Quarterly report including interim financial statements of the Group of Companies for Q4 of the financial year 2010-2011

For the period from 1 April 2011 to 30 June 2011

Published on: 24 August 2011

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Ul. Kościerzyńska 32, 51-416 Wrocław, Tel (+48 71) 3240 500, fax (+48 71) 32 40 529, 78 90 529, www.ab.pl
BANK ACCOUNT: Kredyt Bank S.A I/o Wrocław, PL68 1500 1155 1211 5003 2339 0000 (PLN),
PL46 1500 1155 1211 5003 5196 000 (EUR), PL58 1500 1155 1211 5003 2456 0000 (USD); NIP 895-16-28-481
Katowice: tel. (+48 032) 355 90 20, fax (+48 032) 355 45 37 Warszawa: tel. (+48 022) 814 31 43, fax (+48 022) 814 23 46

I) SELECTED CONSOLIDATED FINANCIAL DATA

	PLN'000		EUR'000	
	4 quarters cumulatively period from 10-07-01 to 11-06-30	4 quarters cumulatively period from 09-07-01 to 10-06-30	4 quarters cumulatively period from 10-07-01 to 11-06-30	4 quarters cumulatively period from 09-07-01 to 10-06-30
Revenue	3 564 359	2 882 109	894 242	705 777
Operating profit (loss)	60 903	58 276	15 280	14 271
Profit (loss) before tax	62 206	45 393	15 607	11 116
Net profit (loss)	51 662	35 160	12 961	8 610
Profit (loss) attributable to Owners of the Company	51 650	35 127	12 958	8 602
Profit (loss) attributable minority interests	12	33	3	8
Total comprehensive income	53 953	23 874	13 536	5 846
Comprehensive income attributable to Owners of the Company	53 941	23 841	13 533	5 538
Comprehensive income attributable to non-controlling interests	12	33	3	8
Net cash flows from operating activities	-6 233	2 497	-1 564	611
Net cash flows from investing activities	-16 280	-7 195	-4 084	-1 762
Net cash flows from financing activities	20 340	7 467	5 103	1 829
Net cash flows, total	-2 173	2 769	-545	678
Earnings per ordinary share (PLN/EUR)	3.20	2.18	0.80	0.53
Diluted earnings per share (PLN/EUR)				
Number of shares (in pieces)	16 334 002	16 295 002	16 334 002	16 295 002
	PLN'000		EUR'000	
	As at 30.06.2011	As at 30.06.2010	As at 30.06.2011	As at 30.06.2010
Total assets	904 613	788 409	225 702	190 171
Equity attributable to owners of the Company	332 634	283 495	82 993	68 381
Equity attributable to non-controlling interests	141	127	35	31
Total equity	332 775	283 622	83 028	68 412
Non-current liabilities	5 772	5 296	1 440	1 277
Current liabilities	566 066	499 491	141 234	120 481
Total liabilities	571 838	504 787	142 674	121 759
Carrying amount per share (PLN/EUR)	20.37	17.40	5.08	4.20
Diluted carrying amount per share				

Average NBP exchange rate as at 30.06.2011:	4.008	PLN/EUR
Average NBP exchange rate as at 30.06.2010	4.1458	PLN/EUR
Average exchange rate for the period 01.07.-30.06.2011	3.9859	PLN/EUR
Average exchange rate for the period 01.07.-30.06.2010	4.0836	PLN/EUR

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II) SELECTED SEPARATE FINANCIAL DATA

	PLN '000		EUR '000	
	4 quarters cumulatively period from 10-07-01 to 11-06-30	4 quarters cumulatively period from 09-07-01 to 10-06-30	4 quarters cumulatively period from 10-07-01 to 11-06-30	4 quarters cumulatively period from 09-07-01 to 10-06-30
I. Net proceeds from sales of products, goods and materials	2 207 013	1 633 513	553 705	400 018
II. Operating profit (loss)	32 949	23 925	8 266	5 859
III .Gross profit (loss)	45 125	25 060	11 321	6 137
IV.Net profit (loss)	39 844	21 054	9 996	5 156
V.Net cash flows from operating activities	-6 613	8 634	-1 659	2 114
VI.Net cash flows from investing activities	-6 494	2 330	-1 629	571
VII.Net cash flows from financing activities	9 238	-2 247	2 318	-550
VIII.Net cash flows, total	-3 869	8 717	-971	2 135
IX. Total assets	645 480	545 461	161 048	131 570
X. Liabilities and provisions for liabilities	388 657	323 677	96 970	78 083
XI. Non-current liabilities				
XII. Current liabilities	382 748	320 125	95 496	77 217
XIII.Equity	256 823	221 784	64 078	53 496
XIV.Share capital	16 334	16 295	4 075	3 930
XV. Number of shares (in pieces)	16 334 002	16 295 002	16 334 002	16 295 002
XVI .Earnings per ordinary share (PLN/EUR)	2.44	1.30	0.61	0.31
XVII. Diluted earnings per share (PLN/EUR)				
XVIII. Carrying amount per share (PLN/EUR)	15.72	13.60	3.92	3.28
XIX. Diluted carrying amount per share				
Declared or paid out dividend per share				

Average NBP exchange rate as at 30.06.2011:	4.008	PLN/EUR
Average NBP exchange rate as at 30.06.2010:	4.1458	PLN/EUR
Average exchange rate for the period 01.07.-30.06.2011	3.9859	PLN/EUR
Average exchange rate for the period 01.07.-30.06.2010	4.0836	PLN/EUR

III) CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 MARCH 2011

	Period of 3 months ended 30/06/2011	Period of 12 months ended 30/06/2011	Period of 3 months ended 30/06/2010	Period of 12 months ended 30/06/2010
	PLN'000	PLN'000	PLN'000	PLN'000
Continuing operations				
Revenue	800 924	3 564 359	654 615	2 882 109
Cost of sales	-750 255	-3 366 690	-604 598	-2 710 659
Gross profit (loss)	**50 669**	**197 669**	**50 017**	**171 450**
Cost of sales	-24 469	-86 579	-18 630	-75 081
Administration expenses	-8 519	-25 523	-6 839	-24 516
Other operating revenue	1 552	14 196	4 225	7 031
Other operating expenses	-7 426	-38 860	-6 742	20 608
Operating profit (loss)	**11 807**	**60 903**	**22 031**	**58 276**
Financial revenue	3 292	16 034		1 721
Finance costs	-4 566	-14 731	-11 970	-14 604
Gain recognised on disposal of interest in former associates				
Share of profits of associates				
Profit (loss) before tax	**10 533**	**62 206**	**10 061**	**45 393**
Income tax expense	-2 268	-10 544	-2 615	-10 233
Net continued operations profit (loss)	**8 265**	**51 662**	**7 446**	**35 160**
Discontinued operations				
Net discontinued operations profit (loss)				
Net profit (loss)	**8 265**	**51 662**	**7 446**	**35 160**
Net profit (loss) attributable to:				
Owners of the Company	8 254	51 650	7 515	35 127
Non-controlling interests	11	12	-69	33
	8 265	**51 662**	**7 446**	**35 160**

IV) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

	Period of 3 months ended 30/06/2011	Period of 12 months ended 30/06/2011	Period of 3 months ended 30/06/2010	Period of 12 months ended 30/06/2010
	PLN'000	PLN'000	PLN'000	PLN'000
Net profit (loss)	**8 265**	**51 662**	**7 446**	**35 160**
Other comprehensive income				
Exchange differences on translating foreign operations	-268	2 291	8 778	-11 286
Net value gain on available-for-sale financial assets				
Hedge accounting				
Gain on revaluation of properties				
Actuarial gains and losses				
Share of other comprehensive income of associates				
Income tax relating to components of other comprehensive income				
Other comprehensive income , net of tax				
Total comprehensive income	**7 997**	**53 953**	**16 224**	**23 874**
Total comprehensive income attributable to:				
Owners of the Company	7 986	53 941	16 293	23 841
Non-controlling interests	11	12	-69	33
Total comprehensive income	**7 997**	**53 953**	**16 224**	**23 874**

V) CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2011

	As at 30/06/2011	30/06/2010
	PLN'000	PLN'000
ASSETS		
Non-current assets		
Property, plant and equipment	93 596	85 339
Goodwill	41 400	40 593
Other intangible assets	25 471	25 871
Long-term investments	493	452
Deferred tax assets	6 097	5 057
Finance lease receivables		
Other financial assets		405
Other assets		
Total non-current assets	**167 057**	**157 717**
Current assets		
Inventories	317 640	291 194
Trade and other receivables	400 110	317 961
Finance lease receivables		
Derivative instruments		
Other financial assets	11	283
Other assets	3 361	2 647
Cash and bank balances	16 434	18 607
Total current assets	**737 556**	**630 692**
Total assets	**904 613**	**788 409**

EQUITY AND LIABILITIES	30/06/2011 PLN'000	30/06/2010 PLN'000
Capital and reserves		
Issued capital	16 334	16 295
Treasury shares	-838	-838
Supplementary capital	140 158	139 632
Reserves	92 245	73 852
Retained earnings	84 735	54 554
Equity attributable to owners of the Company	332 634	283 495
Equity attributable to non-controlling interests	141	127
Total equity	**332 775**	**283 622**
Non-current liabilities		
Borrowings		
Finance lease liabilities		
Retirement benefit obligation		
Deferred tax liabilities	5 772	5 296
Provisions		
Total non-current liabilities	**5 772**	**5 296**
Current liabilities		
Trade and other payables	379 916	344 494
Borrowings	175 856	141 407
Finance lease liabilities		
Other financial liabilities	199	101
Current tax liabilities	1 167	1 557
Provisions	8 928	11 932
Total current liabilities	**566 066**	**499 491**
Total liabilities	**571 838**	**504 787**
Total equity and liabilities	**904 613**	**788 409**

VI) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

	Share capital	Treasury shares	Reserve	General reserve	Executive options revaluation reserve	Foreign currency translation reserve	Total reserve	Retained earnings	Attributable to Owners of the Company	Non-controlling interests	Total equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Balance at 1 July 2009	15 950	-487	135 571	37 599	4 492	35 253	77 344	35 425	263 803	92	263 895
Issue of ordinary shares	345								345		345
Share issue costs											
Share repurchase costs		-351							-351		-351
Valuation of executive options programme					82		82		82		82
Net profit/loss for the period								35 127	35 127	33	35 160
Payment of dividends for previous year			43	12 178			12 178	-12 221			
Foreign exchange difference from translation of foreign units						-11 286	-11 286		-11 286		-11 286
					-4 018		-4 018				
Redemption of executive options			4 018		-448		-448	448			
Effects of revaluation of assets											
Income tax relating to components of other comprehensive income											
Other											
Payment of dividends								-4 225	-4 225		-4 225
Total recognised revenue and costs											
										2	2
Balance at 30 June 2010	16 295	-838	139 632	49 777	108	23 967	73 852	54 554	283 495	127	283 622
Balance at 1 July 2010											
Ordinary shares issue	16 295	-838	139 632	49 777	108	23 967	73 852	54 554	283 495	127	283 622
	39								39		39
Share issue costs											
Share repurchase costs											
Valuation of the executive options programme											
Net profit/loss for the period								51 650	51 650	12	51 662
Payment of dividends for previous year			415	16 210			16 210	-16 625			0

Foreign exchange difference from translation of foreign units						2 291	2 291		2 291		2 291
Hedge accounting											
Effects of revaluation of assets											
Income tax relating to components of other comprehensive income											
Redemption of executive options			108		-108		-108				
Other			3						3		3
								-4 844	-4 844		-4 844
Payment of dividends											
Total recognised revenue and costs										2	2
Balance at 30 June 2011	16 334	-838	140 158	65 987	0	26 258	92 245	84 735	332 634	141	332 775

VII) CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2011

	12-month period ended 30/06/2011 PLN'000	12-month period ended 30/06/2010 PLN'000
Cash flows from operating activities		
Gross profit (loss)	62 206	45 393
Finance costs recognised in comprehensive income	9 304	6 208
Depreciation	8 798	7 997
Profit (loss) from investing activities	-51	-117
Profit (loss) from foreign exchange differences	637	-5 758
	80 894	53 723
Movements in working capital		
Increase in trade and other receivables	-82 149	-34 118
Change in other receivables		
(Increase)/decrease in inventories	-26 446	-85 642
Increase in other assets	-714	194
Decrease in trade and other payables	35 422	71 778
Increase/(decrease) in provisions	-3 004	6 161
Other adjustments		82
	-76 891	-41 545
Cash generated from operations	4 003	12 178
Interest paid		
Income taxes paid	-10 236	-9 681
Net cash generated by operating activities	**-6 233**	**2 497**
Cash flows from financing activities		
Payments to acquire financial assets		-5
Proceeds on sale of financial assets		
Interest received		
Amounts advanced to related parties	-55	-634
Repayments by related parties	600	22
Payments for property, plant and equipment	-16 146	-4 578
Proceeds from disposal of property, plant and equipment	394	456
Payments for intangible assets	-1 073	-2 456
	- 16 280	**-7 195**
Cash flows from financing activities		
Proceeds from issue of debt securities		
Proceeds from issue of equity shares	39	345
Payment for share issue costs		
Proceeds from borrowings	34 449	17 948
Repayment of borrowings		-7 360
Interest	-9 304	-6 208
Dividends paid	-4 844	-4 267
Share repurchase costs		-351
Net cash generated by financing activities	**20 340**	**7 467**
Net change of cash and cash equivalents	-2 173	2 769
Cash and cash equivalents at the beginning of the period	18 607	15 838
Cash and cash equivalents at the end of the period	16 434	18 607

VIII) (SEPATARE) BALANCE SHEET

	ASSETS [PLN K]	2011-06-30	2011-03-31	2010-06-30
I	**Non-current assets**	**183 795**	**171 170**	**172 034**
1	Intangible assets	**2 010**	**1 987**	1 953
	- Goodwill			
2	Tangible assets	**60 146**	**60 530**	63 084
3	Long-term amounts receivable			
3.1	From associates			
3.2	From other entities			
4	Long-term investments	**120 051**	**106 232**	105 755
4.1	Immoveable property	**452**	**452**	452
4.2	Intangible assets			
4.3	Long-term financial assets	**119 599**	**105 780**	105 303
a)	In associates:	**119 559**	**105 764**	105 294
	- shares in subsidiaries measured with the ownership-based scheme			
	- loans granted	**10 710**	**860**	390
b)	In other entities	**40**	**16**	9
	- loans granted	**40**	**16**	9
4.4	Other long-term investments			
5	Long-term prepayments and accrued income	**1 588**	**2 421**	1 242
5.1	Deferred income tax assets	**1 588**	**2 421**	1 242
5.2	Other prepayments and accrued income			
II	**Current assets**	**461 685**	**554 148**	**373 427**
1	Inventories	219 600	251 247	169 446
2	Short-term amounts receivable	231 734	296 288	189 413
2.1	From associates	7 514	9 722	4 474
2.2	From other entities	224 220	286 566	184 939
3	Short-term investments	9 400	5 723	13 541
3.1	Short-term financial assets	9 400	5 723	13 541
a)	in associates			
b)	In other entities	11		283
c)	cash and cash equivalents	9 389	5 723	13 258
3.2	Other short-term investments			
4	Short-term prepayments and accrued income	951	890	1 027
	TOTAL ASSETS	**645 480**	**725 318**	**545 461**

	LIABILITIES AND EQUITY [PLN K]	2011-06-30	2011-03-31	2010-06-30
I	**Shareholders' equity**	**256 823**	**253 235**	**221 784**
1	Share capital	16 334	16 295	16 295
2	Called up share capital (negative value)			
3	Treasury shares (negative value)	-838	-838	-838
4	Statutory capital reserve	135 503	135 503	135 503
5	Revaluation reserve			
6	Other reserves	65 980	65 980	49 770
7	Retained earnings (losses)			
8	Net profit (loss)	39 844	36 295	21 054
9	Deductions from net profit during the financial year (negative value)			
II	**Liabilities and provisions for liabilities**	**388 657**	**472 083**	**323 677**
1	Provisions for liabilities	5 909	12 321	3 526
1.1	Deferred income tax provisions			
1.2	Pension and other benefits provision	200	195	195
a)	long-term			

b)	short-term			
1.3	Other provisions	5 709	12 126	3 331
a)	long-term			
b)	short-term			
2	Long-term liabilities			
2.1	To associates			
2.2	To other entities			
3	Short-term liabilities	382 748	459 762	320 125
3.1	To associates	315	1 490	1 609
3.2	To other entities	382 058	458 175	318 203
3.3	Special funds	375	97	313
4	Accruals and deferred income			26
4.1	Gain from a bargain purchase			
4.2	Other accruals and deferred income			26
a)	long-term			
b)	short-term			26
	TOTAL LIABILITIES AND EQUITY	**645 480**	**725 318**	**545 461**

IX) (SEPARATE) OFF-BALANCE SHEET ITEMS

	[PLN K]	**2011-06-30**	**2011-03-31**	**2009-06-30**
1	**Contingent receivables**			
1.1	From associates (due to)			
	- received guarantees and sureties			
1.2	From associates (due to)			
	- received guarantees and sureties			
2	**Contingent liabilities**	**12 573**	**2 823**	**3 395**
2.1	Towards associates (due to)			
	- received guarantees and sureties			
2.2	Towards associates (due to)	12 573	2 823	3 395
	- received guarantees and sureties	12 573	2 823	3 395
3	Other - factoring	76 739	43 157	
	Total off-balance sheet items	**89 312**	**45 980**	**3 395**

X) (SEPARATE) PROFIT AND LOSS ACCOUNT

	[PLN K]	from 11-04-01 to 11-06-30	10-07-01 to 11-06-30	10-04-01 to 10-06-30	09-07-01 to 10-06-30
I	Net proceeds from sales of products, goods and materials, including:	511 661	2 207 013	391 446	1 633 513
	- to associates	21 443	87 860	22 280	77 944
1	Net proceeds from sales of products	9 758	52 263	11 251	26 788
2	Net proceeds from sales of goods and materials	501 903	2 154 750	380 195	1 606 725
II	Costs of products, goods and materials sold, including:	486 911	2 113 674	367 177	1 561 588
1	Manufacturing cost of products sold	9 723	52 123	11 246	26 671
2	Value of goods and materials sold	477 188	2 061 551	355 931	1 534 917
III	**Gross profit (loss|) from sales (I-II)**	**24 750**	**93 339**	**24 269**	**71 925**
IV	**Cost of sales**	**6 734**	**25 824**	**5 222**	**25 500**
V	**General administrative expenses**	**4 522**	**11 891**	**2 988**	**8 487**
VI	**Profit (loss) on sales (III-IV-V)**	**13 494**	**55 624**	**16 059**	**37 938**
VII	**Other operating income**	**1 188**	**12 013**	**3 441**	**5 092**
1	Profit from disposal of non-financial fixed assets			3	4
2	Subsidies				
3	Other operating income			3 438	5 088
VIII	**Other operating expenses**	**8 723**	**34 688**	**5 860**	**19 105**
1	Loss on disposal of non-financial fixed assets				
2	Impairment loss on non-financial fixed assets			577	2 479
3	Other operating income			5 283	16 626
IX	**Operating income (loss) (VI+VII-VIII)**	**5 959**	**32 949**	**13 640**	**23 925**
X	Financial income	2 486	23 219	8 110	9 272
1	Dividends and share in profits, including:		11 060	7 695	7 695
	-from associates		11 060	7 695	7 695
2	Interest, including:	196	2 616	128	1 252
	- from associates				
3	Profit on disposal of investments				
4	Investments' revaluation				
5	Other	2 290	9 543	287	325
XI	Financial expenses, including:	3 634	11 043	10 577	8 137
1	Interest, including:	3 333	10 212	1 292	4 851
	- to associates				
2	Loss on disposal of investments				
3	Impairment loss on investments				
4	Other	301	831	9 285	3 286
XII	**Profit(loss) on ordinary activities (IX+X-XI)**	**4 811**	**45 125**	**11 173**	**25 060**
XIII	**Result of extraordinary events(XIII.1. - XIII.2.)**				
1	Extraordinary gains				
2	Extraordinary losses				
XIV	**Gross profit (loss) (XII+/-XIII)**	**4 811**	**45 125**	**11 173**	**25 060**
XV	**Income tax**	**1 262**	**5 281**	**963**	**4 006**
a)	current tax	430	5 628	1 331	4 568
b)	deferred tax	832	-347	-368	-562
XVI	**Other compulsory charges decreasing the profit (increasing the loss)**				
XVII	**Share of profits (losses) of associates**				
XVIII	**Net profit (loss) (XIV-XV-XVI+/-XVII)**	**3 549**	**39 844**	**10 210**	**21 054**

XI) (SEPARATE) STATEMENT OF CHANGES IN EQUITY

	[PLN K]	from 11-01-01 to 11-03-31	10-07-11 to 11-03-31	10-01-01 to 10-03-31
I	**Opening balance of equity (BO)**	**253 235**	**221 784**	**205 003**
a)	changes in the accepted accounting principles (policy)			
b)	adjustments for errors			
I.a	**Opening balance of equity after reconciliation of comparable data**	**253 235**	**221 784**	**205 003**
1	Opening balance of share capital	16 295	16 295	15 950
1.1	Changes in share capital			
a)	Additions (as a result of)	39	39	345
	- share issues	39	39	345
b)	Reductions (as a result of)			
	- share redemptions			
1.2	Closing balance of share capital	16 295	16 295	15 950
2	Opening balance of called up share capital			
2.1	Changes in called up share capital			
a)	additions (as a result of)			
b)	reductions(as a result of)			
2.2	Closing balance of called up share capital			
3	Opening balance of treasury shares	-838	-838	-838
3.1	Changes in treasury shares			
a)	additions (as a result of)			
	- purchase of own shares			
b)	reductions(as a result of)			
3.2	Closing balance of treasury shares	-838	-838	-838
4	Opening balance of statutory capital reserve	135 503	135 503	135 503
4.1	Changes in the statutory capital reserve			
a)	additions (as a result of)			
	-share premium			
	- (statutory) profit distribution			
	- profit distribution (in excess of the minimum statutory value)			
b)	reductions(as a result of)			
	-costs of issue			
4.2	Closing balance of statutory capital reserve	135 503	135 503	135 503
5	Opening balance of revaluation reserve			
5.1	Changes in the revaluation reserve			
a)	additions (as a result of)			
b)	reductions(as a result of)			

Ul. Kościerzyńska 32, 51-416 Wrocław, Tel (+48 71) 3240 500, fax (+48 71) 32 40 529, 78 90 529, www.ab.pl
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	-disposal of non-current assets			
5.2	Closing balance of revaluation reserve			
6	Opening balance of other reserves	65 980	49 770	37 591
6.1	Changes in other reserves		16 210	12 179
a)	additions (as a result of)		16 210	12 179
	profit brought forward		16 210	12 179
	called up share capital			
b)	reductions (as a result of)			
6.2	Closing balance of other reserves	65 980	65 980	49 770
7	Opening balance of retained earnings (losses)	36 295	21 054	16 446
7.1	Opening balance of retained earnings	36 295	21 054	16 446
a)	changes in the accepted accounting principles (policy)			
b)	adjustments for errors			
7.2	Opening balance of retained earnings after reconciliation with comparable data			
a)	additions (as a result of)			
	-distributions of retained earnings			
b)	reductions (as a result of)		21 054	16 446
	distributions of retained earnings		21 054	16 446
	increase of reserve		16 210	12 179
	payment of dividends		4 844	4 267
7.3	Closing balance of retained earnings	36 295		
7.4	Opening balance of retained losses			
a)	changes in the accepted accounting principles (policy)			
b)	adjustments for errors			
7.5	Opening balance of retained losses after reconciliation with comparable data			
a)	additions (as a result of)			
	- retained losses to be covered brought forward			
b)	reductions (as a result of)			
7.6	Closing balance of retained losses			
7.7	Closing balance of retained earnings (losses)	36 295		
8	Net result	3 549		21 054
a)	net profit	3 549	39 844	21 054
b)	net loss			
c)	profit distributions			
II	**Closing balance of equity (BZ)**	**256 823**	**256 823**	**221 784**
III	**Closing balance after proposed profit distribution (loss coverage)**	**256 823**	**256 823**	**221 784**

XII) (SEPARATE) STATEMENT OF CASH FLOWS

	[PLN K]	from 11-01-01 to 11-06-30	from 10-07-01 to 11-06-30	from 10-01-01 to 10-06-30	from 09-07-01 to 10-06-30
A	**Cash flows from operating activities**				
I	**Net profit**	**3 549**	**39 844**	**10 210**	**21 054**
II	**Total adjustments:**	**40 444**	**-46 457**	**-56 379**	**-12 420**
1	Share of profits (losses) of associates		-11 060	-7 695	-7 695
2	Depreciation	1 612	6 182	1 226	4 774
3	Gains/losses from exchange rate differences	-158	199	373	-55
4	Interest and share of profits [dividends]	1 908	7 279	1 288	4 019
5	Profit/loss from investing activities	-3	30	316	-4
6	Change in reserve	-6 412	2 383	-4 085	307
7	Change in inventories	31 647	-50 154	-26 815	-58 334
8	Change in receivables	64 554	-42 321	-21 872	-13 882
9	Change in current liabilities, excluding borrowings	-53 476	41 301	1 375	59 405
10	Change in prepayments and accruals	772	-296	-490	-955
11	Other adjustments				
III	**Net cash flows from operating activities**	**43 993**	**-6 613**	**-46 169**	**8 634**
B.	**Cash flows from investing activities**				
I	**Receipts**	**9**	**11 728**	**7 725**	**7 883**
1	Disposal of intangible and tangible non-current assets	4	68	23	166
2	Disposal of investments in immovable property and intangible assets				
3	From financial assets, including:		11 660	7 702	7 717
a)	in associates		11 420		
	- disposal of financial assets				
	- dividends and share in profits		11 060	7 695	7 695
	- repayment of long-term loans granted		360		
	- interest				
	- other receipts from financial assets				
	- dividends and share in profits				
	- repayment of long-term loans granted				
	- interest				
	- other receipts from financial assets				
b)	in other entities	5	240	7	22
	- disposal of financial assets				
	- dividends and share in profits				
	- repayment of long-term loans granted	5	240		
	- interest				
	- other receipts from financial assets				
	- dividends and share in profits				
	- repayment of long-term loans granted				
	- interest				
	- other receipts from financial assets				
4	Other investment receipts			7	22
II	**Payments**	**15 285**	**18 222**	**431**	**5 553**
1	Acquisition of intangible assets and property, plant and equipment	1 440	3 532	157	4 914
2	Acquisition of property investment and intangible assets				
3	For financial assets	13 845	14 690	274	639
a)	in associates	13 805	14 635		
	- acquisition of financial assets	3 945	3 945		5
	- granted non-current borrowings	9 860	10 690		360
b)	in other entities	40	55	274	274
	- acquisition of financial assets				
	- granted non-current borrowings	40	55	274	
4	Other investment expense				

III	**Net cash flows from investment activities**	**-15 276**	**- 6 494**	**7 294**	**2 330**
C	**Cash flows from financing activities**				
I	Receipts	39	21 361	269	7 195
1	Net receipts from issues of shares and other equity instruments	39	39	269	345
2	Borrowings		21 322	37 050	6 850
3	Issues of debt securities				
4	Other financial receipts				
II	**Payments**	**25 090**	**12 123**	**35 772**	**9 442**
1	Purchase of treasury shares				351
2	Dividends and other payouts to owners		4 844		4 267
3	Profit distribution other than to owners				
4	Repayment of borrowings	23 182		37 050	
5	Redemption of debt securities				
6	For other financial liabilities				
7	Finance lease payments				
8	Interest	1 908	7 279	1 278	4 824
9	Other financial expenses				
III	**Net cash flows from financing activities**	**-25 051**	**9 238**	**36 041**	**-2 247**
D	**Total net cash flows**	**3 666**	**-3 869**	**-2 834**	**8 717**
E	**Balance sheet change in cash and cash equivalents, including:**	**3 666**	**-3 869**	**-2 834**	**8 717**
	- change in cash and cash equivalents due to foreign exchange differences				
F	**Cash and cash equivalents at the beginning of the period**	**5 723**	**13 258**	**16 092**	**4 541**
G	**Cash and cash equivalents at the end of the period, including:**	**9 389**	**9 389**	**13 258**	**13 258**
	- with limited disposability	280	280	246	246

XIII) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DECLARATION OF CONFORMITY

These Abbreviated Interim Consolidated Group Financial Statements were prepared in accordance with the International Accounting Standards („IAS") 34 - Interim Financial Reporting ("IAS 34") and in compliance with the applicable accounting standards regarding interim reporting adopted by the European Union, published and in effect as at the date of preparing the Interim Consolidated Financial Statements.

The Abbreviated Interim Consolidated Financial Statements do not include all information which is disclosed in the annual consolidated financial statements prepared in accordance with IFRS. These Abbreviated Interim Consolidated Financial Statements are to be read together with the Consolidated Financial Statements of the Group of Companies for the year 2009/10.

2. ACCOUNTING PRINCIPLES

- **Going concern principle**

The consolidated financial statements have been prepared on the assumption that the Group is a going concern in the predictable future. As at the date of preparing these financial statements there are no circumstances which could threaten the Group's going concern.

- **Functional and reporting currency**

These consolidated financial statements have been prepared in the Polish zlotys (PLN). The Polish zloty is a functional and reporting currency of the Group of Companies. The data in the financial statements are in thousands of Polish zlotys unless, in specific cases, they have been provided with greater accuracy.

- **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the parent entity and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries (except for goodwill) are identified separately from the Group's equity therein. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses attributable to non-controlling interest above the amount of interests are allocated to Group share, unless non-controlling shareholders commit themselves effectively to make additional investments to cover losses and provided that they have the necessary funds.

- **Business combinations**

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, increased by the acquisition-related costs. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognised at their fair value at the acquisition date, except that assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* which are recognized and measured at fair value less cost of sales.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Non-controlling interest in the acquiree initially measured as a proportionate share of the net face value of recognized assets, liabilities and contingent liabilities.

- **Goodwill**

Goodwill arising in a business combination is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. . An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary or an entity subject to joint control, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

- **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed by the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold taking account of historical trends in the servicing provided to the products sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

- **The Group as lessee**

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs presented below. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised in profit and loss as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

- **Foreign currencies**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in the Polish zlotys ("PLN"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the Polish złoty (PLN) are recognised at the rates of exchange prevailing at the dates of the transactions. As at the end of the reporting period monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation, which are recognised initially in reserves for foreign currency translations and in net profit or loss on disposal of investments.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the Polish currency using exchange rates prevailing as at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Any exchange differences on foreign currency are recognised in consolidated financial statements under equity and are moved to foreign currency translation reserve booked by the Group. Such exchange differences are recognised as income or expense in the period when a foreign operation was disposed of.

Goodwill and fair value adjustments on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated to the Polish currency at the rate of exchange prevailing at the end of the reporting period.

Ul. Kościerzyńska 32, 51-416 Wrocław, Tel (+48 71) 3240 500, fax (+48 71) 32 40 529, 78 90 529, www.ab.pl
BANK ACCOUNT: Kredyt Bank S.A I/o Wrocław, PL68 1500 1155 1211 5003 2339 0000 (PLN),
PL46 1500 1155 1211 5003 5196 000 (EUR), PL58 1500 1155 1211 5003 2456 0000 (USD); NIP 895-16-28-481
Katowice: tel. (+48 032) 355 90 20, fax (+48 032) 355 45 37 Warszawa: tel. (+48 022) 814 31 43, fax (+48 022) 814 23 46

- **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

- **Retirement benefit costs**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of the reporting period.

- **Share-based payment arrangements**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Fair value is measured with the use of binominal pricing model. The expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

The policy described above is applied to all equity-settled share-based payment transactions that were granted after 7 November 2002 and vested after 1 January 2005. No amounts have been recognised in the consolidated financial statements in respect of other equity-settled shared-based payments.

Equity-settled share-based payment transactions with parties other than employees and stated based on the equity method are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired. This liability is recognised at the fair value measured as at every balance sheet date.

- **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax laws (and tax rates) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities may be offset against each other if the entity has a right to offset current tax assets and liabilities, provided that they are subject to taxation with the same fiscal bodies and the Group intends to account for its current assets and liabilities as net amounts.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in directly in equity, in which case, the current and deferred tax are also recognised in equity or when in arises from the initial accounting of business combination. For a business combination the tax effect is included in the accounting for the goodwill or measurement of the share of acquirer in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities in excess of the acquisition costs.

- **Property, plant and equipment**

Property, plant and equipment and properties under construction are recognised initially at the acquisition price or manufacturing cost.
Property, plant and equipment are recognised as at the end of the reporting period at the acquisition price or manufacturing cost less impairment losses.
Properties under construction are recognized as at the end of the reporting period at the acquisition price or manufacturing cost less accumulated impairment losses.
Depreciation is recognised so as to write off the price of acquisition or manufacturing cost of assets other than properties under construction. Depreciation is recognised over their useful lives, using the straight-line method starting in the month following the month when an asset was accepted for use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis.

According to the materiality principle regarding depreciation, property, plant and equipment of an initial value lower than PLN 2,000 are depreciated only one time, in the month following the month when property, plant and equipment were accepted for use.
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.
Any gain or loss arising on the disposal/liquidation or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

- **Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs.
Investment properties are recognised as at the end of the reporting period at cost less accumulated depreciation and accumulated impairment loss.

- **Intangible assets**

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill, if they satisfy the definition of intangible assets and their fair value may be reliably measured. Cost of such assets is equal to their fair value at the date of acquisition.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets with indefinite useful lives are annually tested for impairment.

- **Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

- **Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less VAT.

Inventories include goods, materials and finished products. Goods and materials are stated at cost which includes acquisition price increased by import taxes, transportation, loading and unloading costs and other costs directly attributable to the acquisition of goods and materials less discounts and rebates.
Products manufacturing costs include costs directly attributable to the product unit and accordingly allocated variable and fixed indirect manufacturing costs. Variable indirect manufacturing costs are allocated to the product unit based on the current use of machines and manufacturing equipment. The indirect manufacturing costs are allocated assuming a standard operating rate. Goods and materials are disposed of at the average weighted prices, and products are disposed of on a first-in, first-out basis.

Net realisable value represents the estimated selling price for inventories less VAT.

- **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Ul. Kościerzyńska 32, 51-416 Wrocław, Tel (+48 71) 3240 500, fax (+48 71) 32 40 529, 78 90 529, www.ab.pl
BANK ACCOUNT: Kredyt Bank S.A I/o Wrocław, PL68 1500 1155 1211 5003 2339 0000 (PLN),
PL46 1500 1155 1211 5003 5196 000 (EUR), PL58 1500 1155 1211 5003 2456 0000 (USD); NIP 895-16-28-481
Katowice: tel. (+48 032) 355 90 20, fax (+48 032) 355 45 37 Warszawa: tel. (+48 022) 814 31 43, fax (+48 022) 814 23 46

- **Financial assets**

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' , 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, (where appropriate), a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments.

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Available for sale financial assets

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS (available for sale) and are stated at fair value. Gains and losses arising from changes in fair value are recognised in equity and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

This applies to all assets except for AFS equity instruments where any increase in fair value subsequent to an impairment loss is recognised in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

- **Financial liabilities and equity instruments issued by the Group**

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at FVTPL’ or ‘other financial liabilities’.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

- **Derivative instruments**

The Group uses foreign exchange contracts and cross currency swaps to hedge FX differences risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derivatives not designated and effective hedging instrument are presented as current assets or current liabilities.

Hedge accounting.

The Group does not apply hedge accounting.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

- **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value..
At the end of the reporting period the carrying amount of the goodwill equalled to PLN 414 million.

Intangible assets with indefinite useful lives .

Intangible assets with indefinite useful lives are tested for impairment annually in the cash- generating unit. As at the end of the reporting period the value of the Group's iintangible assets with indefinite useful lives totals PLN 22.9 million.

Useful lives of property, plant and equipment

Amortization and depreciation rates are determined based on their estimated useful lives of property, plant and equipment and intangible assets. Every year the estimated useful lives are verified based on the current estimations. As at the end of the reporting period the value of property, plant and equipment equaled to PLN 93.6 million.

3. OPERATING SEGMENTS

The three substantial departments of the company conduct operations on three basic geographical segments: A, B and C. The composition of the particular geographical segments is as follows:

Area A Poland	In area A the Group has branches conducting wholesales.
Area B Czech Republic	In area B the Group has branches conducting wholesales, retail sales and manufacturing.
Area C Slovakia	In area C the Group has branches conducting wholesales.

The Group's revenues from sales to external customers and information regarding assets in particular geographical segments have been presented below.

Revenue in particular segments

	External sales	Inter-segment sales	Other	Total
	Period ended 30/06/11	Period ended 30/06/11	Period ended 30/06/11	Period ended 30/06/11
	PLN'000	PLN'000	PLN'000	PLN'000
Poland	2 150 083	87 860		2 237 943
Czech Republic	1 207 686	292 686		1 500 372
Slovakia	206 590	1 335		207 925
Segments total				3 946 240
Eliminations				381 881
Consolidated revenue				3 564 359

The sale prices between segments correspond to the prices applied in external sales of similar products.

Assets and liabilities by segments

	Assets	Liabilities
	30/06/11	30/06/11
	PLN'000	PLN'000
Poland	645 480	388 657
Czech Republic	239 667	170 590
Slovakia	19 466	12 591
	904 613	571 838
Segments total	904 613	571 838
Eliminations		
Unallocated		
Consolidated	904 613	571 838

Results in particular segments

	Interest expense/revenue	Period ended 30/06/11
		PLN'000
Continuing operations		
Poland	(7 596)	34 065
Czech Republic	(2 011)	26 743
Slovakia	5	1 398
Eliminations		
Unallocated		
Profit before tax		62 206
Income tax expense		10 544
Profit for the year from continuing operations		
Discontinued operations		
Profit before tax		
Income tax expense		
Profit for the year from discontinued operations		
Profit for the year		51 662

Depreciation in particular segments

	Acquisition of assets	Period ended 30/06/11
	PLN'000	PLN'000
Continuing operations		
Poland	15 709	6 214
Czech Republic	1 510	2 320
Slovakia	-	264
Consolidated	17 219	8 798

Business segments

The supplementary format of the reporting of the group is a division into business segments.
The operations of the Group include:

- wholesales of computer, telecommunications, multimedia and electronic equipment,
- retail sales of computer equipment
- manufacturing of personal computers

Ul. Kościerzyńska 32, 51-416 Wrocław, Tel (+48 71) 3240 500, fax (+48 71) 32 40 529, 78 90 529, www.ab.pl
BANK ACCOUNT: Kredyt Bank S.A I/o Wrocław, PL68 1500 1155 1211 5003 2339 0000 (PLN),
PL46 1500 1155 1211 5003 5196 000 (EUR), PL58 1500 1155 1211 5003 2456 0000 (USD); NIP 895-16-28-481
Katowice: tel. (+48 032) 355 90 20, fax (+48 032) 355 45 37 Warszawa: tel. (+48 022) 814 31 43, fax (+48 022) 814 23 46

	Revenue from sales to external customers	Assets by segments	Acquisition of assets
	Period ended 30/06/11	30/06/11	Period ended 30/06/11
	PLN'000	PLN'000	PLN'000
Wholesales	3 528 020	893 377	17 219
Retail sales	28 786	5 955	
Manufacturing	7 553	5 281	
	3 564 359	904 613	17 219

The inter-segment sale prices correspond to the prices applied in external sale of similar products.
In the comparable period the Company operated only in one geographical segment (in Poland) and one business segment (wholesales).

4. Operations in interim period

Seasonal fluctuations of particular values comprising the financial results in the period covered by the report repeat the market trends from the previous years.

5. Earnings per share

	Period ended 30/06/11	Period ended 30/06/10
	PLN per share	PLN per share
Basic earnings per share		
From continuing operations	51 650	35 127
From discontinued operations		0
Total basic earnings per share	3.20	2.18
Diluted earnings per share	**51 650**	**27 131**
From continuing operations	0	0
From discontinued operations		
Total diluted earnings per share	3.20	2.17

Basic earnings per share

The basic earnings per share are calculated by dividing net profit for a given period per the shareholders of the parent entity by the weighted average of shares in the reporting period.

	Period ended 30/06/11 PLN'000	Period ended 30/06/10 PLN'000
Profit for the year attributable to owners of the Company	51 650	35 127
Earnings used in the calculation of total basic earnings per share	51 650	35 127
Earnings used in the calculation of basic earnings per share from continuing operations	51 650	35 127

	Period ended 30/06/11 '000	Period ended 30/06/10 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	16 148 965	16 181 404

6. DIVIDENDS

In the interim period the shareholders of the company were paid a dividend. The dividend was paid out on 9 February 2011 pursuant to Resolution no. 7/2010 of the Ordinary General Meeting of Shareholders of 28 December 2010. The value amounted to PLN 0.30 per share.

7. PROPERTY, LAND AND EQUIPMENT - INCREASE

	AB S.A.	ALSEN Sp. z o.o.	ATC Holding
	PLN'000	PLN'000	PLN'000
Land		10 438	
Buildings			946
Plant and equipment	336		
Means of transport	1 385		
Furnishings	545		
Properties under construction		793	
TOTAL	**2 266**	**11 231**	**946**

8. INVESTMENTS IN ASSOCIATES

In the presented period the Group did not conduct any investments in associates.

9. GOODWILL

	30/06/11	30/06/10
	PLN'000	PLN'000
Cost		
Balance at beginning of year	40 593	43 570
Goodwill from consolidation as a result of acquisition		
Foreign exchange difference	807	-2 977
Balance at end of year	41 400	40 593
Accumulated impairment losses		
Balance at beginning of year	-	-
Balance at end of years	-	-
Carrying amount		
Opening balance	--	-
Closing balance	41 400	40 593

The goodwill arose as a result of the acquisition on 30 October 2007 a 100% stake in AT Computers Holding a.s. with its registered office in Ostrava, which holds 100 % of shares in the following entities:
- AT Computers a.s. with its registered office in Zielina, Slovakia,
- AT Campus s.r.o. with its registered office in Ostrava, Czech Republic,
- AT Computer s.r.o. with its registered office in Ostrava, Czech Republic,
- Comfor Stores a.s. with its registered office in Brno, Czech Republic.

10. BORROWINGS

In the period from the publication of the interim report (i.e. 14 May 2011) to the date of the publication of the report for Q4 of 2010/2011 there were the following changes in loan agreements:

a. Loan agreements to which AT Computers is a party

On 29 June 2009 AT Computers a.s. signed an annex to a loan agreement with KOMERČNÍ BANKA a.s.with its registered office in Prague (Czech Republic). The Annex sets out sublimits available under the agreement:
- overdraft facility to the amount of CZK 45 000 thousand ;
- revolving line of credit up to the amount of CZK 50 000 thousand ;
- short-term loan up to the amount of CZK 450 000 thousand ;
- short-term loan available in the period from 2011-10-01 to 2012-02-29 up to the amount of CZK 150 000 thousand ;

The securities against the extended loan are:
- pledge on the receivables of the Company;
- guarantee of AT Computers Holding a.s.
Interest on the loan accrues based on the PRIBOR/EURIBOR/LIBOR rate increased by the Bank's margin.
The last day of the term of the Credit Limit Agreement or for the extension thereof is 29 June 2012.

b. Loan agreements to which AB S.A. is a party

On 4 May 2011 AB S.A. signed an annex to the Factoring Agreement dated 3 September 2009 between AB S.A. and SEB Commercial Finance Sp. z o.o. with its registered office in Warsaw (the original copy of the agreement signed by both parties was received by the Company after the date of publishing this report). Under the Annex the credit limit available to the Company was increased to PLN 100,000,000 (from PLN 90,000,000). The agreement was concluded for the period from 4 May 2011 to 31 May 2012. The remaining provisions of the agreement have remained unchanged.

On 30 May 2011 the Company signed an annex to the credit agreement dated 29 May 2008 with Bank Polska Kasa Opieki Spółka Akcyjna with its registered office in Warsaw. The Annex sets out the principles of extending by the Bank credit limits to the Company. The said credit limits include:
- Current account overdraft facility up to the amount of PLN 60,000,000 available in the period from 1 April 2011 to 30 May 2011 and PLN 80,000,000 available from 31 May 2011 to 15 March 2012. The credit line is available in three currencies, i.e. EUR, USD and PLN. The maximum credit line denominated in EUR equals to EUR 5,000,000 and in USD to USD 2,500,000. The total amount of credit may at no time exceed PLN 60,000,000 in the period from 1 April 2011
to 30 May 2011 and PLN 80,000,000 in the period from 31 May 2011 to 15 March 2012.
- Credit Limit, Bank Guarantees and Letters of Credits up to the amount of PLN 6,000,000.
The remaining provisions of the agreement have remained unchanged.

On 30 May 2011 the company signed an annex to credit agreement dated 29 May 2008 with Bank Polska Kasa Opieki Spółką Akcyjna with its registered office in Warsaw. The Annex sets out the principles of granting credit limits to the Company by the Bank covering:
- current account overdraft facility up to PLN 60, 000, 000 available from 1 April 2011 to 30 May 2011 and PLN 80, 000, 000 from 31 may 2011 to 15 March 2012. The loan was made available in three currencies EUR, USD and PLN. The maximum loan amount in EUR amounts to EUR 5, 000, 000, in USD to USD 2,500, 000. The total loan amount may not exceed PLN 60, 000,000 in the period from 1 April 2011 :
- to 30 May 2011 and 80,000,000 in the period from 31 May 2011 to 15 March 2012,
the Credit Limit of Bank Guarantees and Letters of Credit up to PLN 6,000,000. The remaining provisions of the Agreement remain unchanged.

On 5 July the company received Annex 5 to Credit Agreement for a multi-purpose line of credit (Credit) dated 25.03.2009 signed by Bank BPH S.A. with its registered office in Cracow.
The Annex amends the value of sub-limit available on the current account to the amount of PLN 39 900 000 and consequently the amount of total limit to PLN 44 000 000.
The securities against the line of credit are:
- registered pledge on the Company's inventory up to the amount of PLN 52 800 000
- assignment of receivables in the minimum amount of PLN 20 000 000
- assignment of rights from the insurance policy covering receivables;
- power of attorney to manage funds on the bank account of the Borrower.
The day of the final payment of the credit or extension of the financing term for the subsequent period will be 31.03.2012.
The remaining provisions of the agreement remain unchanged.

11. ISSUED CAPITAL

In the presented period the company did not issue any equity instruments.

12. DISPOSAL OF SUBSIDIARIES

In the presented period the Group did not dispose of any subsidiaries.

13. ACQUISITION OF SUBSIDIARIES

In the presented period the Group did not acquire any subsidiaries.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the end of the reporting period the amount of off-balance sheet liabilities was as follows:

	PLN'000
	2011-06-30
Factoring	76 739
Issued guarantees	25 481
Total	102 220

A detailed description has been provided under Note 9.

15. EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period there were no material events that have not been included in the interim financial statements.

16. RELATED PARTY TRANSACTIONS

In the period from 1 April 2011 to 30 June 2011 no transactions were made on terms other than market terms.

XIV) ADDITIONAL INFORMATION

Additional information is due to the Regulation of the Minister of Finance of 19 February 2009 concerning current and period information disclosed by issuers of securities and conditions to deem equivalent information required under the provision of the state that is not a member state.

1. DESCRIPTION OF THE ORGANIZATION OF THE GROUP OF COMPANIES, INDICATING UNITS SUBJECT TO CONSOLIDATION

1.1. Entities comprising the AB S.A. Group of Companies (along with information regarding the method of consolidation or valuation of shares)

As at 30 June 2011 the group of companies was composed of the following entities:

Parent entity

- AB S.A. (parent entity)
- The company conducts operations in the scope of distributing computers and electronic equipment on the Polish and overseas markets.

Registered seat address:	ul. Kościerzyńska 32, 51-416 Wrocław
REGON statistical number:	931908977
NIP tax identification number:	895-16-28-481
Registering body:	District Court for Wrocław – Fabryczna, 6th Commercial Division of the National Court Register. The entry to the register was made on 22 October 2001 under number KRS 0000053834
Term of the Company:	indefinite

Subsidiaries

- Alsen Sp. z o.o. (AB S.A. holds 408 shares of the total value of 204, 000 and representing 69.39% of total shares) – subject to consolidation

The company organizes retail sales of computers and electronic equipment as part of a franchise network on the Polish market.

- Alsen Marketing Sp. z o.o. (AB S.A. holds 100% of shares) – subject to consolidation

- B2B IT Sp. z o.o. (AB S.A. holds 100% of shares) – subject to consolidation

- AT Computers Holding a.s. (AB S.A. holds 100% of shares) – subject to consolidation

The company conducts operations in the scope of managing subsidiaries.

- AT Computers a.s. (AT Computers Holding a.s. holds 100% of shares) – subject to consolidation

The company conducts operations in the scope of distribution computers and electronic equipment on the Czech market and overseas markets.

- AT Compus s.r.o. (AT Computers Holding a.s. holds 100% of shares) – subject to consolidation

The company conducts operations in the scope of assembling computers from read- made components. Finished goods are then resold to distribution companies for further resale.

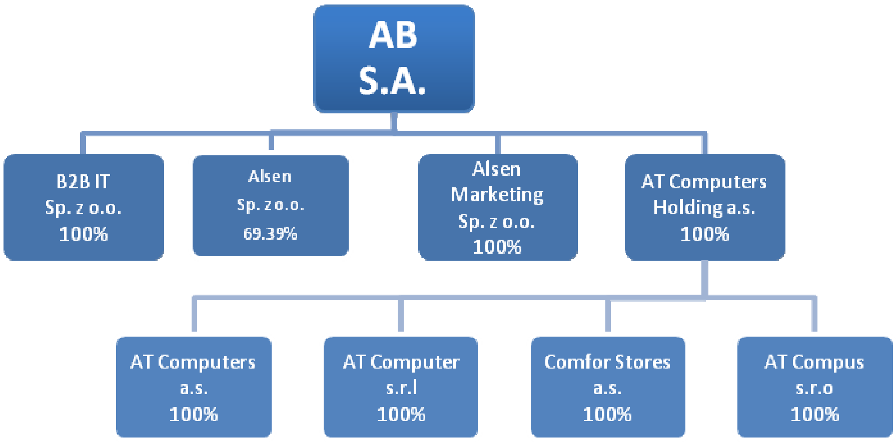
- Comfor Stores a.s. (AT Computers Holding a.s. holds 100% of shares) – subject to consolidation

The company conducts operations in the scope of retail trading in computers and electronic materials.

- AT Computer s.r.l. (AT Computers Holding a.s. holds 100% of shares) – subject to consolidation

The company conducts operations in the scope of distributing computers and electronic equipment on the Slovakian market.

1.2. Structure of Group of companies



2. Effects of changes in the structure of the Group of Companies

In Q4 of the reporting year 2010/2011 the structure of the AB Group of Companies has not changed.

3. Position of the Management Board regarding the feasibility of forecasts published earlier

The Group did not publish results' forecasts for the current year.

4. Shareholders holding at least 5% of total votes on the issuer's general meeting

According to the issuer's knowledge the shareholding structure of the parent entity as at the date of the publication of the quarterly report is as follows:

As at 2011-08-24	Number of shares	Share ownership based on no. of shares	Number of votes	Share ownership based on no. of votes
Andrzej Przybyło	1 316 200	8.06%	2 629 200	14.90%
Iwona Przybyło	2 944 052	18.02%	2 944 052	16.68%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1 500 000	9.18%	1 500 000	8.50%
Aviva Investors Poland S.A.	1 281 769	7.85%	1 281 769	7.26%
ING TFI S.A.	1 024 118	6.27%	1 024 118	5.80%
ING OFE S.A.	1 013 124	6.20%	1 013 124	5.74%
PZU Asset Management S.A.	903 679	5.53%	903 679	5.12%
Other	6 351 060	38.89%	6 351 060	36.00%
Total	**16 334 002**	**100.00%**	**17 647 002**	**100.00%**

In the period from providing the report for Q3 of the financial year to the date of publishing the report the following changes regarding the holdings of major shareholders and number of votes on the General Meeting took place:
ING Otwarty Fundusz Emerytalny, following the acquisition on 19 July 2011 increased the number of shares held from 840 285 to 1 013 124 resulting in a 6.20% stake in the share capital and 5.74% share in the total number of votes.

On 28 June 2011 the Company received a decision of the District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register of 15 June 2011 on the registration of an increase of the share capital of the Issuer from the amount of PLN 16 295 002 to the amount of PLN 16 334 002.

The share capital was increased as a result of the issue of 39 000 series K shares of the nominal value of PLN 1 each. The above changes affected the shareholding structure of shares and votes in the total number of votes.

5. List of held Issuer's shares or rights thereto by persons managing and supervising the issuer

- **Shares held by managing or supervising persons**

List of held issuer's shares or rights thereto by persons managing and supervising the issuer as at the date of providing the quarterly report, i.e. 24 August 2011:

As at 2011-08-24	Number of shares	Share ownership according to number of shares	Number of votes	Share ownership according to number of votes
Management Board				
Andrzej Przybyło	1 316 200	8.1%	2 629 200	14.9%
Krzysztof Kucharski	25 000	0.2%	25 000	0.1%
Zbigniew Mądry	0	0.0%	0	0.0%
Grzegorz Ochędzan	15 000	0.1%	15 000	0.1%
Supervisory Board				
Iwona Przybyło	2 944 052	18.0%	2 944 052	16.7%
Jacek Łapiński	0		0	
Jan Łapiński	0		0	
Radosław Kiełbasiński	0		0	
Andrzej Bator	0		0	
Katarzyna Jażdrzyk	0		0	

In the period between providing the annual report for Q3 of the financial year (i.e. 25 February 2011) and the date of publishing the report of Q3 of the financial year 2010-2011 there were no changes in share stakes held by managing and supervising persons.

6. Proceedings pending before court, body competent for arbitration proceedings or public administration body

No company of the AB S.A. group of companies is a party in proceedings pending before court, body competent for arbitration proceedings or public administration body concerning liabilities or receivables of the value exceeding 10% of equity.

7. INFORMATION ABOUT THE ISSUER OR ITS SUBSIDIARY CONTRACTING ONE OR MORE TRANSACTIONS WITH RELATED PARTIES ON TERMS OTHER THAN MARKET TERMS

The Group companies have not made any transactions on terms other than market terms.

8. INFORMATION ABOUT THE NATURE AND SCOPE OF ALL MATERIAL LIMITATIONS OF THE CAPACITY OF SUBSIDIARIES TO TRANSFER FUNDS TO THE PARENT IN THE FORM OF DIVIDENDS IN CASH OR CASH EQUIVALENTS OR TO REPAY BORROWINGS.

According to the knowledge of the Management Board of the parent entity there are no materials limitations to the capacity of subsidiaries to transfer funds to the parent entity.

9. INFORMATION ABOUT GRANTING BY THE ISSUER OR ITS SUBSIDIARY OF A LOAN SURETY OR GUARANTEE

As part of their operations, the particular companies of the Group issue bank guarantees to third parties. As at the balance sheet date the total amount of extended guarantees amounted to PLN 25.48 million. The amount of contingent liabilities under the factoring agreement equalled to PLN 76.74 million.

	PLN'000
	2011-06-30
Factoring	76 739
Issued guarantees	25 481
Total	**102 220**

The remaining off-balance liabilities of the Group include issued bank guarantees to counterparties and the Customs Office. The table below presents guarantees in their original amounts.

Issuer of guarantee	Beneficiary	Bank	Currency	Amount	Validity date
AB S.A.	Intel Corporation (UK)	Pekao S.A.	USD	1 000 000	2012-01-20
AB S.A.	PTK - Centertel Sp z o.o.	Pekao S.A.	PLN	60 000	2012-04-17
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	1 260 913	2012-01-02
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	251 135	2012-01-06
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	620 104	2012-02-29
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	557 698	2012-03-22
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	730 840	2012-06-07
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	507 651	2012-06-22
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	404 033	2012-08-01
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	686 572	2012-09-06
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	250 749	2012-10-05
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	701 209	2012-11-28
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	436 184	2012-12-21

AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	423 759	2013-01-26
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	421 710	2013-02-28
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	693 129	2013-04-01
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	544 887	2013-04-22
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	413 847	2013-05-17
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	856 752	2013-06-20
AT Computers, a.s.	IBM Česká republika, s.r.o	CITIBANK Europe plc	CZK	4 250 000	2011-08-31
AT Computers, a.s.	Lenovo (Singapore) Pte Ltd	CITIBANK Europe plc	USD	1 200 000	2012-06-30
AT Computers, a.s.	Celní ředitelství Ostrava	CITIBANK Europe plc	CZK	500 000	2012-05-21
AT Computer SK	Shoping Palace Bratislava, v.o.s.	CITIBANK (Slovakia)	EUR	8 161	2011-09-14
AT Computers, a.s.	Apple Sales International of Hollyhill Industrial Estate	CITIBANK Europe plc	USD	3 000 000	2012-06-22
COMFOR Stores	EURO-PROPERTY Fund	CITIBANK Europe plc	EUR	54 184	2011-10-25
COMFOR Stores	HUTS II s.r.o.	CITIBANK Europe plc	EUR	8 179	2012-06-06
COMFOR Stores	KLEPIERRE CZ, s.r.o.	CITIBANK Europe plc	EUR	11 970	2011-07-22
COMFOR Stores	EKZ Tschechien	CITIBANK Europe plc	EUR	9 357	2012-03-03
COMFOR Stores	FLORA SEN	CITIBANK Europe plc	EUR	5 850	2012-03-03
COMFOR Stores	Pradera SC Futurum Ostrava	CITIBANK Europe plc	EUR	10 802	2012-02-13
COMFOR Stores	IKEA Centre ČR	CITIBANK Europe plc	CZK	286 182	2011-08-01
COMFOR Stores	Best Properties South, a.s.	CITIBANK Europe plc	CZK	156 140	2012-01-21
COMFOR Stores	NISA Obch.společnost	CITIBANK Europe plc	CZK	195 000	2011-09-13
COMFOR Stores	CEI Building	CITIBANK Europe plc	CZK	206 777	2011-09-30

The table below presents the nominal amounts of sureties in their original amounts. The guarantees have been issued by ATC Holding to guarantee loans taken out by subsidiaries (equivalent of PLN 221, 041 thousand).

Issuer of guarantee/surety	Beneficiary	Currency	Amount
ATC Holding	KB a.s.	CZK	695 000 000
ATC Holding	ČSOB a.s.	CZK	500 000 000
ATC Holding	CITIBANK a.s.	CZK	135 000 000
ATC Holding	CITIBANK a.s.	CZK	10 000 000

10. INFORMATION MATERIAL FOR THE ASSESSMENT OF THE PERSONNEL, PROPERTY, FINANCIAL, SITUATION AND RESULT OF THEIR GROUP AND THEIR CHANGES AND INFORMATION THAT ARE VITAL TO THE ASSESSMENT OF THE CAPABILITY OF DISCHARGING OF OBLIGATIONS BY THE PARENT ENTITY

• Treasury Shares

Pursuant to Resolution no. 1/2008 of the Extraordinary General Assembly of Shareholders of 19 August 2008 the purchase of treasury shares covered by the Share Repurchase Programme ended on 31 December 2009. As at 30 June 2011 the Company held a total of 146 358 own shares, representing 0.9% of the share capital of the Company and carrying a right to 146 358 votes, i.e. 0.83% of the total number of votes on the General Assembly of Shareholders of the Company.

• Description of material achievements and failures of the Group

In the reporting period the AB Group has recorded a dynamic growth of revenue, EBITDA and net profit. This is yet another quarter of a dynamic growth of sales which stems from the adopted and consistently implemented strategy. Operating as a distributor of computers, computer equipment and consumer electronics, the Group undertakes and successfully implements projects aimed at expanding its scale of operations, by implementing a policy of developing its product portfolio and distribution channels. At the same time the company is carrying out projects aimed at increasing operational efficiency, i.e. VAD (Value Added Distributor) projects, a dedicated team to serve the Enterprise channel, sales of own products. The reported dynamic organic growth on the Polish, Czech and Slovak markets is still based on sound foundations, product groups which have been distributed for many years. The growth is ensured by long-standing cooperation with a wide group of commercial partners providing beneficial synergies.
This is the cooperation model particularly desired by the Group.
Customers are our partners. We promote long-term relations, open cooperation and merchant ethics. At the same time we concentrate our efforts to expand the group of commercial partners to maximize market coverage and market penetration. With our reliable IT infrastructure, in the times of internet communications, we may render top quality services to all our partners, even those based in the most distant parts of Poland, Czech or Slovakia. This constitutes a valuable advantage for computer equipment manufacturers, immediate access to every client with the use of the latest IT technologies while ensuring cost efficiency and top quality sale services. The AB Group AB has for years maintained low costs of sale and general administrative expenses (SG&A), which provides it with a strong competitive advantage in this highly demanding market sector.

The distribution operations of the Polish, Czech and Slovakian market are carried out in a very demanding macroeconomic environment. The consequences of the recent global economic crisis, difficulties with indebtedness of some European countries (Greece, Portugal, Ireland, Spain), as well as the looming threat of further turmoil in the world's economy undoubtedly have a significant impact on the market operations of the AB Group. Through business relations with global computer, component and electronic goods manufacturers we are one of the players of the global IT distribution market. Given the high volatility of demand, the delivery of growth plans may produce temporary increased parameters of turnover ratios. The solid competence base supported by many-years experience as well as the specifics of distribution contracts with manufacturers ensure stability of margins, which are not likely to be affected by changes of market prices. The Group generates a stable sales margin, which is attested by its results.
In light of the above, the Group assumes a further development based on the following pillars:

1. low costs of sale and general administrative expenses - a low cost base promotes increased flexibility of operations and, consequently, makes the Group companies more resilient to supply-driven negative external factors;

2. market activity, based on a broad portfolio of customers and run-rate-business, i.e. daily sales to customers - the Group has a diversified customer base where concentration of sales to the largest customer does not exceed 10%;
3. sales to customers are based on assigned trade credit limits insured with Atradius and Hermes, one of the largest insurers in this part of Europe.

The AB Group has been consistently building a leading position in the industry in Central and Eastern Europe. A vital factor determining the further growth of the Group and its capacity to achieve tasks in the coming quarter will be the further development of the global economic crisis and its impact on economic growth in the CEE region. The AB Group worked out tools to identify and manage risks and takes steps to conduct effective and efficient business operations in the coming period.

- **ASSESSMENT, ALONG WITH A JUSTIFICATION, CONCERNING FINANCIAL RESOURCE MANAGEMENT**

The Group operates in an industry marked by relatively low commercial margins. This is largely due to the nature of the industry, a highly competitive and fully transparent market, where each player leverages the latest information and IT solution to select the best offering. This situation charts the course of actions for the Group marked by strong and constant streamlining of processes, low operating costs policy and a strict risk control policy. This also applies to assets which are utilized to the maximum, whilst maintaining a safe level of liquidity.

In Q2 2011 the situation on international markets is still fairly unstable. Significant indebtedness of the Greek, Irish or Portuguese economies may be a prelude to further turmoil on the banking and capital market. The memory of the credit crunch of the first half of 2009 strongly felt also in Poland is still fresh. Additionally, after the end of the reporting period and before the publishing of this report there were further negative developments affecting the major world's economies (loss of the highest debt rating by the United States). Considering the above, the Group is consistent in applying a broad spectrum of actions aimed at proofing itself against the effects of a crisis. The companies of the Group primarily focus on ensuring a strict approach to the costs policy, while still actively trying to gain new ground on the market, increase the scale of operations and generate a sound rate of return for the shareholders whilst maintaining full risk control and, notably, financial risk.

The Management Board also focuses on hedging against foreign exchange risk. The nature of operations entails considerable foreign exchange exposure which, given the volatility of foreign exchange rates, poses a significant challenge to the strategy of hedging against foreign exchange risk. The means of hedging against this risk adopted by the Group, are always directly reflected in the value of the hedged amounts, whilst emphasizing minimizing values exposed to foreign exchange rate risk and thereby to minimize this risk. To this end, the Group utilizes instruments that do not generate additional risk related to the volatility of market conditions and that do not open new risks (in particular options and option structures).

The Group manages credits risk in an organized and responsible manner. The developed procedures are related to the credit assessment of the customers of the Group companies, frequent reviews of the granted trade credit limits and insuring the portfolio of receivables. In the opinion of the management board these are necessary actions, especially in terms of elevated credit risk resulting from the global economic crisis. Owing to its credit policy the Group did not observe a material deterioration of bad debts. The strict policy of the cautious valuation of these provides for the conduct procedures when these are qualified to sub-standard receivables or receivables at risk.

Ul. Kościerzyńska 32, 51-416 Wrocław, Tel (+48 71) 3240 500, fax (+48 71) 32 40 529, 78 90 529, www.ab.pl
BANK ACCOUNT: Kredyt Bank S.A I/o Wrocław, PL68 1500 1155 1211 5003 2339 0000 (PLN),
PL46 1500 1155 1211 5003 5196 000 (EUR), PL58 1500 1155 1211 5003 2456 0000 (USD); NIP 895-16-28-481
Katowice: tel. (+48 032) 355 90 20, fax (+48 032) 355 45 37 Warszawa: tel. (+48 022) 814 31 43, fax (+48 022) 814 23 46

11. Factors which in the opinion of the issuer will have an impact on its results in the perspective of at least the next quarter

EXTERNAL FACTORS

1. the general macroeconomic situation and the international situation (including states with debt issues, such as Greece, Italy, Portugal, crisis in Africa, forecast next wave of falls on stock exchanges and second phase of the crisis; the foregoing factors will have crucial importance to investment and consumer activity;
2. changes of tax policy and tax rates in Poland, planned changes in tax brackets effective 2012, which may alter the basket of individual consumers;
3. changes of demand for the products offered by the Group companies;
4. volatility of foreign exchange markets, including in particular EUR/PLN and USD/PLN and EUR/CZK and USD/CZK exchange rates;
5. instability on financial markets, potentially resulting in limited access to financing and higher costs of financing.

INTERNAL FACTORS

1. continuing and expanding of product unifications resulting in revenue synergies;
2. financial stability of the Group;
3. optimizing management of working capital;
4. established market position as a leader in the CEE region.

12. Approval of abbreviated interim financial statements

Date	Name and surname	Position/Company	Signature
24.08.2011	*Andrzej Przybyło*	PRESIDENT OF THE MANAGEMENT BOARD	
24.08.2011	*Krzysztof Kucharski*	MEMBER OF THE MANAGEMENT BOARD	
24.08.2011	*Zbigniew Mądry*	MEMBER OF THE MANAGEMENT BOARD	
24.08.2011	*Grzegorz Ochędzan*	MEMBER OF THE MANAGEMENT BOARD	
24.08.2011	*Danuta Uzarska*	HEAD ACCOUNTANT	