CAPITAL GROUP OF GRUPA KĘTY S.A.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE QUARTERS OF 2016 ENDED ON 30 SEPTEMBER 2016 PREPARED PURSUANT TO IAS 34

POLISH FINANCIAL SUPERVISION AUTHORITY

Consolidated quarterly report QSr 3/2016

(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 three quarters of the financial year 2016 covering the period from 01.01.2016 to 30.09.2016, 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).

20 October 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**	
	3 quarters of 2016	**3 quarters of 2015**	**3 quarters of 2016**	**3 quarters of 2015**
Net sales revenue	1,717,144	1,501,968	393,047	361,180
Profit on operating activities	232,136	194,721	53,135	46,825
Profit before tax	221,937	183,981	50,800	44,242
Net profit	229,955	158,110	52,636	38,021
Net profit (loss) attributable to the parent's shareholders	229,955	158,110	52,636	38,021
Total net income (loss)	238,742	152,136	54,647	36,584
Total net income (loss) attributable to the parent's shareholders	238,742	152,136	54,647	36,584
Net cash flow from operating activities	229,083	165,976	52,436	39,912
Net cash flow from investing activities	-223,358	-159,925	-51,126	-38,457
Net cash flow from financing activities	45,089	-649	10,321	-156
Total net cash flow	50,814	5,402	11,631	1,299
Net earnings per ordinary share attributable to the parent's shareholders (in PLN/EUR)	24.33	16.79	5.57	4.04
Diluted net earnings per ordinary share attributable to the parent's shareholders (in PLN/EUR)	24.31	16.77	5.56	4.03
BALANCE SHEET ITEMS	**30.09.2016**	**31.12.2015**	**30.09.2016**	**31.12.2015**
Total assets	2,359,593	1,958,692	547,216	459,625
Liabilities and provisions for liabilities	1,007,426	679,849	233,633	159,533
Long-term liabilities	229,646	171,553	53,257	40,256
Short-term liabilities	777,780	508,296	180,376	119,276
Equity of the parent's shareholders	1,352,167	1,278,843	313,582	300,092
Share capital	67,534	67,505	15,662	15,841
Number of shares	9,453,693	9,441,988	9,453,693	9,441,988
Book value per share (in PLN/EUR)	143.03	135.44	33.17	31.78
Diluted book value per share (in PLN/EUR)	142.80	135.00	33.12	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**	
	3 quarters of 2016	**3 quarters of 2015**	**3 quarters of 2016**	**3 quarters of 2015**
Net sales revenue	669,211	635,005	153,180	152,700
Profit on operating activities	198,955	144,672	45,540	34,789
Profit before tax	199,154	143,502	45,586	34,508
Net profit	189,915	138,723	43,471	33,359
Total net income	195,485	134,528	44,746	32,350
Net cash flow from operating activities	215,581	189,000	49,346	45,449
Net cash flow from investing activities	-31,718	-52,479	-7,260	-12,620
Net cash flow from financing activities	-119,271	-116,019	-27,301	-27,899
Total net cash flow	64,592	20,502	14,785	4,930
Earnings per ordinary share (in PLN/EUR)	20.10	14.73	4.60	3.54
Diluted earnings per ordinary share (in PLN/EUR)	20.08	14.71	4.60	3.54
BALANCE SHEET ITEMS	**30.09.2016**	**31.12.2015**	**30.09.2016**	**31.12.2015**
Total assets	1,066,019	944,775	247,221	221,700
Liabilities and provisions for liabilities	304,538	213,363	70,626	50,068
Long-term liabilities	67,302	70,776	15,608	16,608
Short-term liabilities	237,236	142,587	55,018	33,459
Equity	761,481	731,412	176,596	171,633
Share capital	67,534	67,505	15,662	15,841
Number of shares	9,453,693	9,441,988	9,453,693	9,441,988
Book value per share (in PLN/EUR)	80.55	77.46	18.68	18.18
Diluted book value per share (in PLN/EUR)	80.42	77.29	18.65	18.14
Dividend per share – declared or paid (in PLN/EUR)	0.00	18.00	0.00	4.22

The above financial figures for three quarters 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 30.09.2016 – 4.3120 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: three quarters of 2016 – 4.3688 PLN/EUR; three quarters of 2015 - 4.1585 PLN/EUR.

Consolidated financial statements for the period from 1 January 2016 to 30 September 2016 (in thousand PLN)

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 months ended on 30.09.2016 (not audited)	9 months ended on 30.09.2016 (not audited)	3 months ended on 30.09.2015 (not audited)	9 months ended on 30.09.2015 (not audited)
Total operating income, including:		**638,752**	**1,727,294**	**542,765**	**1,513,837**
Sales revenue	7	633,919	1,717,144	541,101	1,501,968
- including from the sales to an associate		1	309	983	1,214
Other operating income		4,833	10,150	1,664	11,869
Share of net profit of entities accounted for using the equity method		**(368)**	**795**	**(2)**	**(254)**
Change of inventories of finished goods and work in progress		**9,955**	**25,072**	**3,140**	**11,379**
Cost of manufacturing products for own needs		**3,051**	**8,936**	**2,789**	**8,482**
Total operating costs, including:		**(560,666)**	**(1,529,961)**	**(468,197)**	**(1,338,723)**
Depreciation/Amortisation		(27,106)	(78,222)	(23,876)	(67,305)
Materials, energy and the value of goods and materials sold		(383,888)	(1,034,971)	(327,531)	(933,288)
External services		(49,613)	(145,780)	(42,930)	(118,155)
Taxes and charges		(3,411)	(10,317)	(3,310)	(10,187)
Employee benefits		(85,572)	(234,037)	(65,092)	(193,908)
Other operating costs		(11,076)	(26,634)	(5,458)	(15,880)
Profit on operating activities		**90,724**	**232,136**	**80,495**	**194,721**
Finance income		288	1,400	260	693
Finance costs		(3,511)	(11,599)	(3,717)	(11,433)
Profit before tax		**87,501**	**221,937**	**77,038**	**183,981**
Income tax expense	10	(985)	8,018	(11,617)	(25,871)
Net profit on continuing operations		**86,516**	**229,955**	**65,421**	**158,110**
Attributable to non-controlling shareholders		0	0	0	0
Attributable to the parent's shareholders		**86,516**	**229,955**	**65,421**	**158,110**
Earnings per share attributable the parent's shareholders (PLN)	31				
Basic		9.15	24.33	6.85	16.79
Diluted		9.14	24.31	6.85	16.77

Consolidated financial statements for the period from 1 January 2016 to 30 September 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended on 30.09.2016 (not audited)	**9 months ended on 30.09.2016** (not audited)	**3 months ended on 30.09.2015** (not audited)	**9 months ended on 30.09.2015** (not audited)
Net profit for the period	**86,516**	**229,955**	**65,421**	**158,110**
Other comprehensive income*:	**(1,682)**	**8,787**	**(2,890)**	**(5,974)**
Cumulative translation adjustment	(1,662)	(850)	2	(86)
Valuation of cash flow hedging instruments	(4)	9,177	(3,442)	(5,733)
Result from cash flow hedge	(23)	2,194	(7)	(1,245)
Income tax related to other comprehensive income to be charged to profit or loss	7	(1,734)	557	1,090
Comprehensive income for the period	**84,834**	**238,742**	**62,531**	**152,136**
Comprehensive income attributable to:				
Non-controlling shareholders	0	0	0	0
Parent's shareholders	**84,834**	**238,742**	**62,531**	**152,136**

**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 September 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	**Note**	**30.09.2016** (not audited)	**31.12.2015** (audited)
I. Non-current assets		**1,351,348**	**1,140,961**
Property, plant and equipment	11	1,123,404	947,657
Intangible assets		54,143	57,883
Goodwill	12	19,894	19,866
Investment properties		12,523	11,927
Interests in entities accounted for using the equity method	22	2,234	1,812
Other investments		11	11
Other receivables		4,057	5,670
Advance payments for the purchase of property, plant and equipment		18,705	23,573
Deferred income tax assets		116,377	72,562
II. Current assets		**1,008,245**	**817,731**
Inventories	14	364,938	323,330
Current tax receivables		1,347	4,315
Trade and other receivables	13	512,673	415,183
Short-term investments		59	71
Derivative financial instruments	27	5,710	2,128
Cash and cash equivalents	8	123,518	72,704
Total assets		**2,359,593**	**1,958,692**

Consolidated financial statements for the period from 1 January 2016 to 30 September 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (cont.)

EQUITY AND LIABILITIES	Note	30.09.2016 (not audited)	31.12.2015 (audited)
I. Equity		**1,352,167**	**1,278,843**
Share capital		67,534	67,505
Share premium	29	23,385	22,043
Capital from share based payments		17,336	13,959
Result from cash flow hedging transactions		229	(1,872)
Capital from the valuation of hedging instruments		3,611	(3,925)
Capital from the valuation of property, plant and equipment		3,003	3,003
Retained earnings		1,265,765	1,205,976
Cumulative translation adjustment		(28,696)	(27,846)
Equity attributable to the parent's shareholders		**1,352,167**	**1,278,843**
Equity of non-controlling shareholders		0	0
II. Long-term liabilities		**229,646**	**171,553**
Liabilities due to borrowings and finance lease	16	137,808	90,601
Other liabilities		1,879	2,098
Provisions	15	4,709	1,188
Provisions due to employee benefits	15	8,771	5,559
Deferred income		36,490	37,230
Deferred income tax liability		39,989	34,877
III. Short-term liabilities		**777,780**	**508,296**
Liabilities due to borrowings and finance lease	16	311,926	224,219
Income tax liabilities		13,622	11,800
Trade and other liabilities	18	415,284	239,070
Provisions and accruals	15	32,742	21,769
Derivative financial instruments	27	1,813	7,857
Deferred income		2,393	3,581
Total equity and liabilities		**2,359,593**	**1,958,692**

Consolidated financial statements for the period from 1 January 2016 to 30 September 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	2,101	7,536	0	229,955	(850)	**238,742**	0	**238,742**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*229,955*	*0*	***229,955***	*0*	***229,955***
Other comprehensive income	*0*	*0*	*0*	*0*	*2,101*	*7,536*	*0*	*0*	*(850)*	***8,787***	*0*	***8,787***
Valuation of share based payments	0	0	0	3,377	0	0	0	0	0	**3,377**	0	**3,377**
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 September 2016 (not audited)	**67,534**	**23,385**	**0**	**17,336**	**229**	**3,611**	**3,003**	**1,265,765**	**(28,696)**	**1,352,167**	**0**	**1,352,167**
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	(1,244)	(4,644)	0	158,110	(86)	152,136	0	152,136
Net profit for the period	0	0	0	0	0	0	0	158,110	0	158,110	0	158,110
Other comprehensive income	0	0	0	0	(1,244)	(4,644)	0	0	(86)	(5,974)	0	(5,974)
Valuation of share based payments	0	0	0	1,801	0	0	0	0	0	1,801	0	1,801
Payment of dividend	0	0	0	0	0	0	0	(136,073)	0	(136,073)	0	(136,073)
Issue of shares	153	7,531	(1,601)	0	0	0	0	0	0	6,083	0	6,083
Equity as at 30 September 2015 (not audited)	67,505	22,043	0	13,045	194	(5,119)	3,174	1,153,945	(27,608)	1,227,179	0	1,227,179

Consolidated financial statements for the period from 1 January 2016 to 30 September 2016 (in thousand PLN)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended on 30.09.2016 (not audited)	**9 months ended on 30.09.2015** (not audited)
Cash flow from operating activities		
Profit before tax	**221,937**	**183,981**
Adjustments:	86,769	69,854
Share of net profit of entities accounted for using the equity method	(795)	254
Depreciation/Amortisation	78,222	67,305
Recognition/(reversal) of revaluation write-downs	10	176
Profit from net currency translation differences	399	(1,246)
Profit from derivative financial instruments	(451)	0
(Profit) / loss from the sale of property, plant and equipment	(58)	(64)
Interest and share of profits	5,256	3,448
Proceeds/(expenses) related to hedging instruments charged to equity	2,194	(1,244)
Costs of share based payments	3,378	1,801
Change of the valuation of currency forwards/futures	0	415
Gain from a bargain purchase	(1,176)	(613)
Other items (net)	(210)	(378)
Cash flow from operating activities before the change of working capital	**308,706**	**253,835**
Change in inventories	(41,514)	(24,530)
Change in net receivables	(95,877)	(61,044)
Change in short-term liabilities, except for loans	84,253	27,259
Change in provisions	4,543	(2,160)
Change in deferred income	(2,593)	(1,502)
Net cash generated from operating activities	**257,518**	**191,858**
Tax paid	(28,435)	(25,882)
Net cash from operating activities	**229,083**	**165,976**
Cash flow from investing activities		
(+) Proceeds:	740	403
Sale of intangible assets and property, plant and equipment	740	385
Other proceeds	0	18
(-) Expenses:	(224,098)	(160,328)
Acquisition of intangible assets and property, plant and equipment	(214,302)	(148,126)
Acquisition of interests in subsidiaries	(9,796)	(12,202)
Net cash from investing activities	**(223,358)**	**(159,925)**
Cash flow from financing activities		

(+) Proceeds:	259,767	165,895
Net proceeds from the issue of shares	1,371	7,685
Proceeds from borrowings	258,396	165,895
Proceeds from the issue of debt securities	0	2
(-) Expenses:	(214,678)	(166,544)
Dividends and other payments due to owners	(61,449)	(101,029)
Repayments of borrowings	(148,369)	(61,987)
Redemption of debt securities	0	(1)
Finance lease rentals	(372)	(116)
Interest	(4,488)	(3,411)
Net cash from financing activities	**45,089**	**(649)**
Total net cash flow:	**50,814**	**5,402**
- 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	**123,518**	**71,832**

Consolidated financial statements for the period from 1 January 2016 to 30 September 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 9 months which ended on 30.09.2016 and provide comparative data for 9 months which ended on 30.09.2015 as well as figures as at 31.12.2015. The statement of comprehensive income, the income statement and notes to the statement of comprehensive income and to the income statement cover additional figures for the period of 3 months ended on 30.09.2016 and comparative data for the period of 3 months ended on 30.06.2015.
The said financial statements were not reviewed or audited by the certified auditor.
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 30.09.2016	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 comparable 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 Payments*

    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 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 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 1,606 thousand PLN (9 months of 2015: 3,523 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 1,057 thousand PLN (9 months of 2015: 965 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 Segments.

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).

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:

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9 months of 2016:

Group's business segments	**FPS**	**EPS**	**ASS**	**Other**	**Eliminations**	**Total**
Income statement						
Sales	369,753	701,016	801,961	9,548	(165,134)	1,717,144
- outside the Group	369,684	548,573	798,711	176	0	1,717,144
- to other segments	69	152,443	3,250	9,372	(165,134)	0
Operating profit (EBIT)	60,585	76,687	107,105	145,598	(157,839)	232,136
Depreciation/Amortisation	14,652	38,866	22,921	1,791	(8)	78,222
EBITDA	75,237	115,553	130,026	147,389	(157,847)	310,358
Balance sheet						
Segment's assets	773,516	740,801	776,111	379,157	(309,992)	2,359,593
Segment's trade liabilities	80,381	63,167	141,432	658	(68,909)	216,729
Unallocated liabilities (joint)	0	0	0	790,697	0	790,697
Total liabilities	80,381	63,167	141,432	791,355	(68,909)	1,007,426
Other						
Capital expenditure on non-current assets	147,922	24,488	33,111	1,567	(662)	206,426

Third quarter of 2016:

Group's business segments	**FPS**	**EPS**	**ASS**	**Other**	**Eliminations**	**Total**
Income statement						
Sales	130,658	273,646	292,975	3,345	(66,705)	633,919
- outside the Group	130,626	211,668	291,585	40	0	633,919
- to other segments	32	61,978	1,390	3,305	(66,705)	0
Operating profit (EBIT)	23,172	33,965	40,184	(3,115)	(3,482)	90,724
Depreciation/Amortisation	4,894	13,993	7,574	648	(3)	27,106
EBITDA	28,066	47,958	47,758	(2,467)	(3,485)	117,830
Other						
Capital expenditure on non-current assets	70,517	8,307	7,654	122	(662)	85,938

9 months of 2015:

Group's business segments	**FPS**	**EPS**	**ASS**	**Other**	**Eliminations**	**Total**
Income statement						
Sales	320,286	645,292	696,695	20,056	(180,361)	1,501,968
- outside the Group	320,229	476,926	692,583	12,230	0	1,501,968
- to other segments	57	168,366	4,112	7,826	(180,361)	0
Operating profit (EBIT)	60,553	42,262	93,237	(7,146)	5,815	194,721
Depreciation/Amortisation	13,721	33,556	18,424	1,610	(6)	67,305
EBITDA	74,274	75,818	111,661	(5,536)	5,809	262,026
Balance sheet						
Segment's assets	558,108	661,768	715,789	412,071	(374,359)	1,973,377
Segment's trade liabilities	69,923	44,151	134,267	4,411	(69,472)	183,280
Unallocated liabilities (joint)				562,759	159	562,918
Total liabilities	69,923	44,151	134,267	567,170	(69,313)	746,198
Other						
Capital expenditure on non-current assets	27,674	54,374	50,698	1,327	0	134,073

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Third quarter of 2015:

Group's business segments	**FPS**	**EPS**	**ASS**	**Other**	**Eliminations**	**Total**
Income statement						
Sales	109,167	228,490	265,160	6,753	(68,469)	541,101
- outside the Group	109,138	164,502	263,423	4,038	0	541,101
- to other segments	29	63,988	1,737	2,715	(68,469)	0
Operating profit (EBIT)	20,985	19,789	38,403	(125,168)	126,486	80,495
Depreciation/Amortisation	4,685	11,599	7,011	582	(1)	23,876
EBITDA	25,670	31,388	45,414	(124,586)	126,485	104,371
Other						
Capital expenditure on non-current assets	7,982	15,434	23,365	759	0	47,540

- 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 length 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.

	30.09.2016 (audited)	**31.12.2015** (audited)
Bank deposits (current accounts) and short-term deposits	122,516	72,485
Cash in hand	75	22
Other cash	927	197
Cash recognised in the balance sheet	123,518	**72,704**

As at 30 June 2016, the Group had unused granted credit funds amounting to 214,746 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).

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10. Income tax expense

Main components of tax deduction are as follows:

Income tax structure	**3 months ended on 30.09.2016** (not audited)	**9 months ended on 30.09.2016** (not audited)	**3 months ended on 30.09.2015** (not audited)	**9 months ended on 30.09.2015** (not audited)
Current tax	(16,268)	(33,068)	(12,513)	(25,028)
Deferred income tax	15,283	41,086	896	(843)
Income tax recognised in the income statement	**(985)**	**8,018**	**(11,617)**	**(25,871)**

11. Property, plant and equipment

11.1. Purchase and sale

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

	9 months ended on 30.09.2016 (not audited)	**9 months ended on 30.09.2015** (not audited)
Acquisition of property, plant and equipment	212,388	134,073
Net value of sold property, plant and equipment	588	461
Profit (loss) on the sale of property, plant and equipment	121	78

11.2. Impairment losses

In the period of 9 months of 2016, the Group recognised a revaluation write-down for property, plant and equipment amounting to 9 thousand PLN (9 months of 2015 – the Group reversed write-downs of 975 thousand PLN).

12. Revaluation write-downs for goodwill

In the period of 9 months of 2016 and in the period of 9 months of 2015, due to the lack of indicators of impairment, the Group did not write down goodwill from consolidation.

13. Short-term receivables

	30.09.2016 (not audited)	**31.12.2015** (audited)
Trade receivables	474,153	380,660
- including from an associate	14	445
Public law receivables (except for the income tax)	6,530	6,294
Down payments (trade-related) for suppliers	5,393	2,751
Receivables from employees	210	113
Prepaid expenses	3,808	3,199
Valuation of construction contracts	19,151	19,816
Settlements related to transactions hedging the aluminium price	2,652	494
Other receivables	776	1,856
Net receivables	**512,673**	**415,183**

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In the period of 9 months of 2016, the Group recognised revaluation write-downs for receivables amounting to 5,536 thousand PLN (9 months of 2015: recognition of write-downs amounting to 219 thousand PLN). Recognised revaluation write-downs are presented in 'Other operating costs'.

14. Inventories

	30.09.2016 (not audited)	31.12.2015 (audited)
Materials	150,341	142,893
Work in progress	95,573	78,032
Finished products	101,705	91,634
Trade goods	17,319	10,771
TOTAL	**364,938**	**323,330**

In the period of 9 months of 2016, the Group recognised revaluation write-downs for inventories amounting to 600 thousand PLN (in the period of 9 months of 2015, the recognition of write-downs amounting to 278 thousand PLN). The amount was recognised in 'Other operating costs'.

15. Provisions and accruals

In the reporting period, the Group increased the result by 41,086 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:

	As at 01.01.2016	Increases	Utilisation	Company acquisition	Currency translation differences	As at 30.09.2016
Long-term provisions	**6,747**	**282**	**(1,346)**	**7,873**	**(76)**	**13,480**
provision for jubilee bonuses and retirement benefits	5,559	0	0	3,288	(76)	8,771
costs of warranty repairs	1,188	282	(200)	0	0	1,270
provision for costs	0	0	(1,146)	4,585	0	3,439
Short-term provisions and accruals:	**21,769**	**18,325**	**(12,765)**	**5,413**	**0**	**32,742**
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	4,869	(3,888)	474	0	6,665
costs of annual bonus	9,082	7,986	(9,082)	0	0	7,986
environmental protection costs	7	92	0	0	0	99
costs of damages	430	3,264	0	0	0	3,694
for incurred costs	4,261	2,064	760	363	0	7,448
costs of auditing/reviewing financial statements	241	50	(241)	(18)	0	32
provision for costs	0	0	0	4585	0	4585
other	1,518	0	(314)	9	0	1,213

	As at 01.01.2015	Increases	Utilisation	Currency translation differences	As at 30.09.2015
Long-term provisions	**6,559**	**1,904**	**0**	**0**	**8,463**
provision for jubilee bonuses and retirement benefits	5,799	0	0	0	5,799

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costs of warranty repairs	760	1,904	0	0	2,664
Short-term provisions and accruals:	**22,844**	**14,074**	**(18,106)**	**(32)**	**18,780**
provision for jubilee bonuses and retirement benefits	1,462	0	0	0	1,462
provision for the costs of unused holiday	5,002	4,737	(5,002)	0	4,737
costs of annual bonus	12,020	6,877	(12,020)	4	6,881
environmental protection costs	344	410	(344)	0	410
costs of warranty repairs	50	0	(50)	0	0
costs of damages	2,560	0	0	0	2,560
costs of auditing financial statements	206	19	(208)	0	17
other	1,200	2,031	(482)	(36)	2,713

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)	30.09.2016
Grupa Kęty S.A.	BGŻ BNP PARIBAS S.A.	PLN	23,798	(6,507)	17,291
Alupol Packaging Kęty Sp. z o.o.	BGŻ BNP PARIBAS S.A.	PLN	40,000	56,045	96,045
Aluprof S.A.	BGŻ BNP PARIBAS S.A.	PLN	26,230	(7,153)	19,077
AHA EMMI d o.o.	Delavska Hranilnica d.d.	EUR	0	3,165	3,165
	Total loans		**90,028**	**45,550**	**135,578**
Aluprof Romania	Liabilities due to finance lease	RON	110	9	119
Aluprof UK		GBP	0	30	30
Metalplast Stolarka Sp. z o.o.		PLN	463	(120)	343
AHA EMMI d o.o.			0	1,738	1,738
	Total lease		**573**	**1,657**	**2,230**
Total long-term loans and lease			**90,601**	**47,207**	**137,808**

Short-term loans:

Borrower	Lender	Loan currency	31.12.2015	Increases (decreases)	30.09.2016
Grupa Kęty S.A.	BGŻ BNP PARIBAS S.A.	PLN	22,308	(7,803)	14,505
Grupa Kęty S.A.	ING BSK S.A.	PLN	3	0	3
Grupa Kęty S.A.	Bank PEKAO SA	PLN	42,026	(39,533)	2,493
Grupa Kęty S.A.	Societe Generale S.A.	EUR	3,705	(1,646)	2,059
Grupa Kęty S.A.	Bank PKO BP	PLN	3,312	(2,109)	1,203
Alupol Packaging S.A.	Bank PKO BP	PLN	2,307	10,627	12,934
Alupol Packaging S.A.	BGŻ BNP PARIBAS S.A.	PLN	5,962	4,018	9,980
Alupol Packaging S.A.	Bank PEKAO SA	PLN	10,088	14,474	24,562
Alupol Packaging Kęty Sp. z o.o.	Bank PEKAO SA	PLN, EUR, USD	2,489	12,677	15,166
Alupol Packaging Kęty Sp. z o.o.	Bank PKO BP	PLN, EUR	4,618	8,386	13,004
Alupol Packaging Kęty Sp. z o.o.	BGŻ BNP PARIBAS S.A.	PLN	13,377	6,861	20,238
Aluprof S.A.	Bank PEKAO SA	PLN, EUR	4,561	44,435	48,996
Aluprof S.A.	Bank PKO BP	EUR	2,131	(448)	1,683
Aluprof S.A.	Societe Generale S.A.	PLN, EUR	2,650	(1,605)	1,045
Aluprof S.A.	BGŻ BNP PARIBAS S.A.	PLN	24,827	1,873	26,700
Aluprof S.A.	BPH S.A.	PLN	13,935	1,031	14,966

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Metalplast Stolarka Sp. z o.o.	Bank PEKAO SA	PLN, EUR	33,573	(1,366)	32,207
Metalplast Stolarka Sp. z o.o.	ING BSK S.A.	PLN, EUR	21,186	8,604	29,790
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	4,441	4,488
ROMB S.A.	BGŻ BNP PARIBAS S.A.	PLN	4,932	(164)	4,768
Alupol Films Sp. z o.o.	Bank PEKAO SA	EUR, USD	3,623	(1,534)	2,089
Alupol Films Sp. z o.o.	BGŻ BNP PARIBAS S.A.	PLN	0	8,297	8,297
Aluform Sp. z o.o.	PEKAO S.A.	PLN	0	5,437	5,437
AHA EMMI d o.o.	Delavska Hranilnica d.d.	EUR	0	1,401	1,401
AHA EMMI d o.o.	UniCredit banka	EUR	0	12,936	12,936
	Total loans		**223,787**	**87,163**	**310,950**
Aluprof Romania	Liabilities due to finance lease	RON	9	(4)	5
MHF A/S		DKK	117	17	134
Aluprof Schelfhaut		EUR	47	(43)	4
Aluprof UK		GBP	0	10	10
Metalplast Stolarka Sp. z o.o.		PLN	259	(87)	172
AHA EMMI d o.o.		EUR	0	651	651
	Total lease		**432**	**544**	**976**
Total short-term loans and lease			**224,219**	**87,707**	**311,926**

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

	30.09.2016 (not audited)	**31.12.2015** (audited)
Short-term liabilities:	**415,284**	**239,070**
Trade liabilities	216,728	167,761
- including to an associate	279	1,854
Liabilities due to the purchase of property, plant and equipment	19,331	27,731
Liabilities due to dividend	108,795	0
Total financial liabilities (under IFRS 7)	**344,854**	**195,492**
Public law liabilities (except for income tax liabilities)	36,842	23,576
Down payments (trade-related) from customers	9,892	5,519
Remuneration liabilities	15,000	11,826
Other liabilities	8,696	2,657
Total non-financial liabilities	**70,430**	**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 9 months of 2016 as compared to the period of the first 9 months of 2015, material changes in particular items of revenue and costs had place in the following areas:
- an increase in sales revenue by 215,176 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 10,917 thousand PLN is related to investments made by the Group;
- an increase in the costs of materials and energy by 101,683 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 27,625 is mainly due to the increase in output and from the use of subcontractors;
- an increase in the costs of employee benefits by 40,129 thousand PLN results mainly from the increase in sales and the increase in remunerations, and the increase in employment in the Group;
- an increase in other operating costs by 10,754 thousand PLN results mainly from the recognition of provisions for fines and damages amounting to 3,264 thousand PLN by the EPS and 7,223 thousand PLN for the recognition of write-downs of receivables by the ASS.

20. Discontinued operations

In the period of 9 months of 2016 and in the period of 9 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 amortization) 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)**

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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 575 thousand PLN.

22. Investments in associates

As at 30.09.2016, the Group held 45.5 % of shares in Aluprof USA LLC with its registered office in New York.

Company name	Place of business	Core business	Parent's name	Shares in the basic capital as at		Profit (loss) allocated to non-controlling interests as at	Accumulated value of non-controlling interests as at		Segment
				30-09-2016	31-12-2015	30-09-2016	30-09-2016	31-12-2015	
Aluprof USA LLC	USA	Distribution of aluminium systems	Aluprof System USA	45.5 %	45.5 %	795	2,234	1,812	ASS

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.

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 September 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.

	30.09.2016 (not audited)	**31.12.2015** (audited)
Interest-bearing lease and loans	449,734	314,820
Trade and other liabilities	417,163	241,168
Less cash and cash equivalents	(123,518)	(72,704)
Net debt	743,379	483,284
Equity	1,352,167	1,278,843
Equity and net debt	2,095,546	1,762,127
Leverage ratio	**35.47%**	**27.43%**

25. Contingent liabilities

Item	**30.09.2016** (not audited)	**31.12.2015** (audited)
Insurance performance bond from the ASS*	71,332	72,772
Other building guarantees granted by the ASS	1,438	0

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Building bank guarantees granted by Metalplast Stolarka Sp. z o.o.**	29,607	30,342
Banking performance bond for a rental contract (expires in the first half of 2016)	423	411
Total granted guarantees	**102,800**	**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.

Contractual liabilities related to the purchase of non-current assets by segments	**30.09.2016 (not audited)**	**31.12.2015 (audited)**
Extruded Products Segment	24,412	3,374
Flexible Packaging Segment	34,510	29,784
Aluminium Systems Segment	13,217	6,730
Other	0	575
TOTAL	**72,139**	**40,463**

27. Derivative financial instruments

Financial assets	**30.09.2016** (not audited)	**31.12.2015** (audited)
Currency forwards hedging cash flows	1,807	1,646
Futures for the purchase of aluminium hedging cash flows	3,228	447
Ineffective currency forwards	675	35
TOTAL FINANCIAL ASSETS	**5,710**	**2,128**

Financial liabilities	**30.09.2016** (not audited)	**31.12.2015** (audited)
Currency forwards hedging cash flows	1,242	4,303
Futures for the purchase of aluminium hedging cash flows	0	3,294
Ineffective currency forwards	537	179
IRS’s hedging interest rates	34	81
TOTAL FINANCIAL LIABILITIES	**1,813**	**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.

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

Management Board:	9 months of 2016	9 months of 2015
Costs of short-term employee benefits	1,234	1,232
Costs of the provision for annual bonuses and other benefits	1,234	1,131
Total costs of remunerations of the members of the Management Board	**2,468**	**2,363**
The valuation of the costs of options for treasury shares due when the programme is implemented*	1,649	781
Total payments to the members of the Management Board	**4,117**	**3,144**

* 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:

	9 months of 2016	9 months of 2015
Management Board of the parent company*	4,177	3,144
Top management*	8,652	5,406
Supervisory Board	453	436
Total	**13,282**	**8,986**

* 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.

28.3. 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.

Additionally, the Management Board has granted rights to the following number of share options. The final number of share options that the Management Board will be able to exercise will depend on the satisfaction of the programme conditions.

The information on the numbers of share options during the vesting period granted to members of the Management Board	**Number of granted options**	**The end date of the vesting period**	**Estimated number of options that meet granting conditions**
Share options from the second part of the 2012 programme	27,280	01/10/2016	23,700
Share options from the third part of the 2012 programme	28,000	01/10/2017	28,000
Share options from the first part of the 2015 programme	15,000	01/10/2018	10,912
Share options from the second part of the 2015 programme	15,000	01/10/2019	10,912

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.

The information on the numbers of share options during the vesting period granted to top management	**Number of granted options**	**The end date of the vesting period**	**Estimated number of options that meet granting conditions**
Share options from the second part of the 2012 programme	27,520	01/10/2016	23,908
Share options from the third part of the 2012 programme	31,000	01/10/2017	31,000
Share options from the first part of the 2015 programme	32,000	01/10/2018	12,400
Share options from the second part of the 2015 programme	35,000	01/10/2019	12,400

The related costs of benefits of the top management recognised in the income statement for the period of 9 months of 2016 amounted to 1,877 thousand PLN (9 months of 2015: 781 thousand PLN).

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 11,604 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

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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.
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**	**30.09.2016** (not audited)	**31.12.2015** (audited)
Assets			
Investment properties	3	12,523	11,927
Hedging derivatives	2	5,710	2,128
TOTAL ASSETS		**18,233**	**14,055**
Liabilities			
Hedging derivatives	2	1,813	7,857
TOTAL LIABILITIES		**1,813**	**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:

	9 months ended on 30.09.2016 (not audited)	**9 months ended on 30.09.2015** (not audited)
Net profit attributable to the parent's shareholders	229,955	158,110
Weighted average number of ordinary shares assumed for the calculation of earnings per ordinary share	9,450,147	9,415,545
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share*	9,458,251	9,428,905
Basic earnings per share from the basic profit for the period attributable to the parent's shareholders (in PLN)	24.33	16.79
Diluted earnings per share from the basic profit for the period attributable to the parent's shareholders (in PLN)	24.31	16.77

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 11,604 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 2012 programme at the price of 125.57 PLN.

The average market price for the Company's share in the period of 9 months of 2016 was 325.09 PLN. The closing price as at 30.09.2016 was 392.70 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 8,104 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 30.09.2016 (not audited)	9 months ended on 30.09.2016 (not audited)	3 months ended on 30.09.2015 (not audited)	9 months ended on 30.09.2015 (not audited)
Total operating income, including:		**249,978**	**829,881**	**225,236**	**767,670**
Sales revenue		245,927	669,211	223,938	635,005
Other operating income		4,051	6,157	1,298	8,594
Dividends		0	154,513	0	124,071
Change of inventories of finished goods and work in progress		**(5,068)**	**(5,885)**	**(8,036)**	**(13,074)**
Cost of manufacturing products for own needs		**1,487**	**4,075**	**1,041**	**3,867**
Total operating costs, including:		**(227,068)**	**(629,116)**	**(205,003)**	**(613,791)**
Depreciation/Amortisation		(8,992)	(26,037)	(7,688)	(22,855)
Materials and energy, and the value of goods and materials sold		(150,955)	(418,357)	(143,445)	(432,507)
External services		(36,599)	(100,950)	(32,381)	(86,527)
Taxes and charges		(1,351)	(4,030)	(1,440)	(4,565)
Employee benefits		(25,470)	(74,823)	(19,707)	(63,172)
Other operating costs		(3,701)	(4,919)	(342)	(4,165)
Profit on operating activities		**19,329**	**198,955**	**13,238**	**144,672**
Finance income		459	1,930	610	807
Finance costs		(370)	(1,731)	(208)	(1,977)
Profit before tax		**19,418**	**199,154**	**13,640**	**143,502**
Income tax expense	11	(4,707)	(9,239)	(2,853)	(4,779)
Net profit on continuing operations		**14,711**	**189,915**	**10,787**	**138,723**
Net earnings per share for the period (PLN)					
Basic earnings per share	28	1.56	20.10	1.13	14.73
Diluted earnings per share	28	1.55	20.08	1.13	14.71

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 30.09.2016 (not audited)	6 months ended on 30.09.2016 (not audited)	3 months ended on 30.09.2015 (not audited)	9 months ended on 30.09.2015 (not audited)
Net profit for the period	**14,711**	**189,915**	**10,787**	**138,723**
Other comprehensive income*, including:	**(616)**	**5,570**	**(1,898)**	**(4,195)**
Valuation of cash flow hedging instruments	(823)	3,921	(1,697)	(3,005)
Result from cash flow hedge	51	2,394	(524)	(1,761)
Income tax related to other comprehensive income	156	(745)	323	571
Comprehensive income for the period	**14,095**	**195,485**	**8,889**	**134,528**

**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	30.09.2016 (not audited)	31.12.2015 (audited)
I. Non-current assets		**733,487**	**735,330**
Property, plant and equipment		343,065	348,876
Intangible assets		6,449	6,300
Shares and interests		381,232	380,042
Advance payments for property, plant and equipment		2,741	112
II. Current assets		**332,532**	**209,445**
Inventories	14	67,271	72,012
Current tax receivables		0	410
Trade and other receivables	13	188,520	126,729
Derivative financial instruments	20	3,232	1,377
Cash and cash equivalents	9	73,509	8,917
Total assets		**1,066,019**	**944,775**
EQUITY AND LIABILITIES			
I. Equity		**761,481**	**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		17,338	13,959
Capital from the valuation of hedging instruments		2,477	(699)
Result from cash flow hedging transactions		324	(2,070)
Retained earnings		647,420	627,671
II. Long-term liabilities		**67,302**	**70,776**
Liabilities related to loans	16	17,291	23,798
Provisions due to employee benefits	15	1,459	1,459
Subsidies		31,481	32,279
Deferred income tax liability		17,071	13,240
III. Short-term liabilities		**237,236**	**142,587**
Liabilities related to loans	16	21,763	72,854
Income tax liabilities		4,788	0
Trade and other liabilities	18	198,480	57,785
Provisions and accruals	15	10,943	8,609
Derivative financial instruments	20	174	2,239
Subsidies		1,088	1,100
Total equity and liabilities		**1,066,019**	**944,775**

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INTERIM CONDENSED CASH FLOW STATEMENT

	9 months ended on 30.09.2016 (not audited)	9 months ended on 30.09.2015 (not audited)
Cash flow from operating activities		
Profit before tax	**199,154**	**143,502**
Adjustments:	**35,031**	**24,743**
Depreciation/Amortisation	26,037	22,855
Revaluation write-downs for interests in subsidiaries	0	2,317
Proceeds from the sale of interests in a subsidiary	3,188	0
Expenditure on the acquisition of a subsidiary's business	(672)	0
(Profit) / loss from net currency translation differences	437	(1,215)
Change in realised result on transactions hedging the price of aluminium charged to equity	2,394	(1,761)
(Profit) / loss from the sale of property, plant and equipment	(51)	(33)
Interest	1,497	1,473
Costs of share based payments	2,188	1,035
Other items (net)	13	72
Cash flow from operating activities before the change of working capital	**234,185**	**168,245**
Change in inventories	4,741	41,783
Change in net receivables	(65,078)	(24,733)
Change in short-term liabilities, except for loans	41,164	9,135
Change in provisions	2,334	(2,449)
Change in grants	(810)	(1,044)
Net cash generated from operating activities	**216,536**	**190,937**
Tax refunded/(paid)	(955)	(1,937)
Net cash from operating activities	**215,581**	**189,000**
Cash flow from investing activities		
(+) Proceeds:	**117**	**118**
Sale of intangible assets and property, plant and equipment	117	118
(-) Expenses:	**(31,835)**	**(52,597)**
Acquisition of intangible assets and property, plant and equipment	(31,835)	(52,597)
Acquisition of subsidiaries	0	0
Net cash from investing activities	**(31,718)**	**(52,479)**
Cash flow from financing activities		
(+) Proceeds:	**1,371**	**34,332**
Net proceeds from the issue of shares	1,371	7,685
Proceeds from borrowings	0	26,647
(-) Expenses:	**(120,642)**	**(150,351)**
Dividends	(61,449)	(101,029)
Repayments of borrowings	(57,801)	(47,686)
Interest	(1,392)	(1,636)
Net cash from financing activities	**(119,271)**	**(116,019)**
Total net cash flow:	**64,592**	**20,502**
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	**73,509**	**22,297**

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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	3,176	2,394	189,915	**195,485**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*189,915*	***189,915***
Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*3,176*	*2,394*	*0*	***5,570***
Valuation of share based payments	0	0	0	0	3,379	0	0	0	**3,379**
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 September 2016 (not audited)	**67,534**	**23,385**	**0**	**3,003**	**17,338**	**2,477**	**324**	**647,420**	**761,481**
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	(2,434)	(1,761)	138,723	**134,528**
Net profit for the period	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*138,723*	***138,723***
Other comprehensive income	*0*	*0*	*0*	*0*	*0*	*(2,434)*	*(1,761)*	*0*	***(4,195)***
Costs of share based payments	0	0	0	0	1,801	0	0	0	**1,801**
Issue of shares	153	7,531	(1,601)	0	0	0	0	0	**6,083**
Dividend	0	0	0	0	0	0	0	(136,072)	**(136,072)**
Equity as at 30 September 2015 (not audited)	**67,505**	**22,043**	**0**	**3,174**	**13,045**	**(3,124)**	**(989)**	**619,348**	**721,002**

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 9 months of 2016 which ended on 30.09.2016 and provide comparative data for 9 months of 2015 which ended on 30.09.2015 as well as figures as at 31.12.2015. The financial statements also cover the figures for the third quarter of 2016 and the third quarter of 2015. The aforementioned figures were not reviewed by the certified auditor.

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. **ISIN 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 20 October 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.

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.

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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:

	30.09.2016 (audited)	**31.12.2015** (audited)
Bank deposits (current accounts) and short-term deposits	73,509	8,917
Cash recognised in the balance sheet and in the cash flow statement	**73,509**	**8,917**

As at 30 September 2016, Grupa Kęty S.A. had unused granted credit funds amounting to 91,176 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 30.09.2016 (not audited)	9 months ended on 30.09.2016 (not audited)	3 months ended on 30.09.2014 (not audited)	9 months ended on 30.09.2014 (not audited)
Current income tax				
Current income tax deduction recognised in the income statement	(4,480)	(6,089)	(2,859)	(3,215)
Deferred income tax:				
Recognition (reversal) of tax losses	0	0	0	(140)
Related to the recognition and reversal of temporary differences	(261)	(3,150)	6	(1,424)
Tax deduction recognised in the income statement	**(4,707)**	**(9,239)**	**(2,853)**	**(4,779)**

12. Property, plant and equipment

12.1. Purchase and sale

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

	9 months of 2016	6 months of 2016
Acquisition of property, plant and equipment	14,979	39,901
Net value of sold property, plant and equipment	66	83
Profit (loss) on the sale of property, plant and equipment	51	33
The value of retired property, plant and equipment due to their faster using up	13	72

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

13. Trade and other receivables

Short-term receivables	**30.09.2016** (not audited)	**31.12.2015** (audited)
Trade receivables from related parties	69,590	35,340
Trade receivables from other entities	111,750	85,412
Public law receivables (except for the income tax)	0	596
Down payments (trade-related) for suppliers – related parties	2,301	0
Down payments (trade-related) for suppliers – unrelated parties	399	948
Receivables from employees	30	10
Settlements related to transactions hedging the aluminium price	2,652	494
Receivables related to the sale of interests in Alupol LLC	0	3,188
Other receivables	1,798	741
Net receivables	**188,520**	**126,729**

In the period of 9 months of 2016, the Company recognised revaluation write-downs for receivables amounting to 55 thousand PLN (9 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 9 months of 2016, the Company reversed revaluation write-downs for receivables amounting to 4,671 thousand PLN,

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including 4,584 thousand PLN due to the payment of receivables by Alupol Ukraina (9 months of 2015: the Company reversed revaluation write-downs for receivables amounting to 1,566 thousand PLN). The reversal of revaluation write-downs resulted from the receipt of the payments subject to 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

	30.09.2016 (not audited)	31.12.2015 (audited)
Materials	21,391	20,325
Work in progress	26,469	25,242
Finished products	19,411	26,445
TOTAL	**67,271**	**72,012**

In the period of 9 months of 2016, the Company reversed revaluation write-downs for inventories amounting to 259 thousand PLN, and in the period of 9 months of 2015, it reversed write-downs amounting to 95 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 3,831 thousand PLN.
Changes in provisions and accruals:

	As at 31.12.2015	Increases	Utilisation	As at 30.09.2016
Provisions and accruals	**10,068**	**9,986**	**(7,652)**	**12,402**
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	1,888	(1,842)	1,888
costs of annual bonus	4,738	4,457	(4,738)	4,457
cogeneration fees	493	259	(493)	259
costs of damages	430	3,263	0	3,693
costs of onerous contracts	664	0	(545)	119
environmental protection costs	0	99	0	99
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 30.09.2015
Provisions and accruals	**11,091**	**5,893**	**(8,342)**	**8,642**
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	1,595	(1,652)	1,595
costs of annual bonus	6,311	3,888	(6,311)	3,888
environmental protection costs	344	410	(344)	410
costs of damages	430	0	0	430

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provision for the costs of auditing financial statements	35	0	(35)	0

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 9 months of 2016.

Loan	Lender	Loan currency	31.12.2015	Increase (decrease)	30.09.2016
Long-term	BNP Paribas	PLN	23,798	(6,507)	17,291
Short-term loan	Bank PKO BP	PLN, EUR, USD	3,312	(2,109)	1,203
Short-term loan	BNP Paribas Polska	PLN, EUR	22,308	(7,803)	14,505
Short-term loan	ING Bank Polska	EUR, PLN	3	0	3
Short-term loan	Bank PeKaO S.A.	EUR, USD, CHF	42,026	(39,533)	2,493
Short-term loan	Bank Societe Generale	PLN, EUR	3,705	(1,646)	2,059
Cash loan – short-term	Alutech sp. z o.o.	PLN	1,500	0	1,500
	Total loans		**96,652**	**(57,598)**	**39,054**

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

	30.09.2016 (not audited)	31.12.2015 (audited)
Trade liabilities towards related parties	10,070	5,405
Trade liabilities towards non-related parties	52,006	28,649
Liabilities related to the acquisition of the business of Alu Trans System	0	771
Down payments (trade-related) from customers	1,890	1,006
Public law liabilities (except for income tax liabilities)	15,371	6,150
Remuneration liabilities	4,352	3,785
Securities	5	5
Liabilities due to the purchase of property, plant and equipment	2,675	11,493
Liabilities due to dividend	108,717	0
Other	3,394	521
TOTAL SHORT-TERM LIABILITIES	**198,480**	**57,785**

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

In the period of 9 months of 2016 as compared to the period of 9 months of 2015, material changes in particular items of revenue and costs had place in the following areas:

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Sales revenue – an increase in sales revenue by 34,206 thousand PLN in the period is related to a greater amount of products by the Company, and changes of exchange rates and aluminium prices.
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 level of the net profit in subsidiaries allocated for dividend.
Depreciation/amortisation costs – an increase in depreciation/amortisation costs by 3,182 thousand PLN is related to the investment process carried out in 2015.
External services – an increase in the costs of external services by 14,423 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 14,150 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. 5.4 thousand tonnes (i.e. ca. 11.9 % more) According to the Company's estimates, the average price of aluminium increased, in the period of 9 months of 2016 as compared to the period of 9 months of 2015, by ca. 8.8 %. At the same time, the USD exchange rate increased by ca. 4.7 %.
Costs of employee benefits – an increase in the costs of employee benefits by 11,651 thousand PLN results from an increase in sales, and an increase in employment and remunerations in the second half of 2015.

20. Derivative financial instruments

Financial assets	**30.09.2016** (not audited)	**31.12.2015** (audited)
Currency forwards hedging cash flows	503	950
Futures for the purchase of aluminium hedging cash flows	2,729	427
TOTAL FINANCIAL ASSETS	**3,232**	**1,377**

Financial liabilities	**30.09.2016** (not audited)	**31.12.2015** (audited)
Currency forwards hedging cash flows	140	31
Futures for the purchase of aluminium hedging cash flows	0	2,127
IRS's hedging interest rates of loans	34	81
TOTAL FINANCIAL LIABILITIES	**174**	**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.

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23. Contingent liabilities and assets

Item	30.09.2016	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.
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
Metalplast Stolarka sp. z o.o.	Surety for an insurance guarantee	2,367	11-04-2017
Metalplast Stolarka sp. z o.o.	Surety for an insurance guarantee	1,378	28-02-2018
Aluprof S.A.	Surety for an insurance guarantee	217	15-03-2017
Aluprof S.A.	Surety for an insurance guarantee	220	01-08-2019
Aluprof S.A.	Surety for an insurance guarantee	781	02-05-2017
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
AHA EMMI	Security for a working capital loan	12,936	28-02-2017
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	5,000	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 30,426 thousand PLN. The agreement is valid until 30.09.2017.
- 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 101,963 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

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Stolarka as at the balance sheet date amounted to 29,789 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 29,480 thousand PLN. The agreement is valid until 01.06.2017.
- 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 9,269 thousand PLN. This agreement will be valid until the expiry of the guarantees; and the last guarantees for this loan will expire in 2023.

24. Investment obligations

As at 30 September 2016, the Company obliged itself to make expenditure on property, plant and equipment amounting to 21,285 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 September 2016 and as at 30 September 2016.

Related party	Sales	Purchases	Receivables	Liabilities	Dividends
Aluprof S.A.	148,088	2,447	66,929	623	85,000
Alupol Packaging S.A.	1,217	0	214	29	60,000
Alu Trans System Sp. z o.o.	2	0	0	0	0
Dekret Sp. z o.o.	597	1,121	71	309	150
Aluprof Hungary Sp. z o.o.	122	171	45	67	0
Metalplast Stolarka Sp. z o.o.	1,276	377	161	170	0
Alupol Ukraina LLC	2,182	4,141	500	806	0
Alutech Sp. z o.o. w likwidacji	3	8	0	0	0
Romb S.A.	558	4	162	0	0
Aluform Sp. z o.o.	1,470	45,495	230	8,031	9,364
Alupol Packaging Kęty Sp. z o.o.	6,257	31	1,257	0	0
Aluprof Schelfhaut ltd	12	0	9	0	0
Aluprof System Czechy sro	0	244	0	30	0
Grupa Kęty Italia srl	0	1,122	152	0	0
AHA EMMI d.d.o	16	0	2,161	5	0
MHF Dania	16	0	0	0	0
Total	**161,816**	**55,161**	**71,891**	**10,070**	**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 4,584 thousand PLN.

Apart from the aforementioned transactions, in the period of 9 months of 2016, the Company did not carry out any other related party transactions.

The transactions with the members of the Management Board and of the Supervisory Board are described in note 28 in 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.

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

Management Board:	9 months of 2016	9 months of 2015
Costs of short-term employee benefits	1,234	1,232
Costs of the provision for annual bonuses and other benefits	1,234	1,131
Total costs of remunerations of the members of the Management Board	**2,468**	**2,363**
The valuation of the costs of options for treasury shares due when the programme is implemented*	1,649	781
Total payments to the members of the Management Board	**4,117**	**3,144**

* 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:

	9 months of 2016	9 months of 2015
Proxies of the parent company*	874	602
Management Board of the parent company*	4,117	3,144
Supervisory Board	453	436
TOTAL	**5,444**	**4,182**

* 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.

Additionally, the Management Board has granted rights to the following number of share options. The final number of share options that the Management Board will be able to exercise will depend on the satisfaction of the programme conditions.

The information on the numbers of share options during the vesting period granted to members of the Management Board	**Number of granted options**	**The end date of the vesting period**	**Estimated number of options that meet granting conditions**
Share options from the second part of the 2012 programme	27,280	01/10/2016	23,700
Share options from the third part of the 2012 programme	28,000	01/10/2017	28,000
Share options from the first part of the 2015 programme	15,000	01/10/2018	10,912
Share options from the second part of the 2015 programme	15,000	01/10/2019	10,912

Share options were also granted to proxies. The table below presents information about share options granted to top management.

The information on the numbers of share options during the vesting period granted to top management	**Number of granted options**	**The end date of the vesting period**	**Estimated number of options that meet granting conditions**
Share options from the second part of the 2012 programme	8,060	01/10/2016	7,002
Share options from the third part of the 2012 programme	8,500	01/10/2017	8,500
Share options from the first part of the 2015 programme	6,000	01/10/2018	3,400
Share options from the second part of the 2015 programme	6,000	01/10/2019	3,400

The related costs of benefits of the top management recognised in the income statement for the period of 9 months of 2016 amounted to 506 thousand PLN (9 months of 2015: 235 thousand PLN).

In the reporting period, the members of the top management subscribed for 3,428 shares from the first part of the 2012 programme.

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 11,604 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 30.09.2016, 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**

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.

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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**	**30.09.2016** (not audited)	**31.12.2015** (not audited)
Financial assets			
Hedging derivatives	2	3,231	1,377
Financial liabilities			
Hedging derivatives	2	175	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:

	9 months ended on 30.09.2016 (not audited)	**9 months ended on 30.09.2015** (not audited)
Net profit	**189,915**	**138,723**
Weighted average number of ordinary shares assumed for the calculation of earnings per ordinary share	9,450,147	9,415,545
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per ordinary share*	9,458,251	9,428,905
Basic earnings per share (in PLN)	20.10	14.73
Diluted earnings per share (in PLN)	20.08	14.71

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 11,604 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 2012 programme at the price of 125.57 PLN.

The average market price for the Company's share in the period of 9 months of 2016 was 325.09 PLN. The closing price as at 30.09.2016 was 392.70 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 8,104 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	Adam Piela
President of the Management Board	*Member of the Management Board*
……………………………………….	……………………………………….

Kęty, 20 October 2016

Signature of the person entrusted with bookkeeping

Andrzej Stempak

President of the Management Board

Dekret Centrum Rachunkowe Sp. z o.o.

……………………………………….

Kęty, 20 October 2016