Quarterly report including interim financial statements of the Group of Companies for Q3 of the financial year 2010-2011

For the period from 1 January 2011 to 31 March 2011

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I) SELECTED CONSOLIDATED FINANCIAL DATA

	PLN'000		EUR'000	
	3 quarters cumulatively period from 10-07-01 to 11-03-31	3 quarters cumulatively period from 09-07-01 to 10-03-31	3 quarters cumulatively period from 10-07-01 to 11-03-31	3 quarters cumulatively period from 09-07-01 to 10-03-31
Revenue	2 763 435	2 227 494	691 827	543 618
Operating profit (loss)	49 096	37 093	12 291	9 053
Profit (loss) before tax	51 763	35 376	12 936	8 633
Net profit (loss)	43 397	27 182	10 864	6 634
Profit (loss) attributable to Owners of the Company	43 396	27 131	10 864	6 621
Profit (loss) attributable to non-controlling interests	1	51	0	12
Total comprehensive income	45 956	6 346	11 505	1 549
Comprehensive income attributable to Owners of the Company	45 955	6 295	11 505	1 536
Comprehensive income attributable to non-controlling interests	1	51	0	12
Net cash flows from operating activities	-95 673	27 012	-23 952	6 592
Net cash flows from investing activities	-2 966	-5 269	-743	-1 286
Net cash flows from financing activities	92 745	-12 311	23 219	-3 004
Net cash flows, total	-5 894	9 432	-1 476	2 302
Earnings per ordinary share (PLN/EUR)	2.69	1.72	0.67	0.42
Diluted earnings per share (PLN/EUR)				
Number of shares (in pieces)	16 295 002	15 950 002	16 295 002	15 950 002
	PLN'000		EUR'000	
	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011	As at 31.03.2010
Total assets	1 012 170	712 537	252 592	184 490
Equity attributable to owners of the Company	324 609	265 696	171 344	68 794
Equity attributable to non-controlling interests	146	143	36	37
Total equity	324 755	265 839	80 948	68 831
Non-current liabilities	5 690	5 159	1 418	1 336
Current liabilities	681 415	441 539	169 926	114 323
Total liabilities	687 415	446 698	171 344	115 659
Carrying amount per share (PLN/EUR)	19.93	16.67	4.97	4.32
Diluted carrying amount per share				

Average NBP exchange rate as at 31.03.2011:	4.0119	PLN/EUR
Average NBP exchange rate as at 31.03.2010	3.8622	PLN/EUR
Average exchange rate for the period 01.07.2010-31.03.2011	3.9944	PLN/EUR
Average exchange rate for the period 01.07.2009-31.03.2010	4.0975	PLN/EUR

II) SELECTED SEPARATE FINANCIAL DATA

	PLN '000		EUR '000	
	3 quarters cumulatively period from 10-07-01 to 11-03-31	3 quarters cumulatively period from 09-07-01 to 10-03-31	3 quarters cumulatively period from 10-07-01 to 11-03-31	3 quarters cumulatively period from 09-07-01 to 10-03-31
I. Net proceeds from sales of products, goods and materials	1 695 352	1 242 067	424 432	303 126
II. Operating profit (loss)	26 990	11 046	6 757	2 696
III .Gross profit (loss)	40 314	13 843	10 093	3 378
IV.Net profit (loss)	36 295	10 633	9 086	2 595
V.Net cash flows from operating activities	-50 606	53 579	-12 669	13 076
VI.Net cash flows from investing activities	8 782	-3 739	2 199	-913
VII.Net cash flows from financing activities	34 289	-38 289	8 854	-9 344
VIII.Net cash flows, total	-7 535	11 551	-1 886	2 819
IX. Total assets	692 698	498 765	172 661	129 140
X. Liabilities and provisions for liabilities	443 253	287 671	110 485	74 484
XI. Non-current liabilities				
XII. Current liabilities	432 825	281 452	107 885	72 873
XIII.Equity	249 445	211 094	62 176	54 656
XIV.Share capital	16 295	15 950	4 062	4 130
XV. Number of shares (in pieces)	16 295 002	15 950 002	16 295 002	15 950 002
XVI .Earnings per ordinary share (PLN/EUR)	2.25	0.67	0.56	0.16
XVII. Diluted earnings per share (PLN/EUR)				
XVIII. Carrying amount per share (PLN/EUR)	15.31	13.23	3.82	3.43
XIX. Diluted carrying amount per share				
Declared or paid out dividend per share				

Average NBP exchange rate as at 31.03.2011:	4.0119	PLN/EUR
Average NBP exchange rate as at 31.03.2010	3.8622	PLN/EUR
Average exchange rate for the period 01.07.2010-31.03.2011	3.9944	PLN/EUR
Average exchange rate for the period 01.07.2009-31.03.2010	4.0975	PLN/EUR

III) CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2011

	Period of 3 months ended 31/03/2011	Period of 9 months ended 31/03/2011	Period of 3 months ended 31/03/2010	Period of 9 months ended 31/03/2010
	PLN'000	PLN'000	PLN'000	PLN'000
Continuing operations				
Revenue	**853 448**	2 763 435	**658 632**	2 227 494
Cost of sales	**-804 339**	-2 616 435	**-624 467**	-2 105 979
Gross profit (loss)	**49 109**	**147 000**	**34 165**	**121 515**
Cost of sales	**-23 915**	-62 110	**-19 599**	-58 557
Administration expenses	**-4 352**	-17 004	**-3 130**	-15 019
Other operating revenue	**1 811**	12 644	**1 370**	2 775
Other operating expenses	**-14 374**	-31 434	**-5 130**	-13 621
Operating profit (loss)	**8 279**	**49 096**	**7 676**	**37 093**
Financial revenue	**23 121**	30 792	**19 798**	22 523
Finance costs	**-22 079**	-28 215	**-19 714**	-24 240
Gain recognised on disposal of interest in former associates				
Share of profits of associates				
Profit (loss) before tax	**9 321**	**51 673**	**7 760**	**35 376**
Income tax expense	**-1 754**	-8 276	**-1 850**	-8 194
Net continued operations profit (loss)	**7 567**	**43 397**	**5 910**	**27 182**
Discontinued operations				
Net discontinued operations profit (loss)				
Net profit (loss)	**7 567**	**43 397**	**5 910**	**27 182**
Net profit (loss) attributable to:				
Owners of the Company	**7 655**	43 396	**5 892**	27 131
Non-controlling interests	**-88**	1	**18**	51
	7 567	**43 397**	**5 910**	**27 182**

IV) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2011

	Period of 3 months ended 31/03/2011	Period of 9 months ended 31/03/2011	Period of 3 months ended 31/03/2010	Period of 9 months ended 31/03/2010
	PLN'000	PLN'000	PLN'000	PLN'000
Net profit (loss)	**7 567**	**43 397**	**5 910**	**27 182**
Other comprehensive income				
Exchange differences on translating foreign operations	9 362	2 559	-4 467	-20 836
Net value gain on available-for-sale financial assets				
Hedge accounting				
Gain on revaluation of properties				
Actuarial gains and losses				
Share of other comprehensive income of associates				
Income tax relating to components of other comprehensive income				
Other comprehensive income , net of tax				
Total comprehensive income	**16 929**	**45 956**	**1 443**	**6 346**
Total comprehensive income attributable to:				
Owners of the Company	17 017	45 955	1 425	6 295
Non-controlling interests	-88	1	18	51
Total comprehensive income	**16 929**	**45 956**	1 443	6 346

V) Consolidated statement of financial position for the period ended 31 March 2011

	As at 31/03/2011	30/06/2010
	PLN'000	PLN'000
ASSETS		
Non-current assets		
Property, plant and equipment	82 054	85 339
Goodwill	41 224	40 593
Other intangible assets	25 598	25 871
Long-term investments	452	452
Deferred tax assets	7 117	5 057
Finance lease receivables		
Other financial assets	882	405
Other assets		
Total non-current assets	157 327	157 717
Current assets		
Inventories	392 176	291 194
Trade and other receivables	448 001	317 961
Finance lease receivables		
Derivative instruments		
Other financial assets		283
Other assets	1 953	2 647
Cash and bank balances	12 713	18 607
Total current assets	**854 843**	**630 692**
Total assets	**1 012 170**	**788 409**

EQUITY AND LIABILITIES	31/03/2011 PLN'000	30/06/2010 PLN'000
Capital and reserves		
Issued capital	16 295	16 295
Treasury shares	-838	-838
Supplementary capital	139 810	139 632
Reserves	92 621	73 852
Retained earnings	76 721	54 554
Equity attributable to owners of the Company	324 609	283 495
Equity attributable to non-controlling interests	146	127
Total equity	**324 755**	**283 622**
Non-current liabilities		
Borrowings		
Finance lease liabilities		
Retirement benefit obligation		
Deferred tax liabilities	5 690	5 296
Provisions		
Total non-current liabilities	**5 690**	**5 296**
Current liabilities		
Trade and other payables	416 157	344 494
Borrowings	245 905	141 407
Finance lease liabilities		
Other financial liabilities	356	101
Current tax liabilities	3 763	1 557
Provisions	15 544	11 932
Total current liabilities	**681 725**	**499 491**
Total liabilities	**687 415**	**504 787**
Total equity and liabilities	**1 012 170**	**788 409**

VI) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2011

	Share capital	Treasury shares	Reserve	General reserve	Executive options revaluation reserve	Foreign currency translation reserve	Total reserve	Retain earnin
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'0
Balance at 1 July 2009	15 950	-487	135 571	37 599	4 492	35 253	77 344	35
Issue of ordinary shares								
Share issue costs								
Share repurchase costs		-351						
Valuation of executive options programme					41		41	
Net profit/loss for the period							0	27
Payment of dividends for previous year				12 178			12 178	-12
Foreign exchange difference from translation of foreign units						-20 836	-20 836	
Hedge accounting							0	
Effects of revaluation of assets							0	
Income tax relating to components of other comprehensive income								
Other			43	76			76	
Total recognised revenue and costs	0	-351	43	12 254	41	-20 836	-8 541	
Payment of dividends								-4
Balance at 31 March 2010	15 950	-838	135 614	49 853	4 533	14 417	68 803	46
Balance at 1 July 2010	16 295	-838	139 632	49 777	108	23 967	73 852	54
Share issue costs								
Share repurchase costs								
Valuation of the executive options programme								
Net profit/loss for the period								43
Payment of dividends for previous year			175	16 210			16 210	-16
Foreign exchange difference from translation of foreign units						2 559	2 559	

Hedge accounting											
Effects of revaluation of assets											
Income tax relating to components of other comprehensive income											
Acquisition of subsidiary											
Other			3						3	18	21
Total recognised revenue and costs											
Payment of dividends								-4 844	-4 844		-4 844
Balance at 31 March 2011	16 295	-838	139 810	65 987	108	26 526	92 621	76 721	324 609	146	324 755

VII) CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31MARCH 2011

	9-month period ended 31/03/2011	9-month period ended 31/03/2010
	PLN'000	PLN'000
Cash flows from operating activities		
Gross profit (loss)	51 673	35 376
Finance costs recognised in comprehensive income	6 909	4 600
Depreciation	6 725	6 058
Profit (loss) from investing activities		-1
Profit (loss) from foreign exchange differences	2 103	-15 414
	67 410	30 619
Movements in working capital		
Increase in trade and other receivables	-130 040	16 839
Change in other receivables		
(Increase)/decrease in inventories	-100 982	-60 981
Increase in other assets	694	1 735
Decrease in trade and other payables	71 663	43 549
Increase/(decrease) in provisions	3 612	3 044
Other adjustments		41
	-155 053	4 227
Cash generated from operations	-87 643	34 846
Interest paid		
Income taxes paid	-8 030	-7 834
Net cash generated by operating activities	-95 673	27 012
Cash flows from financing activities		
Payments to acquire financial assets		-1
Proceeds on sale of financial assets		
Interest received		
Amounts advanced to related parties	-845	-360
Repayments by related parties	595	15
Payments for property, plant and equipment	-3 101	-5 146
Proceeds from disposal of property, plant and equipment	385	223
Payments for intangible assets		
Net cash generated by investing activities	**-2 966**	-5 269
Cash flows from financing activities		
Proceeds from issue of debt securities		
Proceeds from issue of equity shares		
Payment for share issue costs		
Proceeds from borrowings	104 498	
Repayment of borrowings		-7 360
Interest	-6 909	-4 600
Dividends paid	-4 844	
Share repurchase costs		-351
Net cash generated by financing activities	92 745	-12 311
Net change of cash and cash equivalents	-5 894	9 432
Cash and cash equivalents at the beginning of the period	18 607	15 838
Cash and cash equivalents at the end of the period	12 713	25 270

VIII) (SEPATARE) BALANCE SHEET

(Separate) balance sheet

	ASSETS [PLN K]	2011-03-31	2010-12-31	2010-06-30	2010-03-31
I	**Non-current assets**	**171 170**	**171 311**	**172 034**	**170 364**
1	Intangible assets	**1 987**	2 238	1 953	**66**
	- Goodwill				
2	Tangible assets	**60 530**	61 603	63 084	**64 041**
3	Long-term amounts receivable				
3.1	From associates				
3.2	From other entities				
4	Long-term investments	**106 232**	106 047	105 755	**105 352**
4.1	Immoveable property	**452**	452	452	**452**
4.2	Intangible assets				
4.3	Long-term financial assets	**105 780**	105 595	105 303	**104 900**
a)	In associates:	**105 764**	105 574	105 294	**104 900**
	- shares in subsidiaries measured with the ownership-based scheme				
	- loans granted	**860**	670	390	
b)	In other entities	**16**	21	9	
	- loans granted	**16**	21	9	
4.4	Other long-term investments				
5	Long-term prepayments and accrued income	**2 421**	1 423	1 242	**905**
5.1	Deferred income tax assets	**2 421**	1 423	1 242	**905**
5.2	Other prepayments and accrued income				
II	**Current assets**	**554 148**	**521 387**	**373 427**	**328 401**
1	Inventories	251 247	234 308	169 446	144 306
2	Short-term amounts receivable	296 288	276 740	189 413	166 606
2.1	From associates	9 722	19 883	4 474	9 487
2.2	From other entities	286 566	256 857	184 939	157 119
3	Short-term investments	5 723	9 437	13 541	16 879
3.1	Short-term financial assets	5 723	9 437	13 541	16 879
a)	in associates				359
b)	In other entities			283	428
c)	cash and cash equivalents	5 723	9 437	13 258	16 092
3.2	Other short-term investments				
4	Short-term prepayments and accrued income	890	902	1 027	610
	TOTAL ASSETS	**725 318**	**692 698**	**545 461**	**498 765**

	LIABILITIES AND EQUITY [PLN K]	2011-03-31	2010-12-31	2010-06-30	2010-03-31
I	**Shareholders' equity**	**253 235**	**249 445**	**221 784**	**211 094**
1	Share capital	16 295	16 295	16 295	15 950
2	Called up share capital (negative value)				
3	Treasury shares (negative value)	-838	-838	-838	-838
4	Statutory capital reserve	135 503	135 503	135 503	135 503
5	Revaluation reserve				
6	Other reserves	65 980	65 980	49 770	49 846
7	Retained earnings (losses)				
8	Net profit (loss)	36 295	32 505	21 054	10 633
9	Deductions from net profit during the financial year (negative value)				
II	**Liabilities and provisions for liabilities**	**472 083**	**443 253**	**323 677**	**287 671**
1	Provisions for liabilities	12 321	10 414	3 526	6 177
1.1	Deferred income tax provisions				
1.2	Pension and other benefits provision	195	195	195	200
a)	long-term				

b)	short-term				
1.3	Other provisions	12 126	10 219	3 331	5 977
a)	long-term				
b)	short-term				
2	Long-term liabilities				
2.1	To associates				
2.2	To other entities				
3	Short-term liabilities	459 762	432 825	320 125	281 452
3.1	To associates	1 490	2 168	1 609	2 429
3.2	To other entities	458 175	430 556	318 203	278 966
3.3	Special funds	97	101	313	57
4	Accruals and deferred income		14	26	42
4.1	Gain from a bargain purchase				
4.2	Other accruals and deferred income		14	26	42
a)	long-term				
b)	short-term		14	26	
	TOTAL LIABILITIES AND EQUITY	**725 318**	**692 698**	**545 461**	**498 765**

IX) (SEPARATE) OFF-BALANCE SHEET ITEMS

	[PLN K]	2011-03-31	2010-12-31	2010-06-30	2010-03-31
1	**Contingent receivables**				
1.1	From associates (due to)				
	- received guarantees and sureties				
1.2	From associates (due to)				
	- received guarantees and sureties				
2	**Contingent liabilities**	**2 823**	**2 964**	**3 395**	**2 872**
2.1	Towards associates (due to)				
	- received guarantees and sureties				
2.2	Towards associates (due to)	2 823	2 964	3 395	2 872
	- received guarantees and sureties	2 823	2 964	3 395	2 872
3	Other - factoring	43 157	64 293		
	Total off-balance sheet items	**45 980**	**67 257**	**3 395**	**2 872**

X) (SEPARATE) PROFIT AND LOSS ACCOUNT

	[PLN K]	from 11-01-01 to 11-03-31	from 10-07-01 to 11-03-31	from 10-01-01 to 10-03-31	from 09-07-01 to 10-03-31
I	Net proceeds from sales of products, goods and materials, including:	561 629	1 695 352	408 353	1 242 067
	- to associates	17 978	66 417	21 652	55 664
1	Net proceeds from sales of products	19 059	42 505	6 066	15 537
2	Net proceeds from sales of goods and materials	542 570	1 652 847	402 287	1 226 530
II	Costs of products, goods and materials sold, including:	535 962	1 626 763	394 668	1 194 591
1	Manufacturing cost of products sold	19 027	42 400	5 992	15 425
2	Value of goods and materials sold	516 935	1 584 363	388 676	1 179 166
III	**Gross profit (loss|) from sales (I-II)**	**25 667**	**68 589**	**13 685**	**47 476**
IV	**Cost of sales**	**8 686**	**19 090**	**7 452**	**20 294**
V	**General administrative expenses**	**2 429**	**7 369**	**1 906**	**5 462**
VI	**Profit (loss) on sales (III-IV-V)**	**14 552**	**42 130**	**4 327**	**21 720**
VII	**Other operating income**	**1 127**	**10 825**	**840**	**1 631**
1	Profit from disposal of non-financial fixed assets			1	1
2	Subsidies				
3	Other operating income	1 127	10 825	839	1 630
VIII	**Other operating expenses**	**8 319**	**25 965**	**2 987**	**12 305**
1	Loss on disposal of non-financial fixed assets	8	33		
2	Impairment loss on non-financial fixed assets	1	1	286	402
3	Other operating income	8 310	25 931	2 701	11 903
IX	**Operating income (loss) (VI+VII-VIII)**	**7 360**	**26 990**	**2 180**	**11 046**
X	Financial income	227	20 733	2 407	7 187
1	Dividends and share in profits, including:		11 060		
	-from associates		11 060		
2	Interest, including:	227	2 420	105	319
	- from associates				
3	Profit on disposal of investments				
4	Investments' revaluation				
5	Other		7 253	2 302	6 868
XI	Financial expenses, including:	3 150	7 409	1 303	4 390
1	Interest, including:	2 705	6 879	1 054	3 559
	- to associates				
2	Loss on disposal of investments				
3	Impairment loss on investments				
4	Other	445	530	249	831
XII	**Profit(loss) on ordinary activities (IX+X-XI)**	**4 437**	**40 314**	**3 284**	**13 843**
XIII	**Result of extraordinary events(XIII.1. - XIII.2.)**				
1	Extraordinary gains				
2	Extraordinary losses				
XIV	**Gross profit (loss) (XII+/-XIII)**	**4 437**	**40 314**	**3 284**	**13 843**
XV	**Income tax**	**647**	**4 019**	**595**	**3 210**
a)	current tax	1 645	5 198	361	3 436
b)	deferred tax	-998	-1 179	234	-226
XVI	**Other compulsory charges decreasing the profit (increasing the loss)**				
XVII	**Share of profits (losses) of associates**				
XVIII	**Net profit (loss) (XIV-XV-XVI+/-XVII)**	**3 790**	**36 295**	**2 689**	**10 633**

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XI) (SEPARATE) STATEMENT OF CHANGES IN EQUITY

	[PLN K]	from 11-01-01 to 11-03-31	from 10-07-01 to 11-03-31	from 10-01-01 to 10-03-31	from 09-07-01 to 10-03-31
I	**Opening balance of equity (BO)**	**249 445**	**221 784**	**208 329**	**205 003**
a)	changes in the accepted accounting principles (policy)				
b)	adjustments for errors				
I.a	**Opening balance of equity after reconciliation of comparable data**	**249 445**	**221 784**	**208 329**	**205 003**
1	Opening balance of share capital	16 295	16 295	15 950	15 950
1.1	Changes in share capital				
a)	Additions (as a result of)				
	- share issues				
b)	Reductions (as a result of)				
	- share redemptions				
1.2	Closing balance of share capital	16 295	16 295	15 950	15 950
2	Opening balance of called up share capital				
2.1	Changes in called up share capital				
a)	additions (as a result of)				
b)	reductions(as a result of)				
2.2	Closing balance of called up share capital				
3	Opening balance of treasury shares	-838	-838	-838	-487
3.1	Changes in treasury shares				
a)	additions (as a result of)				-351
b)	reductions(as a result of)				
3.2	Closing balance of treasury shares	-838	-838	-838	-838
4	Opening balance of statutory capital reserve	135 503	135 503	135 503	135 503
4.1	Changes in the statutory capital reserve				
a)	additions (as a result of)				
	-share premium				
	- (statutory) profit distribution				
	- profit distribution (in excess of the minimum statutory value)				
b)	reductions(as a result of)				
	-costs of issue				
4.2	Closing balance of statutory capital reserve	135 503	135 503	135 503	135 503
5	Opening balance of revaluation reserve				
5.1	Changes in the revaluation reserve				
a)	additions (as a result of)				
b)	reductions(as a result of)				

	-disposal of non-current assets				
5.2	Closing balance of revaluation reserve				
6	Opening balance of other reserves	65 980	49 770	49 770	37 591
6.1	Changes in other reserves		16 210	76	12 255
a)	additions (as a result of)		16 210	76	12 255
	profit brought forward		16 210		12 179
	called up share capital			76	76
b)	reductions (as a result of)				
6.2	Closing balance of other reserves	65 980	65 980	49 846	49 846
7	Opening balance of retained earnings (losses)	32 505	21 054	7 944	16 446
7.1	Opening balance of retained earnings	32 505	21 054	7 944	16 446
a)	changes in the accepted accounting principles (policy)				
b)	adjustments for errors				
7.2	Opening balance of retained earnings after reconciliation with comparable data				
a)	additions (as a result of)				
	-distributions of retained earnings				
b)	reductions (as a result of)		21 054		16 446
	distributions of retained earnings		21 054		16 446
	increase of reserve		16 210		12 179
	payment of dividends		4 844		4 267
7.3	Closing balance of retained earnings	32 505		7 944	
7.4	Opening balance of retained losses				
a)	changes in the accepted accounting principles (policy)				
b)	adjustments for errors				
7.5	Opening balance of retained losses after reconciliation with comparable data				
a)	additions (as a result of)				
	- retained losses to be covered brought forward				
b)	reductions (as a result of)				
7.6	Closing balance of retained losses				
7.7	Closing balance of retained earnings (losses)	32 505		7 944	
8	Net result	3 790	36 295	2 689	10 633
a)	net profit	3 790	36 295	2 689	10 633
b)	net loss				
c)	profit distributions				
II	**Closing balance of equity (BZ)**	**253 235**	**253 235**	**211 094**	**211 094**
III	**Closing balance after proposed profit distribution (loss coverage)**	**253 235**	**253 235**	**211 094**	**211 094**

XII) (SEPARATE) STATEMENT OF CASH FLOWS

	[PLN K]	from 11-01-01 to 11-03-31	from 10-07-01 to 11-03-31	from 10-01-01 to 10-03-31	from 09-07-01 to 10-03-31
A	**Cash flows from operating activities**				
I	**Net profit**	**3 790**	**36 295**	**2 689**	**10 633**
II	**Total adjustments:**	**-22 121**	**-86 901**	**15 937**	**42 946**
1	Share of profits (losses) of associates	-11 060	-11 060		
2	Depreciation	1 589	4 570	1 182	3 548
3	Gains/losses from exchange rate differences	310	357	-531	-428
4	Interest and share of profits [dividends]	2 019	5 371	1 034	3 536
5	Profit/loss from investing activities	8	33	7	-1
6	Change in reserve	1 907	8 795	-298	2 958
7	Change in inventories	-16 939	-81 801	-10 777	-33 194
8	Change in receivables	-19 548	-106 875	23 152	8 925
9	Change in current liabilities, excluding borrowings	20 593	94 777	1 993	57 819
10	Change in prepayments and accruals	-1 000	-1 068	175	-217
11	Other adjustments				
III	**Net cash flows from operating activities**	**-18 331**	**-50 606**	**18 626**	**53 579**
B.	**Cash flows from investing activities**				
I	**Receipts**	**11 426**	**11 719**	**68**	**158**
1	Disposal of intangible and tangible non-current assets	1	64	58	143
2	Disposal of investments in immovable property and intangible assets				
3	From financial assets, including:	11 425	11 655		
a)	in associates	11 420	11 420		
	- disposal of financial assets				
	- dividends and share in profits	11 060	11 060		
	- repayment of long-term loans granted	360	360		
	- interest				
	- other receipts from financial assets				
	- dividends and share in profits				
	- repayment of long-term loans granted				
	- interest				
	- other receipts from financial assets	r			
b)	in other entities	5	235	10	15
	- disposal of financial assets				
	- dividends and share in profits				
	- repayment of long-term loans granted	5	235		
	- interest				
	- other receipts from financial assets				
	- dividends and share in profits				
	- repayment of long-term loans granted				
	- interest				
	- other receipts from financial assets			10	15
4	Other investment receipts				
II	**Payments**	**789**	**2 937**	**1 370**	**3 897**
1	Acquisition of intangible assets and property, plant and equipment	239	2 092	1 369	3 536
2	Acquisition of property investment and intangible assets				
3	For financial assets	550	845	1	361
a)	in associates	550	830		
	- acquisition of financial assets			1	1
	- granted non-current borrowings	550	830		360
b)	in other entities		15		
	- acquisition of financial assets				
	- granted non-current borrowings		15		
4	Other investment expense				

III	**Net cash flows from investment activities**	**10 637**	**8 782**	**-1 302**	**-3 739**
C	**Cash flows from financing activities**				
I	Receipts	10 843	44 504	76	76
1	Net receipts from issues of shares and other equity instruments			76	76
2	Borrowings	10 843	44 504		
3	Issues of debt securities				
4	Other financial receipts				
II	**Payments**	**6 863**	**10 215**	**17 493**	**38 365**
1	Purchase of treasury shares				352
2	Dividends and other payouts to owners	4 844	4 844	4 267	4 267
3	Profit distribution other than to owners				
4	Repayment of borrowings			12 182	30 200
5	Redemption of debt securities				
6	For other financial liabilities				
7	Finance lease payments				
8	Interest	2 019	5 371	1 044	3 546
9	Other financial expenses				
III	**Net cash flows from financing activities**	**3 980**	**34 289**	**-17 417**	**-38 289**
D	**Total net cash flows**	**-3 714**	**-7 535**	**-93**	**11 551**
E	**Balance sheet change in cash and cash equivalents, including:**	**-3 714**	**-7 535**	**-93**	**11 551**
	- change in cash and cash equivalents due to foreign exchange differences				
F	**Cash and cash equivalents at the beginning of the period**	**9 437**	**13 258**	**16 185**	**4 541**
G	**Cash and cash equivalents at the end of the period, including:**	**5 723**	**5 723**	**16 092**	**16 092**
	- with limited disposability			1	1

XIII) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DECLARATION OF CONFORMITY

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

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

2. ACCOUNTING PRINCIPLES

- **Going concern principle**

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

- **Functional and reporting currency**

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

- **Basis of consolidation**

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

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

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

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

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

- **Business combinations**

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

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

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

- **Goodwill**

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

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

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

- **Revenue recognition**

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

Sale of goods

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

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

Rendering of services

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

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

Dividend and interest income

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

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

- **Leasing**

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

- **The Group as lessee**

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

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

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

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

- **Foreign currencies**

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

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

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

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

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

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

- **Borrowing costs**

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

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

- **Retirement benefit costs**

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

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

- **Share-based payment arrangements**

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

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

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

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

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

- **Taxation**

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

Current tax

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the year

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

- **Property, plant and equipment**

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

According to the materiality principle regarding depreciation, property, plant and equipment of an initial value lower than PLN 2,500 are depreciated only one time, in the month following the month when property, plant and equipment were accepted for use.
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.
Any gain or loss arising on the disposal/liquidation or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

- **Investment property**

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

- **Intangible assets**

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

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

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

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

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

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

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

- **Inventories**

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

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

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

- **Provisions**

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

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

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

Warranties

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

- **Financial assets**

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

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

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

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

Held-to-maturity investments.

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

Available for sale financial assets

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

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

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

Derecognition of financial assets

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

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

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

- **Derivative instruments**

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

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

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

Hedge accounting.

The Group does not apply hedge accounting.

Hedges of net investments in foreign operations

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

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

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

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

- **Key sources of estimation uncertainty**

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value..
At the end of the reporting period the carrying amount of the goodwill equalled to PLN 41.2 million.

Intangible assets with indefinite useful lives .

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

Useful lives of property, plant and equipment

Amortization and depreciation rates are determined based on their estimated useful lives of property, plant and equipment and intangible assets. Every year the estimated useful lives are verified based on the current estimations. As at the end of the reporting period the value of property, plant and equipment equaled to PLN 82.0 million.

3. OPERATING SEGMENTS

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

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

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

Revenue in particular segments

	External sales	Inter-segment sales	Other	Total
	Period ended 31/03/11	Period ended 31/03/11	Period ended 31/03/11	Period ended 31/03/11
	PLN'000	PLN'000	PLN'000	PLN'000
Poland	1 634 159	84 222		1 718 381
Czech Republic	963 899	278 575		1 242 474
Slovakia	165 377	747		166 124
Segments total				3 126 979
Eliminations				363 544
Consolidated revenue				2 763 435

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

Assets and liabilities by segments

	Assets	Liabilities
	31/03/11	31/03/11
	PLN'000	PLN'000
Poland	682 595	470 538
Czech Republic	307 021	201 114
Slovakia	22 554	15 763
Segments total	1 012 170	687 415
Eliminations		
Unallocated		
Consolidated	1 012 170	687 415

Results in particular segments

	Interest expense/revenue	Period ended 31/03/11
		PLN'000
Continuing operations		
Poland	(4 459)	29 383
Czech Republic	(1 514)	21 013
Slovakia	3	1 277
Eliminations		
Unallocated		
Profit before tax		51 673
Income tax expense		8 276
Profit for the year from continuing operations		43 396
Discontinued operations		
Profit before tax		
Income tax expense		
Profit for the year from discontinued operations		
Profit for the year		43 396

Depreciation in particular segments

	Acquisition of assets	Period ended 31/03/11
	PLN'000	PLN'000
Continuing operations		
Poland	2 092	4 605
Czech Republic	1 009	1 941
Slovakia	-	179
Consolidated	3 101	6 725

Business segments

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

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

	Revenue from sales to external customers	Assets by segments	Acquisition of assets
	Period ended 31/03/11	31/03/11	Period ended 31/03/11
	PLN'000	PLN'000	PLN'000
Wholesales	2 684 058	1 000 198	3 101
Retail sales	25 704	5 637	
Manufacturing	53 673	6 335	
	2 763 435	1 012 170	3 101

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

4. OPERATIONS IN INTERIM PERIOD

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

5. EARNINGS PER SHARE

	Period ended 31/03/10	Period ended 31/03/10
	PLN per share	PLN per share
Basic earnings per share		
From continuing operations	43 396	27 131
From discontinued operations	0	0
Total basic earnings per share	2,69	1,72
Diluted earnings per share	**43 396**	**27 131**
From continuing operations	0	0
From discontinued operations		
Total diluted earnings per share	2,69	1,72

Basic earnings per share

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

	Period ended 31/03/11	Period ended 31/03/10
	PLN'000	PLN'000
Profit for the year attributable to owners of the Company	43 396	27 131
Earnings used in the calculation of total basic earnings per share	43 396	27 131
Earnings used in the calculation of basic earnings per share from continuing operations	43 396	27 131

	Period ended 31/03/11	Period ended 31/03/10
	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	16 148 644	15 812 466

6. DIVIDENDS

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

7. PROPERTY, LAND AND EQUIPMENT - INCREASE

	AB S.A.	ALSEN Sp. z o.o.	ATC Holding
	PLN'000	PLN'000	PLN'000
Land			163
Buildings			33
Plant and equipment	292		230
Means of transport	737		489
Furnishings	387		87
Properties under construction	65		7
TOTAL	**1 481**		**1 009**

8. Investments in associates

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

9. Goodwill

	31/03/11	30/06/10
	PLN'000	PLN'000
Cost		
Balance at beginning of year	40 593	43 570
Goodwill from consolidation as a result of acquisition		
Foreign exchange difference	631	-2 977
Balance at end of year	41 224	40 593
Accumulated impairment losses		
Balance at beginning of year	-	-
Balance at end of years	-	-
Carrying amount		
Opening balance	--	-
Closing balance	41 224	40 593

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

10. Borrowings

In the period from the publication of the interim report (i.e. 25 February 2011) to the date of the publication of the report for Q3 of 2010/2011 there were the following changes in loan agreements:

a. Loan agreements to which AT Computers is a party

In the loan agreement concluded with Československá Obchodní Banka the revolving limit was increased by CZK 100 million, to CZK 350 million, and the short-term limit granted to the company by Komerční Banka was decreased in accordance with the relevant agreement to CZK 450 million (from CZK 600 million as at the end of December 2010).

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

AB S.A. extended loan agreement with BPH and Bank PEKAO S.A. for another year.
The credit limited granted by Bank BPH S.A. was decreased in the part concerning the sublimit for the coverage of credit and market risk borne by the Bank in relation to concluding by the Bank and the Company a financial market transaction, from the amount of PLN 7 million to PLN 4 million. The remaining sublimits have not been changed. The deadline for the payment of the liability or its extension for another period is 31.03.2012. The remaining provisions of the agreement have not been changed.

The annex concluded with PEKAO S.A. sets out the principles of granting credit limits to the Company by the bank covering:
- current account overdraft facility up to PLN 60, 000, 000 available from 1 April 2011 to 31 August 2011 and PLN 80, 000, 000 from 1 September 2011 to 15 March 2012. The loan was made available in three currencies EUR, USD and PLN. The maximum loan amount in EUR amounts to EUR 5, 000, 000, in USD to USD 2,500, 000. The total loan amount may not exceed PLN 60, 000, 000 in the period from 1 April 2011 to 31 August 2011 and PLN 80,000,000 in the period from 1 September 2011 to 15 March 2012 of the Credit Limit of Bank Guarantees and Letters of Credit up to the amount of PLN 6,000,000. The date of the final repayment of the credit limits or their extension for another period are respectively:
- 15 March 2012 in relation to the current account overdraft facility,
- 15 March 2013 in relation to the Credit Limit of Bank Guarantees and Letters of Credit. The validity period for the guarantee up to PLN 3,000,000 may not be longer than by 15 May 2015.

11. ISSUED CAPITAL

In the reporting period there were no changes in the issued capital of the company.

12. DISPOSAL OF SUBSIDIARIES

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

13. ACQUISITION OF SUBSIDIARIES

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

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

	PLN'000
	2011-03-31
Factoring	43 157
Issued guarantees	16 044
Total	**59 201**

A detailed description has been provided under Note 9.

15. Events after the reporting period

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

16. Related party transactions

In the period from 1 January 2011 to 31 March 2011 no transactions were made on terms other than market terms.

XIV) ADDITIONAL INFORMATION

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

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

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

As at 31 2011 the group of companies was composed of the following entities:

Parent entity

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

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

Subsidiaries

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

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

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

The company conducts operations in the scope of managing subsidiaries.

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

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

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

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

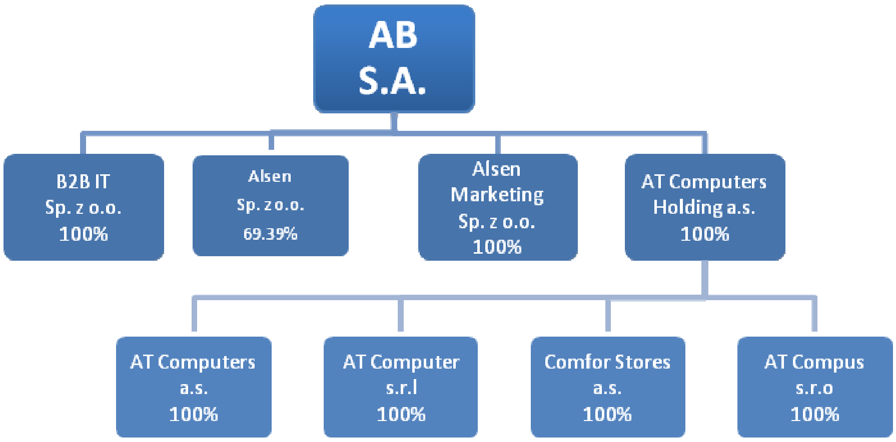
- Comfor Stores a.s. (AT Computers Holding a.s. holds 100% of shares) – subject to consolidation

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

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

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

1.2. Structure of Group of companies



2. EFFECTS OF CHANGES IN THE STRUCTURE OF THE GROUP OF COMPANIES

In Q3 of the reporting year 2010/2011 the structure of the AB Group of Companies has not changed.

3. POSITION OF THE MANAGEMENT BOARD REGARDING THE FEASIBILITY OF FORECASTS PUBLISHED EARLIER

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

4. SHAREHOLDERS HOLDING AT LEAST 5% OF TOTAL VOTES ON THE ISSUER'S GENERAL MEETING

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

As at 2011-05-14	Number of shares	Share ownership according to number of shares	Number of votes	Share ownership according to number of votes
Andrzej Przybyło	1 316 200	8.08%	2 629 200	14.93%
Iwona Przybyło	2 944 052	18.07%	2 944 052	16.72%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1 500 000	9.20%	1 500 000	8.52%
Aviva Investors Poland S.A.	1 281 769	7.86%	1 281 769	7.28%
ING TFI S.A.	1 024 118	6.28%	1 024 118	5.82%
PZU Asset Management S.A.	903 679	5.55%	903 679	5.13%
Other	7 325 184	44.95%	7 325 184	41.60%
Total	**16 295 002**	**100.00%**	**17 608 002**	**100.00%**

In the period from providing the interim report to the publication of the quarterly report there were no changes of major share stakes of the issuer.

5. LIST OF HELD ISSUER'S SHARES OR RIGHTS THERETO BY PERSONS MANAGING AND SUPERVISING THE ISSUER

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

List of held issuer's shares or rights thereto by persons managing and supervising the issuer as at the date of providing the quarterly report, i.e. 14 May 2011:

As at 2011-05-14	Number of shares	Share ownership according to number of shares	Number of votes	Share ownership according to number of votes
Management Board				
Andrzej Przybyło	1 316 200	8.10%	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	2 944 052	18.07%	2 944 052	16.72%
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 providing the annual report (i.e. 25 February 2011) and the date of publishing the report of Q3 of the financial year 2010-2011 there were no changes in share stakes held by managing and supervising persons.

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

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

7. Information about the issuer or its subsidiary contracting one or more transactions with related parties on terms other than market terms

In the period from 1 January to 31 March 2011 no transactions were made on terms other than market terms.

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

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

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

As part of their operations, the particular companies of the Group issue bank guarantees to counterparties and the Customs Office.

	PLN'000
	2011-03-31
Factoring	43 157
Issued guarantees	16 044
Total	**59 201**

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

Issuer of guarantee	Beneficiary	Bank	Currency	Amount	Valid until
AB S.A.	Intel Corporation (UK)	Pekao S.A.	USD	1 000 000	2012-01-20
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	1 200 000	2011-06-30
AT Computers, a.s.	Lenovo PC HK Limited	CITIBANK Europe plc	USD	0	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	54 184	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	9 357	2012-03-03
COMFOR Stores	FLORA SEN	CITIBANK Europe plc	EUR	5 850	2012-03-03
COMFOR Stores	Pradera SC Futurum Ostrava	CITIBANK Europe plc	EUR	10 802	2012-02-13
COMFOR Stores	IKEA Centre ČR	CITIBANK Europe plc	CZK	286 182	2011-08-01
COMFOR Stores	Best Properties South, a.s.	CITIBANK Europe plc	CZK	156 140	2012-01-21
COMFOR Stores	NISA Obch.společnost	CITIBANK Europe plc	CZK	195 000	2011-09-13
COMFOR Stores	CEI Building	CITIBANK Europe plc	CZK	206 777	2011-09-30

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

Issuer of guarantee/surety	Debtor	Beneficiary	Currency	Amount
ATC Holding	AT Computers, a.s.	KB a.s.	CZK	545 000 000
ATC Holding	AT Computers, a.s.	ČSOB a.s.	CZK	500 000 000
ATC Holding	AT Computers, a.s.	CITIBANK a.s.	CZK	135 000 000
ATC Holding	COMFOR Stores	CITIBANK a.s.	USD	10 000 000

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

- **Share Repurchase Programme**

Pursuant to Resolution no. 1/2008 of the Extraordinary General Assembly of Shareholders of 19 August 2008 the purchase of treasury shares covered by the Share Repurchase Programme ended on 31 December 2009. As at 30 September 2010 the Company held a total of 146 358 own shares, representing 0.8982% of the share capital of the Company and carrying a right to 146 358 votes, i.e. 0.8312% of the total number of votes on the General Assembly of Shareholders of the Company.

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

In the reporting period the AB Group has recorded a dynamic growth of revenue, margins and net profit. This is yet another quarter of a dynamic growth of sales which stems from the adopted and consistently implemented strategy. Operating as a distributor of computers, computer equipment and consumer electronics, the Group undertakes and successfully implements projects aimed at expanding its scale of operations, by implementing a policy of developing its product portfolio and distribution channels. At the same time the company is carrying out projects aimed at increasing operational efficiency, i.e. VAD (Value Added Distributor) projects, a dedicated team to serve the Enterprise channel, sales of own products.
A vital factor determining development is the product synergies achieved between members of the Group of Companies. Following the acquisition of companies constituting the Czech ATC Holding a.s., the entire Group has been enjoying tangible economic benefits by consistently expanding the product offering with new products and suppliers whilst employing best practices developed as part of experience sharing on the Group level as well as leveraging economies of scale in operations.

The distribution operations of the Polish, Czech and Slovakian market are carried out in a very demanding macroeconomic environment. The consequences of the global economic crisis, difficulties with indebtedness of some European countries (Greece, Portugal, Ireland, Spain), undoubtedly have a significant impact on the market operations of the AB Group. Through business relations with global computer, component and

electronic goods manufacturers we are one of the players of the global IT distribution market. Given the high volatility of demand, the delivery of growth plans may produce temporary increased parameters of turnover ratios.
In light of the above, the Group assumes a further development based on the following pillars:

1. low costs of sale and general administrative expenses - a low cost base promotes increased flexibility of operations and, consequently, makes the Group companies more resilient to supply-driven negative external factors;
2. market activity, based on a broad portfolio of customers and run-rate-business, i.e. daily sales to customers - the Group has a diversified customer base where concentration of sales to the largest customer does not exceed 10%;
3. sales to customers are based on assigned trade credit limits insured with Atradius and Hermes, one of the largest insurers in this part of Europe.

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

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

The Group operates in an industry marked by relatively low commercial margins. This is largely due to the nature of the industry, a highly competitive and fully transparent market, where each player leverages the latest information and IT solution to select the best offering. This situation charts the course of actions for the Group marked by strong and constant streamlining of processes, low operating costs policy and a strict risk control policy. This also applies to assets which are utilized to the maximum, whilst maintaining a safe level of liquidity.
In Q1 2011 the situation on international markets is still fairly unstable. Significant indebtedness of the Greek, Irish or Portuguese economies may be a prelude to further turmoil on the banking and capital market. The memory of the credit crunch of the first half of 2009 strongly felt also in Poland is still fresh. Considering the above, the Group is consistent in applying a broad spectrum of actions aimed at proofing itself against the effects of a crisis. The companies of the Group primarily focus on ensuring a strict approach to the costs policy, while still actively trying to gain new ground on the market, increase the scale of operations and generate a sound rate of return for the shareholders whilst maintaining full risk control and, notably, financial risk.
The Management Board also focuses on hedging against foreign exchange risk. The nature of operations entails considerable foreign exchange exposure which, given the volatility of foreign exchange rates, poses a significant challenge to the strategy of hedging against foreign exchange risk. The means of hedging against this risk adopted by the Group, are always directly reflected in the value of the hedged amounts, whilst emphasizing minimizing values exposed to foreign exchange rate risk and thereby to minimize this risk. To this end, the Group utilizes instruments that do not generate additional risk related to the volatility of market conditions and that do not open new risks (in particular options and option structures).
The Group manages credits risk in an organized and responsible manner. The developed procedures are related to the credit assessment of the customers of the Group companies, frequent reviews of the granted trade credit limits and insuring the portfolio of receivables. In the opinion of the management board these are necessary actions, especially in terms of elevated credit risk resulting from the global economic crisis. Owing to its credit policy the Group did not observe a material deterioration of bad debts. The strict policy of the cautious valuation of these provides for the conduct procedures when these are qualified to sub-standard receivables or receivables at risk.

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

EXTERNAL FACTORS

1. the general macroeconomic situation and the international situation (states with debt issues, crisis in Africa and the Near East), which are of crucial importance to investment and consumer activity;
2. changes of tax policy and tax rates in Poland, including new propositions of the government aimed at decreasing the budget deficit, which may alter the basket of individual consumers;
3. changes of demand for the products offered by the Group companies;
4. volatility of foreign exchange markets, including in particular EUR/PLN and USD/PLN and EUR/CZK and USD/CZK exchange rates;
5. instability on financial markets, potentially resulting in limited access to financing and higher costs of financing.

INTERNAL FACTORS

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

12. Approval of abbreviated interim financial statements

Date	Name and surname	Position/Company	Signature
14.05.2011	*Andrzej Przybyło*	PRESIDENT OF THE MANAGEMENT BOARD	
14.05.2011	*Krzysztof Kucharski*	MEMBER OF THE MANAGEMENT BOARD	
14.05.2011	*Zbigniew Mądry*	MEMBER OF THE MANAGEMENT BOARD	
14.05.2011	*Grzegorz Ochędzan*	MEMBER OF THE MANAGEMENT BOARD	
14.05.2011	*Danuta Uzarska*	HEAD ACCOUNTANT	