



**THE CAPITAL GROUP OF GRUPA KĘTY S.A.
CONSOLIDATED QUARTERLY REPORT FOR Q.1, 2019**

(PLN '000)

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated quarterly report QSr 1/2019

(compliant with paragraphs 60.2 and 62.1 of the Regulation on current and interim information for the issuers of securities running manufacturing, construction, commercial or service business) for the first quarter of the reporting year 2019, covering the period from 1 January 2019 to 31 March 2019, comprising the interim condensed consolidated financial statements in accordance with IAS 34, in Polish zlotys (PLN), supplementary information to the quarterly report, and quarterly financial information of Grupa Kęty S.A. in Polish zlotys (PLN).

24 April 2019

(date of submission)

GRUPA KĘTY SPÓŁKA AKCYJNA	
(full name of the issuer)	
KETY	Metal sector [met]
(short name of the issuer)	(sector in accordance with the Warsaw Stock Exchange classification/ industry)
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(postal code)	(city)
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549-000-14-68	070614970
(tax identification number – NIP)	(statistical identification number – REGON)

SELECTED FINANCIAL FIGURES

Data referring to the condensed consolidated financial statements in accordance with IFRS				
ITEMS OF THE STATEMENTS OF PROFIT OR LOSS, COMPREHENSIVE INCOME, AND CASH FLOWS	PLN '000		EUR '000	
	3 months of 2019	3 months of 2018	3 months of 2019	3 months of 2018
Net sales revenue	778,885	674,840	181,203	161,507
Profit on operating activities	76,620	74,548	17,825	17,841
Profit before tax	71,767	69,314	16,696	16,589
Net profit	58,126	53,298	13,523	12,756
Net profit (loss) attributable to owners of the parent	57,949	53,306	13,482	12,758
Total net income (loss)	66,323	42,435	15,430	10,156
Total net income (loss) attributable to owners of the parent	66,146	42,443	15,389	10,158
Net cash flow from operating activities	123,151	59,908	28,650	14,338
Net cash flow from investing activities	-52,432	-46,357	-12,198	-11,094
Net cash flow from financing activities	-12,924	-27,697	-3,007	-6,629
Total net cash flows	57,795	-14,146	13,446	-3,386
Net earnings per share attributable to owners of the parent (in PLN/EUR)	6.07	5.60	1.41	1.34
Diluted net earnings per share attributable to owners of the parent (in PLN/EUR)	6.06	5.58	1.41	1.34
BALANCE SHEET ITEMS	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Total assets	2,910,270	2,802,278	676,602	651,693
Liabilities and provisions for liabilities	1,446,878	1,405,236	336,382	326,799
Long-term liabilities	379,962	334,578	88,337	77,809
Short-term liabilities	1,066,916	1,070,658	248,045	248,990
Equity attributable to owners of the parent	1,462,424	1,396,251	339,996	324,710
Share capital	67,763	67,763	15,754	15,759
Number of shares	9,545,447	9,545,447	9,545,447	9,545,447
Book value per share (in PLN/EUR)	153.31	146.36	35.64	34.04
Diluted book value per share (in PLN/EUR)	152.99	146.04	35.57	33.96
Data referring to the condensed separate financial statements in accordance with IFRS				
ITEMS OF THE STATEMENTS OF PROFIT OR LOSS, COMPREHENSIVE INCOME, AND CASH FLOWS	PLN '000		EUR '000	
	3 months of 2019	3 months of 2018	3 months of 2019	3 months of 2018
Net sales revenue	289,018	265,898	67,239	63,636
Profit on operating activities	1,341	12,488	312	2,989
Gross profit	-1,010	10,362	-235	2,480
Net profit	-1,031	8,177	-240	1,957
Net comprehensive income	2,954	1,741	687	417
Net cash flow from operating activities	19,617	4,226	4,564	1,011
Net cash flow from investing activities	-21,162	-25,114	-4,923	-6,010
Net cash flow from financing activities	14,660	29,806	3,411	7,133
Total net cash flows	13,115	8,918	3,051	2,134
Earnings per share (in PLN/EUR)	-0.11	0.86	-0.03	0.21
Diluted earnings per share (in PLN/EUR)	-0.11	0.86	-0.03	0.21
BALANCE SHEET ITEMS	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Total assets	1,270,732	1,228,237	295,430	285,637
Liabilities and provisions for liabilities	577,761	538,647	134,322	125,267
Long-term liabilities	176,742	163,330	41,090	37,984
Short-term liabilities	401,019	375,317	93,232	87,283
Equity	692,971	689,590	161,107	160,370
Share capital	67,763	67,763	15,754	15,759
Number of shares	9,545,447	9,545,447	9,545,447	9,545,447
Book value per share (in PLN/EUR)	72.60	72.24	16.88	16.80
Diluted book value per share (in PLN/EUR)	72.45	72.08	16.84	16.76

The above financial figures for the first quarter of 2019 and 2018 were translated into EUR as follows:

- assets and liabilities – at the mean exchange rate of the National Bank of Poland (NBP) as at 31.03.2019 – 4.3013 PLN/EUR, and as at 31.12.2018 – 4.30 PLN/EUR;
- the items of the statements of profit or loss, comprehensive income, and cash flows – at the exchange rate being the arithmetic mean of the exchange rates of the NBP for the last two days of each month: Q.1, 2019 – 4.2984 PLN/EUR, and Q.1, 2018 – 4.1784 PLN/EUR.

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**THE CAPITAL GROUP OF GRUPA KĘTY S.A.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
Q.1, 2019, ENDED ON 31 MARCH 2019, PREPARED IN ACCORDANCE
WITH IAS 34**

(PLN '000)

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	3 months ended 31.03.2019	3 months ended 31.03.2018
Total operating revenue, including:		780,911	675,874
Sales revenue	8	778,885	674,840
- including from the sales to associates		32	2
Other operating revenue		2,026	1,034
Share in net profit of entities accounted for using the equity method		211	2,391
Change in inventories of finished goods and work in progress		(8,780)	13,497
Cost of manufacturing of products for own needs		2,540	2,611
Total operating costs, including:		(698,262)	(619,825)
Depreciation		(33,451)	(30,573)
Materials and energy, and the value of trade goods and materials sold		(487,781)	(431,983)
Third-party services		(55,725)	(47,468)
Taxes and fees		(3,412)	(3,725)
Employee benefits		(112,251)	(100,784)
Revaluation of financial assets – IFRS 9		29	0
Other operating costs		(5,671)	(5,292)
Profit on operating activities		76,620	74,548
Financial revenue		446	110
Financial expense		(5,299)	(5,344)
Profit before tax		71,767	69,314
Income tax	11	(13,641)	(16,016)
Net profit on continued operations		58,126	53,298
Attributable to non-controlling interests		177	(8)
Attributable to owners of the parent		57,949	53,306
Earnings per share attributable to owners of the parent (PLN)	34		
Basic		6.07	5.60
Diluted		6.06	5.58

In the presented periods, the Group did not discontinue any operations.

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME**

	3 months ended 31.03.2019	3 months ended 31.03.2018
Net profit for the period	58,126	53,298
Other comprehensive income*:	8,197	(10,863)
Cumulative translation adjustment for related parties	867	1,249
Valuation of cash flow hedging instruments	8,936	(14,658)
Result on cash flow hedging transactions	92	(218)
Income tax related to other comprehensive income recognised in profit or loss	(1,698)	2,764
Comprehensive income for the period	66,323	42,435
Comprehensive income attributable to:		
Non-controlling interests	177	(8)
Owners of the parent	66,146	42,443

**All items of other comprehensive income will be reclassified to profit or loss when certain conditions are met in further periods.*

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
ASSETS

	Note	31.03.2019	31.12.2018
I. Non-current assets		1,594,451	1,597,169
Property, plant and equipment		1,317,179	1,316,347
Intangible assets		38,826	39,657
Assets use rights		46,889	43,137
Goodwill		19,890	19,889
Investment properties		3,505	3,493
Interests in associates		5,068	4,761
Other investments		11	11
Long-term receivables		2,627	6,801
Advance payments for the purchase of property, plant and equipment		39,156	38,409
Deferred tax assets		121,300	124,664
II. Current assets		1,315,819	1,205,109
Inventories	16	485,515	509,461
Income tax receivables		2,929	1,883
Trade and other receivables	14	646,139	571,136
Contractual assets		21,476	21,243
Short-term investments		97	99
Derivative financial instruments	30	1,187	606
Cash and cash equivalents	9	158,476	100,681
Total assets		2,910,270	2,802,278

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

EQUITY/LIABILITIES	Note	31.03.2019	31.12.2018
I. Equity		1,463,392	1,397,042
Share capital		67,763	67,763
Share premium		33,900	33,900
Capital from share based payments		24,749	24,322
Result on cash flow hedging transactions		(439)	(531)
Capital from the revaluation of hedging instruments		(127)	(7,365)
Capital from the revaluation of property, plant and equipment		2,841	2,841
Retained earnings		1,363,284	1,305,735
Cumulative translation adjustment for foreign companies		(29,547)	(30,414)
Equity attributable to owners of the parent		1,462,424	1,396,251
Equity attributable to non-controlling interests		968	791
II. Long-term liabilities		379,962	334,578
Liabilities related to loans	18	262,453	219,907
Liabilities related to assets use rights	19	23,714	20,790
Other liabilities		1,104	1,130
Provisions	17	499	499
Provisions for employee benefits		12,723	12,675
Deferred income		37,497	37,103
Deferred tax liability		41,972	42,474
III. Short-term liabilities		1,066,916	1,070,658
Liabilities related to loans	18	622,402	653,713
Liabilities related to assets use rights	19	3,283	3,076
Income tax payables		11,544	10,818
Trade payables and other liabilities		376,014	345,747
Contractual liabilities		11,344	10,738
Provisions and accruals	17	39,171	34,883
Derivative financial instruments	30	1,347	9,700
Deferred income		1,811	1,983
Total equity/liabilities		2,910,270	2,802,278

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital from share based payments	Result on cash flow hedging transactions	Capital from the revaluation of hedging instruments	Capital from the revaluation of property, plant and equipment	Retained earnings	Cumulative translation adjustment for subsidiaries	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity as at 1 January 2019	67,763	33,900	24,322	(531)	(7,365)	2,841	1,305,735	(30,414)	1,396,251	791	1,397,042
Comprehensive income for the period:	0	0	0	92	7,238	0	57,949	867	66,146	177	66,323
<i>Net profit for the period</i>	0	0	0	0	0	0	57,949	0	57,949	177	58,126
<i>Other comprehensive income</i>	0	0	0	92	7,238	0	0	867	8,197	0	8,197
Costs of share options	0	0	427	0	0	0	0	0	427	0	427
Payment of dividend	0	0	0	0	0	0	(400)	0	(400)	0	(400)
Equity as at 31 March 2019	67,763	33,900	24,749	(439)	(127)	2,841	1,363,284	(29,547)	1,462,424	968	1,463,392
Previous year											
Equity as at 1 January 2018	67,704	31,179	21,992	546	5,403	3,314	1,266,441	(33,762)	1,362,817	561	1,363,378
Comprehensive income for the period:	0	0	0	(218)	(11,894)	0	53,306	1,249	42,443	(8)	42,435
<i>Net profit for the period</i>	0	0	0	0	0	0	53,306	0	53,306	(8)	53,298
<i>Other comprehensive income</i>	0	0	0	(218)	(11,894)	0	0	1,249	(10,863)	0	(10,863)
Costs of share options	0	0	498	0	0	0	0	0	498	0	498
Equity as at 31 March 2018	67,704	31,179	22,490	328	(6,491)	3,314	1,319,747	(32,513)	1,405,758	553	1,406,311

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31.03.2019	3 months ended 31.03.2018
Cash flow from operating activities		
Profit before tax	71,767	69,314
Adjustments:	40,617	36,049
Share in net profit of entities accounted for using the equity method	(211)	(2,391)
Depreciation	33,451	30,573
Recognition/(reversal) of write-downs	60	0
Profit from net currency translation differences	418	2,163
(Profit)/loss from sales of property, plant and equipment	(164)	(35)
Interest and share in profits	6,266	5,092
Proceeds/(expenses) related to hedging instruments recognised in equity	92	(218)
Share based payments	427	498
Other items (net)	278	367
Cash flow from operating activities before the change of working capital	112,384	105,363
Change in inventories	23,946	(17,730)
Change in net receivables	(71,061)	(51,372)
Change in short-term liabilities, except for loans	66,201	30,773
Change in provisions	4,336	2,998
Change in deferred income	222	(231)
Net cash generated from operating activities	136,028	69,801
Tax paid	(12,877)	(9,893)
Net cash from operating activities	123,151	59,908
Cash flow from investing activities		
(+) Proceeds:	666	334
Sales of intangible assets, and property, plant and equipment	666	334
(-) Expenses:	(53,098)	(46,691)
Acquisition of intangible assets, and property, plant and equipment	(53,098)	(46,691)
Net cash from investing activities	(52,432)	(46,357)
Cash flow from financing activities		
(+) Proceeds:	80,408	100,971
Proceeds from loans and credits	80,408	100,971
(-) Expenses:	(93,332)	(128,668)
Dividends to non-controlling interests	(400)	0
Repayment of loans and borrowings	(88,283)	(125,036)
Liabilities related to assets use rights	(1,215)	(220)
Interest	(3,434)	(3,412)
Net cash from financing activities	(12,924)	(27,697)
Total net cash flows:	57,795	(14,146)
- change in cash due to currency translation differences	0	0
Cash and cash equivalents at the beginning of the period	100,681	78,912
Cash and cash equivalents at the end of the period	158,476	64,766

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

1. General information

These interim condensed consolidated financial statements of Grupa Kęty S.A. cover the period of 3 months of 2019 ended on 31.03.2019 and provide comparative data for the period of 3 months of 2019 ended on 31.03.2018 as well as figures as at 31.12.2018.

The above figures have not been audited by a statutory auditor.

The Grupa Kęty S.A. Capital Group ('the Group') comprises the parent company, namely Grupa Kęty S.A. ('parent company', 'the parent', 'the Company') and its subsidiaries (see note 2).

Grupa Kęty S.A. is a company incorporated in Poland, **with its registered office in Kęty, ul. Kościuszki 111**, entered into the Register of Entrepreneurs under the number **KRS 0000121845**, using the tax identification number (**NIP**): **549-000-14-68** and statistical number (**REGON**): **070614970**. Grupa Kęty S.A. is also registered in the products and packaging database and in the waste management database under the number **BDO 000007710**.

The parent company is listed under No. **ISIN PLKETY000011** at Warsaw Stock Exchange and classified in the metal sector.

The lifetime of the parent company as well as of the Capital Group companies is unlimited.

The core business of the Group includes manufacturing, trade and the rendering of services related to the processing of aluminium and its alloys, production and sales of aluminium systems for the construction industry and activities related to their assembly, as well as production of materials for plastic and paper packaging, including trade intermediation, supply services, marketing and other.

2. Group composition

All subsidiaries are subject to consolidation.

The Group consists of Grupa Kęty S.A. and the following subsidiaries:

THE CAPITAL GROUP OF GRUPA KĘTY S.A.

(PLN '000)

Company name	Registered office	Core business	Parent's name	Percentage in share capital 31.03.2019	Percentage in share capital 31.12.2018	Date of control take-over	Reporting segment
Alupol Packaging S.A.	Tychy, Poland	Production and trade in plastic packaging	Grupa Kęty S.A.	100.00 %	100.00 %	04/1998	FPS
Aluprof S.A.	Bielsko-Biała, Poland	Sales of aluminium façade systems and roller shutters for the construction industry	Grupa Kęty S.A.	100.00 %	100.00 %	06/1998	ASS
Dekret Centrum Rachunkowe Sp. z o.o.	Kęty, Poland	Accounting and bookkeeping services	Grupa Kęty S.A.	100.00 %	100.00 %	09/1999	Other
Alu Trans System Sp. z o.o. under liquidation	Wrocław, Poland	No operating activity	Grupa Kęty S.A.	100.00 %	100.00 %	04/2000	Other
Aluprof Hungary Kft.	Dunakeszi, Hungary	Trade and provision of services	Aluprof S.A.	100.00 %	100.00 %	07/2000	ASS
Alupol LLC	Borodianka, Ukraine	Production of aluminium profiles	Aluform Sp. z o.o.	100.00 %	100.00 %	12/2004	EPS
Aluprof Deutschland GmbH	Schwanewede, Germany	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	02/2005	ASS
Aluprof System Romania SRL	Bucharest, Romania	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	05/2005	ASS
Aluprof System Czech s.r.o.	Ostrava, Czech Republic	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	05/2005	ASS
Aluprof UK Ltd.	Altrincham, UK	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	05/2006	ASS
ROMB S.A.	Złotów, Poland	Production and provision of services	Aluprof S.A.	100.00%	100.00%	04/2007	ASS
Alupol Packaging Kęty Sp. z o.o.	Kęty, Poland	Production and trade in plastic packaging	Alupol Packaging S.A.	100.00%	100.00%	05/2009	FPS
Aluform Sp. z o.o.	Tychy, Poland	Production and trade services	Grupa Kęty S.A.	100.00%	100.00%	06/2009	EPS
Aluprof System Ukraina Sp. z o.o.	Kiev, Ukraine	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	11/2009	ASS
Aluprof Serwis Sp. z o.o.	Bielsko-Biała, Poland	Scientific research and development works	Aluprof S.A.	100.00%	100.00%	1/2012	ASS
Grupa Kety Italia SRL	Milan, Italy	Commercial intermediation	Grupa Kęty S.A.	100.00%	100.00%	5/2014	EPS
Marius Hansen Facader A/S	Viborg, Denmark	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	6/2014	ASS
Aluprof System USA Inc	Wilmington, USA	Distribution of aluminium systems for the construction industry	Aluprof S.A.	100.00%	100.00%	7/2014	ASS
Alupol Films Sp. z o.o.	Oświęcim, Poland	Production and trade in plastic packaging	Alupol Packaging Kęty Sp z o. o.	100.00%	100.00%	12/2014	FPS
Aluprof Belgium N.V.	Dendermonde, Belgium	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	6/2015	ASS
Aluminium Kety EMMI d.o.o.	Slovenska Bistrica, Slovenia	Processing of aluminium profiles	Aluform Sp. z o.o.	100.00%	100.00%	6/2016	EPS
Aluminium Kety Deutschland GmbH	Dortmund, Germany	Trade and marketing services	Aluform Sp. z o.o.	100.00%	100.00%	6/2016	EPS
Aluprof Netherlands B.V.	Rotterdam, Netherlands	Sales of aluminium systems	Aluprof S.A.	55.00%	55.00%	4/2017	ASS
Aluminium Kety CSE s.r.l.	Ostrava, Czech Republic	Trade and marketing services	Aluform Sp. z o.o.	100.00%	100.00%	7/2017	EPS

As at the balance-sheet date and the preceding balance-sheet date of the year, the share in the total number of votes held by the Group in its subsidiaries was equal to the share in the capital held by the Group in those subsidiaries.

3. **Basis for the interim condensed consolidated financial statements preparation**

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard No. 34 *Interim Financial Reporting*, adopted by the EU ('IAS 34').

These interim condensed consolidated financial statements have been prepared in Polish zlotys ('PLN') and all values, unless otherwise specified, are presented in thousands of PLN.

These interim condensed consolidated financial statements have been prepared based on the assumption that the Group companies will continue as a going concern in the foreseeable future.

These interim condensed consolidated financial statements were approved for publication on 24 April 2019.

As at the date of approval of these financial statements, there were no circumstances implying that the Group companies would not continue as a going concern.

The interim condensed consolidated financial statements do not cover all information and disclosures required to be made in the annual consolidated financial statements, and must be read together with the consolidated financial statements of the Group for the year ended 31 December 2018, which was approved for publication by the Management Board on 3 April 2019.

The Management Board of Grupa Kęty S.A. declares that according to their best knowledge these interim condensed consolidated financial statements and comparable data have been prepared in accordance with the Group accounting policies in force and they present a true and fair view of the assets, the financial standing and the financial result of the Group.

4. **Significant accounting principles (policy)**

The accounting principles (policy) applied in preparing these interim condensed consolidated financial statements are consistent with the ones applied in preparing the annual consolidated financial statements of the Group for the year ended 31 December 2018, with the exception of accounting and valuation policies resulting from the adoption of IFRS 16, as presented below.

Adoption of IFRS 16 (adjustment of the previously published data)

In January 2016, the International Accounting Standards Board issued International Financial Reporting Standard 16 *Leases* ('IFRS 16'), which replaced IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 introduces a single accounting model for lessees under which a lessee must recognise assets and liabilities under each lease with a term of over 12 months, unless the underlying asset is of low value. At the commencement date of a lease, a lessee will recognise an asset representing the right to use the underlying asset ('right-of-use asset') and a lease liability to make lease payments ('lease liability').

Lessees are required to separately recognise the depreciation expense on the right-of-use asset and interest expense on the lease liability.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach, whereas the transition provisions permit certain practical measures. The Group assumed the modified approach.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted in the case of entities which apply IFRS 15 from or before the date of the first adoption of IFRS 16. The Group had not decided to apply IFRS 16 earlier.

The Group avails of office and warehouse space lease agreements and some machines and vehicles lease agreements.

Additionally, the Group avails of free-of-charge or acquired land perpetual usufruct rights. In accordance with the previous accounting policies, the Group recognised the rights as land. In reference to the land perpetual usufruct rights, as at the date of the first application of IFRS 16, the Group assumed a solution consisting in measuring the rights in the amount previously recognised in fixed assets, increased for the value of liability as at 1 January 2019, to be presented in a separate balance-sheet item.

As regards the IFRS 16 adoption, starting from 2019 the Group introduced the following changes:

Opening balance 2019

Balance sheet item	31.12.2018	Adjustment for IFRS 16	01.01.2019
ASSETS, including:	2,779,848	22,430	2,802,278
Property, plant and equipment, of which:	1,337,054	(20,707)	1,316,347
land, including land perpetual usufruct rights	49,458	(19,179)	30,279
plant and machinery	606,661	(689)	605,972
vehicles	28,571	(839)	27,732
Assets use rights, including:	0	43,137	43,137
land use rights (land perpetual usufruct rights)	0	34,256	34,256
buildings use rights	0	7,353	7,353
plant and machinery use rights	0	689	689
vehicles	0	839	839
EQUITY/LIABILITIES, including:	2,779,848	22,430	2,802,278
long-term loans and lease	220,782	(875)	219,907
short-term loans and lease	654,274	(561)	653,713
long-term liabilities related to assets use rights	0	20,790	22,790
short-term liabilities related to assets use rights	0	3,076	3,076

Moreover:

No new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2019 have been published after 1 January 2018. The standards and interpretations that have been issued but are not effective as they have not been approved by the European Union yet, or which have been approved by the European Union but had not been earlier adopted by the Capital Group are presented in the annual financial statements for the year 2018.

The Group decided not to apply earlier any standard, interpretation or amendment that have been issued but are not yet effective in the light of the European Union regulations.

The below standards have not yet been approved:

- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – in accordance with the decision of the European Commission, the process of approval of the standard in its preliminary version will not be initiated prior to the release of the standard in its final version – by the date of the approval of these financial statements the standard had not been approved by the EU – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 *Sales or contributions of assets between an investor and its associate/joint venture* (issued on 11 September 2014) – the works leading to the approval of these amendments have been deferred indefinitely by the EU – the effective date has been deferred by the IASB indefinitely;
- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) – by the date of the approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2021;
- IFRIC 23 *Uncertainty over Income Tax Treatments* (issued on 7 June 2017) – by the date of the approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2019;
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (issued on 12 October 2017) – effective for annual periods beginning on or after 1 January 2019;
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* (issued on 12 October 2017) – by the date of the approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2019;

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- *Annual Improvements to IFRS Standards: 2015–2017 Cycle* (issued on 12 December 2017) – by the date of the approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2019;
 - Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement* (issued on 7 February 2018) – by the date of the approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2019;
 - Amendments to *References to the Conceptual Framework in IFRS Standards* (issued on 29 March 2018) – by the date of the approval of these financial statements not approved by the EU – effective for annual periods beginning on or after 1 January 2020.

The effective dates are the dates resulting from the content of standards issued by the International Financial Reporting Council. The dates of the standards adoption in the European Union may differ from the dates of adoption resulting from the content of the respective standards and are announced at the time of approving them for adoption by the European Union. The Management Board does not project that the implementation of new standards and interpretations should exert any significant influence on the accounting policies applied by the Capital Group.

5. Estimation areas

The main accounting estimates and the assumptions made are presented in the respective explanatory notes to the financial statements:

- estimates concerning the write-downs of inventories are presented in note 16;
- estimates concerning the write-downs of receivables are presented in note 14;
- estimates concerning the write-downs of goodwill are presented in note 13;
- estimates concerning provisions and accruals are presented in note 17;
- estimates concerning deferred tax assets are presented in note 11;
- estimates concerning the valuation of net assets of associates are presented in note 25;
- estimates concerning energy-related assets are presented in note 33;
- estimates concerning investment properties are presented in note 33;
- estimates concerning financial instruments are presented in note 30;
- estimates concerning the fair value of the share options plan for the management staff are presented in note 31;
- estimates concerning the impairment of assets are presented in the financial statements for the year 2018;
- estimates concerning depreciation rates are presented in the financial statements for the year 2018.
- As regards the estimates concerning the valuation of long-term construction contracts, the Group applies the percentage of completion method to the settlement of long-term contracts. The method requires the Group to estimate the proportion of the works already completed to the total budgeted costs. If the percentage of completion were higher by 5% than the percentage estimated by the Group, the revenue for the reporting period would increase by PLN 3,341,000 (3 months of 2018: PLN 779,000). If the actual costs of construction contracts in progress as at the balance-sheet date at the time of their completion were higher than the budgeted costs by 1%, the gross result would decrease by PLN 849,000 (3 months of 2018: PLN 210,000).

The detailed description of the assumptions made in the particular areas of estimates is provided in the annual financial statements for the year 2018.

In the reporting period, there were no other changes in estimates, except for the ones described above.

6. Seasonal nature of operations

Due to the division of operations into segments servicing various customer markets, the following seasonal variations may be observed.

The Flexible Packaging Segment records increased demand prior to the main holidays, i.e. Christmas and Easter, with a higher turnover in the second half of each year by 3–10%.

At the Extruded Products Segment the trend of sales revenue levelling during the year may be observed more and more often, particularly if the aluminium prices on the world's markets are lower in the second part of the year than in the first one. Within the last five years such situation was observed three times, including the previous year. In the other two cases, the sales in the second half of the year was by approx. 20% lower than in the first half of the year.

The Aluminium Systems Segment generates the highest sales in the second half of the year, which is connected with the cycle of works in the building industry. Historically, that difference accounted for as much as 40–50%, however, during the last few years the Segment managed to reduce the level of seasonality and in the last three years the sales in the second half of the year were higher by 20–25% at the most.

Seasonality of the Capital Group sales: due to the weights assigned to the particular segments, the sales in the second half of the year were higher by roughly 9–23% (based on the historical figures for the last 6 years), however, during the last three years the sales in those periods were higher by about 10%.

7. Information on operating segments

The Capital Group operations are organised in 3 basic operating areas and are divided into:

- Extruded Products Segment (EPS),
- Flexible Packaging Segment (FPS),
- Aluminium Systems Segment (ASS).

The detailed description of the types of operating segments, the assignment of companies to the segments, and information on the basic economic figures of the respective segments may be found in note 3 to the Management Board report on the operations of the Issuer's Capital Group published on 3 April 2019 together with the consolidated financial statements for 2018.

The operating segments results are assessed on the basis of revenue, EBIT, EBITDA and capital expenditure. EBIT is operating profit. EBITDA is operating profit less depreciation and amortisation.

Basic economic figures of the Issuer's operating segments:

3 months of 2019:

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
Statement of profit or loss						
Sales	200,397	326,461	328,771	3,955	-80,699	778,885
- outside the Group	200,380	250,338	328,066	69	0	778,853
- to related parties	17	76,123	705	3,886	-80,699	32
Write-down of inventories	0	-67	0	0	0	-67
Write-down of receivables	0	1	28	0	0	29
Write-downs of property, plant and equipment, and intangible assets	0	43	0	0	0	43
Write-down of goodwill	0	0	0	0	0	0
Operating profit (EBIT)	28,991	13,389	36,600	-3,956	1,596	76,620
Depreciation	7,092	16,272	9,174	904	9	33,451
EBITDA	36,083	29,661	45,774	-3,052	1,605	110,071
Interest income	0	233	0	32	0	265
Interest costs	-1,339	-1,733	-1,487	-136	0	-4,695
Profit before tax	27,255	11,053	35,481	-3,616	1,594	71,767
Income tax	-3,922	-3,336	-7,134	1,057	-306	-13,641
Net profit	23,333	7,717	28,347	-2,559	1,288	58,126
Balance sheet						
Total assets	988,344	1,113,818	934,099	319,082	-445,073	2,910,270
Liabilities	414,324	581,560	497,440	66,971	-113,417	1,446,878
Other data						
Capital expenditure on property, plant and equipment	8,120	15,465	8,723	599	-1	32,906

3 months of 2018:

Operating segments	FPS	EPS	ASS	Other	Eliminations	Total
Statement of profit or loss						
Sales	178,395	296,370	264,851	3,841	-68,617	674,840
- outside the Group	178,384	232,509	263,874	67	4	674,838
- to related parties	11	63,861	977	3,774	-68,621	2
Write-down of inventories	0	-25	61	0	0	36
Write-down of receivables	1	-53	44	0	0	-8
Write-downs of property, plant and equipment, and intangible assets	0	3	0	0	0	3
Write-down of goodwill	0	0	0	0	0	0
Operating profit (EBIT)	23,171	24,275	30,650	-3,228	-320	74,548
Depreciation	7,108	14,483	8,199	762	21	30,573
EBITDA	30,279	38,758	38,849	-2,466	-299	105,121
Interest income	16	45	43	6	0	110
Interest costs	-1,411	-368	-903	-181	0	-2,863
Profit before tax	21,885	21,463	29,072	-2,786	-320	69,314
Income tax	-5,285	-4,326	-7,047	587	55	-16,016
Net profit	16,600	17,137	22,025	-2,199	-265	53,298
Balance sheet						
Total assets	879,874	903,403	809,328	379,394	-424,997	2,547,002
Liabilities	353,832	379,794	405,232	91,647	-89,814	1,140,691
Other data						
Capital expenditure on property, plant and equipment	719	18,329	9,060	1,967	0	30,075

- The item 'Other' contains figures of business units responsible for the centrally managed areas (IT, finance, PR and IR, risk management, capital investments, HR) and figures of companies not organisationally grouped in the core operating segments, such as Alu Trans System Sp. z o.o. or Dekret Centrum Rachunkowe Sp. z o.o.

- The segment assets comprise: non-current assets (except for shares and interests in subsidiaries, reclassified to the 'Other' item), inventories, trade and other receivables (except for public law receivables) and derivative financial instruments.

- The 'Eliminations' item in the statement of profit or loss refers to inter-segment sales. It is mainly related to the sale of aluminium profiles by the EPS to the ASS. In the balance sheet, it is mainly the elimination of shares and interests of the parent company in subsidiaries as well as inter-segment receivables and liabilities. Transaction prices applied in the transactions between operating segments are determined at arm's length basis, as in the case of transactions with unrelated parties.

8. Sales by items

Sales by items	01.01.2019 - 31.03.2019	01.01.2018 - 31.03.2018
Products, including:	645,156	570,341
- aluminium products of the EPS	319,422	288,732
- plastic packaging of the FPS	189,104	162,424
- aluminium systems of the ASS	211,079	180,216
Consolidation adjustments**	(74,449)	(61,031)
including to related parties*	28	0
Services, including:	5,347	13,336
- services of the EPS	3,691	4,402
- services of the FPS	2,249	2,204
- services of the ASS	1,273	10,269
- services of the central units	3,955	3,842
Consolidation adjustments***	(5,821)	(7,381)
including to related parties*	3	0
Construction services of the ASS	27,964	7,645
Trade goods, including:	10,733	12,145
- trade goods sold by the EPS	674	603
- trade goods sold by the FPS	8,270	8,418
- trade goods sold by the ASS	1,789	3,124
Materials, including:	89,685	71,373
- materials sold by the EPS	2,674	2,632
- materials sold by the FPS	775	802
- materials sold by the ASS	86,664	68,147
Consolidation adjustments****	(428)	(208)
including to related parties*	1	2
TOTAL SALES REVENUE	778,885	674,840
including from related parties	32	2

9. Cash and cash equivalents

Cash at bank bears interest at variable rates, the value of which depends on the interest rate on overnight bank deposits. Short-term term deposits are made for periods of various lengths, from one day to one month depending on the Group current demand for cash and bear interest at the applicable interest rates.

The fair value of cash and cash equivalents is presented in the table below.

	31.03.2019	31.12.2018
Bank deposits (current accounts) and short-term deposits	158,358	100,634
Cash in hand	39	45
Other cash	79	2
Cash recognised in the balance sheet	158,476	100,681

As at 31 March 2019, the Group possessed in its VAT accounts restricted cash amounting to PLN 509,000 (31.12.2018: PLN 895,000). The cash may be used only for the purpose of output VAT payment to the tax office or as VAT payment to the Company suppliers.

As at 31 March 2019, the Group had undrawn credit funds granted amounting to PLN 226,797,000 with regard to which all conditions precedent had been complied with (as at 31 December 2018: PLN 201,340,000).

10. Dividends paid and proposed for payment

On 3 April 2019, the Management Board of Grupa Kęty S.A. passed a resolution on allocation of the net profit generated by the Company in 2018, amounting to PLN 191,439,215.01 to the payment of dividend.

Additionally, the Management Board decided to allocate to dividend payment the profit on reserve capital amounting to PLN 23,333,342.49. Therefore, in accordance with the Management Board's declaration, the dividend will amount to PLN 214,772,557.50 (PLN 22.50 per share in reference to the number of the Company shares as at the date of passing the resolution on the dividend payment declaration, i.e. 9,545,447 shares).

The dividend record date was proposed to be 22 August 2019.

The dividend payment declaration assumes payout in two tranches, i.e. PLN 68,818,129 on 5 September 2019, and PLN 147,954,428.50 on 7 November 2019.

The final decision regarding the amount and the dates of dividend payment will be made by the Annual General Meeting of Grupa Kęty S.A.

In the preceding year, Grupa Kęty S.A. paid dividend amounting to PLN 228,521,000 (PLN 23.94 per share).

11. Income tax

The main components of the tax payables are as follows:

Income tax structure	3 months ended 31.03.2019	3 months ended 31.03.2018
Current tax	(12,483)	(11,530)
Deferred tax	(1,158)	(4,486)
Income tax recognised in the statement of profit or loss	(13,641)	(16,016)

12. Property, plant and equipment

12.1. Purchase and sale

Purchase and sale transactions related to property, plant and equipment are presented in the below table:

	3 months ended 31.03.2019	3 months ended 31.03.2018
Acquisition of property, plant and equipment	33,569	30,075
Net value of property, plant and equipment sold	502	279
Profit (loss) on sale of property, plant and equipment	164	66

12.2. Impairment losses

In the period of 3 months of 2019, the Group reversed write-downs of property, plant and equipment amounting to PLN 43,000 (3 months of 2018: the Group reversed write-downs of PLN 3,000).

13. Write-downs of goodwill

In the period of the first 3 months of 2019 and in the period of the first 3 months of 2018, due to the absence of indicators of impairment, the Group did not write down goodwill.

14. Short-term receivables

	31.03.2019	31.12.2018
Net receivables:	646,139	571,136
Trade receivables	623,180	531,801
- including from related parties*	20	0
Deposits on account of transactions hedging the aluminium price	2,563	2,485
Receivables from employees	287	161
Other	1,437	9,113
Total net financial receivables (under IFRS 7)	627,467	543,560
Public law receivables (except for the income tax)	8,213	17,991
Prepayments (trade-related) for suppliers	5,463	5,582
Prepaid expenses	4,996	4,003
Total net non-financial receivables	18,672	27,576

In the period of 3 months of 2019, the Group reversed write-downs of receivables amounting to PLN 29,000 (3 months of 2017: the Group recognised write-downs amounting to PLN 8,000). The recognised write-downs are presented in 'Other operating costs'.

15. Contractual assets

Contractual assets	31.03.2019	31.12.2018
Contractual assets recognised in the balance sheet	21,476	21,243

In accordance with the Group estimates, the above contractual assets will be realised within up to 12 months.

16. Inventories

	31.03.2019	31.12.2018
Materials	213,364	228,612
Work in progress	127,169	121,522
Finished products	136,767	151,194
Trade goods	8,215	8,133
TOTAL	485,515	509,461

In the period of 3 months of 2019, the Group recognised write-downs of inventories amounting to PLN 67,000 (3 months of 2018: the Group reversed write-downs amounting to PLN 17,000). The amount was recognised in 'Other operating income'.

17. Provisions and accruals

In the reporting period, the Group made the following changes in the value of provisions:

	Balance as at 01.01.2019	Increases	Utilisation	Reversal/ Movements	Currency translation differences	Balance as at 31.03.2019
Long-term provisions	13,174	168	(108)	(13)	1	13,222
provision for jubilee bonuses and retirement benefits	12,675	168	(108)	(13)	1	12,723
provision for warranty repairs	499	0	0	0	0	499
Short-term provisions	1,934	0	0	8	2	1,944
provision for jubilee bonuses and retirement benefits	686	0	0	8	2	696
provision for warranty repairs	1,248	0	0	0	0	1,248
Short-term accruals:	32,949	15,057	(10,435)	0	(344)	37,227
provision for the costs of unused holiday	7,449	6,090	(3,400)	0	1	10,140
costs of annual bonus	16,497	4,612	(5,345)	0	47	15,811
costs of damages	3,704	0	0	0	0	3,704
costs incurred	3,807	3,800	(799)	0	(1)	6,807
costs of auditing financial statements	250	55	(137)	0	29	197
provision for costs	1,242	500	(754)	0	(420)	568

	Balance as at 01.01.2018	Increases	Utilisation	Currency translation differences	Balance as at 31.03.2018
Long-term provisions	11,236	79	(8)	34	11,341
provision for jubilee bonuses and retirement benefits	10,737	79	(8)	34	10,842
provision for warranty repairs	499	0	0	0	499
Short-term provisions	1,651	0	0	0	1,651
provision for jubilee bonuses and retirement benefits	803	0	0	0	803
provision for warranty repairs	848	0	0	0	848
Short-term accruals:	32,206	13,957	(11,097)	33	35,099
provision for the costs of unused holiday	7,421	7,393	(5,173)	4	9,645
costs of annual bonus	13,460	3,989	(2,643)	9	14,815
costs of environmental protection	0	0	0	0	0
costs of damages	4,134	0	0	0	4,134
costs incurred	3,830	2,443	(1,682)	10	4,601
costs of auditing financial statements	278	13	(128)	(1)	162
other items	3,083	119	(1,471)	11	1,742

18. Bank loans

The table below presents the changes of balances of the particular loans in the reporting period.

Long-term loans

Borrower	Lender	Loan currency	31.12.2018	Increases (decreases)	31.03.2019
Grupa Kęty S.A.	PKO BP S.A.	PLN	105,829	13,096	118,925
Alupol Packaging Kęty Sp. z o.o.	BGŻBNP PARIBAS S.A.	PLN	55,400	(5,348)	50,052
Aluprof S.A.	Bank Pekao S.A.	PLN	56,667	(1)	56,666
Alupol Films sp. z o.o.	BGŻBNP PARIBAS S.A.	EUR	1,999	(200)	1,799
Alupol Films sp. z o.o.	BGŻBNP PARIBAS S.A.	PLN	0	35,000	35,000
Aluprof UK Ltd.	Santander Consumer Bank S.A.	GBP	12	(1)	11
Total long-term loans			219,907	42,546	262,453

Short-term loans

Borrower	Lender	Loan currency	31.12.2018	Increases (decreases)	31.03.2019
Grupa Kęty S.A.	Bank PKO BP S.A.*	PLN	20,117	9,001	29,118
Grupa Kęty S.A.	Bank PKO BP S.A.	EUR	285	(200)	85
Grupa Kęty S.A.	BGŻBNP PARIBAS S.A.	PLN	151,208	(7,545)	143,663
Grupa Kęty S.A.	ING Bank Polska	PLN	825	(825)	0
Grupa Kęty S.A.	Bank Pekao S.A.	PLN	61,859	3,464	65,323
Grupa Kęty S.A.	Bank Societe Generale S.A.	EUR	17,813	32	17,845
Alupol Packaging S.A.	BGŻBNP Paribas	PLN	4,964	(4,964)	0
Alupol Packaging S.A.	Bank Pekao S.A.	PLN	27,624	(3,740)	23,884
Alupol Packaging S.A.	Bank Pekao S.A.	USD	0	3,331	3,331
Alupol Packaging S.A.	Bank PKO BP S. A	PLN	10,529	(10,529)	0
Alupol Packaging S.A.	Bank Pekao S.A.	EUR	1,427	(1,427)	0
Alupol Packaging Kęty Sp. z o.o.	Bank PKO BP S.A.	PLN	16,018	560	16,578
Alupol Packaging Kęty Sp. z o.o.	Bank Pekao S.A.	PLN	29,763	(1,448)	28,315
Alupol Packaging Kęty Sp. z o.o.	BGŻBNP PARIBAS Bank Polska S.A.	PLN	38,267	397	38,664
Alupol Packaging Kęty Sp. z o.o.	BGŻBNP PARIBAS S.A.*	PLN	22,763	(191)	22,572
Aluprof S.A.	Bank Pekao S.A.	PLN	0	1,027	1,027
Aluprof S.A.	Bank Pekao S.A.	PLN	89,471	1,866	91,337
Aluprof S.A.	Societe Generale S.A.	GBP	8,020	(7,446)	574
Aluprof S.A.	BGŻBNP Paribas	PLN	7,202	(2,433)	4,769
Aluprof S.A.	BGŻBNP Paribas	EUR	767	(629)	138
Aluprof S.A.	ING Bank Polska	PLN	43,097	(1,524)	41,573
ROMB S.A.	BGŻBNP Paribas	PLN	8,315	(400)	7,915
ROMB S.A.	Bank PKO BP S.A.	PLN	6,577	1,679	8,256
Alupol Films sp. z o.o.	Bank Pekao S.A.	EUR	28,376	(3,680)	24,696
Alupol Films sp. z o.o.	BGŻBNP Paribas	PLN	37,191	(8,489)	28,702
Alupol Films sp. z o.o.	mBank	EUR	105	2,120	2,225
Aluform sp. z o.o.	Bank Pekao S.A.	EUR	5,379	(5,379)	0
Aluminium Kety Emmi d.o.o.	Bank PEKAO	EUR	15,751	6,061	21,812
Total short-term loans			653,713	(31,311)	622,402

* Short-term part of long-term loans.

All the Group loans bear interest at variable rates determined on arm's length basis in reference to WIBOR/EURIBOR/LIBOR plus the bank margin.

Loans repayment complied with the repayment schedule. Loans were taken out for the purpose of managing the Group liquidity.

Standard agreements of working capital loans listed above are concluded for a period of one year with maturity dates falling in the second half of the next following year. Each year, before the end of a given period, the Group negotiates agreements/annexes with banks for the subsequent 12-month periods to roll over the loans.

19. Liabilities related to assets use rights

Long-term liabilities related to use rights

Entity liable	Type of liability	Currency	31.03.2019	31.12.2018
Aluprof Netherlands B.V.	Lease	EUR	443	284
Aluprof System Węgry Ltd	Lease	HUF	119	0
Aluprof System Romania SRL	Lease,,	RON	176	266
Aluprof S.A.	Lease	PLN	507	89
Aluminium Kety EMMI d.o.o.	Lease	EUR	234	236
Grupa Kęty S.A.	Fees,on,account,of,land,per petual,usufruct,rights,	PLN	4,866	5,004
Alupol Packaging Kęty sp.z o.o.	as,above	PLN	2,004	2,082
Aluprof S.A.	as,above	PLN	3,782	3,922
Romb S.A.	as,above	PLN	2,604	2,706
Aluprof S.A.	Premises,lease,agreements	PLN	412	474
Foreign companies of the Capital Group	Other,land,and,buildings,lea se,agreements	EUR/GBP	8,567	5,727
Total			23,714	20,790

Short-term liabilities related to use rights

Entity liable	Type of liability	Currency	31.03.2019	31.12.2018
Aluprof Netherlands B.V.	Lease	EUR	65	284
Aluprof System Węgry LTD	Lease	HUF	25	0
Aluprof System Romania SRL	Lease	RON	95	266
Aluprof S.A.	Lease	PLN	507	89
Aluminium Kety EMMI d.o.o.	Lease	EUR	237	236
Grupa Kęty S.A.	Fees on account of land perpetual usufruct rights	PLN	177	177
Alupol Packaging Kęty sp.z o.o.	as above	PLN	103	103
Aluprof S.A.	as above	PLN	194	194
Romb S.A.	as above	PLN	134	134
Aluprof S.A.	Premises lease agreements	PLN	228	228
Foreign companies of the Capital Group	Other land and buildings lease agreements	EUR/GBP	1,518	1,365
Total			3,283	3,076

20. Equity securities – employee share plans

The Capital Group plan of vesting shares to its selected employees as well as the principles of the plan valuation are described in detail in the consolidated financial statements for 2018.

The shares taken up under the employee share plan are presented in note 32.

The Group recognises the plan costs proportionally to the vesting period of the rights to options.

21. Trade payables and other liabilities

21.1. Long-term liabilities

As a performance bond for construction services for a part of construction contracts, the Company submits security deposits. In the event of any defects that the supplier fails to eliminate pursuant to such a bond, the Group may retain the security deposit and use it to repair such defects.

	31.03.2019	31.12.2018
Building security deposits	1,104	1,130

21.2. Short-term trade payables and other liabilities

	31.03.2019	31.12.2018
Short-term liabilities:	376,014	345,747
Trade payables	282,036	244,226
Payables on account of property, plant and equipment purchase	25,734	49,610
Payroll payables	18,631	17,419
Total financial liabilities (under IFRS 7)	326,401	311,255
Public law payables (except for income tax payables)	42,302	30,899
Other liabilities	7,311	3,593
Total non-financial liabilities	49,613	34,492

Principles and conditions of payment of the aforementioned financial liabilities:

The conditions of intercompany transactions are presented in note 35 of the supplementary information and explanatory notes. Trade payables do not bear interest and are usually settled within 30-60 days. Other liabilities do not bear interest and their average payment period is one month.

The said liabilities are not secured with the Company assets.

21.3. Contractual liabilities

	31.03.2019	31.12.2018
Contractual liabilities related to construction contracts	455	129
Contractual liabilities related to other contracts	10,889	10,609
Total contractual liabilities	11,344	10,738

The contracts with the customers provide that the above amounts should be realised within up to 12 months.

22. Explanation of the reasons for material changes in the items of revenue and costs

In the period of the first 3 months of 2019 as compared to the first 3 months of 2018, material changes in the particular items of revenue and costs applied to the following areas:

- increase in sales revenue by PLN 104,045,000, which resulted from higher sales volume in the core segments as well as changes in the prices of the basic raw material (aluminium) and exchange rates;
- increase in depreciation costs by PLN 2,878,000, which resulted from the Group investments;
- increase in the costs of energy and materials by PLN 55,798,000, which resulted from higher sales volume and the related increase in output as well as changes in the prices of the basic raw material (aluminium) and exchange rates. As estimated by the Group, the quotations of the average aluminium price in the period of 3 months of 2019 as compared to 3 months of 2018 decreased by approximately 13.1%, with the simultaneous increase in the USD exchange rate by about 11.5%;
- increase in the costs of external services by PLN 8,257,000, which resulted mainly from higher production and sales and the related higher number of purchased services;

- increase in the costs of employee benefits by PLN 11,467,000, which resulted mainly from higher sales and production volumes and contributed to headcount increase at the Group and growth in payroll.

23. Discontinued operations

In 3 months of 2019 and 3 months of 2018, the Group did not discontinue any significant operations.

24. Business combinations and acquisitions of non-controlling interests

In the current period and the comparative period there were no such transactions.

25. Investments in associates

In the reporting period, the Group did not acquire any new associates.

As at 31 March 2019, the Group held 45.5% of shares in Aluprof USA LLC with its registered office in New York.

Company name	Place of business	Core business	Majority investor	Percentage of share capital as at		Profit (loss) allocated to the major investor as at		Accumulated value of shares as at		Segment
				31.03.2019	31.12.2018	31.03.2019	31.12.2018	31.03.2019	31.12.2018	
Aluprof USA LLC	USA	Distribution of aluminium systems	Aluprof System USA	45.5%	45.5%	211	1,144	5,068	4,761	ASS

26. Objectives and principles of financial risk management

The objectives and principles of financial risk management have not changed compared to those published in the latest annual financial statements.

Below presented is the detailed information concerning the fair values of financial instruments that can be estimated.

- Cash and cash equivalents, short-term bank deposits and short-term bank loans. The fair value of the said instruments is close to their carrying amounts due to their short-term maturity.
- Trade receivables, other receivables, trade payables and other liabilities. The fair value of the said instruments is close to their carrying amounts due to their short-term nature.
- Long-term interest-bearing borrowings, bank loans, and lease. The fair value of the said instruments is close to their carrying amounts due to the fluctuating nature of their interest rates as well as the market level of the margin.
- Financial derivatives at fair value determined as at the balance-sheet date.

27. Capital management

The main aim of the Group capital management process is to retain safe capital ratios which would support the Group operating activities and increase shareholder value.

The Group manages the capital structure and, as a result of changes in economic conditions, amends it. To retain or adjust the capital structure, the Group may change the payment of dividend to shareholders, return the capital to shareholders or issue new shares. In the reporting period ended 30 September 2018, compared to the year ended 31 December 2017, no changes were introduced to the objectives, principles and processes binding in that area.

The Group monitors equity using the leverage ratio, which is the ratio of net debt to total equity increased for net debt. The Group principles provide that the ratio should not be lower than 50%. The Group net debt includes interest-bearing loans and borrowings, trade payables and other liabilities, less cash and cash equivalents. Equity comprises convertible preference shares and equity attributable to owners of the parent, less reserves for unrealised net profit.

	31.03.2019	31.12.2018
Interest-bearing loans and borrowings	885,679	875,056
Trade payables and other liabilities	377,118	357,615
Less cash and cash equivalents	(158,476)	(100,681)
Net debt	1,104,321	1,131,990
Equity	1,463,392	1,397,042
Equity and net debt	2,567,713	2,529,032
Leverage ratio	43.01%	44.76%

Leverage ratio = net debt / (net debt + equity)

28. Contingent liabilities

Item	31.03.2019	31.12.2018
Bank performance bonds for construction contracts, as provided by the ASS	23,322	25,097
Insurance performance bonds for construction contracts, as provided by the ASS	6,494	50,960
Total guarantees granted	29,816	76,057

Construction-related guarantees refer to the proper performance of construction service contracts, and their validity dates depend on the terms and conditions of the particular contracts.

Apart from aforementioned liabilities, there are no other contingent liabilities.

29. Future investment liabilities

The table below presents liabilities related to the purchase of property, plant and equipment by segments. The amounts will be allocated to the construction of production halls and the purchase of new plant and machinery.

Contractual liabilities related to the purchase of property, plant and equipment, by segments	31.03.2019	31.12.2018
Extruded Products Segment	10,392	12,746
Flexible Packaging Segment	67,796	70,004
Aluminium Systems Segment	13,371	10,547
Joint expenditure	0	103
TOTAL	91,559	93,400

30. Derivative financial instruments

Financial assets	31.03.2019	31.12.2018
Currency forward contracts hedging cash flows	342	272
Futures contracts hedging cash flows related to the purchase of aluminium	845	334
TOTAL FINANCIAL ASSETS	1,187	606
Financial liabilities	31.03.2019	31.12.2018
Currency forward contracts hedging cash flows	452	386
Futures contracts hedging cash flows related to the purchase of aluminium	895	9,314
TOTAL FINANCIAL LIABILITIES	1,347	9,700

Compared to the principles described in the latest annual financial statements, the Group has not introduced any changes in the method of classification and valuation of financial instruments.

The fair value of futures and forwards is calculated on the basis of the present net value of the future cash flows related to such contracts and quoted market prices of forward contracts determined with the use of the present interest rates. Forward/futures contracts and derivative instruments which cannot be classified as hedging instruments are recognised as instruments held for trading.

The fair value of currency forward contracts is determined by reference to the present forward rates for contracts with similar maturity.

The valuation is based on market valuations of identical transactions at commercial banks.

31. Shareholding structure and transactions with management staff

31.1. Shareholding structure

Entity	Number of shares 31.03.2019	Percentage of capital	Number of shares 31.12.2018	Percentage of capital
Nationale Nederlanden PTE (former ING PTE)	1,836,002	19.23%	1,836,002	19.23%
Aviva OFE Aviva Santander	1,762,985	18.47%	1,762,985	18.47%
OFE PZU „Złota Jesień”	946,571	9.92%	946,571	9.92%
Aegon PTE SA	688,823	7.22%	688,823	7.22%
PTE Allianz Polska	491,227	5.15%	491,227	5.15%
MetLife OFE	509,873	5.34%	509,873	5.34%
Others	3,309,966	34.67%	3,309,966	34.67%
Total	9,545,447	100.00%	9,545,447	100.00%

31.2. Transactions with members of the Management Board

In the reporting period, the Group did not enter into any transactions with members of the Management Board apart from those described below.

31.3. Costs of remuneration of the Group senior management

Management Board:	3 months of 2019	3 months of 2018
Costs of short-term employee benefits	653	609
Costs of provisions for annual bonuses and other benefits	1,367	1,425
Total amount of costs of the Management Board members remuneration	2,020	2,034
The valuation of the costs of options for treasury shares due when the plan is implemented*	160	180
Total benefits to the Management Board members	2,180	2,214

* The details of the plan are described in note 31.4. If the market conditions for the allocation of options are not fulfilled, despite the recognition of the costs of the plan, eligible persons will not acquire the right to take up shares.

Senior management is considered by the Group to be the Management Boards of the subsidiaries.

Remuneration and benefits under the options plan due to the members of the Management Board, the senior management and members of the Company Supervisory Board are as follows:

	3 months of 2019	3 months of 2018
Management Board of the parent*	2,180	2,214
Senior management*	2,692	2,508
Supervisory Board	214	201
Total	5,086	4,923

* The presented remuneration covers the costs of provisions for annual bonuses for the management staff and share options costs recognised in the statement of profit or loss. Pursuant to the principles of the plan and IFRS 2, the value of the share options constitutes the valuation of the options plan as at the date of its launch. The costs of options are recognised in profit or loss on a straight-line basis throughout the validity period of the plan, i.e. 36 months. In accordance with IFRS 2, the costs presented in such a way constitute the cost of remuneration for the Company, but do not reflect the value of the possible benefits that the employees may obtain in the future on that account. The possible benefits of the employees depend on the level of share prices in the future as compared to the acquisition price resulting from the conditions of the particular parts of the options plan.

31.4. Participation of the senior management in the employee share plan

In the reporting period, the Management Board did not take up any shares of Grupa Kęty S.A.

Under the plan, the members of the Management Board hold options entitling them to 28,000 shares from the third part of the 2012 plan, and 23,100 shares from the first part of the 2015 plan.

In addition, the members of the Management Board hold the rights to the following number of share options. The final number of share options that the Management Board will be able to exercise will depend on the satisfaction of the plan conditions.

Number of share options in the vesting period granted to members of the Management Board	Number of granted options	End date of the vesting period	Estimated number of options meeting the vesting conditions
Share options from the second part of the 2015 plan	33,000	01.10.2019	20,378
Share options from the third part of the 2015 plan	33,000	01.10.2020	13,200

The costs of benefits on that account recognised in profit or loss for the period of 3 months of 2019 amounted to PLN 160,000 (3 months of 2018: PLN 180,000).

The options for the shares of Grupa Kęty S.A. were granted to the members of senior management who are not members of the Management Board of Grupa Kęty S.A. In the reporting period, members of the senior management did not take up any share options.

Under the plan, the members of senior management hold options entitling them to purchase 7,700 shares from the first part of the 2015 plan.

Number of share options in the vesting period granted to the senior management	Number of granted options	End date of the vesting period	Estimated number of options meeting the vesting conditions
Share options from the second part of the 2015 plan	11,000	01.10.2019	6,793
Share options from the third part of the 2015 plan	11,000	01.10.2020	4,400

The costs of options for the senior management recognised in profit or loss amounted in the period of the first 3 months of 2019 to PLN 177,000 (3 months of 2018: PLN 205,000).

32. Shares issue and capital increase

In the reporting period, the eligible employees did not acquire any shares of the company.

Below presented is the method of settling proceeds from the issue of employee shares.

Shares	Number of shares	Year of acquisition	Value (PLN '000)	Amounts accounted for as share capital	Amounts accounted for as share premium
E series shares – 2006 plan	13,375	2013	1,669	33	1,636
F series shares – 2009 plan	85,200	2013	6,547	213	6,334
F series shares – 2009 plan	9,000	2014	1,059	23	1,036
E series shares – 2006 plan	4,350	2014	543	11	532
F series shares – 2009 plan	43,200	2014	5,082	108	4,974
F series shares – 2009 plan	12,750	2014	1,601	32	1,569
F series shares – 2009 plan	48,450	2015	6,083	121	5,962

G series shares – 2012 plan	11,705	2016	1,371	29	1,342
G series shares – 2012 plan	24,683	2016	2,890	62	2,828
G series shares – 2012 plan	11,604	2017	1,359	29	1,330
G series shares – 2012 plan	31,720	2017	3,714	78	3,636
G series shares – 2012 plan	23,747	2018	2,780	59	2,721
TOTAL	319,784		34,698	798	33,900

33. Methods of measurement at fair value (fair value hierarchy)

At fair value, the Group measures investment properties and derivative financial instruments.

In addition, the Group evaluates energy-related assets at a revalued amount, i.e. at the fair value as at the valuation date adjusted for depreciation.

In the consolidated financial statements for 2018, the detailed principles for determining the fair value of energy-related assets as at the revaluation date are described in note 17. The method of the valuation of investment properties at fair value is described in note 19. Detailed information about the valuation of derivative financial instruments is available in note 40.

The carrying amount of investment properties is based on fair values determined on the basis of the valuation conducted by a qualified independent expert experienced in the valuation of investment properties. The approach applied by the expert was based on compared market prices of rents in accordance with the income method and straight capitalisation of gross revenue technique. Fair value of investment properties is classified at 'Level 3'.

The fair value of futures and forwards is calculated on the basis of the present net value of the future cash flows related to these contracts, and quoted market prices of forward contracts determined with the application of the present interest rates.

The fair value of currency forward contracts is determined by reference to the present forward rates of contracts with similar maturity.

As compared to the previous financial year, the Group did not change the method of measuring derivatives.

Derivatives are recognised as assets when their measurement is positive, and as liabilities when their measurement is negative. Gains and losses due to changes in the fair value of derivatives which do not meet the principles of hedge accounting are recognised in profit or loss for the reporting year.

In the case of determining fair value on the basis of market quotations, it is classified at 'Level 1'. In the case of derivatives held by the Group, fair value is determined on the basis of other inputs that are observable either directly or indirectly. As a result, the value is classified at 'Level 2' of the fair value hierarchy.

Fair value hierarchy	Fair value hierarchy level	31.03.2019	31.12.2018
Assets			
Investment properties	3	3,505	3,493
Energy-related assets	3	5,471	5,545
Hedging derivatives	2	1,187	606
TOTAL ASSETS		10,163	9,644
Liabilities			
Hedging derivatives	2	1,347	9,700
TOTAL LIABILITIES		1,347	9,700

34. Earnings per share

Below presented are the data related to earnings and the number of shares applied to calculate the basic and diluted earnings per share.

	3 months ended 31.03.2019	3 months ended 31.03.2018
Net profit attributable to owners of the parent	57,949	53,306
Weighted average number of ordinary shares assumed for the calculation of earnings per share	9,545,447	9,521,700
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per share	9,568,608	9,557,488
Basic earnings per share from the basic profit for the period attributable to owners of the parent (in PLN)	6.07	5.60
Diluted earnings per share from the basic profit for the period attributable to owners of the parent (in PLN)	6.06	5.58

During the reporting period, the eligible employees did not purchase any shares of Grupa Kęty S.A. The eligible employees hold options entitling them to acquire up to 28,000 shares at PLN 117.10 per share under the 2012 plan and 42,000 shares at PLN 306.10 per share under the 2015 plan. The average market price of the Company shares in the period of 3 months of 2019 was PLN 344.48. The closing price as at 31 March 2019 was PLN 322.50. The potential number of ordinary shares associated with the employee options plan increasing the number of shares and assumed for the calculation of diluted earnings per share is 23,161.

35. Grupa Kęty S.A. transactions with its related companies

Intra-group transactions in the period from 1 January 2019 to 31 March 2019 and as at 31 March 2019

Related company	Sales	Purchases	Receivables	Liabilities
Aluprof S.A.	74,007	552	80,642	450
Alupol Packaging S.A.	417	0	342	0
Alu Trans System Sp. z o.o.	1	0	0	0
Dekret Sp. z o.o.	238	495	66	406
Aluprof Hungary Kft.	0	65	0	193
Alupol LLC	917	2,450	536	4,968
Romb S.A.	2,111	59	1,870	1
Aluform Sp. z .o.o.	238	14,263	174	8,361
Alupol Packaging Kęty Sp. z o.o.	1,358	9	840	0
Alupol Films Sp. z o.o.	112	0	89	0
Aluprof Belgium N.V.	38	0	31	0
Aluminium Kęty EMMI d.o.o	1,654	1,070	1,060	310
Aluminium Kęty CSE s.r.o	0	134	0	42
Aluminium Kęty Deutschland GmbH	0	314	0	184
Grupa Kęty Italia s.r.l	0	494	0	206
Aluprof System Romania s.r.l	3	0	1	0
Aluprof UK Ltd.	33	0	14	0
Total	81,127	19,905	85,665	15,121

Apart from the above mentioned transactions the Company did not enter into any other intercompany transactions in the three months of 2019.

The transactions with the Management Board and the Supervisory Board are described in note 31 to the interim condensed consolidated financial statements. Apart from the transactions and balances referred to above, there were no other significant intercompany transactions.

36. Post-balance-sheet events

Apart from those mentioned above, there were no significant events post the balance-sheet date which should be included in these consolidated financial statements.

II. OTHER INFORMATION APPLICABLE TO THE CONSOLIDATED QUARTERLY REPORT

1. Summary of the Issuer's material accomplishments or failures in the reporting period and a list of the respective key events

Despite the initial uncertainty, the beginning of the year was characterised with high demand for the Capital Group products. Both on the domestic and European exports markets the Capital Group generated significant sales increases. In Poland, sales increased by approx. 19%, and on the other markets the revenue growth rate was 14%. Only sales to non-European markets dropped by approximately 35% (PLN 9 million), mainly due to lower sales to the USA. On the largest exports markets (German, Hungarian, Czech, British and Dutch) revenue was higher, with only symbolic growth on the German market (+3%) and 10% in Hungary, 20% in the Czech Republic, and 30% in the UK and the Netherlands. All of the main production lines at the Extruded Products Segment were used in 80–85%, and at the Flexible Packaging Segment in 90–95%. That translated into generation of PLN 778.9 million sales revenue (growth by 15% to the corresponding period of 2018). Thanks to such good sales results, the Group generated PLN 76.6 million of consolidated operating profit, i.e. 3% more than in the corresponding quarter of 2018. Lower profit growth rate resulted, among other things, from booking higher electric energy prices without the possibility of their reflection at the final prices, owing to the fact that they were going to be corrected during the year (approx. PLN 3 million within the quarter). The consolidated net profit amounted to PLN 57.9 million, i.e. 9% more than in the previous year. Very important is the fact that the Capital Group generated a very good result in cash flows, which after three months reached the record level for the period at PLN 123 million – twice as much as in the corresponding period of the previous year. As regards the operating activities, the Group had been carrying out the following tasks:

- continuing investments with the aim to increase production capacity;
- foreign sales extension in order to diversify the economic situation risk on the Polish market;
- product development in order to reach new customers and markets.
- The Management Board of Grupa Kęty S.A. commenced work on reviewing the strategic options with the aim to update the current strategy of the Company, which has been set out for the period ending next year.

2. Factors with significant impact on the results of the present quarter

Demand for the Company products

All three segments of the Capital Group recorded higher sales revenue. The sales volume at the Extruded Products Segment (EPS) increased by 6%, whereas in the Flexible Packaging Segment (FPS) by 7%. Owing to the product specifics, the Aluminium Products Segment does not report sales volumes. The detailed specification of domestic and foreign sales is presented below.

Segment (PLN million)	Revenue in Q.1	Growth rate		Poland	Foreign markets
Extruded Products Segment	326.5	+10%		185.0	141.5
Aluminium Systems Segment	328.8	+24%		216.7	112.1
Flexible Packaging Segment	200.4	+12%		107.9	92.5

Exchange rates

According to the Management Board estimates, roughly 45% of sales were generated in PLN; about 50% in EUR, and approximately 5% in USD, GBP, UHR and DEK. As regards expenses, ca. 48% of costs were incurred in PLN, 20% in USD, 30% in EUR, and roughly 2% in other currencies (GBP, UHR and DEK). In the reporting period, PLN fluctuated within a narrow interval against EUR (4.26–4.34), and depreciated by about 3% against USD, from 3.74 to 3.84.

With regard to the FX position of the Capital Group, PLN appreciation against EUR has a negative impact on exports profitability and the competitive position on the Polish market. In addition, the Capital Group companies have trade receivables and liabilities in foreign currencies. From that point of view, EUR and USD fluctuations against PLN, and USD against UHR (the settlements between the companies of the Capital Group in Poland and in Ukraine are made in USD) are of key importance here.

Prices of basic raw materials

Aluminium, aluminium scrap, sheet aluminium and aluminium foil are the basic raw materials at the Capital Group, accounting for approximately 50% of the costs of materials. Thus, the Group is exposed to the risk of increased prices of the raw material, considering the fact that it cannot in any way influence the prices quoted at the London Metal Exchange (LME), which are the pricing base for aluminium supply contracts concluded by the companies of the Group. In the reporting period aluminium prices grew from USD 1,840 per tonne to ca. USD 1,910 per tonne. Changes in the materials prices in a short period of time may affect the profitability of operations, particularly at the Extruded Products Segment and the Aluminium Systems Segment, as the prices are transferred to customers with a certain delay (1–1.5 months at the EPS, and 3–6 months at the ASS). The transactions hedging the purchases of aluminium (futures contracts), the outcome of which in the case of decreases in the metal prices on global exchanges is negative and, in an opposite situation (increases in the prices of metals) positive, are a stabilising factor for the results.

Debt

At the end of the reporting period, the Capital Group had PLN 262.5 million of long-term loans and PLN 622.4 million of short-term loans. Roughly 16% of the value of loans is held in foreign currencies (12% in EUR and 4% in USD), which is reflected in the statement of profit or loss due to the monthly evaluation of the impact of the changes of EUR and USD exchange rates on the value of a loan.

Other

In the reporting period, there were no other significant factors or events, especially of exceptional nature, with a significant impact on the generated financial results, apart from those mentioned in these notes and in the interim condensed consolidated financial statements for the first quarter of 2019.

3. Factors which in the Issuer's opinion are likely to influence its results generated within the perspective of at least one quarter

Demand for the Company products

The Management Board of Grupa Kęty S.A. expects that in the next quarter the sales of the particular segments will be as follows (compared to the corresponding period of the previous year):

Extruded Products Segment – increase by approx. 5–10%;
Aluminium Systems Segment – increase by approx. 10–15%;
Flexible Packaging Segment – increase by approx. 5–10%.

Exchange rates

Having regard for the FX position of the Capital Group, any possible appreciation of PLN against EUR will be negative for the sale and margins. Therefore, the Management Board of Grupa Kęty S.A. intends to maintain a part of debt in foreign currencies and to continue the policy of hedging currency risk with forward and futures contracts. In addition, the financial result may be affected by the fluctuations of the Ukrainian currency due to the persisting level of debt between the Ukrainian and Polish companies of the Group.

Prices of basic raw materials

The Management Board of Kęty S.A. assumes that within the nearest quarter the prices of aluminium will fluctuate between USD 1,800 and USD 2,000 per tonne. The possible further growth of aluminium prices at the LME may result in a temporary decline of profitability due to the fact that increases in product prices are realised on the market with 1–1.5 month delay in relation to the movements of aluminium prices at the LME at the Extruded Products Segment, and 3–6 month delay at the

Aluminium Systems Segment. Some positions to which Segments are exposed are systematically hedged within up to 12 months, while the level of hedging ranges from 50% to 20% of positions for a given month.

Debt

The Management Board estimates that the value of debt within the following three months is going to be similar to the current level.

4. Description of changes in the organisation of the Issuer and the Capital Group

In the reporting period there were no material changes in the structure of the Capital Group.

5. The Management Board's stand regarding the published projections

The Management Board of Grupa Kęty S.A. upholds the projection published on 6 February 2019.

6. Shareholders with at least 5% of total number of votes at the General Meeting as at the date of submitting this report

	Number of shares as at 24.04.2019	Percentage of capital	Number of shares as at 31.12.2018	Percentage of capital
Nationale Nederlanden PTE	1,836,002	19.23%	1,836,002	19.23%
Aviva OFE Aviva Santander	1,762,985	18.47%	1,762,985	18.47%
OFE PZU „Złota Jesień”	946,571	9.92%	946,571	9.92%
Aegon PTE SA	688,823	7.22%	688,823	7.22%
PTE Allianz Polska	491,227	5.15%	491,227	5.15%
MetLife OFE	509,873	5.34%	509,873	5.34%
Others	3,309,966	34.67%	3,309,966	34.67%
Total	9,545,447	100.00%	9,545,447	100.00%

7. Shares held by the Company managing and supervising persons as at the date of this report publication

In accordance with the declarations made as at the last day of the reporting period, the persons managing the Company held 248,045 ordinary bearer shares of Grupa Kęty S.A., including: President of the Management Board – 142,218 shares, Member of the Management Board – 48,724 shares, Member of the Management Board – 44,435 shares, Member of the Management Board – 12,668 shares, Member of the Management Board – 0 shares. In addition, within the incentive plans adopted at the General Meeting on 29 May 2012 and on 23 April 2015, the Management Board members:

- have the right to acquire 28,000 J series bonds with the pre-emptive right to subscribe for G series ordinary bearer shares, and in that number: President of the Management Board – 17,500 bonds, and Member of the Management Board – 10,500 bonds, in accordance with the terms and conditions of the plan;

- the right to acquire 23,100 K series bonds with the pre-emptive right to subscribe for H series ordinary bearer shares, and in that number: President of the Management Board – 6,300, Member of the Management Board – 4,200, Member of the Management Board – 4,200, Member of the Management Board – 4,200, Member of the Management Board – 4,200, in accordance with the terms and conditions of the scheme;

- the right to acquire 33,000 L series bonds with the pre-emptive right to subscribe for H series ordinary bearer shares, and in that number: President of the Management Board – 9,000, Member of the Management Board – 6,000, Member of the Management Board – 6,000, Member of the Management Board – 6,000, Member of the Management Board – 6,000, in accordance with the terms and conditions of the scheme;

- the right to acquire 33,000 M series bonds with the pre-emptive right to subscribe for H series ordinary bearer shares, and in that number: President of the Management Board – 9,000 bonds, Member of the Management Board – 6,000, Member of the Management Board – 6,000, Member of the Management Board – 6,000, Member of the Management Board – 6,000, in accordance with the terms and conditions of the scheme.

The supervising staff did not have any shares of Grupa Kęty S.A.

8. Important court litigations, arbitration proceedings or administrative proceedings

In the reporting period, no proceedings were initiated or were pending against the Issuer or its subsidiaries before a court or public administration authority concerning any liabilities or claims of the Issuer or its subsidiaries, whose total value would amount to at least 10% of the Issuer's equity.

9. Intercompany transactions

From the beginning of the reporting year, in the period covered by this report, there were made intercompany transactions of the total value exceeding the PLN equivalent of EUR 500,000. These were transaction of typical or routine nature, whereas their terms and conditions complied with the current operations of the Issuer and its subsidiaries.

10. Information on security bonds for loans and borrowings or guarantees granted by the Issuer or its subsidiaries

In the reporting period, the Issuer and its subsidiaries did not grant any security bonds for loans and borrowings, or any guarantees jointly to a single entity outside the Capital Group or a subsidiary of such entity, whose total value would amount to at least 10% of the Issuer's equity.

11. Other information material for the assessment of the Issuer's headcount, assets, financial standing and the capability of paying liabilities by the Issuer

Apart from the information disclosed in the interim condensed consolidated financial statements for Q.1, 2019 and in these comments, the Management Board is not aware of any information which would have a material impact on the assessment of the headcount, assets and financial standing of Grupa Kęty S.A. and the Grupa Kęty S.A. Capital Group.

GRUPA KĘTY S.A.
QUARTERLY FINANCIAL DISCLOSURE FOR Q.1, 2019

(PLN '000)

III. QUARTERLY FINANCIAL DISCLOSURE OF GRUPA KĘTY S.A.

SEPARATE STATEMENT OF PROFIT OR LOSS

	3 months ended 31.03.2019	3 months ended 31.03.2018
Total operating revenue, including:	289,597	266,311
Sales revenue	289,018	265,898
Other operating revenue	579	413
Change in inventories of finished goods and work in progress	(11,130)	6,969
Cost of manufacturing of products for own needs	1,502	1,229
Total operating costs, including:	(278,628)	(262,021)
Depreciation	(12,160)	(10,199)
Materials and energy and the value of materials sold	(193,551)	(183,369)
Third-party services	(37,507)	(34,859)
Taxes and fees	(1,355)	(1,452)
Employee benefits	(33,436)	(31,644)
Write-downs of financial assets – IFRS 9	1	0
Other operating costs	(620)	(498)
Profit on operating activities and dividends	1,341	12,488
Financial revenue	221	12
Financial expense	(2,572)	(2,138)
Profit before tax	(1,010)	10,362
Income tax	(21)	(2,185)
Net profit on continued operations	(1,031)	8,177
Net earnings per share for the period (PLN)		
Basic earnings per share	(0.11)	0.86
Diluted earnings per share	(0.11)	0.86

In the reporting period, the Company did not discontinue any operations.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	3 months ended 31.03.2019	3 months ended 31.03.2018
Net profit for the period	(1,031)	8,177
Other comprehensive income*, of which:	3,985	(6,436)
Valuation of cash flow hedging instruments	4,806	(7,537)
Result on cash flow hedging transactions	93	(331)
Income tax related to other comprehensive income	(914)	1,432
Comprehensive income for the period	2,954	1,741

**All items of other comprehensive income will be reclassified to profit or loss when certain conditions are met in further periods.*

SEPARATE BALANCE SHEET

ASSETS	31.03.2019	31.12.2018
I. Non-current assets	881,539	882,689
Property, plant and equipment	478,028	478,254
Intangible assets	6,656	6,497
Assets use rights	13,427	13,474
Shares and interests	369,313	369,107
Advance payments for property, plant and equipment	14,115	15,357
II. Current assets	389,193	345,548
Inventories	108,477	134,887
Trade and other receivables	250,899	194,457
Derivative financial instruments	845	347
Cash and cash equivalents	28,972	15,857
Total assets	1,270,732	1,228,237
EQUITY/LIABILITIES		
I. Equity	692,971	689,590
Share capital	67,763	67,763
Share premium	33,900	33,900
Capital from the revaluation of property, plant and equipment	2,842	2,842
Capital from share based payments	24,749	24,322
Capital from the revaluation of hedging instruments	684	(3,208)
Result on cash flow hedging transactions	(439)	(532)
Retained earnings	563,472	564,503
II. Long-term liabilities	176,742	163,330
Liabilities related to loans	118,925	105,829
Liabilities related to assets use rights	4,866	5,004
Provisions for employee benefits	1,691	1,691
Subsidies	29,001	29,246
Deferred tax liability	22,259	21,560
III. Short-term liabilities	401,019	375,317
Liabilities related to loans	256,034	252,107
Liabilities related to assets use rights	177	177
Income tax payables	242	2,356
Trade payables and other liabilities	123,289	98,445
Contractual liabilities	2,160	1,203
Provisions and accruals	18,097	15,702
Derivative financial instruments	0	4,307
Subsidies	1,020	1,020
Total equity/liabilities	1,270,732	1,228,237

SEPARATE STATEMENT OF CASH FLOWS

	3 months ended 31.03.2019	3 months ended 31.03.2018
Cash flow from operating activities		
Profit before tax	(1,010)	10,362
Adjustments:	14,492	11,811
Depreciation	12,160	10,199
Net (profit) loss from currency translation differences	197	1,055
Change in the realised result on transactions hedging the price of aluminium recognised in equity	92	(331)
(Profit)/loss from sales of property, plant and equipment	(38)	(23)
Interest and share in profits	1,803	659
Share based payments	221	252
Net value of property, plant and equipment liquidated	57	0
Cash flow from operating activities before the change of working capital	13,482	22,173
Change in inventories	26,410	5,921
Change in the balance of receivables	(56,442)	(44,717)
Change in short-term liabilities, except for loans	36,367	19,716
Change in provisions	2,395	2,645
Change in subsidies	(245)	(255)
Net cash generated from operating activities	21,967	5,483
Tax (paid)/refunded	(2,350)	(1,257)
Net cash from operating activities	19,617	4,226
Cash flow from investing activities		
(+) Proceeds:	38	108
Sales of intangible assets, and property, plant and equipment	38	108
(-) Expenses:	(21,200)	(25,222)
Acquisition of intangible assets, and property, plant and equipment	(21,200)	(25,222)
Net cash from investing activities	(21,162)	(25,114)
Cash flow from financing activities		
(+) Proceeds:	24,667	36,111
Proceeds from loans	24,667	36,111
(-) Expenses:	(10,007)	(6,305)
Repayment of loans	(8,747)	(5,531)
Liabilities related to assets use rights	(177)	0
Interest	(1,083)	(774)
Net cash from financing activities	14,660	29,806
Total net cash flows:	13,115	8,918
change in cash due to currency translation differences	0	0
Cash and cash equivalents at the beginning of the period	15,857	3,385
Cash and cash equivalents at the end of the period	28,972	12,303

SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital from the revaluation of property, plant and equipment	Capital from share based payments	Capital from the revaluation of hedging instruments	Result on cash flow hedging transactions	Retained earnings	Total equity
Equity as at 1 January 2019	67,763	33,900	2,842	24,322	(3,208)	(532)	564,503	689,590
Comprehensive income for the period:	0	0	0	0	3,892	93	(1,031)	2,954
<i>Net profit for the period</i>	0	0	0	0	0	0	(1,031)	(1,031)
<i>Other comprehensive income</i>	0	0	0	0	3,892	93	0	3,985
Valuation of share based payments	0	0	0	427	0	0	0	427
Equity as at 31 March 2019	67,763	33,900	2,842	24,749	684	(439)	563,472	692,971
Previous year								
Equity as at 1 January 2018	67,704	31,179	3,314	21,992	2,725	546	601,029	728,489
Comprehensive income for the period:	0	0	0	0	(6,105)	(331)	8,177	1,741
<i>Net profit for the period</i>	0	0	0	0	0	0	8,177	8,177
<i>Other comprehensive income</i>	0	0	0	0	(6,105)	(331)	0	(6,436)
Valuation of share based payments	0	0	0	497	0	0	0	497
Issue of shares	0	0	0	0	0	0	0	0
Equity as at 31 March 2018	67,704	31,179	3,314	22,489	(3,380)	215	609,206	730,727

1. Adoption of IFRS 16 (adjustment of the previously published separate data)

Grupa Kęty S.A. avails of free-of-charge land perpetual usufruct rights. In accordance with the previous accounting policies, the Company recognised the rights as land. Due to the adoption of IFRS 16 in reference to the land perpetual usufruct rights, as at the date of the first application of IFRS 16 the Company assumed a solution consisting in measuring the rights in the amount previously recognised in fixed assets, increased for the value of discounted future payments as at 1 January 2019, to be presented in a separate balance-sheet item.

As regards the IFRS 16 adoption, starting from 2019 the Company introduced the following changes:
Opening balance 2019

Balance sheet item	31.12.2018	Adjustment for IFRS 16	01.01.2019
ASSETS, including:	1 223 056	5 181	1 228 237
Property, plant and equipment, of which:	486 547	(8 293)	478 254
land, including land perpetual usufruct rights	11 735	(8 293)	3 442
Assets use rights, including:	0	13 474	13 474
Land use rights (land perpetual usufruct rights)	0	13 474	13 474
EQUITY/LIABILITIES, including:	1 223 056	5 181	1 228 237
long-term liabilities related to assets use rights	0	5 004	5 004
short-term liabilities related to assets use rights	0	177	177

Signatures of all Members of the Management Board

Dariusz Mańko
President of the Management Board

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Adam Piela
Member of the Management Board

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Piotr Wysocki
Member of the Management Board

.....

Tomasz Grela
Member of the Management Board

.....

Rafał Lechowicz
Member of the Management Board

.....

Signature of the person entrusted with bookkeeping

Andrzej Stempak
President of the Management Board
Dekret Centrum Rachunkowe Sp. z o.o.

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