

Grupa Kęty S.A.

Independent Registered Auditor's Opinion

Financial Statements

Directors' Report

**Registered Auditor's Report on the audit of the financial
statements**

For the financial year from 1 January to 31 December 2014

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prepared by PricewaterhouseCoopers Sp. z o.o.

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prepared by the Management Board of Grupa Kęty S.A.

**Registered Auditor's Report on the audit of the financial
statements**

prepared by PricewaterhouseCoopers Sp. z o.o.

Translator's note:

This version of our opinion is a translation of the original, which was prepared in Polish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters concerning the interpretation of information, views or opinions, the original language version of our opinion takes precedence over this translation.

Independent Registered Auditor's Opinion

To the General Shareholders' Meeting and Supervisory Board of Grupa Kęty S.A.

We have audited the accompanying financial statements of Grupa Kęty S.A. (hereinafter referred to as "the Company"), Kęty, ul. Kościuszki 111, which comprise the balance sheet as at 31 December 2014, showing total assets and total liabilities & equity of PLN 974,701 thousand, the income statement for the period from 1 January to 31 December 2014, showing a net profit of PLN 98,009 thousand, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for that financial year, additional information about the adopted accounting policies, and other explanatory notes.

The Company's Management Board is responsible for preparing financial statements and a Directors' Report which comply with the applicable regulations, and for the correctness of the books of account. The Members of the Company's Management Board and Supervisory Board are required to ensure that the financial statements and Directors' Report meet the requirements set out in the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended, hereinafter referred to as "the Accounting Act").

Our responsibility was to perform an audit of the accompanying financial statements and to express an opinion on whether these financial statements complied, in all material respects, with the applicable accounting policies and whether they presented, in all material respects, a fair and clear view of the Company's financial position and results of operations, and whether the books of account constituting the basis for their preparation were properly maintained.

We conducted our audit in accordance with the following:

- a. the provisions of Chapter 7 of the Accounting Act;
- b. national standards of auditing issued by the National Chamber of Statutory Auditors.

Our audit was planned and performed to obtain reasonable assurance that the financial statements were free of material misstatements and omissions. The audit included examining, on a test basis, accounting documents and entries supporting the amounts and disclosures in the financial statements. The audit also included an assessment of the accounting policies applied by the Company and of significant estimates made in the preparation of the financial statements, as well as an evaluation of the overall presentation thereof. We believe that our audit provided a reasonable basis for our opinion.

Independent Registered Auditor's Opinion

To the General Shareholders' Meeting and Supervisory Board of Grupa Kęty S.A. (cont.)

In our opinion, and in all material respects, the accompanying financial statements:

- a. give a fair and clear view of the Company's financial position as at 31 December 2014 and of its results of operations for the financial year from 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the European Union;
- b. comply in terms of form and content with the applicable laws and the Company's Articles of Association;
- c. have been prepared on the basis of properly maintained books of account, in accordance with the applicable accounting policies.

In Note 44 to the financial statements, the Company presented information about the balance sheet and income statement separately for each of its business activities in accordance with the requirements of Article 44 of the Energy Law of 10 April 1997 (Journal of Laws of 2012, item 1059, as amended).

The information in the Directors' Report for the financial year from 1 January to 31 December 2014 is presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions of recognizing information required by the law of a state which is not a member state as being equivalent ("the Decree" – Journal of Laws of 2014, item 133) and is consistent with the information in the audited financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Michał Mastalerz

Key Registered Auditor
No. 90074

Kraków, 17 March 2015

Grupa Kęty S.A.

**Registered auditor's report on the audit of the financial
statements for the year from 1 January to 31 December 2014**

Translator's note:

This version of our opinion is a translation of the original, which was prepared in Polish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters concerning the interpretation of information, views or opinions, the original language version of our opinion takes precedence over this translation.



**Registered auditor's report on the audit of the financial statements
for the financial year from 1 January to 31 December 2014**

**To the General Shareholders' Meeting and Supervisory Board of
Grupa Kęty S.A.**

This report contains 11 consecutively numbered pages and consists of:

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Grupa Kęty S.A.
Registered auditor's report on the audit of the financial statements
for the year from 1 January to 31 December 2014

I. General information about the Company

- a. Grupa Kęty spółka akcyjna ("the Company") has its seat in Kęty, at ul. Kościuszki 111.
- b. The Company was formed on the basis of a Notarial Deed drawn up at the Notarial Office of Paweł Błaszczak, a notary public, in Warsaw on 3 March 1992 and registered in Rep. A No. 1413/92. On 9 July 2002, the Company was entered in the Register of Businesses maintained by the District Court in Kraków, 12th Business Department of the National Court Register, with the reference number KRS 0000121845.
- c. The Company was assigned a tax identification number (NIP) 549-00-01-468 for making tax settlements and a statistical business identification number (REGON) 070614970 for statistical purposes.
- d. As at 31 December 2014, the Company's registered share capital amounted to PLN 23,452 thousand and consisted of 9,380,788 shares with a par value of PLN 2.50 each. In addition, as at the date of transition to International Financial Reporting Standards as adopted by the European Union, the share capital was restated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", by PLN 43,900 thousand. As at 31 December 2014, the Company's equity amounted to PLN 714,662 thousand.

On 23 February 2015, an increase in the Company's share capital to PLN 23,484 thousand was registered in the National Court Register. After the registration the number of shares amounted to 9,393,538.

- e. As at 31 December 2014, the Company's shareholders were as follows:

Name	Number of shares held	Par value of shares held (PLN'000)	Type of shares held	Votes (%)
OFE Aviva BZ WBK	1,691,276	4,228	ordinary	18.0
ING OFE	1,610,534	4,026	ordinary	17.2
OFE PZU "Złota Jesień"	921,000	2,303	ordinary	9.8
PTE Allianz Polska	499,748	1,249	ordinary	5.3
Other shareholders	4,670,980	11,677	ordinary	49.7
	9,393,538	23,483		100.0

The number of shares presented as at 31 December 2014 includes 12,750 shares taken up by the authorized persons in December 2014, registered by the Central Securities Depository of Poland and admitted to public trading in 2015.

As at 31 December 2013, the Company's shareholders were as follows:

Name	Number of shares held	Par value of shares held (PLN'000)	Type of shares held	Votes (%)
OFE Aviva BZ WBK	1,691,276	4,228	ordinary	18.1
ING OFE	1,610,534	4,026	ordinary	17.3
OFE PZU "Złota Jesień"	921,000	2,303	ordinary	9.9
OFE Bankowy PKO BP	586,929	1,467	ordinary	6.3
Other shareholders	4,513,749	11,284	ordinary	48.4
	9,323,488	23,308		100.0

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Registered auditor's report on the audit of the financial statements
for the year from 1 January to 31 December 2014

I. General information about the Company (cont.)

- f. In the audited period, the Company's operations consisted of:
- manufacturing, trading and service activities in the area of processing of aluminium and its alloys;
 - activities relating to trade intermediation, procurement and marketing.
- g. In the financial year, the following people were on the Company's Management Board:
- Dariusz Mańko President of the Management Board;
 - Adam Piela Member of the Management Board.
- h. The Company has the following equity-related entities:

Alupol Packaging S.A.	- subsidiary;
Aluprof S.A.	- subsidiary;
Alutech Sp. z o.o. in liquidation	- subsidiary;
Dekret Centrum Rachunkowe Sp. z o.o.	- subsidiary;
Alu Trans System Sp. z o.o.	- subsidiary;
Aluprof Hungary Kft.	- subsidiary;
Metalplast-Stolarka Sp. z o.o.	- subsidiary;
Alupol Ukraina LLC	- subsidiary;
Aluprof Deutschland GmbH	- subsidiary;
Aluprof System Romania SRL	- subsidiary;
Aluprof System Czech s.r.o.	- subsidiary;
Aluprof UK Ltd.	- subsidiary;
ROMB S.A.	- subsidiary;
Alupol Packaging Kęty Sp. z o.o.	- subsidiary;
Aluform Sp. z o.o.	- subsidiary;
Aluprof System LLC	- subsidiary;
Aluprof Serwis Sp. z o.o.	- subsidiary;
Grupa Kęty Italia s.r.l.	- subsidiary;
Marius Hansen Facader A/S	- subsidiary;
Aluprof System USA, Inc	- subsidiary;
Alupol Films Sp. z o.o.	- subsidiary;
Alupol USA, LLC	- associate.

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Registered auditor's report on the audit of the financial statements
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I. General information about the Company (cont.)

- i. The Company is an issuer of securities admitted to trading on the Warsaw Stock Exchange. In accordance with an election permitted by the Accounting Act, the Company has decided, commencing 2005, to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The decision to prepare the Company's financial statements in accordance with these standards was approved by Resolution No. 17/05 passed by the General Shareholders' Meeting on 10 May 2005.

- j. The Company, as the parent company in its Group, has also prepared consolidated financial statements as at 31 December 2014, in accordance with IFRS as adopted by the European Union. In order to understand the financial position and results of the Company as the parent company, the separate financial statements should be read in conjunction with the consolidated financial statements.

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Registered auditor's report on the audit of the financial statements
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II. Information about the audit

- a. The audit of the financial statements for the financial year from 1 January to 31 December 2014 was conducted by PricewaterhouseCoopers Sp. z o.o., with its seat in Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor, Michał Mastalerz (no. 90074).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Company by Resolution No. VIII/12/12 of the Supervisory Board dated 10 May 2012, on the basis of paragraph 21, clause 2, point 11 of the Company's Articles of Association.
- c. PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the audited entity within the meaning of Article 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws No. 77, item 649, as amended).
- d. The audit was conducted in accordance with an agreement dated 25 May 2012 in the following periods:
 - interim audit from 15 December to 17 December 2014;
 - final audit from 16 February to 17 March 2015.

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III. The Company's results, financial position and significant items of the financial statements

BALANCE SHEET as at 31 December 2014 (selected lines)

	31/12/2014 PLN'000	31/12/2013 PLN'000	Change		Structure	
			PLN'000	(%)	31/12/2014 (%)	31/12/2013 (%)
ASSETS						
Non-current assets	711,907	727,192	(15,285)	(2.1)	73.0	77.9
Current assets	262,794	205,825	56,969	27.7	27.0	22.1
Total assets	974,701	933,017	41,684	4.5	100.0	100.0
EQUITY AND LIABILITIES						
Equity	714,662	699,068	15,594	2.2	73.4	74.9
Non-current liabilities	73,429	74,819	(1,390)	(1.9)	7.5	8.0
Current liabilities	186,610	159,130	27,480	17.3	19.1	17.1
Total equity and liabilities	974,701	933,017	41,684	4.5	100.0	100.0

INCOME STATEMENT

for the financial year from 1 January to 31 December 2014 (selected lines)

	2014 PLN'000	2013 PLN'000	Change		Structure	
			PLN'000	(%)	2014 (%)	2013 (%)
Total operating income	825,525	708,298	117,227	16.6	100.0	100.0
Total operating expenses	(746,624)	(643,402)	(103,222)	16.0	(90.4)	(90.8)
Operating profit	103,937	72,818	31,119	42.7	12.6	10.3
Net profit on continued operations	98,009	67,546	30,463	45.1	11.9	9.5

STATEMENT OF COMPREHENSIVE INCOME

for the financial year from 1 January to 31 December 2014 (selected lines)

	2014 PLN'000	2013 PLN'000	Change		Structure	
			PLN'000	(%)	2014 (%)	2013 (%)
Net profit for the year	98,009	67,546	30,463	45.1	11.9	9.5
Other comprehensive income (net)	2,101	(3,967)	6,068	(153.0)	0.2	(0.5)
Comprehensive income for the year	100,110	63,579	36,531	57.5	12.1	9.0

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III. The Company's results, financial position and significant items of the financial statements (cont.)

Selected ratios characterizing the Company's financial position and results

The following ratios characterize the Company's operating activities, financial results during the year and its financial position as at the balance sheet date compared with the previous years:

	2014	2013	2012
Asset ratios			
- receivables turnover	54 days	54 days	55 days
- inventory turnover	47 days	43 days	46 days
Profitability ratios			
- net profit margin	12%	9%	12%
- gross margin	16%	10%	13%
- return on capital employed	14%	10%	12%
Liability ratios			
- gearing	27%	25%	29%
- payables turnover	18 days	17 days	18 days
	31/12/2014	31/12/2013	31/12/2012
Liquidity ratios			
- current ratio	1.4	1.3	1.0
- quick ratio	0.8	0.9	0.7

The above ratios have been calculated on the basis of the financial statements.

It was not the purpose of the audit to present the Company in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Company's operations and its circumstances.

III. The Company's results, financial position and significant items of the financial statements (cont.)

The observations below are based on the knowledge obtained during the audit of the financial statements.

- At the end of the financial year, the value of the Company's assets amounted to PLN 974,701 thousand. During the year total assets/liabilities and equity increased by PLN 41,684 thousand (i.e. by 4.5%). This increase was mainly financed by the net profit generated by the Company of PLN 98,009 thousand and the increase in trade and other payables of PLN 19,604 thousand, accompanied by the payment of a dividend of PLN 93,808 thousand.
- The Company's liability ratios and the structure of its liabilities have changed. The gearing ratio increased from 25% at the end of the previous year to 27% at the end of the current year. The average payables turnover cycle increased from 17 days to 18 days respectively.
- Total operating income amounted to PLN 825,525 thousand and increased by PLN 117,227 thousand (i.e. by 16.6%) compared with the previous year. The Company's core operations in the current financial year consisted of manufacturing, trading and service activities in the area of processing of aluminium and its alloys. The Company's revenues from such activities increased by PLN 100,990 thousand (i.e. by 16.7%) compared with the previous financial period, mainly as a result of the higher volume and an increase in selling prices.
- The costs of materials and energy used and the cost of sales of materials and goods for resale were the largest items of operating expenses and amounted to PLN 486,881 thousand in the audited financial period, which constituted 65.2% of the operating expenses. The costs of materials and energy used and the cost of sales of materials and goods for resale increased by PLN 67,149 thousand (i.e. by 16.0%) compared with the previous year, which was mainly due to the increased sales volumes.
- Profitability measured with the net profit amounted to 12% and was 3 percentage points higher than in the previous year. In the audited year, the Company received dividends of PLN 112,383 thousand (PLN 98,052 thousand in 2013). The higher dividend level had a positive effect on both the operating profit and net profit. In addition, the increase in the profitability of sales was due to the high level of economic activity in the industry in the current year. At the same time, the recognition of write-downs of shares in a subsidiary, Alupol LLC, located in Ukraine of PLN 14,715 thousand and a write-down of receivables from this entity of PLN 9,583 thousand had a considerable negative effect on the Company's profitability.
- The Company's liquidity has changed. The current ratio and quick ratio amounted to 1.4 and 0.8 respectively as at the end of the audited year, whereas at the end of 2013 they amounted to 1.3 and 0.9 respectively.

The financial statements have been prepared in accordance with the going concern principle.

IV. The independent registered auditor's statements

- a. In the course of the audit the Company's Management Board presented the required information, explanations and representations and provided us with a representation letter confirming the completeness of the data in the books of account and the disclosure of all the contingent liabilities. They also informed us of the significant post balance sheet events which occurred up to the date of that letter being signed.
- b. The scope of the audit was not limited.
- c. The Company has up-to-date documentation of its accounting policies, approved by the Management Board. The Company's accounting policies were tailored to its needs and ensured the recognition of all events having a material effect on the assessment of its financial position and results, taking into consideration the prudence principle. There were no changes to the accounting policies compared with the previous year.
- d. The closing balances as at the end of the previous year were correctly brought forward as the opening balances of the current financial year in all material respects.
- e. The stocktaking of assets and equity & liabilities was carried out and reconciled in accordance with the Accounting Act, and the results were included in the accounting records for the audited year.
- f. The Company's financial statements for the financial year from 1 January to 31 December 2013 were approved by Resolution No. 1/14 of the General Shareholders' Meeting dated 21 May 2014 and filed with the National Court Register in Kraków on 27 May 2014.
- g. Pursuant to Resolution No. 3/14 of the General Shareholders' Meeting dated 21 May 2014, the net profit for the previous year of PLN 67,546 thousand was appropriated in the following manner:
 - PLN 67,297 thousand was earmarked for the payment of a dividend;
 - PLN 249 thousand was earmarked for offsetting net actuarial losses associated with post-employment benefits.

The dividend declared totalled PLN 93,815 thousand, and the dividend paid totalled PLN 93,808 thousand.

- h. The financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o. The registered auditor issued an unqualified opinion.

IV. The independent registered auditor's statements (cont.)

- i. We have assessed the operations of the accounting system. Our assessment covered in particular:
- the accuracy of the documentation relating to business transactions;
 - the fairness, correctness and verifiability of the books of account, including computerized books of account;
 - the methods used for controlling access to data and the computerized data processing system;
 - the safeguarding of the accounting documentation, books of account and financial statements.

This assessment, together with our verification of the individual financial statement components, provides the basis for expressing a general, comprehensive opinion on these financial statements. Our audit was not aimed at providing a comprehensive opinion on the operations of the said system.

- j. The notes to the financial statements present all significant information required by International Financial Reporting Standards as adopted by the European Union.
- k. The information in the Directors' Report for the financial year from 1 January to 31 December 2014 is presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognizing information required by the law of a state which is not a member state as being equivalent (Journal of Laws of 2014, item 133) and is consistent with the information in the audited financial statements.

Grupa Kęty S.A.
Registered auditor's report on the audit of the financial statements
for the year from 1 January to 31 December 2014

V. Final information and comments

This report has been prepared in connection with our audit of the financial statements of Grupa Kęty S.A., Kęty, ul. Kościuszki 111. The financial statements were signed by the Company's Management Board and the person entrusted with maintaining the books of account on 17 March 2015.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting and Supervisory Board of Grupa Kęty S.A. dated 17 March 2015, concerning the said financial statements. The opinion on the financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the financial statements as a whole.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Michał Mastalerz

Key Registered Auditor
No. 90074

Kraków, 17 March 2015