



**CAPITAL GROUP OF GRUPA KĘTY S.A.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THREE QUARTERS OF 2017 ENDED ON 30 SEPTEMBER 2017 PREPARED  
PURSUANT TO IAS 34**

**Consolidated semi-annual report QSr 3/2017**

(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 as amended) for the issuers of securities involved in the production, construction, trading or servicing activities for three quarters of the financial year 2017 covering the period from 01.01.2017 to 30.09.2017, comprising the interim condensed consolidated financial statements pursuant to IAS 34 in the Polish currency (PLN) and the interim condensed separate financial statements pursuant to IAS 34 in the Polish currency (PLN).

19 October 2017

(delivery date)

<b>GRUPA KĘTY SPÓŁKA AKCYJNA</b>	
(Issuer's full name)	
<b>KĘTY</b>	<b>Metal (met)</b>
<small>(Issuer's short name)</small>	<small>(sector according to the WSE classification / industry)</small>
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<small>(Tax ID Number - NIP)</small>	<small>(Statistical ID Number - REGON)</small>

## SELECTED FINANCIAL FIGURES

Data referring to the condensed consolidated financial statements according to IFRS				
ITEMS OF THE INCOME STATEMENT, COMPREHENSIVE INCOME AND CASH FLOW STATEMENT	in '000' PLN		in '000' EUR	
	3 quarters of 2017	3 quarters of 2016	3 quarters of 2017	3 quarters of 2016
Net sales revenue	1,982,320	1,717,144	465,705	393,047
Profit on operating activities	249,923	232,136	58,714	53,135
Profit before tax	243,927	221,937	57,306	50,800
Net profit	196,635	229,955	46,195	52,636
Net profit (loss) attributable to equity holders of the parent	196,757	229,955	46,224	52,636
Total net income (loss)	196,173	238,742	46,087	54,647
Total net income (loss) attributable to equity holders of the parent	196,295	238,742	46,115	54,647
Net cash flow from operating activities	193,612	229,083	45,485	52,436
Net cash flow from investing activities	-108,821	-223,358	-25,565	-51,126
Net cash flow from financing activities	-62,791	45,089	-14,751	10,321
Total net cash flow	22,000	50,814	5,168	11,631
Net earnings per share attributable to equity holders of the parent (in PLN/EUR)	20.74	24.33	4.87	5.57
Diluted net earnings per share attributable to equity holders of the parent (in PLN/EUR)	20.69	24.31	4.86	5.56
<b>BALANCE SHEET ITEMS</b>	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
Total assets	2,503,396	2,322,835	580,956	525,053
Liabilities and provisions for liabilities	1,181,822	917,474	274,262	207,386
Long-term liabilities	234,948	227,631	54,524	51,454
Short-term liabilities	946,874	689,843	219,738	155,932
Equity attributable to the equity holders of the parent	1,321,574	1,405,361	306,694	317,667
Share capital	67,625	67,534	15,694	15,265
Number of shares	9,489,980	9,478,376	9,489,980	9,478,376
Book value per share (in PLN/EUR)	139.26	148.27	32.32	33.51
Diluted book value per share (in PLN/EUR)	138.93	148.06	32.24	33.47
Dividend per share — declared or paid (in PLN/EUR)	0.00	30.00	0.00	6.78
Data referring to the condensed separate financial statements according to IFRS				
ITEMS OF THE INCOME STATEMENT, COMPREHENSIVE INCOME AND CASH FLOW STATEMENT	in '000' PLN		in '000' EUR	
	3 quarters of 2017	3 quarters of 2016	3 quarters of 2017	3 quarters of 2016
Net sales revenue	788,208	669,211	185,173	153,180
Profit on operating activities	254,197	198,955	59,718	45,540
Profit before tax	253,251	199,154	59,496	45,586
Net profit	244,714	189,915	57,490	43,471
Total net income	245,390	195,485	57,649	44,746
Net cash flow from operating activities	93,549	215,581	21,977	49,346
Net cash flow from investing activities	-41,226	-31,718	-9,685	-7,260
Net cash flow from financing activities	-22,454	-119,271	-5,275	-27,301
Total net cash flow	29,869	64,592	7,017	14,785
Earnings per share (in PLN/EUR)	25.79	20.10	6.06	4.60
Diluted earnings per share (in PLN/EUR)	25.73	20.08	6.04	4.60
<b>BALANCE SHEET ITEMS</b>	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
Total assets	1,230,496	980,678	285,558	221,672
Liabilities and provisions for liabilities	512,846	227,663	119,015	51,461
Long-term liabilities	61,131	65,466	14,186	14,798
Short-term liabilities	451,715	162,197	104,828	36,663
Equity	717,650	753,015	166,543	170,211
Share capital	67,625	67,534	15,694	15,265
Number of shares	9,489,980	9,478,376	9,489,980	9,478,376
Book value per share (in PLN/EUR)	75.62	79.45	17.55	17.96
Diluted book value per share (in PLN/EUR)	75.44	79.34	17.51	17.93
Dividend per share — declared or paid (in PLN/EUR)	0.00	30.00	0.00	6.78

The above financial figures for three quarters 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 30.09.2017 — 4.3091 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: three quarters of 2017 — 4.2566 PLN/EUR; three quarters of 2016 — 4.3688 PLN/EUR.

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## I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 months ended on 30.09.2017 (not audited)	9 months ended on 30.09.2017 (not audited)	3 months ended on 30.09.2016 (not audited)	9 months ended on 30.09.2016 (not audited)
<b>Total operating income, including:</b>		<b>717,453</b>	<b>1,991,782</b>	<b>638,752</b>	<b>1,727,294</b>
Sales revenue	7	716,493	1,982,320	633,919	1,717,144
- including from the sales to an associate		4	13	1	309
Other operating income		960	9,462	4,833	10,150
<b>Share of net profit of entities accounted for using the equity method</b>		<b>372</b>	<b>1,802</b>	<b>(368)</b>	<b>795</b>
<b>Change of inventories of finished goods and work in progress</b>		<b>16,540</b>	<b>41,012</b>	<b>9,955</b>	<b>25,072</b>
<b>Cost of manufacturing products for own needs</b>		<b>3,783</b>	<b>11,580</b>	<b>3,051</b>	<b>8,936</b>
<b>Total operating costs, including:</b>		<b>(639,454)</b>	<b>(1,796,253)</b>	<b>(560,666)</b>	<b>(1,529,961)</b>
Depreciation/Amortisation		(30,013)	(89,242)	(27,106)	(78,222)
Materials, energy and the value of sold trade goods and materials		(452,455)	(1,253,628)	(383,888)	(1,034,971)
External services		(50,825)	(145,004)	(49,613)	(145,780)
Taxes and charges		(3,973)	(11,243)	(3,411)	(10,317)
Employee benefits		(92,702)	(275,424)	(85,572)	(234,037)
Other operating costs		(9,486)	(21,712)	(11,076)	(26,634)
<b>Profit on operating activities</b>		<b>98,694</b>	<b>249,923</b>	<b>90,724</b>	<b>232,136</b>
Finance income		(860)	2,707	288	1,400
Finance costs		(2,874)	(8,703)	(3,511)	(11,599)
<b>Profit before tax</b>		<b>94,960</b>	<b>243,927</b>	<b>87,501</b>	<b>221,937</b>
Income tax expense	10	(17,843)	(47,292)	(985)	8,018
<b>Net profit on continuing operations</b>		<b>77,117</b>	<b>196,635</b>	<b>86,516</b>	<b>229,955</b>
Attributable to non-controlling interests		(139)	(122)	0	0
<b>Attributable to equity holders of the parent</b>		<b>77,256</b>	<b>196,757</b>	<b>86,516</b>	<b>229,955</b>
Earnings per share attributable to equity holders of the parent (in PLN)	31				
Basic		8.14	20.74	9.15	24.33
Diluted		8.12	20.69	9.14	24.31

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended on 30.09.2017 (not audited)	9 months ended on 30.09.2017 (not audited)	3 months ended on 30.09.2016 (not audited)	9 months ended on 30.09.2016 (not audited)
<b>Net profit for the period</b>	<b>77,117</b>	<b>196,635</b>	<b>86,516</b>	<b>229,955</b>
<b>Other comprehensive income*:</b>	<b>5,014</b>	<b>(462)</b>	<b>(1,682)</b>	<b>8,787</b>
Cumulative translation adjustment	91	(3,185)	(1,662)	(850)
Valuation of cash flow hedging instruments	4,023	2,767	(4)	9,177
Result from cash flow hedge	2,041	444	(23)	2,194
Income tax related to other comprehensive income to be charged to profit or loss	(1,141)	(488)	7	(1,734)
<b>Comprehensive income for the period:</b>	<b>82,131</b>	<b>196,173</b>	<b>84,834</b>	<b>238,742</b>
Attributable to non-controlling interests	(139)	(122)	0	0
<b>Attributable to equity holders of the parent</b>	<b>82,270</b>	<b>196,295</b>	<b>84,834</b>	<b>238,742</b>

*\*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	30.09.2017 (not audited)	31.12.2016 (audited)
<b>I. Non-current assets</b>		<b>1,380,996</b>	<b>1,395,571</b>
Property, plant and equipment	11	1,165,786	1,176,582
Intangible assets		46,928	49,173
Goodwill	12	19,894	19,954
Investment properties		6,841	6,490
Investments in entities accounted for using the equity method	22	3,312	4,206
Other investments		11	11
Other receivables		1,414	3,570
Advance payments for the purchase of property, plant and equipment		16,857	10,003
Deferred tax assets		119,953	125,582
<b>II. Current assets</b>		<b>1,122,400</b>	<b>927,264</b>
Inventories	14	436,857	393,632
Current tax receivables		1,757	863
Trade and other receivables	13	579,027	452,584
Short-term investments		149	219
Derivative financial instruments	27	7,668	5,024
Cash and cash equivalents	8	96,942	74,942
<b>Total assets</b>		<b>2,503,396</b>	<b>2,322,835</b>



## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (cont.)

EQUITY AND LIABILITIES	Note	30.09.2017 (not audited)	31.12.2016 (audited)
<b>I. Equity</b>		<b>1,321,574</b>	<b>1,405,361</b>
Share capital		67,625	67,534
Share premium	29	27,543	23,385
Non-registered capital from the issue of shares		0	2,890
Capital from share based payments		21,176	18,592
Result from cash flow hedging transactions		1,206	337
Capital from the revaluation of hedging instruments		4,363	2,509
Capital from the revaluation of property, plant and equipment		3,787	3,787
Retained earnings		1,225,820	1,313,762
Cumulative translation adjustment		(30,620)	(27,435)
<b>Equity attributable to equity holders of the parent</b>		<b>1,320,900</b>	<b>1,405,361</b>
Equity attributable to non-controlling interests		674	0
<b>II. Long-term liabilities</b>		<b>234,948</b>	<b>227,631</b>
Liabilities due to borrowings and finance lease	16	146,860	138,541
Other liabilities		1,662	1,834
Provisions	15	499	2,791
Provisions due to employee benefits	15	10,377	10,081
Deferred income		34,771	36,111
Deferred tax liability		40,779	38,273
<b>III. Short-term liabilities</b>		<b>946,874</b>	<b>689,843</b>
Liabilities due to borrowings and finance lease	16	340,878	333,865
Income tax payable		18,346	14,471
Trade and other payables	18	554,419	298,254
Provisions and accruals	15	28,888	37,737
Derivative financial instruments	27	2,229	1,844
Deferred income		2,114	3,672
<b>Total equity and liabilities</b>		<b>2,503,396</b>	<b>2,322,835</b>

## 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 attributable to the equity holders of the parent	Equity attributable to non-controlling interests	Total equity
<b>Equity as at 1 January 2017</b> (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	869	1,854	0	196,757	(3,185)	196,295	(122)	196,173
<i>Net profit for the period</i>	0	0	0	0	0	0	0	196,757	0	196,757	(122)	196,635
<i>Other comprehensive income</i>	0	0	0	0	869	1,854	0	0	(3,185)	(462)	0	(462)
Valuation of share based payments	0	0	0	2,584	0	0	0	0	0	2,584	0	2,584
Payment of dividend	0	0	0	0	0	0	0	(284,699)	0	(284,699)	0	(284,699)
Issue of shares	91	4,158	(2,890)	0	0	0	0	0	0	1,359	0	1,359
Sale of shares	0	0	0	0	0	0	0	0	0	0	796	796
<b>Equity as at 30 September 2017</b> (not audited)	67,625	27,543	0	21,176	1,206	4,363	3,787	1,225,820	(30,620)	1,320,900	674	1,321,574
<b>Previous year</b>												
<b>Equity as at 1 January 2016</b> (audited)	67,505	22,043	0	13,959	(1,872)	(3,925)	3,003	1,205,976	(27,846)	1,278,843	0	1,278,843
Comprehensive income for the period:	0	0	0	0	2,101	7,536	0	229,955	(850)	238,742	0	238,742
<i>Net profit for the period</i>	0	0	0	0	0	0	0	229,955	0	229,955	0	229,955
<i>Other comprehensive income</i>	0	0	0	0	2,101	7,536	0	0	(850)	8,787	0	8,787
Valuation of share based payments	0	0	0	3,377	0	0	0	0	0	3,377	0	3,377
Payment of dividend	0	0	0	0	0	0	0	(170,166)	0	(170,166)	0	(170,166)
Issue of shares	29	1,342	0	0	0	0	0	0	0	1,371	0	1,371
<b>Equity as at 30 September 2016</b> (not audited)	67,534	23,385	0	17,336	229	3,611	3,003	1,265,765	(28,696)	1,352,167	0	1,352,167

## INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended on <b>30.09.2017</b> (not audited)	9 months ended on <b>30.09.2016</b> (not audited)
Cash flow from operating activities		
<b>Profit before tax</b>	<b>243,927</b>	<b>221,937</b>
Adjustments:	95,229	86,769
Share of net profit of entities accounted for using the equity method	(1,802)	(795)
Depreciation/Amortisation	89,242	78,222
Recognition/(reversal) of write-downs	0	10
Profit from net currency translation differences	(1,915)	399
Profit from derivative financial instruments	87	(451)
(Profit) / loss from sales of property, plant and equipment	(418)	(58)
Interest and share of profits	6,514	5,256
Proceeds/(expenses) related to hedging instruments charged to equity	868	2,194
Share based payments	2,585	3,378
Gain from a bargain purchase	(58)	(1,176)
Other items (net)	126	(210)
<b>Cash flow from operating activities before the change of working capital</b>	<b>339,156</b>	<b>308,706</b>
Change in inventories	(43,225)	(41,514)
Change in net receivables	(124,287)	(95,877)
Change in short-term liabilities, except for loans	72,587	84,253
Change in provisions	(10,845)	4,543
Change in deferred income	(2,898)	(2,593)
<b>Net cash generated from operating activities</b>	<b>230,488</b>	<b>257,518</b>
Tax paid	(38,876)	(28,435)
<b>Net cash from operating activities</b>	<b>193,612</b>	<b>229,083</b>
Cash flow from investing activities		
(+) Proceeds:	1,005	740
Sales of intangible assets and property, plant and equipment	940	740
Paid loans	65	0
(-) Expenses:	(109,826)	(224,098)
Acquisition of intangible assets and property, plant and equipment	(108,750)	(214,302)
Cash loans granted	(125)	0
Acquisition of investments in subsidiaries	(951)	(9,796)
<b>Net cash from investing activities</b>	<b>(108,821)</b>	<b>(223,358)</b>
Cash flow from financing activities		
(+) Proceeds:	173,390	259,767
Net proceeds from the issue of shares	1,357	1,371
Proceeds from borrowings	172,033	258,396
(-) Expenses:	(236,181)	(214,678)
Dividends and other payments to owners	(75,920)	(61,449)
Repayments of loans and borrowings	(152,272)	(148,369)
Finance lease rentals	(1,002)	(372)
Interest	(6,987)	(4,488)
<b>Net cash from financing activities</b>	<b>(62,791)</b>	<b>45,089</b>
<b>Total net cash flow:</b>	<b>22,000</b>	<b>50,814</b>
- change in cash due to currency translation differences	0	0
<b>Cash and cash equivalents at the beginning of the period</b>	<b>74,942</b>	<b>72,704</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>96,942</b>	<b>123,518</b>

## COMPLEMENTARY INFORMATION AND EXPLANATIONS

### 1. General information

These interim condensed consolidated financial statements of Grupa Kęty S.A. cover the period of 9 months ended on 30.09.2017 and provide for comparative data for the period of 9 months ended on 30.09.2016 as well as figures as at 31.12.2016. In addition, the financial statements contain the figures for the third quarter of 2017 and the third quarter of 2016. The figures have not been reviewed by the certified auditor.

The Capital Group of Grupa Kęty S.A. ('the Group') comprises the parent company, namely Grupa Kęty S.A. ('parent company', 'the parent', 'the Company') and its subsidiaries (see note 2).

Grupa Kęty S.A. is 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 has been assigned its **tax identification number (NIP): 549-000-14-68** as well as its statistical number (**REGON**): **070614970**.

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

The lifetime of the parent company as well as of the entities of the Group is indefinite.

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

### 2. Group composition

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

Company name	Registered office	Core business	Parent's name	Percentage of the share capital as at 30.09.2017	Percentage of the share capital as at 31.12.2016	Date of control take-over	Reporting segment
Alupol Packaging S.A.	Tychy, Poland	Production of and trade in plastic packaging	Grupa Kęty S.A.	100.00%	100.00%	04/1998	FPS
Aluprof S.A.	Bielsko-Biała, Poland	Production of construction joinery	Grupa Kęty S.A.	100.00%	100.00%	06/1998	ASS
Alutech Sp. z o.o. w likwidacji	Kęty, Poland	Heat distribution networks lease	Grupa Kęty S.A.	100.00%	100.00%	03/1999	Other
Dekret Centrum Rachunkowe Sp. z o.o.	Kęty, Poland	Accounting and bookkeeping services	Grupa Kęty S.A.	100.00%	100.00%	09/1999	Other
Alu Trans System Sp. z o.o.	Kęty, Poland	The company does not carry out any activities	Grupa Kęty S.A.	100.00%	100.00%	04/2000	Other
Aluprof Hungary Kft.	Dunakeshi, Hungary	Sales of aluminium systems	Aluprof S.A.	100.00%	100.00%	07/2000	ASS
Metalplast-Stolarka Sp. z o.o.*	Goleszów, Poland	Production and assembly of woodwork	Grupa Kęty S.A.	-	100.00%	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,	Production and provision	Aluprof S.A.	100.00%	100.00%	04/2007	ASS

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	Poland	of services					
Alupol Packaging Kęty Sp. z o.o.	Kęty, Poland	Production of and trade in plastic packaging	Alupol Packaging S.A.	100.00%	100.00%	05/2009	FPS
Aluform Sp. z o.o.	Tychy, Poland	Production and trade	Grupa Kęty S.A.	100.00%	100.00%	06/2009	EPS
Aluprof System Ukraina Sp. z o.o.	Kiev, Ukraine	Trade — sales of steel systems	Aluprof S.A.	100.00%	100.00%	11/2009	ASS
Aluprof Serwis Sp. z o.o.	Bielsko-Biała, Poland	The company does not carry out any activities	Aluprof S.A.	100.00%	100.00%	01/2012	ASS
Grupa 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 Belgium 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 activities	Aluform Sp. z o.o.	100.00%	100.00%	6/2016	EPS
Aluprof Netherlands B.V.	Rotterdam, the Netherlands	Sales of aluminium systems	Aluprof S.A.	55.00%	-	4/2017	ASS
Aluminium Kety CSE s.r.l.	Ostrava, Czech Republic	Trade and marketing activities	Aluform Sp. z o.o.	100.00%	-	7/2017	EPS

\* On 01.09.2017, Metalplast Stolarka Sp. z o.o. was combined with Aluprof S.A.

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

### 3. Basis for the preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting 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 of PLN.

These interim condensed consolidated financial statements have been prepared based on the assumption that the Group's companies will continue as a going concern in the foreseeable future.

These interim condensed consolidated financial statements were approved for publication on 19 October 2017.

As at the date of authoring these financial statements for publication, there are no circumstances implying that the Group's companies will not continue as a going concern.

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 have been prepared according to the Group's accounting policies in force and they present a true and fair view of the financial standing, assets and financial result of the Group.

#### 4. Significant accounting policies

Accounting policies 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.

No new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2016 have been published after 1 January 2016. The standards and interpretations that have been issued but are not effective as they have not been approved by the European Union yet, or which have been approved by the European Union but have not been adopted earlier by the Group are presented in the annual financial statements for 2016. In the period of three quarters of 2017, only IFRS 17 *Insurance Contracts* was issued.

The Management Board does not project that the implementation of the aforementioned standards and interpretations should exert any significant influence on the accounting policies applied by the Group.

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

In the consolidated statement of financial position as at 31 December 2016, selected items were adjusted to ensure the compliance with the presentation as at 30 September 2017. The change involved the separation in the consolidated balance sheet of additional items: 'Investments in entities accounted for using the equity method' (4,206 thousand PLN) and 'Advance payments for the purchase of property, plant and equipment' (10,003 thousand PLN).

#### 5. Areas of estimates

The main accounting estimates are presented in respective 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 tax asset are presented in note 10
- estimates concerning the valuation of net assets of an acquired entity are presented in note 21
- As regards the estimates concerning 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 Group, the revenue for the reporting period would increase by 938 thousand PLN (9 months of 2016: 1,606 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 369 thousand PLN (9 months of 2016: 1,057 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 breakdown into segments providing services to various customer markets, the following seasonal variations may be observed.

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

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

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

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

The Group's financing and income tax are managed at the level of the entire Group and are not allocated to operating segments.

Basic economic figures for the Issuer's segments:

9 months of 2017:

Group's business segments	FPS	EPS	ASS	Other	Eliminations	Total
Income statement						
Sales	459,364	876,285	842,954	10,729	(207,012)	1,982,320
- outside the Group	459,300	683,774	839,088	158	0	1,982,320
- to other segments	64	192,511	3,866	10,571	(207,012)	0
Operating profit (EBIT)	67,573	77,026	120,449	204,029	(219,154)	249,923
Depreciation/Amortisation	20,323	42,794	23,875	2,190	60	89,242
EBITDA	87,896	119,820	144,324	206,219	(219,094)	339,165
Balance sheet						
Segment's assets	862,499	830,067	792,341	161,494	(143,005)	2,503,396
Segment's trade payables	104,721	76,607	166,248	1,106	(94,582)	254,100
Unallocated liabilities (joint)	0	0	0	927,723	0	927,723
Total liabilities	104,721	76,607	166,248	928,829	(94,582)	1,181,823
Other						
Capital expenditure on non-current assets	19,432	36,760	24,563	1,066	0	81,821

Third quarter of 2017:

Group's business segments	FPS	EPS	ASS	Other	Eliminations	Total
Income statement						
Sales	161,621	305,015	320,077	3,637	(73,857)	716,493
- outside the Group	161,591	236,044	318,794	64	0	716,493
- to other segments	30	68,971	1,283	3,573	(73,857)	0
Operating profit (EBIT)	25,360	34,224	46,438	(2,650)	(4,677)	98,695
Depreciation/Amortisation	6,981	14,061	8,178	773	20	30,013
EBITDA	32,341	48,285	54,616	(1,877)	(4,657)	128,708
Other						
Capital expenditure on non-current assets	14,276	12,519	8,088	360	0	35,243

9 months of 2016:

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

Third quarter of 2016:

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

- the column 'Other' contains figures for the units responsible for the centrally managed areas (IT, finances, PR and IR, risk management, equity investments, HR) and figures for companies not organisationally grouped in the core business segments such as Alu Trans System Sp. z o.o., Alutech Sp. z o.o. w likwidacji and Dekret Centrum Rachunkowe Sp. z o.o.

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

- the item 'Eliminations' in the income statement contains inter-segmental sales. It is mainly the sales of aluminium profiles from the EPS to the ASS. In the balance sheet, it is mainly the elimination of shares and interests of the parent company in subsidiaries as well as inter-segmental receivables and liabilities. Transaction prices applied in transactions between operating segments are determined at arm's length, as in the case of transactions with unrelated parties.

## 8. Cash and cash equivalents

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

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

	<b>30.09.2017</b> (audited)	<b>31.12.2016</b> (audited)
Bank deposits (current accounts) and short-term deposits	95,639	74,897
Cash in hand	62	44
Other cash	1,241	1
<b>Cash recognised in the balance sheet</b>	<b>96,942</b>	<b>74,942</b>



As at 30 September 2017, the Group had undrawn granted credit funds amounting to 276,206 thousand PLN (31 December 2016: 185,475 thousand PLN).

## 9. Dividends paid and proposed for payment

The General Meeting of Shareholders held on 31 May 2017 allocated 284,699 thousand PLN for the dividend for 2016 (30 PLN per share for 9,489,980 eligible shares).

24 August 2017 was the date of determining the right to dividend. Pursuant to the resolution of the General Meeting of Shareholders, the dividend will be paid in two instalments:

- 7 September – 8 PLN per share;
- 23 November – 22 PLN per share.

In 2016, Grupa Kęty S.A. paid the dividend of 170,166 thousand PLN (18 PLN per share).

## 10. Income tax expense

Main components of income tax expense are as follows:

<b>Income tax structure</b>	<b>3 months ended on 30.09.2017</b>	<b>9 months ended on 30.09.2017</b>	<b>3 months ended on 30.09.2016</b>	<b>9 months ended on 30.09.2016</b>
	(not audited)	(not audited)	(not audited)	(not audited)
Current income tax	(16,675)	(39,659)	(16,268)	(33,068)
Deferred tax	(1,168)	(7,633)	15,283	41,086
<b>Income tax recognised in the income statement</b>	<b>(17,843)</b>	<b>(47,292)</b>	<b>(985)</b>	<b>8,018</b>

## 11. Property, plant and equipment

### 11.1. Purchase and sale

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

	<b>9 months ended on 30.09.2017</b>	<b>9 months ended on 30.09.2016</b>
	(not audited)	(not audited)
Acquisitions of property, plant and equipment	81,821	212,388
Net value of sold property, plant and equipment	529	588
Profit (loss) on the sales of property, plant and equipment	232	121

### 11.2. Impairment losses

In the period of nine months of 2017, the Group reversed write-downs of property, plant and equipment amounting to 228 thousand PLN (nine months of 2016 – the Group reversed write-downs of 9 thousand PLN).

## 12. Write-downs of goodwill

In the period of 9 months of 2017 and in the period of 9 months of 2016, due to the absence of indicators of impairment, the Group did not write down goodwill from consolidation.

### 13. Short-term receivables

	<b>30.09.2017</b> (not audited)	<b>31.12.2016</b> (audited)
Trade receivables	542,773	414,690
- including from an associate	307	397
Public law receivables (except for the income tax)	7,295	9,357
Prepayments (trade-related) for suppliers	8,543	4,175
Receivables from employees	170	101
Prepaid expenses	4,250	4,382
Valuation of construction contracts	17	11,585
Settlements related to transactions hedging the aluminium price	8,615	4,474
Other receivables	7,364	3,820
<b>Net receivables</b>	<b>579,027</b>	<b>452,584</b>

In the period of 9 months of 2017, the Group recognised write-downs of receivables amounting to 2,592 thousand PLN (9 months of 2016: recognition of write-downs amounting to 5,536 thousand PLN). Recognised write-downs are presented in 'Other operating costs'.

### 14. Inventories

	<b>30.09.2017</b> (not audited)	<b>31.12.2016</b> (audited)
Materials	180,056	178,359
Work in progress	123,120	95,086
Finished products	125,874	112,895
Trade goods	7,807	7,292
<b>TOTAL</b>	<b>436,857</b>	<b>393,632</b>

In the period of 9 months of 2017, the Group recognised write-downs of inventories amounting to 14 thousand PLN (9 months of 2016 — the Group recognised write-downs amounting to 600 thousand PLN). The amount was recognised in 'Other operating costs'.

### 15. Provisions and accruals

In the reporting period, the Group decreased the result from the revaluation of deferred tax liabilities and assets by 7,633 thousand PLN. In addition, in the reporting period, the Group introduced the following changes in the value of provisions:

	01.01.2017	Increases	Decreases Utilisation	Currency translation differences	30.09.2017
<b>Long-term provisions</b>	<b>12,872</b>	<b>396</b>	<b>(2,305)</b>	<b>(87)</b>	<b>10,876</b>
provision for jubilee bonuses and retirement benefits	10,081	396	(13)	(87)	10,377
costs of warranty repairs	499	0	0	0	499
provision for costs	2,292	0	(2,292)	0	0
<b>Short-term provisions and accruals:</b>	<b>37,737</b>	<b>23,262</b>	<b>(32,026)</b>	<b>(85)</b>	<b>28,888</b>
provision for jubilee bonuses and retirement benefits	764	0	0	0	764
costs of warranty repairs	684	0	(3)	0	681
provision for the costs of unused holiday	6,800	5,691	(5,983)	(23)	6,485
costs of annual bonus	14,643	8,346	(14,303)	(22)	8,664
environmental protection costs	0	86	0	0	86
costs of damages	5,074	0	(981)	0	4,093
for incurred costs	4,039	8,452	(8,776)	4	3,719
costs of auditing/reviewing financial statements	217	85	(169)	(1)	132
provision for costs	4,585	0	(1,146)	0	3,439
other	931	602	(665)	(43)	825

	01.01.2016	Increases	Utilisation	Company acquisition	Currency translation differences	30.09.2016
<b>Long-term provisions</b>	<b>6,747</b>	<b>282</b>	<b>(1,346)</b>	<b>7,873</b>	<b>(76)</b>	<b>13,480</b>
provision for jubilee bonuses and retirement benefits	5,559	0	0	3,288	(76)	8,771
costs of warranty repairs	1,188	282	(200)	0	0	1,270
provision for costs	0	0	(1,146)	4,585	0	3,439
<b>Short-term provisions and accruals:</b>	<b>21,769</b>	<b>18,325</b>	<b>(12,765)</b>	<b>5,413</b>	<b>0</b>	<b>32,742</b>
provision for jubilee bonuses and retirement benefits	975	0	0	0	0	975
costs of warranty repairs	45	0	0	0	0	45
provision for the costs of unused holiday	5,210	4,869	(3,888)	474	0	6,665
costs of annual bonus	9,082	7,986	(9,082)	0	0	7,986
environmental protection costs	7	92	0	0	0	99
costs of damages	430	3,264	0	0	0	3,694
for incurred costs	4,261	2,064	760	363	0	7,448
costs of auditing/reviewing financial statements	241	50	(241)	(18)	0	32
provision for costs	0	0	0	4585	0	4585
other	1,518	0	(314)	9	0	1,213

## 16. Interest-bearing bank loans and lease obligations

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

<b>Long-term loans:</b>					
<b>Borrower</b>	<b>Lender</b>	<b>Loan currency</b>	<b>31.12.2016</b>	<b>Increases (decreases)</b>	<b>30.09.2017</b>
Grupa Kęty S.A.	BNP PARIBAS Bank Polska SA	PLN	15,181	(6,529)	8,652
Alupol Packaging Kęty Sp. z o.o.	BNP PARIBAS Bank Polska SA	PLN	99,720	(22,192)	77,528
Aluprof S.A.	BNP PARIBAS Bank Polska SA	PLN	16,692	(7,154)	9,538
Aluprof S.A.	Bank PEKAO SA	PLN	0	40,000	40,000
Aluminium Kety Emmi d.o.o.	Bank PEKAO	EUR	4,866	5,273	10,139
Aluminium Kety Emmi d.o.o.	AK Servicing	EUR	849	(849)	0
	<b>Total loans</b>		<b>137,308</b>	<b>8,549</b>	<b>145,857</b>
Aluprof Romania	Finance lease obligations	RON	102	10	112
Aluprof S.A.		PLN	386	(189)	197
Aluprof UK		GBP	31	(8)	23
Aluminium Kety Emmi d.o.o.		EUR	668	(17)	651
Marius Hansen Facader A/S		DKK	46	(26)	20
	<b>Total lease</b>		<b>1,233</b>	<b>(230)</b>	<b>1,003</b>
<b>Total long-term loans and lease</b>			<b>138,541</b>	<b>8,319</b>	<b>146,860</b>

<b>Short-term loans:</b>					
<b>Borrower</b>	<b>Lender</b>	<b>Loan currency</b>	<b>31.12.2016</b>	<b>Increases (decreases)</b>	<b>30.09.2017</b>
Grupa Kęty S.A.	Bank PKO BP	PLN, EUR	3,843	(2,521)	1,322
Grupa Kęty S.A.	BNP PARIBAS Bank Polska SA	PLN	11,072	(2,288)	8,784
Grupa Kęty S.A.	BNP PARIBAS Bank Polska SA	PLN	5,608	(5,608)	0
Grupa Kęty S.A.	ING Bank Polska	PLN	3	(3)	0
Grupa Kęty S.A.	Bank PeKaO S.A.	PLN	22,205	68,249	90,454
Grupa Kęty S.A.	Bank Societe Generale	EUR	13,771	3,138	16,909
Alupol Packaging S.A.	Bank PKO BP	PLN	0	5,874	5,874
Alupol Packaging S.A.	BNP Paribas	PLN	9,580	(9,580)	0
Alupol Packaging S.A.	PEKAO S.A.	PLN	23,342	(18,399)	4,943
Alupol Packaging Kęty Sp. z o.o.	Bank PKO BP	PLN, EUR	11,542	3,355	14,897
Alupol Packaging Kęty Sp. z o.o.	PEKAO S.A.	PLN, EUR	16,945	1,938	18,883
Alupol Packaging Kęty Sp. z o.o.	BNP PARIBAS Bank Polska SA	PLN	14,304	633	14,937
Alupol Packaging Kęty Sp. z o.o.	BNP PARIBAS Bank Polska SA	PLN	11,770	16,648	28,418
Aluprof S.A.	PEKAO S.A.	PLN, EUR	43,757	4,387	48,144
Aluprof S.A.	Societe Generale S.A.	GBP	3,756	863	4,619
Aluprof S.A.	BNP Paribas	PLN	19,665	(19,665)	0
Aluprof S.A.	BNP Paribas	PLN	9,753	(87)	9,666
Aluprof S.A.	BNP Paribas	PLN	12,356	(12,356)	0
Aluprof S.A.	Bank PEKAO SA	PLN, EUR	32,074	(32,054)	20
Aluprof S.A.	ING Bank Polska	PLN	24,951	(19,970)	4,981
ROMB S.A.	BNP Paribas	PLN	7,949	1,359	9,308
ROMB S.A.	Bank PKO BP	PLN	4,066	(1,570)	2,496
Alupol Films sp. z o.o.	PEKAO S.A.	PLN, EUR	5,899	14,767	20,666
Alupol Films sp. z o.o.	BNP Paribas	PLN	6,805	13,014	19,819

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Aluform Sp. z o.o.	Bank PEKAO SA	PLN	0	1,365	1,365
Aluminium Kety Emmi d.o.o.	Delavska Hranilnica d.d.	EUR	3,468	(2,615)	853
Aluminium Kety Emmi d.o.o.	Unicredit	EUR	13,272	(345)	12,927
	<b>Total loans</b>		<b>331,756</b>	<b>8,529</b>	<b>340,285</b>
Aluprof Romania	Finance lease obligations	RON	2	22	24
MHF A/S		DKK	80	(15)	65
Aluprof UK		GBP	10	(5)	5
Aluminium Kety Emmi d.o.o.		EUR	1,730	(1,518)	212
Aluprof S.A.		PLN	287	0	287
	<b>Total lease</b>		<b>2,109</b>	<b>(1,516)</b>	<b>593</b>
	<b>Total short-term loans and lease</b>		<b>333,865</b>	<b>7,013</b>	<b>340,878</b>

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 – employee share scheme

The Group's scheme of allocating shares to selected employees of the Group and the principles of its valuation are described in detail in the consolidated financial statements for 2016.

Subscriptions of shares related to the employee share scheme are presented in note 29.

The Group recognises the programme costs in proportion to the vesting period for options.

## 18. Trade and other payables

	30.09.2017 (not audited)	31.12.2016 (audited)
<b>Short-term liabilities:</b>	<b>554,419</b>	<b>298,254</b>
Trade payables	254,100	200,129
- including due to an associate	289	1,854
Liabilities due to the purchase of property, plant and equipment	17,017	38,004
Remuneration liabilities	16,835	14,189
Dividend liabilities	208,857	0
<b>Total financial liabilities (under IFRS 7)</b>	<b>496,809</b>	<b>252,322</b>
Public law liabilities (except for income tax payables)	34,823	30,357
Down payments (trade-related) from customers	12,620	10,194
Other liabilities	10,167	5,381
<b>Total non-financial liabilities</b>	<b>57,610</b>	<b>45,932</b>

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 9 months of 2017 as compared to the period of the first 9 months of 2016, material changes in particular items of revenue and costs had place in the following areas:

- the increase in sales revenue by 265,176 thousand PLN results from the increase in the sales volume in the core segments and changes in prices of the basic raw material, i.e. aluminium, and exchange rates;
- the increase in depreciation/amortisation costs by 11,020 thousand PLN results from the Group's investments;

- the increase in the costs of energy and materials by 218,657 thousand PLN results from the increase in sales volume and the related increase in output as well as from changes in prices of the basic raw material, i.e. aluminium, and exchange rates. As estimated by the Group, the quotations of the average aluminium price in the period of 9 months of 2017 as compared to the period of 9 months of 2016 increased by ca. 20% against the simultaneous decrease in the USD exchange rate by ca. 2.6%.
- the decrease in the costs of external services by 776 thousand PLN results mainly from a more limited use of subcontractors;
- the increase in the costs of employee benefits by 41,387 thousand PLN results mainly from the increase in the sales volume, the increase in remunerations and the increase in employment in the Group.

## 20. Discontinued operations

In the period of 9 months of 2017 and in the period of 9 months of 2016, the Group did not discontinue any significant operations.

## 21. Business combinations and acquisitions of non-controlling interests

In January 2017, the subsidiary Aluprof S.A. established its subsidiary Aluprof Netherlands B.V. with its registered office in Rotterdam.

Aluprof Netherlands B.V. mainly provides commercial agency services related to the acquisition of customers for Aluprof S.A. in the aluminium systems and roller-shutter industry. Following its incorporation, Aluprof Netherlands B.V. acquired the business of the entity which had exclusive rights to operate in this area on the Dutch market. The acquisition of the business consisted in the acquisition of 4 employees and of the rights and contacts of the acquired company.

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

Assets, and equity and liabilities	Fair value of acquired assets and liabilities (in '000' PLN)
Rights to business commissions	1439
Deferred tax liability	(288)
<b>Net assets</b>	<b>1,151</b>
<b>Total acquisition price (paid cash)</b>	<b>(1,093)</b>
<b>Negative goodwill (other operating income)</b>	<b>58</b>

As a result of the recognition of the gain from the bargain purchase of Aluprof Netherlands B.V., other operating income in the period of three quarters of 2017 increased by 58 thousand PLN.

In April, Aluprof S.A. sold 45% of shares in Aluprof Netherlands B.V. Net profit from the sales transaction increased other operating costs by 18 thousand PLN.

## 22. Investments in associates

In the reporting period, the Group did not acquire any new associates.

As at 30.09.2017, 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	Percentage of the share capital as at		Profit (loss) allocated to investments in associates as at		Cumulative investments in associates as at		Segment
				30-09-2017	31-12-2016	30-09-2017	30-09-2016	30-09-2017	31-12-2016	
Aluprof USA LLC	USA	Distribution of aluminium systems	Aluprof System USA	45.5%	45.5%	1,802	795	3,312	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 periods ended on 30 September 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 loans and borrowings, trade and other payables, less cash and cash equivalents. Equity comprises convertible preference shares, equity attributable to equity holders of the parent less reserves for unrealised net gains.

	<b>30.09.2017</b> (not audited)	<b>31.12.2016</b> (audited)
Interest-bearing lease and loans	487,738	472,406
Trade and other payables	556,081	300,088
Less cash and cash equivalents	(96,942)	(74,942)
Net debt	946,877	697,552
Equity	1,321,574	1,408,674
Equity and net debt	2,268,451	2,106,226
<b>Leverage ratio</b>	<b>41.74%</b>	<b>33.12%</b>

## 25. Contingent liabilities

Item	<b>30.09.2017</b> (not audited)	<b>31.12.2016</b> (audited)
Construction-related bank guarantees granted by Aluprof S.A.	37,721	36,963
Bank rental agreement performance bond	0	434
<b>Total granted guarantees</b>	<b>37,721</b>	<b>37,397</b>

\*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.

<b>Contractual liabilities related to the purchase of non-current assets by segments</b>	<b>30.09.2017</b> (not audited)	<b>31.12.2016</b> (audited)
Extruded Products Segment	37,695	11,620
Flexible Packaging Segment	6,737	15,436

Aluminium Systems Segment	10,848	13,291
<b>TOTAL</b>	<b>55,280</b>	<b>40,347</b>

## 27. Derivative financial instruments

	30.09.2017 (not audited)	31.12.2016 (audited)
<b>Financial assets</b>		
Currency forwards hedging cash flows	553	2,126
Futures for the purchase of aluminium hedging cash flows	7,115	1,955
Ineffective currency forwards	0	939
IRS's hedging interest rates	0	4
<b>TOTAL FINANCIAL ASSETS</b>	<b>7,668</b>	<b>5,024</b>
<b>Financial liabilities</b>		
Currency forwards hedging cash flows	2,225	282
Futures for the purchase of aluminium hedging cash flows	0	709
Ineffective currency forwards	0	853
IRS's hedging interest rates	4	0
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2,229</b>	<b>1,844</b>

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 personnel

### 28.1. Shareholding structure

Entity	30-09-2017		31-12-2016	
	Number of shares	Interest in capital	Number of shares	Interest in capital
Nationale Nederlanden PTE (formerly ING PTE)	1,737,000	18.30%	1,732,000	18.27%
Aviva OFE Aviva BZ WBK	1,654,000	17.43%	1,649,000	17.40%
OFE PZU "Złota Jesień"	921,000	9.70%	870,000	9.18%
Aegon PTE SA	591,866	6.24%	-	-
PTE Allianz Polska	499,748	5.27%	498,000	5.25%
Others	4,086,366	43.06%	4,729,376	49.90%
<b>Total</b>	<b>9,489,980</b>	<b>100%</b>	<b>9,478,376</b>	<b>100%</b>



## 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:	9 months of 2017	9 months of 2016
Costs of short-term employee benefits	1,234	1,234
Costs of the provision for annual bonuses and other benefits	1,755	1,234
<b>Total costs of remunerations of the Members of the Management Board</b>	<b>2,989</b>	<b>2,468</b>
The valuation of the costs of options for treasury shares due when the programme is implemented*	977	1,649
<b>Total payments to the Members of the Management Board</b>	<b>3,966</b>	<b>4,117</b>

\* The details of the programme are described in the 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:

	9 months of 2017	9 months of 2016
Parent's Management Board*	3,966	4,177
Senior management*	10,955	8,652
Supervisory Board	511	453
<b>Total</b>	<b>15,432</b>	<b>13,282</b>

\* 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 share scheme

In the reporting period, the Management Board subscribed for 11,604 share options 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.

In addition, the members of the Management Board hold the 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 share options in the vesting period granted to members of the Management Board	Number of granted options	End date of the vesting period	Estimated number of options meeting the granting conditions
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
Share options from the second part of the 2015 programme	15,000	01.10.2020	6,000

The costs of related benefits recognised in the income statement for the period of 9 months of 2017 amounted to 977 thousand PLN (9 months of 2016: 1,649 thousand PLN).

The options for the 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 share options.

Number of share options in the vesting period granted to the senior management	Number of granted options	End date of the vesting period	Estimated number of options meeting the granting conditions
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
Share options from the third part of the 2015 programme	31,000	01.10.2020	12,400

The costs of options for the senior management charged to the result amounted in the period of 9 months of 2017 to 1,326 thousand PLN (9 months of 2016: 1,877 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 personnel, eligible employees subscribed for 11,604 shares of the Company at 117.10 PLN per share. As at the subscription date, the share market price was 315 PLN per share.

In addition, the Company issued 24,467 share options under the 2012 programme for the management personnel entitling their holders to subscribe for series G shares at the issue price of 117.10 PLN per share. As at 30.09.2017, the aforementioned shares were not subscribed for.

Below, we present the method of recognising proceeds from the issue of employee 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
<b>TOTAL</b>	<b>264,317</b>		<b>28,204</b>	<b>661</b>	<b>27,543</b>

## 30. Fair value measurement methods (fair value hierarchy)

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

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

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

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

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

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

In the case of determining fair value on the basis of market quotations, it is classified at the so-called 'Level 1'. In the case of derivatives held by the Group, fair value is determined on the basis of other inputs that are

observable either directly or indirectly. As a result, the value is classified at the so-called 'Level 2' of the fair value hierarchy.

Fair value hierarchy	Fair value hierarchy level	30.09.2017 (not audited)	31.12.2016 (audited)
<b>Assets</b>			
Investment properties	3	6,841	6,490
Hedging derivatives	2	7,668	5,024
<b>TOTAL ASSETS</b>		<b>14,509</b>	<b>11,514</b>
<b>Liabilities</b>			
Hedging derivatives	2	2,229	1,844
<b>TOTAL LIABILITIES</b>		<b>2,229</b>	<b>1,844</b>

### 31. Earnings per share (EPS)

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

	9 months ended on 30.09.2017 (not audited)	9 months ended on 30.09.2016 (not audited)
<b>Net profit attributable to equity holders of the parent</b>	<b>196,757</b>	<b>229,955</b>
Weighted average number of ordinary shares assumed for the calculation of earnings per share	9,488,407	9,450,147
Weighted average number of ordinary shares assumed for the calculation of diluted earnings per share*	9,511,461	9,458,251
Basic earnings per share from the basic profit for the period attributable to equity holders of the parent (in PLN)	20.74	24.33
Diluted earnings per share from the basic profit for the period attributable to equity holders of the parent (in PLN)	20.69	24.31

\* 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 24,467 shares from the second part of the 2012 programme at 117.10 PLN.

Options for 7,500 shares from the third part of the 2009 programme at 125.57 PLN per share expired on 30.09.2017, as they were not subscribed for.

The average market price of the Company's share in the period of 9 months of 2017 was 413.97 PLN. The closing price as at 30.09.2017 was 402.55 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 23,054 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 30.09.2017 (not audited)	9 months ended on 30.09.2017 (not audited)	3 months ended on 30.09.2016 (not audited)	9 months ended on 30.09.2016 (not audited)
<b>Total operating income, including:</b>		<b>276,067</b>	<b>1,003,409</b>	<b>249,978</b>	<b>829,881</b>
Sales revenue		275,788	788,208	245,927	669,211
Other operating income		273	3,535	4,051	6,157
Dividends		6	211,666	0	154,513
<b>Change of inventories of finished goods and work in progress</b>		<b>3,965</b>	<b>2,493</b>	<b>(5,068)</b>	<b>(5,885)</b>
<b>Cost of manufacturing products for own needs</b>		<b>1,590</b>	<b>4,482</b>	<b>1,487</b>	<b>4,075</b>
<b>Total operating costs, including:</b>		<b>(259,774)</b>	<b>(756,187)</b>	<b>(227,068)</b>	<b>(629,116)</b>
Depreciation/Amortisation		(9,675)	(29,152)	(8,992)	(26,037)
Materials and energy and the value of sold trade goods and materials		(183,156)	(531,818)	(150,955)	(418,357)
External services		(36,811)	(105,742)	(36,599)	(100,950)
Taxes and charges		(1,532)	(4,194)	(1,351)	(4,030)
Employee benefits		(27,888)	(83,360)	(25,470)	(74,823)
Other operating costs		(712)	(1,921)	(3,701)	(4,919)
<b>Profit on operating activities</b>		<b>21,848</b>	<b>254,197</b>	<b>19,329</b>	<b>198,955</b>
Finance income		(1,076)	839	459	1,930
Finance costs		(590)	(1,785)	(370)	(1,731)
<b>Profit before tax</b>		<b>20,182</b>	<b>253,251</b>	<b>19,418</b>	<b>199,154</b>
Income tax expense	11	(4,171)	(8,537)	(4,707)	(9,239)
<b>Net profit on continuing operations</b>		<b>16,011</b>	<b>244,714</b>	<b>14,711</b>	<b>189,915</b>
Net earnings per share for the period (PLN)					
Basic earnings per share	28	1.69	25.79	1.56	20.10
Diluted earnings per share	28	1.68	25.73	1.55	20.08

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

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## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

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	3 months ended on 30.09.2017 (not audited)	6 months ended on 30.09.2017 (not audited)	3 months ended on 30.09.2016 (not audited)	9 months ended on 30.09.2016 (not audited)
<b>Net profit for the period</b>	<b>16,011</b>	<b>244,714</b>	<b>14,711</b>	<b>189,915</b>
<b>Other comprehensive income*, including:</b>	<b>2,271</b>	<b>676</b>	<b>(616)</b>	<b>5,570</b>
Valuation of cash flow hedging instruments	2,231	287	(823)	3,921
Result from cash flow hedge	464	444	51	2,394
Income tax related to other comprehensive income	(424)	(55)	156	(745)
<b>Comprehensive income for the period</b>	<b>18,282</b>	<b>245,390</b>	<b>14,095</b>	<b>195,485</b>

*\*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	30.09.2017 (not audited)	31.12.2016 (audited)
<b>I. Non-current assets</b>		<b>737,143</b>	<b>728,658</b>
Property, plant and equipment		348,196	351,186
Intangible assets		6,558	7,309
Shares and interests		369,029	367,989
Advance payments for property, plant and equipment		13,360	2,174
<b>II. Current assets</b>		<b>493,353</b>	<b>252,020</b>
Inventories	14	96,992	101,699
Current tax receivables		0	0
Trade and other receivables	13	356,365	141,742
Derivative financial instruments	20	4,161	2,613
Cash and cash equivalents	9	35,835	5,966
<b>Total assets</b>		<b>1,230,496</b>	<b>980,678</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity</b>		<b>717,650</b>	<b>753,015</b>
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		21,177	18,592
Capital from the revaluation of hedging instruments		2,182	1,950
Result from cash flow hedging transactions		981	537
Retained earnings		594,355	634,340
<b>II. Long-term liabilities</b>		<b>61,131</b>	<b>65,466</b>
Liabilities related to loans	16	8,652	15,181
Provisions due to employee benefits	15	1,534	1,500
Grants		30,521	31,218
Deferred tax liability		20,424	17,567
<b>III. Short-term liabilities</b>		<b>451,715</b>	<b>162,197</b>
Liabilities related to loans	16	117,469	56,502
Income tax payable		4,369	4,642
Trade and other payables	18	315,273	82,724
Provisions and accruals	15	12,117	17,035
Derivative financial instruments	20	1,467	206
Grants		1,020	1,088
<b>Total equity and liabilities</b>		<b>1,230,496</b>	<b>980,678</b>

## INTERIM CONDENSED CASH FLOW STATEMENT

	9 months ended on 30.09.2017 (not audited)	9 months ended on 30.09.2016 (not audited)
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>253,251</b>	<b>199,154</b>
<b>Adjustments:</b>	<b>33,469</b>	<b>35,031</b>
Depreciation/Amortisation	29,152	26,037
Write-downs of interests in subsidiaries	85	0
Proceeds from the sales of interests in a subsidiary	0	3,188
Expenditure on the purchase of a subsidiary's business	0	(672)
(Profit) / loss from net currency translation differences	823	437
Change in realised gains on transactions hedging the price of aluminium charged to equity	444	2,394
(Profit) / loss from sales of property, plant and equipment	(26)	(51)
Interest	1,431	1,497
Share based payments	1,460	2,188
Other items (net)	100	13
<b>Cash flow from operating activities before the change of working capital</b>	<b>286,720</b>	<b>234,185</b>
Change in inventories	4,707	4,741
Change in net receivables	(214,623)	(65,078)
Change in short-term liabilities, except for loans	28,402	41,164
Change in provisions	(4,884)	2,334
Change in grants	(765)	(810)
<b>Net cash generated from operating activities</b>	<b>99,557</b>	<b>216,536</b>
Tax refunded / (paid)	(6,008)	(955)
<b>Net cash from operating activities</b>	<b>93,549</b>	<b>215,581</b>
Cash flow from investing activities		
<b>(+) Proceeds:</b>	<b>132</b>	<b>117</b>
Sales of intangible assets and property, plant and equipment	132	117
<b>(-) Expenses:</b>	<b>(41,358)</b>	<b>(31,835)</b>
Acquisition of intangible assets and property, plant and equipment	(41,358)	(31,835)
Acquisition of subsidiaries	0	0
<b>Net cash from investing activities</b>	<b>(41,226)</b>	<b>(31,718)</b>
Cash flow from financing activities		
<b>(+) Proceeds:</b>	<b>72,748</b>	<b>1,371</b>
Net proceeds from the issue of shares	1,359	1,371
Proceeds from borrowings	71,387	0
Issue of bonds	2	0
<b>(-) Expenses:</b>	<b>(95,202)</b>	<b>(120,642)</b>
Dividends	(75,920)	(61,449)
Repayments of loans and borrowings	(17,728)	(57,801)
Interest	(1,554)	(1,392)
<b>Net cash from financing activities</b>	<b>(22,454)</b>	<b>(119,271)</b>
<b>Total net cash flow:</b>	<b>29,869</b>	<b>64,592</b>
change in cash due to currency translation differences	0	0
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5,966</b>	<b>8,917</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>35,835</b>	<b>73,509</b>

## 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
<b>Equity as at 01 January 2017</b> (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	232	444	244,714	245,390
<i>Net profit for the period</i>	0	0	0	0	0	0	0	244,714	244,714
<i>Other comprehensive income</i>	0	0	0	0	0	232	444	0	676
Valuation of share based payments	0	0	0	0	2,585	0	0	0	2,585
Issue of shares	91	4,158	(2,890)	0	0	0	0	0	1,359
Dividends	0	0	0	0	0	0	0	(284,699)	(284,699)
<b>Equity as at 30 September 2017</b> (not audited)	67,625	27,543	0	3,787	21,177	2,182	981	594,355	717,650
<b>Previous year</b>									
<b>Equity as at 1 January 2016</b> (audited)	67,505	22,043	0	3,003	13,959	(699)	(2,070)	627,671	731,412
Comprehensive income for the period:	0	0	0	0	0	3,176	2,394	189,915	195,485
<i>Net profit for the period</i>	0	0	0	0	0	0	0	189,915	189,915
<i>Other comprehensive income</i>	0	0	0	0	0	3,176	2,394	0	5,570
Valuation of share based payments	0	0	0	0	3,379	0	0	0	3,379
Issue of shares	29	1,342	0	0	0	0	0	0	1,371
Dividends	0	0	0	0	0	0	0	(170,166)	(170,166)
<b>Equity as at 30 September 2016</b> (not audited)	67,534	23,385	0	3,003	17,338	2,477	324	647,420	761,481



## 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 in Kęty, at Kościuszki 111.

These interim condensed separate financial statements of Grupa Kęty S.A. cover the period of 9 months ended on 30.09.2017 and provide for comparative data for the period of 9 months of 2016 ended on 30.09.2016 as well as figures as at 31.12.2016. The financial statements contain the figures for the third quarter of 2017 and the third quarter of 2016. The figures have not been reviewed by the certified auditor. The certified auditor has reviewed the figures for the first half of 2017. The report on the review has been attached to these financial statements.

The Company is entered into the Register of Entrepreneurs under No. **KRS 0000121845** and has been 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 objects comprise 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 *Interim Financial Reporting* adopted by the EU ('IAS 34').

IFRS comprise standards and interpretations adopted by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC'). These interim condensed separate financial statements have been prepared with regard to the Polish zloty ('PLN') and all values, unless otherwise specified, are provided in thousands PLN. These interim condensed separate financial statements have been prepared based on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of authoring these financial statements, there are no circumstances implying that the Company will not continue as a going concern.

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 authorised for publication on 3 August 2017.

The Management Board of Grupa Kęty S.A. hereby declares that, according to their best knowledge, these interim condensed separate financial statements and comparable data have been prepared according to the Company's accounting policies in force and they present a true and fair view of the financial standing, assets and financial result of the Company.

### 3. Significant accounting policies

Accounting policies 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 operating segments, i.e. the Extruded Products Segment and other activities ('Other') including central functions in the Group. Due to the fact that the Company's financial statements are published simultaneously with the consolidated financial statements, the Company, pursuant to IFRS 8 item 4, presents segment information 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:

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	<b>30.09.2017</b> (not audited)	<b>31.12.2016</b> (audited)
Bank deposits (current accounts) and short-term deposits	35,835	5,966
<b>Cash recognised in the balance sheet and in the cash flow statement</b>	<b>35,835</b>	<b>5,966</b>

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As at 30 September 2017, Grupa Kęty S.A. had undrawn granted credit funds amounting to 95,249 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.

The General Meeting of Shareholders held on 31 May 2017 allocated 284,699 thousand PLN for the dividend for 2016 (30 PLN per share for 9,489,980 eligible shares).

24 August 2017 will be the day of determining the right to dividend. Pursuant to the resolution of the General Meeting of Shareholders, the dividend will be paid in two instalments:

- 7 September – 8 PLN per share;
- 23 November – 22 PLN per share.

In 2016, Grupa Kęty S.A. paid the dividend of 170,166 thousand PLN (18 PLN per share).

## 11. Income tax expense

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

	3 months ended on 30.09.2017 (not audited)	9 months ended on 30.09.2017 (not audited)	3 months ended on 30.09.2016 (not audited)	9 months ended on 30.09.2016 (not audited)
Current income tax				
Current income tax expense recognised in the income statement	(4,852)	(5,548)	(4,480)	(6,089)
Deferred income tax:				
Recognition (reversal) of tax losses	0	0	0	0
Related to the recognition and reversal of temporary differences	681	(2,989)	(227)	(3,150)
<b>Tax expense recognised in the income statement</b>	<b>(4,171)</b>	<b>(8,537)</b>	<b>(4,707)</b>	<b>(9,239)</b>

## 12. Property, plant and equipment

### 12.1. Purchase and sale

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

	9 months of 2017	9 months of 2016
Acquisition of property, plant and equipment	24,716	14,979
Net value of sold property, plant and equipment	106	66
Profit (loss) on the sales of property, plant and equipment	26	51
Retired property, plant and equipment due to their faster wear	100	13

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

## 13. Trade and other receivables

	30.09.2017 (not audited)	31.12.2016 (audited)
Short-term receivables		
Trade receivables from related parties	76,420	42,840
Trade receivables from other entities	137,703	89,011
Public law receivables (except for the income tax)	78	1,835
Down payments (trade-related) for suppliers – other entities	1,341	181
Receivables from employees	39	15
Settlements related to transactions hedging the aluminium price	8,615	4,474
Dividend receivables	130,000	0
Other receivables	2,169	3,386
<b>Net receivables</b>	<b>356,365</b>	<b>141,742</b>

In the period of 9 months of 2016, the Company recognised write-downs of receivables amounting to 13 thousand PLN (9 months of 2015, recognition of write-downs amounting to 55 thousand PLN). The Company recognises write-downs of receivables in 'Other operating costs'. In the period of 9 months of 2017, the Company reversed write-downs of receivables amounting to 489 thousand PLN. In the period of 9 months of 2016, the Company reversed write-downs of receivables amounting to 4,671 thousand PLN, including 4,584 thousand PLN due to the payment of receivables by the subsidiary Alupol Ukraine. The reversal of write-downs resulted from the receipt of the receivables payable subject to write-downs. The reversals of write-downs are

presented in 'Other operating income' or in 'Finance income' as received interest as per the nature of receivables.

Fair value of receivables is close to their book value.

## 14. Inventories

	<b>30.09.2017</b> (not audited)	<b>31.12.2016</b> (audited)
Materials	34,251	41,833
Work in progress	43,077	33,992
Finished products	19,664	25,874
<b>TOTAL</b>	<b>96,992</b>	<b>101,699</b>

In the period of 9 months of 2017, the Company reversed write-downs of receivables amounting to 686 thousand PLN; in the period of 9 months of 2016, it reversed write-downs amounting to 259 thousand PLN.

## 15. Provisions and accruals

In the reporting period, the Company recognised, for a decrease in the result, the deferred tax liability amounting to 2,989 thousand PLN.

Changes in provisions and accruals:

	<b>As at</b> <b>31.12.2016</b> (audited)	<b>Increases</b>	<b>Utilisation/ Reversal</b>	<b>As at</b> <b>30.09.2017</b> (not audited)
<b>Provisions and accruals</b>	<b>18,535</b>	<b>7,651</b>	<b>(12,535)</b>	<b>13,651</b>
long-term part of the provision for jubilee bonuses and retirement benefits	1,500	34	0	1,534
short-term provision for jubilee bonuses and retirement benefits	373	0	0	373
provision for the costs of unused holiday	2,037	2,059	(2,037)	2,059
costs of annual bonus	9,008	5,077	(9,008)	5,077
cogeneration fees	335	364	(335)	364
costs of damages	5,074	0	(981)	4,093
costs of warranty repairs	37	0	(3)	34
environmental protection costs	0	86	0	86
provision for the costs of auditing financial statements	31	31	(31)	31
other provisions	140	0	(140)	0

	<b>As at</b> <b>31.12.2015</b>	<b>Increases</b>	<b>Utilisation</b>	<b>As at</b> <b>30.09.2016</b>
<b>Provisions and accruals</b>	<b>10,068</b>	<b>9,986</b>	<b>(7,652)</b>	<b>12,402</b>
long-term part of the provision for jubilee bonuses and retirement benefits	1,459	0	0	1,459
short-term provision for jubilee bonuses and retirement benefits	363	0	0	363
provision for the costs of unused holiday	1,842	1,888	(1,842)	1,888
costs of annual bonus	4,738	4,457	(4,738)	4,457
cogeneration fees	493	259	(493)	259
costs of damages	430	3,263	0	3,693
costs of onerous contracts	664	0	(545)	119

environmental protection costs	0	99	0	99
costs of warranty repairs	45	0	0	45
provision for the costs of auditing/reviewing financial statements	34	20	(34)	20

## 16. Interest-bearing bank loans and credits

The table below presents changes in the balances of particular fair values of loans in the period of 9 months of 2017.

Loan	Lender	Loan currency	31.12.2016 (audited)	Increase (decrease)	30.09.2017 (not audited)
Long-term	BNP Paribas Polska	PLN	15,181	(6,529)	8,652
Short-term loan	Bank PKO BP	PLN, EUR, USD	3,843	(2,521)	1,322
Short-term loan	BNP Paribas Polska	PLN, EUR	16,680	(7,896)	8,784
Short-term loan	ING Bank Polska	EUR, PLN	3	(3)	0
Short-term loan	Bank PeKaO S.A.	EUR, USD, CHF	22,205	68,249	90,454
Short-term loan	Bank Societe Generale	PLN, EUR	13,771	3,138	16,909
<b>Total loans</b>			<b>71,683</b>	<b>54,438</b>	<b>126,121</b>

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 Company's liquidity management.

## 17. Share based payments (share options for the management personnel)

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 in proportion to the vesting period for options.

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

## 18. Trade and other payables

	30.09.2017 (not audited)	31.12.2016 (audited)
Trade payables to related parties	12,229	7,197
Trade payables to non-related parties	64,938	51,498
Down payments (trade-related) from customers	1,348	1,047
Public law liabilities (except for income tax payables)	13,544	6,922
Remuneration liabilities	5,415	3,902
Securities	6	4
Liabilities due to the purchase of property, plant and equipment	5,711	11,564
Liability due to dividend	208,780	0
Other	3,302	590
<b>TOTAL SHORT-TERM LIABILITIES</b>	<b>315,273</b>	<b>82,724</b>

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

In the period of 9 months of 2017 as compared to the period of 9 months of 2016, material changes in particular items of revenue and costs had place in the following areas:

Sales revenue — the increase in sales revenue in the period by 118,997 thousand PLN associated with the increase in the sales volume and the increase in aluminium price. According to the Company's estimates, the

increase in the sales volume amounted to ca. 5.8 thousand tonnes of aluminium products while aluminium price rose by ca. 20%.

Dividend income — an increase in dividend income by 57,153 thousand PLN in the period related to the results of subsidiaries and amounts of the profit distribution in such companies.

Amortisation/depreciation costs — an increase in amortisation/depreciation costs by 3,115 thousand PLN related to the investment process carried out in 2016.

External services — an increase in the costs of external services by 4,792 thousand PLN is related to the increase in the number of services acquired from cooperating parties due to the sales growth and due to the increase in the sales volume of more processed products.

Costs of materials and energy — an increase in the costs of materials and energy by 116,461 thousand PLN is related to the increase in average aluminium prices and the increase in the sales volume of aluminium products by ca. 5,800 tonnes and the associated increase in the consumption of raw materials.

As estimated by the Company, the quotations of the average aluminium price in the period of 9 months of 2017 as compared to the period of 9 months of 2016 increased by ca. 20% against the simultaneous decrease in the USD exchange rate by ca. 2.6%.

Costs of employee benefits — an increase in the costs of employee benefits by 8,537 thousand PLN results from the increase in the sales volume and the increase in employment and remunerations.

## 20. Derivative financial instruments

<b>Financial assets</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
	(not audited)	(audited)
Currency forwards hedging cash flows	189	984
Futures for the purchase of aluminium hedging cash flows	3,972	1,625
IRS's hedging interest rates of loans	0	4
<b>TOTAL FINANCIAL ASSETS</b>	<b>4,161</b>	<b>2,613</b>
<b>Financial liabilities</b>		
Currency forwards hedging cash flows	1,463	1
Futures for the purchase of aluminium hedging cash flows	0	205
IRS's hedging interest rates of loans	4	0
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,467</b>	<b>206</b>

## 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 significant 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 Capital Group of Grupa Kęty S.A.

## 23. Contingent liabilities and assets

Item	<b>30.09.2017</b>	<b>31.12.2016</b>
	(not audited)	(audited)
Bank guarantee securing production hall rental payments	0	434
<b>Total granted guarantees</b>	<b>0</b>	<b>434</b>

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.

Guarantees and sureties from subsidiaries as at 30-09-2017 are presented in the table below.

For:	Purpose	Amount	Maturity
Aluprof S.A.	Security for a working capital loan	5,000	31-03-2018
Aluprof S.A.	Surety for an insurance guarantee	2,960	No maturity
Aluprof S.A.	Surety for an insurance guarantee	2,574	01-08-2019
Aluminium Kety Emmi d o.o.	Loan security	12,659	15-11-2017
Aluprof S.A.	Surety for futures/forwards	33,000	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

Guarantees and securities received from subsidiaries

From:	Purpose	Amount	Maturity
Aluprof S.A.	Surety for futures/forwards	11,000	No maturity
Alupol Packaging S.A., Alupol Packaging Kęty sp. z o.o., Alupol Films sp. z o.o.	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 29,302 thousand PLN. The agreement is valid until 30-09-2018.
- 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. 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 300 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 130,203 thousand PLN. The agreement is valid until 31-10-2017.
- Grupa Kęty S.A. and Aluprof S.A. 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 Aluprof S.A. as at the balance sheet date amounted to 15,266 thousand PLN. The agreement is valid until 30-06-2018.
- Grupa Kęty S.A., Aluprof S.A., Alupol Packaging S.A., 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 53,809 thousand PLN. The agreement is valid until 29-08-2018.
- Grupa Kęty S.A. and Aluprof S.A. entered into an agreement with BNP Paribas Polska S.A. for a guarantee facility up to the total amount of 20 million PLN, and Grupa Kęty S.A. granted its surety for the said agreement. As at the balance sheet date, Aluprof S.A. issued guarantees under this agreement amounting to 10,703 thousand PLN. This agreement will be valid until the expiry of the guarantees and the last guarantees for this loan will expire on 24-06-2024.
- Grupa Kęty S.A., Aluform sp. z o.o., Aluprof S.A. entered into an agreement with PeKaO 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, Aluprof S.A. issued guarantees under this agreement amounting to 12,782 thousand PLN. This agreement will be valid until the expiry of the guarantees and the last guarantees for this loan will expire in 2023.

## 24. Investment obligations

As at 30 September 2017, the Company committed to make expenditure on property, plant and equipment amounting to 36,386 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

Intra-group transactions for the period from 1 January 2017 to 30 September 2017 and as at 30 September 2017.

Related party	Sales	Purchases	Receivables	Liabilities	Dividends
Aluprof S.A.	190,408	261	73,813	766	120,006
Alupol Packaging S.A.	1,386	0	311	0	74,464
Alutech Sp. z o.o. w likwidacji	3	0	0	0	0
Alu Trans System Sp. z o.o.	2	0	0	0	0
Dekret Sp. z o.o.	521	1,254	48	352	144
Aluprof Hungary Sp. z o.o.	184	299	57	62	0
Alupol Ukraina LLC	2,320	6,766	94	2,210	0
Romb S.A.	517	37	143	0	0
Aluform Sp. z o.o.	1,258	44,937	133	7,896	17,052
Alupol Packaging Kęty Sp. z o.o.	5,666	31	1,009	11	0
Alupol Films sp. z o.o.	294	0	131	0	0
Aluprof Schelfhaut ltd	47	0	13	0	0
Aluminium Kęty EMMI d.d.o	1,033	932	525	118	0
Aluminium Kęty Czechy sro	0	40	0	40	0
Aluminium Deutschland Kęty GmbH	30	949	3	394	0
Grupa Kęty Italia srl	140	1,183	140	343	0
<b>Total</b>	<b>203,809</b>	<b>55,842</b>	<b>76,420</b>	<b>12,229</b>	<b>211,666</b>

In addition, the Company has dividend receivables of 80,000 thousand PLN from Aluprof S.A. and of 50,000 thousand PLN from Alupol Packaging S.A.

Apart from the aforementioned transactions, in the period of 9 months of 2017, the Company did not carry out any other related party transactions.

The transactions with the Management Board and the Supervisory Board are described in note 28 to the Interim Condensed Consolidated Financial Statements. There were no other significant related party transactions apart from the aforementioned transactions and balances.

### 25.1. Transactions with Members of the Management Board

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

### 25.2. Remunerations of the Company's senior management

Management Board:	9 months of 2017	9 months of 2016
Costs of short-term employee benefits	1,234	1,234
Costs of the provision for annual bonuses and other benefits	1,755	1,234
<b>Total costs of remunerations of the Members of the Management Board</b>	<b>2,989</b>	<b>2,468</b>
The valuation of the costs of options for treasury shares due when the programme is implemented*	977	1,649
<b>Total payments to the Members of the Management Board</b>	<b>3,966</b>	<b>4,117</b>

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

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

	9 months of 2017	9 months of 2016
Proxies of the parent company*	1,366	874
Parent's Management Board*	3,966	4,117
Supervisory Board	511	453
<b>TOTAL</b>	<b>5,843</b>	<b>5,444</b>



\* The presented remunerations cover the costs of provisions for annual bonuses for the management staff and share options costs recognised in the income statement. The details of the share options programme are described in note 17. Pursuant to the principles of the programme and IFRS 2, the value of the share option 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 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 share scheme

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

In the reporting period, the Management Board subscribed for 11,604 share options 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.

In addition, the members of the Management Board hold the 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 share options in the vesting period granted to members of the Management Board	Number of granted options	End date of the vesting period	Estimated number of options meeting the granting conditions
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
Share options from the third part of the 2015 programme	15,000	01.10.2020	6,000

The costs of related benefits recognised in the income statement for the period of 9 months of 2017 amounted to 977 thousand PLN (9 months of 2016: 1,649 thousand PLN).

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

Number of share options in the vesting period granted to the senior management	Number of granted options	End date of the vesting period	Estimated number of options meeting the granting conditions
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
Share options from the second part of the 2015 programme	6,000	01.10.2020	2,400

The costs of related benefits recognised in the income statement for the period of 9 months of 2017 amounted to 323 thousand PLN (9 months of 2016: 506 thousand PLN).

In the period, the 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 personnel, eligible employees subscribed for 11,604 shares of the Company at 117.10 PLN per share.

In addition, the Company issued 24,467 share options under the 2012 programme for the management personnel entitling their holders to subscribe for series G shares at the issue price of 117.10 PLN per share.

As at 30.09.2017, the aforementioned shares were not subscribed for.

Below, we present the method of recognising proceeds from the issue of employee 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
<b>TOTAL</b>	<b>264,317</b>		<b>28,204</b>	<b>661</b>	<b>27,543</b>

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

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

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

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

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

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

Fair value hierarchy	Hierarchy level	30.09.2017 (not audited)	31.12.2016 (audited)
<b>Financial assets</b>			
Hedging derivatives	2	4,161	2,613
<b>Financial liabilities</b>			
Hedging derivatives	2	5,438	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:

	9 months ended on 30.09.2017 (not audited)	9 months ended on 30.09.2016 (not audited)
<b>Net profit</b>	<b>244,714</b>	<b>189,915</b>
Weighted average number of ordinary shares assumed for the calculation of earnings per share	9,488,407	9,450,147
Weighted average number of ordinary shares assumed for the calculation	9,511,461	9,458,251

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of diluted earnings per share*		
Basic earnings per share (in PLN)	25.79	20.10
Diluted earnings per share (in PLN)	25.73	20.08

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\* 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 24,467 shares from the second part of the 2012 programme at 117.10 PLN.

Options for 7,500 shares from the third part of the 2009 programme at 125.57 PLN per share expired on 30.09.2017, as they were not subscribed for.

The average market price of the Company's share in the period of 9 months of 2017 was 413.97 PLN. The closing price as at 30.09.2017 was 402.55 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 23,054 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, 19 October 2017

.....

### Signature of the person entrusted with bookkeeping

Andrzej Stempak

*President of the Management Board*

*Dekret Centrum Rachunkowe Sp. z o.o.*

.....  
Kęty, 19 October 2017