

**CAPITAL GROUP
GRUPA KĘTY S.A.**

**LONG-FORM AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

I. GENERAL NOTES

1. Background

The holding company of the Grupa Kęty S.A. Group (hereinafter 'the Group' or 'the Capital Group') is Grupa Kęty S.A. ('the holding company', 'the Company').

The holding company was incorporated on the basis of a Notarial Deed dated 3 March 1992. The Company's registered office is located in Kęty at Kościuszki Street 111.

The holding company is an issuer of securities as referred to in art. 4 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002 on the application of international accounting standards and, based on the article 55.5 of the Accounting Act dated 29 September 1994 ('the Accounting Act'), prepares consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU.

The holding company was entered in the Register of Entrepreneurs of the National Court Register under no. KRS 0000121845 on 9 July 2002.

The holding Company was issued with tax identification number (NIP) 549-000-14-68 on 22 July 1993 and statistical number (REGON) 070614970 on 1 April 1993.

The principal activities of the holding company are production, trade and services in the processing of aluminium and its alloys.

The operations of the Group's subsidiaries, jointly controlled entities and associates include the following activities:

- production, trade and services in the processing of aluminum and its alloys.
- production and trade activity of packaging materials made of plastic and paper, including trade, supply and marketing brokerage,
- production of construction joinery.

As at 31 December 2016, the Company's issued share capital amounted to 67 534 thousand zlotys. Equity as at that date amounted to 1 405 361 thousand zlotys.

In accordance with the information provided by the Management and information disclosed in the note number 34 of additional notes to the audited consolidated financial statements as at 31 December 2016 current at the date of this report, the ownership structure of the Company's issued share capital was as follows:

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(in thousand zlotys)*

	Number of shares	Number of votes	Nominal value of shares	Percentage of share capital
OFE AVIVA	1 691 276	1 691 276	4 228	17,84%
ING OFE	1 610 534	1 610 534	4 026	16,99%
OFE PZU ŻŁOTA JESIEŃ	921 000	921 000	2 303	9,72%
PTE Allianz Polska	499 748	499 748	1 249	5,27%
Others	4 755 818	4 755 818	11 890	50,18%

The share capital registered	9 478 376	9 478 376	23 696	100,00%
Revaluation of share capital in accordance with IAS 29			43 900	
Total share capital*			67 596	

*Number of shares includes 24,683 shares acquired in December 2016 registered by the National Depository for Securities and the National Court in 2017.

In accordance with the information provided by the Management and information disclosed in the note number 34 of additional notes to the audited consolidated financial statements as at 31 December 2015 the ownership structure of the Company's issued share capital was as follows:

	Number of shares	Number of votes	Nominal value of shares	Percentage of share capital
OFE AVIVA	1 691 276	1 691 276	4 228	17,91%
ING OFE	1 610 534	1 610 534	4 026	17,06%
OFE PZU ŻŁOTA JESIEŃ	921 000	921 000	2 303	9,75%
PTE Allianz Polska	499 748	499 748	1 249	5,29%
Others	4 719 430	4 719 430	11 799	49,98%

The share capital registered	9 478 376	9 478 376	23 605	100,00%
Revaluation of share capital in accordance with IAS 29			43 900	
Total share capital			67 505	

There were no changes in the ownership structure of the holding company during the reporting period as well as during the period from the balance sheet date to the date of the opinion in terms of shareholders holding at least 5% of the share capital of the Company.

In the financial year to the date of the report, there were following changes of share capital of the parent company:

- On 27 June 2016, the National Court Register registered the capital increase by acquisition of 11.705 of employee shares series G;
- On 6 February 2017, the National Court Register registered the capital increase by acquisition of 24.683 of employee shares series G.

As at 16 March 2017, the holding company's Management Board was composed of:

Dariusz Mańko - President
Adam Piela - Member

There were no changes in the holding company's Management Board during the reporting period as well as from the balance sheet date to the date of the opinion.

2. Group Structure

As at 31 December 2016, the Grupa Kęty S.A Group consisted of the following subsidiaries (direct or indirect):

Entity name	Consolidation method	Type of opinion	Name of authorised entity that audited financial statements	Balance sheet date
Alupol Packaging S.A.	Full consolidation method	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Sp. k.	31 December 2016
Aluprof S.A.	Full consolidation method	unqualified	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Sp. k.	31 December 2016
Alutech sp. z o.o. w likwidacji	Full consolidation method	unqualified	Matuszek, Minczanowski, Szkarłat, Tomica Spółka Partnerska	31 December 2016
Dekret Sp. z o.o.	Full consolidation method	unqualified	Matuszek, Minczanowski, Szkarłat, Tomica Spółka Partnerska	31 December 2016
Alu Trans System sp. z o.o.	Full consolidation method	unqualified	Matuszek, Minczanowski, Szkarłat, Tomica Spółka Partnerska	31 December 2016
Aluprof-Hungary Kft.	Full consolidation method	unqualified	Nória Könyvvizsgáló ÉS Számveteli Szolgáltató Kft.	31 December 2016
Metalplast-Stolarka sp. z o.o.	Full consolidation method	unqualified, with an emphasis of matter	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Sp. k.	31 December 2016
Alupol LLC	Full consolidation method	no requirement to audit financial statements	no requirement to audit financial statements	31 December 2016
Aluprof Deutschland GmbH	Full consolidation method	no requirement to audit financial statements	no requirement to audit financial statements	31 December 2016
Aluprof System Romania s.r.l	Full consolidation method	no requirement to audit financial statements	no requirement to audit financial statements	31 December 2016
Aluprof System Czech s.r.o.	Full consolidation method	no requirement to audit financial statements	no requirement to audit financial statements	31 December 2016
Aluprof UK Ltd.	Full consolidation method	unqualified	Melinek Fine LLP	31 December 2016
ROMB S.A. *	Full consolidation method	unqualified	4Audyt sp. z o.o.	31 December 2016
Alupol Packaging Kęty sp. z o.o.	Full consolidation method	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Sp. k.	31 December 2016
Aluform sp. z o.o.	Full consolidation method	unqualified	4Audyt sp. z o.o.	31 December 2016
Aluprof System Ukraina	Full consolidation method	no requirement to audit financial statements	no requirement to audit financial statements	31 December 2016

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Aluprof Serwis sp. z o.o.	Full consolidation method	unqualified	Matuszek, Minczanowski, Szkarłat, Tomica Spółka Partnerska	31 December 2016
Grupa Kęty Italia s.r.l.	Full consolidation method	no requirement to audit financial statements	no requirement to audit financial statements	31 December 2016
Marius Hansen Facader A/S	Full consolidation method	unqualified	Beierholm Statsautoriseret Revisionspartnerselskab / Jørgen Jakobsen	31 December 2016
Aluprof System USA, Inc	Full consolidation method	no requirement to audit financial statements	no requirement to audit financial statements	31 December 2016
Alupol Films sp. z o.o.	Full consolidation method	audit in progress	Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością Sp. k.	31 December 2016
Aluprof Schelfhaut N.V.	Full consolidation method	unqualified, with an emphasis of matter	Nijs Roeckens Bedrijfsrevisoren BVBA	31 December 2016
Aluminium Kety Emmi d.o.o.	Full consolidation method	unqualified	BDO Revizija d o. o.	31 December 2016
Aluminium Kety Deutschland GmbH	Full consolidation method	no requirement to audit financial statements	no requirement to audit financial statements	31 December 2016

As at 31 December 2016 shares in the following associates (direct and indirect) were recognised in the Group's consolidated financial statements using the equity method:

Name and registered office	Type of activity
Aluprof USA, LLC	Distribution of aluminium systems

There were no changes to the list of consolidated companies when compared to the prior year.

3. Consolidated Financial Statements

3.1 Auditors' opinion and audit of consolidated financial statements

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorised to audit financial statements under no. 130.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. was appointed by the Supervisory Board on 14 April 2016 to audit the Group's financial statements.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. and the key certified auditor in charge of the audit meet the conditions required to express an impartial and independent opinion on the financial statements, as defined in Art. 56.3 and 56.4 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009.

Under the contract executed on 31 May 2016 with the holding company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2016.

Our responsibility was to express an opinion on the consolidated financial statements based on our audit. The auditing procedures applied to the consolidated financial statements were designed to enable us to express an opinion on the consolidated financial statements taken as a whole. Our procedures did not extend to supplementary information that does not have an impact on the consolidated financial statements taken as a whole.

Based on our audit, we issued an auditors' unqualified opinion dated 16 March 2017, stating the following:

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

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements for the year ended 31 December 2016 of Capital Group of Grupa Kęty S.A. ('the Group'), with parent's company Grupa Kęty S.A. ('the Company') registered office located in Kęty, Kościuszki Street 111 which comprise the consolidated balance sheet as at 31 December 2016, the consolidated profit and loss account, the consolidated other comprehensive income statement, the consolidated cash flow statement, the consolidated statement of changes in equity for the period from 1 January 2016 to 31 December 2016, accounting policies and other explanatory notes ('the accompanying consolidated financial statements').

Responsibilities of the Management Board and Members of the Supervisory Board for the consolidated financial statements

The Management Board is responsible in accordance with the Accounting Act dated 29 September 1994 ('the Accounting Act'), regulations issued on the basis of the Accounting Act for the preparation of the consolidated financial statements and fair presentation in accordance with International Accounting Standards, International Financial Reporting Standards and related Interpretations announced in the form of European Commission regulations ('International Financial Reporting Standards as adopted by European Union') and other applicable laws. The Management Board is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act the Management Board and Members of the Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on accompanying consolidated financial statements based on our audit.

We conducted our audit in accordance with chapter 7 of the Accounting Act and National Auditing Standards in the version of International Standards on Auditing as adopted by Resolution no 2783/52/2015 of the National Council of Statutory Auditors dated 10 February 2015 with subsequent amendments ('National Auditing Standards').

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

In accordance with National Auditing Standard 320 point 5 the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the consolidated financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report, including those on other information or regulatory requirements, are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, paragraph the accompanying consolidated financial statements:

- give a true and fair view of the financial position of a Group as at 31 December 2016 and its financial performance and its cash flows for the year from 1 January 2016 to 31 December 2016 in accordance with International Financial Reporting Standards as adopted by European Union and accounting policies;
- are in respect of the form and content, in accordance with legal regulations governing the preparation of consolidated financial statements and the Company's Articles of Association.

Report on Other Legal and Regulatory Requirements

Report on the Directors' Report of the Group

Our opinion on the consolidated financial statements does not include the Directors' Report of the Group.

The Company's Management Board is responsible for preparation of the Directors' Report of the Group in accordance with the Accounting Act and other applicable laws. In addition the Company's Management Board and Members of the Supervisory Board are obliged to state that the Directors' Report of the Group meet the requirements of the Accounting Act.

In connection with the audit of the consolidated financial statements, our responsibility was to read the content of the Directors' Report of the Group and consider whether the information contained in it take into account the provisions of art. 49 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states ('the Decree on current and periodic information') and whether they are consistent with the information contained in the accompanying consolidated financial statements. Our responsibility was also to report, based on our knowledge of the Group and its environment obtained during the audit of the consolidated financial statements, whether the Directors' Report does not include material misstatements.

We have concluded that the information included in the Directors' Report of the Group corresponds with the relevant regulations of art. 49 of the Accounting Act and the Decree on current and periodic information and that the information derived from the accompanying consolidated financial statements reconciles with the Directors' Report of the Group. Based on our knowledge of the Group and its environment obtained during the audit of the consolidated financial statements, we have not identified material misstatements in the Directors' Report of the Group.

In connection with the conducted audit of the consolidated financial statements, our responsibility was also to read the Company's representation on application of corporate governance which constitutes a separate part of the Directors' Report. We concluded that in the representation the Company included information required by implementing rules issued under art. 60 para. 2 of the Act of 29 July 2005 on public offering and on the terms of introducing financial instruments into an organised trading system and on public companies. This information is, in all material respects, in accordance with applicable regulations and with the information included in the accompanying consolidated financial statements.

Other matters

The consolidated financial statements for the prior financial year ended 31 December 2015 were subject to an audit by a key certified auditor acting on behalf of another authorised audit firm, who issued an unqualified opinion on these consolidated financial statements, dated 16 March 2016. '

We conducted the audit of the consolidated financial statements during the period from 5 December 2016 to 16 March 2017. We were present at the holding company's head office from 5 December 2016 to 16 December 2016 and from 13 February 2017 to 24 February 2017.

3.2 Representations provided and data availability

The Management Board of the holding company confirmed its responsibility for the fair presentation¹ of the consolidated financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and the correctness of consolidation documentation. The Board stated that it provided us with all financial statements of the Group companies included in the consolidated financial statements, consolidation documentation and other required documents as well as all necessary explanations. We also obtained a written representation dated 16 March 2017 from the Management Board of the holding company confirming that:

- the information included in the consolidation documentation was complete;
- all contingent liabilities had been disclosed in the consolidated financial statements, and
- all material events from the balance sheet date to the date of the representation letter had been disclosed in the consolidated financial statements;

and confirmed that the information provided to us was true and fair to the best of the holding company Management Board's knowledge and belief, and included all events that could have had an effect on the consolidated financial statements.

At the same time declare that during the audit of the financial statements, there were no limitations of scope.

3.3 Consolidated financial statements for prior financial year

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by Michał Mastalerz, key certified auditor no. 90074, acting on behalf of PricewaterhouseCoopers sp. z o. o., located in Warsaw, al. Armii Ludowej 14, the company entered on the list of entities authorized to audit financial statements conducted by the National Council of Statutory Auditors with the number 144. The key certified auditor issued an unqualified opinion on the consolidated financial statements for the year ended 31 December 2015. The consolidated financial statements for the year ended 31 December 2015 were approved by the General Shareholders' Meeting/ the Shareholders' Meeting on 12 May 2016.

The consolidated financial statements of the Group for the financial year ended 31 December 2015, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on 18 May 2016 with the National Court Register.

¹ Translation of the following expression in Polish: "rzetelna prezentacja"

4. Analytical Review

4.1 Basic data and financial ratios

Presented below are selected financial ratios indicating the economic or financial performance of the Company for the years 2014 – 2016. The ratios were calculated on the basis of financial information included in the financial statements for years ended 31 December 2016 and 31 December 2016.

The ratios for the years ended 31 December 2015 and 31 December 2014 were calculated on the basis of financial information included in the approved consolidated financial statements audited by another auditor acting on behalf of another authorized entity.

	2016	2015	2014
Total assets	2 322 835	1 958 692	1 797 508
Shareholders' equity	1 405 361	1 278 843	1 203 232
Net profit/ loss	277 890	209 813	169 031
Return on assets (%)	12,0%	10,7%	9,4%
$\frac{\text{Net profit} \times 100\%}{\text{Total assets}}$			
Return on equity (%)	21,7%	17,4%	33,4%
$\frac{\text{Net profit} \times 100\%}{\text{Shareholders' equity at the beginning of the period}}$			
Profit margin (%)	12,3%	10,3%	9,2%
$\frac{\text{Net profit} \times 100\%}{\text{Sales of finished goods, goods for resale and raw materials}}$			
Liquidity I	1,34	1,60	1,60
$\frac{\text{Current assets}}{\text{Short-term creditors}}$			
Liquidity III	0,11	0,14	0,14
$\frac{\text{Cash and cash equivalents}}{\text{Short-term creditors}}$			
Debtors days	67 days	68 days	72 days
$\frac{\text{Trade debtors} \times 365}{\text{Sales of finished goods, goods for resale and raw materials}}$			

	2016	2015	2014
Creditors days	36 days	35 days	39 days
<u>Trade creditors x 365</u>			
Costs of finished goods, goods for resale and raw materials sold			
Inventory days	71 days	67 days	69 days
<u>Inventory x 365</u>			
Costs of finished goods, goods for resale and raw materials sold			
Stability of financing (%)	72,5%	74,0%	72,9%
<u>(Equity + long-term provisions and liabilities) x 100%</u>			
Total liabilities, provisions and equity			
Debt ratio (%)	39,5%	34,7%	33,1%
<u>(Total liabilities and provisions) x 100%</u>			
Total assets			
Rate of inflation:			
Yearly average	-0,60%	-0,90%	0,00%
December to December	0,80%	-0,50%	-1,00%

4.2 Comments

The following trends may be observed based on the above financial ratios:

- return on assets ratio amounted to 12,0% in 2016 and increased in comparison to 10,7% in 2015 and 9,4% in 2014;
- return on equity ratio amounted to 21,7% in 2016 and increased in comparison to 17,4% in 2015 and decreased in comparison to 33,4% in 2014;
- profit margin ratio amounted to 12,3% in 2016 and increased in comparison to 10,3% in 2015 and in comparison to 9,2% in 2014;
- liquidity I amounted to 1,34 as at 31 December 2016 and decreased in comparison to 1,60 as at 31 December 2015 and as at 31 December 2014;
- liquidity III amounted to 0,11 as at 31 December 2016 and decreased in comparison to 0,14 as at 31 December 2015 and as at 31 December 2014;
- debtors days ratio amounted to 67 days in 2016 and decreased in comparison to 68 days in 2015 and in comparison to 72 days in 2014;
- creditors days ratio amounted to 36 days in 2016 and increased in comparison to 35 days in 2015 and decreased in comparison to 39 days in 2014;

- inventory days ratio amounted to 71 days in 2016 and increased in comparison to 67 days in 2015 and in comparison to 69 days in 2014;
- stability of financing ratio amounted to 72,5% as at 31 December 2016 and decreased in comparison to 74,0% as at 31 December 2015 and in comparison to 72,9% as at 31 December 2014;
- debt ratio amounted to 39,5% as at 31 December 2016 and increased in comparison to 34,7% as at 31 December 2015 and in comparison to 33,1% as at 31 December 2014.

4.3 Going concern

Nothing came to our attention during the audit that caused us to believe that the holding company is unable to continue as a going concern for at least twelve months subsequent to 31 December 2016 as a result of an intended or compulsory withdrawal from or a substantial limitation in its current operations.

In Note 5 of the additional notes and explanations to the audited consolidated financial statements for the year ended 31 December 2016, the Management Board of the holding company has stated that the financial statements of the Group entities included in the consolidated financial statements were prepared on the assumption that these entities will continue as a going concern for a period of at least twelve months subsequent to 31 December 2016 and that there are no circumstances that would indicate a threat to its continued activity.

II. DETAILED REPORT

1. Completeness and accuracy of consolidation documentation

During the audit no material irregularities were noted in the consolidation documentation which could have a material effect on the audited consolidated financial statements, and which were not subsequently adjusted. These would include matters related to the requirements applicable to the consolidation documentation (and in particular eliminations relating to consolidation adjustments).

2. Accounting policies for the valuation of assets and liabilities

The Group's accounting policies and rules for the presentation of data are detailed in note 10 of the additional notes and explanations to the Group's consolidated financial statements for the year ended 31 December 2016.

3. Structure of assets, liabilities and equity

The structure of the Group's assets and equity and liabilities is presented in the audited consolidated financial statements for the year ended 31 December 2016.

The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

3.1 Goodwill on consolidation and amortisation

The method of determining goodwill on consolidation, the method on determining impairment of goodwill, the impairment charged in the financial year and up to the balance sheet date were presented in note 10.10.1 of the additional notes and explanations to the consolidated financial statements.

3.2 Shareholders' funds including non-controlling interest

The amount of shareholders' funds is consistent with the amount stated in the consolidation documentation and appropriate legal documentation. As at 31 December 2016 there was no non-controlling interest It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in note 28 of the additional notes and explanations to the consolidated financial statements.

3.3 Financial year

The financial statements of all Group companies forming the basis for the preparation of the consolidated financial statements were prepared as at 31 December 2016 and include the financial data for the period from 1 January 2016 to 31 December 2016.

4. Consolidation adjustments

4.1 Elimination of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of consolidated entities.

All eliminations of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of the consolidated companies reconcile with the consolidation documentation.

4.2 Elimination of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends

All eliminations of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends reconcile with the consolidation documentation.

5. Disposal of all or part of shares in a subordinated entity

During the financial year the Group did not sell any shares in subordinated entities.

6. Items which have an impact on the Group's result for the year

Details of the items which have an impact on the Group's result for the year have been included in the audited consolidated financial statements for the year ended 31 December 2016.

7. The appropriateness of the departures from the consolidation methods and application of the equity accounting as defined in International Financial Reporting Standards as adopted by the EU

During the process of preparation of the consolidated financial statements there were no departures from the consolidation methods or application of the equity accounting

8. Additional Notes and Explanations to the Consolidated Financial Statements

The additional notes and explanations to the consolidated financial statements for the year ended 31 December 2016 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the EU.

9. Directors' Report

We have read the 'Directors' Report for the period from 1 January 2016 to 31 December 2016 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information contained in it take into account the provisions of 49 para 2 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states and they are consistent with the information contained in the accompanying financial statements. We have also concluded, based on our knowledge of the Company and its environment obtained during the audit of the financial statements, that the Directors' Report does not include material misstatements. We have read also the Company's representation on application of corporate governance which constitutes a separate part of the Directors' Report of the Capital Group. We concluded that in the representation the Company included information required by implementing rules issued under art. 60 para. 2 of the Act of 29 July 2005 on public offering and on the terms of introducing financial instruments into an organised trading system and on public companies. This information is, in all material respects, in accordance with applicable regulations and with the information included in the consolidated financial statements.

10. Conformity with Law and Regulations

We have obtained a letter of representations from the Management Board of the holding company confirming that no laws, regulations or provisions of the Group entities' Articles of Association were breached during the financial year.

Warsaw, 16 March 2017

Key certified auditor

Leszek Lerch
Certified auditor no. 9886

on behalf of:
Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.

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