CAPITAL GROUP OF GRUPA KĘTY S.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2016 ENDED ON 30 JUNE 2016 PREPARED PURSUANT TO IAS 34

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated quarterly report PSr 2016

(Pursuant to § 82 Clause 2 and § 83 Clause 3 of the Minister of Finance's Ordinance of 19 February 2009 - Journal of Laws No. 33 item 259 as amended) for the issuers of securities involved in the production, construction, trading or servicing activities for the first half of the financial year 2016 covering the period from 01.01.2016 to 30.06.2016, comprising the interim condensed consolidated financial statements pursuant to IAS 34 in the Polish currency (PLN) and the interim condensed financial statements pursuant to IAS 34 in the Polish currency (PLN).

2 August 2016

(delivery date)

GRUPA KĘTY SPÓŁKA AKCYJNA

(Issuer's full name)

KĘTY	**Metal (met)**
(Issuer's short name)	(sector according to the WSE classification / industry)
32-650	**Kęty**
(postal code)	(town/city)
Kościuszki	**111**
(street)	(building number)
33 844 60 00	**33 845 30 93**
(telephone number)	**(fax number)**
kety@grupakety.com	**www.grupakety.com**
(e-mail)	**(website)**
549-000-14-68	**070614970**
(Tax ID Number - NIP)	**(Statistical ID Number - REGON)**

SELECTED FINANCIAL FIGURES

Figures concerning the condensed consolidated 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 2016	First half of 2015	First half of 2016	First half of 2015
Net sales revenue	1,083,225	960,867	247,283	232,425
Profit on operating activities	141,412	114,226	32,282	27,630
Profit before tax	134,436	106,943	30,690	25,869
Net profit	143,439	92,689	32,745	22,421
Net profit (loss) attributable to the parent's shareholders	143,439	92,689	32,745	22,421
Total net income (loss)	153,908	89,605	35,135	21,675
Total net income (loss) attributable to the parent's shareholders	153,908	89,605	35,135	21,675
Net cash flow from operating activities	160,825	68,438	36,714	16,555
Net cash flow from investing activities	-150,770	-107,283	-34,418	-25,951
Net cash flow from financing activities	32,851	55,087	7,499	13,325
Total net cash flow	42,906	16,242	9,795	3,929
Net earnings per ordinary share attributable to the parent's shareholders (in PLN/EUR)	15.18	9.86	3.47	2.39
Diluted net earnings per ordinary share attributable to the parent's shareholders (in PLN/EUR)	15.16	9.84	3.46	2.38
BALANCE SHEET ITEMS	**30.06.2016**	**31.12.2015**	**30.06.2016**	**31.12.2015**
Total assets	2,254,369	1,958,692	509,404	459,625
Liabilities and provisions for liabilities	989,582	679,849	223,609	159,533
Long-term liabilities	225,330	171,553	50,916	40,256
Short-term liabilities	764,252	508,296	172,693	119,276
Equity of the parent's shareholders	1,264,787	1,278,843	285,795	300,092
Share capital	67,534	67,505	15,260	15,841
Number of shares	9,453,693	9,441,988	9,453,693	9,441,988
Book value per share (in PLN/EUR)	133.79	135.44	30.23	31.78
Diluted book value per share (in PLN/EUR)	133.59	135.00	30.19	31.68
Dividend per share – declared or paid (in PLN/EUR)	0.00	18.00	0.00	4.22

Figures concerning the condensed consolidated 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 2016	First half of 2015	First half of 2016	First half of 2015
Net sales revenue	423,284	411,067	96,629	99,433
Profit on operating activities	179,626	131,434	41,006	31,793
Profit before tax	179,736	129,862	41,031	31,412
Net profit	175,204	127,936	39,996	30,947
Total net income	181,390	125,639	41,409	30,391
Net cash flow from operating activities	44,435	37,167	10,144	8,990
Net cash flow from investing activities	-21,038	-36,114	-4,803	-8,736
Net cash flow from financing activities	661	10,469	151	2,532
Total net cash flow	24,058	11,522	5,492	2,787
Earnings per ordinary share (in PLN/EUR)	18.54	13.61	4.23	3.29
Diluted earnings per ordinary share (in PLN/EUR)	18.52	13.58	4.23	3.28
BALANCE SHEET ITEMS	**30.06.2016**	**31.12.2015**	**30.06.2016**	**31.12.2015**
Total assets	1,160,728	944,775	262,282	221,700
Liabilities and provisions for liabilities	415,892	213,363	93,976	50,068
Long-term liabilities	69,674	70,776	15,744	16,608
Short-term liabilities	346,218	142,587	78,233	33,459
Equity	744,836	731,412	168,306	171,633
Share capital	67,534	67,505	15,260	15,841
Number of shares	9,453,693	9,441,988	9,453,693	9,441,988
Book value per share (in PLN/EUR)	78.79	77.46	17.80	18.18
Diluted book value per share (in PLN/EUR)	78.67	77.29	17.78	18.14
Dividend per share – declared or paid (in PLN/EUR)	0.00	18.00	0.00	4.22

The above financial figures for the first half of 2016 and of 2015 were translated into EUR as follows:

- assets and liabilities – at the average exchange rate of the National Bank of Poland (NBP) as at 30.06.2016 – 4.4255 PLN/EUR and as at 31.12. 2015 – 4.2615 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: the first half of 2016 − 4.3805 PLN/EUR; the first half of 2015 – 4.1341 PLN/EUR.

Consolidated Financial Statements for the period from 1 January 2016 to 30 June 2016 (in thousand PLN)

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 months ended on 30.06.2016 (not audited)	6 months ended on 30.06.2016 (not audited)	3 months ended on 30.06.2015 (not audited)	6 months ended on 30.06.2015 (not audited)
Total operating income, including:		**568,244**	**1,088,542**	**503,391**	**971,072**
Sales revenue	7	564,187	1,083,225	494,916	960,867
- including from the sales to an associate		304	308	231	231
Other operating income		4,057	5,317	8,475	10,205
Share of net profit of entities accounted for using the equity method		**(120)**	**1,163**	**(109)**	**(252)**
Change of inventories of finished goods and work in progress		**6,459**	**15,117**	**5,362**	**8,239**
Cost of manufacturing products for own needs		**3,002**	**5,885**	**3,019**	**5,693**
Total operating costs, including:		**(502,190)**	**(969,295)**	**(449,614)**	**(870,526)**
Depreciation/Amortisation		(25,731)	(51,116)	(22,002)	(43,429)
Materials, energy and the value of goods and materials sold		(334,924)	(651,083)	(313,338)	(605,757)
External services		(50,881)	(96,167)	(39,603)	(75,225)
Taxes and charges		(3,551)	(6,906)	(3,564)	(6,877)
Employee benefits		(76,280)	(148,465)	(65,401)	(128,816)
Other operating costs		(10,823)	(15,558)	(5,706)	(10,422)
Profit on operating activities		**75,395**	**141,412**	**62,049**	**114,226**
Finance income		284	1,112	271	433
Finance costs		1	(8,088)	5,596	(7,716)
Profit before tax		**75,680**	**134,436**	**67,916**	**106,943**
Income tax expense	10	13,679	9,003	(10,341)	(14,254)
Net profit on continuing operations		**89,359**	**143,439**	**57,575**	**92,689**
Attributable to non-controlling shareholders		0	0	0	0
Attributable to the parent's shareholders		**89,359**	**143,439**	**57,575**	**92,689**
Earnings per share attributable the parent's shareholders (PLN)	31				
Basic		9.45	15.18	6.12	9.86
Diluted		9.44	15.16	6.11	9.84

Consolidated Financial Statements for the period from 1 January 2016 to 30 June 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended on 30.06.2016 (not audited)	**6 months ended on 30.06.2016** (not audited)	**3 months ended on 30.06.2015** (not audited)	**6 months ended on 30.06.2015** (not audited)
Net profit for the period	**89,359**	**143,439**	**57,575**	**92,689**
Other comprehensive income*:	**6,932**	**10,469**	**(1,870)**	**(3,084)**
Cumulative translation adjustment	1,597	812	1,157	(88)
Valuation of cash flow hedging instruments	6,125	9,181	(3,775)	(2,291)
Result from cash flow hedge	278	2,217	(67)	(1,238)
Income tax related to other comprehensive income to be charged to profit or loss	(1,068)	(1,741)	815	533
Comprehensive income for the period	**96,291**	**153,908**	**55,705**	**89,605**
Comprehensive income attributable to:				
Non-controlling shareholders	0	0	0	0
Parent's shareholders	**96,291**	**153,908**	**55,705**	**89,605**

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

Consolidated Financial Statements for the period from 1 January 2016 to 30 June 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.06.2016 (not audited)	31.12.2015 (audited)
I. Non-current assets		**1,302,310**	**1,140,961**
Property, plant and equipment	11	1,059,090	947,657
Intangible assets		55,612	57,883
Goodwill	12	19,955	19,866
Investment properties		12,795	11,927
Interests in entities accounted for using the equity method	22	2,648	1,812
Other investments		11	11
Other receivables		6,342	5,670
Advance payments for the purchase of property, plant and equipment		46,190	23,573
Deferred income tax assets		99,667	72,562
II. Current assets		**952,059**	**817,731**
Inventories	14	350,728	323,330
Current tax receivables		988	4,315
Trade and other receivables	13	476,003	415,183
Short-term investments		113	71
Derivative financial instruments	27	8,617	2,128
Cash and cash equivalents	8	115,610	72,704
Total assets		**2,254,369**	**1,958,692**

Consolidated Financial Statements for the period from 1 January 2016 to 30 June 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (cont.)

EQUITY AND LIABILITIES	Note	30.06.2016 (not audited)	31.12.2015 (audited)
I. Equity		**1,264,787**	**1,278,843**
Share capital		67,534	67,505
Share premium	29	23,385	22,043
Capital from share based payments		14,790	13,959
Result from cash flow hedging transactions		356	(1,872)
Capital from the valuation of hedging instruments		3,504	(3,925)
Capital from the valuation of property, plant and equipment		3,003	3,003
Retained earnings		1,179,249	1,205,976
Cumulative translation adjustment		(27,034)	(27,846)
Equity attributable to the parent's shareholders		**1,264,787**	**1,278,843**
Equity of non-controlling shareholders		0	0
II. Long-term liabilities		**225,330**	**171,553**
Liabilities due to borrowings and finance lease	16	133,126	90,601
Other liabilities		1,882	2,098
Provisions	15	6,054	1,188
Provisions due to employee benefits	15	8,847	5,559
Deferred income		36,733	37,230
Deferred income tax liability		38,688	34,877
III. Short-term liabilities		**764,252**	**508,296**
Liabilities due to borrowings and finance lease	16	242,555	224,219
Income tax liabilities		5,302	11,800
Trade and other liabilities	18	480,294	239,070
Provisions and accruals	15	28,493	21,769
Derivative financial instruments	27	4,657	7,857
Deferred income		2,951	3,581
Total equity and liabilities		**2,254,369**	**1,958,692**

Consolidated Financial Statements for the period from 1 January 2016 to 30 June 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the parent's shareholders											
	Share capital	Share premium	Non-registered capital from the issue of shares	Capital from share based payments	Result from cash flow hedging transactions	Capital from the valuation of hedging instruments	Capital from the valuation of property, plant and equipment	Retained earnings	Cumulative translation adjustment	**Equity of the parent's shareholders**	Equity of non-controlling shareholders	**Total equity**
Equity as at 1 January 2016 (audited)	**67,505**	**22,043**	**0**	**13,959**	**(1,872)**	**(3,925)**	**3,003**	**1,205,976**	**(27,846)**	**1,278,843**	**0**	**1,278,843**
Comprehensive income for the period:	0	0	0	0	2,228	7,429	0	143,439	812	**153,908**	0	**153,908**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*143,439*	*0*	***143,439***	*0*	***143,439***
Other comprehensive income	*0*	*0*	*0*	*0*	*2,228*	*7,429*	*0*	*0*	*812*	***10,469***	*0*	***10,469***
Valuation of share based payments	0	0	0	831	0	0	0	0	0	**831**	0	**831**
Payment of dividend	0	0	0	0	0	0	0	(170,166)	0	**(170,166)**	0	**(170,166)**
Issue of shares	29	1,342	0	0	0	0	0	0	0	**1,371**	0	**1,371**
Equity as at 30 June 2016 (not audited)	**67,534**	**23,385**	**0**	**14,790**	**356**	**3,504**	**3,003**	**1,179,249**	**(27,034)**	**1,264,787**	**0**	**1,264,787**
Previous year												
Equity as at 1 January 2015 (audited)	**67,352**	**14,512**	**1,601**	**11,244**	**1,438**	**(475)**	**3,174**	**1,131,908**	**(27,522)**	**1,203,232**	**0**	**1,203,232**
Comprehensive income for the period:	0	0	0	0	(721)	(2,275)	0	92,689	(88)	**89,605**	0	**89,605**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*92,689*	*0*	***92,689***	*0*	***92,689***
Other comprehensive income	*0*	*0*	*0*	*0*	*(721)*	*(2,275)*	*0*	*0*	*(88)*	***(3,084)***	*0*	***(3,084)***
Valuation of share based payments	0	0	0	1,088	0	0	0	0	0	**1,088**	0	**1,088**
Payment of dividend	0	0	0	0	0	0	0	(136,073)	0	**(136,073)**	0	**(136,073)**
Issue of shares	31	1,569	4,483	0	0	0	0	0	0	**6,083**	0	**6,083**
Equity as at 30 June 2015 (not audited)	**67,383**	**16,081**	**6,084**	**12,332**	**717**	**(2,750)**	**3,174**	**1,088,524**	**(27,610)**	**1,163,935**	**0**	**1,163,935**

Consolidated Financial Statements for the period from 1 January 2016 to 30 June 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended on 30.06.2016 (not audited)	**6 months ended on 30.06.2015** (not audited)
Cash flow from operating activities		
Profit before tax	**134,436**	**106,943**
Adjustments:	57,029	44,796
Share of net profit of entities accounted for using the equity method	(1,163)	252
Depreciation/Amortisation	51,116	43,429
Recognition/(reversal) of revaluation write-downs	9	142
Profit from net currency translation differences	2,072	(942)
Profit from derivative financial instruments	(614)	0
(Profit) / loss from the sale of property, plant and equipment	(79)	(113)
Interest and share of profits	3,334	2,258
Proceeds/(expenses) related to hedging instruments charged to equity	2,217	(721)
Costs of share based payments	832	1,088
Change of the valuation of currency forwards/futures	0	33
Gain from a bargain purchase	(1,176)	(613)
Other items (net)	481	(17)
Cash flow from operating activities before the change of working capital	191,465	**151,739**
Change in inventories	(15,852)	(14,267)
Change in net receivables	(61,377)	(53,931)
Change in short-term liabilities, except for loans	67,215	6,824
Change in provisions	1,576	(1,858)
Change in deferred income	(1,928)	(996)
Net cash generated from operating activities	181,099	**87,511**
Tax paid	(20,274)	(19,073)
Net cash from operating activities	160,825	**68,438**
Cash flow from investing activities		
(+) Proceeds:	579	324
Sale of intangible assets and property, plant and equipment	579	310
Other proceeds	0	14
(-) Expenses:	(151,349)	(107,607)
Acquisition of intangible assets and property, plant and equipment	(141,454)	(95,405)
Cash loans granted	(99)	0
Acquisition of interests in subsidiaries	(9,796)	(12,202)
Net cash from investing activities	**(150,770)**	**(107,283)**
Cash flow from financing activities		
(+) Proceeds:	126,010	110,464

Consolidated Financial Statements for the period from 1 January 2016 to 30 June 2016 (in thousand PLN)

Net proceeds from the issue of shares	1,371	7,685
Proceeds from borrowings	124,639	102,777
Proceeds from the issue of debt securities	0	2
(-) Expenses:	(93,159)	(55,377)
Repayments of borrowings	(90,270)	(52,946)
Redemption of debt securities	0	(1)
Finance lease rentals	(127)	(87)
Interest	(2,762)	(2,343)
Net cash from financing activities	**32,851**	**55,087**
Total net cash flow:	**42,906**	**16,242**
- change in cash due to currency translation differences	0	0
Cash and cash equivalents at the beginning of the period	**72,704**	**66,430**
Cash and cash equivalents at the end of the period	**115,610**	**82,672**

Consolidated Financial Statements for the period from 1 January 2016 to 30 June 2016 (in thousand PLN)

COMPLEMENTARY INFORMATION AND EXPLANATIONS

1. General information

These interim condensed consolidated financial statements of Grupa Kęty S.A. cover the period of the first half of the year which ended on 30.06.2016 and provide comparative data for the first half of the year which ended on 30.06.2015 as well as figures as at 31.12.2015. The financial statements also cover the figures for the second quarter of 2016 and the second quarter of 2015. The aforementioned figures were not reviewed by the certified auditor. The certified auditor reviewed the figures for the first half of 2016. The review report is attached to these financial statements.

The Capital Group of Grupa Kęty S.A. ('the Group') comprises the parent company, namely Grupa Kęty S.A. ('the parent', 'the Company') and its subsidiaries (see note 2).
Grupa Kęty S.A. is a joint-stock company incorporated in Poland with its registered office located in **Kęty, at ul. Kościuszki 111**; it is entered into the Register of Entrepreneurs under No. **KRS 0000121845** and was assigned its tax identification number **(NIP) 549-000-14-68** as well as its statistical number **(REGON): 070614970.**

The parent company is listed at Warsaw Stock Exchange under No. **ISIN PLKETY000011** and classified in the metal sector.
The effective period of the operation of the parent company and of the entities of the Capital Group is indefinite.

The Group's basic range of activity includes production, trade and the rendering of services related to the processing of aluminium and its alloys; the production and sale of aluminium systems for the construction industry and activities related to their assembly; the production of materials for plastic and paper packaging, including trade, supply, marketing and other brokerage.

2. Group composition

The Group comprises Grupa Kęty S.A. as well as the following subsidiaries:

Company name	Registered office	Core business	Parent's name	Shares in the basic capital as at 30.06.2016	Shares in the basic capital as at 31.12.2015	Date of control take-over	Reporting segment
Alupol Packaging S.A.	Tychy, Poland	Production of and trade in plastic packaging	Grupa Kęty S.A.	100.00 %	100.00 %	04/1998	FPS
Aluprof S.A.	Bielsko-Biała, Poland	Production of construction woodwork	Grupa Kęty S.A.	100.00 %	100.00 %	06/1998	ASS
Alutech Sp. z o.o. w likwidacji	Kęty, Poland	Heat distribution networks lease	Grupa Kęty S.A.	100.00 %	100.00 %	03/1999	Other
Dekret Centrum Rachunkowe Sp. z o.o.	Kęty, Poland	Accounting and bookkeeping services	Grupa Kęty S.A.	100.00 %	100.00 %	09/1999	Other
Alu Trans System Sp. z o.o.*	Wrocław, Poland	Production	Grupa Kęty S.A.	100.00 %	100.00 %	04/2000	Other
Aluprof Hungary Kft.	Dunakeshi, Hungary	Sale of aluminium systems	Aluprof S.A.	100.00 %	100.00 %	07/2000	ASS
Metalplast-Stolarka Sp. z o.o. **	Goleszów, Poland	Production and assembly of woodwork	Grupa Kęty S.A.	100.00 %	100.00 %	07/2000	ASS
Alupol LLC	Borodianka, Ukraine	Production of aluminium sections	Aluform Sp. z o.o.	100.00 %	100.00 %	12/2004	EPS
Aluprof Deutschland GmbH	Schwanewede, Germany	Sale of aluminium systems	Aluprof S.A.	100.00 %	100.00 %	02/2005	ASS
Aluprof System Romania s.r.l.	Bucharest, Romania	Sale of aluminium systems	Aluprof S.A.	100.00 %	100.00 %	05/2005	ASS

Aluprof System Czech s.r.o.	Ostrava, Czech Republic	The sale of window and door joinery from aluminium and PVC	Aluprof S.A.	100.00 %	100.00 %	05/2005	ASS
Aluprof UK Ltd.	Altrincham, UK	Sale of aluminium systems	Aluprof S.A.	100.00 %	100.00 %	05/2006	ASS
ROMB S.A.**	Złotów, Poland	Production and provision of services	Aluprof S.A.	100.00 %	100.00 %	04/2007	ASS
Alupol Packaging Kęty Sp. z o.o.	Kęty, Poland	Production of and trade in plastic packaging	Alupol Packaging S.A.	100.00 %	100.00 %	05/2009	FPS
Aluform Sp. z o.o.	Tychy, Poland	Production and trade	Grupa Kęty S.A.	100.00 %	100.00 %	06/2009	EPS
Aluprof System Ukraina Sp. z o.o.	Kiev, Ukraine	Trade – sale of steel systems	Aluprof S.A.	100.00 %	100.00 %	11/2009	ASS
Aluprof Serwis Sp. z o.o.	Bielsko-Biała, Poland	The company does not carry out any activities	Aluprof S.A.	100.00 %	100.00 %	01/2012	ASS
Grupa Kety Italia s.r.l.	Milan, Italy	Trading intermediation	Grupa Kęty S.A.	100.00 %	100.00 %	5/2014	EPS
Marius Hansen Facader A/S	Viborg, Denmark	Production and assembly of woodwork	Aluprof S.A.	100.00 %	100.00 %	6/2014	ASS
Aluprof System USA, Inc	Wilmington, USA	Distribution of aluminium systems for the building industry	Aluprof S.A.	100.00 %	100.00 %	7/2014	ASS
Alupol Films Sp. z o.o.	Kęty, Poland	Production and trade	Alupol Packaging Kęty Sp. z o.o.	100.00 %	100.00 %	12/2014	FPS
Aluprof Schelfhaut N.V.	Dendermonde, Belgium	Sale of aluminium systems	Aluprof S.A.	100.00 %	100.00 %	6/2015	ASS
AHA EMMI d o.o.	Slovenska Bistrica Slovenia	Processing of aluminium profiles	Aluform Sp. z o.o.	100.00 %	-	6/2016	EPS
Aluminium Kety Deutschland GmbH	Dortmund, Germany	Trade and marketing activities	Aluform Sp. z o.o.	100.00 %	-	6/2016	EPS

*As part of the Group's restructuring measures, the company's activities were transferred to Grupa Kęty S.A.

** As part of the implementation of 2020 Strategy, Metalplast Stolarka Sp. z o.o., which so far has been a part of the Building Services Segment, and Romb S.A., which so far has been a part of the Building Accessories Segment, have become a part of the Aluminium Systems Segment.

As at the balance sheet date and as at the previous balance sheet date, the Group's share in the total number of votes in subsidiaries equalled the Group's share in the capitals of these entities.

3. The basis for the preparation of the interim condensed consolidated financial statements

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

These interim condensed consolidated financial statements have been prepared with regard to the Polish zloty ('PLN') and all values, unless otherwise specified, are provided in thousands PLN.

These interim condensed consolidated financial statements have been prepared based on the going concern assumption for the Group's companies in the foreseeable future.

These interim condensed consolidated financial statements were approved for publication on 2 August 2016.

As of the day of the approval of these financial statements, there are no circumstances implying any threats to the continuation of the operation of the Group's companies.

These interim condensed consolidated financial statements do not comprise all the information and disclosures required in the annual consolidated financial statements and they should be read together with the Group's consolidated financial statements for the year ended on 31 December 2015.

The Management Board of Grupa Kęty S.A. hereby declares that, according to their best knowledge, these interim condensed consolidated financial statements and comparative data were prepared according to the accounting principles applicable in the Group and they present a true and fair view of the assets, the financial standing and the financial result of the Group.

4. Significant accounting principles (policy)

Accounting principles (policy) applied for the preparation of these interim condensed consolidated financial statements are consistent with the ones applied for the preparation of the annual consolidated financial statements of the Group for the year that began on 1 January 2015; except for the application of the following new or amended standards and interpretations applicable to annual periods beginning after 1 January 2015.

- Annual improvements to IFRSs: 2010-2012 Cycle, including:
  - Amendments to IFRS 2 *Share-based Payment*

    The amendments apply prospectively and clarify the definition of 'a market condition' and of 'a vesting condition', and add definitions of 'a service condition" and of 'a performance condition', which are vesting conditions.

    The clarifications comply with the Group's method of the identification of performance and of the service condition, which are vesting conditions in previous periods. The application of the aforementioned amendments has not affected the Group's financial standing or its results.
  - Amendments to IFRS 3 *Business Combinations*

    The amendments apply prospectively and clarify that contingent consideration which is not classified as a component of capitals is to be measured at fair value through profit or loss, whether or not it is subject to IAS 39.

    The application of the aforementioned amendments has not affected the Group's financial standing or its results.
  - Amendments to IFRS 8 *Operating Segments*

    The amendments apply retrospectively and clarify that:
    - an entity must disclose the judgements made by management in applying operating segments aggregation criteria set out in paragraph 12 of IFRS 8, including a brief description of the segments that were aggregated and the description of economic characteristics used in the analysis of similarities between segments;
    - an entity must provide the reconciliation of the segment's assets to the entity's total assets only if such data are provided to the chief operating decision maker.

    The amendment has not affected the data presented by the Group.
  - Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*

    The amendments apply retrospectively and clarify that an asset may be revalued on the basis of obtained observable data by adjusting the gross carrying amount of the asset to the market value, or by determining the gross carrying amount proportionally so that the obtained carrying amount corresponded to the market value. In addition, the accumulated depreciation is the difference between the gross amount and the carrying amount of the asset.

    The amendment is related to the valuation of property, plant and equipment and intangible assets according to the model of valuation at a revalued amount. The Group does not apply this valuation model.
  - Amendments to IFRS 13 *Fair Value Measurement*

    The amendments clarify that the removal of paragraph B5.4.12 from IFRS 9 *Financial Instruments: Recognition and Measurement* did not aim at changing the requirements for the measurement of short-term receivables and payables. As a result, entities continue to have the ability to measure short-term receivables and payables with no stated interest rate at their nominal values if the effect of discounting does not have any material impact on presented financial figures.

    The application of the aforementioned amendments has not affected the Group's financial standing or its results.
  - Amendments to IAS 24 *Related Party Disclosures*

    The amendments apply retrospectively and clarify that a management entity (providing key management personnel services) is considered as a related party as regards related party disclosures. In addition, the entity that uses services provided by the management entity is required to disclose the costs of such services.

    The Group does not use any services provided by any management entity.
- Annual improvements to IFRSs: 2012-2014 Cycle, including:
  - Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

    Assets (or disposal groups) are usually disposed of through sales or distribution to owners. The amendments clarify that the change from one method to another method will not be considered as a new plan of disposal and will be the continuation of the original plan.

The application of the aforementioned amendments has not affected the Group's financial standing or its results.

- Amendments to IAS 34 *Interim Financial Reporting*

  The amendments clarify that the requirements for interim disclosures may be fulfilled both by making respective disclosures in the interim financial statements or by adding a reference between the interim financial statements and another report (e.g. the Board of Directors' report). Other information in the interim financial statements must be available to users on the same conditions and at the same time as the interim financial statements.

  The application of the aforementioned amendments has not affected the Group's financial standing or its results.

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

  The amendments clarify the principles set forth in IAS 16 and IAS 38 stating that a revenue-based depreciation or amortisation method reflects the way in which an entity achieves economic benefits generated by an asset rather than the expected way of the consumption of future economic benefits resulting from an asset. As a result, the revenue-based method cannot be used for the depreciation of property, plant and equipment and its application may be correct in the case of the amortisation of intangible assets only in certain circumstances. The amendments apply prospectively.
  The application of the aforementioned amendments has not affected the Group's financial standing or its results.

- Amendments to IAS 1 *Disclosure Initiative*

  The amendments clarify the existing requirements of IAS 1 related to:
  - materiality;
  - aggregation and subtotals;
  - the order of notes;
  - aggregation of information about the share of other comprehensive income of associates and joint ventures accounted for using the equity method – disclosure in one line.

  In addition, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position, in the income statement and in the statement of other comprehensive income.
  The application of the aforementioned amendments has not affected the Group's financial standing or its results.

In addition, the following new or amended standards and interpretations apply to annual periods beginning after 1 January 2015; however, they do not apply to the information presented and disclosed in the Group's financial statements:

- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*
  The amendment pertains to the recognition of bearer plants.
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
  The amendment pertains to the recognition by a joint operator of interests acquired in a joint operation.
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
  The amendment pertains to the recognition of benefits paid by employees or third parties upon the recognition of defined benefit plans.
- and in Annual improvements to IFRSs: 2012-2014 Cycle, including:
  - Amendments to IFRS 7 *Financial Instruments: Disclosures*
    - Servicing contracts – the amendment clarifies that a servicing contract with a fee may be a continuing involvement in a financial asset.
    - The application of amendments to IFRS 7 (issued in December 2011) in the condensed interim financial statements.
  - Amendments to IAS 19 *Employee Benefits*
    The amendment pertains to the estimation of the discount rate.

The Group decided not to apply earlier any other standard, interpretation or amendment that was published, but has not become effective yet in the light of the European Union's regulations.

5. Areas of estimates

The main accounting estimates are presented in respective notes to the financial statements:
- estimates concerning revaluation write-downs for inventories are presented in note 14
- estimates and assumptions concerning revaluation write-downs for receivables are presented in note 13
- estimates concerning revaluation write-downs for goodwill are presented in note 12
- estimates concerning provisions and accruals are presented in note 15
- estimates concerning the deferred income tax asset are presented in note 10
- estimates concerning the valuation of net assets of an acquired entity are presented in note 21

In the case of estimates related to the valuation of long-term construction contracts, the Group applies the percentage of completion method for the settlement of long-term contracts. The application of this method requires the Group to estimate the proportion of the works already completed to the total budgeted costs. If the percentage of completion was higher by 5 % than the percentage estimated by the Company, the revenue for the reporting period would increase by 2,310 thousand PLN (6 months of 2015: 5,165 thousand PLN). If the actual costs of construction contracts in progress as at the balance sheet date at the time of their completion were higher than the budgeted costs by 1 %, the gross result would decrease by 1,229 thousand PLN (30 June 2015: 1,004 thousand PLN).

The detailed description of the assumptions made in particular areas of estimates is presented in the annual financial statements for 2015.

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

6. Seasonal nature of operations

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

The Flexible Packaging Segment records bigger demand prior to the main holidays i.e. Christmas and Easter, with a minimally higher turnover in the second half of each year (up to 11 %).

The Extruded Products Segment (historically from a few to 23 % higher sales in the second half of the year) and the Aluminium Systems Segment (historically from a dozen or so to 50 % higher sales in the second half of the year) generate the biggest sales in the second half of the year; it is related to the cycle of works in the construction industry, which is one of more significant markets of customers for these Segment.

The seasonality of the sale of the Capital Group − due to the importance of particular segments, the sale in the second half of the year was higher by ca. 11 to 27 % (based on historical figures for the last six years).

7. Information on business segments

The Capital Group’s business comprises three basic operating areas and is divided into:

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

The detailed description of the types of operating segments, of the assignment of companies to particular segments and the information on basic economic figures for particular segments are presented in note 3 in the Management Board’s Report on the Operations of the Issuer’s Capital Group published on 16 March 2016 together with the consolidated financial statements for 2015.

As compared to the most recent annual financial statements, the Group has changed the management and consolidation method for the following segments: BAS (the Building Accessories Segment) and BSS (the Building Services Segment) – from the first half of 2016, these Segments have been a part of the Aluminium Systems Segment (ASS).

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The results of a given Segment are assessed on the basis of its revenue, EBIT, EBITDA and capital expenditure. EBIT is operating profit. EBITDA is operating profit less amortisation/depreciation and reversal/recognition of impairment losses for non-current assets.

The Group's financing and its income taxes are managed at the Group's level and are not allocated to operating segments.

Basic economic figures for the Issuer's operating segments:

6 months of 2016:

Group's business segments	**FPS**	**EPS**	**ASS**	**Other**	**Eliminations**	**Total**
Income statement						
Sales	239,095	427,370	508,986	6,203	(98,429)	1,083,225
- outside the Group	239,058	336,905	507,126	136	0	1,083,225
- to other segments	37	90,465	1,860	6,067	(98,429)	0
Operating profit (EBIT)	37,413	42,722	66,921	148,713	(154,357)	141,412
Depreciation/Amortisation	9,758	24,873	15,347	1,143	(5)	51,116
EBITDA	47,171	67,595	82,268	149,856	(154,362)	192,528
Balance sheet						
Segment's assets	704,902	727,184	746,357	531,415	(455,489)	2,254,369
Segment's trade liabilities	73,823	68,908	135,707	533	(56,844)	222,127
Unallocated liabilities (joint)	0	0	0	767,455	0	767,455
Total liabilities	73,823	68,908	135,707	767,988	(56,844)	989,582
Other						
Capital expenditure on non-current assets	77,405	16,181	25,457	1,445	0	120,488

Second quarter of 2016:

Group's business segments	**FPS**	**EPS**	**ASS**	**Other**	**Elimina-tions**	**Total**
Income statement						
Sales	116,965	229,827	268,689	3,134	(54,428)	564,187
- outside the Group	116,941	179,481	267,693	72	0	564,187
- to other segments	24	50,346	996	3,063	(54,429)	0
Operating profit (EBIT)	19,123	27,135	31,709	151,833	(154,405)	75,395
Depreciation/Amortisation	4,915	12,549	7,686	585	(4)	25,731
EBITDA	24,038	39,684	39,395	152,418	(154,409)	101,126
Other						
Capital expenditure on non-current assets	63,572	9,331	17,819	1,288	0	92,010

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6 months of 2015:

Group's business segments	FPS	EPS	ASS	Other	Eliminations	Total
Income statement						
Sales	211,119	416,802	431,535	13,303	(111,892)	960,867
- outside the Group	211,091	312,424	429,160	8,192	0	960,867
- to other segments	28	104,378	2,375	5,111	(111,892)	0
Operating profit (EBIT)	39,568	22,473	55,086	118,022	(120,671)	114,478
Depreciation/Amortisation	9,036	21,957	11,413	1,028	(5)	43,429
EBITDA	48,604	44,430	66,499	119,050	(120,676)	157,907
Balance sheet						
Segment's assets	536,113	679,138	673,945	523,289	(469,238)	1,943,247
Segment's trade liabilities	68,512	57,243	122,183	4,980	(67,384)	185,534
Unallocated liabilities (joint)				715,852	(122,074)	593,778
Total liabilities	68,512	57,243	122,183	720,832	(189,458)	779,312
Other						
Capital expenditure on non-current assets	19,692	38,940	27,333	568	0	86,533

Second quarter of 2015:

Group's business segments	FPS	EPS	ASS	Other	Elimina-tions	Total
Income statement						
Sales	103,911	215,042	233,555	5,951	(63,543)	494,916
- outside the Group	103,894	155,121	232,432	3,469	0	494,916
- to other segments	17	59,921	1,123	2,482	(63,543)	0
Operating profit (EBIT)	20,592	10,395	31,774	121,026	(121,629)	62,158
Depreciation/Amortisation	4,594	11,133	5,740	537	(2)	22,002
EBITDA	25,186	21,528	37,514	121,563	(121,631)	84,160
Other						
Capital expenditure on non-current assets	14,782	16,774	21,658	301	0	53,515

- the column '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 such as Alu Trans System Sp. z o.o., Alutech Sp. z o.o. w likwidacji and Dekret Centrum Rachunkowe Sp. z o.o.

- a 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.

8. Cash and cash equivalents

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

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

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	30.06.2016 (audited)	31.12.2015 (audited)
Bank deposits (current accounts) and short-term deposits	114,610	72,485
Cash in hand	28	22
Other cash	972	197
Cash recognised in the balance sheet	**115,610**	**72,704**

As at 30 June 2016, the Group had unused granted credit funds amounting to 271,451 thousand PLN (31 December 2015: 248,250 thousand PLN).

9. Dividends paid and proposed for payment

The result for the period and consolidated result are not distributed.

On 12 May 2016, the General Meeting of Shareholders allocated for the dividend for 2015 the amount of 170,166 thousand PLN (18 PLN per share for 9,453,693 entitled shares).

15 July 2016 was the day of determining the right to dividend. Pursuant to the resolution of the General Meeting of Shareholders, the dividend will be paid in two instalments:

- 5 August – 6.50 PLN per share;
- 4 December – 11.50 PLN per share.

In 2015, Grupa Kęty S.A. paid the dividend of 136,073 thousand PLN (14.41 PLN per share).

10. Income tax expense

Main components of tax deduction are as follows:

Income tax structure	**3 months ended on 30.06.2016** (not audited)	**6 months ended on 30.06.2016** (not audited)	**3 months ended on 30.06.2015** (not audited)	**6 months ended on 30.06.2015** (not audited)
Current tax	(9,050)	(16,800)	(7,033)	(12,515)
Deferred income tax	22,729	25,803	(3,308)	(1,739)
Income tax recognised in the income statement	**13,679**	**9,003**	**(10,341)**	**(14,254)**

11. Property, plant and equipment

11.1. Purchase and sale

Purchase and sale transactions related to property, plant and equipment are presented below.

	6 months ended on 30.06.2016 (not audited)	**6 months ended on 30.06.2015** (not audited)
Acquisition of property, plant and equipment	120,488	86,533
Net value of sold property, plant and equipment	478	184
Profit (loss) on the sale of property, plant and equipment	139	134

11.2. Impairment losses

In the period of six months of 2016, the Group recognised a revaluation write-down for property, plant and equipment amounting to 1,427 thousand PLN (six months of 2015 − the Group reversed write-downs of 722 thousand PLN).

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12. Revaluation write-downs for goodwill

In the period of six months of 2016 and in the period of six months of 2015, due to the lack of indicators of impairment, the Group did not write down goodwill from consolidation.

13. Short-term receivables

	30.06.2016 (not audited)	**31.12.2015** (audited)
Trade receivables	429,110	380,660
- including from an associate	14	445
Public law receivables (except for the income tax)	10,583	6,294
Down payments (trade-related) for suppliers	5,572	2,751
Receivables from employees	253	113
Prepaid expenses	4,203	3,199
Valuation of construction contracts	23,780	19,816
Settlements related to transactions hedging the aluminium price	1,482	494
Other receivables	1,020	1,856
Net receivables	**476,003**	**415,183**

In the period of six months of 2016, the Group recognised revaluation write-downs for receivables amounting to 3,380 thousand PLN (six months of 2015: recognition of write-downs amounting to 672 thousand PLN). Recognised revaluation write-downs are presented in 'Other operating costs'.

14. Inventories

	30.06.2016 (not audited)	**31.12.2015** (audited)
Materials	146,500	142,893
Work in progress	95,004	78,032
Finished products	94,745	91,634
Trade goods	14,479	10,771
TOTAL	**350,728**	**323,330**

In the period of six months of 2016, the Group reversed revaluation write-downs for inventories amounting to 659 thousand PLN (in the period of six months of 2015, the recognition of write-downs amounting to 180 thousand PLN). The amount was recognised in 'Other operating income'.

15. Provisions and accruals

In the reporting period, the Group increased the result by 25,803 thousand PLN due to the revaluation of provisions and deferred income tax assets. This change resulted mainly from the recognition of deferred income tax assets related to investments made in special economic zones and from the reversal of temporary differences.

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

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	As at 01.01.2016	Increases	Utilisation	Company acquisition	Currency translation differences	As at 30.06.2016
Long-term provisions	**6,747**	**281**	**0**	**7,873**	**0**	**14,901**
provision for jubilee bonuses and retirement benefits	5,559	0	0	3,288	0	8,847
costs of warranty repairs	1,188	281	0	0	0	1,469
provision for costs	0	0	0	4,585	0	4,585
Short-term provisions and accruals:	**21,769**	**16,181**	**(14,887)**	**5,413**	**17**	**28,493**
provision for jubilee bonuses and retirement benefits	975	0	0	0	0	975
costs of warranty repairs	45	0	0	0	0	45
provision for the costs of unused holiday	5,210	6,587	(3,549)	474	8	8,730
costs of annual bonus	9,082	5,032	(9,083)	0	5	5,036
environmental protection costs	7	0	(7)	0	0	0
costs of damages	430	0	0	0	0	430
for incurred costs	4,261	3,777	(1,303)	363	2	7,100
costs of auditing/reviewing financial statements	241	37	(243)	(18)	1	18
provision for costs	0	0	0	4585	0	4585
other	1,518	748	(702)	9	1	1,574

	As at 01.01.2015	Increases	Utilisation	Currency translation differences	As at 30.06.2015
Long-term provisions	**6,559**	**1,290**	**0**	**0**	**7,849**
provision for jubilee bonuses and retirement benefits	5,799	0	0	0	5,799
costs of warranty repairs	760	1,290	0	0	2,050
Short-term provisions and accruals:	**22,844**	**12,267**	**(15,391)**	**(24)**	**19,696**
provision for jubilee bonuses and retirement benefits	1,462	0	0	0	1,462
provision for the costs of unused holiday	5,002	5,638	(3,354)	1	7,287
costs of annual bonus	12,020	4,803	(11,261)	4	5,566
environmental protection costs	344	270	(344)	0	270
costs of warranty repairs	50	0	(50)	0	0
costs of damages	2,560	0	0	0	2,560
for incurred costs	10	186	0	0	196
costs of auditing/reviewing financial statements	206	13	(208)	0	11
other	1,190	1,357	(174)	(29)	2,344

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16. Interest-bearing bank loans and liabilities due to lease

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

Long-term loans:

Borrower	Lender	Loan currency	31.12.2015	Increases (decreases)	30.06.2016
Grupa Kęty S.A.	BGŻ BNP PARIBAS S.A.	PLN	23,798	(4,332)	19,466
Alupol Packaging Kęty Sp. z o.o.	BGŻ BNP PARIBAS S.A.	PLN	40,000	45,960	85,960
Aluprof S.A.	BGŻ BNP PARIBAS S.A.	PLN	26,230	(4,768)	21,462
AHA EMMI d o.o.	Delavska Hranilnica d.d.	EUR	0	3,607	3,607
	Total loans		**90,028**	**40,467**	**130,495**
Aluprof Romania	Liabilities due to finance lease	RON	110	(19)	91
Aluprof UK		GBP	0	33	33
Metalplast Stolarka Sp. z o.o.		PLN	463	(120)	343
AHA EMMI d o.o.			0	2,164	2,164
	Total lease		**573**	**2,058**	**2,631**
Total long-term loans and lease			**90,601**	**42,525**	**133,126**

Short-term loans:

Borrower	Lender	Loan currency	31.12.2015	Increases (decreases)	30.06.2016
Grupa Kęty S.A.	BGŻ BNP PARIBAS S.A.	PLN	22,308	(6,532)	15,776
Grupa Kęty S.A.	ING BSK S.A.	PLN	3	0	3
Grupa Kęty S.A.	Bank PEKAO SA	PLN	42,026	9,100	51,126
Grupa Kęty S.A.	Societe Generale S.A.	EUR	3,705	1,585	5,290
Grupa Kęty S.A.	Bank PKO BP	PLN	3,312	1,035	4,347
Alupol Packaging S.A.	Bank PKO BP	PLN	2,307	(1,538)	769
Alupol Packaging S.A.	BGŻ BNP PARIBAS S.A.	PLN	5,962	(23)	5,939
Alupol Packaging S.A.	Bank PEKAO SA	PLN	10,088	1,721	11,809
Alupol Packaging Kęty Sp. z o.o.	Bank PEKAO SA	PLN, EUR, USD	2,489	4,653	7,142
Alupol Packaging Kęty Sp. z o.o.	Bank PKO BP	PLN, EUR	4,618	(3,359)	1,259
Alupol Packaging Kęty Sp. z o.o.	BGŻ BNP PARIBAS S.A.	PLN	13,377	3,607	16,984
Aluprof S.A.	Bank PEKAO SA	PLN, EUR	4,561	11,545	16,106
Aluprof S.A.	Bank PKO BP	EUR	2,131	(2,131)	0
Aluprof S.A.	Societe Generale S.A.	PLN, EUR	2,650	(1,352)	1,298
Aluprof S.A.	BGŻ BNP PARIBAS S.A.	PLN	24,827	(15,094)	9,733
Aluprof S.A.	BPH S.A.	PLN	13,935	(13,935)	0
Metalplast Stolarka Sp. z o.o.	Bank PEKAO SA	PLN, EUR	33,573	(451)	33,122
Metalplast Stolarka Sp. z o.o.	ING BSK S.A.	PLN, EUR	21,186	6,883	28,069
Metalplast Stolarka Sp. z o.o.	BGŻ BNP PARIBAS S.A.	PLN	2,127	(2,127)	0
ROMB S.A.	Bank PKO BP	PLN	47	2,866	2,913
ROMB S.A.	BGŻ BNP PARIBAS S.A.	PLN	4,932	59	4,991
Alupol Films Sp. z o.o.	Bank PEKAO SA	EUR, USD	3,623	(3,409)	214
Alupol Films Sp. z o.o.	BGŻ BNP PARIBAS S.A.	PLN	0	6,015	6,015
Aluform Sp. z o.o.	PEKAO S.A.	PLN	0	1,170	1,170
AHA EMMI d o.o.	Delavska Hranilnica d.d.	EUR	0	3,545	3,545
AHA EMMI d o.o.	UniCredit banka	EUR	0	13,277	13,277
	Total loans		**223,787**	**17,110**	**240,897**
Aluprof Romania	Liabilities due to finance lease	RON	9	(9)	0
MHF A/S		DKK	117	(16)	101

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Aluprof Schelfhaut	EUR	47	(30)	17
Aluprof UK	GBP	0	16	16
Metalplast Stolarka Sp. z o.o.	PLN	259	(15)	244
AHA EMMI d o.o.	EUR	0	1,280	1,280
Total lease		**432**	**1,226**	**1,658**
Total short-term loans and lease		**224,219**	**18,336**	**242,555**

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.

17. Equity securities

The details of the programme and the principles for measuring the programme costs are described in the consolidated financial statements for 2015.

Subscriptions for shares related to the employee shares programme are presented in note 29.

The Group recognises the programme costs proportionally to the period of acquiring rights to options.

18. Trade and other liabilities

	30.06.2016 (not audited)	31.12.2015 (audited)
Short-term liabilities:	**480,294**	**239,070**
Trade liabilities	222,127	167,761
- including to an associate	289	1,854
Liabilities due to the purchase of property, plant and equipment	26,363	27,731
Liabilities due to dividend	170,246	0
Total financial liabilities (under IFRS 7)	**418,736**	**195,492**
Public law liabilities (except for income tax liabilities)	32,128	23,576
Down payments (trade-related) from customers	7,483	5,519
Remuneration liabilities	14,296	11,826
Other liabilities	7,651	2,657
Total non-financial liabilities	**61,558**	**43,578**

Principles and conditions of the payment of the aforementioned financial liabilities:
Trade liabilities do not bear interest and are usually settled within 30-60 days. Other liabilities do not bear interest and their average payment period is one month.

19. Explaining the reasons for material changes in items of revenue and costs

In the period of the first six months of 2016 as compared to the period of the first six months of 2015, material changes in particular items of revenue and costs had place in the following areas:
- an increase in sales revenue by 122,358 thousand PLN results from the increase in the sales volume in the main segments and from the change in prices of the basic raw material, i.e. aluminium, and rates of exchange;
- an increase in depreciation/amortisation costs by 7,687 thousand PLN is related to investments made by the Group;
- an increase in the costs of materials and energy by 45,326 thousand PLN results from the increase in the sales and from the related increase in output, and from the change in prices of the basic raw material, i.e. aluminium, and rates of exchange;
- an increase in the costs of external services by 20,942 is mainly due to the increase in output and from the use of subcontractors;
- an increase in the costs of employee benefits by 19,649 thousand PLN results mainly from the increase in sales and the increase in remunerations, and the increase in employment in the Group.

20. Discontinued operations

In the period of six months of 2016 and in the period of six months of 2015, the Group did not discontinue any significant operations.

21. Business combinations and acquisitions of minority interests

On 14 June 2016, the subsidiary Aluform Sp. z o.o. acquired in Slovenia a subsidiary AHA EMMI Predelava aluminija, d.o.o. with its registered office in Slovenia from its owner, i.e. BAMC d.d. (Bank Assets Management Company).
AHA EMMI's core business comprises the surface and mechanical CNC processing of aluminium profiles for customers from the household appliances, furniture and interior finishing industries. ALUFORM operates in Grupa Kęty in the Extruded Products Segment (EPS), which, as part of its strategy, regularly increases the share of processed profiles in total sales. Owing to the transaction, the EPS will increase its sales to the customers from sales areas key for AHA EMMI.
In 2015, AHA EMMI generated sales revenue of 23.3 million EUR and EBITDA (earnings before interest, taxes, depreciation and amortisation) of 0.7 million EUR. The company's total financial liabilities at the end of 2015 amounted to 7.1 million EUR and the company employed 343 employees. In 2016, until the acquisition date, AHA EMMI had 11.6 million EUR of sales revenue and -2.0 million EUR of net result.

The settlement of the fair value of all identified assets and liabilities as of the company acquisition day was as follows:

Assets, and equity and liabilities	Fair value of acquired assets and liabilities (in '000' PLN)
Property, plant and equipment	39,737
Intangible assets	288
Investment properties	850
Long-term receivables	31
Inventories	11,780
Receivables	13,112
Cash	1,084
Borrowings	(23,876)
Liabilities	(16,011)
Provisions	(13,285)
Deferred income tax liability	(761)
Deferred income	(801)
Net assets	**12,148**
Total acquisition price (paid cash)	**(10,972)**
Negative goodwill (other operating income)	**1,176**
Cash spent on the acquisition (less acquired cash)	**(9,796)**

As a result of the recognition of the gain from the bargain purchase of AHA EMMI, other operating income in the first half of 2016 increased by 1,176 thousand PLN.

The costs of the business acquisition charged to the result amounted to 47 thousand PLN.

22. Investments in associates

There were no investments in associates in the reporting period.

23. Objectives and principles of financial risk management

The objectives and principles of financial risk management did not change as compared to those published in the last annual financial statements.

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24. Capital management

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

The Group manages the capital structure and, as a result of changes in economic conditions, amends it. To retain or adjust the capital structure, the Group may change the payment of dividend to shareholders, return the capital to shareholders or issue new shares. In the financial period ended on 30 June 2016 and 31 December 2015, no changes were introduced to objectives, principles and processes in this area.

The Group monitors equity using the leverage ratio which is the ratio of net debt to total equity increased with net debt. According to the Group's principles, the ratio should be lower than 50 %. The Group's net debt includes interest-bearing borrowings, trade and other liabilities, less cash and cash equivalents. Equity comprises convertible preference shares, equity attributable to the parent's shareholders less reserve capitals for unrealised net gains.

	30.06.2016 (not audited)	**31.12.2015** (audited)
Interest-bearing lease and loans	375,681	314,820
Trade and other liabilities	482,176	241,168
Less cash and cash equivalents	(115,610)	(72,704)
Net debt	742,247	483,284
Equity	1,264,787	1,278,843
Equity and net debt	2,007,034	1,762,127
Leverage ratio	**36.98 %**	**27.43 %**

25. Contingent liabilities

Item	**30.06.2016** (not audited)	**31.12.2015** (audited)
Insurance performance bond from the ASS*	73,802	72,772
Other building guarantees granted by the ASS	740	0
Building bank guarantees granted by Metalplast Stolarka Sp. z o.o.**	31,059	30,342
Banking performance bond for a rental contract (expires in the first half of 2016)	418	411
Total granted guarantees	**106,019**	**103,525**

* The Group supplies elements under a material contract. To guarantee the performance of the contract, the Group issued an insurance bond with the expiry date of 30.11.2016.

**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.

26. Investment obligations

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

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Contractual liabilities related to the purchase of non-current assets by segments	**30.06.2016 (not audited)**	**31.12.2015 (audited)**
Extruded Products Segment	10,374	3,374
Flexible Packaging Segment	52,602	29,784
Aluminium Systems Segment	15,092	6,730
Other	0	575
TOTAL	**78,068**	**40,463**

27. Derivative financial instruments

Financial assets	**30.06.2016** (not audited)	**31.12.2015** (audited)
Currency forwards hedging cash flows	2,198	1,646
Futures for the purchase of aluminium hedging cash flows	3,489	447
Ineffective currency forwards	2,930	35
TOTAL FINANCIAL ASSETS	**8,617**	**2,128**

Financial liabilities	**30.06.2016** (not audited)	**31.12.2015** (audited)
Currency forwards hedging cash flows	1,772	4,303
Futures for the purchase of aluminium hedging cash flows	201	3,294
Ineffective currency forwards	2,601	179
IRS’s hedging interest rates	83	81
TOTAL FINANCIAL LIABILITIES	**4,657**	**7,857**

In comparison to the principles described in the most recent annual financial statements, the Group did not introduce any changes in the methods of qualifying and evaluating financial instruments. In the reporting period, the Company entered into IRS’s hedging interest rates of overdraft facilities.

The fair value of futures, forwards and IRS’s is calculated on the basis of the present net value of the future cash flows related to these contracts, quoted market prices of forwards calculated with the application of present interest rates. Forwards/futures and derivative instruments which cannot be classified as hedging instruments are recognised as instruments held for trading.

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

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

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28. Shareholding structure and transactions with the management staff

28.1. Shareholding structure

The shareholding structure of Grupa Kęty S.A. is as follows:

Entity	Number of shares 30-06-2016	Interest in capital	Number of shares 31-12-2015	Interest in capital
Aviva OFE Aviva BZ WBK	1,691,276	17.89 %	1,691,276	17.91 %
Nationale Nederlanden PTE (formerly ING PTE)	1,610,534	17.04 %	1,610,534	17.06 %
OFE PZU "Złota Jesień"	921,000	9.74 %	921,000	9.75 %
PTE Allianz Polska	499,748	5.29 %	499,748	5.29 %
Others	4,731,135	50.04 %	4,719,430	49.99 %
Total*	**9,453,693**	**100 %**	**9,441,988**	**100 %**

28.2. Transactions with Members of the Management Board

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

28.3. The costs of the remunerations of the Group's top management

Management Board:	**First half of 2016**	**First half of 2015**
Costs of short-term employee benefits	823	822
Costs of the provision for annual bonuses and other benefits	1,469	1,379
Total costs of remunerations of the members of the Management Board	**2,292**	**2,201**
The valuation of the costs of options for treasury shares due when the programme is implemented*	460	490
Total payments to the members of the Management Board	**2,752**	**2,691**

* The details of the programme are described in the financial statements for 2015. If the market conditions for the allocation of options are not fulfilled, despite the recognition of the costs of the programme, eligible persons will not acquire the right to subscribe for shares.

By top management, the Group means management boards of subsidiaries and proxies of the parent company.

Remunerations and benefits under the options programme due to the members of the Management Board, top management and members of the Company's Supervisory Board are as follows:

	First half of 2016	**First half of 2015**
Management Board of the parent company*	2,752	2,285
Top management*	4,922	3,614
Supervisory board	306	280
Total	**7,980**	**6,179**

* The presented remunerations cover the costs of provisions for annual bonuses for the management staff and share options costs recognised in the income statement.

Pursuant to the principles of the programme and IFRS 2, the value of share options constitutes the valuation of the options programme as at the date of its granting. The costs of options are recognised in the income statement on a straight line basis throughout the validity period of the programme, i.e. 36 months. According to IFRS 2, the costs presented in such a way constitute the cost of remunerations for the Company, but do not reflect the value of possible benefits that employees may obtain in the future on this account. Employees' possible benefits depend on the level of share prices in the future as compared to the acquisition price resulting from the conditions for particular parts of the options programme.

28.4. Participation of the top management in the employee shares programme

As described in detail in note 17, the Group has implemented an options programme for the management staff.

Under the programme, the members of the Management Board hold options entitling them to purchase 11,604 shares from the first part of the 2012 programme. In the reporting period, the members of the Management Board did not subscribe for the Company's shares.

In addition, after meeting the programme conditions, the members of the Management Board will acquire the right to purchase, according to the terms and conditions of the programme, up to 27,280 options from the second part of the 2012 programme, up to 28,000 options from the third part of the 2012 programme, and up to 15,000 options from the first part of the 2015 programme. The costs of related benefits recognised in the income statement for the period of six months of 2016 amounted to 460 thousand PLN (six months of 2015: 490 thousand PLN).

The options for shares of Grupa Kęty S.A. were granted to members of the top management.

In the reporting period, the members of the top management subscribed for, according to the terms and conditions of the programme, 11,705 shares from the first part of the 2012 programme.

In addition, after meeting the programme conditions, the members of the top management will acquire the right to purchase up to 27,520 options from the second part, 31,000 options from the third part of the 2012 programme, and 35,000 share options from the first part of the 2015 programme.

The costs of options for members of the top management charged to the result amounted in the period of six months of 2016 to 533 thousand PLN (six months of 2015: 512 thousand PLN).

In the reporting period, members of the top management did not subscribe for any shares of Grupa Kęty S.A.

29. Shares issue and capital increase

In the reporting period, as part of the implementation of the options programme for the management staff, eligible persons subscribed for 11,705 shares of the Company at the price of 117.10 PLN per share. As at the shares subscription date, the shares market price was 315 PLN per share. In addition, the Company issued 14,455 share options as part of the programme for the management staff from 2012, entitling their holders to subscribe for series G shares at the issue price of 117.10 PLN per share, and 7,500 options for series F shares as part of the programme for the management staff from 2009 at the issue price of 125.57 PLN. As at 30.06.2016, the said shares were not subscribed for.

Below, we present the method of recognising proceeds from employee-related issues of shares.

Shares	Number of shares	Acquisition year	Value ('000' PLN)	Amounts charged to share capital	Amounts charged to share premium
Series E shares − the 2006 programme	13,375	2013	1,669	33	1,636
Series F shares − the 2009 programme	85,200	2013	6,547	213	6,334
Series F shares − the 2009 programme	9,000	2014	1,059	23	1,036
Series E shares − the 2006 programme	4,350	2014	543	11	532
Series F shares − the 2009 programme	43,200	2014	5,082	108	4,974
Series F shares − the 2009 programme	12,750	2014	1,601	32	1,569
Series F shares − the 2009 programme	48,450	2015	6,083	121	5,962
Series G shares − the 2012 programme	11,705	2,016	1,371	29	1,342
TOTAL	**228,030**		**23,955**	**570**	**23,385**

30. Fair value measurement methods (fair value hierarchy)

The Group measures at fair value investment properties and derivative financial instruments.

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

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

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

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

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

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

Fair value hierarchy	**Fair value hierarchy level**	**30.06.2016** (not audited)	**31.12.2015** (audited)
Assets			
Investment properties	3	12,795	11,927
Hedging derivatives	2	8,617	2,128
TOTAL ASSETS		**21,412**	**14,055**
Liabilities			
Hedging derivatives	2	4,657	7,857
TOTAL LIABILITIES		**4,657**	**7,857**

31. Earnings per share (EPS)

Below, we present the data related to earnings and the number of shares applied to calculate basic and diluted earnings per share:

	6 months ended on 30.06.2016 (not audited)	**6 months ended on 30.06.2015** (not audited)
Net profit attributable to the parent’s shareholders	**143,439**	**92,689**
Weighted average number of ordinary shares assumed for the calculation of earnings per ordinary share	9,448,355	9,399,016
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share*	9,462,378	9,419,859
Basic earnings per share from the basic profit for the period attributable to the parent’s shareholders (in PLN)	15.18	9.86
Diluted earnings per share from the basic profit for the period attributable to the parent’s shareholders (in PLN)	15.16	9.84

In the reporting period, eligible employees subscribed for 11,705 series G shares at the price of 117.10 PLN. In addition, eligible employees are entitled to subscribe for 14,455 series G shares from the first part of the 2012 programme at the price of 117.10 PLN per share, and 7,500 shares from the third part of the programme at the price of 125.57 PLN.

The average market price for the Company’s share in the period of six months of 2016 was 308.56 PLN. The closing price as at 30.06.2016 was 318.90 PLN.

The potential number of ordinary shares associated with the employee options programme increasing the number of shares and assumed for the calculation of diluted earnings per share is 14,023 shares.

32. Events after the reporting period

Except for the aforementioned event, there were no significant events after the reporting period, which should be included in these consolidated financial statements.

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II. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

INTERIM CONDENSED INCOME STATEMENT

	Note	3 months ended on 30.06.2016 (not audited)	6 months ended on 30.06.2016 (not audited)	3 months ended on 30.06.2015 (not audited)	6 months ended on 30.06.2015 (not audited)
Total operating income, including:		**382,614**	**579,903**	**328,887**	**542,434**
Sales revenue		227,110	423,284	211,634	411,067
Other operating income		991	2,106	6,252	7,296
Dividends		154,513	154,513	111,001	124,071
Change of inventories of finished goods and work in progress		**(217)**	**(817)**	**(7,982)**	**(5,038)**
Cost of manufacturing products for own needs		**1,272**	**2,588**	**1,575**	**2,826**
Total operating costs, including:		**(211,865)**	**(402,048)**	**(209,913)**	**(408,788)**
Depreciation/Amortisation		(8,607)	(17,045)	(7,630)	(15,167)
Materials and energy, and the value of goods and materials sold		(141,552)	(267,402)	(147,626)	(289,062)
External services		(34,888)	(64,351)	(28,266)	(54,146)
Taxes and charges		(1,276)	(2,679)	(1,610)	(3,125)
Employee benefits		(24,951)	(49,353)	(22,007)	(43,465)
Other operating costs		(591)	(1,218)	(2,774)	(3,823)
Profit on operating activities		**171,804**	**179,626**	**112,567**	**131,434**
Finance income		564	1,471	144	197
Finance costs		(586)	(1,361)	1,346	(1,769)
Profit before tax		**171,782**	**179,736**	**114,057**	**129,862**
Income tax expense	11	(2,821)	(4,532)	(1,039)	(1,926)
Net profit on continuing operations		**168,961**	**175,204**	**113,018**	**127,936**
Net earnings per share for the period (PLN)					
Basic earnings per share	28	17.87	18.54	12.01	13.61
Diluted earnings per share	28	17.86	18.52	11.99	13.58

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

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended on 30.06.2016 (not audited)	6 months ended on 30.06.2016 (not audited)	3 months ended on 30.06.2015 (not audited)	6 months ended on 30.06.2015 (not audited)
Net profit for the period	**168,961**	**175,204**	**113,018**	**127,936**
Other comprehensive income*, including:	**5,110**	**6,186**	**(1,103)**	**(2,297)**
Valuation of cash flow hedging instruments	5,693	4,744	(1,279)	(1,308)
Result from cash flow hedge	404	2,343	(66)	(1,237)
Income tax related to other comprehensive income	(987)	(901)	242	248
Comprehensive income for the period	**174,071**	**181,390**	**111,915**	**125,639**

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

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INTERIM CONDENSED BALANCE SHEET

ASSETS	Note	30.06.2016 (not audited)	31.12.2015 (audited)
I. Non-current assets		**731,063**	**735,330**
Property, plant and equipment		343,089	348,876
Intangible assets		6,251	6,300
Shares and interests		380,252	380,042
Advance payments for property, plant and equipment		1,471	112
II. Current assets		**429,665**	**209,445**
Inventories	14	70,146	72,012
Current tax receivables		0	410
Trade and other receivables	13	322,097	126,729
Derivative financial instruments	20	4,447	1,377
Cash and cash equivalents	9	32,975	8,917
Total assets		**1,160,728**	**944,775**
EQUITY AND LIABILITIES			
I. Equity		**744,836**	**731,412**
Share capital		67,534	67,505
Share premium	26	23,385	22,043
Capital from the valuation of property, plant and equipment		3,003	3,003
Capital from share based payments		14,789	13,959
Capital from the valuation of hedging instruments		3,144	(699)
Result from cash flow hedging transactions		273	(2,070)
Retained earnings		632,708	627,671
II. Long-term liabilities		**69,674**	**70,776**
Liabilities related to loans	16	19,466	23,798
Provisions due to employee benefits	15	1,459	1,459
Subsidies		31,747	32,279
Deferred income tax liability		17,002	13,240
III. Short-term liabilities		**346,218**	**142,587**
Liabilities related to loans	16	78,042	72,854
Income tax liabilities		818	0
Trade and other liabilities	18	258,497	57,785
Provisions and accruals	15	7,207	8,609
Derivative financial instruments	20	566	2,239
Subsidies		1,088	1,100
Total equity and liabilities		**1,160,728**	**944,775**

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INTERIM CONDENSED CASH FLOW STATEMENT

	6 months ended on 30.06.2016 (not audited)	6 months ended on 30.06.2015 (not audited)
Cash flow from operating activities		
Profit before tax	**179,736**	**129,862**
Adjustments:	**24,061**	**17,130**
Depreciation/Amortisation	17,045	15,167
Revaluation write-downs for interests in subsidiaries	0	2,317
(Profit) / loss from net currency translation differences	421	(935)
Proceeds from the sale of interests in a subsidiary	3,188	0
Expenditure on the acquisition of a subsidiary's business	(672)	0
Change in realised result on transactions hedging the price of aluminium charged to equity	2,343	(1,237)
(Profit) / loss from the sale of property, plant and equipment	(34)	(25)
Interest	1,143	1,163
Costs of share based payments	620	630
Other items (net)	7	50
Cash flow from operating activities before the change of working capital	**203,797**	**146,992**
Change in inventories	1,866	24,492
Change in net receivables	(198,655)	(143,029)
Change in short-term liabilities, except for loans	39,815	13,325
Change in provisions	(1,402)	(2,083)
Change in grants	(544)	(705)
Net cash generated from operating activities	**44,877**	**38,992**
Tax refunded/(paid)	(442)	(1,825)
Net cash from operating activities	**44,435**	**37,167**
Cash flow from investing activities		
(+) Proceeds:	**100**	**106**
Sale of intangible assets and property, plant and equipment	100	106
(-) Expenses:	**(21,138)**	**(36,220)**
Acquisition of intangible assets and property, plant and equipment	(21,138)	(36,220)
Net cash from investing activities	**(21,038)**	**(36,114)**
Cash flow from financing activities		
(+) Proceeds:	**13,091**	**41,913**
Net proceeds from the issue of shares	1,371	7,685
Proceeds from borrowings	11,720	34,228
(-) Expenses:	**(12,430)**	**(31,444)**
Repayments of borrowings	(11,266)	(30,212)
Interest	(1,164)	(1,232)
Net cash from financing activities	**661**	**10,469**
Total net cash flow:	**24,058**	**11,522**
change in cash due to currency translation differences	0	0
Cash and cash equivalents at the beginning of the period	**8,917**	**1,795**
Cash and cash equivalents at the end of the period	**32,975**	**13,317**

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Non-registered capital from the issue of shares	Capital from the valuation of property, plant and equipment	Capital from share based payments	Capital from the valuation of hedging instruments	Result from cash flow hedge	Retained earnings	**Total equity**
Equity as at 1 January 2016 (audited)	**67,505**	**22,043**	**0**	**3,003**	**13,959**	**(699)**	**(2,070)**	**627,671**	**731,412**
Comprehensive income for the period:	0	0	0	0	0	3,843	2,343	175,204	**181,390**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*175,204*	***175,204***
Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*3,843*	*2,343*	*0*	***6,186***
Valuation of share based payments	0	0	0	0	830	0	0	0	**830**
Issue of shares	29	1,342	0	0	0	0	0	0	**1,371**
Dividend	0	0	0	0	0	0	0	(170,166)	**(170,166)**
Equity as at 30 June 2016 (not audited)	**67,534**	**23,385**	**0**	**3,003**	**14,789**	**3,144**	**273**	**632,709**	**744,837**
Previous year									
Equity as at 1 January 2015 (audited)	**67,352**	**14,512**	**1,601**	**3,174**	**11,244**	**(690)**	**772**	**616,697**	**714,662**
Comprehensive income for the period:	0	0	0	0	0	(1,060)	(1,237)	127,936	**125,639**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*127,936*	***127,936***
Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*(1,060)*	*(1,237)*	*0*	***(2,297)***
Valuation of share based payments	0	0	0	0	1,088	0	0	0	**1,088**
Issue of shares	31	1,569	4,483	0	0	0	0	0	**6,083**
Dividend	0	0	0	0	0	0	0	(136,072)	**(136,072)**
Equity as at 30 June 2015 (not audited)	**67,383**	**16,081**	**6,084**	**3,174**	**12,332**	**(1,750)**	**(465)**	**608,561**	**711,400**

COMPLEMENTARY INFORMATION AND EXPLANATIONS

1. General information

Grupa KĘTY S.A. ('the Company') is a joint-stock company incorporated in Poland with its registered office located in Kęty, at ul. Kościuszki 111.

These interim condensed financial statements of Grupa Kęty S.A. cover the period of the first half of the year which ended on 30.06.2016 and provide comparative data for the first half of the year which ended on 30.06.2015 as well as figures as at 31.12.2015. The financial statements cover the figures for the second quarter of 2016 and the second quarter of 2015. The aforementioned figures were not reviewed by the certified auditor. The certified auditor reviewed the figures for the first half of 2016. The review report is attached to these financial statements.

The Company is entered into the Register of Entrepreneurs under No. **KRS 0000121845** and was assigned its tax identification number **(NIP) 5490001468**.

The Company's business statistical number **(REGON)** is: **070614970.**

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

The Company's business includes the production of, trade in and the rendering of services related to the processing of aluminium and its alloys. In addition, the Company is engaged in the trade, supply, marketing and other brokerage.

2. The basis for the preparation of the interim condensed separate financial statements

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

IFRS comprise standards and interpretations adopted by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC'). These interim condensed separate financial statements have been prepared with regard to the Polish zloty ('PLN') and all values, unless otherwise specified, are provided in thousands PLN. These interim condensed separate financial statements have been prepared based on the going concern assumption for the Company in the foreseeable future. As of the day of the approval of these financial statements, there are no circumstances implying any threats to the continuation of the Company's operation.

These interim condensed separate financial statements do not comprise all the information and disclosures required in the annual financial statements and they should be read together with the Company's financial statements for the year ended on 31 December 2015.

These interim condensed separate financial statements were approved for publication on 2 August 2016.

The Management Board of Grupa Kęty S.A. hereby declares that, according to their best knowledge, these interim condensed separate financial statements and comparative data were prepared according to the accounting principles applicable in the Company and they present a true and fair view of the assets, the financial standing and the financial result of the Company.

3. Significant accounting principles (policy)

Accounting principles (policy) applied for the preparation of these interim condensed separate financial statements are consistent with the ones applied for the preparation of the annual financial statements of the Company for the year ended on 31 December 2015.

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4. Areas of estimates

Changes in estimates are described in notes 12, 13, 14, 15 and 25. Apart from the changes described in aforementioned notes, there were no other changes in estimates.

5. Seasonal nature of operations

The Company's core business comprises the production of aluminium profiles. The biggest sales related to that are generated in the second half of the year (historically, the sale in the second half of the year is higher than the sale in the first half of the year by a few to even 23 %). It is related to the cycle of works in the building industry that accounts for a considerable share of serviced markets of customers in this Segment.

6. Information on business segments

The Company has two internally separated business segments: the Extruded Products Segment and 'Other' business segment which comprises central functions in the Capital Group. As the Company's financial statements are published simultaneously with the consolidated financial statements, the Company, under IFRS 8 (4), presents the information about segments only in the consolidated financial statements.

7. Investments in subsidiaries

There were no investments in subsidiaries in the reporting period.

8. Changes in the Company's organisational structure

There were no major changes in the Company's organisational structure in the reporting period.

9. Cash and cash equivalents

For the purpose of the interim condensed cash flow statement, cash and cash equivalents are composed of the following items:

	30.06.2016 (audited)	**31.12.2015** (audited)
Bank deposits (current accounts) and short-term deposits	32,975	8,917
Cash recognised in the balance sheet and in the cash flow statement	**32,975**	**8,917**

As at 30 June 2016, Grupa Kęty S.A. had unused granted credit funds amounting to 87,013 thousand PLN with regard to which all conditions precedent had been complied with (31 December 2015: 103,667 thousand PLN).

10. Dividends paid and proposed for payment

The result for the reporting period is not distributed.

The General Meeting of Shareholders held on 12 May 2016 allocated for the dividend for 2015 the amount of 170,166 thousand PLN (18 PLN per share for 9,453,693 entitled shares).

15 July 2016 was the day of determining the right to dividend. Pursuant to the resolution of the General Meeting of Shareholders, the dividend will be paid in two instalments:

- 5 August – 6.50 PLN per share;
- 4 December – 11.50 PLN per share.

In 2015, Grupa Kęty S.A. paid the dividend of 136,073 thousand PLN (14.41 PLN per share).

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11. Income tax expense

The main components of the tax deduction for continuing operations in the income statement are as follows:

	3 months ended on 30.06.2016 (not audited)	6 months ended on 30.06.2016 (not audited)	3 months ended on 30.06.2015 (not audited)	6 months ended on 30.06.2015 (not audited)
Current income tax				
Current income tax deduction recognised in the income statement	(1,609)	(1,609)	(311)	(356)
Deferred income tax:				
Related to the recognition and reversal of temporary differences	(1,212)	(2,923)	(728)	(1,570)
Tax deduction recognised in the income statement	**(2,821)**	**(4,532)**	**(1,039)**	**(1,926)**

12. Property, plant and equipment

12.1. Purchase and sale

Purchase and sale transactions related to property, plant and equipment are presented below.

	6 months of 2016	6 months of 2015
Acquisition of property, plant and equipment	10,717	27,897
Net value of sold property, plant and equipment	66	81
Profit (loss) on the sale of property, plant and equipment	7	25
The value of retired property, plant and equipment due to their faster using up	0	0

In the presented periods, the Company did not establish impairment losses for property, plant and equipment.

13. Trade and other receivables

Short-term receivables	30.06.2016 (not audited)	31.12.2015 (audited)
Trade receivables from related parties	56,475	35,340
Trade receivables from other entities	106,988	85,412
Public law receivables (except for the income tax)	0	596
Down payments (trade-related) for suppliers – related parties	244	
Down payments (trade-related) for suppliers – unrelated parties	943	948
Receivables from employees	26	10
Settlements related to transactions hedging the aluminium price	1,482	494
Dividend-related receivables	154,364	0
Receivables related to the sale of interests in Alupol LLC	0	3,188
Other receivables	1,575	741
Net receivables	**322,097**	**126,729**

In the period of six months of 2016, the Company recognised revaluation write-downs for receivables amounting to 25 thousand PLN (six months of 2015: the recognition of write-downs: 881 thousand PLN). The Company recognises revaluation write-downs for receivables in 'Other operating costs'. In the period of six months of 2016, the Company reversed revaluation write-downs for receivables amounting to 907 thousand PLN (six months of 2015: the Company reversed revaluation write-downs for receivables amounting to 583 thousand PLN). The reversal of revaluation write-downs resulted from the receipt of the payments subject to

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write-downs. The reversals of revaluation write-downs were presented in 'Other operating income' or in 'Finance income' as received interest according to the nature of receivables.
Fair value of receivables is close to their book value.

14. Inventories

	30.06.2016 (not audited)	31.12.2015 (audited)
Materials	19,199	20,325
Work in progress	32,299	25,242
Finished products	18,648	26,445
TOTAL	**70,146**	**72,012**

In the period of six months of 2016, the Company reversed revaluation write-downs for inventories amounting to 259 thousand PLN, and in the period of six months of 2015, it reversed write-downs amounting to 111 thousand PLN.

15. Provisions and accruals

In the reporting period, the Company recognised, for a decrease in the result, the deferred income tax liability amounting to 2,923 thousand PLN.

Changes in provisions and accruals:

	As at 31.12.2015	Increases	Utilisation	As at 30.06.2016
Provisions and accruals	**10,068**	**6,068**	**(7,470)**	**8,666**
long-term part of the provision for jubilee bonuses and retirement benefits	1,459	0	0	1,459
short-term provision for jubilee bonuses and retirement benefits	363	0	0	363
provision for the costs of unused holiday	1,842	2,905	(1,842)	2,905
costs of annual bonus	4,738	2,972	(4,738)	2,972
cogeneration fees	493	171	(493)	171
costs of damages	430	0	0	430
costs of onerous contracts	664	0	(363)	301
costs of warranty repairs	45	0	0	45
provision for the costs of auditing/reviewing financial statements	34	20	(34)	20

	As at 31.12.2014	Increases	Utilisation	As at 30.06.2015
Provisions and accruals	**11,091**	**6,259**	**(8,342)**	**9,008**
long-term part of the provision for jubilee bonuses and retirement benefits	1,761	0	0	1,761
short-term provision for jubilee bonuses and retirement benefits	558	0	0	558
provision for the costs of unused holiday	1,652	2,809	(1,652)	2,809
costs of annual bonus	6,311	3,180	(6,311)	3,180
environmental protection costs	344	270	(344)	270
costs of damages	430	0	0	430
provision for the costs of auditing financial statements	35	0	(35)	0

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16. Interest-bearing bank loans and credits

The table below demonstrates the changes in the balances of particular fair values of loans in the period of six months of 2016.

Loan	Lender	Loan currency	31.12.2015	Increase (decrease)	30.06.2016
Long-term	BNP Paribas	PLN	23,798	(4,332)	19,466
Short-term loan	Bank PKO BP	PLN, EUR, USD	3,312	1,035	4,347
Short-term loan	BNP Paribas Polska	PLN, EUR	22,308	(6,532)	15,776
Short-term loan	ING Bank Polska	EUR, PLN	3	0	3
Short-term loan	Bank PeKaO S.A.	EUR, USD, CHF	42,026	9,100	51,126
Short-term loan	Bank Societe Generale	PLN, EUR	3,705	1,585	5,290
Cash loan – short-term	Alutech sp. z o.o.	PLN	1,500	0	1,500
	Total loans		**96,652**	**856**	**97,508**

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 Company's liquidity.

17. Share based payments

The details of the programme and the principles for measuring the programme costs are described in the financial statements for 2015. The Group recognises the programme costs proportionally to the period of acquiring rights to options.

As compared to the data presented in the annual financial statements, there were no significant changes as regards the valuation and the method of recognising the costs of the options programme for the management staff.

18. Trade and other liabilities

	30.06.2016 (not audited)	**31.12.2015** (audited)
Trade liabilities towards related parties	7,519	5,405
Trade liabilities towards non-related parties	56,660	28,649
Liabilities related to the acquisition of the business of Alu Trans System	0	771
Down payments (trade-related) from customers	1,997	1,006
Public law liabilities (except for income tax liabilities)	13,048	6,150
Remuneration liabilities	4,066	3,785
Securities	5	5
Liabilities due to the purchase of property, plant and equipment	2,613	11,493
Liabilities due to dividend	170,166	0
Other	2,423	521
TOTAL SHORT-TERM LIABILITIES	**258,497**	**57,785**

19. Explaining the reasons for material changes in items of revenue and costs

In the period of six months of 2016 as compared to the period of six months of 2015, material changes in particular items of revenue and costs had place in the following areas:
Dividend income - an increase in dividend income by 30,442 thousand PLN in the period related to the dates of approving financial statements and the distribution of the net profit in subsidiaries.

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Depreciation/amortisation costs - an increase in depreciation/amortisation costs by 1,878 thousand PLN is related to the investment process carried out in 2015.
External services – an increase in the costs of external services by 10,205 thousand PLN is related to the increase of the number of services acquired from cooperating parties due to the increase in the sale and due to the increase in the sale volume of more processed products.
Costs of materials and energy – a decrease in the costs of materials and energy by 21,660 thousand PLN is related to the decrease in average aluminium prices set off partially with the quantitative increase in the sale of aluminium products by ca. 770 tonnes, and the associated increase in the consumption of raw materials and the increase in the USD exchange rate. According to the Company's estimates, the average price of aluminium increased, in the period of six months of 2016 as compared to the period of six months of 2015, by ca. 14.1 %. At the same time, the USD exchange rate increased by ca. 5.5 %.
Costs of employee benefits – an increase in the costs of employee benefits by 5,888 thousand PLN results from an increase in sales, and an increase in employment and remunerations in the second half of 2015.
Other operating income and expenses - a decrease in other operating income and expenses is related mainly to the costs of a failure and of the indemnity received in 2015.

20. Derivative financial instruments

Financial assets	**30.06.2016** (not audited)	**31.12.2015** (audited)
Currency forwards hedging cash flows	958	950
Futures for the purchase of aluminium hedging cash flows	3,489	427
TOTAL FINANCIAL ASSETS	**4,447**	**1,377**

Financial liabilities	**30.06.2016** (not audited)	**31.12.2015** (audited)
Currency forwards hedging cash flows	287	31
Futures for the purchase of aluminium hedging cash flows	196	2,127
IRS's hedging interest rates of loans	83	81
TOTAL FINANCIAL LIABILITIES	**566**	**2,239**

21. Objectives and principles of financial risk management

The objectives and principles of financial risk management are described in the annual financial statements for 2015 published on 16 March 2016. No changes had place in the objectives and principles of risk management as compared to the ones described in the financial statements for 2015.

22. Capital management

The capital is managed at the level of the Capital Group of Grupa Kęty S.A.

23. Contingent liabilities and assets

Item	**30.06.2016**	**31.12.2015**
Bank guarantee securing production hall rental payments	418	411
Total granted guarantees	**418**	**411**

In addition, the Company received or granted guarantees and sureties presented in the table below. According to the Company's present estimates, the guarantees and sureties presented below will not be realised.

Granted guarantees and sureties from subsidiaries.

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In addition, the Company received or granted guarantees and sureties presented in the table below.

For:	Purpose	Amount	Maturity
Aluprof S.A.	Security for a working capital loan	5,000	27-04-2017
Aluprof S.A.	Surety for an insurance guarantee	453	01-08-2019
Aluprof S.A.	Surety for an insurance guarantee	268	15-03-2021
Aluprof S.A.	Surety for futures/forwards	27,500	No maturity
Alupol Packaging S.A.	Surety for futures/forwards	5,500	No maturity
Alupol Packaging Kęty sp. z o.o	Surety for futures/forwards	5,500	No maturity
Alupol Films sp. z o.o.	Surety for futures/forwards	5,500	No maturity
Metalplast Stolarka sp. z o.o.	Surety for futures/forwards	5,500	No maturity

Guarantees and securities received from subsidiaries

From:	Purpose	Amount	Maturity
Aluprof S.A.	Loan security	20,000	28-04-2017
Alupol Packaging Kęty sp. z o.o.	Loan security	50,000	30-12-2016
Aluprof, FPS companies	Surety for futures/forwards	5,500	No maturity

In addition:

- Grupa Kęty S.A., Alupol Packaging S.A., Aluprof S.A., Alutrans sp. z o.o., Alupol Packaging Kęty sp. z o.o. and Romb S.A. entered into an agreement with PKO BP S.A. for an overdraft facility up to the total amount of 80 million PLN. All the companies being parties to this agreement are jointly and severally liable for the liabilities related to this loan. The amounts of the said loan utilised by other companies as at the balance sheet date amounted to 2,913 thousand PLN. The agreement is valid until 30.09.2016.
- Grupa Kęty S.A., Alupol Packaging S.A., Aluprof S.A., Alupol Packaging Kęty sp. z o.o., Alupol Films and Metalplast Stolarka sp. z o.o. entered into an agreement with Pekao S.A. for an overdraft facility up to the total amount of 180 million PLN. All the companies being parties to this agreement are jointly and severally liable for the liabilities related to this loan. The amounts of the said loan utilised by other companies as at the balance sheet date amounted to 69,693 thousand PLN. The agreement is valid until 31.10.2016.
- Grupa Kęty S.A. and Metalplast Stolarka sp. z o.o. entered into an agreement with ING S.A. for an overdraft facility up to the total amount of 65 million PLN. All the companies being parties to this agreement are jointly and severally liable for the liabilities related to this loan. The amount of the said loan utilised by Metalplast Stolarka as at the balance sheet date amounted to 27,910 thousand PLN. The agreement is valid until 30.05.2017.
- Grupa Kęty S.A., Aluprof S.A., Alupol Packaging S.A., Metalplast Stolarka Sp. z o.o., Alupol Packaging Kęty Sp. z o.o., Alupol Films Sp. z o.o. and ROMB S.A. entered into an agreement with BGŻ BNP Paribas Polska S.A. for an overdraft facility up to the total amount of 100 million PLN. All the companies being parties to this agreement are jointly and severally liable for the liabilities related to this loan. The amount of the said loan utilised by the companies as at the balance sheet date amounted to 44,540 thousand PLN. The agreement is valid until 01.08.2016.
- Grupa Kęty S.A. and Metalplast Stolarka sp. z o.o. entered into an agreement with BGŻ BNP Paribas Polska S.A. for a guarantee facility up to the total amount of 20 million PLN, and Grupa Kęty S.A. granted its surety for the said agreement. As at the balance sheet date, Metalplast Stolarka issued guarantees under this agreement amounting to 31,059 thousand PLN. This agreement will be valid until the expiry of the guarantees; and the last guarantees for this loan will expire in 2023.
- Grupa Kęty granted its surety for bills of exchange securing a guarantee line agreement amounting to 20,000 thousand PLN between Metalplast-Stolarka Sp. z o.o. and Euler-Hermes. As at the balance sheet date, the value of issued guarantees amounted to 1,273 thousand PLN. The guarantee is valid until 28.02.2018.
- Grupa Kęty assumed liability for the guarantees of Euler-Hermes issued for customers of Metalplast-Stolarka Sp. z o.o. As at the balance sheet date, the value of issued guarantees amounted to 2,367 thousand PLN. The guarantee is valid until 11.04.2017.

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24. Investment obligations

As at 30 June 2016, the Company obliged itself to make expenditure on property, plant and equipment amounting to 9,152 thousand PLN (as at 31 December 2015, the investment obligations amounted to 6,269 thousand PLN). The amounts will be allocated to the purchase of new plant and machinery.

25. Related party transactions

Transactions within the Capital Group for the period from 1 January 2016 to 30 June 2016 and as at 30 June 2016.

Related party	Sales	Purchases	Receivables	Liabilities	Dividends
Aluprof S.A.	87,448	1,409	139,085	541	85,000
Alupol Packaging S.A.	700	0	60,270	0	60,000
Alu Trans System Sp. z o.o.	2	0	0	0	0
Dekret Sp. z o.o.	398	745	70	153	150
Aluprof Hungary Sp. z o.o.	77	128	8	71	0
Metalplast Stolarka Sp. z o.o.	852	163	254	26	0
Alupol Ukraina LLC	1,591	2,275	0	339	0
Alutech Sp. z o.o. w likwidacji	2	8	0	8	0
Romb S.A.	379	4	144	0	0
Aluform Sp. z o.o.	1,029	28,850	9,711	6,108	9,364
Alupol Packaging Kęty Sp. z o.o.	4,149	11	1,221	0	0
Aluprof Schelfhaut ltd	6	0	6	0	0
Aluprof System Czechy sro	0	150	0	30	0
Grupa Kęty Italia srl	0	771	244	243	0
AHA EMMI d.d.o	70	0	70	0	0
Total	**96,703**	**34,514**	**211,083**	**7,519**	**154,514**

In addition, due to the payment of a part of receivables by Alupol Ukraina LLC, the Company reversed the revaluation write-down of 855 thousand PLN.

Apart from the aforementioned transactions, in the period of six months of 2016, the Company did not carry out any related party transactions.

The transactions with the Management Board and the Supervisory Board are described in note 28 to the interim condensed consolidated financial statements. There were no other significant related party transactions apart from the aforementioned transactions and balances.

25.1. Transactions with Members of the Management Board

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

25.2. The costs of the remunerations of the Company's top management

Management Board:	6 months of 2016	6 months of 2015
Costs of short-term employee benefits	823	822
Costs of the provision for annual bonuses and other benefits	1,469	1,379
Total costs of remunerations of the members of the Management Board	**2,292**	**2,201**
The valuation of the costs of options for treasury shares due when the programme is implemented*	460	490
Total payments to the members of the Management Board	**2,752**	**2,691**

* The details of the programme are described in notes 25.3 and 17. If the market conditions for the allocation of options are not fulfilled, despite the recognition of the costs of the programme, eligible persons will not acquire the right to subscribe for shares.

Remunerations and benefits under the options programme due to the members of the Management Board, top management and members of the Company's Supervisory Board are as follows:

	6 months of 2016	6 months of 2015
Proxies of the parent company*	515	506
Management Board of the parent company*	2,752	2,691
Supervisory board	306	297
TOTAL	**3,573**	**3,494**

* The presented remunerations cover the costs of provisions for annual bonuses for the management staff and share options costs recognised in the income statement. The details of the share options programme are described in note 17. Pursuant to the principles of the programme and IFRS 2, the value of share options programme constitutes the valuation of the programme as at the date of its granting. The costs of options are recognised in the income statement on a straight line basis throughout the validity period of the programme, i.e. 36 months. According to IFRS 2, the costs presented in such a way constitute the cost of remunerations for the Company, but do not reflect the value of possible benefits that employees may obtain in the future on this account. Employees' possible benefits depend on the level of share prices in the future as compared to the acquisition price resulting from the conditions for particular parts of the options programme.

25.3. Participation of the top management in the employee shares programme

As described in detail in note 17, the Group has implemented an options programme for the management staff.

Under the programme, the members of the Management Board hold options entitling them to purchase 11,604 shares from the first part of the 2012 programme.

In the reporting period, the members of the Management Board did not subscribe for the Company's shares.

In addition, after meeting the programme conditions, the members of the Management Board will acquire the right to purchase, according to the terms and conditions of the programme, up to 27,280 options from the second part of the 2012 programme, up to 28,000 options from the third part of the 2012 programme, and up to 15,000 options from the first part of the 2015 programme. The costs of related benefits recognised in the income statement for the period of six months of 2016 amounted to 460 thousand PLN (six months of 2015: 490 thousand PLN).

Options to purchase shares were also granted to proxies. In the reporting period, the Proxies subscribed for, according to the terms and conditions of the programme, 3,428 shares from the first part of the 2012 programme.

In addition, the Proxies, after meeting the programme conditions, may acquire the right to purchase 8,060 share options from the second part of the 2012 programme; up to 8,500 share options from the third part of the 2012 programme; and up to 6,000 share options from the first part of the 2015 programme.

The costs of related benefits recognised in the income statement for the period of six months of 2016 amounted to 142 thousand PLN (six months of 2015: 143 thousand PLN).

In the reporting period, members of the top management did not subscribe for any shares of the Company.

26. Issue of shares

In the reporting period, as part of the implementation of the options programme for the management staff, eligible persons subscribed for 11,705 shares of the Company at the price of 117.10 PLN per share. In addition, the Company issued 14,455 share options as part of the programme for the management staff from 2012, entitling their holders to subscribe for series G shares at the issue price of 117.10 PLN per share, and 7,500 options for series F shares as part of the programme for the management staff from 2009 at the issue price of 125.57 PLN. As at 30.06.2016, the said shares were not subscribed for.

Below, we present the method of recognising proceeds from employee-related issues of shares.

Shares	Number of shares	Acquisition year	Value ('000' PLN)	Amounts charged to share capital	Amounts charged to share premium
Series E shares − the 2006 programme	13,375	2013	1,669	33	1,636
Series F shares − the 2009 programme	85,200	2013	6,547	213	6,334
Series F shares − the 2009 programme	9,000	2014	1,059	23	1,036
Series E shares − the 2006 programme	4,350	2014	543	11	532
Series F shares − the 2009 programme	43,200	2014	5,082	108	4,974
Series F shares − the 2009 programme	12,750	2014	1,601	32	1,569
Series F shares − the 2009 programme	48,450	2015	6,083	121	5,962
Series G shares − the 2012 programme	11,705	2016	1,371	29	1,342
TOTAL	**228,030**		**23,955**	**570**	**23,385**

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27. The methods of the measurement at fair value of financial instruments disclosed at fair value (fair value hierarchy)

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

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

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

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

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

Fair value hierarchy	**Hierarchy level**	**30.06.2016** (not audited)	**31.12.2015** (not audited)
Financial assets			
Hedging derivatives	2	4,447	1,377
Financial liabilities			
Hedging derivatives	2	566	2,239

28. Earnings per share (EPS)

Below, we present the data related to earnings and the number of shares applied to calculate basic and diluted earnings per share:

	6 months ended on 30.06.2016 (not audited)	**6 months ended on 30.06.2015** (not audited)
Net profit	**175,204**	**127,936**
Weighted average number of ordinary shares assumed for the calculation of earnings per ordinary share	9,448,355	9,399,016
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share*	9,462,378	9,419,859
Basic earnings per share (in PLN)	18.54	13.61
Diluted earnings per share (in PLN)	18.52	13.58

In the reporting period, eligible employees subscribed for 11,705 series G shares at the price of 117.10 PLN. In addition, eligible employees are entitled to subscribe for 14,455 series G shares from the first part of the 2012 programme at the price of 117.10 PLN per share, and 7,500 shares from the third part of the programme at the price of 125.57 PLN.

The average market price for the Company's share in the period of six months of 2016 was 308.56 PLN. The closing price as at 30.06.2016 was 318.90 PLN.

The potential number of ordinary shares associated with the employee options programme increasing the number of shares and assumed for the calculation of diluted earnings per share is 14,023 shares.

29. Events after the reporting period

After the reporting period, there were no significant events which should be included in these financial statements.

Signatures of all Members of the Management Board:

Dariusz Mańko
President of the Management Board

…………………………………………

Adam Piela
Member of the Management Board

……………………………………

Kęty, 2 August 2016

Signature of the person entrusted with bookkeeping

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

…………………………………………

Kęty, 2 August 2016