

**THE CAPITAL GROUP GRUPA KĘTY S.A.****INTERIM CONSOLIDATED FINANCIAL STATEMENT  
FOR Q2 FY06 ENDED 30 JUNE 2006  
ACCORDING TO THE INTERNATIONAL  
FINANCIAL REPORTING STANDARDS**

Consolidated quarterly report of Capital Group Grupa Kęty S.A. for the reporting period from 1 January 2006 to 30 June 2006, including:

- consolidated financial statement of Capital Group Grupa Kęty S.A. for the reporting period from 1 January 2006 to 30 June 2006, and as at 30 June 2006, including: balance sheet, profit and loss account, statement of changes in consolidated shareholder's equity, cash flow statement;
- comparative financial data as at 31 December 2005, 31 March 2005, 30 June 2005 and for the period of 6 months ended 30 June 2005
- notes and other information provided for in the Council of Ministers Ordinance dated 19 October 2005 on the current and periodical information to be submitted by issuers of securities;
- condensed financial statement of Capital Group Grupa Kęty S.A. for the reporting period from 1 January 2006 to 30 June 2006, including: balance sheet, profit and loss account, statement of changes in consolidated equity, cash flow statement and comparable data.

The Issuer, pursuant to § 87.1 of the Council of Ministers Ordinance dated 19 October 2005, does not submit a separate quarterly individual financial statement. The quarterly individual financial statement of Grupa „Kęty” S.A. is filed as a supporting document to the consolidated financial statement.

## Consolidated balance sheet as at 30 June 2006

ASSETS	30.06.2006	31.03.2006	31.12.2005	30.06.2005	31.03.2005
<b>I. Non-current assets</b>	<b>623 541</b>	<b>604 870</b>	<b>514 425</b>	<b>508 191</b>	<b>476 012</b>
Property, plant and equipment	531 499	511 525	491 707	494 594	464 141
Intangibles	78 367	79 499	8 873	11 181	9 455
Investment property	13 668	13 839	13 838	2 409	2 409
Other investments	7	7	7	7	7
<b>II. Current assets</b>	<b>404 046</b>	<b>364 383</b>	<b>344 651</b>	<b>279 172</b>	<b>282 103</b>
Inventories	144 797	123 035	129 192	90 740	91 197
Income tax receivable	1 416	8 050	5 325	1 689	0
Trade and other receivables	221 476	207 306	179 914	149 493	164 660
Assets classified as held for sale	0	708	708	720	708
Derivative and financial instruments	2 696	1 861	5 118	2 869	845
Cash and cash equivalents	33 661	23 423	24 394	33 661	24 693
<b>Total assets</b>	<b>1 027 587</b>	<b>969 253</b>	<b>859 076</b>	<b>787 363</b>	<b>758 115</b>

EQUITY AND LIABILITIES	30.06.2006	31.03.2006	31.12.2005	30.06.2005	31.03.2005
<b>I. Equity</b>	<b>616 493</b>	<b>623 650</b>	<b>614 628</b>	<b>572 019</b>	<b>580 757</b>
Issued capital	66 964	66 964	66 964	66 964	66 214
Other reserve capital	(4 833)	(144)	0	0	750
Retained earnings	552 379	554 905	545 783	502 988	512 048
Translation reserve	(114)	(103)	(56)	99	(136)
<b>Equity attributable to shareholders of the parent</b>	<b>614 396</b>	<b>621 622</b>	<b>612 691</b>	<b>570 051</b>	<b>578 876</b>
Minority interest	2 097	2 028	1 937	1 968	1 881
<b>II. Non-current liabilities</b>	<b>112 207</b>	<b>39 385</b>	<b>19 926</b>	<b>64 451</b>	<b>46 445</b>
Interest bearing loans and borrowings	96 455	20 181	1 930	48 310	32 504
Provisions	2 399	2 467	1 859	890	1 116
Employee benefits	12 958	12 250	11 421	9 129	8 797
Government grants	88	95	101	84	0
Deferred tax liabilities	307	4 392	4 615	6 038	4 028
<b>III. Current liabilities</b>	<b>298 887</b>	<b>306 218</b>	<b>224 522</b>	<b>150 893</b>	<b>130 913</b>
Interest bearing loans and borrowings	133 091	207 464	119 371	27 033	52 995
Current tax payable	790	155	2 504	1 183	1 705
Trade and other accounts payable	147 907	92 304	95 295	114 390	65 063
Provisions	10 165	5 671	3 988	7 738	9 368
Derivative and financial instruments	6 909	599	3 339	549	1 708
Government grants	25	25	25		74
<b>Total equity and liabilities</b>	<b>1 027 587</b>	<b>969 253</b>	<b>859 076</b>	<b>787 363</b>	<b>758 115</b>

## Consolidated profit and loss account for the period of 6 months of 2006

INCOME STATEMENT	from 01.04.2006 to 30.06.2006	from 01.01.2006 to 30.06.2006	from 01.04.2005 to 30.06.2005	from 01.01.2005 to 30.06.2005
<b>Total operating revenues including:</b>	<b>276 525</b>	<b>504 544</b>	<b>176 626</b>	<b>344 434</b>
Revenue from sales	254 995	479 139	170 967	337 118
Other operating revenue	21 530	25 405	5 659	7 316
Change in finished products and work in progress	(861)	3 984	611	(10 529)
Costs of manufacturing products for internal use	1 408	2 982	1 196	2 432
<b>Total operating expenses including:</b>	<b>(235 321)</b>	<b>(458 359)</b>	<b>(149 898)</b>	<b>(288 250)</b>
Depreciation	(10 749)	(21 679)	(9 172)	(17 694)
Materials and energy	(176 968)	(335 283)	(104 952)	(206 289)
External services	(12 240)	(25 866)	(6 692)	(10 506)
Taxes and charges	(1 774)	(3 673)	(2 099)	(3 637)
Employee benefits	(28 109)	(52 884)	(21 123)	(40 662)
Other operating expenses	(5 481)	(18 974)	(5 860)	(9 462)
<b>Profit on sales</b>	<b>41 751</b>	<b>53 151</b>	<b>28 535</b>	<b>48 087</b>
Financial revenues	2 471	4 489	4 835	9 272
Financial costs	(4 139)	(7 326)	(886)	(4 250)
<b>Profit before tax</b>	<b>40 083</b>	<b>50 314</b>	<b>32 484</b>	<b>53 109</b>
Income tax	(5 531)	(6 471)	(4 464)	(7 609)
<b>Net profit</b>	<b>34 552</b>	<b>43 843</b>	<b>28 020</b>	<b>45 500</b>
Attributable to minority interest	69	160	177	280
Attributable to the shareholders of the parent	<b>34 483</b>	<b>43 683</b>	<b>27 843</b>	<b>45 220</b>
<b>Basic and diluted earnings per share</b>	<b>3,74</b>	<b>4,73</b>	<b>3,02</b>	<b>4,90</b>

## Consolidated statement of changes in shareholders' equity for the period of 6 months of 2006

	Attributable to the shareholders of the parent							Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Translation reserve	Total		
<b>As at 1 January 2006</b>	<b>66 964</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>545 783</b>	<b>(56)</b>	<b>612 691</b>	<b>1 937</b>	<b>614 628</b>
Foreign exchange differences on translation of foreign subsidiaries	0	0	0	0	0	(58)	(58)	0	(58)
Profit for the period	0	0	0	0	43 683	0	43 683	160	43 843
<b>Total recognised income and expenses for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43 683</b>	<b>(58)</b>	<b>43 625</b>	<b>160</b>	<b>43 785</b>
Net loss on cash flow hedging	0	0	0	(4 833)	0	0	(4 833)	0	(4 833)
Dividends	0	0	0	0	(36 903)	0	(36 903)	0	(36 903)
Other	0	0	0	0	(184)	0	(184)	0	(184)
<b>As at 30 June 2006</b>	<b>66 964</b>	<b>0</b>	<b>0</b>	<b>(4 833)</b>	<b>552 379</b>	<b>(114)</b>	<b>614 396</b>	<b>2 097</b>	<b>616 493</b>

  

	Attributable to the shareholders of the parent							Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Translation reserve	Total		
<b>As at 1 January 2005</b>	<b>80 179</b>	<b>(71 108)</b>	<b>43 453</b>	<b>750</b>	<b>508 361</b>	<b>47</b>	<b>561 682</b>	<b>1 872</b>	<b>563 554</b>
Foreign exchange differences on translation of foreign subsidiaries	0	0	0	0	0	52	52	0	52
Profit for the period	0	0	0	0	45 220	0	45 220	280	45 500
<b>Total recognised income and expenses for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45 220</b>	<b>52</b>	<b>45 272</b>	<b>280</b>	<b>45 552</b>
Registration of shares in "D" series	750	0	0	(750)	0	0	0	0	0
Redemption of treasury shares	(13 965)	71 108	(43 453)	0	(13 690)	0	0	0	0
Dividends	0	0	0	0	(36 903)	0	(36 903)	0	(36 903)
Purchase of subsidiaries	0	0	0	0	0	0	0	(184)	(184)
<b>As at 30 June 2005</b>	<b>66 964</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>502 988</b>	<b>99</b>	<b>570 051</b>	<b>1 968</b>	<b>572 019</b>

  

	Attributable to the shareholders of the parent							Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Translation reserve	Total		
<b>As at 1 January 2005</b>	<b>80 179</b>	<b>(71 108)</b>	<b>43 453</b>	<b>750</b>	<b>508 361</b>	<b>47</b>	<b>561 682</b>	<b>1 872</b>	<b>563 554</b>
Foreign exchange differences on translation of foreign subsidiaries	0	0	0	0	0	(103)	(103)	0	(103)
Profit for the period	0	0	0	0	88 016	0	88 016	676	88 692
<b>Total recognised income and expenses for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>88 016</b>	<b>(103)</b>	<b>87 913</b>	<b>676</b>	<b>88 589</b>
Registration of shares in "D" series	750	0	0	(750)	0	0	0	0	0
Redemption of treasury shares	(13 965)	71 108	(43 453)	0	(13 690)	0	0	0	0
Profit allocation for dividend payout	0	0	0	0	(20)	0	(20)	0	(20)
Dividends	0	0	0	0	(36 903)	0	(36 903)	0	(36 903)
Others	0	0	0	0	19	0	19	0	19
<b>As at 31 December 2005</b>	<b>66 964</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>545 783</b>	<b>(56)</b>	<b>612 691</b>	<b>1 937</b>	<b>614 628</b>

## Consolidated cash flow statement for the period of 6 months of 2006

Cash flow	from 01.01.2006 to 30.06.2006	from 01.01.2005 to 30.06.2005
<b>Cash flows from operating activities</b>		
Profit before tax	50 314	53 109
<i>Total adjustments:</i>	32 389	12 702
Depreciation and amortization	21 679	17 694
Impairment loss (reversal)	794	(6 534)
(Gain) on f/x differences	573	(690)
(Gain) on investment activities	(2 303)	577
(Gain) / loss on disposal of fixed assets	1 350	(88)
Interest and dividends received, net	1 728	1 435
Other items net	8 568	308
<i>Cash flows from operating activities before change in working capital</i>	82 703	65 811
Change in inventory position	(1 581)	30 281
Change in balance of receivables, net	(27 526)	54 384
Change in short-term liabilities, excluding borrowings	4 021	(79 931)
Change in provisions	6 825	1 173
Change in deferred income	(86)	(11)
<i>Net cash generated from operating activities</i>	64 356	71 707
Income tax paid	(8 937)	(10 467)
<b>Net cash from operating activities</b>	<b>55 419</b>	<b>61 240</b>
<b>Cash flows from investing activities</b>		
<i>(+) Inflows:</i>	7 464	1 698
Disposal of intangible and tangible fixed assets	3 524	823
Disposal of financial assets	3 940	311
Other inflows	0	564
<i>(-) Outflows:</i>	(136 352)	(47 698)
Acquisition of intangible and tangible fixed assets	(38 895)	(46 979)
Acquisition of financial assets	(1 454)	(719)
Acquisitions of subsidiaries	(96 003)	0
<b>Net cash from investing activities</b>	<b>(128 888)</b>	<b>(46 000)</b>
<b>Cash flows from financing activities</b>		
<i>(+) Inflow:</i>	90 770	14 451
Net proceeds from shares issue	0	0
Proceeds from borrowings	90 770	14 443
Other inflow	0	8
<i>(-) Outflow:</i>	(30 016)	(29 424)
Repayment of borrowings	(25 692)	(27 607)
Other outflow due to distribution of profit, other than payments to owners	0	(20)
Finance lease payments	(1 375)	0
Interest paid	(2 925)	(1 796)
Other outflow	(24)	(1)
<b>Net cash from financing activities</b>	<b>60 754</b>	<b>(14 973)</b>
<b>Total net cash flow:</b>	<b>(12 715)</b>	<b>267</b>
- effects of exchange rate changes on cash	2	(84)
<b>Opening balance of cash and cash equivalents</b>	<b>12 714</b>	<b>17 423</b>
<b>Closing balance of cash and cash equivalents</b>	<b>1</b>	<b>17 606</b>

\* For the purpose of the profit and loss account, overdraft facilities decrease cash.

**1. Statements and the format of this financial statement***Declaration of compliance with IFRS*

This consolidated financial statement has been prepared according to the International Financial Reporting Standards (“IFRS”) and to respective IFRS adopted by the UE. IFRS include standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

Individual financial statement of Capital Group Grupa Kęty S.A., which forms part of this report, has also been prepared according to the foregoing principles.

The financial figures as at 30 June 2006 and for the period of six months ended with this date have not been audited. The comparable financial figures as at 30 June 2005 included in this consolidated financial statement were subject to auditor’s examination. Comparable financial figures as at 31 December 2005 (the last financial year) were audited.

*Financial statement format*

This consolidated financial statement has been prepared on the basis of the historical costs concept, except for the revaluation, at fair value, of derivative of financial instruments and financial assets held for sale

The preparation of the financial statement according to IFRS requires the preparation of estimates and assumptions which affect the amounts disclosed in this financial statement. Although the adopted estimates and assumptions are based on the best knowledge of the Management Board of the current events and action, the real results may differ from the estimates.

This consolidated financial statement has been prepared in thousands of Polish zloty (“PLN thousand”).

*Statement regarding accounting principles*

For the purpose of this interim financial statement, the same accounting principles, methods and applications were applied as in the last annual financial statement.

In the first quarter of 2006, as compared to the last financial year, the Group began to apply hedge accounting. Detailed hedge accounting issues were described in section 2 hereof.

**2. Basic accounting principles (accounting policy)**

Basic accounting principles (accounting policy) applied for the preparation of this financial statement have been described in detail in the consolidated annual report for 2005 submitted to the Securities and Exchange Commission (KPWiG) on 11 April 2006.

Besides the principles described in the annual report, starting from the reporting periods commencing in 2006, the Group began to enter into cash flow hedging transactions which meet the requirements of hedge accounting.

For the above mentioned transactions, the Group applies the following principles:

The main goal of entering into forwards as well as into options on the currency market is hedging the exchange risk resulting from operating, investing and financial activities.

Derivatives are introduced at cost, measured as at the balance sheet date at fair value and recognized in the financial statement as financial assets or financial liabilities. Gains and losses on the revaluation of financial instruments at fair value which fail to meet the hedge accounting rules are recognized

directly in the profit and loss account. Fair value of options or non-quoted forwards is calculated at the present net value of future cash flows related to these contracts, quoted market forwards market prices, calculated against the present interest rates. Derivatives not qualifying as hedging instruments are entered into books as instruments held for trading.

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

The hedging of the exchange risk of a firm commitment is settled as cash flow hedging.

Upon the establishment of such hedging, the Group officially determines and documents hedging relation, as well as the purpose of risk management and the strategy of determining the hedge. The documentation identifies the hedging instrument, the hedged item or transaction, the nature of the hedged risk and the method of the assessment of hedging instrument effectiveness in compensating for the risk of changes in fair value of the hedged item or cash flows related to the hedged risk. The hedging is expected to be highly effective in compensating for changes in fair value or cash flows resulting from the hedged risk. The hedge effectiveness is assessed on an ongoing basis to find out if it is highly effective in all reporting periods in which the hedge was established.

Hedging instruments can be divided into:

Instruments hedging fair value

They reduce the risk of changes in fair value of an asset or liability (or parts thereof) or a future commitment recognized in the balance sheet; they may be assigned to a specific type of risk related to this component. Furthermore, they affect the recognized net profit or loss.

Gains and losses resulting from changes in fair value of the hedging instrument in the ineffective part are accounted for as financial income or expense in the period they were generated.

Gains and losses resulting from changes in fair value of the hedging instrument in the effective part are accounted for in the profit and loss account item with respect to the recognition of changes of fair value of the hedged item.

Gains or losses related to the hedged item, resulting from the hedged risk, adjust the value of the hedged item and are recognized in the profit and loss account.

Instruments hedging cash flows

They reduce the volatility of cash flows; are assigned to a specific risk with a recognized asset or liability or a highly probable expected future transaction. Furthermore, they affect the recognized net profit or loss.

Gains and losses resulting from changes in fair value of the cash flow hedging instrument are accounted for in a separate item of shareholders' equity, in such proportion in which a given instrument provides an effective hedging for the related hedged item. The ineffective part is charged to the profit and loss account.

The Group, under the hedge accounting, applies instruments hedging future cash flows. The designated hedges are associated with the foreseen transactions included in the sales budget for a given year. The Group, on the basis of its experience, is of the opinion that the probability of such transactions is extremely high.

The Group will cease to recognize derivatives as hedging instruments if a derivative expires, is sold, realized or if the Group recalls the designation of a given instrument as a hedging instrument.

If the hedging of a future liability or expected future transaction ceases to function, then net gains or losses included in equity are carried forward to the profit and loss account.

### **3. The structure of the Capital Group**

Grupa Kęty S.A. Capital Group is composed of the parent company and 18 subsidiaries.  
Grupa Kęty S.A. is the parent company of the Capital Group Grupa KĘTY S.A.

Pos.	Company name	Registered office	Main line of business	Parent company	Share (%) in the share capital and in the total number of votes	Date of taking control by Grupa Kęty SA
1.	Alupol Sp. z o.o.	Tychy, Poland	Production and trade in plastic packaging	Grupa Kęty S.A.	100.00 %	04/1998
2.	Metalplast – Bielsko S.A.	Bielsko-Biała, Poland	Manufacture of builders systems	Grupa Kęty S.A.	100.00 %	06/1998
3.	Alutech Sp. z o.o.	Kęty, Poland	Trade, production and services	Grupa Kęty S.A.	100,00 %	03/1999
4.	Dekret Sp. z o.o.	Kęty, Poland	Bookkeeping services	Grupa Kęty S.A.	100.00 %	09/1999
5.	Metalplast Karo Sp. z o.o.	Bielsko-Biała, Poland	Services	Metalplast-Bielsko S.A.	69.55 %	09/1999
6.	Celtech Sp. z o.o.	Kęty, Poland	Services	Alutech sp. z o.o.	100.00 %	12/1999
7.	Metalplast-Ukraina Sp. z o.o.	Kijów, Ukraina	Trade activities	Metalplast-Bielsko S.A.	100.00 %	01/2000
8.	Aluform Sp. z o.o.	Kęty, Poland	Production activities	Grupa Kęty S.A.	100.00 %	04/2000
9.	„Metalplast-Zalur”Kft	Budapest, Hungary	Trade and production	Metalplast-Bielsko S.A.	100,00 %	07/2000
10.	Metalplast-Stolarka sp. z o.o.	Bielsko-Biała, Poland	Manufacture of builders systems	Metalplast-Bielsko S.A.	100.00 %	07/2000
11.	Alupol LLC Sp. z o.o.	Borodianka, Ukraine	Production of aluminum profiles	Grupa Kęty S.A.	100.00 %	12/2004
12.	„Run-Pak” Sp. z o.o.	Toruń, Poland	Packaging production	Grupa Kęty S.A.	99.88 %	02/2005
13.	Metalplast-Deutschland” GmbH	Dusseldorf, Germany	Trade and sale of aluminum systems	Metalplast-Bielsko S.A.	100.00	02/2005
14.	Metalplast-Romania s.r.l.	Bukareszt, Romania	Trade and sale of aluminum systems	Metalplast-Bielsko S.A.	100.00%	05/2005
15.	Mertz s.r.o.	Ostrawa, Czech Republic	Trade and sale of window and door joinery of aluminum and PVC	Metalplast Stolarka sp. z o.o.	100.00%	05/2005
16.	Impet sp. z o.o.	Chorzów, Poland	Trade in and sale of metal systems	Metalplast-Bielsko S.A.	70.00%	06/2005
17.	Aluprof sp. z o.o.	Opole, Poland	Production activities – production of components for roller blinds and outside gates	Grupa Kęty S.A.	100.00%	02/2006
18.	Aluprof UK Ltd.	Hale, Great Britain	Trade and sale of aluminum systems	Metalplast-Bielsko S.A.	100.00%	05/2005

Aluprof UK Ltd. is the only company not included in the consolidated financial statement. The company commenced its business activity in May 2006. The Company's financial results and transactions with the remaining companies of the Capital group during its so far business activity were only marginal, therefore they do not distort the actual figures of the financial statement of the Capital Group.

In May this year 100% shares were acquired in Aluprof UK Ltd. for the aggregate amount of GBP 1 000.

## 4. Selected financial figures

Data on consolidated financial statement according to IFRS				
SELECTED FINANCIAL FIGURES	PLN '000		EUR '000	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
I. Net income from sales	479 139	337 118	122 850	82 617
II. Operating profit (loss)	53 151	48 087	13 628	11 785
III. Profit (loss) before tax	50 314	53 109	12 900	13 015
IV. Net profit (loss)	43 843	45 500	11 241	11 151
V. Net profit (loss) of the shareholders of the parent company	43 683	45 220	11 200	11 082
VI. Net operating cash flow	55 419	61 240	14 209	15 008
VII. Net cash flow on investing activities	-128 888	-46 000	-33 047	-11 273
VIII. Net cash flow on financial activities	60 754	-14 973	15 577	-3 669
IX. Total net cash flow	-12 715	267	-3 260	65
X. Total assets	1 027 587	787 363	254 139	194 887
XI. Liabilities and provisions for liabilities	411 094	215 344	101 670	53 302
XII. Long-term liabilities	112 207	64 451	27 751	15 953
XIII. Short-term liabilities	298 887	150 893	73 920	37 349
XIV. Equity of the shareholders of the parent company	614 396	570 051	151 950	141 098
XV. Issued capital	66 964	66 964	16 561	16 575
XVI. Number of shares	9 225 663	9 225 663	9 225 663	10 500 780
XVII. Net profit (loss) of shareholders of the parent company per ordinary	4,73	4,90	1,21	1,20
XVIII. Dilluted profit (loss) share of the shareholders of the parent company pare ordinary share (in PLN/EUR)	4,73	4,90	1,21	1,20
XIX. Per share book value in PLN/EURO)	66,60	61,79	16,47	15,29
XX. Dilluted book value pare share (in PLN/EUR)	66,60	61,79	16,47	15,29
XXI. Declared or paid dividend pare share (in PLN/EUR)	4,00	4,00	0,99	0,99
Data on standalone financial statement according to IFRS				
SELECTED FINANCIAL FIGURES	30.06.2006		30.06.2005	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
I. Net income from sales	349 183	259 633	89 530	63 628
II. Operating profit (loss)	26 845	20 329	6 883	4 982
III. Profit (loss) before tax	58 337	59 022	14 957	14 464
IV. Net profit (loss)	53 996	54 480	13 844	13 351
V. Net operating cash flow	22 012	26 323	5 644	6 451
VI. Net cash flow on investing activities	-95 081	-16 294	-24 378	-3 993
VII. Net cash flow on financial activities	67 165	-19 314	17 221	-4 733
VIII. Total net cash flow	-5 904	-9 285	-1 514	-2 275
IX. Total assets	836 314	662 384	206 834	163 952
X. Liabilities and provisions for liabilities	350 348	199 392	86 647	49 353
XI. Long-term liabilities	124 513	74 814	30 794	18 518
XII. Short-term liabilities	225 835	124 578	55 853	30 835
XIII. Equity	485 966	462 992	120 187	114 599
XIV. Issued capital	66 964	66 964	16 561	16 575
XV. Number of shares	9 225 663	9 225 663	9 225 663	9 225 663
XVI. Net profit (loss) of shareholders of the parent company per ordinary	5,85	5,91	1,50	1,45
XVII. Dilluted profit (loss) share of the shareholders of the parent company pare ordinary share (in PLN/EUR)	5,85	5,91	1,50	1,45
XVIII. Per share book value in PLN/EURO)	52,68	50,19	13,03	12,42
XIX. Dilluted book value pare share (in PLN/EUR)	52,68	50,19	13,03	12,42
XX. Declared or paid dividend pare share (in PLN/EUR)	4,00	4,00	0,99	0,99

a) net income from sales of products, trade goods and materials, operating profit, gross profit, net profit and net operating cash flow, net investing cash flow, net financing cash flow and total net cash flow for the two quarters of 2006 were calculated at the average rate of exchange for EURO according to the rate which is arithmetic mean of NBP exchange rates as of the last day of a respective months of Q1 and Q2 2006, i.e.: PLN 3.9002

b) net revenue from sales of products, trade goods and materials, operating profit, gross profit, net profit and net operating cash flow, net investing cash flow, net financing cash flow and total net cash flow for Q1 and Q2 of 2005 were calculated at the average rate of exchange for EURO according to the rate which is arithmetic mean of NBP exchange rates as of the last day of a respective month of Q1 and Q2 of 2005, i.e.: PLN 4.0805

c) total assets, liabilities and provisions for liabilities, long-term liabilities, short-term liabilities, shareholders' equity and share capital as at 30 June 2006 were calculated at the average EURO exchange rate as at 30 June 2006, i.e.: PLN 4.0434

d) total assets, liabilities and provisions for liabilities, long-term payables, short-term payables, shareholders' equity and share capital as at 30 June 2005 have been calculated based on the average exchange rate of EURO as at 30 June 2005, i.e. PLN.: PLN 4.0401

In the reporting period, i.e. from 01.01.2006 to 30.06.2006, the minimum and maximum exchange rate was at the level of PLN 3.7565 on 20 February 2006 and PLN 4.1065 on 26 June 2006.

##### **5 The following events were considered when determining consolidated financial result for the two quarters of 2006:**

The result on change in deferred tax asset/liability was adjusted by PLN 4,712 thousand (increase). The following events were considered when determining the result for the two quarters of 2006:

<b><i>When determining the result for two quarters of 2006, the result was increased by the reversal of: (in PLN thousand):</i></b>	
- provision for quarterly bonus costs	737
- provision for environmental protection costs	115
- provision for warranty repairs	26
- other provisions	155
- provision for employees' leaves	8
- provision for jubilee awards and retirement allowances	12
- write-down of inventory	1.085
- write-down of receivables	2.821

<b><i>When determining the result for two quarters of 2006, the result was decreased by the establishment of: (in PLN thousand):</i></b>	
- provision for jubilee awards and retirement allowances	1.633
- provision for employees' leaves	486
- provision for environmental protection costs	65
- provision for warranty repairs cost	423
- provision for quarterly bonus costs	801
- provision for annual bonus costs	2.816
- provisions for annual fringe benefits	1.550
- other provisions	651
- write-down of inventory	953
- write-down of receivables	2.138

**6. Summary of material accomplishments or failures of the Issuer in the second quarter of 2006 and the summary of respective key events**Sales

Consolidated income from sales in Q2 amounted to PLN 254,995 thousand and rose by almost 50% in comparison with the income from sales in the corresponding period of the previous year. Such fast growth was possible due to the significant increase in domestic sale, material increase in exports (over 80% in the Extruded Products Segment and 500% in the Aluminium Systems Segment) and commencement of the consolidation of Aluprof company, acquired on 31 January 2006, which in Q2 FY06 added ca. PLN 30 million to the income of the Capital Group. The increase in domestic sales is a result of a significant demand of EPS customers who represent virtually all industries serviced by this segment. In the case aluminium systems, the major part of the increase in domestic sales is a result of the continuance of the construction of the terminal at the Okęcie airport.

Operating profit

Operating profit amounted to PLN 41 751 thousand and was higher by 46 % against the 2005 figures. One of the main reasons for the increase in operating profit was the indemnity of PLN 19,750 thousand which the group received under the insurance policy in view of the loss in the equity, sustained as a result of the fire of 19 January 2006.

Net profit

Consolidated net profit per shareholders of the parent company in the reported period amounted to PLN 34,483 thousand. In comparison to the corresponding period in FY05, net profit decreased by 24%. The main reasons for such a situation was the high level of operating profit and low effective tax rate on the one hand and higher financing costs (loan to acquire Aluprof) on the other.

Furthermore, within the extent of corporate events, the following events took place:

26.04.2006 – Supervisory Board appoints Board members for the sixth term of office. The Management Board consists of the so-far members, i.e. – Dariusz Mańko –as President and Adam Piela – Board Member.

26.04.2006 General Meeting of Shareholders informs, *inter alia*, of the entity appointed by the Supervisory Board to audit financial statements in 2006 and 2007. The entity appointed for such purpose was Ernst & Young Audit Sp. z o.o, entered in the register of entities authorized to audit financial statements under the entry 130.

11.05.2006 – General Meeting of Shareholders adopted a resolution appreciating financial statement of Grupa Kęty for the year 2005 and approved a proposal on distribution of profit and payment of dividend of PLN 4.00 per share. General Meeting of Shareholders also approved incentive management stock option scheme for the years 2006 – 2014.

23.05.2006 – Management Board of the Kęty S.A. Group informs that they signed a credit agreement with a banking consortium PKO BP S.A. and BPH S.A., regarding granting by the foregoing banks investing credit in the amount of being the equivalent of PLN 300 million. The interest rate of the credit is based on WIBOR, LIBOR or EUIBOR rates (depending on the currency of the credit batch) increased by the bank's margin. The credit will be secured by guarantees awarded by subsidiaries: Metalplast Bielsko S.A. and Alupol Sp z o.o. as well as by a collateral on property. The total length of crediting shall be 6 years.

The credit will be used as the financing source for the strategy implemented by the Capital Group spanning the years 2006 – 2009, including refinancing of short-term credit in the amount of PLN 96 million, drawn this year by the Kęty Group S.A. to finance the transaction of acquisition of Aluprof.

Management Board kindly reminds that in accordance with the strategy assumptions (published in current communiqué No. 12/200 of 2 February 2006), between 2006 and 2009 the Capital Group intends to allocate to physical investments ca. PLN 250 – 300 million and the amount of PLN 250 – 300 million to acquisitions. Due to such outlays, the revenue of the group should increase to the level of PLN 1.4 – 1.5 billion in the year 2009.

24.05.2006 – The Company informs that on 23 May 2006, Management Board of Grupa Kęty S.A. signed an arrangement with an insurance consortium regarding payment of indemnity in view of property loss sustained as a result of fire in the production hall of the Flexible Packaging Segment. Pursuant to this agreement the Company was paid by way of compensation the amount of PLN of 19,750 thousand, which amount increased the profit from operating activity of Grupa Kęty S.A.

20.06.2006 – The Company informs about preliminary forecasts regarding the results for Q2 FY06.

22.06.2006 The Company advises on the Stock Options Rules.

**7. Description of factors and events, especially of unusual character, which have had a material impact on financial results in Q1 and Q2 of FY06.**

On 23 May 2006 the Management Board of Grupa Kęty S.A. signed an arrangement with an insurance consortium regarding payment of indemnity in view of property loss sustained as a result of fire in the production hall of the Flexible Packaging Segment. Pursuant to this agreement the Company was paid by way of compensation the amount of PLN of 19,750 thousand, which amount increased the profit from operating activity of Grupa Kęty S.A.

**8. Acquisition of subsidiaries**

On 1 February 2006, the Group acquired 100% of shares in Aluprof. Aluprof company is engaged in the production of components for outside roller blinds and roller gates. The total value of acquired shares amounted to PLN 96,961 thousand (purchase – PLN 96 million); the payment for the shares was financed with an investment loan.

*Fair value of identified assets and liabilities as at the date of taking over control of the enterprise was as follows:*

Assets and liabilities	Fair value of acquired assets and liabilities (in PLN thousand)
<b>Property, plant and equipment</b>	<b>31,566</b>
<b>Intangible assets</b>	<b>66,499</b>
<b>Inventories</b>	<b>14,024</b>
<b>Receivables</b>	<b>7,538</b>
<b>Cash</b>	<b>958</b>
<b>Liabilities and provisions</b>	<b>28,085</b>
<b>Acquired net assets</b>	<b>92,500</b>
<b>Total acquisition price</b>	<b>96,961</b>
<b>Less acquired cash</b>	<b>958</b>
<b>Acquisition expenses</b>	<b>96,003</b>
<b>Goodwill resulting from acquisition</b>	<b>4,461</b>

Intangible assets generated as a result of the acquisition entail: “ALUPROF” trademark with fair value of PLN 22,500 thousand, and “market and relations with contractors and customers” with fair value of PLN 43,927 thousand.

If Aluprof was a member of the Capital Group from the beginning, the income of the Group would be higher by PLN 7,072 thousand, while its net result would be higher by PLN 233 thousand.

Furthermore, 100% shares was purchased for the amount of GBP 1,000 in Aluprof UK and the share capital of Aluprof UK was increased to GBP 55,000.

## **9. Factors which have material impact on financial results in Q2 FY06:**

### Demand for the Company's products

In Q1 FY06, the demand for the Company's products was considerable. In terms of value, income from sales rose by almost 50%; the growth was noticeable both on the domestic and foreign markets. Very good macroeconomic data on the increase in industrial production in March is a proof of the tendencies observed among the company's customers.

### Exchange rates

According to the Company's estimates, ca. 45% of sale is carried out in PLN and ca. 50% of sale is in EURO. The remaining 5% are sales settled in the US dollar (USD). As regards expenses, ca. 45% of costs are costs incurred in PLN, 35% are costs in USD and ca. 20% are costs in EUR. Having regard for the foregoing, a negative tendency was recorded in the EUR/PLN relation in the first month of the quarter, which involved the appreciation of the zloty against EUR with simultaneous depreciation against the US dollar in May-June, which reached the value of PLN 4.10 on ca. 20 June. Eventually, the second quarter closed at PLN 4.01 per 1 EUR. Equally volatile was the market of EUR/USD with growing value of European currency in Q2 when it reached the level of 1.29 only to drop to 1.25 on 23 June and to close the quarter at the level close to 1.28.

### Prices of basic raw materials

The basic raw materials in the Capital Group, accounting for 45-50 % of total costs and ca. 65 – 70% of the costs of raw materials are aluminium, aluminium scrap and aluminium tape for foil production. Thus, the Company is exposed to the risk of increased prices of this raw material, considering the fact that it exerts no impact on the prices quoted at the London Metal Exchange (LME), which is the pricing base for aluminium supplies contracts entered into by the company. In Q2 the price of aluminium was subjected to substantial fluctuations. The quarter began with the quotation of USD 2,500/t of this raw material and reached the record level of USD 3,250/t in the second decade of May. Finally, Q2 closed at the level of USD 2,600 per one ton of aluminium.

### Indemnification received in view of damage sustained as a result of fire in the Flexible Packaging Segment.

On 23 May 2006 the Management Board of Grupa Kęty S.A. signed an arrangement with an insurance consortium regarding payment of indemnity in view of property loss sustained as a result of fire in the production hall of the Flexible Packaging Segment. Pursuant to this agreement the Company was paid by way of compensation the amount of PLN of 19,750 thousand, which amount increased the profit from operating activity of Grupa Kęty S.A.

# 10. Indication of factors likely to influence results generated by the Issuer in at least one quarter (according to the Issuer)

## Demand for the Company's products

The Company's Management Board expects that in Q2 FY06 the positive tendency as regards the demand for the company's products will continue. It is evidenced by the orders portfolio for July and August.

## Exchange rates

The Management Board expects that, in subsequent quarters of 2006, the FX structure of income and expenses will be roughly the same as in the first six months of 2006. Having regard for the foregoing, further depreciation of EURO against PLN will positively affect the company's results.

## Prices of basic raw materials

The Company secured ca. 40% of its position for Q3, however further rapid growth in prices, as was the case in May 2006 may in future result in the temporary decline in the profitability due to the fact that increases in prices are realized on the market with a 2- or 3-month delay in relation to the fluctuations of aluminium prices at the London Metals Exchange.

# 11. Information on revenue and results for particular segments

The Capital Group's operations are organized into three basic sectors and divided into:

- Extruded Products Segment (EPS)
- Flexible Packaging Segment (FPS)
- Aluminium Systems Segment (ASS)

Detailed description of segment types, assigning companies to particular segments and information on basic economic figures for particular segments have been included in section II of the communiqué on the Capital Group's business, published on 11 April 2006 along with the annual report AR 2005.

As provided in item 8, in February 2006 the Group acquired Aluprof. Aluprof was assigned to the ASS.

Basic economic figures by the Issuer's segments:

## Q1 & Q2 FY06:

Business segments (6 months of 2006)	FPS	EPS	ASS	Other	Eliminations	Total
<b>Income statement</b>						
Sale	109 622	263 320	144 174	8 976	(46 953)	479 139
Profit on sales	16 997	29 458	17 573	(7 982)	(2 895)	53 151
Depreciation	7 402	10 132	1 461	2 007	677	21 679
<b>Balance sheet</b>						
Segment assets	272 089	398 738	163 763	51 548	141 448	1 027 587
Unallocated assets						
Total assets	272 089	398 738	163 763	51 548	141 448	1 027 587
Segment liabilities	27 553	20 024	33 223	4 605	62 502	147 907
Unallocated liabilities				263 187		263 187
Total liabilities	27 553	20 024	33 223	267 792	62 502	411 094
<b>Others</b>						
Cash flows from operating activities	30 809	32 750	(9 865)	(218)	1 942	55 419
Cash flows from investing activities	(33 691)	(14 310)	(25 632)	(61 171)	5 916	(128 888)
Cash flows from financing activities	(15 903)	(3 472)	7 267	115 115	(42 253)	60 754

Q1 & Q2 FY05:

Business segments (6 months of 2005)	FPS	EPS	ASS	Other	Eliminations	Total
<b>Income statement</b>						
Sale	113 153	173 164	72 116	7 366	(28 681)	337 118
Profit on sales	19 797	22 555	11 134	(6 904)	1 505	48 087
Depreciation	7 515	7 340	1 017	1 868	(46)	17 694
<b>Balance sheet</b>						
Segment assets	255 140	345 064	101 725	49 100	36 334	787 363
Unallocated assets						
Total assets	255 140	345 064	101 725	49 100	36 334	787 363
Segment liabilities	20 617	20 156	20 723	2 873	50 021	114 390
Unallocated liabilities				100 954		100 954
Total liabilities	20 617	20 156	20 723	103 827	50 021	215 344
<b>Others</b>						
Cash flows from operating activities	39 600	55 464	(771)	38 438	(71 490)	61 240
Cash flows from investing activities	(55 780)	(72 253)	(11 447)	(1 773)	95 252	(46 000)
Cash flows from financing activities	(27 518)	9 819	0	19 537	(16 811)	(14 973)

- other operations are related to auxiliary operations not associated directly with the basic operations of particular segments, including Alutech.

- sale between segments is mainly associated with the sale of aluminium extrusions from EPS to ASS and the sale of services of varnishing and anodizing by ASS to EPS.

All above transactions are concluded at arm's length.

## 12. Notes on seasonal or cyclical nature of the Company's operations

Due to the division into segments servicing various customer markets, the following seasonal fluctuations may be observed:

- Flexible Packaging Segment – bigger sales twice a year mainly before holidays i.e. Christmas and Easter
- Extruded Products Segment and Aluminium Systems Segment record the highest sales in Autumn which is related to the cycle of works in the building industry, which takes up a major share of markets serviced in these Segments

## 13. Information on issuance, redemption and repayment of debt and capital securities

In the presented period, Grupa Kęty S.A did not conclude any transactions of this type.

## 14. Information on paid out (or declared) dividend in Grupa Kęty S.A., in total and per share, by common and preference shares

On 11 May 2006 the General Meeting of Shareholders adopted a resolution to allocate the amount of PLN 36,903 thousand (PLN 4.00 per share) to pay dividend. The dividend was paid through the National Depository of Securities on 6 July 2006.

## 15. Post balance sheet and post profit and loss account events

Within the period between the end of Q2 FY06 and 27 July 2006, i.e. the date of publishing this statement, no material events that should be presented in the financial statement for the current reporting period have taken place.

**16. Events from previous years disclosed in this financial statement**

In the period covered by this financial statement, no material events concerning previous years that should be presented in the financial statement for the current reporting period have taken place.

**17. Effects of changes in the business structure, including those resulting from business combination, acquisition or sale of the Group's businesses, long-term investments, demerger, restructuring and business discontinuance.**

As broadly described in item 8, on 1 February 2006, the Group acquired 100% of shares in Aluprof Sp. z o.o. As a result of the transactions, the Group's income for Q1 and Q2 FY06 increased by PLN 48,999 thousand and consolidated result increased by PLN 2,707 thousand.

Apart from the above transaction, no other changes occurred in the Group's structure or objects that would materially affect the results and financial standing of the Group.

**18. Changes of contingent liabilities or contingent assets, which have taken place since the end of the last financial quarter.**

In Q2 there were no changes within the extent of contingent liabilities or contingent assets.

**19. The position of the Issuer's Management Board on the possible achievement of forecasted profit for 2006**

On the basis of the results for the first six months and favourable forecasts for the third quarter, the Management Board of KĘTY S.A. Capital Group upholds the results estimate for 2006 published in current communiqué No.12/2006 on 2 February 2006.

**20. Shareholders holding at least 5% of the total vote at the General Meeting of Shareholders as at the date of submission of this quarterly report, i.e. 27 July 2006**

	27-07-2006 shares equal to the number of votes	27-07-2006 % share	27-04-2006 Number of shares equal to the number of votes	27-04-2006 % share
ING Nationale-Nederlanden Poland OFE	1,009,881	10.95%	1,009,881	10.95%
OFE PZU Złota Jesień	886,233	9.61%	886,233	9.61%
Commercial Union OFE BPH CU WBK	608,876	6.60%	608,876	6.60%
Pioneer Pekao Investment Management S.A.	542,906	5.88%	542,906	5.88%
Julius Baer Investment Management LLC	542,188	5.88%	542,188	5.88%
Raiffeisen Zentralbank Osterreich AG	529,320	5.74%	529,320	5.74%

**21. Shares held by persons managing and supervising the Company as at 27 July 2006**

	27.07.2006	27.04.2006
	No. of shares	No. of shares
President	73,000	73,000
Member	0	0

Supervising persons did not hold any shares in Grupa Kęty S.A.

**22. Proceedings currently pending in the public court, arbitration court or public administration office.**

No proceedings before the court or public administration body concerning liabilities or claims of the Issuer or entities controlled by the Issuer, whose total value amounts to minimum 10% of the Issuer's equity were instigated against the Issuer or its related parties.

**23. Related party transactions**

In Q2 FY06, there took place related-party transactions of the total value exceeding the PLN equivalent of EUR 500,000 in the period since the beginning of the financial year, but those transactions were typical and routine in nature and their types, terms and conditions were determined by current operations of the Issuer and its subsidiaries.

**24. Information on the Issuer's or its subsidiaries' guarantees for loans, credits or other guarantees granted in Q2 FY06.**

In Q2 2006, the Issuer and its subsidiaries did not grant any guarantees for loans or credits or other guarantees to a single entity or its subsidiary, whose total value amounts to minimum 10% of the Issuer's shareholders' equity.

**25. Other major post-balance sheet events**

On 4 July this year, as a result of acquisition of 27.28% of shares in Metalplast Karo for the amount of PLN 740 thousand, the Group's ownership of shares in the said company accounted for 97.37%.

On 21 July this year, as a result of acquisition of 30% of shares in Impet for the amount of PLN 15 thousand, the Group's ownership of shares in the said company accounted for 100%. At the same time the issued capital of Impet was increased from PLN 50 thousand to PLN 400 thousand.

**26. Other information which, in the Issuer's opinion, are material for the assessment of its personnel, financial and asset situation, financial result and their changes and information material for the assessment of the possibility of the payment of Issuer's liabilities**

On 22 June 2006 the Supervisory Board adopted a resolution approving the final content of the incentive management stock option scheme. Below are its main provisions:

The scheme will entail maximum 274,800 shares, i.e. 3.0% of the present number of the company's shares. The scheme will cover the years 2006 – 2008 and the main implementation criteria are as follows:

- a) for the 25% batch for a given year, the accomplishment of "rate of return on share" ratio at least equal or higher than the growth of WIG index for the same period as "the rate of return on share"
- b) for the 25% batch for a given year, the accomplishment of "the rate of return on share" ratio at least 9 p.p. higher than the growth of WIG index for the same period as "the rate of return on share"
- c) for the 25% batch for a given year, the accomplishment of "increase in per share EBITDA" of 40%
- d) for the 25% batch for a given year, the accomplishment of "increase in net earnings per share" of 64%

The rate of return on shares for Batch I means the proportion of the average price of a share of Grupa Kęty in Q1 FY09 plus the value of dividend paid by the Company from 1 April 2006 to 31 March 2009 to average price of the Company's share at WSE in Q1 FY06. For Batch II, the proportion of the average price of a share of Grupa Kęty in Q1 FY10 plus the value of dividend paid by the Company from 1 April 2007 to 31 March 2010 to average price of the Company's share at WSE in Q1 FY07. For Batch III, the proportion of the average price of a share of Grupa Kęty in Q1 FY11 plus the value of dividend paid by the Company from 1 April 2008 to 31 March 2011 to average price of the Company's share at WSE in Q1 FY08.

Increase in per share EBITDA for Batch I means the proportion of the consolidated per share EBITDA generated by the Company in 2008 to the consolidated per share EBITDA generated by the Company in 2005. Increase in per share EBITDA for Batch II means the proportion of the consolidated per share EBITDA generated by the Company in 2009 to the consolidated per share EBITDA generated by the Company in 2006. Increase in per share EBITDA for Batch III means the proportion of the consolidated per share EBITDA generated by the Company in 2010 to the consolidated per share EBITDA generated by the Company in 2007.

Increase in net earnings per share for Batch I means the proportion of the consolidated net earnings per share generated by the Company in 2008 to the consolidated net earnings per share generated by the Company in 2005. Increase in net earnings per share for Batch II means the proportion of the consolidated net earnings per share generated by the Company in 2009 to the consolidated net earnings per share generated by the Company in 2006. Increase in net earnings per share for Batch III means the proportion of the consolidated net earnings per share generated by the Company in 2010 to the consolidated net earnings per share generated by the Company in 2007.

Share price for new shares is equal to average price of Grupa Kęty SA share in the period January – March in the years 2006-2008 for particular batches.

The main objectives of the scheme entail better motivating the employees to increase the company's value for its shareholders and to provide an incentive which will make it possible to retain key employees in the Company for a long time.

The Management Board informs that according to the actuary's evaluation, the scheme costs will not exceed PLN 15 million in the next three years.

## CONDENSED INDIVIDUAL FINANCIAL STATEMENT OF GRUPA KĘTY SA

## Balance sheet as at 30 June 2006

ASSETS	30.06.2006	31.03.2006	31.12.2005	30.06.2005	31.03.2005
<b>I. Non-current assets</b>	<b>585 032</b>	<b>573 065</b>	<b>483 477</b>	<b>471 491</b>	<b>440 784</b>
Property, plant and equipment	312 190	306 265	315 130	308 010	278 511
Intangibles	7 296	7 794	7 481	7 952	7 694
Investments	265 546	259 006	160 866	155 529	154 579
<b>II. Current assets</b>	<b>251 282</b>	<b>209 510</b>	<b>217 858</b>	<b>190 893</b>	<b>177 133</b>
Inventories	72 249	58 939	84 691	52 389	54 097
Income tax receivable	1 357	7 412	4 987	1 472	0
Trade and other receivables	161 910	139 641	122 129	127 292	117 154
Derivative financial instruments	2 435	1 664	5 118	2 869	845
Cash and cash equivalents	13 331	1 854	933	6 871	5 037
<b>Total assets</b>	<b>836 314</b>	<b>782 575</b>	<b>701 335</b>	<b>662 384</b>	<b>617 917</b>

Equity and liabilities	30.06.2006	31.03.2006	31.12.2005	30.06.2005	31.03.2005
<b>I. Equity</b>	<b>485 966</b>	<b>482 181</b>	<b>473 706</b>	<b>462 992</b>	<b>449 128</b>
Issued capital	66 964	66 964	66 964	66 964	66 214
Treasury shares		0	0	0	0
Share premium		0	0	0	0
Other reserve capital	(4 833)	(144)	0	0	750
Retained earnings	423 835	415 361	406 742	396 028	382 164
<b>II. Non-current liabilities</b>	<b>124 513</b>	<b>29 996</b>	<b>30 487</b>	<b>74 814</b>	<b>59 387</b>
Interest bearing loans and borrowings	96 396	0	0	45 948	32 451
Employee benefits	9 679	9 091	8 502	6 145	6 017
Deferred government grants	88	95	101	84	0
Deferred tax liabilities	18 350	20 810	21 884	22 637	20 919
<b>III. Current liabilities</b>	<b>225 835</b>	<b>270 398</b>	<b>197 142</b>	<b>124 578</b>	<b>109 402</b>
Interest bearing loans and borrowings	107 781	200 738	115 710	21 051	47 526
Income tax payable	0	0	0	0	1 149
Trade and other payables	105 238	66 036	76 376	99 117	53 867
Provisions	5 882	3 000	1 692	3 861	5 078
Derivative financial instruments	6 909	599	3 339	549	1 708
Deferred government grants	25	25	25	0	74
<b>Total equity and liabilities</b>	<b>836 314</b>	<b>782 575</b>	<b>701 335</b>	<b>662 384</b>	<b>617 917</b>

## Profit and loss account for the period of 6 months of 2006

INCOME STATEMENT	from 01.04.2006 to 30.06.2006	from 01.01.2006 to 30.06.2006	from 01.04.2005 to 30.06.2005	from 01.01.2005 to 30.06.2005
<b>Total operating revenue including:</b>	<b>200 299</b>	<b>370 803</b>	<b>131 874</b>	<b>264 768</b>
Net revenue from sales	180 025	349 183	127 499	259 633
Other operating revenue	20 274	21 620	4 375	5 135
Change in finished products and work in progress	3 827	8 506	(125)	(12 176)
Cost of manufacturing products for internal use	1 290	2 658	1 181	1 823
<b>Total operating expenses including:</b>	<b>(177 197)</b>	<b>(355 122)</b>	<b>(118 462)</b>	<b>(234 086)</b>
Depreciation and amortization	(6 157)	(12 415)	(5 749)	(11 331)
Materials and energy	(134 468)	(264 728)	(81 697)	(163 246)
External services	(15 282)	(31 504)	(16 904)	(31 918)
Taxes and charges	(1 111)	(2 161)	(1 145)	(2 094)
Employee benefits	(16 935)	(31 364)	(11 592)	(22 320)
Other operating expenses	(3 244)	(12 950)	(1 375)	(3 177)
<b>Profit on sales</b>	<b>28 219</b>	<b>26 845</b>	<b>14 468</b>	<b>20 329</b>
Financial income	24 766	36 943	39 924	43 346
Financial expenses	(2 733)	(5 451)	(1 364)	(4 653)
<b>Profit before tax</b>	<b>50 252</b>	<b>58 337</b>	<b>53 028</b>	<b>59 022</b>
Income tax	(4 875)	(4 341)	(3 177)	(4 542)
<b>Net profit</b>	<b>45 377</b>	<b>53 996</b>	<b>49 851</b>	<b>54 480</b>
<b>Net earnings per share</b>				
Basic	4,92	5,85	5,40	5,91
Diluted	4,92	5,85	5,40	5,91

## Statement of changes in shareholders' equity for the period of 6 months of 2006

	Issued capital	Treasury shares	Share premium	Other reserve capital	Retained earnings	Total equity
Equity as at 1 January 2006	66 964	0	0	0	406 742	473 706
Net loss on cash flow hedging	0	0	0	(4 833)	0	(4 833)
Dividend	0	0	0	0	(36 903)	(36 903)
Net profit	0	0	0	0	53 996	53 996
Equity as at 30 June 2006	66 964	0	0	(4 833)	423 835	485 966

Equity as at 1 January 2005	80 179	(71 108)	43 453	750	392 141	445 415
Emisja akcji serii "D"	750	0	0	(750)	0	0
Redemption of treasury shares	(13 965)	71 108	(43 453)	0	(13 690)	0
Dividend	0	0	0	0	(36 903)	(36 903)
Net profit	0	0	0	0	54 480	54 480
Equity as at 30 June 2005	66 964	0	0	0	396 028	462 992

Equity as at 1 January 2005	80 179	(71 108)	43 453	750	392 141	445 415
Registration of shares in "D" series	750	0	0	(750)	0	0
Redemption of treasury shares	(13 965)	71 108	(43 453)	0	(13 690)	0
Dividend payout	0	0	0	0	(36 903)	(36 903)
Other	0	0	0	0	(20)	(20)
Net profit	0	0	0	0	65 214	65 214
Equity as at 31 December 2005	66 964	0	0	0	406 742	473 706

**Cash flow statement for the period of 6 months of 2006**

Cash flow	from 01.01.2006 to 30.06.2006	from 01.01.2005 to 30.06.2005
<b>Cash flows from operating activities</b>		
Profit before tax	<b>58 337</b>	<b>59 022</b>
<i>Total adjustments:</i>	<b>(13 086)</b>	<b>(29 876)</b>
Depreciation and amortization	12 415	11 331
Impairment losses /(reversals)	794	(6 534)
Unrealised foreign exchange (gain) / loss	573	(638)
(Gain) / loss on investment activities	(2 303)	(96)
(Gain)/loss on disposal of property, plant and equipment	(236)	(56)
Interest and dividends (income)/expense, net	(30 962)	(34 198)
Other items, net	6 633	315
<i>Cash flows from operating activities before change in working capital</i>	<b>45 251</b>	<b>29 146</b>
Change in inventory	12 442	32 376
Change in receivables	(32 960)	(18 975)
Change in short-term liabilities, excluding borrowings	(3 829)	(9 302)
Change in provisions	4 787	868
Change in deferred income	(13)	(42)
<i>Net cash generated from operating activities</i>	<b>25 678</b>	<b>34 071</b>
Income tax paid	(3 666)	(7 748)
<b>Net cash from operating activities</b>	<b>22 012</b>	<b>26 323</b>
<b>Cash flows from investing activities</b>		
<i>(+) Inflows:</i>	<b>38 058</b>	<b>16 335</b>
Proceeds on disposal of intangible and tangible fixed assets	310	619
Proceeds on disposal of financial assets	3 784	311
Dividends received	33 964	15 405
<i>(-) Outflows:</i>	<b>(133 139)</b>	<b>(32 629)</b>
Acquisition of intangible and tangible fixed assets	(27 045)	(30 656)
Acquisition of financial assets	(106 094)	(1 973)
<b>Net cash from investing activities</b>	<b>(95 081)</b>	<b>(16 294)</b>
<b>Cash flows from financing activities</b>		
<i>(+) Inflows:</i>	<b>97 266</b>	<b>8 465</b>
Issuance of shares	0	0
Proceeds from borrowings	97 266	8 465
<i>(-) Outflows:</i>	<b>(30 101)</b>	<b>(27 779)</b>
Dividends and other payments due to owners	0	0
Other outflow due to distribution of profit, other than payments to owners	0	0
Repayment of borrowings	(27 500)	(26 211)
Interest paid	(2 601)	(1 568)
<b>Net cash from financing activities</b>	<b>67 165</b>	<b>(19 314)</b>
<b>Total net cash flow:</b>	<b>(5 904)</b>	<b>(9 285)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>(5 936)</b>	<b>2 947</b>
Effect of foreign exchange rate movements	2	(84)
<b>Cash and cash equivalents, end of period</b>	<b>(11 838)</b>	<b>(6 422)</b>

