



**IMPEXMETAL S.A BUSINESS REPORT
FOR 2015**



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21 March 2016*

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1. INTRODUCTION

Impexmetal S.A, hereinafter the Company, was established on 1 July 1995 in Warsaw as a result of transformation of a state-owned enterprise Centrala Importowo – Eksportowa Impexmetal.

Company's business profile is associated with the trade in non-ferrous metals, their semi-finished products and alloys (aluminium, copper, zinc, lead) as well as worldwide distribution of bearings. Since the mid-70s, the Company has been carrying out transactions on the London Metal Exchange LME.

Currently, Impexmetal is one of largest Polish organisations with the structure of a manufacturing and trading holding company. Impexmetal operates on all continents while maintaining contacts with hundreds of foreign partners as well as the thousands of Polish companies. Impexmetal S.A. is the owner or major shareholder in 30 companies, including 5 manufacturing plants. In 2015, Impexmetal Capital Group was employing more than 1 900 employees.

Impexmetal S.A. shares have been listed since 24 June 1997 on the Warsaw Stock Exchange - "Metal Industries" Sector. In 2005 Impexmetal S.A. became part of Boryszew Capital Group.

The Company's registered seat is at Jagiellońska street No. 76.

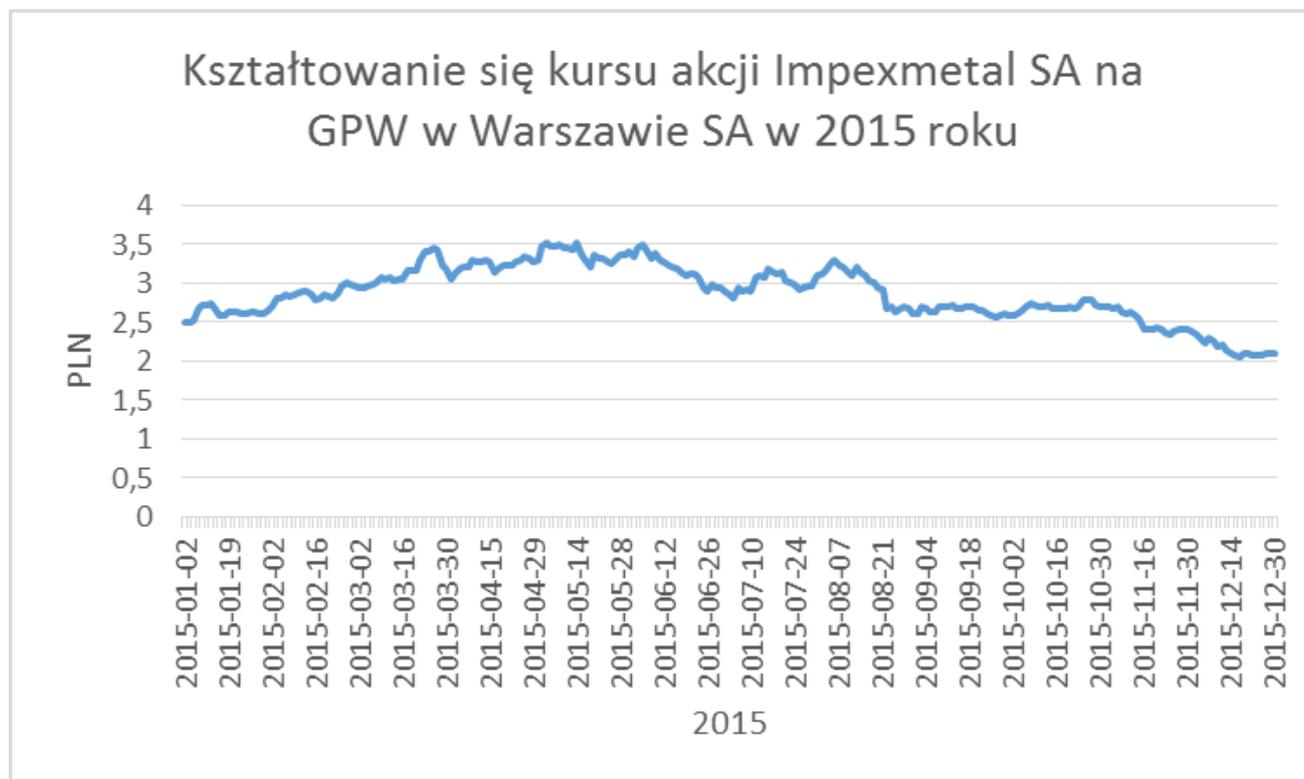
The company is registered with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register under KRS number 0000003679. The Company's REGON (Business ID) is 011135378, NIP (tax ID) is 525-00-03-551.

Impexmetal S.A. is the parent entity of Impexmetal Capital Group. The parent for Impexmetal S.A is Boryszew S.A.

The Company may establish other companies with similar business profile in the country and overseas, join other companies as well as establish branches and representative establishments.

The Company was established for an indefinite period of time.

The price of Impexmetal shares on the Warsaw Stock Exchange in 2015.



In 2015:

- average price of Company's shares amounted to PLN 2.87 per share and it was up by PLN 0.10 in comparison to the average share price in 2014,
- share price in 2015 ranged from PLN 2,05 (16.12.2015) to PLN 3.52 (14.05.2015),
- average daily trading of the Company's shares was at 170 thousand of shares.

2. APPROVAL OF THE REPORT FOR PUBLICATION.

This Impexmetal S.A. Business Report for 2015, being an integral part of the financial statements of Impexmetal S.A. for 2015, was approved for publication by resolution of the Management Board of 21 March 2016 and presents Impexmetal S.A. position in accordance with the requirements of law for the period from 1 January 2015 to 31 December 2015 with regard to the events that occurred up to the date of approval of this report for publication. A large part of the information contained in this business report has been described in more detail in the Company's current reports available, among other places, on the Company's website at: www.impexmetal.com.pl, where other information on the Company can also be found.

3. STRUCTURE OF THE CAPITAL GROUP

Impexmetal Spółka Akcyjna is the parent entity of Impexmetal Capital Group. It owns domestic and overseas subsidiaries, jointly controlled entities, associates and other entities, as the parent company it fulfils management and supervisory functions in relation to the Capital Group companies.

The parent for Impexmetal S.A is Boryszew S.A.

STRUCTURE OF IMPEXMETAL S.A.

Organisational structure of Impexmetal S.A. is as follows:

- Headquarters in Warsaw,
- Zakład Aluminium Konin in Konin,
- Sales Division in Warsaw.

The structure of the Company is the result of the merger of Impexmetal S.A. and Aluminium Konin-Impexmetal S.A., which took place mid-2008. Since 1 July 2008, as part of the organisational structure, Impexmetal S.A., the plant operates under the name of Zakład Aluminium Konin.

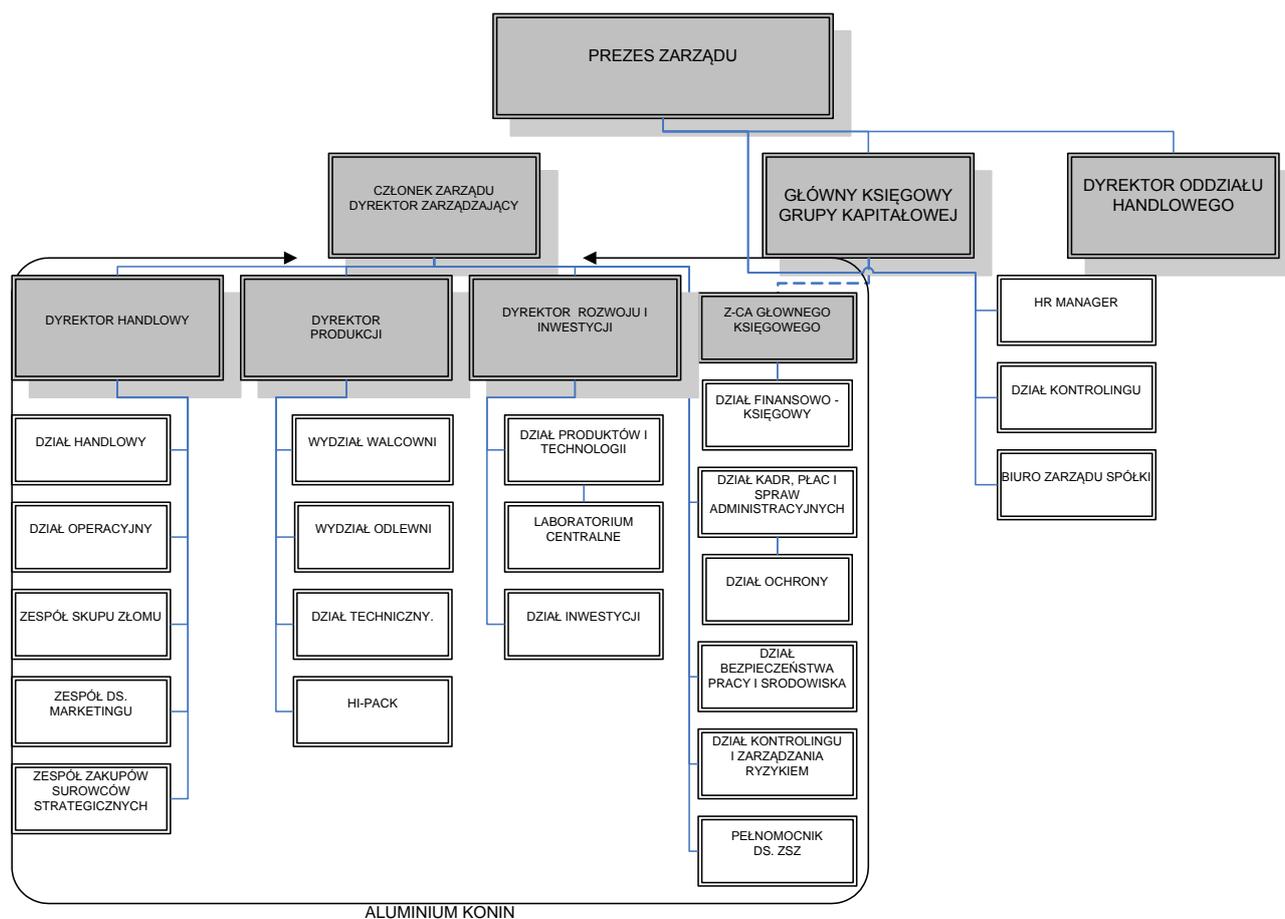
The core business of the Head Office in Warsaw is management of the Capital Group, and its objective is to increase the value of the Company in the long run.

The main business of Aluminium Konin is the manufacture of highly-processed rolled aluminium flat products. With modernised machines Konin roll-mill is an important entity on the European market of the aluminium products. Strategic directions in the development of the products offered focus on automotive, electrotechnical and packaging markets. Basing on its own experiences and cooperating with R & D institutions Zakład Aluminium Konin introduces to its offer a wide range of aluminium alloys with applications in, among others, cars heat exchangers and extends its offer as far as innovations multilayer products are concerned.

The production potential is concentrated in two production plants - casting and rolling mill. Annual production capacity has been estimated on the level of 85 000 tones, out of which ap. 40 % is the production of high-margin products under long-term contracts.

The Trade Division carried out trading activity by developing the sales to customers outside the Group, with particular emphasis on the trading transactions in non-ferrous metals (without trading in goods in Poland). The Trade Branch ceased its operations on 31 December 2015.

The diagram below shows the organisational structure of Impexmetal S.A.:



Impexmetal Capital Group structure at 31 December 2015:

Direct subsidiaries	Scope of business	Effective share of the parent in the Company (%)	Share in total votes (%)
Companies included in consolidation			
FLT & Metals Ltd., UK, London	trade	100.00	100.00
S & I S.A., Switzerland, Saint-Sulpice	Trade	100.00	100.00
FŁT Polska Sp. z o.o., Warsaw	distribution of bearings	98.35	98.35
ZM SILESIA S.A. Katowice ¹⁾	production of zinc and zinc alloys intermediate products, zinc oxides and lead oxides	98.04	97.19
Polski Cynk Sp. z o.o., Oława ²⁾	Trade	99.68	100.00
Hutmen S.A., Warsaw ³⁾	plumbing copper pipes production	65.07	65.23
Walcownia Metali Dzierżycie S.A., Czechowice- Dzierżycie S.A. ⁴⁾	production of copper, aluminium intermediate products, intermediate products other non-ferrous metals and their alloys, foundry	73.29	98.09
Impex-invest Sp. z o.o., Warsaw ⁵⁾	investment activity	100.00	100.00
Eastside Capital Investments Sp. z o.o., Warsaw ⁶⁾	holding activity	34.98	34.98

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Symonvit Ltd. in liquidation, Cyprus, Nicosia	entity not involved in any operating activities, in liquidation	100.00	100.00
SPV Impexmetal Sp. z o.o.	management of industrial property rights	99.99	99.99

- 1) Impexmetal S.A. holds 97.03% shares in the initial capital plus ZM Silesia S.A. holds 0.87% treasury shares,
- 2) of which Impexmetal S.A. holds directly 88.46% of share capital and votes at the general meeting and ZM SILESIA S.A. holds directly 11.54% of share capital and votes at the general meeting.
- 3) of which Impexmetal S.A. holds directly 2.72% of share capital and votes at the general meeting, Impex-invest Sp. z o.o. holds directly 49.03% of share capital and votes at the general meeting, SPV Impexmetal Sp. z o.o. holds directly 13.48% of share capital and votes at the general meeting,
- 4) of which Impexmetal S.A. holds directly 26.78% of share capital and votes at the general meeting and Hutmen S.A. holds directly 71.30% of share capital and 71.52% of votes at the general meeting, plus Impexmetal S.A. parent company, Boryszew S.A. holds directly 1.92% of share capital and 1.91% of votes at the general meeting,
- 5) of which Impexmetal S.A. holds directly 78.55% of share capital and votes at the general meeting and Baterpol S.A. i Wspólnicy spółka komandytowa holds directly 21.45% of share capital and votes at the general meeting.
- 6) Under an agreement Impexmetal S.A. exercises an operational control over Eastside Capital Investments Sp. z o.o.

The share in votes at the general meeting is the same as share in Company's share capital, except WM Dziedzice S.A., where the share in share capital is 98.08%.

Direct subsidiaries	Scope of business	Effective share of the parent in the Company (%)	Share in total votes (%)
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Non-consolidated entities

Brassco Inc., USA ¹⁾	entity not involved in any operating activities	98.03	100.00
Zakład Utylizacji Odpadów Sp. z o.o., Konin	environmental protection services (waste disposal)	59.97	59.97
Remal Sp. z o.o., Konin ²⁾	repair and manufacturing services	77.30	77.30
Impex Service Sp. z o.o., Warsaw	not involved in any operating activities	100.00	100.00

- 1) of which Impexmetal S.A. holds directly 94.34% of share capital and votes at the general meeting and Hutmen S.A. holds directly 5.66% of share capital and votes at the general meeting
- 1) in 2015 Remal redeemed, from its net profit for 2015 (with no changes to share capital) shares purchased for that purpose. Upon redemption Impexmetal S.S. holds 77.30% of votes at the shareholders' meeting;

Direct subsidiaries	Lower level parent entities	Scope of business	Effective share of the parent in the Company (%)	Share in total votes (%)
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Companies included in consolidation

Baterpol S.A., Katowice	Polski Cynk Sp. z o.o.	purchase, processing of battery scrap as well as the production and processing of lead and lead alloys	99.68	100.00
SPV Lakme Investment Sp. z o.o., Warsaw	SPV Impexmetal Sp. z o.o.	developer's activity	89.30	93.04
Huta Metali Nieżelaznych Szopienice S.A. w	Polski Cynk Sp. z o.o.	copper and brass rolled goods production in liquidation since 26.09.2008	61.57	61.77
Baterpol Recycler Sp. z o.o. Wrocław	Polski Cynk Sp. z o.o.	disposal of zinc bearing waste	99.68	100.00

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FLT Bearings Ltd., UK, London	FLT France SAS, France	distribution of bearings	98.35	100.00
FLT France SAS, France, Sartrouville	FŁT Polska Sp. z o.o.	distribution of bearings	98.35	100.00
ZM Nieruchomości Sp. z o.o.	Polski Cynk Spółka z o.o.	Real estate management	99.40	100.00
Eastside- Bis Spółka z o.o. 1)	Eastside Capital Investments Spółka z o.o.	developer's activity	34.98	34.98
SPV Silesia Sp. z o.o., Katowice (former Baterpol Recycler Sp. z o.o. SKA)	ZM Nieruchomości Sp. z o.o.	manufacture of other inorganic basic chemicals	97.40	100.00
Metal Zinc Sp z o. o.	ZM SILESIA S.A.	production of lead, zinc and tin	97.19	100.00

1) Under an agreement Impexmetal S.A exercises an operational control over Eastside -Bis Sp. z o.o.

Non-consolidated entities

Przedsiębiorstwo Usługowo-Handlowe Hutnik Sp. z o.o. w likwidacji, Konin	Impex-invest Sp. z o.o.	not involved in any operating activities	94.00	94.00
FLT Wälzlager GmbH, Germany, Viersen	FŁT Polska Sp. z o.o.	distribution of bearings	98.35	100.00
FLT & Metals s.r.l., Italy, Alserio	FŁT Polska Sp. z o.o.	distribution of bearings	98.35	100.00
FLT (Wuxi) Trading Co. Ltd., China, Wuxi	FŁT Polska Sp. z o.o.	distribution of bearings	98.35	100.00

Jointly controlled entities - non-consolidated	Jointly controlling entities of lower level	Scope of business	Effective share of the parent in the Company (%)	Share in total votes (%)
MBO-Hutmen jv Sp. z o.o., Wrocław	Hutmen S.A.	production of welds and white metal alloys	32.62	50.00

Directly affiliated companies	Scope of business	Effective share of the parent in the Company (%)	Share in total votes (%)
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Companies included in consolidation

Alchemia S.A.	manufacture of steel products	25.20	25.20
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Non-consolidated entities

Przedsiębiorstwo Automatykacji i Pomiarów Altech Sp. z o.o., Konin	services, automation and measurements	48.36	48.36
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Companies included in consolidation

Partnership	Partners	Scope of business
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Baterpol S.A. i Wspólnicy Spółka Komandytowa, Warsaw	General Partners: FŁT Polska Sp. z o.o. – Limited partner: Impexmetal S.A.	wholesale sales of goods
Surowce Hutmen S.A. Spółka Komandytowa, Wrocław	General Partner: Hutmen S.A. Limited partners: Baterpol S.A., FŁT Polska Sp. z o.o	wholesale of other intermediate products under commission, wholesale of waste and scrap
Baterpol Recycler Sp. z o.o., Spółka Komandytowa, Wrocław	General Partner: BATERPOL RECYCLER Sp. z o.o.. Limited partner: HMN Szopienice S.A. w likwidacji	wholesale of other intermediate products under commission, wholesale of waste and scrap
Baterpol S.A. Spółka Komandytowa, Katowice	General Partner: Baterpol S.A. Limited partner: Baterpol Recycler Sp. z o.o., Spółka Komandytowa	wholesale of other intermediate products under commission, wholesale of waste and scrap

Due to different shares in profit, loss and estate under liquidation for simplification the effective share of the Parent Entity in the Company was assumed as 100%.

4. SIGNIFICANT EVENTS

Conclusion of significant trade agreements

On 26 January 2015 the Company signed two agreements with Glencore International AG on buying primary aluminium in ingots to provide for the needs of the Aluminium Konin plant.

The estimated value of the contracts amounts to approx. PLN 158 million and was determined based on the current listing prices of aluminium at the LME and the current foreign exchange rates. The contracts are valid for 2015-2016. Terms and conditions of the contracts do not differ from those customarily applied in case of similar commercial contracts.

On 25 February 2015, the Company concluded a contract Valeo Systemes Thermiques for supply of aluminium products to production facilities of Valeo Group in 2015-2016. The estimated value of the contract over the period of its duration amounts to approx. PLN 282 million and has been determined based on the current listing prices of aluminium at the LME and the current foreign exchange rates. Terms and conditions of the contract do not differ from those customarily applied in case of similar commercial contracts.

Impexmetal S.A. is Valeo's supplier of aluminium bands used in production of heat exchangers for motor vehicles.

On 2 March 2015 the Company signed a contract with Trafigura PTE, Ltd. on supplying primary aluminium in ingots to provide for the needs of the Aluminium Konin plant. The total value of agreements concluded with Trafigura PTE, Ltd. in the last 12 months' period before conclusion of the agreement amounts to about PLN 298 million and it exceeds 10% of the income sales of Impexmetal Capital Group.

The most valuable of these agreements is a contract concluded on 2 March 2015 on buying primary aluminium in ingots to provide for the needs of the Aluminium Konin plant. The estimated value of the contract amounts to approx. PLN 233,1 million and was determined based on the current listing prices of aluminium at the LME and the current foreign exchange rates. The contract is valid for 2015-2016. Terms and conditions of the contract do not differ from those customarily applied in case of similar commercial contracts.

Conclusion of agreement with Boryszew S.A.

On 29 April 2015 Impexmetal S.A. concluded the agreement of cooperation within the scope of management of real properties possessed by the Boryszew Group with Boryszew S.A. Under the agreement SPV Lakme Investment Sp. z o.o. will be responsible for management of Group's real properties. According to the agreement, the operating control over the Company is exercised by Impexmetal S.A.

Following the split of SPV Lakme Investment Spółka z o.o. real properties contributed to that company were transferred to Eastside-Bis Spółka z o.o.

Decision on the intention to increase share in the initial capital of Alchemia S.A.

Impexmetal S.A. intended to increase the share in the share capital of Alchemia S.A. up to the level of 51% of the share capital within the next 3 years. The strategic assumption of Impexmetal S.A. is creation of a strong capital group, with revenues exceeding PLN 4 billion annually. Performance of the goal determined in such a manner is possible due to the continuous process of pro-development and product investment in the most promising entities of the group as well as

through capital investments. Considering the potential and similarities of both capital groups operating in the steel works and metal processing sector as well as the need for coordination of activities regarding development of the trade activity and development on the new promising markets, Impexmetal S.A. decided to increase the held packet of shares of Alchemia S.A. in order to gain a dominant position in this Company, according to the above action strategy.

In 2015 Impexmetal S.A. purchased 12 596 000 shares of Alchemia S.A., accounting for 6.29% of the share capital which, collectively with already held stocks, gives the total of 50 400 000 shares accounting for 25.20% share in the share capital of Alchemia S.A. On the day of publication of the report, the number of shares held by the company did not change.

Call to subscribe for sale of Hutmen S.A. shares

On 2 October 2015 Impexmetal S.A. and its subsidiaries, Boryszew S.A. based in Warsaw, SPV Boryszew 3 Sp. z o.o. based in Warsaw as well as Impex - Invest Sp. z o.o. based in Warsaw and SPV Impexmetal Sp. z o.o. based in Warsaw, acting together as the Inviting Entity issued a call for shares regarding 4 033 208 shares of HUTMEN S.A. based in Warsaw, which, together with shares already owned by Boryszew S.A. and subsidiaries of Boryszew S.A., would result in it having 100% of the votes on the General Meeting of HUTMEN S.A. The entity acquiring the shares is SPV Boryszew 3 Sp. z o.o., a subsidiary of BORYSZEW S.A.

The acquisition price in the Call was determined at PLN 5.00 per share which corresponds to the criteria stipulated in Article 79 of the Act dated 29 July 2005 on public offering and terms of introducing financial instruments to organised trading and on public companies (i.e. Journal of Laws of 2013, item 1382).

The Call was announced in connection with the intention to increase the possessed share in the share capital and number of votes at the General Meeting. If the Inviting Entity obtains 90% or more total votes at the General Meeting upon the Call, the Inviting Entity would consider carrying out forced buy-back of Shares held by the minority shareholders according to the principles specified, in particular, in Art. 82 of the Act.

As the result of the call SPV Boryszew 3 Spółka z o.o. acquired, on 30 November 2015, 420 903 shares of Hutmen S.A., which constitutes 1.64% of shares of this company and 1.64% of votes in the General Meeting.

As the result of the call Boryszew S.A. along with subsidiaries held 21 983 965 shares of Hutmen S.A., which constituted 85.89% of shares of this company and 85.89% of votes in the General Meeting.

As at 31 December 2015 Boryszew Capital Group (along with Impexmetal S.A. and subsidiaries) held 21 983 965 shares of Hutmen S.A., which constituted 85.89% of shares of this company and 85.89% of votes in the General Meeting.

As at the date of preparation of this report Boryszew Capital Group (along with Impexmetal S.A. and subsidiaries) holds 22 884 537 shares of Hutmen S.A., which constitutes 89.41% of shares of this company and 89.41% of votes in the General Meeting.

Completion of share buy-back

On 15 November 2015, in connection with the lapse of time limit for which it was resolved, the own share buy-back program adopted by way of resolution no. 8 of the Extraordinary General Meeting of Stockholders of 15 November 2010 was completed.

Pursuant to Resolution no. 8 of the Extraordinary General Meeting of Stockholders of 15 November 2010 (as amended), the Company acquired the total of 7 210 000 own shares with nominal value of PLN 0.40 each, at the average price of PLN 3.39, i.e. for the total amount of PLN 24 441 082.53 The acquired shares accounted for 3.61% share in the share capital and corresponded to 7 210 000 votes at the General Meeting, i.e. 3.61% of the total number of votes.

According to the Resolution invoked above, the stocks purchased within the scope of the buy-back program will be allocated for one of the purposes specified therein, i.e.: (i) for further re-sale, (ii) for redemption, (iii) for financing of acquisitions within the framework of implementation of the development strategy of the Company and Capital Group.

In a separate communication the Management Board will notify of the decision on the use of own shares purchased. Pursuant to Resolution no. 21 dated 25 June 2014 of the General Meeting of Stockholders the use of the purchased own shares for one of the objectives specified in this resolution requires prior consent of the Supervisory Board of the Company.

Information on other important events was conveyed in the form of current reports of the Company, which are available on the website: www.impexmetal.com.pl.

5. SCOPE OF BUSINESS

a) Scope of business

In 2015 organisational structure of Impexmetal S.A. was as follows:

- Headquarters in Warsaw,

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- Zakład Aluminium Konin in Konin,
- Sales Division in Warsaw.

The head Offices in Warsaw – its activity includes management of the Capital Group to increase the value of the Company and of the Group in the long run. The company generates income on dividends and interest.

Zakład Aluminium Konin (AKI) is a producer of a wide range of aluminium products, used in many sectors of economy. AKI is a leader in Poland and one of the dozen Europe's manufacturers of aluminium rolled products.

Main AKI product groups include:

- thin sheets and strips (automotive, packaging, construction, electrotechnical industry)
- cold rolled sheets and strips: (automotive, packaging, construction, electrotechnical industry, general application)

The **Trade Division** is engaged in non-ferrous metals trade.

b) Sales and Markets

Sales volumes and revenues from sales in 2015 and 2014 are presented in the table below:

The Company	Product range	Quantity [T]		Value [TPLN]	
		2015	2014	2015	2014
Impexmetal (Huta Aluminium Konin)					
	Thin products	28 138	22 212	347 306	249 921
	Cold rolled products	57 983	48 558	618 061	479 036
	Goods and materials			39 358	29 464
	Services + other			10 432	11 019
	PLN	86 121	70 770	1 015 157	769 440
Trade Division				38 422	121 036
Consolidation adjustments				-3	-3 351
	PLN	86 121	70 770	1 053 576	887 125

In 2015 Zakład Aluminium Konin increased its sales volume by 22%. The impact on the growth of the volumes of sales was exerted mainly by the completion of the rolling mill modernisation process, which translated into an increase in production capacities and allowed for a boost in sales from 70.8 thousand tonnes to 86.1 thousand tonnes.

The main sales directions in the Aluminium Segment for 2015 – 2014 are presented in the table below:

Sales structure [%]	2015	2014
Domestic	48%	51%
Czech Republic	11%	9%
Germany	9%	9%
France	6%	4%
Ukraine	3%	3%
Finland	3%	2%
Switzerland	2%	2%
Austria	2%	2%
Great Britain	2%	5%
Hungary	2%	1%
other	12%	12%
Export sales as % of total sales	52%	49%

Only a slight change in sales destinations of Zakład Aluminium Konin was seen in 2015. Still app. 50% of sale is domestic sale. The largest export market for the company is that the Czech Republic, followed by Germany.

c) Market share

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

d) Competition

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

- multinational corporations: ALCOA, CONSTELLIUM, NOVELIS, ALERIS, GRÅNGES, HYDRO. These companies technology leaders with specialised manufacturing in individual production plants.
- Independent European companies: Alinvest, Impol, Elval, Alcomet, Alro, TIm, Amag and Turkish companies: ASSAN, PMS, TEKNİK. These companies represent diverse technological levels and, similarly to AKI, they offer a wide mix of products manufactured by a single plant. In 2015, the Eurometal company (Poland) started to produce rolled goods. The company offers goods based on the technology of continuous casting. The offer by Eurometal overlaps to some extent with that of Aluminium Konin.

e) Raw materials and sources of supplies

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

f) Particularly key parameters for the Segment

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

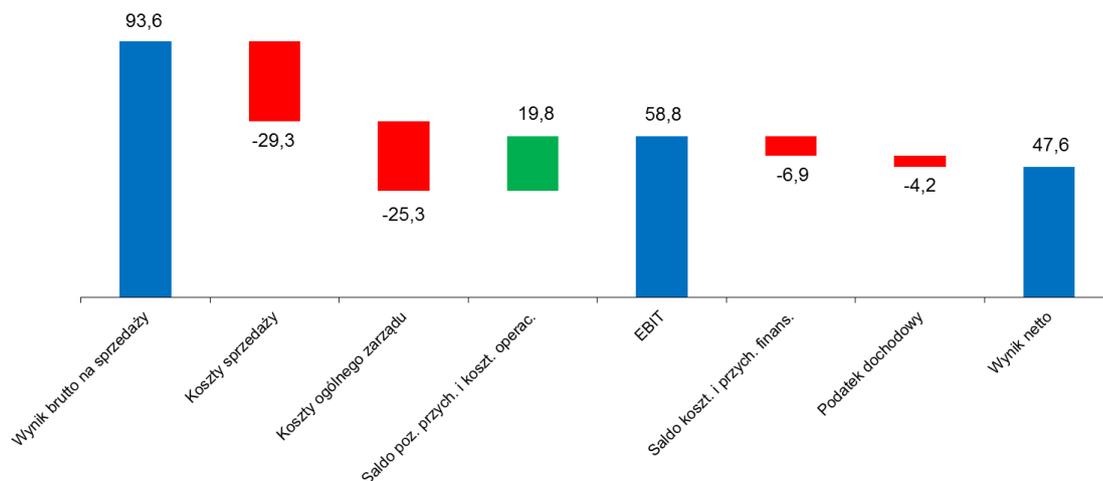
6. FINANCIAL ANALYSIS

Selected items of the income statement of Impexmetal S.A. for 2015, as compared to 2014, are presented in the table below:

in PLN million	2015	2014
Revenues from sale	1 053.6	887.1
Gross profit on sales	93.6	69.3
Profit on sales	39.0	24.9
EBITDA	89.8	112.9
Operating profit	58.8	82.7
Gross profit	51.8	60.4
Total net profit	47.6	59.2

The following chart presents the impact of individual components of the income statement on the consolidated net result for 2015.

Rachunek wyników Impexmetal S.A. w 2015 [mIn PLN]



REVENUES FROM SALE

In 2015 revenues from sale amounted to PLN 1 053.6 million. Their 19% increase was a result of the factors specified below:

- increased volume of sales,
- changes in listing prices of aluminium and exchange rates of currencies,
- improved macroeconomic situation in Poland and the Euro zone.

VOLUME OF SALES

In 2015 the Company sold 86.1 thousand tonnes, i.e. 22% more products, goods and materials than in 2014 (by ca. 15.4 thousand tonnes). The increase in sales resulted from the refurbishment and modernisation processes and optimisation of technological processes accomplished in the second half of 2014, which, combined, allowed for an increase in the volumes of sales. This optimisation allowed for an increase in production capacities for highly processed products. In 2015 a new development programme of the company was implemented the objective of which is to reach the production and sale level of 130 thousand tons in 2020,

METAL PRICES AND EXCHANGE RATES

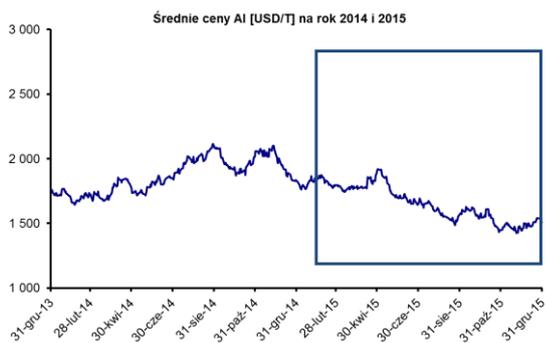
A factor of considerable importance to revenues is metal listing prices and foreign exchange rates. The annual average listing prices of the main metals at LME and currency exchange rates according to the National Bank of Poland are presented in the table and chart below:

	2 015	2 014
Aluminium [USD]	1 661	1 867
EUR	4.18	4.18
USD	3.77	3.15
Aluminium [PLN]	6 266	5 885

Source: Daily listings of LME, NBP

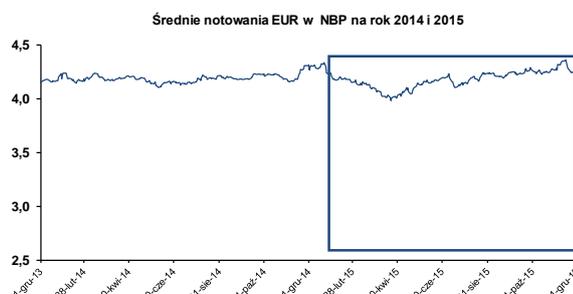
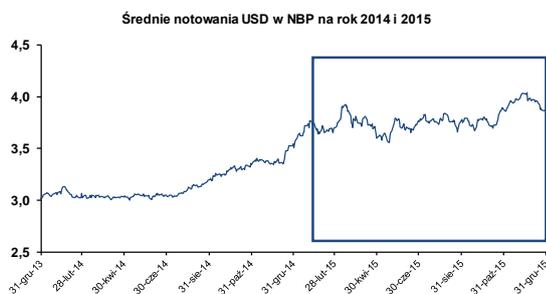
The aluminium listing prices have a decisive impact on revenues from sales due to the fact that Impexmetal S.A. operates in the non-ferrous metals sector.

The dynamics of daily changes in metal prices in 2015-2014 is presented in the following chart:



Due to the nature of the industry, exchange rates have an impact on the revenues of Impexmetal S.A. The prices of the main raw material - aluminium, are noted on the stock exchange in American dollars and they have over 50% share in the price of the final product. The works margins are determined in euro. In the discussed period, dollar strengthened in relation to the Polish zloty by 20%, which had an impact causing decrease of the rate of return of sale. The average euro exchange rates were at a level analogous to the previous year in relation to the Polish zloty, The average aluminium prices in USD dropped by 11%.

The dynamics of daily changes in exchange rates in 2015-2014 is presented in the following charts:



MACROECONOMIC SITUATION

The overall macroeconomic situation after 2015 was more favourable than after 2014.

The average PMI values, determining the level of activity in the industry of major economies for Impexmetal S.A., i.e. that the Euro-zone (including Germany) and Poland, remained at the level exceeding 50 points, being the crisis borderline, and in December 2015 stood at, respectively: 54.2 points as an average for EU economies, 52.3 points for Germany and 53.2 for Poland. In the analogous period in the preceding year, they were 51.6 points for medium EU economies, 51.2 points for Germany and 52.8 points for Poland.

The recently published projections indicate an improvement in the economic situation (acc. to the Central Statistical Office - increase of GDP in 2015, annually it was +3.6% for Poland and acc. to Eurostat +1.6% for the European Union). According to the latest projection of NBP, the increase of GDP for Poland is projected to be 3.8% in 2016 and 2017, whereas according to the European Commission it is to be 1.7% for the entire EU.

ACHIEVED PROFIT/LOSS

The gross result on sales after 2015 was PLN 93.6 million and was higher by PLN 24.3 million compared to the same period of previous year. The increase of ratios resulted mainly from the increase of product sale volumes.

The costs of sale increased nominally by PLN 6.6 million, mostly due to the increase of sale volumes.

The increase of overheads was PLN 3.7 million and regarded mostly the Konin Aluminium Plant. The increase resulted from the increased scale of operation in comparison to the previous period.

The balance of income/operating expenses amounted to PLN 19.8 million and it was lower as compared to 2014 by PLN 38.0 million. The greatest impact on the lower balance of other operating revenues/expenses had the lower level of received dividends, by PLN 37.3 million.

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After 2015, the profit from operating activity was PLN 58.8 million, as compared to PLN 82.7 million in the analogous period of the previous year.

The balance of financial revenues/expenses was higher by PLN 15.4 million in comparison to 2014 and was PLN minus (6.9) million which was connected mostly with the lack of the essential event of single-time nature that took place in 2014 in relation to sale of shares of a company in Impexmetal Capital Group.

Net result from continuing operations amounted to PLN 47.6 million compared to PLN 59.2 million in 2014.

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

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

in PLN million	2015	2014
Non-current assets	981.4	940.8
including:		
tangible fixed assets	280.9	271.2
intangible fixed assets	1.1	1.4
investment in non-consolidated subsidiaries	538.4	294.4
financial assets available for sale	61.0	276.3
loans granted	92.7	71.4
other	7.2	26.1
Current assets	377.3	428.6
including:		
inventories	209.2	211.0
trade receivables (excluding others)	89.5	133.1
loans granted	56.6	42.3
cash and cash equivalents	1.8	1.4
other	20.2	40.8
Balance sheet total	1 358.6	1 369.3
Equity	935.5	915.5
Long-term liabilities, including:	109.0	187.0
including: loans, borrowings, leases	40.6	85.6
Short-term liabilities, including:	314.2	266.9
loans, borrowings, leases	153.6	147.5
trade payables (excluding others)	85.1	91.0

Decrease in assets amounted to PLN 10.7 million and related to:

- PLN 51.3 million decrease in of current assets level,
- PLN 40.6 million increase in fixed assets level.

The decrease of the level of current assets was connected mostly with the decrease of receivables from deliveries and services in the amount of PLN 43.6 million.

The increase of fixed assets resulted from the increase of financial assets level (mainly purchase of shares of Alchemia S.A. and Boryszew S.A.) as well as higher level of long-term loans by PLN 21.3 million.

The greatest changes in the structure of liabilities occurred in long-term liabilities which, in connection with the higher level of financial liabilities, increased by PLN 45.2 million and in equities which increased mostly due to the generated profit.

The net debt at the end of 2015 was PLN 220.4 million and was lower by PLN 37.3 million from the net debt at the end of the analogous period in the previous year.

ANALYSIS OF WORKING CAPITAL

in PLN million	2015	2014
Non-cash working capital	213.6	253.1
Inventory turnover (in days)	72.5	86.8
Turnover of trade receivables (in days)	31.0	54.8
Turnover of trade payables (in days)	29.5	37.4
Working capital turnover	74.0	104.1

working capital = inventory + trade receivables - trade liabilities.

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

The demand for working capital as at the end of 2015 amounted to PLN 213.6 million and increased as compared to the end of 2014 by 16%, i.e. by PLN 39.5 million. One must note that the drop in demand for the working capital decreased despite the increase of revenues. The decrease of the working capital regarded, to the greatest extent, the entity Trade Division and resulted from limitation of sale of metals by this entity. As a result, the working capital rotation cycle in Impexmetal S.A. decreased by 30 days.

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

Main items of the consolidated cash flow statement of Impexmetal in 2015, as compared to the corresponding period of previous year, are presented in the table below:

in PLN million	2015	2014
Net cash flow from operating activities	126.5	44.8
Net cash flow from investment activities	-84.2	-75.5
Net cash flow from financial activities	-41.9	30.6
Total cash flow	0.4	-0.1

Positive flows from the operating activity were allocated by Impexmetal S.A. mostly for investment expenditures connected with purchase of tangible fixed assets, including financing of the companies of Boryszew Capital Group and purchase of shares noted on WSE.

In 2015 Impexmetal S.A. incurred expenditures arising from investments in fixed assets in the amount of PLN 41.4 million. This investment regards the first stage of the Development Programme concentrating on increase of production capacities and sale volumes to the level of 130 thousand tonnes in 2020. In 2015 the tasks of construction and installation of the melting-casting node, push-type furnace and ingot saw were performed.

7. SIGNIFICANT AGREEMENTS AND CONTRACTS

The trade activity of the Company is based on a great amount of contracts with suppliers and recipients of goods. These are usually transnational transactions covering purchase (in the country or abroad) of raw materials and materials for production and sale of manufactured products on the domestic and foreign market.

IMPEXMETAL S.A. ZAKŁAD ALUMINIUM KONIN

In 2015 the entities the share of which is supply exceeded 10% of revenues from sale of the Company were:

Company	Conclusion date	Subject	Estimated value of contract in 2015	Share [%]	Relations with the issuer
Rusal Marketing GmbH	20.11.2014	Purchase of aluminium blocks	PLN 133 million	12.6%	None
Trafigura PTE.LTD	12.01.2015	Purchase of primary aluminium	PLN 182 million	17.2%	None

The value of contracts of purchase/sale from other contractors of the Company did not exceed 10% of revenues from sale of Impexmetal S.A. in 2015.

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The table below contains a list of agreements/contracts of greatest significance for the trade and production activity of Impexmetal S.A.

Sourcing contracts

Company	Conclusion date	Subject	Estimated value of contract in 2015
Rusal Marketing GmbH	20.11.2014	Purchase of aluminium blocks	PLN 133 million
Trafigura PTE.LTD	12.01.2015	Purchase of primary aluminium	PLN 182 million
Berliner Aluminiumwerk GmbH	10.12.2013	Purchase of alloy blocks	PLN 92 million

Sales contracts

The AKI customer portfolio is strongly diversified, thus there are no contracts with partners exceeding 10% of revenues from sale. Three largest customers in 2015 accounted for ca. 20% of revenues from sale.

We present information on the largest contracts performed in 2015 below.

Company	Conclusion date	Subject	Estimated value of contract in 2015
A packaging sector customer (capital group)	One-off contracts	Sales of aluminium sheets	PLN 101.8 million
Valeo Autosystemy Spółka z o.o. (with related entities)	25.02.2015	Sales of aluminium strips	PLN 97.3 million
A distribution segment customer	One-off and quarterly contracts	Sales of aluminium sheets and strips	PLN 34 million

Insurance contracts

Impexmetal S.A., as at 31 December 2015, holds insurance policies for 2015 within the framework of general agreements concluded by the Boryszew S.A. The policies are concluded with several insurance companies for the entire Boryszew Group.

Insured	Subject of insurance	Insurance period
Impexmetal S.A.	property insurance against all risks	01.04.2015 - 31.03.2016
	all risk loss of profit insurance	01.04.2015 - 31.03.2016
	electronic equipment	01.04.2015 - 31.03.2016
	machinery insurance against damage	01.04.2015 - 31.03.2016
	loss of profit due to machinery damage insurance	01.04.2015 - 31.03.2016
	business activity and property owners civil liability insurance	01.04.2015 - 31.03.2016
	directors and officers liability insurance	01.04.2015 - 31.03.2016
	insurance of loads in transport	01.04.2015 - 31.03.2016
	motor insurance (liability insurance, damage insurance, personal injury insurance)	Annual period of insurance
	third-party insurance for accounting services regarding keeping books of accounts and tax advising	Annual period of insurance
	trade receivables insurance	Without a time limit, with possibility of termination

In 2015 the Company received damages arising from insurance contracts covering the components of tangible fixed assets in the amount of PLN 14 thousand, whereas the value of such damages in 2014 was PLN 33 thousand.

8. CAPITAL INVESTMENTS AND CHANGES IN THE GROUP'S STRUCTURE

Liquidation of Symonvit Limited

On 7 January 2015, a proposal for a voluntary termination was filed with the court registry in Limassol (Cyprus) by the Shareholders of Symonvit Ltd., of which Impexmetal owns 100% of the shares. The decision on initiation of liquidation procedure is part of the activities to simplify the Capital Group structure.

Capital increase in Eastside Capital Investments Sp. z o.o.

On 28 January 2015, the Extraordinary General Meeting of Shareholders of Eastside Capital Investments Sp. z o.o. adopted a resolution on increasing the company's share capital from PLN 100 000.00 to PLN 233 493 000.00, i.e. by PLN 233 393 000.00, by way of issue of 50 new shares with the nominal value of PLN 1 000 per share.

In new, increased share capital:

- 151 806 new share with nominal value of PLN 1 000.00 each were subscribed to by Boryszew S.A. and covered with in-kind contribution of 15 356 of shares in SPV Lakme Investment Sp. z o.o.

- 81 587 new share with nominal value of PLN 1 000.00 each were subscribed to by Impexmetal S.A. and covered with in-kind contribution of 8 253 of shares in SPV Lakme Investment Sp. z o.o.

Upon registration of the increase in capital Impexmetal S.A. holds 81 687 shares, i.e. 34.98 share capital of Eastside Capital Investments Sp. z o.o.

Capital increase in Impex-invest Sp. z o.o.

On 22 January 2015, the Extraordinary General Meeting of Shareholders of Impex-invest Sp. z o.o. adopted a resolution on increasing the company's share capital from PLN 46 246 000.00 to PLN 46 746 000.00, i.e. by PLN 500 000.00, by way of issue of 500 new shares with the nominal value of PLN 1 000 per share. All new shares were subscribed to by Impexmetal S.A. and covered by cash contribution. Currently Impexmetal S.A. directly holds 79% of the share capital and votes on the general meeting of shareholders, whereas the second shareholder - BATERPOL S.A. i WSPÓLNICY S.K. directly holds 21% of the share capital and votes on the general meeting of shareholders

Incorporation of Impex Service Sp. z o.o.

On 17 March 2015, Impexmetal S.A. incorporated a company under the business name of Impex Service Sp. z o.o. with its registered office in Konin. The Company's share capital amounts to PLN 5 000.00 and is divided into 5 equal shares with a nominal value of PLN 1 000.00 each. Impexmetal S.A. took hold of all shares in the share capital of the Company. The Company was registered with the register of enterprises by the court on 13 April 2015.

Incorporation of Impex-Trading Sp. z o.o.

On 17 March 2015, Impexmetal S.A. incorporated a company under the business name of Impex-Trading Sp. z o.o. with its registered office in Warsaw. The Company's share capital amounts to PLN 5 000.00 and is divided into 5 equal shares with a nominal value of PLN 1 000.00 each. Impexmetal S.A. took hold of all shares in the share capital of the Company. The Company was registered with the register of enterprises by the court on 8 April 2015.

On 7 July 2015, Impexmetal S.A. sold 100% of shares in Impex-Trading Sp. z o.o.

Incorporation of Eastside-Bis Sp. z o.o.

Eastside-Bis Sp. z o.o. was incorporated on 11 May 2015. Its initial capital is PLN 5 000. The sole shareholder of Eastside-Bis Sp. z o.o. with 100% shares in the initial capital is Eastside Capital Investments Sp. z o.o. based in Warsaw. The Company was registered with the register of enterprises on 29 May 2015.

Transformation of BATERPOL RECYCLER Sp. z o.o. Spółka Komandytowo - Akcyjna

On 30 June 2015 a resolution was adopted to change the current legal form of joint stock limited partnership to a limited liability company under the name of SPV SILESIA Sp. z o.o. based in Katowice.

Increase in initial capital of ZM Nieruchomości Spółka z o.o.

On 29 July 2015 the General Meeting decided to increase the initial capital of ZM NIERUCHOMOŚCI Spółka z o.o. to PLN 19 105 000. The new shares were subscribed to by ZM SILESIA S.A. and covered with in-kind contribution of 100% of shares in SPV SILESIA Sp. z o.o.

Increase in initial capital of SPV Lakme Investment Sp. z o.o.

On 29 January 2015, the Extraordinary General Meeting of Shareholders of SPV Lakme Investment Sp. z o.o. adopted a resolution on increasing the company's share capital from PLN 785 000.00 to PLN 2 361 100.00, i.e. by PLN 1 576 100.00, by way of issue of 15 761 new shares with the nominal value of PLN 1 00 per share.

In new, increased share capital:

- 404 new shares were subscribed to by Impexmetal S.A. and covered by cash contribution of PLN 4 000 000.00.
- 15 357 shares were subscribed to by Boryszew S.A. and covered with in-kind contribution of Elana Nieruchomości Branch in Toruń with the value of PLN 151 813 394.00.

Upon registration of the increase by the NCR registry court Impexmetal S.A. held 34.95% of the capital and votes on the general meeting of shareholders while Baterpol S.A. holds 65.05% of the share capital and votes on the general meeting of shareholders

On 28 May 2015 Impexmetal SA contributed 8 253 shares of SPV Lakme investment Sp. z o.o. to Eastside Capital Investments Sp. z o.o. as in-kind contribution to cover 81.587 new shares of Eastside Capital Investments Sp. z o.o. with nominal value of PLN 1 000.00 each.

Split of SPV Lakme Investment Sp. z o.o.

On 14 August 2015 SPV Lakme Investment Sp. z o.o. and Eastside – Bis Sp. z o.o. agreed a split plan for SPV Lakme Investment Sp. z o.o. under Art. 529 § 1 point 4 of the CCC, i.e. by transferring part of the assets of SPV Lakme Investment Sp. z o.o., as organised parts of the enterprise separate in terms of location, organisation as well as financially separate, consisting of:

- SPV Lakme Investment branch operating as: SPV Lakme Investment Spółka z ograniczoną odpowiedzialnością Elana Nieruchomości Branch in Toruń based in Toruń at Marii Skłodowskiej - Curie street No. 73, and
- ZCP Łucka, based in 00-842 Warszawa, at Łucka street No. 7/9 to the existing acquiring company (split by spin-off).

On 28 September 2015 the Extraordinary Shareholders' Meeting of SPV Lakme Investment Sp. z o.o. adopted resolution to split SPV Lakme Investment Sp. z o.o. through complete spin-off to Eastside – Bis Sp. z o.o. of two organised parts of SPV Lakme Investment Sp. z o.o. consisting of SPV Lakme investment Sp. z o. o. branch operating as: SPV Lakme Investment Sp. z o.o. Elana Nieruchomości Branch in Toruń and ZCP Łucka.

On 28 September 2015 due to the split of SPV Lakme Investment Sp. z o.o. through a complete spin-off to Eastside – Bis Sp. z o.o. of two organised parts of SPV Lakme Investment Sp. z o.o. the Extraordinary Shareholders' Meeting of Eastside-Bis Sp. z o.o. adopted resolution to increase the share capital of the company from PLN 5 000.00 to PLN 232 051 000.00, i.e. by PLN 232 046 000.00, by way of issue of 232 046 new shares with the nominal value of PLN 1 000 per share.

In new, increased share capital:

- 10 new share with nominal value of PLN 1 000.00 each were subscribed to by Impexmetal S.A and covered with in-kind contribution of the assets of SPV Lakme Investment Sp. z o.o. attributed to Impexmetal S.A.
- 10 new share with nominal value of PLN 1 000.00 each were subscribed to by Boryszew S.A. and covered with in-kind contribution of the assets of SPV Lakme Investment Sp. z o.o. attributed to Boryszew S.A.
- 232 031 new share with nominal value of PLN 1 000.00 each were subscribed to by Eastside Capital Investment Spółka z o. o. and covered with in-kind contribution of the assets of SPV Lakme Investment Sp. z o.o. attributed to Eastside Capital Investment Spółka z o. o.

The split of SPV Lakme Investment Sp. z o.o. was registered by NCR by the court on 13 October 2015.

Purchase of shares in SPV Impexmetal S.A.

On 19 October 2015 Impexmetal S.A. purchased 1.000 shares in SPV Impexmetal Sp. z o. o. based in Warsaw for PLN 5.35 per share for total amount of PLN 5 350 000.00, constituting 2.98% of the share capital of SPV Impexmetal Sp. z o. o.

As at 31 December 2015 Impexmetal S.A. held 33 522 shares i.e. 99.995% of the share capital

Incorporation of Metal Zinc Sp z o. o.

On 13 October 2015, Metal Zinc limited liability company based in Katowice was incorporated. Its sole shareholder is ZM Silesia S.A.

Liquidation of Impexmetal S.A Trade Branch in Warsaw

On 4 November 2015 resolution was adopted on liquidation of Impexmetal S.A. Trade Branch as of 31 December 2015.

Liquidation of Metalexfrance S.A.

On 12 November 2015 Mealexfrance S.A. based in Sartrouville was deleted from the trade register. The decision on liquidation is part of the activities to simplify the Capital Group structure.

Acquisition of shares in SPV Lakme Investment Sp. z o.o.

On 7 December 2015 Impexmetal S.A. purchased from Eastside Capital Investments Sp. z o. o 23.428 shares in SPV Impexmetal Sp. z o. o. based in Warsaw, constituting 89.30% of the share capital for a total of PLN 2 342 000.

Acquisition of shares in ZM SILESIA S.A.

On 11 December 2015 Impexmetal S.A. acquired 8 750 shares of ZM SILESIA S.A. based in Katowice, which constituted 0.15% of the share capital of the Company for a total of PLN 105 000.00.

9. RESEARCH AND DEVELOPMENT

In 2015 the internal R&D works aimed at improvement of the offered products, mostly for the automobile industry, were continued. New products were introduced in this scope (clad and non-clad tapes) intended for new projects performed by the customers from the automobile industry. A new product was developed within the scope of the conducted research and development activity, dedicated to production of pipes for automobile heat exchanges with increased abrasion strength resulting from the flow of the cooling medium - it is a clad material with its internal layer made of EN AW-7072 alloy. The products intended for customers not from the automobile industry were also improved, i.e. varnishing tapes, tapes/metal sheets intended for construction.

Within the scope of research and development activity there were also projects developed that were entered for co-funding to the National Research and Development Centre in contests announced within the framework of the Operational Programme Intelligent Development

10. TRANSACTIONS WITH AFFILIATED ENTITIES

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

The subjects of trade transactions included, inter alia, the following goods: zinc and zinc products, copper and copper alloy products, aluminium products, copper scrap metal, etc.

For more information on transactions with related entities, see point "Transactions with related entities" of the financial statements.

In 2015 the companies of Impexmetal Capital Group concluded also transactions of sale/purchase of shares of the companies.

Information on these transactions is presented in the Management Board's report on operation of Impexmetal Capital Group - "Capital investments and changes in the Group structure".

NON-TRADE TRANSACTIONS CONCLUDED BETWEEN RELATED ENTITIES:

LOANS GRANTED BY IMPEXMETAL S.A.

On 27 March 2015 Impexmetal S.A. granted a cash loan to Boryszew S.A. in the amount of PLN 11 000 000.00, with repayment on 31 December 2015. The loan was granted on arm's length basis.

In September 2015 Boryszew SA repaid the loan.

On 10 April 2015 Impexmetal S.A. granted a cash loan to Boryszew S.A. in the amount of PLN 5 000 000.00, with repayment on 31 December 2015. The loan was determined on the arm's length basis.

In September 2015 Boryszew SA repaid the loan.

On 20 April 2015 Impexmetal S.A. granted a cash loan to Boryszew S.A. in the amount of PLN 15 000 000.00, with repayment on 31 December 2015. The loan was determined on the arm's length basis.

Pursuant to the Annex of 27 October 2015, the amount of the loan was increased to PLN 20 000 000 and the re-payment date was set on 31 December 2016.

On 16 June 2015 Impexmetal S.A. granted a cash loan to Boryszew S.A. in the amount of PLN 30 000 000.00, with repayment on 31 December 2017. The loan was determined on the arm's length basis.

On 30 June 2015 roku Impexmetal S.A. concluded an annex to the loan agreement of 17 July 2014 with Boryszew S.A. Maflow Branch in Tychy under which the parties agreed the loan repayment date of 31 March 2017.

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On 2 July 2015 Impexmetal S.A. granted a cash loan to Boryszew S.A. in the amount of PLN 10 000 000.00, with repayment on 31 December 2017. The loan was determined on the arm's length basis.

On 7 September 2015 Impexmetal S.A. granted a cash loan to Boryszew S.A. in the amount of PLN 3 000 000.00, with repayment on 31 December 2017. The loan was determined on the arm's length basis.

On 10 August 2015 Impexmetal S.A. granted a cash loan to SPV Lakme Investment Spółka z o.o. in the amount of PLN 3 000 000.00, with repayment on 30 June 2016. The loan was determined on the arm's length basis. Upon division of SPV Lakme Investment Spółka z o. o., the party to the contract is Eastside-Bis Spółka z o.o.

On 24 November 2015 Impexmetal S.A. granted a cash loan to Eastside Capital Investments Sp. z o. o. in the amount of PLN 500 000, with repayment on 31 December 2016. The loan was granted on arm's length basis.

Early redemption of Boryszew S.A. bonds subscribed to by Impexmetal S.A.

On 23 June 2015 the Boryszew S.A. carried out an early redemption of 6 registered bonds with the nominal value of EURO 500 000 each and total value of EURO 3 000 000.00 issued on 13 September 2013 (with redemption date of 30 September 2015).

Change of the date of re-payment of the loan awarded by Impexmetal S.A.

On 30 June 2015 Impexmetal S.A. concluded an annex to the loan agreement of 15 October 2014 with Baterpol Recycler Spółka z o.o. SKA under which the parties agreed a new loan repayment date for 30 September 2015.

Acquisition of bonds issued by related entity - Unibax Sp. z o.o. based in Toruń

Impexmetal SA acquired bonds issued by Unibax Spółka z o.o.:

- on 27 March 2015 4 L series bonds with total nominal value of PLN 1 200 000. The buy-back date was set on 31 March 2016. The interest was determined on the arm's length basis. Unibax Spółka o.o. carried our early redemption of bonds on 30 July 2015.
- on 24 July 2015 4 Z series bonds with total nominal value of PLN 12 500 000. The buy-back date was set on 31 March 2016. The interest was determined on the arm's length basis. Unibax Spółka o.o. carried our early redemption of bonds on 30 July 2015.
- on 12 October 2015 5 AI series bonds with total nominal value of PLN 6 500 000. The buy-back date was set on 31 December 2016. The interest was determined on the arm's length basis.

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11. LOANS AND BORROWINGS

The specification provided below presents credits contracted by Impexmetal S.A., active as at 31 December 2015:

Item	Type of loan / borrowing	Loan amount as per agreement	Repayment date	31/12/2015				31/12/2014			
				in currency in thousands	currency	in PLN thousand	including up to 12 months	in currency in thousands	currency	in PLN thousand	including up to 12 months
1.	PKO BP S.A.	Overdraft facility in current account	31.10.2016	16 575	PLN	16 575	16 575	1 658	PLN	1 658	1 658
				258	EUR	1 098	1 098	3 918	EUR	16 700	16 700
				45 008	PLN	45 008	4 576	45 008	PLN	45 008	-
2.	Bank Pekao S.A.	Overdraft facility in current account	30.06.2016	22 611	PLN	22 611	22 611	14 527	PLN	14 527	14 527
				4	USD	17	17	4 736	USD	16 608	16 608
				606	EUR	2 582	2 582	2 195	EUR	9 355	9 355
3.	Raiffeisen Bank Polska S.A.	Overdraft facility in current account	02.02.2016 r.	15 064	PLN	15 064	15 064	1 611	PLN	1 611	1 611
				-	-	-	-	1 622	USD	5 690	5 690
				6 630	EUR	28 253	28 253	7 656	EUR	32 630	7 056
4.	Bank Millennium S.A.	Overdraft facility in current account	19.10.2016	18 198	PLN	18 198	18 198	4 433	PLN	4 433	4 433
				-	-	-	-	3	USD	11	11
				198	EUR	842	842	710	EUR	3 026	3 026
5.	Bank Millennium S.A.	Working capital facility	12.02.2016 r.	15 000	PLN	15 000	15 000	15 000	PLN	15 000	-
6.	Bank Zachodni WBK S.A.	Overdraft facility in current account	31.05.2016	20 263	PLN	20 263	20 263	1 139	PLN	1 139	1 139
				-	-	-	-	1 718	USD	6 027	6 027
				1 952	EUR	8 320	8 320	5 079	EUR	21 648	21 648
7.	Alior Bank S.A.	Working capital facility	29.03.2016	-	-	-	-	-	-	-	-
8.	Baterpol Recycler Sp. z o.o. S.K.A	Borrowing	-	-	-	-	-	7 018	PLN	7 018	7 018
9.	Bank Millennium S.A.	Factoring	27.09.2016	-	-	-	-	4 728	EUR	20 152	20 152
10.	Raiffeisen Bank Polska S.A.	Factoring	15.03.2016	-	-	-	-	2 534	EUR	10 802	10 802
11.	Coface Poland Factoring Sp. z o.o.	Factoring	indefinite validity	72	PLN	72	72	60	PLN	60	60
				7	EUR	28	28	-	-	-	-

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152 791	PLN	152 791	112 359	90 454	PLN	90 454	30 446
4	USD	17	17	8 079	USD	28 336	28 336
9 650	EUR	41 123	41 123	26 820	EUR	114 313	88 739
		<u>193 931</u>	<u>153 499</u>			<u>233 103</u>	<u>147 521</u>

For more information on liabilities from credits and loans, see the Explanatory Note to the Financial Statements - "Credits and loans as well as debt securities"

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Receivables from awarded loans

As at 31 December 2015, the Company had receivables arising from loans as per the following specification:

Loans granted	period ended 31/12/2015	period ended on 31/12/2014
Balance at the beginning of the period	113 661	54 328
- additions	94 904	76 300
- reductions	(59 209)	(16 967)
Balance carried forward, net	149 356	113 661
Impairment write-offs on loans granted and discount	277	665
Balance carried forward, gross	149 633	114 326

As at 31 December 2015 the loans granted include:

- loans granted to related entities in the amount of:

5 072	PLN			- Boryszew S.A. Maflow Branch in Tychy
	thousand			
60 640	PLN			- Boryszew S.A.
	thousand			
9 854	PLN	2 312	in EUR	- Boryszew Oberflächentechnik Deutschland GmbH
	thousand		thousand	
2 855	PLN	670	in EUR	- AKT Plastikarska Technologie Cechy spol. s.r.o.
	thousand		thousand	
9 052	PLN	2 124	in EUR	- Boryszew Formenbau Deutschland GmbH
	thousand		thousand	
6 505	PLN	1 526	in EUR	- BRS YMOS GmbH
	thousand		thousand	
13 482	PLN	3 164	in EUR	- Theysohn Kunststoff GmbH
	thousand		thousand	
39 280	PLN	9 218	in EUR	- Boryszew Tensho Poland Sp.z o.o.
	thousand		thousand	
915	PLN			Maflow Branch in Tychy
	thousand			

- loans granted to other entities in the amount of:

277	PLN	65	in EUR	- Ostrana Internationale Handelsoges MBH Austria, impairment
	thousand		thousand	write-off provided for full amount

12. GUARANTEES AND SURETIES

SIGNIFICANT OFF-BALANCE SHEET LIABILITIES IN THE GROUP COMPANIES TOWARDS ENTITIES SUBJECT TO CONSOLIDATION AS AT 31 DECEMBER 2015.

- Surety awarded by Impexmetal S.A. for liabilities of Baterpol S.A. arising from the Contract regarding partial conditional write-off of the loan awarded to Baterpol S.A. from the funds of WFOŚiGW. The surety was awarded by Impexmetal S.A. for WFOŚiGW up to the amount of PLN 1 772 thousand.
- Surety awarded by Impexmetal S.A. in the form of mortgage, up to the amount of PLN 2.5 million, established on the Company's real property, as a security of payment of liabilities of ZM Silesia S.A. towards Bank Handlowy w Warszawie S.A. arising from the Credit Agreement on the checking account
- Blank endorsement on a bill of exchange with "no protest" clause awarded by Impexmetal S.A. for liabilities of HMN Szopienice S.A w likwidacji towards the National Fund of Environmental Protection and Water Management in Warsaw for possible negligent performance of the grant agreement up to the amount of PLN 16 811 thousand.

SIGNIFICANT OFF-BALANCE SHEET LIABILITIES IN THE GROUP COMPANIES TOWARDS ENTITIES NOT SUBJECT TO CONSOLIDATION AS AT 31 DECEMBER 2015.

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- Sureties awarded by Impexmetal S.A. in the form of registered pledge on 1 131 260 pcs of shares of Boryszew S.A. held by Impexmetal S.A. as a security for payment of liabilities of Boryszew S.A. arising from credit agreements concluded with Alior Bank S.A.

Detailed information of sureties and guarantees awarded by Impexmetal S.A. are presented in the financial statements.

13. OWN SHARES

Within the scope of the own share buy-back programme, adopted by way of the resolution of the Extraordinary General Assembly of Impexmetal S.A. no. 8 of 15 November 2010, the Company purchased the total of 7 210 000 own shares, with nominal value of PLN 0.40 each, at the average price of PLN 3.39, i.e. for the total amount of PLN 24 441 082.53. The acquired shares accounted for 3.61% share in the share capital and corresponded to 7 210 000 votes at the General Meeting, i.e. 3.61% share in total votes at the General Assembly of the Company.

In 2015, Impexmetal S.A. did not purchase any own shares.

Own shares buy-back was completed on 15 November 2015 in connection with lapse of the time limit for which the General Assembly authorised the Management Board for the buy-back.

SHARES OF IMPEXMETAL S.A. HELD BY PARENT COMPANIES, ENTITIES COMPOSING IMPEXMETAL CAPITAL GROUP AND PERSONS ACTING ON THEIR BEHALF.

According to the last notice of Mr Roman Karkosik of 12 January 2016:

Mr Roman Krzysztof Karkosik held as at 11 January 2016:

- directly 60 000 shares of Impexmetal S.A. accounting for 0.03% share in the share capital
- indirectly through the subsidiaries - 114 330 000 shares of Impexmetal S.A. accounting for 57.17% share in the share capital

The held shares entitle to 114 390 000 votes at the General Assembly, accounting for 57.195% of the total number of votes at the General Assembly of Impexmetal S.A.

According to the last notice of the Parent Entity of Boryszew S.A. of 11 January 2016:

- Boryszew S.A. held directly 100 510 968 shares of Impexmetal S.A. accounting for 50.26% of the share capital and entitling to 100 510 968 votes at the GA of Impexmetal S.A.,
- Boryszew Capital Group held 114 330 000 shares of Impexmetal S.A. accounting for 57.17% of the share capital and entitling to 114 330 000 votes at the GA of Impexmetal S.A. (where Impexmetal S.A. holds 7 210 000 own shares accounting for 3.605% of votes at the General Assembly of the Company).

The shareholding structure as at 31 December 2015 is presented in the table below:

shareholders	number of shares	share in the initial capital	number of votes	share in total votes
Roman Karkosik with subsidiaries (including Boryszew S.A. and subsidiaries of Boryszew S.A.*	113 853 821	56.93%	113 853 821	56.93%
including Impexmetal SA(**)	7.210.000	3.60%	7.210.000	3.60%
ING Powszechne Towarzystwo Emerytalne S.A.	16 105 263	8.05%	16 105 263	8.05%
Other shareholders	70 040 916	35.02%	70 040 916	35.02%
All shares/votes	200 000 000	100.00%	200 000 000	100.00%

- (*) Boryszew S.A., with subsidiaries, according to the notice of 10 December 2015, holds 113 000 000 pcs. of shares of Impexmetal S.A., accounting for 56.50% share in the share capital and entitling to 56.50% of votes at the General Meeting,
- (**) 7 210 000 own shares of Impexmetal S.A. purchased within the scope of the own share buy-back programme. Impexmetal S.A. does not exercise the right of vote from their own stocks at the General Meeting.

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The shareholding structure as at 21 March 2016 is presented in the table below:

shareholders	number of shares	share in the initial capital	number of votes	share in total votes
Roman Karkosik with subsidiaries including Boryszew S.A. and subsidiaries of Boryszew S.A.*	114 390 000	57.20%	114 390 000	57.20%
including Impexmetal SA(**)	7.210.000	3.60%	7.210.000	3.60%
ING Powszechne Towarzystwo Emerytalne S.A.	16 105 263	8.05%	16 105 263	8.05%
Other shareholders	69 504 737	34.75%	69 504 737	34.75%
All shares/votes	200 000 000	100.00%	200 000 000	100.00%

(*) Boryszew S.A., with subsidiaries, according to the notice of 11 January 2016, holds 114 330 000 pcs. of shares of Impexmetal S.A., accounting for 57.17% share in the share capital and entitling to 57.17% of votes at the General Meeting,

(**) Stocks acquired within the scope of the own share purchase programme. Impexmetal S.A. does not exercise the right of vote from their own stocks at the General Meeting.

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

14. ISSUES OF SECURITIES

Within the period from 1 January 2015 to the day of approval of the financial statements for publication, Impexmetal S.A. did not issue or inform on the intention of issue of shares.

Issue of J series registered bonds

On 20 April 2015, Impexmetal S.A. issued 5 J series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 5 000 000.00, with purchase deadline falling on 30 June 2016. The interest was determined on the arm's length basis. Bonds were acquired by a subsidiary, WM Dziedzice S.A. based in Czechowice Dziedzice.

On 18 December 2015 Impexmetal S.A. carried out early redemption of 5 registered J series bonds.

Issue of K series registered bonds

On 15 October 2015, Impexmetal S.A. issued 7 K series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 7 000 000.00, with purchase deadline falling on 31 December 2017. The interest was determined on the arm's length basis. Bonds were acquired by a subsidiary, ZM Nieruchomości Spółka z o.o. based in Katowice.

On 21 December 2015 Impexmetal S.A. carried out early redemption of 7 registered K series bonds.

Issue of L series registered bonds

On 31 December 2015, Impexmetal S.A. issued 7 L series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 7 000 000.00, with purchase deadline falling on 31 December 2017. The interest was determined on the arm's length basis. Bonds were acquired by a subsidiary, Metal Zinc Sp. z o. o. based in Katowice.

Issue of M series registered bonds

On 31 December 2015, Impexmetal S.A. issued 5 M series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 5 000 000.00, with purchase deadline falling on 31 December 2017. The interest was determined on the arm's length basis. Bonds were acquired by a subsidiary, Baterpol S.A. based in Katowice.

The above mentioned bonds replace the bonds, for which the redemption date fell on 31 December 2015.

Issue of N series registered bonds

On 31 December 2015, Impexmetal S.A. issued 16 N series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 16 000 000.00, with purchase deadline falling on 31 December 2017. The interest was determined on the arm's length basis. Bonds were acquired by a subsidiary, S&I S.A. based in Switzerland.

The above mentioned bonds replace the bonds, for which the redemption date fell on 31 December 2015.

Bond issues after the balance sheet date

Issue of O series registered bonds

On 2 February 2016, Impexmetal S.A. issued 7 O series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 7 000 000.00, with purchase deadline falling on 31 December 2017. The interest was determined on the arm's length basis. Bonds were acquired by a subsidiary, Baterpol S.A. based in Katowice.

Issue of P series registered bonds

On 2 February 2016, Impexmetal S.A. issued 8 P series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 8 000 000.00, with purchase deadline falling on 31 December 2017. The interest was determined on the arm's length basis. Bonds were acquired by a subsidiary, ZM SILESIA S.A. based in Katowice.

15. DIVIDEND

Proposed distribution of profit for 2015

The Management Board of the Company recommends to leave the profit for 2015 in the amount of PLN 47 645 thousand in the Company and allocate it for supplementary capital.

Distribution of profit for previous reporting period

Pursuant to the resolution of the Ordinary General Assembly of Impexmetal S.A. adopted on 28 April 2015, the net profit of Impexmetal S.A. for the financial year 2014 in the amount of PLN 59 224 thousand was allocated in full for the supplementary capital of the Company.

16. MANAGEMENT BOARD'S FORECAST

During the period of this report no forecasts of financial performance in 2015 were prepared.

17. PRINCIPLES OF MANAGEMENT OF FINANCIAL RESOURCES

The Company follows a proactive policy of financial resources management. The Company follows the strategy of continuous cost minimisation and financing structure improvement.

In connection with contracted credits for the operating activity as well as for the purpose of minimisation of costs of service of these credits, the Company tries not to hold any positive cash balances in the accounts. The objective of the Management Board is allocating all free assets for re-payment of revolving credits. Within the scope of external financing, the Company cooperates with several Polish banks. The Company monitors the financial market on a continuous basis and negotiates with other financial institutions for the purpose of optimisation of the level of costs connected with financing of its activity. The Company services its interest debt, both in terms of principal amount and interest repayments.

Due to its nature and size, the Company maintains on-going monitoring of financial liquidity in the form of cash flow plan for the period of least three weeks ahead. The Company has a satisfactory level of free credit limits securing the risk of liquidity loss in case of potential unexpected expenditures or potential unexpected lack of inflow of receivables. The Company tries to finance significant investments with long-term credits. Currently, the Company has no contracted investment credits.

In 2015 the investment expenditures were covered from own funds.

Impexmetal S.A. carries out continuous monitoring of overdue liabilities so that proper means aimed at receivable recovery can be undertaken sufficiently early. The Company monitors the working capital cycle on an on-going basis as well as aims to reduce the collection period of receivables and at the same time to extend the terms for repayment of liabilities.

The Company follows a proactive policy regarding financial risk management and raw materials price variability risk. The Company has a risk management policy in place. This policy governs the principles of establishment of securities so as to reflect the physical side of the trade operations. Impexmetal S.A. monitors, on an on-going basis, the number and value of open items both on the currency market and on the metals market, and performs valuation of these items on a monthly basis.

18. ASSESSMENT OF POSSIBILITIES OF IMPLEMENTATION OF THE INTENDED INVESTMENTS (FINANCIAL SITUATION)

Prior to launch of any substantial investment, it is evaluated in terms of profitability and impact on the Company's result. The Company tries to finance significant investments with long-term credits, and the less significant ones and those of recovery nature - from own funds (including generated profits). Currently, according to the Management Board, obtaining long-term external financial from the banks, leasing companies and other financial institutions for profitable investment projects should not cause any problems, especially taking into consideration the current availability of money on the market as well as good and stable financial position of the Company. The Company's creditworthiness is influenced positively by, inter alia, high share of equity in financing of the Company's activity as well as positive level of the net working capital.

According to the Management Board the share of financial institutions in financing of the Company's activity (as at 31 December 2015 it was 14%), allows for further increase of credit liabilities, with concurrent maintenance of a safe level of the debt index.

19. FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULT

The most important event having an impact on the result of the basic activity in 2015 was:

- low level of single-time nature events, including:
 - dividend level lower by PLN 27.7 million,
 - no significant transactions of sale of financial assets in 2015. The results from 2014 included loss from sale of shares of Hutmen S.A. in the amount of PLN 23.1 million. This transaction had no impact on the result of the Impexmetal Group.
- completion of refurbishment and modernisation processes and optimisation of technological processes at the end of the first half of 2014, allowing for an increase in the volumes of sales. This optimisation allowed for an increase in production capacities for highly processed products.

20. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND HAZARDS

The activities of Impexmetal S.A. are connected with exposure to market risk (including interest rate risk, currency risk and risk of change in prices of metals) as well as credit risk and liquidity risk.

MARKET RISK - METAL PRICES AND CURRENCY EXCHANGE RATES

The main risks arising from the specific activities of the Company are risks associated with the price of metals on the London Metal Exchange (LME) and the change in currency exchange rates.

DESCRIPTION OF EXPOSURE

Due to the nature of operation - Impexmetal S.A. is exposed to the risk associated with prices of aluminium on LME and change of currency exchange rates.

The exposure that has so far been identified in the Company determines, in principle, two types of risks:

- Operating risk regarding metal price change caused by the mismatch of the price base of raw materials and products.
- Exchange rate operating risk

The operating metal price variability risk is associated with future revenue and cash flows, which have already been contracted, i.e. with securing the fair value of the contract.

It arises mainly as a result of the mismatch between bases for purchase of raw materials and sales of products.

The operating exchange rate risk results mostly from the operating metal, so to obtain the full effect of hedging it is also necessary to determine the currency exposure. In addition, there is still operational risk from the time the fixed price for sale or purchase is determined (such as sales invoice issue) until the moment of making or receiving the payment.

Strategic exchange rate change risk arising from addition of the output bonus to the metal price in the ready product. This bonus constitutes coverage of the costs of works and financial surplus (margin) generated by the Company.

Due to the fact that Company is mainly financed by debt with variable interest rates, the Company is exposed to the risk of interest rate changes. The profile of the interest rate risk in Company is characterized by adverse impact of increased interest rates on the level of cost of interest. Due to lower impact of interest rates on costs

and revenues of the Company, the risk of changes in interest rates does not constitute the basic risk from the point of view of its effect on the volume of the company's cash flows.

This risk, similarly to metal price risk and exchange rate risk is subject to an on-going monitoring by the appropriate organisational units of the Company.

OBJECTIVE, POLICY AND PROCESSES OF RISK MANAGEMENT AS WELL AS RISK VALUATION METHODS

- **Risk management goals, policies and processes**

The main objective of the risk management policy of Impexmetal S.A. ensuring stability of cash flow and securing fair value of concluded contracts. The Policy is accepted by the Management Board by way of a separate resolution.

Within the scope of the Management Board, the decision regards Risk Management Strategy, depending on the market situation. The decisions in this scope are made by the Management Board by way of acceptance of separate resolutions.

The management process of the particular risk is delegated to the proper unit dedicated exclusively to risk management. The Company has a two-stage monitoring system for correctness of concluded transactions. The first one - through persons concluding the transaction, the other - through accounting meeting the hedge accounting standards.

- **Measurement of risk level**

In case of metal and currency hedges, the risk measurement is carried out on the basis of updated current plans of purchase and sale, stock balance or performed sale.

The basis for currency risk measurement are also budget assumptions, especially within the scope of the output bonus which, due to the market specificity, is denominated in Euro.

- **Structure and organisation of risk management function**

In addition to the structure and organisation of the risk management process in Impexmetal S.A. presented above, the Company, as the parent entity in the Capital Group, carries out continuous monitoring of open items and their valuation for the entire Impexmetal Capital Group. This monitoring regards, in particular, currency and metal transactions.

- **Scope and characteristics of the reporting systems and risk monitoring**

The reporting system of Impexmetal is multi-levelled. The first level is: reporting to the Management Board of the Company. The layout and frequency of these reports are established by the Management Board. In addition, the Management Board presents information regarding hedges - at the meetings of the supervisory board, and the frequency and level of detail of the said information depends on the supervisory board.

- **Description of risk security policies**

The Company implemented the Financial Risk Management Policy as well as the Financial Risk Management Procedure. On the basis of the implemented procedures, it determines the methodology of exposure calculation, calculates the exposure, both for the currencies and aluminium, establishes the strategic hedging plan, security hedging (e.g. what quantities are subject to hedging, in what instruments, with what maturity dates). Conditions of transactions are negotiated, the transactions themselves are concluded, with potential confirmation to the institutions with which they are concluded, booked, closed and settled by the Company itself. The Management Board of Impexmetal S.A. makes the decisions regarding risk appetite/aversion, determining the levels up to which the hedge will be realised, both at the strategic and operating level.

- **Security effectiveness and other risk management tool monitoring processes**

The Company has hedging accounting in place for transactions for which it is possible to apply hedging relations. The company conducts evaluation of effectiveness of possessed hedge relations for each reporting period and carry out effectiveness tests regarding maintenance of these relations in specific parts. In addition, there is effectiveness monitoring carried out throughout the reporting period, conducted by means of analysis of deviation of the hedged and hedging items from the standard items.

In addition, the risk management process in Impexmetal S.A. employs IT systems: REUTERS which allow for on-going monitoring of market data and valuation of held items.

• Description of risk concentration avoidance policies and procedures

The Company, to the extent possible, attempts to diversify all occurring risks, both risks connected with contractors within the scope of purchase of raw materials and sale of ready products, through conclusion of trade contracts with multiple entities, and in case of financial institutions with whom the company have concluded contracts of cooperation. In case of limits for hedging transactions, the Company tries to have high limits, adequate to the concluded transactions, so that no hedging deposits have to be made in case of negative valuation of the fair value of possessed transactions.

The main variability risks Impexmetal S.A. is exposed to include:

- aluminium, zinc and lead prices on LME,
- USD/PLN, EUR/USD, EUR/PLN exchange rates,
- WIBOR, LIBOR, EURIBOR rates

MARKET RISK - INTEREST RATE

To finance its activities, the Company uses the interest debt (credits, loans, factoring and bonds) with variable interest rates and its share in the financing of the Company's assets as at 31.12.2015 is 16%. Concurrently, the Company holds financial assets (bonds and loans) bearing variable interest rates and their share in the Company's total assets as at 31.12.2015 is 11%. Possession of both assets and liabilities generating interests accrued based on variable base rates (WIBOR/EURIBOR) secures the Company to a great extent against unfavourable changes of base rates (and, thus, interest rate changes) since results of these changes for liabilities and assets are mutually nullifying. The negative impact of increase of the interest rates for interest bearing liabilities in the form of increase of interest costs is, to a great extent, compensated by the positive impact of increase of interest rates for the financial assets in the form of interest revenue increase.

Due to relatively low interest rates and the structure of interest bearing assets as well as liabilities, the risk of changes in interest rates does not constitute the primary risk from the point of view of its impact on future cash flows.

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

In case of observation of permanent unfavourable trends of changes of interest rates, with concurrent consideration of mutual elimination of the effects of these changes for the interest rates of assets and liabilities (the decrease of interest rates is an unfavourable situation for assets bearing interests and a favourable situation for liabilities bearing interests and vice versa), the Company is ready to conclude transactions securing the interest rate risk.

CREDIT RISK

The credit risk for Impexmetal is connected with market conditions, resulting in the need to apply deferred payment time limits in the process of sale of products, goods and services of the Company. The Company monitors creditworthiness of contractors to whom the sale is addressed as well as employ various types of securities in the form of, inter alia, guarantees, letters of credits or bills of exchange.

The Company also holds a policy within the scope of receivables insurance which reduces the risk connected with insolvency of the customers up to the level of limits awarded by the insurer.

The investments in debt instruments of other entities are also exposed to credit risk.

LIQUIDITY RISK

In order to limit the liquidity risk, the Company monitors in a continuous manner both actual and projected cash flows. Due to maturity tracking for financial assets and liabilities, they are properly adjusted and, thus, the cash balance is properly maintained. The demand for external financing is monitored in an on-going manner. The objective of the Company is to provide such a level of financing that is sufficient from the point of view of the performed basic and investment activity. The Company has a satisfactory level of free credit limits securing the risk of liquidity loss in case of potential unexpected expenditures or potential unexpected lack of inflow of receivables.

The liquidity risk is also analysed thoroughly in relation to the conducted hedging activity. In case of limits for hedging transactions, the Company tries to have high limits, adequate to the concluded transactions, so that no hedging deposits have to be made in case of negative valuation of the fair value of possessed transactions.

Negative impact can be also exerted on liquidity by sudden increase of metal prices on the global markets, forcing greater engagement of the working capital for performance of quantitative sale goals.

The Company currently has a sufficient potential to contract new credits.

The Management Board sees no risk of loss of liquidity within the scope of financing of its basic activity.

21. GROWTH PROSPECTS

The objective of the long-term development strategy adopted by Impexmetal S.A. is consolidation of its high market position in the aluminium sector through systematic increase of sale, extension of the product range offer as well as change of the sale structure towards share of highly processed products. The intended effect should be an increase in the company's assets and rate of return, and thus increase in value for the shareholders in the long run.

The primary factor in determining the development plans of the Company is the projection of the growth of aluminium and aluminium alloys market. When it comes to the European market for rolled products (which is the Company's business), the YoY growth in consumption until 2020 is expected to be 3.5%, which translated into an increase of approx. 1 million tonnes of rolled products. Domestic market dynamics is expected to exceed that number, to app. 5% YoY. Industries attracting the largest increase in consumption of aluminium include transportation (automotive), packaging materials and construction industry. The aluminium production and consumption perspectives in Poland, EU member states as well as around the world are very optimistic. Aluminium alloys have an increasingly broad application in the automobile, packaging, electrotechnical, construction industry or in broadly understood transport. The following factors have impact on the projected increase in demand for aluminium:

- the domestic consumption of aluminium, in comparison to other developed EU countries, is still relatively low which is reflected positively in the dynamics of market development,
- the native trade suffers from the aluminium price collapse on the global market only to a limited extent. A great part of the raw material is imported to Poland. The local processing business operating on this market benefit from low prices, increasing the margins on the finished product.
- there is a great increased observed in terms of demand for aluminium in the automobile industry that is becoming the key recipient of aluminium products

Such perspectives definitely encourage to investing in the new machine part as well as modern and innovative aluminium processing technologies. Impexmetal commenced an investment programme in 2015 for the total amount of outlays equal to PLN 125 million. The investment plan projected for years 2015-2017 is to allow for an increase in manufacture of flat rolled products up to 100 thousand tonnes annually (including 40 000 tonnes of thin products). The scope of investment activities covers installation of new technological devices as well as increase of production capacities of the existing machine park. The investment programme focuses on increase of production in the higher processing level product segment and, concurrently, development of cooperation with the packaging, automobile and electrotechnical industries.

Impexmetal plans to continue the adopted development strategy and commence implementation of the melting-casting capacities increase programme regarding the Casting Floor Division already in 2016. The objective of this investment programme is full coverage of the demand of the Rolling Mill Division for ingots for rolling as well as increase of the secondary processing capacity related to scrap regarded as problematic in remelting. This will allow to increase production of recycled metal and close the production chain of the Company's Processing Plant. The currently implemented investment programme for years 2015-2017 will be continued through the programme of further increase of production of flat products up to the level of 130 thousand tonnes annually. The main aspect of this investment plan is increase of sale of products to the automobile sector. The programme assumes further development of flat and clad products intended for manufacture of car heat exchangers as well as launch of production of special hard-deformable alloys for the automobile industry.

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

22. EMPLOYMENT

The average employment in the particular professional groups in the Company in 2015 as per full-time positions is presented in the table below:

Average employment in the period	period ended	period ended
Employment structure (in full-time equivalents)	31/12/2015	ended
		31/12/2014
Blue-collar workers	572	504
White-collar workers	132	155

Employees on maternity leave

PLN

-	-
704	659

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

In 2015, no changes were implemented in the scope of fundamental principles of managing an enterprise of the Company.

Pursuant to the provisions of the Company's Articles of Association, declaration of intent and affixing a signature on behalf of the Company requires two members of the Management Board or one Member of the Management Board and a commercial proxy acting jointly.

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

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

25. PERSONS MANAGING AND SUPERVISING THE ACTIVITY

IMPEXMETAL S.A. MANAGEMENT BOARD

In 2015 the composition of the Management Board of Impexmetal S.A. was as follows:

- **Ms Małgorzata Iwanejko – President of the Management Board, Regional Director**
- **Mr Jan Woźniak – Member of the Management Board, Business Development Director**

There were no changes in the composition of the Management Board from 31 December to the day of preparation of this report.

CV's of Members of the Management Board of Impexmetal S.A.

- **Ms Małgorzata Iwanejko – President of the Management Board, General Director**

Mrs Małgorzata Iwanejko took hold of the office of the President of the Management Board, General Director of Impexmetal S.A. in May 2012. She graduated from the Warsaw School of Economics as well as post-graduate studies - MBA Diploma in Management in Great Britain.

Within the period from 2002 to 2006 she acted in the capacity of Advisor in Nafta Polska S.A. In 2006 she held the office of the President of the Management Board in Zakłady Azotowe "Puławy" S.A. where she used to be the Trade Division Manager from 1996 to 2002. From 2007 to 2012 she acted in the capacity of the President of the Management Board, General Director of Boryszew S.A. and Member of the Supervisory Board of Impexmetal S.A.

Mrs Małgorzata Iwanejko is a member of Supervisory Boards of the following subsidiaries: Hutmen SA, FŁT Polska Spółka z o.o., Polski Cynk Spółka z o.o., WM Dziedzice S.A.

- **Mr Jan Woźniak – Member of the Management Board, Business Development Director**

Mr Jan Woźniak graduated from the Poznań University of Technology, Faculty of Mechanics and Technology. From the beginning of his professional career, he was connected with Konin Aluminium Steelworks (then Impexmetal S.A.) and other Companies from Impexmetal Capital Group. For over 20 years, up to 1998, he worked for Huta Aluminium Konin, for example, in the rolling mill and electrolysis division, he also acted in the capacity of the Director for Trade and Technical Director. Within the periods of 1991-1998 and 2003-2005 he also acted in the capacity of a Member of the Management Board of Huta Aluminium Konin S.A. (Aluminium Konin - Impexmetal S.A.). Within the period from 1997-2000 he acted in the capacity of the Member and later of the

President of the Management Board of ZM Skawina S.A. In 2002 he was the Operating Director of Huta Metali Nieżelaznych „Szopienice” S.A. For five years from 2006 he acted in the capacity of the Member of the Management Board, Production and Development Director, then the Member of the Management Board, Managing Director of ZM SILESIA S.A. Since 2011 to this date he has been the President of the Management Board (also the General Director within the period from 2011-2014) of Walcownia Metali Dziedzice S.A. Mr Jan Woźniak is a member of the Supervisory Board of Huta Metali Nieżelaznych Szopienice S.A. w likwidacji.

MANAGEMENT BOARD COMPETENCIES

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

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

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

- Management Board regulations
- Adoption of the Company's Organizational Rules,
- incurring loans,
- issuing sureties and guarantees,
- disposal and acquisition of fixed assets with the value in excess of PLN equivalent of EUR 30 000,
- approval of the Management Board's report on operation as well as Company's financial statements and consolidated statements of the Capital Group for the previous year,
- proposals for profit distribution or loss coverage,
- adoption of the growth programme for the Company and for the Capital Group,
- adoption of the budget of the Company and of the Capital Group,
- establishing of proxies,
- appointing, on the basis of civil law, representatives to perform certain tasks within the limits of their authorisation (with the exception of one-time power of attorney to perform certain legal actions and powers of attorney to sign the papers and documents that do not result in incurring liabilities by the Company or disposing property rights of the Company as well as power of attorney ad litem)
- approving the remuneration system and work regulations based on agreements with the trade unions,
- taking a position on issues commissioned by the Supervisory Board in the form of a resolution.

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

Statement of intent and signing on behalf of the Company requires two Board members acting jointly or one member with a proxy. In case of a single person Management Board, declarations of will and signing is within the powers of the Management Board President acting solely.

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

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

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

RESOLUTION ADOPTION RULES

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

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

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

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

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

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

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

IMPEXMETAL S.A. SUPERVISORY BOARD

As at 1 January 2015, the composition of the Supervisory Board of Impexmetal S.A. was as follows:

- | | |
|--------------------------------------|--|
| – Mr Arkadiusz Krężel | – Chairman of the Supervisory Board |
| – Mr Zygmunt Urbaniak | – Deputy Chairman of the Supervisory Board, |
| – Mr Waldemar Zwierz | – Secretary to the Supervisory Board |
| – Mr Piotr Szeliga | – Member of the Supervisory Board |
| – Ms Karina Wściubiak - Hankó | – Member of the Supervisory Board |

On 28 April 2015 Extraordinary General Meeting adopted resolution on dismissal from the Supervisory Board of:

Mr Zygmunt Urbaniak

Mr Waldemar Zwierz

and appointment to the Board of

Mr Tadeusz Pietka

Mr Damian Pakulski.

As at 31 December 2015 the composition of the Supervisory Board of Impexmetal S.A. was as follows:

- | | |
|--------------------------------------|---|
| – Mr Arkadiusz Krężel | – Chairman of the Supervisory Board |
| – Ms Karina Wściubiak - Hankó | – Deputy Chairman of the Supervisory Board |
| – Mr Damian Pakulski | – Secretary to the Supervisory Board |
| – Mr Piotr Szeliga | – Member of the Supervisory Board |
| – Mr Tadeusz Pietka | – Member of the Supervisory Board |

No changes in the composition of the Supervisory Board occurred by the date of publication of the report.

CVs of Members of the Supervisory Board of Impexmetal S.A.

- | | |
|------------------------------|--|
| – Mr Arkadiusz Krężel | – Chairman of the Supervisory Board |
|------------------------------|--|

Arkadiusz Krężel was appointed to the Supervisory Board of Impexmetal S.A. in 2006. Moreover, he performs supervisory duties in companies of Impexmetal Capital Group: ZM SILESIA S.A., and in overseas trading companies. He has been a member of the Supervisory Board of Boryszew S.A. since 2006.

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

In 1992 - 2006 he acted in the capacity of the President of the Management Board in Agencja Rozwoju Przemysłu S.A. In 1981 - 1992 he worked for "Kazimierz – Juliusz" Coal Mine in Sosnowiec. Since 1991, he has served on Supervisory Boards of a number of companies from different industries, including: Państwowa Agencja Węgla Kamiennego S.A., Polski Bank Rozwoju S.A., Polskie Koleje Państwowe S.A., PLIVA Kraków Zakłady Farmaceutyczne S.A., Centrala Zaopatrzenia Hutnictwa S.A.. He is a member of the Management Board of the Franco - Polish Chamber of Commerce in Paris and Polish - Japanese Economic Committee,

- | | |
|---------------------------------------|---|
| - Mrs Karina Wściubiak - Hankó | – Deputy Chairman of the Supervisory Board |
|---------------------------------------|---|

Mrs Karina Wściubiak – Hankó was appointed to the Supervisory Board of Impexmetal S.A. on 25 June 2014.

Mrs Karina Wściubiak - Hankó has higher economic education. She graduated from the University of Economics in Wrocław as well as completed post-graduate studies in Accounting and Controlling in Częstochowa. Mrs Karina Wściubiak – Hankó obtained also the MBA degree at the University of Economics in Wrocław.

Mrs Karina Wściubiak – Hankó has been the President of the Management Board of Alchemia S.A since 2001. She gained her professional experience in Boryszew S.A. and then in Skotan S.A. She acted also in the capacity of a member of the Supervisory Board in several companies, such as Centernet S.A., Skotan S.A. (till present), Midas S.A. and Nordisk Sp. z o. o. ,W . She was also the President of the Management Board of Midas S.A.

– Mr Damian Pakulski – Secretary to the Supervisory Board

Mr Damian Pakulski is a legal counsel and he graduated from the Faculty of Law and Administration at the Nicolaus Copernicus University in Toruń. In 1999 he completed his legal counselling apprenticeship at the Regional Chamber of Legal Counsels in Toruń.

He currently pursues the profession of a legal counsel under contract of employment and the Legal Counsel Office that she runs.

Furthermore, he acted or/and acts in the capacity of a Member of the Supervisory Board in such companies as: Suwary S.A. with seat in Pabianice, Torlen Sp. z o.o. with seat in Toruń, Elana – Energetyka Sp. z o.o. with seat in Toruń. Krezus S.A. with its seat in Toruń and Gold Investments Sp. z o.o. with its seat in Toruń.

– Mr Piotr Szeliga – Member of the Supervisory Board

Mr Piotr Szeliga has been a Member of the Supervisory Board of Impexmetal since 2012.

Mr Piotr Szeliga graduated from the Cracow University of Economics and completed postgraduate studies at the Stockholm University/Stockholm International Banking Institute. He is a certified auditor and holds the ACCA Diploma in International Financial Reporting.

Within the period of 1996-2000 he acted in the capacity of the Experienced Senior Consultant – Project Manager at Arthur Andersen Sp. z o.o. Then, from 2000 to 2003, he was a financial controller at ce-market.com S.A. He has been cooperating with Impexmetal Capital Group since 2003 and in 2007 he was employed on the following positions: Finance Director for Planning and Development of the Capital Group, Accounting Director; acting CFO of the Company, Member of the Management Board, CFO of Impexmetal S.A. In 2006 he held the following positions in Boryszew S.A.: Account Director, acting CFO and Management Control Advisor. From 2007 to 2012 he acted in the capacity of the President of the Management Board, General Director of Impexmetal S.A. He has been the President of the Management Board of Boryszew S.A. since 2012. He also fulfils supervisory functions in the companies of Impexmetal Capital Group, such as Impexmetal S.A., Hutmen S.A., HMN Szopienice S.A. w likwidacji, ZM SILESIA S.A., FŁT Polska Sp. z o.o., Baterpol S.A.

– Mr Tadeusz Pietka – Member of the Supervisory Board.

Mr Tadeusz Pietka graduated with distinction the Wilfried Laurie University – Waterloo, Canada, Faculty of Economics, major: Finance and Accounting In 2000 he graduated from the MBA studies at the London Business School. In 2003 he was awarded the financial analyst licence at the Association for Investment Management & Research, Charlottesville, USA, and in 2012 he was awarded the Diploma of Candidate for a Member of the Supervisory Board of State Treasury Companies issued by the Ministry of State Treasury

In years 1994-1998 he acted in the capacity of a Currency Broker at Financial Institutions Trading & Sales, Spot FX in the Royal Bank of Canada. In 1999 he cooperated with McKinsey & Company Inc. and later - from 2000 to 2001, he was a Consultant at Bain & Company Inc. From 2001 to 2002 he acted in the capacity of the Business Consultant, Investment Banking and Treasury Group of the Bank of Montreal. In 2003-2004 he was a member of the Management Board of GE Bank Mieszkańowy where he was a Member of the Management Board, Operating Director and, previously, Director for Mortgage Credits, and then he acted in the following capacities up to 2006: Managing Director of DomBank, President of the Management Board of GETIN Leasing S.A. and Vice-President of the Management Board of GETIN Holding S.A. From 2006 to 2007 he was an Investment Advisor in the Financial Sector and Co-investor in Private Equity Companies. Concurrently, he also acted in the capacity of a Member of the Management Board in Allianz Biznes. From 2007-2009 he was the Managing Director for Strategy and Finances in STC Investments with its seat in Kiev as well as the Vice-Chairman of the Supervisory Board of THE BANK „Financial Initiative” in Kiev. He has been the President of the Management Board and Owner in Colonade International since 2009.

In addition, Mr Tadeusz Pietka acts or/and acted in supervisory capacities in companies noted on the Warsaw Stock Exchange: Investments S.A., Boryszew S.A., Magna Polonia S.A., Hygienika S.A.

The Supervisory Board operated according to the Company's Articles of Association and Regulations of the Supervisory Board of Impexmetal S.A. approved by the Company's General Assembly.

Pursuant to the Company's Articles of Association, the Supervisory Board is composed of at least five members. Members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders. Any member of the Supervisory Board whose mandate expired during the Board's term of office must be compulsorily replaced by the Supervisory Board with another person appointed to hold the position. Appointment of members of the Supervisory Board during the Supervisory Board's term of office must be approved by the next General Meeting of Shareholders. Should the General Meeting of Shareholders refuse to approve any of the new

members of the Supervisory Board appointed during the Supervisory Board's term of office, the General Meeting will elect a new member of the Supervisory Board to replace the person who was not approved.

The term of office of the Supervisory Board is 3 years and is common for all members of the Supervisory Board.

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

TASKS OF THE SUPERVISORY BOARD

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

The special competences of the Supervisory Board include:

- determining the remuneration for Management Board members,
- appointing and dismissing any or all Members of the Company's Management Board,
- suspending from service, for important reasons, of any or all Members of the Company's Management Board, in secret voting,
- delegating Members of the Supervisory Board, for a period not longer than three months, to temporarily perform duties of Members of the Management Board who have been dismissed, resigned or are unable to perform their duties for other reasons.
- awarding permission for establishment of divisions abroad upon the Management Board's request,
- approving acquisition of rights or incurring liabilities with the value exceeding PLN 5 000 000 (five million) if, as a result of such transactions, the Company is to purchase fixed assets within the meaning of tax regulations.
- approving acquisition and disposal of real estate property, perpetual usufruct or share in real estate,
- selecting statutory auditors for conducting the audit of the financial statements,
- assessment of the Management Board's report and financial statements for previous financial year in terms of compliance with books, documents and facts as well as proposals of the Management Board on distribution of profit or coverage of loss and submitting annual written report to the General Meeting of Shareholders on the results of the assessment,
- adopting the consolidated text of the Company's Articles of Association for internal purposes of the Company,
- approving transactions concerning subscribing to, disposal or acquisition of shares and stocks where the transaction value exceeds 5% of the Company's equities,
- approving draft resolutions submitted by the Management Board to the General Meeting of Shareholders,
- approving annual business plans of the Company and long-term Company's growth plans,

The Supervisory Board holds its meetings as required, but not less than three times a year.

Meetings of the Supervisory Board are convened by its Chairman on his or her own initiative or at the request of the authorised parties.

Should a meeting be requested by the Management Board or a member of the Supervisory Board, the Chairman of the Supervisory Board is obliged to convene a meeting within two weeks of receipt of such request.

Management Board members are invited to attend meetings of the Supervisory Board and in the case of discussing matters concerning them directly, in particular: removal, responsibilities and remuneration of the Management Board Members, Supervisory Board meetings held without participation of the Management Board members.

Meetings of the Supervisory Board may also be held without formal convocation if all members of the Supervisory Board were notified and agree to hold a meeting and include specific items on the agenda. The Supervisory Board adopts resolutions only on matters included in the agenda.

The Chairman administers and leads the work of the Supervisory Board and represents it to other bodies of the Company and other parties.

There is no Audit Committee or Pay Committee appointed in the structure of the Supervisory Board.

The Supervisory Board is composed of the minimal number of members specified by the law (5 persons) and in this situation, under § 18 section 3 of the Articles of Association, the duties of the Audit Committee are fulfilled by the Supervisory Board in full composition.

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

If the Chairman fails to convene a meeting of the Supervisory Board the applicant may convene such independently specifying the date, time and proposed agenda.

The agenda of the meeting of the Supervisory Board is determined 7 days before the scheduled date of the meeting and approved by the Chairman and then submitted to the members of the Supervisory Board along with other materials, unless extraordinary circumstances exist justifying shortening of this period. The agenda may be amended or supplemented if all members of the Supervisory Board are present and express consent.

The Chairman can decide on reduction of the above time limit, however not in excess of two days.

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

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

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

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

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

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

The Supervisory Board may pass resolutions in writing or using direct means of distance communication. The resolution is valid if all member of the Supervisory Board have been notified of the contents of the draft resolution. Members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing, acting through another Member of the Supervisory Board who attends the meeting.

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

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

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

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

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

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

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

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

26.REMUNERATIONS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Gross remuneration, including social insurance contributions, of Management Board members and other key managerial staff of the Company for 2015

	Paid*	Potentially due	Total
Management Board	930	520	1 450
of which:			
Małgorzata Iwanejko	570	160	730
Jan Woźniak	360	360	720
Other Key Managerial Staff (**)	1 032	335	1 367
Total	1 962	855	2 817

(*) remuneration paid in the current period which includes remuneration due for previous period

(**) Other key management personnel includes proxies of the Company.

Gross remuneration, including social insurance contributions, of the Management Board members and other key personnel of the Company for 2014

	Paid*	Potentially due	Total
Management Board	540	160	700
of which:			
Małgorzata Iwanejko	519	160	679
Jan Woźniak	21	-	21
Other Key Managerial Staff (**)	1 077	330	1 407
Total	1 617	490	2 107

(*) remuneration paid in the current period which includes remuneration due for previous period

(**) Other key management personnel includes proxies of the Company.

Remuneration of members of the Supervisory Board - gross

	2015	2014
Arkadiusz Krężel	125	189
Robert Skoczeń	-	35
Damian Pakulski	28	-
Tadeusz Pietka	28	-
Zygmunt Urbaniak	35	95
Karina Wściubiak-Hańkó	54	36
Waldemar Zwierz	27	76
Total	297	431

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Remuneration for members of subsidiaries' bodies

Members of the Company's Management Board	2015	2014
Małgorzata Iwanejko	8	
Jan Woźniak	400	567
Total	408	567

Members of the Company's Supervisory Board	2015	2014
Arkadiusz Krężel	38	29
Piotr Szeliga	12	12
Zygmunt Urbaniak	15	48
Waldemar Zwierz	11	36
Total	76	125

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

Company Shares Held by the members of the Management Board and Supervisory Board

Person	Function	Number of shares
Małgorzata Iwanejko	President of the Management Board	20.000

Shares in Entities affiliated with the Issuer, held by the members of the Management Board and the Supervisory Board

Person	Function	The Company	Number of shares
Małgorzata Iwanejko	President of the Management Board	Boryszew S.A.	50.013

28. INFORMATION ON AGREEMENTS KNOWN TO THE COMPANY (INCLUDING THOSE CONCLUDED UPON THE BALANCE SHEET DATE) UNDER WHICH FUTURE CHANGES MAY OCCUR IN THE PROPORTIONS OF SHARES HELD BY THE EXISTING SHAREHOLDERS AND BONDHOLDERS

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

29. INFORMATION ON THE SYSTEM OF CONTROLLING EMPLOYEE SHARES

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

30. AGREEMENT WITH INDEPENDENT STATUTORY AUDITOR

On 7 July 2015 the Supervisory Board of Impexmetal S.A. selected Deloitte Polska Sp. z o.o. Sp. k. based in Warsaw at Jan Paweł II Av. No. 19, to audit the financial statements of Impexmetal S.A. and Impexmetal Capital Group for the period from 1 January 2015 to 31 December 2015. Deloitte Polska Sp. z o.o. Sp. k. is registered in the list of entities authorised to audit financial statements, maintained by the Polish National Board of Statutory Auditors, under number 73. The agreement with Deloitte Polska Sp. z o.o. Sp. k. was concluded on 11 July 2015 for the period of audit of financial statements for 2015.

The Company had used the services of the aforesaid auditor with respect to audit and review of financial statements pertaining to years 2001 – 2003 and 2005 – 2007, and 2009 – 2015. The Supervisory Board chose the auditor pursuant to its powers stipulated in the Company's Articles of Association and in accordance with applicable legal provisions in force.

Pursuant to the contract regarding separate and consolidated financial statements audit for 2015, the remuneration is net PLN 195 thousand, the Company recognised in 2015 costs in the amount of PLN 109 thousand and there was a provision established for the balance of the amount of PLN 86 thousand.

Remuneration of the entity authorised to audit financial statements paid or due for:	period ended 31/12/2015	period ended 31/12/2014
Statutory audit of the annual financial statements	151	151
Other certification services, including the review of financial statements	89	89
Other services	11	19
PLN	251	259

31. LITIGATION UNDERWAY

- a) proceedings regarding liabilities or receivables of the Company or its subsidiary the value of which is at least 10% of the Company's equities
Not pending
- b) two or more proceedings concerning liabilities or claims whose total value accounts for at least 10% of the Company's equities
Not pending.

Impexmetal S.A.

Conclusion of settlement with MTMG - Morski Terminal Masowy Gdynia Sp. z o.o.

On 15 April 2015 Impexmetal S.A. concluded settlement with Morski Terminal Masowy Gdynia Sp. z o.o. regarding claims arising from the contract of aluminium oxide transshipment of 2 January 2007.

32. CORPORATE GOVERNANCE PRINCIPLES STATEMENT

The Management Board of Impexmetal S.A., pursuant to § 91 section 5 point 4 of the Regulation of the Minister of Finance of 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (as amended), hereby presents this report on application of corporate governance by Impexmetal S.A. in 2015.

The corporate governance rules which apply to Impexmetal S.A., where these rules are available, the extent of the company's departure from the set of corporate governance rules and the reasons for this.

The Management Board of Impexmetal S.A. hereby declares that, as a Company noted on the Warsaw Stock Exchange, it is subject to, pursuant to § 29 of the Stock Exchange Regulations, the set of rules of the corporate

governance included in the document "Good Practices of Companies Noted on WSE", adopted by the Board of WSE on 4 July 2007.

On 31 August 2011 and 19 October 2011, the WSE Board adopted resolutions regarding amendments of Good Practices of Companies Noted on WSE. The changes entered into force on 1 January 2012. On 21 November 2012, the WSE Board adopted resolutions regarding amendment of Good Practices of Companies Noted on WSE that entered into force on 1 January 2013.

The collection of corporate governance principles is available on the website devoted to corporate governance on the Warsaw Stock Exchange: www.corp-gov.gpw.pl

The Company is making every effort to follow the corporate governance principles in all aspects of its activity. Moreover, in order to pursue an clear and efficient information policy, it ensures its shareholders, analysts and investors s fast and secure access to information, utilising both the traditional as well as modern technologies for publishing information on the Company to the widest possible extent.

In 2015, the Company complied with the general corporate governance standards included in the "Code of Best Practice of WSE Listed Companies", except for the following:

Recommendation No. I.5

The Company does not have a remuneration policy. The rules of remunerating Supervisory Board Members are defined by the General Meeting and remuneration of the Management Board is set by the Supervisory Board. Remuneration of the Management Board is linked to the financial results the Company achieves.

The Company publishes annually information in a report on the remuneration of managerial and supervisory personnel in accordance with §91 section 6 point 17 of the Ordinance of the Minister of Finance on on-going and periodic information of 19 February 2009.

Recommendation No. I.9

The Company does not apply the rule of a balance in proportion of females and males in the Management Board and Supervisory Board. Management Board and Supervisory Board members are appointed by the Supervisory Board and General Meeting respectively, on the basis of candidates qualifications.

Recommendation No. I.12

The Company did not adopt this recommendation in 2015. Some of the risks involved in the implementation of this recommendation at present are quality of transfer, delay in the data transfer etc and also it would undermine the effectiveness of the Resolutions adopted by the General Meeting. The Company does not rule out the possibility of implementing this rule in the "Best Practices of WSE Listed Companies" in the future.

Principle no. II.1. 9a)

The Company does not record its general meetings. The company publishes information under applicable law on convening of the general meeting, including the agenda and draft resolutions, and immediately after the general meeting, it informs on the content of the resolutions adopted, together with information on the results of the votes on resolutions, as well as information on withdrawal from discussion of any items on the agenda as well as information on objections raised to the minutes, if such situations occur.

The Management Board believes that publishing current reports and the information on the General Meeting of Shareholders on the Company's website guarantees shareholders their rights.

Principle no. III.6

According to the governing law, the members of the Supervisory Board are appointed in a sovereign manner by the General Assembly. The Company has no impact on the decisions of the shareholders and is unable to ensure that they will appoint at least two independent members of the Supervisory Board. Limitation of the shareholders' freedom of choice of the members of the supervisory Board is not justified according to the Company.

Principle no. III.8

Due to the fact that the Supervisory Board is composed of five persons, there are no separate committees appointed within the framework of the Board. The tasks of the committees, referred to in Appendix no. I to the European Commission Recommendation (...), are performed directly by the Supervisory Board.

Principle no. II. 10

The Company's Articles of Association do not contain provisions allowing participation in the general meeting using communication means, in accordance with the provisions of the Commercial Companies Code and the Regulations of the General Meeting of the Company does not provide for the exercise of voting rights at the

general meeting by correspondence or by means of electronic communication, of which the Company informs in each notice on convocation of a general meeting.

The Company has procedures for documenting general meetings and information policy to ensure that all Shareholders are able to exercise their rights. The Company does not rule out application of the above mentioned principles in the future.

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

The data for financial statements are generated from the computer accounting record system functioning in the Company in which all economic events are booked. Only authorised persons have access to the system. The system has password security and functional access limitation.

WITHIN THE SCOPE OF INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE PROCESS OF PREPARATION OF FINANCIAL STATEMENTS, IMPEXMETAL S.A. INTRODUCED THE FOLLOWING PROCEDURES:

- Procedure for compiling and publication of consolidated quarterly reports,
- Procedure for compiling and publishing six-monthly reports,
- Procedure for compiling and publishing annual reports,

THE ABOVE PROCEDURES DETERMINE THE SCOPE OF TASKS AND RESPONSIBILITIES OF THE PARTICULAR DEPARTMENTS/PERSONS WITHIN THE SCOPE OF PREPARATION OF PERIODICAL REPORTS, ENSURING THEIR QUALITY AND CORRECTNESS AS WELL AS PUBLICATION.

All persons participating in preparation of periodical reports are entered in the list of access to confidential information drafted in relation to each periodical report separately, and they are obliged to keep the information possessed in connection with preparation of statements confidential until they are published, according to the "Regulations of access, circulation and protection of confidential information in Impexmetal S.A." governing in the Company.

The Presidents of subsidiaries and jointly controlled companies of Impexmetal S.A. as well as Department/Plant Managing Directors are responsible for appointment of persons responsible (plenipotentiaries) for providing information necessary to draw up consolidated reports in a timely and reliable manner.

The schedule of preparation of financial statements is each and every time defined in a separate document drafted by the Accounting Department that prepares the financial statements.

Responsibility for preparation of financial statements and formal verification of the same lies with the Chief Accountant.

The responsibility for approval of periodical reports, signing declarations for annual and semi-annual reports regarding conformity of the financial statements and declarations related to selection of the entity authorised to audit financial statements lies with the Management Board of Impexmetal S.A.

The annual financial statements are subject to audit by a certified auditor. The certified auditor reviews also the semi-annual financial statements of the Company.

The Company tracks changes in laws and external regulations related to the reporting requirements for companies on an on-going basis and updates the accountancy rules based on which it prepares financial statements.

III. Shareholders who, directly or indirectly, hold substantial packets of shares with indication of the number of shares held by such parties, their percentage share in the share capital, the number of votes resulting from the shares and their percentage share in the overall number of votes at the general meeting.

As at 31 December 2015, the shareholders holding share packets exceeding 5% of the share capital and total number of votes at the GA of Impexmetal S.A. were: Boryszew Group and ING Powszechnie Towarzystwo Emerytalne S.A.

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The shareholding structure as at 31 December 2015 is presented in the table below:

shareholders	number of shares	share in the initial capital	number of votes	share in total votes
Roman Karkosik with subsidiaries (including Boryszew S.A. and subsidiaries of Boryszew S.A.*	113 853 821	56.93%	113 853 821	56.93%
including Impexmetal SA(**)	7.210.000	3.60%	7.210.000	3.60%
ING Powszechne Towarzystwo Emerytalne S.A.	16 105 263	8.05%	16 105 263	8.05%
Other shareholders	70 040 916	35.02%	70 040 916	35.02%
All shares/votes	200 000 000	100.00%	200 000 000	100.00%

(*) Boryszew S.A., with subsidiaries, according to the notice of 10 December 2015, holds 113 000 000 pcs. of shares of Impexmetal S.A., accounting for 56.50% share in the share capital and entitling to 56.50% of votes at the General Meeting,

(**) 7 210 000 own shares of Impexmetal S.A. purchased within the scope of the own share buy-back programme. Impexmetal S.A. does not exercise the right of vote from their own stocks at the General Meeting.

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

The shareholding structure as at 21 March 2016 is presented in the table below:

shareholders	number of shares	share in the initial capital	number of votes	share in total votes
Roman Karkosik with subsidiaries (including Boryszew S.A. and subsidiaries of Boryszew S.A.*	114 390 000	57.20%	114 390 000	57.20%
including Impexmetal SA(**)	7.210.000	3.60%	7.210.000	3.60%
ING Powszechne Towarzystwo Emerytalne S.A.	16 105 263	8.05%	16 105 263	8.05%
Other shareholders	69 504 737	34.75%	69 504 737	34.75%
All shares/votes	200 000 000	100.00%	200 000 000	100.00%

(*) Boryszew S.A., with subsidiaries, according to the notice of 11 January 2016, holds 114 330 000 pcs. of shares of Impexmetal S.A., accounting for 57.17% share in the share capital and entitling to 57.17% of votes at the General Meeting,

(**) Stocks acquired within the scope of the own share purchase programme. Impexmetal S.A. does not exercise the right of vote from its own shares at the General Meeting.

CHANGE IN SHAREHOLDING IN 2015:

shareholders	number of shares 31/12/2015	number of shares 31/12/2014	Change in number of shares
Roman Karkosik with subsidiaries (including Boryszew S.A. and subsidiaries including Impexmetal S.A.	113 853 821	106 262 694	7 590 857
ING Powszechne Towarzystwo Emerytalne S.A.	16 105 263	16 105 263	-
Other shareholders	70 040 916	77 631 773	(7 590 857)
All shares	200 000 000	200 000 000	-

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

IV. Indication of holders of all and any securities that entitle to control rights, along with description of the said rights.

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

V. Indication of all and any restrictions regarding exercise of voting rights such as restrictions on exercise of voting rights by holders of any particular part or number of votes, timing restrictions regarding exercise of the voting rights or provisions under which, with the Company's co-operation, equity rights attached to securities are separated from the holding of securities.

There are no restrictions in the Company regarding exercise of voting rights such as restrictions on exercise of voting rights by holders of any particular part or number of votes, timing restrictions regarding exercise of the voting rights or provisions under which, with the Company's co-operation, equity rights attached to securities are separated from the holding of securities.

VI Specification of all and any limitations regarding transfer of proprietary rights to securities of the issuer

No limitations exist on the transfer of proprietary rights to securities issued by Company.

VII Description of principles of appointment and dismissal of members of the Management Board and their powers, especially the right to make the decision on issue or buy-back of shares

The Management Board is a statutory body of Impexmetal S.A.; it operates under the provisions of the Code of Commercial Companies, Company's Articles of Association and Regulations of the Management Board of Impexmetal S.A.

The Company's Management Board can be composed of one or more members. The number of members of the Management Board is determined by the Supervisory Board.

The President of the Management Board is appointed and dismissed by the Supervisory Board. The Supervisory Board appoints and dismisses other Members of the Management Board upon the request of the President of the Management Board or under own initiative.

The term of office of the Management Board is three years and is common for all members of the Management Board. The Mandate of a member of the Management Board expires on the date of the General Meeting which approves the financial statements for the last full financial year of their service as member of the Management Board.

The decision on the issue or buy-back of shares, according to the Company's Articles of Association, is made by the General Assembly.

VIII. Description of the principles of amendment of the memorandum or articles of association of the issuer's company

Amendments of the Company's Articles of Association are introduced by the General Assembly of Impexmetal S.A.

The resolution drafts prepared by the Management Board of the Company for the General Assembly that regard amendments to the Company's Articles of Association contain the currently governing provisions of the Articles of Association and content of the proposed amendments. The resolutions of the General Assembly on amendments in the Company's Articles of Association are adopted by way of majority of three-fourth of votes cast. An amendment to the Articles of Association becomes effective upon its entry in the National Court Register. Upon registration of the amendment in the National Court Register, the Company's Supervisory Board approves the consolidated text of the Articles of Association.

IX. Modus operandi of the general assembly and its principal powers as well as description of the shareholders' rights and method of their exercising, in particular, the principles arising from the regulations of the general assembly, if adopted, unless the information within this scope arises directly from the provisions of the law

Convention, preparation and holding of the General Assembly takes place in the mode and under the principles provided for in the Code of Commercial Companies, Company's Articles of Association as well as Regulations of the General Assembly.

The General Assemblies are held at the registered office of the Company in Warsaw, at hours allowing the shareholders to participate in them.

Pursuant to the Company's Articles of Association, the powers of the General Assembly include:

- consideration and approval of the Management Board's report on operation and financial statements for the previous year as well as acknowledgement of fulfilment of duties by the members of the Company's bodies,
- distribution of profit or coverage of loss, including determination of the amount allocated for dividends,
- verification and approval of the financial statements of the capital group,
- change of the Company's object of operation,
- amendment of the Company's Articles of Association.
- increase or decrease of the share capital,
- redemption of shares
- merger, division and transformation of the Company,
- dissolution and liquidation of the Company,
- issue of convertible bonds with pre-emptive right to take hold of shares and issue of subscription warrants referred to in Art. 453 § 2 of the Code of Commercial Companies
- disposal or lease-out of the enterprise or of an organized part of the same, and establishing a limited right in rem on the same,
- purchase of own shares in the case provided for in Art. 362 § 1 point 2 of the Code of Commercial Companies and authorisation to purchase them in the case provided for in Art. 362 § 1 point 8 of the Code of Commercial Companies
- all and any decisions concerning claims to remedy a loss inflicted upon incorporation of the Company or upon exercising management or supervision of the same.
- conclusion of the contract referred to in Art. 7 of the Code of Commercial Companies.

The Management Board makes all effort so that the General Assemblies convened upon request of the shareholders were held on the dates specified in the request.

The request to convene the General Assembly and to enter certain matters in the agenda, made by the entitled entities, must be justified.

As per the practice adopted by the Company, all relevant materials for the General Assembly are made available to the shareholders in accordance with the applicable provisions of the Code of Commercial Companies and of the Regulation of the Minister of Finance on current and periodical information to be provided by issuers of securities.

The Chairman of the General Assembly supervises proper and efficient course of the meeting. They also ensure that rights and interests of all Shareholders are respected.

A shareholder can participate in the General Assembly and exercise the right to vote in person or by proxy.

Each person entitled to participate in the General Assembly has the right to submit motions. The person entitled to participate in the General Assembly has, at any point of the daily agenda, right to one speech not exceeding 5 minutes and to one reply not exceeding 3 minutes.

The General Assembly can demand a recess in the meeting with majority of 2/3 votes. The recesses cannot collectively exceed thirty days.

The General Assembly is valid regardless of the number of shares represented at it.

Each share entitles the shareholder to one vote at the General Assembly.

The General Assembly is each time participated by the Members of the Supervisory Board and Management Board of the Company, and in the event they cannot attend the General Assembly, they present a written explanation. This explanation is presented at the General Assembly.

If financial matters are to be a subject of the meeting, a certified auditor participates in the General Assembly. The Members of the Management Board and Supervisory Board as well as the certified auditor - should such a need arise, that are present at the General Assemblies, provide the participants of the assembly with explanations and information regarding the Company, within the limits of their competences and within the scope necessary to settle the discussed matters.

The Company's bodies do not limit the information the General Assembly, in particular, requests, but they also observe the laws governing in public companies.

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

The General Assembly makes decisions in the form of resolutions adopted by way of voting. Voting on procedural matters regard only issues connected with holding the meeting of the Assembly. The resolutions are adopted with absolute majority of votes cast, unless the provisions of the Code of Commercial Companies or the Company's Articles of Association provide for other conditions for adoption of resolutions on particular matters.

The requirement to obtain the absolute majority of votes is met if more than a half of valid votes were cast for adoption of the given resolution.

The course of the General Assembly is entered in the minutes by a notary public.

The Regulations of the General Assembly are available on the Company's website on: www.impexmetal.com.pl

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The Regulations of the General Assembly governing in the Company includes, inter alia, provisions regarding appointments, including appointment of the Supervisory Board by way of voting in separate groups. There are always justifications provided for the candidates for members of the Supervisory Board presented to the General Assembly. The provided materials are enclosed with a CV of the candidate.

In 2015 the Company applied the general principle of no appeal or change of already announced dates of general assemblies.

In 2015 the Company did not use the possibility to transmit the meeting of the General Assembly via the Internet. Detailed principles of operation of the Supervisory Board are determined in the Rules for Supervisory Board of Impexmetal S.A.

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

The Company also runs its website in English.

Signatures of persons representing the Company and approving this document for publication:

Małgorzata Iwanejko

President of the Management Board

Jan Woźniak

Member of the Management Board
