



CONSOLIDATED FINANCIAL STATEMENT

ANNUAL REPORT 2006

**PREPARED ACCORDING TO INTERNATIONAL FINANCIAL
REPORTING STANDARDS**

(ALL AMOUNTS IN THOUSANDS PLN)

LUBLIN, APRIL 2007

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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	1 406 728	1 280 125	360 783	318 178
II. Profit on operating activities	32 966	31 342	8 455	7 790
III. Profit (loss) before taxation	29 847	26 396	7 655	6 561
IV. Net profit (loss)	23 376	20 500	5 995	5 095
V. Net cash flow from operating activities	54 872	37 760	14 073	9 385
VI. Cash flow from investment activities	-55 478	-21 630	-14 228	-5 376
VII. Cash flow from financing activities	6 115	-15 021	1 568	-3 734
VIII. Total net cash flows	5 509	1 109	1 413	276
IX. Total assets	629 751	326 901	164 374	84 694
X. Liabilities and provisions for liabilities	272 625	219 886	71 159	56 968
XI. Long-term liabilities	75 595	37 714	19 731	9 771
XII. Short-term liabilities	197 030	182 172	51 428	47 197
XIII. Equity	357 126	107 015	93 215	27 726
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)	3,27	3,09	0,84	0,77
XVIII. Diluted net profit per ordinary share (in PLN / EUR)	3,27	3,09	0,84	0,77
XIX. Book value per share (in PLN / EUR)	49,88	16,13	13,02	4,18
XX. Diluted book value per share (in PLN/ EUR)	49,88	16,13	13,02	4,18
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
Total Non-current Assets		442 607	158 856
Property, plant, equipment and investments	1,2	177 488	152 375
Intangible assets	3,4	450	654
Financial assets	5	255 956	278
Receivables and prepayments	6	4 057	2 908
Deferred tax assets	7	4 656	2 641
Total Current Assets		187 144	168 045
Inventory	8	94 921	100 756
Receivables and prepayments	9	74 046	57 119
Income tax receivables		20	170
Short-term securities	10		
Prepaid expenses	11	2 934	2 839
Cash and cash equivalents	12	12 653	7 144
Other financial assets	13	2 570	17
Total Assets		629 751	326 901
Total Equity		357 126	107 015
Share capital	14	12 924	6 635
Share premium		273 292	34 360
Capital reserve		7 497	2 613
Other reserve capital		44 668	46 707
Retained earnings	15	18 745	16 700
Total Long Term Liabilities		75 595	37 714
Bank loans, borrowings and bonds	16	72 216	36 230
Long-term liabilities	17	1 374	
Provisions	18	122	93
Deferred revenues and accruals	19	1 883	1 391
Total Short Term Liabilities		197 030	182 172
Bank loans, borrowings and bonds	20	29 521	37 716
Short-term liabilities	21	155 482	138 654
Income tax liabilities		4 239	3 005
Provisions	18	7 498	2 744
Other accrued liabilities	22	290	53
Total Liabilities and Equity		629 751	326 901

3. Profit and loss

	Note	12 months ended 31 December 2006	12 months ended 31 December 2005
Sales		1 406 728	1 280 125
- including related entities			
Sales of products and services	23	70 450	47 814
Sales of goods and materials	24	1 336 278	1 232 311
Cost of sales		1 189 784	1 098 962
- including related entities			
Cost of manufactured products sold		15 764	11 591
Cost of goods and materials sold		1 174 020	1 087 371
Gross profit (loss)		216 944	181 163
Other operating income	25	9 983	10 705
Selling costs	26	154 396	139 422
Overhead costs	26	33 489	18 812
Other operating expenses	27	6 076	2 292
Operating profit (loss)		32 966	31 342
Finance income	28	729	648
Finance costs	29	3 848	5 594
Profit (loss) before income tax		29 847	26 396
Income tax		6 471	5 896
Current	30	7 953	6 030
Deferred	31	-1 482	-134
Net profit		23 376	20 500
Number of shares - weight average		7 159 173,75	6 635 100,00
Net profit per ordinary share		3,27	3,09
Diluted number of shares – weight average		7 159 173,75	6 635 100,00
Diluted net profit per ordinary share		3,27	3,09

4. Changes in equity

	Share capital	Share premium	Reserve capital	Other reserve capital	Capital from revaluation	Retained Earnings	Total equity
As at 1 January 2006	6 635	34 360	2 613	46 707	0	16 700	107 015
Change of accounting policy						-171	-171
As at 1 January 2006 adjusted	6 635	34 360	2 613	46 707	0	16 529	106 844
Net profit (loss) for the period						23 375	23 375
The issue of shares	6 289	238 932					245 221
Revaluation of financial instruments							
Distribution of profits			4 884	13 953		-18 837	0
Dividend for 2005				-15 992		-2 322	-18 314
As at 31 December 2006	12 924	273 292	7 497	44 668	0	18 745	357 126
As at 1 January 2005	6 635	34 360	2 057	34 260	-112	13 730	90 930
Change of accounting policy						-2 200	-2 200
As at 1 January 2005 adjusted	6 635	34 360	2 057	34 260	-112	11 530	88 730
Net profit (loss) for the period						20 500	20 500
Revaluation of financial instruments					112		112 104,12
Distribution of profits			556	12 447		-13 003	0
Correction of consolidation exemptions for 1999-2002						-204	-204
Dividend for 2004						-2 123	-2 123
As at 31 December 2005	6 635	34 360	2 613	46 707	0	16 700	107 015

5. Cash Flow

	12 months ended 31 December 2006	12 months ended 31 December 2005
Net profit (loss)	23 376	20 500
Adjustments provided by operating activities:		
Depreciation	18 264	17 225
Foreign exchange gain (loss)		
Interest	3 423	4 149
Loss (profit) on investments	119	-9 763
Change in provisions	5 275	1 266
Change in inventories	5 835	-3 680
Change in receivables	-44 509	8 687
Change in deferred revenues and accruals	-1 709	-1 739
Change in payables	44 383	903
Other adjustments	415	212
Net cash flow from operations	54 872	37 760
Revenues	1 740	26 016
Disposal of tangible and intangible fixe assets	1 398	25 324
Disposal of financial assets	74	56
Dividends received		
Interest received	168	136
Other revenues	100	500
Expenses	57 218	47 646
Purchase of tangible and intangible fixe assets	43 658	47 420
Purchase of financial assets	13 560	
Other expenses		226
Net cash flow from investment activities	-55 478	-21 630
Revenues	69 172	23 553
Loans and borrowings acquired	43 749	17 624
Income from financial assets	25 423	5 929
Other revenues		
Expenses	63 057	38 574
Repayment of loans and borrowings	20 399	30 770
Repayment of financial assets	21 300	343
Interest paid	3 364	5 338
Dividends paid	17 994	2 123
Other expenses		
Net cash flow from financial activities	6 115	-15 021
Total net Cash flow	5 509	1 109
Cash and Cash equivalents opening balance	7 144	6 035
Cash and Cash equivalents closing balance	12 653	7 144

6. Other Information and explanatory notes

Note 1

TANGIBLE FIXED ASSETS	31 December 2006	31 December 2005
Freehold land (including right for perpetual usufruct)	12 895	6 116
Buildings and constructions	109 389	91 847
Equipment and machines	23 353	21 395
Vehicles	15 146	16 987
Other	11 393	10 834
Construction in progress	5 040	4 722
Prepayments for construction in progress	272	474
Total tangible fixed assets	177 488	152 375

Pledges	31 December 2006	31 December 2005
Pledges:	3 860	7 239
- bank loans – goods	3 860	7 239
Mortgage	29 973	23 292
- bank loans – goods	29 973	23 292
Total pledges	33 833	30 531

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
a) opening balance of fixed assets, gross value	7 253	104 255	37 118	29 770	19 698	198 094
b) additions:	6 869	24 342	8 049	3 396	3 744	46 400
- purchases	6 869	5 987	1 991	3 396	538	18 781
- transfers from construction in progress		18 355	6 054		3 206	27 615
- donations			4			4
c) disposals:		2 005	3 219	2 764	373	8 361
- sale		815	351	2 497		3 663
- liquidation		1 186	1 644	209	216	3 255
- split up						
- relocation						
- steals			20	58		78
- moving of place of activity						
- other		4	1 204		157	1 365
d) closing balance of fixed assets, gross value	14 122	126 592	41 948	30 402	23 069	236 133
e) opening balance of cumulative depreciation	1 137	11 610	15 603	12 783	8 863	49 996
f) depreciation additions:	90	5 157	4 813	4 592	3 064	17 716
- planned	90	5 157	4 813	4 592	3 064	17 716
g) depreciation disposals:		-479	-1 939	-2 119	-251	-4 788
- sales		-176	-132	-1 781		-2 089
- liquidation		-303	-1 624	-291	-210	-2 428
- split up						
- relocation						
- steals			-12	-47		-59
- other			-171		-41	-212
h) closing balance of cumulative depreciation	1 227	16 288	18 477	15 256	11 676	62 924
i) opening balances of value adjustments		711	120			831
- additions		327	21			348
- disposals		123	23			146
j) closing balances of value adjustments		915	118			1 033
k) closing balance of fixed assets, net value	12 895	109 389	23 353	15 146	11 393	172 176

Note 2 – year 2005

TANGIBLE FIXED ASSETS – MOVEMENTS (by group)	land including perpetual usufruct	buildings	machines and technical equipment	vehicles	other fixed assets	Total fixed tangible assets
a) opening balance of fixed assets, gross value	9 674	92 791	28 581	24 299	15 275	170 620
b) additions:	1 468	23 986	9 959	6 062	4 558	46 033
- purchases	-35	-220	2 697	2 598	757	5 797
- transfers from construction in progress	1 503	24 206	7 227	3 463	3 801	40 200
- transfers from warehouse				1		1
- donations			35			35
c) disposals:	3 889	12 522	1 422	591	135	18 559
- sale	3 889	12 479	947	543	18	17 876
- liquidation		18	434	48	78	578
- split up					39	39
- relocation		25	34			59
- steals			7			7
d) closing balance of fixed assets, gross value	7 253	104 255	37 118	29 770	19 698	198 094
e) opening balance of cumulative depreciation	993	7 728	11 735	8 767	6 163	35 386
f) depreciation additions:	305	4 347	4 835	4 494	2 761	16 742
- planned	305	4 347	4 835	4 494	2 761	16 742
g) depreciation disposals:	-161	-466	-967	-478	-60	-2 132
- sales	-161	-464	-589	-430	-5	-1 649
- liquidation		-1	-350	-48	-47	-446
- split up					-8	-8
- relocation		-1	-22			-23
- steals			-6			-6
h) closing balance of cumulative depreciation	1 137	11 609	15 603	12 783	8 864	49 996
i) opening balances of value adjustments		612	95			707
- additions		187	25			212
- disposals						
j) closing balances of value adjustments		799	120			919
k) closing balance of fixed assets, net value	6 116	91 847	21 395	16 987	10 834	147 179

Note 3

INTANGIBLE FIXED ASSETS	31 December 2006	31 December 2005
Research and development expenditure		
Goodwill		
Concessions, patents, licenses and similar assets	347	654
Other intangible assets	103	
Total intangible fixed assets	450	654

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			
a) gross value at the beginning of the period		1 644	3 395	3 237	277		5 316
b) additions:			337	337			337
- purchases			225	225			225
- transfers from investments			112	112			112
c) disposals			1	1			1
- sale			1	1			1
d) gross value at end of the period		1 644	3 731	3 573	277		5 652
e) opening balance of cumulative depreciation		1 644	2 871	2 741	146		4 661
f) depreciation additions			513	492	28		541
- planned			513	492	28		541
g) depreciation disposals							
- sales							
h) closing balance of cumulative depreciation		1 644	3 384	3 233	174		5 202
i) opening balances of value adjustments							
- additions							
- disposals							
j) closing balances of value adjustments							
k) closing balance of fixed assets, net value			347	340	103		450

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			
a) gross value at the beginning of the period		1 644	2 987	2 839	236		4 867
b) additions:			631	621	41		672
- purchases			431	421	41		472
- transfers from investments			200	200			200
c) disposals			223	223			223
- sale			223	223			223
d) gross value at end of the period		1 644	3 395	3 237	277		5 316
e) opening balance of cumulative depreciation		1 644	2 552	2 455	114		4 310
f) depreciation additions			450	416	32		482
- planned			450	416	32		482
g) depreciation disposals			-130	-130			-130
- sales			-130	-130			-130
h) closing balance of cumulative depreciation		1 644	2 872	2 741	146		4 662
i) opening balances of value adjustments							
- additions							
- disposals							
j) closing balances of value adjustments							
k) closing balance of fixed assets, net value			523	496	131		654

Note 5

FINANCIAL ASSETS	31 December 2006	31 December 2005
- shares	255 747	
- including related entities		
- loans granted	209	278
- including related entities		
Total financial assets	255 956	278

Note 6

Long-term receivables and prepaid expenses	31 December 2006	31 December 2005
Long-term receivables	1 959	178
a) deposit on rental fee	1 685	
- including related entities		
b) other long receivables	275	178
- including related entities		
Other prepaid expenses	2 098	2 730
Long-term receivables and other prepaid expenses	4 057	2 908

Other prepaid expenses	31 December 2006	31 December 2005
Marketing services	95	96
Others	11	1
Rent	1 992	804
Cost of manufactured computer software		1 829
Other prepaid expenses	2 098	2 730

Note 7

Deferred tax assets	31 December 2006	31 December 2005
Deferred tax asset at beginning of period	2 641	1 379
a) posted to net result	2 259	971
b) posted to equity	382	408
Additions	3 034	2 502
a) posted to net result	2 994	2 502
b) posted to equity	40	
Disposals	1 020	1 241
a) posted to net result	1 019	1 214
b) posted to equity		26
Total deferred tax asset at the end of period, including	4 656	2 641
a) posted to net result	4 234	2 259
b) posted to equity	422	382

Note 8

Inventory	31 December 2006	31 December 2005
Materials	6 158	6 880
Merchandises	93 003	96 333
Finished products		
Semi-products and work in progress		
Prepayments for inventory	1 069	
Revaluation of inventory	5 309	2 457
Total inventory	94 921	100 756

Revaluation of inventory	31 December 2006	31 December 2005
Revaluation of inventory – opening balance	2 457	
Creating of write-offs – inventory	2 852	2 457
Reversal of write-offs – inventory		
Revaluation of inventory – closing balance	5 309	2 457

Pledges	31 December 2006	31 December 2005
Pledges:	83 939	59 412
- bank loans – goods	82 139	59 412
- warranty	1 800	
Total pledges	83 939	59 412

Note 9

Receivables	31 December 2006	31 December 2005
Trade debtors	71 724	57 008
<i>including: related entities</i>		
Taxation, subsidy and social security debtors	6 037	3 382
Subject to legal proceedings	194	487
Other receivables	2 809	1 911
<i>including: related entities</i>		
Impairment loss for bad debts	6 718	5 669
Total receivables	74 046	57 119

Change in impairment losses for current bad debts	31 December 2006	31 December 2005
Opening balance - at the beginning of the year	5 687	4 276
Additions	1 556	1 839
Disposals	525	446
Closing balance - at the end of the year	6 718	5 669

Ageing of trade debtors	31 December 2006	31 December 2005
Due within 1 month	46 451	37 905
Due between 1 and 3 months	2 977	1 634
Due between 3 and 6 months		15
Due between 6 months and 1 year		29
Due after 1 year		15
Overdue trade debtors	22 296	17 410
Impairment loss for trade debtors	6 401	5 369
Total net trade debtors	65 323	51 639

Ageing of overdue trade debtors	31 December 2006	31 December 2005
1 month	13 976	9 383
between 1 and 3 months	2 211	1 409
between 3 and 6 months	298	818
between 6 months and 1 year	500	1 575
after 1 year	5 311	4 225
Impairment loss for trade debtors	6 401	5 369
Total net overdue trade debtors	15 895	12 041

Note 10

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

Note 11

Short term prepaid expenses	31 December 2006	31 December 2005
Marketing services	268	336
Insurance	693	632
Technical assistance	112	26
Perpetual usufruct of land fees	1 286	1 414
Road permissions	25	21
Advertisements	6	7
Electricity	3	
Service		1
Shop pre - opening costs	70	57
Email box costs	5	1
Costs to re-invoice	147	139
Costs of the next year	196	
Other	123	205
Total short term prepaid expenses	2 934	2 839

Note 12

Cash and cash equivalents	31 December 2006	31 December 2005
Cash at cash desk	2 509	1 344
Cash at bank	444	648
Other	9 700	5 152
Total cash and cash equivalents	12 653	7 144

Note 13

Other short term financial assets	31 December 2006	31 December 2005
Deposit		5
Loans	2 570	12
<i>including: related entities</i>		
Total other short term financial assets	2 570	17

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
Total number of shares			12 923 985				
Total equity				12 923 985			
One share nominal value = 1 PLN							

Changes in reserve capital	Reserve capital	Other reserve capital
1 January 2006	2 613	46 707
Net profit (loss) for the period	4 884	13 953
Dividend paid		-15 992
31 December 2006	7 497	44 668
1 January 2005	2 057	34 260
Net profit (loss) for the period	556	12 447
31 December 2005	2 613	46 707

Note 15

Retained earnings	31 December 2006	31 December 2005
Retained net profit	-4 631	-3 800
- including: corrections of fundamental errors	-2 161	
Net profit (loss) from the current year	23 376	20 500
Total retained earnings	18 745	16 700

Note 16

Long-term bank loans and other	31 December 2006	31 December 2005
Bank loans	72 216	36 230
Total long-term bank loans and other	72 216	36 230

Note 17

Long-term liabilities	31 December 2006	31 December 2005
Deposit on rental fee	1 374	
- including: related entities		
Other long-term liabilities		
Total long-term liabilities	1 374	0,00

Note 18

Provisions	31 December 2006	31 December 2005
Provisions for employees' benefits	7 429	2 766
a) provision for pensions	122	96
b) provision for holiday equivalents	2 945	2 483
c) premium salary	4 362	188
Other provisions	191	71
a) provision for audit	180	71
b) other	11	
Total provisions	7 620	2 837

Provisions for employees' benefits	31 December 2006	31 December 2005
Long-term	122	93
a) provision for pensions	122	93
Short-term	7 307	2 673
a) provision for pensions		2
b) provision for holiday equivalents	2 945	2 483
c) premium salary	4 362	188
Total provisions for employees' benefits	7 429	2 766

Change of provions for employees' benefits	31 December 2006	31 December 2005
Provision for pensions opening balance	96	77
Additions	31	19
Disposals	5	
Provision for pensions closing balance	122	96
Provision for holiday equivalents opening balance	2 483	2 218
Additions	607	338
Disposals	145	73
Provision for holiday equivalents closing balance	2 945	2 483
Premium salary opening balance	188	395
Additions	5 287	188
Disposals	1 113	395
Premium salary closing balance	4 362	188
Change of provions for employees' benefits opening balance	2 767	2 690
Additions	5 925	545
Disposals	1 263	468
Change of provions for employees' benefits closing balance balance	7 429	2 767

Note 19

Deferred tax income - provisions	31 December 2006	31 December 2005
Deferred tax income - provisions opening balance	1 391	273
a) posted to net result	1 391	273
b) posted to equity		
Additions	4 439	5 560
a) posted to net result	4 439	5 560
b) posted to equity		
Disposals	3 947	4 442
a) posted to net result	3 947	4 442
b) posted to equity		
Deferred tax income - provisions closing balance balance	1 883	1 391
a) posted to net result	1 883	1 391
b) posted to equity		

Note 20

Short- term bank loans and others	31 December 2006	31 December 2005
Bank loans	19 569	32 162
Bonds	9 952	5 554
<i>including: related entities</i>		
Total short- term bank loans and others	29 521	37 716

Note 21

Short-term liabilities	31 December 2006	31 December 2005
Trade payables	135 629	125 363
<i>including: related entities</i>		
Taxation, subsidy and social security	9 554	5 350
Salary	4 527	2 798
Prepayments	45	368
<i>including: related entities</i>		
Other liabilities	5 727	4 775
<i>including: related entities</i>		
Total short-term liabilities	155 482	138 654

Ageing of trade payables	31 December 2006	31 December 2005
Due within 1 month	88 657	85 814
Due between 1 and 3 months	35 203	30 534
Due between 3 and 6 months		
Due between 6 months and 1 year		
Due after 1 year		
Overdue trade debtors	11 769	9 015
Total trade payables	135 629	125 363

Ageing of overdue trade payables	31 December 2006	31 December 2005
1 month	11 376	7 402
between 1 and 3 months	375	1 561
between 3 and 6 months	2	34
between 6 months and 1 year	3	1
after 1 year	13	17
Overdue trade payables	11 769	9 015

Note 22

Deferred income	31 December 2006	31 December 2005
settlement of vehicles' damages	27	38
settlement of estates' damages	225	5
penalties	25	
unrealised interest on tenant's deposits	12	10
other	1	
Total deferred income	290	53

Note 23

NET SALES OF PRODUCTS (by type of products)	12 months ended 31 December 2006	12 months ended 31 December 2005
Sales of services	70 450	47 814
<i>- including to related entities</i>		
Total net sales of products	70 450	47 814
<i>- including to related entities</i>		

NET SALES OF PRODUCTS (by geographic area)	12 months ended 31 December 2006	12 months ended 31 December 2005
Domestic	70 171	47 553
<i>- including to related entities</i>		
Export	279	261
<i>- including to related entities</i>		
Total net sales of products	70 450	47 814
<i>- including to related entities</i>		

Nota 24

NET SALES OF MERCHANDISES AND MATERIALS (by type of activity)	12 months ended 31 December 2006	12 months ended 31 December 2005
Sales of merchandises and materials	1 336 278	1 232 311
<i>- including to related entities</i>		
Sales of merchandises and materials	1 336 278	1 232 311
<i>- including to related entities</i>		

NET SALES OF MERCHANDISE AND MATERIALS (by geographic area)	12 months ended 31 December 2006	12 months ended 31 December 2005
Domestic	1 336 278	1 232 311
<i>- including to related entities</i>		
Export		
<i>- including to related entities</i>		
Total net sales of merchandise and materials	1 336 278	1 232 311
<i>- including to related entities</i>		

Nota 25

NON OPERATING INCOME	12 months ended 31 December 2006	12 months ended 31 December 2005
Profit from the disposal of non-financial fixed assets	91	9 695
Other	9 892	1 010
Total non operating income	9 983	10 705

OTHER NON OPERATING INCOME	12 months ended 31 December 2006	12 months ended 31 December 2005
Penalties	30	152
Compensation of vehicle damages	575	575
Compensation of fixed assets damages	126	101
Court proceedings costs	38	33
Cash premium		38
Transfer rights from rental	8 960	
Other	163	111
Total other non operating income	9 892	1 010

Note 26

COST BY KIND	12 months ended 31 December 2006	12 months ended 31 December 2005
depreciation and amortisation	18 409	17 225
materials and energy	37 556	31 689
external services	47 295	40 329
payroll	75 779	61 617
social security and other employee benefits	16 023	13 500
taxes and charges	4 251	4 010
other costs:	4 336	3 284
Total cost by kind of expenditure	203 649	171 654
Sales costs	154 396	139 422
Overhead costs	33 489	18 812
Cost of products sold	15 764	11 591
Cost of manufactured komputer software		1 829

Payroll	12 months ended 31 December 2006	12 months ended 31 December 2005
salary	75 779	61 617
social security	13 389	11 391
company's social benefit fund	1 085	1 072
personel training	428	301
other	1 121	736
Total payroll	91 802	75 118

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	362	
Revaluation of non-financial assets	1 264	1 560
Other non operating expenses	4 450	732
Total non operating expenses	6 076	2 292

Revaluation of non-financial assets	12 months ended 31 December 2006	12 months ended 31 December 2005
Creating of write-offs - fixed assets	259	212
Reversal of write-offs - fixed assets	146	
Creating of write-offs – receivables	1 596	1 715
Reversal of write-offs – receivables	445	367
Total revaluation of non-financial assets	1 264	1 560

Other non operating expenses	12 months ended 31 December 2006	12 months ended 31 December 2005
Donations	26	20
Vehicle damages	457	539
Fixed assets damages	327	72
Court proceedings costs	69	71
Transfer rights from rental	3 199	
Other	372	30
Total other non operating expenses	4 450	732

Note 28

FINANCIAL INCOME	12 months ended 31 December 2006	12 months ended 31 December 2005
Interest	729	629
<i>- including related entities</i>		
Other		19
Total financial income	729	648

Interest	12 months ended 31 December 2006	12 months ended 31 December 2005
Loans granted	36	28
<i>- including related entities</i>		
Interest on overdue receivables	530	557
<i>- including related entities</i>		
Interest on debt securities		
<i>- including related entities</i>		
Other	163	44
<i>- including related entities</i>		
Total interest	729	629

Note 29

FINANCIAL EXPENSES	12 months ended 31 December 2006	12 months ended 31 December 2005
Interest	3 765	5 559
<i>- including related entities</i>		
Loss on the disposal of investments		
Other financial expenses	83	35
Total financial expenses	3 848	5 594

Interest	12 months ended 31 December 2006	12 months ended 31 December 2005
Bank loan interest	3 417	5 443
Interest on overdue payables - including related entities	76	88
Bonds interest - including related entities	264	24
Tresury interests	7	4
Other interest	1	
Total interest	3 765	5 559

Other financial expenses	12 months ended 31 December 2006	12 months ended 31 December 2005
Financial expenses of bank warranty	77	35
Exchange rate differences	6	
Total other financial expenses	83	35

Note 30

CORPORATE INCOME TAX	12 months ended 31 December 2006	12 months ended 31 December 2005
Gross profit	32 845	26 979
Non taxable revenues		
financial incomes	1 177	385
<u>non operating incomes</u>	1 065	321
Other taxable income	39	6
Non taxable costs and losses		
<u>operating costs</u>	37 308	25 692
<u>financial expenses</u>	345	226
<u>other non operating expenses</u>	2 354	1 617
Additonal taxable costs	29 845	24 661
Taxable revenue	41 869	29 624
Deductions – donations	11	8
Base of tax calculation	41 858	29 616
Tax amount 19%	7 953	5 627
CIT paid	7 953	5 627

Note 31

DEFERRED CORPORATE INCOME TAX	12 months ended 31 December 2006	12 months ended 31 December 2005
Increase (decrease) from temporary differences from previous years	-1 534	-230
Decrease (increase) due to tax loss, tax relief or temporary difference that were not accounted for in previous periods	131	1 570
Other deferred tax items	-80	-1 447
Increase (decrease) from temporary differences – deferred income tax un consolidated.		
Exemptions	1	-27
Total deferred corporate income tax	-1 482	-134

Note 32

NET PROFIT PRE SHARE	12 months ended 31 December 2006	12 months ended 31 December 2005
Net profit	23 376	20 500
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
Net profit per share	3,27	3,09
Diluted net profit per share	3,27	3,09

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	1 344	814
- closing balance	2 509	1 344
Cash at bank		
- opening balance	648	1 007
- closing balance	444	648
Other cash		
- opening balance	5 152	4 213
- closing balance	9 700	5 152
Total cash		
- opening balance	7 144	6 034
- closing balance	12 653	7 144

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

CHANGES IN CASH FLOW POSITIONS	12 months ended 31 December 2006	12 months ended 31 December 2005
Receivables		
- change in receivables		
- investment receivables correct	1 030	650
Short-term payables	9 833	
- change in short-term payables	8 974	
- loans and borrowings		
- change in short-term payables for fixed assets	308	
- investment payables correct	-453	12 915
- corporate income tax		
- financial payables correct	171	
- interest		44
- change in inventories		

7. Selected financial data by segments

In Eldorado Group following segments can be separated:

- 1 Wholesale
- 2 Retail
- 3 Other

Year 2006	Wholesale	Retail	Other	Consolidation exemptions	Total
Sale	1 142 297	482 792	27 673	246 034	1 406 728
Sale (external customers)	907 133	479 985	19 609		1 406 727
Sale (internal customers)	235 164	2 807	8 064	246 034	
Costs	1 123 115	474 603	26 061	246 111	1 377 668
Costs (external customers)	889 015	469 229	19 424		1 377 668
Costs (internal customers)	234 100	5 374	6 637	246 111	
Result on other operating activity	-1 021	5 070	-144		3 905
Result on financial activity	-1 614	-684	-819		-3 117
Gross profit	15 483	15 142	-778		29 847
Income tax	3 386	2 800	284	-1	6 471
Net profit	12 097	12 342	-1 062	1	23 376

Year 2006	Wholesale	Retail	Other	Total
Assets	450 012	117 465	62 274	629 751
Equity&liabilities	513 928	77 406	38 417	629 751
Year 2006	Wholesale	Retail	Other	Total
Capital expenditures	8 155	21 381	14 122	43 658
Depreciation	8 547	7 505	2 212	18 264

Year 2005	Wholesale	Retail	Other	Consolidation exemptions	Total
Sale	1 068 283	407 140	24 601	219 899	1 280 125
Sale (external customers)	858 386	406 199	15 540		1 280 125
Sale (internal customers)	209 897	941	9 061	219 899	
Costs	1 054 626	400 955	21 726	220 111	1 257 196
Costs (external customers)	845 981	398 183	13 032		1 257 196
Costs (internal customers)	208 645	2 772	8 694	220 111	
Result on other operating activity	-799	5 177	4 035		8 413
Result on financial activity	-2 355	-1 457	-1 134		-4 946
Gross profit	9 251	11 736	5 409		26 396
Income tax	2 023	2 191	1 682		5 896
Net profit	7 228	9 545	3 727		20 500

Year 2005	Wholesale	Retail	Other	Total
Assets	186 954	91 151	48 795	326 900
Equity&liabilies	248 188	54 953	23 759	326 900
Year 2005	Wholesale	Retail	Other	Total
Capital expenditures	16 237	23 089	8 094	47 420
Depreciation	8 346	6 660	2 219	17 225

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
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