

**Capital Group
Grupa KETY S.A.**

**CONSOLIDATED FINANCIAL STATEMENT FOR THE
YEAR ENDED 31 DECEMBER 2004**

SECURITIES AND STOCK EXCHANGE BOARD

00-950 WARSZAWA PLAC POWSTANCIÓW WARSZAWY 1

Consolidated annual report SA-RS 2004

(pursuant to § 57 section 2 and § 58 section 3 of the Decree of the Council of Ministers of 16 October 2001 - Dz.U. No. 139, item 1569 and from 2002 No. 31 section 280)

(for issuers of securities dealing in production, building, trade or services)

For the current year comprising the period from 01.01.2004 until 31.12.2004

and for the previous year comprising the period from 01.01.2003 until 31.12.2003

8 April 2005

CAPITAL GROUP GRUPA KETY

(full name of the issuer)

GRUPA KETY

(short name of the issuer)

METAL SECTOR

(sector as per classification of Warsaw Stock Exchange)

32-650

(postcode)

KETY

(town/ city)

TADEUSZA KOSCIUSZKI

(street)

111

(number)

(033) 844-60-0

(telephone)

(033) 845-30-93

(fax)

kety@gk-kety.com.pl

(e-mail)

549-000-14-68

(NIP/ [TIN])

070614970

REGON)

www.gk-kety.com.pl

(www)

(issue date)

KPMG Audyt sp. z o.o.

(Entity authorized to perform audit)

12 April 2005

(issue date of the report)

Consolidated year report contains:

- x Letter of the Management Board President
- x Opinion and report of the entity entitled to issue audit report (of registered auditor)
- x Annual consolidated financial statements:
 - x Introduction
 - x Consolidated balance sheet
 - x Consolidated profit and loss account
 - x Statement of changes in consolidated equity
 - x Consolidated cash flow
 - x Additional information and explanatory notes
- x Report on the capital group performance of the issuer

SELECTED FINANCIAL DATA	PLN'000		PLN'000	
	2004	2003	2004	2003
I. Net sales of finished products, merchandise and materials	728,724	664,885	161,286	149,500
II. Profit (loss) on operating activities	113,259	77,596	25,067	17,447
III. Profit (loss) before taxation	106,646	75,617	23,604	17,003
IV. Net profit (loss)	90,750	69,108	20,085	15,539
V. Net cash flow from operating activities	69,329	130,963	15,344	29,447
VI. Cash flow from investing activities	-69,860	-34,430	-15,462	-7,742
VII. Cash flow from financing activities	-14,358	-80,566	-3,178	-18,115
VIII. Total net cash flows	-14,889	15,967	-3,295	3,590
IX. Total assets	630,941	582,338	154,680	123,455
X. Liabilities and provisions for liabilities	195,781	210,314	47,997	44,586
XI. Long-term liabilities	17,336	29,985	4,250	6,357
XII. Short-term liabilities	151,510	149,888	37,144	31,776
XIII. Equity	434,287	369,583	106,469	78,351
XIV. Share capital	26,252	26,252	6,436	5,565
XV. Number of shares	10,500,780	10,500,780	10,500,780	10,500,780
XVI. Net earning (loss) per ordinary share (in PLN / EUR)	9.84	7.74	2.18	1.74

XVI. Diluted earning /(loss) per ordinary share (in PLN /EUR)	9.84	7.59	2.18	1.71
XVIII. Book value per share (in PLN / EUR)	47.07	41.41	11.54	8.78
XIX. Diluted book value per share (in PLN / EUR)	47.07	40.06	11.54	8.49
XX. Declared or paid out dividend per one share (in PLN / EUR)	4.00	3.00	0.98	0.64

Dear Shareholders,

The last year's most focal event was unquestionably the expansion of the European Union. We also witnessed the end of the recession. Poland's accession to the EU was a stimulus for economic growth within the time horizon of the upcoming 5-10 years. The first signs of this upturn could be observed as early as in the first half of the year. A number of companies took advantage of the recovery, including Kety Group and its subsidiaries, which in Q1 2004, attained record sales from extrusions and aluminium systems.

In the second half of the year, the market stabilized. Instead, we witnessed increased activities of EU companies which, acknowledging Poland's position in the EU family, were more apt to establish business relations with Polish corporations. Our segments took advantage of the situation, e.g. Hard Alloy Extrusion Plant, which launched export of extrusions to Great Britain and Ireland. Also, Aluminium Systems Segment entered the challenging and demanding German market with its systems. Indisputably, newly established relations are of great value and mark the beginning of a more extended cooperation of businesses in the integrated Europe. We believe that this process will accelerate in the future and this implies better growth opportunities for export of our products to the EU countries that so far we have had no chance to explore: Finland, Denmark, Sweden, Spain and Portugal.

We wish to expand to Eastern markets as well. To this end, towards the end of 2004, we established Alupol in the Ukraine which will engage in the production of aluminium extrusions. This investment will augment our position on the Ukrainian market and help us expand further to the Russian and Belarusian markets.

However, some solutions were not so successful. As a consequence of Poland's accession to the EU, we have to observe the 6% rate of customs duty for aluminium imported from Russia. This resulted in extra costs related to the purchase of more expensive raw materials. Also, soaring prices of raw materials on world's markets, including crude oil, aluminium, plastics and paper, adversely affected production costs.

The upturn in economy affected the performance of Polish companies in a positive manner. This was also true in the case of Kety Group and its subsidiaries. The 2004 consolidated sales were up by c. 10% as compared to last year's figures. A substantially higher growth was reported for net profit which increased more than 31% as compared to the 2003 figures. Such excellent performance is a result of dynamic sales, costs reductions, favourable exchange rates and upgrade in the receivables control system.

Investments have remained our priority for years. They make it possible for us to retain the best customers, win new ones and continually expand our offer with new products and services. In 2004, we finished the construction of a modern facility in Tychy which will engage in the production of laminates printed with a new flexographic technique. We also intend to coat plastic and paper foils with metal. As a result, the products of the Flexible Packaging Segment will become even more competitive.

Towards the end of 2004, we launched an investment in the Extruded Products Segment, which will take advantage of two new presses - 1600 and 2800 tonnes - and also of the anodizing plant - the biggest and the most advanced in this part of Europe. All these investments will be made in H105 and will certainly contribute to the enhancement of the position of Kety Group as the leader on the aluminium extrusions market.

A. Formation and Activities of the Capital Group

The Grupa KETY Capital Group (hereinafter referred to as "the Group" or "the Capital Group") is composed of a parent company and 12 subsidiaries, part of which is subject to consolidation. The subsidiary Metalplast – Bielsko S.A. forms its own capital group. The consolidation within the Group shall comprise the consolidated financial statement of Metalplast – Bielsko capital group containing the financial statements of its companies Metalplast – Bielsko S.A. and Metalplast – Bielsko – Stolarka sp. z o.o.

The Group's parent company is Grupa KETY S.A. with its registered office in Kety, ul. Kosciuszki 111 ("the Company", "the parent company", "the Issuer"). The Company was formed by transforming a state-owned enterprise Zaklady Metali Lekkich "KETY" with its registered office in Kety into a joint stock company wholly owned by the State Treasury pursuant to the notarial deed dated 3 March 1992. The Company was registered in the District Court in Bielsko-Biala, 6th Economic Division under RHB No. 1768/92 on 1 April 1992. On 9 July 2002, the Company was entered, by the District Court in Kraków, the 12th Economic Division of the National Court Register, into the Register of Entrepreneurs in the National Court Register under KRS No. 0000121845. The tax identification number (NIP) 549-000-14-68 was granted by the Revenue Office in Oswiecim. In 1995, the Company became a public company listed on the Warsaw Stock Exchange.

According to the Warsaw Stock Exchange classification, the Group has been operating in the metal industry.

The parent company is mainly involved in manufacturing, trade and provision of services related to aluminium and its alloys processing as well as the production and trade activity related to the manufacture of plastic and paper packaging materials, also trade, supply and marketing agency, including but not limited to:

- 1) paper, corrugated board and paper and cardboard manufacture (Polish Classification of Economic Activities – PKD 21.21.Z)
- 2) other typographic activity not classified elsewhere (PKD 22.22.Z)
- 3) manufacture of plastic packaging (PKD 25.22.Z)
- 4) aluminium manufacture (PKD 27.42.Z)
- 5) light metals founding (PKD 27.53.Z)
- 6) metals forging, extrusion and rolling, powder metallurgy (PKD 28.40.Z)
- 7) metals processing and metal coating (PKD 28.51.Z)
- 8) machining of metal elements (PKD 28.52.Z)
- 9) light metals packaging manufacture (PKD 28.72.Z)

- 10) metal products manufacture, not classified elsewhere (PKD 28.75.Z)
- 11) metal waste and scrap management (PKD 37.10.Z).

B. Formation and Activities of the Capital Group (cont.)

Furthermore, the Company has been operating in the following industries:

- 1) electric energy distribution (PKD 40.10.C)
- 2) gaseous fuel distribution in a network system (PKD 40.20.B)
- 3) other financial agency services not classified elsewhere (PKD 65.23.Z)
- 4) real estate lease on own account (PKD 70.20.Z)
- 5) lease of building machinery and equipment (PKD 71.32.Z)
- 6) lease of other building machinery and equipment (PKD 71.34.Z)
- 7) information technology (PKD 72)
- 8) market research and opinion polls (PKD 74.13.Z)
- 9) staff recruitment and personnel search (PKD 74.50.Z)
- 10) sewage disposal (PKD 90.00.D).

On 16 June 2000, the General Meeting of Shareholders adopted a resolution on the change of the Company's business name into Grupa KETY Spółka Akcyjna (Notarial Deed No. A.2407/2000). The change of the Company's name was registered in the District Court on 29 December 2000.

On 9 July 2002, the Company was entered by the District Court for Kraków-Sródmieście (Central Cracow), the 12th Commercial Division of the National Court Register into the Register of Entrepreneurs in the National Court Register under KRS No. 0000121845.

The scope of Metalplast-Bielsko S.A. operation is the manufacture of builders systems according to NACE 28.12. On 9 June 2000, Metalplast – Bielsko S.A., pursuant to the notarial deed No. A 2547/2000, formed a subsidiary under the name Metalplast – Bielsko – Stolarka sp. z o.o., which is involved mainly in the manufacture of builders systems according to NACE 28.12.

On 25 June 1998, Alupol sp. z o.o. was granted a permit to operate within the area of the Katowice Enterprise Zone. The company is mainly involved in the trade and production activities related to the manufacture of plastic packaging goods according to NACE 25.22.

Alutech sp. z o.o. was formed on the basis of technical facilities services separated from the parent company. The company provides services according to NACE 29.24.

C. Formation and Activities of the Capital Group (cont.)

Dekret Centrum Rachunkowe Sp. z o.o. was established under the name of Alutest Sp. z o.o., on the basis of the research and development department separated from the parent company. The company's main activities comprise technical testing and analyses according to NACE 74.30 and research and development according to NACE 731070. In November 2002, Alutest changed its name into Dekret Centrum Rachunkowe sp. z o.o. and, making use of the existing human resources of the Accounting Departments of the Group's companies, commenced the provision of book-keeping and accounting services according to NACE 74.12.

Flexpol sp. z o.o. commenced its operation on 3 January 2000. The company is mainly involved in the manufacture of other plastic products according to NACE 25.24. On 28 July 2004, Grupa KETY S.A. sold all the shares in Flexpol. Since that date, Flexpol is not member of the Grupa KETY S.A. Capital Group.

Aluform sp. z o.o. was formed on the basis of the Tool-Room Department of the parent company. The company's main activities entail treatment and coating of metals (NACE 28.51). Since January 2003, the whole business activities of Aluform were transferred to Grupa KETY S.A. As a result, at present Aluform Sp. z o.o. is not operating.

Alupol LLC Spółka z o.o. was incorporated in the Ukraine on 28 December 2004. The company is mainly involved in the production of aluminium extrusions.

In the period subject to the consolidated financial statement, the composition of the entities subject to consolidation did not change. As compared to the prior period, in 2004, the parent company ceased to consolidate Flexpol Sp. z o.o as a result of the sale of all its shares in the entity. Until the sale of shares, Flexpol Sp. z o.o. was recognized in the consolidated financial statement with the equity method as set out in Article 59, Clause 2 of the Accounting Act. On the other hand, Alupol LLC is subject to consolidation now.

Grupa Kapitałowa GRUPA KETY S.A.
Introduction to the consolidated financial statement for the year ended
31 December 2004
(in thousands PLN)

Table 1. Entities subject to the consolidated financial statement

No.	Company name and registered office	Main operations	Court or other registering body	Equity	Share of Grupa KETY S.A. in a subsidiary's basic capital	Share of Grupa KETY S.A. in the management of subsidiaries and affiliated companies	The character of the control of Grupa KETY SA over the consolidated entities with regard to direct and indirect relationships	Consolidation method	Date of taking control or obtaining substantial influence by Grupa KETY SA.
1	2	3	4	5	6	7	8	9	10
1.	Metalplast – Bielsko Capital Group Bielsko-Biala	Manufacture of builders systems	District Court in Bielsko-Biala 8th Economic Division, KRS No. 0000106225	74,604	100.00 %	Control	Subsidiary	Full	1998
2.	Alupol Sp. z o.o. KETY	Trade and production activities	District Court in Katowice, 8th Economic Division, KRS No. 0000016674	164,180	100.00 %	Control	Subsidiary	Full	1998
3.	Alutech Sp. z o.o. KETY	Trade, production and services	District Court for Kraków - Śródmieście, 12th Economic Division, KRS No. 0000027494	4,445	88.85 %	Control	Subsidiary	Full	1999
4.	Dekret Sp. z o.o. KETY	Services	District Court for Kraków - Śródmieście, 12th Economic Division, KRS No. 0000073178	334	100.00 %	Control	Subsidiary	Full	1999
5.	Aluform Sp. z o.o. KETY	Production activities	District Court for Kraków - Śródmieście, 12th Economic Division, KRS No. 0000038984	47	100.00 %	Control	Subsidiary	Full	2000
6.	Alupol LCC Sp. z o.o. UKRAINE	Production activities	State registering body in Borodianka (Kiev District)	76	100.00 %	Control	Subsidiary	Full	2004

Grupa Kapitalowa GRUPA KETY S.A.
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Table 2. Entities not subject to the consolidated financial statement

No.	Company name and registered office	Main operations	Share of Grupa KETY S.A in basic capital	Share of Grupa KETY S.A in the entity's management	The character of the control of Grupa KETY S.A over the non-consolidated entities with regard to direct and indirect relationships	Selected economic information									
						Sales revenue and financial income		Net profit		Equity		Fixed assets		Average annual employment rate	
						2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
1.	Metalplast-Ukraina Sp. z o.o. (Ukraine)	Trade activities	100.00 %	Indirect control	Indirectly dependent	7,341	5,255	-717	53	-1,023	-306	321	208	13	8
2.	ZRE "Metalplast-Bielsko" Sp. z o.o. Bielsko Biala	Services	69.55 %	Indirect control	Indirectly dependent	14,061	15,193	1032	1,616	3,739	2,973	2,169	2,715	57	56
3.	Celtech Sp. z o.o.	Services	88.85 %	Indirect control	Indirectly dependent	159	267	16	64	351	335	7	4	3	3
4.	„Metalplast-Zalur"Kft (Hungary)	Services and trade activities	100.00 %	Indirect control	Indirectly dependent	5,173	5,337	243	283	727	524	476	230	7	5

The above businesses are not consolidated due to their immaterial importance.

In relation to the comparative period according to Article 59, Clause 2 of the Accounting Act, the consolidation method for Flexopol was changed due to the planned loss of control over the Company. As a result, Flexopol sp. z o.o., until the date of sale on 28 July 2004, was consolidated under the equity method. and in 2003, Flexopol sp. z o.o. was consolidated under the full method. As a result of the sale of Flexopol, the Issuer restated the 2003 comparative data from the Flexopol consolidation with the full method to the presentation with the equity method.

D. The Duration of the Issuer and the Group's Companies

The duration of the Issuer and the Group's companies is not specified.

E. The Financial Statement Format

This consolidated financial statement of the Capital Group shall encompass the period from 1 January 2004 to 31 December 2004, and comparative financial information has been presented from 1 January 2003 to 31 December 2003.

Consolidated financial statement has been drawn up according to the Accounting Act dated 29 September 1994 (Dziennik Ustaw No. 112, item 591), the Ministry of Finance decree dated 12 December 2001 on specific rules of drawing up financial statements of associated companies other than banks and insurance companies (Dziennik Ustaw No. 152, item 1729) the Council of Ministers decree dated 16 October 2001 on the current and periodical information to be submitted by the issuers of securities (Dziennik Ustaw No. 139, item 1569). The format of this consolidated financial statement complies with the Council of Ministers decree dated 27 August 2004 on specific conditions for prospectus and prospectus summary (Dziennik Ustaw No. 186, item 1921). All the amounts detailed in this financial statement have been expressed in thousands of zlotys, unless stated otherwise.

This Group's consolidated financial statement has been drawn up on the assumption that the Group will continue its operation in the foreseeable future. The parent company's Management Board does not declare any facts or circumstances that occurred, which may pose a threat to the Capital Group's further operation as a result of intended or compulsory discontinuance or material limitation of its activities.

In order to ensure the comparability of the data contained in the financial statement with the data for the comparative periods, the Company restated the comparative data as required by the new principles. Detailed description of the restatement is contained in Note 39 and 40.

F. Information on the Inclusion of Consolidated Data in this Financial Statement

The Capital Group does not entail internal organizational units preparing own financial statements, thus this financial statement does not contain consolidated data.

During the year for which this consolidated financial statement was drawn up, no merger of companies occurred.

The reports and opinions on the audit of the financial statement of businesses subject to consolidation for 2003 did not state any reservations, in view of which the financial data presented in this financial statement were not subject to restatement resulting from such reservations.

G. Information on the Composition of the Management Board and the Supervisory Board

The Issuer's Management Board is composed of three members. As of 31 December 2004, the Issuer's Management Board was composed of:

1. Jan Bronislaw Kryjak – President
2. Dariusz Manko – Member
3. Michal Malina – Member

No changes in the composition of the Management Board had place in 2004.

The Issuer's Supervisory Board is composed of 5 members. As of 31 December 2004, the composition of the Issuer's Supervisory Board was as follows:

1. Krzysztof Glogowski – Chairman
2. Maciej Matusiak – Vice-Chairman
3. Jerzy Kochanski – Member
4. Szczepan Strublewski - Member
5. Slawomir Gajewski – Member

H. Description of Accounting Principles

This consolidated financial statement has been drawn up according to the Accounting Act dated 29 September 1994 (Dziennik Ustaw No. 112, item 159 as amended).

This financial statement has been prepared according to the historical cost concept, modified by the revaluation of fixed assets pursuant to the Ministry of Finance Ordinance dated 27 March 1992 on the assets considered to be fixed assets and intangible assets, the principles and rates of their depreciation and the Ministry of Finance Ordinance dated 20 January 1995 on the depreciation of fixed assets and intangible assets, and also the revaluation of fixed assets, modified by the measurement and recognition of financial instruments pursuant to the Minister of Finance Ordinance dated 12 December 2001 on the specific recognition principles, valuation methods, scope of disclosure and presenting financial instruments ("ordinance on financial instruments").

The impact of the change in the method of preparing financial statements and the impact of the resulting financial consequences on the Company's financial standing:

The Company altered the adopted accounting principles with respect to the method of the balance sheet valuation of assets and liabilities expressed in foreign currencies as a result of the amendment to the Act dated 29 September 1994. The impact of the said change onto the financial statement was presented in Note 40.

Intangible assets

Intangible assets are recognized when it is probable that in the future they will result in the inflow of economic benefits for the Company, which may be directly associated with these assets. The initial recognition of intangible assets shall be at purchase price or production cost. Following the initial recognition, intangible assets shall be evaluated according to the purchase price or production cost less amortization and impairment losses. Intangible assets are amortized according to the equal installment method in the period corresponding to their estimated useful lives.

The estimated useful life of an intangible is as follows:

Software	50%
Research & development costs	33%
Integrated Company Management System	10%
Databases	20%

Intangible assets with low gross unit value, i.e. below PLN 3,5 thousand are depreciated once.

Fixed assets

Fixed assets, excluding land, shall be evaluated at cost, production cost or revaluated value less depreciation and impairment losses. As for the right to perpetual usufruct granted upon an administrative decision, the valuation on the bases of the land value determined in the decision specifying the annual fee for using the land was adopted as the value. The land is valued at cost less impairment losses.

As of the balance sheet date, the Group's companies used land subject to perpetual lease with the value (presented to the Company as the basis for calculating perpetual lease fees by respective authorities) of PLN 4.570 thousand for Grupa KETY S.A. and PLN 735 thousand for Metalplast-Bielsko S.A., the said rights have been incorporated by the companies in the transformed opening balance sheet for 2002 into the

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(in thousands PLN)

fixed assets and to the accrued and deferred revenue and according to the Ministry of Finance's communiqué No. 1/DR/2003.

Revaluation is carried out under separate provisions of law. The last revaluation took place on 1 January 1995. The results of the revaluation are charged to the revaluation reserve. After the sale or liquidation of a fixed asset, the amount remaining in the revaluation reserve is transferred to the capital reserve.

The costs incurred after accepting this fixed asset for use are charged to the profit and loss account, to the exclusion of the circumstances when it is possible to prove the said costs resulted in the increase of expected future economic benefits related to the fixed asset over the benefits estimated earlier; in such a case, they increase the gross amount of a fixed asset.

Fixed assets, to the exclusion of land, are depreciated according to the equal instalment method in the period corresponding to the estimated useful lives, which are as follows:

Right to perpetual usufruct of land	5%
Buildings, premises and structures	
of land and water engineering	1.5% - 10.0%
Plants and machinery	4.0% - 30.0%
Vehicles	6.0% - 17.0%
Other fixed assets	8.5% - 20.0%

The estimated useful life and the depreciation method are subject to the review at the end of each accounting year.

For tax purposes, the depreciation rates were adopted pursuant to the Act dated 15 February 1992 on corporate income tax with subsequent changes. For fixed assets purchased and entered into the register prior to 1 January 2000, the depreciation rates were adopted in compliance with the Ordinance of the Ministry of Finance dated 17 January 1997 on the depreciation of fixed assets and intangible assets. They specify the value of depreciation which constitute the costs of revenues.

Fixed assets whose value does not exceed PLN 3,5 thousand are charged to costs once at the moment of their use, to the exclusion of computer hardware and extrusion dies for aluminium sections, which are charged to assets and depreciated once in the following month after the month of putting them into operation.

The depreciation of fixed assets subject to the investment relief in prior years does not constitute the cost of revenue. A provision for the temporary difference in income tax (deferred tax liability) has been created, which is reversed in the depreciation periods of respective fixed assets.

c) Leasing

Leasing fees under the agreements which do not comply with the terms and conditions referred to in Article 3, Cluase 4 of the Accounting Act. are recognized as costs in the profit and loss account according to the equal installment method for the term of the leasing.

d) Construction in progress

Constructions in progress shall be valued according to the total costs attributable directly to their purchase or production, including financial expenses, less impairment losses. Also, investment materials are accounted for in construction in progress. Constructions in progress are not depreciated until their construction and the time of putting them into use.

e) Long-term investments, excluding financial instruments

Long-term investments, excluding financial instruments, recognized in fixed assets are valued at cost less impairment losses.

The decrease in the investment value revalued earlier to the amount by which the revaluation reserve was increased – if the amount of the difference from the revaluation was not settled until the date of the valuation – shall decrease the reserve. In other cases, the effects of the decrease in the investment value shall be accounted for in financial expenses. The increase in the value of a particular investment associated directly with its earlier decrease in its value, accounted for in financial expenses, is recognized to the amount of these costs as financial income.

When the reason for which assets are written-down, including impairment losses ceased, the equivalent amount of the total amount or respective part of the earlier write-down increases the value of a given asset and is accounted for respectively in other operating income or financial income.

Financial instruments classified as long-term investments are valued according to the methods described in Clause F(s) of the Introduction.

f) Goodwill of subsidiaries

Subsidiaries are subject to full consolidation subject to Article 59, Clause 2 of the Accounting Act. A subsidiary's assets and liabilities as of the date of including it into the consolidated financial statement are recognized in the fair value.

Differences between the fair value of such assets and liabilities and the acquisition price cause the incidence of goodwill or negative goodwill, which are recognized in a separate item in the consolidated balance sheet. Subsidiaries' financial data are prepared for the same accounting period as the parent company's financial statement, with the application of the same accounting principles.

The Group adopts a 5-year amortization period for the goodwill of subsidiaries and negative goodwill according to the equal instalment method. When the values are negligible, the Issuer recognizes them once in the profit and loss account for the period in which they occurred.

g) Inventory

Inventory is valued at cost or production cost less valuation allowance to the level of net realizable value. Particular groups of inventories are valued in the following manner:

- Materials, raw - in the period, according to registered prices adjusted by the variance from the actual cost of purchase, the valuation of expenditure is performed according to the principle: first-in, first-out (FIFO) method; as of the balance sheet date based on actual costs of purchase,
- Work-in-progress - production cost,
- Finished and semi-finished goods - production cost, the FIFO method is applied to the valuation of expenditure.

The net realizable value of an inventory shall be its realizable value possible to receive as of the balance sheet date less the tax on goods and services and excise duty, less discounts, rebates and other reductions and costs incurred with regard to the adjustment of this inventory for sale and its actual sale.

Allowances shall be created for excessive or non-tradable inventories.

h) Short-term receivables

Receivables are reported in the amount due less write-down on receivables. The write-downs include debt collection analysis.

The write-down on uncollectible accounts shall be respectively recognized in other operating expenses or financial expenses – depending on the type of written-down receivables.

Depreciated, aged and uncollectible receivables decrease the previous write-downs on them.

Depreciated, aged or uncollectible receivables which were not written-down or such write-downs were not in full amount are accounted for to other operating expenses or financial expenses respectively.

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(in thousands PLN)

Penal interest on overdue payments are fully covered with the write-down at the time of their calculation. Write-downs for calculated penal interest decrease the resulting financial income.

i) Short-term investments, excluding cash and financial instruments

Short-term investments, excluding cash and financial instruments are valued at the lower of the purchase price or market price.

The effects of the decrease or increase in short-term investments valued at market prices shall be accounted for in financial income or expenses respectively.

In the event of disposing of shares or other securities held for trade the FIFO method is applied.

Financial instruments classified as short-term investments are valued according to the methods described in Clause F(s) of the Introduction.

j) Cash

Monetary assets shall include assets in the form of national and foreign currencies.

Financial assets to be paid or due within 3 months from the date of their receipt, issue, purchase or making (a deposit) are recognized in monetary assets item for the purpose of cash flow statement.

The valuation method for cash in foreign currency have been presented in Clause F(k) of the Introduction.

k) Foreign currencies transactions

Foreign currencies transactions are booked after translating them into the Polish currency at the exchange rate as of the date of the transaction.

As at the balance sheet date, the assets and liabilities expressed in foreign currencies are valued at the average exchange rate for a given currency set by the National Bank of Poland for this date.

Foreign exchange differences related to other assets and liabilities expressed in foreign currencies, which occurred as of the date of their valuation and during the payment of receivables and liabilities in foreign currencies, shall be accounted for respectively in financial income or expenses, and in justified cases, in the production cost or purchase price of goods and also the production cost or purchase price of fixed assets, construction in progress or intangible assets.

l) Prepaid expenses and accruals

The Company shall state prepaid expenses if they are associated with future accounting periods. Accruals are stated in the amount of probable liabilities in the current accounting period.

The Company shall recognize the accruals and prepaid expenses to include these revenues in future accounting periods.

The costs of research and development which were not completed until the balance sheet date, are accounted for in short-term accruals and prepaid expenses item when, if incurred in the foreseeable future, they will meet the requirements of Article 33, Clause of the Accounting Act.

m) Equity

The nominal capital is recognized at the nominal value in the amount compliant with the Company's Articles of Association and the entry in the National Court Register.

The differences between the fair value of the received payment and the face value of shares are accounted for in the share premium reserve. In the event of purchasing shares, the amount paid for the shares shall be charged to the equity and is recognized in the own shares item in the balance sheet.

The costs of the issue of shares incurred at the formation of a joint stock company or increase in the share capital, decrease the Company's capital reserve to the amount of the share premium and the remaining part shall be accounted for in financial expenses.

The costs of the shares issue calculated as of 1 January 2002 and incurred at the formation of a joint stock company or the increase in the nominal capital shall be settled in 5 years.

The fixed assets revaluation reserve was created as a result of the tangible fixed assets revaluation as of 1 January 1995. In the event of disposing or liquidation of an asset, an appropriate part of the revaluation reserve is transferred to the capital reserve.

n) Reserves for liabilities

Reserves for liabilities are recognized when the Company has an obligation (legal or constructive) resulting from the past events and when it is certain or highly probable that meeting this obligation will result in the outflow of economic benefits and when the obligation can be valued in a credible manner.

o) Retirement allowances and jubilee awards

According to the corporate payroll system, employees are entitled to service jubilee awards after having worked a specified number of years and to retirement (pension) allowances while retiring (a pension). The Companies shall recognize these costs on the accrual basis of accounting. The companies shall recognize the value of future liabilities on this account valued by an actuary in the liabilities of the balance sheet in the item "Reserves for pensions and similar obligations".

p) Costs of employee's leaves

The employees of the Capital Group's companies are entitled to leaves under the conditions set out in the respective provisions of the Labour Code. The companies shall recognize the costs of leaves according to the accrual basis of accounting. The liability on the account of employee's leaves is determined on the basis of a difference between the actual amount of leave used by an employee and the amount, which would result from the use proportional to the lapse of time.

q) Liabilities

Receivables are recognized in the amount due.

Financial liabilities, whose payment under agreements is made by releasing financial assets other than cash or by the swap for financial instruments are recognized at fair value, whose detailed valuation method has been described in Clause F(s) of the Introduction.

r) Stock options for executives and managers

Pursuant to IFRS 2 announced on 19 February 2004 and effective in the period beginning from January 2005, with possible earlier application, all the share-based payments including options, convertible bonds and other equity securities are expenses and should be charged to the profit and loss account in the amounts resulting from the detailed valuation method included in that standard. The Group did not decide to apply IFRS 2 earlier. Due to the absence of analogous regulations in the Accounting Act, in this statement, the Company shall not recognize the value of remuneration in the form of bonds convertible into shares for managers and executives in the profit and loss account and only discloses details of the scheme in Notes 47 and 68.

s) Financial instruments

The Group's companies shall use derivatives to limit the risk associated with adverse changes in the aluminium prices entering into forward transactions on the London Metal Exchange. These transactions are

mainly futures aiming to limit the risk associated with the adverse changes in the aluminium purchase and selling prices.

The companies also use forward transactions to purchase or sell foreign currencies. These transactions limit the risk associated with the adverse changes in the foreign currency purchase and selling exchange rates associated with the imports of raw materials, exports of goods or investments. Transactions concluded in the accounting period were related to the purchase or sale of USD and EUR and were executed with banks operating on the Polish market.

In 2003, the Company also entered into forward contracts associated with aluminium and foreign currency on a speculative basis.

Income and costs of transactions limiting the interest rate risk are calculated on a monthly basis and the result is reported in financial incomes or costs.

Financial instruments are valued and recognized pursuant to the Minister of Finance ordinance dated 12 December 2001 on the specific principles of the recognition, valuation methods, scope of disclosure and presenting financial instruments.

Classification:

The Issuer shall classify the financial instruments according to the following categories:

- a) financial assets and liabilities held for trade,
- b) loans granted and own receivables,
- c) financial assets maintained to maturity,
- d) financial assets available for sale,

Financial instruments also entail derivatives and embedded derivatives.

Derivatives disclosed by the Company does not meet the requirements of hedge accounting.

Valuation:

Financial assets are valued at fair value (without decreasing it by the costs of the transaction which the Company would incur at disposing of these assets) except for:

- a) granted loans and own receivables not held for sale by the Company,
- b) financial assets maintained to their maturity,

- c) financial assets for which no market prices were determined on a regular market or whose fair value cannot be determined in any reliable manner,
- d) hedged financial assets.

The financial assets not valued at fair value are measured in the following manner:

- a) loans granted and own receivables except for those to be held for trade – in the amount of adjusted purchase price estimated on the basis of effective interest rate, irrespective of the fact whether the Company intends to maintain them to their maturity or not. Receivables due after a short time, for which no interest rate was established, will be valued at the amount of the required payment, if the current value of future cash flow expected by the Company determined on the basis of the interest rate ascribed to that receivable does not differ substantially from the amount of the required payment,
- b) financial assets for which due date was determined – in the amount of the adjusted purchase price estimated on the basis of the effective interest rate,
- c) financial assets for which maturity was determined – at the purchase price.

Financial assets, except for the hedged items shall be valued at the amount of the adjusted purchase price, except for financial liabilities held for trade and derivatives in the form of liabilities, which are valued at fair value.

The value of derivatives determined as of the booking date, whose settlement shall occur in the form of the release of equity instruments not listed on the regular securities market, shall not be revalued.

The effects of the revaluation of financial assets and liabilities except for the hedged items shall be accordingly accounted for in financial income or expenses of the reporting period, in which the revaluation occurred, except for the effects of the revaluation of financial assets classified as available for sale and valued at fair value, which in the period from the date of their purchase or creation to the date of their exclusion from accounting books is accounted for in the revaluation reserve.

t) Income, expenses and the measurement of financial result

Income and costs are recognized according to the accrual basis of accounting, i.e. in periods they are associated with, irrespective of the date of receiving or making the payment.

Other operating income and expenses are income or expenses not associated directly to the ordinary course of business of the Group's

companies. Financial income and expenses entail interest related to the granted and used credits and loans, foreign currency differences, paid and received commissions, income and costs associated with the sale of securities and similar items. Extraordinary gains and losses present the financial effects of the non-recurrent events outside the companies' main activities, in particular caused by misfortunes, discontinuance or suspending a certain type of activity and composition and reorganization proceedings.

The Capital Group's financial result in a particular accounting year includes all generated revenues that it is beneficiary of and costs of these revenues, according to the principles described above, other operating expenses and income, the result of a prudent valuation of assets and liabilities of the Capital Group companies, net gains/losses on financial and extraordinary operations and taxation.

u) Sale

Sales revenues include amounts due or received from sale, less the tax on goods and services (VAT).

Fees earned are recognized in proportion to the degree of services completion on condition that their reliable valuation is possible. If the effects of the transaction related to the performance of services cannot be determined in a credible manner, the fees earned are recognized only to the amount of the costs incurred on that account.

w) Consolidated net profit

Consolidated net profit is composed of:

- operating profit, including on other income and operating expenses,
- net profit on financial operations,
- net profit on extraordinary operations,
- write-down of goodwill of subordinate entities
- write-down of negative goodwill of subordinate entities
- compulsory corporate income tax on financial result,
- participation in net profit (loss) of subordinate entities valued according to the equity method,
- minority interest / loss

x) Taxation

Companies in the Capital Group do not form a group for tax purposes. Corporate income tax recognized in the consolidated profit and loss account is arithmetical mean of corporate income taxes of companies consolidated under the full method and of the parent company adjusted with deferred tax on unrealised gains in inventory, unrealized gains in tangible fixed assets and possible adjustments of the deferred tax from other consolidation adjustments. Current corporate income tax payables

of the Capital Group's companies are calculated according to the Polish tax regulations.

The income tax reserve is created according to the balance sheet liability method with regard to all the temporary differences as of the balance sheet date between the tax value of assets and liabilities and their book value recognized in this financial statement.

A deferred tax asset is recognized with regard to all negative temporary differences as well as non consumed deferred tax assets and unused tax losses carried forward in the amount in which it is probable to generate taxable income which will allow to use the said differences and losses.

The balance sheet value of a deferred tax asset is verified as of each balance sheet date and is subject to a respective decrease by the amount which corresponds to the lesser degree of the probability of generating taxable income or partial or total realization of a deferred tax asset.

Deferred tax assets and deferred tax liabilities are valued against tax rates which are expected to be applicable in the period when an asset will be realized or a liability will be reversed, adopting, as a base, tax rates (and tax regulations) effective as of the balance sheet date.
Deferred tax assets and liabilities concerning the operations settled with equity shall also be charged to the equity item.

y) Investment relief

The Group's companies, pursuant to the Council of Ministers decree on deducting investment expenditure from income and decrease of the income tax and according to the Act on corporate income tax exercised its right to investment allowances in the years 1994-1999.

In 1994 and 1995, respective tangible fixed assets were totally redeemed as of the date of the application of the investment allowance. Since 1996, tangible fixed assets, whose purchase was the basis for the application of investment reliefs are depreciated in line with general principles.

The use of the investment relief is reported off-balance sheet and was taken into account solely in the settlement of taxable income and in the calculation of the reserves for income tax.

G. Selected financial figures in EURO

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Particular assets and liabilities were translated into EURO at the average exchange rate announced by the National Bank of Poland (NBP) effective as of the last day of the accounting period. Particular items in the profit and loss account and cash flow statement were translated into EURO at the exchange rate being a mean of average EURO exchange rates determined by NBP as of the last day of each complete month of the financial statement. The exchange rates adopted for the calculations and minimal and maximal EURO exchange rates have been presented in the table below.

Average EURO exchange rates announced by NBP in the accounting period and the comparative period:

Accounting period	Exchange rate as of the last day of the period	Mean exchange rate in the period	Maximum exchange rate in the period	Minimum exchange rate in the period
2004	4.0790	4.5182	4.9149	4.0518
2003	4.7170	4.4474	4.7170	3.9773

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Selected financial figures	in thousands PLN 2004	in thousands EURO 2004	in thousand PLN 2003	in thousands EURO 2003
I. Net sales revenue	728,724	161,286	664,885	149,500
II. Operating profit (loss)	113,259	25,067	77,596	17,447
III. Gross profit (loss)	106,646	23,604	75,617	17,003
IV. Net profit (loss)	90,750	20,085	69,108	15,539
V. Total assets	630,941	154,680	582,338	123,455
VI. Liabilities and reserves for liabilities	195,781	47,997	210,314	44,586
VII. Long-term liabilities	17,336	4,250	29,985	6,357
VIII. Short-term liabilities	151,510	37,144	149,888	31,776
IX. Equity	434,287	106,469	369,583	78,351
X. Share capital	26,252	6,436	26,252	5,565
XI. Net cash flow on operating activities	69,329	15,344	130,963	29,447
XII. Net cash flow from investment activities	-69,860	-15,462	-34,430	-7,742
XIII. Net cash flow on financial operations	-14,358	-3,178	-80,566	-18,115
XIV. Total net cash flow	-14,889	-3,295	15,967	3,590

H. Basic Differences between the Polish Accounting Principles (PAP) and International Financial Reporting Standards (IFRS)

The Company keeps its books according to the Polish Accounting Principles (PAP) and booking practice applied in Poland required by the Accounting Act. Below, we present the essential differences between PAP and International Financial Reporting Standards (IFRS) regarding the Capital Group's financial statement. Adjustments resulting from these differences have not been recognized in the Company's books.

a) Revaluation of fixed assets

Pursuant to IFRS 1 "First-time Adoption of International Financial Reporting Standards", the Capital Group companies valued fixed assets at their fair value as at the date of transition to IFRS, which – pursuant to appropriate provisions and decisions of the Company's governing bodies – will be presented for the first time in the Group's 2005 financial statement. Fair value shall be the assumed cost as at the date and shall be the basis for depreciation charges without the necessity to make regular revaluations of fixed assets. Adjustments due to the valuation at fair value will be recognized in retained profit as at the date of transition to IFRS. According to the valuation performed by independents appraisers, the value of fixed assets as at 31 December 2003 will be increased for the purpose of the consolidated financial statement prepared according to IFRS by PLN 122,002

thousand. As a result of the valuation of fixed assets, the equity as at 31 December 2004 will increase by PLN 100,848 thousand.

b) Capitalization of financial expenses

According to PAP, the capitalization of financial expenses resulting from credits and loans (including associated negative FX differences) is obligatory for the costs of loans contracted for the purpose of purchasing or producing specific fixed assets. Pursuant to the model IFRS principles, financial expenses associated with loans should be recognized as expenses in the period in which they were incurred, regardless of the way of using the cash obtained under these loans.

Alternatively, IFRS allows for the capitalization of financial expenses resulting from loans in the event when these expenses are directly associated with the purchase, construction or production of specific assets. Financial expenses, which may be capitalized, are such assets, which would not have been incurred if specific fixed assets had not been produced.

Having regard for the valuation of fixed assets as at the date of the transition to IFRS, the change in the method of recognizing financial expense will not have an extra impact on the Capital Group's consolidated financial statement drawn up according to IFRS.

c) Treating stock options for executives and managers

As it has been detailed in Note 47, in 2004, the Issuer issued series D shares within the stock options scheme for managers and executives. Pursuant to IFRS 2 announced on 19 February 2004 and effective in the period beginning from 1 January 2005, with possible earlier application, all the share-based payments including options, convertible bonds and other equity instruments are expenses and should be charged to the profit and loss account in the amounts resulting from the detailed valuation method included in that standard. The Company did not decide to apply IFRS 2 earlier. Due to the absence of analogous regulations in the Accounting Act, in this statement, the Issuer shall not recognize the value of remuneration in the form of bonds convertible into shares for managers and executives in the profit and loss account and only discloses details of the scheme in additional information and explanatory notes.

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The basic figures for the managerial stock options scheme:

		30 May 2003	31 December 2003	4 August 2004
Issue value (300,000 x PLN 2.50)		PLN 750 thousand	PLN 750 thousand	PLN 750 thousand
Share price at a given date		PLN 81	PLN 135	PLN 142
Issue value at market prices for 300,000 shares		PLN 24,300 thousand	PLN 40,500 thousand	PLN 42,600 thousand
Difference between the issue price and the value expressed in market prices		PLN 23,550 thousand	PLN 39,750 thousand	PLN 41,850 thousand

- 30 May 2003 – date of approving the managerial stock options scheme by the Issuer's General Meeting of Shareholders.
- 31 December 2003 – date of complying with the conditions granting right to take up 300.000 series D shares
- 4 August 2004 – date of taking up 300.000 series D shares by entitled persons.

d) Recognition of expenses incurred at the formation or further extension of the joint stock company

According to PAP, prior to the amendments to the Accounting Act, the expenses incurred at the formation or further extension of a joint stock company were recognized as intangible assets. The costs of the issue incurred after the effective date (from 1 January 2002) of the amended Accounting Act decrease the share premium, and reported, prior to the amendments, in intangible assets were reclassified as prepaid expenses and charged to financial expenses of the period according to the depreciation rate applied in the period when they were treated as intangible assets. Pursuant to IFRS, activating such expenses is not possible and the costs of obtaining capital decrease the share premium. Therefore, the difference is related to the depreciation costs, financial result and the equity. The difference as at the date of the transition to IFRS is PLN 127 thousand.

e) Recognition of prepayments for suppliers and investments

In line with PAP, prepayments for suppliers and investments are presented in the balance sheet respectively as inventory and tangible fixed assets. According to IFRS, the amounts of prepayments for suppliers and investments should be recognized as receivables.

f) Deferred tax resulting from the above differences

The amounts of deferred tax balances differ in financial statements drawn up according to PAP and IFRS as a result of the booking differences described above.

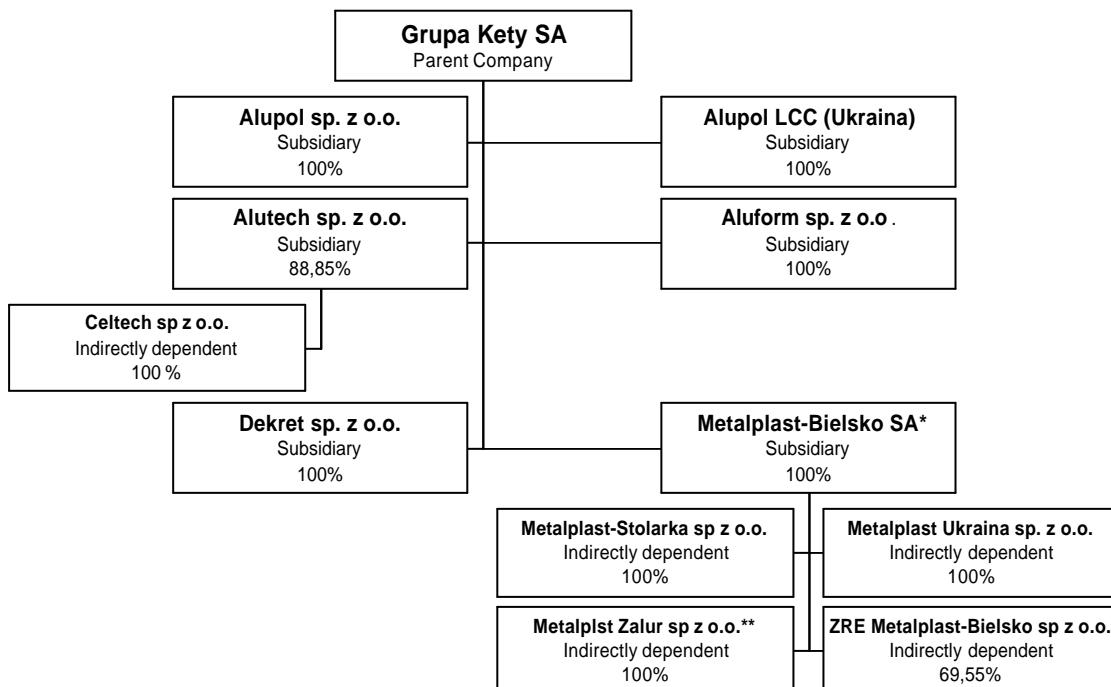
g) The scope of additional notes

The components of particular items of a financial statement pursuant to PAP and IFRS may differ substantially. Also, the scope of additional information to the financial statement according to the requirements of PAP differs from the scope provided for in IFRS.

h) Presentation of shares in a subsidiary

The Issuer, in the case of an expected loss of control over a subsidiary consolidated earlier according to PAP, will present it in the consolidated financial statement with the equity method. It regards the recognition of Flexpol in the consolidated financial statement. Pursuant to IFRS, this unit will be subject to the full consolidation until the time of sale. This difference is only for presentation purposes and does not affect the Issuer's profit and equity capital.

I. Graphical representation of the organizational structure of the Issuer's associated companies group and information on the types of relationships in the Group



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- * Since 1 April 2004, the share of Grupa Kety S.A. in the equity of Metalplast-Bielsko S.A. increased to 100%.
- ** Since 1 October 2004, the share of Metalplast Bielsko S.A. in the equity of Metalplast Zalur sp. z o.o. increased to 100%.

In addition, on 28 July 2004, Grupa Kety S.A. sold its all shares in Flexpol Sp. z o.o. (60% prior to sale).

On 30 December 2004, the State Registering Division in the Ukraine deleted Alukpol controlled in 100% by Metalplast – Bielsko S.A. thus ending its winding-up process.

J. Information on the change of the Issuer's consolidated equity in the event when the Issuer prepares its financial statement according to IFRS.

Since January 2005, the Issuer will prepare its consolidated financial statement according to the International Financial Reporting Standards. According to the Issuer's calculations, its equity disclosed in this financial statement as a result of the application of IFRS will increase by PLN 106,800 thousand.

Jan Bronislaw Kryjak

*President of the Management Board Member
Board*

Dariusz Manko

Michał Malina

Board Member

Michał Malina

Person responsible for book-keeping

Kety, 12 April 2005

39. Presentation of changes in accounting and valuation, implemented during the reporting period, if they significantly affect the financial statement, together with reasons for their implementation and the eventual financial result, influenced by the changes in question

During the reporting period the Issuer and his subsidiaries have made no significant changes in the methods of accounting and valuation.

40. Presentation of changes in the method of execution of the financial statement and the influence of the ensuing financial results on the status of the Issuer's assets and his earning capacity in comparison to the respective values noted in the previous business year

For purposes of comparison, the data from the statement from the annual report SA-RS 2003 has been quoted.

In connection with a change implemented as of the end of 2003 of the method of presentation of Flexpol from consolidation under the full method to presentation under the equity method, the data from the consolidated statement relating to the result account and the data from the cash flow statement for 2003 has been modified to ensure comparability.

The modification of the selected consolidated data shown in the SA-RS 2003 report submitted to the Polish Securities and Exchange Commission on 14 April 2004.

Selected consolidated data	Data from SA-RS 2003	change	Comparable data for 2003 in SA-RS 2004
Net revenue from the sale of products, goods and materials	739,346	-74,461	664,885
Profit (loss) on operating activity	85,859	-8,263	77,596
Gross profit (loss)	84,009	-8,392	75,617
Net profit (loss)	69,108	0	69,108
Net cash flows from operating activity	134,964	-4,001	130,963
Net cash flows from investment activity	-34,752	322	-34,430
Net cash flows from financial activity	-86,678	6,112	-80,566
Total net cash flows	13,534	2,433	15,967

Moreover, in connection with the amendment to the Act of Accounting of 1 January 2004, the rates used to valuate the assets and liabilities expressed in foreign currencies have changed. Until the end of 2003 the Issuer applied the buying and selling rates of a commercial bank, however from 1 January 2004 the average rates quoted by the NBP valid as of the date of preparation of the financial statement are used.

Pursuant to the Issuer's calculations, if the average NBP rates were applied during the preparation of the financial statement instead of the buying and selling rates of the bank whose services the Issuer used in 2003, the consolidated financial result for 2003 would have been lower by PLN 528 thousand (the unit financial result by PLN 574). On account of the insignificant impact on the abovementioned change on the comparability of the data presented in this financial statement, the Issuer has decided not to modify the comparable data for 2003.

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Moreover, the Issuer changed the method of presentation of cost reserves:

- a transfer of a short-term reserve for pension and similar allowances to short-term passive cost prepayments:

	31 December 2004	31 December 2003
a reserve for unused holiday leaves in the consolidated statement	433	303

- a transfer of the remaining long-term reserves to passive cost prepayments:

	31 December 2004	31 December 2003
a reserve for deposits in the consolidated statement (the long-term part)	608	952

- a transfer of other short-term reserves to short-term passive cost prepayments:

	31 December 2004	31 December 2003
a reserve for deposits in the consolidated statement (the short-term part)	677	960

- a transfer of other short-term reserves to short-term passive cost prepayments:

In the consolidated statement	31 December 2004	31 December 2003
Environment protection	126	127
General cost reserves	600	450
Quarterly bonus	28	40
Annual bonus	2,599	2,250

In the unit statement	31 December 2004	31 December 2003
Environment protection	126	127
Annual bonus	1,834	1,639

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41. Determination of goodwill on consolidation

	Metalplast Bielsko S.A.	Alutech Sp. z o.o.	Alupol LCC (the Ukraine)
a. opening balance of gross goodwill	28,498	26	-
b. increases (due to) - purchase of shares	-	-	12
c. decreases	-	-	-
d. closing balance of gross goodwill	28,498	26	12
e. opening balance of goodwill write-down	28,196	26	-
f. write-down of goodwill for the reporting period	302	-	12
g. closing balance of goodwill write-down	28,498	26	12
h. closing balance of net goodwill	-	-	-

The entity's goodwill on consolidation results from the consolidation documentation.

The gross goodwill of the company on consolidation has been calculated as the difference between the cost of investments and the net market value of the equities as of the date of purchase of the particular blocks of shares (stocks).

42. Negative goodwill of subsidiaries

	Metalplast Bielsko S.A.	Alutech Sp. z o.o.
a. opening balance of gross goodwill	2,519	34
b. increases	-	-
- redemption of stocks	154	-
c. decreases	-	-
d. closing balance of gross goodwill	2,673	34
e. opening balance of capital reserve write- down on consolidation	1,726	34
f. closing balance of capital reserve write- down on consolidation for the period	572	-
g. closing balance of capital reserve write- down on consolidation	2,298	34
h. closing balance of net goodwill	375	-

As of 31 December 2004 a negative goodwill on consolidation in the amount of PLN 375 thousand. was shown in the consolidated balance sheet. It consists of:

- the company's negative goodwill on net consolidation as of 31 December 2004 in the amount of PLN 13 thousand originating from March 2000 and resulting from depreciation of a part of shares of Metalplast – Bielsko S.A. (the company's gross

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negative goodwill amounts to PLN 385 thousand and the cumulated write-down amounts to PLN 372 thousand).

- the company's negative goodwill on net consolidation as of 31 December 2004 in the amount of PLN 106 thousand originating from March 2000 and resulting from depreciation by Metalplast-Bielsko S.A. of a part of employee shares (the company's gross negative goodwill amounts to PLN 1,270 thousand and the cumulated write-down equals PLN 1,164 thousand).
- the company's negative goodwill on net consolidation as of 31 December 2004 in the amount of PLN 256 thousand originating from November 2002 and resulting from the depreciation by Metalplast-Bielsko S.A. of a part of employee shares (the company's gross negative goodwill amounts to PLN 437 thousand and the cumulated write-down equals PLN 181 thousand).

The abovementioned company's negative goodwill is written off for 5 years.

Additionally, a single write-off of the company's negative goodwill on consolidation was made in the previous years on account of:

- a repurchase of shares from the employees of Metalplast-Bielsko S.A. in December 1999 (PLN 408 thousand),
- a tax return on civil law actions received in connection with the purchase of the Metalplast-Bielsko S.A.'s shares in 2003 (PLN 19 thousand),
- making contributions in kind to Alutech Sp. z o.o. (PLN 34 thousand).

In the period covered by the financial statement a single write-off of the company's negative goodwill was made in the amount of PLN 154 thousand resulting from a compulsory repurchase of the shares of Metalplast – Bielsko S.A.

43. Valuation of securities, shares and participation units

Long-term investments have been presented at the purchase price adjusted by write-offs pursuant to the permanent loss of value caused by the bad financial condition of the companies in which the shares have been purchased.

	31 December 2004	31 December 2003
Gross long-term investments, including:	1,869	2,315
Stocks of subsidiaries not subject to consolidation	837	1,283
Shares of subsidiaries not subject to consolidation	-	-
Other stocks and shares	1,032	1,032
Impairment losses on account of goodwill	(1,025)	(1,025)
 Net long-term investments	 844	 1,290

44. Indication which receivable payment periods are connected with the normal course of sale by the Issuer

The standard period of payment of sales receivables is 30 days. The members of the Capital Group and the Issuer accept longer payment periods of up to 60 or 90 days as well.

45. Detailed presentation of the value of receivables in dispute as well as overdue receivables with their division into accounts not covered by write-downs

The total amount of gross trade receivables of PLN 187,480 thousand includes overdue receivables not covered by the write-down in the amount of PLN 31,485 thousand. A detailed analysis of the trade receivables is presented in note 7. The write-downs relating to the interest notes relating to the receivables overdue for the balance date are in amount of PLN 10,072 thousand. The receivables in dispute from deliveries and services are entirely accounted by a write-down.

The Issuer as well as the entities subject to consolidation do not have any remaining overdue receivables not accounted by write-downs.

The value of write-downs reevaluating the other receivables remaining as of the balance date equals PLN 6,403 thousand.

46. Inventory write-downs

During the reporting period, the companies of the Capital Group subject to consolidation entered write-downs on inventory in the amount of PLN 949 thousand. The write-downs created related to the valuation of inventories as of the balance date at prices not exceeding the obtainable sales prices and the valuations of slowly-rotating inventories.

Moreover, during the reporting period the Capital Group companies released the inventory value revaluation write-downs to the amount of PLN 2,149 thousand, whereby the amount of PLN 1,606 thousand related to the valuation write-downs at prices not higher than the net sales price as of the balance date and the amount of PLN 543 thousand related to the revaluation write-downs relating to the value of slowly-rotating inventory. The status of the inventory revaluation write-downs as of 31 December 2004 amounted to PLN 1,529 thousand.

	Slowly-rotating inventory write-down	Revaluating write-down on account of valuation at prices not exceeding the net sales price as of the balance date	Total
Opening balance	1,613	1,116	2,729
Increases	64	885	949
Decreases	543	1,606	2,149
Closing balance	1,134	395	1,529

47. Information about any changes in the share capital during the reporting period

During the reporting period there were made no changes in the share capital of the Issuer.

The Issuer's Shareholder structure has been presented in note 48.

The General Meeting of Shareholders held on 14 May 2004 voted to depreciate 1,575,117 shares held by the Issuer. The depreciation will be accomplished by a decrease of the Issuer's share capital by PLN 3,937,792.50. The voted resolution has become effective with the official registration by the registry court. The capital reduction has been registered by the court following the balance date (8 February 2005). Following the depreciation the Issuer's share capital will equal PLN 22,314,157.50 and will consist of 8,925,663 ordinary bearer shares.

Moreover, the General Meeting of Shareholders approved on 30 May 2003 the incentive programme for the key members of the management staff of the Issuer and his subsidiaries. According to the programme's assumptions, the Entitled Persons could buy not more than 300,000 newly issued D-series shares at nominal and issue price of PLN 2.50 each. The possibility to buy the shares and their number depended on the Company reaching, in the particular years, the growth dynamics indicator calculated on the basis of the annual dynamics of the consolidated profit on operating activity + depreciation (EBITDA)/ share, the annual growth dynamics of the consolidated profit/ share as well as the dynamics of the Company's shares price increase from year to year (calculated based on the arithmetic means of the closing balances from first quarters of the particular years). Moreover, the Entitled Persons cannot sell the shares within 24 months from the date of their purchase. If, within this period, any of the Entitled Persons begins to work for the Company's competitor or for a member of the capital group of the Company's competitor or if the Entitled Person starts a competitive business, that person shall pay to the Company an equivalent of the market price of the shares subject to a sale ban. The market value of the shares shall be determined on the basis of the closing rate of the Company's share quotations as of the date of purchase of the share subject to the sale ban. The management incentive programme shall be implemented using preference bonds, which will be issued in the amount of 300,000 (say: three hundred thousand) pieces at nominal value of 1 gr (say: one grosz) each. Each bond entitles to buy one Company's share at nominal value of PLN 2.50 (say: two zloty and fifty groszy) following the bondholder's payment of the share's issuing price equal to its nominal price. The bonds will be handled by a trustee, i.e. a stockbroking agency or a bank ('Trustee'). The Trustee will be selling the bonds to persons participating in the programme when those persons obtain the right to purchase them in accordance with the programme's conditions.

The bonds will not bear interest. According to the assumptions, the programme implementation has begun on the date of addressing the Trustee with a proposition to buy the Bonds and was to end on 2 October 2006 at the latest. The bonds were issued on the basis of a separate resolution regarding the issue of preferred bonds and a provisional increase of the share capital.

The detailed principles of the incentive programme and its rules specified by the Issuer's Supervisory Board have been published by the Issuer in the current statement transferred to the Polish Securities and Exchange Commission through the

Emitent programme.

On 16 December 2003, following the bond indenture as prepared by the Issuer, the Polish Securities and Exchange Commission allowed 300,000 D-series shares admission to public trading.

On 4 June 2004 the Supervisory Board resolved that the growth dynamics indicator in 2003 specified in the Management Incentive Rules was 75.97%, therefore the programme participants acquired the right to purchase all A-series registered preferred bonds entitling to the purchase of D-series ordinary bearer shares.

On 4 August 2004 the authorised persons participating in the management incentive programme purchased 300,000 pieces of A-series registered preferred bonds entitling to the purchase of D-series ordinary bearer shares at nominal and issue value of 1 grosz. At the same time those persons, executing their rights resulting from the bonds, bought 300,000 pieces of the D-series shares at issue price of PLN 2.50 per share. Pursuant to the bond issue rules, the bonds are in such a case subject to a depreciation at nominal value of 1 grosz per bond.

On 6 August 2004 the A-series registered preferred bonds entitling to the purchase of the D-series ordinary bearer shares of Grupa KETY S.A. in the amount of 300,000 pieces were amortised.

This way the management incentive programme and the related D-series share issue were completed. The issue price of the D-series shares was PLN 2.50 per share. Based on a subscription, the shares were bought by the total of 7 persons. The value of the subscription was PLN 750 thousand. The total cost of the issue was PLN 239 thousand.

Until the date of this statement, the increase of the equity capital on account of the D-series share issue has not been court-registered. Those shares at nominal value of PLN 750 thousand were shown as other capital reserves.

The details relating to the value of the management incentive option programme have been presented in Item H (subsection d) of the introduction to the 'Financial Statement of Grupa KETY S.A. for the year ended 31 December 2004'.

48. Indication of the shareholders owning – directly or indirectly, via subsidiary entities – at least 5% of the total number of votes in the Issuer's General Meeting of Shareholders or at least 5% of the Issuer's share capital

As of the balance date, the Company's share capital equalled PLN 26,252 thousand and was divided into 10,500,780 shares at share value of PLN 2.50 each.

The ownership structure of the Company's share capital as of 31 December 2004 was as follows:

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	Number of shares	Number of votes	Nominal value of shares	Percentage in equity
ING Nationale-Nederlanden	891,090	891,090	2,228	8.49%
Polska OFE				
PZU OFE Zlota Jesien	886,233	886,233	2,216	8.44%
Commercial Union OFE BPH	828,833	828,833	2,072	7.89%
CU WBK				
Pionier Pekao Investment Management S.A.	542,906	542,906	1,357	5.17%
The State Treasury	417,072	417,072	1,043	3.97%
Shares held by the company	1,575,11 7	-	3,938	15.00%
Others	5,359,52 9	5,359,52 9	13,398	51.04%
	10,500,7 80	8,925,66 3	26,252	100.00%

On 3 January 2005 the Issuer was informed by PZU S.A. that its subsidiary, PZU Zycie S.A., had sold 30,000 pieces of the Issuer's shares on 23 December 2004 (the change has been included in the table above). Following that transaction PZU S.A. and its subsidiary PZU Zycie S.A. hold 522,877 shares, which constitutes 4.98% share in the Issuer's equity capital.

As detailed in note 47, on 8 February 2005 the court registered the depreciation of 1,575,117 pieces of the Issuer's own shares. Moreover, the Issuer applied to a commercial court for revaluation of his equity through the registration by the State Court Register of a capital increase in connection with the issue of the D-series shares. Considering the issue of the D-series shares, the Issuer's share capital equals PLN 23,064,157.50 and consists of 9,225,663 pieces of ordinary bearer shares at nominal value of PLN 2.50 each.

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The ownership structure of the share capital following the registration of the D-series shares will be as follows:

	Number of shares	Number of votes	Nominal value of shares	Percentage in equity
ING Nationale-Nederlanden Polska OFE	891,090	891,090	2,228	9.66%
PZU OFE Zlota Jesien	886,233	886,233	2,216	9.61%
Commercial Union OFE BPH CU WBK	828,833	828,833	2,072	8.98%
Pionier Pekao Investment Management S.A.	542,906	542,906	1,357	5.88%
The State Treasury	417,072	417,072	1,043	4.52%
Others	5,659,5 29	5,659,52 9	14,148	61.35%
	<hr/> 9,225,6 63	<hr/> 9,225,66 3	<hr/> 23,064	<hr/> 100.00%

49. Specification of prepaid expenses and accruals

The specification of active long- and short-term prepaid expenses and accruals has been presented in notes 5A-5B as well as in note 10.

The specification of other prepaid expenses and accruals has been presented in note 22.

50. Specification of liability groups with securities on the Issuer's tangible assets

As of the balance date, the dominating entity had the following liabilities secured on its tangible assets:

Type of liability	Balance as of 31 December 2004	Type of security
Credit line (up to the amount of PLN 150 million) in the BPH S.A. Bank Kraków o/Kety (repayment period 30 April 2005)	PLN 28,368	Security on material assets at net value of PLN 49,701 thousand, security on long-term financial investments (shares in Alupol sp. zo.o. PLN 54,033 thousand). Moreover, there are the following securities for the credits: - registered pledge on inventories, - transfer of ownership of fixed assets plus a transfer of rights from an insurance policy, - registered pledge on the fixed assets plus a transfer of rights from an insurance policy, - receipts to the current account.
Investment credit in Bank Handlowy w Warszawie (up to PLN 60 million)	PLN 17,336	Suretyship: Metoplast-Bielsko S.A. (up to PLN 30,000 thousand) and Alupol Sp. z o.o. (up to PLN 30,000 thousand), transfer of ownership or pledge on fixed assets + transfer of rights from an insurance policy. Net accounting value of pledged fixed assets equals PLN 16,358 thousand.

Moreover, the Issuer opened letters of credit suppliers securing payments for future supplies. As of the balance date, the value of the letters of credit was PLN 1,411 thousand (EUR 346 thousand).

51. Information about provisory liabilities, including guarantees and bill warranties

- As payment for deliveries the dominating entity accepts bills issued by the customers. The Company then posts those bills to the discount in Bank Przemyslowo-Handlowy S.A., however in the case of the debtor failing to redeem the bill at the bank, the latter will collect the due amount from the Company's bank account. The total amount of unredeemed bills equalled PLN 477 thousand as of the balance date.
- The dominating entity opened letters for credit for suppliers securing payments for future supplies. As of the balance date, the value of the letters of credit was PLN 1,411 thousand (EUR 346 thousand).

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- Pursuant to the ordinance of the Council of Ministers of 25 January 1994 concerning the deductions from income of investment expenditure and income tax decreases, the dominating entity exercised in 1994 and 1995 the right to investment relief of PLN 19,954. For 1996 deductions of investment expenditure from profit of PLN 29,390 were made. Pursuant to Art. 18 of the act of 15 February 1992 concerning corporate income tax, the Issuer exercised in 1997, 1998 and 1999 the right to investment relief of, respectively, PLN 11,235, PLN 13,750 and PLN 6,970.

Those relieves are of provisional nature. The regulations of the act of corporate income tax provide for the possibility of losing the right to investment relieves if, before the elapse of 3 years, at least one of the following occurs:

- 1) the taxpayer is in arrears for the particular years with the payment of taxes constituting the income of the state purse, social security premiums and Labour Fund premiums,
- 2) employers transfer, in any form, the ownership of property components to which income deductions or tax reductions were related; this does not relate to ownership transfer as a result of the legal form transformation, merger or division of the current business entities,
- 3) the cessation of circumstances enabling the calculation of the fixed assets taken over for paid use on the basis of rental, lease or similar agreements as the taxpayer's property components,
- 4) the taxpayer being subject to liquidation (with the exception of enterprises liquidated according to the principles specified in the act on privatisation of state-owned enterprises) or going bankrupt,
- 5) the taxpayer received a return of investment expenditure in any form.

The revenue bodies may also declare the lack of acquisition of the right to a relief if, at the moment of deduction, the entity had tax arrears.

Pursuant to the act amending the act of corporate income tax of 20 November 1998, during the evaluation of the right to relieves for reasons mentioned in Item 1) above, it is assumed that the loss of that right does not take place if the taxpayer corrects his tax declaration and pays the arrear together with due interest within the period specified in the act.

- The Alupol Sp. z o.o. subsidiary operates in the Katowice Enterprise Zone, based on licences no 30 and 48 which specify the conditions of conducting business operation in the Zone by 1 May 2004 as follows:
 - the commencement of business operation within the Zone by 31 July 1999 /licence no 30/ and 31 January 2000 /licence no 48/;
 - the employment of minimum 120 persons by 31 December 2002 in the zone,
 - the increase in investment expenditure by PLN 47,700 thousand by 31 December 2002 /licence no 30/ and PLN 20,300 thousand by 31 December 2003 /licence no 48/;

- the value of all materials (components, raw materials, parts) not produced in the zone and services not performed in the zone used to manufacture the products or to provide the services within the zone may not exceed relatively 70% and 80%.

The inspection performed by the Katowice Enterprise Zone S.A. in February 2003 confirmed the Company's compliance with the above conditions.

Based on the abovementioned licences, the Company was entitled to a total corporate income tax relief with respect to the income earned on the licensed business until 2008 as well as a possibility of further corporate income tax relief of 50% by 2016. The income earned by the Company on the off-license activity is subject to corporate income tax in line with the general principles.

The license to operate in the Zone is provisional. It follows from the regulations governing the functioning of the Zone, any delays in the settlement of the taxes constituting the income of the state purse, however insignificant they may be in the general perspective of the Company's financial statements, may result in a withdrawal of the licence for operation in the Zone and, consequently, a loss of the right to income tax relief specified in the preceding paragraph.

On 1 May 2004 new provisions the amended act of special economic zones became effective /Dz.U. No 188 of 2003, Item 1840/ pursuant to which Alupol had lost its tax relief privileges presented above. Since Alupol is a large company with a licence obtained before 1 January 2001, its income is relieved from tax based on the principles specified in Art. 5, Item 2, section b of the amended act, i.e. a certain limit of state aid will be granted depending on the investment expenditure incurred by the company during the period from the effective licence date to 31 December 2006. In the case of the entity in question the granted state aid limit will amount to 75% of investment expenditure on capital assets incurred in the period from the effective licence date to 31 December 2006. Pursuant to the provisions of the abovementioned act Alupol has made changes to the licences held by it based on Decision No 269/PR/04 of 15 October 2004 and Decision No 272/PR/04 of 20 October 2004 signed by the Minister of Economic Affairs. The changes specified in those decisions consisted in:

- extending the scope of the licence-based operation,
- elimination of the azonal indicator,
- specifying the minimum amount of investment expenditure the company is to incur by 31 December 2006 based on licence no 48 to be PLN 150,300,000.

As of 31 December 2004 the value of the state aid limit available to the Company amounted to PLN 131,587 thousand.

By 31 December 2004 the Company used state aid in the amount of PLN 24,552 thousand.

The Company shows the value of the state aid in the profit and loss account in the period in which there is a tax burden connected with the operation shown in the licence for operation in the Special Enterprise Zone.

Moreover, pursuant to the abovementioned act the company has, as a result of conversion of the current licences, obtained the right to be partially relieved from the real estate tax based on the status of land, structures and buildings constituting the basis for the calculation of tax for 2000 according to the rates valid in 2000 in the given *gmina*.

Moreover:

- Alutech Sp. z o.o. granted a guarantee on bills issued by to Celtech Sp. z o.o. in Kety (Alutech's subsidiary) to the benefit of PZU S.A. an insurance guarantee to secure the claims based on an agreement for insurance guarantee of customs debt payment. The amount of guarantee granted is up to PLN 600 thousand.

52. Derivative financial instruments

During the reporting period the dominating entity used derivative financial instruments in order to reduce the risk of unprofitable changes in aluminium prices as well as exchange rates. They were mainly forward transactions and optional transaction of buying/ selling USD and EUR made with banks operating on the Polish market as well as futures transactions for the purchase of aluminium concluded in the London Metal Exchange (LME).

The dominating entity assesses the derivative financial instruments in their fair value established in the course of valuation of the derivative financial instruments at the price determined on the active controlled market where the public trading of the financial instruments takes place (LME).

The financial result obtained from futures transactions is entered in the dominating entity's books in real time and stands for a cost or financial revenue. Pursuant to the Accounting Act the Company enters the financial results from open positions in their books as well. The Company classifies all of the financial instruments used as assets and tradable financial liabilities.

Characterisation of derivative financial instruments

- 1) Futures transactions: a mutual obligation of the transaction partners (Grupa KETY S.A. and LME) to transfer onto the other partner the ownership rights to a specified volume of aluminium at a specified price and on a specified date. Both the transaction volumes and dates are standardized and the obligation is settled by price differences without actual deliveries. These transactions are based on: the date of transaction, the date of transaction closure, purchase/ sale, aluminium quantity, the final price. The risk connected with this type of transaction results from changes in the final price of aluminium.
- 2) Forward transactions: mutual obligations of the transaction partners (Grupa KETY S.A. and the bank) to forward onto the other partner the ownership rights to a specified amount of foreign currency, based on the forward exchange rate agreed by the transaction partners. This type of transaction is based on: the date of transaction, the transaction partners, the pair of foreign currencies, the amount, the final exchange rate, the amount specified for each partner and the currency date. The risk connected with a transaction of this type results from changes in the mutual relations between currencies (the exchange rate, the interest rates relating to both currencies). Due to the high number of open forward transactions, the table below presents only one selected transaction of this type.

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An example forward transaction concluded by Grupa KETY S.A. open as of 31 December 2004:

Transaction date	Closure date	Currency	Amount	Buying/ selling	Final exchange rate	Bank
21-10-2004	30-06-05	USD/PLN	200,000	Buying	3.5527	BPH S.A.

During the reporting period the dominating entity noted a loss on its futures transactions relating to foreign currencies of PLN 138 thousand which increased its financial costs.

As of the balance date, the entries for the purchase of USD date amounted to USD 7,875.0 thousand (PLN 23,549 thousand), the ones for the purchase of EUR amounted to USD 4,307 thousand (PLN 17,569 thousand) and the ones for the sale of GBP amounted to GBP 70 thousand (PLN 404 thousand). The unaccounted loss on foreign currency forward transactions open as of 31 December 2004 amounted to PLN 4,134 thousand.

During the reporting period the Company noted a loss on its forward transactions relating to aluminium of USD 3 thousand (ca. PLN 17 thousand).

As of the balance date the dominating entity entries open on the LME for the purchase of aluminium valued at USD 86 thousand (ca. PLN 257 thousand). The unaccounted profit on those entries as of 31 December 2004 amounted to USD 12 thousand (ca. PLN 36 thousand).

The remaining companies of the Capital Group did not use financial instruments in 2004.

Changes in the derivative instruments

	Financial assets	Financial liabilities
Opening balance, including:	256	2,158
- futures	-	-
- forward and options	256	2,158
Increases, including:	104	4,357
- futures	96	77
- forward and options	8	4,280
Decreases, including:	324	2,381
- futures	60	77
- forward and options	264	2,304
Closing balance, including:	36	4,134
- futures	36	-
- forward and options	-	4,134

53. Liabilities towards the state purse or the local *gmina* budget on account of the title deed of ownership of real estate and buildings

During the reporting period the members of the Capital Group did not have any liabilities with respect to the state purse or the local *gmina* budget on account of the acquisition of real estate or buildings.

54. The amount and the explanation of reasons for unplanned depreciation write-offs

During the reporting period, the consolidated companies have made unplanned depreciation write-offs for the amount of PLN 635 thousand. The unplanned depreciation write-downs resulted directly from a quicker than anticipated wear of the tangible assets.

55. The revenue, costs and results of activity relinquished during the reporting period or planned to be relinquished in the following year

During the reporting period the Capital Group members did not relinquish any activity and they do not plan to relinquish any significant activity during the following year. From the point of view of the Capital Group, the activity of Flexpol was relinquished, as that company was in July 2004 sold to a foreign investor. The information about the establishment and the subject of Flexpol's operations can be found in the introduction to this financial statement.

56. The costs of constructions in progress and of assets for internal needs

	31 December 2004	31 December 2003
Products allocated to internal needs	485	698
Costs of production of constructions in progress	3,065	2,776
	-----	-----
	3,550	3,474
	=====	=====

57. Specification of main extraordinary gains and losses

The specification of the entries constituting extraordinary profits and losses can be found in note 32 and 33.

58. Income tax on the result of extraordinary operations

There have been no extraordinary operations in the current period.

59. Settlement of the main items differentiating the taxable base from the gross financial result, information about differences between the income tax as specified in the profit and loss account and the income tax determined on the taxable income

The Capital Group members do not form a tax capital group.

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Transient differences between an actual liability to the budget on account of income tax and the income tax proportional to the gross profit have been entered as follows:

	Assets/(Reserve) (2004)	Assets/(Reserve)) (2003)
Grupa KETY S.A.	114	144
Deferred tax on account of unaccomplished profit on inventory	710	724
Deferred tax on account of unaccomplished profit on the sale of fixed assets	174	-
Metalplast – Bielsko S.A.	1,865	1,885
Aluform Sp. z o.o.	-	-
Dekret Sp. z o.o.	39	57
Alutech Sp. z o.o.	500	516
 Total assets or (reserves) on account of deferred tax.	 3,402	 3,326
	=====	=====

60. Income tax relating to fully consolidated subsidiaries

	2004 Income tax in the profit and loss account (the current account)	2003 Income tax in the profit and loss account (the current account)
Grupa KETY S.A.	11,435	8,871
Metalplast – Bielsko S.A.	4,336	5,791
Alutech Sp. z o.o.	5	666
Alupol Sp. z o.o.*	740	110
Dekret Sp. z o.o.	20	48
Aluform Sp. z o.o.	-	3
 Total	 16,536	 15,489
	=====	=====

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	Receivables/(liabilities) relating to income tax as of 31 December 2004	Receivables/(liabilities) relating to income tax as of 31 December 2003
Grupa KETY S.A.	(2,541)	(2,944)
Metalplast – Bielsko S.A. – consolidated data	(1,549)	(2,942)
Alutech Sp. z o.o.	99	(285)
Alupol Sp. z o.o.*	(463)	4
Dekret Sp. z o.o.	9	-
Aluform Sp. z o.o.	-	1

* The Company exercises its right to tax relief on account of the business operation in the Katowice Enterprise Zone.

61. The cash structure in the cash flow statement (opening and closing balance)

	31 December 2004	31 December 2003
Cash in bank and in hand	14,683	15,681
Other cash	4,610	16,310
Debentures*	-	2,191
	-----	-----
	19,293	34,182
	=====	=====

*The debentures entry relates to debentures owned by Alupol with maturity period of up to 3 months connected with the current management of cash surpluses presented for purposes of cash flow account as funds.

62. Information relating to the entry 'Cash-flow from operating activities' in the cash flow statement

The operating activity of the members of the Capital Group is connected with basic production activity. The investment activity is primarily connected with purchase and sale of capital and financial assets. The financial activity of the members of the Capital Group is connected with obtainment and repayment of sources of financing, mainly credits and loans.

The main reasons for differences between the balance changes in the status of certain entries as well as the changes in the status of those entries shown in the cash flow statement result chiefly from:

- presentation of settlements relating to purchase and sale of capital assets,
- presentation of liabilities on credits,
- presentation of liabilities on other financial operations.

The tables below present, in numerical form, the significant differences between the

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presentations of the changes of the entries' status in the balance sheet and in the cash flow statement:

Balance change in the amount of receivables	(6,157)
Adjustments	2,377
Adjustment by a change in the amount of receivables from the sale of tangible assets	2,377
Change in the amount of receivables shown in the cash flow statement	(3,780)
Balance change in the amount of short-term liabilities	1,622
Adjustments	(36,011)
Adjustment by a change in the amount of liabilities resulting from short-term credits	(27,078)
Adjustment by a change in the amount of liabilities from the purchase of tangible assets	(6,958)
Adjustment by a change in the amount of other liabilities connected with financial activity	(1,975)
Change in the amount of receivables shown in the cash flow statement	(34,389)

63. Planned investment expenditure within 12 months from the balance date

In 2004 the investment expenditure in the companies forming the Capital Group amounted to PLN 70,455 thousand. In 2004 the Capital Group members did not incur any direct expenditure directly connected to the environment protection.

Planned investment expenditure in the period January – December 2005	
A) Flexible Packaging Segment	24,436
B) Extruded Product Segment	76,535
C) Aluminium Systems Segment	2,096
D) Investments relating to the Company's general tasks	7,843
Total investment tasks	110,910

The Capital Group members do not plan any expenditure directly related to the protection of environment for the coming 12 months.

64. Significant transactions with associated entities not covered by the consolidated financial statement

The significant transactions with entities not covered by the consolidated financial statement are the transactions with „Celtech” Sp. z o.o. (a customs agency), ZRE „Metalplast-Bielsko” Sp. z o.o. (a power distribution and repair company) and

„Metalplast-Zalur” Sp. z o.o.

The Celtech agency provides customs services to the Capital Group members. The transactions consist in the agency returning customs and tax fees on behalf of importers.

ZRE Metalplast-Bielsko provides services to Metalplast-Bielsko S.A. with respect to plant maintenance, manufacture of tooling, repairs of machines and facilities and manufacture of wooden packaging.

Metalplast-Zalur trades the Spectral and MB systems manufactured by Metalplast-Bielsko S.A. in Hungary and the neighbouring countries.

The data concerning the transactions of the dominating entity with the associated entities, the mutual receivables and liabilities has been presented in note 72.

65. Joint enterprises exempt from consolidation under the full method or are shown in the consolidated statement by means of the equity method

During the business year the Capital Group members did not engage in joint enterprises which are not subject to consolidation in the meaning of the Accounting Act.

66. Remunerations, together with remuneration on profit paid to members of the Issuer's Management Board and Supervisory Board

The remunerations paid to members of the Issuer's Management Board during the reporting period amounted to PLN 1,196 thousand (PLN 1,289 thousand in the previous year).

The remunerations paid to the members of the Issuer's Supervisory Board during the reporting period amounted to PLN 360 thousand (PLN 382 thousand in the previous year).

The remunerations paid to members of the Issuer's Management Board on account of their sitting in management and supervisory bodies of the subsidiary and associated entities amounted to PLN 422 thousand (PLN 235 thousand in the previous year).

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The remunerations of the particular members of the Management Board and the Supervisory Board in 2004 were as follows:

THE BOARD	Position	Period	Basic salary	Bonuses	Salary for sitting in bodies of subsidiary entities
Jan Bronislaw Kryjak	The Board President/ Chief Executive Officer	January - December 2004	505,345.20	202,300.98	44,703.84
Dariusz Manko	Board Member/ Deputy General Manager	January – December 2004	120,000.00	56,000.00	378,000,00
Michał Malina	Board Member/ Chief Financial Officer	January - December 2004	232,000.00	80,000,00	X

The Supervisory Board grants bonuses to the particular members of the Management Board once a quarter, depending on the degree of budget execution. The amount of bonus in the given quarter does not exceed 140% of the basic monthly salary of the given member of the Board.

THE SUPERVISORY BOARD	Function	Period	Basic salary
Jakub Bentke	Deputy President of Supervisory Board	January - May 2004	28,589.82
Władysława Cebula	Supervisory Board Member	January - May 2004	22,871.85
Slawomir Gajewski	Supervisory Board Member	May - December 2004	36,988.20
Krzysztof Głogowski	Supervisory Board President	January - December 2004	89,406.81
Jerzy Kochański	Supervisory Board Member	May - December 2004	36,988.20
Adam Loewe	Supervisory Board Member	January - May 2004	22,871.85
Maciej Matusiak	Supervisory Board Member	January - December 2004	68,085.11
Jacek Radziwiłski	Supervisory Board Member	January – April 2004	16,897.94
Szczepan Strublewski	Supervisory Board Member	May - December 2004	36,988.20

Moreover:

During the reporting period, the salary paid to the Board Members of „Metalplast-Bielsko” S.A. amounted to PLN 544 thousand, the salary of the Supervisory Board

members of „Metalplast-Bielsko” S.A. amounted to PLN 104 thousand.

During the reporting period, the Board Members and the Supervisory Board of „Alupol” Sp. z o.o. did not receive salary.

During the reporting period the salaries of the Board Members of „Dekret” Sp. z o.o. amounted to PLN 182 thousand, while the company's Supervisory Board did not receive salary.

During the reporting period the Board Members and the Supervisory Board of „Aluform” Sp. z o.o. did not receive salary.

During the reporting period the Board Members of „Alutech” Sp. z o.o. received salaries amounting to PLN 205 thousand, while the Supervisory Board did not receive salary.

67. Loans granted to the members of Management Boards and supervisory bodies

In 2004 no loans were granted to the management and supervisory staff of the Capital Group or their spouses, relatives or kinsmen in straight line up to the second degree or persons associated on account of care, adoption or wardship with members of the Management or Supervisory Board of the Issuer or the companies in the Capital Group where they are significant shareholders or partners. The Capital Group members did not grant any advance payments, guarantees or warranties to those persons, either.

68. Information concerning significant transactions with members of Management Boards and supervisory bodies

As specified in note 47, the dominating entity completed in 2004 the issue of the D-series shares for the Issuer's key employees. Within the framework of the incentive programme, the Board members took over 219 thousand bearer ordinary shares at nominal and issuing price of PLN 2.50 each. Pursuant to the decision of the decision of the Polish Securities and Exchange Commission, the Issuer is exempt from the obligation to publish the names and surnames, the functions as well as the numbers of shares and bonds of the Issuer purchased by the particular persons.

The details relating to the value of the managerial options programme have been presented in Item H (subsection c) of the introduction to 'Consolidated financial statement of Grupa KETY S.A. for the year ended on 31 December 2004'.

Apart from the abovementioned, the entity did not conduct any significant transactions with the members of Management Boards and supervisory bodies during the reporting period.

69. Distribution of the net result for 2003

The Ordinary General Meeting of the Issuer's Shareholders held on 14 May 2004 voted a resolution concerning the division of profit for the preceding year, which will be as follows:

- the amount of PLN 26,776,989.00 shall be used to pay dividends (PLN 3 per share),
- the amount of PLN 20,000.00 shall cover the servicing costs of the dividend payment by the National Depository of Securities,
- the amount of PLN 10,867,925.92 shall be used as capital reserve.

Moreover:

Alutech Sp. z o.o. appropriated its profit from 2003 amounting to PLN 1,258,277.25 to cover previous years' losses.

Aluform Sp. z o.o. appropriated PLN 161,657.87 from its profit for 2003 to the coverage of losses from previous years and PLN 200,523.47 to the payment of dividend.

Metalplast-Bielsko S.A. appropriated its profit from 2003 amounting to PLN 9,408,208.88 to pay dividend to its shareholders.

Metalplast-Stolarka Sp. z o.o. appropriated its profit for 2003 amounting to PLN 220,934.95 to cover the losses from previous years.

Flexpol Sp. z o.o. appropriated PLN 3,000,000.00 from its profit for 2003 to pay dividend and PLN 3,014,451.55 to capital reserves.

Dekret Sp. z o.o. appropriated its profit for 2003 amounting to PLN 112,348.80 to cover the losses from previous years.

70. The proposal of the Issuer's Management Board with respect to the method of distribution of the financial result for the reporting period

The consolidated net result for the reporting period is not subject to distribution.

71. Average employment

The average employment in the Capital Group in 2004 and in 2003 was as follows:

Employee group	12 months ending on 31 December 2004	12 months ending on 31 December 2003
The Management Board	3	3
The management staff	51	62
Other office workers	316	341
Labourers	1,235	1,290
Total employment	1,605	1,696

*The average employment status for 2004 does not cover Flexpol. Flexpol was sold outside the Capital Group in July 2004. In 2003 Flexpol employed 114 persons.

72. Transactions of the dominating entity with associates and subsidiaries

The transactions with subsidiaries and associates during the business year as well as the settlement status as of the balance date are as follows:

	Metalplast S.A.	Alupol sp. z o.o.	Alutech sp. z o.o.	Aluform sp. z o.o.	Dekret sp. z o.o.	Celtech * sp. z o.o.	Alupol LLC The Ukraine
Sales	61,291	79,226	1,938	2	270	-	-
Purchases	12,414	31,269	29,624	-	1,388	99	-
Receivable interest	4	33	-	-	-	-	-
Receivables	2,212	17,735	132	-	5	-	-
Payables	2,021	8,847	5,638	-	143	-	-

*Celtech sp. z o.o. is a 100% subsidiary to Alutech sp. z o.o. and operates as a customs agency. The amount of liabilities shown as of the balance date, with the exception of the receivables for the works and services provided covers the customs fees paid by the Celtech on behalf of the Grupa KETY S.A.

In the current period the dominating entity did not perform any transactions with the remaining subsidiaries.

73. Relations between the legal predecessor and the Issuer

The transformation of ZML KETY into a joint-stock company took place on 3 March 1992 and therefore there were no relations between the Company and its legal predecessor during the reporting period.

74. Adjustments of fundamental errors

No adjustments relating to fundamental errors have been made in this statement.

75. Exemption of subsidiaries and associated entities from consolidation obligation based on separate regulations

The relevant information has been included in the introduction to this consolidated financial statement of the Capital Group in note A.

76. Adjustments of the particular items of the consolidated financial statement for which separate valuation principles have been adopted

The Capital Group members apply identical principles of valuation and presentation of the particular components of the financial statement, therefore consolidation corrections were not necessary.

77. Reporting according to branch segments

The operations of the Capital Group are organised in three basic branches:

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

The detailed description of the types of operation in the segments, company assignation to the particular segments as well as information about the main economic parameters for the particular segments have been presented in Section II of the report from the operation of the Issuer's Capital Group.

The main economic data relating to the Issuer's activity segments:

Year 2004	FPS	EPS	SSA	Unassigned exemptions from consolidation	Total
Revenues (market)	202,010	344,383	145,644	36,687	728,724
Revenues (GROUP)		65,313	29,290	-94,603	0
Total revenues	202,010	409,696	174,934	-57,916	728,724
Including exports	46,483	85,148	27,055	0	158,686
Costs	180,100	352,057	157,744	-48,386	641,514
Including depreciation	13,411	18,688	2,297	3,349	37,745
Gross profit				106,646	106,646
Net profit				90,750	90,750
Segment's Assets	201,147	284,924	76,466	68,404	630,941
Segment's Liabilities	27,932	19,213	6,376	577,420	630,941

* the other operations relate to auxiliary activities not directly related to the basic activities of the particular segments, including Alutech.

** the intersegmental sale relates mainly to the sale of aluminium profiles from the EPS to the ASS as well as the sale of painting and anodising services by ASS to EPS.

All of the above transactions are performed in the market environment.

78. Method of calculation of consolidated profit per share

Method of calculation of consolidated net profit per share as well as diluted consolidated profit per share		
	Jan.-Dec. 2004	Jan.-Dec. 2003
1 Net profit	90,750	69,108
2 Number of shares	10,500,780	10,500,780
3 Number of shares for depreciation owned by the Issuer	1,575,117	1,575,117
4 Number of days of possession of the shares to be amortised by the Company per year	366	365
5 Weighted average number of shares to be amortised owned by the Company during the reporting period	1,575,117	1,575,117
6 Number of D-series shares (issue on condition)	300,000	300,000
7 Number of days following the period of fulfilment of the D-series shares issue conditions	366	0
8 Weighted average number of the D-series shares used for calculation (366/366)	300,000	0
9 Number of shares used for the calculation of profit per one share (2 – 5 + 8)	9,225,663	8,925,663
10 Profit per one share (1 / 9)	9.84	7.74
11 Number of days from the commencement of the D-series shares issue programme to the balance date or the issue conditions fulfilment in the period	0	215
12 Diluted number of D-series shares (6 * 11/ 365 days)	0	176,712
13 Number of shares used to calculate the diluted profit per share (9 +12)	9,225,663	9,102,375
14 Diluted profit per share	9.84	7.59

79. Method of calculation of the book value per share

Calculation of the book value per share	31.12.2004	31.12.2003
Shareholders' equity	434,287	369,583
Number of shares	10,500,780	10,500,780
Number of shares held by the Issuer	1,575,117	1,575,117
Number of D-series shares (issue on condition) – all conditions fulfilled	300,000	300,000
Number of shares used to calculated the book value (1-2+3)	9,225,663	9,225,663
The book value per one share	47.07	40.06
Number of D-series shares (issue on condition) – not fulfilling the conditions of being taken over by authorized persons	-	-
Number of shares used to calculate the diluted book value per share (4+6)	9,225,663	9,225,663
The book value per one share	47.07	40.06

Jan Bronislaw Kryjak
*President of the Management
Board*

Dariusz Manko
Board Member

Michał Malina
Board Member

Michał Malina
Person responsible for book-keeping

Kety, 12 April 2005

CONSOLIDATED BALANCE SHEET	Note	31.12.2004	31.12.2003
		current year	previous year
ASSETS			
I. Fixed assets		354 323	308 492
1. Intangibles, including	1	6 353	7 401
- goodwill			130
2. Goodwill of subordinated companies	2		302
3. Tangible fixed assets	3	338 439	289 895
4. Long-term receivables	4		
4.1. From related parties			
4.2. From other entities			
5. Long-term investments	5	1 014	1 460
5.1. Real property		170	170
5.2. Intangible fixed assets			
5.3. Long-term financial assets		844	1 290
a) in related parties, including:		837	1 283
- shares in subordinated entities accounted for under the equity method			
- shares in subsidiaries and co-owned subsidiaries excluded from consolidation		837	1 283
b) in other entities		7	7
5.4. Other long-term investments			
6. Long-term prepayments and deferred expenses	6	8 517	9 434
6.1. Deferred tax assets		8 517	9 409
6.2. Other prepaid expenses			25
II. Current assets		276 618	273 846
1. Inventory	7	120 130	96 468
2. Short-term receivables	8	135 487	129 330
2.1. From related parties		7 028	6 444
2.2. From other entities		128 459	122 886
3. Short-term investments	10	20 037	45 953
3.1. Short-term financial assets		20 037	45 953
a) in related parties			10 808
b) in other entities		744	3 154
c) cash and cash equivalent		19 293	31 991
3.2. Other short-term investments			
4. Short-term prepayments and deferred expenses	11	964	2 095
Total assets		630 941	582 338

LIABILITIES			
I. Equity		434 287	369 583
1. Share capital	13	26 252	26 252
2. Called -up capital (negative figure)			
3. Own shares (negative value)	14	(71 108)	(71 108)
4. Capital reserve	15	353 681	311 164
5. Revaluation reserve	16	33 962	34 167
6. Other capital reserves	17	750	
7. Differences in exchange rates from translation of subsidiaries			
a) foreign exchange gains			
b) foreign exchange losses			
8. Previous years' profit (loss)			
9. Net profit (loss)		90 750	69 108
10. Appropriations from the net profit during the financial year (negative figure)	18		
II. Minority capital	19	498	1 648
III. Negative goodwill of subordinated companies	20	375	793
IV. Liabilities and reserves for liabilities:		195 781	210 314
1. Reserves for liabilities	21	16 261	20 310
1.1. Reserves for deferred tax liabilities		5 115	6 083
1.2. Reserves for pension and similar benefits		10 342	9 843
a) long-term		8 619	8 368
b) short-term		1 723	1 475
1.3. Other reserves		804	4 384
a) long-term			
b) short-term		804	4 384
2. Long-term liabilities	22	17 336	29 985
2.1. Due to related parties			
2.2. Due to other entities		17 336	29 985
3. Short-term liabilities	23	151 510	149 888
3.1. Due to related parties		2 773	2 941
3.2. Due to other entities		147 288	145 136
3.3. Special funds		1 449	1 811
4. Accruals and deferred income	24	10 674	10 131
4.1. Negative goodwill			
4.2. Other accruals		10 674	10 131
a) long-term		4 865	5 559
b) short-term		5 809	4 572
Total liabilities		630 941	582 338
Book value		434 287	369 583
Number of shares		10 500 780	10 500 780
Book value per share (in PLN)	25	47,07	40,06
Diluted number of shares		9 225 663	9 225 663
Diluted book value per one share (in PLN)		47,07	40,06

*Manner of book value determination per one share has been shown in note 81.

OFF- BALANCE SHEET ITEMS	Nota	31.12.2004 current year	31.12.2003 previous year
1. Contingent receivables	26A		
1.1. From related parties (due to)			
- received guarantees and pledges			
1.2. From other entities (due to)			
- received guarantees and pledges			
2. Contingent liabilities	26B	1 077	1 160
2.1. To related parties (due to)		600	1 000
- given guarantees and pledges		600	1 000
2.2. To other entities (due to)		477	160
- given guarantees and collaterals		477	160
- bills of exchange			
3. Other (due to)			585
- mortgage registered for the benefit of Tax Office in Tychy			
- Factoring			585
- pledge on inventories			
Total off-balance sheet items		1 077	1 745

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Note	I-XII 2004 current year	I-XII 2003 previous year
I. Net revenues from sales of products, trade goods and materials, including revenues from:			
- related parties		728 724	664 885
1. Net revenue from sales of products	27	16 849	13 976
2. Net revenue from sales of trade goods and materials	28	660 998	568 082
2. Net revenue from sales of trade goods and materials	28	67 726	96 803
II. Cost of products, trade goods and materials sold, including items sold			
- to related parties		543 183	489 110
1. Cost of products sold	29	11 087	6 871
2. Cost of sales of trade goods and materials		486 896	409 285
2. Cost of sales of trade goods and materials		56 287	79 825
III. Gross profit (loss) on sales (I-II)			
IV. Selling costs			
V. General administrative costs		185 541	175 775
VI. Profit (loss) on sales (III-IV-V)			
VII. Other operating revenue			
1. Gain on disposal of non-financial fixed assets		110 505	97 005
2. Subsidies		14 467	19 651
3. Other operating revenue	30	83	101
3. Other operating revenue	30	14 384	19 550
VIII. Other operating costs			
1. Loss on disposal of non-financial fixed assets		11 713	39 060
2. Revaluation of non-financial fixed assets		274	283
3. Other operating costs	31	5 948	30 996
3. Other operating costs	31	5 491	7 781
IX. Operating profit (VI+VII-VIII)			
X. Financial income			
1. Dividends and profit sharing, including:		113 259	77 596
- related parties		4 711	7 187
2. Interest, including:		186	24
- from related parties		185	23
3. Profit on disposal of investment		2 844	5 944
4. Revaluation of investments		862	741
5. Other		819	465
XI. Financial costs			
1. Interest, including:		11 582	9 380
- for associates		5 167	6 150
2. Loss on disposal of investment		2 195	1 707
3. Revaluation of investments		4 220	1 523
4. Other			
XII. Profit (loss) on sale of shares or part of shares in subordinated entities	34		
XIII. Profit (loss) on economic activity (IX+X+XI+/-XII)		106 388	75 403
XIV. Extraordinary gain/loss (XIII.1. - XIII.2.)			80
1. Extraordinary gains	35	314	116
2. Extraordinary losses	36	572	36
XV. Goodwill impairment of subordinated entities			303
XVI. Negative goodwill impairment of subordinated entities			437
XVII. Profit (loss) before tax (XIII+/-XIV-XV+XVI)		106 646	75 617
XVIII. Corporate income tax			
a) current tax		16 460	9 830
b) deferred tax		16 536	15 489
		(76)	(5 659)
XIX. Other obligatory decreases in profit (increases in loss)	38		
XX. Net profit (loss) sharing of subordinated entities (under the equity method)		774	3 608
XXI. Minority profits (losses)		(210)	(287)
XXII. Net profit (loss) (XVII-XVIII-XIX+/-XX+/-XXI)	39	90 750	69 108
Net profit (loss) (p.a.)		90 750	69 108
Weighted average number of ordinary share		9 225 663	8 925 663
Net earning per ordinary share (in PLN)	39	9,84	7,74
Weighted average diluted number of ordinary share		9 225 663	9 102 375
Diluted earning / (loss) per ordinary share (in PLN)		9,84	7,59

*Manner of earnings calculation per one share has been shown in note 80.

CHANGES IN CONSOLIDATED EQUITY	I-XII 2004 current year	I-XII 2003 previous year
I. Opening balance of equity (OB)	369 583	305 567
a) adjustments resulting from a change in accounting (policies) principles		
b) adjustments of fundamental errors		
I.a. Opening balance of equity (OB), after reconciliation to comparable data	369 583	305 567
1. Opening balance of share capital	26 252	26 252
1.1. Changes in share capital		
a) increase (on account of)		
b) decrease (on account of)		
1.2. Closing balance of share capital	26 252	26 252
2. Opening balance of called-up share capital		
2.2. Closing balance of called-up share capital		
3. Opening balance of own stocks and shares	(71 108)	(83 887)
3.1. Changes in own stocks and shares		
a) increase (on account of)		
- change in the manner of presentation of "C" series shares		
- purchase of own shares for redemption		
b) decrease (on account of)		
- realization of manager's option		
3.2. Closing balance of own stocks and shares	(71 108)	(71 108)
4. Opening balance of capital reserve	311 164	279 920
4.1. Changes in capital reserve		
a) increase (on account of)		
- net profit distribution (over statutory minimum value)		
- re-entry of revalued liquidated, disposed of fixed assets		
- previous years' retained profit distribution		
b) decrease (on account of)		
4.2. Closing balance of capital reserve	353 681	311 164
5. Opening balance of revaluation reserve	34 167	34 612
5.1. Change in revaluation reserve		
a) increase (on account of)		
b) decrease (on account of)		
- disposal of fixed assets		
5.2. Closing balance of revaluation reserve	33 962	34 167

6. Opening balance of other capital reserves		
6.1. Changes in other capital reserves	750	
a) increase (on account of)	770	20
- profit distribution to service dividend payment	20	20
- increase of the share capital by the issue of "D" series shares - not registered by court.	750	
b) decrease (on account of)	20	20
- servicing of dividend payment	20	20
6.2. Closing balance of other capital reserves	750	
7. Foreign exchange differences from translation of subordinated entities		
8. Profit (loss) from previous years, opening balance	69 108	48 670
8.1. Profit from previous years, opening balance	69 108	48 872
a) adjustments resulting from a change in accounting (policies) principles		
b) adjustments of fundamental errors		
8.2. Opening balance of previous years' profit after reconciliation to comparable data	69 108	48 872
a) increase (on account of)		
- previous years' profit distribution		
- changes in adopted accounting principles (policies)		
b) decrease (on account of)	69 108	48 872
- appropriation to pay dividend	26 776	17 851
- transfer to capital reserve	42 312	30 799
- transfer to other capital reserves	20	20
- previous years' coverage of loss		202
8.3. Closing balance of previous years' profit		
8.4. Opening balance of previous years' loss		202
a) changes in adopted accounting principles (policies)		
b) adjustments of fundamental errors		
8.5. Opening balance of previous years' loss, after reconciliation to comparable data		202
a) increase (on account of)		
b) decrease (on account of)		
- coverage of loss from previous years' profit		202
8.6. Closing balance of previous years' loss		
8.7. Closing balance of previous years' profit (loss)		
9. Net result	90 750	69 108
a) net profit	90 750	69 108
b) net loss		
c) write-downs on profit		
II. Closing balance of equity (CB)	434 287	369 583
III. Equity after accounting for proposed distribution of profit (coverage of loss)	397 364	342 786

CONSOLIDATED CASH FLOW		I-XII 2004 current year	I-XII 2003 previous year
A. Cash flow from operating activities - indirect method			
I. Net profit (loss)		90 750	69 108
II. Total adjustments		(21 421)	61 855
1. Minority profits (losses)		210	287
2. Net share in profits (losses) of associated entities consolidated under equity method		(774)	(3 608)
3. Depreciation, including:		37 745	36 186
- goodwill impairment of subordinated entities or negative goodwill impairment of subordinated entities		(258)	(134)
4. (Gain) loss on foreign exchange		(593)	1 022
5. Interest and profit sharing (dividends)		2 887	5 667
6. (Profit) loss on investing activities		(260)	712
7. Change in provisions		(4 056)	(1 520)
8. Change in inventories		(23 662)	(17 810)
9. Change in receivables		(3 780)	14 027
10. Change in short-term liabilities, excluding credits and loans		(34 389)	26 487
11. Change in accruals and prepayments		2 598	(2 030)
12. Other adjustments		2 653	2 435
III. Net cash flow from operating activity (I+/-II)		69 329	130 963
B. Cash flow from investing activity			
I. Inflows		15 489	2 193
1. Disposal of intangibles and tangible fixed assets		2 377	1 285
2. Disposal of real property investments and intangibles		258	
3. From financial assets, including:		12 854	908
a) in related parties		12 785	24
- disposal of financial assets		10 800	
- dividends and profit sharing		1 985	24
- repayment of long-term loans granted			
- interest			
- other inflows from financial assets			
b) in other entities		69	884
- disposal of financial assets		68	883
- dividends and profit sharing		1	1
- repayment of long-term loans granted			
- interest			
- other inflows from financial assets			
4. Other investing inflow			

II. Outflows	(85 349)	(36 623)
1. Acquisition of intangibles and tangible fixed assets	(78 042)	(35 182)
2. Real estate investments and intangibles		
3. For financial assets, including:	(1 495)	(238)
a) in related parties	(1 271)	(20)
- purchase of financial assets	(1 271)	(20)
- long-term loans granted		
b) in other entities	(224)	(218)
- purchase of financial assets	(224)	(218)
- long-term loans granted		
4. Dividends and other shares in profit paid to minority		
5. Other investing expenses	(5 812)	(1 203)
III. Net cash flow on investing activity (I-II)	(69 860)	(34 430)
C. Cash flow from financial activities		
I. Inflows	42 753	17 866
1. Net cash inflow from issue of shares and other capital instruments and additional capital contribution	826	12 780
2. Credits and loans	41 927	5 067
3. Issue of debentures		
4. Other financial inflow		19
II. Outflows	(57 111)	(98 432)
1. Purchase of own stocks and shares	(238)	203
2. Dividends and other payments due to owners	(26 777)	(14 184)
3. Other outflow due to distribution of profit, other than payments to owners	(20)	(20)
4. Repayment of credits and loans	(26 845)	(76 959)
5. Redemption of debentures		
6. Other financial liabilities		
7. Payments of liabilities under financial leasing contracts		
8. Interest	(3 231)	(5 800)
9. Other financial outflows		(1 672)
III. Net cash flow on financial operations (I-II)	(14 358)	(80 566)
D. Total net cash flow (A.III+/-B.III+/-C.III)	(14 889)	15 967
E. Change of cash in the balance sheet, including	(12 698)	15 967
- change in the balance of cash due to differences in exchange rate	441	(825)
F. Opening balance of cash	34 182	18 215
G. Closing balance of cash (F+/- D), including	19 293	34 182
- of limited access	770	3 269

Explanatory notes**Additional information and notes to the consolidated balance sheet****Note 1. - to item I.1. of assets**

1 A. INTANGIBLES	31.12.2004	31.12.2003
a) research and development expenditure	133	431
b) goodwill		130
c) concessions, patents, licenses and similar assets, including:	6 220	6 840
- acquired computer software	6 152	6 840
d) other intangibles		
e) prepayments for intangibles		
Total intangibles	6 353	7 401

Intangibles do not constitute a collateral for liabilities of the Group

1B. CHANGES IN THE BALANCE OF INTANGIBLES (BY TYPE)						
	a) research and development expenditure	b) goodwill	c) concessions, patents, licenses and similar assets, including	- acquired computer software	d) other intangibles	e) prepayments for intangibles
a) opening gross balance of intangibles	1 303	650	16 845	16 845	525	19 323
b) increases (on account of)			997	927		997
- purchase			227	227		227
- transferred from construction in progress			770	700		770
- other						
c) disposals (on account of)			214	214		214
- end of use						
- liquidations			210	210		210
- sale			4	4		4
d) gross closing balance of intangibles	1 303	650	17 628	17 558	525	20 106
e) opening balance of accumulated depreciation	872	520	10 005	10 005		11 397
f) depreciation for the period (on account of)	298	130	1 403	1 401		1 831
- depreciation	298	130	1 617	1 615		2 045
- sale			-4	-4		-4
- liquidations			-210	-210		-210
- other						
g) closing balance of accumulated depreciation	1 170	650	11 408	11 406		13 228
h) opening balance of impairment losses for fully depreciated assets					525	525
i) closing balance of impairment losses for fully depreciated assets					525	525
j) closing balance of net intangibles	133		6 220	6 152		6 353

1C. INTANGIBLES (OWNERSHIP STRUCTURE)	31.12.2004	31.12.2003
a) owned	6 353	7 401
b) used on the basis of rental, lease or other agreement of similar nature, including leasing contract		
Intangibles	6 353	7 401

Note 2 - to item I.2. of assets

2A. GOODWILL OF SUBORDINATED ENTITIES	31.12.2004	31.12.2003
a) goodwill - subsidiaries		302
b) goodwill - co-owned subsidiaries		
c) goodwill - associated entities		
Total goodwill of subordinated entities	302	

2B. CHANGE IN GOODWILL - SUBSIDIARIES	I-XII 2004	I-XII 2003
a) opening balance of gross goodwill	28 524	28 524
b) increases (on account of)	12	
- purchase of shares above their market value	12	
- redemption of shares		
c) decreases (on account of)		
d) closing balance of gross goodwill	28 536	28 524
e) opening balance of goodwill impairment	28 222	27 919
f) impairment of goodwill for the period (on account of)	314	303
- impairment recognized over the period	314	303
- reclassification from associates to subsidiaries		
g) closing balance of goodwill impairment	28 536	28 222
h) closing balance of net goodwill	302	

Note 3 - to item I.3. of assets

3A. FIXED TANGIBLE ASSETS	31.12.2004	31.12.2003
a) fixed assets, including		
- land (including right of perpetual usufruct)	262 505	264 283
- buildings and constructions	6 446	6 712
- plants and machinery	76 539	77 192
- vehicles	159 125	162 256
- other fixed assets	3 809	3 599
b) construction in progress	16 586	14 524
c) prepayments for construction in progress	57 068	25 374
Total fixed tangible assets	18 866	238
	338 439	289 895

Information about collaterals on fixed assets has been shown in note 50.

3B. CHANGES IN THE BALANCE OF INTANGIBLE FIXED ASSETS (BY TYPE)

	- land (including right of perpetual usufruct)	- buildings and constructions	- plants and machinery	- vehicles	- other fixed assets	Total fixed tangible assets
a) opening balance of intangible fixed assets, gross value	7 242	143 480	405 494	9 521	27 863	593 600
b) additions (due to)		3 367	24 523	1 505	8 359	37 754
- purchase		7	1 633	230	251	2 121
- transfer from construction in progress		3 360	22 297	1 264	8 108	35 029
- transfer related to KRŚT (Classific. of Fixed Assets by Type)						
- improvement						
- other			593	11		604
c) disposals (due to)		1 007	8 200	953	1 139	11 299
- sale		781	5 810	952	72	7 615
- liquidations		92	2 388	1	1 067	3 548
- handover, free of charge			2			2
- contribution in kind						
- transfer related to KRŚT (Classific. of Fixed Assets by Type)						
- other		134				134
d) closing balance of intangible fixed assets, gross value	7 242	145 840	421 817	10 073	35 083	620 055
e) opening balance of accumulated depreciation	530	66 288	243 238	5 922	13 339	329 317
f) depreciation for the period (due to)	266	3 013	19 454	342	5 158	28 233
- depreciation	266	3 778	25 197	962	5 756	35 959
- sale		(683)	(4 102)	(630)	(50)	(5 465)
- liquidations		(82)	(2 232)	(1)	(548)	(2 863)
- handover, free of charge			(2)			(2)
- contribution in kind						
- other			593	11		604
g) closing balance of accumulated depreciation	796	69 301	262 692	6 264	18 497	357 550
ii) opening balance of impairment losses for fully depreciated assets						
- additions						
- disposals						
i) closing balance of impairment losses for fully depreciated assets						
j) closing balance of net tangible fixed assets	6 446	76 539	159 125	3 809	16 586	262 505

3C. FIXED ASSETS (OWNERSHIP STRUCTURE)	31.12.2004	31.12.2003
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a) owned	262 505	264 283
b) used on the basis of rental, lease or other agreement of similar nature, including contract of leasing, including:		
- leasing		
Total fixed assets as per book value	262 505	264 283

3D. OFF-BALANCE FIXED ASSETS	31.12.2004	31.12.2003
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used on the basis of rental, lease or other agreement of similar nature, including contract of leasing, including:	291
- value of land in perpetual usufruct	
- value of fixed assets used under operating leasing	291
Total off-balance fixed assets	291

Note 5 - to item I.5. of assets

4A. CHANGE IN VALUE OF REAL ESTATE (BY TYPE)	I-XII 2004	I-XII 2003
a) opening balance	170	270
- land	170	270
- building and premises		
- structures of land and water engineering		
b) additions (due to)		
c) disposals (due to)	100	
- impairment losses	100	
d) closing balance	170	170
- land	170	170
- building and premises		
- structures of land and water engineering		
Total real estate	170	170

Long-term investments - real estate is not a collateral for liabilities of the Group.

4B. LONG-TERM FINANCIAL ASSETS	31.12.2004	31.12.2003
a) in subsidiaries and co-subsidiaries excluded from consolidation		
- stocks and shares	837	1 283
- debentures	837	1 283
- other securities (by type)		
- loans granted		
- other long-term financial assets (by type)		
b) in subsidiaries, co-subsidiaries and associates valued under the equity method		
- stocks and shares		
- debentures		
- other securities (by type)		
- loans granted		
- other long-term financial assets (by type)		
c) in other entities	7	7
- stocks and shares	7	7
- debentures		
- other securities (by type)		
- loans granted		
- other long-term financial assets (by type)		
Total long-term financial assets	844	1 290

Long-term financial assets are not a collateral for liabilities of the Group

4C. CHANGE IN LONG-TERM FINANCIAL ASSETS (BY KIND)	I-XII 2004	I-XII 2003
a) opening balance	1 290	12 137
- stocks and shares	1 290	12 137
- debentures		
- other securities		
- loans granted		
- other long-term financial assets		
b) additions (due to)	238	3 628
- purchase	238	20
- share in profit of a subsidiary		3 608
c) disposals (due to)	684	14 475
- sale		
- liquidations	684	
- valuation of shares - dividend payment		3 667
- posted to short-term financial assets		10 808
d) closing balance	844	1 290
- stocks and shares	844	1 290
- debentures		
- other securities		
- loans granted		
- other long-term financial assets		
Total long-term financial assets	844	1 290

4D. STOCKS AND SHARES IN SUBORDINATED ENTITIES												
No	a Name (company) of the entity and its legal status	b Location	c Company's core activity	d Kind of relation	e Consolidation method used	f Date of assuming control/ co-control/ major influence	g Shares purchase price	h Revaluation adjustments (total)	i Book value of shares	j Percentage of share in share capital	k Percentage of votes at Shareholders' meeting	l Other than indicated in j) or k) basis of control/ co-control/ major influence
1	Metalplast-Ukraina Sp. z o.o.	Kiew/ Ukraine	Services and trading	indirect subsidiary	exempt from consolidation	January 2000	35		35	100,00%	100,00%	
2	ZRE "Metalplast-Bielsko" Sp. z o.o.	Bielsko-Biala	Services and trading	indirect subsidiary	exempt from consolidation	July 98	92		92	69,55%	69,55%	
3	"Celtech" Sp. z o.o.	Kęty	Services	indirect subsidiary	exempt from consolidation	December 99	50		50	88,85%	88,85%	
4	"Metalplast - Zalur"	Budapeszt	Services and trading	indirect subsidiary	exempt from consolidation	July 2000	660		660	100,00%	100,00%	
5												
6												
7												
8												

4E. STOCKS AND SHARES IN SUBORDINATED ENTITIES														
No.	a Name (company) of the entity and its legal status	share capital	called-up capital (negative figure)	m Entity's equity, including: capital reserve	n other equity, including previous years' profit (loss)	Liabilities & reserves for liabilities of entity, including	o Receivables of entity including: - long-term - short-term	p Total assets of entity	r Revenue from sales	s Value of shares in the entity not paid by the Issuer	t Received or receivable dividends from entity for the last financial year			
1	Metalplast-Ukraina Sp. z o.o.	(1 023)	976	(941)	(1 058)	(341)	(717)	3 323	3 323	1 205	1 205	2 486	7 341	
2	ZRE "Metalplast-Bielsko" Sp. z o.o.	3 739	133	2 574	1 032	1 032	1 492	113	1 379	2 855	2 855	5 231	14 061	
3	"Celtech" Sp. z o.o.	351	50	285	16	16	9	9	13	13	13	360	147	
4	"Metalplast - Zalur"	727	216		511	199	243	3 196	68	3 128	2 514	2 514	3 525	5 081
5														

4f									
No.	a	b	c	d	e	f	g	h	i
	Name (company) of the entity and its legal status	Location	Company's core activity	Book value of shares	Entity's equity, including: share capital	Percentage of share in share capital	Percentage of votes at Shareholders' meeting	Value of stocks and shares in the entity not paid by the Issuer	Received or receivable dividends from entity for the last financial year
1	Agencja Rozwoju Regionalnego S.A.	Bielsko - Biała	research, market analysis of entities		I.d.	I.d.	I.d.	I.d.	I.d.
2	Przedsiębiorstwo Komunalne "AQUA" S.A.	Bielsko - Biała	water and sewage services	1					
3	Bank Rozwoju Rolnictwa S.A.	Poznań	banking services	9	I.d.	I.d.	I.d.	I.d.	I.d.
4	Huta Stalowa Wola S.A.	Stalowa Wola		146	I.d.	I.d.	I.d.	I.d.	I.d.
5	Huta Małapanew S.A.	Ozimek		41	I.d.	I.d.	0,03%	0,03%	
6	Stocznia Gdynia S.A.	Gdynia		4	I.d.	I.d.	0,01%	0,01%	
7	Stocznia Gdynia S.A.	Gdynia		37	I.d.	I.d.	0,03%	0,03%	
8	Dezamet S.A.	Nowa Dęba		37	I.d.	I.d.	1,25%	1,25%	
9	Huta Jedność S.A.	Siemianowice Śląskie		197	I.d.	I.d.	0,11%	0,11%	
10	Chłodnia Olsztyń Sp. z o.o.	Olsztyn		29	I.d.	I.d.	0,46%	0,46%	
11	Tarpan Sp. z o.o.	Poznań		96	I.d.	I.d.	0,02%	0,02%	
12	PSS Spółek Spółdzielnicza	Kęty		7	I.d.	I.d.	0,04%	no voting rights	
13	Huta Stalowa Wola Z-d Mechaniczny	Stalowa Wola		51	I.d.	I.d.	0,07%	0,07%	
14	Stocznia Ustka S.A.	Ustka		5	I.d.	I.d.			
15	Wistom S.A.	Tomaszów Mazowiecki		29	I.d.	I.d.	0,05%	0,05%	
16	Iglomeat Sp. z o.o.	Dębica		36	I.d.	I.d.	0,29%	0,29%	
17	PZL Kalisz S.A.	Kalisz		8	I.d.	I.d.			
18	Kowent S.A.	Końskie		16	I.d.	I.d.	0,20%	0,20%	
19	Tłocznia Metali Pressa S.A.	Bolechowo		161	I.d.	I.d.	0,43%	0,43%	
20	Warma S.A.	Grudziądz		138	I.d.	I.d.	3,22%	3,22%	
21	PZL Krosno S.A.	Krosno		1	I.d.	I.d.	0,36%	0,36%	
	Huta Gliwice S.A.	Gliwice							
	I.d. - lack of data								
	Total shares in other entities, gross value			1 032					
	Revaluation adjustments			(1 025)					
	Total shares in other entities, net value			7					

4g. LONG-TERM SECURITIES, SHARES AND OTHER FINANCIAL ASSETS (BY CURRENCY)	31.12.2004	31.12.2003
a) in Polish currency	844	1 290
b) in foreign currency (per currency converted into PLN)		
b1. unit/currency thousand/USD		
thousand PLN		
b2. unit/currency thousand/EUR		
thousand PLN		
b3. other currencies converted into thousand PLN		
Total long-term securities, shares and other long-term financial assets	844	1 290
4g. LONG-TERM SECURITIES, SHARES AND FINANCIAL ASSETS (BY LIQUIDITY)	31.12.2004	31.12.2003
A. Listed securities of unlimited marketability (book value)		
B. Securities of unlimited marketability, listed over-the-counter (book-value)		
C. Securities of unlimited marketability, not listed on regulated markets (book value)		
D. Securities of limited marketability (book value)	844	1 270
a) stocks and shares (book value)	844	1 270
- value adjustments (in the period)		
- opening balance	1 290	1 270
- value as per purchase price	1 870	2 315
b) bonds (book value)		
- value adjustments (in the period)		
- opening balance		
- value as per purchase price		
c) other - by type (book value)		
- value adjustments (for the period)		
- opening balance		
- value as per purchase price		
Total value as per purchase price	1 870	2 315
Total opening balance	1 290	1 270
Impairment loss (for the period), total value		
Total book value	844	1 290

Note 5 - to item I.6. of assets

5A. CHANGE IN THE BALANCE OF DEFERRED TAX ASSETS	I-XII 2004	I-XII 2003
1. Opening balance of deferred tax assets, including	9 409	9 258
a) posted to financial result	9 409	9 258
b) posted to equity		
c) posted to goodwill or negative goodwill		
2. Increases	1 600	3 144
a) posted to profit / loss for the period in connection with negative time differences (due to)	1 600	3 144
- provisions for jubilee awards and retirement severance pay	115	1
- provisions for annual bonus and payment derived from Metallurgist Card	60	
- provision for quarterly bonus		
- valuation of currency items	221	393
- unrealized profit on inventories	710	589
- change in the balance of impairment of receivables		1 341
- impairment loss of inventories		75
- provisions for commercial risk		
- revaluation of financial instruments	375	288
- provisions for costs of uninvoiced services	29	135
- guarantee deposits		208
- holiday leaves	30	14
- other	60	100
b) posted to profit/loss for the period connected with tax loss (due to)		
c) posted to equity in connection with negative time differences (due to)		
d) posted to equity in connection with tax loss (due to)		
e) posted to goodwill or negative goodwill in connection with negative time differences (due to)		

3. Decreases	2 492	2 993
a) posted to profit / loss for the period in connection with negative time differences (due to)	2 492	2 967
- decrease in impairment losses of investments		70
- release of impairment of receivables	868	34
- provisions for holiday leaves	18	11
- provision for valuation subject to cautious valuation		10
- release of provisions for environmental restoration		
- valuation of currency accounts	73	
- decrease in impairment losses of inventories	259	52
- release of provisions for jubilee awards and retirement severance pay	22	241
- change in the balance of negative exchange differences due to valuation of settlements and cash	472	66
- dissolution of bonus provision		355
- provisions for commercial risk		864
- realized profit on inventories	589	840
- valuation of futures		
- guarantee deposits	119	
- calculated interest on credits	30	70
- change of consolidation method		318
- other	42	36
b) posted to profit / loss for the period in connection with tax loss (due to)		26
- clearing of tax loss		26
c) posted to equity in connection with negative time differences (due to)		
d) posted to equity in connection with tax loss (due to)		
e) posted to goodwill or negative goodwill in connection with negative time differences (due to)		
4. Total closing balance of deferred tax assets, including:	8 517	9 409
a) posted to profit/loss	8 517	9 409
b) posted to equity		
c) posted to goodwill or negative goodwill		

5b. OTHER PREPAID EXPENSES	31.12.2004	31.12.2003
a) prepaid expenses, including:		25
- insurance related to things and property		
- electricity		
- expenses connected with expansion of joint stock company		25
b) other prepaid expenses		
Total other prepaid expenses	25	

Note 6 - to item II.1. of assets

6a. INVENTORY	31.12.2004	31.12.2003
a) materials	55 139	38 955
b) semi-products and construction in progress	40 664	37 783
c) finished products	23 869	19 403
d) trade goods	203	257
e) prepayments for deliveries	255	70
Total inventories	120 130	96 468

Inventory as at the balance day is encumbered with pledge by registration in view of the credit granted to the Issuer.

Nota 7 - do poz. II.2. aktywów

7a. SHORT-TERM RECEIVABLES	31.12.2004	31.12.2003
a) from associates:		
- trade debtors, amounts falling due:	7 028	6 444
- within 12 months	7 028	6 444
- after more than 12 months	7 028	6 444
- other		
- claimed in court		
b) receivables from other entities	128 459	122 886
- trade debtors, amounts falling due:	122 896	110 443
- within 12 months	122 289	110 443
- after more than 12 months	607	
- taxes, subsidies, customs, social, health and other benefits	5 004	10 317
- other	559	2 126
- claimed in court		
Total short-term receivables, net value	135 487	129 330
c) impairment of receivables	51 993	58 710
Total short-term receivables, gross value	187 480	188 040

The Group's receivables are not encumbered with any collaterals.

7b. SHORT-TERM RECEIVABLES FROM RELATED ENTITIES	31.12.2004	31.12.2003
a) trade debtors, amounts falling due:	7 028	6 444
- from subsidiaries	7 028	6 444
- from co-owned subsidiaries		
- from associated entities		
- from major investor		
- from parent company		
b) other, including		
- from subsidiaries		
- from co-owned subsidiaries		
- from associated entities		
- from major investor		
- from parent company		
c) claimed in court		
- from subsidiaries		
- from co-owned subsidiaries		
- from associated entities		
- from major investor		
- from parent company		
Total short-term receivables from related parties, net value	7 028	6 444
d) impairment of receivables due from related parties	401	
Total short-term receivables from related parties, gross value	7 429	6 444
7c. CHANGE IN THE BALANCE OF IMPAIRMENT OF RECEIVABLES	I-XII 2004	I-XII 2003
Opening balance	58 710	52 516
a) increase	6 399	30 200
- recognised	6 399	30 200
b) decrease (due to)	13 116	24 006
- reversal of impairment of receivables	5 880	6 695
- payments	7 236	17 101
- adjustment of depreciation		
- change of consolidation method		210
Closing balance of impairment of short-term receivables	51 993	58 710
7d. SHORT TERM RECEIVABLES, GROSS VALUE (BY CURRENCY)	31.12.2004	31.12.2003
a) in Polish currency	153 847	158 777
b) in foreign currency (per currency converted into PLN)	33 633	29 263
b1. unit/currency thousand/USD	4 428	1 791
thousand PLN	14 491	6 576
b2. unit/currency thousand/EUR	4 691	5 038
thousand PLN	19 142	22 159
b3. unit/currency thousand/GBP		81
thousand PLN		528
b4. other currencies in thousand PLN		
Total short-term receivables	187 480	188 040

7e. AGING OF TRADE DEBTORS (GROSS VALUE), AMOUNTS FALLING DUE AS AT THE YEAR END:	31.12.2004	31.12.2003
a) within 1 month	51 955	56 463
b) between 1 and 3 months	42 730	30 194
c) between 3 and 6 months	2 842	3 103
d) between 6 months and 1 year	575	531
e) over 1 year	943	487
f) overdue receivables	76 469	78 600
Total (gross) trade debtors	175 514	169 378
g) impairment loss of trade debtors (interests crediting accounted for)	(45 590)	(52 491)
Total net trade debtors	129 924	116 887

7f. OVERDUE TRADE DEBTORS (GROSS VALUE) AS AT THE YEAR END - BROKEN INTO RECEIVABLES NOT COLLECTED:	31.12.2004	31.12.2003
a) within 1 month	18 959	18 939
b) between 1 and 3 months	11 120	6 835
c) between 3 and 6 months	2 773	6 345
d) between 6 months and 1 year	3 483	7 253
e) over 1 year	40 134	39 228
Total gross overdue trade debtors	76 469	78 600
f) impairment loss of overdue trade debtors	(44 984)	(51 686)
Total net overdue trade debtors	31 485	26 914

Note 8 - to items II.2. and I.4. of assets:

Description of overdue receivables not covered by provision for valuation adjustment and receivables in dispute have been set forth in note 45.

Note 9 - to item II.3. of assets

9a. SHORT TERM FINANCIAL ASSETS	31.12.2004	31.12.2003
a) in subsidiaries		10 808
- stocks and shares		10 808
- dividends and other profit sharing		
- debentures		
- other securities (by type)		
- loans granted		
- other short-term financial assets (by type)		
b) in co-owned subsidiaries		
c) in associates		
d) in major investor		
e) in parent company		
f) in other entities	744	3 154
- stocks and shares		
- dividends and other profit sharing		
- debentures		2 191
- other securities (by type)	37	256
- futures	37	256
- loans granted		
- other short-term financial assets (by type)	707	707
- time deposits over 3 months	707	707
g) cash and cash equivalent	19 293	31 991
- cash in hand and cash at bank	14 683	15 681
- other cash	4 610	16 310
- other monetary assets		
Total short term financial assets	20 037	45 953

In accordance with the information contained in note 50, receipts credited to the current account are a collateral for the credit granted to the company by BPH PBK S.A.

9b. SHORT-TERM SECURITIES, SHARES AND OTHER FINANCIAL ASSETS (BY CURRENCY)	31.12.2004	31.12.2003
a) in Polish currency	707	13 962
b) in foreign currency (per currency converted into PLN)	37	
b1. unit/currency thousand/USD	12	
thousand PLN	37	
b2. unit/currency thousand/EUF		
thousand PLN		
b3. other currencies converted in thousand PLN		
Total securities, shares and other short-term financial assets	744	13 962

9c. SHORT-TERM SECURITIES, SHARES AND OTHER FINANCIAL ASSETS (BY LIQUIDITY)	31.12.2004	31.12.2003
A. Listed, of unlimited marketability (book value)	37	256
a) shares (book value)		
- fair value		
- market value		
- value as per purchase cost		
b) bonds (book value)		
- fair value		
- market value		
- value as per purchase cost		
c) other - by type (book value)	37	256
- fair value	37	256
- market value		
- value as per purchase cost		
B. Listed over the counter, of unlimited marketability (book value)		
C. Of unlimited marketability, not listed on controlled markets (book value)		
a) shares (book value)		
- fair value		
- market value		
- value as per purchase cost		
b) bonds (book value)		
- fair value		
- market value		
- value as per purchase cost		
c) other - by type (book value)		
- fair value		
- market value		
- value as per purchase cost		
D. Of limited marketability (book value)	707	13 706
a) shares and bonds (book value)		10 808
- fair value		
- market value		
- value as per purchase cost		7 200
b) bonds (book value)		
- fair value		
- market value		
- value as per purchase cost		
c) other - by type (book value)	707	2 898
- fair value		
- market value		
- value as per purchase cost		707
Total value as per purchase cost	707	10 098
Total opening balance	8 163	954
Total revaluation adjustments (for the period)	37	3 864
Total book value	744	13 962

9d. SHORT-TERM LOANS GRANTED (BY CURRENCY)	31.12.2004	31.12.2003
Total short-term loans granted		

9e. CASH AND CASH EQUIVALENT (BY CURRENCY)	31.12.2004	31.12.2003
a) in Polish currency	14 035	27 144
b) in foreign currency (per currency converted into PLN)	5 258	4 847
b1. unit/currency thousand/USD	465	965
thousand PLN	1 390	3 610
b2. unit/currency thousand/EUR	865	259
thousand PLN	3 529	1 222
b3. unit/currency thousand/GBP	46	2
thousand PLN	263	15
b4. other currencies converted in thousand PLN	76	
Total cash and cash equivalent	19 293	31 991

Note 10 - to item II.4. of assets

10a. SHORT TERM PREPAID EXPENSES	31.12.2004	31.12.2003
a) prepaid expenses, including:		
- material and property insurance	824	2 093
- utilities	139	186
- costs derived from expansion of joint stock company	343	1 346
- ZFŚŚ [Company's Social Benefits Fund]	26	102
- costs of research and development	187	187
- other	129	272
b) other prepaid expenses	140	2
- valuation of prepayments for fixed assets under construction		
- participation in trade fairs	140	
- other		2
Total short-term prepaid expenses	964	2 095

Note 11a

Information on impairments of assets is to be found under note 29.

Note 12. - to item I.1. of liabilities**12a. SHARE CAPITAL (STRUCTURE)**

Series/ issue	Type of shares	Type of preference	Type of restriction	Number of shares	Value of series/issue as per nominal value	Origin of capital	Date of registration	Right to dividend (from date)
A	ordinary bearer shares	none	none	8 341 440	20 854	cash	01.04.92	01.01.95
B	ordinary bearer shares	none	none	1 659 340	4 148	cash	20.12.95	01.01.95
C	ordinary bearer shares	none	none	500 000	1 250	cash	10.09.99	01.01.98
Total number of shares								10 500 780
Total share capital								26 252
Value of one share at par = 2.50								

Note 13. - to item I.3. of liabilities**13a. OWN STOCKS AND SHARES**

Amount	Value as per purchase price	Book value	Purpose of purchasing	Purpose
1 575 117	71 108	71 108	Redemption	Redemption

Note 14. - to item I.4. of liabilities

14a. CAPITAL RESERVE	31.12.2004	31.12.2003
a) from sale of shares above their par value	38 500	38 500
b) statutory reserves		
c) established in accordance with the statute / deed, in excess of statutory requirements	315 181	272 664
d) additional capital contributions from shareholders		
e) other		
Total capital reserve	353 681	311 164

Note 15. - to item I.5. of liabilities

15a. REVALUATION RESERVE	31.12.2004	31.12.2003
a) from fixed assets revaluation	33 962	34 167
b) from profits / losses on valuation of financial instruments including:		
- valuation of hedging assets		
c) from deferred tax		
d) foreign exchange differences on conversion of foreign branches		
e) other (by type)		
Revaluation reserve total	33 962	34 167

Note 16. - to item I.6. of liabilities

16a. OTHER CAPITAL RESERVE (BY PURPOSE)	31.12.2004	31.12.2003
- to cover costs of servicing dividends payment		
- increase of the capital due to issuance of "D" series shares, not registered by court as at the balance day	750	
Total other capital reserve	750	

Note 17. - to item II. of liabilities

17a. CHANGE IN THE BALANCE OF MINORITY CAPITALS	I-XII 2004	I-XII 2003
Opening balance	1 648	8 807
a) additions (due to)	127	289
- profit on the current year	127	289
b) disposals (due to)	1 277	7 448
- purchase of shares from minority shareholders	1 277	180
- payment of dividends		2 445
- redemption of shares		23
- change of consolidation method		4 800
- previous year's loss		
c) closing balance of minority capitals	498	1 648

Note 18. - to item III. of liabilities

	31.12.2004	31.12.2003
18a. NEGATIVE GOODWILL OF SUBORDINATED ENTITIES		
a) negative goodwill - subsidiaries	375	793
b) negative goodwill - co-owned subsidiaries		
c) negative goodwill - associated entities		
Total negative goodwill - subordinated entities	375	793
18b. CHANGE IN NEGATIVE GOODWILL OF SUBSIDIARIES	I-XII 2004	I-XII 2003
a) opening balance of gross negative goodwill	2 553	2 534
b) increase (due to)	154	19
- other capital reserve (return of tax on civil law acts)		19
- redemption of shares		
- acquisition of share	154	
c) decrease		
d) closing balance of gross negative goodwill	2 707	2 553
e) opening balance of negative goodwill impairment	1 760	1 323
f) impairment of negative goodwill for the period (due to)	572	437
- amortisation	572	437
g) closing balance of negative goodwill impairment	2 332	1 760
h) closing balance of net negative goodwill	375	793

Note 19. - to item IV.1. of liabilities

19a. CHANGE IN DEFERRED TAX PROVISION	I-XII 2004	I-XII 2003
1. Opening balance of deferred tax provision, including	6 083	11 272
a) posted to profit / loss	6 083	11 272
b) posted to equity		
c) posted to goodwill or negative goodwill		
2. Increases	193	109
a) posted to profit / loss of the period resulting from positive time differences (due to)	193	109
- interest on time deposits	1	
- positive time exchange rate differences	1	
- ZFŚS (Company's Social Benefit Fund) written off		
- positive time exchange rate differences due to valuation of settlements	170	
- positive time differences due to valuation of futures		
- accrued interest on receivables		53
- other	23	54
b) posted to equity in connection with positive time differences (due to)		
- positive time exchange rate differences due to valuation of settlements (change of accountancy act)		
- positive time exchange rate differences due to valuation of financial instruments		
c) posted to goodwill or negative goodwill in connection with positive time differences (due to)		
3. Decreases	1 161	5 298
a) posted to profit / loss of the period resulting from positive time differences (due to)	1 161	5 298
- change of provision for doubtful accounts		
- investment relief		175
- provision for jubilee awards		
- decrease in net value of fixed assets covered by investment relief	1 062	3 802
- positive time exchange rate differences due to valuation of settlements	1	97
- received interest accrued in previous periods	56	1 224
- positive time exchange rate differences due to valuation of futures	42	
- other		
b) posted to equity in connection with positive time differences (due to)		
c) posted to goodwill or negative goodwill in connection with positive time differences (due to)		
4. Total closing balance of deferred tax provision	5 115	6 083
a) posted to profit/loss	5 115	6 083
b) posted to equity		
c) posted to goodwill or negative goodwill		

19b. CHANGE IN THE LONG TERM PROVISIONS FOR POST-EMPLOYMENT BENEFITS AND SIMILAR (BY TITLES)	I-XII 2004	I-XII 2003
a) opening balance	8 368	7 630
- provisions for jubilee awards and retirement severance pay	8 368	7 630
b) increases (due to)	1 680	2 577
- provisions for jubilee awards and retirement severance pay	1 680	2 577
c) utilisation (due to)	48	366
- provisions for jubilee awards and retirement severance pay	48	366
d) release (due to)	1 381	1 473
- provisions for jubilee awards and retirement severance pay		86
- reclassification to short-term	1 381	575
- change of consolidation method		812
e) closing balance:	8 619	8 368
- provisions for jubilee awards and retirement severance pay	8 619	8 368
Total long-term provisions for jubilee awards and retirement severance pay and similar	8 619	8 368

19c. CHANGE IN THE BALANCE OF SHORT-TERM PROVISIONS FOR POST-EMPLOYMENT BENEFITS AND SIMILAR (BY TITLES)	I-XII 2004	I-XII 2003
a) opening balance	1 475	1 443
- provisions for jubilee awards and retirement severance pay	1 475	1 443
b) increases (due to)	1 505	1 230
- jubilee awards and retirement severance pay	124	655
- reclassification from long-term provisions for jubilee awards and retirement severance pays	1 381	575
c) utilisation (due to)	1 257	921
- jubilee awards and retirement severance pay	1 257	921
d) release (due to)		277
- jubilee awards and retirement severance pay		223
- change of consolidation method		54
e) closing balance	1 723	1 475
- jubilee awards and retirement severance pay	1 723	1 475
Total short-term provisions for jubilee awards and retirement severance pay and similar	1 723	1 475

19d. CHANGE IN THE BALANCE OF OTHER SHORT-TERM PROVISIONS (BY TITLE)	I-XII 2004	I-XII 2003
a) opening balance	4 384	3 200
- commercial risk	4 384	3 200
b) increases (due to)	120	4 384
- commercial risk	120	4 384
c) utilisation (due to)	3 673	500
- commercial risk	3 673	500
d) release (due to)	27	2 700
- commercial risk	27	2 700
e) closing balance	804	4 384
- commercial risk	804	4 384

Note 20.

20a. LONG-TERM LIABILITIES	31.12.2004	31.12.2003
a) due to subsidiaries		
b) due to co-owned subsidiaries		
c) due to associates		
d) due to major investor		
e) due to parent company		
f) due to other entities	17 336	29 985
- credits and loans	17 336	29 985
- issue of debentures		
- other financial liabilities, including:		
- financial leasing contract		
- other (by type)		
- lease of land		
Total long-term liabilities	17 336	29 985
20b. LONG-TERM LIABILITIES, AMOUNTS FALLING DUE AS AT THE YEAR END:	31.12.2004	31.12.2003
a) between 1 and 3 years	17 336	29 985
b) between 3 and 5 years		
c) over 5 years		
Total long-term liabilities	17 336	29 985
20c. LONG-TERM LIABILITIES (BY CURRENCY)	31.12.2004	31.12.2003
a) in Polish currency	3 853	24 233
b) in foreign currency (per currency converted into PLN)	13 483	5 752
b1.unit/currency thousand/USD		
thousand PLN		
b2.unit/currency thousand/EUR	3 307	1 200
thousand PLN	13 483	5 752
b3.other currencies converted into PLN		
Total long-term liabilities	17 336	29 985

20d. LONG TERM LIABILITIES DUE TO LOANS									
a) Name (company) of the entity and its legal status	b) Location	c) Amount of loan under the agreement		d) Amount of outstanding loan		e) Interest terms	f) Due date	g) Collaterals	h) Other
		PLN	currency	PLN	currency				
Bank Handlowy w Warszawie S.A.	Warszawa	2 056,00	504 EUR	2 056	504 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	707,00	173 EUR	707	173 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	638,00	157 EUR	638	157 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	529,00	529 PLN	529	529 PLN	Wibor +0,25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	3 549,00	870 EUR	3 549	870 EUR	Eurolibor + 0,25	08-08-2006	Guarantee under civil law: Metaplast-Bielsko S.A. (up to the amount 30,000 thousand PLN) and Alupol Sp. z o.o. (up to the amount 30,000 thousand PLN), transfer of ownership or pledge by registration on fixed assets + assignment of insurance policy.	
Bank Handlowy w Warszawie S.A.	Warszawa	464,00	114 EUR	464	114 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	286,00	70 EUR	286	70 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	1 000,00	1000 PLN	1 000	1000 PLN	Wibor +0,25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	2 005,00	492 EUR	2 005	492 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	915,00	915 PLN	915	915 PLN	Wibor +0,25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	464,00	114 EUR	464	114 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	2 598,00	637 EUR	2 598	637 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	716,00	176 EUR	716	176 EUR	Eurolibor + 0,25	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	220,00	220 PLN	220	220 PLN	Wibor +0,25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warszawa	1 189,00	1189 PLN	1 189	1189 PLN	Wibor +0,25%	08-08-2006		

22E. LONG-TERM LIABILITIES DUE TO ISSUED DEBENTURE STOCK

a) Debenture stock by kind	b) Nominal value	c) Interest terms	d) Redemption date	e) Guarantees/ pledges	f) Additional rights	g) Market of listings	h) Other
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There should be presented a list of groups of long-term liabilities secured against the property of the Issuer (indicating type of collateral)

Note 21. - to item IV.3. of liabilities

21a. SHORT -TERM LIABILITIES	31.12.2004	31.12.2003
a) due to subsidiaries	2 773	2 941
- credits and loans, including:		
- long-term during repayment period		
- from debentures		
- from dividends		
- other financial liabilities, including:		
- trade creditors, amounts falling due:	2 772	2 613
- within 12 months	2 772	2 613
- after more than 12 months		
- received prepayments for deliveries		
- bills of exchange payable		
- other (by type)	1	328
- investments	1	328

f) due to other entities	147 288	145 136
- credits and loans, including	56 537	29 459
- long-term during repayment period		
- issue of debentures		
- from dividends		
- other financial liabilities, including	4 134	2 158
- financial liabilities from financial instruments	4 134	2 158
- trade creditors, amounts falling due:	58 628	91 502
- within 12 months	58 628	91 502
- after more than 12 months		
- received prepayments for deliveries	195	425
- bills of exchange payable		
- tax, customs, insurance and other benefits	10 315	11 876
- payroll liabilities	3 352	2 668
- other (by type)	14 127	7 048
g) special funds (by type)	1 449	1 811
- ZFŚS (Company's Social Fund)	1 449	1 811
-		
h) due to other associated entities		
- trade creditors, amounts falling due:		
- within 12 months		
- after more than 12 months		
- other (by type)		
- purchase of fixed assets		
Total short-term liabilities	151 510	149 888
21b. SHORT -TERM LIABILITIES (BY CURRENCY)	31.12.2004	31.12.2003
a) in Polish currency	116 329	101 795
b) in foreign currency (per currency converted into PLN)	35 181	48 093
b1. unit/currency thousand/USD	5 111	7 118
thousand PLN	15 282	27 100
b2. unit/currency thousand/EUR	4 850	3 844
thousand PLN	19 775	18 428
b3. unit/currency thousand/GBP	20	53
thousand PLN	120	360
b4. unit/currency thousand/CHF		715
thousand PLN		2 200
b5. other currencies converted into PLN	4	5
Total short-term liabilities	151 510	149 888

21c. SHORT- TERM LIABILITIES RELATED TO LOANS

a) Name of the entity and its legal status	b) Location	c) Amount of loan under the agreement		d) Amount of outstanding loan		e) Interest terms	f) Discharge period	g) Collateral	h) Other
		PLN	currency	PLN	currency				
Bank Handlowy S.A.	Warszawa	25 000	PLN	20 037	PLN	Wibor 1M + 0,25%	08-08-2005	lack of collateral	
Bank BPH S.A.	Kraków	30 000	PLN (or equivalent in USD or EUR)	7 730	PLN	Wibor 1M + 0,3% , Libor or Eurolibor + 0,5%	31-10-2005	pledge by registration on inventories + assignment of rights to insurance policy	
Bank BPH S.A.	Kraków	1 460	PLN	1 460	PLN	Wibor +0,4%	30-04-2005		
Bank BPH S.A.	Kraków	2 007	PLN	2 007	PLN	Wibor +0,4%	30-04-2005	Pledge by registration on fixed assets. Transfer of ownership to fixed assets. Pledge on shares of purchased companies.	
Bank BPH S.A.	Kraków	2 509	PLN	2 509	PLN	Wibor +0,4%	30-04-2005	Assignment of rights to insurance policy. Pledges on company's current bank accounts.	
Bank BPH S.A.	Kraków	3 010	PLN	3 010	PLN	Wibor +0,4%	30-04-2005		
Bank BPH S.A.	Kraków	3 462	PLN	3 462	PLN	Wibor +0,4%	30-04-2005		
Bank BPH S.A.	Kraków	2 613	PLN	2 613	PLN	Wibor +0,4%	30-04-2005		
Bank BPH S.A.	Kraków	6 875	PLN	6 875	PLN	Wibor +0,4%	30-04-2005		
Bank BPH S.A.	Kraków	2 901	PLN	2 901	PLN	Wibor +0,4%	30-04-2005		
Bank BPH S.A.	Kraków	3 892	PLN	3 892	PLN	Wibor +0,4%	30-04-2005		
COK DM BH in Warszawa	Warszawa	26	PLN	26	PLN	I.d.	I.d.	lack of collateral	
BPH PBK S.A.	Kraków	15	PLN	15	PLN	Interest payable on long term loans	30.03.2004	secured as in the case of long-term loans	

23D. SHORT-TERM LIABILITIES FROM ISSUED DEBENTURE STOCK

a) Debenture stock by kind	b) Nominal value	c) Interest terms	d) Redemptions date	e) Guarantees/ pledges	f) Additional rights	g) Other
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Note 22. - to item IV.4. of liabilities

22a. OTHER ACCRUALS	31.12.2004	31.12.2003
a) accrued expenses, including:		
- long-term (by type)	5 448	5 082
- quarantine deposits	608	952
- short-term (by type)	608	952
- environmental protection	4 840	4 130
- unused holiday leaves	126	127
- uninvoiced services	435	303
- annual and quarterly bonus	2 627	2 290
- annual bonus		
- general and administrative costs	600	450
- quarantine deposits	677	960
- other	375	
b) deferred income	5 226	5 049
- long-term (by type)	4 257	4 607
- perpetual usufruct	4 244	4 511
- difference between contribution in kind and a share		
- interest on shares		
- subsidies	13	96
- short-term (by type)	969	442
- subsidies	82	82
- perpetual usufruct	266	266
- prepayments	621	94
Other accrued expenses, total	10 674	10 131

Note 23. Manner of book value calculation

Manner of calculation of book value per one share has been set forth in note 79.

Explanatory notes to off-balance sheet items**Note 24.**

24a. CONTINGENT LIABILITIES TO RELATED PARTIES (DUE TO	31.12.2004	31.12.2003
a) granted guarantees, including:		
- to subsidiaries	600	1 000
- to co-owned subsidiaries	600	1 000
- to associates		
- to major investor		
- to parent company		
b) other (due to), including		
- to subsidiaries		
- to co-owned subsidiaries		
- to associates		
- to major investor		
- to parent company		
Total contingent liabilities to related parties	600	1 000

Explanatory notes to Profit and Loss account**Note 25. - to item I.1.****25a. NET REVENUE FROM SALES OF FINISHED PRODUCTS (BY TYPE OF ACTIVITY)**

	I-XII 2004	I-XII 2003
- net revenue from sales of finished products	634 978	541 227
- from related parties	12 840	5 805
- net revenue from sales of services	26 020	26 855
- from related parties	1 073	904
Total net sales of finished products	660 998	568 082
- including, to related parties	13 913	6 709

25b. NET REVENUE FROM SALES OF FINISHED PRODUCTS (BY GEOGRAPHIC AREA)

	I-XII 2004	I-XII 2003
a) country		
- including from related parties	517 796	424 597
-net sales of finished products	492 310	398 222
- including from related parties	5 248	1 714
- net revenue from sales of services	25 486	26 375
- including from related parties	1 062	904
b) export		
- including from related parties	143 202	143 485
-net sales of finished products	142 668	143 005
- including from related parties	7 592	4 091
- net revenue from sales of services	534	480
- including from related parties	11	
Total net revenue from sales of finished products	660 998	568 082
- including from related parties	13 913	6 709

Note 26 - to item I.2.**26a. NET REVENUES FROM SALES OF TRADE GOODS AND MATERIALS (BY TYPE OF ACTIVITY), INCLUDING:**

	I-XII 2004	I-XII 2003
- revenue from sales of trade goods	6 602	14 754
- including from related parties	31	5
- revenue from sales of materials	61 124	82 049
- including from related parties	2 905	7 262
Total net revenue from sales of trade goods and materials	67 726	96 803
- including from related parties	2 936	7 267

26b. NET REVENUE FROM SALES OF TRADE GOODS AND MATERIALS (BY GEOGRAPHIC AREA), INCLUDING	I-XII 2004	I-XII 2003
a) country	52 242	84 610
- including from related parties	941	4 179
- net revenue from sales of trade goods	6 577	14 754
- including from related parties	31	5
- net revenue from sales of materials	45 665	69 856
- including from related parties	910	4 174
b) export, including:	15 484	12 193
- including from related parties	1 995	3 088
- net revenue from sales of trade goods	25	
- including from related parties		
- net revenue from sales of materials	15 459	12 193
- including from related parties	1 995	3 088
Total net revenue from sales of trade goods and materials	67 726	96 803
- including from related parties	2 936	7 267

Note 27. - to item II.1., item IV. and item V.

27a. COST BY TYPE OF EXPENDITURE	I-XII 2004	I-XII 2003
a) depreciation and amortisation	38 004	35 612
b) materials and energy	346 436	346 552
c) outsourcing	113 066	46 947
d) taxes and charges	6 034	5 964
e) payroll	59 910	59 545
f) social security and other employee benefits	16 093	15 958
g) other costs	7 456	7 160
Total cost by type of expenditure	586 999	517 738
Changes in inventories, prepaid and accrued expenses	(21 517)	(26 209)
Cost of production for in-house use (negative figure)	(3 550)	(3 474)
Selling costs (negative figure)	(17 944)	(16 567)
Administrative and general expenses (negative figure)	(57 092)	(62 203)
Cost of products sold	486 896	409 285

Note 28. - to item VII.3.**28a. OTHER OPERATING INCOME**

	I-XII 2004	I-XII 2003
a) reversal of provisions (due to)	11 692	18 235
- impairment of receivables	5 418	13 845
- provision for fixed assets under construction	537	
- release of impairment of inventories	1 375	783
- release of provision for commercial risk	3 373	3 200
- valuation of trade goods to their net realisable value	989	
- release of provisions for awards and retirement severance pay		407
b) other, including:	2 692	1 315
- deliveries free of charge	100	125
- non-production waste	308	194
- received compensations	395	328
- reimbursement of court charges	103	45
- rental of premises	17	11
- writing off of time-barred liabilities	62	59
- settlement of perpetual usufruct rights	266	265
- revenue from re-invoicing	1 198	
- other	243	288
Total other operating income	14 384	19 550

Note 29. - to item VIII.3.**29a. OTHER OPERATING EXPENSES**

	I-XII 2004	I-XII 2003
a) provisions set for:	120	4 094
- commercial risk	120	4 094
b) other, including:	5 371	3 687
- property damage	123	42
- costs of external vindication	63	86
- maintenance of social welfare facilities	40	45
- optional premiums	59	40
- donations	100	162
- court charges	178	184
- penalties	701	47
- deposit charges for shares purchased for redemption	301	228
- scrapping of inventories	722	1 310
- fixed assets liquidation	1 528	575
- costs of services to be re-invoiced	1 198	
- time-barred receivables written-off	147	116
- assets under construction abandoned		481
- other	211	371
Total other operating expenses	5 491	7 781

In 2004 the Group recognized impairment losses for the amount of 5,847 thousand PLN, including impairment of inventories in the amount of 949 thousand PLN on account of valuation of inventories to their net realisable value and impairment of receivables in the amount of 4,898 thousand PLN.

In the comparable period of the previous year the value of impairment loss for non-financial assets accounted for 30,996 thousand PLN, including 2,478 thousand PLN for inventories, 27,211 thousand PLN for receivables, 782 thousand PLN for tangible fixed assets and 525 thousand PLN for intangibles.

Note 30. - to item X.

30a. FINANCIAL INCOME FROM DIVIDENDS AND SHARE IN PROFITS	I-XII 2004	I-XII 2003
a) from related parties, including:	185	23
- from subsidiaries	185	23
- from co-owned subsidiaries		
- from associates		
- from major investor		
- from parent company		
b) from other entities	1	1
Total financial income from dividends and share in profits	186	24
30b. INTEREST-RELATED FINANCIAL INCOME	I-XII 2004	I-XII 2003
a) on loans granted		
- from related parties, including:		
- from subsidiaries		
- from co-owned subsidiaries		
- from associates		
- from major investor		
- from parent company		
- from other entities		
b) other interest	2 844	5 944
- from related parties, including:		
- from subsidiaries		
- from co-owned subsidiaries		
- from associates		
- from major investor		
- from parent company		
- from other entities	2 844	5 944
Total interest financial income	2 844	5 944
30c. OTHER FINANCIAL INCOME	I-XII 2004	I-XII 2003
a) foreign exchange gains		
- surplus of foreign exchange gains over losses		
b) release of provision (for)	290	
- interest		
- commercial risk	290	
c) other, including	529	465
- received cash discount for payments of liabilities	85	
- remission of interest liabilities	112	
- income on factoring		
- release of provision for assignment of receivables	326	465
- other	6	
Total other financial income	819	465

Note 31. - to item XI.

31a. INTEREST-RELATED FINANCIAL COSTS	I-XII 2004	I-XII 2003
a) of bank credits and loans	5 015	6 009
- to related parties, including:		
- to subsidiaries		
- to co-owned subsidiaries		
- to associates		
- to major investor		
- to parent company		
- to other entities	5 015	6 009
b) other interest	152	141
- to related parties, including:		
- to subsidiaries		
- to co-owned subsidiaries		
- to associates		
- to major investor		
- to parent company		
- to other entities	152	141
Total interest-related financial costs	5 167	6 150
31b. OTHER FINANCIAL COSTS	I-XII 2004	I-XII 2003
a) foreign exchange losses, including	3 134	738
- surplus of foreign exchange losses over gains	3 134	738
b) impairment losses (of)	683	
- financial fixed assets	683	
b) other, including:	403	785
- allowance for received interest notes		
- costs of issue of "D" series shares		
- bank commission	40	14
- factoring costs		
- accrued interest on L/C		
- cash bonus paid in advance	91	
- L/C commissions	129	184
- costs of joint stock company expansion, accounted for over span of time	102	102
- provisions set up for commercial risk		290
- other	41	195
Total other financial costs	4 220	1 523

Note 32. - to item XIV.1.

32a. EXTRAORDINARY GAINS	I-XII 2004	I-XII 2003
a) random effects		116
b) other		
Total extraordinary gains	116	

Note 33. - to item XIV.2.

33a. EXTRAORDINARY LOSSES	I-XII 2004	I-XII 2003
b) other (by type)		34
- company selling costs		34
Total extraordinary losses	36	

Note 34. - to entry XVIII.**34a. CURRENT CORPORATE INCOME TAX** I-XII 2004 I-XII 2003

1. Gross profit (loss)
2. Consolidation adjustments
3. Difference between gross profit (loss) and income tax basis (by titles)
4. Income tax base
5. Income tax as per 28% tax rate
6. Tax increase, remission, relief, deductions and decrease
7. Current income tax recognized (accounted for) in tax return for the period, including
 - recognized in profit and loss account
 - refers to items which decreased or increased the equity
 - refers to items which decreased or increased goodwill or negative goodwill

The KETY Group does not form a tax group. Information related to corporate income tax and tax liabilities of companies consolidated under the KETY Group are specified in notes 59 and 60

34b. DEFERRED INCOME TAX REPORTED IN PROFIT AND LOSS ACCOUNT	I-XII 2004	I-XII 2003
- decrease (increase) due to increasing and reversing of timing differences	27	(6 383)
- decrease (increase) due to change in tax rates	609	
- decrease (increase) due to tax loss, tax relief or timing difference that were not accounted for in previous periods	18	(1)
- decrease (increase) due to amortisation of deferred tax assets or no prospects for utilisation of provision for deferred tax		
- other deferred tax items:	(121)	116
- profit on inventories	(121)	251
- profit on disposal of fixed assets		(135)
Total deferred income tax	(76)	(5 659)

34c. TOTAL AMOUNT OF DEFERRED INCOME TAX I-XII 2004 I-XII 2003

Information on corporate tax of entities under consolidation has been shown in note 60.

Nota 35.

35a. NET PROFIT (LOSS)	I-XII 2004	I-XII 2003
a) net profit (loss) of parent company	80 957	37 665
b) net profit (loss) of subsidiaries	43 432	45 042
c) net profit (loss) of co-owned subsidiaries		
d) net profit (loss) of associates		
e) consolidation adjustments	(33 639)	(13 599)
Zysk (strata) netto	90 750	69 108

Computing method of earning per ordinary share and diluted earning per ordinary share has been presented in note 78 in additional information and explanatory notes

Signatures of the Management Board Members:

12 April 2005
Jan Bronisław Kryjak
President of the Management Board

12 April 2005
Dariusz Mańko
Board Member

12 April 2005
Michał Malina
Board Member

Signature of the person responsible for keeping the accounting records

Michał Malina
Person responsible for book-keeping



Grupa KETY S.A.

**THE MANAGEMENT BOARD REPORT
FROM THE OPERATION
OF THE CAPITAL GROUP IN 2004**

Kety, April 12, 2005

1. The Legal Status and Organisation of Members of the Grupa KETY S.A. Capital Group

1.1. Basic data

Data relating to share or nominal capital as of 30 June 2004

A/ Parent company

Name: Grupa KETY Spółka Akcyjna
Subject of operations: aluminium manufacture - PKD 27.42 Z,
other typographic activity not classified elsewhere - PKD 22.22 Z
Company's legal status: joint stock company
Registration body: District Court for Central Cracow, 12th Economic Division of the
National Court Register
National court register No. (KRS): 0000121845
Address: ul. Tadeusza Kościuszki 111, 32 - 650 Kety
Tel/Fax: Tel: (033) 844 60 00 Fax: (033) 845 30 93, (033) 845 30 94
Statistical number (REGON): 070614970
Nominal capital: PLN 26,251,950

B/ Subsidiary

Name: Zaklady Elementów Wyposażenia Budownictwa Metalplast-
Bielsko S.A.
Subject of operations: manufacture of builders systems – NACE 28.12
Company's legal status: joint stock company
Registration body: District Court in Bielsko-Biala, 8th Economic Division of the
National Court Register
National court register No. (KRS): 0000106225
Address: ul. Warszawska 153, 43-300 Bielsko-Biala
Tel/Fax: Tel: (033) 815 70 81 Fax: (033) 822 05 12
Statistical number (REGON): 070424429
Nominal capital: PLN 3.361.450

C/ Subsidiary

Name: Alupol Sp. z o.o.
Subject of operations: manufacture of plastic packaging goods - NACE 25.22, aluminium production NACE 27.42, manufacture of plastic plates, sheets, tubes and profiles – NACE 25.21
Company's legal status: limited liability company
Registration body: District Court in Katowice, 8th Economic Division of the National Court Register
National court register No. (KRS): 0000016674
Address: ul. Strefowa 4, 43-109 Tychy
Tel/Fax: Tel: (032) 324 57 00 Fax: (032) 329 11 55
Statistical number (REGON): 273884817
Nominal capital: PLN 105,124,500

D/ Subsidiary

Name: Alutech Sp. z o.o.
Subject of operations: traffic maintenance, design, repairing and investment works, manufacture and repairs of technical fittings and packaging
Company's legal status: limited liability company
Registration body: District Court for Central Cracow, 12th Economic Division of the National Court Register
National court register No. (KRS): 0000027494
Address: ul. Tadeusza Kosciuszki 111, 32 - 650 Kety
Tel/Fax: Tel: (033) 844 60 00 Fax: (033) 845 24 42
Statistical number (REGON): 357010602
Nominal capital: PLN 2,817,000

E/ Subsidiary

Name: DEKRET Centrum Rachunkowe Sp. z o.o.
Subject of operations: accounting and book-keeping activities (NACE 74.12.Z), business and management consultancy activities (NACE 74.14.Z)
Company's legal status: limited liability company
Registration body: District Court for Central Cracow, 12th Economic Division of the National Court Register
National court register No. (KRS): 0000073178
Address: ul. Tadeusza Kosciuszki 111, 32 - 650 Kety
Tel/Fax: Tel: (033) 844 69 40 Fax: (033) 844 69 37
Statistical number (REGON): 357073241
Nominal capital: PLN 240,000

F/ Subsidiary

Name: Aluform Sp. z o.o.
Subject of operations: Company is not operating
Company's legal status: limited liability company
Registration body: District Court for Central Cracow, 12th Economic Division of the National Court Register
National court register No. (KRS): 0000038984
Address: ul. Tadeusza Kosciuszki 111, 32 - 650 Kety
Tel/Fax: Tel: (033) 844 60 00 Fax: (033) 845 30 93
Statistical number (REGON): 357160230
Nominal capital: PLN 50,000

G/ Subsidiary

Name: Alupol LLC Sp. z o.o.
Subject of operations: production of aluminium extrusions
Company's legal status: limited liability company
Registration body: Borodianska Regional State Administration of the Kiev Oblast
Register number: 33283810
Address: Borodianka, Lenin's Boulevard 28, 07-800 Kiev Oblast, Ukraine

Tel/Fax:

Tel: ++ 380 503 305 594

Nominal capital:

USD 50,000

1.2. Introductory information

On 21 April 2004, Grupa KETY S.A. signed a preliminary agreement on the sale of shares in Flexpol Sp. z o.o., and on 28 July 2004, the final agreement on the sale of shares was executed. Under this agreement, Grupa KETY S.A. sold all its shares in Flexpol Sp. z o.o., i.e. 14,400 shares for the price of PLN 10.8 m. The shares were sold to PPH Gasior Sp. z o.o.

As of the date of this financial statement, Grupa Kety S.A. holds no shares in Flexpol Sp. z o.o.

On 30 December 2004, Alukpol was deleted from the list of entrepreneurs and formally wound up.

As of 31 December 2004, all subsidiaries of Grupa KETY S.A. were consolidated within the Group. The following companies were not subject to consolidation within the Capital Group Metalplast-Bielsko S.A.: Metalplast-Ukraina, Metalplast-Zalur, Alukpol, ZRE Metalplast-Bielsko Sp. z o.o. and Celtech Sp. z o.o. dependent on Alutech Sp. z o.o. Flexpol sp. z o.o. was not subject to the full consolidation and from 1 January 2004 was consolidated under the full method.

The comparable data for 2003 were restated to present the shares held in Flexpol with the equity method.

In 2004, Grupa Kety S.A. established Alupol LLC in the Ukraine taking up shares of the total value of USD 50 thousand. The Company has not made any other capital investments in 2004.

1.3. Ownership structure

A/ Grupa KETY S.A.

Shareholder structure as of 31 December 2004

Name of entity	No. of shares	Share of in basic capital	No. of votes	Share in the number of votes during the General Meeting of Shareholders
GRUPA KETY S.A. *	1,575,117	15.00%	1,575,117	15.00%
ING Nationale-Nederlanden Polska OFE	891,090	8.49%	891,090	8.49%
OFE PZU Zlota Jesien	886,233	8.44%	886,233	8.44%
Commercial Union OFE BPH CU WBK	828,833	7.89%	828,833	7.89%
Pioneer Pekao Investment Management S.A.	542,906	5.17%	542,906	5.17%
State Treasury	417,072	3.97%	417,072	3.97%
Individual investors	5,359,529	51.04%	5,359,529	51.04%
TOTAL	10,500,780	100.00%	10,500,780	100.00%

* on account of the purchase of own shares Grupa KETY S.A. does not have a right to vote at the General Meeting of Shareholders

As of 31 December 2004, the number of all issued shares of Grupa KETY S.A. amounted to 10,500,780 shares at the nominal value of PLN 2,50.

Members of the Management Board, at the trading session on 1 July 2004, sold the total of 120,000 ordinary bearer shares of Grupa Kety S.A.

On 9 July 2004, Powszechny Zaklad Ubezpieczen S.A. informed the Company on the exceeding of 5% of the votes at the General Meeting of Shareholders of Grupa Kety SA. As a result of shares purchase, PZU S.A. with the subsidiary PZU Zycie S.A. held the total of 528,955 shares of Grupa Kety S.A., which

accounts for 5.04% of the company's nominal capital and 5.04% of the maximum number of votes at its General Meeting of Shareholders.

On 4 August 2004, the entitled persons participating in the managerial stock options scheme under Resolution 19.03 of the General Meeting of Shareholders of Grupa Kety S.A. purchased from Dom Inwestycyjny BRE Banku S.A. 300,000 series A convertible bonds with the pre-emptive right to take up series D ordinary bearer shares with the nominal and the issue value of PLN 0.01 (including 219,000 bonds by members of the Management Board). At the same time, those persons, exercising their rights from bonds, took up 300,000 series D shares at the issue price of PLN 2.50 per share. Pursuant to the terms of the bonds issue set out in Resolution No. 19/03 of the General Meeting of Shareholders of 30 May 2003, in such a situation, bonds are redeemed at the nominal value of PLN 0.01 per bond. The Company transferred the cash for the redemption of bonds to the Issue Agent. The bonds shall be redeemed within 5 days from the day of receiving the cash by the Issue Agent.

The Management Board of Krajowy Depozyt Papierów Wartosciowych S.A. [National Depository for Securities – NAS] under its Resolution No. 501/04 of 29 October 2004, on 3 November 2004 accepted 300,000 series D ordinary bearer shares with the nominal value of PLN 2.50 and assigned them following code: PLKETY000045.

As of 31 December 2004, the number of all issued shares of Grupa KETY S.A. amounted to 10,800,780 shares at nominal value of PLN 2,50.

On 3 January 2005, Grupa Kety was informed by Powszechny Zaklad Ubezpieczen SA on the sale, by its subsidiary PZU na Zycie S.A., of 30,000 shares of Grupa KETY S.A. on 23 December 2004. Following the sale of the said shares, PZU S.A. with its subsidiary PZU Zycie S.A. hold the total of 522,877 Company's shares, which accounts for 4.98% of the Company's nominal capital and grant the right to 522,877 votes at the General Meeting which accounts for 4.98% of the maximum number of votes at the Company's General Meeting of Shareholders.

On 5 February 2005, Grupa KETY S.A. received the decision of the District Court for Kraków-Sródmiescie (Central Cracow), the 12th Commercial Division of the National Court Register on the registration, on 8 February 2005, of the decrease in the Company's nominal capital through the redemption of 1,575,117 shares. These shares were acquired by the Company for its redemption through the public offer in 2002. As a result, the value of the nominal capital of Grupa KETY S.A. after the registration amounts to PLN 22,314,157.50 and is divided into 8,925,663 shares with the nominal value of PLN 2.50 each. The total number of votes resulting from all shares after the registration of the change totals 8,925,663.

Shareholder structure as of the report date:

Name of entity	No. of shares	Share of in basic capital	No. of votes	Share in the number of votes during the General Meeting of Shareholders
ING Nationale-Nederlanden Polska OFE	891,090	9.98%	891,090	9.98%
OFE PZU Zlota Jesien	886,233	9.92%	886,233	9.92%
Commercial Union OFE BPH CU WBK	828,833	9.28%	828,833	9.28%
Pionier Pekao Investment Management S.A.	542,906	6.08%	542,906	6.08%
State Treasury	417,072	4.67%	417,072	4.67%
Individual investors	5,359,529	60.07%	5,359,529	60.07%
TOTAL	8,925,663	100.00%	8,925,663	100.00%

Important information relating to changes in the shareholder structure

As at the date of this Report, there were no known agreements and contracts, including agreements and contracts entered into after the balance sheet date, as a result of which changes in the Company's shareholder structure may occur.

In 2004, the companies of the Grupa KETY S.A. Capital Group did not issue securities, except for the above mentioned issue.

Essential events after the balance sheet date

On 10 February 2005, Metalplast-Deutschland GmbH was incorporated with 100% shares taken up by Metalplast-Bielsko S.A.

On 2 March 2005, Run-Pak Sp. z o.o. was incorporated. The company will be involved in the production of flexible packaging with flexo print and targeted at domestic customers. On 4 March 2004, the Company's nominal capital increased to PLN 1million. Grupa KETY Spółka Akcyjna took up 99% of shares in Run-Pak.

B/ Metalplast-Bielsko S.A.

Shareholder structure as of 31 December 2004

Grupa KETY S.A. - 100%

On 1 April 2004, Grupa Kety S.A. bought back 1,051 shares from minority shareholders and became the holder of all the Company's issued shares.

C/ Alupol Sp. z o.o.

Shareholder structure as of 31 December 2004

Grupa KETY S.A. - 100%

No changes in the shareholders structure had place in 2004.

D/ Alutech Sp. z o.o.

Shareholder structure as of 31 December 2004

Grupa KETY S.A. - 88.85%

Employees - 11.15%

No changes in the shareholders structure had place in 2004.

E/ DEKRET Centrum Rachunkowe Sp. z o.o.

Shareholder structure as of 31 December 2004

Grupa KETY S.A. - 100%

No changes in the Company's shareholders structure had place in 2004r.

F/ Aluform Sp. z o.o.

Shareholder structure as of 31 December 2004

Grupa KETY S.A. - 100%

No changes in the shareholders structure had place in 2004.

G/ Alupol LLC Sp. z o.o.

Shareholder structure as of 31 December 2004:

Grupa KETY S.A. - 100%

The Company was registered by the Borodianska Regional State Administration of the Kiev Oblast under the decision of 28 December 2004.

1.4. Authorities of the Capital Group's members

A/ Grupa KETY S.A.

The following entities constitute the authorities of Grupa KETY S.A.:

The General Meeting of Shareholders

The Supervisory Board

The Management Board

The General Meeting of Shareholders

The Ordinary General Meeting of Grupa KETY S.A. Shareholders held on 14 May 2004 approved: the balance sheet, the profit and loss account, the changes in equity, the cash flow statement, the report of the Management Board from the Company's operation for 2003, the consolidated financial statement of the Capital Group, the consolidated profit and loss account, the changes in consolidated equity, the consolidated cash flow statement as well as the Management Board's Report from the operation of the Capital Group. On the basis of a resolution of the Ordinary General Meeting of Shareholders, the net profit in the amount of PLN 37,664,914.92 generated in 2003 was assigned to the payment of dividends amounting to PLN 26,776,989.00, to the servicing of the payment of dividends by the National Depository for Securities (PLN 20,000.00) and to capital reserve (PLN 10,867,925.92). The Ordinary General Meeting of Shareholders granted a discharge to the members of the Supervisory Board and the members of the Management Board for the performance of their duties in the financial year 2003. As a result of the rejection by the registry court of the application to register the decrease of the Company's nominal capital, the OGMS made another resolution on the redemption of 1,575,117 own shares and a resolution on the decrease of the Company's nominal capital by PLN 3,937,792.50 through redeeming 1,575,117 own shares purchased by the Company in 2002 for that purpose. The OGMS dismissed the present Supervisory Board members and appointed a new Supervisory Board.

The Supervisory Board continuously supervises the Company's operation.

As of 6 April 2004, the composition of the Supervisory Board was as follows:

Krzysztof Glogowski	Chairman
Jakub Bentke	Vice-Chairman
Wladyslawa Cebula	Member
Adam Loewe	Member
Maciej Matusiak	Member
Jacek Radziwolski	Member

On 6 April 2004, Mr. Jacek Radziwolski resigned from the function of the member of the Supervisory Board of Grupa Kety S.A.

On 14 May 2004, the OGMS dismissed the whole Supervisory Board members and appointed a new Supervisory Board composed of:

Krzysztof Glogowski	Member
Maciej Matusiak	Member
Jerzy Kochanski	Member
Szczepan Strublewski	Member
Slawomir Gajewski	Member

During the meeting of the Supervisory Board on 4 June 2004, Chairman of the Supervisory Board and Vice-Chairman of the Supervisory Board were elected. As a result, the composition of the Supervisory Board was as follows:

Krzysztof Glogowski	Chairman
Maciej Matusiak	Vice-Chairman
Jerzy Kochanski	Member
Szczepan Strublewski	Member
Slawomir Gajewski	Member

According to the available information, as of 31 December 2004 the ownership status of shares of Grupa KETY S.A. and the companies of the Capital Group held by the particular members of the Supervisory Board was as follows:

Krzysztof Glogowski	Chairman	- none
Maciej Matusiak	Vice-Chairman	- none
Jerzy Kochanski	Member	- none
Szczepan Strublewski	Member	- none
Slawomir Gajewski	Member	- none

In the period 1 January 2004 – 31 December 2004, the salary of the Members of the Company's Supervisory Board amounted to PLN 359,687.98 thousand.

Krzysztof Glogowski	Chairman	- PLN 89,406.81
Maciej Matusiak	Vice-Chairman	- PLN 68,085.11
Jakub Bentke	Vice-Chairman	- PLN 28,589.82
Wladyslawa Cebula	Member	- PLN 22,871.85
Adam Loewe	Member	- PLN 22,871.85
Jacek Radziwolski	Member	- PLN 16,897.94
Jerzy Kochanski	Member	- PLN 36,988.20
Szczepan Strublewski	Member	- PLN 36,988.20

Slawomir Gajewski Member - PLN 36,988.20

The Management Board is responsible for the current management of the Company, its operation and its representation outside.

As of 31 December 2004, the Management Board was composed of:

Jan Bronislaw Kryjak – President
Dariusz Manko – Member
Michał Malina – Member

In the period 1 January 2004 – 31 December 2004, the salary of the Members of the Company's Management Board amounted to PLN 1,195,647.00.

Jan Bronislaw Kryjak	- President	- PLN 707,647.00
Dariusz Manko	- Member	- PLN 176,000.00
Michal Malina	- Member	- PLN 312,000.00

The salary of the Members of the Management Board on account of sitting in management and supervisory bodies of the Company's subsidiaries between 1 January 2004 and 31 December 2004 amounted to PLN 422,703.84.

Salary for membership in the Supervisory Board of Metalplast-Bielsko S.A.

Jan Bronislaw Kryjak – President - PLN 44,703.84

Salary for performing the function of the President of the Management Board of Metalplast-Bielsko S.A.

Dariusz Manko – Member - PLN 378,000.00

In accordance with the declarations made by the managerial staff, the status of ownership of the shares of Grupa KETT S.A. as of 31 December 2004 was as follows:

As of 30 June 2004, the managerial staff of Grupa KETY S.A. owned 250,500 shares of Grupa KETY S.A.

On 2 July 2004, the Members of the Management Board sold the total of 120,000 ordinary bearer shares of Grupa Kety S.A.

On 4 August 2004, the Members of the Management Board purchased the total of 219,000 series D shares within the managerial options.

As at 31 December 2004, the Members of the Management Board held the total of 349,500 ordinary bearer shares of Grupa Kety S.A.

Managerial staff does not own any other shares in other entities belonging to the Capital Group KETY.

In 2004, the Company did not make any significant transactions with related, supervising and managing persons, nor did it grant them or their relatives any loans, guarantees or securities.

B/ Metalplast-Bielsko S.A.

Company's authorities:

The General Meeting of Shareholders

The General Meeting of The Supervisory Board

The Management Board

The General Meeting of Shareholders

The Ordinary General Meeting of Grupa KETY S.A. Shareholders held on 14 May 2004 approved: the balance sheet, the profit and loss account, the cash flow statement, the report of the Management Board from the Company's and the Capital Group's operation for 2003. The profit from 2003 was distributed as

follows: the entire profit in the amount of PLN 9,408,208.88 was designated in full for the payment of dividends to shareholders. The Ordinary General Meeting of Shareholders granted a discharge to the members of the Supervisory Board and the members of the Management Board for the performance of their duties in the 2003 financial year.

The Supervisory Board

As of 16 April 2004, the composition of the Supervisory Board was as follows:

Jan Bronislaw Kryjak	- Chairman
Adam Piela	- Vice-chairman
Miroslaw Hejosz	- Member

On 16 April 2004, the General Meeting of Shareholders dismissed the existing Supervisory Board and appointed the new Supervisory Board for the 5th term with the following members (valid also on 31 December 2004):

Jan Bronislaw Kryjak	- Chairman
Adam Piela	- Vice-chairman
Miroslaw Hejosz	- Member

The Management Board

As of 31 December 2004, the Management Board's composition was as follows:

Dariusz Manko	- President - CEO
Marcin Puchala	- President – Sales Director

In the period 1 January 2004 – 31 December 2004, the salary of the Members of the Management Board of Metalplast-Bielsko S.A. amounted to PLN 544,211.33 and the salary of the Supervisory Board of Metalplast-Bielsko S.A. amounted to PLN 104,318.02.

In 2004, the Company did not make any significant transactions with related, supervising and managing persons, nor did it grant them or their relatives any loans, guarantees or securities.

C/ Alupol Sp. z o.o.

Company authorities:

The General Meeting of Shareholders
The Supervisory Board
The Management Board

The General Meeting of Shareholders

The Ordinary General Meeting held on 30 March 2004 approved the balance sheet, the profit and loss account, the cash flow statement, the report of the Management Board from the Company's operation for 2003 and distributed the profit amounting to PLN 29,474,512.81 as follows: PLN 8,474,512.81 for capital reserve and 21,000,000.00 for dividend. The Ordinary General Meeting of Shareholders granted a discharge to the members of the Supervisory Board and the members of the Management Board for the performance of their duties.

The Supervisory Board

As of 31 December 2004, the composition of the Supervisory Board was as follows:

Jan Bronislaw Kryjak a	- Chairman
------------------------	------------

Dariusz Manko	- Member
Rafal Lechowicz	- Member
Tomasz Rada	- Member

The Management Board

As of 31 December 2004, the Management Board's composition was as follows:

Michał Malina	- President
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The Company's Management Board and the Supervisory Board are not paid salary.

In 2004, the Company did not make any significant transactions with related, supervising and managing persons, nor did it grant them or their relatives any loans, guarantees or securities.

C/ Alutech Sp. z o.o.

Company authorities:

The General Meeting of Shareholders

The Supervisory Board

The Management Board

The General Meeting of Shareholders

The Ordinary General Meeting held on 11 May 2004 approved the balance sheet, the profit and loss account, the cash flow statement, the report of the Management Board from the Company's operation for 2003. The General Meeting of Shareholders resolved not to distribute the net profit of PLN 1,258,277.25 and assigned it for covering retained net loss. The Ordinary General Meeting of Shareholders granted a discharge to the members of the Supervisory Board and the members of the Management Board for the performance of their duties.

The Supervisory Board

As of 6 July 2004, the composition of the Supervisory Board was as follows:

Michał Malina	- Chairman
Wojciech Grabski	- Member
Tomasz Rada	- Member

On 6 July 2004, the Extraordinary General Meeting of Shareholders was held and changed the composition of the Supervisory Board.

The new Supervisory Board was composed of:

Jan Bronisław Kryjak	- Chairman
Marek Walentynski	- Member
Tomasz Rada	- Member

The Management Board

As at 31 December 2004, the Company's Management Board was composed of:

Jan Matla	- President
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In the period 1 January 2004 – 31 December 2004, the salary of the Members of the Management Board of Alutech Sp. z o.o. amounted to PLN 204,621,90, and the Supervisory Board were not paid salary.

In 2004, the Company did not make any significant transactions with related, supervising and managing persons, nor did it grant them or their relatives any loans, guarantees or securities.

D/ DEKRET Centrum Rachunkowe Sp. z o.o.

Company authorities:

The General Meeting of Shareholders
The Supervisory Board
The Management Board

The General Meeting of Shareholders

The Ordinary General Meeting of Shareholders was held on 14 June 2004 and adopted resolutions on the 2003 financial year and approved the Management Board report and the Company's financial statement. The Company's 2003 net profit was assigned in full to cover retained loss. The Ordinary General Meeting of Shareholders granted a discharge to the members of the Supervisory Board and the members of the Management Board for the performance of their duties.

The Supervisory Board

As of 14 June 2004, the composition of the Supervisory Board was as follows:

Adam Piela	- Chairman
Marta Bajrak	- Vice-chairman
Tomasz Rada	- Member
Wojciech Gelner	- Member

On 14 June 2004, the General Meeting of Shareholders resolved to dismiss Ms Marta Bajrak from the office of the Vice-Chairman and member of the Supervisory Board.

On 14 June 2004, the General Meeting of Shareholders resolved to dismiss Mr. Wojciech Glener from the office of the Vice-Chairman and appoint Mr. Wojciech Pyrda in his place.

As of 31 December 2004, the composition of the Supervisory Board was as follows:

Adam Piela	- Chairman
Tomasz Rada	- Member
Wojciech Pyrda	- Member

The Management Board

As at 31 December 2004, the Company's Management Board was composed of:

Krzysztof Stuglik - President

In the period 1 January 2004 – 31 December 2004, the salary of the Members of the Management Board of DEKRET Sp. z o.o. amounted to PLN 182,400.00, and the Supervisory Board were not paid salary.

In 2004, the Company did not make any significant transactions with related, supervising and managing persons, nor did it grant them or their relatives any loans, guarantees or securities.

H/ Aluform Sp. z o.o.

Company authorities:

The General Meeting of Shareholders
The Supervisory Board
The Management Board

The General Meeting of Shareholders

The Ordinary General Meeting held on 21 May 2004 approved the balance sheet, the profit and loss account, the cash flow statement, the report of the Management Board from the Company's operation for 2003. The Ordinary General Meeting distributed the 2003 profit assigning PLN 161,657.87 to cover retained net loss and assigning the remaining part of profit amounting to PLN 200,523.47 for dividend. The Ordinary General Meeting of Shareholders granted a discharge to the members of the Supervisory Board and the members of the Management Board for the performance of their duties.

The Supervisory Board

As of 31 December 2004, the composition of the Supervisory Board was as follows:

Michał Malina	- Chairman
Tomasz Rada	- Member
Wojciech Pyrda	- Member

The Management Board

As at 31 December 2004, the Company's Management Board was composed of:

Wojciech Gelner	- President
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The Company's Management Board and the Supervisory Board are not paid salary.

In 2004, the Company did not make any significant transactions with related, supervising and managing persons, nor did it grant them or their relatives any loans, guarantees or securities.

G/ Alupol LLC Sp. z o.o.

Company authorities:

The General Meeting of Shareholders

Company's Supervision:

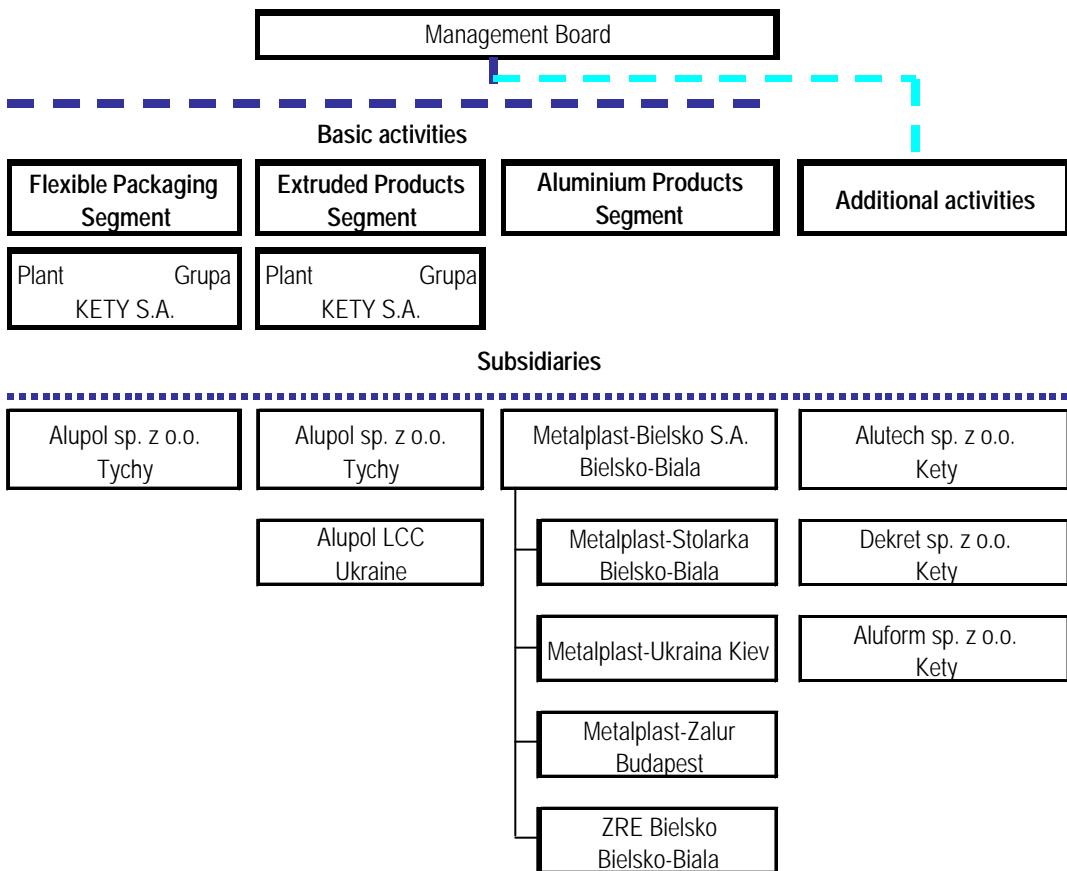
The General Meeting of Shareholders appointed Mr. Piotr Wysocki as the Company's Chairman who represents the General Meeting of Shareholders in the Company's supervising body pursuant to the provisions and powers of attorney set out in the Company's Articles of Association.

Company's management:

The Company is managed by the Company's Director - sole member executive body - Mr. Vladimir Savienko - appointed by the General Meeting of Shareholders.

1.5. Organisational chart of the Grupa KETY S.A. Capital Group

The organizational chart of the Grupa KETY Capital Group as at 31 December 2004 is as follows (including the sale of Flexpol):



2. Market Information

2.1. Sales and target markets

The operation of the Capital Group KETY focuses on three strategic segments: the Extruded Products Segment (EPS), the Flexible Packaging Segment (FPS) and the Aluminium Systems Segment (ASS). The EPS and the FPS are serviced by the manufacturing facilities in Kety (Grupa KETY S.A.) and Tychy (Alupol sp. z o.o.), while the ASS is serviced by Metalplast-Bielsko S.A. and Metalplast Stolarka sp. z o.o. from Bielsko-Biala.

A/ Grupa KETY S.A.

KETY S.A. has operated in two technologically and organisationally independent segments:

- the Extruded Products Segment – the manufacture and sale of extruded and drawn products of aluminium and aluminium alloys.
- the Flexible Packaging Segment – the manufacture and sale of metallic aluminium foil and flexible packaging materials made of paper, aluminium foil and plastics without prints as well as rotogravure printed.

The table below presents the production volumes sold in years 2003/ 2004 in breakdown into assortment groups and including exports.

Segment Assortment groups	Sales volumes in tons				Dynamics 2004 / 2003	
	2003		2004			
	T	%	T	%		
Extruded Product Segment						
Sales volume:	27,224	74.0%	31,812	77.7%	116.9%	
- at home	21,442	78.8%	25,650	80.6%	119.6%	
- export	5,782	21.2%	6,162	19.4%	106.6%	
Flexible Packaging Segment						
Sales volume:	9,578	26.0%	9,133	22.3%	95.4%	
- at home	6,876	71.8%	7,290	79.8%	106.0%	
- export	2,702	28.2%	1,843	20.2%	68.2%	
Total sales volume:	36,802	100.0%	40,945	100.0%	111.3%	
- at home	28,318	76.9%	32,940	80.4%	116.3%	
- export	8,484	23.1%	8,005	19.6%	94.4%	

In 2004 the sale of the EPS products had the largest share in the sales volumes and constituted 78% of the Company's total sales. In 2004, the Flexible Packaging Segment recorded negative dynamics of sales volumes. It was associated mainly with the decrease in sales for export to Eastern markets, which have the decisive share in the FPS export sales.

In terms of the total sales volumes, the Company recorded the increase in the sales of the EPS at home, which was associated with the economic upturn and the increase in the demand in the building industry resulting from the increase in VAT rates for building products.

The table below presents the value of production sold in the years 2003/ 2004 in breakdown into assortment groups and including exports

Segment Assortment groups	Sales volumes in thousands of zloty				Dynamics 2004 / 2003	
	2003		2004			
	in thousands PLN	%	in thousands PLN	%		
Extruded Product Segment						
Sold products:	343,550	68.5%	408,628	72.3%	118.9%	
- at home	267,216	77.8%	324,266	79.4%	121.3%	
- export	76,335	22.2%	84,362	20.6%	110.5%	
Flexible Packaging Segment						
Sold products:	158,103	31.5%	156,232	27.7%	98.8%	
- at home	120,596	76.28%	134,076	85.8%	111.2%	
- export	37,507	31.10%	22,155	14.2%	59.1%	
Total sales value:	501,653	100.0%	564,860	100.0%	112.6%	
- at home	387,812	77.3%	458,342	81.1%	118.2%	
- export	113,842	22.7%	106,518	18.9%	93.6%	

(*) the above specification does not account for the remaining sales of Grupa KETY S.A., which are not connected with the above segments and which in 2003 reached PLN 12,014 thousand and in 2004 PLN 14,296 thousand.

In terms of the sales structure according to value, the Company recorded the negative dynamics in the FPS sales for export. Other segments recorded positive dynamics. The sales structure is still dominated by the sale of extruded and drawn products of aluminium and aluminium alloys.

Metalplast-Bielsko S.A. was in 2004, just like in the previous years, the main customer of Grupa KETY S.A. with respect to extruded and drawn products; in 2004, it bought approximately 57,00 tons of aluminium extrusions for the total amount of PLN 60,486.9 thousand, which constituted ca. 16% of the value of the EPS sales. The capital relations with Metalplast-Bielsko S.A. are the key factors that guarantees the sales stability in this segment. The mutual capital connection between both companies significantly reduces the risk of their excessive supplier-customer interdependence with respect to external entities.

If we consider the directions in which the sales of the Extruded Products Segment and Metalplast-Bielsko S.A. go, we must conclude that the market position of the Grupa KETY Capital Group is highly dependent on the condition of the building industry.

In the Flexible Packaging Segment, the top clients in 2004 were as follows: Nestle (17% share in the Segment sales), Maspex, Unilever, Kraft Foods, Centr Galactika, Bielmar, Mokate and Run Pak. The FPS strategy is to diversify sales directions, on the one hand, to the largest international concerns with branch offices in Poland and in the neighbouring countries and, on the other hand, to the largest Polish companies. The orders from the FPS largest clients are long-term and recurring. Previously, the majority of the FPS export efforts concentrated on the countries of Central and Eastern Europe (Lithuania, Belarus,

the Ukraine, Russia), however, in order to reach the balance in export sales, the FPS makes efforts to increase sales to the markets of the European Union.

B/ Metalplast-Bielsko S.A.

Metalplast-Bielsko S.A. is the largest Polish manufacturer and distributor of aluminium systems for the building industry and is still strengthening its market position. It is a part of the Capital Group KETY and represents the third segment of the Group, i.e. the Aluminium Systems Segment. The Company has its own technical system solutions, carries out research as well as can boast approvals and certifications confirming that their products are technologically advanced in the highest possible degree. The company applies a broad range of manufacturing processes, such as: bending aluminium profiles, crushing thermal break, anodising and varnishing. In 2004, it processed ca. 5,700 aluminium profiles. The Company has a very well-developed network of cooperation partners and assembly shops specialising in the production of aluminium elements and it cooperates with wholesale outlets and system warehouses located in different parts of Poland. It has also sales representatives in the Ukraine, Hungary and Russia and from January 2005 in Germany. In 2004, the Capital Group Metalplast-Bielsko S.A. sold its products for the total amount of PLN 174.9 million, locating ca. 15% of its sales in foreign markets in such countries as the Ukraine, the Czech Republic, Slovakia, Russia, Hungary and the Balkan countries.

C/ Alupol Sp. z o.o.

The Company's activities are aimed at strengthening the position of the Capital Group KETY in the flexible packaging and extruded products market. The idea behind Alupol is to take advantage of the attractive benefits connected with its operation in the Special Enterprise Zone, on the one hand, and to create a modern production facility that will be able to offer a broadened product assortment, on the other hand. The new facility in Tychy contributed to the rise in the volume of orders from the current recipients as well as to the gaining of new clients, which brought about the necessity to develop and offer new products.

The flexible packaging plant constituting a part of the FPS specialises in the manufacture and sale of highly processed multi-layered packaging materials for the food concentrate, confectionery and pharmaceutical industries. In 2004, the construction of the second flexible packaging plant was terminated, in which a plastic foils and paper metalizing line and the flexographic printing company with technical infrastructure were launched.

The task of the plant belonging to the EPS segment is to extend the trade offer of the Capital Group KETY to include large-size profiles, which are mainly used to produce charging pans, ships' sides, engine casings, brackets and window sills. They will be manufactured by means of a 4400-ton press. Another one of the plant's tasks is to cover the clients' demand for highly complex small-size profiles with constrained tolerances, with wall thickness of less than 1 mm, a high degree of smoothness and excellent aesthetic properties.

Value of production sold in 2003 and 2004

in thousands PLN	2003	2004	Dynamics 2004 / 2003
Flexible Packaging Segment	108,230	119,737	111%
Extruded Product Segment	31,297	36,258	116%
TOTAL	139,527	155,995	112%

D/ Alutech Sp. z o.o.

Alutech's main operations concentrate on the traffic maintenance, design works, overhaul as well as investment activities and the production and overhaul of technical instrumentation and packaging materials. The Company provides all-inclusive services relating to complex works from general construction works to electronics. In 2004, the Company focused on covering the needs of KETY S.A. and its subsidiaries.

E/ DEKRET Centrum Rachunkowe Sp. z o.o.

The Company runs the books for the members of the Capital Group KETY S.A.

F/ Aluform Sp. z o.o.

Aluform was not in operation in 2004.

G/ Alupol LLC Sp. z o.o.

Alupol LLC Sp. z o.o. was not in operation in 2004.

2.2. Distribution

A/ Grupa KETY S.A.

Flexible Packaging Segment

The distribution of the products of the Flexible Packaging Segment is based on two models:

- Plant – final manufacturer (packaging products in FPS packaging materials)
- Plant – flexographic, offset printing house – final manufacturer

The first model applies to the majority of products of the Flexible Packaging Segment and especially to printed packaging materials. This form of distribution is closely related to the specific nature of the packaging materials. The manufacturers using the Segment's packaging materials commission the Segment's companies with printing the graphic designs that they have copyrights to on the packaging and, in this way, there are the only recipients of those packaging materials.

The second model applies mostly to laminates used for packing butter as well as packaging materials for food concentrates, which are printed flexographically or by means of the offset technique. The manufacture of small batches of packaging materials with rotogravure prints is extremely expensive, therefore it is unprofitable to accept orders of this kind. Thus, we produce laminate without print, and it is later printed by flexographic and offset printing houses. In many cases the laminate is acquired externally, which is dependent on non-formal factors.

There is a possibility that the share of this distribution channel in the total sales volume will be reduced following the introduction of the flexographically printed aluminium foil to the FPS's offer.

All of the Flexible Packaging Segment's products are distributed by means of a carrier hired by the Segment or by recipient's transport.

Extruded Product Segment

The products of the Extruded Products Segment are mainly sold to final recipients. A part of the standard production is sold through wholesale chains as well. This is due to a considerable dispersion of retailers, which prevents direct transactions on account of high costs and organisational difficulties. In the case of foreign warehouses, also contracts for final customers who expect "just-in-time" deliveries are performed. This solution is also used by other leading companies in the business. Direct sales are a dominant form of

sale and their share in the total sales at home constituted 90% in 2004, with wholesale sales yielding a 10% share. The Segment's sales personnel is responsible for searching for new recipients as well as for negotiating the transaction conditions directly with the client.

B/ Metalplast-Bielsko S.A.

The MB and Spectral systems are sold and distributed directly from Metalplast-Bielsko S.A. or through dealers cooperating with the company and wholesale outlets all over the country. The distribution of the finished products (aluminium elements), custom-made products as well as the sale of assembly and maintenance services is done by a separate company, Metalplast-Stolarka. The distribution of products in the foreign markets runs through the sales office in Metalplast-Bielsko S.A. as well as through companies and offices in the Ukraine, Hungary and Russia, and since January 2005 in Germany via Metalplast – Deutschland GmbH.

C/ Alupol Sp. z o.o.

The distribution channels are identical with those of the Flexible Packaging Segment and the Extruded Products Segment.

2.3. Sources of supplies

A/ Grupa KETY S.A.

Flexible Packaging Segment

The main raw materials used in this segment are: aluminium tape, paper, plastics, paints, varnishes, adhesives and chemicals. They are mostly purchased by way of individual orders and to a much lesser extent by way of large contracts for multiple supplies.

Aluminium tape – the main supplier of aluminium tape is Aluminium Impexmetal - Konin S.A. and Al Invest Bridlicna (the Czech Republic). In 2004, both companies supplied the major part of aluminium tape. The remaining suppliers of tape have the status of auxiliary suppliers.

The following foreign companies are the current paper suppliers: Ahlstrom Ascoli (Italy), Sappi (Germany), KRPA (the Czech Republic), UPM (Finland) and Hunsfos (Norway).

Plastics (granulates, foils) – due to the recipients' requirements the Company procures them mainly from abroad, e.g. Germany, the Czech Republic, Italy, India, France, Hungary, Belgium from such companies as: BP, Polimeri Europe, Dow Europe, Technoplast, Nuroll, Ester.

Paints – the supplies of this raw material are shared by Warszawska Fabryka Farb Graficznych S.A. (Elchem) and SICPA (Belgium).

Extruded Product Segment

With respect to quantity and value, the basic raw materials used in this segment are primary aluminium and aluminium scrap. In January 2004, the Company entered into contracts for primary aluminium supplies for the amount of ca. PLN 132 million. The Company is also actively seeking suppliers of scrap at home and abroad. The scrap import depends on aluminium prices which depend on the EU market which in turn depends on the aluminium prices on LME. Aluminium scrap comes largely from the Polish market. The Company cooperates with the largest Polish companies dealing with aluminium scrap recovery. As a result of the new regulations introduced following Poland's accession to the EU on scrap import, the Company also resumed activities in the area of importing aluminium scrap – we are mainly interested in profiles. The Company is not dependent on the present suppliers and continues to seek aluminium

supplies at the best prices from various suppliers. We also established relations with billets manufacturers, which resulted in the first trial supplies.

Aluminium and billets purchases from a few suppliers make it possible for us to diversify the source of supplies and pursue an appropriate pricing policy in order to reduce the costs of raw materials purchases.

The aluminium prices depend on the world economic condition (LME listings), which Grupa KETY S.A. does not have influence upon. The Company is not dependent on one supplier and diversifies the sources of primary aluminium procurement by considering the possibilities of supplies from other partners. With respect to securing aluminium supplies directly from producers, in 2004 the Company continued its cooperation with two largest aluminium suppliers. Prior to the UE expansion, until May 2004, a substantial increase in the physical inventory of aluminium in the countries accessing the UE was recorded. By April, aluminium prices rose and later fell at the turn of May. In H204, we observed a steady upward tendency in the prices of aluminium and other metals – the main factors causing the increase are the high physical demand from China and lowering USD/EURO exchange rates. It must be noted here that, from the Company's point of view, the most important change in purchases was the introduction of the 6% customs duty for aluminium outside the UE (it applies to e.g. the Russian aluminium). The same situation was present for last year's scrap prices which increased across Europe mainly due to the demand from China. The Company's policy regarding the scrap was based on the price base of the inventory of "non-custom" aluminium and scrap was purchases only when its price was competitive towards the primary aluminium prices.

B/ Metalplast-Bielsko S.A.

Grupa Kety S.A. supplies 100% of profiles, which are the basic raw material for the manufacture of the MB and Spectral aluminium systems. The remaining materials, such as furniture and gaskets, are bought with several local suppliers. In 2004, Metalplast-Bielsko S.A. bought approximately 5,700 tons of aluminium profiles from Grupa KETY S.A., which covered its total demand for material.

C/ Alupol Sp. z o.o.

Alupol's suppliers are the same as the suppliers for the Flexible Packaging Segment. Since the Extruded Products Segment works with aluminium billets received from Grupa KETY S.A., the basic raw materials used by Alupol both quantitatively and qualitatively are the raw materials purchased by the Flexible Packaging Segment.

2.4. Competition

A/Grupa KETY S.A.

Flexible Packaging Segment

The direct competition for the Flexible Packaging Segment are the companies involved in the manufacture of flexible packaging and printing (using rotogravure and flexographic techniques). Until recently, apart from the Flexible Packaging Segment, there were a number of companies offering flexible packaging with rotogravure print. Today, we can say that the main players on the market of the packaging with rotogravure prints are such companies as: Grupa KETY S.A., Teich Polska, Amcor, Nordenia Polska and Mondi and several Polish companies using the flexo/roto/offset technique: Wodamex, Opus, Opako, Formika, Parkside, Baad, Drukpol. Foreign competition highly specialized in specific assortment holds a strong position on the domestic market, e.g. Safta, Porta, Giko, Golia. The majority of these companies are technologically advanced in multi-layer laminates as well as specialize in single- and double-layer

products. The German Leipa is the competition in the field of the manufacture of paper coated with polyethylene and quatrex laminates. The strong competition on the market makes the commercial terms offered to customers more attractive (prices, orders completion dates, payment terms, etc.).

The Segment focuses on the supplies to large concerns and renowned domestic companies. We continue to cooperate with such companies as: Nestle, Unilever, Kraft or Maspex, which undoubtfully is a sign of trust expressed by the Company's customers. The Segment's advantage is the wide portfolio, own raw materials base and own printing tools production line, owing to which the flexibility and readiness to response to variable customers' expectations are truly appreciated and are often the reason for the choice of the Segment as a leading supplier.

Extruded Product Segment

It is estimated that in 2004 the Extruded Products Segment had more than 52% share in the Polish market of aluminium extruded and drawn products and aluminium alloys. The main competitors of Grupa KETY S.A. in this market are: Sapa Poland Sp. z o.o., Hydro Aluminium Chrzanów Sp. z o.o., Final S.A. and a new company Eurometal S.A., which, towards the end of 2004, launched a new press and has its own billets foundry.

In the European market, the Company's competitors are: Hydro Aluminium Extrusion Europe, owning almost 20 press shops in 11 European countries (Austria, Belgium, Denmark, France, Germany, England, Italy, Norway, Poland, Portugal, Spain) and Hydro Aluminium Heat Transfer, the manufacturer of specialised pipes for automotive industry, refrigerating systems and air conditioners.

The next close competitor in the European market is the Sapa Group. Its main sales markets of aluminium profiles are: Holland, France, England, Sweden, Germany and Denmark. Sapa has its production facilities in those countries as well. Sapa's main recipients are the automotive, building and machine industries.

From the geographical point of view, the Company's close competitors are Slovak Alufinal and the Czech Alcoa Decin as well.

Among other competitors are the press shops of such concerns as: Alcan-Alusuisse, Pechiney, Alcoa-Reynolds as well as numerous smaller regional ones.

B/ Metalplast-Bielsko S.A.

In H104, the building market did not show any reliable signs of improvement or reversal of the downward trend. Also, in H204 the improvement was not significant. According to the Company's estimates, the share of Metalplast-Bielsko S.A. in the domestic market in 2004 accounted for 50%.

The organisational activities taken by Metalplast-Bielsko S.A. are a continuation of the adopted strategy and relate to changes in the Company's internal structure leading to the improvement of service and the better penetration of the investment market, other manufacturers and the architect milieu.

There are several companies distributing aluminium systems in Poland. Aside of Metalplast-Bielsko; the largest market share is held by Yawal, Reynaers, Ponzio, Schucko, Sapa.

The company's goal is to attempt at covering the growing demands of the large buildings market, which is directly connected with the necessity to differentiate the technical offer and to extend it to include new solutions, especially relating to facade systems. In an attempt to reconcile the market requirements and to ensure the company's profitability, the company has introduced the 'slimmed down' substitutes of the basic profiles within the already functioning systems. This practice is becoming more and more popular among the aluminium system distributors. In comparison with the previous years, Metalplast-Bielsko S.A. is strengthening its position in the large buildings market and is efficiently competing against foreign suppliers, who until recently had a monopoly on the large projects in the Polish market. The company has

also been successful in completing several large projects abroad, e.g. the central railway station and the airport in Kiev.

C/ Alupol Sp. z o.o.

Alupol's competitors are the same as the competitors of the Flexible Packaging Segment and the Extruded Products Segment.

2.5. Important events in 2004

A/ At home and abroad

1. Still no clear indications of the reversal of the fall trend in the world economy, especially in the EU (Germany).
2. First positive signals of economic growth in Poland.
3. Poland's accession to the EU.
4. Legal and economic changes connected with Poland's accession in the EU.

A/ In Grupa KETY S.A. Capital Group

1. Meeting the net profit target defined in the budget of the Capital Group KETY for 2004.
2. Increase in sales.
3. Taking up by entitled persons of series D shares while exercising managerial stock options.
4. Planned investments in 2004.
5. The Company's and the Capital Group's Strategy for the years 2005-2009

2.6. Factors determining the development of the Capital Group

A/ External Factors

1. The condition of the world's and Poland's economy

Capital Group KETY is sensitive to fluctuations in the economies of the European countries and in other parts of the world. The lack of stability of the macroeconomic indices, such as inflation, the foreign trade balance, the budget deficit, the GNP dynamics, interest rates and currency exchange rates may influence the Group's performance. In spite of the deteriorated economic conditions, the Group is managing its business very well, achieves positive sales volumes and values each year and reaches high export volumes.

2. The State's economic policy and especially:

- Tax policy – the lack of stability and transparency in the fiscal policy limits the development possibilities of the Capital Group,
- Changes in interest rate levels – in the context of the costs of credits taken,
- EU customs policy – from 1 May 2004, the Capital Group will have to pay 6% duty on aluminium imported from the former Soviet Union countries. The manufacturers located in those countries are the Company's major aluminium suppliers.

3. Accessibility of basic raw materials.

The chief raw materials used by the Capital Group to manufacture its aluminium products are aluminium scrap and primary aluminium. The Group has no problems with the primary aluminium

supplies. The prices of aluminium scrap are lower than the prices of primary aluminium and the Group is dependent on using scrap as a raw material in order to maintain its margins for products. In order to ensure the stable quantity and quality conditions of aluminium scrap purchases, the Group has developed a network of regular suppliers all over the country. At the moment, the Group does not have any significant difficulties with aluminium scrap supplies, which it obtains mainly from the home market and supplements with foreign supplies. It is estimated that the Group shall have no problems obtaining aluminium and other basic raw materials, such as paper for printing and lamination, paints, varnishes, PE and PP foils.

4. Prices of basic raw materials.

The Capital Group is fully dependent on world aluminium prices, which may significantly influence its sales values, its earning capacity and its financial results. The entire volume of primary aluminium supplies for the Group, primary aluminium being the basic raw material used in the manufacturing processes, is based on aluminium prices established at the London Metal Exchange. Also the prices of aluminium scrap are correlated with the world aluminium prices and have a tendency to change as a result of price changes in the London Metal Exchange. A soaring increase in the prices of aluminium scrap or primary aluminium, if not balanced by the increase in the product prices, may have significant detrimental influence on the Company's financial condition and the results of its operation.

The sales of the Extruded Products Segment are largely based on agreements specifying constant prices. Purchases of metals for future supplies, the so-called futures, as well as options contracts are used in order to reduce the total risk of aluminium price changes that influence the results of the Extruded Products Segment. In spite of the fact that it is the Company's intention to fully secure the price of aluminium used to manufacture the products sold on the basis of fixed-price agreements, it cannot grant any guarantee that it will always be so.

From the day of Poland's accession in the EU the Capital Group will have to pay 6% customs duty on primary aluminium imported from the former Soviet Union countries. Such 6% customs duty rate will significantly increase the price of aluminium bought by the Capital Group. It is also to be expected that the increase in primary aluminium prices will be followed by the increase in aluminium scrap prices. The customs changes, which will affect the Capital Group after 1 May 2004 onwards, may have considerable impact on its financial results.

5. Foreign currency exchange rates on account of imports of raw materials and exports of products

Approximately 70% of the material costs of the Capital Group originate from imported materials or materials manufactured on the basis of imported raw materials, as a result of which their prices are closely correlated with USD and EUR exchange rates. Currency exchange rate changes have impact on other raw materials, which are purchased from local suppliers as well. In order to protect itself from the exchange rate risk, the Capital Group is using financial instruments available in the Polish market, such as forward transactions and options. The Group is planning to continue the strategy whose aim is to limit the currency exchange risk.

6. Level of competition – presence of large western concerns in the business

The last couple of years have been marked with a continuous increase in competition in all segments of the Capital Group's operation. The considerable attractiveness of the Polish market gives reasons to expect that this trend will hold in the future.

7. Poland's accession in the EU.

Following Poland's accession to the EU the Capital Group will begin to function in new economic, legal and organisational structures. The new factors closely connected with its business activity shall have considerable significance for the Group. Among them there will be:

- 6% customs duty rate on primary aluminium,
- new EU customs rates and trade rules with Russia, Belarus, the Ukraine and other countries of the CIS – the current Polish agreements were more export oriented,
- timely implementation by Poland of regulations relating to the operation of Polish companies in the common EU market.

The above-mentioned factors may have significant influence on the financial results of the Capital Group.

B/ Internal Factors

1. The level of investments in the technological development and in the distribution and sales networks.

The functioning of the Capital Group in the highly competitive market requires the constant meeting of the demands made by the competition and the clients. Those demands can only be met through technological development, new implementations, increases of potential as well as the development of the distribution and sales network. The Capital Group is aware of those demands, therefore it gradually implements its strategic plan that ensures the Group's development in all key areas and guarantees its high competition level with respect to the other players in the market.

2. The adjustment of the internal organisational structure that will ensure the correct functioning of the business processes within the Capital Group Grupa KETY.

Since 2000 the Capital Group KETY has consequently and decidedly implemented all assumptions of its internal policy owing to which the organisation can immediately react to all changes occurring in the outside world and to quickly adjust to the new conditions. The restructuring activities directly translate to lower costs of operational activity, increased efficiency, and that in turns enhances the Group's ability to compete in the Polish market and in the demanding foreign markets.

3. The staff competence levels as well as the employment structure that guarantee the meeting of the demands made by the fast developing market.

The success of the Capital Group depends partly on the work of the managerial staff and partly on the ability to keep and to motivate the highly qualified personnel. The loss of the services provided by qualified and experienced staff may negatively influence the functioning of the Group. Therefore, the Group has implemented a well-developed policy of recruitment and keeping of the key and the most valuable employees, whose efforts directly translate into the success of the Capital Group.

2.7. Development directions of the Capital Group

The development strategy of the Capital Group KETY is directed at the consequent strengthening of its position in its most valuable segments, i.e. the Flexible Packaging Segment, the Extruded Products Segment and the Aluminium Systems Segment, which is a natural extension of the technological process implemented in the Extruded Products Segment in the value adding chain. All of the restructuring, organisational and investment activities of the Capital Group KETY in years 2004 concentrate on the development in those three strategic segments.

The Company's Management Board, pursuing the Capital Group's Strategy planned to 2009, may initiate capital investments of great importance to the Company, both in the Flexible Packaging Segment and in the Extruded Products Segment. According to the Company's Management Board, the total estimated capital investments may reach PLN 550-750 million and they will be financed both from own resources

and externally. The capital investments may relate both to entities at home and abroad. The aim of the planned capital investments is to strengthen the position of Grupa KETY S.A. in the Polish and foreign markets in areas currently covered by the Company and closely connected with aluminium processing. Within the published strategy, the Management Board of Grupa Kety S.A. intends to approach a new area of activities – production of aluminium rolled products. Rolled products make up a large share of the aluminium products market and their consumption is increasing. At present, it is estimated that the domestic market uses ca. 145,000 tons of these products, where the only Polish manufacturer – Aluminium – Impexmetal Konin covers 30% of demand. As the Management Board of Grupa Kety S.A. sees great opportunities in the acquisition of an entity in this area, in 2004, the Group initiated action aiming at the acquisition of the entity operating in Central and Eastern Europe which offers rolled products. During the completion of the strategy by 2009, the Capital Group plans to spend ca. PLN 200-250 million for a limited development in all segments.

In 2004, the Capital Group made property investments worth ca. PLN 130 million. Almost PLN 60 million was devoted to broadening the assortment of aluminium profiles in the EPS in Grupa KETY S.A., while almost PLN 50 million to include the products with flexo prints in the assortment of the FPS in Alupol and RUN-PAK formed in March 2005. For the most part, the expenditure was connected with purchases of modern technologies and devices that will directly influence the broadening of the production assortment and the maintenance of the high quality of the products. The material investments in 2004 were made as planned in the budget. The start-up of a new plant in Alupol had place in Q104, and the investment in the EPS will take place in Q205.

In 2004, Alupol was established in the Ukraine. In 2005, the construction of a new aluminium profiles production facility will begin within this company. A 1,800-ton press will be launched in the plant. The plant start-up is scheduled for Q106. The production of the new plant will be directed to the Ukrainian, Russian and Belarusian markets. The planned investment cost is PLN 31 million.

On 2 March 2005, Run-Pak Sp. z o.o. was incorporated. The company will be involved in the flexible packaging with flexo print and targeted at domestic customers. On 4 March 2004, the Company's share capital increased to PLN 1million. Grupa KETY Spółka Akcyjna took up 99% of shares in Run-Pak.

A/ Grupa KETY S.A.

Flexible Packaging Segment

In this Segment in 2004 special emphasis is still put on contacts with clients and creating durable and loyal relationships between the clients and the Group. The activities initiated here met with a positive response and the Group increased its share in the flexible packaging market, in spite of the increasingly aggressive competition from the Polish and foreign manufacturers. As of today, Grupa KETY S.A. is Poland's leader in the market of flexible packaging materials. The Segment's market position must be considered stable. In 2004 the chief efforts concentrated on servicing large international concerns and the largest domestic customers. New investments in the machine park and capital takeovers are an important factor contributing to the long-term development of the Segment. In the years 2004-2005, the FPS spent ca. PLN 50 million on property investments, out of which nearly PLN 45 million were used to build a new production facility in the Alupol company in Tychy. In 2004, the FPS started the manufacture of a new product, a packaging with flexo print, which will supplement the current product offer of the Capital Group. The starting up of flexo printing will make it possible for the Group to enter new, yet unexplored markets. The scheduled termination date of the investments in Alupol is Q105.

Extruded Product Segment

The strategy adopted in the Extruded Products Segment determines its dynamic development. The construction of a new press shop in the Special Enterprise Zone in Tychy as well as the purchase of new modern presses considerably increased the quantity and technological possibilities of the Company with respect to satisfying the needs of the current and the future recipients. The strategy assumptions define the directions of the Segment's further development and concentrate on the most growing businesses, such as construction, automotive, kitchen appliances. They also provide for internal activities ensuring greater efficiency and utilisation of the new machine park.

In 2004, investment started in the EPS amounted to PLN 63 million. Over PLN 58 million was used to buy two modern presses (a backward press for hard alloys with the capacity of 2800 tons as well as a press for small-size soft alloys with the capacity of 1600 tons) and a new anodising plant. The scheduled termination date for the investments is Q205. The planned investments will allow the broadening of the product assortment to include special profiles made of hard alloys, which are sold mainly to the EU countries as well as the small-size soft profiles offered to recipients at home. The start-up of a new anodising plant will expand the Company's capacity with respect to anodizing, in proportion to the growth in the produced profiles and the enhancement of the quality of services.

B/ Metalplast-Bielsko S.A.

The related Aluminium Systems Segment is involved in restructuring and investment activities, which are already beginning to bring results in the form of the segment's growing share in the aluminium products market at home. At the moment, Metalplast-Bielsko S.A.'s efforts concentrate on the technical side of their products, which will allow the company to offer its clients a full range of products with versatile application possibilities, they also concentrate on the customer service area. Among the future goals is extending the sales market to the East and to Germany. In 2004, the Company obtained the relevant certifications and licenses allowing it to enter the German market and to intensify its sales there. The Company does not plan in the nearest future any serious material and capital investments. The Company's further development is based on the growth of own production and systematic expansion of the network of representatives and commercial companies. The Company has three trade representatives in Russia and one in the Ukraine and Hungary. In January 2005, Metalplast-Deutschland GmbH was incorporated. The Company plans to form other 3-4 representatives in 2005.

C/ Alupol Sp. z o.o.

The company's operation is to a great extent determined by the operations in the FPS and the ASS. In 2004 the Company's key efforts concentrated on increasing the efficiency and the use of its production resources as well as on the planned construction of a new FPS facility.

D/ Alutech Sp. z o.o.

In 2004, intensive restructuring efforts were continued in the company. The chief strategic areas were defined and they consist in covering the needs of the Capital Group member companies. The Company does not plan any significant investments in 2005.

2.8. Transactions within the Capital Group

	Metalplast - Bielsko S.A.	Alupol Sp. z o.o.	Alutech Sp. z o.o.	Alufor m Sp. z o.o.	Dekret Sp. z o.o.	Celtech Sp. z o.o. (*)	Alupol LL'C Ukraina
Sale	61,291	79,226	1,938	2	270	-	-
Purchases	12,414	31,269	29,624	-	1,388	99	-
Receivable interest	4	33	-	-	-	-	-
Receivables	2,212	17,735	132	-	5	-	-
Liabilities	2,021	8,847	5,638	-	143	-	-

*Celtech sp. z o.o. is a subsidiary of Alutech sp. z o.o. (100%) which pursues customs agency activities. The liabilities reported as at the balance sheet date, except for trade liabilities, include customs paid by Celtech on behalf of Grupa Kety S.A.

2.9. Activities relating to subsidiaries and associates of Metalplast-Bielsko S.A.

As of 31 December 2004, Metalplast-Bielsko S.A. had shares in the following companies as apparent company:

- 1) Metalplast-Stolarka Sp. z o.o. - 100.00%
- 2) Zaklad Remontowo-Energetyczny Metalplast-Bielsko Sp. z o.o. - 69.55%
- 3) Metalplast-Zalur Sp. z o.o. - 100.00%
- 4) Metalplast-Ukraina - 100.00%

Metalplast-Stolarka Sp. z o.o.

The company successfully competes with the industry's leading companies in the area of design, supplies and assembly of aluminium and glass constructions. In 2004, the Company supplied its products for large construction investments, it also sold window and door elements based on small and medium-size orders. The opening of Salon Sprzedazy Okien i Drzwi MERTZ (Window and Door Sales Centre) was an important landmark in the company's operation.

In view of the general condition of the building industry and especially the radical slowing down of the construction sector, the company's receipts have been very good.

ZRE Metalplast-Bielsko Sp. z o.o.

In 2004, the Company provided services to Metalplast-Bielsko S.A. relating to maintenance, manufacture of accessories for their system sales, manufacture of tools, overhaul of machines and devices, manufacture of wooden packaging materials, paint shop modernisation works as well as provided services to external clients relating to assembly of aluminium elements and steel constructions, electrical and water installations, welding, dealer machine overhauls. The company maintained stable employment levels (50 full time positions) and periodically employed additional workers to perform the assembly works.

The company's future prospects are promising as it is able to provide a broad range of services both to the Group members and to external clients.

Metalplast - Zalur

The company sells the Spectral and MB systems in Hungary and the neighbouring countries. It introduced two new products in the Hungarian market: the MBSR-50 façade and the MB-60 window and door

system. The company's marketing efforts in the architect milieu allowed it to extend its area of operation and to gain new clients, who had earlier cooperated with its competitors.

On 1 April 2004, Metalplast-Bielsko S.A. purchased, from existing shareholders, 40% (520) shares with the total nominal value of 5,200,000 HKD in Metalplast-Zalur, and as a result became the owner of 100% of shares in nominal capital representing 100 % of votes at the General Meeting of Metalplast-Zalur. The transaction value added up to PLN 235 thousand.

Metalplast-Ukraina

The company sells the Spectral and MB systems in the Ukraine. The year 2004 was marked with a significant increase in sales, which was connected with the execution of large projects in the Ukraine. On 29 October 2004, the increase in the nominal capital of Metalplast-Ukraina from USD 10,000 to 310,000 was registered. Metalplast-Bielsko S.A. holds 100% of shares in the company.

2.10. Material agreements for the Grupa KETY S.A. Capital Group in 2004

In January 2004, the Company entered into contract for primary aluminium supplies for 2004. The contract value amounted to ca. PLN 76 million.

On 21 April 2004, the Company signed a preliminary agreement on the sale of shares in Flexpol Sp. z o.o. (Kety held 60% of shares). The book value of sold shares amounted to PLN 7.2 million and the selling price was PLN 10.8 million. The pre-condition of the signing of the final contract was the permit of the President of the Office for Protection of Competition and Consumers and the General Meeting of Shareholders of PKN Orlen SA on the sale of PKN Orlen property leased to Flexpol to the Investor.

On 28 July 2004, the Company sold to Przedsiębiorstwo Produkcyjno-Handlowe Gasior Sp. z o.o. with its registered office in Bydgoszcz, entered by the District Court in Bydgoszcz, the 13rd Economic Division of the National Court Register into the Register of Entrepreneurs in the National Court Register under KRS No. 16302 (Investor), all its shares in the nominal capital of Flexpol Sp. z o.o. with its registered office in Płock (Flexpol), i.e. 14,400 shares representing 60% of Flexpol nominal capital with the nominal value of PLN 500 each, representing 60% of the total number of votes at the General Meeting of Flexpol Shareholders.

The shares were sold as a result of entering on 28 July 2004 into the final contract by Polski Koncern Naftowy ORLEN S.A. (PKN) and the Investor on the sale of shares in Flexpol. The final contract was signed as the result of the fulfilment of the terms of the preliminary agreement on the sale of shares in Flexpol of 21 April 2004 (information on the preliminary agreement was published by the Company in the current report No. 10/2004 of 22 April 2004 and in the current report No.13/2004 of 23 April 2004).

The Company sold the said shares at the selling price of PLN 10,800,000. The register value of these shares in the Company's books as at 28 July 2004 amounted to PLN 7,200,000.

On 9 August 2004, the Company entered into a loan agreement with Bank Handlowy w Warszawie SA for PLN 60 million to be paid – at the discretion of Grupa Kety SA – in one of the three currencies (USD, EUR, PLN).

The loan interest rate is variable and equals to the base rate plus the bank's margin (base rate, i.e. 1- or 3- or 6 - or 12-month Wibor for PLN, 1- or 3- or 6 –month Libor/Eurolibor for USD or EUR).

The loan is secured with the guarantees of the subsidiary, Alupol Sp. z o.o., of up to PLN 30 million, and of the subsidiary, Metalplast-Bielsko SA, of up to PLN 30 million and the pledge or the transfer of

ownership of fixed assets. The subsidiaries do not receive any remuneration for the guarantees. The loan is valid for 24 months. The loan designation is the funding of the Company's investments.

3. Investments

The amount of investment in the years 2003-2004 has been presented below (in '000 PLN).

Specification	2003	2004	Change
Total investment in thousand PLN	36,518	85,349	231%

The investment activities in 2004 were based on the completion of the following main tasks:

A/ Grupa KETY S.A.

- increasing the production possibilities in the Extruded Products Segment (purchase of new presses: 1600T, 2800T and a new anodizing plant)
- increasing the production possibilities related to the printing equipment,
- investments related to the Company's general tasks

B/ Alupol Sp. z o.o.

- Construction of a new flexible packaging plant (paper and plastic foils metallization, flexographic printing company)

The capital expenditure planned in the Capital Group within the next 12 months after the balance sheet date will amount to PLN 110,910 thousand.

Planned capital expenditure: January – December 2005

A) Flexible Packaging Segment	24,436
B) Extruded Product Segment	76,535
C) Aluminium Systems Segment	2,096
D) Investments related to general tasks	7,843
Total investments	110,910

4. Financial Condition of the Grupa KETY Capital Group S.A.

4.1. Consolidated Financial Statement of the Grupa KETY Capital Group S.A.

The consolidated picture of the economic and financial condition of the Capital Group KETY is presented by the following consolidated financial statements:

- balance sheet
- profit and loss account
- cash flow statement

Balance sheet

The consolidated balanced sheet was closed as of 31 December 2004 with an amount of PLN 630,941 thousand on the side of liabilities and assets. The Group balance amount increased by nearly 8% with respect to the amount as of 31 December 2003. The structure of assets and liabilities is stable and within the last 12 months no significant changes have been noted, which might weaken the Group's financial condition and its ability to fulfil its obligations.

Profit and loss account

The Group's net sales revenue increased by ca. 10%. Operating income increased by 46%, and amounted to PLN 113,259 thousand.

Net profit of Grupa Kapitalowa Grupa KETY S.A. in 2004 amounted to PLN 90,750 thousand and was up by 31% as compared to the 2003 figures. The short-term strategy consisting in the internal restructuring of the Group as well as the strong emphasis on exports in the face of the unfavourable market tendencies at home brought the desired effects in the form of sales increases, improvement of the efficiency of the Group's operations as well as the increase in the net profit.

Cash flow statement

In 2004, the cash flow on operational activity reached PLN 69,329 thousand. The factors that had the greatest influence on the level of funds from the operational activities were net profit, depreciation as well as the change in inventories.

The Group's investment activities brought a negative balance in the amount of PLN 69,860 thousand. In 2004, the Group assigned over PLN 78,042 thousand to the purchase of tangible and intangible fixed assets.

The balance of the financial activity was also negative and amounted to PLN 14,358 thousand. In 2004, the Group took credits for the amount of approx. PLN 41.9 million and repaid approx. PLN 26.9 million in credits together with interest. In 2004, Grupa KETY S.A. paid ca. PLN 26.8 million in dividend to its shareholders.

Net cash flow as of 31 December 2004 amounted to PLN 14,889 thousand. The cash as of 31 December 2004, with consideration of the status at the beginning of the period amounted to PLN 19,293 thousand.

4.2. Information about credits, loans and guarantees given

As of 31 December 2004, the Group's debt on account of long-term credits and loans amounted to PLN 17,336 thousand.

a) Name of entity (company) and indication of its legal status	b) Registered office	LONG-TERM CREDIT AND LOAN LIABILITIES				e) Interest terms	f) Due date	g) Collaterals	h) Other
		c) Amount of credit/ loan acc. to agreement		d) Amount of outstanding credit/ loan					
		PLN	currency	PLN	currency				
Bank Handlowy w Warszawie S.A.	Warsaw	2,056.00	EUR	2,056	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	707.00	EUR	707	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	638.00	EUR	638	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	529.00	PLN	529	PLN	Wibor +0.25%	08-08-2006	Surety under civil law: Metoplast-Bielsko S.A. (up to PLN 30.000 thousand and Alupol Sp. z o.o. (up to PLN 300,000 thousand), transfer of ownership or pledge on fixed assets + assignment of insurance policy	
Bank Handlowy w Warszawie S.A.	Warsaw	3,549.00	EUR	3,549	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	464.00	EUR	464	EUR	Eurolibor + 0.25%	08-08-2006	Surety under civil law: Metoplast-Bielsko S.A. (up to PLN 30.000 thousand and Alupol Sp. z o.o. (up to PLN 300,000 thousand), transfer of ownership or pledge on fixed assets + assignment of insurance policy	
Bank Handlowy w Warszawie S.A.	Warsaw	286.00	EUR	286	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	1,000.00	PLN	1,000	PLN	Wibor +0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	2,005.00	EUR	2,005	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	915.00	PLN	915	PLN	Wibor +0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	464.00	EUR	464	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	2,598.00	EUR	2,598	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	716.00	EUR	716	EUR	Eurolibor + 0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	220.00	PLN	220	PLN	Wibor +0.25%	08-08-2006		
Bank Handlowy w Warszawie S.A.	Warsaw	1,189.00	PLN	1,189	PLN	Wibor +0.25%	08-08-2006		

As of 31 December 2004, the Group's indebtedness on account of credits and short-term loans amounted to PLN 56,537 thousand.

a) Name of entity (company)	b) Registered office	SHORT-TERM CREDIT AND LOAN LIABILITIES						
		c) Amount of credit/ loan acc. to agreement		d) Amount of outstanding credit/ loan		e) Interest terms	f) Due date	g) CollateralsOther
		PLN	currency	PLN	currency			
Bank Handlowy S.A.	Warsaw	25,000	PLN	20,037	PLN	Wibor 1M + 0.25%	08-08-2005	N/A
Bank BPH S.A.	Kraków	30,000	PLN (or equivalent amount in USD or EUR)	7,730	PLN	Wibor 1M + 0.3%, Libor or Eurolibor + 0.5%	31-10-2005	Registered pledge on inventories + assignment of insurance policy
Bank BPH S.A.	Kraków	1,460	PLN	1,460	PLN	Wibor +0.4%	30-04-2005	Registered pledge on fixed assets.
Bank BPH S.A.	Kraków	2,007	PLN	2,007	PLN	Wibor +0.4%	30-04-2005	Transfer of ownership of fixed assets
Bank BPH S.A.	Kraków	2,509	PLN	2,509	PLN	Wibor +0.4%	30-04-2005	Pledge on shares of acquired companies.
Bank BPH S.A.	Kraków	3,010	PLN	3,010	PLN	Wibor +0.4%	30-04-2005	Assignment of insurance policy
Bank BPH S.A.	Kraków	3,462	PLN	3,462	PLN	Wibor +0.4%	30-04-2005	Payments to current account.
Bank BPH S.A.	Kraków	2,613	PLN	2,613	PLN	Wibor +0.4%	30-04-2005	
Bank BPH S.A.	Kraków	6,875	PLN	6,875	PLN	Wibor +0.4%	30-04-2005	
Bank BPH S.A.	Kraków	2,750	PLN	2,901	PLN	Wibor +0.4%	30-04-2005	
Bank BPH S.A.	Kraków	3,892	PLN	3,892	PLN	Wibor +0.4%	30-04-2005	
COK DM BH w Warszawie	Warsaw	26	PLN	26	PLN	no data	no data	N/A
BPH PBK S.A.	Kraków	15	PLN	15	PLN	Interest paid on long-term loans	30.03.2005	As for long-term loans

As of 31 December 2004, there were no unpaid advance payments, credits, loans, guarantees, securities and other agreements requiring the making of payments to the benefit of Grupa KETY S.A. and its subsidiaries and associates, or granted by Grupa KETY S.A. and its subsidiaries and associates, to managing and supervising persons as well as their spouses, relatives and other persons they have personal relations to.

4.3. Information about loans and guarantees given

As at 31 December 2004, Grupa KETY S.A. and its subsidiaries or associates granted the following loans and guarantees:

Grupa KETY S.A. granted a guarantee for loans of Alupol Sp. z o.o. amounting to PLN 10 million and loans of Metalplast-Bielsko S.A. - PLN 5 million.

Alupol Sp. z o.o. and Metalplast-Bielsko S.A. granted to Grupa KETY S.A. a guarantee for the loan granted by Bank Handlowy w Warszawie in the amount of PLN 30 million each.

4.4. Ratio analysis

The consolidated evaluation of the economic and financial condition of the Capital Group was performed by means of the ratio analysis investigating the trends in the value of the basic ratios relating to profitability, liquidity and debt.

No.	Ratio	31.12.2004	31.12.2003
1	Net sales profitability	12.45%	10.39%
2	Return on assets (ROA)	14.38%	11.87%
3	Return on equity (ROE)	20.90%	18.70%
4	Liquidity ratio I	1.8	1.8
5	Liquidity ratio II	1.0	1.2
6	Liquidity ratio III	0.1	0.2
7	Receivables turnover ratio	68 days	71 days
8	Inventory turnover ratio	60 days	53 days
9	Short-term liabilities turnover ratio	76 days	82 days
10	General debt ratio	26.8%	30.9%
11	Debt to equity ratio	0.39	0.49
12	Long-term debt ratio	2.7%	5.1%
13	The ratio of financing of the fixed assets coverage with equity	1.23	1.20

Ratio definitions:

1. Net sales profitability – net profit/ net revenue from the sale of products, materials and goods.
2. Return on assets (ROA) – net income/ total assets
3. Return on equity (ROE) – net income/ total equity
4. Liquidity ratio I – current assets/ short-term liabilities
5. Liquidity ratio II – (current assets – inventory)/ short-term liabilities
6. Liquidity ratio III – cash and short-term securities/ short-term liabilities
7. Receivables turnover ratio – (short-term receivables/ net revenue) x 365
8. Inventory turnover ratio – (inventory/ net revenue) x 365
9. Short-term liabilities turnover ratio – (short-term liabilities / net revenue) x 365
10. General debt ratio – long-term and short-term liabilities/ total equity
11. Debt to equity ratio – long-term and short-term liabilities/ equity
12. Long-term debt ratio – long-term debt/ total assets
13. The ratio of financing of the fixed assets coverage with equity – equity/ fixed assets

All ratios show positive development or remain within the expected, safe ranges. All profitability ratios show growth tendencies, which is evidence of positive results of the Group's strategy aimed at lowering the costs and increasing productivity and sales. The receivables, inventory and liabilities turnover ratios keep falling, which results from the efficient management of current assets and short-term liabilities. The Capital Group is still searching for the most beneficial structure of current assets and short-term liabilities, which will guarantee the efficient use of those elements of assets and liabilities.

The liquidity ratios (which, in accordance with the world standards, ought to be showing the following tendencies: the first one – 1.5 – 2.0, the second one above 1.0 and the third one between 0.2 – 0.5) must be considered correct.

The general debt ratio still remains on a safe level of below 60%. The debt to equity ratio as well as the long-term debt ratio have fallen, which was connected with the payment of a part of investment credits taken. The ratio of financing of the fixed assets by means of equity remains on the expected level above 1.

4.5. Profit distribution in 2004

A/ Grupa KETY S.A.

The Management Board suggests distributing the profit for 2004 of PLN 80,956,708.53 in the following manner:

- PLN 36,902,652.00 – for dividend (PLN 4 per share),
- PLN 20,000.00 – for servicing of dividend payment by the National Depository for Securities,
- PLN 44,034,056.53 – for supplementary capital.

B/ Metalplast-Bielsko S.A.

The Management Board suggests distributing the profit for 2004 of PLN 15,335,056.99 in full for dividend payment.

C/ Alupol Sp. z o.o.

The Management Board suggests distributing the profit for 2004 of PLN 25,951,475.14 in the following manner:

- PLN 18,000,000.00 – for dividend.
- PLN 7,951,475.14 – for supplementary capital.

D/ Alutech Sp. z o.o.

The Management Board suggests distributing the profit for 2004 of PLN 1,119,109.40 in the following manner:

- PLN 770,846.10 – for covering retained loss,
- PLN 348,263.30 – for supplementary capital.

E/ DEKRET Centrum Rachunkowe Sp. z o.o.

The Management Board suggests distributing the profit for 2004 of PLN 165,170.02 in the following manner:

- PLN 75,621.53 – for covering retained loss,
- PLN 69,548.49 – for supplementary capital.
- PLN 20,000.00 – for Company Social Fund.

F/ Aluform Sp. z o.o.

The Management Board suggests covering the net loss for 2004 of PLN 3,182.66 with profits in further years.

G/ Alupol LLC Sp. z o.o.

The Company was not in operation in 2004.

Jan Bronislaw Kryjak
President of the Board

Dariusz Manko
Member of the Board

Michał Malina
Member of the Board

Michał Malina
Person responsible for accounting

Kety, 12 kwietnia 2005 r.

GRUPA KETY S.A. CAPITAL GROUP

**OPINION
OF THE INDEPENDENT AUDITOR
ON THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2004**

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Grupa Kety S.A.

We have audited the enclosed consolidated financial statements of Grupa Kety S.A. Capital Group, seated in Kety, 111 Kosciuszki Street, consisting of the introduction to the consolidated financial statements, the consolidated balance sheet as at 31 December 2004, with total assets of and total liabilities and equity of PLN 630,941 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 90,750 thousand, the statement of changes in consolidated equity for the year then ended with an increase in equity of PLN 64,704 thousand, the consolidated cash flow statement for the year then ended with a decrease in cash amounting to PLN 14,889 thousand, and the supplementary information and explanations.

Management of Grupa Kety S.A. is responsible for the true and fair presentation of the consolidated financial statements and the correctness of the consolidation documentation. Our responsibility is to audit and express an opinion on the true and fair presentation of the consolidated financial statements and correctness of the consolidation documentation the consolidated financial statements are based on.

We conducted the audit of the consolidated financial statements in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) and the professional standards established by the National Council of Certified Auditors. The regulations require that we plan and perform an audit to obtain a reasonable basis for expressing an opinion on the consolidated financial statements. The audit includes verification of the accounting principles applied by the entities of the Capital Group and sample review of the source of the financial data and disclosures included in the financial statements, as well as overall assessment of the consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited consolidated financial statements of Grupa Kety S.A. Capital Group are based on correct consolidation documentation and present in all material aspects a true and fair view of the financial position of the Capital Group as at 31 December 2004 and the results of its operations for the year then ended in accordance with the accounting standards established by the Accounting Act dated 29 September 1994 and related regulations as well as requirements for issuers of publicly traded securities and comply with law regulations influencing the consolidated financial statements.

As required by the Accounting Act dated 29 September 1994 we also confirm that the Report on the Capital Group's activities includes the information required by Art. 49 Paragraph 2 and 3 of the Accounting Act and complies with the requirements of the Ministry of Finance Decree dated 16 October 2001 on current and periodic information provided by issuers of publicly traded securities (Official Journal from 2001, No 139, item 1569 with amendments) and the information is consistent with the consolidated financial statements.

signed on the Polish original

.....
Certified Auditor No. 9451/7175,
Leszek Dubicki,
Member of the Board of Directors

signed on the Polish original

.....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 9451/7175,
Leszek Dubicki, Member of the Board
of Directors

Warsaw, 12 April 2005

CAPITAL GROUP

GRUPA KETY S.A.

**REVIEW REPORT SUPPLEMENTING THE AUDITOR'S OPINION
ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004.**

**Review report supplementing the auditor's opinion
on financial statements for the year ended 31 December 2003.**

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1 General

1.1 Data identifying the Capital Group

1.1.1 Name of the Capital Group

Capital Group Grupa Kety S.A.

1.1.2 Registered office of the parent company

ul. Kościuszki 111
32-650 Kety

1.1.3 Registration of the parent company at the National Register of Companies

Seat of the court: District Court for Kraków Śródmieście in Kraków, 12th Commercial Division KRS
Date: 9 July 2002.
Registration number: KRS [National Court Register]: 0000121845

1.1.4 Registration of the parent company at the Tax Office and Provincial Statistical Office

NIP: 549-000-14-68
REGON: 070614970

1.2 Information on entities forming the Capital Group

1.2.1 Entities under consolidated financial statements

As at 31 December 2004 the following companies forming the Capital Group were consolidated:

Parent company:

- Grupa Kety S.A.

Subsidiaries were fully consolidated:

- Alupol Sp. z o.o.
- Alutech Sp. z o.o.
- Aluform Sp. z o.o.
- Dekret Sp. z o.o.
- Capital Group Metalplast Bielsko S.A.
- Alupol LLC Sp. z o.o.

Below are listed subsidiaries which were consolidated for the first time in the financial year ended as at 31 December 2004, in connection with supervision taken over them by the parent company:

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- Alupol LLC Sp. z o.o. – entity included in the consolidated financial statements covering the period from 30 December until 31 December 2004.

1.2.2 Entities not included in the consolidated financial statements

As at 31 December 2004 the following subsidiaries and co-owned subsidiaries, being part of the Capital Group, but which are not commercial companies, were not consolidated:

- Celtech Sp. z o.o.,
- Metalplast-Ukraina Sp. z o.o.,
- Metalplast Zalur Kft,
- ZRE „Metalplast Bielsko” Sp. z o.o.

The foregoing companies forming part of the Capital Group were not consolidated pursuant to article 58 entry 1 of the Accounting Act of 29 September 1994 (Journal of Laws of 2002 issue 76, entry 694 as amended).

1.3 Data identifying the registered auditor

KPMG Audyt Sp. z o.o.
ul. Chłodna 51,
00-867 Warszawa

KPMG Audyt Sp. z o.o. [LLC] (until 9 May 2004 registered under the name KPMG Polska Audyt Sp. z o.o.) is an entity authorized to perform audits of financial statements, registered under the entry No. 458.

1.4 Legal grounds

1.4.1 Share capital of the parent company

Parent company established on 3 March 1992 for an unlimited period of time as a result of transformation of the state-owned company Zaklady Metalu Lekkich "KETY" [Enterprise of Light Metals "KETY"] located in Kety into a sole-shareholder joint stock company incorporated in compliance with the Company's Statute.

The share capital of the company as at 31 December 2004 amounted to PLN 26,251,950 and was divided into 10,500,780 shares at nominal value PLN 2.5 each.

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As at 31 December 2004 the ownership structure of the parent company was as follows:

Shareholder's name	Number of shares	% of votes	Nominal value of shares PLN'000	Share in share capital (in %)
ING Nationale-Nederlanden Polska				
OFE	891,090	10.0%	2,227.7	8.5
PZU OFE Zlota Jesien	886,233	9.9%	2,215.6	8.4
Commercial Union OFE BPH CU				
WBK	828,833	9.3%	2,072.1	7.9
Pioneer Pekao Investment Management	542,906	6.1%	1,357.3	5.2
Treasury	417,072	4.7%	1,042.7	4.0
Shares owned by the Company	1,575,117	0.0%	3,937.8	15.0
<u>Others < 5%</u>	<u>5,359,529</u>	<u>60.0%</u>	<u>13,398.8</u>	<u>51.0</u>
	10,500,780	100.0%	26,252.0	100.0

1.4.2 Manager of the parent entity

The managing function of the parent company belongs to the Management Board.

As at 31 December 2004, the Management Board of the parent company was composed as follows:

- Jan Kryjak – President of the Management Board,
- Dariusz Manko – Member of the Board
- Michał Malina – Member of the Board

1.4.3 Core business activity

The core business activity of the parent company, in compliance with the Company's Statute, includes in particular:

- paper, corrugated board and paper and cardboard manufacture;
- manufacture of plastic packaging;
- aluminium manufacture;
- light metals founding;
- metals forging, extrusion and rolling;
- powder metallurgy;
- metals processing and metal coating;
- machining of metal elements;
- light metals packaging manufacture.

Scope of business activity of subsidiaries belonging to the Capital Group, in compliance with Articles of Association or the Statute encompasses, in particular, the following:

- Alupol Sp. z o.o. – manufacture and trading in the scope of plastic packaging;
- Alutech Sp. z o.o. – services;
- Aluform Sp. z o.o. – does not conduct business activity;
- Dekret Sp. z o.o. – accounting services;

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- Capital Group Metalplast Bielsko S.A. – manufacture of aluminium joinery in construction;
- Alupol LLC Sp. z o.o. – manufacture of aluminium profiles.

1.5 Information on consolidated financial statements of the Capital Group for the previous financial year

Consolidated financial statements of the Capital Group (hereinafter consolidated financial statements) for the financial year ended at 31 December 2003 were audited by PricewaterhouseCoopers Sp. z o.o. and approved by the registered auditor in their unqualified opinion.

The General Meeting of Shareholders of the Kety Group expressed their approval of consolidated financial statements on 14 May, 2004

Consolidated financial statements were submitted to the Register Court on 26 May 2004 and published in *Monitor Polski B*, issue 1122 of 19 October 2004.

Consolidated closing balance as at 31 December 2003 was properly accounted for in consolidatory documentation as the opening balance of the audited period.

1.6 Scope of performed work and responsibility of the registered auditor

The present report was prepared for the General Meeting of Shareholders of the Kety Group S.A. (Grupa Kety S.A.) with the registered office in Kety at 11 Kosciuszki Street and concerns consolidated financial statements, which comprise the Introduction to the Financial Statements, Balance Sheet as at 31 December 2004, showing total assets and liabilities in the amount of 630,941 thousand PLN, Profit and Loss Account for the financial year ended as at that day, showing a net profit of PLN 90,750 thousand, Statement of Changes in Consolidated Equity for the year ended as at 31 December showing an increase in equity by the amount of 64,704 thousand PLN, Cash Flow Statement for the financial year thus ended, showing a net decrease in cash and cash equivalent by the amount of 14,889 thousand PLN and Additional Information and Explanatory Notes.

The audit of the consolidated financial statements was conducted pursuant to the resolution of the Supervisory Board as of 4 June 2004 regarding the designation of the entity authorised to audit consolidated financial statements.

The audit of the consolidated financial statements was carried out under the agreement effected on 25 June 2004.

We have audited financial statements in accordance with the provisions of the International Financial Reporting Standards, issued by the International Federation of Accountants, chapter 7 of the Accounting Act dated 29 September 1994 (Journal of Laws of 2002, issue 76, entry 694 as amended) and auditing standards issued by the National Council of Registered Auditors.

The audit of consolidated financial statements was conducted at the office of the parent entity during the period from 29 November 2004 until 1 December 2004, between 21 February 2005 and 25 February 2005 and from 15 March 2005 until 16 March 2005.

The purpose of an independent audit of consolidated financial statements was to submit to the General Meeting of Shareholders of the Kety Group a written opinion of

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independent registered auditors, together with a supplementing report on audited financial statements.

On 12th April 2005, the Management of the parent company made a statement on the completeness, reliability, fairness and accuracy of the consolidated financial statements submitted for the audit and non-existence of any major post-balance events until the day the audit was completed, which might significantly influence the data disclosed in the consolidated financial statement for the audited year.

During the audit of the consolidated financial statements, the Management Board of the parent company made available to us all the documents and information necessary to issue an opinion and prepare a report.

KPMG Audyt Sp. z o.o., its members of the Board and Supervisory body and other persons participating in auditing of consolidated financial statements of the Capital Group comply with the requirement of independence in relation to the entities forming the Capital Group. The scope of intended and performed work was in no way limited. The scope and manner of conducted audit conform to auditory documentation kept at the office of KPMG Audyt Sp. z o.o.

1.7 Information on performed audits of financial statements under consolidation

Parent company	Information on entities authorized to perform audits and type of opinions issued
Grupa Kety S.A.	Financial statements of the parent company for the financial year ended as at 31 December 2004 was audited KPMG Audyt Sp. z o.o., the entity authorized to audit financial statements under the licence No. 458 and was granted an unqualified opinion.
Other entities under consolidation	Information on entities authorized to perform audits and type of opinions issued
Alupol Sp. z o.o.	Financial statements of the company for the financial year ended as at 31 December 2004 was audited KPMG Audyt Sp. z o.o., the entity authorized to audit financial statements under the licence No. 458 and was granted an unqualified opinion..

Financial statements of subsidiaries under consolidation - Alutech Sp. z o.o. and Capital Group Metalplast Bielsko S.A. were audited by other than KPMG Audyt Sp. z o.o. entities authorized to audit financial statements. The share of the balance sheet total of the above entities in the balance sheet total of the Capital Group was 1.4% and 12.1% respectively, whereas the share of these entities in the revenue from sales in the revenue of the Capital Group was, before elimination of intercompany transactions for the financial year as at 31 December 2004 was 4.0% and 18.4% respectively, in particular:

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Parent company	Information on entities authorized to perform audits and type of opinions issued
Alutech Sp. z o.o.	Financial statements of the company for the financial year ended as at 31 December 2004 was audited AdAc Sp. z o.o, the entity authorized to audit financial statements under the licence No. 2785 and was granted an unqualified opinion.
Metalplast Bielsko S.A. and Capital Group Metalplast Bielsko S.A.	Financial statements of the company for the financial year ended as at 31 December 2004 was audited AdAc Sp. z o.o, the entity authorized to audit financial statements under the licence No. 2785 and was granted an unqualified opinion.

Financial statements of other entities forming the Capital Group were not subject to a statutory audit for the financial year ended 31 December 2004

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2 Financial analysis of the Company

2.1 General analysis of financial statements

2.1.1 Balance Sheet

ASSET	31.12.2004 PLN '000	% of 31.12.2003 PLN'000	% of car.am.
Fixed assets			
Intangible	6.353	1.0	7,401
Goodwill of	-	-	302
Tangible fixed	338,439	53.6	289,895
Long-term	1,014	0.2	1,460
<u>Long-term</u>	<u>8,517</u>	<u>1.3</u>	<u>9,434</u>
	354,323	56.1	308,492
			53.0
Current assets			
Inventor	120,130	19.0	96,468
Short-term	135,487	21.5	129,330
Short-term	20,037	3.2	45,953
<u>Short-term</u>	<u>964</u>	<u>0.2</u>	<u>2,095</u>
	276,618	43.9	273,846
			47.0
TOTAL	630,941	100.0	582,338
			100.0
LIABILITIE			
31.12.2000 % of 31.12.2000 % of PLN '000 car am. PLN '000 car am.			
Equity capital			
Share	26,252	4.2	26,252
Own shares	(71,108)	11.3	(71,108)
Capital	353,681	56.1	311,164
Revaluation	33,962	5.4	34,167
Other capital	750	0.1	-
<u>Net</u>	<u>90,750</u>	<u>14.4</u>	<u>69,108</u>
	434,287	68.9	369,583
			63.6
Minority capitals	498	0.1	1,648
Negative goodwill of subsidiaries	375	0.0	793
Liabilities and provision for liabilities			
Provision for	16,261	2.6	20,310
Long-term	17,336	2.7	29,985
Short-term	151,510	24.0	149,888
<u>Accruals and deferred</u>	<u>10,674</u>	<u>1.7</u>	<u>10,131</u>
	195,781	31.0	210,314
			36.0
TOTAL LIABILITIES	630,941	100.0	582,338
			100.0

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2.1.2 Profit and Loss Account

	1.01.2004 - 31.12.2004	% revenue from sales	1.01.2003 - 31.12.2003	% revenue from sales
	PLN'000		PLN'000	
Net revenue from sales of products, trade goods and materials				
Net revenue from sales of products	660,998	90.7	568,082	85.4
Net revenue from sales of trade goods and materials	<u>67,726</u>	9.3	<u>96,803</u>	14.6
	728,724	100.0	664,885	100.0
Costs of products, trade goods and materials sold				
Cost of products sold	(486,896)	66.8	(409,285)	61.6
Value of trade goods and materials sold	<u>(56,287)</u>	7.7	<u>(79,825)</u>	12.0
	(543,183)	74.5	(489,110)	73.6
Gross profit on sales	185,541	25.5	175,775	26.4
Selling costs	(17,944)	2.5	(16,567)	2.5
General administrative costs	(57,092)	7.8	(62,203)	9.4
Profit on sales	110,505	15.2	97,005	14.5
Other operating revenue				
Subsidies	83	0.0	101	0.0
Other operating revenue	<u>14,384</u>	2.0	<u>19,550</u>	3.0
	14,467	2.0	19,651	3.0
Other operating costs				
Loss on disposal of non-financial fixed assets	(274)	0.0	(283)	0.0
Revaluation of non-financial fixed assets	(5,948)	0.8	(30,996)	4.7
Other operating costs	<u>(5,491)</u>	0.8	<u>(7,781)</u>	1.1
	(11,713)	1.6	(39,060)	5.8
Operating profit	113,259	15.6	77,596	11.7
Financial income				
Dividends and profit sharing	186	0.0	24	0.0
Interest	2,844	0.4	5,944	0.9
Profit on disposal of investment	862	0.1	741	0.1
Revaluation of investment	-	-	13	0.0
Other	<u>819</u>	0.1	<u>465</u>	0.1
	4,711	0.6	7,187	1.1
Financial costs				
Interest	(5,167)	0.7	(6,150)	0.9
Revaluation of investment	(2,195)	0.3	(1,707)	0.3
Other	<u>(4,220)</u>	0.6	<u>(1,523)</u>	0.2
	(11,582)	1.6	(9,380)	1.4
Profit on economic activity	106,388	14.6	75,403	11.4
Result of extraordinary items				
Extraordinary gains	-	-	116	0.0
Extraordinary losses	-	-	(36)	0.0
Goodwill amortization of subsidiaries	(314)	0.0	(303)	0.0
Negative goodwill amortization of subsidiaries	572	0.1	437	0.0
Gross profit	106,646	14.7	75,617	11.4
Income tax	(16,460)	2.3	(9,830)	1.5
Net profit sharing of subordinated entities under the equity method	774	0.1	3,608	0.5
Minority (profits)	(210)	0.0	(287)	0.0
Net profit	90,750	12.5	69,108	10.4

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2.2 Selected financial ratios

	2004	2003	2002
1. Net profit margin on sales			
net profit x 100% net revenue from	12.5%	10.4%	7.6%
2. Receivables turnover rate			
average balance of trade receivables gross x 365 Net revenue from	86	100	108 days
3. Debt ratio			
liabilities and provision for and minority capitals x 100% total	31.0%	36.1%	45.5%
4. Liquidity ratio			
current assets Short-term	1.8	1.8	1.8
5. Return on			
net profit x 100% equity – net profit	26.4%	23.0%	18.2%

- Short-term liabilities comprise short-term provisions for liabilities, short-term liabilities and other short-term prepayments
- Net revenue comprises net revenue from sales of products, trade goods and materials.

2.3 Interpretation of ratios

An increase in **net profit margin on sales** and **return on the Company's equity** is mainly a derivative of the fact that in the year 2004 the Capital Group earned higher net profit compared to the previous years. It was caused mainly due to a broader scope of business activity of the companies forming the Group. This increase yielded higher profits from operational activities.

Debtor's turnover ratio has also improved in comparison with the previous years. This change was a consequence of a higher rate of settled receivables due from customers.

A drop in **debt rate** is a result of an increase in the Company's equity, which in turn has been caused by a higher net profit over the last few years and a decrease in liabilities compared to the previous year on account of discharge of a substantial part of liabilities that occurred towards the end of 2003 due to a higher demand attributable to Poland's accession to the structures of the European Union.

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Liquidity ratio has maintained its almost unaltered value over successive years.

3 Report particulars

3.1 Accounting principles

Parent company is in possession of an up-to-date documentation setting forth accounting principles adopted by the Capital Group, approved by the Management Board of the parent company..

Adopted accounting principles (policy) were presented in the introduction to the consolidated financial statements to the extent required under the provisions of the Accounting Act. and regulation issued thereunder, as well as requirements concerning issuers of securities admitted to public trading.

Entities forming the Capital Group apply the same accounting principles as the ones applied by the parent company.

Financial statements of the entities included in the consolidated financial statements were prepared on the same balance day as the financial statements of the parent company.

3.2 Principles of preparing consolidated financial statements

Consolidated financial statements of the Capital Group Grupa Kety S.A. is consistent with the accounting principles specified in the Accounting Act dated 29 September 1994 and regulations issued thereunder, as well as in accordance with requirements concerning issuers of securities admitted to public trading.

The basis for preparing consolidated financial statements was consolidation documentation compliant with the Decree of the Minister of Finance dated 12th December 2001 on detailed principles of preparing financial statements by related entities other than banks and social insurance institutions (*Journal of Laws*, of 2001, issue 152, item 1729), which comprises in particular

- financial statements of the related entities,
- adjustments and exclusions carried out during consolidation, necessary to prepare financial statements,
- calculation of fair market value of the assets of subsidiaries
- calculation of goodwill, negative goodwill and impairments, including adjustments
- calculation of minority capitals
- calculation of exchange rate difference translated from financial statements of subordinated entities.

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3.3 Consolidation method

While preparing consolidated financial statements, consolidation of subsidiaries was effected under fully adjusted equity method.

3.4 Consolidation goodwill and its settlement

The manner of establishment and settlement of goodwill on consolidation and negative goodwill on consolidation has been shown in item F (sub-item f) of the introduction to the consolidated financial statements.

3.5 Consolidation of capitals and establishing of minority capitals

The share capital of the parent company constitutes the share capital of the Capital Group.

Calculation of the remaining components of the equity of the Capital Group was carried out by adding individual equity components of the of subsidiaries under consolidated financial statements to the respective equity components of the parent company, which corresponds to the percentage of share of the parent company in the equity capital of the subsidiaries as at the balance day.

Only those fractions of the equity components of the subsidiaries which were formed after parent company's taking control were added to the equity of the Capital Group.

Calculation of the equity of minority shareholders in subsidiaries under consolidated financial statements was made on the basis of percentage of share of these shareholders in the equity capital of the subsidiaries as at the balance day.

3.6 Intercompany eliminations

Within the Capital Group intercompany set-offs were eliminated.

The data which were the basis of eliminations were obtained from the company's accounts of Grupa Kety S.A. and conformed to the information provided by the subsidiaries.

Intercompany eliminations were related to the sales carried out by the entities under consolidated financial statements. Furthermore, other operating income and operating costs, as well as financial costs and income were also subject to intercompany eliminations.

The data which were the basis of eliminations were obtained from the company's accounts of Grupa Kety S.A. and conformed to the information provided by the subsidiaries.

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3.7 Additional information to consolidated financial statements

The data entered in the section “*Additional Information*” to consolidated financial statements were shown by the parent company with no omissions or misstatements. Additional information, which comprises introduction to the consolidated financial statements and additional information and explanatory notes constitute an integral part of the consolidated financial statements.

3.8 Report on the Capital Group's business activity

Report on the Capital group's business activity was prepared in compliance with the provisions contained in Article 49, entry 2 and 3 of the Accounting Act and regulations issued thereunder, as well as in accordance with requirements concerning issuers of securities admitted to public trading.

Financial details contained in the report on Capital Group's business activity are consistent with the financial statements.

3.9 Statement of the independent registered auditor

Based on audited consolidated financial statements of the Capital group, drawn as at 31 December 2004 we issued an unqualified opinion of independent, registered auditors.

.....
Registered Auditor Licence No. 9451/7175,
Board Member, Leszek Dubicki

.....
On behalf of KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warszawa
Registered Auditor Licence No.
175,
Board Member, Leszek Dubicki

Warsaw, 12 April 2005.