



Boryszew S.A.

**THE REPORT ON THE ACTIVITIES OF
CAPITAL GROUP BORYSZEW
IN THE FIRST HALF OF 2018**

Date of approval of the statement to be published:

30 August, 2018



CONTENTS	PAGE
1. INTRODUCTION.....	2
2. APPROVAL OF THE STATEMENT TO BE PUBLISHED	3
3. APPLIED ACCOUNTANCY POLICIES	3
4. SIGNIFICANT ACHIEVEMENTS OR FAILURES IN THE CURRENT PERIOD	6
5. FACTORS AND EVENTS, IN PARTICULAR UNUSUAL, INFLUENCING ON THE RESULTS OF THE CURRENT PERIOD	18
6. DESCRIPTION OF BASIC THREATS AND RISKS.....	18
7. EXPLANATIONS CONCERNING SEASONALITY OF THE COMPANY'S OPERATIONS IN THE PRESENTED PERIOD	21
8. REVENUES AND RESULTS ACCORDING TO SPECIFIC SEGMENTS OF OPERATIONS FROM THE BEGINNING OF THE CURRENT YEAR.....	21
9. THE INFORMATION ON ISSUING, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES.....	24
10. PAID OR DECLARED DIVIDEND	25
11. EVENTS WHICH OCCURRED AFTER THE DATE OF THE FINANCIAL STATEMENT, NOT INCLUDED IN THIS STATEMENT THAT COULD SIGNIFICANTLY INFLUENCE ON THE GROUP'S FUTURE RESULTS	25
12. CHANGES OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS.....	25
13. DESCRIPTION OF THE ORGANIZATION OF THE ISSUER'S CAPITAL GROUP.....	26
14. EFFECTS OF CHANGES IN THE GROUP'S STRUCTURE FROM THE BEGINNING OF THE YEAR, INCLUDING CONNECTING OF THE BUSINESS ENTITIES, TAKEOVER OR SALE OF SUBSIDIARIES AND LONG-TERM INVESTMENTS, RESTRUCTURING AND DISCUSSING OPERATIONS	29
15. THE POSITION OF THE MANAGEMENT BOARD AS REGARDS TO THE POSSIBILITY OF EXECUTION OF PREVIOUSLY PUBLISHED FORECASTS OF THE FINANCIAL RESULT FOR THE CURRENT YEAR.....	29
16. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5% OF THE GENERAL NUMBER OF VOTES AT THE GENERAL MEETING OF THE COMPANY AS WELL AS AS AT THE DATE OF THE PROVISION OF THE STATEMENT	29
17. CHANGES IN THE PROPERTY STRUCTURE OF SIGNIFICANT SHAREHOLDING PACKAGES OF THE COMPANY IN THE PERIOD FROM THE PROVISION OF THE PREVIOUS PERIOD STATEMENT - SHARE OF VOTES AT THE GENERAL MEETING OF THE COMPANY.....	30
18. PERSONS MANAGING AND SUPERVISING THE COMPANY - CHANGING THE STATUS OF HELD SHARES OR OPTIONS FOR SHARES IN THE CURRENT PERIOD FROM THE DAY OF SUBMISSION OF THE PREVIOUS STATEMENT	31
19. PROCEEDINGS PENDING BEFORE A COURT, COMPETENT AUTHORITY FOR THE ARBITRATION OR PUBLIC ADMINISTRATION	31
20. CONCLUSION BY THE COMPANY OR THE SUBSIDIARY OF ONE OR MORE IMPORTANT TRANSACTIONS WITH THE AFFILIATES.....	33
21. INFORMATION ON CREDIT OR LOAD SURETIES GRANTED BY THE COMPANY OR THE SUBSIDIARY OR GRANTING THE GUARANTEE - ONE SUBSIDIARY OR AFFILIATE IN TOTAL, IF THE TOTAL VALUE OF EXISTING SURETIES OR GUARANTIES IS SIGNIFICANT.....	38
22. OTHER INFORMATION SIGNIFICANT TO THE ASSESSMENT OF THE HUMAN RESOURCES SITUATION, ASSETS, FINANCIAL SITUATION AND THE FINANCIAL RESULT OF THE COMPANY AND THEIR CHANGES, AND INFORMATION SIGNIFICANT TO THE ASSESSMENT OF THE LIABILITIES IMPLEMENTATION	41
23. FACTORS WHICH WILL INFLUENCE ON THE RESULTS ACHIEVED BY THE COMPANY WITHIN AT LEAST THE NEXT QUARTER.....	41
24. STATEMENT OF THE MANAGEMENT BOARD.....	42



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 10.000 people.

SUPERVISORY BOARD OF BORYSZEW S.A.

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

Mr Janusz Siemieniec - Chairman of the Supervisory Board

Mr Piotr Lisiecki – Deputy Chairman of the Supervisory Board

Mr Mirosław Kutnik – Secretary of the Supervisory Board

Mr Jarosław Antosik – Member of the Supervisory Board

Mr Arkadiusz Krężel – Member of the Supervisory Board

Ms Małgorzata Waldowska – Member of the Supervisory Board

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

MANAGEMENT BOARD OF BORYSZEW S.A.

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

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

Mr Aleksander Baryś – Member of the Management Board, CFO,

Mr Mikołaj Budzanowski – Member of the Management Board

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

Mr Piotr Szeliga – Member of the Management Board, Director for Metal Segment

On 19 January 2018 Mr Jarosław Michniuk handed over his resignation as the Vice-President of the Management Board. effective as of 19 January 2018. Mr Piotr Szeliga was holding the position of Company's CFO.



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

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

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

Mr Aleksander Baryś – Member of the Management Board, CFO

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

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

No changes in the composition of the Company's Management Board occurred between 30 June 2018 and the date of publication of the report.

2. APPROVAL OF THE STATEMENT TO BE PUBLISHED

This Report of the Capital Group Boryszew in the first half of 2018, being an integral part of the interim audit of the shortened standardized financial report of Capital Group Boryszew for 1 January 2018 to 30 June 2018, was approved for publication by resolution of the Management Board of 30 August 2018 and presents the Capital Group's Boryszew position in accordance with the requirements of law for the period from 1 January 2018 to 30 June 2018 with regard to the events that occurred up to the date of approval of this report for publication.

A large part of the information contained in this business report has been described in more detail in the Company's current reports available, among other places, on the Company's website at: www.impexmetal.com.pl, where other information on the Company and Capital Group can also be found.

3. APPLIED ACCOUNTANCY POLICIES

The information included in the financial statement for the first half of 2018 was prepared in accordance with Regulation of the Minister of Finance of 29 March 2018 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 (the Journal of Laws 2018.757 of 20 April, 2018) and International Accounting Standard 34 (IAS 34) "Interim Financial Statement".

The accounting principles and calculation methods used by the Group did not change in the first half of 2018, they were presented in detail in the consolidated annual statement for 2017, published on 26 April 2018.



THE CONSOLIDATED FINANCIAL STATEMENT COVERED THE FOLLOWING COMPANY:

Company name	Registered office	share of the Parent Company in the capital (%)	Subsidiary of:	Business segment
Boryszew S.A. :	Warsaw		Parent Company	
<i>Headoffice</i>	Warsaw			Other
<i>Elana Branch in Toruń</i>	Toruń			Chemistry
<i>Energy Branch in Toruń</i>	Toruń			Other
<i>Data Center Branch in Toruń</i>	Toruń			Other
<i>Maflow Branch in Tychy</i>	Tychy			Automotive
<i>NPA Branch Skawina</i>	Skawina			Metals
<i>Boryszew ERG Branch</i>	Sochaczew			Chemistry
<i>Nylonbor Branch</i>	Sochaczew			Chemistry
Elimer Sp. z o.o.	Sochaczew	52,44	Boryszew S.A.	Chemistry
Torlen Sp. z o.o.	Toruń	100	Boryszew S.A.	Chemistry
Elana Pet Sp. z o.o.	Toruń	100	Boryszew S.A.	Chemistry
Elana Energetyka Sp. z o.o.	Toruń	100	Boryszew S.A.	Other
SPV Boryszew 3 Sp. z o.o.	Warsaw	100	Boryszew S.A.	Other
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji	Warsaw	100	Boryszew S.A.	Inactive
Boryszew Components Poland Sp. z o.o.	Toruń	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100	Boryszew S.A.	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100	Boryszew S.A.	Automotive
Maflow Polska Sp. z o.o.	Warsaw	100	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Włochy	100	Boryszew S.A.	Automotive
Maflow Spain Automotive S.L.U	Hiszpania	100	Boryszew S.A.	Automotive
Maflow France Automotive S.A.	Francja	100	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brazylia	100	Maflow Polska Sp. z o.o.	Automotive
Maflow Components Dalian Co. Ltd	Chiny	100	Maflow Polska Sp. z o.o.	Automotive
Maflow India Private Limited	Indie	100	Boryszew S.A.	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Meksyk	100	Maflow Polska Sp. z o.o., Maflow Spain Automotive S.L.U.	Automotive
MAFMEX S.DE R.L.DE C.V	Meksyk	100	Maflow Polska Sp. z o.o., Maflow Spain Automotive S.L.U.	Automotive
ICOS GmbH	Niemcy	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Niemcy	100	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Niemcy	100	ICOS GmbH	Automotive



STATEMENT ON THE OPERATIONS OF CAPITAL GROUP BORYSZEW IN THE FIRST HALF OF 2018

Boryszew Formenbau Deutschland GmbH	Niemcy	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Niemcy	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
BRS YMOS GmbH	Niemcy	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik GmbH	Niemcy	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Niemcy	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	Republika Czeska	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Rosja	100	Boryszew Kunststofftechnik Deutschland GmbH, Boryszew S.A.	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	93,68	Boryszew S.A.	Automotive
Impexmetal S.A.	Warsaw	63,21	Boryszew S.A.	Metals
Aluminium Konin Sp. z o.o.	Konin	63,21	Impexmetal S.A.	Inactive
Hutmen S.A.	Wrocław	75,88	Boryszew S.A., SPV 3 Boryszew Sp. z o.o., Impexmetal S.A., Impex – invest Sp. z o.o.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	72,95	Hutmen S.A., Impexmetal S.A., Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. - w likwidacji	Katowice	39,04	Polski Cynk Sp. z o.o.	Inactive
ZM Silesia S.A.	Katowice	63,21	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	63,21	Polski Cynk Sp. z o.o.	Metals
Polski Cynk Sp. z o.o.	Katowice	63,21	Impexmetal S.A., ZM Silesia S.A.	Metals
FŁT Polska Sp. z o.o.	Warsaw	63,21	Impexmetal S.A.	Metals
FLT & Metals Ltd.	Wielka Brytania	63,21	Impexmetal S.A.	Metals
S & I S.A. w likwidacji	Szwajcaria	63,21	Impexmetal S.A.	Metals
FLT Bearings Ltd.	Wielka Brytania	63,21	FLT France SAS	Metals
FLT France SAS	Francja	63,21	FŁT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH	Niemcy	63,21	FŁT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.	Włochy	63,21	FŁT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd.	Chiny	63,21	FŁT Polska Sp. z o.o.	Metals
SPV Lakme Investment Sp. z o.o.	Warsaw	58,81	SPV Impexmetal Sp. z o.o.	Other
Impex – Invest Sp. z o.o.	Warsaw	63,21	Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	87,13	Boryszew S.A., Impexmetal S.A.	Other
Symonvit Ltd w likwidacji	Cypr	63,21	Impexmetal S.A.	Inactive
Baterpol Recycler Sp. z o.o.	Wrocław	63,21	Polski Cynk Sp. z o.o.	Metals
SPV Impexmetal Sp. z o.o.	Warsaw	63,21	Impexmetal S.A.	Other
Metal Zinc Sp. z o.o.	Katowice	63,21	ZM Silesia SA	Metals



Remal Sp. z o.o.	Konin	51,14	Impexmetal S.A.	Other
Eastside Bis Sp. z o.o.	Warsaw	87,13	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. z o.o. w Koninie	Konin	37,91	Impexmetal S.A.	Metals

4. SIGNIFICANT ACHIEVEMENTS OR FAILURES IN THE CURRENT PERIOD

ACHIEVED RESULTS

A. GENERAL MACROECONOMIC SITUATION

Market (segment and geographical structure) of Capital Group Boryszew ("Group", "GKB"):

Segment structure of revenues

Chemistry	141 653	4%
Automotive industry	1 032 241	32%
Metals	1 951 030	60%
Other*	124 305	4%
TOTAL	3 249 229	100%

Geographical structure of revenues

Poland	1 106 143	34%
Germany	772 162	24%
Other EU countries	1 121 237	34%
Other*	249 687	8%
TOTAL	3 249 229	100%

* the item also includes consolidation eliminations between segments

Key determinants:

Market moods - PMI and GDP:

Due to the fact that more than 95% of GKB's turnover is generated in Europe, the overall macroeconomic situation on the EU market (including Germany) is crucial for the Company's results.

In the European Union countries, the general macroeconomic situation in the first half of 2018 was less optimistic in relation to the situation in the corresponding period of the previous year, while in the case of Poland itself, we can observe improvement in general moods in the economy.

The average PMI index values determining the level of activity in the industry of the most important economies for GKB (Euro area, Germany) were lower compared to the same period last year, while for Poland, it was slightly higher than in the first half of 2017.

PMI	IH 2018	IH 2017
EU	54,9	57,4
Poland	54,2	53,1
Germany	55,9	59,6

The PMI index for Germany and the EU reached 55.9 points and 54.9 points (in the corresponding period of the previous year, the results were at the following levels respectively: 59.6 points for Germany and 57.4 points for the EU).

In the case of Poland, the PMI result is slightly higher than in the corresponding period of the previous year, i.e. 54.2 pts (with 53.1 pts after the first half of 2017).



GDP growth forecast for Poland	2018	2019
NBP [National Bank of Poland]	4,6%	3,8%
World Bank	4,2%	3,7%
European Commission	4,6%	3,7%

The European Commission, based on its forecasts from July 2018, increased the forecast of this year's GDP growth in Poland by 0.3 percentage point (against estimates from May this year) to 4.6%. The forecast for 2019 remained at the level presented in May this year with expected GDP growth of 3.7% and is at the same level to the projection given by the National Bank of Poland in July 2018, which shows the GDP growth for Poland at 4.6% for 2018.

At the same time, the World Bank's forecasts from April 2018 increase the GDP growth in Poland in relation to those published earlier in January 2018. According to the World Bank, the GDP growth in Poland in 2018 will amount to 4.2% (forecast increase from the previously mentioned 4.0%).

Market moods - Sales of cars:

The sales of cars are another important parameter (Automotive segment is more than 30% of GKB's turnover) affecting the dynamics and GKB's results.

In the first half of 2018, the sales of cars in Europe increased. According to the ACEA data, the passenger car market in Europe increased by 2.9% compared to the first half of 2017. For June, it was a 5.2% change compared to the same period last year.

The main customer of the Automotive Segment - the Volkswagen Group, recorded an 8.0% increase in the sales of cars on the European market in the first half of 2018 (compared to the same period last year). It is also worth noting that, despite the presence of the Automotive Segment entities on the markets of South America and Asia, the European market remains crucial for this Segment, where approx. 90% of sales (value) is located.

Market moods - Basic products of the Metals segment:

The situation on the market of basic products of this Segment, i.e. aluminium rolled products, is very good. The demand for aluminium sheets and tapes is projected to double over the next 10 years. Aluminium is increasingly used in many segments of the economy. For Aluminium Konin, the automotive and packaging markets are of particular importance. The current revolution in the automotive industry, enforced by restrictive environmental standards, causes the wider use of light materials, including aluminium. You can observe a continuous increase of several percent demand in the segment of beverage caps, as well.

Market moods - Prices of basic raw materials:

Due to the fact that over 60% of GKB's sales are realized in the Metals Segment, the Capital Group is exposed to fluctuations in average metal prices on the London Metal Exchange (LME). The policy of hedging metals prices and exchange rates applied in Grupa Kapitałowa significantly limits this risk. However, the level of income and working capital remain sensitive to the volatility of quotations of these parameters.

During the discussed period, average prices of all four basic metals increased significantly (in USD), i.e. aluminium (by 17%), copper (by 20%), zinc (by 21%) and lead (by 11%).

However, metal prices expressed in Polish zlotys increased by 4% (aluminium), 6% (copper), 7% (zinc) respectively. As far as lead is concerned, the prices decreased by 2% as compared to the same period of the previous year, which is a consequence of changes in the ratio of USD/PLN currency pair.

The significant raw materials for the Group are metal scraps (including battery scrap), constituting the main (Baterpol S.A., WM Dziedzice S.A.) or significant (Impexmetal S.A.) raw materials for production.

Another important indicator for GKB are the sales bonuses obtained, the amount of which depends on the range of sales in a given month and on the current customers' shopping needs. For the majority of GKB companies, the base bonuses on sale are higher than in the corresponding period of 2017.



Market moods - Significant currency pairs

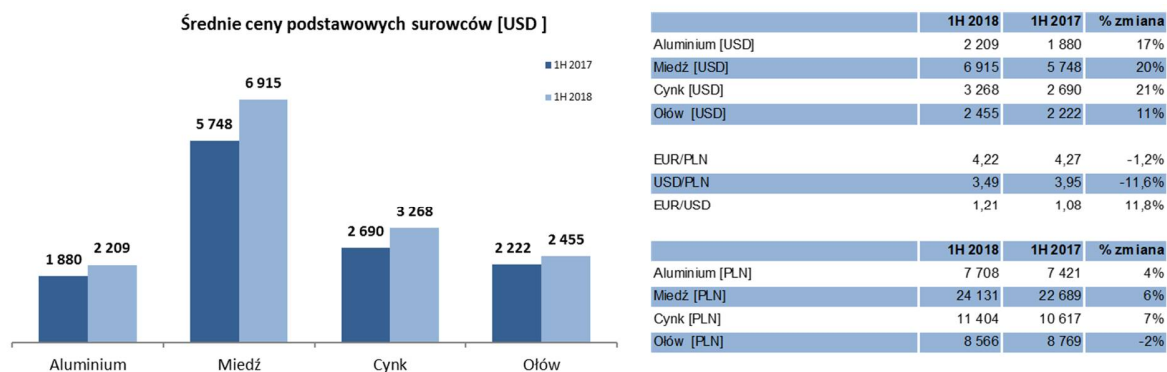
The level of US dollar quotations influences on the Group's revenues, which largely depend on the level of metals prices being the main component of the price of products. In the discussed period, dollar depreciated against zloty by 11.6%, which also affected the prices of basic metals expressed in PLN and the profitability of sales on this account.

The level of Euro quotations is significant for the Group, due to the dominance of processing margins expressed in this currency, and due to the high share of export sales (over 57%), mainly to the Euro area. In the period under review, the average Euro prices decreased by 1.2% compared to PLN.

In the first half of 2018, the EUR/USD rate was at 1.21 and was over 11% higher than in the corresponding period of the previous year.

A slight weakening of Euro (on average over the period) negatively influenced on the Group's results, especially in terms of the obtained trade margins.

Detailed data on the formation of the above key parameters (metal prices and exchange rates) are included in the following chart and table:



Source: LME and NBP daily quotes

Revenues from sales/demand for the Group's products

The revenues of Capital Group Boryszew amounted to PLN 3 249.2 million in the first half of 2018 and were 2.4% higher than the level from the same period last year.

The level of sales revenues and volumes in the Group in individual segments was as follows:

in mln PLN	1H 2018	1H 2017	difference
Sales revenue, including:	3 249,2	3 171,8	77,4
Automotive segment	1 032,2	1 042,4	-10,1
Metals segment	1 951,0	1 898,6	52,4
Chemistry segment	141,7	131,6	10,1
Other segments	124,3	99,3	25,0

in thousand tonnes	1H 2018	1H 2017	difference
Sales volumes, including:	169,4	162,7	6,7
Metals segment	142,5	137,5	5,0
Chemistry segment	26,9	25,2	1,6



The increase in revenues of the Metal Segment was mainly related to the increase in sales volumes by 3.7% to the level of 142.5 thousand tonnes.

The increase in sales volumes in the Metals Segment concerned the following production companies of the Group: Baterpol S.A., NPA Skawina Branch, ZM Silesia S.A. Katowice Branch, Impexmetal S.A. (Aluminum Konin) and Hutmen S.A. However, the decrease in volumes was recorded in the production plant of ZM SILESIA S.A. Oława Branch and WM Dziedzice S.A.

The highest increase in sales volumes concerned Baterpol S.A. and amounted to 5.9 thousand tonnes (i.e. 30.4%) which was primarily related to the change in the situation on the battery scrap market - increased supply enabled intensified purchases of raw material and thus affected the increased sales of the plant.

The increase in sales volumes in OA/NPA Skawina amounted to 10.8%, i.e. 2.2 thousand tonnes. This increase was mainly due to the increase in the sales of virtually all wire rod assortments in addition to wire rods and AFL cables.

As far as Impexmetal S.A. (Aluminum Konin) is concerned, the increase in sales amounted to 2.3 thousand tonnes (i.e. 4.8%) mainly due to increased sales of highly processed products.

In Hutmen S.A., the increase amounted to 0.1 thousand tonnes (i.e. 1.1%) was related to the increase in sales in the assortment of copper wires, bars and profiles.

The decline in revenues in the Automotive Segment was due to the strengthening of PLN (with a negative influence on estimated at ca. PLN 12.2 million) and the decrease in sales of tools by approx. PLN 7.4 million, partially offset by the increase in sales of parts by PLN 9.5 million.

Lower sales of tools are a derivative of the implementation schedules for series production of new projects.

It is worth noting that the decrease in revenues in the Automotive Segment in the scope of gear sales results from restructuring activities conducted in previous periods, resulting in a reduction in acquisition activities in the scope of new projects in previous years.

Since the first half of 2017, the intensive recruitment of new nominations has begun. In the first half of 2018, the contracts totalling approximately EUR 170.0 million were acquired in the Automotive Segment.

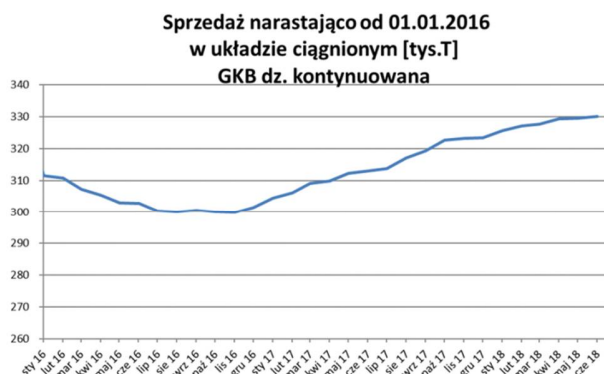
The Chemistry Segment recorded higher revenues to the same period last year, while maintaining sales volumes at a slightly higher level.

Boryszew S.A. Boryszew ERG Branch increased the volumes of sales and sales revenues, as a result of the increase in sales of plasticizers and a higher level of trade in goods.

Elana Pet Sp. z o.o. recorded the sales of revenues at a similar level of the same period of the previous year with the flake sales volumes at a slightly lower level. Boryszew S.A. Elana Branch recorded the decrease in revenues as a result of lower fibre sales.

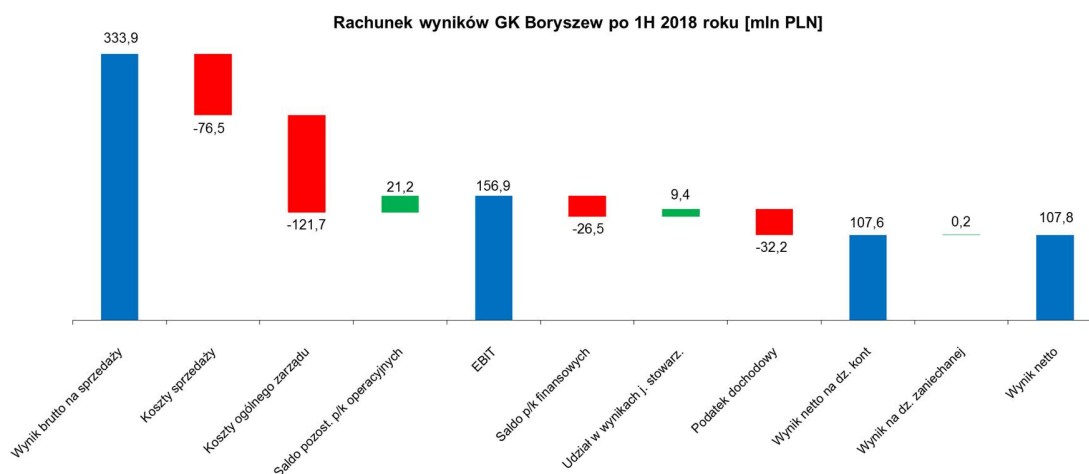
The increase in sales revenues in the Other Segment mainly results from higher sales generated by Boryszew S.A. Energy Department.

The comparison of the total sales volumes of the Capital Group in the discussed periods and the sales volumes in the twelve-month continuous system are presented in the following charts:



B. ACHIEVED FINANCIAL RESULTS

The chart below presents the size of the components that constitute individual items in the income statement in the first half of 2018.



The gross result on sales in the first half of 2018 amounted to PLN 333.9 million and was lower by PLN 52.0 million as compared to the result in the corresponding period of the previous year. The decrease in the gross result is a result of the deterioration of results in the Automotive, Chemicals and Other Segments. Only the Metals Segment improved the result compared to the same period of the previous year.

The average gross margin on sales decreased from 12.2% in the first half of 2017 to the level of 10.3% today.

The sales costs were nominally higher by PLN 11.1 million, i.e. 16.9%, than in the same period of the previous year and resulted from the increase in sales.

The cost of general management decreased by PLN 17.7 million, i.e. 12.7% compared to the first half of 2017.

The balance of operating revenues/costs amounted to PLN 21.2 million and was higher by PLN 13.5 million compared to the corresponding period of 2017, which was mainly the result of: provisions for the valuation of contracts causing losses in 2017 with a deviation of PLN +3.1 million, positive balance on the impairment write-offs for inventories with a deviation of PLN +3.0 million, additional profit on battery paste in Baterpol S.A. with an influence on the deviation of PLN +3.2 million, revaluation of fixed assets in BAP Group companies with a deviation of PLN +2.0 million.



SEGMENTS OPERATION RESULTS

1. Consolidated approach:

In the first half of 2018, the EBITDA result on continued operations amounted to PLN 231.0 million, compared to PLN 255.4 million in the same period last year. In individual operating segments, the EBITDA result was as follows:

in mln PLN	1H 2018	1H 2017	difference
EBITDA, including:	231,0	255,4	-24,4
Automotive segment	63,4	102,2	-38,9
Metals segment	151,5	136,0	15,5
Chemistry segment	6,8	11,6	-4,8
Other segments	9,3	5,6	3,8

2. Metals segment

The results in the Metals Segment higher than last year are mainly due to the entities of Baterpol S.A., Impexmetal S.A. (Aluminium Konin), ZM SILESIA S.A. Oława Branch, WM Dziedzice S.A., Hutmen S.A and bearing companies (FŁT Group).

Baterpol S.A. achieved better results, mainly due to higher volumes of sales, significantly lower prices of purchased and consumed raw materials due to the higher supply of scrap (mainly battery scrap and lead scrap).

The improved results of Impexmetal S.A. (Aluminium Konin) were the result of higher sales of most product groups and higher unit profitability of processing.

The improved results of ZM SILESIA S.A. Oława Branch are the result of a large increase in unit processing margins (despite the decrease in sales volumes) with a simultaneous lower increase in metal surcharge compared to the same period of the previous year.

WM Dziedzice S.A., despite sales volumes at a lower level compared to the same period of the previous year, achieved higher unit processing margins in almost all product groups except for discs and keys.

Hutmen S.A. also recorded better results mainly due to higher average processing margins on the most important assortment groups.

Higher results of FŁT Group are derived from higher sales generated by all entities of FŁT Group, including the largest one in FŁT Polska Sp. z o.o. and FŁT & Metals S.r.l.

In the Metals segment, the following entities achieved lower results: ZM SILESIA S.A. Katowice Branch, Boryszew S.A. NPA Skawina Branch.

The decreased results of ZM SILESIA S.A. Katowice Branch are caused due to the decreased unit processing margins for assortments with a higher degree of processing mainly on the assortment of black and patinated steel sheets.

Boryszew S.A. NPA Skawina Branch reported worse results compared to the same year despite higher sales volumes as a result of the decrease in unit processing margins on almost all ranges except for wire rods and wires.



3. Automotive segment

Maflow Group and BAP Group are responsible for nominally lower EBITDA in the Automotive Segment. The following factors influenced on the decrease in EBITDA compared to the same period last year:

macroeconomic - decrease in the EUR/PLN pair, also the increase in raw material prices (aluminium, zinc) and plastics) and wage pressure particularly in Poland and overseas locations,

internal - payment of a part of compensation for insurance of the factory in Prenzlau (BAP Group) in the first half of 2017, the decrease in revenues in particular in the area of tool sales and quality problems in the plant in Mexico (Maflow Group) and the related costs of corrective actions.

4. Chemistry segment

The decreased results in the EBITDA segments are mainly caused by: Boryszew S.A. Boryszew ERG Branch, Boryszew S.A. Elana Branch, Torlen Sp. z o.o., and Boryszew S.A. Nylonbor Branch. Elana Pet Sp. z o.o. was the only one to record higher results than last year.

The decreased results of Boryszew S.A. Boryszew ERG Branch were mainly due to lower sales and individual unit margins in the refrigeration liquidity assortment group, which was not fully compensated by higher sales and higher unit margins of the assortment group of de-icing fluids, or the increase in sales volumes of low-margin plasticizers. In addition, the increase in the cost of energy utilities contributed to the deterioration of the results.

The results of Boryszew S.A. Elana Branch are the effect of lower sales volumes and lower unit processing margins dictated by a significant increase in petal purchase prices with a simultaneous disproportionate increase in fibre prices due to the pressure of the market prices level applied by the competition.

The results of Elana Pet Sp. z o.o. improved due to a better situation in terms of individual unit margins on the sale of the petal, with a slight decrease in the sales volume.

5. Other segments

The improvement of the segment result in relation to the same period of the previous year was affected by higher sales and higher unit margins on sales of energy media by Boryszew S.A. Energy Branch.

NET RESULT

The balance of financial revenues/costs was minus PLN 26.5 million and was lower by PLN 15.0 million than in the corresponding period of the previous year, which was mainly the effect of a lower result on derivative financial instruments related to hedging of currencies and metals with a deviation of PLN -5.3 million, lower result on exchange differences with the impact on the deviation of PLN -4.7 million, and the creation of the impairment write-offs on shares and stakes of the affiliated company, Alchemia, with an influence on the deviation of PLN -3.9 million.

The net result on continued operations amounted to PLN 107.6 million and was lower by PLN 54.6 million than the result in the first half of the previous year.

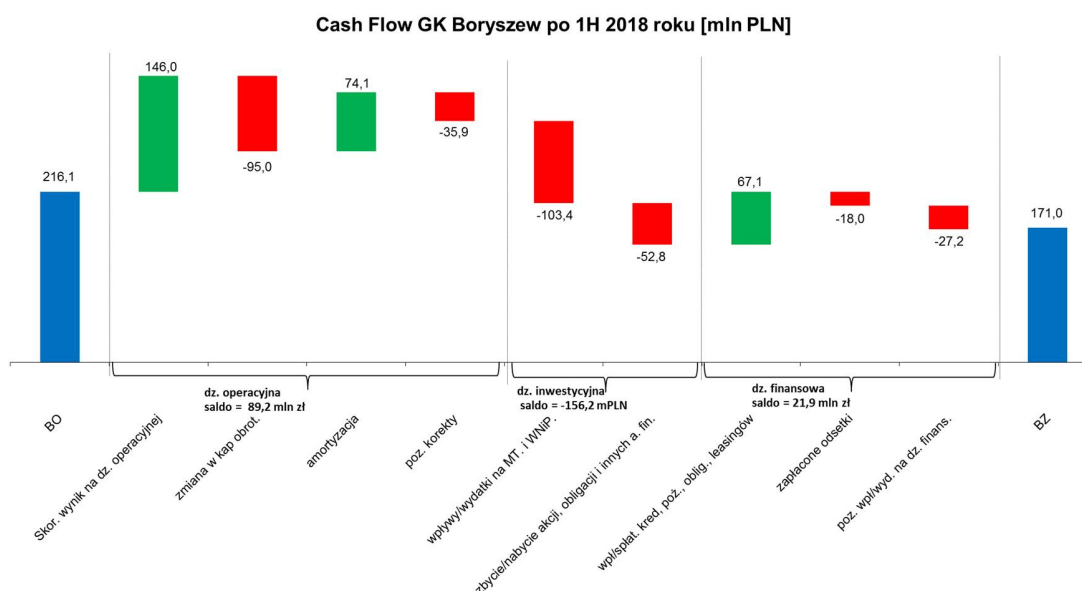
The total net result including continued and discontinued operations amounted to PLN 107.8 million and was lower than the result in the first half of the previous year by PLN 53.6 million.

The net result attributable to the shareholders of the parent company amounted to PLN 74.7 million and was lower than in the previous year by PLN 56.4 million.



C. CASH FLOW

Cash flows after the first half of 2018 are shown in the chart below:



After the first half of 2018, Capital Group Boryszew generated positive cash flows from operating activities, which were allocated for the implementation of investments in tangible and financial assets. Due to the scale of the investment, the Group additionally increased external financing.

The nominal increase in exposure to working capital (mainly related to the Automotive and Metals Segments) mainly influenced on the lower level of cash flows from operating activities. The increase relates mainly to trade receivables in connection with, inter alia, higher sales volumes (Metals Segment), higher value sales (Automotive Segment in relation to the end of 2017) and shaping of metal prices (Metals Segment).

The negative balance of cash flows from investing activities resulted mainly from investments in fixed assets in the amount of PLN 104.2 million (with inflows from the sale of assets in the amount of PLN 0.8 million) and purchase of financial assets (bonds and shares) worth PLN 52.8 million.

The most important investments in the fixed assets concerned: The Metals Segment (PLN 47.9 million) and the Automotive Segment (PLN 25.0 million).

After the first half of 2018, the net debt of Capital Group Boryszew amounted to PLN 1 049.8 million and was higher by PLN 120.2 million compared to the end of 2017.

The net debt/EBITDA ratio, after the first half of 2018, amounted to 2.4x and was slightly higher than in the same period of the previous year when it amounted to 2.3x.

B. OTHER IMPORTANT EVENTS

BORYSZEW S.A.

Information on the analysis of strategic options of Boryszew S.A.

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



In connection with the above, on the same day, the Management Board of Boryszew S.A. decided to take into account, as part of the review of strategic options, a scenario providing for the possible sale of assets in the aforementioned sectors, and for accession to preliminary talks on determining the conditions, scope and manner of conducting a potential transaction.

On April 16, 2018, the Management Board of Boryszew S.A. decided to close the process regarding the possible disposal of assets of Capital Group Boryszew from the automotive and aluminium processing sectors to a potential investor.

At the same time, the Management Board of Boryszew S.A. decided that the review of strategic options would be continued and thus, as at the date hereof, the process remains in progress.

Information on the potential sale of a subsidiary

On January 15, 2018, Boryszew S.A. received from Krezus S.A. with its registered office in Toruń (hereinafter: the "Investor") the offer to start talks on the possibility of selling by Boryszew S.A. and its subsidiaries of 100% shares in Walcownia Metali Dziedzice S.A. with its registered office in Czechowice - Dziedzice (the Disposed Company) at the price of approximately PLN 160 million. In connection with the above, the Management Board of Boryszew S.A. decided to join, with other shareholders of the Disposed Company, initial discussions with the Investor in determining the terms (including the final price), scope and procedure for carrying out the potential transaction.

On 18 January 2018, the Company signed with Krezus S.A. with its registered office in Toruń, the Letter of Intent regarding the purchase by the Investor of 100% shares in Walcownia Metali Dziedzice S.A. with its registered office in Czechowice - Dziedzice. According to the contents of the signed Letter of Intent, the parties agreed to seek for the sale of 100% shares of the Disposed Company to the Investor, while Boryszew S.A., as one of three shareholders of the Disposed Company, undertook to take action resulting in the accession of the remaining shareholders of Disposed Company, i.e. Impexmetal S.A. (owning 71.30% of the shares of the Disposed Company) and Hutmen S.A. (owning 26.78% of the shares of the Disposed company) to the potential sale transaction. The ownership right will be transferred to the purchased shares on the basis of a separate sales contract after conducting the due diligence, technical audit and after obtaining all corporate approvals necessary to conclude the final contract.

On 29 May, 2018, Boryszew S.A. signed with Krezus S.A. an annex to the Letter of Intent regarding the sale of 100% shares in Walcownia Metali Dziedzice S.A. with its registered office in Czechowice-Dziedzice. The annex was concluded at the Investor's request due to failure to complete the due diligence of the Disposed Company and the ongoing process of obtaining the consent of the Office of Competition and Consumer Protection for the planned concentration. In August 2018, the President of the OCCP provided its consent to the concentration involving the control taken by Krezus S.A. over Walcownia Metali "Dziedzice" S.A. with its registered office in Czechowice-Dziedzice. However, as at the date of publication hereof, the Company did not take any binding decisions or arrangements regarding a possible transaction.

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

In connection with the implementation by the Department of Modern Aluminium Products of Skawina, of the project "Development of innovative technology for the production of wire rod from high-strength aluminium alloys series 2xxx, 5xxx and 7xxx", no. SGD 1.1.01.02-00-0044/15 co-financed from the European Regional Development Fund, under the Intelligent Development Operational Program 2014-2020, on April 10, 2018, Boryszew S.A. concluded the agreement

- for the delivery of a casting and rolling unit (a line for continuous casting and rolling of wire rods) from high-strength aluminium alloys) at the amount of EUR 5.430.000 (contract concluded with Continuus-Properzi S.p.A),



- with mLeasing Sp. z o.o. with its registered office in Warsaw and Continuus-Properzi S.p.A. for the delivery of refining and filtration station, melting station and preparation of aluminium and chemical composition at the amount of EUR 3.270.000 (contract concluded with mLeasing Sp. z o.o. with its registered office in Warsaw and Continuus-Properzi S.p.A.).

IMPEXMETAL S.A.

Redemption of own shares of Impexmetal S.A.

On 19 February, 2018, the Extraordinary General Meeting of Impexmetal S.A. adopted a resolution regarding the redemption of 10.000.000 own shares.

On 6 March, 2018, the registry court of the National Court Register registered a reduction of the Company's share capital from PLN 80 000 000.00 to PLN 76 000 000.00 by the redemption of 10 000 000 own shares of Impexmetal S.A.

On 30 April 2018, Krajowy Depozyt Papierów Wartościowych S.A. [the National Depository for Securities] in Warsaw, decided to withdraw of 10 000 000 shares of Impexmetal S.A. from the deposit, on 9 May, 2018, due to their redemption.

Acquisition of the shares of Boryszew S.A.

On 18 June, 2018, in the exercise of the rights resulting from the agreement concluded between Sanko & Co., Ltd. and Impexmetal S.A. and Boryszew S.A. of 17 June 2014, the agreement for the sale of shares was concluded between Sanko and Impexmetal under which Impexmetal acquired from Sanko 1 356 169 shares of Boryszew S.A. constituting 0.565% of the share capital and entitling to 1 356 169 votes at the General Meeting, which constitutes 0.565% of the vote, at the amount of Euro 2.1 million, which is the equivalent of approximately PLN 9 million.

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.

As at 30 June 2018, Impexmetal S.A. holds 13 346 169 shares of Boryszew S.A., representing 5.56% of the share capital, and entitled to 13.346.169 votes at the General Meeting, which represents 5.56% votes. The subsidiary Impexmetal S.A. - Polski Cynk Sp. z o.o. holds 5.000 shares of Boryszew S.A., representing 0.002 % of the share capital, and entitled to 5.000 votes at the General Meeting, which represents 0.002 % votes.

Adoption of the Development Strategy

On 4 January, 2018, the Supervisory Board approved the Development Strategy for Impexmetal for 2018-2026.

The aim of the Strategy is to increase the production and sales of rolled products from 100 000 to 200 000 tonnes per year and revenues from sales to the amount of approximately PLN 2.6 billion.

Considering the above, the intentions of Impexmetal S.A. is to carry out a number of investments aimed at increasing the production capacity within the time set for the Strategy. The scope of the investment tasks included in the Strategy:

- extension of the production capacities of the Foundry Department to 300 000 tonnes of ingots;
- extension of the production capacities of the Rolling Mill Department to 200 000 tonnes of rolled products;
- investments in the amount of approximately PLN 1.085 billion within the duration period.

The investment tasks will be financed from external sources (investment loans, leasing) as well as from own funds, i.e. from profits generated in the subsequent statement periods.

The planned benefits of the Company after the completion of the investment include, first of all, increasing the sales volume, launching new high-strength products for the car segment and increasing the possibility of producing thin and



plated products. The aforementioned activities will significantly strengthen the Company's position on the automotive and packaging market. An important effect also involves the reduction of production costs and the reduction of energy consumption in the production processes.

As part of investment tasks aimed at implementing the Strategy described above:

1. On 19 January 2018, Impexmetal S.A. and Achenbach Buschhütten with its registered office in Kreuztal (Germany) signed two interconnected agreements for the delivery and assembly of a new cold rolling mill at Zakład Aluminium Konin. The first of the contracts, concluded as part of the project implemented with the NCBiR co-financing from the EU funds, includes the delivery of innovative parts of the rolling mill that will allow to roll special aluminium alloys for the automotive industry, the second deals with the delivery of other machine parts. The total value of the concluded sale agreements is approx. PLN 115 million net. The planned delivery date of the rolling mill to Zakład Aluminium Konin is the first quarter of 2019, and the start of production is planned for the fourth quarter of 2019. The other conditions of the signed agreements, including in the area of contractual penalties, do not differ from the provisions commonly applied in this type of agreements. The purchase of the rolling mill is related to the development strategy for Impexmetal S.A. for 2018-2026 adopted by the Company, assuming an increase in the production capacity of Zakład Aluminium Konin to approx. 200 000 tonnes.
2. On 10 May, 2018, a contract was signed between Impexmetal S.A. and Vollert Anlagenbau GmbH. The contract concerns the construction of the High Warehouse for aluminium coils. The warehouse will be part of a new department of the Rolling Mill. The contract value is approximately PLN 33.5 million.
3. On 23 August, 2018 Impexmetal S.A. signed a license agreement with Korea Institute of Industrial Technology for the production of high-magnesium rolled products with a magnesium content of more than 5% based on a special magnesium mortar. The purchase of the license will allow Impexmetal to produce new aluminium alloy, which is widely used in the automotive and aviation industry due to its high strength properties and very good flexibility.

Implementation of the contract with Rusal Marketing GmbH

In April 2018, the Issuer temporarily suspended the execution of the contract for the delivery of aluminium blocks to the Issuer in 2018 concluded by the Company with Rusal Marketing GmbH. The implementation of the contract was resumed in June 2018, after signing the annex to the contract, defining its terms.

Signing the co-financing agreement

On 10 April, 2018, Impexmetal S.A. signed a co-financing agreement for the project: Implementation of innovative technology for the production of tapes and steel sheets of aluminium and magnesium alloys made of 100% aluminium scrap. The value of the project is PLN 65.8 million, including the co-financing amounting to PLN 26.3 million. The result of the project will be an innovative product: tapes and steel sheets made of aluminium and magnesium alloys made of 100% aluminium scrap.

ACQUISITION OF SHARES OF CAPITAL GROUP BORYSZEW

Acquisition of own shares of Boryszew S.A.

Acting based on the authorization granted by Resolution no. 19 of the Ordinary General Meeting of Boryszew S.A. of 25 June, 2014 regarding the authorization of the Management Board of the Company to acquire own shares of



Boryszew S.A. and pursuant to art. 362 § 1 (8) and art. 362 § 4 of the Code of Commercial Companies, in the period from 1 January, 2018 to 30 June, 2018 Boryszew S.A. acquired a total of 2 069 624 own shares, which, with already held shares, is the sum of 13 189 529 own shares, which represented 5.4915% of the total number of votes at the General Meeting of Boryszew S.A.

As at 30 June 2018, Capital Group Boryszew had 28.695.698 shares of Boryszew S.A., representing 11.9565% of the total number of votes at the GM of Boryszew S.A., including:

- Boryszew S.A.: 13.179.529 own shares, which represented 5.4915% share in the share capital and the total number of votes at the GM of Boryszew S.A.,
- Impexmetal S.A.: 13.346.169 own shares, which represented 5.5609% share in the share capital and the total number of votes at the GM of Boryszew S.A.,
- SPV Boryszew 3 Sp. z o.o.: 2.165.000 own shares, which represented 0.902% share in the share capital and the total number of votes at the GM of Boryszew S.A.,
- Polski Cynk Sp. z o.o.: 5.000 own shares, which represented 0.002% share in the share capital and the total number of votes at the GM of Boryszew S.A.

Acquisition of the shares of Impexmetal S.A.

In the period from 1 January, 2018 to 30 June, 2018, Boryszew S.A. acquired a total of 2 614 70 shares of Impexmetal S.A., which, with already held shares, is the sum of 112.798.968 shares of Impexmetal S.A., which represented 59.348% of the total number of votes at the GM of Impexmetal S.A.

As at 30 June 2018, Capital Group Boryszew had 120 100 000 shares of Impexmetal S.A., representing 63.211% of the total number of votes at the GM of Impexmetal S.A., including:

- Boryszew S.A.: 112.760.968 shares of Impexmetal S.A., which represented 59.348% share in the share capital and the total number of votes at the GM of Impexmetal S.A.,
- Impexmetal S.A.: 60.000 shares (*) of Impexmetal S.A., which represented 0.0316% 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 of Impexmetal S.A., which represented 3.831% share in the share capital and the total number of votes at the GM of Impexmetal S.A.

(*) On 6 March, 2018, the District Court for Warsaw Capital City in Warsaw, the 13th Commercial Department of the National Court Register, registered a reduction of the Company's share capital from PLN 80 000 000.

The information on failure to pay any loan or credit or breach of a loan or credit agreement, to which any remedies were taken until the end of the statements period

In the statement period and until the date of preparation hereof, there were no violations of the covenants concerning loan agreements at the level of the Parent Company. In one of the subsidiaries of the Metals Segment, there was a situation of violation of the terms of credit agreements, primarily in connection with the creation of provisions for future tax liabilities.



As at the date hereof, the aforementioned fact does not influence on the financial agreements of the Parent Company and other subsidiaries belonging to the Capital Group. The company, in which the infringement occurred, took steps to agree with the financing institutions the principles of further cooperation based on the concluded credit agreements.

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

5. FACTORS AND EVENTS, IN PARTICULAR UNUSUAL, INFLUENCING ON THE RESULTS OF THE CURRENT PERIOD

After the first half of 2018, there were no factors or unusual events that would significantly influence on the results of the discussed period of 2018.

6. DESCRIPTION OF BASIC THREATS AND RISKS

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

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

market risk, including:

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

Capital management, liquidity risk and credit risk

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

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.



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, though decreasing, 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.

Market risk - metal prices and currency 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) and the change of currency rates.

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.

The risk of changes in metals prices occurs at the operational level while the risk of exchange rate changes at the strategic/fundamental level as well as at the operational level.

Operational risk in terms metal prices was identified at: Boryszew S.A. Skawina NPA Branch, Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcownia Metali Dziedzice S.A, ZM 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.

As far as the strategic risk related to currencies is concerned, it is related to the processing bonus (USD/PLN and EUR/PLN). This risk occurs in the following companies: Boryszew S.A. NPA Skawina Branch, Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcownia Metali Dziedzice S.A., ZM 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.

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.

Interest rate risk

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

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

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

The Group 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.

Risk of volatility of legal provisions, in particular those regulating the Group's operations

In addition, tax regulations in Poland are characterized by high volatility. Possible changes in business taxation, in terms of income tax, tax on goods and services, as well as other taxes, may negatively influence on the Group's operations and level of results.

The Group is also exposed to the risk related to the possibility of changes in the interpretation of tax law, issued by tax authorities, influencing on operating activities and financial results.



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

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

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

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

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

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

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

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

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

8. REVENUES AND RESULTS ACCORDING TO SPECIFIC SEGMENTS OF OPERATIONS FROM THE BEGINNING OF THE CURRENT YEAR

Capital Group Boryszew operates in the area of four industry segments

OPERATIONAL SEGMENTS

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

REVENUES FROM SALES BY GEOGRAPHICAL DIRECTIONS

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

Share of EU member states in intra-Community sales:

Germany	41%	43%
Czech Republik	15%	13%
France	7%	5%
Slovakia	3%	3%
Italy	6%	6%



REVENUES AND RESULTS ACCORDING TO INDIVIDUAL OPERATIONAL SEGMENTS IN THE FIRST HALF OF 2018

(data concern continued operations)

01.01.2018 – 30.06.2018

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

01.01.2017 – 30.06.2017

	Chemistry	Automotive industry	Metals	Other	Total	consolidation exclusions between segments	Total
Revenues from sale	131 582	1 042 350	1 898 597	129 553	3 202 082	(30 295)	3 171 787
Costs of segment sales	109 374	869 028	1 719 510	117 239	2 815 151	(29 318)	2 785 833
Result on sales in the segment	22 208	173 322	179 087	12 314	386 931	(977)	385 954
Management and sales costs	16 078	102 020	77 254	15 476	210 828	(5 979)	204 849
Result of other operations	2 254	572	2 037	12 104	16 967	(9 260)	7 707
Segment operation result	8 384	71 874	103 870	8 942	193 070	(4 258)	188 812
Depreciation	3 225	30 362	32 094	870	66 551	6	66 557
EBITDA *)	11 609	102 236	135 964	9 812	259 621	(4 252)	255 369
Segment assets	270 982	1 453 172	2 731 783	1 232 955	5 688 892	(1 552 865)	4 136 027
Segment liabilities	86 387	1 618 137	1 094 918	465 781	3 265 223	(887 801)	2 377 422

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



9. THE INFORMATION ON ISSUING, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES

DEBT SECURITIES

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

- on 11 January, 2018, 12 registered bonds of A16 series with a nominal value of PLN 1 000 000 each, at an average unit price of PLN 1 000 000 per bond. The total nominal value of the bonds issued in this series is PLN 12 000 000. The interest rate of the bonds was specified based on the market conditions. The bond redemption date was set at 31 December, 2020.
- on 14 February 2018, 16 A17 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 16.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.
- on 1 March 2018, 25 A18 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 25.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 28 February 2021.
- on 18 June 2018, 8 A19 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 8.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.
- on 19 June 2018, 2 A20 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 2.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.
- on 18 June 2018, 2 A21 series bonds with a par value of PLN 1.000.000 each, for the unitary average 1.000.000 per one bond. The total nominal value of bonds issued in this series amounts to PLN 12.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.

After the balance sheet date

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

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



EQUITY SECURITIES

In the first half of 2018 and until the date of publication hereof, the Company did not issue equity securities.

10. PAID OR DECLARED DIVIDEND

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

11. EVENTS WHICH OCCURRED AFTER THE DATE OF THE FINANCIAL STATEMENT, NOT INCLUDED IN THIS STATEMENT THAT COULD SIGNIFICANTLY INFLUENCE ON THE GROUP'S FUTURE RESULTS

Apart from the events described herein, after the end of the statement period, there were no events that could significantly influence on future results.

12. CHANGES OF CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Guarantees and sureties	As at 30 June	As at 31 Dec
	2018	2017
Guarantees and sureties granted to the subsidiaries and partially owned subsidiaries for repayment of financial liabilities.	149 435	121 729

Entity granted a surety or a guarantee	Date of issue of a surety or a guarantee	Subject of the obligations	Value of surety	Surety validity date
			thousand PLN	
Boryszew Plastic RUS	13.02.2017	The guarantee granted to Volvo Group Trucks Operations.	21 808	indefinitely
Spółki Grupy BAP będące klientami Volkswagen AG	16.12.2016	Volkswagen AG	87 966	indefinitely
Alchemia S.A.	02.10.2017	Arcelormittal Poland S.A.	39 254	31.12.2018
SPV Boryszew 7	12.05.2011	The surety for repayment of liabilities to the Housing Community of Real Estate Warsaw, ul. Łucka 14A and 16A.	407	indefinitely
			149 435	



13. DESCRIPTION OF THE ORGANIZATION OF THE ISSUER'S CAPITAL GROUP

Boryszew S.A. is the Parent Company of the Boryszew Capital Group. The Group consists of domestic and foreign subsidiaries, jointly controlled entities and associates. As the "mother company" it performs managerial and supervisory functions in relation to other companies of the Capital Group.

The core business of Headoffice in Warsaw is the management of the Capital Group, and its aim is to increase the value of the Company in the long run.

In the first half of 2018, Boryszew S.A. operated based on:

- Maflow Branch in Tychy – producer of tubes for the automotive industry, including mainly air-conditioning tubes, power steering systems and various rubber components. The assets of the Branch, constituting the largest production assets of Maflow Group, were acquired on 10 August, 2010.
- Elana Branch in Toruń – producer of polyester fibre and plastics with wide application. Its key products include staple fibres and silicon spheres. Elana Branch was created as a result of the merger of Boryszew S.A. with Elana S.A. 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 if 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 (established on 29 April 2015), which is involved in sales of energy for Boryszew Capital Group companies and third parties.

STRUCTURE OF BORYSZEW GROUP

The Capital Group created by Boryszew S.A. has become over a few years' period 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.

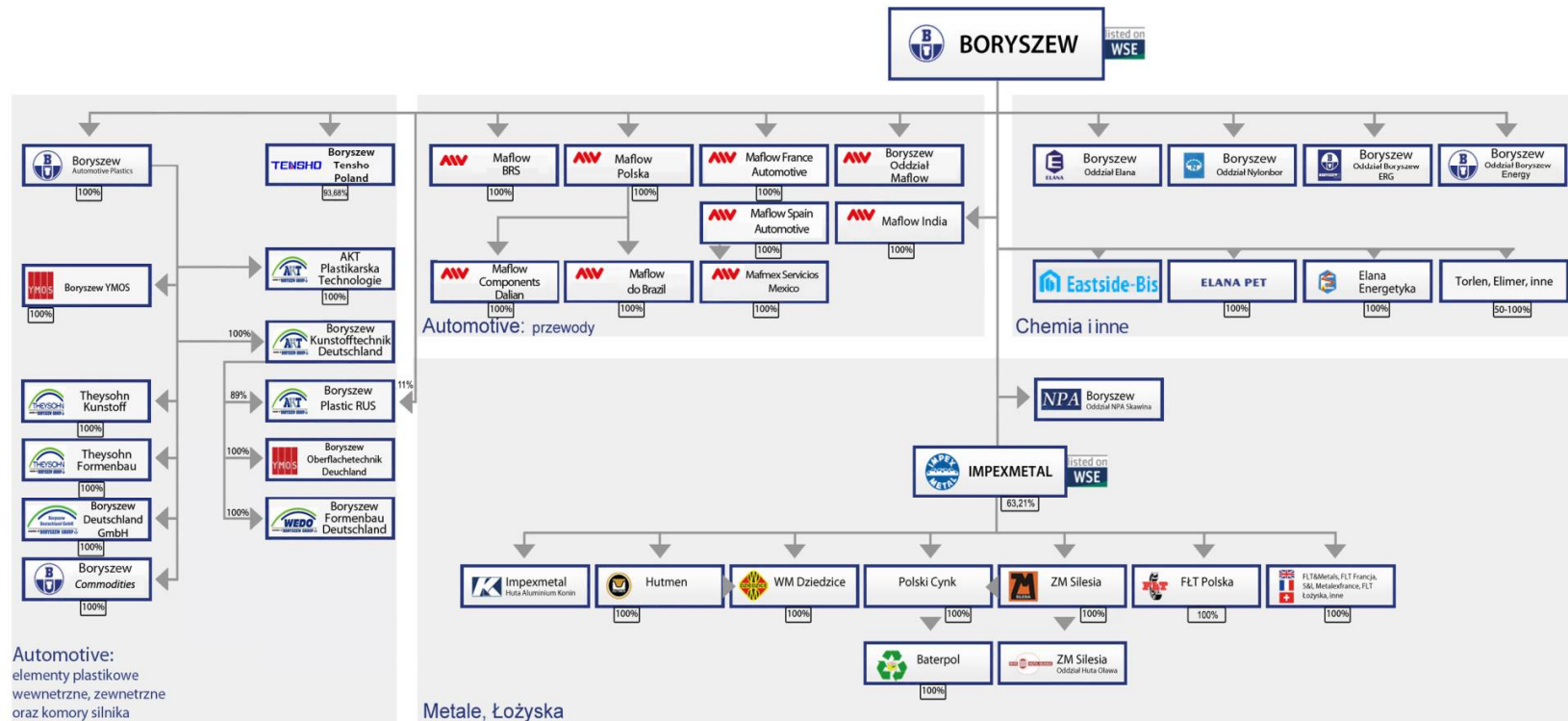


STATEMENT ON THE OPERATIONS OF CAPITAL GROUP BORYSZEW IN THE FIRST HALF OF 2018

In June 2014, Boryszew S.A. acquired 80% of shares of Tensho Poland Corporation Spółka z o.o. with its registered office in Ostaszew (currently: Boryszew Tensho Poland Sp. z o.o.), a producer of high quality plastic products. In June 2018, Boryszew S.A. acquired 13.68% of shares of Boryszew Tensho Poland Sp. z o.o. and as at the date hereof, it holds 159 266 shares, which constitutes 93.68% of the share capital and the total number of votes at the GM.



SIMPLIFIED SCHEME OF BORYSZEW GROUP (AS AT THE PUBLICATION DAY HEREOF) WITH TOTAL SHARE IN INDIVIDUAL ENTITIES





14. EFFECTS OF CHANGES IN THE GROUP'S STRUCTURE FROM THE BEGINNING OF THE YEAR, INCLUDING CONNECTING OF THE BUSINESS ENTITIES, TAKEOVER OR SALE OF SUBSIDIARIES AND LONG-TERM INVESTMENTS, RESTRUCTURING AND DISCUSSING OPERATIONS

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

Impexmetal S.A. purchased 17 shares in FŁT Polska Sp. z o. o. constituting 1.65% of the share capital. Currently Impexmetal S.A. holds 100% of the share capital and the total number of votes at the GM.

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

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

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

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

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

Impexmetal S.A. purchased 7 shares in Remal Sp. z o. o. constituting 1.24% of the share capital. Currently Impexmetal S.A. holds 80.90% of the share capital and the total number of votes at the GM.

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

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

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

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

15. THE POSITION OF THE MANAGEMENT BOARD AS REGARDS TO THE POSSIBILITY OF EXECUTION OF PREVIOUSLY PUBLISHED FORECASTS OF THE FINANCIAL RESULT FOR THE CURRENT YEAR

In the first half of 2018, the Management Board of Boryszew S.A. did not publish forecasts of the financial result for the current year.

16. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY THROUGH SUBSIDIARIES AT LEAST 5% OF THE GENERAL NUMBER OF VOTES AT THE GENERAL MEETING OF THE COMPANY AS WELL AS AT THE DATE OF THE PROVISION OF THE STATEMENT

The table below presents shareholders holding more than 5% of the share capital and the total number of votes as at the date of approval hereof for publication.



Shareholders	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik	154 351 609	64,313%	154 351 609	64,313%
of which: subsidiaries	152 295 603	63,457%	152 295 603	63,457%
RKK Investments Sp. z o.o.	119 998 000	49,999%	119 998 000	49,999%
Impexmetal S.A.	13 346 169	5,561%	13 346 169	5,561%
Boryszew S.A.	13 581 434	5,659%	13 581 434	5,659%
Nationale – Nederlanden Otwarty Fundusz Emerytalny	14 773 261	6,156%	14 773 261	6,156%
Other	70 875 130	29,531%	70 875 130	29,531%
Total:	240 000 000	100,00%	240 000 000	100,000%

17. CHANGES IN THE PROPERTY STRUCTURE OF SIGNIFICANT SHAREHOLDING PACKAGES OF THE COMPANY IN THE PERIOD FROM THE PROVISION OF THE PREVIOUS PERIOD STATEMENT - SHARE OF VOTES AT THE GENERAL MEETING OF THE COMPANY

Change	Number of held shares (in pcs.)	Share in plant capital (in %)	Number of votes at the GM	Percentage share in the number of votes at the GM (in %)
status as at the date of publication of the consolidated statement for				
the first quarter of 2018:				
Roman Krzysztof Karkosik	151 864 689	63,277%	151 864 689	63,277%
<i>including subsidiaries:</i>	149 833 831	62,431%	149 833 831	62,431%
Boryszew S.A.	12 483 831	5,202%	12 483 831	5,202%
RKK Investments Sp. z o.o.	119 990 000	49,996%	119 990 000	49,996%
status as at the date of publication of the consolidated statement for				
the first semester of 2018:				
Roman Krzysztof Karkosik	154 351 609	64,313%	154 351 609	64,313%
<i>including subsidiaries:</i>	152 295 603	63,457%	152 295 603	63,457%
Boryszew S.A.	13 346 169	5,561%	13 346 169	5,561%
Boryszew S.A.	13 581 434	5,659%	13 581 434	5,659%
RKK Investments Sp. z o.o.	119 998 000	49,999%	119 998 000	49,999%

Detailed information on changes in the ownership structure of significant share packages of Boryszew S.A. were submitted in the form of current statements of the Company and are available at: www.boryszew.com.pl

**18. PERSONS MANAGING AND SUPERVISING THE COMPANY - CHANGING THE STATUS OF HELD SHARES OR OPTIONS FOR SHARES IN THE CURRENT PERIOD FROM THE DAY OF SUBMISSION OF THE PREVIOUS STATEMENT**

List of shares held by Boryszew S.A. or rights to them by the Management Board of the Company.

The Management Board of Boryszew S.A.	As at the date of publication of the previous periodical statement	Changes in the ownership status, purchase/(disposal)	As at the date of publication of this statement
Aleksander Baryś	3 000	-	3 000

Other managing persons and supervising persons of Boryszew S.A. do not hold any shares in the Company or rights to the share, and since the date of the previous periodical statement, there have been no changes in this respect.

19. PROCEEDINGS PENDING BEFORE A COURT, COMPETENT AUTHORITY FOR THE ARBITRATION OR PUBLIC ADMINISTRATION

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

TAX PROCEEDINGS IN THE COMPANIES OF THE CAPITAL GROUP

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

Significant proceedings that were terminated at first instance

1. ZM SILESIA S.A. received on March 12, 2018 the decision of the Chief of Opole Customs and Tax Office (Office) in Opole of February 28, 2018 specifying the outstanding VAT liability for 2012 in the amount of PLN 28.9 million plus interest on tax arrears in the amount PLN 15.5 million. According to the position of the Office, ZM SILESIA S.A. did not exercise due diligence in verifying the tax reliability of some of its suppliers who, as it turned out, did not pay VAT due to the budget. Consequently, ZM SILESIA S.A. had no right to reduce the tax due by the input tax shown on invoices issued by dishonest contractors. Due to a different assessment of the facts in relation to the assessment presented by the inspection bodies, the controlled company appealed against the decision of the Office received.
2. HUTMEN S.A. received on April 3, 2018, the decision of the Head of the Lower Silesian Customs and Tax Office (Office) in Wrocław of March 26, 2018 specifying the overdue tax liability of HUTMEN S.A. in VAT for the fourth quarter of 2014 in the amount of PLN 3.04 million plus interest on tax arrears. According to the position of the Office, HUTMEN S.A. failed to exercise due diligence in verifying the tax reliability of some of his contractors, and consequently had no right to apply a VAT rate of 0% for intra-Community supply of goods.

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



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

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

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

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

The ongoing proceedings:

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

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

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

- a) **probable** (large) **risk** - there is a high probability of negative tax consequences (the occurrence of negative consequences is more likely than not to occur),
- b) **possible** (average) **risk** - there is a risk of negative tax consequences but their occurrence or not is equally probable,
- c) **potential** (low) **risk** - there is some risk of negative tax consequences, however, this risk is less likely than probable.

The balance of provisions in the consolidated financial statements for the risks described above as at the balance sheet date is PLN 66.3 million (large risk). In addition, the Parent Company recognized the amount of PLN 38 million as a contingent liability (medium or low risk). The Management Board of the Parent Company estimated the provisions taking



also into account the probability of cash outflow from the Group, and decided not to create them for events involving low probability of funds outflow.

The Management Board of the Parent Company may not exclude that the aforementioned risk estimates may change in the event of new circumstances.

20. CONCLUSION BY THE COMPANY OR THE SUBSIDIARY OF ONE OR MORE IMPORTANT TRANSACTIONS WITH THE AFFILIATES

Transactions between the associates are mainly trade transactions concluded between the companies of the Group of Companies in the scope of sale or purchase of goods and products of typical and traditional character for the Group's operations.

Transactions between the affiliates are concluded on market terms. The details of non-trading transactions with the affiliates are presented below:

TRANSACTIONS OF NON-TRADE CHARACTER

LOANS GRANTED BY BORYSZEW S.A.

Company	Agreement date	Repayment date	Loan amount in accordance with the agreement	Amount to be repaid	Currency	Amount to be paid per PLN	Interest rate
Boryszew Kunststofftechnik Deutschland GmbH	01.09.2011	31.12.2018	3 000 000	2 249 652	EUR	9 812 083	EURIBOR 3M + margin
	02.08.2011	31.12.2018	14 500 000	14 371 899	EUR	62 684 476	EURIBOR 3M + margin
Boryszew Automotive Plastics Sp.z o.o.	27.11.2017	31.12.2020	49 700 000	46 479 479	EUR	202 724 894	EURIBOR 3M + margin
Polish Wind Holding B.H.	14.09.2015	31.12.2018	1 100 000	1 100 000	PLN	1 100 000	WIBOR 3M + margin
	20.12.2016	31.12.2018	550 000	550 000	PLN	550 000	WIBOR 3M + margin
MAFMEX S. de R.L. de C.V.	18.11.2015	30.06.2020	689 772	689 772	EUR	3 008 510	EURIBOR 1M + margin
	19.02.2016	30.06.2020	1 695 000	1 695 000	EUR	7 392 912	EURIBOR 1M + margin
	14.09.2016	30.06.2020	1 046 712	1 046 712	EUR	4 565 339	EURIBOR 1M + margin
	16.12.2016	30.06.2020	568 516	568 516	EUR	2 479 639	EURIBOR 1M + margin
	23.12.2016	31.12.2022	448 337	448 337	EUR	1 955 466	EURIBOR 1M + margin
	29.05.2017	31.12.2022	1 151 287	1 151 287	EUR	5 021 453	EURIBOR 1M + margin
	03.07.2017	31.12.2022	1 507 210	1 507 210	EUR	6 573 846	EURIBOR 1M + margin
	08.08.2017	31.12.2022	592 906	592 906	EUR	2 586 017	EURIBOR 1M + margin
	31.08.2017	31.12.2022	421 996	421 996	EUR	1 840 578	EURIBOR 1M + margin



STATEMENT ON THE OPERATIONS OF CAPITAL GROUP BORYSZEW IN THE FIRST HALF OF 2018

	19.12.2017	31.12.2022	678 265	678 265	EUR	2 958 322	EURIBOR 1M + margin
Maflow Components Dalian	20.03.2017	18.03.2020	1 160 000	250 000	EUR	1 090 400	EURIBOR 1M + margin
Maflow Polska Sp. z o.o.	05.07.2017	31.12.2019	30 000	30 000	PLN	30 000	WIBOR 1M + margin
	11.07.2017	31.12.2019	50 000	50 000	PLN	50 000	WIBOR 1M + margin
Total to be repaid					PLN	316 423 933	

The amount of the aforementioned loans granted to Borszew S.A. does not include the accrued interest as at 30 June 2018.

EXTENDED TIME FOR REPAYMENT OF LOANS GRANTED BY BORYSZEW S.A.

On 19 March 2018, Borszew S.A. extended the repayment dates of loans granted to the following companies:

1) Borszew Kunststofftechnik Deutschland GmbH

- a loan granted on 2 August, 2011 in the amount of EUR 14 500 000 (as amended) until 31 December, 2018.
- a loan granted on 01.09.2011 in the amount of EUR 3,000,000 (amended) till 31.12.2018

2) BRS YMOS GmbH

- a loan granted on 07.06.2016 in the amount of EUR 460,000 till 31.12.2018

3) Polish Wind Holding B.V.

- a loan granted on 19.04.2015 in the amount of PLN 1.100,000 (amended) till 31.12.2018
- a loan granted on 20.12.2016 in the amount of PLN 550,000 till 31.12.2018

LOANS GRANTED BY IMPEXMETAL S.A.

On 2 July 2018, Impexmetal S.A. granted Borszew S.A. a loan in the amount of PLN 8 500 000.00 with the repayment date until 31 December 2018. The interest rate was specified based on the market conditions.

LOANS GRANTED BY BORYSZEW AUTOMOTIVE PLASTICS GROUP

On 16 January, 2018, Borszew Kunststofftechnik Deutschland GmbH granted a loan to BRS Ymos GmbH in the amount of EUR 3 000 000 with the repayment date until 31 December, 2020. The interest rate was specified based on the market conditions. On 28 March, 2018, the loan amount was increased by EUR 1 000 000 from EUR 3 000 000 to EUR 4 000 000. The remaining conditions of the loan remain unchanged.

On 12 February 2018 Borszew Oberflächentechnik Deutschland GmbH granted a loan to Borszew Automotive Plastics Sp. z o.o. in the amount EUR 500.000 with the repayment date by 31 December 2020. The interest rate has been determined on market terms. On 24 April 2018 the amount was increased by EUR 300.000, from EUR 500.000 to EUR 800,000. Other terms of the loan agreement remained unchanged.

On 19 March 2018 Borszew Kunststofftechnik Deutschland GmbH granted a loan to Borszew Automotive Plastic Sp. z o.o. in the amount EUR 500.000 with the repayment date by 31 December 2020. The interest rate has been determined



on market terms. Till 30 June 2018 the amount was increased to EUR 5.808,229. Other terms of the loan agreement remained unchanged.

REPAYMENT OF LOANS GRANTED BY GROUP BORYSZEW AUTOMOTIVE PLASTICS

On January 2018 THEYSON Kunststoff GmbH repaid a loan granted on 14 August 2014 by Boryszew Formenbau Deutschland GmbH in the amount EUR 100.000.

On 9 January 2018 Boryszew Kunststofftechnik Deutschland GmbH repaid a loan granted on 26 November 2014 by Boryszew Deutschland GmbH in the amount EUR 390.780.

On 18 January 2018 BRS Ymos GmbH repaid a loan granted on 5 May 2017 by Boryszew S.A. in the amount EUR 1.300,000.

On 18 January 2018 BRS Ymos GmbH repaid a loan granted on 7 June 2017 by Boryszew S.A. in the amount EUR 460.000.

On 24 January 2018 Boryszew Automotive Plastics Sp. z o.o. repaid a loan granted on 27 November 2017 by THEYSON Kunststoff GmbH and by THEYSON Formenbau GmbH in the total amount EUR 5.100,000.

On 24 January 2018 ICOS GmbH repaid a loan granted on 27 November 2017 by Boryszew Automotive Plastics Sp. z o.o. in the amount 650.342.

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

On 13 July 2018 Boryszew S.A. Elana Branch in Toruń repaid loans dated from 27 March 2018 in the amount PLN 300.000 and from 27 June 2018 in the amount PLN 50.000 granted by Eastside – Bis Sp. z o.o.

THE ACQUISITION OF THE BONDS ISSUED BY BORYSZEW S.A.

On 11 January 2018, SPV Impexmetal Sp. z o.o., took up 12 A16 series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 12,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020.

On 14 February 2018, SPV Impexmetal Sp. z o.o., took up 16 A17 series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 16,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December, 2018.

On 1 March 2018, Zakład Utylizacji Odpadów Sp. z o.o., took up 25 A18 series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 25,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 28 February 2021.

On 18 June 2018, SPV Impexmetal Sp. z o.o., took up 8 registered A19 series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 8,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 31 December 2020.

On 19 June 2018, SPV Lakme Investment Sp. z o.o., took up 2 registered A20 series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 2,000,000. The interest rate on



the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 31 December 2020.

On 18 June 2018, SPV Eastside - Bis Sp. z o.o., took up 2 registered A21 series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 2,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 31 December 2020.

On 2 July 2018, WM Dziedzice S.A., took up 16 registered A22 series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 16,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 30 June 2019. These bonds replace the 16 registered A7 series bonds with per value of PLN 1,000,000 and the total nominal value 16,000,000 taken up on 30 June 2017 by WM Dziedzice S.A. with its registered office in Czechowice-Dziedzice, with the deadline for the purchase of the registered bonds is 30 June 2018.

THE BONDS ISSUED BY SPV BORYSZEW SP. Z O.O.

On 2 July, Hutmen S.A., took up 6 registered N series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 6,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 30 June 2019. These bonds replace the 6 registered K series bonds with per value of PLN 1,000,000 and the total nominal value 6,000,000 taken up on 30 June 2017 by Hutmen S.A. with its registered office in Wrocław, with the deadline for the purchase of the registered bonds is 30 June 2018.

On 2 July 2018, WM Dziedzice S.A., took up 20 registered O series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 20,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 30 June 2019. These bonds replace the 20 registered L series bonds with per value of PLN 1,000,000 and the total nominal value 20,000,000 taken up on 30 June 2017 by WM Dziedzice S.A. with its registered office in Czechowice-Dziedzice, with the deadline for the purchase of the registered bonds is 30 June 2018.

On 2 July 2018, SPV Boryszew 3 Sp. z o.o. purchased from Baterpol S.A. 8 J series registered bonds with a nominal value of PLN 8,000,000, enlarge by interest due.

THE ACQUISITION OF THE BONDS ISSUED BY IMPEXMETAL S.A.

On 2 January 2018, Metal Zinc Sp. z o.o. with its registered office in Katowice, took up 7 registered R series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 7,000,000 with the deadline for the purchase of the registered bonds is 31 December 2018. The interest rate on the bonds has been determined on market terms.



On March 1, 2018, the bonds were purchased at their nominal value plus interest due. The bonds were purchased for redemption in connection with the optimization of the financing structure and cash management in the Impexmetal Capital Group.

On 2 January 2018, S and I S.A. with its registered office in St. Sulpice Szwajcaria, took up 16 registered S series bonds with a par value of PLN 1,000,000.00 each. The total nominal value of bonds issued in this series amounts to PLN 16,000,000 with the deadline for the purchase of the registered bonds is 31 December 2018. The interest rate on the bonds has been determined on market terms.

THE BONDS ISSUED BY BATERPOL S.A.

On 26 February 2018 (according to the due date) Baterpol S.A. purchased from Polski Cynk Sp. z o.o. bonds with the total nominal value of PLN 4,500,000.

On 26 February 2018 Baterpol S.A. issued bonds K series with total amount PLN 4,000,000, taken by Polski Cynk Sp. z o.o. The deadline for the purchase of the bonds is 26 February 2023. The interest rate of the bonds has been determined on market terms.

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

On 5 February 2018, Boryszew S.A., took up 1 registered BO4 series bond with a par value of PLN 500,000,00. The total nominal value of bonds issued in this series amounts to PLN 500,000,00. The deadline for the purchase of the registered bonds is 31 December 2018.

On 14 February 2018, Boryszew S.A., took up 18 registered BO5 series bonds with a par value of PLN 1,000,000,00. The total nominal value of bonds issued in this series amounts to PLN 18,000,000,00. The deadline for the purchase of the registered bonds is 31 December 2018.

On 2 March 2018, Boryszew S.A., took up 27 registered BO6 series bonds with a par value of PLN 1,000,000,00. The total nominal value of bonds issued in this series amounts to PLN 27,000,000,00. The deadline for the purchase of the registered bonds is 31 December 2018.

On 19 April 2018, Boryszew S.A., took up 1 registered BO7 series bond with a par value of PLN 500,000,00. The total nominal value of bonds issued in this series amounts to PLN 500,000,00. The deadline for the purchase of the registered bonds is 31 December 2018.

On 24 May 2018, Boryszew S.A., took up 1 registered BO8 series bond with a par value of PLN 200,000,00. The total nominal value of bonds issued in this series amounts to PLN 200,000,00. The deadline for the purchase of the registered bonds is 31 December 2018.

On 28 June 2018, Boryszew S.A., took up 1 registered BO9 series bond with a par value of PLN 300,000,00. The total nominal value of bonds issued in this series amounts to PLN 300,000,00. The deadline for the purchase of the registered bonds is 31 December 2018.

The interest rate of the bonds has been determined on market terms.

PURCHASE OF BONDS ISSUED BY GROUP BORYSZEW AUTOMOTIVE PLASTICS

On 22 February 2018, Boryszew Tensho Poland Sp. z o.o. purchased from Boryszew Automotive Plastics Sp. z o.o. 1 registered bond with a nominal value of PLN 1,000,000.



On 19 March 2018, Borszew Automotive Plastics Sp. z o.o. purchased from ZM SILESIA S.A. 5 registered bonds with a total value of PLN 1,000,000.

On 19 March 2018 and 24 April 2018, Borszew HR Service Sp. z o.o. purchased from Borszew Automotive Plastics Sp. z o.o. 3 registered bonds with a total value of PLN 1,500,000.

On 27 June 2018, Borszew Automotive Plastics Sp. z o.o. purchased from S&I S.A. w likwidacji 10 registered bond with a total value of PLN 2,000,000.

PURCHASE OF BONDS ISSUED BY EASTSIDE – BIS Sp. z o.o.

On 24 April 2018, Eastside - Bis Sp. z o.o. purchased from SPV LAKME INVESTMENT Sp. z o.o. 4 registered A2 series bonds with a nominal value of PLN 1,000,000 each. The total nominal value of bonds issued in this series amounts to PLN 4,000,000 enlarge by interest due, taken by SPV LAKME INVESTMENT Sp. z o. o. on 29 December 2017 (due date: 31 December 2018).

CHANGE THE DATE OF PURCHASE OF BONDS ISSUED BY UNIBAX SP. Z O.O.

The purchase date of 25 registered bonds with a nominal value of PLN 56,000,000.00, issued by Unibax Sp. z o.o. with its registered office in Toruń and taken by Eastside-Bis Spółka z o.o.

- 10 registered EB1 series bonds with a nominal value PLN 3.000.000,00 each on 15 November 2016
- 10 registered EB2 series bonds with a nominal value PLN 2.123.500,00 each on 15 November 2016
- 5 registered EB3 series bonds with a nominal value 953.000,00 each on 18 November 2016

was changed from 31 march 2018 to 30 September 2019.

PURCHASE OF BONDS ISSUED BY SKOTAN S.A.

On 24 May 2018 Borszew S.A. Elana Branch in Toruń took up 10 registered J series bonds with a nominal value PLN 100.000. The total value of bonds in this series was PLN 1.000.000. The deadline for the purchase of the registered binds is 31 December 2019.

21. INFORMATION ON CREDIT OR LOAD SURETIES GRANTED BY THE COMPANY OR THE SUBSIDIARY OR GRANTING THE GUARANTEE - ONE SUBSIDIARY OR AFFILIATE IN TOTAL, IF THE TOTAL VALUE OF EXISTING SURETIES OR GUARANTIES IS SIGNIFICANT

GUARANTEES AND SURETIES GRANTED BY BORYSZEW S.A. AS AT 30 June 2018

No.	Entity granted a surety or a guarantee	Date of issue of a surety or a guarantee	Subject of the obligations	Surety value in currency	Surety value in currency	Surety value	Surety validity date
				EUR	USD	PLN	
1.	Torlen Sp. z o.o.	24.07.2017	The guarantee for trade liabilities granted to Polytrade GmbH	1 500 000		6 542 400	31.07.2020
		11.12.2017	The guarantee for trade liabilities granted to MB Barter&Trading SA	500 000		2 180 800	31.12.2020



STATEMENT ON THE OPERATIONS OF CAPITAL GROUP BORYSZEW IN THE FIRST HALF OF 2018

2.	Boryszew Kunststofftechnik Deutschland GmbH	08.06.2018	The guarantee granted to Deutsche Leasing International GmbH	600 000		2 616 960	08.06.2023
		31.01.2013	The guarantee granted to bank Commerzbank	5 000 000		21 808 000	indefinitely
		23.07.2013	The guarantee granted as a security for a loan granted by GE Capital Bank AG	992 373		4 328 334	30.08.2021
		24.07.2017	The guarantee granted as a repayment security against ALD AutoLeasing D GmbH	200 000		872 320	30.06.2022
		12.03.2014	The guarantee granted to Hewlett-Packard International Plc.	297 500		1 297 576	28.02.2019
		06.06.2014	The guarantee granted to Hewlett-Packard International Bank Plc.	297 500		1 297 576	31.05.2019
		25.09.2014	The guarantee granted to Hewlett-Packard International Bank Plc.	267 750		1 167 818	31.05.2019
		22.01.2015	The guarantee granted to Hewlett-Packard International Bank Plc.	100 000		436 160	31.08.2019
		23.11.2017	The guarantee granted as a security for a loan granted by DNB Bank Polska SA	7 500 000		32 712 000	31.01.2019
		07.08.2017	The guarantee granted to Deutsche Leasing International GmbH	1 400 000		6 106 240	indefinitely
3.	Theysohn Formenbau GmbH	06.09.2017	The guarantee granted akf leasing GmbH	2 339 459		10 203 785	31.08.2023
4.	Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	The guarantee as a security for a loan granted by Bank Gospodarstwa Krajowego	21 838 000		95 248 621	31.12.2026
5.	Boryszew Plastic RUS	11.07.2013	The guarantee granted to ZAO Hewlett-Packard AO		200 000	748 800	indefinitely
		27.08.2013	The guarantee granted to RB Leasing Ltd.	449 600		1 960 975	15.06.2019
		29.01.2013	The guarantee granted to Deutsche Leasing Vostok ZAO	8 486 448		37 014 490	07.10.2019
		08.04.2013	The guarantee granted to Deutsche Leasing Vostok ZAO	264 783		1 154 879	07.10.2019
		30.04.2014	The guarantee granted to ZAO Hewlett-Packard AO		100 000	374 400	indefinitely



STATEMENT ON THE OPERATIONS OF CAPITAL GROUP BORYSZEW IN THE FIRST HALF OF 2018

		13.02.2017	The guarantee granted to Volvo Group Trucks Operations	5 000 000		21 808 000	indefinitely
6.	BRS YMOS GmbH	27.05.2015	The guarantee granted to Würth Leasing GmbH & Co. KG	309 812		1 351 276	30.11.2020
		15.03.2016	The guarantee granted to Würth Leasing GmbH	354 902		1 547 941	15.03.2022
7.	Boryszew Tensho Poland Sp. z o.o.	6.12.2017	The guarantee granted to PGE Obrót S.A.			1 800 000	indefinitely
		14.03.2017	The guarantee granted to SPV Impexmetal Sp. z o.o. for the implementation of financial liabilities			41 000 000	indefinitely
		24.10.2017	Bill of exchange guarantee of lease agreement for mLeasing	179 624		783 449	15.04.2021
		24.10.2017	Bill of exchange guarantee of lease agreement for mLeasing	1 499 920		6 542 049	15.11.2020
		13.06.2016	The guarantee granted as a security for a loan granted by HSBC Bank Polska			10 000 000	12.09.2020
8.	Maflow BRS s.r.l.	01.01.2017	The guarantee granted to CORDTECH INTERNATIONAL SAS	300 000		1 308 480	31.12.2018
		01.01.2017	The guarantee granted to Mehler Engineered Products GmbH for the repayment of trade liabilities	400 000		1 744 640	31.12.2018
		26.04.2016	Banka IFIS	750 000		3 271 200	indefinitely
		16.05.2017	The guarantee granted to Cover	100 000		436 160	31.12.2018
9.	Maflow France Automotive S.A.S.	07.07.2016	The guarantee of proper performance of the Leasing agreement for Natixs Lease	377 000		1 644 323	07.07.2021
10.	Boryszew Commodities	12.12.2017	Borealis AG	250 000		1 090 400	31.12.2018
		11.06.2018	Bill of exchange guarantee of loan agreement in mBank S.A.	16 500 000		71 966 400	02.11.2018
11.	Spółki Grupy BAP będące klientami Volkswagen AG	16.12.2016	Volkswagen AG	20 000 000		87 232 000	indefinitely
12.	Impexmetal S.A.	1.02.2017	Marshal's Office of the Wielkopolska Region			5 814 361	31.12.2018
13.	Alchemia S.A.	1.10.2017	Arcelormittal Poland S.A.	9 000 000		39 254 400	31.12.2018



STATEMENT ON THE OPERATIONS OF CAPITAL GROUP BORYSZEW IN THE FIRST HALF OF 2018

14.	Eastside-Bis	01.09.2017	Voivodeship Fund for Environmental Protection and Water Management in Toruń			3 283 600	indefinitely
15.	Boryszew HR Service Sp. z o.o.	30.08.2016	Bill of exchange guarantee for loan granted by mBank			2 000 000	30.08.2018
16.	Elana Energetyka	01.12.2015	PGE Obrót S.A.			3 000 000	indefinitely
Total granted guarantees and sureties by Boryszew S.A.						534 950 813	

As at 30 June, 2018, the remaining Group companies did not grant any loan or loan surety to one entity or its subsidiary, and they did not provide any guarantees, the total value of which would be significant.

Guarantees and sureties are granted by GKB Companies based on the market conditions. The remuneration for the granted sureties is not significant.

22. OTHER INFORMATION SIGNIFICANT TO THE ASSESSMENT OF THE HUMAN RESOURCES SITUATION, ASSETS, FINANCIAL SITUATION AND THE FINANCIAL RESULT OF THE COMPANY AND THEIR CHANGES, AND INFORMATION SIGNIFICANT TO THE ASSESSMENT OF THE LIABILITIES IMPLEMENTATION

In the statement period, there were no events other than those described above that were significant for the assessment of the human resources situation, assets, financial situation, financial result and the Group's ability to meet its liabilities.

23. FACTORS WHICH WILL INFLUENCE ON THE RESULTS ACHIEVED BY THE COMPANY WITHIN AT LEAST THE NEXT QUARTER

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).
- Demand for new cars, especially for VW Group products, which is the most important customer of Capital Group Boryszew.
- The level of quotations of metals and currencies determining the amount of working capital and the effectiveness of the export and domestic sales.
- Increase in economic protectionism in the international trade, resulting in restricting access to markets.
- Sanctions imposed by the US government on entities operating on the international non-ferrous metals market (contractors of the Capital Group companies).
- The costs of raw materials, in particular the prices of scrap metal and the amount of metal bonuses.
- 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.
- The 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,
- The 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:

- The effect of obtaining new nominations in the Automotive Segment.



- The effects of optimization of production processes in all market segments.
- The effects of the development investments, including to the greatest extent in Impexmetal S.A., which reached the production capacity of 100 thousand tonnes/year.
- The effects of received subsidies related to the implementation of investment projects and the increase of energy efficiency.

24. STATEMENT OF THE MANAGEMENT BOARD

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

- according to its best knowledge, the semi-annual consolidated financial statement of the Company and Capital Group Boryszew as well as comparable data 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. and Capital Group Boryszew.
- this semi-annual statement of the activities of Capital Group Boryszew includes the real representation of the development, achievements, and the position of Capital Group Boryszew, including the description of basic risks and threats.

MANAGEMENT BOARD OF BORYSZEW S.A.

Piotr Szeliga – acting President of the Management Board

Alexander Baryś - Member of the Management Board

Mikołaj Budzanowski - Member of the Management Board

Cezary Pyszkowski - Member of the Management Board

This Report is an English version of the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.