

**CAPITAL GROUP GRUPA KĘTY S.A.**

**CONSOLIDATED INTERIM FINANCIAL STATEMENT  
FOR THE THIRD QUARTER OF 2006 ENDED 30 SEPTEMBER 2006  
PURSUANT 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 September 2006 including:

- consolidated financial statement of Capital Group Grupa Kęty S.A. for the reporting period from 1 January 2006 to 30 September 2006, and as at 30 September 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, 30 September 2005 and for the period of 9 months ended 30 September 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,
- standalone financial statement of Capital Group Grupa Kęty S.A. for the reporting period from 1 January 2006 to 30 September 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 September 2006

| ASSETS                               | 30.09.2006       | 31.12.2005     | 30.09.2005     |
|--------------------------------------|------------------|----------------|----------------|
| <b>I. Non-current assets</b>         | <b>672 106</b>   | <b>540 863</b> | <b>529 197</b> |
| Property, plant and equipment        | 541 315          | 491 707        | 491 762        |
| Intangibles                          | 77 996           | 8 873          | 10 385         |
| Investment property                  | 13 668           | 13 838         | 8 461          |
| Other investments                    | 869              | 7              | 7              |
| Other receivables                    | 8 799            | 7 481          | 241            |
| Deferred income tax assets           | 29 459           | 18 957         | 18 341         |
| <b>II. Current assets</b>            | <b>411 983</b>   | <b>337 170</b> | <b>303 010</b> |
| Inventories                          | 162 143          | 129 192        | 97 244         |
| Income tax receivable                | 1 086            | 5 325          | 4 224          |
| Trade and other receivables          | 212 149          | 172 433        | 169 854        |
| Assets classified as held for sale   | 0                | 708            | 720            |
| Derivative and financial instruments | 1 722            | 5 118          | 2 797          |
| Cash and cash equivalents            | 34 883           | 24 394         | 28 171         |
| <b>Total assets</b>                  | <b>1 084 089</b> | <b>878 033</b> | <b>832 207</b> |

| EQUITY AND LIABILITIES                                   | 30.09.2006       | 31.12.2005     | 30.09.2005     |
|----------------------------------------------------------|------------------|----------------|----------------|
| <b>I. Equity</b>                                         | <b>644 863</b>   | <b>614 628</b> | <b>599 476</b> |
| Issued capital                                           | 66 964           | 66 964         | 66 964         |
| Management stock option reserve                          | 151              | 0              | 0              |
| Hedging reserve                                          | (361)            | 0              | 0              |
| Retained earnings                                        | 578 096          | 546 301        | 531 263        |
| Translation reserve                                      | (99)             | (56)           | 81             |
| <b>Equity attributable to shareholders of the parent</b> | <b>644 751</b>   | <b>613 209</b> | <b>598 308</b> |
| Minority interest                                        | 112              | 1 419          | 1 168          |
| <b>II. Non-current liabilities</b>                       | <b>133 743</b>   | <b>38 883</b>  | <b>37 208</b>  |
| Interest bearing loans and borrowings                    | 96 000           | 0              | 0              |
| Other liabilities                                        | 57               | 1 930          | 2 157          |
| Provisions                                               | 1 674            | 1 859          | 625            |
| Employee benefits                                        | 13 795           | 11 421         | 9 414          |
| Government grants                                        | 341              | 101            | 126            |
| Deferred tax liabilities                                 | 21 876           | 23 572         | 24 886         |
| <b>III. Current liabilities</b>                          | <b>305 483</b>   | <b>224 522</b> | <b>195 523</b> |
| Interest bearing loans and borrowings                    | 166 954          | 119 371        | 102 920        |
| Current tax payable                                      | 1 988            | 2 504          | 2 824          |
| Trade and other accounts payable                         | 121 602          | 95 295         | 82 544         |
| Provisions                                               | 13 497           | 3 988          | 7 189          |
| Derivative and financial instruments                     | 1 278            | 3 339          | 46             |
| Government grants                                        | 164              | 25             | 0              |
| <b>Total equity and liabilities</b>                      | <b>1 084 089</b> | <b>878 033</b> | <b>832 207</b> |

## Consolidated profit and loss account for the period of 9 months of 2006

| INCOME STATEMENT                                 | from 01.06.2006<br>to 30.09.2006 | from 01.01.2006<br>to 30.09.2006 | from 01.06.2005<br>to 30.09.2005 | from 01.01.2005<br>to 30.09.2005 |
|--------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Total operating revenues including:</b>       | <b>289 497</b>                   | <b>790 891</b>                   | <b>199 164</b>                   | <b>543 598</b>                   |
| Revenue from sales                               | 288 845                          | 764 435                          | 197 822                          | 534 940                          |
| Other operating revenue                          | 652                              | 26 456                           | 1 342                            | 8 658                            |
| Change in finished products and work in progress | (110)                            | 29 307                           | 552                              | 9 472                            |
| Costs of manufacturing products for internal use | 2 314                            | 5 663                            | 1 987                            | 4 419                            |
| <b>Total operating expenses including:</b>       | <b>(256 319)</b>                 | <b>(737 238)</b>                 | <b>(172 604)</b>                 | <b>(480 303)</b>                 |
| Depreciation                                     | (11 136)                         | (32 822)                         | (9 409)                          | (27 103)                         |
| Materials and energy                             | (199 026)                        | (556 601)                        | (120 007)                        | (345 745)                        |
| External services                                | (11 434)                         | (37 382)                         | (15 407)                         | (25 913)                         |
| Taxes and charges                                | (1 856)                          | (5 529)                          | (1 492)                          | (5 129)                          |
| Employee benefits                                | (26 512)                         | (79 396)                         | (22 126)                         | (62 788)                         |
| Other operating expenses                         | (6 355)                          | (25 508)                         | (4 163)                          | (13 625)                         |
| <b>Profit on sales</b>                           | <b>35 382</b>                    | <b>88 623</b>                    | <b>29 099</b>                    | <b>77 186</b>                    |
| Financial revenues                               | 3 350                            | 7 498                            | 3 891                            | 11 552                           |
| Financial costs                                  | (8 398)                          | (15 078)                         | (53)                             | (2 692)                          |
| <b>Profit before tax</b>                         | <b>30 334</b>                    | <b>81 043</b>                    | <b>32 937</b>                    | <b>86 046</b>                    |
| Income tax                                       | (5 114)                          | (12 150)                         | (5 103)                          | (12 712)                         |
| <b>Net profit</b>                                | <b>25 220</b>                    | <b>68 893</b>                    | <b>27 834</b>                    | <b>73 334</b>                    |
| Attributable to minority interest                | 15                               | 175                              | 57                               | 337                              |
| Attributable to the shareholders of the parent   | <b>25 205</b>                    | <b>68 718</b>                    | <b>27 777</b>                    | <b>72 997</b>                    |
| Basic earnings per share                         | 2,73                             | 7,45                             | 3,01                             | 7,91                             |
| Diluted earnings per share                       | 2,73                             | 7,44                             | 3,01                             | 7,91                             |

## Consolidated statement of changes in shareholders' equity for the period of 9 months of 2006

|                                                                     | Attributable to the shareholders of the parent |                 |                                 |                 |                   |                     |                | Minority interest | Total equity   |
|---------------------------------------------------------------------|------------------------------------------------|-----------------|---------------------------------|-----------------|-------------------|---------------------|----------------|-------------------|----------------|
|                                                                     | Share capital                                  | Treasury shares | Management stock option reserve | Hedging reserve | 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>546 301</b>    | <b>(56)</b>         | <b>613 209</b> | <b>1 419</b>      | <b>614 628</b> |
| Foreign exchange differences on translation of foreign subsidiaries | 0                                              | 0               | 0                               | 0               | 0                 | (43)                | (43)           | 0                 | (43)           |
| Net loss on hedging                                                 | 0                                              | 0               | 0                               | (361)           | 0                 | 0                   | (361)          | 0                 | (361)          |
| Profit for the period                                               | 0                                              | 0               | 0                               | 0               | 68 718            | 0                   | 68 718         | 175               | 68 893         |
| <b>Total recognised income and expenses for the period</b>          | <b>0</b>                                       | <b>0</b>        | <b>0</b>                        | <b>(361)</b>    | <b>68 718</b>     | <b>(43)</b>         | <b>68 314</b>  | <b>175</b>        | <b>68 489</b>  |
| Management stock option                                             | 0                                              | 0               | 151                             | 0               | 0                 | 0                   | 151            | 0                 | 151            |
| 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)       |
| Purchase of shares from minority shareholders                       | 0                                              | 0               | 0                               | 0               | 0                 | 0                   | 0              | (1 482)           | (1 482)        |
| <b>As at 30 September 2006</b>                                      | <b>66 964</b>                                  | <b>0</b>        | <b>151</b>                      | <b>(361)</b>    | <b>578 096</b>    | <b>(99)</b>         | <b>644 751</b> | <b>112</b>        | <b>644 863</b> |
|                                                                     | Attributable to the shareholders of the parent |                 |                                 |                 |                   |                     |                | Minority interest | Total equity   |
|                                                                     | Share capital                                  | Treasury shares | Share premium                   | Hedging reserve | 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>508 879</b>    | <b>47</b>           | <b>562 200</b> | <b>1 354</b>      | <b>563 554</b> |
| Foreign exchange differences on translation of foreign subsidiaries | 0                                              | 0               | 0                               | 0               | 0                 | 34                  | 34             | 0                 | 34             |
| Profit for the period                                               | 0                                              | 0               | 0                               | 0               | 72 997            | 0                   | 72 997         | 337               | 73 334         |
| <b>Total recognised income and expenses for the period</b>          | <b>0</b>                                       | <b>0</b>        | <b>0</b>                        | <b>0</b>        | <b>72 997</b>     | <b>34</b>           | <b>73 031</b>  | <b>337</b>        | <b>73 368</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               | (36 923)          | 0                   | (36 923)       | 0                 | (36 923)       |
| Acquisitions                                                        | 0                                              | 0               | 0                               | 0               | 0                 | 0                   | 0              | (523)             | (523)          |
| <b>As at 30 September 2005</b>                                      | <b>66 964</b>                                  | <b>0</b>        | <b>0</b>                        | <b>0</b>        | <b>531 263</b>    | <b>81</b>           | <b>598 308</b> | <b>1 168</b>      | <b>599 476</b> |

**Consolidated cash flow statement for the period of 9 months of 2006**

| Cash flow                                                                    | from 01.01.2006<br>to 30.09.2006 | from 01.01.2005<br>to 30.09.2005 |
|------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>Cash flows from operating activities</b>                                  |                                  |                                  |
| Profit before tax                                                            | 81 043                           | 86 046                           |
| <i>Total adjustments:</i>                                                    | 48 846                           | 20 272                           |
| Depreciation and amortization                                                | 32 822                           | 27 103                           |
| Impairment loss (reversal)                                                   | 1 195                            | (6 907)                          |
| (Gain) on f/x differences                                                    | 48                               | (1 035)                          |
| (Gain) on investment activities                                              | 1 537                            | (1 666)                          |
| (Gain) / loss on disposal of fixed assets                                    | 1 697                            | 988                              |
| Interest and dividends received, net                                         | 5 668                            | 1 830                            |
| Other items net                                                              | 5 879                            | (41)                             |
| <i>Cash flows from operating activities before change in working capital</i> | <b>129 889</b>                   | <b>106 318</b>                   |
| Change in inventory position                                                 | (18 927)                         | 25 267                           |
| Change in balance of receivables, net                                        | (42 390)                         | (34 687)                         |
| Change in short-term liabilities, excluding borrowings                       | 21 338                           | (3 235)                          |
| Change in provisions                                                         | 11 913                           | (407)                            |
| Change in deferred income                                                    | 241                              | 31                               |
| <i>Net cash generated from operating activities</i>                          | <b>102 064</b>                   | <b>93 287</b>                    |
| Income tax paid                                                              | (11 867)                         | (15 336)                         |
| <b>Net cash from operating activities</b>                                    | <b>90 197</b>                    | <b>77 951</b>                    |
| <b>Cash flows from investing activities</b>                                  |                                  |                                  |
| <i>(+) Inflows:</i>                                                          | 8 880                            | 4 723                            |
| Disposal of intangible and tangible fixed assets                             | 3 889                            | 894                              |
| Disposal of financial assets                                                 | 4 991                            | 3 015                            |
| Other inflows                                                                | 0                                | 814                              |
| <i>(-) Outflows:</i>                                                         | (165 577)                        | (64 685)                         |
| Acquisition of intangible and tangible fixed assets                          | (63 634)                         | (62 343)                         |
| Acquisition of financial assets                                              | (5 090)                          | (2 342)                          |
| Acquisitions of subsidiaries                                                 | (96 796)                         | 0                                |
| <b>Net cash from investing activities</b>                                    | <b>(156 697)</b>                 | <b>(59 962)</b>                  |
| <b>Cash flows from financing activities</b>                                  |                                  |                                  |
| <i>(+) Inflow:</i>                                                           | 122 726                          | 55 358                           |
| Net proceeds from shares issue                                               | 0                                | 0                                |
| Proceeds from borrowings                                                     | 122 726                          | 55 348                           |
| Other inflow                                                                 | 0                                | 10                               |
| <i>(-) Outflow:</i>                                                          | (75 432)                         | (80 253)                         |
| Repayment of borrowings                                                      | (32 794)                         | (40 542)                         |
| Other outflow due to distribution of profit, other than payments to owners   | 0                                | 0                                |
| Finance lease payments                                                       | (1 579)                          | (444)                            |
| Interest paid                                                                | (4 136)                          | (2 324)                          |
| Other outflow                                                                | 0                                | 0                                |
| <b>Net cash from financing activities</b>                                    | <b>47 294</b>                    | <b>(24 895)</b>                  |
| <b>Total net cash flow:</b>                                                  | <b>(19 206)</b>                  | <b>(6 906)</b>                   |
| - effects of exchange rate changes on cash                                   | 2                                | (43)                             |
| <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>(6 490)</b>                   | <b>10 474</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 above mentioned principles.

The financial figures as at 30 September 2006 and for the period of 9 months ended with this date have not been audited. The comparable financial figures as at 30 September 2005 included in this consolidated financial statement also were not subject to auditor’s examination. Only 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 investment real estate, and the valuation of derivative financial instruments and assets available 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, real results may differ from the estimates.

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

*Accounting principles*

For the purpose of this interim financial statement, the same accounting principles and calculation methods were applied as in the last half-year financial statement.

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

Basic accounting principles (accounting policy) applied in the preparation of this financial statement have been described in detail in the consolidated half-year annual report for the first six months of 2006 submitted to the Securities and Exchange Commission (KPWiG) on 12 September 2006.

### 3. The structure of the Capital Group

Grupa Kęty S.A. Capital Group is composed of the parent company and 19 subsidiaries.

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

| No  | Company name                   | Registered office       | Main operations                                                                      | 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.        | 98.1 %                                                          | 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.  | Kiev, Ukraine           | 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-Zaluz” 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.             | Kęty, 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.      | Bucharest, Romania      | Trade and sale of aluminum systems                                                   | Metalplast-Bielsko S.A.        | 100.00%                                                         | 05/2005                                 |
| 15. | Mertz s.r.o.                   | Ostrava, 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.        | 100.00%                                                         | 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%                                                            | 02/2006                                 |
| 18. | Aluprof UK Ltd.                | Hale, UK                | Trade and sale of aluminum systems                                                   | Metalplast-Bielsko S.A.        | 100%                                                            | 05/2005                                 |
| 19. | ALUPROF RUS Ltd.               | Moscow, Russia          | Trade and sale of aluminum systems                                                   | Metalplast-Bielsko S.A.        | 100%                                                            | 07/2005                                 |

## 4. Selected financial figures

## Data on consolidated financial statement according to IFRS

| SELECTED FINANCIAL FIGURES                                                                                     | PLN '000   |            | EUR '000   |            |
|----------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
|                                                                                                                | 30.09.2006 | 30.09.2005 | 30.09.2006 | 30.09.2005 |
| I. Net income from sales                                                                                       | 764 435    | 534 940    | 195 153    | 131 814    |
| II. Operating profit (loss)                                                                                    | 88 623     | 77 186     | 22 625     | 19 019     |
| III. Profit (loss) before tax                                                                                  | 81 043     | 86 046     | 20 690     | 21 202     |
| IV. Net profit (loss)                                                                                          | 68 893     | 73 334     | 17 588     | 18 070     |
| V. Net profit (loss) of the shareholders of the parent company                                                 | 68 718     | 72 997     | 17 543     | 17 987     |
| VI. Net operating cash flow                                                                                    | 90 197     | 77 951     | 23 026     | 19 208     |
| VII. Net cash flow on investing activities                                                                     | -156 697   | -59 962    | -40 003    | -14 775    |
| VIII. Net cash flow on financial activities                                                                    | 47 294     | -24 895    | 12 074     | -6 134     |
| IX. Total net cash flow                                                                                        | -19 206    | -6 906     | -4 903     | -1 702     |
| X. Total assets                                                                                                | 1 084 089  | 832 207    | 272 145    | 212 482    |
| XI. Liabilities and provisions for liabilities                                                                 | 439 226    | 232 731    | 110 261    | 59 422     |
| XII. Long-term liabilities                                                                                     | 133 743    | 37 208     | 33 574     | 9 500      |
| XIII. Short-term liabilities                                                                                   | 305 483    | 195 523    | 76 687     | 49 922     |
| XIV. Equity of the shareholders of the parent company                                                          | 644 751    | 598 308    | 161 855    | 152 762    |
| XV. Issued capital                                                                                             | 66 964     | 66 964     | 16 810     | 17 097     |
| 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                                     | 7,45       | 7,91       | 1,90       | 1,95       |
| XVIII. Dilluted profit (loss) share of the shareholders of the parent company pare ordinary share (in PLN/EUR) | 7,44       | 7,91       | 1,90       | 1,95       |
| XIX. Per share book value in PLN/EURO)                                                                         | 69,89      | 64,85      | 17,54      | 16,56      |
| XX. Dilluted book value pare share (in PLN/EUR)                                                                | 69,72      | 64,85      | 17,50      | 16,56      |
| XXI. Declared or paid dividend pare share (in PLN/EUR)                                                         | 4,00       | 4,00       | 1,00       | 1,02       |

  

| Data on standalone financial statement according to IFRS                                                      |            |            |            |            |
|---------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
| SELECTED FINANCIAL FIGURES                                                                                    | 30.09.2006 | 30.09.2005 | 30.09.2006 | 30.09.2005 |
| I. Net income from sales                                                                                      | 548 954    | 403 347    | 140 143    | 99 388     |
| II. Operating profit (loss)                                                                                   | 41 849     | 32 043     | 10 684     | 7 896      |
| III. Profit (loss) before tax                                                                                 | 68 454     | 74 799     | 17 476     | 18 431     |
| IV. Net profit (loss)                                                                                         | 61 761     | 67 295     | 15 767     | 16 582     |
| V. Net operating cash flow                                                                                    | 50 709     | 35 633     | 12 946     | 8 780      |
| VI. Net cash flow on investing activities                                                                     | -119 656   | -13 821    | -30 547    | -3 406     |
| VII. Net cash flow on financial activities                                                                    | 55 902     | -24 354    | 14 271     | -6 001     |
| VIII. Total net cash flow                                                                                     | -13 045    | -2 542     | -3 330     | -626       |
| IX. Total assets                                                                                              | 847 355    | 668 242    | 212 716    | 170 618    |
| X. Liabilities and provisions for liabilities                                                                 | 349 021    | 192 454    | 87 617     | 49 138     |
| XI. Long-term liabilities                                                                                     | 126 073    | 29 378     | 31 649     | 7 501      |
| XII. Short-term liabilities                                                                                   | 222 948    | 163 076    | 55 968     | 41 637     |
| XIII. Equity                                                                                                  | 498 334    | 475 788    | 125 100    | 121 480    |
| XIV. Issued capital                                                                                           | 66 964     | 66 964     | 16 810     | 17 097     |
| 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                                     | 6,69       | 7,29       | 1,71       | 1,80       |
| XVII. Dilluted profit (loss) share of the shareholders of the parent company pare ordinary share (in PLN/EUR) | 6,69       | 7,29       | 1,71       | 1,80       |
| XVIII. Per share book value in PLN/EURO)                                                                      | 54,02      | 51,57      | 13,56      | 13,17      |
| XIX. Dilluted book value pare share (in PLN/EUR)                                                              | 53,89      | 51,57      | 13,53      | 13,17      |
| XX. Declared or paid dividend pare share (in PLN/EUR)                                                         | 4,00       | 4,00       | 1,00       | 1,02       |

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 three quarters of 2006 were calculated at the average rate of exchange for EURO according to the rate which is an arithmetic mean of NBP exchange rates as at the last days of particular 9 months of 2006, i.e. PLN 3.9171;

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 three quarters 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 at the last days of particular 9 months of 2005, i.e. PLN 4.0583;



c) total assets, liabilities and provisions for liabilities, long-term payables, shareholders' equity and share capital as at 30 September 2006 have been calculated based on the average exchange rate of EURO as at 30 September 2006, i.e. PLN 3.9835;

d) 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. PLN 3.9166.

In the reporting period, i.e. from 1 January 2006 to 30 September 2006, the minimum and maximum exchange rate was at the level of PLN 3.7565 on 20 February 2006 and PLN 4.1056 on 26 June 2006.

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

The result on change in deferred tax asset/liability was adjusted by PLN 3.932 thousand (increase). The following events were considered when determining result for three quarters of 2006:

| <i><b>When determining the result for the three quarters of 2006, the result was decreased by the creation of:<br/>(in PLN thousand):</b></i> |       |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------|
| - provision for quarterly bonus costs                                                                                                         | 1302  |
| - provision for warranty repairs cost                                                                                                         | 981   |
| - provision for environmental protection costs                                                                                                | 99    |
| - other provisions                                                                                                                            | 1,779 |
| - provision for holiday leaves                                                                                                                | 96    |
| - provision for jubilee awards and retirement allowances                                                                                      | 2,393 |
| - provisions for annual bonuses                                                                                                               | 6,167 |
| - write-down of inventory                                                                                                                     | 2,851 |
| - write-down of receivables                                                                                                                   | 901   |

| <i><b>When determining the result for the three quarters of 2006, the result was increased by the reversal of:<br/>( w tys. zł):</b></i> |       |
|------------------------------------------------------------------------------------------------------------------------------------------|-------|
| - provision for jubilee awards and retirement allowances                                                                                 | 18    |
| - provision for employees' leaves                                                                                                        | 136   |
| - provision for environmental protection costs                                                                                           | 249   |
| - provision for annual bonus costs                                                                                                       | 860   |
| - other provisions                                                                                                                       | 114   |
| - write-down of inventory                                                                                                                | 962   |
| - write-down of receivables                                                                                                              | 3,702 |

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

### Sales

Consolidated income from sales in Q3 amounted to PLN 288,845 thousand and was up by 46% in comparison with income from sales in the corresponding period of the previous year. Such a fast

growth was possible due to the significant increase in domestic sale, material increase in exports (100% in the Extruded Products Segment and 400% in the Aluminium Systems Segment) and the commencement of the consolidation of Aluprof acquired on 31 January 2006, which in Q3 FY06 added ca. PLN 40 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 of aluminum systems, the major part of the increase in domestic sales is a result of good business conditions in the construction industry and the continuance of the construction of the terminal at the Okęcie airport.

Operating profit

Operating profit amounted to PLN 35,382 thousand and was down by 21 % against the 2005 figures. One of the main reasons for the increase in the operating profit was a much higher sale.

Net profit

Consolidated net profit per shareholders of the parent company in the period amounted to PLN 25,205 thousand. In comparison to the corresponding period in FY05, net profit decreased by 9%. The main reasons for such a situation, despite high operating profit, was negative financial activities balance which, in Q3, amounted to nearly PLN 5 million, whereas in 2005 the balance was positive.

Furthermore, in this scope of corporate events, the following events took place:

05.07.2006 and 28.08.2006 - a subsidiary Metalplast-Bielsko S.A. purchased from natural persons 76 shares of Metalplast Karo Sp. z o.o. based in Bielsko-Biała, i.e. 28.6% of the share capital of Metalplast Karo Sp. z o.o. Following the transaction, Metalplast Bielsko S.A. holds 98.1% of shares and votes at the General Meeting of Shareholders. The total transaction value amounted to PLN 760,000. Metalplast Karo Sp. z o.o. is involved in the production of accessories for builders systems. Metalplast-Bielsko S.A. is the main recipient of such systems. Revenue from the sale of Karo in 2005 were at the level of PLN 13.8 million.

21.07.2006 - a subsidiary Metalplast-Bielsko purchased from a natural person 30% stock with the value of PLN 15 thousand in „IMPET” Sp. z o.o. based in Chorzów. The transaction value is PLN 15 thousand. At the same time, the share capital of „IMPET” Sp. z o.o. was increased from PLN 50 thousand to PLN 400 thousand, i.e. by PLN 350 thousand. Following the purchase of the shares and the increase in the share capital, Metalplast-Bielsko S.A. holds 100% of shares and 100% votes at the General Meeting of Shareholders of „IMPET” Sp. z o.o.

25.07.2006 - the Company was notified by its subsidiary Alupol LLC in the Ukraine of registering the increase in the share capital by the amount of USD 2,160,202. Following the registration, the share capital of Alupol LLC amounts to USD 5,219,202. Kęty Group holds 100% of shares in the increased capital of Alupol LLC.

18.09.2006 - The Management Board of Grupa Kęty S.A. informs that on 1 December 2006 they intend to combine two subsidiaries: Aluprof Sp. z o.o. based in Opole, a leader on the Polish market of aluminum systems for external rollers and roller gates and Metalplast-Bielsko S.A., a producer and distributor of modern aluminium solutions for the building industry. In both companies, Kęty Group holds 100% of shares. The combination of the entities will be realized by transferring all assets of Aluprof Sp. z o.o. to Metalplast-Bielsko S.A.. As a result of the merger, a new company will be formed - Aluprof S.A.- with total revenue from sales of PLN 340 million (including export – PLN 120 million).

21.09.2006 - the Company was notified by its subsidiary Alupol LLC in the Ukraine of registering the increase in the share capital by the amount of USD 8,103,545. Following the registration, the share

capital of Alupol LLC amounts to USD 13,322,747. Kęty Group holds 100% of shares in the increased capital of Alupol LLC.

27.09.2006 – the Company informs on preliminary forecasts of the results of the third quarter of 2006

#### **7. Description of factors and events, especially of unusual character, which have material impact on financial results in Q3 FY06**

In Q3, there were no extraordinary events with significant impact on the financial results.

#### **8. Acquisition of subsidiaries**

On 1 February 2006, the Group acquired 100% of shares in Aluprof. Aluprof 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 is as follows:*

| Assets and liabilities                         | Fair value of acquired assets and liabilities<br>(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>                                                      |
| <br><b>Total acquisition price</b>             | <br><b>96,961</b>                                                  |
| <b>Less acquired cash</b>                      | <b>958</b>                                                         |
| <b>Acquisition expenses</b>                    | <b>96,003</b>                                                      |
| <br><b>Goodwill resulting from acquisition</b> | <br><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 and its net result would be higher by PLN 233 thousand.

#### **9. Factors which have material impact on financial results in Q3 FY06:**

##### *Demand for the Company's products*

In Q3 FY06, the demand for the Company's products remained considerable. In terms of value, income from sales was up by 46%; the growth was noticeable both on the domestic and foreign markets. Very good macroeconomic data on the country economic growth 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 in PLN and ca. 50% of sale is in EURO. The remaining 5% is sale 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 above, the tendency observed in the first half of the quarter (appreciation of the Polish zloty against EURO) was negative for the Company. However, the appreciation remained at PLN 3.87 per 1 EURO in mid-August and further the Polish currency weakened against EURO to the level of 3.98 at the end of the third quarter. In the fourth quarter, it is expected that, having regard for political factors, the Polish zloty will not get appreciated. The EUR/USD relation in the third quarter was between 1.26 – 1.29, thus it was on a relatively high level, which, having regard for the currency position of the Company, has a positive impact upon the financial results.

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 the third quarter, the prices of aluminium were stable at the level of USD 2400 – 2600 USD per ton, which had a positive impact upon margins. As forecasted, by the end of this year, the situation will probably not change much.

**10. 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 Q4 FY06, the positive tendency as regards the demand for the company's products will continue. It is evidenced by the orders portfolio for October, November and December.

Exchange rates

The Management Board foresees that, in subsequent quarters of 2006, the FX structure of income and expenses will be roughly the same as in Q3 FY06. Having regard for the foregoing, further depreciation of EURO against PLN and strong EURO against USD will positively affect the company's results.

Prices of basic raw materials.

The Company secured ca. 40% of its position for Q4, however further rapid growth in prices, at the similar pace as recorded 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 report on the Capital Group's business published on 12 September 2006 along with the annual report PSr 2006.

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

Basic economic figures by the Issuer's segments:

Three quarters of FY06:

| Business segments (9 months of 2006) | FPS      | EPS      | ASS      | Other     | Eliminations | Total     |
|--------------------------------------|----------|----------|----------|-----------|--------------|-----------|
| <b>Income statement</b>              |          |          |          |           |              |           |
| Sale                                 | 169 836  | 413 559  | 256 773  | 13 304    | (89 038)     | 764 435   |
| Profit on sales                      | 21 077   | 51 258   | 33 952   | (13 487)  | (4 177)      | 88 623    |
| Depreciation                         | 11 100   | 15 065   | 2 355    | 2 959     | 1 344        | 32 822    |
| <b>Balance sheet</b>                 |          |          |          |           |              |           |
| Segment assets                       | 273 657  | 403 954  | 199 134  | 54 228    | 153 117      | 1 084 089 |
| Unallocated assets                   |          |          |          |           |              |           |
| Total assets                         | 273 657  | 403 954  | 199 134  | 54 228    | 153 117      | 1 084 089 |
| Segment liabilities                  | 21 713   | 31 625   | 55 618   | 5 378     | 324 893      | 439 226   |
| Unallocated liabilities              |          |          |          |           |              |           |
| Total liabilities                    | 21 713   | 31 625   | 55 618   | 5 378     | 324 893      | 439 226   |
| <b>Others</b>                        |          |          |          |           |              |           |
| Cash flows from operating activities | 19 802   | 67 962   | (17 063) | (49 378)  | 68 874       | 90 197    |
| Cash flows from investing activities | (35 476) | (25 912) | (30 270) | (102 536) | 37 498       | (156 697) |
| Cash flows from financing activities | (4 166)  | (23 485) | 27 097   | 143 828   | (95 979)     | 47 294    |

Three quarters of FY05:

| Business segments (9 months of 2005) | FPS      | EPS      | ASS      | Other   | Eliminations | Total    |
|--------------------------------------|----------|----------|----------|---------|--------------|----------|
| <b>Income statement</b>              |          |          |          |         |              |          |
| Sale                                 | 171 025  | 272 432  | 125 067  | 10 749  | (44 333)     | 534 940  |
| Profit on sales                      | 28 279   | 36 619   | 20 596   | (9 451) | 1 143        | 77 186   |
| Depreciation                         | 11 537   | 11 204   | 1 520    | 2 841   | 1            | 27 103   |
| <b>Balance sheet</b>                 |          |          |          |         |              |          |
| Segment assets                       | 256 603  | 366 057  | 114 005  | 45 973  | 49 570       | 832 207  |
| Unallocated assets                   |          |          |          |         |              |          |
| Total assets                         | 256 603  | 366 057  | 114 005  | 45 973  | 49 570       | 832 207  |
| Segment liabilities                  | 19 290   | 24 130   | 29 263   | 2 941   | 157 108      | 232 731  |
| Unallocated liabilities              |          |          |          |         |              |          |
| Total liabilities                    | 19 290   | 24 130   | 29 263   | 2 941   | 157 108      | 232 731  |
| <b>Others</b>                        |          |          |          |         |              |          |
| Cash flows from operating activities | 32 358   | 61 975   | (30 852) | (9 378) | 23 848       | 77 951   |
| Cash flows from investing activities | (26 244) | (42 555) | (12 177) | (3 429) | 24 443       | (59 962) |
| Cash flows from financing activities | (62 269) | 61 797   | (77 464) | 29 228  | 23 812       | (24 895) |

- 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 seasonality or cyclical character of the Company's operations

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

- Flexible Packaging Segment – bigger sales twice a year mainly before holidays i.e. Christmas and Easter
- 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 is a major share of serviced markets in these Segments

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

In the third quarter of the year, the Group launched the first tranche of the stock option scheme for managers.

The basic assumptions of the scheme are as follows:

The scheme is divided into three tranches, 91,600 options to buy shares of Grupa Kęty S.A. in each tranche.

Particular tranches will start in 2006, 2007 and 2008 respectively.

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 – 2014 and the main implementation criteria are as follows:

- a) for the 25% tranche 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"
- a) for the 25% tranche 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% tranche for a given year, the accomplishment of "increase in per share EBITDA" of 40%
- c) for the 25% tranche for a given year, the accomplishment of "increase in net earnings per share" of 64%

The rate of return on shares for Tranche 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 Warsaw Stock Exchange (WSE) in Q1 FY06. For Tranche 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 Tranche 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 Tranche 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 Tranche 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 Tranche 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 Tranche 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 Tranche 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 programme 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.

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

The General Meeting of Shareholders, on 11 May 2006, decided to allocate PLN 36,903 thousand (PLN 4 per share) from the 2005 profit as dividend. The dividend was paid via the National Depository for Securities on 6 July 2006.

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

In the period from the end of Q3 FY06 by 26 October 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 had place.

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

In the period, no material events concerning previous years that should be presented in the financial statement for the current reporting period had 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 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 three quarters of 2006 increased by PLN 78,213 thousand and consolidated result increased by PLN 5,035 thousand.

Apart from the above transaction, no other material 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 had place since the end of the last financial quarter.**

Off-balance sheet items:

| Item              | 30.09.2006         | 30.06.2006         | 31.12.2005       |
|-------------------|--------------------|--------------------|------------------|
| Bills endorsement | PLN 1,170 thousand | PLN 1,475 thousand | PLN 820 thousand |

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

On the basis of the previous results and good projections for the fourth quarter, the Management Board of Kęty S.A. Capital Group decided to increase the results estimate published in current report No.12/2006 on 2 February 2006 as follows:

- a) revenue from sales – from PLN 858 million to PLN 1,005 million;
- b) EBITDA – from PLN 149 million to PLN 161 million;
- c) net profit – from PLN 80 million to PLN 88 million.

**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. 26 October 2006.**

|                                          | 26-10-2006<br>Number of<br>shares equal to<br>the number of<br>votes | 26-10-2006<br>% share | 27-07-2006<br>Number of<br>shares equal to the<br>number of votes | 27-07-2006<br>% share |
|------------------------------------------|----------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------|-----------------------|
| ING Nationale-Nederlanden Polska 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%                 |
| ING TFI                                  | 496,127                                                              | 5.38%                 | no data available                                                 | no data available     |

**21. Shares held by persons managing and supervising the Company as at 26 October 2006**

|                                   | 26.10.2006<br>No. of shares | 27.07.2006<br>No. of shares |
|-----------------------------------|-----------------------------|-----------------------------|
| President of the Management Board | 73 000                      | 73 000                      |
| Member of the Management Board    | 0                           | 0                           |

Furthermore, under Resolution No. 14/06 of the Annual General Meeting of Shareholders of Grupa Kęty S.A. of 11 May 2006 and under the Supervisory Board's Resolution No. VI/18/06 of 21 June 2006 on the approval of the rules of the stock option scheme for managers in Grupa Kęty S.A. in the years 2006-2014, the Supervisory Board, on 31 July 2006, granted to members of the Management Board the right to acquire 20,200 series B bonds with the pre-emptive right to acquire series E common bearer shares, including:

President of the Management Board – 14 200 bonds  
Member of the Management Board - 6 000 bonds

Members of the Management Board may, upon exercising the Options, acquire the number of bonds allotted to him/her by the Supervisory Board and further exercise the pre-emptive right incorporated in the bonds to subscribe for the Shares of the Company, if, from the date of allotting Options to such a person, at least three years of his/her employment or performing a function in the Company, a subsidiary or an associate lapsed, and all financial conditions for Options exercise set out in the rules



of the stock options scheme for managers in Grupa Kęty S.A. in the years 2006-2014, published by the Company in a current report No. 37/2006 of 22 June 2006 were satisfied.

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

**22. Proceedings currently in progress 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 initiated against the Issuer or its related parties.

**23. Related party transactions**

In Q3 FY06, there took place related-party transactions of the total value exceeding the PLN equivalent of EURO 500,000 in the period since the beginning of the financial year, but these transactions were typical and routine, 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 Q3 FY06**

In Q3 FY06, 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**

6.10.2006 - The Management Board of Grupa Kęty S.A. informs about the increase in the investment budget for 2006 by PLN 44,4 million. The resources will be used to finance additional capital expenditure in Alupol LLC in the Ukraine (PLN 22.4 million) and to finance the construction of a logistics center in Kęty plant (PLN 22 million). By the end of 2006, ca. PLN 12 million out of PLN 44.4 million will be spent. The remaining portion will be spent in 2007.

**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.**

Except for information included in this report, there were no 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.

## STANDALONE INDIVIDUAL FINANCIAL STATEMENT OF GRUPA KĘTY SA

## Balance sheet as at 30 September 2006

| ASSETS                           | 30.09.2006     | 31.12.2005     | 30.09.2005     |
|----------------------------------|----------------|----------------|----------------|
| <b>I. Non-current assets</b>     | <b>606 253</b> | <b>490 958</b> | <b>482 269</b> |
| Property, plant and equipment    | 314 953        | 315 130        | 311 582        |
| Intangibles                      | 7 445          | 7 481          | 7 573          |
| Investments                      | 275 056        | 160 866        | 162 873        |
| Other receivables                | 8 799          | 7 481          | 241            |
| <b>II. Current assets</b>        | <b>241 102</b> | <b>210 377</b> | <b>185 973</b> |
| Inventories                      | 70 325         | 84 691         | 52 778         |
| Income tax receivable            | 943            | 4 987          | 4 019          |
| Trade and other receivables      | 158 045        | 114 648        | 116 946        |
| Derivative financial instruments | 1 403          | 5 118          | 2 797          |
| Cash and cash equivalents        | 10 386         | 933            | 9 433          |
| <b>Total assets</b>              | <b>847 355</b> | <b>701 335</b> | <b>668 242</b> |

| Equity and liabilities                                        | 30.09.2006     | 31.12.2005     | 30.09.2005     |
|---------------------------------------------------------------|----------------|----------------|----------------|
| <b>I. Equity</b>                                              | <b>498 334</b> | <b>473 706</b> | <b>475 788</b> |
| Kapitał własny przypadający udziałowcom jednostki dominującej |                |                |                |
| Issued capital                                                | 66 964         | 66 964         | 66 964         |
| Management stock option reserve                               | 151            | 0              | 0              |
| Hedging reserve                                               | (361)          | 0              | 0              |
| Retained earnings                                             | 431 580        | 406 742        | 408 824        |
| <b>II. Non-current liabilities</b>                            | <b>126 073</b> | <b>30 487</b>  | <b>29 378</b>  |
| Interest bearing loans and borrowings                         | 96 000         | 0              | 0              |
| Employee benefits                                             | 10 268         | 8 502          | 6 273          |
| Deferred government grants                                    | 341            | 101            | 126            |
| Deferred tax liabilities                                      | 19 464         | 21 884         | 22 979         |
| <b>III. Current liabilities</b>                               | <b>222 948</b> | <b>197 142</b> | <b>163 076</b> |
| Interest bearing loans and borrowings                         | 139 642        | 115 710        | 95 364         |
| Income tax payable                                            | 0              | 0              | 0              |
| Trade and other payables                                      | 75 028         | 76 376         | 63 598         |
| Provisions                                                    | 6 975          | 1 692          | 4 068          |
| Derivative financial instruments                              | 1 278          | 3 339          | 46             |
| Deferred government grants                                    | 25             | 25             | 0              |
| <b>Total equity and liabilities</b>                           | <b>847 355</b> | <b>701 335</b> | <b>668 242</b> |

## Profit and loss account for the period of 9 months of 2006

| INCOME STATEMENT                                 | from 01.06.2006<br>to 30.09.2006 | from 01.01.2006<br>to 30.09.2006 | from 01.06.2005<br>to 30.09.2005 | from 01.01.2005<br>to 30.09.2005 |
|--------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>Total operating revenue including:</b>        | <b>203 570</b>                   | <b>570 824</b>                   | <b>144 211</b>                   | <b>408 979</b>                   |
| Net revenue from sales                           | 203 320                          | 548 954                          | 143 714                          | 403 347                          |
| Other operating revenue                          | 250                              | 21 870                           | 497                              | 5 632                            |
| Change in finished products and work in progress | (7 671)                          | 3 807                            | 1 763                            | (10 413)                         |
| Cost of manufacturing products for internal use  | 1 561                            | 4 219                            | 1 269                            | 3 092                            |
| <b>Total operating expenses including:</b>       | <b>(181 877)</b>                 | <b>(537 001)</b>                 | <b>(135 529)</b>                 | <b>(369 615)</b>                 |
| Depreciation and amortization                    | (6 264)                          | (18 679)                         | (5 813)                          | (17 144)                         |
| Materials and energy                             | (140 479)                        | (405 207)                        | (97 775)                         | (261 021)                        |
| External services                                | (17 086)                         | (48 590)                         | (18 784)                         | (50 702)                         |
| Taxes and charges                                | (1 082)                          | (3 243)                          | (907)                            | (3 001)                          |
| Employee benefits                                | (15 186)                         | (46 550)                         | (11 451)                         | (33 771)                         |
| Other operating expenses                         | (1 780)                          | (14 732)                         | (799)                            | (3 976)                          |
| <b>Profit on sales</b>                           | <b>15 583</b>                    | <b>41 849</b>                    | <b>11 714</b>                    | <b>32 043</b>                    |
| Financial income                                 | 2 360                            | 39 580                           | 1 563                            | 44 909                           |
| Financial expenses                               | (7 565)                          | (12 975)                         | 2 500                            | (2 153)                          |
| <b>Profit before tax</b>                         | <b>10 378</b>                    | <b>68 454</b>                    | <b>15 777</b>                    | <b>74 799</b>                    |
| Income tax                                       | (2 008)                          | (6 693)                          | (2 962)                          | (7 504)                          |
| <b>Net profit</b>                                | <b>8 370</b>                     | <b>61 761</b>                    | <b>12 815</b>                    | <b>67 295</b>                    |
| <b>Net earnings per share</b>                    |                                  |                                  |                                  |                                  |
| Basic                                            | 0,91                             | 6,69                             | 1,39                             | 7,29                             |
| Diluted                                          | 0,91                             | 6,69                             | 1,39                             | 7,29                             |

## Statement of changes in consolidated shareholders' equity for the period of 9 months of 2006

|                                                            | Share capital | Treasury shares | Management stock option reserve | Hedging reserve | Retained earnings | Total equity   |
|------------------------------------------------------------|---------------|-----------------|---------------------------------|-----------------|-------------------|----------------|
| <b>As at 1 January 2006</b>                                | <b>66 964</b> | <b>0</b>        | <b>0</b>                        | <b>0</b>        | <b>406 742</b>    | <b>473 706</b> |
| Net loss on hedging                                        | 0             | 0               | 0                               | (361)           | 0                 | (361)          |
| Profit for the period                                      | 0             | 0               | 0                               | 0               | 61 761            | 61 761         |
| <b>Total recognised income and expenses for the period</b> | <b>0</b>      | <b>0</b>        | <b>0</b>                        | <b>(361)</b>    | <b>61 761</b>     | <b>61 400</b>  |
| Management stock option                                    | 0             | 0               | 151                             | 0               | 0                 | 151            |
| Profit allocation for dividend payout                      | 0             | 0               | 0                               | 0               | (20)              | (20)           |
| Dividend payout                                            | 0             | 0               | 0                               | 0               | (36 903)          | (36 903)       |
| <b>As at 30 September 2006 (non-audited)</b>               | <b>66 964</b> | <b>0</b>        | <b>151</b>                      | <b>(361)</b>    | <b>431 580</b>    | <b>498 334</b> |

  

|                                                            | Share capital | Treasury shares | Share premium | Hedging reserve | Retained earnings | Total equity   |
|------------------------------------------------------------|---------------|-----------------|---------------|-----------------|-------------------|----------------|
| <b>As at 1 January 2005</b>                                | <b>80 179</b> | <b>(71 108)</b> | <b>43 453</b> | <b>750</b>      | <b>392 141</b>    | <b>445 415</b> |
| Profit for the period                                      | 0             | 0               | 0             | 0               | 67 295            | 67 295         |
| <b>Total recognised income and expenses for the period</b> | <b>0</b>      | <b>0</b>        | <b>0</b>      | <b>0</b>        | <b>67 295</b>     | <b>67 295</b>  |
| 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              |
| Profit allocation for dividend payout                      | 0             | 0               | 0             | 0               | (20)              | (20)           |
| Dividend payout                                            | 0             | 0               | 0             | 0               | (36 902)          | (36 902)       |
| <b>As at 30 September 2005 (non-audited)</b>               | <b>66 964</b> | <b>0</b>        | <b>0</b>      | <b>0</b>        | <b>408 824</b>    | <b>475 788</b> |

## Cash flow statement for the period of 9 months of 2006

| Cash flow                                                                    | from 01.01.2006<br>to 30.09.2006 | from 01.01.2005<br>to 30.09.2005 |
|------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>Cash flows from operating activities</b>                                  |                                  |                                  |
| Profit before tax                                                            | <b>68 454</b>                    | <b>74 799</b>                    |
| <i>Total adjustments:</i>                                                    | <b>(440)</b>                     | <b>(25 904)</b>                  |
| Depreciation and amortization                                                | 18 679                           | 17 144                           |
| Impairment losses /(reversals)                                               | 1 195                            | (6 907)                          |
| Unrealised foreign exchange (gain) / loss                                    | 46                               | (1 058)                          |
| (Gain) / loss on investment activities                                       | 2 113                            | (1 666)                          |
| (Gain)/loss on disposal of property, plant and equipment                     | (214)                            | 59                               |
| Interest and dividends (income)/expense, net                                 | (29 145)                         | (33 819)                         |
| Other items, net                                                             | 6 886                            | 343                              |
| <i>Cash flows from operating activities before change in working capital</i> | <b>68 014</b>                    | <b>48 895</b>                    |
| Change in inventory                                                          | 14 366                           | 31 987                           |
| Change in receivables                                                        | (37 987)                         | (29 306)                         |
| Change in short-term liabilities, excluding borrowings                       | 4 012                            | (4 217)                          |
| Change in provisions                                                         | 7 049                            | 1 159                            |
| Change in deferred income                                                    | 240                              | 31                               |
| <i>Net cash generated from operating activities</i>                          | <b>55 694</b>                    | <b>48 549</b>                    |
| Income tax paid                                                              | (4 985)                          | (12 916)                         |
| <b>Net cash from operating activities</b>                                    | <b>50 709</b>                    | <b>35 633</b>                    |
| <b>Cash flows from investing activities</b>                                  |                                  |                                  |
| <i>(+) Inflows:</i>                                                          | <b>39 181</b>                    | <b>39 045</b>                    |
| Proceeds on disposal of intangible and tangible fixed assets                 | 547                              | 625                              |
| Proceeds on disposal of financial assets                                     | 4 670                            | 3 015                            |
| Dividends received                                                           | 33 964                           | 35 405                           |
| <i>(-) Outflows:</i>                                                         | <b>(158 837)</b>                 | <b>(52 866)</b>                  |
| Acquisition of intangible and tangible fixed assets                          | (37 909)                         | (42 316)                         |
| Acquisition of financial assets                                              | (120 928)                        | (10 550)                         |
| <b>Net cash from investing activities</b>                                    | <b>(119 656)</b>                 | <b>(13 821)</b>                  |
| <b>Cash flows from financing activities</b>                                  |                                  |                                  |
| <i>(+) Inflows:</i>                                                          | <b>124 223</b>                   | <b>55 059</b>                    |
| Issuance of shares                                                           | 0                                | 0                                |
| Proceeds from borrowings                                                     | 124 223                          | 55 059                           |
| <i>(-) Outflows:</i>                                                         | <b>(68 321)</b>                  | <b>(79 413)</b>                  |
| Dividends and other payments due to owners                                   | (36 903)                         | (36 903)                         |
| Other outflow due to distribution of profit, other than payments to owners   | (20)                             | (20)                             |
| Repayment of borrowings                                                      | (28 085)                         | (40 542)                         |
| Interest paid                                                                | (3 313)                          | (1 948)                          |
| <b>Net cash from financing activities</b>                                    | <b>55 902</b>                    | <b>(24 354)</b>                  |
| <b>Total net cash flow:</b>                                                  | <b>(13 045)</b>                  | <b>(2 542)</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                                | 27                               |
| <b>Cash and cash equivalents, end of period</b>                              | <b>(18 979)</b>                  | <b>432</b>                       |

| Signatures of all members of Grupa Kęty S.A. |                  |                                   |           | Signature of a person responsible for the Company's accounts |
|----------------------------------------------|------------------|-----------------------------------|-----------|--------------------------------------------------------------|
| Date                                         | Name and surname | Title / position                  | Signature |                                                              |
| 26 October 2006                              | Dariusz Mańko    | President of the Management Board |           |                                                              |
| 26 October 2006                              | Adam Piela       | Member of the Management Board    |           |                                                              |
| Date                                         | Name and surname | Title / position                  | Signature | Signature                                                    |