



# **Boryszew S.A.**

**ABBREVIATED CONSOLIDATED  
QUARTERLY REPORT  
FOR THE BORYSZEW CAPITAL GROUP  
FOR THE 3<sup>RD</sup> QUARTER OF 2018**

Date of approving the report for publication  
22<sup>nd</sup> November 2018



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**SELECTED FINANCIAL DATA**

SELECTED FINANCIAL DATA	in PLN thousand		in EUR thousand	
	01.01.2018 -30.09. 2018	01.01.2017 - 30.09. 2017	01.01.2018 - 30.09. 2018	01.01.2017 - 30.09. 2017
<b>data concerning the consolidated abbreviated financial statements</b>				
Revenue from the sales from continued operations	4 686 239	4 692 984	1 100 935	1 104 907
Profit from the operations	200 295	292 134	47 055	68 779
Net profit from continued operations	150 741	232 927	35 413	54 840
Net profit from continued and discontinued operations	151 820	233 479	35 667	54 970
Net profit attributable to the parent unit	98 461	185 336	23 131	43 635
Weighted average number of shares	212 815 067	217 198 073	212 815 067	217 198 073
Profit per one ordinary share attributable to shareholders of the parent unit in PLN/EUR)	0,46	0,85	0,11	0,20
Net cash flow from operating activities	106 468	194 967	25 012	45 903
Net cash flow from the investment activities	(202 197)	(214 738)	-47 502	-50 558
Net cash flow from the financial activities	25 471	31 100	5 984	7 322
	<b>Stan na 30.09.2018</b>	<b>Stan na 31.12.2017</b>	<b>Stan na 30.09.2018</b>	<b>Stan na 31.12.2017</b>
Total assets	4 376 406	4 109 581	1 024 584	985 298
Total liabilities and provisions against them	2 558 486	2 387 491	598 981	572 416
Gross financial debt	1 260 556	1 145 728	295 115	274 696
Cash	146 305	216 120	34 252	51 816
Assets related to continued operations	4 374 311	4 107 959	1 024 093	984 909
Liabilities related to continued operations	2 540 749	2 367 468	594 828	567 616
Equity	1 817 920	1 722 090	425 603	412 882

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>01.01.2018 - 30.09. 2018</b>	<b>01.01.2017 - 30.09. 2017</b>	<b>01.07.2018 - 30.09. 2018</b>	<b>01.07.2017 - 30.09. 2017</b>
<b>Continuing operations</b>				
Revenues from sales	4 686 239	4 692 984	1 437 010	1 521 197
Prime cost of sale	4 189 634	4 119 708	1 274 312	1 333 875
<b>Gross profit from sales</b>	<b>496 605</b>	<b>573 276</b>	<b>162 698</b>	<b>187 322</b>
Selling costs	114 776	104 524	38 227	39 068
General and administrative costs	199 672	194 107	77 976	54 714
Other operating revenue	46 294	45 741	8 986	16 684
Other operating expenses	28 156	28 252	12 040	6 902
<b>Profit from operating activity</b>	<b>200 295</b>	<b>292 134</b>	<b>43 441</b>	<b>103 322</b>
Financial revenues	49 505	51 435	11 954	13 282
Financial expenses	66 577	87 481	2 517	37 841
<b>Financial profit</b>	<b>(17 072)</b>	<b>(36 046)</b>	<b>9 437</b>	<b>(24 559)</b>
Share in profit of affiliates	13 242	1 691	3 791	1 867
<b>Profit before income tax</b>	<b>196 465</b>	<b>257 779</b>	<b>56 669</b>	<b>80 630</b>
Income tax	45 724	24 852	13 547	9 948
<b>Net profit on continued operations</b>	<b>150 741</b>	<b>232 927</b>	<b>43 122</b>	<b>70 682</b>
<b>Net profit on discontinued operations</b>	<b>1 079</b>	<b>552</b>	<b>862</b>	<b>1 307</b>
<b>Net profit on continued activity and discontinued operations including attributable:</b>	<b>151 820</b>	<b>233 479</b>	<b>43 984</b>	<b>71 989</b>
<i>to shareholders of the parent</i>	<i>98 461</i>	<i>185 336</i>	<i>23 721</i>	<i>54 160</i>
<i>to non-controlling interest</i>	<i>53 359</i>	<i>48 143</i>	<i>20 263</i>	<i>17 829</i>
<b>Profit/diluted earnings per share</b>				
Weighted average number of shares	212 815 067	217 198 073	211 486 647	216 299 756
Profit/Diluted earnings per one share (PLN)	0,46	0,85	0,11	0,25

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – CONT.**

	<b>01.01.2018 - 30.09. 2018</b>	<b>01.01.2017 - 30.09. 2017</b>	<b>01.07.2018 - 30.09. 2018</b>	<b>01.07.2017 -30.09. 2017</b>
<b>Net profit</b>	<b>151 820</b>	<b>233 479</b>	<b>43 984</b>	<b>71 989</b>
<b>Earnings recognised in equity</b>				
<i>Income included in equity, transferred to the profit and loss account</i>	<b>10 240</b>	<b>(6 491)</b>	<b>8 555</b>	<b>(8 773)</b>
Hedge accounting	1 275	(7 180)	21 324	(22 476)
Valuation of financial assets transferred to the financial result	0	0	0	(1 705)
Exchange rate differences from the conversion of foreign operations	9 346	(1 624)	(9 423)	19 179
<i>Income tax (-reserve /+asset)</i>	<i>(381)</i>	<i>2 313</i>	<i>(3 346)</i>	<i>(3 771)</i>
<i>Income included in capital, not be reclassified to profit or loss</i>	<b>0</b>	<b>(307)</b>	<b>0</b>	<b>(524)</b>
Profit/loss on valuation of equity instruments	0	(379)	0	(524)
Profit/loss on disposal of equity instruments				
Capital reserve on translating employee payables	0	0	0	0
<i>Income tax</i>	<i>0</i>	<i>72</i>	<i>0</i>	<i>0</i>
<b>Income included in the capitals in total</b>	<b>10 240</b>	<b>(6 798)</b>	<b>8 555</b>	<b>(9 297)</b>
<i>to shareholders of the parent</i>	<i>8 864</i>	<i>(2 387)</i>	<i>5 644</i>	<i>(608)</i>
<i>to non-controlling interest</i>	<i>1 376</i>	<i>(4 411)</i>	<i>2 911</i>	<i>(8 689)</i>
<b>Total incomes, including attributable to:</b>	<b>162 060</b>	<b>226 681</b>	<b>52 539</b>	<b>62 692</b>
<i>to shareholders of the parent</i>	<i>107 325</i>	<i>182 949</i>	<i>29 365</i>	<i>53 552</i>
<i>to non-controlling interest</i>	<i>54 735</i>	<i>43 732</i>	<i>23 174</i>	<i>9 140</i>

**CONSOLIDATED INCOME STATEMENT – DISCONTINUED OPERATIONS**

	<b>01.01.2018 - 30.09. 2018</b>	<b>01.01.2017 - 30.09. 2017</b>	<b>01.07.2018 - 30.09. 2018</b>	<b>01.07.2017 -30.09. 2017</b>
Revenues from sales	43	95	10	38
Prime cost of sale	49	104	10	41
<b>Gross profit (loss) from sales</b>	<b>(6)</b>	<b>(9)</b>	<b>0</b>	<b>(3)</b>
	0	0	0	0
Selling costs	0	0	0	0
General and administrative costs	3 070	2 207	1 196	1 679
Other operating revenue	1 915	1 592	327	457
Other operating expenses	<b>1 149</b>	<b>606</b>	<b>869</b>	<b>1 219</b>
<b>Profit (loss) from operating activity</b>				
	4	95	3	95
Financial revenues	74	149	10	7
Financial expenses	<b>(70)</b>	<b>(54)</b>	<b>(7)</b>	<b>88</b>
<b>Financial profit</b>	<b>1 079</b>	<b>552</b>	<b>862</b>	<b>1 307</b>
<b>Profit (loss) before income tax</b>	0	0	0	0
<b>Income tax:</b>	<b>1 079</b>	<b>552</b>	<b>862</b>	<b>1 307</b>
<b>Net profit (loss) on discontinued operations to shareholders of the parent</b>	<b>1 176</b> <b>(97)</b>	<b>865</b> <b>(313)</b>	<b>622</b> <b>240</b>	<b>703</b> <b>604</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>As at 30.09.2018</b>	<b>As at 31.12.2017</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Non-current assets	1 449 758	1 405 068
Investment property	141 715	154 984
Goodwill	23 464	23 464
Intangible assets	39 088	39 896
Shares in associates	306 830	281 834
Financial assets	126 441	64 674
Long-term receivables	5 223	5 075
Deferred tax assets	59 455	68 842
Other assets	26 845	31 168
<b>Total fixed assets</b>	<b>2 178 819</b>	<b>2 075 005</b>
<b>Current assets</b>		
Inventory	1 095 151	978 528
Trade receivables and other receivables	886 607	729 397
Short-term financial assets	8 725	42 390
Derivative financial instruments	24 046	33 750
Current tax assets	195	1 198
Other assets	34 463	31 571
Cash and cash equivalents	146 305	216 120
<b>Total current assets</b>	<b>2 195 492</b>	<b>2 032 954</b>
<b>Assets classified as held for sale</b>	<b>2 095</b>	<b>1 622</b>
<b>Total assets</b>	<b>4 376 406</b>	<b>4 109 581</b>

**Capital Group Boryszew**

Mid-year abbreviated, consolidated report for the 3rd quarter of 2018 prepared in accordance with the IAS 34 approved by the European Union

(amounts are presented in PLN thousand unless specified otherwise)

<b>LIABILITIES AND EQUITY</b>	<b>As at 30.09.2018</b>	<b>As at 31.12.2017</b>
<b>Equity</b>		
Share capital	248 906	248 906
Share premium	114 435	114 435
Shares/own shares	(203 677)	(170 567)
Hedge accounting capital	6 034	5 259
Capital reserve on translating employee payables	(799)	(775)
Revaluation reserve	(13 390)	(12 024)
Exchange differences on translating foreign entities	(30 360)	(39 569)
Retained earnings	1 120 149	985 803
<b>Total equity</b>	<b>1 241 298</b>	<b>1 131 468</b>
<b>Non-controlling shareholders' capital</b>	<b>576 622</b>	<b>590 622</b>
<b>Total equity</b>	<b>1 817 920</b>	<b>1 722 090</b>
<b>Long-term liabilities and reserves</b>		
Bank credits, loans, bonds	365 945	416 213
Lease liabilities	55 291	48 635
Payables on perpetual usufruct of investment land	58 987	60 902
Deferred tax provision	102 178	101 902
Employee benefit provisions	19 565	20 045
Other reserves	14 006	11 211
Other long-term liabilities and equity	12 187	11 581
<b>Total long-term liabilities and reserves</b>	<b>628 159</b>	<b>670 489</b>
<b>Short-term liabilities</b>		
Bank credits, loans, bonds	811 606	653 452
Lease liabilities	27 714	27 428
Payables on perpetual usufruct of investment land	0	67
Trade liabilities and other liabilities	902 939	827 608
Derivative financial instruments	7 934	25 250
Current tax liabilities	19 360	28 334
Capital reserve on translating employee payables	23 479	30 500
Other reserves	77 415	76 444
Other liabilities	42 143	27 896
<b>Total short-term liabilities and reserves</b>	<b>1 912 590</b>	<b>1 696 979</b>
<b>Liabilities related to assets classified as held for sale</b>	<b>17 737</b>	<b>20 023</b>
<b>Total liabilities and reserves</b>	<b>2 558 486</b>	<b>2 387 491</b>
<b>Total equity</b>	<b>4 376 406</b>	<b>4 109 581</b>



**CONSOLIDATED CASH FLOW STATEMENT**

	<b>01.01.2018 - 30.09. 2018</b>	<b>01.01.2017 - 30.09. 2017</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>196 465</b>	<b>256 088</b>
<b>Adjustments for (+/-)</b>	<b>(89 997)</b>	<b>(61 121)</b>
Amortisation	110 916	100 890
Profits/losses from financial operations (including interest from financial liabilities)	30 736	24 486
Profit/loss from investing activities	(23 118)	(7 371)
Change in receivables	(157 358)	(225 243)
Change in inventories	(116 623)	(59 859)
Change in liabilities	100 516	102 718
Change in provisions and accruals as well as prepayments	12 432	26 643
Other items	(6 748)	(1 460)
Income tax paid	(40 750)	(21 925)
<b>Net cash from operating activities</b>	<b>106 468</b>	<b>194 967</b>
<b>Cash flows from investment activities</b>		
Profit on fixed assets disposal	1 140	21 290
Revenues from bonds	0	1 255
Expenses on acquisition of fixed assets	(113 822)	(197 360)
Acquisition of shares in capital group entities	(36 525)	(34 179)
Redemption of bonds	(52 990)	(5 744)
<b>Net cash from investing activities</b>	<b>(202 197)</b>	<b>(214 738)</b>
<b>Cash flows from financial activities</b>		
Incomes on credits	216 656	226 142
Incomes from bond issue	0	12 292
Expenses for the purchase of own shares	(33 110)	(23 896)
Loans repaid	(104 779)	(128 316)
Repayment of borrowings	(3 991)	0
Interest paid on loans, bonds	(30 736)	(26 210)
Payment of liabilities under finance lease agreements	(18 569)	(28 912)
<b>Net cash from financing activities</b>	<b>25 471</b>	<b>31 100</b>
<b>Change in net cash</b>	<b>(70 258)</b>	<b>11 329</b>
Exchange differences on translation	443	0
Cash opening balance	216 120	205 108
<b>Cash closing balance</b>	<b>146 305</b>	<b>216 437</b>



(amounts are presented in PLN thousand unless specified otherwise)

**CONSOLIDATED STATEMENT ON CHANGES IN EQUITY**

	share capital	Surplus from the issue of shares above their nominal valuej	own shares	hedge accounting	Profits/losses from revaluation of employee benefits	Revaluation reserve	Exchange differences on the translation of foreign subordinated entities	Profits retained	Capital of the Parent	Non-controlling interest	Total equity
<b>As at 01.01.2018</b>	<b>248 906</b>	<b>114 435</b>	<b>(170 567)</b>	<b>5 259</b>	<b>(775)</b>	<b>(12 024)</b>	<b>(39 569)</b>	<b>985 803</b>	<b>1 131 468</b>	<b>590 622</b>	<b>1 722 090</b>
Valuation of hedge instruments	0	0	0	291	0	0	0	0	291	742	1 033
Exchange differences on the translation of subordinated entities	0	0	0	0	0	0	8 573		8 573	634	9 207
Profit / loss for 3 quarters of the year 2018								98 461	98 461	53 359	151 820
<b>Total comprehensive income for 3 quarters of the year 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>291</b>	<b>0</b>	<b>0</b>	<b>8 573</b>	<b>98 461</b>	<b>107 325</b>	<b>54 735</b>	<b>162 060</b>
Share buy-back	0	0	(33 110)	0	0	0			(33 110)		(33 110)
Change of group structure	0	0	0	484	(24)	(1 366)	636	35 885	35 615	(68 735)	(33 120)
<b>As at 30.09.2018</b>	<b>248 906</b>	<b>114 435</b>	<b>(203 677)</b>	<b>6 034</b>	<b>(799)</b>	<b>(13 390)</b>	<b>(30 360)</b>	<b>1 120 149</b>	<b>1 241 298</b>	<b>576 622</b>	<b>1 817 920</b>

**Capital Group Boryszew**

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(amounts are presented in PLN thousand unless specified otherwise)

	Share capital	Own shares	Surplus from the issue of shares above their nominal valuej	Hedge accounting	Revaluation reserve	Profits/losses from revaluation of employee benefits	Exchange differences on the translation of foreign subordinated entities	Profits retained	Capital attributable to shareholders of the Parent	Capital attributable to non-controlling interests	Total equity
<b>As at 01.01.2017</b>	<b>248 906</b>	<b>(135 756)</b>	<b>114 435</b>	<b>(2 348)</b>	<b>(12 374)</b>	<b>28</b>	<b>(21 788)</b>	<b>783 395</b>	<b>974 498</b>	<b>642 554</b>	<b>1 617 052</b>
Valuation of hedge instruments	0	0	0	(6 135)	0	0	0	0	(6 135)	319	(5 816)
Valuation of financial assets	0	0	0	0	(307)	0	0	0	(307)	(279)	(586)
Exchange differences							4 055		4 055	(4 451)	(396)
Profit for 3 quarters of the year 2017	0	0	0	0	0	0		185 336	185 336	48 143	233 479
<b>Total comprehensive income for 3 quarters of the year 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6 135)</b>	<b>(307)</b>	<b>0</b>	<b>4 055</b>	<b>185 336</b>	<b>182 949</b>	<b>43 732</b>	<b>226 681</b>
Share buy-back - Boryszew SA	0	(23 896)	0	0	0	0	0	0	(23 896)	0	(23 896)
Change of group structure	0	0	0	0	0	0	0	17 624	17 624	(51 729)	(34 105)
<b>As at 30.09.2017</b>	<b>248 906</b>	<b>(159 652)</b>	<b>114 435</b>	<b>(8 483)</b>	<b>(12 681)</b>	<b>28</b>	<b>(17 733)</b>	<b>986 355</b>	<b>1 151 175</b>	<b>634 557</b>	<b>1 785 732</b>



**ADDITIONAL INFORMATION TO CONSOLIDATED QUARTERLY REPORT AT 30 SEPTEMBER 2018**

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## 1. INTRODUCTION

### COMPANY DATA

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

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

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

### HISTORY

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

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

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

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

Boryszew Capital Group is one of the largest industrial groups in Poland, with production facilities on 4 continents, involved in automotive, non-ferrous metals, chemical and trade industry. The Capital Group employs more than 10. 000 people.

### SUPERVISORY BOARD OF BORYSZEWS.A.

From 1 January to 30 September 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

On 7 November 2018 Mr Piotr Lisiecki handed over his resignation as the Vice-President of the Management Board.

On the day of submitting the report the composition of the Supervisory Board was as follows:

Mr Janusz Siemieniec - Chairman of the Supervisory Board

Mr Mirosław Kutnik – Secretary of the Supervisory Board

Mr Jarosław Antosik – Member of the Supervisory Board

Mr Arkadiusz Krężel – Member of the Supervisory Board

Ms Małgorzata Waldowska– Member of the Supervisory Board



## **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 – Vice-President 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 President of the Management Board. Mr. Jarosław Michniuk did not give reasons for his resignation.

At the same time, on 19 January, 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 September 2018, the composition of the Management Board of Boryszew S.A. was as follows:

Mr Piotr Szeliga – 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 of Mergers and Automotive Development.

On 7 November 2018 Mr Piotr Szeliga handed over his resignation as the President of the Management Board.

Mr. Piotr Szeliga did not give reasons for his resignation.

At the same time, on 7 November, 2018, the Supervisory Board of the Company decided to temporarily entrust the Member of the Management Board Mr Piotr Lisiecki with the duties of the President of the Management Board and the General Director.

On the day of submitting the report the composition of the Supervisory Board was as follows:

Mr Piotr Lisiecki – 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 of Mergers and Automotive Development.

## **1. BASIS FOR PREPARING THE REPORT AND ACCOUNTING PRINCIPLES**

Information included in financial statement for the first half of 2018 was prepared in accordance with the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent the information required by the laws of a non-member state and the International Accounting Standard 34 (IAS 34) "Mid-year financial reporting".

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

The selected financial data in the initial part of the report were presented in EUR according to § 64 para. 1 of the Minister of Finance Regulation of 29 February 2018 (original text: Journal of Laws No. 2018.757 of 20.04.2018).



(amounts are presented in PLN thousand unless specified otherwise)

Balance sheet items were translated at the exchange rate of the last day of the reporting period and income statement items as well as cash flow statement items - at the average rate of the period

	<b>Average EUR exchange rate in the period</b>	<b>EUR exchange rate the last day of the period</b>
1.01- 30.09.2017	4,2566	4,3091
1.01- 31.12.2017	4,2447	4,1709
1.01- 30.09.2018	4,2535	4,2714

The accounting principles and calculation methods applied by the Group did not change during the period covered by this report, and were presented in detail in the consolidated financial statements for 2017, published on April 26, 2018 with the exception of standards that entered into force on January 1, 2018. Starting from January 1, 2018, the requirements of new IFRS 9 and IFRS 15 were applied, using a modified retrospective approach to their implementation. The Group has resigned from transforming comparable data in accordance with the possibility allowed by the standard. The data presented for comparative periods as at December 31, 2017 and for the nine months ended September 30, 2017 were prepared on the basis of IAS 39, IAS 18 and IAS 11.



**THE CONSOLIDATED FINANCIAL STATEMENT COVERED THE FOLLOWING COMPANY:**

Company name	Registered office	share of the Parent Company in the capital (%)	Subsidiary of:	Business segment
<b>Boryszew S.A. :</b>	<b>Warszawa</b>		<b>Parent Company</b>	
<i>Centrala</i>	Warszawa			Other
<i>Oddział Elana w Toruniu</i>	Toruń			Chemistry
<i>Oddział Energy w Toruniu</i>	Toruń			Other
<i>Oddział Data Center w Toruniu</i>	Toruń			Other
<i>Oddział Maflow w Tychach</i>	Tychy			Automotive
<i>Oddział NPA Skawina</i>	Skawina			Metals
<i>Oddział Boryszew ERG</i>	Sochaczew			Chemistry
<i>Oddział Nylonbor</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.	Warszawa	100	Boryszew S.A.	Other
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji	Warszawa	100	Boryszew S.A.	Innactive
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.	Warszawa	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.	Warszawa	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
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





(amounts are presented in PLN thousand unless specified otherwise)

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.	Warszawa	65,87	Boryszew S.A.	Metals
Aluminium Konin Sp. z o.o.	Konin	65,87	Impexmetal S.A.	Innactive
Hutmen S.A.	Wrocław	77,63	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	74,91	Hutmen S.A., Impexmetal S.A., Boryszew S.A.	Metals
Huta Metali Niezależnych Szopienice S.A. - w likwidacji	Katowice	40,69	Polski Cynk Sp. z o.o.	Innactive
ZM Silesia S.A.	Katowice	65,87	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	65,87	Polski Cynk Sp. z o.o.	Metals
Polski Cynk Sp. z o.o.	Katowice	65,87	Impexmetal S.A., ZM Silesia S.A.	Metals
FŁT Polska Sp. z o.o.	Warszawa	65,87	Impexmetal S.A.	Metals
FLT & Metals Ltd.	Wielka Brytania	65,87	Impexmetal S.A.	Metals
S & I S.A. w likwidacji	Szwajcaria	65,87	Impexmetal S.A.	Metals
FLT Bearings Ltd.	Wielka Brytania	65,87	FLT France SAS	Metals
FLT France SAS	Francja	65,87	FŁT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH	Niemcy	65,87	FŁT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.	Włochy	65,87	FŁT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd.	Chiny	65,87	FŁT Polska Sp. z o.o.	Metals
SPV Lakme Investment Sp. z o.o.	Warszawa	61,29	SPV Impexmetal Sp. z o.o.	Other
Impex – Invest Sp. z o.o.	Warszawa	65,87	Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warszawa	86,06	Boryszew S.A., Impexmetal S.A.	Other
Symonvit Ltd w likwidacji	Cypr	65,87	Impexmetal S.A.	Innactive
Baterpol Recycler Sp. z o.o.	Wrocław	65,87	Polski Cynk Sp. z o.o.	Metals
SPV Impexmetal Sp. z o.o.	Warszawa	65,87	Impexmetal S.A.	Other
Metal Zinc Sp. z o.o.	Katowice	65,87	ZM Silesia SA	Metals
Remal Sp. z o.o.	Konin	52,47	Impexmetal S.A.	Other
Eastside Bis Sp. z o.o.	Warszawa	86,06	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. z o.o. w Koninie	Konin	39,50	Impexmetal S.A.	Metals
MBO – Hutmen jv Sp. z o.o.	Wrocław	21,59	Hutmen S.A.	Metals



## 2. DESCRIPTION OF THE BORYSZEW GROUP'S EXERCISES IN THE III QUARTER OF 2018 WITH THE DESCRIPTION OF FACTORS AND EVENTS WITH A SIGNIFICANT INFLUENCE ON THE ACHIEVED FINANCIAL RESULT

### ACHIEVED RESULTS

#### A. GENERAL MACROECONOMIC SITUATION

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

##### Segment structure of revenues

Chemistry	210 900	5%
Automotive industry	1 433 617	31%
Metals	2 874 411	61%
Other*	167 311	4%
<b>TOTAL</b>	<b>4 686 239</b>	<b>100%</b>

##### Geographical structure of revenues

Poland	1 756 876	37%
Germany	982 577	21%
Other EU countries	1 562 528	33%
Other	384 258	8%
<b>TOTAL</b>	<b>4 686 239</b>	<b>100%</b>

\* 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 as in the Poland, the general macroeconomic situation in the first 3 quarters of 2018 was less optimistic in relation to the situation in the corresponding period of the previous year.

The average PMI index values determining the level of activity in the industry of the most important economies for GKB (Euro area, Germany, Poland) were lower compared to the same period last year.

<b>PMI</b>	<b>3Q 2018</b>	<b>3Q 2017</b>
UE	53,2	58,1
Poland	51,4	53,7
Germany	53,7	60,6

The PMI index for Germany and the EU has reached respectively 53.7 points and 53.2 points which is the lowest reading for about 2 years (in the same period of the previous year the readings were at 60.6 points for Germany and 58.1 points for the EU).

In the case of Poland, the PMI reading is also lower than in the corresponding period of the previous year and close to the level 50 indicating the crisis limit, ie 51.4 points (with reading 53.7 points in the third quarter of 2017).



(amounts are presented in PLN thousand unless specified otherwise)

<b>GDP growth forecast for Poland</b>	<b>2018</b>	<b>2019</b>
NBP [National Bank of Poland]	4,6%	3,8%
World Bank	4,7%	3,9%
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 October 2018 increase the GDP growth in Poland in relation to those published earlier in April 2018. According to the World Bank, the GDP growth in Poland in 2018 will amount to 4.7% (forecast increase from the previously mentioned 4.2%).

#### *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.

After the three quarters of 2018, the sales of cars in Europe increased. In accordance with the ACEA data, the passenger car market in Europe has increased by 2.5% compared to the same period last year. However, the drop in car sales in September 2018 alone, which is 23.5% more than in September 2017 is alarming.

The main customer of the Automotive Segment - the Volkswagen Group, recorded an 5.6% increase in the sales of cars on the European market after 3 quarters 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. 89% 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 and copper (by 12%), zinc (by 9%) and lead (by 3%).

However, metal prices expressed in Polish zlotys increased by 4% (aluminium and copper), 1% (zinc) respectively. As far as lead is concerned, the prices decreased by 4% 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

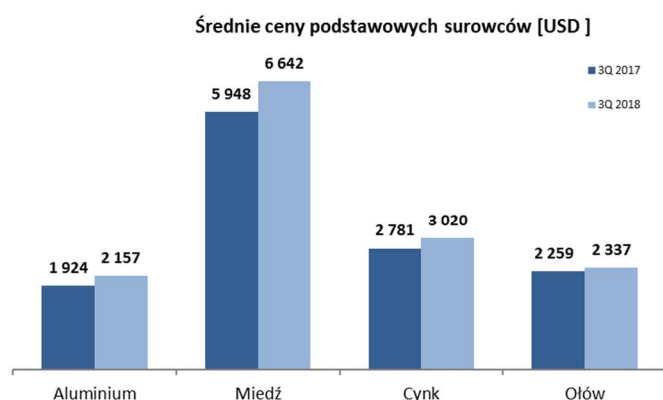
The level of US dollar quotations influences on the Group's revenues, which largely depend on the level of metals prices being the main component of the price of products. In the discussed period, dollar depreciated against zloty by 7.3%, which also affected the prices of basic metals expressed in PLN 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 56%), mainly to the Euro area. In the period under review, the average Euro prices decreased by 0.4% compared to PLN.

The EUR / USD exchange rate was at 1.19 after three quarters of 2018, i.e. by about 7.5% higher than in the same 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:



	3Q 2018	3Q 2017	% zmiana
Aluminium [USD]	2 157	1 924	12%
Miedź [USD]	6 642	5 948	12%
Cynk [USD]	3 020	2 781	9%
Ołów [USD]	2 337	2 259	3%
EUR/PLN	4,25	4,27	-0,4%
USD/PLN	3,56	3,84	-7,3%
EUR/USD	1,19	1,11	7,5%

	3Q 2018	3Q 2017	% zmiana
Aluminium [PLN]	7 678	7 388	4%
Miedź [PLN]	23 639	22 838	4%
Cynk [PLN]	10 750	10 677	1%
Ołów [PLN]	8 317	8 674	-4%

Source: LME and NBP daily quotes

#### **Revenues from sales/demand for the Group's products**

The revenues of Capital Group Boryszew amounted to PLN 4 686.2 million after 3 quarters of 2018 and were 0.1% lower 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:



(amounts are presented in PLN thousand unless specified otherwise)

<b>In PLN mln</b>	<b>3Q 2018</b>	<b>3Q 2017</b>	<b>difference</b>
<b>Sales revenue, including:</b>	<b>4 686,2</b>	<b>4 693,0</b>	<b>-6,7</b>
Automotive segment	1 433,6	1 511,7	-78,1
Metals segment	2 874,4	2 833,4	41,0
Chemistry segment	210,9	208,3	2,6
Other segments	167,3	139,6	27,7

<b>in thousand tonnes</b>	<b>3Q 2018</b>	<b>3Q 2017</b>	<b>difference</b>
<b>Sales volumes, including:</b>	<b>247,0</b>	<b>244,7</b>	<b>2,3</b>
Metals segment	208,5	204,9	3,6
Chemistry segment	38,5	39,8	-1,3

The increase in revenues of the Metal Segment was mainly related to the increase in sales volumes by 1.8% to the level of 208.5 thousand tonnes.

The increase in sales volumes in the Metals Segment concerned the following production companies of the Group: Baterpol S.A., Boryszew S.A./ NPA Skawina 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. and WM Dziedzice S.A.

The highest increase in sales volumes concerned Baterpol S.A. and amounted to 7.9 thousand tonnes (i.e. 27.8%) 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 6.0%, i.e. 1.8 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 2.5 thousand tonnes (i.e. 3.4%) mainly due to increased sales of highly processed products.

In Hutmen S.A., the increase amounted to 0.2 thousand tonnes (i.e. 2.7%) was related to the increase in sales in the assortment of copper wires, bars and profiles.

The decrease in revenues in the Automotive Segment resulted from the decrease in the sales of parts by approx. PLN 54 million and the decrease in the sales of tools by approx. PLN 18 million and is mainly caused by new procedures under the WLTP (Worldwide Harmonized Light Vehicles Test Procedure) and its impact on the Automotive Segment is estimated at approx. PLN 57 million.

Lower sales of tools is a derivative of the implementation schedules for the serial production of new designs.

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.

After three quarters of 2018, contracts totaling at around 274 million euros were acquired in the Automotive Segment.

The Chemistry segment recorded slightly higher revenues compared to the same period of the previous year with lower sales volumes.



(amounts are presented in PLN thousand unless specified otherwise)

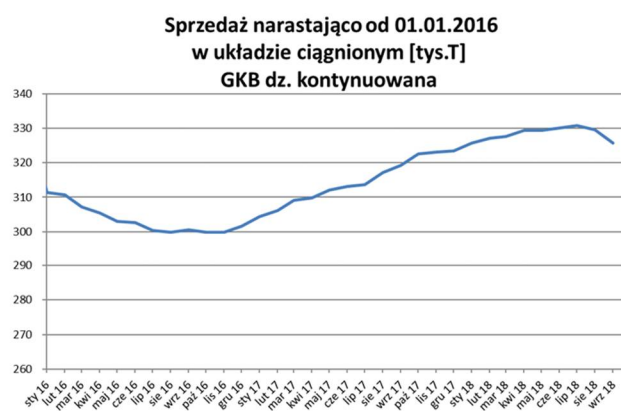
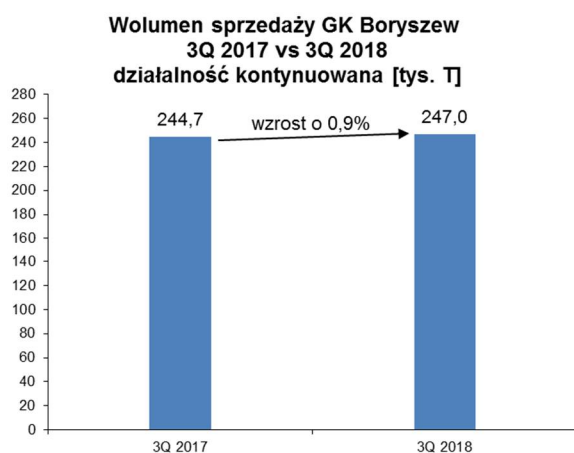
The increase in sales volumes and a slight increase in sales revenues was obtained by Boryszew S.A. O / Boryszew ERG as a result of a higher level of trade in goods from the chemistry assortment group.

The level of sales revenue of Elana Pet Sp. z o.o. was slightly higher than within the corresponding period of the previous year with a lower level of flake sales volumes.

Boryszew S.A. Elana Branch recorded the decrease in revenues as a result of lower fibre sales.

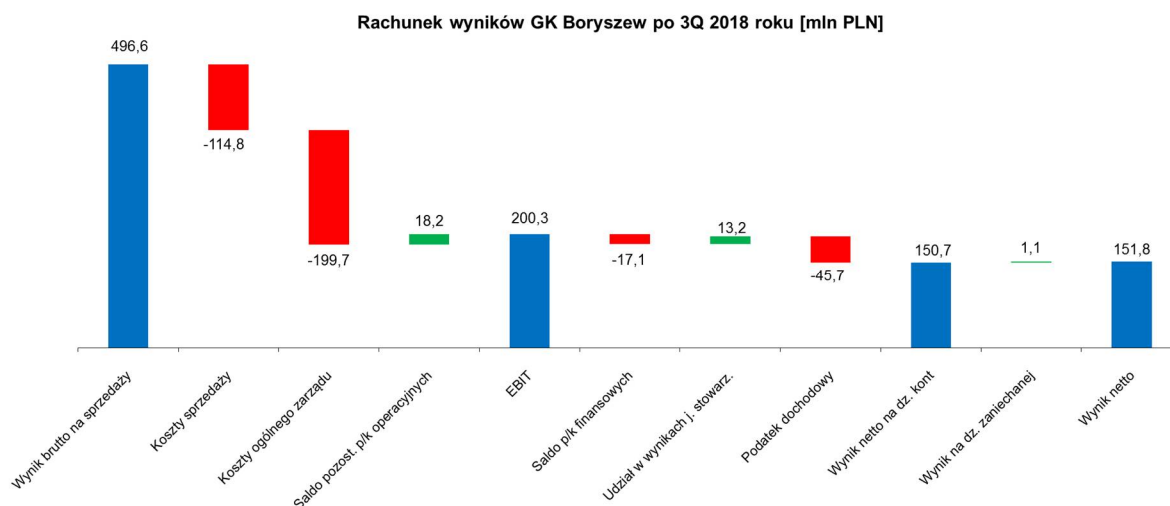
The increase in sales revenues in the Other Segment mainly results from higher sales generated by Boryszew S.A. Energy Department.

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 after 3 quarters of 2018.





(amounts are presented in PLN thousand unless specified otherwise)

The gross result on sales after 3 quarters of 2018 amounted to PLN 496.6 million and was lower by PLN 76.7 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. Metals Segment and Other Segment improved the result compared to the same period of the previous year.

The average gross margin on sales decreased from 12.2% after 3 quarters of 2017 to the level of 10.6% today.

Selling expenses were nominally PLN 10.3 million, or 9.8% higher than in the same period last year, and resulted from the increase in sales volumes and costs associated with the stabilization of the quality of products in Maflow Mexico.

The cost of general management increased by PLN 5.6 million, i.e. 2.9% compared to 3 quarters of 2017.

The balance of operating revenues/costs amounted to PLN 18.2 million and was higher by PLN 0.7 million compared to the corresponding period of 2017.

## SEGMENTS OPERATION RESULTS

### 1. Consolidated approach:

After 3 quarters of 2018, the EBITDA result on continued operations amounted to PLN 311.2 million, compared to PLN 393.0 million in the same period last year. In individual operating segments, the EBITDA result was as follows:

in PLN mln	3Q 2018	3Q 2017	difference
<b>EBITDA, including:</b>	<b>311,2</b>	<b>393,0</b>	<b>-81,8</b>
Automotive segment	60,2	148,6	-88,3
Metals segment	226,4	216,4	10,0
Chemistry segment	10,5	20,7	-10,1
Other segments	14,1	7,4	6,7

### 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), WM Dziedzice S.A., Hutmen S.A and bearing companies (FLT 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.

WM Dziedzice S.A. despite having sales volumes at a lower level than in the corresponding period of the previous year, achieved higher unit processing margins in virtually all product groups except for pucks and keys. Hutmen S.A. also recorded better results mainly due to higher average processing margins on most of the assortments offered (except for the range of copper wires, rods and profiles) and slightly higher sales volumes.





In the FŁT Group, higher results are derived from higher sales by virtually all entities of the FŁT Group (except FLT France), including the largest one in FŁT Polska Sp. z o.o., FŁT & Metals S.r.l, and FLT Walzlager GmbH.

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

Decrease in the results of ZM SILESIA S.A. O./Katowice is the effect of a drop in the sales volumes of all sheet metal products and a drop in unit processing margins for the assortments with a higher degree of processing (mainly on the assortment of black and patinated sheets).

The decrease in the results of ZM SILESIA S.A. O./Oława in the other hand is the result of a delay in launching the investment (the manufacturing of own zinc oxide).

Boryszew S.A. O./NPA Skawina, despite higher sales volumes, recorded worse results in relation to the corresponding year as a result of a decrease in unit processing margins on virtually all assortments (except for alloy wire rods and most assortments of offered 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:

#### Externale:

- caused by the implementation of the WLTP procedure (the estimated negative impact on EBITDA is approx. PLN 18 mln),
- a fall in the EUR/PLN listing, also the increase in raw material prices (aluminum, zinc and plastics) as well as the wage pressure particularly felt in Poland and the overseas locations

#### Internal:

- payment of a part of compensation for insurance of the factory in Prenzlau (BAP Group) after 3 quarters of 2017 (higher base)
- the decrease in revenues in particular in the area of tool sales
- stabilization of the manufacturing process and the quality of products in the plant in Mexico (Maflow Group) and 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.

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.

### 5. Other Segment

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 amounted to minus PLN 17.1 million and was PLN 19.0 million higher than in the corresponding period of the previous year, which was mainly the effect of: reversing write-downs updating the value of shares of the affiliated company Alchemia S.A. with an impact on the deviation of plus PLN 10.8 million and a higher result on the derivative financial instruments concerning the hedging of currencies and metals with an impact on deviation of plus PLN 9.2 million.

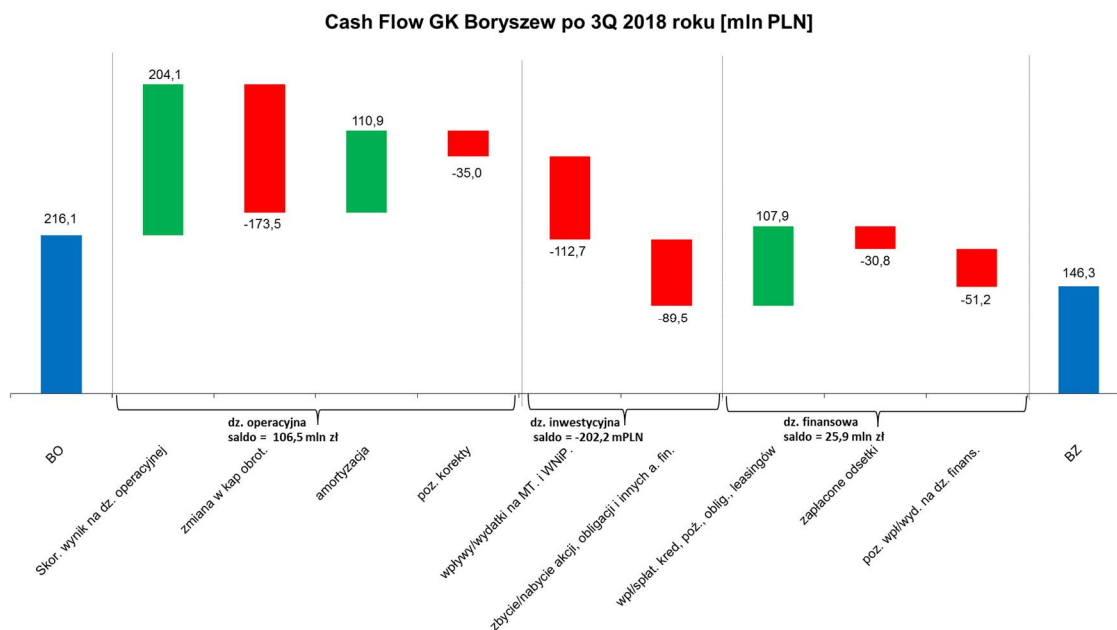
The share in the consolidated result of the associated entity Alchemia S.A. amounted to PLN 13.2 million.

The net result on continued operations amounted to PLN 150.7 million and was PLN 82.2 million lower than the result after three quarters of the previous year.

The total net result including continued and discontinued operations amounted to PLN 151.8 million and was lower than the result after 3 quarters of the previous year by PLN 81.7 million. The net result attributable to the shareholders of the parent company amounted to PLN 98.5 million and was lower than in the previous year by PLN 86.9 million.

## C. CASH FLOW

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



After 3 quarters of 2018, Capital Group Boryszew generated positive cash flows from operating and financial 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.

What had the main effect on the lower level of cash flows from operating activities was the nominal increase in exposure to working capital (mainly related to the Metals Segment in the scope of the increase in the receivables and the Automotive Segment in terms of inventory growth). The increase in trade receivables in the Metals Segment was due to, among others, higher sales volumes and shaping of metal prices. The increase in inventories in the Automotive Segment is the result of an increase in the tools inventory.



The negative balance of cash flows from investing activities resulted mainly from investments in fixed assets in the amount of PLN 113.8 million (with inflows from the sale of assets in the amount of PLN 1.1 million) and purchase of financial assets (bonds and shares) worth PLN 89.5 million.

The most important investments in the fixed assets concerned: The Metals Segment (PLN 67.0 million) and the Automotive Segment (PLN 40.0 million).

After 3 quarters of 2018, the net debt of Capital Group Boryszew amounted to PLN 1 114.3 million and was higher by PLN 184.6 million compared to the end of 2017.

The net debt/EBITDA ratio, after 3 quarters of 2018, amounted to 2.9x and was higher than in the same period of the previous year when it amounted to 2.3x. The net debt / EBITDA ratio after adjusting it with the provisions for tax risks created in the fourth quarter of 2017 amounted to 2.5x.

## **OTHER IMPORTANT EVENTS BORYSZEW S.A.**

### **BORYSZEW S.A.**

#### **The review of strategic options**

On 9 November 2018, the Management Board of Boryszew S.A. decided to review potential strategic options supporting further development of the Boryszew S.A. Capital Group. (" the Group"). As part of the review of strategic options, the Management Board intends to assess market conditions and forms of possible cooperation. At the current stage, the Management Board will consider various strategic options, in particular, the Board will consider looking for an investor supporting the development of the Group, concluding a strategic alliance, changing the Group's structure or making another transaction. The review of strategic options is aimed at selecting the best way to achieve the Group's long-term business goals.

### **IMPEXMETAL S.A.**

#### **Suspending the implementation of the Development Strategy**

On November 7, 2018, the Supervisory Board and the Management Board of Impexmetal S.A. respectively have decided to suspend the implementation of the Impexmetal Development Strategy for 2018-2026.

The above decision is related to the occurrence of a number of external circumstances, which in the opinion of the Company's Management Board causes that the implementation of the Strategy in the shape adopted in January 2018, under the current market conditions, would not meet the criteria for the payback time and the assumed level of operating profit expected by the Company.

The intention of the Management Board of Impexmetal S.A. is that in the next few months, a modified development strategy for Impexmetal S.A. should be developed and presented for approval to the Supervisory Board. Notwithstanding the above, until the adoption of a new development strategy, the Management Board intends to carry out investment tasks allowing for the increase of the Company's production capacity to 135,000 tonnes by the end of 2021.

After developing a modified development program, the Company will assess whether it will be necessary to write off part of the investment expenses incurred in connection with the suspension of the implementation of the development program.

## **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 September, 2018 Boryszew S.A. acquired a total of 4.290,546 own shares, which, with already held shares, is the sum of 15.430.453 own shares, which represented 6.4294% of the total number of votes at the General Meeting of Boryszew S.A.

As at 30 September 2018, Capital Group Boryszew had 30.946.622 shares of Boryszew S.A., representing 12.8944% of the total number of votes at the GM of Boryszew S.A., including:

- Boryszew S.A.: 15.430.453 own shares, which represented 6.4294% 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.

At the time of publication of the Report, the Boryszew Capital Group held 32,773,433 shares of Boryszew SA, which constitutes 13.6556% of the total number of votes at the General Meeting of Boryszew SA, including:

- Boryszew S.A.: 17.257.264 szt. akcji własnych, co stanowiło 7,1905% udziału w kapitale zakładowym i ogólnej liczbie głosów na WZ Boryszew S.A.,
- Impexmetal S.A.: 13.346.169 szt. akcji, co stanowiło 5,5609% udziału w kapitale zakładowym i ogólnej liczbie głosów na WZ Boryszew S.A.,
- SPV Boryszew 3 Sp. z o.o. 2.165.000 sztuk akcji, co stanowiło 0,902% udziału w kapitale zakładowym i ogólnej licznie głosów na WZ Boryszew S.A.,
- Polski Cynk Sp. z o.o. 5.000 sztuk akcji, co stanowiło 0,002% udziału w kapitale zakładowym i ogólnej licznie głosów na WZ Boryszew S.A.

#### **Acquisition of the shares of Impexmetal S.A.**

In the period from 1 January, 2018 to 30 September, 2018, Boryszew S.A. acquired a total of 7.354.170 shares of Impexmetal S.A., which, with already held shares, is the sum of 117.500.968 shares of Impexmetal S.A., which represented 61.843% of the total number of votes at the GM of Impexmetal S.A.

As at 30 September 2018, Capital Group Boryszew had 125.345.335 shares of Impexmetal S.A., representing 65.971% of the total number of votes at the GM of Impexmetal S.A., including:

- Boryszew S.A.: 117.500.968 shares of Impexmetal S.A., which represented 61.843% share in the share capital and the total number of votes at the GM of Impexmetal S.A.,
- Impexmetal S.A.: 565.335 shares., which represented 0.0230% 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.

#### **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.

On the other hand, in several other subsidiaries of the Automotive Segment a situation occurred of exceeding the financial ratio defined in loan agreements in another Bank due to the failure to achieve the required level of earning capacity at the level of profit from sales of the automotive segment as a result of additional costs of servicing contracts in the Mexican company and limiting the sales volumes of the segment due to the introduction of a new car approval procedure (WLTP). As at the date of the publication of this report, the Bank confirmed that it would not treat the exceeding of the rate as a breach of contract.



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](http://www.boryszew.com.pl)

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

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

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

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

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

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

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

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

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

#### **5. REVENUES AND RESULTS ACCORDING TO SPECIFIC SEGMENTS OF OPERATIONS FROM THE BEGINNING OF THE CURRENT YEAR**

##### **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
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(amounts are presented in PLN thousand unless specified otherwise)

	GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, BRS YMOS GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., ICOS GmbH, Boryszew Deutschland GmbH, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o.
Metals	Impexmetal S.A., 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., Boryszew 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., Symonvit Ltd. w likwidacji, Remal Sp. z o.o.
Chemicals	Torlen Sp. z o.o., Elana Pet Sp. z o.o., Boryszew S.A. Oddział Elana, Boryszew S.A. Oddział Boryszew ERG, Boryszew S.A. Oddział Nylonbor, Elimer Sp. z o.o.
Others	Boryszew S.A. – Centrala, Boryszew S.A. Oddział Enterprise Data Center, Boryszew 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 Boryszew 3 Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. w likwidacji, Zakład Utylizacji Odpadów Sp. z o.o.

**REVENUES FROM SALES BY GEOGRAPHICAL DIRECTIONS**

	<b>01.01.2018 -30.09. 2018</b>	<b>01.01.2017 -30.09. 2017</b>
<b>Continuing operations</b>		
Domestic sales	1 756 876	1 594 289
Sales to EU countries	2 545 105	2 726 570
Sales to other European countries	137 500	138 099
Export outside Europe	246 758	234 026
<b>Total revenues from sale (continuing operations)</b>	<b>4 686 239</b>	<b>4 692 984</b>

**SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:**

Germany	39%	43%
Czech Republik	15%	13%
France	6%	5%
Slovakia	3%	3%
Italy	7%	6%



(amounts are presented in PLN thousand unless specified otherwise)

**REVENUES AND RESULTS ACCORDING TO INDIVIDUAL OPERATIONAL SEGMENTS IN III QUARTER OF 2018** (data concern continued operations)

01.01.2018 -30.09. 2018	Chemistry	Automotive industry	Metals	Other	Total	Consolidation exclusions between segments	Total
Revenues from sale	210 900	1 433 617	2 874 411	227 449	4 746 377	(60 138)	4 686 239
Costs of segment sales	182 510	1 264 400	2 587 603	211 515	4 246 028	(56 394)	4 189 634
<b>Result on sales in the segment</b>	<b>28 390</b>	<b>169 217</b>	<b>286 808</b>	<b>15 934</b>	<b>500 349</b>	<b>(3 744)</b>	<b>496 605</b>
Management and sales costs	24 773	166 416	119 680	11 879	322 748	(8 300)	314 448
Result of other operations	1 941	5 313	8 147	21 295	36 696	(18 558)	18 138
<b>Segment operation result</b>	<b>5 558</b>	<b>8 114</b>	<b>175 275</b>	<b>25 350</b>	<b>214 297</b>	<b>(14 002)</b>	<b>200 295</b>
Amortization	4 979	52 094	51 102	2 741	110 916		110 916
EBITDA *)	<b>10 537</b>	<b>60 208</b>	<b>226 377</b>	<b>28 091</b>	<b>325 213</b>	<b>(14 002)</b>	<b>311 211</b>

01.01.2017 -30.09.2017	Chemistry	Automotive industry	Metals	Other	Total	Consolidation exclusions between segments	Total
Revenues from sale	208 287	1 511 704	2 833 425	182 648	4 736 064	(43 080)	4 692 984
Costs of segment sales	174 542	1 267 509	2 556 181	165 439	4 163 671	(43 963)	4 119 708
<b>Result on sales in the segment</b>	<b>33 745</b>	<b>244 195</b>	<b>277 244</b>	<b>17 209</b>	<b>572 393</b>	<b>883</b>	<b>573 276</b>
Management and sales costs	23 506	138 401	120 033	22 273	304 213	(5 582)	298 631
Result of other operations	5 482	(3 498)	10 756	10 190	22 930	(5 441)	17 489
<b>Segment operation result</b>	<b>15 721</b>	<b>102 296</b>	<b>167 967</b>	<b>5 126</b>	<b>291 110</b>	<b>1 024</b>	<b>292 134</b>
Amortization	4 931	46 257	48 419	1 277	100 884	6	100 890
EBITDA *)	<b>20 652</b>	<b>148 553</b>	<b>216 386</b>	<b>6 403</b>	<b>391 994</b>	<b>1 030</b>	<b>393 024</b>



## **6. IN THE INFORMATION ON ISSUING, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES**

### **DEBT SECURITIES**

#### **BOND ISSUES**

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 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 Dziedzice S.A. with its registered office in Czechowice-Dziedzice, with maturity: 30 June 2018

After the balance sheet date

- On 1 October 2018, 17 A23 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 7.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 30 September 2019. The discussed bonds replace 7 registered bonds of A9 series with a nominal value of PLN 1 000 000 each, and the total value of PLN 7 000 000 taken on 2 October, 2017 by Hutmen S.A. with its registered office in Wrocław. The bond subscription offer was addressed to
- On 8 October 2018, 2 A24 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 2019. The bond subscription offer was addressed to Torlen Sp. z o.o. with its registered office in Toruń.
- On 16 October 2018, 2 A25 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. The bond subscription offer was addressed to SPV Impexmetal Sp. z o.o. with its registered office in Warsaw.
- On 18 October 2018, 9 A26 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 9.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2020. The bond subscription offer was addressed to Polski Cynk Sp. z o.o. with its registered office in Oława.
- On 18 October 2018, 6 A27 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 6.000.000. 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 bond subscription offer was addressed to WM dziedzice S.A. with its registered office in Czechowice-Dziedzice.
- On 29 October 2018, 15 A28 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 15.000.000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the bonds is 31 December 2019. The bond subscription offer was addressed to Hutmen S.A. with its registered office in Wrocław.
- On 31 October 2018, 2 A29 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 2019. The bond subscription offer was addressed to Hutmen S.A. with its registered office in Wrocław.





As part of the Issue Program of 3-year registered bonds adopted by Resolution No. 129/2018 of the Management Board of Boryszew S.A. of September 27, 2018, on October 1, 2018, Boryszew S.A. issued three C1 series registered bonds with a nominal value of EUR 500,000.00 each. The total nominal value of bonds issued in this series amounts to EUR 1,500,000.00. The interest rate on the bonds has been determined on market terms. The redemption date has been set for September 30, 2020. The bonds in question replace three pieces of BE series bonds with a nominal value of EUR 500,000.00 each, taken upon on June 30, 2017 by Polski Cynk Sp. z o.o. based in Oława.

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

**BOND REDEMPTION**

On October 29, 2018, Boryszew S.A. made an early redemption of 15 registered A1 series bonds, issued on 29 July 2016, with a par value of PLN 1,000,000 each, for a total amount of PLN 15,000,000, increased by interest due for the sake of their cancellation from Dziedzice S.A.

On October 29, 30 and 31, 2018, Boryszew S.A. made an early buy-back to redeem WM Dziedzice S.A. a total of 16 registered A22 series bonds, issued on July 2, 2018, with a par value of PLN 1.000.000 each, for a total amount of PLN 16.000.000 increased by interest due.

On October 31, 2018, Boryszew S.A. made an early buy-back to redeem WM Dziedzice S.A. 1 series A15 series bond issued on December 29th 2017, with a par value of PLN 1.000.000 for a total amount of PLN 1.000.000 plus interest due.

**EQUITY SECURITIES**

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

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

In the period being discussed, one non-typical event occurred, affecting the results, i.e. the reversal of the write-off revaluating the shares of the affiliated company Alchemia S.A. with an impact on the result of plus PLN 10.8 million.

**8. CHANGES OF CONTINGENT LIABILITIES, CONTINGENT ASSETS AND ESTIMATED DATA**

	<b>As at 30.09.2018</b>	<b>As at 31.12.2017</b>
<b>Guarantees and sureties</b>		
Guarantees and sureties granted to the subsidiaries and partially owned subsidiaries for repayment of financial liabilities.	149 435	121 729
Liabilities due to tax risks	39 378	37 904

**9. FINANCIAL INSTRUMENTS, FAIR VALUE A ESTIMATED DATA**

	<b>01.01.2018 - 30.09. 2018</b>	<b>01.01.2017 - 30.09. 2017</b>
<b>Impact on the write-down of assets and provisions</b>		
Creating of write-offs for receivables	(2 646)	(4 487)
Reversal of impairment losses on receivables	927	1 986
Creating write-offs for inventories	(4 973)	(4 621)
Reversal of impairment losses on inventories	3 974	2 423
Creating write-offs for fixed assets	(547)	





(amounts are presented in PLN thousand unless specified otherwise)

Reversal of impairment losses on property, plant and equipment	1 334	1 609
Valuation to the fair value of shares	17	(1 429)
Establishment of reserves	3 735	2013
Reversal of unnecessary reserves	(7 916)	9 479
<b>Total impact on the result</b>	<b>(6 095)</b>	<b>6 973</b>

**The fair value of the Group's financial assets and liabilities measured at fair value at an ongoing basis**

	Fair value as at		Hierarchy Fair value
	As at 30.09.2018	As at 31.12.2017	
<b>Financial assets</b>			
Quoted shares	152	8	Level 1
Derivative financial instruments	24 046	33 750	Level 2
<b>Financial liabilities</b>			
Derivative financial instruments	7 934	25 250	Level 2

**Fair value of financial assets and liabilities that are not measured at fair value on an ongoing basis (but disclosures about fair values are required)**

	Fair value as at		Hierarchy Fair value
	As at 30.09.2018	As at 31.12.2017	
<b>Financial assets</b>			
Not listed shares	1 890	1 890	Level 3
Shares held for trading	0	25 068	Level 3
Bonds	131 268	78 278	Level 3
Borrowings	1 856	1 820	Level 3
Trade liabilities	891 830	734 472	Level 3
Investment property	141 715	154 984	Level 3
Cash and cash equivalents	146 305	216 120	Level 3
<b>Financial obligations</b>			
Borrowings and loans	1 177 551	1 069 665	Level 3
Leasing	83 005	76 063	Level 3
Trade liabilities	771 306	680 348	Level 3
SMA liabilities	58 987	60 969	Level 3



	<u>Affiliates</u>	<u>Personally affiliated entities</u>
<b>Transactions within the period from 01.01.2018 to 30.09.2018</b>		
Sales revenues (products, services, goods)	42 132	3 443
Interest income	0	2 950
Purchases (materials, goods, services)	0	3 889
<b>Settlement balance as at 30.09.2018</b>		
Trade receivables	4 632	805
Purchased bonds	0	124 861
Other receivables (advances, deposits)	0	1 540
Trade liabilities	863	371

## 10. 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 third quarter 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.

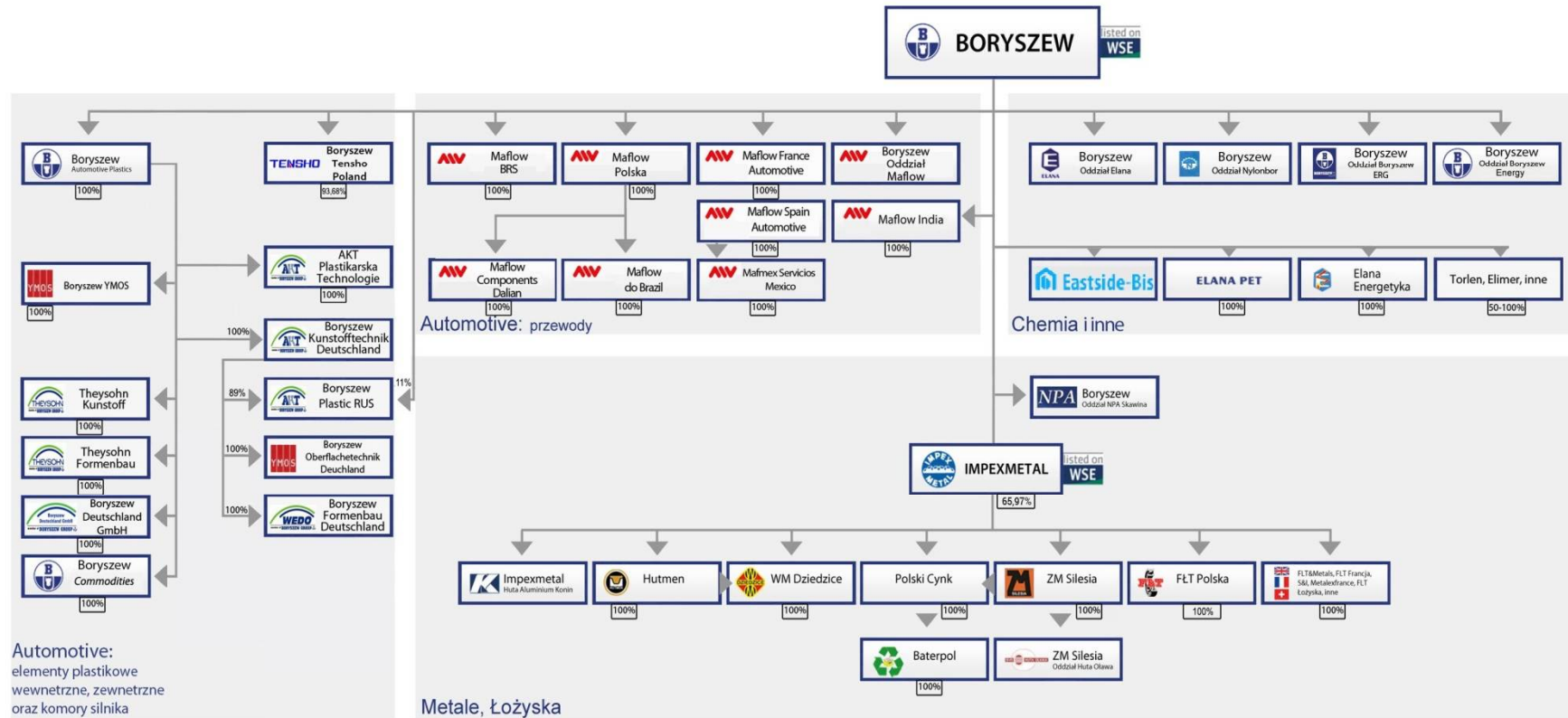
In the years 2011 - 2012, the Company continued the implementation of the development strategy through acquisitions of enterprises from the automotive industry currently forming the Boryszew Automotive Plastics Group (BAP). In July 2011, it signed the acquisition of two German Capital Groups (AKT / ICOS - Theysohn), operating in Germany and the Czech Republic in the plastics processing industry, and in March 2012, it signed an acquisition of the assets of the German YMOS Group, a leading European manufacturer of plastic, galvanized and chromed parts for the automotive sector. In [X], the BAP Group expanded its operations to include a plant in Russia.

In June 2014, Boryszew S.A. acquired 80% of shares in Tensho Poland Corporation Spółka z o.o. based in Ostaszew (currently: Boryszew Tensho Poland Sp. o.o.), a manufacturer of high quality plastic products. As at the date of publication of the Report Boryszew S.A. holds 93.68% of the share capital and the total number of votes at the General Meeting of the Boryszew Tensho Poland Sp. z o.o.



(amounts are presented in PLN thousand unless specified otherwise)

SIMPLIFIED SCHEME OF BORYSZEW GROUP (AS AT THE PUBLICATION DAY HEREOF) WITH TOTAL SHARE IN INDIVIDUAL ENTITIES AS AT 30.09.2018





## **11. 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.

On November 9, 2018, Baterpol Recycler Sp. z o.o. submitted a petition for the declaration of bankruptcy of the Company, including the liquidation of assets to the District Court for Wrocław - Fabryczna, Economic Department in Wrocław. The bankruptcy petition was filed due to the company not being able to settle the tax in accordance with the company's application and the ongoing proceedings related to it, which led to a payment blockade that prevents the company from operating.

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.

## **12. 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 2018, the Management Board of Boryszew S.A. did not publish forecasts of the financial result for the current year.

## **13. 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.



(amounts are presented in PLN thousand unless specified otherwise)

Shareholders	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik	156 832 020	65,347%	156 832 020	65,347%
of which: subsidiaries	154 144 622	64,227%	154 144 622	64,227%
RKK Investments Sp. z o.o.	13 346 169	5,561%	13 346 169	5,561%
Impexmetal S.A.	15 430 453	6,429%	15 430 453	6,429%
Boryszew S.A.	119 998 000	49,999%	119 998 000	49,999%
Nationale – Nederlanden Otworthy Fundusz Emerytalny	14 773 261	6,156%	14 773 261	6,156%
Other	68 394 719	28,498%	68 394 719	28,498%
<b>Total:</b>	<b>240 000 000</b>	<b>100,00%</b>	<b>240 000 000</b>	<b>100,000%</b>

(\* ) Mr Roman Krzysztof Karkosik together with subsidiaries (in accordance with the notice of October 1, 2018).

#### 14. 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 half of 2018:				
Roman Krzysztof Karkosik	154 351 609	64,313%	154 351 609	64,313%
including subsidiaries:	152 295 603	63,457%	152 295 603	63,457%
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%
RKK Investments Sp. z o.o.	119 998 000	49,999%	119 998 000	49,999%
status as at the date of publication of the consolidated statement for the third quarter of 2018:				
Roman Krzysztof Karkosik	156 832 020	65,347%	156 832 020	65,347%
including subsidiaries:	154 144 622	64,227%	154 144 622	64,227%
Impexmetal S.A.	13 346 169	5,561%	13 346 169	5,561%
Boryszew S.A.	15 430 453	6,429%	15 430 453	6,429%
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](http://www.boryszew.com.pl)

#### 15. 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.



(amounts are presented in PLN thousand unless specified otherwise)

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

Members of the Supervisory Board do not hold shares in Boryszew S.A. or rights to them.

## **16. PROCEEDINGS PENDING BEFORE A COURT, COMPETENT AUTHORITY FOR THE ARBITRATION OR PUBLIC ADMINISTRATION**

### **TAX PROCEEDINGS IN THE COMPANIES OF THE CAPITAL GROUP**

The Capital Group Boryszew 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, Hutmen S.A. appealed against the decision of the Office received.
3. On September 10, 2018, HUTMEN S.A. received the decision of the Tax Administration Chamber (Office) in Wrocław of September 4, 2018 specifying the overdue tax liability of HUTMEN S.A. in the VAT tax for the fourth quarter of 2012 in the amount of PLN 1.1 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 accuracy of some of his counterparties, and consequently had no right to deduct input VAT.  
Due to a different assessment of the actual state of affairs in relation to the assessment presented by the controlling authorities, Hutmen S.A. filed a complaint to the Provincial Administrative Court regarding the negative decision of the Tax Chamber. At the same time, the company paid the liability with interest due in the amount of PLN 1.7 million.
4. Baterpol Recycler Sp. z o. o. received the decision of the Chief of the Lower Silesia Customs and Tax Office in Wrocław of 8 June, 2018 specifying the outstanding VAT liability for the third and the fourth quarter of 2016 in the amount of PLN 3.00 million plus interests on tax arrears in the amount of PLN 116 million. The decision is not final and the Company submitted an appeal against the aforementioned decision on the statutory date.
5. 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.

6. Baterpol S.A. is in possession of a report in the scope of the VAT tax control - the controlled period spanning from July 2013 to December 2015. The control was carried out by the First Silesian Tax Office in Sosnowiec. Due to the lack of a summary in the minutes and its amplitude, the company is still analyzing the records of the minutes and estimating the potential liability in accordance with its provisions.

#### **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. 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 65.9 million (large risk). In addition, the Parent Company recognized the amount of PLN 39.3 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.

#### **17. 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. The details of non-trading transactions with the affiliates are presented below:





(amounts are presented in PLN thousand unless specified otherwise)

## 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	9 609 164	EURIBOR 3M + margin
	02.08.2011	31.12.2018	14 500 000	14 371 899	EUR	61 388 130	EURIBOR 3M + margin
Boryszew Automotive Plastics Sp. z o.o.	27.11.2017	31.12.2020	49 700 000	46 479 479	EUR	198 532 445	EURIBOR 3M + margin
	02.07.2018	31.12.2020	510 000	510 000	EUR	2 178 414	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
SPV Boryszew 3 Sp. z o.o.	02.07.2018	30.06.2019	1 500 000	900 000	PLN	900 000	WIBOR 3M + margin
MAFMEX S. de R.L. de C.V.	18.11.2015	30.06.2020	689 772	689 772	EUR	2 946 293	EURIBOR 1M + margin
	19.02.2016	30.06.2020	1 695 000	1 695 000	EUR	7 240 023	EURIBOR 1M + margin
	14.09.2016	30.06.2020	1 046 712	1 046 712	EUR	4 470 926	EURIBOR 1M + margin
	16.12.2016	30.06.2020	568 516	568 516	EUR	2 428 359	EURIBOR 1M + margin
	23.12.2016	31.12.2022	448 337	448 337	EUR	1 915 026	EURIBOR 1M + margin
	29.05.2017	31.12.2022	1 151 287	1 151 287	EUR	4 917 607	EURIBOR 1M + margin
	03.07.2017	31.12.2022	1 507 210	1 507 210	EUR	6 437 896	EURIBOR 1M + margin
	08.08.2017	31.12.2022	592 906	592 906	EUR	2 532 537	EURIBOR 1M + margin
	31.08.2017	31.12.2022	421 996	421 996	EUR	1 802 514	EURIBOR 1M + margin
	19.12.2017	31.12.2022	678 265	678 265	EUR	2 897 142	EURIBOR 1M + margin
Maflow Components Dalian	20.03.2017	18.03.2020	1 160 000	250 000	EUR	1 067 850	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
<b>Total to be repaid</b>					<b>PLN</b>	<b>312 994 324</b>	

The amount of the aforementioned loans granted to Boryszew S.A. does not include the accrued interest as at 30.09.2018.

### LOANS GRANTED BY IMPEXMETAL S.A.

On 2 July 2018, Impexmetal S.A. granted Boryszew S.A. with its registered in Warsaw a loan in the amount of PLN 8 500.000 with the repayment date until 31 December 2018. The interest rate was specified based on the market conditions.



#### **After the balance sheet date**

On 23 October 2018, Impexmetal S.A. granted Boryszew S.A. with its registered in Warsaw a loan in the amount of PLN 14 000.000 with the repayment date until 31 December 2020. The interest rate was specified based on the market conditions.

On 29 October 2018, Impexmetal S.A. granted Boryszew S.A. with its registered in Warsaw a loan in the amount of PLN 13 000.000 with the repayment date until 31 December 2020. The interest rate was specified based on the market conditions.

On 15 November 2018, Impexmetal S.A. granted Boryszew S.A. with its registered in Warsaw a loan in the amount of PLN 12 000.000 with the repayment date until 31 December 2020. The interest rate was specified based on the market conditions.

On 20 November 2018, Impexmetal S.A. granted Boryszew S.A. with its registered in Warsaw a loan in the amount of PLN 15 000.000 with the repayment date until 31 December 2020. The interest rate was specified based on the market conditions.

#### **LOANS GRANTED BY METAL ZINC SP. Z O. O.**

On 28 September 2018, Metal Zinc Sp. z o.o. granted ZM Silesia S.A. with its registered in Katowice a loan in the amount of PLN 19 000.000 with the repayment date until 31 December 2020. The interest rate was specified based on the market conditions.

#### **THE ACQUISITION OF THE BONDS ISSUED BY BORYSZEWS S.A.**

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.

#### **After the balance sheet date**

On 1 October 2018, Hutmen S.A., took up 7 registered A23 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. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 30 September 2019. These bonds replace the 7 registered A9 series bonds with per value of PLN 1.000.000 and the total nominal value 7.000.000 taken up on 2 October by Hutmen S.A. with its registered office in Wrocław.

On 1 October 2018, Polski Cynk Sp. z o.o., took up 3 registered C1 series bonds with a par value of EUR 500,000.00 each. The total nominal value of bonds issued in this series amounts to EUR 1,500,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 30 September 2020. These bonds replace the 3 registered BE series bonds with per value of EUR 500.000,00 and the total nominal value 1,500.000 taken up on 30 June 2017 by Polski Cynk Sp. z o.o. with its registered office in Oława.

On 8 October 2018, Torlen Sp. z o.o. took up 2 registered A24 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 2019.

On 16 October 2018, SPV Impexmetal Sp. z o.o. took up 2 registered A25 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 October 2018, SPV Impexmetal Sp. z o.o. took up 9 registered A26 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 9,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 30 September 2020.

On 18 October 2018, WM Dziedzice S.A. took up 6 registered A27 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.

On 29 October 2018, Hutmen S.A. took up 15 registered A28 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 15,000,000. The interest rate on the bonds has been determined on market terms. The deadline for the purchase of the registered bonds is 31 December 2019.

On 31 October 2018, Hutmen S.A. took up 2 registered A29 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 2019. The bond subscription offer was directed to the Hutmen S.A. with its registered office in Wrocław.

#### **EARLY REDEMPTION OF BONDS ISSUED BY BORYSZEWSA**

On October 29, 2018, Boryszew S.A. made an early buy-back to redeem WM Dziedzice S.A. 15 registered A1 series bonds, issued on 29 July 2016, with a par value of PLN 1,000,000 each, for a total amount of PLN 15,000,000, increased by interest due.

On October 29, 30 and 31, 2018, Boryszew S.A. made an early buy-back to redeem WM Dziedzice S.A. a total of 16 registered A22 series bonds, issued on July 2, 2018, with a par value of PLN 1,000,000 each, for a total amount of PLN 16,000,000, increased for interest due.

On October 31, 2018, Boryszew S.A. made an early buy-back to redeem WM Dziedzice S.A. 1 series A15 series bond issued on December 29th 2017, with a par value of PLN 1,000,000, for a total amount of PLN 1,000,000, plus interest due.

#### **THE BONDS ISSUED BY SPV BORYSZEWSA 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.

#### **After the balance sheet date**

On 30 October 2018, Hutmen S.A. took up 20 registered P 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 31 December 2019.

#### **SPV BORYSZEWSA 3 SP. Z O.O.**

On July 2, 2018 (according to the maturity date) SPV Boryszew 3 Sp. z o.o. she bought from Baterpol S.A. 8 units of registered J series bonds with a nominal value of PLN 1,000,000 each, for a total amount of PLN 8,000,000 increased by interest due.



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

On 19 September 2018, Boryszew S.A. took up 5 registered B10 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 5,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

##### **After the balance sheet date**

On 9 October 2018, Boryszew S.A. took up 1 registered B11 series bond with a par value of PLN 300,000.00. The total nominal value of bond issued in this series amounts to PLN 300,000. The deadline for the purchase of the registered bonds is 31 January 2022.

On 18 October 2018, Boryszew S.A. took up 5 registered B12 series bonds with a par value of PLN 2,000,000.00. The total nominal value of bond issued in this series amounts to PLN 10,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

On 25 October 2018, Boryszew S.A. took up 2 registered B13 series bonds with a par value of PLN 1,000,000.00. The total nominal value of bond issued in this series amounts to PLN 2,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

On 29 October 2018, Boryszew S.A. took up 1 registered B14 series bond with a par value of PLN 1,000,000.00. The total nominal value of bond issued in this series amounts to PLN 1,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

On 31 October 2018, Boryszew S.A. took up 1 registered B15 series bond with a par value of PLN 1,000,000.00. The total nominal value of bond issued in this series amounts to PLN 1,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

On 7 November 2018, Boryszew S.A. took up 1 registered B16 series bond with a par value of PLN 1,000,000.00. The total nominal value of bond issued in this series amounts to PLN 1,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

On 8 November 2018, Boryszew S.A. took up 1 registered B17 series bond with a par value of PLN 1,000,000.00. The total nominal value of bond issued in this series amounts to PLN 1,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

On 15 November 2018, Boryszew S.A. took up 2 registered B18 series bonds with a par value of PLN 1,000,000.00. The total nominal value of bond issued in this series amounts to PLN 2,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

On 16 November 2018, Boryszew S.A. took up 8 registered B20 series bonds with a par value of PLN 1,000,000.00. The total nominal value of bond issued in this series amounts to PLN 8,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

On 20 November 2018, Boryszew S.A. took up 5 registered B16 series bonds with a par value of PLN 1,000,000.00. The total nominal value of bond issued in this series amounts to PLN 5,000,000. The deadline for the purchase of the registered bonds is 31 December 2019.

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



**18. 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 30.09.2018**

Entity granted a surety or a guarantee	Date of issue of a surety or a guarantee	Subject of the obligations	Surety value	Surety validity date
			PLN	
Torlen Sp. z o.o.	24.07.2017	The guarantee for trade liabilities granted to Polytrade GmbH	6 407 100	31.07.2020
	11.12.2017	The guarantee for trade liabilities granted to MB Barter&Trading SA	2 135 700	31.12.2020
Boryszew Kunststofftechnik Deutschland GmbH	08.06.2018	The guarantee granted to Deutsche Leasing International GmbH	2 562 840	08.06.2023
	31.01.2013	The guarantee granted to bank Commerzbank	21 357 000	indefinitely
	23.07.2013	The guarantee granted as a security for a loan granted by GE Capital Bank AG	4 238 822	30.08.2021
	24.07.2017	The guarantee granted as a repayment security against ALD AutoLeasing D GmbH	854 280	30.06.2022
	12.03.2014	The guarantee granted to Hewlett-Packard International Plc.	1 270 742	28.02.2019
	06.06.2014	The guarantee granted to Hewlett-Packard International Bank Plc.	1 270 742	31.05.2019
	25.09.2014	The guarantee granted to Hewlett-Packard International Bank Plc.	1 143 667	31.05.2019
	22.01.2015	The guarantee granted to Hewlett-Packard International Bank Plc.	427 140	31.08.2019
	23.11.2017	The guarantee granted as a security for a loan granted by DNB Bank Polska SA	32 035 500	28.03.2019
Theysohn Formenbau GmbH	07.08.2017	The guarantee granted to Deutsche Leasing International GmbH	5 979 960	indefinitely
	06.09.2017	The guarantee granted akf leasing GmbH	9 992 766	31.08.2023
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	The guarantee as a security for a loan granted by Bank Gospodarstwa Krajowego	54 310 851	31.12.2026
Boryszew Plastic RUS	11.07.2013	The guarantee granted to ZAO Hewlett-Packard AO	735 080	indefinitely
	27.08.2013	The guarantee granted to RB Leasing Ltd.	1 920 421	15.06.2019
	29.01.2013	The guarantee granted to Deutsche Leasing Vostok ZAO	36 249 012	07.10.2019
	08.04.2013	The guarantee granted to Deutsche Leasing Vostok ZAO	1 130 995	07.10.2019
	30.04.2014	The guarantee granted to ZAO Hewlett-Packard AO	367 540	indefinitely
	13.02.2017	The guarantee granted to Volvo Group Trucks Operations	21 357 000	indefinitely



(amounts are presented in PLN thousand unless specified otherwise)

<b>BRS YMOS GmbH</b>	27.05.2015	The guarantee granted to Wurth Leasing GmbH & Co. KG	1 323 331	30.11.2020
	15.03.2016	The guarantee granted to Wurth Leasing GmbH	1 515 928	15.03.2022
<b>Boryszew Tensho Poland Sp. z o.o.</b>	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	767 247	15.04.2021
	24.10.2017	Bill of exchange guarantee of lease agreement for mLeasing	6 406 756	15.11.2020
	13.06.2016	The guarantee granted as a security for a loan granted by HSBC Bank Polska	10 000 000	11.09.2021
<b>Maflow BRS s.r.l.</b>	01.01.2017	The guarantee granted to CORDTECH INTERNATIONAL SAS	1 281 420	31.12.2018
	01.01.2017	The guarantee granted to Mehler Engineered Products GmbH for trading liabilities	1 708 560	31.12.2018
	26.04.2016	Banka IFIS	3 203 550	indefinitely
	16.05.2017	The guarantee granted to Cover	427 140	31.12.2018
<b>Maflow France Automotive S.A.S.</b>	07.07.2016	The guarantee of proper performance of the Leasing agreement for Natixs Lease	1 610 318	07.07.2021
<b>Boryszew Commodities</b>	12.12.2017	Borealis AG	1 067 850	31.12.2018
	11.06.2018	Bill of exchange guarantee of loan agreement in mBank S.A.	70 478 100	02.11.2018
<b>Spółki Grupy BAP będące klientami Volkswagen AG</b>	16.12.2016	Volkswagen AG	85 428 000	indefinitely
<b>Impexmetal S.A.</b>	1.02.2017	Marshal's Office of the Wielkopolska Region	5 814 361	31.12.2018
<b>Alchemia S.A.</b>	1.10.2017	Arcelormittal Poland S.A.	38 442 600	31.12.2018
<b>Eastside-Bis</b>	01.09.2017	Voivodeship Fund for Environmental Protection and Water Management in Toruń	3 801 471	indefinitely
<b>Boryszew HR Service Sp. z o.o.</b>	30.08.2016	Bill of exchange guarantee for loan granted by mBank	2 000 000	27.08.2019
<b>Elana Energetyka</b>	01.12.2015	PGE Obrót S.A.	3 000 000	indefinitely
<b>ZM Silesia S.A.</b>	26.09.2018	PKO BP S.A.	10 800 000	28.02.2022
<b>Total granted guarantees and sureties by Boryszew S.A.</b>			<b>497 623 791</b>	



**SIGNIFICANT SECURITIES GRANTED BY THE COMPANIES OF THE BORYSZEW CAPITAL GROUP IN ACCORDANCE WITH THE CONDITION AS AT 30.09.2018**

The entity to which the security or guarantee was granted	The date of issuing the security or gurantee	The subject of the undertaking	Security value	Security validity date
			thousands of PLN	
ZM SILESIA SA	28.09.2018	Surety for the repayment of liabilities to Bank Millennium SA	32 002	28.05.2022
			<b>32 002</b>	

**After the balance sheet day**

On November 26, 2018 Boryszew S.A. granted Raiffeisen Bank Polska a guarantee for the repayment of liabilities for ZM Silesia up to PLN 14,400,000 with the validity date until December 31, 2020.

**19. 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.

**20. 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.



**Capital Group Boryszew**

**Mid-year abbreviated, consolidated report for the 3rd quarter of 2018 prepared in accordance with the IAS 34 approved by the European Union**

(amounts are presented in PLN thousand unless specified otherwise)

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**Boryszew S.A.**

**ABBREVIATED QUARTERLY REPORT**

**BORYSZEW S.A.**

**FOR THE 3<sup>RD</sup> QUARTER OF 2018**





## STATEMENT OF COMPREHENSIVE INCOME

	01.01.2018 – 30.09. 2018	01.01.2017 - 30.09. 2017	01.07.2018 - 30.09. 2018	01.07.2017 - 30.09. 2017
Revenues from sales	1 181 399	1 124 432	367 731	365 776
Prime cost of sale	1 068 522	984 655	331 827	323 287
<b>Gross profit from sales</b>	<b>112 877</b>	<b>139 777</b>	<b>35 904</b>	<b>42 489</b>
Selling costs	21 759	22 145	6 856	7 287
General and administrative costs	52 144	57 813	14 648	17 951
Other operating revenue	49 232	29 684	15 700	3 955
Other operating expenses	7 703	20 687	2 344	5 033
<b>Profit from operating activity</b>	<b>80 503</b>	<b>68 816</b>	<b>27 756</b>	<b>16 173</b>
Financial revenues	24 653	11 683	-9 225	4 172
Financial expenses	29 724	24 677	2 500	510
<b>Financial profit</b>	<b>(5 071)</b>	<b>(12 994)</b>	<b>(11 725)</b>	<b>3 662</b>
<b>Profit before income tax</b>	<b>75 432</b>	<b>55 822</b>	<b>16 031</b>	<b>19 835</b>
Income tax	7 236	-1 220	-1 428	1 809
<b>Net profit</b>	<b>68 196</b>	<b>57 042</b>	<b>17 459</b>	<b>18 026</b>
<b>Profit/loss per share</b>				
Weighted average number of shares	226 979 623	231 368 073	225 598 550	230 493 587
Profit per one share (PLN)	0,30	0,25	0,08	0,08
<b>Net profit</b>	<b>(752)</b>	<b>(6 469)</b>	<b>4 105</b>	<b>(3 982)</b>
<b>Earnings recognised in equity</b>	<b>(928)</b>	<b>(7 986)</b>	<b>5 068</b>	<b>(4 916)</b>
<i>Income included in equity, transferred to the profit and loss account</i>				
Hedge accounting	0	0	0	0
	176	1 517	(963)	934
Profits / losses from the valuation of capital instruments transferred to the financial result	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Income tax</i>	0	0	0	0
<b>Income included in capital, not reclassified to profit or loss</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profit/loss on valuation of equity instruments	0	0	0	0
Profit/loss on disposal of equity instruments	0	0	0	0
Capital reserve on translating employee payables	<b>(752)</b>	<b>(6 469)</b>	<b>4 105</b>	<b>(3 982)</b>
<i>Income tax</i>				
<b>Income included in the capitals in total</b>	<b>67 444</b>	<b>50 573</b>	<b>21 564</b>	<b>14 044</b>



## STATEMENT OF FINANCIAL POSITION

	<b>As at 30.09.2018</b>	<b>As at 31.12.2017</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property fixed assets	272 503	272 862
Investment property	16 525	16 525
Intangible assets	24 960	26 856
Shares in subsidiaries and associates	476 571	444 437
Financial assets	442 488	388 685
Long term receivables	33 481	32 693
Deffered tax assets	0	6 038
Other assets	14 260	15 002
<b>Total fixed assets</b>	<b>1 280 788</b>	<b>1 203 098</b>
<b>Current assets</b>		
Inventory	207 878	181 956
Trade receivables and other receivables	327 698	289 688
Short-term financial assets	7 442	40 157
Derivative financial instruments	236	0
Current tax assets	0	0
Other assets	18 787	10 893
Cash and cash equivalents	25 764	36 081
<b>Total current assets</b>	<b>587 805</b>	<b>558 775</b>
<b>Total assets</b>	<b>1 868 593</b>	<b>1 761 873</b>



(amounts are presented in PLN thousand unless specified otherwise)

<b>LIABILITIES AND EQUITY</b>	<b>As at 30.09.2018</b>	<b>As at 31.12.2017</b>
<b>Equity</b>		
Share capital	248 906	248 906
Share premium	112 346	112 346
Shares/own shares	(115 706)	(84 329)
Hedge accounting capital	(3 549)	(2 797)
Capital reserve on translating employee payables	(169)	(169)
Retained earnings	408 592	340 396
<b>Total equity</b>	<b>650 420</b>	<b>614 353</b>
<b>Long term liabilities and reserves</b>		
Bank credits, loans, bonds	169 252	230 096
Lease liabilities	28 466	28 977
Payables on perpetual usufruct of investment land	1 893	1 957
Deferred tax provision	1 763	0
Employee benefit provisions	3 009	3 036
Other reserves	5 220	5 221
Other long-term liabilities and equity	2 628	2 851
<b>Total long-term liabilities and reserves</b>	<b>212 231</b>	<b>272 138</b>
<b>Short-term liabilities</b>		
Bank credits, loans, bonds	660 452	500 650
Lease liabilities	6 438	16 094
Payables on perpetual usufruct of investment land	67	67
Trade liabilities and other liabilities	323 311	337 377
Derivative financial instruments	115	4 530
Current tax assets	665	935
Employee benefit provisions	4 692	8 826
Other reserves	2 341	2 349
Other equity	7 861	4 554
<b>Total short-term liabilities and reserves</b>	<b>1 005 942</b>	<b>875 382</b>
<b>Total liabilities and reserves</b>	<b>1 218 173</b>	<b>1 147 520</b>
<b>Total equity</b>	<b>1 868 593</b>	<b>1 761 873</b>



(amounts are presented in PLN thousand unless specified otherwise)

**CASH FLOW STATEMENT**

	<b>01.01.2018 - 30.09. 2018</b>	<b>01.01.2017 - 30.09. 2017</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>75 432</b>	<b>55 822</b>
<b>Adjustments for (+/-)</b>	<b>(55 202)</b>	<b>(71 442)</b>
Amortisation	24 562	21 779
Profits/losses from financial activities (including interest on financial liabilities)	3 539	13 054
Dividends from share in profits	(7 003)	(10 078)
Profit/loss from investing activities	(10 020)	(2 956)
Change in receivables	(37 798)	(27 714)
Change in inventories	(25 922)	(41 514)
Change in liabilities	11 002	(21 928)
Change in provisions and accruals as well as prepayments	(8 238)	43
Other items	(4 661)	8
Income tax paid	(663)	(2 136)
<b>Net cash from operating activities</b>	<b>20 230</b>	<b>(15 620)</b>
<b>Cash flows from investment activities</b>		
Revenues from the disposal of property, plant and equipment	0	3 116
Revenues from the sale of shares	0	1 375
Revenues from bonds	0	0
Revenues from dividends	6 003	10 078
Revenues from repaid loans	8 531	0
Expenses for the purchase of fixed assets	0	(38 944)
Acquisition of shares and stocks in facilities from the Capital Group	(32 134)	(15 801)
Long-term loans granted	0	12 496
Expenses for the purchase of bonds	(52 755)	0
Other investment expenses	0	(3 100)
<b>Net cash from investment activities</b>	<b>(70 355)</b>	<b>(30 780)</b>
<b>Cash flows from financial activities</b>		
Revenues from loans	62 558	91 082
Loans received	0	26 203
Revenues from the issue of bonds	54 999	0
Expenses for the purchase of own shares	(31 377)	(23 895)
Repayment of loans	(16 436)	(14 974)
Loan repayment	(2 163)	(14 298)
Bond buy-back	0	0
Interest paid on loans, loans and bonds.	(17 542)	(13 054)
Payments of liabilities under financial leasing agreements	(10 231)	(20 883)
<b>Net cash from financial activities</b>	<b>39 808</b>	<b>30 181</b>
<b>Change in net cash</b>	<b>(10 317)</b>	<b>(16 219)</b>
Cash opening balance	36 081	60 932
<b>Cash closing balance</b>	<b>25 764</b>	<b>44 713</b>



(amounts are presented in PLN thousand unless specified otherwise)

**STATEMENT ON CHANGES IN EQUITY**

	Share capital	Surplus from the issue of shares above their nominal value	Own shares	Hedge accounting	Profits/losses from revaluation of employee benefits	Profits retained	Own capital in total
<b>As at 01.01.2018</b>	<b>248 906</b>	<b>112 346</b>	<b>(84 329)</b>	<b>(2 797)</b>	<b>(169)</b>	<b>340 396</b>	<b>614 353</b>
Valuation of hedge instruments	0	0	0	(752)	0	0	(752)
Valuation of employee benefits	0	0	0	0	0	0	0
Profit/loss for third quarter of the year 2018	0	0	0	0	0	68 196	68 196
<b>Total comprehensive income for the third quarter of 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(752)</b>	<b>0</b>	<b>68 196</b>	<b>67 444</b>
Share buy-back	0	0	(31 377)	0	0	0	(31 377)
<b>As at 30.09.2018</b>	<b>248 906</b>	<b>112 346</b>	<b>(115 706)</b>	<b>(3 549)</b>	<b>(169)</b>	<b>408 592</b>	<b>650 420</b>

	Share capital	Own shares	Surplus from the issue of shares above their nominal value	Hedge accounting	Profits/losses from revaluation of employee benefits	Profits retained	Own capital in total	Share capital
<b>As at 01.01.2017</b>	<b>248 906</b>	<b>(49 518)</b>	<b>112 346</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>255 892</b>	<b>567 747</b>
Valuation of hedge instruments	0	0	0	(6 469)	0	0	0	(6 469)
Valuation of employee benefits	0	0	0	0	0	0	0	0
Profit for 2016	0	0	0	0	0	0	0	0
<b>Total comprehensive income for third quarter of 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>57 042</b>	<b>57 042</b>
Share buy-back - Boryszew SA	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6 469)</b>	<b>0</b>	<b>0</b>	<b>57 042</b>	<b>50 573</b>
Valuation of hedge instruments	0	(23 895)	0	0	0	0	0	(23 895)
<b>As at 30.09.2017</b>	<b>248 906</b>	<b>(73 413)</b>	<b>112 346</b>	<b>(6 425)</b>	<b>0</b>	<b>0</b>	<b>312 934</b>	<b>594 425</b>



(amounts are presented in PLN thousand unless specified otherwise)

## OPERATIONAL SEGMENTS

<b>01.01.2018 -30.09. 2018</b>	Chemistry	Automotive industry	Metals	Other	Total	Exclusions between segments	Total
Revenues from sale	173 709	499 221	319 949	188 444	1 181 323	76	1 181 399
Costs of segment sales	148 395	437 428	301 743	180 956	1 068 522		1 068 522
<b>Result on sales in the segment</b>	<b>25 314</b>	<b>61 793</b>	<b>18 206</b>	<b>7 488</b>	<b>112 801</b>	<b>76</b>	<b>112 877</b>
Management and sales costs	21 198	34 579	10 684	7 444	73 905	(2)	73 903
Result of other operations	157	18 854	703	21 815	41 529	0	41 529
<b>Segment operation result</b>	<b>4 273</b>	<b>46 068</b>	<b>8 225</b>	<b>21 859</b>	<b>80 425</b>	<b>78</b>	<b>80 503</b>
Amortization	4 137	15 876	4 189	360	24 562		24 562
EBITDA *)	8 410	61 944	12 414	22 219	104 987	78	105 065

<b>01.01.2017 -30.09. 2017</b>	Chemistry	Automotive industry	Metals	Other	Total	Exclusions between segments	Total
Revenues from sale	168 331	506 544	296 502	157 921	1 129 298	(4 866)	1 124 432
Costs of segment sales	138 883	432 204	270 336	147 691	989 114	(4 459)	984 655
<b>Result on sales in the segment</b>	<b>29 448</b>	<b>74 340</b>	<b>26 166</b>	<b>10 230</b>	<b>140 184</b>	<b>(407)</b>	<b>139 777</b>
Management and sales costs	20 724	32 813	10 379	16 461	80 377	(419)	79 958
Result of other operations	4 602	(14 180)	661	17 920	9 003	(6)	8 997
<b>Segment operation result</b>	<b>13 326</b>	<b>27 347</b>	<b>16 448</b>	<b>11 689</b>	<b>68 810</b>	<b>6</b>	<b>68 816</b>
Amortization	4 019	13 362	3 871	527	21 779	0	21 779
EBITDA *)	17 345	40 709	20 319	12 216	90 589	6	90 595



<b>Revenues from sales by geographical directions</b>	<b>01.01.2018- 30.09. 2018</b>	<b>01.01.2017 - 30.09. 2017</b>
Domestic sales	476 440	426 728
Sales to EU countries	629 332	636 104
Sales to other European countries	24 495	18 566
Export outside Europe	51 132	43 034
<b>TOTAL</b>	<b>1 181 399</b>	<b>1 124 432</b>

**Share of EU member states in intra-Community sales:**

Germany	24%	29%
Czech Republik	12%	7%
France	13%	13%
Slovakia	6%	8%
Italy	7%	8%

**FINANCIAL INSTRUMENTS, FAIR VALUE AND ESTIMATED DATA**

<b>Impact on the write-down of assets and provisions</b>	<b>01.01.2018 - 30.09. 2018</b>	<b>01.01.2017 - 30.09. 2017</b>
Creating of write-offs for receivables	(1 640)	(12 573)
Reversal of impairment losses on receivables	25 220	469
Creation of write-downs for receivables from loans granted	0	(2 232)
Creating write-offs for inventories	(2 169)	(3 048)
Reversal of impairment losses on inventories	3 135	0
Creating write-offs for fixed assets	(547)	0
Reversal of impairment losses on property, plant and equipment	960	1 587
Valuation to the fair value of shares	(27)	(1 084)
Establishment of reserves	(6 870)	9 761
<b>REVERSAL OF UNNECESSARY RESERVES</b>	<b>18 076</b>	<b>(7 120)</b>

**The fair value of the Group's financial assets and liabilities measured at fair value at an on-going basis**

	<b>Fair value as at</b>		<b>Hierarchy</b>
	<b>As at 30.09.2018</b>	<b>As at 31.12.2017</b>	<b>Fair value</b>
<b>Financial assets</b>			
Quoted shares	2 133	2 160	Level 1
Derivative financial instruments	236,00	-	Level 2
<b>Financial liabilities</b>			
Derivative financial instruments	115	4 530	Level 2



(amounts are presented in PLN thousand unless specified otherwise)

**Fair value of financial assets and liabilities that are not measured at fair value on an ongoing basis (but disclosures about fair values are required)**

	Fair value as at		Hierarchy
	As at 30.09.2018	As at 31.12.2017	Fair value
<b>Financial assets</b>			
Shares held for trading	-	25 068	Level 3
Bonds	81 916	29 161	Level 3
Loans	368 014	374 613	Level 3
Trade and other receivables	346 340	306 265	Level 3
Investment Estates	16 525	16 525	Level 3
Cash and cash equivalents	25 764	36 081	Level 1
<b>Financial liabilities</b>			
Credits and loans and leasing	858 170	759 723	Level 2
Trade liabilities	301 973	309 993	Level 3
Liabilities due to WUG	1 960	2 024	Level 2

**Transactions within the period from 01.01.2018 to 30.09.2018**

	Subordinated entities	Affiliates	Personally affiliated entities
Sales revenues (products, services, goods)	161 311	41 622	3 420
Interest income	0	0	1 198
Dividends received	7 003	0	0
Purchases (materials, goods, services)	32 043	0	0
Income costs	4 687	0	0
<b>Settlement balance as at 30.09.2018</b>			
Trade receivables	125 742	4 565	780
Purchased bonds	80 916	0	59 276
Granted loans	366 273	0	355
Other receivables (advances, deposits)			0
Trade liabilities	39 136	863	0
Received loans	116 295	0	0
Bonds issued	155 392	0	0





**SIGNATURES:**

The financial statement was signed at the seat of the entity on 22 November 2018

Piotr Lisiecki – Chairman of the Supervisory Board \_\_\_\_\_

Aleksander Baryś – Member of the Supervisory Board \_\_\_\_\_

Mikołaj Budzanowski – Member of the Supervisory Board \_\_\_\_\_

Cezary Pyszkowski – Member of the Supervisory Board \_\_\_\_\_

Elżbieta Staboń – Chief accountant \_\_\_\_\_