



**THE MANAGEMENT BOARD'S REPORT
ON THE OPERATIONS OF THE CAPITAL GROUP
OF GRUPA KĘTY S.A.
IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2015**

13 AUGUST 2015

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1. GENERAL INFORMATION

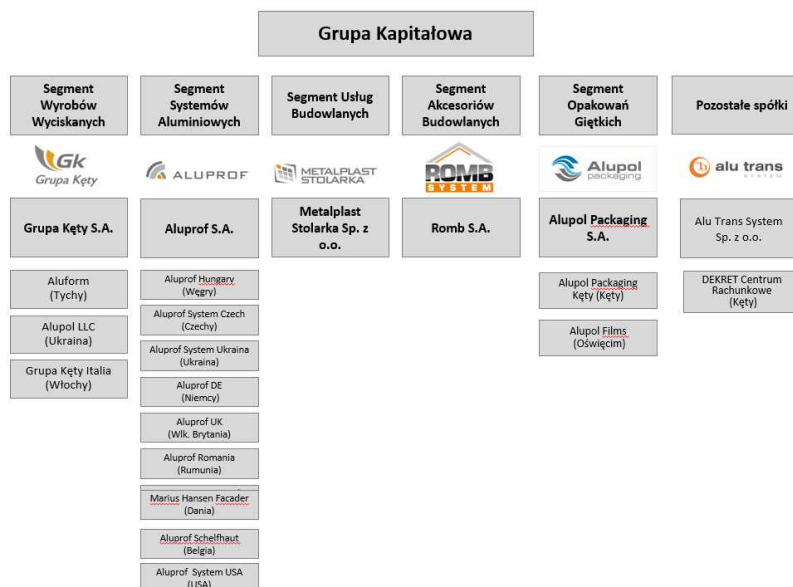
1.1. INTRODUCTORY INFORMATION ON THE PARENT COMPANY

Business name:	Grupa KĘTY Spółka Akcyjna
Registration body:	District Court for Central Cracow (Kraków – Śródmieście), 12 th Commercial Division of the National Court Register (KRS)
KRS Number:	0000121845
Address:	ul. Tadeusza Kościuszki 111, 32-650 Kęty
Tel/Fax:	Tel: (033) 844 6000 Fax: (033) 845 3093,(033) 845 3094
Website:	www.grupakety.com
Registered share capital:	23,483,845.00 PLN

Grupa KĘTY S.A. was established in 1953 as Zakłady Metali Lekkich "KĘTY"; its name was changed into the present name at the end of 2000. The Company's shares were admitted to public trading on Warsaw Stock Exchange by the Polish Securities and Exchange Commission on 13 October 1995. The Company is involved in the manufacturing of products extruded from aluminium and is also the parent company for the Capital Group, which, as at the last day of the period subject to this report, was composed of 22 companies that employed the total of ca. 3,850 employees.

1.2. THE PRINCIPLES OF MANAGING THE CAPITAL GROUP AND ITS STRUCTURE

The Capital Group is divided into five basic business segments. The structure of the management of the Capital Group, as at the last day of the period subject to this report, is as follows:



During the period subject to this report, there were no significant changes in the principles of the Capital Group's management.

As at the last day of the period subject to this report, all subsidiaries constituting the Capital Group of Grupa KĘTY S.A. were subject to consolidation.

1.3. REALIZED EQUITY INVESTMENTS

In the period subject to this report, the following transactions were carried out:

On 3 June, ALUPROF S.A., a company belonging to the Capital Group of Grupa Kęty S.A., established in Belgium a company with the share capital of 2,500,000.00 EUR. The purpose of the new company is to develop the sale of roller-shutter and aluminium systems in Benelux countries and in northern France, according to the development strategy of the Capital Group of Grupa Kęty S.A. for 2015-2020 assuming fast growth of sale on European markets.

1.4. SHAREHOLDING STRUCTURE OF SUBSIDIARIES

Company name	Registered office	Core business	Parent company	Shares in the basic capital as at 30.06.2015	Date of control take-over	Segment
Alupol Packaging S.A.	Tychy, Poland	Production of flexible packaging	Grupa Kęty S.A.	100.00%	04/1998	FPS
Aluprof S.A.	Bielsko-Biała, Poland	Production of woodwork systems	Grupa Kęty S.A.	100.00%	06/1998	ASS
Alutech Sp. z o.o. w likwidacji	Kęty, Poland	Heat production	Grupa Kęty S.A.	100.00%	03/1999	Other
Dekret Centrum Rachunkowe Sp. z o.o.	Kęty, Poland	Accounting and bookkeeping services	Grupa Kęty S.A.	100.00%	09/1999	Other
Alu Trans System Sp. z o.o.	Wrocław, Poland	Production of car bodies	Grupa Kęty S.A.	100.00%	04/2000	Other
Aluprof Hungary Kft.	Dunakeshi, Hungary	Sale of aluminium systems	Aluprof S.A.	100.00%	07/2000	ASS
Metalplast-Stolarka Sp. z o.o.	Goleszów, Poland	Production and assembly of woodwork	Grupa Kęty S.A.	100.00%	07/2000	BSS
Alupol LLC	Borodianka, Ukraine	Production of aluminium profiles	Grupa Kęty S.A.	100.00%	12/2004	EPS
Aluprof Deutschland GmbH	Schwanewede, Germany	Sale of aluminium systems	Aluprof S.A.	100.00%	02/2005	ASS
Aluprof System Romania SRL	Bucharest, Romania	Sale of aluminium systems	Aluprof S.A.	100.00%	05/2005	ASS
Aluprof System Czech s.r.o.	Ostrava, Czech Republic	Sale of aluminium systems	Aluprof S.A.	100.00%	05/2005	ASS
Aluprof UK Ltd.	Altrincham, UK	Sale of aluminium systems	Aluprof S.A.	100.00%	05/2006	ASS
Romb S.A.	Złotów, Poland	Production of woodwork accessories	Aluprof S.A.	100.00%	04/2007	BAS
Alupol Packaging Kęty Sp. z o.o.	Kęty, Poland	Production of flexible packaging	Alupol Packaging S.A.	100.00%	05/2009	FPS
Aluform Sp. z o.o.	Tychy, Poland	Production of aluminium profiles	Grupa Kęty S.A.	100.00%	06/2009	EPS
Aluprof System Ukraina	Kiev, Ukraine	Sale of aluminium systems	Aluprof S.A.	100.00%	11/2009	ASS
Aluprof Serwis Sp. z o.o.	Bielsko-Biała, Poland	Logistics and transport services	Aluprof S.A.	100.00%	01/2012	ASS
Grupa Kęty Italia s.r.l.	Milan, Italy	Sale of aluminium profiles	Grupa Kęty S.A.	100.00%	5/2014	EPS
Marius Hansen Facader A/S	Viborg, Denmark	Production and assembly of woodwork	Aluprof S.A.	100.00%	6/2014	ASS
Aluprof System USA, Inc	Wilmington, USA	Sale of aluminium systems	Aluprof S.A.	100.00%	7/2014	ASS
Alupol Films Sp. z o.o.	Kęty, Poland	Production of films for flexible packaging	Alupol Packaging Kęty Sp. z o.o.	100.00%	12/2014	FPS
Aluprof Schelfhaut N.V.	Dendermonde, Belgium	Sale of aluminium systems	Aluprof S.A.	100.00%	6/2015	ASS

2. SHARES AND SHAREHOLDING STRUCTURE OF GRUPA KĘTY S.A.

2.1. SHAREHOLDING STRUCTURE OF GRUPA KĘTY S.A.

As at the last day of the reporting period, the number of all issued shares of Grupa KĘTY S.A. amounted to 9,441,988 shares with the nominal value of 2.50 PLN each. The list of shareholders holding over 5% of shares as at 30 June 2015 and 31 December 2014 is as follows:

	No. of shares as at 30.06.2015	Interest in capital	No. of shares as at 31.12.2014	Interest in capital
Aviva OFE	1 691 276	17.91%	1 691 276	18.00%
ING OFE	1 610 534	17.06%	1 610 534	17.15%
OFE PZU ŻŁOTA JESIEŃ	921 000	9.75%	921 000	9.80%
PTE Allianz Polska	499 748	5.29%	499 748	5.32%
Others	4 719 430	49.99%	4 670 980	49.73%
Total	9 441 988	100.00	9 393 538	100.00

2.2. CHANGES IN THE SHAREHOLDING STRUCTURE AFTER THE REPORTING PERIOD

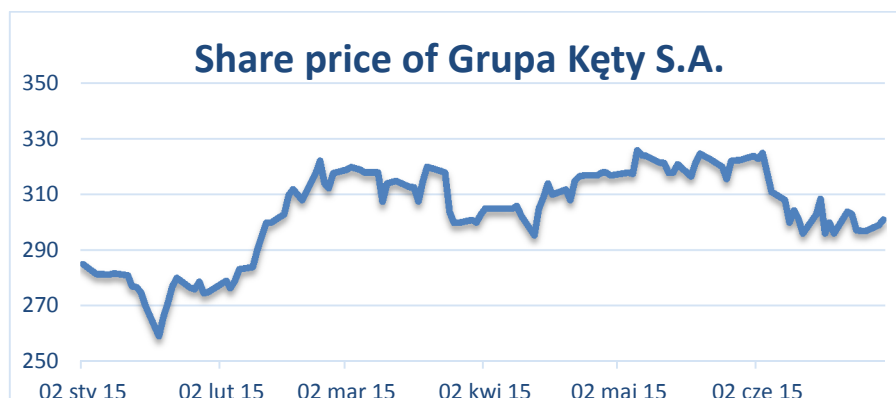
After the reporting period, there were no changes in the structure of shareholders holding over 5% of shares at the Company's General Meeting of Shareholders.

Furthermore, the Management Board did not possess any information about any agreement, including an agreement concluded after the reporting period, as a result of which significant changes in the shareholding structure of Grupa KĘTY S.A. might occur.

2.3. SHARE PRICES OF GRUPA KĘTY S.A. AT WARSAW STOCK EXCHANGE

The Company's shares have been quoted on Warsaw Stock Exchange since January 1996. At present, the Company's shares are quoted as part of mWig40 index. In the period subject to this report:

- the average share price amounted to 304 PLN;
- minimum share price (19 January) amounted to 259 PLN;
- maximum share price (6 May) amounted to 326 PLN;
- the fluctuation of the share price during the period was at the level of 6% (for comparison purposes, WIG index in the corresponding period increased by 4%).



2.4. THE SYSTEM OF CONTROL FOR EMPLOYEE SHARES PROGRAMMES

The share-based incentive programmes are approved in Grupa Kęty S.A. by the General Meeting of Shareholders and supervised by the Company's Supervisory Board.

2.5. THE METHOD OF USING THE PROCEEDS FROM THE ISSUE BY THE ISSUER

As part of the programme of the issue of employee shares in the reporting period, eligible employees subscribed for the total of 48,450 series F shares from the second and the third parts of the 2009 programme. Detailed information is presented in the table below. The related proceeds were allocated to the financing of the current operations of the Company.

Shares	Issue price	Quantity	Value ('000' PLN)
Series F shares (third part) – the 2009 programme	125.57	48 450	6 083.9
TOTAL	-	48 450	6 083.9

2.6. PURCHASE OF TREASURY SHARES

The Company did not purchase treasury shares in the period covered by this report.

3. THE COMPANY'S AUTHORITIES

3.1. GENERAL MEETING OF SHAREHOLDERS

On 23 April 2015, the Ordinary General Meeting of Shareholders of Grupa KĘTY S.A. was held. It approved of the separate and consolidated financial statements of Grupa KĘTY S.A. for 2014. In

addition, the General Meeting of Shareholders distributed the Company's net profit for 2014 amounting to 98,009,459.57 PLN as follows:

- a) the amount of 97,589,234.57 PLN for the payment of the dividend to shareholders;
- b) the amount of 420,225.00 PLN to cover actuarial losses related to post-employment employee benefits;
- c) shareholders also decided to use the Company's reserve capital by allocating 38,483,392.63 PLN to the payment of the dividend to the Company's shareholders.

The total amount allocated to dividend amounts to 136,072,627.20 PLN.

The General Meeting of Shareholders discharged all members of the Supervisory Board and of the Management Board for the performance of their duties in the financial year 2014.

3.2. SUPERVISORY BOARD

The composition of the Supervisory Board from 1 January 2015 to 30 June 2015 was as follows:

Maciej Matusiak	Chairman
Szczepan Strublewski	Vice-Chairman
Jerzy Surma	Member
Paweł Niedziółka	Member
Jerzy Marciniak	Member

In the previous two financial years, the participation of women in the Supervisory Board of Grupa Kęty S.A. was at the level of 0%.

	No. of shares of Grupa KĘTY S.A. held as at 30.06.2015	Remuneration in the period from 1.01 to 30.06.2015
Maciej Matusiak	0	77,340.60 PLN
Szczepan Strublewski	0	64,450.50 PLN
Jerzy Surma	0	51,560.40 PLN
Paweł Niedziółka	0	51,560.40 PLN
Jerzy Marciniak	0	51,560.40 PLN

3.3. MANAGEMENT BOARD

The Management Board under the leadership of its President manages the Company's affairs and represents the Company vis-a-vis third parties. If the Management Board consists of more than one member, two members of the Management Board acting jointly or one member of the Management Board acting jointly with the Proxy are authorised to make statements and sign documents on behalf of the Company. Any matters related to the management of the Company's affairs, not reserved to other authorities of the Company, are handled by the Management Board. The work of the Management Board is determined in detail in the By-laws of the Management Board approved by the Supervisory Board. When the Company's Management Board consists of more than one member, the Management Board is a collective body which exercises its rights through resolutions. The meetings of the Company's Management Board, convened by its President, are held at least once a month.

The resolutions of the Management Board may be passed if all Members of the Management Board are invited to the meeting. In order for a resolution to be valid, at least two Members of the Management Board must be present at the meeting. The Company's Management Board passes

resolutions in open voting with an absolute majority of the votes cast. In the case of an equal number of votes cast for and against a resolution, the casting vote is exercised by the meeting chairman.

As at 30 June 2015, the Management Board was composed of:

Dariusz Mańko - President

Adam Piela - Member

In the previous two financial years, the participation of women in the Company's Management Board was at the level of 0%.

In the period from 1 January to 30 June 2015, the basic remunerations paid to the Members of the Company's Management Board amounted to:

President of the Management Board - 512,800.00 PLN

Member of the Management Board - 308,800.00 PLN

Furthermore, the Members of the Management Board received an annual bonus for the previous year of 1,539,712 PLN in the case of the President of the Management Board, and of 923,827 PLN in the case of the Member of the Management Board. According to the declarations made as at 30 June 2015, the Management Board of the Company held 161,681 ordinary bearer shares of Grupa KĘTY S.A., including: the President of the Management Board - 126,550 shares, and the Member of the Management Board - 35,131 shares. In addition, on the basis of the incentive programme adopted at the General Meeting of Shareholders on 29 May 2012, members of the Management Board have:

- the right to acquire 27,280 series H bonds with the pre-emptive right to subscribe for series G ordinary bearer shares, including: the President of the Management Board - 17,000 bonds, and the Member of the Management Board - 10,280 bonds;
- the right to acquire 27,280 series I bonds with the pre-emptive right to subscribe for series G ordinary bearer shares, including: the President of the Management Board - 17,000 bonds, and the Member of the Management Board - 10,280 bonds;
- the right to acquire 28,000 series I bonds with the pre-emptive right to subscribe for series G ordinary bearer shares, including: the President of the Management Board - 17,500 bonds, and the Member of the Management Board - 10,500 bonds.

In the period subject to this report, Grupa Kęty S.A. neither concluded any material transactions with related, supervising and managing persons nor granted loans, guarantees or sureties to such persons and such persons' relatives. There are no agreements between Grupa KĘTY S.A. and managing persons which provide for any compensation in the case of their resignation or dismissal from their positions with no important reason or where their dismissal is related to the Issuer's merger by acquisition, except for the conditions included in the term of notice and conditions included in non-competition agreements.

4. THE SITUATION OF THE CAPITAL GROUP

4.1. INDUSTRY DESCRIPTION - DIRECTIONS OF SALE

Extruded Products Segment

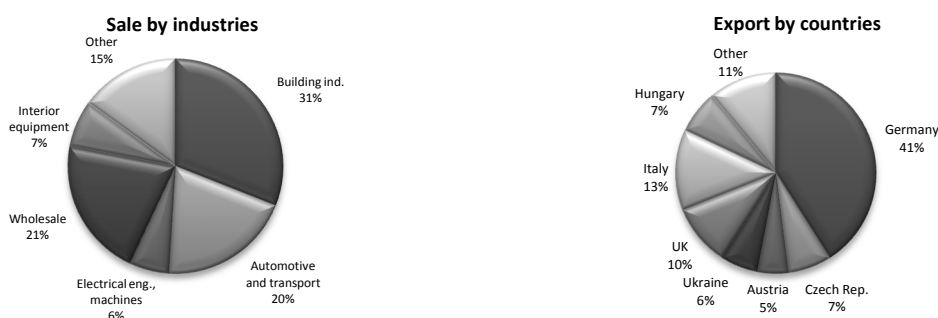
On the basis of the data published by CRU Monitor, it seems that in Europe, after a few years of decline, the demand for extruded products is on the rise, although the growth rate is still low (ca. 2.0% on average). Germany is still the biggest consumer (ca. 950 thousand tons) followed by France (ca. 320 thousand tons) and Italy as the third biggest consumer (ca. 260 thousand tons). The

European market is dominated by SAPA Aluminium (an entity formed through the combination of the segment manufacturing profiles in Norsk Hydro with a Swedish company SAPA) with ca. 25% share in the market. Constellium (based in the Netherlands) with a ca. 10% share in the market is the runner-up. Individual shares of other players in the market do not exceed 7-8%. Grupa Kęty S.A. is a member of this group, having, as estimated by the Management Board, a ca. 2.0% share in the European market of extruded products.

The building and automotive industries are the major recipients of extruded products from aluminium, therefore the situation in the building industry and the growth rate for the share of aluminium components in the total weight of vehicles will exert a significant influence upon the development of the companies manufacturing aluminium elements. As for the share of aluminium components in the total weight of vehicles, it is estimated that now it is on average at ca. 9%, and by 2020, it will have risen to 10.5%. The trend is driven by ecological and economic factors, as aluminium, being a light material, has been successfully displacing heavy steel in many applications.

In the period subject to this report, the Segment recorded a significant growth in revenue due to an increase in aluminium prices and the improvement of demand both in Poland and on export markets (with the exception of the Ukrainian market). Sales revenue amounted to 416.8 million PLN, hence was higher by 23% as compared to last year's figures. And, sale volume grew by 5% to reach the level of 28.7 thousand tonnes.

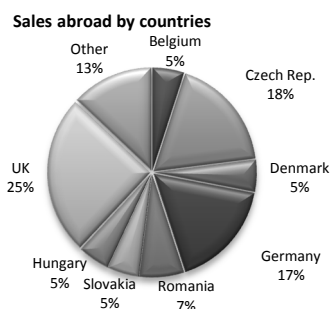
The specific structure of the sale by industries and by countries is presented in the charts below:



Aluminium Systems Segment

The size of the European market of aluminium systems is estimated at ca. 10 billion EUR and the average growth rate is ca. 3-4%. One should notice a huge disproportion between the countries of Western Europe and the countries of Central and Eastern Europe. The share of the countries of Central and Eastern Europe does not exceed 8-9%; however, the growth rate is twice as high as in Western Europe and is at the level of 8-10% p.a. Schuco International with an over 10% share in the market is the major player on the market of aluminium systems in Europe and globally. Aluprof S.A. (the parent company of the Aluminium Systems Segment) with its ca. 1.5% share in the European market, is ranked 9th among leading brands.

In the period subject to this report, the segment recorded a very high growth of sales value (+21%) to 368.0 million PLN. The increase was recorded for both export and internal sale. The chart below presents the main directions of the segment's sale abroad:



Flexible Packaging Segment

The size of the European market of flexible packaging is estimated at ca. 10 billion EUR. As in the case of aluminium systems, the market growth rates for Western Europe and Central and Eastern Europe differ. The projected growth rate for the market in Western Europe is 1-2%, while in Central and Eastern Europe it is 4-5% on average. As a result of consolidation processes, which took place in a few previous years, an indisputable leader appeared on the market, i.e. Amcor with an over 20% share in the market. Constantia Flexibles with a ca. 11% share in the market is the runner-up. Other major players comprise four companies, where each of them has a share in the market of 3%-5%. Alupol Packaging (the parent company for the Flexible Packaging Segment) with a ca. 1% share in the market is among several medium-sized companies.

In the period subject to this report, the segment's revenue increased by 9% to 211.1 million PLN. In geographical terms, the segment recorded a 4% growth in the sale on the home market and a 16% increase for export. Such international concerns as Nestle, Unilever, Mondelez, AB Foods, Rieber&Son, Sara Lee as well as fast-growing Polish companies such as Maspex, Mokate, Food Care, Kamis and others, remained the biggest customers. The graph below presents the geographical structure of export.

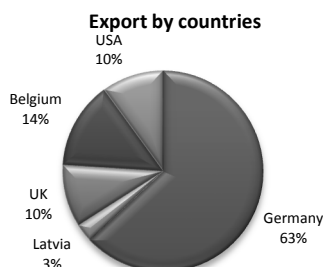


Building Services Segment

The market of the Building Services Segment, due to its specific nature, is examined only for Poland. The company does not possess any specific data concerning its global size; however, taking into account the information about the revenue of major players, the Polish market can be estimated at ca. 2 billion PLN, with a tendency to change considerably, depending on the availability of financing for projects. The market is much dispersed; ten largest players, including Metalplast Stolarka (the parent company for the Building Services Segment), have a ca. 5% share in the market.

In the period subject to this report, the Segment recorded an almost 30% decrease in revenue, to 54 million PLN, mainly due to the shift of a part of contracts by investors. As a result, also net result

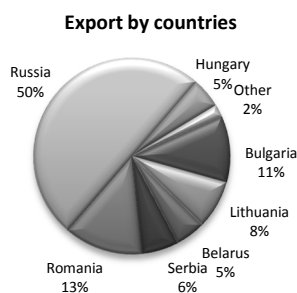
declined from 0.9 to 0.3 million PLN. For the first time in the history of the company, the export sale (60% of the share) exceeded the sale in Poland considerably (40% of the share). The graph below presents the geographical structure of export.



Building Accessories Segment

The value of the European market of building hardware is estimated at ca. 1 billion EUR. There are many entities on the market; however, three concerns, which jointly have an over 40% share in the market, are the leaders. These are: ROTO with an over 20% share as well as Winkhaus and Siegenia-Aubi, each with a 10% share. Individual shares of other players do not exceed 5%, and Metalplast Karo Złotów (the parent company for the Building Accessories Segment) with a ca. 1% share is among a few dozen medium-sized entities. Taking into account the chief product (window and door hardware), the market is subject to cyclical fluctuations depending on the changes in the business conditions in the building industry.

In the period subject to this report, the segment recorded sales comparable to last year's figure (20.0 million PLN), and sales revenue increased to 44.3 million PLN. The increase was recorded as regards the cooperation within the Capital Group (+8%), but as regards the sale on the home market, it declined by ca. 6%. The graph below presents the geographical structure of export sale.



Other companies

Alu Trans System Sp. z o.o.

It is engaged in the design, manufacture and sale of aluminium systems for the transport industry, on the basis of shapes purchased from the Extruded Products Segment (car bodies for vans and lorries). In the period subject to this report, the company generated 8.1 million PLN of sales revenue (a decline by 20% as compared to the previous year) and recorded net loss of 0.6 million PLN (0.1 million of net profit in the comparable period in the previous year).

Dekret Centrum Rachunkowe Sp. z o.o.

The company provides bookkeeping services to Polish members of the Capital Group of Grupa KĘTY S.A.

Alutech Sp. z o.o. – the company is being liquidated

The company does not carry out any activities.

4.2. RESULTS OF BUSINESS SEGMENTS

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. The Group's financing is managed at the Group's level and is not allocated to operating segments. The tables below present revenue and profits as well as assets and liabilities of particular operating segments.

6 months of 2015: ('000' PLN)

Group's business segments	FPS	EPS	ASS	BAS	BSS	Other	Eliminations	Total
Income statement								
Sale	211 119	416 802	368 013	20 012	54 034	13 303	(122 416)	960 867
- outside the Group	211 091	312 424	363 171	12 647	53 342	8 192	0	960 867
- to other segments	28	104 378	4 842	7 365	692	5 111	(122 416)	0
Operating profit (EBIT)	39 568	22 473	55 032	(404)	96	(6 049)	3 762	114 478
Depreciation/Amortisation	9 036	21 957	8 406	2 151	856	1 028	(5)	43 429
EBITDA	48 604	44 430	63 438	1 747	952	(5 021)	3 757	157 907
Balance sheet								
Segment's assets	536 113	679 138	540 070	61 221	86 486	523 289	(483 070)	1 943 247
Segment's trade liabilities	68 512	57 243	106 231	4 183	25 295	4 980	(80 910)	185 534
Unallocated liabilities (joint)						715 852	(122 074)	593 778
Total liabilities	68 512	57 243	106 231	4 183	25 295	720 832	(202 984)	779 312
Other								
Capital expenditure on non-current assets	19 692	38 940	25 556	1 733	44	568	0	86 533

6 months of 2014: ('000' PLN)

Group's business segments	FPS	EPS	ASS	BAS	BSS	Other	Eliminations	Total
Income statement								
Sale	193 802	338 150	304 226	20 103	77 934	14 756	(97 375)	851 596
- outside the Group	192 846	258 537	298 942	13 397	77 662	10 212	0	851 596
- to other segments	956	79 613	5 284	6 706	272	4 544	(97 375)	0
Operating profit (EBIT)	34 729	23 627	52 638	1 659	2 723	(5 190)	(659)	109 527
Depreciation/Amortisation	8 807	19 007	7 912	1 993	880	1 063	(5)	39 657
EBITDA	43 536	42 634	60 550	3 652	3 603	(4 127)	(664)	149 184
Balance sheet								
Segment's assets	469 339	624 172	443 817	58 985	111 548	507 343	(456 779)	1 758 425
Segment's trade liabilities	57 915	45 842	86 243	3 034	35 132	6 441	(65 961)	168 646
Unallocated liabilities (joint)						569 388	(99 339)	470 049
Total liabilities	57 915	45 842	86 243	3 034	35 132	575 829	(165 300)	638 695
Other								
Capital expenditure on non-current assets	4 470	12 326	13 096	981	100	1 435	0	32 408

- the item 'Other' contains figures for the units responsible for the centrally managed areas (IT, finances, PR and IR, risk management, equity investments, HR) and figures for companies not organisationally grouped in the core business segments.

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

- the column 'Eliminations' in the income statement contains inter-segmental sales. It is mainly related to the sale of aluminium profiles from the EPS to the ASS. In the balance sheet, it is mainly the elimination of the parent company's interests in subsidiaries as well as of inter-segmental receivables and liabilities.

Transaction prices applied in transactions between operating segments are determined at arm's length, as in the case of transactions with unrelated parties.

4.3. THE PRESENT AND PROJECTED FINANCIAL STANDING OF THE CAPITAL GROUP

Selected consolidated financial figures concerning the consolidated financial statements pursuant to the IFRS

ITEMS OF THE INCOME STATEMENT, COMPREHENSIVE INCOME AND CASH FLOW STATEMENT	in '000' PLN		in '000' EUR	
	First half of 2015	First half of 2014	First half of 2015	First half of 2014
Net sales revenue	960 867	851 596	232 425	203 809
Profit on operating activities	114 478	109 527	27 691	26 213
Profit before tax	106 943	99 215	25 869	23 745
Net profit	92 689	83 406	22 421	19 961
Net profit (loss) attributable to the parent's shareholders	92 689	83 406	22 421	19 961
Total net income (loss)	89 605	81 070	21 675	19 402
Total net income (loss) attributable to the parent's shareholders	89 605	81 070	21 675	19 402
Net cash flow from operating activities	68 438	119 830	16 555	28 678
Net cash flow from investing activities	-107 283	-43 531	-25 951	-10 418
Net cash flow from financing activities	55 087	-67 443	13 325	-16 141
Total net cash flow	16 242	8 856	3 929	2 119
Net earnings per share attributable to the parent's shareholders (in PLN/EUR)	9.86	8.90	2.39	2.13
Diluted net earnings per share attributable to the parent's shareholders (in PLN/EUR)	9.84	8.89	2.38	2.13
BALANCE SHEET ITEMS	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Total assets	1 943 247	1 797 508	463 296	421 723
Liabilities and provisions for liabilities	779 312	594 276	185 798	139 426
Long-term liabilities	140 943	107 118	33 603	25 132
Short-term liabilities	638 369	487 158	152 196	114 295
Equity of the parent's shareholders	1 163 935	1 203 232	277 497	282 296
Share capital	67 383	67 352	16 065	15 802
Number of shares	9 441 988	9 393 538	9 441 988	9 393 538
Book value per share (in PLN/EUR)	123.27	128.09	29.39	30.05
Diluted book value per share (in PLN/EUR)	123.22	127.67	29.38	29.95
Dividend per share – declared or paid (in PLN/EUR)	0.00	14.41	0.00	3.38
Figures concerning the separate financial statements pursuant to IFRS				
ITEMS OF THE INCOME STATEMENT, COMPREHENSIVE INCOME AND CASH FLOW STATEMENT	in '000' PLN		in '000' EUR	
	First half of 2015	First half of 2014	First half of 2015	First half of 2014
Net sales revenue	411 067	330 451	99 433	79 086
Profit on operating activities	131 434	99 684	31 793	23 857
Profit before tax	129 862	98 507	31 412	23 575
Net profit	127 936	98 229	30 947	23 509
Total net income	125 338	101 655	30 318	24 329
Net cash flow from operating activities	37 167	25 022	8 990	5 988
Net cash flow from investing activities	-36 114	-10 632	-8 736	-2 545
Net cash flow from financing activities	10 469	-423	2 532	-101

Total net cash flow	11 522	13 967	2 787	3 343
Earnings per ordinary share (in PLN/EUR)	13.61	10.49	3.29	2.51
Diluted earnings per ordinary share (in PLN/EUR)	13.58	10.46	3.28	2.50
BALANCE SHEET ITEMS	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Total assets	1 120 251	974 701	267 083	228 680
Liabilities and provisions for liabilities	408 851	260 039	97 475	61 009
Long-term liabilities	88 184	73 429	21 024	17 228
Short-term liabilities	320 667	186 610	76 451	43 782
Equity	711 400	714 662	169 607	167 671
Share capital	67 383	67 352	16 065	15 802
Number of shares	9 441 988	9 393 538	9 441 988	9 393 538
Book value per share (in PLN/EUR)	75.34	76.08	17.96	17.85
Diluted book value per share (in PLN/EUR)	75.31	75.83	17.95	17.79
Dividend per share – declared or paid (in PLN/EUR)	0.00	14.41	0.00	3.38

The above financial figures for the first half of 2015 and of 2014 were translated into EUR as follows:

- assets and liabilities – at the average exchange rate of the National Bank of Poland (NBP) as at 30.06.2015; – 4.1944 PLN/EUR and as at 31.12. 2014 – 4.2623 PLN/EUR;
- the items of the income statement, of the statement of comprehensive income and of the cash flow statement – at the exchange rate being an arithmetic mean of the exchange rates of the NBP for the last two days of each month: first half of 2015 – 4.1341 PLN/EUR; first half of 2014 – 4.1784 PLN/EUR.

Comments to the consolidated financial figures

Sales revenue grew by ca. 13% and amounted to 960.9 million PLN as a result of an increase in aluminium prices expressed in PLN and of the improved demand on European markets – an average price for one ton of aluminium expressed in PLN in the first half of 2015 amounted to 6.7 thousand PLN, whereas, in the corresponding period in the previous year, the price was 5.5 thousand PLN. Fast-growing export (+20%) against an 8% increase on the home market was the main 'driver' for the revenue. As a result, consolidated operating profit increased to 114.5 million PLN (+5%), and consolidated net profit attributable to the parent's shareholders amounted to 92.7 million PLN (an increase by 11%).

As estimated by the Management Board, the balance sheet of the Capital Group has a safe borrowing structure. Despite the continuous development and considerable investment projects, equity still accounts for the major part of the balance sheet total. As at 30.06.2015, it accounted for 60% of total equity and liabilities, which denotes a decrease by 6 p.p. as compared to the end of 2014, mainly due to liabilities related to dividend amounting to 136.1 million PLN. As the Group's companies are mostly production enterprises that continuously invest in their development, property, plant and equipment constitute a significant item of non-current assets. In the period, they accounted for 45% of total assets (the level lower by 2 p.p. than at the end of 2014). Current assets as at 30 June 2015 amounted to 871.7 million PLN and accounted for ca. 45% of total assets (an increase by 2 p.p. as compared to 31 December 2014).

Cash flows owing to which the Group's companies are able to continue their development is one of very important parameters from the point of view of the Management Board. In the period subject to this report, consolidated cash flow from operating activities amounted to 68.4 million PLN and was lower by ca. 43% than the level recorded in the corresponding period in the previous year (mainly

due to the increase in receivables and only a slight increase in trade liabilities). However, the cash flow is sufficiently safe and stable that it does not influence further policy of financing future development. According to the Management Board's intentions, further development is to be financed essentially from this source (cash from operating activities) and bank loans.

Concluding, the Management Board has a positive opinion about generated financial results in all material respects. The Capital Group is based on solid financial foundations and is ready to face further challenges related to the implementation of the new strategy for 2015-2020.

4.4. MATERIAL AGREEMENTS AND MAJOR EVENTS IN THE REPORTING PERIOD

6 February – Alupol Films Sp. z o.o., which is a part of the Flexible Packaging Segment, obtained authorisation No. 193/2015 of 6 February 2015 to carry out business activities in 'Krakowski Park Technologiczny' Special Economic Zone. The expenditure (eligible costs) under this authorisation amounts to 150 to 195 million PLN. The project will be implemented in the zone in Oświęcim, and the new plant will be engaged mainly in the production and refining of plastic films and the production of tools used in the flexible packaging printing process.

9 February – the Management Board of Grupa Kęty S.A. adopted a resolution concerning the recommendation to the General Meeting of Shareholders of Grupa Kęty, following the approval of the Supervisory Board, of the payment of the dividend for the financial year 2014 amounting to 11 PLN per share of Grupa Kęty.

10 February – the publication of the strategy for 2015-2020 and of forecasts for 2015

11 February – Alupol Packaging S.A., a wholly-owned subsidiary of Grupa Kęty S.A., was granted a new authorisation to carry out business activities in Katowice Special Economic Zone (Authorisation No. 382 of 11.02.2014) on the basis of the planned undertaking, which comprises, among other things, Tandem Extruder device along with devices for printing, laminating and packing (e.g. cutting) flexible packaging. The project will also include the modernisation and extension of existing production and storage halls along with the technical and technological infrastructure.

23 March – the Supervisory Board of Grupa Kęty S.A. elected members of the Management Board for the 9th term of office of three years. The new Management Board is composed of the previous members of the Management Board, i.e. Dariusz Mańko, President & CEO, and Adam Piela, Member & CFO.

26 March – the Supervisory Board of Grupa Kęty S.A. adopted a resolution concerning its positive opinion on and approval of the draft options programme for management staff presented by the Management Board, which will be subject to voting at the next Ordinary General Meeting of Shareholders of Grupa Kęty S.A. The programme, according to its main objectives, is to be the continuation of the mechanisms motivating key employees of the Capital Group to take action supporting the implementation of the strategy of the Group's value growth established on the basis of the previous programme approved by the General Meeting of Shareholders on 29 May 2012. The maximum number of shares under the programme will be 180,000 accounting for 1.92% of the Company's share capital as at the date of adopting the resolution. The programme will cover the

years 2015-2023 and the main criteria for the programme implementation are as follows: the accomplishment by the share price of the assumed growth index for the years 2015-2020 as compared to WIG index and the generation by the Company of a pre-defined growth rate for EBITDA and for net profit in three-years' periods during the programme.

23 April – the Ordinary General Meeting of Shareholders of Grupa Kęty S.A.

30 April – Bank BNP Paribas Bank Polska S.A. confirmed the conclusion, by subsidiaries of Grupa Kęty S.A., i.e. Alupol Packaging Kęty Sp. z o.o. and Alupol Films Sp. z o.o., of a multi-purpose credit line agreement with BNP Paribas Bank Polska S.A. The amount of the loan granted under this agreement is 120,000,000.00 PLN. The loan is to finance the investment project as part of the development strategy of the Flexible Packaging Segment, which involves the construction of a new plant in the Special Economic Zone. The new plant will be involved mainly in the production and refining of plastic films and the production of cylinders being a tool used in the rotogravure printing of flexible packaging. The loan may be used in PLN and EUR. The interest rate on the loan is variable and equals Wibor 3M base rate for PLN or Euribor 3M base rate for EUR plus the bank's margin. According to the agreement, the final date for the repayment of the loan is 28 April 2022. The loan is secured with the surety of Alupol Packaging S.A. up to 120,000,000.00 PLN and a mortgage on real properties of Alupol Films Sp. z o.o. up to 120,000,000.00 PLN.

3 June – ALUPROF S.A., a subsidiary of Grupa Kęty S.A., established in Belgium a company with the share capital of 2,500,000.00 EUR. The purpose of the new company is to develop the sale of roller-shutter and aluminium systems in Benelux countries and in northern France, according to the development strategy of the Capital Group of Grupa Kęty S.A. for 2015-2020, assuming fast growth of sale on European markets.

26 June – as a result of the issue of series H, I and J registered bonds with the pre-emptive right to subscribe for series G ordinary bearer shares, the Management Board of Grupa Kęty S.A. allocated to Trigon Dom Maklerski Spółka Akcyjna based in Kraków all 184,500 (one hundred and eighty four thousand five hundred) bonds. The bonds were issued to implement the options programme for the management staff in the companies of the Capital Group of Grupa Kęty S.A. in 2012-2020 adopted at the General Meeting of Shareholders in 2012.

5. INVESTMENT PROJECTS AND R&D ACTIVITIES

5.1. INVESTMENT PROJECTS

Capital expenditure on the purchase of property, plant and equipment, intangible assets and shares and interests in acquired entities in the Capital Group of Grupa KĘTY S.A. in the reporting period was as follows:

	First half of 2015	First half of 2014
Total expenditure in million PLN	107.3	43.5

The investment projects implemented in 2015 were related to the tasks included in the annual budget approved by the Supervisory Board. The main projects implemented within this budget:

- the assembly of a modern 18MN press in the Extruded Products Segment;
- the expansion of production capacity in the Advanced Aluminium Products Plant in the Extruded Products Segment;
- the launch of the construction of a new plant manufacturing plastic films in the Flexible Packaging Segment;
- the expansion of production capacity in the Flexible Packaging Segment along with the environmental protection infrastructure;
- the construction of logistics and warehousing base in the Aluminium Systems Segment.

The Capital Group's planned capital expenditure in the next 12 months will amount to ca. 250 million PLN. The said expenditure will be allocated to the following crucial projects:

- termination of the construction of a modern logistics centre in the Aluminium Systems Segment;
- further expansion of the Advanced Aluminium Products Plant in the Extruded Products Segment;
- further projects related to the expansion of production capacity in the Flexible Packaging Segment;
- the construction of a new plant manufacturing plastic films in the Flexible Packaging Segment.

The remaining part of the expenditure comprises the current expenditure on maintaining machines in an appropriate technical condition or small projects with an individual value not exceeding 1 million PLN. Capital expenditure made and scheduled is financed from own funds and bank loans.

5.2. RESEARCH AND DEVELOPMENT

Research and development activities in particular business segments of the Capital Group were focused, as usual, on three areas: the launch of new products and services; the improvement of the quality of existing products; and the enhancement of the present manufacturing technologies. The following main tasks were implemented in 2015:

1. Extruded Products Segment:
 - a) research and tests to produce shapes meeting the requirements of C24 class and the development of the technology of the production of shapes for C20 class – for products which will become components of crumple zones in motor vehicles;
 - b) developing the technology of the production of shapes for the aviation industry;
 - c) developing and launching the production of modern tools (matrices) to extrude shapes with better physical and chemical properties;
 - d) works on the development of a technology to by-pass preliminary processing of ingots in the shapes extrusion process.
2. In the Aluminium Systems Segment, the main emphasis is usually placed on the expansion of the product offer:

- a) works on MB-104 Passive window and door system for passive buildings;
 - b) developing a cost-efficient MB-60E EI. fire system;
 - c) developing and launching the distribution of MB-Slimline window system for the UK market;
 - d) developing and launching the production of MB-80 Office partition walling system;
 - e) developing and launching the production of MB-59HS 'Lift & Slide' door;
 - f) a number of works aiming to fine-tune existing products to specific requirements of facilities in the USA, the UK and Poland.
3. The projects in the Flexible Packaging Segment were completed in the following areas:
- a) the production of high-barrier films, including reclosable films;
 - b) the production of a laminate being the base for the production of tops, based on aluminium film and extrusion plastic layer;
 - c) improving existing technologies to enhance the efficiency and/or quality of products.

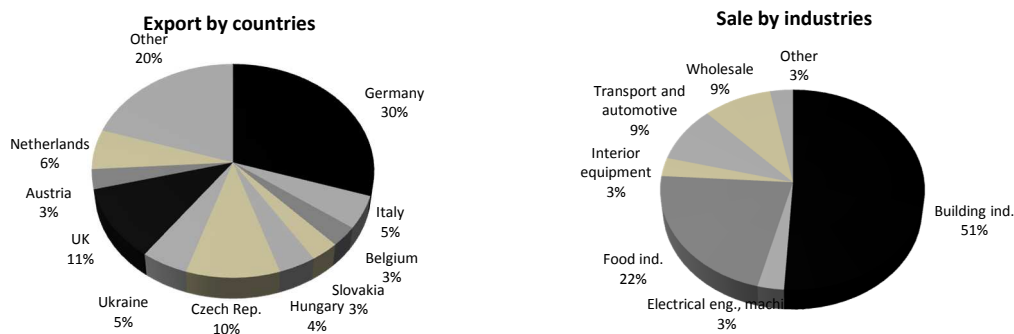
6. FACTORS DETERMINING THE DEVELOPMENT OF THE CAPITAL GROUP

6.1. EXTERNAL FACTORS

Taking into account the materiality of the impact of the remaining companies of the Capital Group upon the picture of the financial standing of Grupa Kęty S.A. as well as the risks to which the Company is exposed, if not stated otherwise, the presented factors are related to the whole Capital Group of Grupa Kęty S.A.

Business conditions on markets

The companies of the Capital Group are exposed to demand fluctuations occurring both in the Polish economy, which is the recipient of ca. 57% of the sale, and in the economies of other European countries, which receive ca. 43% of the Group's total sale. The situation on the markets of Germany, the Czech Republic, Italy, the UK, the Netherlands and Ukraine, which receive 67% of the export sale and, to a lesser degree, on the markets of Slovakia, Hungary, Austria, Belgium, Romania, Russia, France, Switzerland and the USA, is of special importance for the sale growth. At the same time, when analysing the sale by industries, one can notice high concentration of the Group's sale in the building industry (ca. 51% of the consolidated sale value), thus, all factors affecting business conditions in the building industry (availability of loans, the level of investments) on the Polish market and the main export markets exert substantial influence on the sale generated by the Capital Group.



Source: own sources

EU customs policy

Since May 2007, the customs for aluminium imported from the states of the former USSR have been decreased from 6% to 3%; the producers located in these states are the main suppliers of the main raw material for the Company. The continuation of such activities, i.e. the reduction to 0% in further years, may positively affect the Company's financial results. In turn, the return to previous rates (6%) will affect the financial results in a disadvantageous way.

Availability of raw materials

Primary aluminium, aluminium scrap as well as semi-finished products based on aluminium (sheet aluminium and aluminium tape as well as ingots made from aluminium and its alloys) are the basic group of raw materials used in the Capital Group. In the production of flexible packaging, the Group also uses various types of films and plastics granulates (polyethylene, polypropylene), printing paper, paints, adhesives and binders. The list of the basic raw materials is supplemented with accessories for the production of aluminium systems and semi-finished steel products. Due to the necessity of maintaining high quality of the production, the purchasing policy of the Group is based on the cooperation with selected suppliers who guarantee a proper standard of the cooperation. Simultaneously, such diversification of suppliers so as to ensure safety and maintain the competitiveness of supplies is the basic assumption.

Raw materials prices

In terms of shaping the selling prices of extruded products, the Capital Group depends on world aluminium prices, which may significantly affect the changes in sales value, profitability and financial results as well as the level of working capital. All supplies of primary aluminium and semi-finished products based on aluminium (ingots), which are the basic raw materials used in the manufacturing processes, are based on aluminium prices established at the London Metal Exchange. A major increase in the prices of primary aluminium, if not balanced by the increase in the products prices, may have a significant detrimental impact upon financial results. To mitigate the risk of the volatility of aluminium prices, the companies of the Capital Group apply price formulae based on exchange quotations of aluminium, transferring a part of the risk to customers, or they conclude futures for the purchase of aluminium. In the case of other raw materials groups, the companies of the Capital Group do not use derivatives to hedge their exposure. However, in selected cases, they apply mechanisms of the indexation of product prices depending on the level of prices of the main groups of raw materials (e.g. plastics and paper in the Flexible Packaging Segment).

Exchange rates

According to the Company's estimates, in the period subject to this report, ca. 45% of sales were generated in PLN and ca. 50% in EUR. The remaining 5% was sales in USD, GBP and UHR. As regards expenses, ca. 33% of costs are costs incurred in PLN, 40% are costs in USD, 26% are costs in EUR and ca. 1% are costs in other currencies (GBP, UHR). Having regard for the foregoing, the PLN/EUR, PLN/USD and EUR/USD exchange rates will materially affect the Company's results. The companies of the Capital Group take measures to mitigate the currency risk by entering into currency forwards, purchasing options or maintaining a part of their debt in foreign currencies.

Competition

Since the 1990s, we have observed steady increase in the competition due to the attractiveness of the Polish market and the vicinity of the markets of Eastern Europe. In the period subject to this report, the number of competitors in particular business segments did not change substantially. According to the Management Board's estimates, the main competitors in particular business areas are as follows:

Extruded Products Segment	Sapa Aluminium, Yawal and Final (Yawal Group), Eurometal, Cortizo, Kaye Aluminium, Extral Aluminium, Aliplast, Albatros
Aluminium Systems Segment	Sapa Building System, Schuco, Hydro Building System, Ponzio, Yawal, Aliplast, Blyweert, Heroal, Alukon, Reynaers
Building Services Segment	Dispersed market; several dozen private companies with annual turnovers not exceeding 40-50 million PLN
Building Accessories Segment	Roto, Winkhaus, G-U, Maco, Siegenia, Assa Abloy, Vorne
Flexible Packaging Segment	Amcor, Constantia Teich, Mondi Packaging, Suominen Polska, Fuji Seal Polska, Schur Flexibles Poland

Source: own sources

Loans

The companies of the Capital Group systematically invest cash into further technical and technological development, using borrowings. Furthermore, due to the standards applicable on the market, it partially finances its customers by granting trade credits to them. It means that, despite generated cash from operating activities, the restrictions concerning the access to borrowing in the form of bank loans may have significant impact upon the Company's development opportunities. It may also affect the amount of the dividend paid by Grupa Kęty S.A. The level of interest rates will directly affect the finance costs disclosed by particular companies, hence upon the generated net profit. The value of the Capital Group's borrowings is presented in note 9.1 to this report.

Political and economic situation in Ukraine

In Ukraine, the Capital Group has two companies: Alupol Ukraina LLC, a production company, and Aluprof System LLC, a trading company. The unstable political and economic situation in Ukraine results in the exposure of the said assets to the risk exceeding the usual economic risk. The Management Board has been analysing the situation of subsidiaries in Ukraine on an ongoing basis.

As at the balance sheet date, the recoverable amount determined pursuant to IAS 36 amounted for Alupol Ukraina LLC to 14,700 thousand PLN. Any possible future write-downs related to the deteriorating economic situation or potential military actions in Ukraine may affect the results in further years.

6.2. INTERNAL FACTORS

Investments in the development of technologies and of the distribution and sale network

The operation of the Group on a highly competitive market calls for constant meeting of the requirements of the competition and customers. Those requirements can only be met through technological development, new products, greater potential as well as the development of the distribution and sale network. The Company is aware of those requirements, therefore it has been implementing systematically its strategic plan that ensures the Company's development in all key areas which guarantee high competition level with respect to the other players on the market.

Staff competence levels and the employment structure that ensures the meeting of the challenges posed by the fast developing market

The Group's success partially depends on the work of the management staff and the ability to retain and motivate highly qualified staff. The loss of services provided by qualified and experienced staff may have significant adverse impact upon the functioning of the Capital Group. Therefore, the Group implemented a worked-out policy of recruitment and retention of key and valuable employees, whose work and contribution translates directly into its success.

The ability to finance current operations and investment projects

The continuous development of the Group depends on the preservation of the stable financial situation (high operating profitability and large cash flow generated from operating activities). Therefore, the Management Board pays a lot of attention to continuous improvement of production processes and logistics, which should result in high effectiveness of activities, further reflected in profits. Appropriate currency risk management is also an important factor for the accomplishment of stable results. It results from the Company's high exposure to foreign currencies as regards both purchases and sale.

6.3. DEVELOPMENT DIRECTIONS OF THE CAPITAL GROUP

The Strategy for 2015-2020 ("Strategy 2020") approved of by the Company's Supervisory Board on 9 February 2015 contains the following elements:

The Strategy objectives:

The basic objective of Strategy 2020 is ensuring steady increase in shareholder value owing to:

- sustainable development resulting in the systematic increase in generated profit and cash;
- stable dividend policy;
- creating potential for further development in further periods;
- maintaining high corporate governance standards.

Generated profits depend on the market position and the size of an organisation; these factors, in turn, depend on the attractiveness of the products mix and the effective operation of an organisation. Therefore, business segments will focus especially on the systematic development in the areas with high levels of required competences and on systematic expansion of the added value chain. Owing to high effectiveness accomplished mainly due to internal organisational measures and methodical upgrade of machines, the Capital Group intends to build its products offer in such a way so as to uphold the present leading position on the Polish market in the major operating segments and vigorously develop sale on European markets.

Dividend policy:

The Company's Management Board decided to maintain the dividend payment ratio at 60% of consolidated net profit.

Operating and macroeconomic objectives:

On the basis of adopted assumption concerning the prices of raw materials and exchange rates, particular segments forecast the following sales revenue:

- Extruded Products Segment – 1,158 million PLN (+56%)
- Aluminium Systems Segment – 953 million PLN (+37%)
- Flexible Packaging Segment – 652 million PLN (+64%)
- Building Services Segment – 200 million PLN (+40%)
- Building Accessories Segment – 80 million PLN (+82%)

Taking the above into consideration, consolidated sales revenue of the Capital Group in 2020 should amount to 2,820 million PLN (+54%), operating profit to 314 million PLN, EBITDA to 465 million PLN (+50%) and consolidated net profit to 264 million PLN (+50%).

The above forecasts have been prepared on the basis of the following macroeconomic assumptions:

- average aluminium price (3M) – 1,900 USD/ton
- average USD exchange rate – 3.62 PLN
- average EUR exchange rate – 4.20 PLN
- EUR/USD relation – 1.16
- GDP growth in Poland – 3.4%

Investment plan:

The Management Board assumes that, in the period covered by this strategy (2015-2020), capital expenditure will amount to ca. 930 million PLN, including:

- Extruded Products Segment – 379 million PLN
- Aluminium Systems Segment – 183 million PLN
- Flexible Packaging Segment – 254 million PLN
- Building Services Segment – 23 million PLN
- Building Accessories Segment – 39 million PLN

This forecast does not comprise any possible additional expenditure on acquisitions, whose effects are also not included in the forecast of sale and results.

Debt:

In relation to the investment programme being implemented and the planned payment of dividend, the Capital Group's debt will rise to ca. 570 million PLN in 2017 (ca. 470 million PLN in net terms) and ca. 370 million PLN in 2020 (ca. 130 million PLN in net terms).

Uncertainty risk and the frequency of the evaluation of the strategy accomplishment degree:

These strategy objectives, including the forecasts of future revenue and profits, have been established on the basis of a number of assumptions, expectations and projections and, as a result, are subject to uncertainty risk and may change due to both external and internal factors.

In addition, below we present the forecast of consolidated results for 2015, as the Company does not publish separate forecasts for Grupa Kęty S.A.

The Company's Management Board assumes that, in 2015, the global economy will improve further. As a result, all segments forecast better results, both as regards sales revenue and operating profit. On the basis of adopted assumption concerning the prices of raw materials and exchange rates, particular segments forecast the following sales revenue:

- Extruded Products Segment – 860 million PLN (+18%)
- Aluminium Systems Segment – 719 million PLN (+3%)
- Flexible Packaging Segment – 404 million PLN (+2%)
- Building Services Segment – 150 million PLN (+5%)
- Building Accessories Segment – 49 million PLN (+11%)

The Management Board is projecting that consolidated operating profit will amount to 226 million PLN, i.e. it will be higher than in the previous year by 2%. The main factors affecting its level will be as follows: an increase in the sale volume in the three biggest business segments and the improvement of the profitability of the BSS. The expected financing activities balance in 2015 will amount to -10 million PLN and is based solely on the calculation of loan costs. In addition, when calculating net profit for 2015, the Company took account of 15.8 million PLN of deferred tax asset due to operations in the Special Economic Zone. As a result, consolidated net profit will amount to 201 million PLN.

The table below shows the forecast of basic consolidated financial figures for 2015 in million PLN as compared to preliminary results for 2014:

	2014	2015*	Change
Sales revenue	1,819 million PLN	1,962 million PLN	+ 8%
EBIT	225 million PLN	226 million PLN	+ 1%
EBITDA	309 million PLN	321 million PLN	+ 4%
Net profit	169 million PLN	201 million PLN	+18%
Capital expenditure	97 million PLN	255 million PLN**	

* forecast

** ca. 40 million PLN are payments carried forward from investment projects in 2014

The above forecasts were prepared on the basis of the following macroeconomic ratios:

- aluminium price – 1,900 USD/ton
- annual inflation rate – 1.5%
- average USD exchange rate – 3.62 PLN
- average EUR exchange rate – 4.20 PLN
- EUR/USD relation – 1.16
- GDP growth – 3.0%

Financing:

According to the Company's estimates, at the end of 2015, the interest-related debt due to bank loans and lease will amount to ca. 393 million PLN, so it will be higher by ca. 159 million PLN than at the end of 2014, mainly due to a big investment programme (255 million PLN), assumed dividend payment (as per the dividend policy) and the needs related to the financing of working capital. The Management Board expects that credit lines held by the companies of the Capital Group along with cash generated during the year satisfy the needs for the financing of the assumed expenditure.

7. HUMAN RESOURCES MANAGEMENT

In the Capital Group of Grupa Kęty S.A., the human resources management area is precisely defined in procedures, which specify the standards for the implementation of particular HR processes. Due to the business diversity, the flexibility of the system, which allows for the application of the guidelines, having regard for specific natures of particular companies and the high level of professionalism, is an important factor. Many companies of the Capital Group have been present on the market for dozens of years. Both them and the companies which have been operating on the market for a relatively short time, hire employees who gained almost all of their professional experiences within this organisation.

Processes development

Taking care of the development of its employees, the organisation encourages them to participate in recruitment processes. We inform about such recruitment opportunities on our website and on notice boards. In addition, we reach outside candidates through specialized Internet portals. The recruitment process comprises three stages during which we take measures to examine the competences of the candidates to the greatest possible extent.

The focus on internal recruitment opens up the door to promotion both in particular companies and in the whole Group. The employees responsible for the orientation of new employees have an opportunity to share their experience and test their mentoring abilities. It is one of the elements of the knowledge management system, which prevents the loss of valuable information, at the same time supporting the intergenerational communication.

The high level of employees' awareness makes it possible to take advantage of the values resulting from periodical appraisals. Official annual meetings of employees with their superiors are an opportunity to review employees' performance, identify requirements for the next period and define detailed training needs in relation to the objectives for a given job. The Company conducts training programmes in various forms (e.g. courses, university studies) covering technical issues and developing personal and social skills. Perfecting communication in foreign languages has been emphasised to a great extent.

In 2014, the role of the management staff in the area of risk management both in particular companies and in the whole organisation was emphasised. Due to the update of the Group's Mission and Vision, the competence model was discussed. The division into three groups was upheld, i.e. corporate competences – common for all employees of the Group; managerial competences – dedicated to the management staff; and specialist competences – defined in particular companies for specific professional groups. In addition, the Company implemented a management by objectives system, which defines the procedure regarding the assignment and settlement of objectives, highlighting objectives related directly to the strategy of a given company.

Payroll system

In the companies of the Capital Group of Grupa Kęty S.A., remunerations of employees depend on multiple factors. The compensation brackets defined in regulations form the basis of the system, and a specific value is determined on the basis of an employee's knowledge, experience, performance and attitude. Pay rises are given in our organisation on a continuous basis. The process involves the submitting of properly justified requests from superiors, who, for this purpose, apply the results of periodical performance appraisals and the information from other sources concerning the activity of employees and their performance. A similar procedure is applied in the process of granting awards from the incentive fund.

At least once a year, we review salaries and wages; on the basis of payroll reports, we analyse the position of the organisation on the market, taking into account the location or industry. We also monitor, on an ongoing basis, the average remuneration of employees, which last year in the Capital Group was at the level of at least the average national compensation.

This payroll system allows us to increase the competitiveness of the organisation, maintain the stability of the staff and encourage qualified candidates to participate in recruitment processes.

Safe Work Programme

With a view to meet the guidelines from 2010 under the Safe Work Programme, the organisation strives to eliminate risks at work. Preventative measure comprise, apart from basic statutory ones, e.g. additional H&S and fire protection training courses with reference to the specific nature of the operations of a given company. Suggestions systems are also used to implement the programme objectives; they encourage employees to share their knowledge, allow them to suggest improvements and they are an additional source of information about potential risks at work. Owing to the reporting system, we constantly analyse the results of undertaken measures and potential risks.

The efficiency of measures taken as part of this programme is extremely high. Since its implementation, the number of accidents at work in the Capital Group has decreased by 36%; and the company which invented the programme has accomplished 92%. Also in this area, long-term employees with a lot of experience enjoy an opportunity to take advantage of their skills to meet the needs of the organisation.

Employment

	30.06.2015	31.12.2014
TOTAL FOR THE CAPITAL GROUP	3827	3727

8. ENVIRONMENTAL PROTECTION

In the first half of 2015, Grupa KĘTY focused on curbing the environmental impact through measures taken to improve production processes and to upgrade infrastructure. The project which involves the shielding of an 18MN press together with a coating, aging furnace and auxiliary devices should be highlighted here. The press offers a number of innovative ecological solutions, such as a patented ECO + LOGIC 2.0 system, i.e. the press drive composed of gear pumps driven by motors cooled with

water and controlled flexibly by inverters. In addition, the line will be fitted with an ingots heater (the most energy-efficient and ecological on the market) owing to the use of heat recovery systems and continuous electronic control of the composition of the gas and air mix. The solution will ensure optimum natural gas combustion in all operating conditions of the device. When the new line is purchased, the obsolete production line will be disassembled, which will additionally contribute to the decrease in the emissions to air, the amount of produced waste and the consumption of utilities.

As per the schedule, in the first half of 2015, Grupa KĘTY S.A. carried out required measurements and analyses of the air quality. The results of tests confirm the compliance with standards. The review of the environmental management system required under ISO14001 carried out on 21 April 2015 by the executives confirmed the compliance of measures with the law and emission permits governing the use of the environment. In addition, the following was confirmed: high effectiveness of the Environmental Programme; the reduction of waste management costs; an increase in environmental efficiency of processes and simultaneous decrease in emissions per production unit and the reduction of expenditure on 'end-of-pipe' systems. The results of the assessment were fully confirmed by the supervision audit carried out by independent auditors from TUV NORD Cert. The audit report proves the compliance with the law and ISO14001, and the system ability to meet the needs of interested parties.

In addition, the Company assessed the environmental effectiveness of tasks using the so-called 'green accounting' model, which is an adjustment of the accounting system to the requirements related to ecological activities. The results of the assessment indicate greater effectiveness of spending on ecology.

In the first half of the year, the Company also reviewed MSDS's received from suppliers of chemicals, identifying substances which must be evaluated in terms of their chemical safety. On the basis of the so-called 'exposure scenarios', the Company assessed the compliance, ensuring that operational conditions in the plant as well as measures and means reducing the risks arising from the use of the substance are appropriate. It allows for further application of the substances and their mixtures used in production processes. Furthermore, the Company updated the assessment of industrial failure risk on the basis of the respective ordinance of the Minister of Economy. The results confirmed that the Company is not an entity with higher or high risk of a serious industrial failure.

As part of initiatives to promote ecological attitudes, the Company sent to suppliers and cooperating parties the documents implemented in 2014, i.e. the Social Responsibility Policy and the Code of Ethics, which were an element of the compulsory declaration of the cooperation with Grupa KĘTY S.A.

The Company continued to highlight the importance of responsible and committed attitudes of employees, mainly through the participation in the Employee Suggestions system in the Company; in this system, employees propose various measures, including environmental ones.

9. DERIVATIVE FINANCIAL INSTRUMENTS

Details concerning derivative financial instruments are presented in note 27 to the Consolidated Financial Statements of the Capital Group of Grupa Kęty S.A. for the first half of 2015.

10. BORROWINGS AND OTHER LIABILITIES

10.1. BANK LOANS AND FINANCE LEASE

Long-term loans: ('000' PLN)

Borrower	Lender	Loan currency	31.12.2014	Increases (decreases)	30.06.2015
Grupa Kęty S.A.	BNP Paribas Polska	PLN	20 904	14 139	35 043
Alupol Packaging S.A.	Bank PKO BP	PLN	2 306	-1 537	769
Aluprof S.A.	Bank PEKAO SA	PLN	0	15 000	15 000
Total loans			23 210	27 602	50 812
Aluprof Romania	Liabilities due to finance lease	RON	97	-75	22
Total lease			97	-75	22
Total long-term loans and lease			23 307	27 527	50 834

Short-term loans: ('000' PLN)

Borrower	Lender	Loan currency	31.12.2014	Increases (decreases)	30.06.2015
Grupa Kęty S.A.	Bank PKO BP	PLN, EUR, USD	1 682	4 515	6 197
Grupa Kęty S.A.	BNP Paribas Polska	PLN, EUR	18 553	9 697	28 250
Grupa Kęty S.A.	ING Bank Polska	EUR, PLN	9	16	25
Grupa Kęty S.A.	Bank PeKaO S.A.	EUR, USD, CHF	71 645	-23 777	47 868
Grupa Kęty S.A.	Bank Societe Generale	PLN, EUR	15 768	-1 383	14 385
Alupol Packaging S.A.	Bank PKO BP	PLN, EUR	6 380	-1 788	4 592
Alupol Packaging S.A.	BNP Paribas	PLN	5 117	-5 111	6
Alupol Packaging S.A.	Bank PKO BP	PLN	3 748	-3 171	577
Alupol Packaging Kęty Sp. z o.o.	Bank PKO BP	PLN	4 206	29 619	33 825
Alupol Films Sp. z o.o.	Bank PEKAO S.A.	PLN	0	1 732	1 732
Aluprof S.A.	PEKAO S.A.	PLN, EUR, USD	27 267	-2 346	24 921
Aluprof S.A.	Societe Generale S.A.	GBP, USD, EUR	1 456	2 542	3 998
Aluprof S.A.	BNP Paribas	PLN, EUR	499	-110	389
Aluprof S.A.	BPH S.A.	EUR	7 619	-3 671	3 948
Aluprof S.A.	PKO BP	EUR	0	2 097	2 097

Metalplast Stolarka Sp. z o.o.	Bank PEKAO S.A.	PLN, EUR, USD	12 659	-2 701	9 958
Metalplast Stolarka Sp. z o.o.	BNP Paribas	PLN	9 816	-96	9 720
Metalplast Stolarka Sp. z o.o.	ING Bank Polska	PLN, USD	21 393	9 512	30 905
Alu Trans System Sp. z o.o.	PKO BP	PLN	3 947	1 252	5 199
ROMB S.A.	Bank PKO BP	PLN	0	4 540	4 540
Total loans			211 764	21 368	233 132
Aluprof Romania	Liabilities due to finance lease	RON	8	126	134
MHF A/S	Liabilities due to finance lease	DKK	83	50	133
Total lease			91	176	267
Total short-term loans and lease			211 855	21 544	233 399

All loans bear interest at Wibor/Euribor rates plus the bank's margin. Loans repayments resulted from the repayment schedule. Borrowings are related to the management of the Group's liquidity.

10.2. CONTINGENT LIABILITIES

ITEM	30.06.2015 (NOT AUDITED)	31.12.2014 (AUDITED)
Bank guarantee for LC Corp Sky Tower concerning the proper performance of the contract*	0	3 593
Bank guarantees granted by Metalplast Stolarka sp. z o.o.**	30 074	43 899
Total granted guarantees	30 074	47 492

* Related to construction works on Sky Tower building in Wrocław. The guarantee expired on 31.01.2015.

**Building guarantees are related to the proper performance of construction services contracts, and their validity dates depend on the terms and conditions of particular contracts.

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

11. THE PRINCIPLES OF FINANCIAL RISK MANAGEMENT

The basic risks as well as objectives and principles of risk management in the Capital Group of Grupa Kęty S.A. did not change as compared to the ones published in the most recent annual consolidated financial statements of Grupa Kęty S.A. for 2014.

12. OTHER INFORMATION

12.1. TRANSACTIONS WITHIN THE CAPITAL GROUP

Transactions within the Capital Group from the point of view of the parent company for the period subject to this report.

Related party (figures in '000' PLN)	Sale	Purchases	Receivables	Liabilities	Dividends
Aluprof S.A.	95 441	1 655	129 812	449	71 000
Alupol Packaging S.A.	538	0	40 194	0	40 000
Alutech sp. z o.o. w likwidacji	2	0	0	0	0
Alu Trans System Sp. z o.o.	3 544	41	2 893	7	0
Dekret Sp. z o.o.	383	703	66	139	69
Aluprof Hungary Sp. z o.o.	489	201	41	129	0
Metalplast Stolarka Sp. z o.o.	2 132	197	3 332	42	0
Alupol Ukraina Sp. z o.o.	1 015	2 963	567	832	0
Romb S.A.	516	3	449	0	0
Aluform Sp. z o.o.	755	23 236	220	4 421	13 002
Alupol Packaging Kęty Sp. z o.o.	3 992	4	1 040	4	0
Aluprof System Czechy sro	0	199	0	28	0
Grupa Kęty Italia srl	0	695	391	0	0
Total	108 807	29 897	179 005	6 051	124 071

Apart from the aforementioned transactions, in the period subject to this report, the Company did not carry out any other related party transactions.

The transactions with the Management Board and the Supervisory Board are described in note 27 to the interim condensed consolidated financial statements. There were no other significant related party transactions apart from the aforementioned transactions and balances.

12.2. PENDING PROCEEDINGS

As at the last day of the reporting period and as at the date of this report, the companies of the Capital Group of Grupa Kęty S.A. were not a party to any proceedings pending in the court, competent arbitration court or public administration authority with the total value accounting for at least 10% of the equity of Grupa Kęty S.A.

12.3. THE EXPLANATION OF DIFFERENCES BETWEEN ACCOMPLISHED FINANCIAL RESULTS AND THE FORECASTS PUBLISHED PREVIOUSLY

The Company's Management Board upholds the forecasts published on 10 February 2015 and described in note 6.3 to this report.

12.4. EVENTS AFTER THE REPORTING PERIOD

On 13 July 2015, a subsidiary Alupol Films Spółka z ograniczoną odpowiedzialnością received a notification from the District Court in Oświęcim, V Land and Mortgage Register, concerning the entry of a contractual real estate mortgage on the title of Alupol Films to real property located in Oświęcim at Gospodarcza Street entered into Land and Mortgage Register No. KR1E/00063122/4, covering lots Nos. 717/2, 717/3, 717/6 and 717/5, in which Alupol Films Sp. z o.o. is entered as the owner. The present value of the real properties entered into the said Land and Mortgage Register as per the purchase price is 5,588,308.20 PLN (including VAT). The value of these assets in books of account of Alupol Films is 4,543,340.00 PLN (excluding VAT). The mortgage was established up to 120,000,000.00 PLN. The value of projected investments on the said real properties is estimated at ca. 150 million PLN. The mortgage was established on the basis of the agreement concluded with Bank BGŻ BNP Paribas S.A. concerning the security for the Bank's debt resulting from a loan agreement; the Company informed about this agreement with a stock exchange report No. 26/2015 of 30 April 2015. The mortgage secures the payment of the Bank's debt including the principal, interest on principal, interest due to delayed repayment of the loan, fees and commissions on the loan provided for and specified in the loan agreement.

On 22 July 2015, Grupa Kęty S.A. received the confirmation of the conclusion of an annex to the overdraft facility agreement of 12.06.2014 concluded by the Company and its subsidiaries (Aluprof S.A., Alupol Packaging S.A., Metalplast Stolarka Sp. z o.o.), a non-revolving loan agreement with Bank BNP Paribas Polska SA for the total amount of 50 million PLN. Under the annex, the date of the loan disbursement was changed to 1.06.2016, and it can be shifted further into the future. In the new lending period, the loan amount will be 100,000,000.00 PLN. In addition, the following subsidiaries joined the agreement: Alupol Packaging Kęty Sp. z o. o., Alupol Films Sp. z o.o. and Romb S.A. The loan amount is the joint total debt of the aforementioned companies. The loan is to be used to finance the current operations of the companies. According to specific terms and conditions of the agreement, the companies are jointly and severally liable for the debt under the aforementioned agreement. The interest rate on the loan is variable and equals the base rate for a given currency plus the bank's margin (base rate means Wibor 3M for PLN, EURIBOR 3M for EUR, Libor 3M for USD).

13. OTHER STATEMENTS OF THE MANAGEMENT BOARD

THE STATEMENT OF THE MANAGEMENT BOARD OF GRUPA KĘTY S.A. CONCERNING THE TRUTH AND FAIRNESS OF THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Grupa Kęty S.A. hereby declares that, according to their best knowledge, the financial information and comparable data recognised in the consolidated financial statements of Grupa Kęty S.A. for the first half of 2015 were prepared according to the accounting principles in force and they present a true and fair view of the financial standing and assets of the Capital Group of Grupa Kęty S.A. The Management Board's Report on the Operations of the Capital Group of Grupa Kęty S.A. for the first half of 2015 presents a true view of the development and accomplishments as well as of the standing, including the description of basic risks and threats, of the Capital Group of Grupa Kęty S.A. in the first half of 2015.

THE STATEMENT OF THE MANAGEMENT BOARD OF GRUPA KĘTY S.A. CONCERNING THE SELECTION OF THE ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS

The entity authorised to audit financial statements that reviews the consolidated financial statements of the Capital Group of Grupa Kęty S.A. for the first half of 2015, i.e. PricewaterhouseCoopers Spółka z ograniczoną odpowiedzialnością, was selected according to the law. The entity and the auditors performing the audit observed the conditions for the issuance of an impartial and independent opinion on the audit, according to the law and professional standards.

Dariusz Mańko

President of the Management Board

Adam Piela

Member of the Management Board

Kęty, 13 August 2015