Quarter report containing the interim financial report of the Capital Group for I quarter of the financial year 2010-2011

covering the period from 01-07-2010 to 30-09-2010

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I) SELECTED CONSOLIDATED FINANCIAL DATA

	PLN'000		EUR'000	
	1 quarter increasingly period from 10-07-01 to 10-09-30	1 quarter increasingly period from 09-07-01 to 09-09-30	1 quarter increasingly period from 10-07-01 to 10-09-30	1 quarter increasingly period from 09-07-01 to 09-09-30
Revenues on sale	753 548	622 076	188 406	149 502
Profit (loss) on operational activity	4 477	6 847	1 119	1 646
Profit (loss) before tax	10 067	7 009	2 517	1 684
Profit (loss) net	7 968	4 854	1 992	1 167
Profit (loss) net ascribed to the shareholders of the dominant unit	7 997	4 861	1 999	1 168
Profit (loss) net ascribed to the minority shareholders	- 29	- 7	- 7	- 2
Total income	9 023	- 2 266	2 256	- 545
Total income ascribed to the shareholders of the dominant unit	9 052	- 2 259	2 263	- 543
Total income ascribed to the shareholders ascribed to the minority shareholders	- 29	- 7	- 7	- 2
Net cash flows on operational activity	- 51 905	17 342	- 12 978	4 168
Net cash flows on investment activity	- 1 471	- 1 174	- 368	- 282
Net cash flows on financial activity	51 413	- 3 976	12 855	- 956
Net cash flows, in total	- 1 963	12 192	- 491	2 930
Profit (loss) per one ordinary share (zł/eur)	0,49	0,31	0,12	0,07
Diluted profit (loss) per one share (zł/eur)				-
Number of shares (in pcs.)	16 295 002	15 950 002	16 295 002	15 950 002
	PLN'000		EUR'000	
	State as of 30.09.2010	State as of 30.06.2010	State as of 30.09.2010	State as of 30.06.2010
Assets in total	921 627	788 409	231 158	190 171
Capitals falling for the shareholders of the dominant unit	292 518	283 495	73 368	68 381
Capital falling for the minority shareholders	106	127	27	31
Equity in total	292 624	283 622	73 395	68 412
Long-term liabilities	5 499	5 296	1 379	1 277
Short-term liabilities	623 504	499 491	156 384	120 481
Liabilities in total	629 003	504 787	157 763	121 759
Accounting book per one share (zł/eur)	17,96	17,41	4,50	4,20
Diluted accounting value per one share	-	-	-	-

Average exchange rate of NBP of 30.09.2010:	3,987	PLN/EUR
Average exchange rate of NBP of 30.06.2010:	4,1458	PLN/EUR
Average exchange rate for the period 01.07.-30.09.2010	3,9996	PLN/EUR
Average exchange rate for the period 01.07.-30.09.2009	4,161	PLN/EUR

II) SELLECTED UNIT FINANCIAL DATA

	PLN'000		EUR'000	
	1 quarter Increasingly Period from 10-07-01 to 10-09-30	1 quarter increasingly period From 09-07-01 to 09-09-30	1 quarter increasingly period From 10-07-01 to 10-09-30	1 quarter increasingly period from 09-07-01 to 09-09-30
I. Net revenues on sale of the goods and materials	477 995	339 275	119 511	81 537
II. Profit (loss) on operational sale	2 119	2 041	530	491
III. Profit (loss) gross	5 117	2 984	1 279	717
IV. Profit (loss) net	4 071	1 770	1 018	425
V. Net cash flows on operational activity	- 28 100	32 503	- 7 026	7 811
VI. Net cash flows on investment activity	- 897	- 767	- 224	- 184
VII. Net cash flows on financial activity	20 360	- 19 343	5 091	- 4 649
VIII. Net cash flows, in total	- 8 637	12 393	- 2 159	2 978
IX. Assets in total	640 116	523 722	160 551	124 028
X. Liabilities and reserves for liabilities	414 261	317 146	103 903	75 107
XI. Long-term liabilities	-	-	-	-
XII. Short-term liabilities	411 602	314 153	103 236	74 398
XIII. Equity	225 855	206 576	56 648	48 922
XIV. Initial capital	16 295	15 950	4 087	3 777
XV. Number of shares (in pcs.)	16 295 002	15 950 002	16 295 002	15 950 002
XVI. Profit (loss) per one ordinary (zł/eur)	0,25	0,11	0,06	0,03
XVII. Diluted profit (loss) per share zł/eur				
XVII. Accounting value per one share (zł/eur)	13,86	12,95	3,48	3,07
XVIII. Diluted accounting value per one share				

Average exchange rate of NBP of 30.09.2010:	3,987	PLN/EUR
Average exchange rate of NBP of 30.09.2009:	4,2226	PLN/EUR
Average exchange rate for the period 01.07.-30.09.2010	3,9996	PLN/EUR
Average exchange rate for the period 01.07.-30.09.2009	4,161	PLN/EUR

III) CONSOLIDATED PROFITS AND LOSS ACCOUNT FOR THE PERIOD COMPLETED ON 30 SEPTEMBER 2010

	Period 3 months completed on 30/09/2010 PLN'000	Period 3 months completed on 30/09/2009 PLN'000
Continued activity		
Revenues on sale	753 548	622 076
Own sale cost	-719 289	-595 003
Gross profit (loss) on sale	34 259	**27 073**
Cost of sale	-20 456	-15 432
Costs of management board	-4 913	-4 531
Other operational revenues	1 217	2 001
Other operational costs	-5 630	-2 264
Profit (loss) on operational activity	**4 477**	**6 847**
Financial revenues	12 138	7 218
Financial costs	-6 548	-7 056
Profit on sale of associated units		
Share in profits of associated units		
Profit (loss) before tax	10 067	**7 009**
Income tax	-2 099	-2 155
Profit (loss) net on continued activity	**7 968**	**4 854**
Abandoned activity		
Profit (loss) net on abandoned activity		
Profit (loss) net	**7 968**	**4 854**
Profit/loss net falling for:		
Shareholders of the dominant unit	7 997	4 861
Shareholders not executing the control	-29	-7

IV) CONSOLIDATED REPORT ON TOTAL INCOMES FOR THE PERIOD COMPLETED ON 30 SEPTEMBER 2010

	Period 3 months completed on 30/09/2010	Period 3 months completed on 30/09/2009
	PLN'000	PLN'000
Net profit (loss)	**7 968**	**4 854**
Other total income		
Exchange rate differences from translation of foreign units	1 055	-7 120
Effects of the valuation of financial assets available for sale		
Hedging accountancy		
Effects of the updating of the fixed assets		
Actuary profits and losses		
Share in total Incomes of the associated units		
Income tax concerning other total incomes		
Other total incomes (net)	**1 055**	**-7 120**
Total Incomem	**9 023**	**-2 266**
Total income falling for:		
Shareholders of the dominant unit	9 052	-2 259
Shareholders not executing the control	-29	-7
Total Incomem	**9 023**	**-2 266**

V) Consolidated Report on the Financial Situation for the period completed on 30 September 2010

	State as of 30/09/2010	30/06/2010
	PLN'000	PLN'000
ASSETS		
Fixed assets		
Tangible assets	84 454	85 339
Goodwill	40 896	40 593
Other intangible assets	26 119	25 871
Long-term investment	452	452
Assets for deferred tax	4 903	5 057
Receivables for financial leasing		
Other financial assets	484	405
Other assets		
Fixed assets in total	**157 308**	**157 717**
Working assets		
Inventories	356 290	291 194
Receivables for the supplies and services and other receivables	388 927	317 961
Receivables for financial leasing		
Derivative instruments		
Other financial assets	222	283
Other assets	2 236	2 647
Monetary means and their equivalents	16 644	18 607
Working assets in total	**764 319**	**630 692**
Assets in total	**921 627**	**788 409**

LIABILITIES	30/09/2010 PLN'000	30/06/2010 PLN'000
Equity		
Issued stock capital	16 295	16 295
Own shares	-838	-838
Inventory capital	139 807	139 632
Reserve capital	74 912	73 852
Retained profits	62 342	54 554
Capitals falling to the shareholders of the dominant unit	292 518	283 495
Capitals falling for the shareholders not executing control	106	127
Equity in total	**292 624**	**283 622**
Long-term liabilities		
Long-term loans and bank credits		
Liabilities for financial leasing		
Liabilities for pension benefits		
Reserve for deferred tax	5 499	5 296
Long-term reserves		
Long-term liabilities in total	**5 499**	**5 296**
Short-term liabilities		
Liabilities for supplies and services and other liabilities	420 599	344 494
Short-term loans and bank credits	194 583	141 407
Liabilities for financial leasing		
Other financial liabilities		101
Current tax liabilities	1 755	1557
Short-term reserves	6 567	11 932
Short-term liabilities in total	**623 504**	**499 491**
Liabilities in total	**629 003**	**504 787**
Liabilities in total	**921 627**	**788 409**

VI) Consolidated Report on changes in Equity for the period completed on 30 September 2010

	Basic capital	Own shares	Inventory capital	General purpose reserve capital	Reserve capital on the valuation of the managerial options	Reserve capital for changing the currency	Reserve capital in total	Retained capital	Capitals falling for the shareholders of the dominant unit	Capitals falling for the shareholders not executing the control	Equity in total
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
State as of 1 July 2009	15 950	-487	135 571	37 599	4 492	35 253	77 344	35 425	263 803	92	263 895
Emission of ordinary shares											
Costs of emission of shares											
Purchase of own shares		-197							-197		-197
Valuation of the programme of managerial options					21		21		21		21
Profit / loss net for the period								4 861	4 861	-7	4 854
Allocation of the result for the previous accounting year			43					-43			
Exchange rate differences from translation of the foreign units						-7 018	-7 018	-52	-7 070		-7 070
Hedging accountancy											
Effects of the updating of the fixed assets											
Income tax concerning other total incomes											
Others										1	1
Included revenues and costs in total											
Payment of dividends											
State as of 30 September 2009	15 950	-684	135 614	37 599	4 513	28 235	70 347	40 191	261 418	86	261 504
State as of 1 July 2010	16 295	-838	139 632	49 777	108	23 967	73 852	54 554	283 495	127	283 622
Costs of emission of shares											
Purchase of own shares											
Valuation of the programme of managerial options											

Profit / loss net for the period								7 968	7 997	-29	7 968
Allocation of result for the previous financial year			175	5			5	-180			
Exchange rate difference from translation of the foreign units						1 055	1 055		1 055		1 055
Hedging accountancy											
Effects of updating of the fixed assets											
Income tax concerning other total incomes											
Purchase of subsidiary											
Others											
Included revenues and costs in total											
Payment of dividends											
									-29	8	-21
State as of 30 September 2010	16 295	-838	139 807	49 782	108	25 022	74 912	62 342	292 518	106	292 624

VII) Consolidated report on Cash flows for the period completed on 30 September 2010

	Period 3 months completed on 30/09/2010	Period 3 months completed on 30/09/2009
	PLN'000	PLN'000
Cash flows on operational activity		
Profit (loss) gross	10 067	7 009
Financial costs included in the report on total incomes	1 763	1 492
Amortisation	2 191	2 185
Profit (loss) on investment activity	21	
Profit (loss) for exchange rate differences	323	-4 393
	14 365	6 293
Changes in working capital		
Change of receivables for supplies and services	-70 966	-40 083
Change of other receivables		
Change in inventories	-65 096	-33 514
Change in other assets	411	304
Change in liabilities for supplies and services	76 303	84 881
Change in reserves	-5365	172
Other adjustments		21
	-64 713	11 781
Monetary means generated on operational activity	-50 348	18 074
Paid interests		
Paid income tax	-1 557	-732
Monetary means net on operational activity	-51 905	17 342
Cash flows on investment activity		
Payments for the purchase of financial assets		
Inflows from the sale of financial assets		3
Obtained interests		
Paid loans	- 80	
Payment of loans	7	2
Payments for tangible fixed assets	-1 098	-1 179
Inflows from the sale of the tangible components of fixed assets	106	
Payments foir intangible values	-406	
Monetary means generated on investment activity	-1 471	-1 174
Cash flows on financial activity		
Inflows from emission of debt securities		
Inflows from the emission of capital shares		
Payments for the costs of shares' emission		
Inflows from loans/credits	53 176	
Payment of loans/credits		-2 287
Interests	-1 763	-1 492
Purchase of debt securities		
Purchase of own shares		-197
Monetary means net on financial activity	51 413	-3 976
Net change in cash flows and their equivalents	**-1 963**	**12 192**
Monetary means and their equivalents as of the beginning of the period	18 607	15 838
Monetary means and their equivalents as of the end of the period	16 644	28 030

VIII) BALANCE SHEET (UNIT)

	ASSETS [TPLN]	2010-09-30	2010-06-30	2009-09-30
I	**Fixed assets**	**170 730**	**172 034**	**169 536**
1	Intangible and legal assets	**2106**	**1 953**	107
	- Goodwill			
2	Tangible fixed assets	**62 306**	**63 084**	63 872
3	Long-term receivables			
3.1	On affiliated units			
3.2	On remaining units			
4	Long-term investment	**105 834**	**105 755**	105 351
4.1	Real estate	**452**	**452**	452
4.2	Intangible and legal assets			
4.3	Long-term financial assets	**105 382**	**105 303**	104 899
a)	In affiliated units, including:	**105 374**	**105 294**	104 899
	- shares or stocks	**104 904**	**104 904**	104 899
	- granted loans	**470**	**390**	
b)	In other units	**8**	**9**	
	- granted loans	**8**	**9**	
4.4	Other long-term investment			
5	Long-term inter-period settlements	**484**	**1 242**	206
5.1	Assets for deferred income tax	**484**	**1 242**	206
5.2	Other inter-period settlements			
II	**Working assets**	**469 386**	**373 427**	**354 186**
1	Inventories	221 827	169 446	135 830
2	Short-term receivables	241 320	189 413	200 450
2.1	On affiliated units	9 925	4 474	2 806
2.2	On other units	231 395	184 939	197 644
3	Short-term investment	4 843	13 541	17 257
3.1	Short-term financial assets	4 843	13 541	17 257
a)	In affiliated units			
b)	In other units	222	283	323
c)	Monetary means and other monetary assets	4 621	13 258	16 934
3.2	Other short-term investment			
4	Short-term inter-period settlements	1 396	1 027	649
	ASSETS IN TOTAL	**640 116**	**545 461**	**523 722**

	LIABILITIES [TPLN]	2010-09-30	2010-06-30	2009-09-30
I	**Equity**	**225 855**	**221 784**	**206 576**
1	Initial capital	16 295	16 295	15 950
2	Due payments for the initial capital (negative value)			
3	Shares (stocks) own (negative value)	-838	-838	-684
4	Inventory capital	135 503	135 503	135 503
5	Revaluation capital			
6	Other reserve capital	49 770	49 770	37 591
7	Profit (loss) from previous years	21 054		16 446
8	Profit (loss) net	4 071	21 054	1 770
9	Write-offs from profit net during the financial year (negative value)			
II	**Liabilities and reserves for the liabilities**	**414 261**	**323 677**	**317 146**
1	Reserves for liabilities	2 659	3 526	2 950
1.1	Reserve for the deferred income tax			
1.2	Reserve for pension benefits and similar			
a)	Long-term			
b)	Short-term			

1.3	Other reserves	2 659	3 526	2 950
a)	Long-term			
b)	Short-term			
2	Long-term liabilities			
2.1	Towards affiliated units			
2.2	Towards other units			
3	Short-term liabilities	411 602	320 125	314 153
3.1	Towards affiliated units	2 598	1 609	692
3.2	Towards other units	408 831	318 203	313 350
3.3	Special funds	173	313	111
4	Inter-period settlements		26	43
4.1	Negative goodwill			
4.2	Other inter-period settlements		26	43
a)	Long-term			
b)	Shor-term		26	43
	LIABILITIES IN TOTAL	**640 116**	**545 461**	**523 722**

IX) NON-BALANCE POSITIONS (UNIT)

	[TPLN]	2010-09-30	2010-06-30	2009-09-30
1	**Contingent receivables**			
1.1	On affiliated units (for)			
	- obtained guarantees and sureties			
1.2	From other units (for)			
	- obtained guarantees and sureties			
2	**Contingent liabilities**	**2 925**	**3 395**	**2 885**
2.1	To the affiliated units (for)			
	- obtained guarantees and sureties			
2.2	To other units (for)	2 925	3 395	2 885
	- granted guarantees and sureties	2 925	3 395	2 885
3	Others – factoring			
	Non-balance positions, in total	**2 925**	**3 395**	**2 885**

X) PROFITS AND LOSS ACCOUNT (UNIT)

	[TPLN]	from 10-07-01 to 10-09-30	from 09-07-01 to 09-09-30
I	Net revenues on sale of products, goods and materials, including:	477 995	339 275
	- on affiliated units		17 443
1	Net revenues on sale of products	5 469	1 728
2	Net revenues on sale of goods and materials	472 526	337 547
II	Costs of sold products, goods and materials, including:	462 915	326 555
1	Manufacturing cost of sold goods	5 435	1 728
2	Value of sold goods and materials	457 480	324 827
III	**Profit (loss) gross on sale (I-II)**	**15 080**	**12 720**
IV	**Costs of sale**	**8 835**	**7 366**
V	**Costs of general management**	**1 994**	**1 698**
VI	**Profit (loss) on sale (III-IV-V)**	**4 251**	**3 656**
VII	**Other operational revenues**	**958**	**359**
1	Profit on sale of non-financial fixed assets		
2	Donations		
3	Other operational revenues	958	359
VIII	**Other operational costs**	**3 090**	**1 974**
1	Loss on sale of non-financial fixed assets	21	
2	Revaluation of non-financial assets		
3	Other operational costs	3 069	1 974
IX	**Profit (loss) on operational activity (VI+VII-VIII)**	**2 119**	**2 041**
X	Financial revenues	4 615	2 399
1	Dividends and shares in profits, including:		
	- on affiliated units		
2	Interests, including:	73	97
	- on affiliated units		
3	Profit on sale of investments		
4	Revaluation of investment		
5	Others	4 542	2 302
XI	Financial costs	1 617	1 456
1	Interests, including:	1 526	1 245
	- for affiliated units		
2	Loss on sale of investment		
3	Revaluation of investment		
4	Others	91	211
XII	**Profit (loss) on economic activity (IX+X-XI)**	**5 117**	**2 984**
XIII	**Result on extraordinary events (XIII.1. - XIII.2.)**		
1	Extraordinary profits		
2	Extraordinary losses		
XIV	**Profit (loss) gross (XII+/-XIII)**	**5 117**	**2 984**
XV	**Income tax**	**1 046**	**1 214**
a)	Current part	288	740
b)	Deferred part	758	474
XVI	**Other obligatory decreases of profit (increases of loss)**		
XVII	**Share in profits (losses) of the subordinate units**		
XVIII	**Profit (loss) net (XIV-XV-XVI+/-XVII)**	**4 071**	**1 770**

XI) CHANGES IN EQUITY (UNIT)

	[TPLN]	from 10-07-01 to 10-09-30	from 09-07-01 to 10-06-30	from 09-07-01 to 09-09-30
I	**Equity as of the beginning of the period (BO)**	**221 784**	**205 003**	**205 003**
a)	Changes in adopted accountancy principles (policy)			
b)	Adjustments of basic errors			
I.a	**Equity as of the beginning of the period after agreement on the comparative data**	**221 784**	**205 003**	**205 003**
1	Initial capital as of the beginning as of the period	16 295	15 950	15 950
1.1	Changes in initial capital		345	
a)	Increases (for)		345	
	- issue of shares		345	
b)	Decreases (for)			
	- redemption of shares			
1.2	Initial capital as of the end of the period	16 295	16 295	15 950
2	Due payments for the initial capital as of the beginning of the period			
2.1	Changes in due payments for the initial capital			
a)	Increases (for)			
b)	Decreases (for)			
2.2	Due payments for the initial capital as of the end of the period			
3	Own shares as of the beginning of the period	-838	-487	-487
3.1	Changes in own shares		-351	-197
a)	Increases (for)			-197
	- purchase of own shares		-351	
b)	Decreases (for)			
3.2	Own shares as of the end of the period	-838	-838	-684
4	Inventory capital as of the beginning of the period	135 503	135 503	135 503
4.1	Changes in inventory capital			
a)	Increases (for)			
	- emission of shares above the nominal value			
	- from the allocation of profit (by statute)			
	- from the allocation of the profit above the statutory required minimum value			
b)	Decreases (for)			
	- costs of emission			
4.2	Inventory capital as of the end of the period	135 503	135 503	135 503
5	Revaluation capital as of the beginning of the period			
5.1	Changes in revaluation capital			
a)	Increases (for)			
b)	Decreases (for)			

- sale of fixed assets

5.2	Revaluation capital as of the end of the period			
6	Other reserve capital as of the beginning of the period	49 770	37 591	37 591
6.1	Changes in other reserve capitals		12 179	
a)	increases (for)		12 179	
	Transfer of the profit for the previous period		12 179	
	Payments for the stock capital			
b)	Decreases (for)			
6.2	Other reserve capital as of the end of the period	49 770	49 770	37 591
7	Profit (loss) from the previous years as of the beginning of the period		16 446	16 446
7.1	Profit from the previous years as of the beginning of the period		16 446	16 446
a)	Changes in adopted accountancy principles (policy)			
b)	Adjustments of the basic errors			
7.2	Profit from the previous years as of the beginning of the period after agreement on the comparative data	21 054	16 446	16 446
a)	Increases (for)			
	- allocation of profit from the previous years			
b)	Decreases (for)		16 446	
	Allocation of the profit from the previous years		16 446	
	Increase of the reserve capital		12 179	
	Payment of dividend		4 267	
7.3	Profit from the previous years as of the end of the period	21 054		16 446
7.4	Loss from the previous years as of the beginning of the period			
a)	Changes in adopted accountancy policy (principles)			
b)	Adjustments of basic errors			
7.5	Loss from the previous years as of the beginning of the period after agreement to the comparative data			
a)	Increases (for)			
	- transferred loss from the previous years to be covered			
b)	Decreases (for)			
7.6	Loss from the previous years as of the end of the period			
7.7	Profit (loss) from the previous years as of the end of the period	21 054		16 446
8	Net result	4 071	21 054	1 770
a)	Net profit	4 071	21 054	1 770
b)	Net loss			
c)	Write off from profit			
II	**Equity as of the end of the period (BZ)**	**225 855**	**221 784**	**206 576**
III	**Equity after taking into account the proposed allocation of the profit (coverage of loss)**	**225 855**	**221 784**	**206 576**

XII) CASH FLOWS (UNIT)

	[TPLN]	from 10-07-01 to 10-09-30	from 09-07-01 to 09-09-30
A	**Cash flows on operational activity**		
I	**Net profit**	**4 071**	**1 770**
II	**Adjustments, in total:**	**-32 171**	**30 733**
1	Share in profits (losses) of the subordinate units		
2	Amortization	1 459	1 169
3	Profits/losses for the exchange rate differences	24	-345
4	Interests and shares in profits [dividends]	1 526	1 244
5	Profit/loss on investment activity	21	
6	Change in reserves	-867	-269
7	Change in inventories	-52 381	-24 718
8	Change in receivables	-51 907	-24 919
9	Change in short-term liabilities except for the credits and loans	69 591	78 185
10	Change in inter-period settlements	363	386
11	Other adjustments		
III	**Net cash flows on operational activity**	**-28 100**	**32 503**
B.	**Cash flows from investment activity**		
I	**Inflows**	**34**	**4**
1	Sale of WNiP and tangible fixed assets	26	2
2	Sale of investment in real estate and WNiP		
3	From financial assets, including:	8	2
a)	In affiliated units		
	- sale of financial assets		
	- dividends and shares in profits		
	- payment of granted long-term loans		
	- interests		
	- other inflows from financial assets		
	- dividends and shares in profits		
	- payment of granted long-term loans		
	- interests		
	- other inflows from financial assets		
b)	In other units	8	2
	- sale of financial assets		
	- dividends and shares in profits		
	- payment of granted long-term loans		
	- interests		
	- other inflows from financial assets	8	2
	- dividends and shares in profits		
	- payment of granted long-term loans		
	- interests		
	- other inflows from financial assets		
4	Other investment inflows		
II	**Expenses**	**931**	**771**
1	Purchase of WNiP and tangible fixed assets	851	771
2	Purchase of investment in real estate and WNiP		
3	For financial assets	80	
a)	In affiliated units		
	- purchase of financial assets		
	- granted long-term loans	80	
b)	In other units		
	- purchase of the financial assets		
	- granted long-term loans		
4	Other investment expenses		
III	**Net cash flows from investment activity**	**-897**	**-767**
C	**Cash flows from financial activity**		

I	**Inflows**	**21 886**	
1	Net inflows from the emission of stocks and other capital instruments		
2	Credits and loans	21 886	
3	Emission of debt securities		
4	Other financial inflows		
II	**Expenses**	**1 526**	**19 343**
1	Purchase of own shares		197
2	Dividends and other payments to the owners		
3	Other forms of allocation of profit		
4	Payment of credits and loans		17 902
5	Buyout of debt securities		
6	For other financial liabilities		
7	Payment of liabilities for the financial leasing		
8	Interests	1 526	1 244
9	Other financial expenses		
III	**Cash flows net from the financial activity**	**20 360**	**-19 343**
D	**Cash flows net in total**	**-8 637**	**12 393**
E	**Balance change in monetary means, including:**	**-8 637**	**12 393**
	- change in monetary means for the exchange rate differences		
F	**Monetary means as of the beginning of the period**	**13 258**	**4 541**
G	**Means as of the end of the period, including:**	**4 621**	**16 934**
	- with a limited disposability	100	77

XIII) EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL REPORT

1. STATEMENT ON CONSISTENCY

This Abbreviated Interim Consolidated Financial Report of the Group was prepared in accordance with the International Accounting Standard ("IAS") 34 – Interim Financial Reporting ("IAS 34") and in accordance with the proper accountancy standards applicable to the interim financial reporting adopted by the European Union, published and applicable in the course of preparing the Interim Consolidated Financial Report.

The interim abbreviated consolidated financial report does not contain all the information which is revealed in the annual consolidated financial report prepared in accordance with IFRS. This interim abbreviated consolidated financial report should be read jointly with the consolidated financial report of the Capital Group for the year 2009/10.

2. APPLIED ACCOUNTING PRINCIPLES

- **Assumption of the continuance of the activity**

The consolidated financial report was prepared with the assumption of the continuance of the activity by the Group in the foreseeable future. As of the day of preparing the report, there are no circumstances indicating for the threat to the continuance of the activity.

- **Functional currency and reporting currency**

The consolidated financial report was prepared in Polish zloty (PLN). The Polish zloty is a functional and reporting currency of the Capital group. The data n the financial reports were shown in thousands zlotys, unless in particular situations were provided with a higher exactness.

- **Basis of consolidation**

The consolidated financial report contains the financial report of the dominant unit and the reports of the units controlled by the dominant unit. It is deemed that the coverage of control takes place when the dominant unit has the possibility to have the influence on the financial and operational policy of the subordinate units in the indirect or direct manner in order to gain profits from the activity.

The financial results of the subsidiaries acquired or sold within the year are included in the consolidated financial report from/to the moment of the effective sale or acquisition.

In proper cases, in the financial reports of the subsidiaries or the associated units there are adjustments made aiming at unifying the accountancy principles applied by a given company with the principles applied by other units of the Group.

Any transactions, balances, revenues and costs appearing between the affiliated units covered with consolidated are subject to full consolidation elimination.

The shares not executing the control in net assets (excluding the goodwill) of the consolidated subsidiaries are presented separately from the equity of the Group. The shares not executing the control consist of the value of shares as of the merger day of the economic units (see below) and the shares not executing the control in exchanges in equity starting with the merger date. The losses ascribed to the shares not executing the control exceeding the scope of the share in the basic capital of the entity are allocated to the shares of the Group, except for the cases of binding liability and the ability of the shareholders not exercising the control to make additional investment in order to cover the losses.

- **Mergers of economic units**

Takeovers of the subsidiaries and separated parts of the activity are settled with the acquisition price method. Ther merger cost of the units is valued in the aggregated fair value (as of the day of ma king the payment) of the assets transferred, of the liabilities incurred or transferred as well as the capital instruments issued by the Group in exchange for taking over the control over the unit being taken over, increased by the costs directly connected with the merger of economic units. The identifiable assets, liabilities and contingent liabilities of the unit being taken over which fulfill the conditions to be included in accordance with IFRS 3 „Merger of economic units" are included in the fair value as of the takeover day, except for the fixed assets (or groups to be sold) classified as intended for sale in accordance with IFRS 5 „Fixed assets intended for sale and abandonment of activity", included and valued in fair value decreased by sales costs.

Goodwill resulting from the takeover is included in the assets and initially is shown at costs, as the value of the takeover costs exceeding the share of the Group in the net fair value of the included identifiable assets, liabilities and contingent liabilities. If after overestimation the share of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the unit being taken over exceeds the merger cost of the economic units, the surplus is included immediately in the profits and loss account.

The shares not executing the control in the unit being taken over are initially values as the proportion (share) of the shares not exercising the control in the net fair value of the assets, liabilities and contingent liabilities.

- **Goodwill**

Goodwill created upon takeover results from the surplus being established as of the takeover day of the takeover cost of the unit over the share of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, an associated unit or a joint venture included as of the takeover day.
The goodwill is initially included as the component of the assets at cost, and then is valued in accordance with the cost less the accumulated loss for the loss of value.

For the testing purposes of the loss of value, the goodwill is allocated to the particular units of the Group generating cash flows, which should be gained from the benefits from the synergies being the effect of a merger. The units generating the cash flows, to which the goodwill is allocated, are tested with reference to the loss of value once a year or more often is its can be reasonably assumed that the loss of value took place. If the recoverable value of the unit generating the cash flows is lower than its balance value, the loss for the loss of value is allocated first for the reduction of the balance amount of the goodwill allocated to the unit and then to other assets of the unit in proportion to the balance value of particular components of assets of the unit. The loss of the loss of value included for the goodwill shall not be reversed in the next period.

Upon selling the subsidiary or the unit being subject to common control, the part of the goodwill falling to it is included while calculating the profit/loss for sale.

- **Inclusion of revenues on sale**

The revenues on sale are included in the fair value of the payment obtained or due, less the forecast discounts, returns of the clients and similar write-offs.

Sale of goods

Revenues on sale of goods are included after fulfilling all the following conditions:

- transfer from the Group to the purchaser a significant risk and benefits resulting from the ownership right of the goods;
- assignment by the Group of the managerial functions to a degree connected as a rule with the ownership right and effective control over the goods sold;
- possibility to make a reliable valuation of the amount of revenues;
- likelihood of probability that the unit will obtain the economic benefits connected with the trans action; and
- the possibility to make a reliable valuation of costs incurred or forecast in connection with the transaction.

Provision of services

Revenues for agreements to provide services are included through reference to the advancement degree of the realization of a given agreement.
If the effect of the agreement to provide the services may be reliably estimate, the revenues and costs are included through the reference to the advancement degree of the realization of the agreement as of the balance sheet day. Any changes in the scope of the works, claims and bonuses are recognized to the degree, in which they were agreed with the client.
In case when the value of the agreement may not be reliably estimate the revenues for the agreement are included in the degree, in which it is probable that the costs incurred in accordance with the agreement will be covered therewith. The costs connected with the agreement are included as the costs of the period, in which they were incurred.
If there is a likelihood that the costs of the agreement are exceeded, the forecast loss is included immediately as the cost.

Revenues for interests and dividends

The revenues for dividends are included when the right of the shareholders is established to obtain the payments.

The revenues for the interests are included increasingly by the time of creation, through the reference to the amount of the capital unpaid yet and while taking into account the effective percentage rate, namely the rate effectively discounting the future cash inflows estimated for the expected usage period of a given component of assets to the balance value net of the component.

- **Leasing**

Leasing is classified as the financial leasing, when within the frames of the agreement concluded, basically, the whole potential benefits and the risk resulting from being the owner is transferred by the lessor. All the remaining types of leasing are treated as operational leasing.

- **Group as the lessor**

The assets utilized on the basis of the financial leasing agreement are treated as the assets of the Group and they are valued in their fair value upon them being purchased, not higher however than the current value of the minimum leasing fees. The liability towards lessor created in that manner is presented in the balance sheet in the position of the liabilities for the financial leasing.

Leasing payments are divided into the interest part and the decrease of the liability for the leasing so that the interest rate on the liability created would be a fixed value. The financial costs are referred directly to the profits and loss account unless they can be directly ascribed to the proper assets – then they are capitalized in accordance with the accountancy principles of the Group concerning the costs of debt service, presented below. The contingent payments for the leasing are included in the costs in the period in which they were incurred.

Payments for the operational leasing are referred to the profits and loss account with the straight-line method for the leasing period, except for the cases, when another systematic settlement basis is more representative for the time pattern governing the consumption of the economic benefits resulting from the leasing of a given component of the assets. The contingent payments for the operational leasing are included in the costs in the period in which they were incurred.

In case of special incentives appearing encouraging to conclude the operational leasing agreement, they are included as liabilities. The aggregated benefits for such incentives are included as the decrease of the costs of rental with a straight-line method, except for the cases when another systematic basis is more representative for the time pattern governing the consumption of the economic benefits delivered by the component of the assets covered with the leasing.

- **Foreign currencies**

Unit financial reports of the units belonging to the Group are presented in the currencies obligatory on the basic activity market for a given unit (namely in its functional currency). In the consolidated financial reports the results and the financial positions are presented in Polish zlotys (PLN), being the functional currency of the company and the presentation currency of the consolidated financial report.

While preparing the unit financial reports, the transactions conducted in the current different than the Polish zloty (PLN) are revealed in the exchange rate of the currency obligatory as of the transaction day. As of the balance day, the assets and monetary liabilities denominated in foreign currencies are translated in accordance with the exchange rate applicable as of that day. The assets and non-pecuniary liabilities valued in the fair value and denominated in the foreign currencies are valued at the exchange rate obligatory as of the establishment of the fair value. The non-pecuniary positions valued in accordance with the historical cost in the foreign currencies shall not be subject to repeated changing of the currency.

Exchange rate differences are included in the profits and loss account in the period, in which they are created, except for:

- exchange rate differences concerning the assets under construction intended for the future production usage, which are included into these assets and are treated as the adjustments of the interest costs of the credits in foreign currencies;
- exchange rate differences resulting from the monetary positions of receivables or liabilities towards the foreign units, with which the settlements are planned or such settlements are not likely, constituting a part of the investment net in the unit located abroad and included in the reserve capital into the translation of the foreign currencies and in the profit/loss on sale investment net.

While consolidation, the assets and liabilities of the units located abroad are translated into the Polish currency at the exchange rate applicable as of the balance sheet day. Revenues and costs are translated with the use of the average exchange rate for a given reporting period, except for the situation when the exchange rate fluctuations are very significant (then the exchange rates are applied from the days of making the transaction). Any exchange rate differences are revealed in the consolidated financial report in capital and are transferred to the reserve for the translation of the currencies created by the Group. Such exchange rate differences are included as the revenue or the cost in the period, in which the unit located abroad is sold.

The goodwill and the adjustments of the fair value resulting from the sale of the unit located abroad are translated as the component of the assets or the liabilities of the unit located abroad and shall be subject to be translated into the Polish currency with the application of the exchange rate difference on the balance day.

- **Costs of external financing**

The costs of external financing directly connected with the purchase or the creation of the components of the property requiring longer period of time to be suitable to be used or resold are added to the manufacturing costs of such assets until these assets are basically ready for intended usage or resale. The revenues on investment obtained in the result of the short-term investing of the obtained external means before them being invested in the assets discussed decrease the value of the external financing costs being subject to capitalization.

Any other external financing costs are referred directly to the profits and loss account in the period, in which they were incurred.

- **Costs of future pension benefits**

The payments to the pension programmes of the defined premiums shall encumber the profits and loss account in the moment when the employee worked already a number of years entitling him to get the benefit.

In case of pension programmes of the defined benefits, the cost of the benefits is established with the use of the method of forecast unit rights, with the actuary valuation conducted as of each balance day.
The Management Board analyzed the significance of the future costs of pension benefits and due to their insignificant level, the reserve for the pension severance pays was not created.

- **Payments realized in the form of shares**

Payments in the form of shares settled in the capital instruments to the employees and other persons providing similar services are valued in the fair value of capital instruments as of the day of them being granted.

The fair value in the payments in the form of shares settled in the capital instruments defined on the day of them being granted is referred in the costs with the straight-line method in the period of obtaining the rights, on the basis of the estimates of the Group as to the capital instruments, to which the right are going to be finally obtained. As of the balance day, the Group reviews the estimates concerning the number of capital instruments forecast to be granted. Any possible influence of the review of the primary estimates is included in the profits and loss account for the remaining granting period, with the proper adjustment in the reserve for the employee benefits settled in the capital instruments.

Transactions with other parties concerning the payments realized in the form of shares and settled with the ownership rights method are valued in the fair value of the goods obtained or services, except for the cases, in which the value cannot be reliably assessed. In such a situation, the basis for the valuation is the fair value of the granted capital instruments valued as of the obtaining day of the goods or services from the business partner by the unit.

In case of the payments settled with the shares settled with cash method the liability is included with the proportionate value to the share in the value of the obtained goods and services. The liability is included in the current fair value established as of each balance day.

- **Taxation**

The income tax of the unit covers the current tax to be paid and the deferred tax.

Current tax

Current tax burden is calculated on the basis of the tax result taxation basis) of a given financial year. The tax profit (loss) differs from the accounting profit (loss) net in connection with excluding the revenues being subject to taxation and the deductible costs in the next years and the position of revenues and costs, which will never be subject to taxation. The burden of the Group for the current tax is calculated on the basis of the tax rates applicable in a given financial year.

Deferred tax

Deferred tax is calculated with the method of balance liability as the tax being subject to be paid or returned in the future, referring to the differences between the balance values of assets and liabilities and the tax values corresponding to them used for the calculation of the taxation basis.
The reserve for the deferred tax is included on all the positive transition taxable differences, whereas the component of the assets for the deferred tax is recognized to the level in which the reduction of the future tax profits is likely by the recognized negative transition differences. The position of assets or the liability for the deferred tax is not created, if the transitory difference is created for the goodwill or for the initial intake (except for the situation of inclusion after the merger of the economic units) of another component of assets or the liability in the transaction, which does not affect the tax result nor the accounting result.

The reserve for the deferred tax is included on the transitory tax differences created as a result of the investment in the subsidiaries, associated units and shares in joint ventures unless the Group is able to control the moment of reversing the transitory difference and it is likely that in the foreseeable future the transitory difference is not reversed. The assets for the deferred tax resulting from the transitory differences connected with such investments and shares are included in the scope corresponding to the probable profits being subject to the taxation, which could be compensated with the transitory differences if there is likelihood that in the foreseeable future the differences are not reversed.

The balance value of the component of assets for the deferred tax shall be subject to review as of each balance day and in the event when the future tax profits are not sufficient to restore the component of assets or its part, the value should be respectively decreased.

Assets and liabilities for the deferred tax are calculated with the use of the tax rates, which will be obligatory when the position of the assets is realized or the liability is due, in accordance with the tax provisions (rates) applicable in law or actually as of the balance day. The valuation of the assets and liabilities for the deferred tax reflects the tax consequences of the method, in which the Group expect to obtain or settle the balance value of the assets and liabilities as of the day of preparing the financial report.

Assets and liabilities for the deferred tax are compensated in case of the right to be compensated of the current positions of assets and tax liabilities, if these positions are taxed by the same tax body and the Group wants to settle its current assets and tax liabilities taxed on a net basis.

Current tax and deferred tax for the current settlement period

Current and deferred tax is shown in the costs and revenues in the profits and loss account, except for the case when it refers to the positions recognizing or encumbering directly the equity because then also the tax is referred directly in the equity or results from the initial settlement of the merger of the economic units. In case of the merger of the economic units, the tax consequences are taken into account while calculating the goodwill or defining the value of share of the unit taking over in the net fair value of the identifiable assets, liabilities and contingent liabilities of the unit being taken over exceeding the takeover cost.

- **Tangible fixed assets**

Fixed assets and fixed assets under construction are included as of the initial intake day at the purchase price or the manufacturing cost.

Fixed assets are included as of the balance day in the purchase price or the manufacturing cost less the redemption and accumulated write-offs for the loss of value.
Fixed assets under construction are included in the balance day in the purchase price or the manufacturing costs less the accumulated impairment loss write-offs.
Amortization rates are calculated in order to write off the purchase price or the manufacturing costs other than the fixed assets under construction. Such write-offs are made with the straight-line method for the economic usage period of proper positions starting with the month following the month of accepting the fixed assets for usage. Estimate usage periods, final values and amortization method are subject to review as of the end of each year and the effects of any changes in estimates are included prospectively.
Being directed with the significance principle of the amortization of fixed assets with the initial value lower than 2 000 PLN are made single time in the month following the month of accepting the fixed assets for usage. Assets maintained on the basis of the financial leasing agreement are amortized for the period of their economic usage on the same principles as own assets, not longer however than the period of the leasing duration.
Profits or losses resulted on sale / liquidation or cessation to use the tangible positions of fixed assets are defined as the difference between the revenues on sale and the balance value of these positions and are included in the profits and loss account.

While calculating the amortization, the following standard usage periods are used:

Buildings and houses	25 - 40 years
Means of transport	5 - 6 years
Devices and machines	1,6 - 15 years
Others	5 - 10 years

- **Investment real estates**

The investment real estate is recognized as the real estate which is treated as the source of revenues on rents and/or are maintained due to the expected increase in their value. The investment real estate is included as of the day of initial inclusion at the purchase price.
The investment real estate is included as of the balance day at the purchase price by the redemption and accumulated impairment loss write-offs.

- **Intangible and legal assets**

Intangible and legal assets acquired in separate transactions

Intangible and legal assets acquired in separate transactions are shown at the historical cost less the redemption and accumulated impairment loss write-off. The amortization is calculated with the straight-line method in the forecast usage period of these assets. The estimate usage period and amortization are subject to review as of the end of each annual reporting period and the results of the changes are referred to the future periods.

Intangible and legal assets taken over with the merger of the economic units

Intangible and legal assets taken over with the merger of the economic units are identified and included separately on the goodwill, if they fulfill the definition of the intangible and legal values and their fair value can be reliably assessed. The cost such assets corresponds to their fair value as of the takeover day.

With the initial intake, such values are shown at the historical cost less the redemption and accumulated loss for the loss of value in the same manner, as the intangible and legal assets in separate transactions. In case of the intangible and legal assets with the undefined usage period, the annual impairment loss write-off is made.

With the calculation of the amortization, the following usage periods are used:

Capitalized development	5 years
Patents	10-20 years
Trade marks	20 years
Licences	20 years

- **Loss of value of the tangible fixed assets and intangible and legal assets except for goodwill**

  As of each balance day, the Group makes the review of the balance values of the fixed assets and intangible and legal assets possessed in order to state whether there are no prerequisites indicating as of the loss of their value. If the existence of such prerequisites was stated, the restorable value is estimated of a given component of assets in order to establish a potential write-off for this. In the situation when the component of assets does not generate the cash flows, which are to a significant extent independent on the flows generated by other assets, the analysis is conducted for the group of the assets generating the cash flows, to which a given component belongs. If it is possible to indicate a reliable and unified allocation basis, the components of the fixed assets of the Group are allocated to particular units generating the cash flows or to the smallest groups of units generating such flows, for which one may indicate reliable and unified bases for allocation.

In case of intangible values with the undefined usage period, the test for the loss of value is conducted annually and additionally when there are prerequisites indicating for the possibility for the loss of value to appear.

The restorable value is established as a higher one from among the two values: fair value decreased by the sales costs or the utility value. The latter value corresponds to the current value of the future cash flows discounted with the use of the gross discount rate taking into account the current market value of the money in time and the specific risk for a given component of assets.

If the restorable value is lower than the balance value of the component of assets (or the unit generating the cash flows), the balance value of the component or the unit is decreased to the restorable value. The loss for the loss of value is included immediately as the cost of the period, in which it occurred except for the situation, when the component of assets was indicated in the overestimated value (then the loss is treated as the reduction of the prior overestimation).

If the loss for the loss of value is subject to the reversal, the net value of the component of assets (or the unit generating cash flows) is increased to the new estimated restorable value, not exceeding however the balance value of the component of assets which would have been established, if in the previous years the loss for the loss of the component of assets/ unit generating cash flows would not have been included. The reversal of the loss of value is included immediately in the profits and loss account, if the component of assets was not subject to overestimation – in such a case, the reversal of the loss is treated as the increase from revaluation.

- **Inventories**

The inventories are shown at the purchase price or the manufacturing cost or at the net sale price, depending on which of these values is lower.
The net sales price is possible to be obtained as of the balance day, the sales price VAT excluded.

The inventories include goods, materials and finished goods. Goods and materials are shown in the purchase price, which covers the purchase price increased with the import duties, costs of transport, loading, unloading and their costs directly connected with obtaining the goods and materials less the discounts.
The manufacturing costs cover the costs directly connected with the unit of the product and property ascribed variable and fixed indirect manufacturing costs. The variable indirect manufacturing costs are ascribed to the unit of the product on the basis of the current usage of machines and production devices. Fixed indirect manufacturing costs are ascribed with taking the normal usage of the manufacturing capacities. The fixed

indirect manufacturing costs are ascribed while assuming the normal usage of the manufacturing capacities. The expenditure of the goods and materials are made in accordance with the average weighted and the expenditure of the products in accordance with FIFO.

The inventories of the goods, materials and finished products are covered with the updating write-off in accordance with the individual assessment of the price possible to the obtained as of the balance day.
The updating write-offs concerning the inventories, resulting from the cautious valuation and the updating write-offs for the lingering positions as well as their reversal are referred to other operational costs.

- **reserves**

Reserves are shown in case of current liabilities occurring in the Group (legal and customary) being the consequence of the events from the past, the necessity to settle them by the Group is probable and the amount of the liabilities can be reliably assessed.

The reserve amount included reflects the possibly most exact estimate of the amount required to settle the current liability as of the balance day, taking into account the risk and uncertainty connected with the liability. In case of the valuation of the reserve with the method of estimate cash flows necessary to settle current liability, its balance value corresponds to the current value of the flows.

If there is a likelihood that a part or the whole of the economic benefits required to settle the reserve can be restored from the third party, the receivables are included as the component of the assets, if the likelihood to restore the amount is properly high and can be reliably assessed.

Guarantees

Reserves for the guarantee repairs costs are included upon the sale of the products, in accordance with the best estimate of the management board as to the future costs necessary to be incurred by the Group in the guarantee period.

- **Financial assets**

Investments are included on the purchase day and removes from the financial report on the sale day, if the agreement requires it to be delivered on the date indicated by the proper market and their initial value is valued in the fair value less by the trans action costs except for the assets, which are included in the category of the financial assets valued in the fair value initially through the profits and loss account.

Financial assets are classified to the following categories: financial assets valued in the fair through the profits and loss account; the investment maintained to the maturity, financial assets available for sale and credits and receivables. The classification depends on the nature and intention of the financial assets and it is defined upon the initial inclusion.

Method of effective percentage rate

This is the method of calculating the amortized cost of the component of the financial assets and allocation of the interest income in the proper period. The effective percentage rate is the rate discounting the estimated future monetary inflows in the forecast usage period of a given component of the financial assets or in the justified case, in the shorter period.

The income from the debt instruments other than the financial assets classified as those valued in the fair value through the profit and loss account is included while taking into account the effective percentage rate.

Financial assets valued in the fair value through the profits and loss account

This group includes the financial assets intended for sale or valued in the fair value through the profits and loss account.

The component of the financial assets is classified as the one intended for sale, if:

- it was purchased, first of all, for resale in the foreseeable future; or
- constitutes a part of the defined portfolio of financial instruments, which are managed by the Group jointly, in accordance with current and actual pattern of generating short-term profits; or

The component of financial assets other than the one intended for sale may be classified as the one valued in the fair value through the profits and loss account, if:

- such a classification eliminates or significantly reduces the incoherence of the valuation or inclusion appearing in other circumstances; or
- component of the financial assets belongs tto the group of assets or financial liabilities or to both these groups covered with management and its results are valued in the fair value in accordance with the documented risk management strategy or the investment of the Group, within the frames of which the information on grouping the assets are transferred internally; or
- component of assets constitutes a part of the contract containing one or more inbuilt derivative instruments and IAS 39 allows the classification of the whole contract (component of assets or liabilities) to the valuation in the fair value through the profits and loss account.

Financial assets valued in the fair value through the profits and loss account are shown in the fair value and the result profits or loss are included in the profits and loss account. The profit and loss net included in the profits and loss account take into account the dividends or the interests generated by a given component of financial assets. Fair value is defined with the method described in the note no 14.

Investments maintained to maturity.

Bills of exchange and debit notes with fixed or negotiable payment conditions and fixed maturity dates, which can be and are desired to b maintained by the Group until the maturity are classified as the investment maintained to maturity. They are shown at the amortized historical cost applying the effective percentage rate minus the loss of value, whereas the revenues are included with the income effective method.

Financial assets available for sale

Shares and redeemable bills of exchange listed on the stock exchange being in the possesion of the Group being in the trade on the active market are classified as the assets available for sale shown in the fair value. Profits and losses resulting from the changes in the fair value are included directly in equity as the reserve capital from the revaluation, except for the losses for the loss of value, interests calculated with the method of the effective percentage rate and positive and negative exchange rate differences on the monetary assets , shown directly in the profits and loss account. In case of selling the investments or stating the loss of its value, the accumulated profit or the loss included prior in the reserve capital from the revaluation are included into the profit or loss of a given reporting period.

Dividends from the capital instruments available for sale are included in the profits and loss account upon obtaining the right to obtain them by the Group.

The fair value of the monetary assets available for sale denominated in foreign currencies is defined while translating these currencies at the spot exchange rate as of the balance day. The change in the fair value falling for the exchange rate differences resulting from the change of the amortized historical cost of a given component of assets is shown in the profits and loss account, whereas other changes are included in equity.

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Credits and receivables

Receivables for supplies and services, credits and other receivables with fixed and negotiable payment conditions not being the subject of trade on the active market are classified as „credits and receivables". They are valued at the amortized cost, with the method of effective percentage rate taking into account the loss of value. The interest income is included with the application of the effective percentage rate except for the short-term receivables, where the inclusion of the interests would be insignificant.

Loss of value of financial assets

Financial assets, except for those valued in the fair value through the profits and loss account, are valued with reference to the loss of value as of each balance day. The financial assets lose their validity when there are objective prerequisites that the events which appeared after an initial inclusion of a given component of assets affected adversely the future estimated cash flows connected therewith. In case of the financial assets shown at the amortized historical costs, the amount of the loss of value constitutes the difference between the balance value and the current value of the estimate cash flows discounted with the application of the initial effective percentage rate.

Balance value of the component of the financial assets is decreased directly with the revaluation write-off for the loss of value, except for the receivables for the supplies and services, the balance value of which is decreased by the write-offs for the specialty created account. The receivables for the supplies and services are written-off in them which are recognized as non-recoverable, and after any recovery of the written-off amounts the same account is recognized with them. The changes in the balance value of the account are included in the profits and loss account.

All the companies in the Group create the revaluation write-offs for the overdue and doubtful receivables. The generally accepted principles in the Group foresee that the overdue receivables from six to twelve months are covered with a 50 % write-off. The overdue receivables above 12 months are covered with the write-off in 100 %. Irrespective of the general provisions, the liabilities are individually monitored and subject to be assessed in the area of the payment risk.

If in the next period, the amount of the revaluation period for the loss of value, was decreased, and the decrease may be objectively connected with the event which appeared after the day of including the loss of value, the loss of the loss of value shall be subject to be reversed through the profits and loss account in the area corresponding to the reversal of the balance value of the investment as of the loss of value day, to the degree not exceeding the value of the amortized of the historical cost which would have been included if the loss of value had not occurred. It refers to all the assets except for the capital instruments available for sale. In their case, the increase of the fair value taking place after the loss of value is included directly in equity.

Writing off the financial assets

The Group registers out the component of the financial assets exclusively when the contractual rights expire to the cash flows generated by the component of assets or when the component of financial assets with basically the whole risk and all the benefits connected with its possession was transferred to another entity. If the Group does not transfer nor retains basically the whole risk and all the benefits connected with the possession of the component of assets and maintain control over them, it includes the retained share in such a component of the assets and the liabilities connected therewith for potential payments. Whereas, if the group retains basically the whole risk and the benefits connected with the transferred component of assets, still it includes the proper component of financial assets as well as the loans for the obtained revenues covered with the security.

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

Classification as the debt or equity

Debt and capital instruments are classified as the financial liabilities or equity, depending on the text of arrangements in the contract.

Capital instruments

A capital instrument is each contract which certifies the share in the assets of the entity after deducting all its obligations. Capital instruments are shown in the value of inflows less the direct costs of issue.

Financial liabilities

Financial liabilities are classified either or financial liabilities valued in the fair value through the profits and loss account or other financial liabilities.

Financial liabilities valued in the fair value through the profits and loss account

The category includes the financial liabilities intended to be sold or defined as the valued in the fair value through the profits and loss account.

The financial liability is classified as the one intended for sale, if:

- it was purchased, first of all, for resale in the foreseeable future; or
- constitutes a part of the defined portfolio of financial instruments, which are managed by the Group jointly, in accordance with current and actual pattern of generating short-term profits; or
- is a derivative instrument non-classified and not being the surety

The financial liability other than the one intended for sale may be classified as the one valued in the fair value through the profits and loss account upon initial inclusion, if:

- such a classification eliminates or significantly reduces the incoherence of the valuation or inclusion appearing in other circumstances; or
- component of the financial assets belongs to the group of assets or financial liabilities or to both these groups covered with management and its results are valued in the fair value in accordance with the documented risk management strategy or the investment of the Group, within the frames of which the information on grouping the assets are transferred internally; or
- constitutes a part of the contract containing one or more inbuilt derivative instruments and IAS 39 allows the classification of the whole contract (component of assets or liabilities) to the valuation in the fair value through the profits and loss account.

The financial liabilities valued in the fair value through the profits and loss account are shown in the fair value and the profits or financial losses resulting thereform are included in the profits and loss account taking into account the interests paid on a given financial liability. The fair value is established with the method described in the note no 40.

Other financial liabilities

Other financial liabilities, including bank credits and loans are initially valued in the fair value less the transaction costs.

Then, they are valued at the amortized historical cost with the method of effective percentage rate, and the interest costs are included with the method of effective income.

The method of effective percentage rate is intended to calculate the amortized cost of the liability and to allocate the interest costs in the proper period. The effective percentage rate is the rate discounting the estimated future monetary inflows in the forecast usage period of a given component of the financial assets or in the justified case, in the shorter period.

Writing off the financial liabilities

The Group register out the financial liabilities exclusively when the proper liabilities of the Group are performer, annulled or they expire.

- **Derivative instruments**

The Group uses the forwards contracts type or the cross currency swap as the security against the exchange rate risk.

Derivative instruments are included in the fair value as of the day of concluding the contract and then they are overestimating to the fair value as of each balance day. The result profit or the loss are included immediately in the profits and loss account.

Derivative instruments not indicated as the effective connection are classified as the assets or working liabilities.

Hedging accountancy.

The Group does not apply the hedging accountancy.

- **Basic accounting judgments and estimation basis of the uncertainty**

While applying the accountancy principles obligatory in the Group described in the note no 3, the management board must make judgments, estimates and adept the assumptions concerning the balance value of the assets and liabilities, which cannot be defined while using the available sources. The estimates and assumptions connected therewith are based on the historical experience and other factors deemed as significant. The actual results may deviate from the adopted estimate values.

The underlying estimates and assumptions shall be subject to current review. The change in the estimate amounts are included in the period, in which the review took place, if it refers only the entity or in the current period and future periods, if the change refers equally to the current period.

- **Basis for estimating the uncertainty**

The basic assumptions were presented below which are related to the future and other bases for estimating the uncertainty as of the balance day, having a significant influence on the risk of the significant adjustments of the balance value of the assets and liabilities in the next working year.

Loss of goodwill

The statement whether the goodwill was reduced, requires the estimation of the utility value of all the units generating the cash flows to which the goodwill was ascribed. Wishing to calculate the utility value, the unit must estimate the future cash flows falling to a given unit and establish a proper discount rate, necessary to calculate the current value of these flows.
As of the balance day, the goodwill amounted to 43,6 mln PLN.

Intangible assets with undefined utility period.

Intangible assets with the undefined utility period are being subject to annual reviewed with reference to any loss of value on the level of the unit generating the cash flows. As of the balance day, the Group possessed the intangible and legal assets with undefined utility period of 24,2 mln zł.

3. Operational segments

A basic format of the reporting division of the Group is based on geographical segments and supplementing one on the industry segments.

Geographical segments

Three basic divisions of the company conduct the activity in three basic geographical areas: A, B and C. The composition of particular geographical segments is as follows:

Area A Poland	In the area A the Group possesses the points conducting the wholesale.
Area B Czech Republic	In the area B the Group possesses the points conducting the wholesale retail sale and production.
Area C Slovakia	In the area C the Group possesses the point conducting the wholesale.

The revenues of the Group on sale to the external clients and the information concerning the assets in particular geographical segments are presented below

Revenues in particular segments

	External sale	Sale between the segments	other	In total
	Period completed 30/09/10	Period completed 30/09/10	Period completed 30/09/10	Period completed 30/09/10
	PLN'000	PLN'000	PLN'000	PLN'000
Poland	457 637	27 315		484 952
Czech Republic	252 729	77 832		330 561
Slovakia	43 182			43 182
Segments in total				858 695
Eliminations				105 147
Consolidated revenues				753 548

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

Assets and liabilities in the division into the segments

	Assets	Liabilities
	30/09/10	30/09/10
	PLN'000	PLN'000
Poland	569 530	412 049
Czech Republic	332 188	202 686
Slovakia	19 909	14 268
Segments in total	921 627	629 003

Eliminations		
Not allocated		
Consolidated	921 627	629 003

Results in particular segments

	Including costs/profits for interests	Period completed 30/09/10 PLN'000
Continued activity		
Poland	-1 453	4 867
Czech Republic	-233	5 312
Slovakia	1	-112
Eliminations		
Not allocated		
Profit before tax		10 067
Income tax		2 099
Profit for the financial year on the continued activity		7 968
Abandoned activity		
Profit before tax		
Income tax		
Profit for the financial year on the abandoned activity		
Profit for the financial year		7 968

Amortisation in particular segments

	Purchase of fixed assets PLN'000	Period completed 30/09/10 PLN'000
Continued activity		
Poland	1 079	1 485
Czech Republic	425	653
Slovakia		53
Consolidated	1 504	2 191

Industry segments

The supplementing format of the reporting in the Group is the division into the industry segments. Within the frames of the activity of the Group, one can distinguish:

- Wholesale in hardware, telecommunication, multimedia and electronic equipment,
- Retail sale in hardware
- Production of personal computers

Revenues from the sale to the external clients	Assets in the division into segments	Purchase of fixed assets

	Period completed 30/09/10 PLN'000	30/09/10 PLN'000	Period completed 30/09/10 PLN'000
Wholesale	731 411	910 921	1 398
Retail sale	6 569	6 563	
Production	15 568	4 143	
	753 548	921 627	1 398

The sale prices between the segments correspond to the prices applied in the external sale of similar products.
In the comparative period, the Company operates not only in one geographical segment (in Poland) and in one industry segment (wholesale).

4. ACTIVITY IN THE INTERIM PERIOD

The season fluctuations in particular amounts consisting for the financial result in the period covered with the report repeat the market trends from the previous years.

5. PROFIT FALLING FOR ONE SHARE

	Period completed 30/09/10 PLN per share	Period completed 30/09/09 PLN per share
Basic profit falling per one share		
From the continued activity	7 997	4 861
From the abandoned activity		
Basic profit falling per one share in total	0,49	0,31
Diluted profit falling per one share	7 997	4 861
From the continued activity		
From the abandoned activity		
Diluted profit falling per one share in total	0,49	0,30

Basic profit falling per one share

The basic profit falling per one share is calculated while dividing the net profit for a given period for the shareholders of the dominant unit by the average weighted number of shares in the reporting period.

	Period completed on 30/09/10 PLN'000	Period completed on 30/09/09 PLN'000

Profit for the financial year falling for the shareholders of the dominant unit	7 997	4 861
Profit used to calculate a basic profit falling per one share in total	7 997	4 861
Profit used to calculate a basic profit per share from continued activity	7 997	4861

	Completed period 30/09/10	Completed period 30/09/09
	'000	'000
Average weighted of number of ordinary shares to be used to calculate the basic profits falling per one share	16 295 002	15 819 205

6. DIVIDENDS

In the interim period, the shareholders were not paid a dividend.

7. TANGIBLE FIXED ASSETS - INCREASE

	AB S.A.	ALSEN Sp. z o.o.	ATC Holding
	PLN'000	PLN'000	PLN'000
Lands			162
Technical devices and machines			35
Means of transport	335		157
Equipment	90		52
Fixed assets under construction/buildings	248		19
IN TOTAL	**673**		**425**

8. INVESTMENTS IN ASSOCIATED UNITS

In the presented period the Group did not conduct any investment in associated units.

9. GOODWILL

	30/09/10	30/09/09
	PLN'000	PLN'000
Cost		
State as of the beginning of the financial year	40 593	43 570

Goodwill from consolidation as a result of purchase		
Exchange rate differences	303	-1 287
State as of the end of the financial year	40 896	42 283

Accumulated revaluation write-offs for loss of value

State as of the beginning of the financial year		
State as of the end of the financial year		

Balance value

Opening balance		
Closing balance	40 896	42 286

Goodwill was created as a result of the purchase of 30 October 2007 of 100% of shares AT Computers Holding a.s. with its seat in Ostrava, which possesses 100 % of shares/stocks in the following entities:
- AT Computers a.s. with its seat in Zielin, Slovakia
- AT Campus s.r.o. with its seat in Ostrava, Czech Republic,
- AT Computer s.r.o. with its seat in Ostrava, Czech Republic,
- Comfor Stores a.s. with its seat in Brno, Czech Republic.

10. Credits and loans

In the period from the publication day of the annual report (i.e. on 2 November 2010) by the publication day of the report for the first quarter of the financial year 2010/2011 the Group did not incur new credit liabilities.

11. Issued capital

In the period covered with the report there were no changes in the issued capital of the Company.

12. Sale of subsidiaries

In the presented period, the Group did not sell subsidiaries.

13. Takeover of subsidiaries

In the presented period, the Group did not make any takeovers of subsidiaries.

14. Contingent liabilities and contingent assets

As of the balance day the amount of non-balance sheet liabilities was as follows:

	PLN'000
	2010-09-30
Factoring	
Granted guarantees	14 814
Sum	14 814

A detailed description can be found in point 8 of the additional information.

15. The events occurring after the reporting period

After a balance date there were no significant events, which were not taken into account in the financial report for the interim period.

16. Transactions with affiliated units

In the period from 1 July 2010 to 30 September 2010 there were no transactions concluded under other conditions than the market ones.

XIV) ADDITIONAL INFORMATION

Additional information results from the Regulation of the Minister of Finances of 19 February 2009 on current and periodical information transferred by the issuers of securities and the conditions for recognition of the information as relevant required with the law provisions of the Non-Member State.

1. DESCRIPTION OF THE ORGANIZATION OF THE CAPITAL GROUP WITH THE INDICATION OF THE UNITS BEING SUBJECT TO CONSOLIDATION

1.1. The entities included in the Capital Group AB S.A. (with the information concerning the consolidation method or valuation of shares)

The composition of the capital group on 30 June 2010 included the following entities:

Dominant unit

- AB S.A. (dominant unit)
- The company conducts the activity in the area of distribution of computers and electronic equipment on the Polish market and foreign markets.

Address of the seat: ul. Kościerzyńska 32, 51-416 Wrocław
Statistical REGON number: 931908977
Tax identification number NIP: 895-16-28-481
Register body: District Court for Wrocław – Fabryczna, VI Economic Division of the National Court Register. The entry into the register was made on 22.10.2001 under the KRS number 000053834
Duration of the Company: unlimited

Subsiudiaries

- Alsen Sp. z o.o. (AB S.A. is the owner of 408 shares with a total value of 204.000 and constituting 69,39% of total shares) – shall be subject to consolidationpodlega konsolidacji

  The company realizes a retail sale of computer and electronic equipment within the franchising network on the Polish market.

- Alsen Marketing Sp. z o.o. (AB S.A. is the owner of 100% of shares) – subject to consolidation
- B2B IT Sp. z o.o. (AB S.A. is the owner of 100% of shares) – subject to consolidation
- AT Computers Holding a.s. (AB S.A. is the owner of 100% of shares) – subject to consolidation

  The company conducts the activity in the area of subsidiaries' management.

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

The company conducts the activity in the area of distribution of computer and electronic equipment on the Czech and foreign markets.

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

  The Company conducts the activity in the area of assembly of computers from finished subassemblies. Finished products are then resold to the distribution companies, which make further resale.

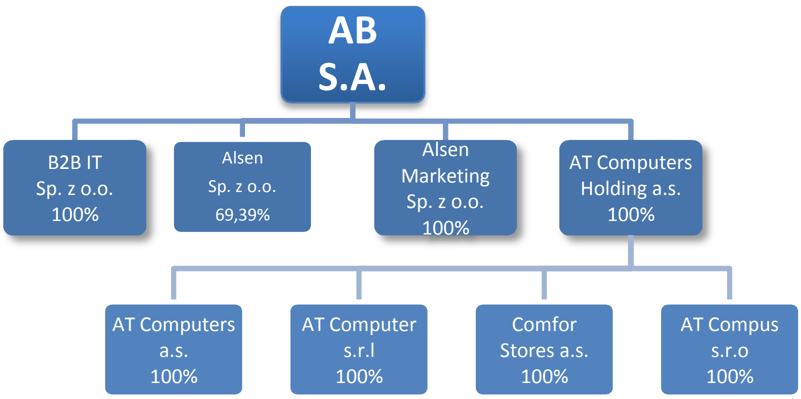
- Comfor Stores a.s. (the owner 100% of shares is AT Computers Holding a.s.) – subject to consolidation

  The company conducts the activity in the area of retail sale in computer and electronic materials.

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

  The company conducts the activity in the area of distribution of computers and electronic equipment on the Slovakian market.

1.2. Diagram of the capital group



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

In the first quarter of the financial year 2010/2011 the structure of the AB Capital Group was not changed.

3. Standpoint of the Management Board with reference to the possibility to realize the prior published forecasts

The Group did not publish the forecast results as of the current period.

4. Shareholders possessing at least 5% of total number of votes at General Meeting of Shareholders

In accodance with the status of the issuer, the structure of shareholders of the dominant unit as of the publication day of the quarter report is as follows:

State as of 2010-11-15	Number of shares	Shareholders by number of shares	Number of votes	Shareholders by number of votes
Andrzej Przybyło	1 316 200	8,1%	2 629 200	14,9%
Iwona Przybyło	3 944 052	24,2%	3 944 052	22,4%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1 381 218	8,5%	1 381 218	7,8%
Aviva Investors Poland S.A.	1 176 165	7,2%	1 176 165	6,7%
ING TFI S.A.	1 024 118	6,3%	1 024 118	5,8%
Others	7 453 249	45,7%	7 453 249	42,4%
In total	16 295 002	100,0%	17 608 002	100,0%

In the period from transferring the annual report to the publication day of the quarter report there were no changes occurring in the ownership structure of significant packages of issuer's shares

5. Juxtaposition of the status of the possessed issuer's shares or the rights to them by the managing and supervising persons of the issuer

- **The shares possessed by the managing and supervising persons**

The possession status of the issuer's shares or the rights to them by the managing and supervising persons from the issuer as of the day of transferring the quarter report, i.e. 15 November 2010:

State as of 2010-11-15	Number of shares	Shareholders by number of shares	Number of votes	Shareholders by number of votes
Management Board				
Andrzej Przybyło	1 316 200	8,10%	2 629 200	14,90%
Krzysztof Kucharski	25 000	0,15%	25 000	0,14%
Zbigniew Mądry	0	0,00%	0	0,00%
Grzegorz Ochędzan	15 000	0,10%	15 000	0,09%
Supervisory Board				
Iwona Przybyło	3 944 052	24,20%	3 944 052	22,40%

Jacek Łapiński	0	0,00%	0	0,00%
Jan Łapiński	0	0,00%	0	0,00%
Radosław Kiełbasiński	0	0,00%	0	0,00%
Andrzej Bator	0	0,00%	0	0,00%
Katarzyna Jażdrzyk	0	0,00%	0	0,00%

In the period between the transfer of the annual report (i.e. 2 November 2010) and the publication day of the report for the first quarter of the financial year 2010-2011 there were no changes in the packages of shares possessed by the managing and supervising persons.

6. Indication of the proceedings pending before court, the competent body for the arbitration or the public administration body

No company of the AB S.A. Capital Group is not the subject of the proceedings pending before the court, competent body for the arbitration proceedings or the body of the public administration, concerning liabilities or obligations, the value of which exceeds 10% of own capitals.

On 27 May 2009 the Issuer lodged a law suit to court for the reimbursement of the amounts collected unduly by Raiffeisen Bank Polska SA. With the interests. Simultaneously, the company created the reserve for the full value of the disputable amount for the results of the financial year.

7. Information on concluding by the issuer or the subsidiary unit one or many transactions with the affiliated units concluded under other conditions than the market ones

In the period from 1 July to 30 September 2010 there were no transactions concluded under other conditions than the market ones.

8. Information on granting by the Issuer or the subsidiary unit the credit surety or the loan or the guarantee granted

Within the frames of the operations activity conducted, particular companies of the Group grant bank guarantees to the business partners and the Customs Office.

	PLN'000
	2010-09-30
Factoring	
Granted guarantees	14 814
Sum	**14 814**

The remaining non-balance liabilities of the Group consist the bank guarantees granted to the business partners and the Customs Office. In the table below the guarantees in the original amount are presented.

Issuer of the guarantee	Beneficiary	Bank	Currency	Amount	Date of validity
AB S.A.	Intel Corporation (UK)	Pekao S.A.	USD	1 000 000	2011-01-21
AT Computers, a.s.	IBM Česká republika, s.r.o	CITIBANK Europe plc	CZK	4 250 000	2011-06-01
AT Computers, a.s.	Lenovo (Singapore) Pte Ltd	CITIBANK Europe plc	USD	380 000	2011-06-30
AT Computers, a.s.	Lenovo PC HK Limited	CITIBANK Europe plc	USD	285 000	2011-06-30
AT Computers, a.s.	Celní ředitelství Ostrava	CITIBANK Europe plc	CZK	500 000	undefined
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	2011-06-16
COMFOR Stores	EURO-PROPERTY Fund	CITIBANK Europe plc	EUR	18 448	2011-10-25
COMFOR Stores	HUTS II s.r.o.	CITIBANK Europe plc	EUR	8 179	2011-06-25
COMFOR Stores	EURO-PROPERTY Fund	CITIBANK Europe plc	EUR	3 850	2011-06-25
COMFOR Stores	KLEPIERRE CZ, s.r.o.	CITIBANK Europe plc	EUR	11 970	2011-07-22
COMFOR Stores	EKZ Tschechien	CITIBANK Europe plc	EUR	9 162	2011-03-31
COMFOR Stores	FLORA SEN	CITIBANK Europe plc	EUR	5 850	2011-03-31
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	2011-02-05
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 resents nominal amounts of sureties in the original currency, guarantees were granted by ATC Holding in order to secure the credits incurred by the daughter companies (equivalence in PLN 126 347 thous. PLN).

Issuer of the guarantee	Beneficiary	Currency	Amount
ATC Holding	KB a.s.	CZK	545 000 000
ATC Holding	ČSOB a.s.	CZK	210 000 000
ATC Holding	CITIBANK a.s.	USD	800 000

9. INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE STAFF, PROPERTY, FINANCIAL SITUATION AND THE RESULT OF THE GROUP AND THEIR CHANGES AS WELL AS THE INFORMATION, WHICH IS SIGNIFICANT FOR THE ASSESSMENT OF THE POSSIBILITY OF THE LIABILITIES' REALIZATION BY THE DOMINANT UNIT

- **Programme of Own Shares Acquisition**

In accordance with the Resolution no 1/2008 NWZA of 19 August 2008, the purchase of own shares covered with the Programme of Own Shares Purchase completed on 31 December 2009. As of 30 September 2010 the Company possessed in total 146 358 own shares constituting 0,8982% of the Company's initial company and giving the right to 146 358 votes, i.e. 0,8312% of total number of votes at WZA of the Company.
The decision on allocating the shares will be made during the nearest WZ of the AB SA Company.

- **Description of significant achievements and failures of the Group**

The period of the whole 2009 year and the first half of 2010 was characterised by a very variable macroeconomic surroundings. Poland as one of the few countries in Europe, preserved a positive index of economic growth, the Czech Republic and Slovakia recorded a negative index. As a result of the present economic crisis, a natural consequence in the economy there was a limitation of the expenses and huge savings. The demand from the enterprises was largely broken, it was particularly seen in the whole 2009, whereas there is a common understanding that only due to the maintaining demand from households, the industry did not record larger drops than those which took place in fact. The functioning in such a surrounding required from the Group to undertake definite steps, which allowed to develop final results.
The development strategy of the Group assumes the maintenance of the market position as well as the development in the selected limited scope, bearing in mind the financial security of particular companies. The acquisition of the Czech entity AT Computers Holding a.s. made in 2007, concentrating in its frames, inter alia, one of the largest Czech distributors, strengthened a general market position of the AB Group, whereas the purchase form (the purchase from own means coming from the emission of shares) additionally strengthened the finial position of the company and the whole group established. A significantly effective result of the acquisition includes the synergies and unifications conducted in a continuous and permanent manner on different organizational and market levels, aiming at directing and permanent strengthening the market and financial position of the AB Capital group. The development directions are realized and defined at present, connected with the development of the whole capital group, in which AB as the mother company, plays a dominant and strategic role.
The activities undertaken and realized by the Group take place in the conditions of high variability of demand, in connection with a general economic situation. The visible increases in activity in Q3 in the assessment of the Company do not announce the end of the crisis, whereas the high demand variability appearing additionally condition the necessity to build new elements of competition advantages.

The AB Group consequently builds its leader position in the Central-east Europe. A significant factor which will decide on the development of the Group and the realization of the tasks in the forthcoming quarters will have the influence on the further development of the world economic crisis in the CEE region. The AB group possesses the developed identification and risk management tools and undertakes proper steps timing at conducting effective and efficient business activity in the nearest period.

- **ASSESSMENT WITH ITS JUSTIFICATION, CONCERNING THE FINANCIAL RESOURCES MANAGEMENT**

The Group operates in the industry characterized by relatively low commercial margins. Its results, to a large extent, from the nature of the industry, very competitive, fully transparent, the market where each player uses the latest IT and information techniques as to the selection of the most favorable offer for it. The situation indicates the method of conduct for the Group, characterized by absolute and permanent improvement of the realized processes, policy of low functioning costs and a strict control of all risks. It appears also on the side of the possessed assets, in relation to which the maximizing policy of their usage is realized, with a simultaneous preservation of the safe liquidity level.
In connection with the changes in the world economy, including, first of all the economic crisis and consequences with reference to the whole Poland, Czech Republic and Slovakia, the Group consequently undertakes and additionally reinforces a number of activities aiming at securing against the results of the abovementioned crisis. The companies of the Group concentrated, first of all, on assuring a rigorous approach towards the cost policy. At the same time, we are observing changes, which take place on the market and we actively participate in the changes appearing on the market.
The Management Board puts also a special emphasis on security against the currency risk. The nature of the activity indicates the significant currency expositions, which in the conditions of a very high exchange rate variability indicates a significant challenge in the hedging strategy against the currency risk. The hedging

methods adopted by the Group against the risk are reflected each time in the values of the amounts secured, putting an emphasis on minimizing the values exposed to the currency risk, minimizing at the same such a risk. For the security the instruments are used, which do not generate an additional risk connected with a high variability of the market conditions and which do not open new risk (in particular options and optional structures).
The Group, in an organized and responsible manner, manages the credit risk. The developed procedures are connected with the assessment of the credibility of the clients of the companies belonging to the Group, frequent verifications of the merchant credits granted and in addition, the coverage of the receivables' portfolio with the insurance protection. In the assessment of the management board, these are necessary activities to conduct the balanced sale policy, aiming at responsible market development. As a result of the credit policy conducted that way, the Group did not observe a significant deterioration in the area of bad debts, simultaneously a restrictive policy of careful valuation of these assets indicates the conduct on the situations, when there is a proper qualification to the receivables below the standard and the threatened receivables.

10. INDICATION OF THE FACTORS, WHICH IN THE ASSESSMENT OF THE ISSUER WILL HAVE THE INFLUENCE ON THE RESULTS ACHIEVED BY IT IN THE PROSPECTIVE OF AT LEAST THE NEXT QUARTER

EXTERNAL FACTORS

1. general macroeconomic situations, which is of key importance on the investment and consumer activity;
2. changes in tax policy and tax rates in Poland, which may have the influence on the change of the purchase box with individual clients;
3. demand dynamics for the products offered by the companies of the Group;
4. variability on the currency markets, including, first of all, the shaping of the EUR/PLN and USD/PLN exchange rates and EUR/CZK and USD/CZK ones;
5. instability on the financial markets, the potential effects of which include the limitations in the access to the financial activity and higher credit costs;
6. market consolidation tendencies, mergers of the economic entities operating in the IT distribution industry;

Internal factors

1. continuation and extension of the realized product unifications, the measurable result of which are the revenue synergies achieved;
2. development of the Enterprise division in Poland, as an important element of the entire development of the Group;
3. gradual extension of the product offer, emphasizing especially the high-margin products;
4. financial stability of the Group;
5. optimalization of the working capital management;
6. consequently implemented selling programmes in particular companies of the Group;
7. grounded market position as the leader in the CEE region.

11. THE APPROVAL OF THE ABBREVIATED INTERIM FINANCIAL REPORT

Date	Name and Surname	Position/Function	Signature

17.12.2010	*Andrzej Przybyło*	PRESIDENT OF THE MANAGEMENT BOARD	
17.12.2010	*Krzysztof Kucharski*	MEMBER OF THE MANAGEMENT BOARD	
17.12.2010	*Zbigniew Mądry*	MEMBER OF THE MANAGEMENT BOARD	
17.12.2010	*Grzegorz Ochędzan*	MEMBER OF THE MANAGEMENT BOARD	