Grupa Kęty S.A. Group

Independent Registered Auditor's Opinion

Consolidated Financial Statements

Group Directors' Report

Registered Auditor's Report on the audit of the consolidated financial statements

For the financial year from 1 January to 31 December 2015

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prepared by PricewaterhouseCoopers Sp. z o.o.

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Registered Auditor's Report on the audit of the consolidated financial statements
prepared by PricewaterhouseCoopers Sp. z o.o.

Translator's note:
This version of our report is a translation from the original, which was prepared in Polish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters regarding the interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent Registered Auditor's Report

To the Shareholders and the Supervisory Board of Grupa Kapitałowa Kęty S.A.

Report on the financial statements

We have audited the accompanying consolidated financial statements of the Grupa Kapitałowa Kęty S.A. (hereinafter called "the Group"), having Grupa Kęty S.A. as its Parent Company with its registered office in Kęty, Kościuszki 111 Street (hereinafter called "the Parent Company"), comprising the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income for the year from 1 January to 31 December 2015, the consolidated statement of changes in equity, the consolidated statement of cash flows for the financial year and a summary of significant accounting policies and other explanatory notes.

Management and Supervisory Board's Responsibility for the consolidated financial statements

The Parent Company's Management Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union and the Report on the Group's operations and for the correctness of the books of account in accordance with the applicable regulations. The Parent Company's Management Board is also responsible for internal controls as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board and Supervisory Board are obliged to ensure that the consolidated financial statements and the Report on the Group's operations meet the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" – Journal of Laws of 2013, item 330 as amended).

Auditor's Responsibility

Our responsibility was to perform an audit of the accompanying consolidated financial statements and to express an opinion and the report on whether the consolidated financial statements present, in all material respects, a true and fair view of the Group's financial position and its financial results in accordance with the regulations and the applicable accounting policies and on the correctness of the accounting records constituting the basis for their preparation.

We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Audit and Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements in all material respects:

a. give a true and fair view of the Group's financial position as at 31 December 2015 and its financial performance and its cash flows for the year from 1 January to 31 December 2015, in accordance with the International Financial Reporting Standards as adopted by the European Union;
b. comply in terms of form and content with the applicable laws, including the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions of recognizing as equal information required by the law of other state, which is not a member state ("the Decree" – Journal of Laws of 2014, item 133);
c. have been prepared on the basis of correctly maintained consolidation documentation.

Report on Other Legal and Regulatory Requirements

Opinion on the Report on the Group's operations

The information contained in the Report on the Group's operations for the year from 1 January to 31 December 2015 accommodates the requirements of article 49 paragraph 2 of the Accounting Act and the Decree and is consistent with the information contained in the audited consolidated financial statements.

Based on the knowledge of the Group and its environment obtained during our audit we have not identified any material misstatements in the Report on the Group's operations.

In the Statement of Corporate Governance, which is a separate part of the Report on the Group's operations, the Group included information in accordance with the scope defined in the Decree. This information complies with the applicable regulations and is consistent with the information contained in the consolidated financial statements.

Auditor conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Michał Mastalerz

Registered Auditor to the Group, Key Registered Auditor
No. 90074

Kraków, 16 March 2016

Grupa Kęty S.A. Group

Registered auditor's report on the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2015

Translator's note:
This version of our report is a translation from the original, which was prepared in Polish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters regarding the interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Registered auditor's report on the audit of the consolidated financial statements for the financial year from 1 January to 31 December 2015

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

This report contains 12 consecutively numbered pages and consists of:

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I. General information about the Group

a. The Parent Company in the Grupa Kęty S.A. Group ("the Group") is Grupa Kęty spółka akcyjna ("the Parent Company"), with its registered office in Kęty, ul. Kościuszki 111.

b. The Parent Company was formed on the basis of a Notarial Deed drawn up at the Notarial Office of Paweł Błaszczak, a notary public, in Warsaw on 3 March 1992 and registered in *Repertorium A* with the reference number 1413/92. On 9 July 2002, the Parent Company was entered in the Register of Businesses maintained by the District Court in Kraków, 12th Business Department of the National Court Register, with the reference number KRS 0000121845.

c. The Parent Company was assigned a tax identification number (NIP) 549-00-01-468 for making tax settlements and a statistical business identification number (REGON) 070614970 for statistical purposes.

d. As at 31 December 2015, the Parent Company's registered share capital amounted to PLN 23,605 thousand and consisted of 9,441,988 shares with a par value of PLN 2.50 each. In addition, as at the date of adoption of the International Financial Reporting Standards as adopted by the European Union, the share capital was restated in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", by PLN 43,900 thousand. As at 31 December 2015, the Group's equity amounted to PLN 1,278,843 thousand.

e. As at 31 December 2015, the Parent Company's shareholders were as follows:

Shareholder's name	**Number of shares held**	**Par value of shares held (PLN'000)**	**Type of shares held**	**Votes (%)**
OFE Aviva BZ WBK	1,691,276	4,228	ordinary	17.9
NATIONALE-NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A. (formerly ING PTE)	1,610,534	4,026	ordinary	17.1
OFE PZU "Złota Jesień"	921,000	2,303	ordinary	9.8
PTE Allianz Polska	499,748	1,249	ordinary	5.3
Other shareholders	4,719,430	11,799	ordinary	49.9
	9,441,988	**23,605**		**100.0**

I. General information about the Group (cont.)

As at 31 December 2014, the Parent Company's shareholders were as follows:

Shareholder's name	Number of shares held	Par value of shares held (PLN'000)	Type of shares held	Votes (%)
OFE Aviva BZ WBK	1,691,276	4,228	ordinary	18.0
ING OFE	1,610,534	4,026	ordinary	17.2
OFE PZU "Złota Jesień"	921,000	2,303	ordinary	9.8
PTE Allianz Polska	499,748	1,249	ordinary	5.3
Other shareholders	4,670,980	11,677	ordinary	49.7
	9,393,538	**23,483**		**100.0**

The number of shares presented as at 31 December 2014 includes 12,750 shares taken up by the authorized persons in December 2014, registered by the Central Securities Depository of Poland and admitted to public trading in 2015.

f. In the audited period, the Group's operations comprised manufacturing, trading and service activities consisting of processing aluminium and its alloys and of manufacturing packaging materials from plastics and paper.

g. In the financial year, the following people were on the Parent Company's Management Board:

- Dariusz Mańko — President of the Management Board;
- Adam Piela — Member of the Management Board.

h. During the financial year, the following changes occurred among the consolidated entities: in June 2015 a subsidiary, Aluprof S.A., established a subsidiary in Belgium, which took over the activities consisting of trading in aluminium systems from another entity on 30 June 2015. The activities taken over are now being conducted under the Aluprof-Schelfhaut brand.

I. General information about the Group (cont.)

i. As at 31 December 2015, the Grupa Kęty S.A. Group consisted of the following entities:

Name	Type of equity relationship (% of ownership rights)	Consolidation method	Auditor	Opinion type	Balance sheet date
Grupa Kęty S.A.	Parent Company	Not applicable	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
Alupol Packaging S.A.	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
Aluprof S.A.	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
Alutech Sp. z o.o. in liquidation	Subsidiary (100%)	Acquisition accounting	Kancelaria Biegłych Rewidentów Matuszek, Mincznowski, Szkarłat, Tomica Spółka Partnerska	Unqualified	31 December 2015
Dekret Centrum Rachunkowe Sp. z o.o.	Subsidiary (100%)	Acquisition accounting	Kancelaria Biegłych Rewidentów Matuszek, Mincznowski, Szkarłat, Tomica Spółka Partnerska	Unqualified	31 December 2015
Alu Trans System Sp. z o.o.	Subsidiary (100%)	Acquisition accounting	Kancelaria Biegłych Rewidentów Matuszek, Mincznowski, Szkarłat, Tomica Spółka Partnerska	Unqualified	31 December 2015
Aluprof Hungary Kft.	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
Metalplast-Stolarka sp. z o.o.	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
Alupol LLC	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
Aluprof Deutschland GmbH	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
Aluprof System Romania SRL	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
Aluprof System Czech s.r.o.	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015

I. General information about the Group (cont.)

Name	Type of equity relationship (% of ownership rights)	Consolidation method	Auditor	Opinion type	Balance sheet date
Aluprof UK Ltd.	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
ROMB S.A.	Subsidiary (100%)	Acquisition accounting	4Audyt Sp. z o.o.	Unqualified	31 December 2015
Alupol Packaging Kęty Sp. z o.o.	Subsidiary (100%)	Acquisition accounting	PricewaterhouseCoopers Sp. z o.o.	Unqualified	31 December 2015
Aluform Sp. z o.o.	Subsidiary (100%)	Acquisition accounting	4Audyt Sp. z o.o.	Unqualified	31 December 2015
Aluprof System Ukraina	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
Aluprof Serwis Sp. z o.o.	Subsidiary (100%)	Acquisition accounting	Kancelaria Biegłych Rewidentów Matuszek, Mincznowski, Szkarłat, Tomica Spółka Partnerska	Unqualified	31 December 2015
Grupa Kęty Italia s.r.l.	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
Marius Hansen Facader A/S	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
Aluprof System USA, Inc.	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015
Alupol Films Sp. z o.o.	Subsidiary (100%)	Acquisition accounting	Kancelaria Biegłych Rewidentów Matuszek, Mincznowski, Szkarłat, Tomica Spółka Partnerska	Unqualified	31 December 2015
Aluprof Schelfhaut N.V.	Subsidiary (100%)	Acquisition accounting	Unaudited	Not applicable	31 December 2015

I. General information about the Group (cont.)

j. The Parent Company is an issuer of securities admitted to trading on the Warsaw Stock Exchange. In accordance with an election permitted by the Accounting Act, the Company has decided, commencing 2005, to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The decision to prepare the Company's financial statements in accordance with these standards was approved by Resolution No. 17/05 passed by the General Shareholders' Meeting on 10 May 2005.

II. Information about the audit

a. The audit of the consolidated financial statements for the financial year from 1 January to 31 December 2015 was conducted by PricewaterhouseCoopers Sp. z o.o., with its registered office in Warsaw, Al. Armii Ludowej 14, Registered Audit Company No. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor, registered auditor to the Group, Michał Mastalerz (No. 90074).

b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Group by Resolution No. VIII/12/12 of the Supervisory Board dated 10 May 2012 on the basis of paragraph 21, clause 2, point 11 of the Parent Company's Articles of Association.

c. PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the Group entities within the meaning of Article 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws of 2015, item 1011).

d. The audit was conducted in accordance with an agreement dated 25 May 2012 in the following periods:

- interim audit — from 19 to 21 October 2015;
- final audit — from 15 February to 16 March 2016.

III. The Group's results, financial position and significant items of the consolidated financial statements

CONSOLIDATED BALANCE SHEET as at 31 December 2015 (selected lines)

			Change		Structure	
	31.12.2015 PLN'000	31.12.2014 PLN'000	PLN'000	(%)	31.12.2015 (%)	31.12.2014 (%)
ASSETS						
Non-current assets	1,140,961	1,016,520	124,441	12.2	58.3	56.6
Current assets	817,731	780 988	36,743	4.7	41.7	43.4
Total assets	**1,958,692**	**1,797,508**	**161,184**	**9.0**	**100.0**	**100.0**
EQUITY AND LIABILITIES						
Equity	1,278 843	1,203,232	75,611	6.3	65.3	66.9
Long-term liabilities	171,553	107,118	64,435	60.1	8.8	6.0
Short-term liabilities	508,296	487,158	21,138	4.3	25.9	27.1
Total equity and liabilities	**1,958,692**	**1,797,508**	**161,184**	**9.0**	**100.0**	**100.0**

CONSOLIDATED INCOME STATEMENT for the financial year from 1 January to 31 December 2015 (selected lines)

			Change		Structure	
	2015 PLN'000	2014 PLN'000	PLN'000	(%)	2015 (%)	2014 (%)
Total operating income	2,045,446	1,835,161	210,285	11.5	100.0	100.0
Total operating expenses	(1,806,264)	(1,657,991)	(148,273)	8.0	(88.0)	(90.3)
Operating profit	**244,441**	**224,515**	**19,926**	**8.0**	**12.0**	**12.0**
Net profit on continued operations	**209,813**	**169,031**	**40,782**	**24.1**	**10.3**	**9.2**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the financial year from 1 January to 31 December 2015 (selected lines)

			Change		Structure	
	2015 PLN'000	2014 PLN'000	PLN'000	(%)	2015 (%)	2014 (%)
Net profit for the year	**209,813**	**169,031**	**40,782**	**24.1**	**10.3**	**9.2**
Other comprehensive income (net)	(6,928)	(6,661)	(267)	4.0	(0.3)	(0.4)
Comprehensive income for the year	**202,885**	**162,370**	**40,515**	**25.0**	**9.9**	**8.8**

III. The Group's results, financial position and significant items of the consolidated financial statements (cont.)

Selected ratios characterizing the Group's financial position and results

The following ratios characterize the Group's operating activities, financial results during the year and its financial position as at the balance sheet date compared with the previous years:

	2015	**2014**	**2013**
Asset ratios			
- receivables turnover	61 days	63 days	68 days
- inventory turnover	80 days	76 days	73 days
Profitability ratios			
- net profit margin	10%	9%	10%
- gross margin on sales	13%	13%	10%
- return on capital employed	17%	15%	16%
Liability ratios			
- gearing	35%	33%	34%
- payables turnover	35 days	36 days	37 days
	31.12.2015	**31.12.2014**	**31.12.2013**
Liquidity ratios			
- current ratio	1.6	1.6	1.5
- quick ratio	1.0	1.0	1.0

The above ratios have been calculated on the basis of the consolidated financial statements.

It was not the purpose of the audit to present the Group in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Group's operations and its circumstances.

III. The Group's results, financial position and significant items of the consolidated financial statements (cont.)

The observations below are based on the knowledge obtained during the audit of the consolidated financial statements.

The following factors had a significant impact on the Group's results of operations and financial position in the audited year:

- As at the end of the financial year, the Group's assets amounted to PLN 1,958,692 thousand. During the year total assets/equity and liabilities increased by PLN 161,184 thousand (i.e. by 9.0%). This increase was mainly financed by the net profit generated by the Group (of PLN 209,813 thousand) and an increase in the balance of liabilities in respect of loans and finance leases of PLN 79,658 thousand. Furthermore, in the audited financial year a dividend of PLN 136,072 thousand was paid.

- The Group's liability ratios and the structure of its liabilities have changed. The gearing ratio increased from 33% as at the end of the previous year to 35% as at the end of the current year. These changes were mainly due to an increase in the balance of long-term liabilities in respect of loans and finance leases. The average payables turnover cycle did not change much – it dropped from 36 days to 35 days respectively.

- Total operating income amounted to PLN 2,045,446 thousand and increased by PLN 210,285 thousand (i.e. by 11.5%) compared with the previous year. The Group's core operations both in the current financial year and the previous financial year consisted of selling finished goods and services within four basic operating segments: extruded goods, aluminium systems, flexible packaging, and construction services. The largest change in sales occurred in the aluminium systems segment (this segment's sales outside the Group increased by PLN 144,740 thousand, i.e. by 21.2% compared with the previous year).

- Materials, energy and the cost of sales of goods for resale and materials were the largest items of operating expenses and amounted to PLN 1,222,086 thousand in the audited financial period, which represented 67.0% of the operating expenses. Materials, energy and the cost of sales of goods for resale and materials increased by PLN 94,958 thousand (i.e. by 8.0%) compared with the previous year, which was mainly due to the increased sales volume.

- Profitability measured with the net profit amounted to 10% and was 1 percentage point higher than in the previous year. The increase in the Group's profitability at the net profit level in 2015 was largely due to the tax charge being much lower (the tax in the income statement in 2015 – PLN 19,669 thousand; in 2014 – PLN 32,828 thousand), which resulted mainly from the recognition of an additional asset in a subsidiary in respect of its operations in the Special Economic Zone and of a tax loss in the Parent Company.

- The current ratio and quick ratio did not change compared with the previous year and amounted to 1.6 and 1.0 respectively.

IV. The independent registered auditor's statements

a. In the course of the audit, the Parent Company's Management Board presented the required information, explanations and representations and provided us with a representation letter confirming the completeness of the data in the consolidation documentation and the disclosure of all the contingent liabilities. They also informed us of the significant post balance sheet events which occurred up to the date of that letter being signed.

b. The scope of the audit was not limited.

c. The calculation of goodwill which arose in the audited period and its recognition in the consolidated financial statements were in compliance with the IFRSs as adopted by the European Union in all material respects.

d. The consolidation of equity items and the determination of non-controlling interests were carried out properly in all material respects.

e. The elimination of mutual balances (receivables and payables) and transactions (revenue and expenses) of the consolidated entities was carried out in accordance with the IFRSs as adopted by the European Union in all material respects.

f. The elimination of unrealized profits/losses included in the carrying value of assets, arising on transactions between the consolidated Group entities and intra-Group dividend payments was carried out in accordance with the IFRSs as adopted by the European Union in all material respects.

g. The effects of sale of all or some of the shares in subordinated entities were recognized in accordance with the IFRSs as adopted by the European Union in all material respects.

h. The consolidation documentation was complete and correct and stored in a manner that ensures its appropriate protection.

i. The Group's consolidated financial statements for the financial year from 1 January to 31 December 2014 were approved by Resolution No. 2/15 of the General Shareholders' Meeting of the Parent Company dated 23 April 2015 and filed with the National Court Register in Kraków on 28 April 2015.

j. The notes to the consolidated financial statements present all significant information required by the IFRSs as adopted by the European Union.

k. The information in the Group Directors' Report for the financial year from 1 January to 31 December 2015 is presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognizing information required by the law of a state which is not a member state as being equivalent (Journal of Laws of 2014, item 133) and is consistent with the information presented in the consolidated financial statements.

V. Final information and comments

This report has been prepared in connection with our audit of the consolidated financial statements of the Grupa Kęty S.A. Group, in which Grupa Kęty S.A., with its registered office in Kęty at ul. Kościuszki 111, is the parent company. The consolidated financial statements were signed by the Parent Company's Management Board on 16 March 2016.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting and Supervisory Board of Grupa Kęty S.A. dated 16 March 2016, concerning the said consolidated financial statements. The opinion on the consolidated financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual consolidated financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the consolidated financial statements as a whole.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Michał Mastalerz

Registered Auditor to the Group, Key Registered Auditor
No. 90074

Kraków, 16 March 2016

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PricewaterhouseCoopers Sp. z o.o. is entered into the National Court Register maintained by the District Court for the Capital City of Warsaw, under KRS number 0000044655, NIP 526-021-02-28. The share capital is PLN 10,363,900. The seat of the Company is in Warsaw at Al. Armii Ludowej 14.