boryszew Kunststofftechnik Deutschland GmbH	06.09.2012	Guarantee granted to Deutsche Leasing International GmbH valid from 02.01.2013	890 000		3 937 360	02.05.2018
	31.01.2013	Guarantee granted to Commerzbank	5 000 000		22 120 000	indefinite validity
	01.02.2013	Guarantee granted to Grenkeleasing AG	50 000		221 200	31.12.2016
	20.04.2013	Guarantee granted to Hewlett-Packard International Plc.	150 000		663 600	30.04.2018
	23.07.2013	Guarantee issued as security for loans granted by GE Capital Bank AG	992 373		4 390 258	30.08.2021
	04.10.2013	Guarantee issued as security for repayment to ALD AutoLeasing D GmbH	750 000		3 318 000	01.07.2017
	11.12.2013	Guarantee granted to Hewlett-Packard International Plc.	297 500		1 316 140	28.02.2018
	12.03.2014	Guarantee granted to Hewlett-Packard International Plc.	297 500		1 316 140	28.02.2019
	06.06.2014	Guarantee granted to Hewlett-Packard International Plc.	297 500		1 316 140	31.05.2019
	25.09.2014	Guarantee granted to Hewlett-Packard International Plc.	267 750		1 184 526	31.05.2019
	22.01.2015	Guarantee granted to Hewlett-Packard International Plc.	100 000		442 400	31.08.2019
	03.07.2015	Guarantee granted to LG Chem Poland Sp. Z o.o.	75 000		331 800	31.12.2016
	29.10.2015	Guarantee granted to DNB Bank Polska SA	6 000 000		26 544 000	30.11.2017
Theysohn Kunststoff GmbH / Boryszew Kunststofftechnik Deutschland GmbH / Boryszew	4.02.2016	Basell Sales and Marketing Company B.V.	3 500 000		15 484 000	31.12.2016
Theysohn Kunststoff GmbH	3.11.2015	Guarantee granted to WIPAG Nord GmbH & Co. KG	200 000		884 800	31.12.2016
	19.02.2016	Bolta Werke GmbH	400 000		1 769 600	31.12.2016
Theysohn Kunststoff GmbH / Theysohn Formenbau GmbH	28.02.2012	Guarantee issued as security for loans granted by Deutsche Bank AG to Theysohn Formenbau and Theysohn Kunststoff	640 000		2 831 360	indefinite validity
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee granted to Bank Gospodarstwa Krajowego	21 838 000		96 611 312	31.12.2026

	4.02.2016	Helag Electronic GmbH	350 000		1 548 400	31.12.2016
Boryszew Plastic RUS	11.07.2013	Guarantee granted to ZAO Hewlett-Packard AO		200 000	835 860	indefinite validity
	27.08.2013	Guarantee granted to RB Leasing Ltd.	449 600		1 989 030	15.06.2019
	30.04.2014	Guarantee granted to ZAO Hewlett-Packard AO		100 000	417 930	indefinite validity
BRS YMOS GmbH	27.05.2015	Guarantee granted to Wurth Leasing GmbH & Co. KG	309 812		1 370 608	30.11.2020
	15.03.2016	Wurth Leasing GmbH	354 902		1 570 086	15.03.2022
Boryszew Tensho Poland Sp. z o.o.	10.12.2015	Guarantee granted to PGE Obrót S.A.			300 000	indefinite validity
	14.03.2016	Guarantee granted to Impexmetal S.A. for repayment of commercial debt			41 000 000	indefinite validity
	5.08.2016	Guarantee granted to Braun GmbH Folien – Prägetechnik	181 190		801 585	31.12.2016
SPV Lakme Investment Sp. z o.o.	19.02.2015	Guarantee granted to ACG 3 Sp. z o.o.			70 000	indefinite validity
Maflow BRS s.r.l.	04.01.2016	Guarantee granted to SANOK RUBBER COMPANY S.A.	500 000		2 212 000	31.12.2016
	01.01.2016	Guarantee granted to Evercompounds S.p.A. for repayment of commercial debt	1 000 000		4 424 000	31.12.2017
	01.01.2016	Guarantee granted to Arkema	100 000		442 400	31.12.2017
	01.01.2016	Guarantee granted to CORDTECH INTERNATIONAL SAS	300 000		1 327 200	31.12.2017
	01.01.2016	Guarantee granted to Mehler Engineered Products GmbH for repayment of commercial debt	400 000		1 769 600	31.12.2017
	31.12.2015	Guarantee granted to Softer Spa for repayment of commercial debt	250 000		1 106 000	31.12.2017
	26.04.2016	Banka IFIS	750 000			indefinite validity
Maflow France Automotive S.A.S.	26.07.2016	The guarantee of proper performance of the Leasing agreement for Natixs Lease	377 000		1 667 848	indefinite validity
Maflow do Brasil Ltda.	01.10.2016	Guarantee granted to Schrader International	100 000		442 400	01.10.2017
Boryszew Commodities	19.12.2016	Borealis AG	375 000		1 659 000	31.12.2017
	8.02.2016	BSB Recycling GmbH	2 500 000		11 060 000	31.12.2017
	19.12.2016	Trinseo Europe GmbH	400 000		1 769 600	31.12.2017
	19.12.2016	WMK Plastics GmbH	200 000		884 800	31.12.2017

	30.05.2016	Guarantee granted to Basell Sales and Marketing Company B.V.	1 500 000		6 636 000	31.12.2017
The companies of BAP Group which are the customers of Volkswagen AG	16.12.2016	Volkswagen AG	20 000 000		88 480 000	indefinite validity
Elana Energetyka	1.12.2015	PGE Obrót S.A.			3 000 000	until the expiry of the liabilities
Total guarantees and sureties granted by Boryszew SA			73 414 407	300 000	367 091 127	

SURETIES AND GUARANTEES PROVIDED BY IMPEXMETAL S.A. AS OF 31 DEC 2016

- the surety provided for the liabilities of Baterpol S.A. in respect of the Agreement on the partial conditional remission of the loan granted to Baterpol S.A. from the funds of the Regional Fund for Environmental Protection and Water Management. The surety was granted by Impexmetal S.A. for the Regional Fund for Environmental Protection and Water Management for the amount of 1 772 thousand PLN.
- The surety was granted for the liabilities of WM Dziejzice S.A. under the Agreement to purchase raw materials. The surety was granted for Schwermetal GmbH & Co.KG for the amount of 4 424 thousand PLN.
- The surety was granted for the liabilities of WM Dziejzice S.A. under the Agreement to purchase raw materials. The surety was granted to Distribution Polska Sp. z o.o. for the amount of 2 212 thousand PLN.
- The surety was granted in a form of a lien registered for the assets owned by Impexmetal S.A. 1 131 260 shares of Boryszew S.A., as the security for repayment of liabilities of Boryszew S.A. from the credit agreements with Alior Bank S.A.
- The surety granted for the liabilities of SPV Boryszew 7 Sp. z o. o. to the Residential Community of the Property in Warsaw, ul. Łucka 14A and 16A. The surety was granted for the amount of 407.4 thousand PLN.

RECEIVED SURETIES AND GUARANTEES

Subject to the aforementioned sureties, the companies of Grupa Boryszew were not granted significant sureties and guarantees other than those of the basic operational activities (in particular the guarantees relating to the implementation of the agreements).

15. OWN SHARES

Acting within the limits of the authorisation granted by way of Resolution no. 19 of the Ordinary General Meeting of Shareholders of Boryszew S.A. dated 25 June 2014 on authorising the Company's Management Board to repurchase Boryszew S.A. own shares as well as pursuant to Art. 362 § 1 point 8) and Art. 362 § 4 of Commercial Companies Code in the period between 1 January 2016 and 31 December 2016:

- Boryszew Spółka Akcyjna acquired a total of 1 000 000 own shares with a nominal value of PLN 1.00 per share.
- IMPEXMETAL S.A. acquired a total of 5 990 000 shares of Boryszew S.A. with nominal value of PLN 1.00 per share.

The above mentioned shares carry the right to 6 990 000 votes in total at the General Meeting and correspond to 2,91% of the Company's share capital.

As at 31 December 2016 Boryszew S.A. held, directly and through subsidiaries, 21 990 000 shares of Boryszew S.A. carrying 21 990 000 votes at the General Meeting, which represent 9,163% of the total number of votes at the General Meeting of Boryszew S.A.:

- 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.,
- through 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.,

As at 31 December 2016, the associated, Alchemia S.A., has 3.2 million shares of Boryszew S.A., which represented 1.333% of the share capital and the total number of votes at the GM of Boryszew S.A.

As of the date of publication of the statement, the status of Boryszew S.A. owned Grupa Kapitałowa Boryszew did not change.

16. ISSUES OF SECURITIES

DEBT SECURITIES

ISSUES OF BONDS

In 2016, within the Programme to issue the registered bonds adopted by the Management Board under Resolution no. 153/2016 of 28 July 2016, Boryszew S.A. issued:

- on 29 July 2016 15 A1 series registered bonds with a nominal value of PLN 1 000 000.00 per share. The total nominal value of bonds issued this series was PLN 15 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 June 2019. The funds from the issued bonds were intended to finance the operating activities of Boryszew S.A.
- on 8 September 2016 12 A2 series registered bonds with a nominal value of PLN 1 000 000.00 per share. The total nominal value of bonds issued this series was PLN 12 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 September 2019. The funds from the issued bonds were intended to finance the operating activities of Boryszew S.A.
- on 14 September 2016 7 A3 series registered bonds with a nominal value of PLN 1 000 000.00 per share. The total nominal value of bonds issued this series was PLN 7 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 September 2017. The funds from the issued bonds were intended to finance the operating activities of Boryszew S.A.
- on 8 December 2016 5 A4 series registered bonds with a nominal value of PLN 1 000 000.00 per share. The total nominal value of bonds issued this series was PLN 5 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 September 2019. The funds from the issued bonds were intended to finance the operating activities of Boryszew S.A.

EQUITY SECURITIES

In 2016, until publication of the report the Company did not issue any equity securities.

17. DIVIDEND PAID OR DECLARED

Proposed distribution of profit for 2016

The Management Board recommends leaving the profit (3 707 thousand PLN) for 2016 in the Company, for the retained profits.

Distribution of profit for 2015

On 15 June 2016, the General Meeting of Shareholders of Boryszew S.A. adopted 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 retained profits of the Company.

18. MANAGEMENT BOARD'S FORECAST

During the period of this report no forecasts of financial performance in 2016 were prepared.

19. PRINCIPLES OF MANAGEMENT OF FINANCIAL RESOURCES

Boryszew Group continues its actions focused on further improvement of assets financing structure. Due to the fact that both holding operations as well as production activities are carried out, assets financing is aimed at shaping a structure that will be safe in terms of current liquidity. In order to ensure the stable financing, the Group uses the possibility of extending the deadlines for funding through the refinancing of short-term loans, borrowing long-term investment loans for new projects, and the financing of production assets in a form of financial.

Boryszew Group follows a proactive policy of financial resources management. The organizational structure of financial divisions is closely adapted to the specific characteristics of individual entities within the Group. The Group cooperates with several banks, applying the following principles in selection of its banking partners: competitive cost of money, flexible approach to collaterals, quick decision-making, availability of integrated instruments for liquidity management within the international structure of Boryszew Group.

Due to their specific nature and size, each entity maintains current financial liquidity monitoring in the form of reports anticipating three to four weeks ahead, analyses the structure of overdue receivables and handles interest-bearing debt without delays in the repayment of both capital and interests.

In the context of management and working capital, the companies seek to shorten the payment deadlines and extend their repayment liabilities while seeking ways to reduce inventories rotation. The Group has a fixed asset of a high value which allows it to obtain low-interest financing.

The relevant companies of the Group pursue active financial risk management policies as well as volatility of raw material prices. The policy governs the use of hedging transactions in order to minimize the negative effects of changes in exchange rates and raw material prices on the cash flow and financial results. The companies monitor the number and volume of open positions both on the foreign exchange market and the market of metals and the valuation of hedging transactions.

20. ASSESSMENT OF POSSIBILITIES OF IMPLEMENTATION OF THE INTENDED INVESTMENTS

Companies of the Capital Group finance their investments with own resources (free cash, equity issue) or with third-party funds (loans and borrowings, debt securities, leasing). Prior to implementation, each investment is assessed by the statutory bodies of the Companies and in case of investments of considerable value – by the Management Board of Boryszew S.A.

Investment activities in Boryszew Group can be divided into two kinds:

- 1) Activities of holding companies include acquisitions of other entities in compliance with the guidelines of the Group's growth strategy. This strategy defines the range of geographical expansion, expansion into new products and markets, and the integration of the value chain within markets in which the Group operates, etc.
- 2) Within the framework of their production activities, companies carry out investment tasks aiming to maintain the ability of fixed assets to support on-going contracts. Another group of investments comprises expenditure ensuring the maximum economic life of fixed assets in order to achieve additional return on the assets held. If new contracts are concluded (e.g. as a successful tender for long-term deliveries of components to car manufacturers), investments are implemented to enable these contracts to generate maximum return while at the same time maintaining superior quality of products and security of deliveries. In terms investment expenditure for maintaining or expanding the production capacity, Boryszew Group aims to ensure financing with the term and parameters as close to the economic life of the production assets as possible.

21. FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULT

BORYSZEW S.A.

The scale of one-off events impacted on the results in 2016 (write-offs updating liabilities, depreciations, etc.). These events are described in the comments to the individual segments.

CAPITAL GROUP

The most important factors and unusual events that significantly impacted on the results in 2016 include:

- price changes for the products of Boryszew Kunststofftechnik Deutschland GmbH and Theysohn Kunststoff GmbH,
- results on the sale of fixed assets and investment properties of 39.6 million PLN (primarily property at ul. Łucka in Warsaw).
- creation of write-offs updating trade receivables in the amount of 14.5 million PLN (mainly the MAP Skawina).

22. GROWTH PROSPECTS

The purpose of the long-term growth strategy assumptions adopted by Boryszew Capital Group is to strengthen its market positions in the sectors in which the Capital Group operates. The intended effect should be an increase in the companies' assets and their profitability, and thus increase in value for the shareholders in the long run.

Short-term actions and growth plans are focused on completion of investments underway at the Capital Group's companies and on maximising their effect, as well as on continuing the assets and organisation restructuring processes in relation to the dynamically changing market environment.

The development prospects for the two most important segments of Grupa Kapitałowa is presented below.

AUTOMOTIVE SEGMENT

BORYSZEW S.A. ODDZIAŁ BORYSZEW MAFLOW W TYCHACH

Maflow provides the increase in sales of its products in the nearest future. The increase in the production capacity of Maflow in Poland will be ensured by the production plant in Toruń. In the new location, it is planned to employ approximately 400 employees until 2017. Maflow Group is no less challenging outside the country. Significant increases in the production are planned in China and a new production facility in Mexico.

The group is absent on the part of the markets, therefore, actions will be taken to enter new markets, expand the range of customers and products. Intensified research and development activities are planned to take account of new market trends and technology, in particular connected with a growing participation of electric cars on the market.

Demanding and dynamic market for vehicles causes intensive but sustainable development possible, which necessitates the continuation of organizational improvements aiming at increasing efficiency, restructuring the business and increasing the effectiveness of operations in Poland and in foreign companies, started in the second quarter of 2016. Strict cost controls, performance appraisals, management of aims and actions to develop human capital will be implemented.

Maflow Group will also face similar challenges overseas. The demanding and dynamic automotive market makes it necessary for European companies to be effective but at the same time develop in a sustainable manner. This forces the continuation of the organizational improvements started in the second quarter of 2016 aiming at increasing efficiency, restructuring the business and increasing efficiency of foreign companies, and implementing strict cost control, performance and management assessment.

Currently, the market recorded a significant increase in sales of new passenger vehicles and trucks, reflecting the situation of the Maflow plants around the world, with particular attention to significant increases in the production in China and the planned expansion of the production capacity in the plant in Mexico, and the implementation of further projects.

In addition, it is planned to implement the intensified research and development activities, taking into account new trends and technologies on the market.

Maflow is not present on some markets, and therefore, from the perspective of further development, in 2017, the opportunity to enter new markets and to expand the range of customers to which Maflow products will be delivered, will be analysed. 2017 will be a challenging year for Maflow in the field of variation in the production profile, in terms of the growing electric vehicles market and from the perspective of the potential for plastic to become the material required to produce air conditioning ducts.

BORYSZEW AUTOMOTIVE PLASTICS

The most important investment carried out by BAP is the construction of the galvanized plastic products plant in Prenzlau (Germany), the investment is being completed, the production commencement is scheduled in April 2017, 25 injection moulding machines with a force from 40 to 700 tonnes, the installed production capacity is 400.000 m² of chrome products per year.

In the Group, there are also ongoing analytical works on the construction of the galvanized plastic products plant in Toruń with the production capacity similar to the value of the plant in Prenzlau.

THE ALUMINIUM SEGMENT

BORYSZEW S.A. A BRANCH OF THE MODERN ALUMINIUM PRODUCTS, SKAWINA

The branch of MAP Skawina consistently develops new products with higher degree of processing and niche products. The branch acquired and carries out three R&D projects co-financed by the NRDC in the field: the construction of the demonstration line for the production of wire rods, steel, low-loss overhead cables and composite aluminium pipes. The implementation of the new product will help to increase the production capacity of the plant in respect of rolled and continuously extruded products. The marketed innovative solutions are used inter alia in the automotive, energy-efficient power transmission, cable industries.

The new line of development of MAP Skawina Branch is the automotive industry, for which the sales volume of products is consistently increasing, inter alia, battery wires, signal wires, aluminium alloy tubes and cable rails. In 2016, the multi-step products validation processes for key customers from the automotive industry was also completed.

A strong position in the energy market and in the cable industry is strengthened as a result of the continuous implementation of the innovative products resulting from the R&D works and extended range of offered products. In 2016, the investment process for commissioning the technological line for continuous extrusion was started, which will allow for a further increase in the range of processed products in the sales structure of the Branch.

The taken activities are the continuation of the strengthening of the market position and the product diversification of MAP Skawina.

IMPEXMETAL S.A. (ALUMINIUM KONIN)

The investment programme was planned in Impexmetal S.A. Zakład Aluminium Konin, for the period of 2015-2017, the total cost of which is 125 million PLN. The main aims are to increase the production of flat rolled products to 100 thousand tonnes per year. The scope of the investment tasks involved the installation of new technological equipment, as well as the increase of the capacity of the existing machine park.

At the end of 2016, all main tasks of the aforementioned investment plan, and most of the remaining tasks of modernization and replacement were completed. The main tasks of the investment completed in 2016 included:

- development of the rolling mill hall – which allowed to expand the park, thereby increasing the production capacity and expand the storage of finished products,
- 30T melting furnace - the increased production of thin products for the automotive and packaging industry is based on aluminium alloys with a special chemical composition. Such alloys may not be acquired by purchase, therefore, so as to increase the production efficiency of the rolling mill hall by foundering ingots for specific customer's orders, it was necessary to install a modern 30 tonnes gas-fired furnace. In conjunction with the current foundering furnace and semi-continuous foundering system, the node increased the daily production capacity with another 75 tonnes,
- pusher type furnace for heating and homogenization of ingots - an important part of the technological process involves a pre-treatment of the input, including homogenisation of ingots before hot rolling; currently, this treatment is primarily implemented in the new pusher type oven. Relieving of other furnaces made it possible to improve material flow in the node of the hot rolling mill,
- saw for horizontal cutting of ingots,
- cutting line for thin steel sheets; the implementation of the investment allowed to double the production of thin steel sheets for the packaging industry,
- line for straightening and degreasing a tape - increased the production of cold-rolled tapes finally treated with degreasing and washing,
- modernization of the hot rolling mill, including the replacement of the entire control system of the thickness and profile of the tapes and the entire control system of the rolling process,
- the increase of the production capacity of the gas melting furnace through the modernization and the use of oxygen burners.

The investment programme of Impexmetal S.A. For Zakład Aluminium Konin, 2017 is the continuation of the programme to increase the capacity and yield of the processing plant and the closure of its production chain.

The plan includes the tasks that will allow, inter alia, to:

- the commissioning of a new line for the production of mortars, which will fully meet the internal needs of the Foundry Department for the main mortar types,

- the modernization of the foundering nodes, which will allow to foundry ingots weighing more than 10T, at the same time due to the use of newer technical solutions, it will increase the reliability of the nodes,
- the mechanization of the preparation processes of aluminium scrap inputs for the melting furnaces.
- the processing of metallic ores - the return of metal lost in the melting process to the technological process

The implementation of the aforementioned investment will increase the production capacity of the Foundry Department, the reduction or total elimination of the need for the implementation of the external supply of both blocks for rolling and foundering mortars. This will contribute significantly to the improvement of the flexibility and profitability of the production of the Foundry Department and the closure of the entire production chain of the processing plant.

23. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND HAZARDS

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.

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%

	As at 31.12.2016	As at 31.12.2015
Debt ratio		
Liabilities	2 214 697	2 037 894
Assets	3 770 141	3 452 791
Debt rate	58%	60%
	As at 31.12.2016	As at 31.12.2015
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.

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. In 2016, the group re-financed approx. 86 004 thousand PLN of repaid credits.

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 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

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 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 amounts of undiscounted cash flows include the amounts of future interest expenses.

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

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 Impexmetal Group defines, as a rule, two types of risks:

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

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

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

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

Receivables and payables in EUR	Value	effect of increase	effect of decrease
	in currency	in exchange rate 10%	in exchange rate 10%
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
Total		(7 954)	7 954

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
Total		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	effect of decrease
	in currency	in exchange rate 10%	in exchange rate 10%
trade and other receivables	153 990	65 631	-65 631
other liabilities	103 845	44 259	-44 259
borrowings and loans	115 275	49 130	-49 130
lease	1 500	639	-639
other liabilities	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.

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
Loans	905 089	(4 525)	4525
Factoring	69 410	(347)	347
Borrowings	12 721	(64)	64
Debt securities	1 000	(5)	5
Financial lease	120 099	(600)	600
Other	-	-	-
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.
Oprocentowane (% zmienne) aktywa finansowe	55849	279	-279
Udzielone pożyczki	1 176	6	(6)
Instrumenty dłużne inne	54 673	273	(273)

Oprocentowane (% zmienne) zobowiązania finansowe	1 008 377	-5 042	5 042
<i>Kredyty</i>	841 009	(4 205)	4205
<i>Factoring</i>	38 564	(193)	193
<i>Pożyczki</i>	13 427	(67)	67
<i>Papiery dłużne</i>	2 000	(10)	10
<i>Leasing finansowy</i>	113 377	(567)	567
<i>Pozostałe</i>	-	-	-
Wpływ na przyszłe wyniki przed opodatkowaniem		(4 763)	4 763
Wpływ na przyszłe wyniki netto		(3 858)	3 858

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 Derivative currency financial instruments - currency forwards	The fair value of commodity transactions is calculated based on the prices of contracts for the timely distribution of individual metals as at valuation date and the exchange rates. foreign exchange rates, Data for the valuation obtained from Reuters. 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 in the Group.

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

All investment properties described in note 14 belong to level 3 of the fair value hierarchy.

24. FACTORS WHICH WILL IMPACT ON THE RESULTS ACHIEVED BY THE COMPANY IN 2017

The external factors that will impact on the achieved consolidated results in consecutive quarters include:

- the economic situation in the world, especially in the industries key for the group (automotive and construction) and major markets (the European Union, including Germany). The situation on the market is characterized by high volatility and it is not possible to clearly predict the situation in the future,
- demand for new vehicles, especially for VW Group products, which is the most important customer of Grupa Kapitałowa Boryszew, and the method and cost of dealing by VW Group with the crisis related to misleading results of exhaust emissions,
- the level of quotations of metals and currencies determining the amount of working capital and the effectiveness of the export and domestic sales. A large variability of metal quotes generates changes in demand and profit margins for the group's products, as well as impact on the products that have cheaper substitutes. Installation copper pipes and zinc metal sheets for roofing can be an example here.
- costs of raw materials, including, in particular, prices of scrap battery and bonuses amounts to metals, which increased for some metals as a result of the reversed VAT rules introduced in the second half of 2015.
- PLN exchange rate to foreign currency; due to the significant share of export sales, which in turn impacts on the amount of margins earned in Polish Zloty.
- crude oil prices and consequently the prices of derivative organic chemistry products - plastics and components for the production of plastic parts in the injection technology for vehicles,
- cost of energy media important in the energy-intensive metal processing industry.

The internal factors significant to the results of the group in the future periods include:

- dynamics of the sales volumes in the group,

- improved technological level and the implementation of new products to extend the portfolio of highly marginal customers,
- effectiveness of measures to reduce variable costs, including inter alia aiming at the consolidation of purchases within the group,
- effectiveness of measures to reduce fixed costs, providing increased resistance of the group to economic fluctuations,
- effectiveness of the operational restructuring aiming at improving the group's performance, especially in the Automotive Segment,
- efforts to rebuild and develop a portfolio of contracts in the Automotive Segment,
- effects of the development investments, including to the greatest extent in Impexmetal S.A., which will reach the production capacity of 100 thousand tonne/year in 2017,
- effects of the project grants received in the group's entities (MAP Skawina and WM Dziedzice),
- method and rate of the development of non-operating assets (mainly land), as well as the effectiveness of the group's asset restructuring consisting in the sale of non-productive assets

25.EMPLOYMENT

EMPLOYMENT in the BORYSZEW S.A.

Employment structure (in full-time equivalents)	As at 31.12.2015	As at 31.12.2016
Blue-collar workers	2 127	2 553
White-collar workers	599	630
Total	2 726	3 183

EMPLOYMENT in the BORYSZEW CAPITAL GROUP

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

26.CHANGES IN FUNDAMENTAL PRINCIPLES OF MANAGING THE ENTERPRISE OF THE COMPANY AND OF ITS CAPITAL GROUP

In 2016, no changes were implemented in the scope of fundamental principles of managing Boryszew Capital Group.

Since 2017, the Management Board accepted the responsibilities of the members of the Management Board of

the Company for specific areas of operations of the companies of the group, while attributing the key companies of the group to three primary business segments:

- Chemicals segment
- Metals segment
- Automotive segment

The organizational units not belonging to those business segments will be presented in the Other Segment.

A graphical description of the responsibilities of the Management Board for the individual areas of activity of the Company and of the group is presented in point 3 of the statement.

27. AGREEMENTS CONCLUDED BETWEEN THE COMPANY AND ITS OFFICERS, PROVIDING FOR COMPENSATION IN THE EVENT OF RESIGNATION OR DISMISSAL OF SUCH PERSONS FROM THE POSITIONS HELD WITHOUT CAUSE, OR WHERE SUCH DISMISSAL IS CAUSED BY MERGER OR TAKEOVER

Agreements concluded between Boryszew S.A. and its officers do not provide for any payments other than those stipulated in the Polish Labour Code.

28. REMUNERATION FOR THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Remuneration of members of the Management Board - gross

	remuneration in Boryszew SA		remuneration in other companies		Total
	remuneration for Management Board membership in Boryszew S.A	other benefits	remuneration in other companies for Management Board and Supervisory Board membership	other benefits	
Management Board:					
Jarosław Michniuk	240				240
Aleksander Baryś	150	1,2			151,2
Piotr Szeliga	645	0,6	12		657,6
Cezary Pyszkowski	600	304,2			904,2
Mikołaj Budzanowski	594,6	4,6			599,2
total	2 229,6	310,6	12	0	2 552,2

Remuneration of members of the Supervisory Board - gross

	remuneration in Boryszew SA		remuneration in other companies		
Supervisory Board:	Remuneration for Supervisory Board membership	other benefits	Remuneration for Supervisory Board membership	other benefits	Total
Janusz Siemieniec	110		19,1		129,1
Arkadiusz Krężel	55		36		91
Mirosław Kutnik	55				55
Małgorzata Waldowska	55		36		91
Piotr Lisiecki	27,8				27,8
<i>Jan Bogolubow</i>	28,6				28,6
total	331,4	0	91,1	0	422,5

The company has no liabilities under the pensions and benefits of a similar nature for former managers, supervising or former members of the administrative units and the liabilities entered into in connection with pensions.

29. COMPANY'S SHARES AND SHARES IN SUBSIDIARY ENTITIES HELD BY MEMBERS OF GOVERNING AND SUPERVISORY BODIES

COMPANY SHARES HELD BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

As at 31.12.2016

Person	Function	As of the date of publication of the statement for the third quarter of 2016	As of 31 Dec 2016	Nominal value [in PLN]
Aleksander Baryś	Member of the Board	3.000	3.000	3.000

As on the day of submission of this report for publication, members of managing and supervisory bodies of the Company do not hold any shares in Boryszew S.A.

SHARES IN ENTITIES AFFILIATED WITH THE ISSUER, HELD BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

As on the day of submission of this report for publication, members of managing and supervisory bodies of the Company do not hold any shares in subsidiaries.

30. INFORMATION ON KNOWN AGREEMENTS UNDER WHICH FUTURE CHANGES MAY OCCUR IN THE PROPORTIONS OF SHARES HELD BY THE EXISTING SHAREHOLDERS AND BONDHOLDERS

On 13 April 2016, Sanko & Co., Ltd. (Sanko) and Impexmetal S.A. and Boryszew S.A. concluded an agreement pursuant to which the parties agreed that the shares of Boryszew S.A. will be transferred on 17 June 2014 by Impexmetal S.A. to Sanko, in the amount of 1 356 169 pieces, in exchange for the acquired by Impexmetal S.A. claims of Sanko to Boryszew Tensho Poland Spółka z o.o., will be blocked on the brokerage account for another 2 years.

After this period, Impexmetal S.A. will have the option to purchase (call option) for an amount equal to the price of the acquired shares increased by 20%, and Sanko Corp. Ltd sales option (put option) for an amount equal to the acquisition price.

The Company is not aware of any agreements under which in future changes might occur in the proportions of shares held by the existing shareholders and bondholders.

31. INFORMATION ON THE SYSTEM OF CONTROLLING EMPLOYEE SHARES

In the reporting period concerned, the Company did not offer employee stock programmes.

32. AGREEMENT WITH INDEPENDENT STATUTORY AUDITOR

Agreements concluded in 2016

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. In accordance with the Agreement, the amount of remuneration in respect of its implementation will be 215 000 PLN net, including:

- 100.000 000 for the review of the brief interim consolidated financial statement for the period of 6 months, and the review of the brief 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.

Agreements concluded in 2015

On 06 July 2015, 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 01 January 2015 to 31 December 2015.

On 13 July 2015, the Agreement for review and audit the financial statements was signed. In accordance with the Agreement, the amount of remuneration in respect of its implementation will be 205 000 PLN net, including:

- 95.000 000 for the review of the brief interim consolidated financial statement of Grupa Kapitałowa Boryszew for the period of 6 consecutive months, and the review of the brief interim financial statement of the Company for the period of 6 months, starting on 1 January 2015 and ended on 30 June 2015,
- 110 000 for the review of the brief interim consolidated financial statement of Grupa Kapitałowa Boryszew for the period of 12 consecutive months, and the review of the brief interim financial statement of the Company for the period of 12 consecutive months, starting on 1 January 2015 and ended on 31 December 2015.

33. LITIGATION UNDERWAY

As of the day of the statement, the companies of Grupa Kapitałowa Boryszew were not a party to the proceedings pending before a court, an arbitration body or a public administration body the total value of which represents at least 10% of the equity of Boryszew S.A.

The settlement of the legally completed proceedings of HMN Szopienice S.A. to liquidate

The judicial proceedings HMN Szopienice S.A. in liquidation against the State Treasury - the Minister of the Treasury to establish the non-existence of the right of the State Treasury to request the Company to pay the

amount of 10 342.9 thousand PLN with the interests due to the reimbursement of the funds granted to the company under the agreement of 6 March 2003, as amended by Annex No. 1 of 28 December 2005, is described in the previously published periodic statements.

As a result, the company was obliged to return the granted public funds.

The company has entered into an agreement with the State Treasury on pay the main payment in instalments, and defer the payment deadline of the public funds. In accordance with the agreement, from the date of its conclusion, interests on the main payment are not charged, and the deadline of the final payment of interest was established on 31 December 2025. The main payment will be paid partly from the funds obtained from the sale of the assets of the company.

34. SPONSORING AND CHARITY ACTIVITY

The sponsoring activity of Boryszew S.A. is focused on the promotion of the image of the Company and Grupa Kapitałowa Boryszew. The activities are aimed at promoting the organization of cultural events, including exhibitions, concerts and festivals, especially local, where the companies and the group branches operate.

The group also assists local communities in charitable activities, by supporting them inter alia with donations.

The companies of the group support the institutions organising inter alia thematic conferences related to the area of activity of Grupa Kapitałowa Boryszew.

35. STATEMENT OF THE MANAGEMENT BOARD

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

- 1) according to its best knowledge, the annual financial statement and comparable data of Boryszew S.A. were drawn up in accordance with the applicable accounting principles, and that reflect a true, honest and clear material and financial situation and financial results of Boryszew S.A.
- 2) this annual statement of the activities of the Management Board includes the real representation of the development, achievements, and the position of Boryszew S.A., including the description of basic risks and risks.
- 3) the annual consolidated financial statement and comparable data of Grupa Kapitałowa Boryszew were drawn up in accordance with the applicable accounting principles, and that reflect a true, honest and clear material and financial situation and financial results of Grupa Kapitałowa Boryszew.
- 4) this annual statement of the activities of the Management Board includes the real representation of the development, achievements, and the position of Grupa Kapitałowa Boryszew, including the description of basic risks and risks.
- 5) the entity entitled to audit the annual individual financial statement of Boryszew S.A. and the consolidated financial statement of Grupa Kapitałowa Boryszew was selected in accordance with the law, and this entity and the statutory auditors carrying out those tests comply with the conditions for the issue of impartial and independent reviews of the aforementioned audit, in accordance with the relevant provisions of the national law with the provisions and professional standards.

36. CORPORATE GOVERNANCE STATEMENT

Pursuant to §91 par. 5 item 4 of the Regulation of the Minister of Finance of 19 February 2009 on Current and Interim Information to be Submitted by Issuers of Securities and Conditions for Considering as Equivalent

Information Required under the Law of a Non-Member State (as amended) and §29 par. 5 of the Regulations of the Warsaw Stock Exchange S.A., the Management Board of Boryszew S.A. presents hereby the statement of corporate governance in 2016.

Boryszew Spółka Akcyjna listed on the Warsaw Stock Exchange was bound to observe in 2016 the rules of corporate governance specified in the “Code of Best Practice for WSE Listed Companies 2016” (annex to Resolution no. 26/1413/2015 of the Supervisory Board of the Warsaw Stock Exchange S.A. of 13 October 2015). The content of the rules is available on the website of the Warsaw Stock Exchange dedicated to this issue. The Company is making every effort to follow the corporate governance principles in all aspects of its activity.

Moreover, in order to pursue an clear and efficient information policy, it ensures its shareholders, analysts and investors s fast and secure access to information, utilising both the traditional as well as modern technologies for publishing information on the Company to the widest possible extent.

THE CORPORATE GOVERNANCE RULES WHICH APPLY TO BORYSZEW S.A., WHERE THESE RULES ARE AVAILABLE, THE EXTENT OF THE COMPANY’S DEPARTURE FROM THE SET OF CORPORATE GOVERNANCE RULES AND THE REASONS FOR THIS.

In 2016, the Company complied with the general principles of corporate governance contained in the document “Good practices for the companies listed on the WSE 2016”, with the exception of the following principles/recommendations provided, however, that part of the principles from which the Company withdrew in 2016, as of the date of this statement, was adopted for use. Detailed information about the withdrawal of the application are described in the dedicated shared statement on the Company's website. www.boryszew.com.pl

	Recommendation/Principle	Explanation of non-compliance with certain principles in 2016	Comments
I.R.4	The Company should make every effort, including sufficiently in advance, to take all steps necessary to draw up the interim statement to enable investors to become acquainted with the financial results achieved as soon as possible after the end of the statement period.	<i>The Company recognizes the discussed principle as good corporate practice, and plans to apply it. Due to the size of Grupa Kapitałowa, the Company was not in a position to publish periodic statements in the shortest possible time after the end of the statement period.</i>	As of the date of the publication of the statement, the above principle is applied.
I.Z.1.3.	The Company has a corporate website and publishes, in a legible form and a separate place, in addition to the information required by law: a scheme of division of tasks and responsibilities between the members of the management board drawn up in accordance with II.Z.1 principle.	<i>The Company recognizes the discussed principle as good corporate practice, and plans to apply it. In 2016, such information was not uploaded on the Company's website. This would require the reconstruction of the website.</i>	As of the date of the publication of the statement, the above principle is applied.

I.Z.1.8.	The Company has a corporate website and uploads, in a legible form and separate place, in addition to the information required by law: composition of selected financial data of the Company for the last 5 years of activity, in a format that enables to process such data by the recipients.	<i>In 2016, such information was not uploaded on the Company's website. This would require the reconstruction of the website.</i>	As of the date of the publication of the statement, the above principle is applied.
I.Z.1.9.	The Company has a corporate website and uploads on it, in a legible form and separate place, in addition to the information required by law: information on its expected dividends and dividends paid by the Company in the last 5 financial years, including the data on the day of the dividend, limits and amount of the dividends - in total and per share.	<i>In 2016, such information was not uploaded on the Company's website. This would require the reconstruction of the website.</i>	As of the date of the publication of the statement, the above principle is applied.
I.Z.1.10.	The Company has a corporate website and uploads on it, in a legible form and separate place, in addition to the information required by law: financial forecasts – if the Company decided to publish them, they will be published within at least past 5 years, with the information on their implementation.	<i>In 2016, such information was not uploaded on the Company's website. This would require the reconstruction of the website.</i>	As of the date of the publication of the statement, the above principle is applied.
I.Z.1.15.	The company has a corporate website and uploads on it, in a legible form and separate place, in addition to the information required by law: the information that contains the description of the Company's diversity policy in relation to the authorities of the Company and its key managers; this description should take into account such diversity, gender, education, age, work experience, as well as indicate the purposes of the applied policy of diversity and its implementation in the statement period; If the Company did not draw up and does not implement the policy of diversity on its website - the explanation of the decision.	<i>In 2016, such information was not uploaded on the Company's website. This would require the reconstruction of the website.</i>	As of the date of the publication of the statement, the above principle is applied.
I.Z.1.16.	The Company has a corporate website and uploads on it, in a legible form and separate place, in addition to the information required by law: the information	<i>In 2016, such information was not uploaded on the Company's website. This would require the</i>	As of the date of the publication of the statement, the above principle is applied.

	on the planned broadcast of the deliberations of the General Meeting - not later than 7 days before the date of the General Meeting.	<i>reconstruction of the website.</i>	
I.Z.1.20.	The Company has a corporate website and uploads on it, in a legible form and separate place, in addition to the information required by law: the record of the proceedings of the General Meeting in an audio or video form.	<i>So far, the Company has not recorded the proceedings of the General Meeting in an audio or video form. Due to the non-recorded course of the general meeting in a different way than by developing a statement required by the law, the Company does not publish the recorded course of the general meeting in an audio or video form on its website.</i>	
II.Z.1.	The internal division of responsibilities for individual areas of the Company's activities between the members of the management board should be formulated in a clear and transparent way, and the division scheme is available on the Company's website.	<i>The internal division of responsibilities for individual areas of the Company's operations by the members of the Management Board acting at the same time as managers is determined by the Management Board in the Organizational Regulations. In 2016, the division scheme was not available on the Company's website.</i>	As of the date of the publication of the statement, the above Principle is applied by the Company.
II.Z.3.	At least two members of the supervisory board meets the independence criteria, referred to in II.Z.4 principle.	<i>Currently, the supervisory board consists of one independent member. Until 15 June 2016, the composition of the supervisory board consisted of two independent members. It should be noted that the General Meeting is a recipient of the principle; it selects members of the Supervisory Board. The Company may not guarantee that in the future shareholders voting at the General Meeting will always choose the</i>	

		<i>supervisory board consisted of two independent members.</i>	
II.Z.4.	Annex II to Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive directors or being members of supervisory boards of the listed companies and of the supervisory board commission is applied to the criteria for the independence of the members of the supervisory board.	<i>The Company recognizes the discussed principle as good corporate practice. The election of the members of the Supervisory Board of the Company depends on the decisions of the shareholders voting at the General Meeting, so the Company may not guarantee that it will be adopted in the future.</i>	
II.Z.5.	A member of the supervisory board will provide other members of the board and the management board of the Company with a statement on meeting the criteria of the independence specified in II.Z.4 principle.	<i>This derogation was temporary. The Company will make every effort to ensure that at the nearest meeting of the Supervisory Board of the Company the issue of transferring to the other members of the Supervisory Board and the Management Board of the Company a statement on meeting by the member of the Supervisory Board the criteria of the independence specified in II.Z.4 principle. The existing members of the Company's supervisory board, meeting the criteria of the independence, committed themselves to notify the Company immediately on any change of fact or law that has or may have an impact on the content of the submitted statement of the independence.</i>	As of the date of the publication of the statement, the above principle is applied.
II. Z.7.	Within the scope of the tasks and functioning of committees acting in the supervisory board, the provisions of Annex I to the Commission Recommendation	<i>In the current composition, the Supervisory Board has five members and carries out the task of the audit committee.</i>	

	referred to in II.Z.4 principle are applied. If the audit committee functions are carried out by the supervisory board, the above principles will be applied accordingly.	<i>Consequently, the Company applies the provisions of Annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive directors (...) only to a limited extent.</i>	
II.Z.8.	The president of the audit committee meets the criteria of the independence specified in II.Z.4 principle.	<i>In the current composition, the Supervisory Board has five members and carries out the task of the audit committee. The president of the Supervisory Board does not meet the criteria of the independence specified in II.Z.4 principle.</i>	
II.Z.11.	The supervisory board considers and provides its opinion on the issues subject to the resolutions of the general meeting.	<i>The Company recognizes that it is a good practice to issue an opinion to the supervisory board on the issues that are subject to the resolutions of the general meeting. However, in accordance with the Company's Articles of Association and accepted practice, this applies only to the issues brought on the agenda of the general meeting by the management board or the authorized shareholders. This is the reason that the Company decides to waive the applied principle.</i>	
III.R.1.	The Company distinguishes within its structure the entities responsible for carrying out tasks in particular systems or functions unless the separation of the organizational units is not justified by the size or nature of the activities carried out by the Company.	<i>The recommendation is not applied. The Company's management is responsible for its operations, including internal control of processes, risk management and compliance with the law. In the Company's opinion, the tasks related to these areas of responsibility are carried out</i>	As of the date of the publication of the statement, the above principle is applied.

		<i>by individual organizational units in accordance with the scope of duties and responsibilities specified by the Management Board of the Company. In the Company's opinion, it is sufficient from the point of view of its business to provide security in the areas of defined risks.</i>	
III.Z.1.	The management board of the company is responsible for the implementation and maintenance of effective internal control, risk management, compliance and internal audit functions.	<i>In 2016, the Company had no formal internal control, compliance and internal audit system. The tasks related to the audit are carried out by individual organizational units in accordance with the scope of duties and responsibilities specified by the Management Board of the Company. In the Company's opinion, it is sufficient from the point of view of its business to provide security in the areas of defined risks.</i>	As of the date of the publication of the statement, the above principle is applied.
III.Z.2.	Subject to III.Z.3 principle, people responsible for risk management, internal audit and compliance will be directly responsible to the president or other members of the management board and will have the opportunity to report directly to the supervisory board or the audit committee.	<i>In 2016, the Company did not apply the above principle - clarification in the comment to III.Z.1 principle.</i>	As of the date of the publication of the statement, the above principle is applied.
III.Z.3.	With regard to the person in charge of the internal audit function and other people responsible for carrying out its tasks, the principles of the independence specified in the generally accepted international standards of professional practice of internal audit are applied.	<i>In 2016, the Company did not apply the above principle - clarification in the comment to III.Z.1 principle.</i>	As of the date of the publication of the statement, the above principle is applied.
III.Z.4.	At least once a year, a person responsible for internal auditing (in the case of the separation of functions in the company) and the management board present the	<i>In 2016, the Company did not apply the above principle due to incomplete application of III.Z.1 principle by the</i>	As of the date of the publication of the statement, the above principle is applied.

	supervisory board their own assessment of the effectiveness of the systems and functions referred to in III.Z.1 principle, with the corresponding statement.	<i>Company.</i>	
III.Z.5.	The supervisory board monitors the effectiveness of the systems and functions referred to in III.Z.1 principle, based inter alia on the statements that are periodically provided directly to those responsible for those functions and the management board of the company, and annually assess the effectiveness of these systems and functions, in accordance with II.Z.10.1 principle. If the audit committee operates within the company, it will monitor the effectiveness of the systems and functions referred to in III.Z.1 principle, but does not relieve the supervisory board of an annual assessment of the effectiveness of these systems and functions.	<i>The Company did not apply the above principle. In 2016, due to incomplete application of III.Z.1 principle by the Company, the application of this principle by the Supervisory Board was not possible.</i>	As of the date of the publication of the statement, the above principle is applied.
IV.R.2.	If it is justified by the shareholder structure or the company's expectations of shareholders, if the company is able to provide the technical infrastructure necessary for the smooth conduct of the general meeting using electronic means of communication, it will allow the shareholders to participate at the general meeting using such means.	<i>In 2016, the Company did not apply the recommendations. The implementation of this recommendation currently involves the risks such as inter alia: quality of transmission, delays in data transmission, etc., and also undermining the effectiveness of the resolutions adopted by the General Meeting. The Company does not exclude the implementation of this principle in the future.</i>	
IV.Z.2.	If it is justified by the company's shareholding structure, the company will make broadcasting of the general assembly in real time publicly available.	<i>Failure to apply this principle is justified by the technical and financial considerations associated with the possible implementation of this principle, so the Company decides to waive from this principle. In the opinion of the Company, a commonly</i>	

		<p><i>available transmission of the course of the general meeting in a real time is not expected by the shareholders. The current form of documenting the proceedings of the General Meeting allowed to preserve transparency and protect the shareholders' rights. In addition, the information on the adopted resolutions is provided by the Company in a form of current reports, and it is also published on the website www.impexmetal.com.pl.</i></p>	
IV.Z.6.	<p>The Company is committed not to prevent or restrict the exercise of the right to participate in the general meeting of shareholders by cancelling the general meeting, changing the date or ordering a break at the meeting.</p>	<p><i>In 2016, the Company declared the application of the principle in relation to decisions taken by the Management Board within the scope indicated in the principle. i.e. cancellation, change of date or interruption of the General Meeting. However, if the decisions are taken by other qualified entities, based on the provisions of the law, the Company may not guarantee the application of this principle.</i></p>	<p>As of the date of the publication of the statement, the above principle is applied.</p>
IV.Z.9.	<p>The Company will make every effort to draft resolutions of the General Meeting of Shareholders with justification if this facilitates the shareholders to adopt the resolutions with due discernment. If a particular issue is included in the agenda of the general meeting at the request of a shareholder or shareholders, the management board or the president of the general meeting will request for the statement of reasons for the proposed resolution. In important issues or concerns</p>	<p><i>The Company considers the justification of the draft resolutions of the general meeting as good practice. The obligation indicated in this principle may be carried out only if the Company has data available to provide justification or information that will ensure the adoption of a resolution with due discernment. This is the</i></p>	<p>As of the date of the publication of the statement, the above principle is applied.</p>

	of shareholders, the company will provide justification unless it otherwise provides shareholders with the information ensuring that the resolution is resolved with due diligence.	<i>reason that the Company decides to waive the applied principle.</i>	
V.Z.5.	Prior to the conclusion by the company of a material agreement with a shareholder holding at least 5% of the total number of votes in a company or related entity, the Management Board requests the supervisory board to agree to such a transaction. The Supervisory Board, prior to consent, agrees to assess the impact of such transaction on the company's interest. The above obligation is not subject to typical and market-based transactions as a part of the operating activities of the company with the entities being a part of the group of companies of the company. If a decision to conclude a material agreement with a related entity by the company is made by the general meeting, before making such a decision, the company will provide all shareholders with access to the information necessary to assess the impact of the transaction on the interests of the company.	<i>In 2016, the Company's internal documents did not specify the supervisory board's competence to consent to certain agreements concluded by the Company with the affiliates.</i>	As of the date of the publication of the statement, the above principle is applied.
V.Z.6.	In its internal regulations, the company specifies the criteria and circumstances in which a conflict of interest may arise in the company, as well as the principles of conduct in the face of a conflict of interest or the possibility of its occurrence. The company's internal regulations include, but are not limited to, the prevention, identification and resolution of conflicts of interest, as well as the exclusion of a member of the management board or the supervisory board from participation in the consideration of a subject to or at risk of conflict of interest.	<i>Currently, the company does not have internal regulations specifying the criteria and circumstances in which a conflict of interest may arise in the company, as well as the principles of conduct in the face of a conflict of interest or the possibility of its occurrence. After reviewing the practice, the company will consider the possibility of introducing such regulations in the future.</i>	

VI.R.1.	The remuneration of all members of the company's governing bodies and key managers should be derived from the remuneration policy.	<i>The company does not have the adopted remuneration policy. The remuneration principles for the members of the Supervisory Board are specified by the General Meeting of Shareholders and the remunerations of the Management Board are specified by the Supervisory Board. The remuneration of the Management Board is related to the company's financial results. In the annual statement, the company publishes the information on the remuneration of managers and supervisors in accordance with §91 (6) (17) of Regulation of the Minister of Finance on current and periodic information of 19 February 2009 (as amended).</i>	
VI.R.2.	The remuneration policy should be closely related to the company's strategy, its short- and long-term purposes, long-term interests and results, and should include solutions to avoid discrimination for any cause.	<i>The company does not have the remuneration policy. This makes the Company unable to apply this recommendation.</i>	
VI.Z.1.	The motivation programmes should be designed to, inter alia, make the level of the remuneration of the members of the management board and its key managers dependent on the company's long-term financial standing and long-term shareholder value and business stability.	<i>In 2016, the company did not have the motivation programmes. The form and structure of the remuneration of the members of the Management Board are determined by the Supervisory Board.</i>	As of the date of the publication of the statement, the above principle is applied.
VI.Z.2.	In order to relate the remuneration of members of the management board and key managers with the company's long-term business and financial purposes, the period between options or other instruments connected to a company's	<i>In 2016, the principle was not applied, as explained in the comment to VI.Z.1. principle.</i>	

	shares granted under the motivation programme and the possibility to carry out them should be at least 2 years.		
VI.Z.3.	The remuneration of the members of the supervisory board should not depend on options and other derivatives or any other variable components, and should not be subject to the company's performance.	<i>The Company recognizes the discussed principle as good corporate practice. It should be noted, however, that meeting of this obligation is subject to the resolution of the General Meeting of the Company. The company may not guarantee that in the future the shareholders, voting at the General Meeting, will vote in each case in a manner that ensures the adoption of a resolution the effects of which will be consistent with the principle. This is the reason that the Company is forced to waive the applied principle.</i>	As of the date of the publication of the statement, the above principle is applied.
VI.Z.4.	In the activity statement, the Company presents the statement on the remuneration policy.	<i>This principle is not fully applied. In 2016, the Company did not have the adopted remuneration policy. The remuneration policy of the Company's employees is defined in the Company's Regulations of Remuneration. The form and structure of the remuneration of the members of the management board are determined individually by the Supervisory Board.</i>	

THE MAIN CHARACTERISTICS APPLIED IN THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCEDURE OF COMPILING FINANCIAL REPORTS AND CONSOLIDATED FINANCIAL REPORTS

In connection with the need to adapt the procedures existing in Grupa Kapitałowa Boryszew, on the capital market and the transfer of information to the public, to the currently applicable law, i.e. introduced with effect from 3 July 2016, the new rules regarding disclosure of the companies listed on the Warsaw Stock Exchange S.A., on 27 June 2016, the Management Board of Boryszew S.A. adopted a resolution on the adoption of: "The rules of cooperation in carrying out the information obligations within Grupa Boryszew", specifying:

- requirements as to the scope and form of carrying put the information obligations by Boryszew S.A. with the participation of the companies from Grupa Kapitałowa Boryszew,
- valid identification process, circulation and protection of the information within the information obligations carried out by Boryszew S.A. required by the Rules of MAR, the Act on public offering and other legislation, in particular by specifying the rules of conduct of operators required to apply the rules of procedure in connection with the entry into possession of information that are subject to reporting and the information obligations,
- model of cooperation between the companies of Grupa Kapitałowa Boryszew and all organizational units of Boryszew S.A., including the units of the Companies of Grupa Kapitałowa Boryszew and the Office of the Management Board of Boryszew S.A.,
- responsibilities of the management and supervisory units and people having access to confidential information related to access to confidential information and carrying out transaction with the securities of Boryszew S.A. and related financial instruments.

In addition, the Rules clearly specify the responsibility of people involved in the development and verification of the financial statements of the company.

The Chief Financial Officer is responsible for supervising the development and formal verification of the financial statements.

The method and the schedule of the development of the financial statements are specified in a separate document developed by the accounting officer.

The development works of the financial statements are supervised by the accounting officer.

The managers of individual departments of Boryszew S.A. are responsible for timely and accurate provision of the accounting officer with the information which is the subject of the financial statements.

The presidents of the subsidiaries and affiliates, the Managing Directors of the Branches are responsible for the designation of responsible people (agents) for timely and accurate provision the accounting officer with the information which is the subject of the financial statements.

The Company's annual and semi-annual financial statements are also subject to independent auditing and relevant reviewing by a statutory auditor.

The Company manages the risk in relation to the process of the development of the financial statements by following the regulatory changes and external regulations relating to the reporting requirements and develops them well in advance.

The Company constantly updates the accounting principles applied as the basis to develop the financial statements.

In order to ensure the stability of Grupa Kapitałowa Boryszew, the Company coordinates and impacts on the activities of the subsidiaries through their representatives in the statutory units of the companies.

SHAREHOLDERS WHO, DIRECTLY OR INDIRECTLY, HOLD SUBSTANTIAL PACKETS OF SHARES WITH INDICATION OF THE NUMBER OF SHARES HELD BY SUCH PARTIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RESULTING FROM THE SHARES AND THEIR PERCENTAGE SHARE IN THE OVERALL NUMBER OF VOTES AT THE GENERAL MEETING.

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%

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

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

Shareholders:	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik (*)	152 814 120	63,67%	151 654 285	63,189%
including: subsidiaries	24 818 412	10,34%	24 818 412	10,341%
Nationale – Nederlanden Open Pension Fund (**)	14 773 261	6,16%	14 773 261	6,156%
Others	72 412 619	30,17%	73 572 454	30,655%
Total:	240 000 000	100,00%	240 000 000	100,000%

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

*(**) Nationale-Nederlanden Open Pension Fund (in accordance with the notice of 11 January 2017).*

The Company is not aware of any agreements other than those disclosed in point 27 under which changes might occur in future in the proportions of shares held by the existing Shareholders.

The Company did not issue any securities that would confer any special controlling rights on any of its shareholders. All shares are equal, each share entitles to one vote at the General Meeting.

RESTRICTIONS ON EXERCISE OF VOTING RIGHTS OF THE SECURITIES ISSUED BY BORYSZEW S.A.

There are no restrictions on the exercise of voting rights in securities, such as restrictions on the exercise of voting right by the holders of a particular part or number of votes, time limits on exercising voting rights, or records in accordance with which, in cooperation with the company, equity rights related to securities are separated from the possession of securities.

LIMITATIONS ON TRANSFER OF PROPRIETARY RIGHTS TO SECURITIES ISSUED BY BORYSZEW S.A.

The Company's shares are transferable. No limitations exist on the transfer of proprietary rights to securities issued by Company.

PRINCIPLES OF APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND THEIR POWERS

Pursuant to the Company's Articles of Association, duties of the Supervisory Board include appointing and recalling from office the Management Board Members; the Supervisory Board first appoints a President and on his proposal the remaining Management Board Members.

The term of office of the Management Board is three years and is common for all members of the Management Board.

The Management Board, under the chair of the President, manages the Company's affairs and represents the Company.

The powers of the Management Board include all matters which are not reserved either by law or by provisions of the Company's Articles of Association.

RULES ON AMENDING ARTICLES OF ASSOCIATION

Amendments to the Articles of Association require resolution of the General Meeting of Shareholders and must be registered with the National Court Register.

In order to amend the Articles of Association, the Management Board quotes, in the notification on General Meeting of the Company's Shareholders, the provisions then in force and the proposed amendments. If the intended amendments are extensive, the Management Board must also include the proposed consolidated text of the entire Articles of Association in the notification along with a list of its new or amended provisions.

Any amendment to the Articles of Association must be adopted by the General Meeting with the majority of $\frac{3}{4}$ of votes.

In exceptional cases the Articles of Association can be amended not by way of resolution of the General Meeting but by a notarized resolution of the Management Board. This is possible in strictly defined circumstances, as stipulated in the Commercial Companies Code, in case of decrease of the share capital (e.g. redemption of own shares which were not purchased by the Company's employees during the year).

An amendment to the Articles of Association becomes effective upon its registration with the National Court Register. The responsibility for registration of any such amendments lies with the Company's Management Board. The Management Board is obliged to file an amendment to the Articles of Association within 3 months after adoption of relevant resolution. If the given amendment to the Articles of Association consists in increase in the Company's share capital, it may be filed within 6 months of resolving to increase the Company's share capital, and in the event that the consent has been granted to the introduction of a new issue to public trading – within 6 months of the date of such consent being granted, provided that the application for granting of the same is filed no later than four months after resolving to increase the Company's share capital. Resolution on reduction of the share capital should be filed with the National Court Register no later than 6 months after adoption of the same.

While filing an amendment with the registration Court, the Management Board must include the full consolidated text of the Articles of Association.

DESCRIPTION OF THE MANNER IN WHICH THE GENERAL MEETING ACTS, AS WELL AS OF ITS PRINCIPAL POWERS AND THE MANNER OF EXERCISING THE SAME

General Meeting of Shareholder is the ultimate body of the Company.

The General Meeting acts pursuant to the provisions of the Commercial Companies Code and of the Company's Articles of Association. The Company's Articles of Association provide that the General Meeting of Shareholders may adopt the General Meeting Regulations, which stipulate the principles of its functioning. The Regulations of the General Meeting were adopted in the Company. The Company's Articles of Association and the Regulations of the General Meeting are to be found on the corporate web site at www.boryszew.com.pl.

The General Meeting is convoked by the Management Board. The Supervisory Board may convoke an Ordinary General Meeting in the event that the Management Board should fail to convoke the same at the prescribed time, and an Extraordinary General Meeting where they deem it appropriate. Shareholders representing at least half of the share capital or at least half of all votes in the Company may convoke an Extraordinary Meeting of Shareholders. Shareholders appoint the chairman of the Meeting. A Shareholder or Shareholders representing at least $\frac{1}{20}$ of the share capital may demand convocation of an Extraordinary Meeting of Shareholders and placement of specific matters on the agenda of that Meeting.

The General Meeting convoked by the Management Board as an Ordinary General Meeting takes place once per year, no later than in June. In 2016 the Ordinary General Meeting of Boryszew S.A. took place on 15 June.

The agenda of the General Meeting is determined by the Management Board. A Shareholder or Shareholders representing at least 1/20 (one-twentieth) of the share capital may demand placement of specific matters on the agenda of the next General Meeting. Such request should be submitted to the Management Board no later than twenty-one days prior to the date of the Meeting.

The General Meeting is convoked by way of notification published on the Company's website and in the manner prescribed for passing current information according to the provisions of law. Such notification must be published at least twenty-six days before the date of the General Meeting.

The General Meeting of Shareholders is valid regardless of the number of shares represented and resolutions of the General Meeting are adopted with absolute majority of votes cast, unless the Commercial Companies Code or the Articles of Association provide otherwise.

Pursuant to the Articles of Association of Boryszew S.A., apart from other matters stipulated by the Commercial Companies Code, the following matters require a resolution of the General Meeting of Shareholders:

- considering and approval of the Management Board's report on the Company's activities and financial statements for the previous year,
- adopting a resolution on distribution of profit or covering of loss,
- acknowledgement of fulfilment of duties by member of the Company's governing bodies,
- amending the Company's Articles of Association, including increasing and decreasing the share capital and changing the object of the Company's activities,
- decisions concerning claims to remedy a loss inflicted upon incorporation of the Company or upon exercising management or supervision of the same.
- appointment and dismissal of members of the Supervisory Board,
- determining the principles of remuneration for members of the Supervisory Board and the amount of their remuneration,
- redemption of shares or determining terms of such redemption,
- issue of senior bonds or convertible bonds,
- disposal or lease-out of the enterprise or of an organized part of the same, and establishing a limited right in rem on the same,
- dissolution of the Company and appointment of liquidators,
- establishing the record date for the purposes of dividend and the date of dividend payment.

The General Meeting of Shareholders may resolve to refrain from considering a matter placed on the agenda only for important reasons. Resolutions on removal of a matter from the agenda or on refraining from consideration of any matter placed on the agenda at the request of Shareholders require the majority of 75% of votes cast, provided that those Shareholders present at the General Meeting who petitioned that the matter be placed on the agenda have already granted their consent to removal of the same from the agenda or to refraining from consideration of the same.

All matters raised at the General Meeting are first presented to the Supervisory Board for consideration.

Shareholders participate in the General Meeting in person or by a proxy.

The power of attorney to participate in the General Meeting and to exercise the voting right must be made in writing to be valid.

The power of attorney to participate in the General Meeting of a public corporation and to exercise the voting right must be granted in writing or in an electronic form. Power of attorney granted in an electronic form does not require confirmation with a secure electronic signature having a valid qualified certificate.

A member of the Management Board and an employee of the Company may serve as proxies at the General Meeting of a public corporation.

If a member of the Management Board, a member of the Supervisory Board, a liquidator, an employee of a public corporation, or a member of governing bodies or an employee of a company or a cooperative being a subsidiary of that corporation serves as a proxy at the General Meeting, the power of attorney may authorise such person to participate in only one General Meeting. The proxy is obliged to disclose to the Shareholder any circumstances indicating existence of a possible conflict of interests. Granting of a further power of attorney shall be excluded.

The proxy votes in accordance with instructions given by the Shareholder.

The principles of participation in General Meetings and of exercising the voting rights are regulated by the Rules of the General Meeting of Shareholders of Boryszew S.A.

Voting at the General Meeting of Shareholders is open. A secret ballot is to be ordered at elections of and upon voting upon motions to dismiss members of the Company's governing bodies or liquidators of the Company, or on holding them accountable, as well as in personnel matters. Also, a secret ballot is to be ordered when requested by at least one of the Shareholders present or represented at the General Meeting.

Resolutions of the General Meeting of Shareholders are passed with simple majority of votes, unless provisions of the Commercial Companies Code stipulate otherwise.

As per the practice adopted by the Company, all relevant materials for the General Meeting of Shareholders are made available to the shareholders in accordance with the applicable provisions of the Commercial Companies Code and of the Regulation of the Council of Ministers dated 19 February 2009 on current and periodical information to be provided by issuers of securities and on conditions under which information required by laws of another state, other than a Member State, can be considered equivalent (Journal of Laws no. 33, item 259 of 2009 as amended).

Pursuant to the Rules of the Sessions of General Meeting of Shareholders, the Chairperson oversees proper and efficient proceedings of the Meeting. Chairperson of the General Meeting of Shareholders also ensures that rights and interests of all Shareholders are respected. The Chairperson must not resign the position without important reason.

PERSONAL COMPOSITION AND PRINCIPLES OF FUNCTIONING OF MANAGING AND SUPERVISORY BODIES AND THEIR COMMITTEES

SUPERVISORY BOARD

Pursuant to the Company's Articles of Association, the Supervisory Board is composed of at least five members. Members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders. Any member of the Supervisory Board whose mandate expired during the Board's term of office must be compulsorily replaced by the Supervisory Board with another person appointed to hold the position. Appointment of members of the Supervisory Board during the Supervisory Board's term of office must be approved by the next General Meeting of Shareholders. Should the General Meeting of Shareholders refuse to approve any of the new members of the Supervisory Board appointed during the Supervisory Board's term of office, the General Meeting will elect a new member of the Supervisory Board to replace the person who was not approved.

The term of office of a member of the Supervisory Board is three years and is common for all members of the Supervisory Board.

The Supervisory Board, on its first meeting, elects its Chairperson, Deputy Chairperson and Secretary from among its members, in secret ballot.

The Supervisory Board exercises continuous supervision over the Company's operation in all fields of its activity. Members of the Supervisory Board when performing their functions have regard to the interests of the Company. The emphasis of the Supervisory Board includes measures to improve the efficiency of management of the Company to obtain maximum financial performance of the Company as well as increase its stock market value and ensure its long-term development.

The tasks of the Supervisory Board include:

- approving annual business plans of the Company and long-term Company's growth plans,
- assessment of the Management Board's report and financial statements for previous financial year in terms of compliance with books, documents and facts as well as proposals of the Management Board on distribution of profit or coverage of loss and submitting annual written report to the General Meeting of Shareholders on the results of the assessment,
- determining the number of the Management Board members, appointing and dismissing any or all Members of the Company's Management Board,
- suspending from service, for important reasons, of any or all Members of the Company's Management Board
- determining the remuneration for Management Board members,
- delegating Members of the Supervisory Board, for a period not longer than three months, to temporarily perform duties of Members of the Management Board who have been dismissed, resigned or are unable to perform their duties for other reasons.
- selecting statutory auditors for conducting the audit of the financial statements,
- approving proposals of the Management Board to establish and discontinue branches and other organized units of the Company,
- approving acquisition and disposal of real estate property, perpetual usufruct or share in real estate,
- approving transactions concerning subscribing to, disposal or acquisition of shares and stocks where the transaction value exceeds 1/20th of the Company's share capital,
- approving acquisition and disposal of fixed assets the value of which exceeds 1/20th of the Company's share capital,
- approving conclusions by the Company of loan, borrowing agreements, grating guarantees and sureties if the value exceeds in each case 1/20th of the Company's share capital,
- adopting the consolidated text of the Company's Articles of Association for internal purposes of the Company,
- approving draft resolutions submitted by the Management Board to the General Meeting of Shareholders,
- determining the issue price of new shares approving proposals of the Management Board on concluding an agreement with a sub-issuer,
- adoption of the Regulations of Management Board and Company's Organizational Rules,

The Supervisory Board holds its meetings as required, but not less than three times a year. Meetings of the Supervisory Board are convened by its Chairman on his or her own initiative or at the request of the authorised parties. Should a meeting be requested by the Management Board or a member of the Supervisory Board, the Chairman of the Supervisory Board is obliged to convene a meeting within two weeks of receipt of such request. If the Chairman fails to convene a meeting of the Supervisory Board the applicant may convene such independently specifying the date, time and proposed agenda.

Validity of resolutions of the Supervisory Board requires proper notice of the meeting of all the members of the Supervisory Board and presence of at least half of the members of the Supervisory Board, including the Chairman or Vice-Chairman.

The agenda of the meeting of the Supervisory Board is determined 5 days before the scheduled date of the meeting and approved by the Chairman and then submitted to the members of the Supervisory Board along with other materials, unless extraordinary circumstances exist justifying shortening of this period. The agenda may be amended or supplemented if all members of the Supervisory Board are present and express consent.

In emergency, the Chairman of the Supervisory Board may order another way to notify members of the Board on the date of the meeting.

In order to enable the Supervisory Board to exercise constant supervision over the Company, the Management Board provides basic financial information on the Company and Boryszew Capital Group as well as information on any events that could significantly affect the results of operations or the state of the Company's assets.

Management Board members are invited to attend meetings of the Supervisory Board and in the case of discussing matters concerning them directly, in particular: removal, responsibilities and remuneration of the Management Board Members, Supervisory Board meetings held without participation of the Management Board members. Meetings of the Supervisory Board may also be held without formal convocation if all members of the Supervisory Board were notified and agree to hold a meeting and include specific items on the agenda. The Supervisory Board adopts resolutions only on matters included in the agenda. The Chairman administers and leads the work of the Supervisory Board and represents it to other bodies of the Company and other parties.

At each meeting of the Supervisory Board the Management Board reports on all relevant matters associated with Company's operations. In urgent matters the members of the Supervisory Board are notified by the Management Board by circulation. The President may, on their own initiative or upon a written motion of Management Board or members of the Supervisory Board, invite other persons to the meeting, in particular employees of the Company, who are responsible for the issues discussed.

The Supervisory Board may - without prejudice to the competences of other bodies of the Company - express opinions on all matters of the Company, including motions and proposals to the Management Board, which, in such case, is obliged to submit to the Chairman information on the intended use of these motions and proposals within twenty one days from the date of submission.

Members of the Supervisory Board may exercise their rights and carry out their duties in person.

Supervisory Board resolutions are adopted by an absolute majority of votes, i.e. with the number of votes exceeding half of valid votes when at least half of the Supervisory Board members are presents and all members were invited.

In the event of a tie in the voting the Chairman has the casting vote.

The Supervisory Board may pass resolutions in writing or using direct means of distance communication. The resolution is valid if all member of the Supervisory Board have been notified of the contents of the draft resolution.

Members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing, acting through another Member of the Supervisory Board who attends the meeting.

The procedure of casting a vote in writing cannot be applied with respect to matters added to the agenda in the course of the given meeting of the Supervisory Board. The voting is open.

A secret ballot is ordered for elections and dismissal of the Chairman, Vice Chairman or Secretary of the Board as well as on appointment and dismissal of members of the Management Board and on suspending duties, for important reasons, of individual members or the entire Management Board, and also at the request of any member of the Board, participating in the meeting.

Meetings of the Supervisory Board are minuted. The minutes are to be signed by all members present during the meeting. List of attendance at the meeting is attached to the minutes.

The administrative and technical support for the Supervisory Board is provided by the Management Board, by appointing from employees of the Company the person directly responsible for handling and documentation of meetings of the Board.

Members of the Management Board must notify the Supervisory Board on any existing conflict of interest resulting from their performed functions. Statement format is determined by the Regulations of the Supervisory Board.

Remuneration of the members of the Supervisory Board is determined by the General Meeting, subject to the remuneration of Supervisory Board members, delegated to temporarily perform the duties of a member of the Management Board, being determined by resolution of the Supervisory Board.

The total remuneration of all members of the Supervisory Board, as well as each of individual members of the Board, is disclosed in the annual report.

Detailed principles of operation of the Supervisory Board are determined in the Rules for Supervisory Board of Boryszew S.A.

Supervisory Board Committees

The Audit Committee or the Remuneration Committee were not extracted from the structure of the Supervisory Board. In accordance with the resolution of the General Meeting of Shareholders of Boryszew S.A. no. 20/2011 of June 7 2011, during the period when the Supervisory Board of Boryszew S.A. consists of no more than 5 members, its task is entrusted to the Audit Committee.

The statutory tasks in this regard include, in particular:

- monitoring of the financial statement process;
- monitoring of the effectiveness of the internal control systems, internal audit and risk management;
- monitoring of the execution of audit activities;
- monitoring of the independence of the statutory auditor and the entity authorised to audit financial statements, including in the case of the provision of services referred to in article 48 (2) of the Act on statutory auditors (...), such as e.g. service of accounting books and tax books keeping, tax consultancy.

In addition, while carrying out the tasks of the Audit Committee, the Supervisory Board is aware of the written information of the entity authorized to audit financial statements of significant issues related to auditing activities, including in particular significant irregularities in the entity's internal control system with regard to financial statements, threats of independence of the entity entitled to audit financial statements and actions taken to reduce these risks.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

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 Ordinary General Meeting of Boryszew S.A appointed Mr Piotr Lisiecki from the Supervisory Board.

As at 31 December 2016 until the date of approval of this report for publication, 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.

CVs OF MEMBERS OF THE SUPERVISORY BOARD OF BORYSZEW S.A.:

JANUSZ SIEMIENIEC - CHAIRMAN OF THE SUPERVISORY BOARD BORYSZEW S.A.

Member of the Supervisory Board of Boryszew S.A. since 2014.

Mr Janusz Siemieniec is a graduate from Wrocław University of Technology - Faculty of Electrical Engineering.

He completed training courses at the French Institute of Management (IGF) in management of enterprises and training courses for members of management and supervisory boards of commercial companies, organized by the Ministry of Treasury.

In 1981 - 1990 he worked on management positions in the energy and mining industry.

In 1990 - 2000 he was employed as director of KWK Nowa Ruda in Nowa Ruda and Chairman of the Supervisory Board of Węgłozbyt SA.

In 2000 - 2006 he served as President of the Management Board for Restrukturyzacji Kopalń SA in Katowice, member of the Supervisory Board of Kopex SA.

In 2006 - 2013 he managed investment projects in renewable energy sector, member of management board of investment companies NordWind sp. z o.o., NordEnergy sp. z o.o.

Since 2014, he has been Vice-President on Operating Issues in Alchemia S.A.

Mr. Janusz Siemieniec is a member of the Supervisory Board of Hutmen S.A.

ARKADIUSZ KRĘŻEL – VICE CHAIRMAN OF THE SUPERVISORY BOARD BORYSZEW S.A.

Arkadiusz Krężel was appointed to the Supervisory Board of Boryszew S.A. in 2006.

He graduated from the Silesian University of Technology in Gliwice, majoring in Automation and Electrification of Mining.

In 1981 - 1992 he worked for "Kazimierz – Juliusz" Coal Mine in Sosnowiec.

In 1992 - 2006 he served as President of the Industrial Development Agency S.A.

In 1981 - 1992 he worked for "Kazimierz – Juliusz" Coal Mine in Sosnowiec.

Since 1991, he has served on Supervisory Boards of a number of companies from different industries, including: Państwowa Agencja Węgla Kamiennego S.A., Polski Bank Rozwoju S.A., Polskie Koleje Państwowe S.A., PLIVA Kraków Zakłady Farmaceutyczne S.A., Centrala Zaopatrzenia Hutnictwa S.A.. He is a member of the Management Board of the Franco - Polish Chamber of Commerce in Paris and Polish - Japanese Economic Committee.

MR MIROSLAW KUTNIK – SECRETARY OF THE SUPERVISORY BOARD BORYSZEW S.A.

Member of the Supervisory Board of Boryszew S.A. since 2011.

Mr Mirosław Kutnik graduated in 1989 from the Faculty of Law at the Nicolaus Copernicus University in Toruń, earning his master's degree in law. In 1994 he was entered in the list of legal advisers under TR - 467 of the District Chamber of Legal Advisers in Toruń.

In 1995 - 2005 was ran a General Counsel Practice in Toruń, and since 2005 he has been the Managing Partner of "Kutnik, Kalinowski and Partners" in Toruń.

Since 2005 he has been an advisor to the President of the Confederation of Polish Employers for the promotion of employment and vocational and social rehabilitation of persons with disabilities. Furthermore, he is an expert of the Tripartite Commission for the amendment of legislation on professional rehabilitation and employment of disabled persons.

Since 2002 he sits on boards of public companies.

Mr Mirosław Kutnik is an expert in tax law, constitutional law, aid law. He was an attorney in a number of proceedings before the Constitutional Court.

PIOTR LISIECKI – MEMBER OF THE SUPERVISORY BOARD OF BORYSZEW S.A.

Member of the Supervisory Board of Boryszew S.A. since 15 June 2016.

Mr. Piotr Lisiecki is a graduate of the Nicolaus Copernicus University in Toruń, Faculty of Physics and Astronomy. He was a scholarship holder of the University of Leeds and graduated from postgraduate course on the Poznań University of Economics, Faculty of Management and Marketing.

From August 1999 to June 2000, he worked in AIB Bank in Dublin under secondment.

From July 1995 to August 2010, he worked in BZ WBK S.A. (formerly WBK S.A.), where his career involved IT Systems Administrator, Team Manager, Branch Manager for the Director of the Companies Banking Centre.

From September 2010 to April 2012, he was the Managing Director of the Department of Corporate Banking Centres in Kredyt Bank S.A.

From April 2012 to May 2013, he held the position of Director in the Department of Corporate Clients in DZ Bank S.A.

From June 2013 to March 2016, Mr. Piotr Lisiecki worked at Bank Ochrony Środowiska S.A. where firstly he was Managing Director of the Corporate Sales Department and then Vice-President of the Management Board of Bank Ochrony Środowiska S.A.

MAŁGORZATA WALDOWSKA – MEMBER OF THE SUPERVISORY BOARD BORYSZEW S.A.

Member of the Supervisory Board of Boryszew S.A. since 2015.

Ms Małgorzata Waldowska graduated from the Law and Administration Faculty of Nicolaus Copernicus University in Toruń.

Since 2012 she has held of office of the President of Management Board for Przedsiębiorstwo Badań Geofizycznych Sp. z o.o. based in Warsaw. In recent years she was temporarily the President of the Management Board for NFI Krezus S.A., Taleja Sp. z o.o. and Nova Capital Sp. z o.o. and a Member of the Supervisory Board for NPA Skawina Sp. z o.o., Krezus S.A.

Today Ms Małgorzata Waldowska is a member of the Supervisory Board for: Hutmen S.A. Eastside-Bis Sp. Z o.o. and Skotan S.A.

MANAGEMENT BOARD OF THE COMPANY

Pursuant to the Company's Articles of Association of Boryszew S.A., the Company's Management Board is composed of one to five persons, including: President of the Management Board, up to two Vice-Presidents and members of the Management Board.

The term of office of the Management Board is three years and is common for all members of the Management Board.

The Management Board, under the chair of the President, manages the Company's affairs and represents the Company.

The Board is responsible for the fair conduct of the Company's affairs and implementation of its statutory functions, in accordance with law and good practice.

All matters that are not reserved for the competence of the General Meeting of Stockholders and the Supervisory Board fall within the competence of the Management Board. The Management Board prepares the strategy of the Company and is responsible for its implementation and execution. The strategy is subject to approval by the Supervisory Board. The Management Board of the Company carefully analyses all actions and decisions.

A resolution of the Management Board is required in matters falling beyond the scope of ordinary management, in particular on:

- incurring loans,
- issuing sureties and guarantees
- disposal and acquisition of fixed assets,
- approval for publication of midyear and annual Management Board's reports on the activities of the Company and of the Capital Group, as well as financial statements of the Company and consolidated statements of the Capital Group,
- proposals for profit distribution or loss coverage,
- adoption of the growth programme for the Company and for the Capital Group,
- adoption of the budget of the Company and of the Capital Group,
- establishing of proxies,
- appointing, on the basis of civil law, representatives to perform certain tasks within the limits of their authorisation (with the exception of one-time power of attorney to perform certain legal actions and powers of attorney to sign the papers and documents that do not result in incurring liabilities by the Company or disposing property rights of the Company as well as power of attorney ad litem)
- approving the remuneration system and work regulations based on agreements with the trade unions,
- taking a position on issues commissioned by the Supervisory Board in the form of a resolution.

Subject to the current acquisition of own shares, the Management Board has no other individual entitlements within the acquisition of own shares. In addition, the Management Board has no entitlement within the decision on the issuance of shares.

The Board recommends to the Supervisory Board the appointment of an auditor, upon analysis of the tenders submitted.

Authorized to make declaration of will and sign documents on behalf of the Company are: the President of the Management Board acting independently or two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a commercial proxy.

The Management Board convenes on as-needed basis. Management Board meeting can be participated by employees of the Company or other persons, competent for the matters discussed.

Statutory functions of the Management Board are implemented in the form of:

- resolutions passed during the meetings of the Management Board,
- motions to the Supervisory Board, General Meeting of Shareholders or court,
- declarations of will,
- implementing resolutions of the Supervisory Board and the General Meeting of Shareholders.

Resolutions of the Management Board are adopted by an absolute majority of votes. In case of a tied vote, the President has the casting vote.

A member of the Management Board, absent during a meeting, shall acknowledge and follow, on the first day at work after absence, resolutions passed during his or her absence, confirming it with a signature on the original copy of the minutes.

Meetings of the Management Board are minuted and signed by members of the Management Board present during the meeting.

Members of the Management Board must notify the Supervisory Board on any existing or potential conflict of interest resulting from their performed functions.

The principles of remuneration of the Management Board members are determined by the Supervisory Board of the Company, considering the responsibilities and function as well as the economic and financial situation of the Company.

The aggregate remuneration of all members of the Management Board and of individual members of the Management Board, with details on individual elements of remuneration, is disclosed in the annual report.

The Management Board makes every effort to ensure that the Company conducts an effective economic activity, respecting the interests of all groups of shareholders and other groups associated with the Company's interest.

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

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 – Member of the Management Board, Director for Development,

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 at 31 December 2016 until the date of approving this report for publication the composition of the Supervisory Board was follows:

Mr Jarosław Michniuk – President of the Management Board, CEO,

Mr Aleksander Baryś – Member of the Management Board, Chief Financial Officer,

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

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

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

CVs OF MEMBERS OF BORYSZEW S.A. MANAGEMENT BOARD

JAROSŁAW MICHNIUK – PRESIDENT OF THE MANAGEMENT BOARD

President of the Management Board, CEO of Boryszew S.A. from 1 October 2016.

Mr. Jarosław Michniuk graduated from the Warsaw University of Technology, Faculty of Mechanical Engineering with a specialization in plastic processing, obtaining a master's degree in engineering.

From 1982 to 1984, he worked as an engineer of processes in Polskie Nagrania;

From 1985 to 1989, he was a researcher and technologist in the Institute of Electron Technologies in Warsaw;

From 1988 to 1989, Chief Technologist in the Plant of Specialised Electronic Systems in Toruń.

In 1990, the technical and trade advisor, representing Plaskon from Rohm and Haas group in Central and Eastern Europe.

In 1991, a 20-year cooperation with BASF was started; a career path from the position of sales representative, product manager, then the Director and Member of the Management Board of BASF Polska, responsible for sales of BASF and Basell plastics in Poland.

From 2001-2004, BASF, the position of Regional Director of Selling of styrene plastics in Central and Eastern Europe;

2004 – 2008, BASF, Director of Marketing in Europe (Germany), then: acting as Vice-President of the Group in North America (Mexico);

2008-2011, BASF, the position of Senior Vice-resident of styrene plastics in Europe, Africa and the Middle East.

From July 2011 to August 2016, President of the Management Board of Selena FM S.A., the parent unit of Selena Group, a global producer of construction chemicals with its registered office in Wrocław.

ALEKSANDER BARYŚ – MEMBER OF THE MANAGEMENT BOARD

Member of the Management Board, CEO of Boryszew S.A. since 1 October 2016.

Mr. Aleksander Baryś graduated from the Warsaw School of Economics (Finance and Banking), and obtained a master's degree in economics; in addition, he studied at the University of Mannheim (Germany). Since 2008, he has had the CFA title (Chartered Financial Analyst), is a member of the CFA Society of Poland.

From 2003 to 2008, he worked in companies of Grupa Kapitałowa PKN ORLEN (financial controller in Basell Orlen Polyolefins Sp. z o.o. and Deputy Director of Unipetrol in PKN ORLEN S.A.).

In the years 2009-2016, related CIECH Group, positions: Head of Financial and Accounting Division in CIECH S.A. (2009-2014), President of the management boards of the companies of CIECH Soda Deutschland (2014-2016), Director of Group Management Office in CIECH S.A. (2016), and a member of the supervisory boards of the companies of CIECH Group.

Mr. Aleksander Baryś was also a member of the Supervisory Board of Magellan S.A. and a member of the Supervisory Board of Elemental Holding S.A.

MIKOŁAJ BUDZANOWSKI – MEMBER OF THE MANAGEMENT BOARD

Member of the Management Board, Director of Development of Boryszew S.A. since 26 July 2013.

Mr Mikołaj Budzanowski is a graduate of the Jagiellonian University. In 2004 he received the degree of Doctor of Humanities.

He was a listener at Stanford Executive Institute, Stanford University (Management Science and Engineering) and received scholarship from the Japanese Sasakawa Foundation (Nippon Foundation), Deutsch Akademischer Austausch Dienst (DAAD).

From July 2004 to December 2007, he was an adviser to the Polish delegation to the European Parliament in Brussels.

In 2008 he served as Director of the Department of Climate Change in the Ministry of Environment.

In 2008 - 2009 - Director in the Ministry of State Treasury, supervising strategic companies in the oil and gas sector. He was responsible for, inter alia, preparation of special act for the construction of the LNG terminal in Świnoujście and associated investments.

Between 2009 and 2011 – Vice-Minister for State Treasury.

In 2011 - 2013 - Minister of Treasury, responsible for overseeing strategic companies in the oil and gas sector and diversification projects, including construction of the LNG terminal in Świnoujście, shale gas exploration and development of infrastructure for exploitation and transmission of energy resources. Initiator of new energy and mining projects in Poland. Responsible for the integration of the chemical sector around Azoty Group. He oversaw and completed the process of price negotiations for the Yamal contract in 2012.

CEZARY PYSZKOWSKI – MEMBER OF THE MANAGEMENT BOARD

Member of the Management Board, Director of Automotive Sector Development of Boryszew S.A. since 1 January 2015.

Mr Cezary Pyszkowski holds the title of Master of Arts in Economics of Szczecin University. He graduate a post graduate programme at SGH in Warsaw. He is also a bachelor of Zachodniopomorska Szkoła Biznesu. He also studied at Banking and Management Academy, Bocconi University, Milano.

Mr Cezary Pyszkowski has years of experience in investment banking. In 2008 - 2014 he worked for UniCredit CAIB Poland SA, where he held several leadership positions, and where from 2012 he worked as Managing Director, Corporate & Investment Banking. Before that he was employed by CDM Pekao S.A. (2008 – 1997) and by Pomorski Bank Kredytowy S.A. (1997 – 1995).

PIOTR SZELIGA – MEMBER OF THE MANAGEMENT BOARD

Member of the Management Board, Director of Metals Segment of Boryszew S.A. since 1 October 2016.

Mr Piotr Szeliga is a graduate the Cracow University of Economics in Cracow and Stockholm University/Stockholm International Banking Institute. A certified auditor (registered under No. 10363) and holder of the ACCA Diploma in International Financial Reporting.

In 1996 - 2000 he was employed in Arthur Andersen Sp. Ltd., most recently as Experienced Senior Consultant - Project Manager.

Between 2000 and 2003 he held the position of Financial Controller for ce-market.com.

Between 2003 and 2012 he was employed with Impexmetal S.A. in turn as: Finance Director for Planning and Development of the Capital Group, Accounting Director; acting CFO as well as CFO and Management Board member In September 2007 he was appointed the President of the Management Board, General Manager of Impexmetal S.A.

He has been employed by Boryszew since 2006, in functions such as Accounting Director, acting CFO and Management Control Advisor.

Mr Piotr Szeliga performs supervisory duties in companies of Boryszew Capital Group: Impexmetal, S.A., Hutmen S.A., HMN Szopienice S.A. w likwidacji, ZM Silesia S.A., Baterpol S.A., FŁT Polska Spółka z o.o., Eastside – Bis Sp. z o.o.

DESCRIPTION OF THE DIVERSITY POLICY

The company did not develop a formal document containing the description used by the company in relation to the authorities of the company and its key managers. The selection of members of the Management Board and key managers in the Company is based on the experience, qualifications and competences of the candidates in accordance with the applicable laws on equal treatment of employees. The company strives to ensure diversity in terms of gender, education, age and professional experience for all of its employees, with particular reference to the authority of the company and its key managers.

On the Company's website: www.boryszew.com.pl all corporate documents of the Company and current and periodic information can be found.

The Company also runs its website in English.

SIGNATURES OF MEMBERS OF THE 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
