CAPITAL GROUP GRUPA KĘTY S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE PERIOD OF 9 MONTHS ENDED 30 SEPTEMBER 2005 PREPARED ACCORDING TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Consolidated quarterly report of Kęty S.A. Capital Group for the reporting period 01.01.2005 - 30.09.2005 including:

- Consolidated financial statement of Grupa Kęty S.A. for the reporting period 01.01.2005 - 30.09.2005, including: balance sheet, profit and loss account, statement of changes in consolidated equity, cash flow statement.
- Comparable figures as at 31.12.2004, 30.06.2004 and 30.09.2005 and for the period of 9 months ended 30.09.2004.
- Notes and other information provided for in the Council of Ministers Ordinance dated 21 March 2005 on the current and periodical information to be submitted by issuers of securities.
- Condensed financial statement of Grupa Kęty S.A. for the reporting period 01.01.2005 - 30.09.2005, including: balance sheet, profit and loss account, statement of changes in consolidated equity, cash flow statement and comparable data.

The Issuer, pursuant to § 94.1 of the Council of Ministers Ordinance dated 21 March 2005, does not file 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.

1. Declaration of conformity with IFRS and the format of this financial statement

Declaration of conformity

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

The individual financial statement of Grupa Kęty S.A., a part of this report, has been prepared according to these standards.

As of 1 January 1 2005, the amended Accounting Act provided for an obligation for Grupa Kęty S.A. to prepare consolidated financial statements according to IFRS adopted by the EU. In addition, the approving bodies of Grupa Kęty S.A. and domestic entities controlled by them decided, under Article 45.1 (c) of the Accounting Act, to draw up individual financial statements of Grupa Kęty S.A. and of the controlled entities according to IFRS.

The presented financial figures as at 30 September 2005 and for the period of nine months ended on this date were not subject to a review by a certified auditor. The comparable financial figures as at 31 December 2004 and as at 30 September 2004 included in this consolidated financial statement also were not subject to an auditor's review.

The audit entailed the 2004 financial statement as at 31 December 2004 according to the Accounting Act, which was further restated to conform to IFRS.

The description of the first-time adoption of IFRS and the restatement of data for the comparable periods have been included in sections 4 and 5 of these report.

Changes in accounting policy

In 2003, IASB issued IFRS 1 *First time adoption of International Financial Reporting Standards* ("IFRS 1"). IFRS 1 stipulates that the first financial statement according to IFRS was the first annual financial statement in which a business adopts all IFRS standards, confirming the full compliance with all standards. Grupa Kęty adopted IFRS in financial statements for reporting periods commencing in 2005 with the date of conversion to IFRS as of 1 January 2004.

Section 4 hereof contains a description of the restatement of the opening balance sheet as at the date of the conversion to IFRS.

In order to ensure the comparability of data, the figures were restated. Detailed description of the restatement is contained in Section 5 hereof.

The financial statement format

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

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

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

2. Basic accounting principles (accounting policy)

The basic accounting principles (accounting policy) applied in this financial statement were detailed in the half-yearly consolidated financial statement for H1 FY05 submitted to the Polish Securities and Exchange Commission (SEC) on 20 September 2005.

Following the preparation of the half-yearly financial statement for H1 FY05, the Issuer did not make any changes in the adopted accounting policy.

3. The composition of the Capital Group

Grupa Kęty S.A. Capital Group is composed of the parent company and 16 subsidiaries.

Grupa Kęty S.A. is the parent company of the Capital Group Grupa KĘTY S.A.

Subsidiaries:

No.	Company name	Registered office	Main operations	Share in basic capital vs. the total number of votes	The date of taking control over Grupa KĘTY S.A.
1	2	3	4	5	6
1.	Metalplast — Bielsko S.A.	Bielsko-Biała, Poland	Manufacture of builders systems	100.00 %	06/1998
2.	Alupol Sp. z o.o.	Kęty, Poland	Production and trade activity related to the manufacture of plastic packaging	100.00 %	04/1998
3.	Alutech Sp. z o.o.	Kęty, Poland	Trade, production and services	88.85 %	03/1999
4.	Dekret Sp. z o.o.	Kęty, Poland	Bookkeeping services	100.00 %	09/1999
5.	Aluform Sp. z o.o.	Kęty, Poland	Production activities	100.00 %	04/2000
6.	Alupol LLC Sp. z o.o.	Borodianka, Ukraine	Aluminum extrusions production	100,00 %	12/2004
7.	Metalplast-Ukraina Sp. z o.o.	Kiev, Ukraine	Trade	100.00 %	01/2000
8.	ZRE "Metalplast-Bielsko" Sp. z o.o.	Bielsko-Biała, Poland	Services	69.55 %	09/1999
9.	Celtech Sp. z o.o.	Kęty, Poland	Services	88.85 %	12/1999
10.	„Metalplast-Zalur"Kft	Budapest, Hungary	Trade and production	100.00 %	07/2000
11.	Metalplast-Stolarka sp. z o.o.	Bielsko-Biała, Poland	Manufacture of builders systems	100.00 %	07/2000
12	„Run-Pak" Sp. z o.o.	Toruń, Poland	Packaging	99.00 %	02/2005
13	Metalplast-Deutschland" GmbH	Dusseldorf, Germany	Trade — sale of aluminum systems	100.00	02/2005
14	Metalplast-Romania s.r.l.	Bucharest, Romania	Trade — sale of aluminum systems	100.00%	05/2005
15	Mertz s.r.o.	Ostrava, Czech Republic	Trade —- sale of builders systems from aluminum and PVC	100.00%	05/2005
16	Impet sp. z o.o.	Chorzów, Poland	Trade — sale of steel systems	70.00%	06/2005

Since the first adoption of IFRS, that is from 1 January 2004, the Group has been consolidating all its subsidiaries with the full method. In the accounts prepared according to the Accounting Act, the consolidation entailed only the companies from No. 1 to No. 7. The companies from No. 7 to No. 11 were excluded from consolidation under Article 56.2.2 of the Accounting Act due to their immaterial character.

4. The description of the balances sheet restatement as at the date of the adoption of IFRS, i.e. 1 January 2004.

- Consolidated financial statement

The adjustments necessary to change from reporting under the Accounting Act to reporting under the International Financial Reporting Standards for the consolidated financial statement as at 1 January 2004.

Item	Assets	Liabilities

1. Elimination of the right to perpetual usufruct of land (transfer to off-balance sheet records)		
- tangible fixed assets	(4 776)	
- deferred income		(4 776)
2. Writing off costs of joint stock company extension settled in time		
- prepaid expenses	(127)	
- retained gains		(103)
- deferred tax assets	24	
3. Disclosure of mandrels for printing cylinders		
- fixed assets	5 837	
- retained gains		4 728
- deferred tax liability		1 109
4. Introduction of the valuation of fixed assets as at the transition of IFRS at fair value		
- tangible fixed assets	119 510	
- intangible assets	3 088	
- retained gains		98 907
- deferred tax liability		23 691
5. Advances towards the purchase of fixed assets – reclassification to other receivables		
- tangible fixed assets	(238)	
- other receivables	238	
6. Received prepayments for supplies		
- deferred income		(95)
- trade payables		95
7. Reclassification of development costs from prepaid expenses to intangible assets		
- prepaid expenses	(187)	
- intangible assets	187	
8. Reclassification of prepaid expenses to other receivables		
- prepaid expenses	(1 795)	
- other receivables	1 795	
9. Write-down of goodwill of related parties		
- goodwill of related parties	(302)	
- retained gains		(302)
10. Write-down of negative goodwill of related parties		
- negative goodwill of related parties		(793)
- retained gains		793
11. Recognition of the impact of hyperinflation upon equity		
- share capital		53 927
- share premium		4 953
- retained gains		(58 880)
12. Presenting differed tax asset and liability in net terms		
- deferred tax assets	(10 161)	
- deferred tax liability		(10 161)
13. The extension of consolidated companies to all subsidiaries		
- tangible fixed assets	3 238	
- intangible assets	503	
- investments	(9 116)	
- deferred tax assets	728	
- inventory	10 975	
- receivables	11 824	
- cash	2 750	
- equity		3 326
- minority interests		8 775
- provisions and liabilities		8 801

- Individual financial statement

Adjustments necessary to resign accounting principles under the Accounting Act and adopt International Financial Reporting Standards for the individual financial statement		
Item	Assets	Liabilities
1. Elimination of the right to perpetual usufruct of land (transfer to off-balance sheet records)		
- tangible fixed assets	(4.114)	-
- deferred income	-	(4.114)
2. Writing off costs of joint stock company extension settled in time		
- prepaid expenses	(127)	-
- retained gains	-	(103)
- deferred tax assets	24	-
3. Disclosure of mandrels for printing cylinders		
- fixed assets	5.837	-
- retained gains	-	4.728
- deferred tax liability	-	1.109
4. Introduction of the valuation of fixed assets as at the transition of IFRS according to fair value		
- tangible fixed assets	104.565	-
- intangible assets	2.111	-
- retained gains	-	86.408
- deferred tax liability	-	20.268
5. Advances towards the purchase of fixed assets – reclassification to other receivables		
- tangible fixed assets	(15)	
- other receivables	15	
6. Received prepayments towards supplies		
- deferred income		(30)
- trade payables		30
7. Reclassification of development costs from prepaid expenses to intangible assets		
- prepaid expenses	(187)	
- intangible assets	187	
8. Reclassification of prepaid expenses to other receivables		
- prepaid expenses	(1.595)	
- other receivables	1.595	
9. Recognition of the impact of hyperinflation upon equity		
- share capital		53 927
- share premium		4 953
- retained gains		(58 880)
10. Presenting differed tax asset and liability in net terms		
- deferred tax assets	(6 046)	
- deferred tax liability		(6 046)

5. **The description of the restatement of comparable figures.**

The impact of the restatement of financial statement prepared under the Polish Accounting Principles (PAP) to conform to the IFRS upon the consolidated net assets and consolidated net profit:

The restatement of the selected consolidated comparable data recognized in SA-QSr III/2004

	Data for Q3 FY04 reported in SA-QSr 2004	Change	Comparable data for the first 9 months of FY04 reported in S QSr III/2005
Revenue from sales	553,262	54,312	607,574
Operating profit (loss)	93,685	3,428	97,113
Gross profit (loss)	91,233	3,201	94,434
Net profit (loss)	76,892	821	77,713
Fixed assets	325,552	97,190	422,742
Current assets	291,931	23,367	315,298
Total ASSETS	**617,483**	120,557	**738,040**
Equity	419,678	111,027	530,705
Liabilities and provisions for liabilities	196,823	10,512	207,335
Total LIABILITIES	**617,483**	120,557	**738,040**

The Management Board of Grupa Kety S.A. emphasizes that due to the change in the presentation of financial statements from PAP to IFRS in the account for the first 9 months of 2005, the increased number of consolidated entities exerted a substantial impact upon the presentation of the comparable period (first 9 months of 2004). By the end of 2004, part of the subsidiaries was not consolidated due to their immateriality. In addition, the Issuer presented, under Article 59.2 of the Accounting Act, its subsidiary Flexpol due to the planned loss of control (disposal) of the company, with the equity method.

The increased number of consolidated companies, including in particular the consolidation of Flexpol with the full method, had an impact upon the increase in the reported consolidated sales revenue for the first 9 months of 2004 (comparable figures) from 553,262 thousand PLN to 607,574 thousand PLN, i.e. by 54,312 thousand PLN. (including the increase in revenue by the revenue of Flexpol amounting to 42,424 thousand PLN). Flexpol was disposed of in July 2004.

The impact of the restatement of financial statement prepared under PAP to conform to the IFRS upon the individual net assets and individual net profit:

The restatement of the selected individual comparable data recognized in SA-RS 2004 and SA-QSr III/2004.

	Data for Q1-Q3 FY04 reported in SA-QSr III/2004	Change	Comparable data for Q1-Q3 FY04 reported in SA-QSr III/2005
Operating profit (loss)	52,858	(311)	52,547
Gross profit (loss)	85,000	(93)	84,907
Net profit (loss)	74,513	(73)	74,440
Fixed assets	328,540	85,270	413,810
Current assets	189,132	18,063	207,195
Total ASSETS	**517,672**	**103,333**	**621,005**
Equity	344,671	90,960	435,631
Liabilities and provisions for liabilities	173,001	12,373	185,374
Total LIABILITIES	**517,672**	**103,333**	**621,005**

5. **Average PLN exchange rates in the period covered by the financial statement and comparative financial data against EURO as set by the National Bank of Poland.**

a) net revenue from sales of products, goods and materials, operating profit, gross profit and net profit, as well as net operating cash flow, net investing cash flow, net financial cash flow, and total net cash flow for three quarters of 2005 have been calculated basing on the average exchange rate of EURO – arithmetic average of exchange rates set by the National Bank of Poland as at month end in each month of the first 9 months of FY05, : 4.0583 PLN

a) 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 Q3 FY04 were calculated at the average rate of exchange for EURO according to the rate which is arithmetic mean of NBP exchange rates as at the last days of particular months of the first 9 months of FY04, i.e. : 4.6214 PLN

c) total assets, liabilities and provisions for liabilities, long-term payables, short-term payables, shareholders' equity and share capital as at 30 September 2005 have been calculated based on the average exchange rate of EURO as at 30 September 2005, i.e. 3.9166 PLN

d) total assets, liabilities and provisions for liabilities, long-term payables, short-term payables, shareholders' equity and share capital as at 30 September 2004 have been calculated based on the average exchange rate of EURO as at 30 September 2004, i.e. 4.3832 PLN

In the period from 01.01.2005 to 30.09.2005, the minimum and the maximum exchange rate were PLN 3.8639 on 7 March 2005 and PLN 4.2756 on 29 April 2005.

6. **When determining the consolidated financial result for the first nine months of FY05, the following events were taken into consideration:**

The result, related to the change in assets/deferred tax liability balance by 1,549 thousand PLN, was adjusted (decrease in result).

In addition, when determining the result for the first 9 months of FY05, the following events were taken into account:

When determining the result for the first 9 months of FY05, the result was increased by the reversal of:	
- provision for jubilee awards and retirement allowances	150
- provision for annual bonus costs	1,969
- provision for employees' leaves	173
- provision for quarterly bonus costs	74
- provision for warranty repairs cost	10
- other provisions for costs	546
- provision for business risk	245
- write-down of inventory	679
- write-down of receivables	6,598

When determining the result for the first 9 months of FY05, the result was decreased by the establishment of:	
- provision for jubilee awards and retirement allowances	491
- provision for annual bonus costs	1,527
- provision for employees' leaves	19
- provision for environmental protection costs	10
- provision for warranty repairs cost	12

- provision for quarterly bonus costs	552
- provision for other accruals	862
- provision for business risk	124
- write-down of inventory	460
- write-down of receivables	4,963

7. A concise description of the Issuer's accomplishments and failures in the first 9 months of FY05 and the most important events related thereto.

- Issuer's operating accomplishments

In Q3 FY05, the Extruded Products Segment launched two new presses to produce aluminum extrusions with the total annual capacity of 9,000 tones and a state-of-the-art extrusions anodizing line.

In addition, the following corporate events took place:

3.08.2005
On 3 August 2005, the Supervisory Board appointed Mr. Dariusz Mańko, the then member of the Management Board, to be the President of the Management Board of Grupa Kęty.

14.09.2005
J.P. Morgan Chase & Co hereby informs that, along with its subsidiaries, it holds 5.26% of the shares of Grupa Kęty S.A.

8. Description of factors and events, of untypical nature in particular, which exerted material impact upon financial results in Q3 FY05

In Q3 FY05, there were no untypical events, which would have exerted material impact upon the Issuer's financial results or financial standing.

9. Factors which exert material impact upon financial results in Q3 FY05:

Factors which influence financial standing and operations of the Capital Group in Q3 FY05 were as follows:

- **Sales volume –** Q3 ended with 4.4% growth in sales volume as compared to last year's figures mainly due to the sales of Flexible Packaging Segment. The Extruded Products Segment also recorded growth in exports by ca. 10-20%. The Flexible Packaging Segment was the most dynamically growing segment in terms of exports.
- **Sales value** – in Q3, the company recorded a 3-percent increase in sales as compared to Q3 2004. The segment which recorded the largest growth in sales of ca. 16% as compared to the comparable quarter of the previous year was the Flexible Packaging Segment. The increased volumes of products, especially on export markets, exerted an impact upon the increase in the sales value.
- **Operating profit** – the Capital Group recorded the operating profit of over 29 million PLN. Despite the fact, the profitability decreased mainly due to the macroeconomic factors (increasing aluminum prices and the strong Polish currency against EUR).
- **Gross profit –** the balance of the financial activity of the Capital Group amounted to 722 thousand PLN and was accomplished due to the active policy of hedging the company's FX position.

10. Factors which, in the Issuer's opinion, will affect its results in the period of at least one quarter.

As estimated by the company, ca. 60% of sales was realized in PLN and ca. 35% in EURO. The remaining 5% was sales settled in USD.
As for costs, ca. 50% were expenses in PLN, 35% were costs in USD and ca. 15% were costs in EUR. Having regard for the foregoing, the PLN/EURO, PLN/USD and EURO/USD exchange rates will materially affect the company's results. Other vital components affecting rate of return are the prices of the company's primary raw material – aluminum, and also the demand for goods on European markets. Due to the company's increasing exposure to the exports, the market conditions on the main export markets (including the German, Italian, British, Russian, Czech and Ukrainian markets) exert influence upon the sales and the performance.

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)
- Aluminum Systems Segment (ASS)

Detailed description of the segments types, the assignment of the companies to segments and the information on the basic economic ratios for particular segments has been presented in Section II of the Report on the Capital Group's Operation announced on 20 September 2005 along with the half-yearly report SA-PSr I/2005.
Basic economic information on segments of the Issuer's operation:

Q1 to Q3 FY05

	FPS	EPS	ASS	Non-assigned consolidation exclusions	Total
Revenue (market)	231 865	252 356	109 231	-58 512	**534 940**
Revenue (GROUP)	15	45 005	15 836	-60 855	**0**
Total revenue	**231 880**	**297 361**	**125 067**	-119 367	**534 940**

including exports	45 908	66 286	21 533	0	**133 726**
Expenses	148 142	239 379	106 039	-40 012	**453 548**
including depreciation and amortization	11 537	11 204	1 520	2 842	**27 103**
Gross profit				86 046	**86 046**
Net profit				72 997	**72 997**
Segment assets	**256 610**	**366 057**	**114 005**	**77 194**	**813 866**
Segment liabilities	**19 297**	**24 130**	**29 263**	**741 176**	**813 866**

* 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 aluminum extrusions from EPS to ASS and the sale of services of varnishing and anodizing by ASS to EPS.

All above transactions are made on arm's length.

12. Explanation on seasonality or cyclical character of the Company's operations

Due to the division into segments servicing various markets and customers, the following seasonal fluctuations may be noticed:

- the Flexible Packaging Segment – twice a year larger sale before the main holidays, i.e. Christmas and Eastern,
- Extruded Products Segment and Aluminum Systems Segment record the highest sales in Autumn which is related to the cycle of works in the building industry which constitute the major share of serviced markets in these Segments

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

Grupa Kęty S.A did not perform such transactions in the period.

14. Information on paid out (or declared) dividend, in total and per share, per ordinary and preference shares.

No dividends were paid or declared for Q3 FY05 in Grupa Kęty S.A.

15. Events after the end of the reporting period not included in the balance sheet and in the profit and loss account

By the time of preparing the financial statement for Q1-Q3 FY05 ending 30 September 2005, there were no events which materially affected the Issuer's financial standing and assets and those of its subsidiaries, which were related to the reporting period, and which should be disclosed in this financial statement.

16. Events occurring in previous years included in this financial statement

There are no material events concerning previous years, which should be presented in the financial statement for the current reporting period.

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.

No changes in the structure of the Issuer's capital group took place in Q3 FY05.

18. Information on changes of contingent liabilities or contingent assets, which had place since the end of the last quarter.

In Q3 FY05, no changes in contingent assets or contingent liabilities had place.

19. The position of the Issuer's Management Board on the realization of the forecasted 2005 profit.

The Management Board of Grupa KĘTY S.A. upholds the result forecast for 2005 announced in the current report No. 3/2005 of 07-01-2005.

20. Shareholders holding at least 5% of the total vote at the Issuer's General Meeting of Shareholders as at the date of submission of the quarterly report, i.e. 8 November 2005.

	8-11-2005 Number of shares equal to the number of votes	8-11-2005 % of shares	2-08-2005 Number of shares equal to the number of votes	2-08-2005 % of shares
OFE PZU Złota Jesień	886,233	9.61%	886,233	9.61%
ING Nationale-Nederlanden Polska OFE	749,077	8.12%	749,077	8.12%
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%
Raiffeisen Zentralbank Osterreich AG	529,320	5.74%	529,320	5.74%
J.P. Morgan Chase & Co	484,915	5.26%	-	-

On 13.09.2005, J.P. Morgan Chase & Co informed that along with its subsidiaries it held 5.26% of the shares of Grupa Kęty S.A.

21. Shares held by the members of the Company's Management Board and of the Supervisory Board as at 8 November 2005.

	8.11.2005 No. of shares	2.08.2005 No. of shares
Members of the Management Board	115 000	115 000
Members of the Supervisory Board	0	0

22. Material pending proceedings in courts, arbitration body or public administration office.

No proceedings were instituted against the Issuer or entities controlled by the Issuer 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

23. Related party transactions

In Q3 FY05, the Group concluded related-party transactions of the total value exceeding the equivalent of EUR 500,000 in PLN in the period since the beginning of the fiscal year, but these transactions were typical and routine, concluded at arm's length, whose type, terms and conditions were determined by the 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 Q3 FY05.

In Q3 2005, 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 material post- balance sheet events

No post-balance sheet events occurred.

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 3 August 2005, the Supervisory Board appointed Mr. Dariusz Mańko, the then member of the Management Board, to be the President of the Management Board of Grupa Kęty. Mr. Mańko declared that Grupa Kęty S.A. would continue its development strategy announced in January 2005.

Signatures of all members of Grupa Kęty S.A.

8 November 2005	Dariusz Mańko	President of the Management Board	
Date	Name and surname	Title / position	Signature
8 November 2005	Michał Malina	Member of the Management Board	
Date	Name and surname	Title / position	Signature

Signature of a person responsible for the Company's accounts

Signature