



**STAND ALONE FINANCIAL STATEMENT**

**ANNUAL REPORT 2006**

**PREPARED ACCORDING TO INTERNATIONAL FINANCIAL  
REPORTING STANDARDS**

*(ALL AMOUNTS IN THOUSANDS PLN)*

LUBLIN, APRIL 2007

**Table of Contents**

<b>1. Selected financial data .....</b>	<b>3</b>
<b>2. Balance sheet.....</b>	<b>4</b>
<b>3. Profit and loss .....</b>	<b>5</b>
<b>4. Changes in equity .....</b>	<b>6</b>
<b>5. Cash Flow.....</b>	<b>7</b>
<b>6. Other Information and explanatory notes .....</b>	<b>8</b>

## 1. Selected financial data

SELECTED FINANCIAL DATA	PLN		EURO	
	12 MONTHS ended 31 December 2006	12 MONTHS ended 31 December 2005	12 MONTHS ended 31 December 2006	12 MONTHS ended 31 December 2005
I. Net sales of merchandise and finished products	1 142 297	1 068 283	292 964	265 524
II. Profit on operating activities	18 161	12 859	4 658	3 196
III. Profit (loss) before taxation	16 404	10 267	4 207	2 552
IV. Net profit (loss)	13 056	8 244	3 348	2 049
V. Net cash flow from operating activities	21 624	22 860	5 546	5 682
VI. Cash flow from investment activities	-25 827	-11 749	-6 624	-2 920
VII. Cash flow from financing activities	6 660	-11 770	1 708	-2 925
VIII. Total net cash flows	2 457	-659	630	-164
IX. Total assets	530 107	249 596	138 366	64 666
X. Liabilities and provisions for liabilities	202 674	162 127	52 901	42 004
XI. Long-term liabilities	44 442	17 457	11 600	4 523
XII. Short-term liabilities	158 232	144 670	41 301	37 481
XIII. Equity	327 433	87 469	85 465	22 662
XIV. Share capital	12 924	6 635	3 373	1 719
XV. Number of shares	12 923 985	6 635 100	12 923 985	6 635 100
XVI. Number of shares - weight average	7 159 173,75	6 635 100	7 159 173,75	6 635 100
XVII. Net profit per ordinary share (in PLN / EUR)	1,82	1,24	0,47	0,31
XVIII. Diluted net profit per ordinary share (in PLN / EUR)	1,82	1,24	0,47	0,31
XIX. Book value per share (in PLN / EUR)	45,74	13,18	11,94	3,42
XX. Diluted book value per share (in PLN/ EUR)	45,74	13,18	11,94	3,42
XXI. Declared or paid dividend (in PLN/ EUR)	2,76	0,32	0,71	0,08

## 2. Balance sheet

	Note	As At 31 December 2006	As At 31 December 2005
<b>Total Non-current Assets</b>		<b>354 177</b>	<b>96 289</b>
Property, plant, equipment and investments	1,2	50 481	51 360
Intangible assets	3,4	251	260
Financial assets	5	300 470	43 092
Receivables and prepayments	6	165	96
Deferred tax assets	7	2 810	1 481
<b>Total Current Assets</b>		<b>175 930</b>	<b>153 307</b>
Inventory	8	74 100	83 679
Receivables and prepayments	9	92 616	68 411
Short-term securities	10	2 995	0
Prepaid expenses	11	832	845
Cash and cash equivalents	12	2 817	360
Other financial assets	13	2 570	12
<b>Total Assets</b>		<b>530 107</b>	<b>249 596</b>
<b>Total Equity</b>		<b>327 433</b>	<b>87 469</b>
Share capital	14	12 924	6 635
Share premium		273 292	34 360
Capital reserve		1 526	1 526
Other reserve capital		28 576	38 285
Retained earnings	15	11 115	6 663
<b>Total Long Term Liabilities</b>		<b>44 442</b>	<b>17 457</b>
Bank loans, borrowings and bonds	16	43 689	17 043
Long-term liabilities	17		
Provisions	18	73	55
Deferred revenues and accruals	19	680	359
<b>Total Short Term Liabilities</b>		<b>158 232</b>	<b>144 670</b>
Bank loans, borrowings and bonds	20	28 991	28 646
Short-term liabilities	21	122 608	114 058
Income tax liabilities		2 162	426
Provisions	18	4 464	1 514
Other accrued liabilities	22	7	26
<b>Total Liabilities and Equity</b>		<b>530 107</b>	<b>249 596</b>

### 3. Profit and loss

	Note	12 months ended 31 December 2006	12 months ended 31 December 2005
Sales		1 142 297	1 068 283
- including related entities		231 984	206 926
Sales of products and services	23	42 469	28 448
Sales of goods and materials	24	1 099 828	1 039 835
Cost of sales		1 020 801	964 187
- including related entities		218 282	194 482
Cost of goods and materials sold		1 020 801	964 187
<b>Gross profit (loss)</b>		<b>121 496</b>	<b>104 096</b>
Other operating income	25	583	581
Selling costs	26	79 121	73 465
Overhead costs	26	23 193	16 974
Other operating expenses	27	1 604	1 379
<b>Operating profit (loss)</b>		<b>18 161</b>	<b>12 859</b>
Finance income	28	731	730
Finance costs	29	2 488	3 322
<b>Profit (loss) before income tax</b>		<b>16 404</b>	<b>10 267</b>
Income tax		3 348	2 023
Current	30	4 356	2 504
Deferred	31	-1 008	-481
<b>Net profit</b>		<b>13 056</b>	<b>8 244</b>
Number of shares - weight average		7 159 173,75	6 635 100,00
Net profit per ordinary share		1,82	1,24
Diluted number of shares – weight average		7 159 173,75	6 635 100,00
Diluted net profit per ordinary share		1,82	1,24

#### 4. Changes in equity

	Share capital	Share premium	Reserve capital	Other reserve capital	Capital from revaluation	Retained Earnings	Total equity
<b>As at 1 January 2006</b>	<b>6 635</b>	<b>34 360</b>	<b>1 526</b>	<b>38 285</b>		<b>8 653</b>	<b>89 459</b>
Change of accounting policy							
Corrections of fundamental errors						-1 990	-1 990
<b>As at 1 January 2006 adjusted</b>	<b>6 635</b>	<b>34 360</b>	<b>1 526</b>	<b>38 285</b>		<b>6 663</b>	<b>87 469</b>
Net profit (loss) for the period						13 056	13 056
The issue of shares	6 289	238 932					245 221
Distribution of profits				6 282		-6 282	
Dividend for 2005				-15 991		-2 322	-18 313
<b>As at 31 December 2006</b>	<b>12 924</b>	<b>273 292</b>	<b>1 526</b>	<b>28 576</b>		<b>11 115</b>	<b>327 433</b>
<b>As at 1 January 2005</b>	<b>6 635</b>	<b>34 360</b>	<b>1 526</b>	<b>30 892</b>	<b>-112</b>	<b>9 516</b>	<b>82 817</b>
Change of accounting policy						-1 581	-1 581
<b>As at 1 January 2005 adjusted</b>	<b>6 635</b>	<b>34 360</b>	<b>1 526</b>	<b>30 892</b>	<b>-112</b>	<b>7 935</b>	<b>81 236</b>
Net profit (loss) for the period						8 243	8 243
Revaluation of financial instruments					112		112
Distribution of profits				7 393		-7 392	
Dividend for 2004						-2 123	-2 123
<b>As at 31 December 2005</b>	<b>6 635</b>	<b>34 360</b>	<b>1 526</b>	<b>38 285</b>		<b>6 663</b>	<b>87 468</b>

## 5. Cash Flow

	12 months ended 31 December 2006	12 months ended 31 December 2005
Net profit (loss)	13 056	8 244
Adjustments provided by operating activities:		
Depreciation	8 501	8 413
Foreign exchange gain (loss)		
Interest	2 181	3 032
Loss (profit) on investments	-134	-122
Change in provisions	3 289	301
Change in inventories	9 579	-2 464
Change in receivables	-23 405	3 274
Change in deferred revenues and accruals	-1 809	-395
Change in payables	9 833	2 542
Other adjustments	533	35
<b>Net cash flow from operations</b>	<b>21 624</b>	<b>22 860</b>
<b>Revenues</b>	<b>10 658</b>	<b>15 527</b>
Disposal of tangible and intangible fixe assets	402	180
Disposal of financial assets	7 570	15 156
Dividends received		
Interest received	186	191
Other revenues	2 500	
<b>Expenses</b>	<b>36 485</b>	<b>27 276</b>
Purchase of tangible and intangible fixe assets	8 363	16 332
Purchase of financial assets	28 122	10 944
Other expenses		
<b>Net cash flow from investment activities</b>	<b>-25 827</b>	<b>-11 749</b>
<b>Revenues</b>	<b>129 556</b>	<b>15 280</b>
Loans and borrowings acquired	32 616	1 386
Income from financial assets	96 940	13 894
Other revenues		
<b>Expenses</b>	<b>122 896</b>	<b>27 050</b>
Repayment of loans and borrowings	14 060	17 403
Repayment of financial assets	89 100	4 400
Interest paid	1 742	3 124
Dividends paid	17 994	2 123
Other expenses		
<b>Net cash flow from financial activities</b>	<b>6 660</b>	<b>-11 770</b>
<b>Total net Cash flow</b>	<b>2 457</b>	<b>-659</b>
<b>Cash and Cash equivalents opening balance</b>	<b>360</b>	<b>1 019</b>
<b>Cash and Cash equivalents closing balance</b>	<b>2 817</b>	<b>360</b>

## 6. Other Information and explanatory notes

### Note 1

<b>TANGIBLE FIXED ASSETS</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Freehold land (including right for perpetual usufruct)	205	209
Buildings and constructions	25 700	24 432
Equipment and machines	9 148	8 092
Vehicles	12 575	14 555
Other	2 474	2 563
Construction in progress	363	1 482
Prepayments for construction in progress	16	27
<b>Total tangible fixed assets</b>	<b>50 481</b>	<b>51 360</b>



Note 2 – year 2006

TANGIBLE FIXED ASSETS – MOVEMENTS (by group)	land including perpetual usufruct	buildings	machines and technical equipment	vehicles	other fixed assets	Total fixed tangible assets	investments	Total fixed tangible assets
<b>a) opening balance of fixed assets, gross value</b>	<b>244</b>	<b>28 017</b>	<b>15 841</b>	<b>25 943</b>	<b>5 688</b>	<b>75 733</b>	<b>1 482</b>	<b>77 215</b>
b) additions:		2 687	3 410	2 028	678	8 803	4 518	13 321
- purchases		244	1 474	2 028	434	4 180	4 518	8 698
- transfers from construction in progress		2 443	1 932		244	4 619		4 619
- donations			4			4		4
c) disposals:		2	1 228	1 686	80	2 996	5 637	8 633
- sale			32	1 477		1 509	904	2 413
- liquidation		2	1 186	209	80	1 477		1 477
- steals			10			10		10
- transfers from construction in Progress to fixed assets							4 731	4 731
- other							2	2
<b>d) closing balance of fixed assets, gross value</b>	<b>244</b>	<b>30 702</b>	<b>18 023</b>	<b>26 285</b>	<b>6 286</b>	<b>81 540</b>	<b>363</b>	<b>81 903</b>
<b>e) opening balance of cumulative depreciation</b>	<b>34</b>	<b>3 498</b>	<b>7 749</b>	<b>11 388</b>	<b>3 126</b>	<b>25 795</b>		<b>25 795</b>
f) depreciation additions:	5	1 357	2 351	3 775	759	8 247		8 247
- planned	5	1 357	2 351	3 775	759	8 247		8 247
g) depreciation disposals:		-2	-1 225	-1 453	-73	-2 753		-2 753
- sales			-29	-1 249		-1 278		-1 278
- liquidation		-2	-1 186	-204	-73	-1 465		-1 465
- steals			-10			-10		-10
h) closing balance of cumulative depreciation	39	4 853	8 875	13 710	3 812	31 289		31 289
i) opening balances of value adjustments		88				88		88
- additions		61				61		61
- disposals								
j) closing balances of value adjustments		149				149		149
<b>k) closing balance of fixed assets, net value</b>	<b>205</b>	<b>25 700</b>	<b>9 148</b>	<b>12 575</b>	<b>2 474</b>	<b>50 102</b>	<b>363</b>	<b>50 465</b>

**Note 2 – year 2005**

<b>TANGIBLE FIXED ASSETS – MOVEMENTS (by group)</b>	land including perpetual usufruct	buildings	machines and technical equipment	vehicles	other fixed assets	<b>Total fixed tangible assets</b>
<b>a) opening balance of fixed assets, gross value</b>	<b>243</b>	<b>20 404</b>	<b>12 224</b>	<b>21 548</b>	<b>4 902</b>	<b>59 321</b>
b) additions		7 632	4 434	4 711	786	17 563
c) disposals		18	817	316		1 151
<b>d) closing balance of fixed assets, gross value</b>	<b>243</b>	<b>28 018</b>	<b>15 841</b>	<b>25 943</b>	<b>5 688</b>	<b>75 733</b>
<b>e) opening balance of cumulative depreciation</b>	<b>29</b>	<b>2 428</b>	<b>5 918</b>	<b>7 904</b>	<b>2 376</b>	<b>18 655</b>
f) depreciation additions	5	1 071	2 550	3 742	749	8 117
g) depreciation disposals		-1	-719	-258		-978
h) closing balance of cumulative depreciation	34	3 498	7 749	11 388	3 125	25 794
i) opening balances of value adjustments		53				53
- additions		35				35
- disposals						
j) closing balances of value adjustments		88				88
<b>k) closing balance of fixed assets, net value</b>	<b>209</b>	<b>24 432</b>	<b>8 092</b>	<b>14 555</b>	<b>2 563</b>	<b>49 851</b>

**Note 3**

<b>INTANGIBLE FIXED ASSETS</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Research and development expenditure		
Goodwill		
Concessions, patents, licenses and similar assets	251	260
Other intangible assets		
<b>Total intangible fixed assets</b>	<b>251</b>	<b>260</b>

Note 4 – year 2006

INTANGIBLE FIXED ASSETS - MOVEMENTS (by group)	research and development	goodwill	concessions, patents, licences and similar assets		other intangible fixed assets	prepayments for intangible fixed assets	Total intangible fixed assets
				- computer software			
<b>a) gross value at the beginning of the period</b>		<b>1 644</b>	<b>2 090</b>	<b>2 081</b>			<b>3 734</b>
b) additions:			244	244			<b>244</b>
- purchases			132	132			<b>132</b>
- transfers from investments			112	112			<b>112</b>
c) disposals							
- sale							
<b>d) gross value at end of the period</b>		<b>1 644</b>	<b>2 334</b>	<b>2 325</b>			<b>3 978</b>
<b>e) opening balance of cumulative depreciation</b>		<b>1 644</b>	<b>1 829</b>	<b>1 822</b>			<b>3 473</b>
f) depreciation additions			254	252			<b>254</b>
- planned			254	252			<b>254</b>
g) depreciation disposals							
h) closing balance of cumulative depreciation		1 644	2 083	2 074			<b>3 727</b>
i) opening balances of value adjustments							
- additions							
- disposals							
j) closing balances of value adjustments							
<b>k) closing balance of fixed assets, net value</b>			<b>251</b>	<b>251</b>			<b>251</b>

Note 4 – year 2005

INTANGIBLE FIXED ASSETS - MOVEMENTS (by group)	research and development	goodwill	concessions, patents, licences and similar assets		other intangible fixed assets	prepayments for intangible fixed assets	Total intangible fixed assets
				- computer software			
<b>a) gross value at the beginning of the period</b>		<b>1 644</b>	<b>1 743</b>	<b>1 735</b>			<b>3 387</b>
b) additions:			346	346			<b>346</b>
c) disposals							
<b>d) gross value at end of the period</b>		<b>1 644</b>	<b>2 089</b>	<b>2 081</b>			<b>3 733</b>
<b>e) opening balance of cumulative depreciation</b>		<b>1 644</b>	<b>1 534</b>	<b>1 529</b>			<b>3 178</b>
f) depreciation additions			295	293			<b>295</b>
g) depreciation disposals							
h) closing balance of cumulative depreciation		1 644	1 829	1 822			<b>3 473</b>
i) opening balances of value adjustments							
- additions							
- disposals							
j) closing balances of value adjustments							
<b>k) closing balance of fixed assets, net value</b>			<b>260</b>	<b>259</b>			<b>260</b>

**Note 5**

<b>FINANCIAL ASSETS</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
- shares	299 661	40 914
- including related entities	296 661	40 914
- loans granted	809	2 178
- including related entities	600	1 900
<b>Total financial assets</b>	<b>300 470</b>	<b>43 092</b>

**Note 6**

<b>Long-term receivables and prepaid expenses</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Long-term receivables	63	
a) deposit on rental fee	63	
- including related entities	58	
b) other long receivables		
- including related entities		
Other prepaid expenses	102	96
<b>Long-term receivables and other prepaid expenses</b>	<b>165</b>	<b>96</b>

<b>Other prepaid expenses</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Marketing services	95	95
Others	7	1
<b>Other prepaid expenses</b>	<b>102</b>	<b>96</b>

**Note 7**

<b>Deferred tax assets</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Deferred tax asset at beginning of period	1 481	798
a) posted to net result	1 099	389
b) posted to equity	382	409
Additions	2 211	1 558
a) posted to net result	2 211	1 558
b) posted to equity		
Disposals	882	875
a) posted to net result	882	849
b) posted to equity		26
<b>Total deferred tax asset at the end of period, including</b>	<b>2 810</b>	<b>1 481</b>
<b>a) posted to net result</b>	<b>2 428</b>	<b>1 099</b>
<b>b) posted to equity</b>	<b>382</b>	<b>382</b>

**Note 8**

<b>Inventory</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Materials	5 574	6 281
Merchandises	73 390	79 855
Prepayments for inventory	72	
Revaluation of inventory	4 936	2 457
<b>Total inventory</b>	<b>74 100</b>	<b>83 679</b>

<b>Revaluation of inventory</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Revaluation of inventory – opening balance	2 457	
Creating of write-offs – inventory	2 479	2 457
Reversal of write-offs – inventory		
<b>Revaluation of inventory – closing balance</b>	<b>4 936</b>	<b>2 457</b>

<b>Pledges</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Pledges:	69 737	53 662
- bank loans – goods	67 937	52 412
- warranty	1 800	1 250
<b>Total pledges</b>	<b>69 737</b>	<b>53 662</b>

**Note 9**

<b>Receivables</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Trade debtors	93 603	69 618
<i>including: related entities</i>	32 505	19 312
Taxation, subsidy and social security debtors	2 383	2 488
Subject to legal proceedings	141	294
Other receivables	2 041	798
<i>including: related entities</i>	1	58
Impairment loss for bad debts	5 552	4 787
<b>Total receivables</b>	<b>92 616</b>	<b>68 411</b>

<b>Change in impairment losses for current bad debts</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Opening balance - at the beginning of the year	4 787	3 839
Additions	1 082	1 181
Disposals	317	233
Closing balance - at the end of the year	<b>5 552</b>	<b>4 787</b>

<b>Ageing of trade debtors</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Due within 1 month	71 552	53 120
Due between 1 and 3 months	2 551	1 515
Due between 3 and 6 months		
Due between 6 months and 1 year		
Due after 1 year		
Overdue trade debtors	19 500	14 983
Impairment loss for trade debtors	5 411	4 493
<b>Total net trade debtors</b>	<b>88 192</b>	<b>65 125</b>

Ageing of overdue trade debtors	31 December 2006	31 December 2005
1 month	12 440	8 382
between 1 and 3 months	1 870	1 167
between 3 and 6 months	216	484
between 6 months and 1 year	443	1 086
after 1 year	4 531	3 864
Impairment loss for trade debtors	5 411	4 493
<b>Total net overdue trade debtors</b>	<b>14 089</b>	<b>10 490</b>

**Note 10**

Short term financial assets	31 December 2006	31 December 2005
- debt securities	2 995	
<i>including: related entities</i>	2 995	
<b>Total short term financial assets</b>	<b>2 995</b>	

**Note 11**

Short term prepaid expenses	31 December 2006	31 December 2005
Marketing services	268	336
Subscription	7	
Insurance	438	435
Technical assistance	84	19
Perpetual usufruct of land fees		
Road permissions	25	21
Advertisements	1	7
Electricity	3	
Service		1
Costs to re-invoice	2	15
Other	4	11
<b>Total short term prepaid expenses</b>	<b>832</b>	<b>845</b>

**Note 12**

Cash and cash equivalents	31 December 2006	31 December 2005
Cash at cash desk	2	1
Cash at bank	52	114
Other	2 763	245
<b>Total cash and cash equivalents</b>	<b>2 817</b>	<b>360</b>

**Note 13**

Other short term financial assets	31 December 2006	31 December 2005
Loans	2 570	12
<i>including: related entities</i>		
<b>Total other short term financial assets</b>	<b>2 570</b>	<b>12</b>

**Note 14**

Equity							
Series/ issue	Type of shares	Type of preference	Number of shares	Value of series/ issue in nominal value	Origin of capital	Registration date	Right to dividend (from date)
A	ordinary	none	100 000	100 000	cash	30.11.1994	30.11.1994
B	ordinary	none	2 200 000	2 200 000	cash	26.09.1995	01.01.1995
C	ordinary	none	2 093 700	2 093 700	cash	11.02.1999	01.01.1999
D	ordinary	none	408 400	408 400	cash	25.06.1999	01.01.1999
E	ordinary	none	240 200	240 200	cash	12.12.2001	01.01.2001
F	ordinary	none	259 500	259 500	cash	12.12.2001	01.01.2001
G	ordinary	none	1 333 300	1 333 300	cash	12.12.2001	01.01.2001
H	preference shares	none	2 085 323	2 085 323	contribution - BOS S.A. shares	02.01.2007	01.01.2006
I	preference shares	none	4 203 562	4 203 562	contribution - BOS S.A. shares	02.01.2007	01.01.2006
<b>Total number of shares</b>			<b>12 923 985</b>				
<b>Total equity</b>				<b>12 923 985</b>			
<b>One share nominal value = 1 PLN</b>							

Changes in reserve capital	Reserve capital	Other reserve capital
<b>1 January 2006</b>	<b>1 526</b>	<b>38 285</b>
Net profit (loss) for the period		6 282
Dividend paid		-15 991
<b>31 December 2006</b>	<b>1 526</b>	<b>28 576</b>
<b>1 January 2005</b>	<b>1 526</b>	<b>30 892</b>
Net profit (loss) for the period		7 393
<b>31 December 2005</b>	<b>1 526</b>	<b>38 285</b>



**Note 15**

<b>Retained earnings</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Retained net profit	-1 941	-1 581
- including: corrections of fundamental errors	-1 990	-1 629
Net profit (loss) from the current year	13 056	8 244
<b>Total retained earnings</b>	<b>11 115</b>	<b>6 663</b>

**Note 16**

<b>Long-term bank loans and other</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Bank loans	43 689	17 043
<b>Total long-term bank loans and other</b>	<b>43 689</b>	<b>17 043</b>

**Note 17**

<b>Long-term liabilities</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
------------------------------	-------------------------	-------------------------

**Note 18**

<b>Provisions</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Provisions for employees' benefits	4 402	1 523
a) provision for pensions	73	57
b) provision for holiday equivalents	1 537	1 397
c) premium salary	2 792	69
Other provisions	135	46
a) provision for audit	124	46
b) other	11	
<b>Total provisions</b>	<b>4 537</b>	<b>1 569</b>

<b>Provisions for employees' benefits</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Long-term	73	55
a) provision for pensions	73	55
Short-term	4 329	1 468
a) provision for pensions		2
b) provision for holiday equivalents	1 537	1 397
c) premium salary	2 792	69
<b>Total provisions for employees' benefits</b>	<b>4 402</b>	<b>1 523</b>

<b>Change of provisions for employees' benefits</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Provision for pensions opening balance	57	50
Additions	18	8
Disposals	2	
Provision for pensions closing balance	73	58
Provision for holiday equivalents opening balance	1 397	1 354
Additions	140	42
Disposals		
Provision for holiday equivalents closing balance	1 537	1 396

Premium salary opening balance	69	93
Additions	3 717	69
Disposals	994	93
Premium salary closing balance	2 792	69
<b>Change of provions for employees' benefits opening balance</b>	<b>1 523</b>	<b>1 497</b>
<b>Additions</b>	<b>3 875</b>	<b>119</b>
<b>Disposals</b>	<b>996</b>	<b>93</b>
<b>Change of provions for employees' benefits closing balance balance</b>	<b>4 402</b>	<b>1 523</b>

**Note 19**

<b>Deferred tax income - provisions</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Deferred tax income - provisions opening balance	359	130
a) posted to net result	359	130
b) posted to equity		
Additions	1 137	1 465
a) posted to net result	1 137	1 465
b) posted to equity		
Disposals	816	1 236
a) posted to net result	816	1 236
b) posted to equity		
<b>Deferred tax income - provisions closing balance balance</b>	<b>680</b>	<b>359</b>
<b>a) posted to net result</b>	<b>680</b>	<b>359</b>
<b>b) posted to equity</b>		

**Note 20**

<b>Short- term bank loans and others</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Bank loans	11 043	19 102
Bonds	17 948	9 544
<i>including: related entities</i>	7 996	3 990
<b>Total short- term bank loans and others</b>	<b>28 991</b>	<b>28 646</b>

**Note 21**

<b>Short-term liabilities</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
Trade payables	113 063	108 707
<i>including: related entities</i>	726	379
Taxation, subsidy and social security	5 772	2 813
Salary	2 177	1 417
Prepayments	45	312
<i>including: related entities</i>		
Other liabilities	1 551	809
<i>including: related entities</i>	16	12
<b>Total short-term liabilities</b>	<b>122 608</b>	<b>114 058</b>

**Ageing of trade payables**

	<b>31 December 2006</b>	<b>31 December 2005</b>
Due within 1 month	75 981	75 468
Due between 1 and 3 months	27 099	24 646
Due between 3 and 6 months		
Due between 6 months and 1 year		
Due after 1 year		
Overdue trade debtors	9 983	8 593
<b>Total trade payables</b>	<b>113 063</b>	<b>108 707</b>

**Ageing of overdue trade payables**

	<b>31 December 2006</b>	<b>31 December 2005</b>
1 month	9 769	7 170
between 1 and 3 months	201	1 416
between 3 and 6 months		1
between 6 months and 1 year		
after 1 year	13	6
<b>Overdue trade payables</b>	<b>9 983</b>	<b>8 593</b>

**Note 22**

<b>Deferred income</b>	<b>31 December 2006</b>	<b>31 December 2005</b>
settlement of vehicles' damages	7	26
<b>Total deferred income</b>	<b>7</b>	<b>26</b>

**Note 23**

<b>NET SALES OF PRODUCTS (by type of products)</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Sales of services	42 469	28 448
- <i>including to related entities</i>	3 180	2 972
<b>Total net sales of products</b>	<b>42 469</b>	<b>28 448</b>
- <i>including to related entities</i>	<b>3 180</b>	<b>2 972</b>

<b>NET SALES OF PRODUCTS (by geographic area)</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Domestic	42 469	28 448
- including to related entities	1 559	2 972
Export		
- including to related entities		
<b>Total net sales of products</b>	<b>42 469</b>	<b>28 448</b>
- including to related entities	1 559	2 972

**Note 24**

<b>NET SALES OF MERCHANDISES AND MATERIALS (by type of activity)</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Sales of merchandises and materials	1 099 828	1 039 835
- including to related entities	228 804	203 954
<b>Sales of merchandises and materials</b>	<b>1 099 828</b>	<b>1 039 835</b>
- including to related entities	228 804	203 954

<b>NET SALES OF MERCHANDISE AND MATERIALS (by geographic area)</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Domestic	1 099 828	1 039 835
- including to related entities	228 804	203 954
Export		
- including to related entities		
<b>Total net sales of merchandise and materials</b>	<b>1 099 828</b>	<b>1 039 835</b>
- including to related entities	228 804	203 954

**Note 25**

<b>NON OPERATING INCOME</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Profit from the disposal of non-financial fixed assets	112	
Other	471	581
<b>Total non operating income</b>	<b>583</b>	<b>581</b>

<b>OTHER NON OPERATING INCOME</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Penalties	3	95
Compensation of vehicle damages	360	353
Compensation of fixed assets damages	37	31
Court proceedings costs	33	27
Cash premium		35
Other	38	40

<b>Total other non operating income</b>	<b>471</b>	<b>581</b>
---	------------	------------

**Note 26**

COST BY KIND	12 months ended 31 December 2006	12 months ended 31 December 2005
depreciation and amortisation	8 502	8 413
materials and energy	18 548	14 429
external services	24 523	24 658
payroll	38 550	32 682
social security and other employee benefits	7 945	6 994
taxes and charges	1 495	1 474
other costs:	2 751	1 789
<b>Total cost by kind of expenditure</b>	<b>102 314</b>	<b>90 439</b>
Sales costs	79 121	73 465
Overhead costs	23 193	16 974
Cost of products sold		

Payroll	12 months ended 31 December 2006	12 months ended 31 December 2005
salary	38 550	32 683
social security	6 802	6 048
company's social benefit fund	543	476
personel training	145	107
other	455	363
<b>Total payroll</b>	<b>46 495</b>	<b>39 677</b>

**Note 27**

NON OPERATING EXPENSES	12 months ended 31 December 2006	12 months ended 31 December 2005
Loss from the sale of non-financial fixed assets		
Revaluation of non-financial assets	928	912
Other non operating expenses	676	467
<b>Total non operating expenses</b>	<b>1 604</b>	<b>1 379</b>

Revaluation of non-financial assets	12 months ended 31 December 2006	12 months ended 31 December 2005
Creating of write-offs - fixed assets	61	34
Reversal of write-offs - fixed assets		
Creating of write-offs – receivables	1 149	1 067
Reversal of write-offs – receivables	282	189
<b>Total revaluation of non-financial assets</b>	<b>928</b>	<b>912</b>

<b>Other non operating expenses</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Donations	17	16
Vehicle damages	257	350
Fixed assets damages	28	30
Court proceedings costs	46	57
Other	328	14
<b>Total other non operating expenses</b>	<b>676</b>	<b>467</b>

**Note 28**

<b>FINANCIAL INCOME</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Interest	731	730
- including related entities	202	163
<b>Total financial income</b>	<b>731</b>	<b>730</b>

<b>Interest</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Loans granted	186	99
- including related entities	150	71
Interest on overdue receivables	510	545
- including related entities	19	3
Interest on debt securities	33	86
- including related entities	33	86
Other	2	
- including related entities		
<b>Total interest</b>	<b>731</b>	<b>730</b>

**Note 29**

<b>FINANCIAL EXPENSES</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Interest	2 463	3 309
- including related entities	300	29
Other financial expenses	25	13
<b>Total financial expenses</b>	<b>2 488</b>	<b>3 322</b>

<b>Interest</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Bank loan interest	1 825	3 167
Interest on overdue payables - including related entities	72	90 3
Bonds interest - including related entities	564 300	50 26
Tresury interests	2	2
<b>Total interest</b>	<b>2 463</b>	<b>3 309</b>

<b>Other financial expenses</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
Financial expenses of bank warranty	25	13
<b>Total other financial expenses</b>	<b>25</b>	<b>13</b>

**Note 30**

<b>Corporate income tax</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
<b>Gross profit</b>	<b>16 404</b>	<b>10 267</b>
<b>Non taxable revenues</b>		
<u>financial incomes</u>	247	171
<u>non operating incomes</u>	80	57
	167	114
<b>Non taxable costs and losses</b>		
<u>operating costs</u>	21 584	13 240
<u>financial expenses</u>	20 293	12 223
<u>other non operating expenses</u>	235	158
<b>Additional taxable costs</b>	1 056	859
<b>Additional taxable costs</b>	<b>14 804</b>	<b>10 151</b>
<b>Taxable revenue</b>	<b>22 937</b>	<b>13 185</b>
Deductions – donations	11	8
<b>Base of tax calculation</b>	<b>22 926</b>	<b>13 177</b>
<b>Tax amount 19%</b>	<b>4 356</b>	<b>2 504</b>
<b>CIT paid</b>	<b>4 356</b>	<b>2 504</b>

**Note 31**

Deferred corporate income tax	12 months ended 31 December 2006	12 months ended 31 December 2005
Increase (decrease) from temporary differences	-1 008	-481
Increase (decrease) from temporary differences from previous years		
Increase (decrease) from temporary differences – deferred income tax assets write offs		
Increase (decrease) from temporary differences – deferred income tax un consolidated exemptions		
<b>Total deferred corporate income tax</b>	<b>-1 008</b>	<b>-481</b>

**Note 32**

Net profit per share	12 months ended 31 December 2006	12 months ended 31 December 2005
Net profit	13 056	8 244
Quantity of shares – January – November 2006	6 635 100	6 635 100
Quantity of shares – December 2006	12 923 985	6 635 100
Number of shares - weight average	7 159 173,75	6 635 100
<b>Net profit per share</b>	<b>1,82</b>	<b>1,24</b>
<b>Diluted net profit per share</b>	<b>1,82</b>	<b>1,24</b>

**Note 33**

**Dividend**

**Dividend paid**

In 2006 Eldorado SA paid to shareholders dividend for 2005 year in amount of 18 312 876 PLN (dividend per share 2,76 PLN)

**Distribution of net profit:**

Management Board of "Eldorado SA" proposes to distribute 2006 net profit in all amount of 13 056 289,40 PLN for dividend.

**Note 34**

THE STRUCTURE OF CASH IN THE STATEMENT OF CASH FLOW	12 months ended 31 December 2006	12 months ended 31 December 2005
Cash in the cash desk		
- opening balance	1	1
- closing balance	2	1
Cash at bank		
- opening balance	114	334
- closing balance	52	114
Other cash		
- opening balance	245	684
- closing balance	2 763	245



---

Total cash		
- opening balance	360	1 020
- closing balance	2 817	360

---

**Note 35**

**Classification of Company's activities by: operating, investing, financing in the cash flow statement:**

---

**I. Cash flow from operating activities includes:**

- 1) Inflow from sales of merchandise, finished products and services
- 2) Inflow included in "other operating revenue" excluding revenue from the sale of fixed assets, which are disclosed in cash flow from investing activities.
- 3) Any expenses regarding costs of basic activity, such as: cost of merchandise sold, cost of finished products sold, selling costs, general overhead costs.
- 4) Expenses regarding costs included in "other operating expenses" excluding cost of fixed assets sold and cost of unplanned depreciation

---

**II. Cash flow from investing activities includes:**

- 1) Inflow from sales of:
  - fixed assets
  - shares and other financial fixed assets
  - short-term securities
- 2) Expenses regarding the purchase of:
  - fixed assets
  - shares and other financial fixed assets
  - short-term securities
- 3) Inflow from payment of short and long term loans granted by the Company to other entities as well as payment of interest on those loans
- 4) Expenses regarding the granting of long term loans to other entities
- 5) Inflow of dividends received
- 6) Interest received on bank deposits

---

**III. Cash flow from financing activities includes:**

- 1) Inflow of short and long term credits and loans received
- 2) Expenses regarding:
  - service of loans and credits received
  - payment of loans and credits
  - payment of interest on loans and credits received
- 3) Inflow from own shares issue
- 4) Expenses regarding costs of own shares issues
- 5) Expenses regarding payment of dividends and other payments to owners
- 6) Any inflow regarding "other financial revenue" except for interest on loans granted, interest on bank deposits and profit from sale of securities held for resale, which are disclosed in investing activities.
- 7) Any expenses regarding "other financial expenses" except for the loss on the sale of securities held for resale, which are disclosed in investing activities

**Note 36**

<b>Changes in Cash flow positions</b>	<b>12 months ended 31 December 2006</b>	<b>12 months ended 31 December 2005</b>
<b>Receivables</b>	<b>-23 405</b>	<b>3 274</b>
- change in receivables	-24 268	2 683
- investment receivables deduction	863	591
<b>Short-term payables</b>	<b>9 833</b>	<b>2 542</b>
- change in short-term payables	8 550	11 624
- loans and borrowings		-1 866
- investment payables deduction	-453	-7 354
- corporate income tax	1 736	
- financial payables deduction		138
<b>Inventories</b>	<b>9 579</b>	<b>-2 464</b>
- change in inventories	9 579	-2 464

Lublin, April 2007

**Management board of the company**

2007-04-20	Artur Kawa	President of the management board	..... podpis
2007-04-20	Jarosław Wawerski	Vice - President of the management board	..... podpis
2007-04-20	Dariusz Kalinowski	Member of the management board - Financial Director	..... podpis
2007-04-20	Jacek Dudzik	Member of the management board - IT Director	..... podpis
2007-04-20	Renata Bronisz-Czyż	Member of the management board - Human Resources Director	..... podpis
2007-04-20	Jarosław Rudnicki	Member of the management board - Purchase Director	..... podpis
2007-04-20	Lesław Syguła	Member of the management board - Restructuring Director	..... podpis
2007-04-20	Piotr Laskowski	Member of the management board - Distribution Director	..... podpis

**Podpis osoby, której powierzono prowadzenie ksiąg rachunkowych**

2007-04-20	Elżbieta Świniarska Economic Director	..... podpis
------------	--	-----------------