



CAPITAL GROUP OF GRUPA KĘTY S.A.

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER
OF 2017 ENDED ON 31 MARCH 2017 PREPARED PURSUANT TO IAS 34**

Consolidated quarterly report QSr 1/2017

(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) for the issuers of securities involved in the production, construction, trading or servicing activities for the first quarter of the financial year 2017 covering the period from 01.01.2017 to 31.03.2017, 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).

25 April 2017

(delivery date)

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

SELECTED FINANCIAL FIGURES

Figures concerning the condensed consolidated financial statements pursuant to IFRS				
ITEMS OF THE INCOME STATEMENT, THE STATEMENT OF COMPREHENSIVE INCOME AND CASH FLOW STATEMENT	in '000' PLN		in '000' EUR	
	3 months of 2017	3 months of 2016	3 months of 2017	3 months of 2016
Net sales revenue	601,542	519,038	140,249	119,157
Profit on operating activities	69,831	66,017	16,281	15,156
Profit before tax	69,208	58,756	16,136	13,489
Net profit	54,685	54,080	12,750	12,415
Net profit (loss) attributable to equity holders of the parent	54,685	54,080	12,750	12,415
Total net income (loss)	57,799	57,617	13,476	13,227
Total net income (loss) attributable to equity holders of the parent	57,799	57,617	13,476	13,227
Net cash flow from operating activities	19,287	72,375	4,497	16,615
Net cash flow from investing activities	-40,830	-46,110	-9,519	-10,586
Net cash flow from financing activities	23,423	-19,364	5,461	-4,445
Total net cash flow	1,880	6,901	438	1,584
Net earnings per ordinary share attributable to equity holders of the parent (in PLN/EUR)	5.77	5.73	1.35	1.32
Diluted net earnings per share attributable to equity holders of the parent (in PLN/EUR)	5.75	5.72	1.34	1.31
BALANCE SHEET ITEMS	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Total assets	2,408,944	2,322,835	570,867	525,053
Liabilities and provisions for liabilities	943,572	917,474	223,606	207,386
Long-term liabilities	241,510	227,631	57,233	51,454
Short-term liabilities	702,062	689,843	166,373	155,932
Equity of equity holders of the parent	1,465,372	1,405,361	347,261	317,667
Share capital	67,625	67,534	16,026	15,265
Number of shares	9,489,980	9,478,376	9,489,980	9,478,376
Book value per share (in PLN/EUR)	154.41	148.27	36.59	33.51
Diluted book value per share (in PLN/EUR)	154.05	148.06	36.51	33.47
Dividend per share – declared or paid (in PLN/EUR)	0.00	23.50	0.00	5.31
Figures concerning the condensed consolidated financial statements pursuant to IFRS				
ITEMS OF THE INCOME STATEMENT, THE STATEMENT OF COMPREHENSIVE INCOME AND CASH FLOW STATEMENT	in '000' PLN		in '000' EUR	
	3 months of 2017	3 months of 2016	3 months of 2017	3 months of 2016
Net sales revenue	242,570	196,174	56,555	45,036
Profit on operating activities	6,956	7,822	1,622	1,796
Profit before tax	7,292	7,954	1,700	1,826
Net profit	5,438	6,243	1,268	1,433
Total net income	8,756	7,319	2,041	1,680
Net cash flow from operating activities	-15,411	23,104	-3,593	5,304
Net cash flow from investing activities	-14,403	-13,916	-3,358	-3,195
Net cash flow from financing activities	35,832	-9,059	8,354	-2,080
Total net cash flow	6,018	129	1,403	30
Earnings per share (in PLN/EUR)	0.57	0.66	0.13	0.15
Diluted earnings per share (in PLN/EUR)	0.57	0.66	0.13	0.15
BALANCE SHEET ITEMS	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Total assets	1,031,003	980,678	244,325	221,672
Liabilities and provisions for liabilities	267,017	227,663	63,277	51,461
Long-term liabilities	65,664	65,466	15,561	14,798
Short-term liabilities	201,353	162,197	47,716	36,663
Equity	763,986	753,015	181,048	170,211
Share capital	67,625	67,534	16,026	15,265
Number of shares	9,489,980	9,478,376	9,489,980	9,478,376
Book value per share (in PLN/EUR)	80.50	79.45	19.08	17.96
Diluted book value per share (in PLN/EUR)	80.32	79.34	19.03	17.93
Dividend per share – declared or paid (in PLN/EUR)	0.00	23.50	0.00	5.31

The above financial figures for the first quarter of 2017 and of 2016 were translated into EUR as follows:

- assets and liabilities – at the average exchange rate of the National Bank of Poland (NBP) as at 31.03.2017 – 4.2198 PLN/EUR and as at 31.12. 2016 - 4.4240 PLN/EUR;

- the items of the income statement, of the statement of comprehensive income and of the cash flow statement – at the exchange rate being an arithmetic mean of the exchange rates of the NBP for the last two days of each month: the first quarter of 2017 – 4.2891 PLN/EUR; the first quarter of 2016 – 4.3559 PLN/EUR.

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Complementary information and explanations to the interim consolidated financial statements form an integral part thereof

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I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Total operating income, including:		605,196	520,298
Sales revenue	7	601,542	519,038
- including from the sales to an associate		9	4
Other operating income		3,654	1,260
Share of net profit of entities accounted for using the equity method		(409)	1,283
Change of inventories of finished goods and work in progress		17,817	8,658
Cost of manufacturing products for own needs		3,555	2,883
Total operating costs, including:		(556,328)	(467,105)
Depreciation/Amortisation		(29,684)	(25,385)
Materials, energy and the value of goods and materials sold		(387,499)	(316,159)
External services		(39,978)	(45,286)
Taxes and charges		(3,721)	(3,355)
Employee benefits		(89,970)	(72,185)
Other operating costs		(5,476)	(4,735)
Profit on operating activities		69,831	66,017
Finance income		2,281	828
Finance costs		(2,904)	(8,089)
Profit before tax		69,208	58,756
Income tax expense	10	(14,523)	(4,676)
Net profit on continuing operations		54,685	54,080
Attributable to non-controlling interests		0	0
Attributable to equity holders of the parent		54,685	54,080
Earnings per share attributable to equity holders of the parent (PLN)	31		
Basic		5.77	5.73
Diluted		5.75	5.72

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Net profit for the period	54,685	54,080
Other comprehensive income*:	3,114	3,537
Cumulative translation adjustment	(3,075)	(785)
Valuation of cash flow hedging instruments	7,103	3,056
Result from cash flow hedge	433	1,939
Income tax related to other comprehensive income to be charged to profit or loss	(1,347)	(673)
Comprehensive income for the period	57,799	57,617
Comprehensive income attributable to:		
Non-controlling interests	0	0
Equity holders of the parent	57,799	57,617

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.03.2017 (not audited)	31.12.2016 (audited)
I. Non-current assets		1,378,921	1,395,571
Property, plant and equipment	11	1,162,580	1,176,582
Intangible assets		48,103	49,173
Goodwill	12	19,846	19,954
Investment properties		6,488	6,490
Interests in entities accounted for using the equity method	22	1,223	4,206
Other investments		11	11
Other receivables		2,694	3,570
Advance payments for the purchase of property, plant and equipment		13,966	10,003
Deferred income tax assets		124,010	125,582
II. Current assets		1,030,023	927,264
Inventories	14	419,444	393,632
Current tax receivables		1,170	863
Trade and other receivables	13	521,064	452,584
Short-term investments		208	219
Derivative financial instruments	27	11,312	5,024
Cash and cash equivalents	8	76,825	74,942
Total assets		2,408,944	2,322,835

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (cont.)

EQUITY AND LIABILITIES	Note	31.03.2017 (not audited)	31.12.2016 (audited)
I. Equity		1,465,372	1,405,361
Share capital		67,625	67,534
Share premium	29	27,543	23,385
Capital from the issue of non-registered shares	29	0	2,890
Capital from share based payments		19,445	18,592
Result from cash flow hedging transactions		507	337
Capital from the revaluation of hedging instruments		8,528	2,509
Capital from the revaluation of property, plant and equipment		3,787	3,787
Retained earnings		1,368,447	1,313,762
Cumulative translation adjustment		(30,510)	(27,435)
Equity attributable to equity holders of the parent		1,465,372	1,405,361
Equity of non-controlling interests		0	0
II. Long-term liabilities		241,510	227,631
Liabilities due to borrowings and finance lease	16	151,612	138,541
Other liabilities		1,807	1,834
Provisions	15	1,645	2,791
Provisions due to employee benefits	15	9,967	10,081
Deferred income		35,804	36,111
Deferred income tax liability		40,675	38,273
III. Short-term liabilities		702,062	689,843
Liabilities due to borrowings and finance lease	16	340,328	333,865
Income tax liabilities		8,121	14,471
Trade and other payables	18	307,976	298,254
Provisions and accruals	15	40,596	37,737
Derivative financial instruments	27	762	1,844
Deferred income		4,279	3,672
Total equity and liabilities		2,408,944	2,322,835

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

	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 revaluation of hedging instruments	Capital from the revaluation of property, plant and equipment	Retained earnings	Cumulative translation adjustment	Equity of equity holders of the parent	Equity of non-controlling interests	Total equity
Equity as at 1 January 2017 (audited)	67,534	23,385	2,890	18,592	337	2,509	3,787	1,313,762	(27,435)	1,405,361	0	1,405,361
Comprehensive income for the period:	0	0	0	0	170	6,019	0	54,685	(3,075)	57,799	0	57,799
<i>Net profit for the period</i>	0	0	0	0	0	0	0	54,685	0	54,685	0	54,685
<i>Other comprehensive income</i>	0	0	0	0	170	6,019	0	0	(3,075)	3,114	0	3,114
Valuation of share based payments	0	0	0	853	0	0	0	0	0	853	0	853
Issue of shares	91	4,158	(2,890)	0	0	0	0	0	0	1,359	0	1,359
Equity as at 31 March 2017 (not audited)	67,625	27,543	0	19,445	507	8,528	3,787	1,368,447	(30,510)	1,465,372	0	1,465,372
Previous year												
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	1,894	2,428	0	54,080	(785)	57,617	0	57,617
<i>Net profit for the period</i>	0	0	0	0	0	0	0	54,080	0	54,080	0	54,080
<i>Other comprehensive income</i>	0	0	0	0	1,894	2,428	0	0	(785)	3,537	0	3,537
Valuation of share based payments	0	0	0	316	0	0	0	0	0	316	0	316
Issue of shares	0	0	1,371	0	0	0	0	0	0	1,371	0	1,371
Equity as at 31 March 2016 (not audited)	67,505	22,043	1,371	14,275	22	(1,497)	3,003	1,260,056	(28,631)	1,338,147	0	1,338,147

Complementary information and explanations to the interim consolidated financial statements form an integral part thereof

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Cash flow statement	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Cash flow from operating activities		
Profit before tax	69,208	58,756
Adjustments:	29,118	27,133
Share of net profit of entities accounted for using the equity method	409	(1,283)
Depreciation/Amortisation	29,684	25,385
Recognition/(reversal) of write-downs	0	9
Profit from net currency translation differences	(4,949)	(134)
(Profit) / loss from sales of property, plant and equipment	(296)	(146)
Interest and share of profits	4,449	1,533
Proceeds/(expenses) related to hedging instruments charged to equity	170	1,939
Costs of share based payments	853	315
Change of the valuation of currency forwards/futures	41	(242)
Other items (net)	(1,243)	(243)
Cash flow from operating activities before the change of working capital	98,326	85,889
Change in inventories	(25,812)	(3,401)
Change in net receivables	(67,604)	(45,338)
Change in short-term liabilities, except for loans	31,258	44,503
Change in provisions	1,599	6,346
Change in deferred income	300	1,104
Net cash generated from operating activities	38,067	89,103
Tax paid	(18,780)	(16,728)
Net cash from operating activities	19,287	72,375
Cash flow from investing activities		
(+) Proceeds:	425	457
Sales of intangible assets and property, plant and equipment	410	454
Sales of financial assets	0	3
Repaid loans	15	0
(-) Expenses:	(41,255)	(46,567)
Acquisition of intangible assets and property, plant and equipment	(41,255)	(46,556)
Cash loans granted	0	(11)
Net cash from investing activities	(40,830)	(46,110)
Cash flow from financing activities		
(+) Proceeds:	94,202	21,182
Net proceeds from the issue of shares	1,359	1,371
Proceeds from borrowings	92,843	19,811
(-) Expenses:	(70,779)	(40,546)
Repayments of borrowings	(67,896)	(39,069)
Finance lease rentals	(505)	(88)
Interest	(2,378)	(1,389)
Net cash from financing activities	23,423	(19,364)
Total net cash flow:	1,880	6,901
- change in cash due to currency translation differences	0	0
Cash and cash equivalents at the beginning of the period	74,945	72,704
Cash and cash equivalents at the end of the period	76,825	79,605

Complementary information and explanations to the interim consolidated financial statements form an integral part thereof

COMPLEMENTARY INFORMATION AND EXPLANATIONS

1. General information

These interim condensed consolidated financial statements of Grupa Kęty S.A. Cover the period of 3 months which ended on 31.03.2017 and provide comparative data for the period of 3 months which ended on 31.03.2016.

The aforementioned figures were not audited or reviewed 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 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:

CAPITAL GROUP OF GRUPA KĘTY S.A.
Consolidated financial statements for the period from 1 January 2017 to 31 March 2017 (in thousand PLN)

Company name	Registered office	Core business	Parent's name	Shares in the	Shares in the	Date of control take-over	Reporting segment
				basic capital as at 31-03-2017	basic capital as at 31-12-2016		
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 joinery	Grupa Kęty S.A.	100.00%	100.00%	06/1998	ASS
Alutech Sp. z o.o. w likwidacji	Kęty, Poland	The company does not carry out any activities	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.	Kęty, Poland	The company does not carry out any activities	Grupa Kęty S.A.	100.00%	100.00%	04/2000	Other
Aluprof Hungary	Dunakeshi, Hungary	Trade and provision of services	Aluprof S.A.	100.00%	100.00%	07/2000	ASS
Metalplast-Stolarka sp. z o.o.	Goeszów, 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	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	02/2005	ASS
Aluprof System Romania s.r.l.	Bucharest, Romania	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	05/2005	ASS
Aluprof System Czech s.r.o.	Ostrava, Czech Republic	Sales of window and door joinery from aluminium and PVC	Aluprof S.A.	100.00%	100.00%	05/2005	ASS
Aluprof UK Ltd.	Altrincham, UK	Sales 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 and trade	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	Kiev, Ukraine	Trade – sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	11/2009	ASS
Aluprof Serwis Sp. z o.o.	Bielsko-Biała, Poland	Scientific research and development works	Aluprof S.A.	100.00%	100.00%	1/2012	ASS
Grupa Kęty 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.	Oświęcim, Poland	Production and trade	Alupol Packaging Kęty Sp. z o.o.	100.00%	100.00%	12/2014	FPS
Aluprof Schelfhaut N.V.	Dendermonde, Belgium	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	6/2015	ASS
Aluminium Kety Emmi d.o.o.	Slovenska Bistrica, Slovenia	Processing of aluminium profiles	Aluform Sp. z o.o.	100.00%	100.00%	6/2016	EPS
Aluminium Kety Deutschland GmbH	Dortmund, Germany	Trade and marketing	Aluform Sp. z o.o.	100.00%	100.00%	6/2016	EPS

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 25 April 2017.

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 2016.

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 ended on 31 December 2016.

5. Areas of estimates

The main accounting estimates and adopted assumptions are presented in applicable notes to the financial statements:

- estimates concerning write-downs of inventories are presented in note 14
- estimates and assumptions concerning write-downs of receivables are presented in note 13
- estimates concerning write-downs of 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

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 1,093 thousand PLN (3 months of 2016: 3,846 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 1,005 thousand PLN (31 March 2016: 1,203 thousand PLN).

The detailed description of the assumptions made in particular areas of estimates is presented in the annual financial statements for 2016.

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 10%).

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 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 6 years).

7. Information on business segments

The 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 Group published on 16 March 2017 together with the consolidated financial statements for 2016.

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 and 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:

3 months of 2017:

Group's business segments	FPS	EPS	ASS	Other	Eliminations	Total
Income statement						
Sales	147,525	272,733	235,101	3,559	(57,376)	601,542
- outside the Group	147,498	219,979	234,021	44	0	601,542
- to other segments	27	52,754	1,080	3,516	(57,377)	0
Operating profit (EBIT)	21,798	18,275	32,327	(2,342)	(227)	69,831
Depreciation/Amortisation	6,688	14,465	7,825	685	21	29,684
EBITDA	28,486	32,740	40,152	(1,657)	(206)	99,515
Balance sheet						
Segment's assets	835,579	783,754	751,698	31,105	6,808	2,408,944
Segment's trade payables	89,835	67,642	124,539	1,181	(60,279)	222,918
Unallocated liabilities (joint)	0	0	0	720,654	0	720,654
Total liabilities	89,835	67,642	124,539	721,835	(60,279)	943,572
Other						
Capital expenditure on non-current assets	2,317	10,545	4,920	190	0	17,972

3 months of 2016:

Group's business segments	FPS	EPS	ASS	Other	Eliminations	Total
Income statement						
Sales	122,130	197,543	240,286	3,069	(43,990)	519,038
- outside the Group	122,117	157,424	239,433	64	0	519,038
- to other segments	13	40,119	853	3,004	(43,989)	0
Operating profit (EBIT)	18,290	15,587	35,209	(3,120)	51	66,017
Depreciation/Amortisation	4,843	12,324	7,661	558	(1)	25,385
EBITDA	23,133	27,911	42,870	(2,562)	50	91,402
Balance sheet						
Segment's assets	600,123	641,071	709,824	34,955	36,889	2,022,862
Segment's trade payables	67,117	49,136	114,275	971	(44,829)	186,670
Unallocated liabilities (joint)	0	0	0	498,045	0	498,045
Total liabilities	67,117	49,136	114,275	499,016	(44,829)	684,715
Other						
Capital expenditure on non-current assets	13,833	6,850	7,638	157	0	28,478

- 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. 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.

	31.03.2017 (audited)	31.12.2016 (audited)
Bank deposits (current accounts) and short-term deposits	76,424	74,897
Cash in hand	51	44
Other cash	350	1
Cash recognised in the balance sheet	76,825	74,942

As at 31 March 2017, the Group had undrawn granted credit funds amounting to 196,056 thousand PLN. (31 December 2016: 185,475 thousand PLN).

9. Dividends paid and proposed for payment

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

Grupa Kęty S.A. intends to allocate 223,014,530 PLN for the dividend for 2016.

Therefore, as intended by the Management Board, the dividend per share is to amount to 23.50 PLN for assumed 9,489,980 shares (previous year: 18.00 PLN per share). The Company proposes the date when the right to dividend for 2016 is determined to be 24 August 2017, and the dividend payment dates (two instalments) to be 7 September 2017 (75,919,840 PLN) and 23 November 2017 (147,094,690 PLN). The final decision about the levels and dates concerning the dividend will be made by the General Meeting of Shareholders of Grupa Kęty S.A.

10. Income tax expense

Main components of income tax expense are as follows:

Income tax structure	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Current income tax	(11,862)	(7,750)
Deferred income tax	(2,661)	3,074
Income tax recognised in the income statement	(14,523)	(4,676)

11. Property, plant and equipment

11.1. Purchase and sale

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

	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Acquisition of property, plant and equipment	17,972	28,478
Net value of sold property, plant and equipment	114	311
Profit (loss) on the sale of property, plant and equipment	322	174

11.2. Impairment losses

In the period of 3 months of 2017, the Group reversed the write-down of property, plant and equipment amounting to 230 thousand PLN (3 months of 2016 – the Group recognised a write-down of 9 thousand PLN). In the aforementioned periods, the Group did not reverse any write-downs of property, plant and equipment.

12. Write-downs of goodwill

In the period of 3 months of 2017 and in the period of 3 months of 2016, due to the lack of indicators of impairment, the Group did not write down goodwill from consolidation.

13. Short-term receivables

	31.03.2017 (not audited)	31.12.2016 (audited)
Trade receivables	479,635	414,690
- including from an associate	327	397
Public law receivables (except for the income tax)	11,194	9,357
Prepayments (trade-related) for suppliers	7,758	4,175
Receivables from employees	168	101
Prepaid expenses	4,420	4,382
Valuation of construction contracts	9,654	11,585
Settlements related to transactions hedging the aluminium price	5,884	4,474
Other receivables	2,351	3,820
Net receivables	521,064	452,584

In the period of 3 months of 2017, the Group recognised write-downs of receivables amounting to 515 thousand PLN (in the period of 3 months of 2016: recognition of write-downs amounting to 280 thousand PLN). Recognised write-downs are presented in 'Other operating costs'.

14. Inventories

	31.03.2017 (not audited)	31.12.2016 (audited)
Materials	186,210	178,359
Work in progress	104,358	95,086
Finished products	121,440	112,895
Trade goods	7,436	7,292
TOTAL	419,444	393,632

In the period of 3 months of 2017, the Group reversed write-downs of inventories amounting to 376 thousand PLN (in the period of 3 months of 2016, the reversal of write-downs amounting to 55 thousand PLN). The amount was recognised in 'Other operating income'.

15. Provisions and accruals

In the reporting period, the Group decreased the result from the revaluation of deferred income tax liabilities and assets by 2,661 thousand PLN. In addition, in the reporting period, the Group introduced the following changes in the value of provisions:

	As at 01.01.2017	Increases	Utilisation	Currency translation differences	As at 31.03.2017
Long-term provisions	12,872	47	(1,150)	(157)	11,612
provision for jubilee bonuses and retirement benefits	10,081	47	(4)	(157)	9,967
costs of warranty repairs	499	0	0	0	499
provision for costs	2,292	0	(1,146)	0	1,146
Short-term provisions and accruals:	37,737	11,945	(8,915)	(171)	40,596
provision for jubilee bonuses and retirement benefits	764	0	0	0	764
provision for the costs of unused holiday	6,800	3,883	(1,967)	(44)	8,672
costs of annual bonus	14,643	5,247	(4,309)	(49)	15,532
environmental protection costs	0	29	0	0	29
costs of warranty repairs	684	0	(3)	0	681
costs of damages	5,074	0	0	0	5,074
for incurred costs	4,039	2,219	(2,433)	(27)	3,798
costs of auditing financial statements	217	12	(56)	(3)	170
provision for costs	4,585	0	0	0	4,585
other	931	555	(147)	(48)	1,291

	As at 01.01.2016	Increases	Utilisation	Currency translation differences	As at 31.03.2016
Long-term provisions	6,747	282	0	0	7,029
provision for jubilee bonuses and retirement benefits	5,559	0	0	0	5,559
costs of warranty repairs	1,188	282	0	0	1,470
Short-term provisions and accruals:	21,769	9,724	(3,659)	(28)	27,806
provision for jubilee bonuses and retirement benefits	975	0	0	0	975
provision for the costs of unused holiday	5,210	2,552	(767)	(2)	6,993
costs of annual bonus	9,082	2,989	(2,038)	(10)	10,023
environmental protection costs	7	0	(7)	0	0
costs of warranty repairs	45	0	0	0	45
costs of damages	430	0	0	0	430
for incurred costs	4,261	4,055	(248)	(2)	8,066
costs of auditing financial statements	241	6	(238)	0	9
other	1,518	122	(361)	(14)	1,265

16. Interest-bearing bank loans and lease obligations

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

Long-term loans:

Borrower	Lender	Loan currency	31.12.2016	Increases (decreases)	31.03.2017
Grupa Kęty S.A.	BNP PARIBAS Bank Polska S.A.	PLN	15,181	(2,207)	12,974
Alupol Packaging Kęty Sp. z o.o.	BNP PARIBAS Bank Polska S.A.	PLN	99,720	(5,540)	94,180
Aluprof S.A.	BNP PARIBAS Bank Polska S.A.	PLN	16,692	(2,384)	14,308
Aluprof S.A.	Bank PEKAO SA	PLN	0	20,000	20,000
Alupol Films sp. z o.o.	Bank PEKAO SA	EUR	0	630	630
Aluminium Kety Emmi d.o.o.	Bank PEKAO	EUR	4,866	2,645	7,511
Aluminium Kety Emmi d.o.o.	AK Servicing	EUR	849	(39)	810
	Total loans		137,308	13,105	150,413
Aluprof Romania	Finance lease obligations	RON	102	7	109
Metalplast Stolarka sp. z o.o.		PLN	386	0	386
Aluprof UK		GBP	31	(8)	23
Aluminium Kety Emmi d.o.o.		EUR	668	(21)	647
Marius Hansen Facader A/S		DKK	46	(12)	34
	Total lease		1,233	(34)	1,199
	Total long-term loans and lease		138,541	13,071	151,612

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Short-term loans:

Borrower	Lender	Loan currency	31.12.2016	Increases (decreases)	31.03.2017
Grupa Kęty S.A.	Bank PKO BP	PLN, EUR	3,843	720	4,563
Grupa Kęty S.A.	BNP PARIBAS Bank Polska S.A.	PLN	16,680	(7,916)	8,764
Grupa Kęty S.A.	ING Bank Polska	PLN	3	20,129	20,132
Grupa Kęty S.A.	Bank PeKaO S.A.	PLN	22,205	22,626	44,831
Grupa Kęty S.A.	Bank Societe Generale	EUR	13,771	(38)	13,733
Alupol Packaging S.A.	Bank PKO BP	PLN	0	10,898	10,898
Alupol Packaging S.A.	BNP Paribas	PLN	9,580	(5,983)	3,597
Alupol Packaging S.A.	PEKAO S.A.	PLN	23,342	(23,342)	0
Alupol Packaging Kęty Sp. z o.o.	Bank PKO BP	PLN, EUR	11,542	(3,576)	7,966
Alupol Packaging Kęty Sp. z o.o.	PEKAO S.A.	PLN, EUR	16,945	(505)	16,440
Alupol Packaging Kęty Sp. z o.o.	BNP PARIBAS Bank Polska S.A.	PLN	26,074	6,204	32,278
Aluprof S.A.	PEKAO S.A.	PLN, EUR	43,757	(9,434)	34,323
Aluprof S.A.	Societe Generale S.A.	GBP	3,756	27	3,783
Aluprof S.A.	BNP Paribas	PLN	19,665	(822)	18,843
Aluprof S.A.	BNP Paribas	PLN	9,753	(28)	9,725
Aluprof S.A.	BNP Paribas	PLN	12,356	(10,322)	2,034
Metalplast Stolarka Sp. z o.o.	Bank PEKAO SA	PLN, EUR	32,074	(2,935)	29,139
Metalplast Stolarka Sp. z o.o.	ING Bank Polska	PLN	24,951	(6,888)	18,063
ROMB S.A.	BNP Paribas	PLN	7,949	1,763	9,712
ROMB S.A.	Bank PKO BP		4,066	(429)	3,637
Alupol Films sp. z o.o.	PEKAO S.A.	PLN, EUR	5,899	6,241	12,140
Alupol Films sp. z o.o.	BNP Paribas	PLN	6,805	12,367	19,172
Aluminium Kety Emmi d.o.o.	Delavska Hranilnica d.d.	EUR	3,468	(1,704)	1,764
Aluminium Kety Emmi d.o.o.	Unicredit	EUR	13,272	(613)	12,659
Aluminium Kety Emmi d.o.o.	Poroštva AK Servicing	EUR	0	810	810
	Total loans		331,756	7,250	339,006
Aluprof Romania	Finance lease obligations	RON	2	7	9
MHF A/S		DKK	80	(6)	74
Aluprof UK		GBP	10	0	10
Aluminium Kety Emmi d.o.o.		EUR	1,730	(717)	1,013
Metalplast Stolarka Sp. z o.o.		PLN	287	(71)	216
	Total lease		2,109	(787)	1,322
	Total short-term loans and lease		333,865	6,463	340,328

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 2016.

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

The Group recognises the programme costs proportionally to the vesting period.

18. Trade and other payables

	Note	31.03.2017 (not audited)	31.12.2016 (audited)
Short-term liabilities:		307,976	298,254
Trade payables		222,918	200,129
- including to an associate		289	1,854
Liabilities due to the purchase of property, plant and equipment		16,679	38,004
Remuneration liabilities		15,324	14,189
Total financial liabilities (under IFRS 7)		254,921	252,322
Public law liabilities (except for the income tax liabilities)		33,786	30,357
Down payments (trade-related) from customers		13,828	10,194
Other liabilities		5,441	5,381
Total non-financial liabilities		53,055	45,932

Principles and conditions of the payment of the aforementioned financial liabilities:

Trade payables 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 3 months of 2017 as compared to the period of the first 3 months of 2016, material changes in particular items of revenue and costs had place in the following areas:

- an increase in sales revenue by 82,504 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 4,299 thousand PLN results from the Group's investments;
- an increase in the costs of materials and energy by 71,340 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;
- the increase in the costs of external services by 5,308 thousand PLN results mainly from the increase in output and the use of subcontractors;
- the increase in the costs of employee benefits by 17,785 thousand PLN results mainly from the increase in sales and the increase in remunerations, and the increase in employment in the Group;
- the decrease in finance costs by 5,185 thousand PLN results mainly from favourable exchange rate fluctuations.

20. Discontinued operations

In the period of 3 months of 2017 and in the period of 3 months of 2016, the Group did not discontinue any significant operations.

21. Business combinations and acquisitions of non-controlling interests

There were no business combinations in the period.

22. Investments in associates

As at 31.03.2017, 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
				31-03-2017	31-12-2016	31-03-2017	31-03-2016	31-03-2017	31-12-2016	
Aluprof USA LLC	USA	Distribution of aluminium systems	Aluprof System USA	45.5%	45.5%	(409)	1,283	1,223	4,206	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 31 March 2017 and 31 December 2016, 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 payables, less cash and cash equivalents. Equity comprises convertible preference shares, equity attributable to equity holders of the parent less reserve capitals for unrealised net gains.

	31.03.2017 (not audited)	31.12.2016 (audited)
Interest-bearing lease and loans	491,940	472,406
Trade and other payables	309,783	300,088
Less cash and cash equivalents	(76,825)	(74,942)
Net debt	724,898	697,552
Equity	1,465,372	1,408,674
Equity and net debt	2,190,270	2,106,226
Leverage ratio	33.10%	33.12%

25. Contingent liabilities

Item	31.03.2017 (not audited)	31.12.2016 (audited)
Building bank guarantees granted by Metalplast Stolarka Sp. z o.o.*	35,846	35,669
Building guarantees granted by other companies	1,836	1,294
Banking performance bond for a rental contract	0	434
Total granted guarantees	37,682	37,397

*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	31.03.2017 (not audited)	31.12.2016 (audited)
Extruded Products Segment	2,685	11,620
Flexible Packaging Segment	17,491	15,436
Aluminium Systems Segment	12,093	13,291
TOTAL	32,269	40,347

27. Derivative financial instruments

Financial assets	31.03.2017 (not audited)	31.12.2016 (audited)
Currency forwards hedging cash flows	2,386	2,126
Futures for the purchase of aluminium hedging cash flows	8,859	1,955
Ineffective currency forwards	67	939
IRS's hedging interest rates	0	4
TOTAL FINANCIAL ASSETS	11,312	5,024
Financial liabilities	31.03.2017 (not audited)	31.12.2016 (audited)
Currency forwards hedging cash flows	670	282
Futures for the purchase of aluminium hedging cash flows	30	709
Ineffective currency forwards	54	853
IRS's hedging interest rates	8	0
TOTAL FINANCIAL LIABILITIES	762	1,844

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.

28. Shareholding structure and transactions with the management staff

28.1. Shareholding structure

Entity	Number of shares 31-03-2017	Interest in capital	Number of shares 31-12-2016	Interest in capital
Aviva OFE Aviva BZ WBK	1,649,000	17.38%	1,649,000	17.40%
Nationale Nederlanden PTE (formerly ING PTE)	1,732,000	18.25%	1,732,000	18.27%
OFE PZU "Złota Jesień"	870,000	9.17%	870,000	9.18%
PTE Allianz Polska	498,000	5.25%	498,000	5.25%
Others	4,741,980	49.95%	4,729,376	49.90%
Total	9,489,980	100%	9,478,376	100%

28.2. Transactions with Members of the Management Board

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

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

Management Board:	3 months of 2017	3 months of 2016
Costs of short-term employee benefits	411	411
Costs of the provision for annual bonuses and other benefits	411	424
Total costs of remunerations of the members of the Management Board	822	835
The valuation of the costs of options for treasury shares due when the programme is implemented*	326	230
Total payments to the members of the Management Board	1,148	1,065

* The details of the programme are described in the annual financial statements for 2016. 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 senior 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, senior management and members of the Company's Supervisory Board are as follows:

	3 months of 2017	3 months of 2017
Parent's Management Board*	1,148	1,065
Senior management*	2,587	2,342
Supervisory Board	160	156
Total	3,895	3,563

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

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

In the reporting period, the Management Board subscribed for 11,604 options for shares from the first part of the 2012 programme at the issue price of 117.10 PLN per share.

Under the programme, the members of the Management Board hold options entitling them to purchase 24,467 shares from the second part of the 2012 programme.

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.

	Number of granted options	The end date of the vesting period	Estimated number of options that meet granting conditions
The information on the numbers of share options during the vesting period granted to members of the Management Board			
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	10,500
Share options from the second part of the 2015 programme	15,000	01.10.2019	6,000

The costs of related benefits recognised in the income statement for the period of 3 months of 2017 amounted to 326 thousand PLN (3 months of 2016: 230 thousand PLN).

The options for shares of Grupa Kęty S.A. were granted to members of the senior management. In the reporting period, members of the senior management did not subscribe for any shares for options.

	Number of granted options	The end date of the vesting period	Estimated number of options that meet granting conditions
The information on the numbers of share options during the vesting period granted to senior management			
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	35,000	01.10.2018	24,500
Share options from the second part of the 2015 programme	33,000	01.10.2019	13,200

The costs of options for the senior management members charged to the result amounted in the period of 3 months of 2017 to 438 thousand PLN (3 months of 2016: 497 thousand PLN).

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

29. Shares issue and capital increase

In the reporting period, as part of the implementation of the options programme for the management staff, eligible persons subscribed for 11,604 shares of the Company at the price of 117.10 PLN per share. In addition, the Company issued 24,467 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 31.03.2017, 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
Series G shares – the 2012 programme	24,683	2016	2,890	62	2,828
Series G shares – the 2012 programme	11,604	2017	1,359	29	1,330
TOTAL	264,317		28,204	661	27,543

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	31.03.2017 (not audited)	31.12.2016 (audited)
Assets			
Investment properties	3	6,488	6,490
Hedging derivatives	2	11,312	5,024
TOTAL ASSETS		17,800	11,514
Liabilities			
Hedging derivatives	2	762	1,844
TOTAL LIABILITIES		762	1,844

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:

	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Net profit attributable to equity holders of the parent	54,685	54,080
Weighted average number of ordinary shares assumed for the calculation of earnings per share	9,485,209	9,443,017
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per share*	9,511,275	9,452,120
Basic earnings per share from the basic profit for the period attributable to equity holders of the parent (in PLN)	5.77	5.73
Diluted earnings per share from the basic profit for the period attributable to equity holders of the parent (in PLN)	5.75	5.72

In the reporting period, eligible employees subscribed for 11,604 series G shares at the price of 117.10 PLN. In addition, eligible employees are entitled to subscribe for 7,500 shares from the third part of the programme at the price of 125.57 PLN, and 24,467 shares from the second part of the 2012 programme at the price of 117.10 PLN.

The average market price for the Company's share in the period of 3 months of 2017 was 409.06 PLN. The closing price as at 31.03.2017 was 395.95 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 26,066 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.

II. INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

INTERIM CONDENSED INCOME STATEMENT

	Note	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Total operating income, including:		243,819	197,289
Sales revenue		242,570	196,174
Other operating income		1,249	1,115
Change of inventories of finished goods and work in progress		4,999	(600)
Cost of manufacturing products for own needs		1,361	1,316
Total operating costs, including:		(243,223)	(190,183)
Depreciation/Amortisation		(9,670)	(8,438)
Materials, energy and the value of sold goods		(173,181)	(125,850)
External services		(30,412)	(29,463)
Taxes and charges		(1,408)	(1,403)
Employee benefits		(27,927)	(24,402)
Other operating costs		(625)	(627)
Net profit on operating activities, including dividend		6,956	7,822
Finance income		772	907
Finance costs		(436)	(775)
Profit before tax		7,292	7,954
Income tax expense	11	(1,854)	(1,711)
Net profit on continuing operations		5,438	6,243
Net earnings per share for the period (PLN)			
Basic earnings per share	28	0.57	0.66
Diluted earnings per share	28	0.57	0.66

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Net profit for the period	5,438	6,243
Other comprehensive income*, including:	3,318	1,076
Valuation of cash flow hedging instruments	3,887	(949)
Result from cash flow hedge	169	1,939
Income tax related to other comprehensive income	(738)	86
Comprehensive income for the period	8,756	7,319

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

INTERIM CONDENSED BALANCE SHEET

ASSETS	Note	31.03.2017 (not audited)	31.12.2016 (audited)
I. Non-current assets		726,682	728,658
Property, plant and equipment		348,982	351,186
Intangible assets		6,938	7,309
Shares and interests		368,361	367,989
Advance payments for property, plant and equipment		2,401	2,174
II. Current assets		304,321	252,020
Inventories	14	93,693	101,699
Current tax receivables		341	0
Trade and other receivables	13	191,849	141,742
Derivative financial instruments	20	6,454	2,613
Cash and cash equivalents	9	11,984	5,966
Total assets		1,031,003	980,678
EQUITY AND LIABILITIES			
I. Equity		763,986	753,015
Share capital		67,625	67,534
Share premium	26	27,543	23,385
Non-registered capital from the issue of shares	26	0	2,890
Capital from the revaluation of property, plant and equipment		3,787	3,787
Capital from share based payments		19,448	18,592
Capital from the revaluation of hedging instruments		5,099	1,950
Result from cash flow hedging transactions		706	537
Retained earnings		639,778	634,340
II. Long-term liabilities		65,664	65,466
Liabilities related to loans	16	12,974	15,181
Provisions due to employee benefits	15	1,500	1,500
Grants		31,031	31,218
Deferred income tax liability		20,159	17,567
III. Short-term liabilities		201,353	162,197
Liabilities related to loans	16	92,023	56,502
Income tax liabilities		0	4,642
Trade and other payables	18	89,250	82,724
Provisions and accruals	15	18,899	17,035
Derivative financial instruments	20	161	206
Grants		1,020	1,088
Total equity and liabilities		1,031,003	980,678

INTERIM CONDENSED CASH FLOW STATEMENT

	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Cash flow from operating activities		
Profit before tax	7,292	7,954
Adjustments:	9,107	13,791
Depreciation/Amortisation	9,670	8,438
Recognition/(reversal) of write-downs	(57)	0
(Profit) / loss from net currency translation differences	(1,611)	28
Change in realised result on transactions hedging the price of aluminium charged to equity	169	1,939
(Profit) / loss from sales of property, plant and equipment	2	(25)
Interest and share of profits	450	582
Costs of share based payments	484	309
Expenditure on the acquisition of a subsidiary's business in 2015	0	(672)
Proceeds from the sales of interests in a subsidiary in 2015	0	3,188
Other items	0	4
Cash flow from operating activities before the change of working capital	16,399	21,745
Change in inventories	8,006	(381)
Changes in receivables	(50,107)	(26,861)
Change in short-term liabilities, except for loans	13,665	27,785
Change in provisions	1,864	1,470
Change in grants	(255)	(275)
Net cash generated from operating activities	(10,428)	23,483
Tax refunded/(paid)	(4,983)	(379)
Net cash from operating activities	(15,411)	23,104
Cash flow from investing activities		
(+) Proceeds:	26	34
Sales of intangible assets and property, plant and equipment	26	34
(-) Expenses:	(14,429)	(13,950)
Acquisition of intangible assets and property, plant and equipment	(14,429)	(13,950)
Net cash from investing activities	(14,403)	(13,916)
Cash flow from financing activities		
(+) Proceeds:	44,834	3,940
Net proceeds from the issue of shares	1,359	1,371
Proceeds from borrowings	43,475	2,569
(-) Expenses:	(9,002)	(12,999)
Repayments of borrowings	(8,507)	(12,408)
Interest	(495)	(591)
Net cash from financing activities	35,832	(9,059)
Total net cash flow:	6,018	129
change in cash due to currency translation differences	0	0
Cash and cash equivalents at the beginning of the period	5,966	8,917
Cash and cash equivalents at the end of the period	11,984	9,046

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Non-registered capital from the issue of shares	Capital from the revaluation of property, plant and equipment	Capital from share based payments	Capital from the revaluation of hedging instruments	Result from cash flow hedge	Retained earnings	Total equity
Equity as at 1 January 2017 (audited)	67,534	23,385	2,890	3,787	18,592	1,950	537	634,340	753,015
Comprehensive income for the period:	0	0	0	0	0	3,149	169	5,438	8,756
<i>Net profit for the period</i>	0	0	0	0	0	0	0	5,438	5,438
<i>Other comprehensive income</i>	0	0	0	0	0	3,149	169	0	3,318
Valuation of share based payments	0	0	0	0	856	0	0	0	856
Issue of shares	91	4,158	(2,890)	0	0	0	0	0	1,359
Equity as at 31 March 2017 (not audited)	67,625	27,543	0	3,787	19,448	5,099	706	639,778	763,986
Previous year									
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	(863)	1,939	6,243	7,319
<i>Net profit for the period</i>	0	0	0	0	0	0	0	6,243	6,243
<i>Other comprehensive income</i>	0	0	0	0	0	(863)	1,939	0	1,076
Valuation of share based payments	0	0	0	0	315	0	0	0	315
Issue of shares	0	0	1,371	0	0	0	0	0	1,371
Equity as at 31 March 2016 (not audited)	67,505	22,043	1,371	3,003	14,274	(1,562)	(131)	633,914	740,417

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 separate financial statements of Grupa Kęty S.A. cover the period of 3 months ended on 31.03.2017 and provide comparative data with regard to the period of 3 months ended on 31.03.2016. The said financial statements were not reviewed or audited 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 separate financial statements have been prepared in accordance with the International Accounting Standard No. 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 2016.

These interim condensed separate financial statements were approved for publication on 25 April 2017.

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 2016.

4. Areas of estimates

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

5. Seasonal nature of operations

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

6. Information on business segments

The Company has two internally separated business segments: the Extruded Products Segment and 'Other' business segment which comprises central functions in the 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:

	31.03.2017 (audited)	31.12.2016 (audited)
Bank deposits (current accounts) and short-term deposits	11,984	5,966
Cash recognised in the balance sheet and in the cash flow statement	11,984	5,966

As at 31 March 2017, Grupa Kęty S.A. had undrawn granted credit funds amounting to 36,885 thousand PLN with regard to which all conditions precedent had been complied with (31 December 2016: 50,570 thousand PLN).

10. Dividends paid and proposed for payment

The result for the reporting period is not distributed.

Grupa Kęty S.A. intends to allocate 223,014,530 PLN for the dividend for 2016.

Therefore, as intended by the Management Board, the dividend per share is to amount to 23.50 PLN for assumed 9,489,980 shares (previous year: 18.00 PLN per share). The Company proposes the date when the right to dividend for 2016 is determined to be 24 August 2017, and the dividend payment dates (two instalments) to be 7 September 2017 (75,919,840 PLN) and 23 November 2017 (147,094,690 PLN). The final decision about the levels and dates concerning the dividend will be made by the General Meeting of Shareholders of Grupa Kęty S.A.

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 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Current income tax		
Current income tax deduction recognised in the income statement	0	0
Deferred income tax:		
Related to the recognition and reversal of temporary differences	(1,854)	(1,711)
Tax deduction recognised in the income statement	(1,854)	(1,711)

12. Property, plant and equipment

12.1. Purchase and sale

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

	3 months of 2017	3 months of 2016
Acquisition of property, plant and equipment	6,932	3,475
Net value of sold property, plant and equipment	28	95
Profit (loss) on the sale of property, plant and equipment	(2)	25
The value of retired property, plant and equipment due to their faster using up	172	0

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

13. Trade and other receivables

	31.03.2017 (not audited)	31.12.2016 (audited)
Short-term receivables		
Trade receivables from related parties	59,353	42,840
Trade receivables from other entities	122,602	89,011
Public law receivables (except for the income tax)	44	1,835
Down payments (trade-related) for suppliers – related parties	422	0
Down payments (trade-related) for suppliers – other entities	1,120	181
Receivables from employees	39	15
Settlements related to transactions hedging the aluminium price	5,884	4,474
Other receivables	2,385	3,386
Net receivables	191,849	141,742

During the period of 3 months of 2017, the Company recognised 13 thousand PLN of write-downs of receivables (during the period of 3 months of 2016, the Company did not recognise any write-downs of receivables). The Company recognises write-downs of receivables in 'Other operating costs'.

In the period of 3 months of 2017, the Company reversed write-downs of receivables amounting to 10 thousand PLN (in the period of 3 months of 2016, the Company reversed write-downs of receivables amounting to 600 thousand PLN). The reversal of write-downs resulted from the receipt of the payments subject to write-downs.

The reversals of 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

	31.03.2017 (not audited)	31.12.2016 (audited)
Materials	28,744	41,833
Work in progress	40,947	33,992
Finished products	24,002	25,874
TOTAL	93,693	101,699

In the period of 3 months of 2017, the Company reversed write-downs of inventories amounting to 686 thousand PLN. In the period of 3 months of 2016, the Company did not recognise or reverse any write-downs of inventories. The Company presents reversed write-downs of inventories in 'Other operating income'.

15. Provisions and accruals

In the reporting period, the Company recognised, for a decrease in the result, the deferred income tax liability amounting to 1,854 thousand PLN.

Changes in provisions and accruals:

	As at 31.12.2016	Increases	Utilisation	As at 31.03.2017
Provisions and accruals	18,535	2,917	(1,053)	20,399
long-term part of the provision for jubilee bonuses and retirement benefits	1,500	0	0	1,500
short-term provision for jubilee bonuses and retirement benefits	373	0	0	373
provision for the costs of unused holiday	2,037	679	0	2,716
costs of annual bonus	9,008	2,157	(1,050)	10,115
cogeneration fees	475	52	0	527
costs of damages	5,074	0	0	5,074
costs of warranty repairs	37	0	(3)	34
environmental protection costs	0	29		29
provision for the costs of auditing financial statements	31	0	0	31

	As at 31.12.2015	Increases	Utilisation	As at 31.03.2016
Provisions and accruals	10,068	2,854	(1,384)	11,538
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	520	0	2,362
costs of annual bonus	4,738	2,248	(921)	6,065
cogeneration fees	493	86	(248)	331
costs of damages	430	0	0	430
costs of onerous contracts	664	0	(181)	483
costs of warranty repairs	45	0	0	45
provision for the costs of auditing financial statements	34	0	(34)	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 3 months of 2017.

Loan	Lender	Loan currency	31.12.2016	Increase (decrease)	31.03.2017
Long-term	BNP Paribas Polska	PLN	15,181	(2,207)	12,974
Short-term loan	Bank PKO BP	PLN, EUR, USD	3,843	720	4,563
Short-term loan	BNP Paribas Polska	PLN, EUR	16,680	(7,916)	8,764
Short-term loan	ING Bank Polska	EUR, PLN	3	20,129	20,132
Short-term loan	Bank PeKaO S.A.	EUR, USD, CHF	22,205	22,626	44,831
Short-term loan	Bank Societe Generale	PLN, EUR	13,771	(38)	13,733
	Total loans		71,683	33,314	104,997

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 2016. The Group recognises the programme costs proportionally to the vesting period.

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 payables

	31.03.2017 (not audited)	31.12.2016 (audited)
Trade payables to related parties	8,824	7,197
Trade payables to non-related parties	55,395	51,498
Down payments (trade-related) from customers	2,011	1,047
Public law liabilities (except for income tax liabilities)	13,924	6,922
Remuneration liabilities	4,283	3,902
Securities	4	4
Liabilities due to the purchase of property, plant and equipment	2,775	11,564
Other	2,034	590
TOTAL SHORT-TERM LIABILITIES	89,250	82,724

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

In the period of 3 months of 2017 as compared to the period of 3 months of 2016, material changes in particular items of revenue and costs had place in the following areas:

Sales revenue – an increase by 46,396 thousand PLN is associated with the quantitative increase in sales by ca. 2,700 tonnes of aluminium products and with changes in aluminium prices and currency exchange rates.

Depreciation/amortisation costs – an increase in depreciation/amortisation costs by 1,232 thousand PLN is related to the investment process.

External services – an increase in the costs of external services by 949 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 – an increase in the costs of materials and energy by 47,331 thousand PLN is related to the increase in average aluminium prices and the quantitative increase in the sales of aluminium products by ca. 2,700 tonnes, and the associated increase in the consumption of raw materials and the increase in the USD exchange rate. As estimated by the Company, the quotations of the average aluminium price in the

period of 3 months of 2017 as compared to the period of 3 months of 2016 increased by ca. 22% against the simultaneous increase in the USD exchange rate by ca. 2.7%.

Costs of employee benefits – an increase in the costs of employee benefits by 3,525 thousand PLN results from an increase in sales, and an increase in employment and remunerations in the second half of 2016.

20. Financial instruments

Financial assets	31.03.2016	31.12.2016
	(not audited)	(audited)
Currency forwards hedging cash flows	1,349	984
Futures for the purchase of aluminium hedging cash flows	5,105	1,625
IRS's hedging interest rates of loans	0	4
TOTAL FINANCIAL ASSETS	6,454	2,613
Financial liabilities		
Currency forwards hedging cash flows	123	1
Futures for the purchase of aluminium hedging cash flows	30	205
IRS's hedging interest rates of loans	8	0
TOTAL FINANCIAL LIABILITIES	161	206

21. Objectives and principles of financial risk management

The objectives and principles of financial risk management are described in the annual financial statements for 2016 published on 16 March 2017. No changes had place in the objectives and principles of risk management as compared to the ones described in the financial statements for 2016.

22. Capital management

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

23. Contingent liabilities and assets

Item	31.03.2017	31.12.2016
Bank guarantee securing production hall rental payments	0	434
Total granted guarantees	0	434

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	27-05-2017
Aluprof S.A.	Surety for an insurance guarantee	1,836	21-08-2019
Metalplast Stolarka sp. z o.o.	Surety for an insurance guarantee	3,232	No maturity
Aluminium Kety Emmi d o.o.	Loan security	12,659	15-11-2017
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
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	27-04-2017
Aluprof, FPS companies	Surety for futures/forwards	5,500	No maturity

In addition:

- Grupa Kęty S.A., Alupol Packaging S.A., Aluprof S.A., 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 drawn by other companies as at the balance sheet date amounted to 32,937 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, Aluform sp. z o.o., Metalplast Stolarka sp. z o.o. and Aluminium Kęty Emi d.o.o. entered into an agreement with Pekao S.A. for an overdraft facility up to the total amount of 200 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 drawn by other companies as at the balance sheet date amounted to 104,166 thousand PLN. The agreement is valid until 31.10.2017.
- 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 drawn by Metalplast Stolarka as at the balance sheet date amounted to 18,063 thousand PLN. The agreement is valid until 30.06.2017.
- 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 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 drawn by the companies as at the balance sheet date amounted to 55,425 thousand PLN. The agreement is valid until 29.08.2017.
- Grupa Kęty S.A., Aluform sp. z o.o., Aluprof S.A. and Metalplast Stolarka sp. z o.o. entered into an agreement with BNP Paribas Polska S.A. for a guarantee facility up to the total amount of 35 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 14,333 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 31 March 2017, the Company obliged itself to make expenditure on property, plant and equipment amounting to 2,161 thousand PLN (as at 31 December 2016, the investment obligations amounted to 10,505 thousand PLN). The amounts will be allocated to the purchase of new plant and machinery.

25. RELATED PARTY TRANSACTIONS

Transactions within the Group for the period from 1 January 2017 to 31 March 2017 and as at 31 March 2017.

Related party	Sales	Purchases	Receivables	Liabilities	Dividends
Aluprof S.A.	51,188	826	56,954	415	0
Alupol Packaging S.A.	430	0	302	0	0
Alu Trans System Sp. z o.o.	1	0	0	0	0
Dekret Centrum Rachunkowe Sp. z o.o.	194	410	62	337	0
Aluprof Hungary Sp. z o.o.	7	70	0	0	0
Metalplast Stolarka Sp. z o.o.	130	105	260	60	0
Alupol Ukraina LLC	545	923	256	1,317	0
Alutech Sp. z o.o. w likwidacji	1	0	0	0	0
Romb S.A.	192	0	115	0	0
Aluform Sp. z o.o.	551	15,014	290	6,514	0
Alupol Packaging Kęty Sp. z o.o.	1,918	12	931	12	0
Alupol Films sp. z o.o.	83	0	72	0	0

Aluprof System Czechy sro	0	560	0	28	0
Aluprof Schelfhaut NV	31	0	18	0	0
Aluminium Kety Emmi d o.o.	173	322	98	141	0
Grupa Kęty Italia srl	0	437	151	0	0
Aluminium Deutschland GmbH	5	257	265	0	0
Total	56,149	18,936	59,774	8,824	0

Apart from the aforementioned transactions, in the period of 3 months of 2015, 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 27 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.

25.2. Remunerations of the Company's senior management

Management Board:	3 months of 2017	3 months of 2016
Costs of short-term employee benefits	411	411
Costs of the provision for annual bonuses and other benefits	411	424
Total costs of remunerations of the members of the Management Board	822	835
The valuation of the costs of options for treasury shares due when the programme is implemented*	326	230
Total payments to the members of the Management Board	1,148	1,065

* The details of the programme are described in the annual financial statements for 2016 and in note 25.3. 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, senior management and members of the Company's Supervisory Board are as follows:

	3 months of 2017	3 months of 2016
Proxies of the parent company*	251	194
Parent's Management Board*	1,148	1,065
Supervisory Board	160	156
TOTAL	1,559	1,415

* 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 options programme are described in the annual financial statements for 2016. 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 senior management in the employee shares programme

In the reporting period, the Management Board subscribed for 11,604 options for shares from the first part of the 2012 programme at the issue price of 117.10 PLN per share. Under the programme, the members of the Management Board hold options entitling them to purchase 24,467 shares from the second part of the 2012 programme.

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.

	Number of granted options	The end date of the vesting period	Estimated number of options that meet granting conditions
The information on the numbers of share options during the vesting period granted to members of the Management Board			
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	10,500
Share options from the second part of the 2015 programme	15,000	01.10.2019	6,000

The costs of related benefits recognised in the income statement for the period of 3 months of 2017 amounted to 326 thousand PLN (3 months of 2016: 230 thousand PLN).

Options to purchase shares were also granted to proxies. In the reporting period, the Proxies did not subscribe for shares for options.

	Number of granted options	The end date of the vesting period	Estimated number of options that meet granting conditions
The information on the numbers of share options during the vesting period granted to the senior management.			
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	4,200
Share options from the second part of the 2015 programme	6,000	01.10.2019	2,400

The costs of related benefits recognised in the income statement for the period of 3 months of 2017 amounted to 108 thousand PLN (3 months of 2016: 71 thousand PLN).

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

26. Issue of shares

In the reporting period, as part of the implementation of the options programme for the management staff, eligible persons subscribed for 11,604 shares of the Company at 117.10 PLN per share. In addition, the Company issued 24,467 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 31.03.2017, 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
Series G shares – the 2012 programme	24,683	2016	2,890	62	2,828
Series G shares – the 2012 programme	11,604	2017	1,359	29	1,330
TOTAL	264,317		28,204	661	27,543

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

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

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

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

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

Fair value hierarchy	Hierarchy level	31.03.2017 (not audited)	31.12.2016 (audited)
Financial assets			
Hedging derivatives	2	6,454	2,613
Financial liabilities			
Hedging derivatives	2	161	206

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:

	3 months ended on 31.03.2017 (not audited)	3 months ended on 31.03.2016 (not audited)
Net profit	5,438	6,243
Weighted average number of ordinary shares assumed for the calculation of earnings per share	9,485,209	9,443,017
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per share*	9,511,275	9,452,120
Basic earnings per share (PLN)	0.57	0.66
Diluted earnings per share (PLN)	0.57	0.66

In the reporting period, eligible employees subscribed for 11,604 series G shares at 117.10 PLN. In addition, eligible employees are entitled to subscribe for 7,500 shares from the third part of the programme at the price of 125.57 PLN, and 24,467 shares from the second part of the 2012 programme at the price of 117.10 PLN.

The average market price for the Company's share in the period of 3 months of 2017 was 409.06 PLN. The closing price as at 31.03.2017 was 395.95 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 26,066 shares.

29. Events after the reporting period

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

Signatures of all Members of the Management Board:

Dariusz Mańko
President of the Management Board

Adam Piela
Member of the Management Board

.....
Kęty, 25 April 2017

.....

Signature of the person entrusted with bookkeeping

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

.....
Kęty, 25 April 2017