Quarterly report containing interim financial statements of the Capital Group for Q3 2011-2012

covering the period from 01-01-2012 to 31-03-2012

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TABLE OF CONTENTS:

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I) SELECTED CONSOLIDATED FINANCIAL DETAILS

	PLN '000		EUR '000	
	3 quarters accumulated data for the period from 11-07-01 to 12-03-31	3 quarters accumulated data for the period from 10-07-01 to 11-03-31	3 quarters accumulated data for the period from 11-07-01 to 12-03-31	3 quarters accumulated data for the period from 10-07-01 to 11-03-31
Sales revenues	3,374,383	2,763,435	790,828	691,827
Profit (loss) on operations	67,393	49,096	15,794	12,291
Profit (loss) before income tax	50,062	51,673	11,733	12,936
Net profit (loss)	39,995	43,397	9,373	10,864
Net profit (loss) attributable to shareholders of the parent company	39,982	43,396	9,370	10,864
Net profit (loss) attributable to minority shareholders	13	1	3	0
Total comprehensive income	44,903	45,956	10,524	11,505
Total income attributable to shareholders of the parent company	44,890	45,955	10,521	11,505
Total income attributable to minority shareholders	13	1	3	0
Net cash flows from operating activities	-40,859	-95,673	-9,576	-23,952
Net cash flows from investing activities	-4,426	-2,966	-1,037	-743
Net cash flows from financing activities	52,676	92,745	12,345	23,219
Total net cash flows	7,391	-5,894	1,732	-1,476
Profit (loss) per ordinary share (PLN/EUR)	2.47	2.69	0.58	0.67
Diluted profit (loss) per share (PLN/EUR)				
Number of shares (pcs.)	16,187,644	16,295,002	16,187,644	16,295,002
	PLN '000		EUR '000	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Total assets	1,126,229	1,012,170	270,624	252,592
Equity attributable to shareholders of the parent company	378,334	324,609	90,911	171,344
Equity attributable to non-controlling shareholders	141	146	34	36
Total equity	378,475	324,755	90,945	80,948
Long-term liabilities	6,966	5,690	1,674	1,418
Short-term liabilities	740,788	681,415	178,006	169,926
Total liabilities	747,754	687,415	179,679	171,344
Book value per share (PLN/EUR)	23.38	19.93	5.62	4.97
Diluted book value per share				

NBP average fx rate of 31.03.2012:	4.1616	PLN/EUR
NBP average fx rate of 31.03.2011:	4.0119	PLN/EUR
Average fx rate for the period 01.07-31.03.2012	4.2669	PLN/EUR
Average fx rate for the period 01.07-31.03.2011	3.9944	PLN/EUR

II) SELECTED STAND-ALONE FINANCIAL DETAILS

	PLN '000		EUR '000	
	3 quarters accumulated data for the period from 11-07-01 to 12-03-31	3 quarters accumulated data for the period from 10-07-01 to 11-03-31	3 quarters accumulated data for the period from 11-07-01 to 12-03-31	3 quarters accumulated data for the period from 10-07-01 to 11-03-31
Net revenues from sale of goods and materials	2,073,003	1,695,352	485,834	424,432
II. Profit (loss) on operations	36,777	26,990	8,619	6,757
III. Gross profit (loss)	36,242	40,314	8,494	10,093
IV. Net profit (loss)	31,597	36,295	7,405	9,086
V. Net cash flows from operating activities	-3,901	-50,606	-914	-12,669
VI. Net cash flows from investing activities	79	8,782	19	2,199
VII. Net cash flows from financing activities	6,838	34,289	1,603	8,854
VIII. Total net cash flows	3,016	-7,535	707	-1,886
	PLN ’000		EUR '000	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
IX. Total assets	819,889	725,318	197,013	180,792
X. Liabilities and provisions for liabilities	529,593	472,083	127,257	117,671
XI. Long-term liabilities				
XII. Short-term liabilities	519,469	459,762	124,824	114,600
XIII. Equity	290,296	253,235	69,756	63,121
XIV. Share capital	16,188	16,295	3,890	4,062
XV. Number of shares	16,187,644	16,295,002	16,187,644	16,295,002
XVI. Profit (loss) per ordinary share (PLN/EUR)	1.95	2.25	0.46	0.56
XVII. Diluted profit (loss) per share (PLN/EUR)				
XVII. Book value per share (PLN/EUR)	17.93	15, 31	4.31	3.82
XVIII. Diluted book value per share				

NBP average fx rate of 31.03.2012:	4.1616	PLN/EUR
NBP average fx rate of 31.03.2011:	4.0119	PLN/EUR
Average fx rate for the period 01.07-31.03.2012	4.2669	PLN/EUR
Average fx rate for the period 01.07-31.03.2011	3.9944	PLN/EUR

IV) CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2012

	3 months ended 31/03/2012	9 months ended 31/03/2012	3 months ended 31/03/2011	9 months ended 31/03/2011
	PLN '000	PLN '000	**PLN '000**	PLN '000
Continued operations				
Sales revenues	**1,000,945**	3,374,383	**853,448**	2,763,435
Internal cost of sales	**-944,828**	-3,189,894	**-804,339**	-2,616,435
Gross profit (loss) on sales	**56,117**	**184,489**	**49,109**	**147,000**
Cost of sales	**-29,023**	-79,707	**-23,915**	-62,110
Overheads	**-5,777**	-21,992	**-4,352**	-17,004
Other operating revenues	**833**	5,196	**1,811**	12,644
Other operating expenses	**-10,507**	-20,593	**-14,374**	-31,434
Profit (loss) on operations	**11,643**	**67,393**	**8,279**	**49,096**
Financial income	**16,964**	17,943	**23,121**	30,792
Financial costs	**-17,557**	-35,274	**-22,079**	-28,215
Profit on disposal of affiliated entities				
Share in profit of affiliated entities				
Profit (loss) before income tax	**11,050**	**50,062**	**9,321**	**51,673**

Income tax	**-2,740**	-10,067	**-1,754**	-8,276
Net profit (loss) on continued operations	**8,310**	**39,995**	**7,567**	**43,397**
Discontinued operations				
Net profit (loss) on discontinued operations				
Net profit (loss)	**8,310**	**39,995**	**7,567**	**43,397**
Net profit / loss attributable to:				
Shareholders of the parent company	**8,304**	39,982	**7,655**	43,396
Non-controlling shareholders	**6**	13*	**-88**	1
	8,310	39,995	**7,567**	**43,397**

*Net loss of the non-controlling shareholders

V) CONSOLIDATED TOTAL INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2012

	3 months ended 31/03/2012	9 months ended 31/03/2012	3 months ended 31/03/2011	9 months ended 31/03/2011
	PLN '000	PLN '000	PLN '000	PLN '000
Net profit (loss)	**8,310**	**39,995**	**7,567**	**43,397**
Other total income				
FX differences from translation of foreign entities	-3,605	2,714	9,362	2,559
Valuation of financial assets available for resale				
Hedge accounting	3,851	2,194		
Revaluation of fixed assets				
Actuarial profit and loss				
Share in other total income of affiliated entities				
Income tax on other total income				
Other total income (net)				
Total income	**8,556**	**44,903**	**16,929**	**45,956**

Total income attributable to:				
Shareholders of the parent company	8,550	44,890	17,017	45,955
Non-controlling shareholders	6	13*	-88	1
Total income	**8,556**	**44,903**	16,929	45,956

VI) CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 31 MARCH 2012

	As at 31/03/2012	As at 30/06/2011
	PLN '000	PLN '000
ASSETS		
Fixed assets		
Tangible fixed assets	93,453	93,683
Goodwill	42,334	41,400
Other intangible assets	25,114	25,471
Long-term investments	452	452
Deferred income tax asset	6,289	5,627
Receivables under financial leasing		
Other financial assets		41
Other assets		
Total fixed assets	**167,642**	**166,674**
Working assets		
Inventories	458,087	319,083
Trade and other receivables	474,434	405,351
Receivables under financial leasing		
Derivatives		
Other financial assets		11
Other assets	2,238	2,212
Cash and cash equivalents	23,828	16,437
Total working assets	**958,587**	**743,094**
Total assets	1,126,229	909,768

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EQUITY & LIABILITIES	31/03/2012 PLN '000	30/06/2011 PLN '000
Equity		
Issued share capital	16,188	16,334
Treasury shares		-838
Supplementary capital	140,398	140,158
Reserve funds	133,996	92,013
Revaluation of cash flow hedges	2,194	
Retained profit	85,558	85,777
Equity attributable to shareholders of the parent company	378,334	333,444
Equity attributable to non-controlling shareholders	141	141
Total equity	**378,475**	**333,585**
Long-term liabilities		
Long-term bank loans and borrowings		
Finance lease liabilities		
Pension benefits		
Deferred income tax provision	6,966	6,067
Long-term provisions		
Total long-term liabilities	**6,966**	**6,067**
Short-term liabilities		
Trade and other payables	489,512	382,692
Short-term bank loans and borrowings	237,214	175,752
Finance lease liabilities		
Other financial liabilities	46	31
Current tax liability	1,004	434
Short-term provisions	13,012	11,207
Total short-term liabilities	**740,788**	**570,116**
Total liabilities	**747,754**	**576,183**
Total equity & liabilities	1,126,229	909,768

VII) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2012

	Share capital	Treasury shares	Supplementary capital	General reserve capital	Revaluation reserve of managerial options	FX conversion reserve capital	Total reserve capital	Retained profit	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling shareholders	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at 1 July 2010	16,295	-838	139,632	49,777	108	23,967	73,852	54,554	283,495	127	283,622
Issue of ordinary shares											
Costs of share issue											
Purchase of treasury shares											
Valuation of managerial option scheme											
Net profit / loss for the period								43,396	43,396	1	43,397
Profit distribution for the preceding financial year			175	16,210			16,210	-16,385			
FX differences from translation of foreign entities						2,559	2,559		2,559		2,559
Hedge accounting											
Revaluation of fixed assets											
Income tax on other total income											
Other			3						3	18	21
Dividend distribution											
Total recognised income and expenses								-4,844	-4,844		-4,844
As at 31 March 2011	16,295	-838	139,810	65,987	108	26,526	92,621	76,721	324,609	146	324,755

	Share capital	Treasury shares	Capital of decrease of the basic capital	Supplementary capital	General reserve capital	Revaluation of cash flow hedges	FX conversion reserve capital	Total reserve capital	Retained profit	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling shareholders	Total equity
As at 1 July 2011	16,334	-838		140,158	65,987	-	26,026	92,013	85,777	333,444	141	333,585
Costs of share issue												
Purchase of treasury shares												
Valuation of managerial option scheme												
Net profit / loss for the period									39,982	39,982	13	39,995
Profit distribution for the preceding financial year				240	39,961			39,961	-40,201			
FX differences from translation of foreign entities							2,714	2,714		2,714		2,714
Net cash flow hedge						2,194		2,194		2,194		2,194
Revaluation of fixed assets												
Income tax on other total income												
Purchase of subsidiary company												
Other redemption of shares	-146	838	146		-146					692		
Dividend distribution					-692			-692		-692	-13	-13
Total recognised income and expenses												
As at 31 March 2012	16,188	0	146	140,398	105,110	2,194	28,740	136,190	85,558	378,334	141	378,475

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VIII) Consolidated cash flow statement for the period ended 31 March 2012

	9 months ended 31/03/2012	9 months ended 31/03/2011
	PLN '000	PLN '000
Cash flow from investing activities		
Gross profit (loss)	50,062	51,673
Financial expenses recognised in the total income statement	8,969	6,909
Depreciation / amortisation	7,265	6,725
Profit (loss) on investments	-44	
FX profit (loss)	1,724	2,103
	67,976	67,410
Change in working capital		
Change in trade receivables	-69,083	-130,040
Change in other receivables		
Change in inventories	-139,004	-100,982
Change in other assets	688	694
Change in trade payables	106,920	71,663
Change in provisions	1,805	3,612
Other adjustments		
	-98,674	-155,053
Cash generated from operating activities	-30,698	-87,643
Interest paid		
Corporate income tax paid	-10,161	-8,030
Net cash from operating activities	-40,859	-95,673
Cash flows from investing activities		
Payables for purchased financial assets		
Inflow from disposal of financial assets		
Interest received		
Loans disbursed	-483	-845
Loans repaid	124	595
Payment for tangible fixed assets	-3,570	-3,101
Inflow from disposal of tangible fixed assets	263	385
Payments for intangible assets	-760	
Cash generated from investing activities	-4,426	-2,966
Cash flows from financing activities		
Inflow from issues of debt securities		
Inflow from share issues		
Costs of share issues		
Loans/borrowings received	61,462	104,498
Loans/borrowing repaid		
Interest	-8,786	-6,909
Dividend distribution		-4,844
Purchase of treasury shares		
Net cash flows from financing activities	52,676	92,745
Net change in cash and cash equivalents	**7,391**	**-5,894**
Cash and cash equivalents at the beginning of period	16,437	18,607

Cash and cash equivalents at the end of period	23,828	12,713

IX) BALANCE SHEET (STAND-ALONE)

	ASSETS [TPLN]	31.03.2012	31.12.2011	30.06.2011	31.03.2011
I	**Fixed assets**	**179,952**	**180,950**	**183,391**	**171,170**
1	Intangible assets	929	1,348	2,010	1,987
	– goodwill				
2	Tangible fixed assets	59,331	59,548	60,193	60,530
3	Long-term receivables				
3.1	From related entities				
3.2	From other entities				
4	Long-term investments	118,296	118,352	120,051	106,232
4.1	Real property	452	452	452	452
4.2	Intangible assets				
4.3	Long-term financial assets	117,844	117,900	119,599	105,780
a)	in related entities, of which:	117,844	117,433	119,559	104,764
	– shares in subordinate entities calculated by means of the equity method				
	– granted loans	1,994	8,584	10,710	860
b)	in other entities		467	40	16
	– granted loans		467	40	16
4.4	Other long-term investments				
5	Long-term prepayments	1,396	1,702	1,137	2,421
5.1	Deferred income tax assets	1,396	1,702	1,137	2,421
5.2	Other prepayments				
II	**Current assets**	**639,937**	**639,835**	**467,019**	**554,148**
1	Inventories	301,503	245,838	222,327	251,247
2	Short-term receivables	324,921	389,936	234,444	296,288
2.1	From related entities	26,614	29,807	7,514	9,722
2.2	From other entities	298,307	360,129	226,930	286,566
3	Short-term investments	12,405	2,951	9,400	5,723
3.1	Short-term financial assets	12,405	2,951	9,400	5,723
a)	in related entities				
b)	in other entities		275	11	
c)	cash and cash equivalents	12,405	2,676	9,389	5,723
3.2	Other short-term investments				
4	Short-term prepayments	1,108	1,110	848	890
	TOTAL ASSETS	**819,889**	**820,785**	**650,410**	**725,318**

	LIABILITIES [TPLN]	31.03.2012	31.12.2011	30.06.2011	31.03.2011
I	**Equity**	**290,296**	**285,021**	**256,940**	**253,235**
1	Share capital	16,188	16,334	16,334	16,295
2	Called up share capital not paid (negative value)				
3	Own shares (negative value)		-838	-838	-838
4	Supplementary capital	135,503	135,503	135,503	135,503
5	Revaluation reserve	1,759	660		

6	Other reserve capital	105,249	105,941	65,980	65,980
7	Profit (loss) from previous years				
8	Net profit (loss)	31,597	27,421	39,961	36,295
9	Net profit write-offs during the financial year (negative value)				
II	**Liabilities and provisions for liabilities**	**529,593**	**535,764**	**393,470**	**472,083**
1	Provisions for liabilities	10,124	8,442	3,547	12,321
1.1	Deferred income tax provision	413	155		
1.2	Provision for retirement and similar benefits	205	205	205	195
a)	long-term				
b)	short-term				
1.3	Remaining provisions	9,506	8,082	3,342	12,126
a)	long-term				
b)	short-term				
2	Long-term liabilities				
2.1	To related entities				
2.2	To other entities				
3	Short-term liabilities	519,469	527,322	389,923	459,762
3.1	To related entities	3,582	3,236	321	1,490
3.2	To other entities	515,745	523,946	389,227	458,175
3.3	Special funds	142	140	375	97
4	Accruals				
4.1	Negative goodwill				
4.2	Other accruals				
a)	long-term				
b)	short-term				
	Total liabilities	**819,889**	**820,785**	**650,410**	**725,318**

X) OFF-BALANCE SHEET ITEMS (STAND-ALONE)

	[TPLN]	**31.03.2012**	**31.12.2011**	**30.06.2011**	**31.03.2011**
1	**Conditional receivables**				
1.1	From related entities as				
	– received guarantees and sureties				
1.2	From other entities (due to)				
	– received guarantees and sureties				
2	**Conditional liabilities**	**26,421**	**18,666**	**12,573**	**2,823**
2.1	Towards related entities as				
	– received guarantees and sureties				
2.2	From other entities (due to)	26,421	18,666	12,573	2,823
	– granted guarantees and sureties	26,421	18,666	12,573	2,823
3	Other - factoring	53,925	76,409	76,739	43,157
	Off-balance sheet items, in total	**80,346**	**95,075**	**89,312**	**45,980**

XI) PROFIT AND LOSS ACCOUNT (STAND-ALONE)

	[TPLN]	from 12-01-01 to 12-03-31	from 11-07-01 to 12-03-31	from 11-01-01 to 11-03-31	from 10-07-01 to 11-03-31
I	Net revenues from the sale of products, goods and materials, of which:	632,586	2,073,003	561,629	1,695,352
	– from related entities	29,116	95,178	17,978	66,417
1	Net revenues from sales of products	12,424	52,480	19,059	42,505
2	Net revenues from sales of goods and materials	620,162	2,020,523	542,570	1,652,847
II	Costs of products, goods and materials sold, including:	618,131	1,987,687	535,962	1,626,763
1	Cost of manufacturing of the products sold	12,372	52,291	19,027	42,400
2	Value of goods and materials sold	605,759	1,935,396	516,935	1,584,363
III	**Gross profit (loss) on sales (I-II)**	**14,455**	**85,316**	**25,667**	**68,589**
IV	**Selling costs**	**7,518**	**24,906**	**8,686**	**19,090**
V	**Overheads**	**3,127**	**10,067**	**2,429**	**7,369**
VI	**Profit (loss) on sales (III-IV-V)**	**3,810**	**50,343**	**14,552**	**42,130**
VII	**Other operating revenue**	**260**	**3,081**	**1,127**	**10,825**
1	Gain on disposal of non-financial fixed assets	25	10		
2	Subsidies				
3	Other operating revenues	235	3,071	1,127	10,825
VIII.	**Other operating expenses**	**7,906**	**16,647**	**8,319**	**25,965**
1	Loss on disposal of non-financial fixed assets			8	33
2	Revaluation of non-financial assets		7	1	1
3	Other operating expenses	7,906	16,640	8,310	25,931
IX.	**Profit (loss) on operations (VI+VII-VIII)**	**-3,836**	**36,777**	**7,360**	**26,990**
X	Financial income	12,586	14,620	227	20,733
1	Dividends and participation in profits, including:		13,688		11,060
	– from related entities		13,688		11,060
2	Interest, including:	151	909	227	2,420
	– from related entities		102		
3	Profit on disposal of investments				
4	Investment revaluation				
5	Other	12,435	23		7,253
XI.	Financial costs	3,365	15,155	3,150	7,409
1	Interest, including:	3,144	10,141	2,705	6,879
	– for related entities				
2	Loss on disposal of investments				
3	Investment revaluation				
4	Other	221	5,014	445	530
XII.	**Profit (loss) on business operations (IX+X-XI)**	**5,385**	**36,242**	**4,437**	**40,314**
XIII	**Extraordinary items (XIII.1. - XIII.2.)**				
1	Extraordinary gains				
2	Extraordinary losses				
XIV	**Gross profit (loss) (XII+/-XIII)**	**5,385**	**36,242**	**4,437**	**40,314**
XV	**Income tax**	**1,209**	**4,645**	**647**	**4,019**
a)	current part	903	4,903	1,645	5,198
b)	deferred part	306	-258	-998	-1,179
XVI	**Other obligatory charges on profit (increases of loss)**				

XVII	**Share in profit (loss) of subsidiary companies**				
XVIII	**Net profit (loss) (XIV-XV-XVI+/-XVII)**	**4,176**	**31,597**	**3,790**	**36,295**

XII) CHANGES IN EQUITY (STAND-ALONE)

	[TPLN]	from 12-01-01 to 12-03-31	from 11-07-01 to 12-03-31	from 11-01-01 to 11-03-31	from 10-07-01 to 11-03-31
I	**Equity at the beginning of period (OB)**	**285,021**	**256,940**	**249,445**	**221,784**
a)	changes to applied accounting rules (policies)				
b)	Adjustment of manifest errors				
I.a	**Equity at the beginning of period, after reconciliation with comparable data**	**285,021**	**256,940**	**249,445**	**221,784**
1	Opening balance of share capital	16,334	16,334	16,295	16,295
1.1	Changes in share capital				
a)	increases (due to)				
	– share issue				
b)	decreases (due to)				
	– share redemption	-146	-146		
1.2	Closing balance of share capital	16,188	16,188	16,295	16,295
2	Opening balance of called-up share capital				
2.1	Changes in called-up share capital				
a)	increases (due to)				
b)	decreases (due to)				
2.2	Closing balance of called-up share capital				
3	Treasury shares at the beginning of period	-838	-838	-838	-838
3.1	Changes in treasury shares				
a)	increases (due to)				
b)	decreases (due to)	838	838		
3.2	Treasury shares at the end of period	0	0	-838	-838
4	Opening balance of supplementary capital	135,503	135,503	135,503	135,503
4.1	Changes in supplementary capital				
a)	increases (due to)				
	– issue of shares above face value				
	– from profit distribution (statutory)				

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	– from profit distribution in excess of the statutory minimum value				
b)	decreases (due to)				
	– costs of share issue				
4.2	Closing balance of supplementary capital	135,503	135,503	135,503	135,503
5	Opening balance of revaluation reserve	660			
5.1	Changes in revaluation reserve	1,099	1,759		
a)	increases (due to)	1,759	1,759		
b)	decreases (due to)	660			
	– disposal of fixed assets				
5.2	Closing balance of revaluation reserve	1,759	1,759		
6	Opening balance of other reserve capitals	105,941	65,980	65,980	49,770
6.1	Changes in other reserve capitals	692	39,269		16,210
a)	increases (due to)		39,961		16,210
	profit transfer for the preceding period		39,961		16,210
	Payments for share capital				
b)	decreases (due to)	692	692		
	- share redemption				
6.2	Closing balance of other reserve capitals	105,249	105,249	65,980	65,980
7	Opening balance of previous years' profit (loss)	27,421	39,961	32,505	21,054
7.1	Opening balance of previous years' profit	27,421	39,961	32,505	21,054
a)	changes to applied accounting rules (policies)				
b)	Adjustment of manifest errors				
7.2	Retained profit at the beginning of period after reconciliation with comparable data				
a)	increases (due to)				
	– distribution of previous years' profit				
b)	decreases (due to)		39,961		21,054
	distribution of retained profit		39,961		21,054
	increase of reserve capital		39,961		16,210
	dividend distribution				4,844
7.3	Closing balance of previous years' profit			32,505	
7.4	Opening balance of previous years' loss				
a)	changes to applied accounting rules (policies)				
b)	Adjustment of manifest errors				
7.5	Retained loss at the beginning of period after reconciliation with comparable data				
a)	increases (due to)				
	– previous years' loss brought forward				
b)	decreases (due to)				

7.6	Closing balance of previous years' loss				
7.7	Retained profit / loss at the end of period	27,421		32,505	
8	Net profit/loss	4,176	31,597	3,790	36,295
a)	net profit	4,176	31,597	3,790	36,295
b)	net loss				
c)	profit write-offs				
II	**Equity at the end of period (CB)**	**290,296**	**290,296**	**253,235**	**253,235**
III	**Equity including proposed profit distribution (loss coverage)**	**290,296**	**290,296**	**253,235**	**253,235**

XIII) CASH FLOW STATEMENT (STAND-ALONE)

	[TPLN]	from 12-01-01 to 12-03-31	from 11-07-01 to 12-03-31	from 11-01-01 to 11-03-31	from 10-07-01 to 11-03-31
A	**Cash flow from operating activities**				
I	**Net profit**	**4,176**	**31,597**	**3,790**	**36,295**
II	**Total adjustments:**	**8,184**	**- 35,498**	**-22,121**	**-86,901**
1	Share in profit (loss) of subsidiary companies			-11,060	-11,060
2	Depreciation / amortisation	1,757	5,170	1,589	4,570
3	FX profit (loss)	320	46	310	357
4	Interest and share in profit (dividend)	2,491	7,395	2,019	5,371
5	Profit/loss on investing activities	-25	-10	8	33
6	Change in provisions	1,837	6,577	1,907	8,795
7	Change in inventories	-55,665	-79,176	-16,939	-81,801
8	Change in amounts due	65,015	-90,477	-19,548	-106,875
9	Change in short-term liabilities with the exception of loans	-7,854	115,496	20,593	94,777
10	Change in prepayments and accruals	308	-519	-1,000	-1,068
11	Other adjustments				
III	**Net cash flows from operating activities**	**12,360**	**- 3,901**	**-18,331**	**-50,606**
B.	**Cash flow from investing activities**				
I	**Inflows**	**182**	**2,582**	**11,426**	**11,719**
1	Sale of intangible assets and tangible fixed assets	67	98	1	64
2	Disposal of investments in real estate and intangible assets				
3	From financial assets, including:	115	2,484	11,425	11,655
a)	in related entities		2,360	11,420	11,420
	– sales of financial assets				
	– dividend and profit sharing			11,060	11,060
	– repayment of granted long-term loans			360	360
	– interest				
	– other inflows from financial assets				
	– dividend and profit sharing				
	– repayment of granted long-term loans		2,360		
	– interest				
	– other inflows from financial assets				
b)	in other entities	115	124	5	235
	– sales of financial assets				
	– dividend and profit sharing				
	– repayment of granted long-term loans	115	124	5	235
	– interest				
	– other inflows from financial assets				
	– dividend and profit sharing				
	– repayment of granted long-term loans				
	– interest				
	– other inflows from financial assets				
4	Other investment inflows				
II	**Outflows**	**333**	**2,503**	**789**	**2,937**
1	Purchase of intangible assets and tangible fixed assets	277	1,786	239	2,092
2	Purchase of investments in real estate and intangible assets				

3	Financial assets	56	717	550	845
a)	in related entities		234	550	830
	– purchase of financial assets				
	– long-term loans granted		234	550	830
b)	in other entities	56	483		15
	– purchase of financial assets				
	– long-term loans granted	56	483		15
4	Other investment outflows				
III	**Net cash flows from investing activities**	**-151**	**79**	**10,637**	**8,782**
C	**Cash flows from financing activities**				
I	Inflows	1	14,050	10,843	44,504
1	Net inflows from issues of shares and other equity instruments				
2	Borrowings and loans	1	14,050	10,843	44,504
3	Issuance of debt securities				
4	Other financial inflows				
II	**Outflows**	**2,481**	**7,212**	**6,863**	**10,215**
1	Purchase of treasury shares				
2	Dividend and other payments to shareholders			4,844	4,844
3	Other profit distributions				
4	Repayment of borrowings and loans				
5	Redemption of debt securities				
6	Payment of other financial liabilities				
7	Payments under financial leasing contracts				
8	Interest	2,481	7,212	2,019	5,371
9	Other financial outflows				
III	**Net cash flows from financial activities**	**-2,480**	**6,838**	**3,980**	**34,289**
D	**Total net cash flows**	**9,729**	**3,016**	**-3,714**	**-7,535**
E	**Balance sheet change in cash, of which:**	**9,729**	**3,016**	**-3,714**	**-7,535**
	- change in cash due to FX differences				
F	**Opening cash balance**	**2,676**	**9,389**	**9,437**	**13,258**
G	**Closing cash balance, of which:**	**12,405**	**12,405**	**5,723**	**5,723**
	– of limited disposability				

XIV) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

These Condensed Interim Consolidated Financial Statements of the Group were made in accordance with the International Accounting Standard ("IAS") 34 – Interim Financial Reporting ("IAS 34") and in compliance with accounting standards applicable to interim financial reporting as approved by the European Union, published and in force when these Interim Consolidated Financial Statements were prepared.

The Condensed Interim Consolidated Financial Statements do not contain all the information that is disclosed in the annual consolidated financial statements made in compliance with IFRS. These Condensed Interim Consolidated Financial Statements shall be construed jointly with the Consolidated Financial Statements of the Capital Group for 2010/2011.

2. APPLIED ACCOUNTING RULES

- **Going concern assumption**

The Consolidated Financial Statements were prepared on the assumption that the Group is a going concern in the foreseeable future. As of the date of these financial statements, no circumstances occur that would pose a threat to continuation of business activities.

- **Functional currency and reporting currency**

These Consolidated Financial Statements were made in Polish zlotys (PLN). PLN is the functional and reporting currency of the Capital Group. The figures in the financial statements are disclosed in PLN thousand unless in specific cases they are disclosed with more accuracy.

- **Consolidation basis**

These Consolidated Financial Statements were made in accordance with the historical cost convention with the exception of derivative financial instruments which are stated at fair value.

The Consolidated Financial Statements contain the financial statements of the parent entity and financial statements of the entities controlled by the parent entity. Control is deemed to have been assumed when the parent entity is able to influence financial and operational policies of the subordinated entities directly or indirectly in order to benefit from their activity.

Financial results of subsidiary entities acquired or disposed during the year are disclosed in the Consolidated Financial Statements from/until the time of effective acquisition or disposal.

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Whenever required, financial statements of subsidiary or affiliated entities are adjusted to make the accounting rules applied by these entities compliant with the rules applied by other Group entities.
All transactions, balances, revenues and expenses between the consolidated entities are fully eliminated for consolidation purposes.

Non-controlling interests (with the exception of goodwill) are disclosed in net assets of the consolidated subsidiary entities separately from the equity of the Group. Non-controlling interests include the value of shares as at the date of business combination (see below) and non-controlling interests in changes to equity starting from the business combination date. Losses attributable to non-controlling interests in excess of the interest in the entity's share capital are allocated to the Group's interests with the exception of instances of binding commitments and ability of the non-controlling shareholders to make additional investments to cover the losses.

- **Business Combinations**

Takeovers of subsidiary entities and separate business operations were accounted for in accordance with the acquisition price method as per the IFRS 3, applicable as at the combination date.

- **Goodwill**

Goodwill from acquisition results from a surplus of acquisition costs as at the take-over date over the Group's share in the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary or affiliated entity or joint venture recognised as at the acquisition date.
Goodwill is initially recognised as an asset at cost and is subsequently valued at cost reduced by accumulated impairment.

- **Recognition of sales revenues**

Sales revenues are recognised at fair received or payable value after accounting for anticipated rebates, returns by clients and similar write-downs.

Sales of goods

Revenues from sales of goods are recognised when all the conditions specified below have been met:

- transfer by the Group to the buyer of material risks and benefits underlying the title to goods;
- transfer by the Group of managerial functions to the extent usually related to the title and of effective control over the sold goods;
- possibility to make a reliable valuation of the revenue amount;
- probability that the entity will receive economic benefits related to the transaction; and

- possibility of a reliable valuation of costs incurred or expected in relation to the transaction.

Provision of services

Revenues generated under service contracts are recognised by taking into account the progress of work under each contract.

Interest and dividend income

Dividend income is recognised when shareholders are granted the right to receive dividend. Interest income is recognised on an accrual basis by reference to the amount of outstanding principal and subject to effective interest rate which is the rate effectively discounting future cash inflows estimated for the anticipated life of an asset to the net carrying value of the asset.

- **Foreign currencies**

Stand-alone financial statements of Group companies are presented in the currencies prevailing in the markets of their respective business operations (their functional currencies). The Consolidated Financial Statements disclose financial results and items of each unit in Polish zlotys (PLN) which is the functional currency of the company and the presentation currency of the Consolidated Financial Statements.

In stand-alone financial statements, transactions executed in currencies other than PLN are disclosed at the exchange rate prevailing on the transaction date. As at the balance sheet date, foreign currency-denominated cash assets and liabilities are translated at the exchange rate prevailing as at that date. Non-cash assets and liabilities stated at fair value and denominated in foreign currencies are translated at the exchange rate prevailing on the date the fair value was determined. Non-cash items stated at historical cost in foreign currencies are not re-translated.

FX differences are recognised in the profit and loss account in the period they occurred with the following exceptions:

- FX differences concerning assets under construction to be used in production that are incorporated as costs of such assets are treated as adjustments to interest expense of foreign currency-denominated loans;
- FX differences resulting from cash receivables from or payables towards foreign entities with which no settlements are planned or such settlements are not probable and that are part of net investments in foreign entities and recognised in reserve capital from foreign currency translation and in net profit/loss on disposal of investments.

For consolidation purposes, assets and liabilities of foreign subsidiaries are translated into PLN at the exchange rate as at the balance sheet date. Revenues and expenses are translated at the average exchange rate for the reporting period excepting a situation when fluctuations of the exchange rates are material (then the exchange rates of the transaction dates are applied). Any resultant FX differences are recognised in the Consolidated Financial Statements in equity and are transferred to the FX translation reserve set up by the Group. Such FX differences are recognised as income or expense in the period when a foreign subsidiary is sold.

Goodwill and fair value adjustments resulting from acquisition of a foreign subsidiary are treated as an asset or liability of the entity domiciled abroad and are translated into PLN at the exchange rate prevailing as at the balance sheet date.

- **External financing costs**

Costs of external financing directly related to acquisition or manufacturing of assets that require a longer time to be used or resold, are added to the manufacturing costs of such assets until the assets are ready for intended application or resale. Income on investments generated as a result of short-term investment of the external funding before it is invested in the assets referred to above reduce the costs of external financing subject to capitalisation.

All other costs of external financing are recognised directly in the profit and loss account in the period they were incurred.

- **Costs of future pension benefits**

In accordance with labour law regulations, employees of the Group are entitled to retirement allowance. Retirement allowance is a one-off payment due to employees on their retirement. The amount of retirement allowance depends on the average salary of the employee. The Group sets up a provision for future retirement allowance liabilities in order to allocate the costs to relevant periods. In accordance with IAS 19, retirement allowances are defined benefit plans after the period of employment. The accrued liability is equal to discounted payments to be made in the future subject to staff rotation and applies to the period until the balance sheet date. Demographic information and information on staff rotation is based on historical data. Changes in the provisions resulting from calculations are recognised as profit or loss.

- **Taxation**

Income tax of the entity includes current tax payable and deferred tax.

Current income tax

The current tax liability is calculated on the basis of the taxation base for the current financial year. Tax profit (loss) differs from the book net profit (loss) due to exclusion of taxable income and tax-deductible expenses in future periods as well as non-taxable income and non-tax deductible expenses. Current income tax liability is calculated at the tax rates applicable in a given financial year.

Deferred income tax

Deferred income tax is calculated using the balance sheet liability method as a tax payable or refundable in the future taking into account differences between carrying value of assets and liabilities and the corresponding tax values used to calculate the taxation base.

Deferred income tax provision is recognised on all positive temporary taxable differences while the deferred income tax asset is recognised at a probable reduction amount of future taxable profit by recognised negative temporary differences. No deferred income tax asset or provision is recognised when the temporary difference arises from goodwill or due to original recognition (apart from recognition after business combinations) of another asset or liability item in a transaction that does not affect tax or book profit.

Deferred income tax provision is recognised on temporary tax differences resulting from investments in subsidiary and affiliated entities and in joint ventures unless the Group is able to control the reversal method of such temporary difference and it is probable that in the foreseeable future the temporary difference is not reversed. Deferred income tax asset resulting from temporary differences in deductions related to such investments and interests is recognised to the extent corresponding to probable taxable profit that will be compensated with temporary differences if it is probable that such differences are realised in the foreseeable future.

The carrying value of the deferred income tax asset is subject to review as at each balance sheet date and when the anticipated future taxable profit is not sufficient to recover the asset or a part thereof, the value shall be reduced accordingly.

The deferred income tax asset and provision are calculated at the tax rates that will be applicable when such asset is realised or provision becomes due, in accordance with the tax regulations applicable as at the balance sheet date. Revaluation of the deferred income tax asset and provision reflects tax consequences of the method according to which the Group expects to recover or account for the carrying value of deferred income tax asset and provision as at the date of the financial statements.

The deferred income tax asset and provision are set-off when a right occurs to set-off the current income tax asset and provision as long as such items are taxable by the same tax authority and the Group intends to settle its income tax asset and provision with net amounts.

Current and deferred income tax for the current accounting period

The current and deferred income tax is recognised as a cost or revenues in the profit and loss account with the exception of items recognised directly in equity since then the income tax is referred directly to equity, or when it results from the original recognition of business combinations. In case of business combinations, tax consequences are taken into account for goodwill calculation or determination of the value of the acquiring entity’s share in identifiable assets, liabilities and contingent liabilities of the acquired entity in excess of the acquisition cost.

- **Tangible fixed assets**

Fixed assets and fixed assets under construction are originally recognised at acquisition cost or manufacturing cost.
As at the balance sheet date, fixed assets are recognised at acquisition cost or manufacturing cost reduced by accumulated depreciation and impairment write-downs.
As at the balance sheet date, fixed assets under construction are recognised at acquisition cost or manufacturing cost.

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Depreciation rates are applied in order to write-down the acquisition cost or manufacturing cost of assets other than fixed assets under construction. Such write-downs are made with the linear method throughout the economic life of each item starting from the month following the month such fixed asset was taken over for use. Estimated useful life, residual values and depreciation methods are subject to review at the end of each year and the results of such changes to estimates are recognised prospectively.
In accordance with the materiality principle, fixed asset with initial value under PLN 2.000 is expensed the month following the month such fixed asset was taken over for use.
Assets held pursuant to financial leasing contracts are depreciated for the period of their anticipated useful economic life in accordance with the same principles as owned assets, however not longer than for the term of the leasing contract.
Profit or loss resulting from disposal / liquidation or discontinued use of tangible fixed assets is identified as the difference between disposal proceeds and the carrying value of such items and recognised in the profit and loss account.

- **Investment real estate**

Investment real estate is the property that generates rent revenues and/or is held with the anticipation that it will grow in value. Investment real estate is initially recognised at cost.
As at the balance sheet date, investment real estate is recognised at acquisition cost reduced by accumulated depreciation and impairment write-downs.

- **Intangible assets**

Intangible assets acquired in separate transactions

Intangible assets acquired in separate transactions are recognised at historical cost reduced by accumulated amortisation and impairment write-downs. Amortisation is applied using the linear method over the anticipated useful life of the assets. The estimated useful life and the related amortisation are reviewed at the end of each annual reporting period and the effects of changes in estimates are recognised in future reporting periods.

Intangible assets acquired through business combinations

Intangible assets acquired through business combination are identified and recognised separately from goodwill if they comply with the definition of intangible assets and if the fair value can be reliably assessed. The cost of such assets is equivalent to their fair value as at the acquisition date.

After the initial recognition, the assets are disclosed at historical cost reduced by accumulated amortisation and impairment write-downs in the same manner as intangible assets acquired in separate transactions. Intangible assets with unspecified useful life are subject to impairment tests each year.

- **Impairment of tangible fixed assets and intangible assets excluding goodwill**

As at each balance sheet date, the Group reviews carrying values of its fixed assets and intangible assets to identify if there are no indications of impairment. If such indications are identified, the realisable value of such asset is established in order to determine a potential write-down. When an asset does not generate cash flows that are largely independent of cash flows generated by other assets, such analysis is performed for a group of assets generating cash flows containing such an asset. If it is possible to identify a reliable and uniform allocation basis, fixed assets held by the Group are allocated to specific units generating cash flows or to smallest groups of units generating such cash flows for which reliable and uniform allocation basis may be identified.

With respect to intangible assets with unspecified useful life, impairment tests are performed annually and additionally when impairment indications exist.

The realisable value is the higher of: the fair value less selling costs or the value in use. The latter is equivalent to the present value of estimated future cash flows discounted with a gross discount rate allowing for the market cost of money in time and the risk specific for each asset.

If the realisable value is lower than the carrying value of the asset (or the unit generating cash flows), the carrying value of the asset or unit is reduced to the realisable value. Impairment loss is recognised forthwith as the cost of the period in which it occurred with the exception of a situation when an asset is recognised after revaluation (then the impairment is treated as a reduction to the prior revaluation).

If an impairment write-down is subsequently reversed, the net value of the asset (or unit generating cash flows) is increased to the new estimated realisable value not exceeding, however, the carrying value of the asset that would have been recognised if no impairment of the asset / cash generating unit had been previously recognised. Impairment reversal is recognised forthwith in the profit and loss account as long as the asset was not revalued earlier – in such a case, reversal of impairment is treated as an increase in revaluation.

- **Inventories**

Inventories are recognised at the lower of: purchase price or manufacture cost or at net sales price.
The sales price is the realisable price as at the balance sheet date net of VAT.
Inventories include goods, materials and finished products. Goods and materials are disclosed at cost including the purchase price increased by import duties, costs of transportation, loading, unloading and other costs directly related to acquisition of goods and materials less any discounts and rebates.
The manufacture costs of products include costs directly related to the product and appropriately allocated variable and fixed indirect production costs. Indirect variable production costs are allocated to a product unit on the basis of current use of manufacturing machinery and equipment. Indirect variable production costs are allocated on the basis of normal use of production capacity. Rotation of stocks follows the weighted average and FIFO method while rotation of products follows the FIFO method.
The sales price is the realisable price as at the balance sheet date net of VAT.

- **Provisions**

Provisions are recognised when the Group has current liabilities (legal or contractual) that result from past events, the Group will probably will have to pay them and the amount can be reliably assessed.

The recognised provision reflects most accurately an estimated payable amount of the current liability as at the balance sheet date subject to underlying risk and uncertainty. If the provision is assessed with estimated cash flows required to settle the current liability, the carrying value shall be equal to the present value of the cash flows.

If it is probable that the economic benefits required to cover the provisions may be recovered from a third party in part or in whole, the receivable is recognised as an asset provided the probability of recovering such amounts is high enough and it can be reliably assessed.

Warranty obligations

Provisions for costs of warranty repairs are recognised at sale of products in accordance with the best estimate of the management as to the future costs to be incurred by the Group during the warranty period.

- **Financial assets**

Investments are recognised on purchase date and derecognised on disposal date if a contract requires that they are delivered on a date determined by a given market; the initial value is stated at fair value reduced by transaction costs with the exception of those assets that are classified as financial assets originally stated at fair value through profit and loss account.

Financial assets are classified in the following categories: financial assets originally at fair value through profit and loss account; investments kept until maturity, financial assets available for resale as well as loans and receivables. The classification depends on the nature and application of financial assets and it is determined at initial recognition.

Effective interest rate method

This is a method to calculate the amortised costs of assets and to allocated interest income in relevant periods. The effective interest rate is the rate discounting estimated future cash flows over the anticipated useful life of a financial asset or over a shorter time if justified.

Income from debt instruments other than financial assets stated at fair value through profit and loss account is recognised at the effective interest rate.

Financial assets stated at fair value through the total income statement

This group includes available-for-sale financial assets or assets stated at fair value through profit and loss account.

A financial asset is classified as available for sale if:

- it has been acquired primarily for resale in the near future; or
- it is a part of a portfolio of financial instruments managed by the Group as a whole, in compliance with the current and actual model to generate short-term profit; or
- it is a derivative instrument not classified as a hedging instrument.

A financial asset other than available for sale may be classified as stated at fair value through profit and loss account at initial recognition if:

- such classification eliminates or materially reduces inconsistency of valuation or recognition occurring in other circumstances; or
- the financial asset is a part of a group of financial assets or liabilities or both managed groups and the results are assessed at fair value in accordance with the documented risk management strategy or investments of the Group within which information on asset groups is transferred internally; or
- the asset is a part of a contract containing one or more embedded derivative instruments and IAS 39 allows classification of the entire contract (an asset or a liability) to be stated at fair value through profit and loss account.

Financial assets stated at fair value through profit and loss account are stated at fair value and the resultant profit or loss is recognised in the profit and loss account. Net profit or loss recognised in the profit and loss account include dividend or interest generated by the specific financial asset.

Investments held to maturity

Commercial papers and debentures with fixed or negotiable payment terms and with fixed maturity dates that the Group wants and is able to hold until maturity are classified as investments held to maturity. Such investments are recognised at amortised historical cost using the effective interest rate less impairment, while the income is recognised using the effective income method.

Financial assets available for sale

Listed stocks and redeemable commercial papers held by the Group that are traded in an active market are classified as assets available for sale and stated at fair value. Profit and loss resulting from changes in fair value are recognised directly in equity as revaluation reserve with the exception of impairment losses, interest applied at the effective interest rate and FX gains and losses on cash assets that are recognised directly in the profit and loss account. If an investment is sold or impaired, the accumulated profit or loss previously recognised in revaluation reserve is transferred to the profit and loss for the reporting period.

Dividend on equity instruments available for sale is recognised in the profit and loss account when the Group is awarded right to the dividend.

The fair value of available-for-sale cash assets denominated in foreign a currency is determined by translating the amounts at the spot rate as at the balance sheet date. Change in fair value of

FX differences resulting from a change in the amortised historical cost of a given asset is recognised in the profit and loss account while other changes are recognised in equity.

Loans and receivables

Trade receivables, loans and other receivables with fixed or negotiable payment terms that are not traded in an active market are classified as "loans and receivables". They are stated at amortised cost using the effective interest rate and by taking into account impairment. Interest income is recognised using the effective interest rate with the exception of short-term receivables where interest recognition would be immaterial.

Impairment of financial assets

Financial assets – apart from those stated at fair value through profit and loss account – are tested for impairment at each balance sheet date. Financial assets are impaired when there are objective indications that events after the initial recognition of an asset adversely affected the related estimated future cash flows. With respect to financial assets recognised at amortised historical cost, impairment is the difference between the carrying value and the present value of estimated cash flows discounted using the original effective interest rate.
The carrying value of a financial asset is reduced directly with an impairment charge with the exception of trade receivables whose carrying value is reduced with charges to a specially designated account. The charges apply to trade receivables deemed as uncollectible; when they are collected, such amounts are credited to the account. Changes of the carrying value of the charge account are recognised in the profit and loss account.

If in a subsequent period, the amount of impairment charges is reduced and the reduction may be objectively related to an event that occurred after the impairment charge, the impairment charge shall be reversed through profit and loss account to the extent corresponding to the reversed carrying value as of the impairment date and up to the amount of the amortised historical cost that would have been recognised had it not been for the impairment. The above applies to all assets with the exception of available-for-sale equity instruments. In this case, an increase in fair value following impairment is recognised directly in equity.

Derecognition of financial assets

The Group derecognises financial assets only after expiry of any contractual rights to cash flows generated by such assets or when such financial assets substantially with all their related risk and all benefits have been transferred to another entity. If the Group does not transfer or maintain substantially all risk and all benefits related to a financial asset and retains control of such asset, it recognises the retained share in such asset and the related obligations of potential benefits. However, if the Group maintains substantially all risk and all benefits related to such transferred asset, it continues to recognise the financial asset and any secured loans underlying the received income.

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

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or as equity, subject to contractual agreement.

Equity instruments

Capital instruments include every contract which confirms the right to assets of the entity net of all its liabilities. Equity instruments are recognised at the amounts received less direct issue costs.

Financial liabilities

Financial liabilities are classified either as financial liabilities stated at fair value through profit and loss account or as other financial liabilities.

Financial liabilities stated at fair value through profit and loss account

This category includes available- for- sale financial liabilities or liabilities defined as stated at fair value through profit and loss account.

A financial liability is classified as available for sale if:

- it has been contracted to be repurchased within a short time;
- it is a part of a portfolio of financial instruments managed by the Group as a whole, in compliance with the current and actual model to generate short-term profit; or
- it is a derivative instrument not classified as a hedging instrument.

A financial liability other than available for sale may be classified as stated at fair value through profit and loss account at initial recognition if:

- such classification eliminates or materially reduces inconsistency of valuation or recognition occurring in other circumstances; or
- the financial asset is a part of a group of financial assets or liabilities or both managed groups and the results are assessed at fair value in accordance with the documented risk management strategy or investments of the Group within which information on asset groups is transferred internally; or
- it is a part of a contract containing one or more embedded derivative instruments and IAS 39 allows classification of the entire contract (an asset or a liability) to be stated at fair value through profit and loss account.

Financial liabilities stated at fair value through profit and loss account are stated at fair value and the resultant financial profit or loss is recognised in the profit and loss account including interest paid on the financial liability.

Other financial liabilities.

Other financial liabilities, including bank loans and borrowings, are originally stated at fair value net of transaction costs.

Subsequently, they are recognised at amortised historical cost using the effective interest rate method and interest expense is recognised using the effective income method.

The effective interest rate method is used to calculate the amortised cost of the liability and to allocate interest expenses to the relevant periods. The effective interest rate is a rate discounting future cash payments over the foreseeable life of a liability or over a shorter time if required.

Derivatives

The Group uses forward and cross currency swap term contracts to hedge the FX risk.

Derivative instruments are recognised at fair value as of the date of the contract and subsequently they are revalued to fair value as at each balance sheet date. The resultant profit or loss is immediately recognised in the profit and loss account.

Derivative instruments not designated as effective hedging instruments are classified as working assets or liabilities.

Hedge accounting

As from 1 July 2011 the Group started applying hedge accounting to safeguard against currency exchange risk related to sales indexed to foreign currency exchange rates (EUR and USD). The designated hedging relation is treated as hedging of cash flows. Hedge accounting is described in Note No. 10 *Derivative financial instruments and hedging – hedging of cash flows.*

The numbers resulting from application of hedge accounting by the Company are disclosed in Note No. 10 *Hedging of cash flows.*

- **Critical accounting judgements and the basis for estimation of uncertainty**

Using the accounting rules applicable within the Group as specified in Note No. 3, the Management has to make judgements, estimates and make assumptions concerning carrying value of assets and liabilities that cannot be assessed otherwise on the basis of available sources. The estimates and the underlying assumptions are based on historical experience and other factors deemed as material. The actual results may differ from the assumed estimates.

The estimates and underlying assumptions are subject to ongoing review. Changes in the estimated values are recognised in the period of the review if they apply solely to such a period or in the current period and future periods if the changes apply both to current period and to the future periods.

- **Critical judgements in applying accounting rules**

Below are the critical assumptions concerning the future and other bases for estimation of uncertainty as at the balance sheet date that have major impact on the risk of material adjustments of the carrying value of assets and liabilities in the following financial year.

Impairment of goodwill

A statement that goodwill was impaired requires an estimate of the usable value of all units generating cash flows to which the goodwill was attributed. In order to calculate the usable value, the company has to estimate future cash flows attributable to the unit and determine an appropriate discount rate as required to calculate the present value of such cash flows.
As at the balance sheet date, the carrying value of goodwill was PLN 42.3 million.

Intangible assets with unspecified useful life.

Intangible assets with unspecified useful life are subject to an annual impairment test of centres generating cash flows. As at the balance sheet date, the Group holds intangible assets with unspecified useful life of PLN 23.5 million.

Impairment of assets

As at each balance sheet date, the Group verifies if there are any impairment indications of non-financial assets. Assessment of value in use consists in identifying future cash flows by a centre generating cash flows and requires determination of a discount rate to calculate the present value of such cash flows.
As at 31 March 2012, in the opinion of the Management of the Group no assets held by the Group were impaired.

Useful life of tangible fixed assets

The depreciation / amortisation rates are determined on the basis of the anticipated economic useful life of tangible fixed assets and intangible assets. Annually, the approved economic useful life is subject to review on the basis of current estimates. As at the balance sheet date, the fixed assets amounted to PLN 93.4 million.

Assessment of provisions for employee benefits

Provisions for employee benefits (provision of pension allowance) were assessed using actuarial methods.

Fair value of financial instruments

Fair value of financial instruments for which there is no active market is assessed using the appropriate valuation techniques. The Group uses professional judgement to select appropriate methods and to make assumptions. The Management makes a judgement selecting an appropriate method to revalue financial instruments not listed in an active market. Methods are applied that are commonly used by market players. With respect to financial derivative instruments, the assumptions are based on market rates adjusted for instrument-specific features. Other financial instruments are revalued at discounted cash flows on the basis of assumptions confirmed to the extent possible with observable prices or market rates.

Deferred income tax asset

The Company recognises a deferred income asset assuming that taxable profit will be generated in the future to offset the asset. Material deterioration of generated taxable profit in the future could render this assumption unjustified.

Revaluation charges to receivables and inventories

As at the balance sheet date the Group assesses if there are objective impairment indications of receivables, groups of receivables and inventories. If the realisable value of an asset is lower than its carrying value, the company makes a revaluation charge to the present value of anticipated cash flows.

3. OPERATIONAL SEGMENTS

The basic reporting presentation of the Group is based on geographical segments and additionally on sector segments.

Geographical segments

Three key divisions of the Company operate in three basic geographical areas: A, B and C. The composition of each geographical segment is as follows:

Area A Poland	In area A the Group operates wholesale outlets.
Area B Czech Republic	In area B the Group operates wholesale and retail outlets and manufacturing facilities.
Area C Slovakia	In area C the Group operates wholesale outlets.

Revenues of the Group from sales to external clients and information on assets in each geographical segment are presented below:

Revenues per segment

	External sales	Sales between segments	Other	Total
	Period ended 31/03/12	Period ended 31/03/12	Period ended 31/03/12	Period ended 31/03/12
	PLN '000	PLN '000	PLN '000	PLN '000
Poland	2,009,603	95,218		2,104,821
Czech Republic	1,177,836	292,117		1,469,953
Slovakia	186,944	1,102		188,046
Total segments				3,762,820

Eliminations	388,437
Consolidated revenues	3,374,383

Selling prices between segments are comparable to the prices applied in external sales of similar products.

Assets and liabilities per segment

	Assets	Liabilities
	31/03/12	31/03/12
	PLN '000	PLN '000
Poland	765,092	516,353
Czech Republic	332,773	210,881
Slovakia	28,364	20,520
Total segments	1,126,229	747,754
Eliminations		
Non-allocated		
Consolidated	1,126,229	**747,754**

Results per segment

	Of which interest expense / income	Period ended 31/03/12
		PLN '000
Continued operations		
Poland	-9,232	23,189
Czech Republic	-1,550	26,009
Slovakia	4	864
Eliminations		
Non-allocated		
Profit before income tax		50,062
Income tax		10,067
Profit for the financial year on continued operations		39,995
Discontinued operations		
Profit before income tax		
Income tax		
Profit for the financial year on discontinued operations		

Profit for the financial year	39,995

Depreciation / amortisation per segment

	Acquisition of fixed assets	Period ended 31/03/2012
	PLN '000	PLN '000
Continued operations		
Poland	2,650	5,351
Czech Republic	1,680	1,753
Slovakia		161
Consolidated	4,330	7,265

Market segments

The Group uses market segmentation as an additional reporting format.
The business of the Group is split into:
- wholesale trade in computer, telecommunications, multimedia and electronic equipment,
- retail trade in computer hardware,
- production of personal computers.

	Revenues from sales to external clients	Assets per segment	Acquisition of fixed assets
	Period ended 31/03/12	Period ended 31/03/12	Period ended 31/03/12
	PLN '000	PLN '000	PLN '000
Wholesale trade	3,342,095	1,114,841	3,969
Retail trade	23,951	8,334	354
Production	8,337	3,054	7
	3,374,383	1,126,229	4,330

Selling prices between segments are comparable to the prices applied in external sales of similar products.
In the comparable period, the Company operated only in one geographical segment (in Poland) and in one market segment (wholesale).

4. Operations in the interim period

Seasonal fluctuations of each item of the financial result in the period covered by the report follow the market trends from previous years.

5. PROFIT PER SHARE

	Period ended 31/03/12	Period ended 31/03/11
	PLN per share	PLN per share
Basic profit per share		
From continued operations	39,982	43,396
From discontinued operations		
Total basic profit per share		2.69
Diluted profit per share	39,982	43,396
From continued operations		
From discontinued operations		
Total diluted profit per share	2.47	2.69

Basic profit per share

Basic profit per share is calculated by dividing the net profit for the period attributable to shareholders of the parent entity by the weighted average number of shares in the reporting period.

	Period ended 31/03/12	Period ended 31/03/11
	PLN '000	PLN '000
(Profit for the financial year attributable to shareholders of the parent entity)	39,982	43,396
Profit used to calculate the total basic profit per share	39,982	43,396
Profit used to calculate the total basic profit per share on continued operations	39,982	43,396

	Period ended 31/03/12	Period ended 31/03/11

Average weighted number of ordinary shares used to calculate basic profit per share	16,187,644	16,148,644

6. Dividends

No dividend was distributed to the shareholders during the year.

7. Tangible fixed assets – increase

	AB S.A.	B2B IT Sp. z o.o	ALSEN Marketing Sp. z o.o.	ATC Holding
	PLN '000	PLN '000	PLN '000	PLN '000
Land			40	
Buildings and structures			934	
Plant and equipment	365			
Motor vehicles	1,334			
Equipment	261		80	593
Fixed assets / intangible assets under construction	285	106		987
TOTAL	**2,245**	**106**	**1,054**	**1,580**

8. Investments in subsidiary entities

In the period under report the Group did not make any investments in subsidiary entities.

9. Goodwill

	31/03/12	30/06/11
	PLN '000	PLN '000
Cost		
Beginning of financial year	41,400	40,593
Goodwill from business combination		
FX differences	934	807
End of financial year	42,334	41,400
Accumulated impairment charges		
Beginning of financial year		
End of financial year		
Carrying value		

Opening balance		
Closing balance	42,334	41,400

The goodwill was generated as a result of acquisition on 30 October 2007 of 100% shares in AT Computers Holding a.s. with its registered office in Ostrava which holds 100% shares in the following entities:
- AT Computers a.s. with its registered office in Žilina, 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. HEDGE ACCOUNTING

Financial derivatives and hedges

Forward contracts are used as derivative instruments to hedge the Capital Group against FX risk. They are stated at fair value. Derivative instruments are disclosed as financial assets or liabilities depending on their current value.

Change to fair value o derivative instruments that do not meet the requirements of hedge accounting are recognised directly in the profit and loss account of the current reporting period.

Derivative hedging instruments are used to hedge future cash flows.

When a hedge is established, the Group formally identifies and documents the hedging relationship, the objective of risk management and the hedging strategy in accordance with the approved hedge accounting policy.

Hedging of cash flows is aimed at hedging the volatility risk of cash flows related to a specific asset or liability, probable anticipated transaction or probable future liability that could affect the profit and loss account.

Cash flow hedging which in a given period meets the requirements specified above is recognised as follows:

- portion of the profit or loss related to hedging instruments, recognised as effective hedge, is recognised directly in equity through statement of changes in equity,
- the ineffective portion of profit or loss related to hedging instruments is recognised in the profit or loss.

Profit or loss resulting from changes to the fair value of hedging instruments that do not meet the requirements of hedge accounting is recognised directly in the profit and loss account of the current reporting period.

In the applied cash flow hedging, the amounts recognised directly in equity are recognised in the profit and loss account in the same period(s) during which the hedged planned transaction affects the profit and loss account – that is when the planned sale occurs.
The Group will cease to apply the principles of hedge accounting, if:

a) The hedging instrument expires, is sold, terminated or executed. In such a case the cumulated profit or loss related to the hedging instrument, recognised directly as equity

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

during the period in which the hedge was effective, is recognised further in a separate item in the equity until the planned transaction is executed.

b) The hedge ceases to meet the hedge accounting criteria set forth in paragraph 88 of the IAS 39. In such a case the cumulated profit or loss related to the hedging instrument, recognised directly as equity during the period in which the hedge was effective, is recognised further in a separate item in the equity until the planned transaction is executed.

c) Completion of a planned transaction is no longer expected. In such a case the entire cumulated profit or loss related to hedging instruments, recognised directly as equity during the period in which the hedge was effective, is recognised in profit and loss account.

d) The hedging relation is cancelled by the entity. Cumulated profit or loss related to the hedging instrument, recognised as equity, in the period in which the hedge was effective, is, in such a case, recognised further in capitals' item until the planned transaction is executed or until execution of the transaction is no longer expected.

Cash flow hedges

The Group hedges FX risk related to sales indexed to EUR and USD exchange rates by using FX cash positions – trade payables, liabilities under bank loans, trade receivables, cash and FX forward contracts for currency sale/purchase.

The Group identified those cash positions as cash flow hedging instruments. For the purposes of hedge accounting, only instruments concluded with external entities are designated as hedging instruments:

Hedging instruments - EUR

Instrument type	**Nominal value, EUR '000**		**Fair value, PLN '000**		**Anticipated maturity period of hedged position**	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**	**31.03.2012**	**31.03.2011**
Trade payables	(39,582)	-	(164,597)	-	April, May, June	-
Trade receivables	6,494	-	26,988	-	April, May	-
Bank loans	(779)	-	(3,242)	-	April, May	-
Cash	948	-	3,947	-	April, May	-
FX Forward EUR	(12,472)	-	602	-	April, May	-
Total cash positions:	**(45,391)**	**-**	**(136,303)**	-		-

Hedging instruments – USD

Instrument type	Nominal value, USD '000		Fair value, PLN '000		Anticipated maturity period of hedged position	
	31.03.2012	**31.03.2011**	**31.03.2012**	**31.03.2011**	**31.03.2012**	**31.03.2011**
Trade payables	(19,718)	-	(61,473)	-	April, May	-
Trade receivables	3,314	-	10,331	-	April, May	-
Bank loans	(337)	-	(1,052)	-	April, May	-
Cash	1,015	-	3,167	-	April, May	-
FX Forward EUR	2,764	-	77	-	April, May	-
Total cash positions:	**(12,962)**	**-**	**(48,950)**	-		-

** For items other than FX Forward derivative transactions their carrying values were stated as the carrying value of those items are not materially different from their fair value.*

An analysis of changes in the fair value of hedging instruments recognised in equity is provided in the table below:

	9 months to 31.03.2012	9 months to 31.03.2011
Amount recognised in equity at the beginning of period	0	-
Effective portion of profit/loss on the derivative instrument in the period recognised in equity	(2,715)	-
Amounts derecognised from equity and recognised in the profit and loss account during the period, of which:	(5,423)	-
- adjustment to operating activities	(5,423)	-
- adjustment due to hedge ineffectiveness	0	-
Amount recognised in equity at the end of period	2,708	-

11. Borrowings and loans

In the period from the publication of the annual report (31 October 2011) until the publication of the report for the third quarter of the financial year 2011/2012 the Group did not contract any new loans.

12. Issued capital

In the period covered by this report there were no changes to the Company's issued capital.

13. Disposal of subsidiary companies

In the period under report the Group did not dispose of any of its subsidiary companies.

14. Take-over of subsidiary companies

In the period under report the Group did not take over any of its subsidiary companies.

15. Contingent liabilities and contingent assets

As at the balance sheet date, the amount of off-balance sheet liabilities was as follows:

	PLN '000
	31.03.2012
Factoring	53,925
Guarantees granted	41,529
Total	**95,454**

Details are provided in item 8 of Additional information.

16. Events after the reporting period

After the balance sheet date there have been no material events that were not included in the interim financial statements.

17. Transactions with related entities

In the period from 1 July 2011 until 31 March 2012 there were no transactions concluded otherwise than at arm's length.

XV) Additional information

The additional information is provided in compliance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodical information disclosure by issuers of securities and the conditions to recognise equivalence of information required by the law in Non-Member States.

1. Organisation of the Capital Group with details of consolidated entities

1.1. Entities in the AB S.A. Capital Group (along with information concerning the consolidation method and stock appraisal)

As at 31 March 2012 the Capital group was composed of the following entities:

Parent entity

- AB S.A. (parent entity)
- The Company's business consists in distribution of computers and electronic equipment in Poland and abroad.

Address of the head office: ul. Kościerzyńska 32, 51-416 Wrocław
REGON statistical number: 931908977
Tax identification number NIP: 895-16-28-481
Registration body: District Court for Wrocław – Fabryczna, VI Commercial Division of the National Court Register. The entry to the register was made on 22.10.2001 under number KRS 0000053834
Duration of the Company: unlimited

Subsidiary entities

- Alsen Sp. z o.o. (AB S.A. holds 408 shares with the total value of PLN 204,000 and accounting for 69,39% of all shares) – consolidated

- Alsen Marketing Sp. z o.o. (AB S.A. owns 100% of shares) – consolidated

  The Company manages retail sales of computers and electronic equipment in a franchise network in Poland.

- B2B IT Sp. z o.o. (AB S.A. owns 100% of shares) – consolidated

- AT Computers Holding a.s. (AB S.A. owns 100% of shares) – consolidated

  The Company manages subsidiary entities.

- AT Computers a.s. (100% shares are owned by AT Computers Holding a.s.) – consolidated

  The Company's business consists in distribution of computers and electronic equipment in the Czech Republic and abroad.

- AT Compus s.r.o. (100% shares are owned by AT Computers Holding a.s.) – consolidated

  The Company's business consists in assembly of computers from sub-assemblies. Finished products are re-sold to distribution companies for further re-sale.

- Comfor Stores a.s. (100% shares are owned by AT Computers Holding a.s.) – consolidated

  The Company's business consists in retail trade in computers and electronic materials.

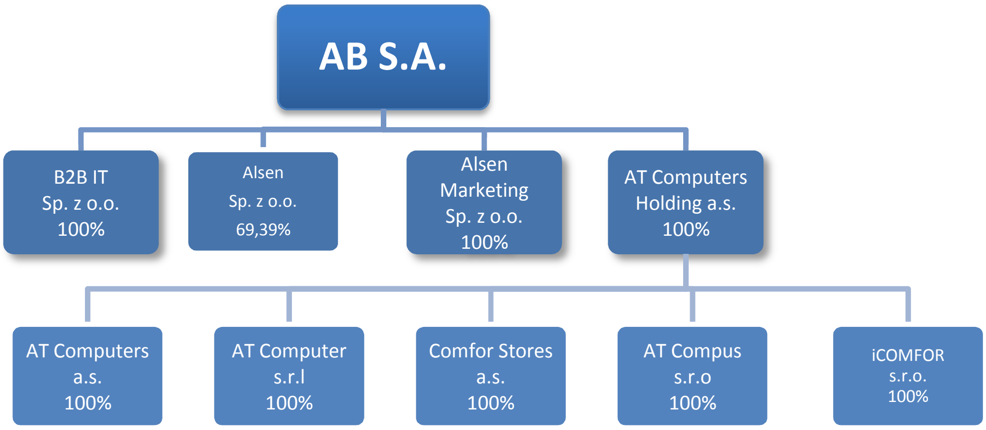
- AT Computer s.r.l. (100% shares are owned by AT Computers Holding a.s.) – consolidated

  The Company's business consists in distribution of computers and electronic equipment in the Slovak Republic.

- iCOMFOR s.r.o. (100% shares are owned by AT Computers Holding a.s.) – consolidated (set up on 16 September 2011)

  The Company's business consists in retail trade in computers and electronic materials.

1.2. Organigram of the capital group



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

In Q3 2011/2012 the structure of the AB Capital Group did not change.

3. Opinion of the Management on feasibility of earlier forecasts

The Group has not published any forecast results for the current year.

4. Shareholders with minimum 5% of overall voting rights at Issuer's General Meetings

According to the Issuer's knowledge, the shareholding structure of the parent entity as at the day of their quarterly report was as follows:

As at 14/05/2012	Number of shares	Shareholding structure by the number of shares	Number of votes	Shareholding structure by the number of votes
Andrzej Przybyło	1,316,200.00	8.13%	2,629,200.00	15.02%
Iwona Przybyło	2,944,052.00	18.19%	2,944,052.00	16.82%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1,500,000.00	9.26%	1,500,000.00	8.57%
Aviva Investors Poland S.A.	1,281,769.00	7.92%	1,281,769.00	7.32%
ING OFE	2,291,911.00	14.16%	2,291,911.00	13.10%
PKO BP OFE	891,802.00	5.51%	891,802.00	5.10%
Other	5,961,910.00	36.83%	5,961,910.00	34.07%
Total	**16,187,644.00**	**100.00%**	**17,500,644.00**	**100.00%**

In the period between the disclosure of the semi-annual report and the publication of the quarterly report the following changes occurred in the holding of major shareholders and in the number of votes in the General Meeting:
As a result of sale of 66,182 shares of AB S.A. the share of PZU Asset Management S.A. in the total number of votes fell below 5%.

5. Issuer's shares or rights to shares held by persons managing and supervising the Issuer's business

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

Issuer's shares or rights to shares held by persons managing and supervising the Issuer's business as at the date when this quarterly report was published – 14 May 2012:

As at 14/05/2012	Number of shares	Shareholding structure by the number of	Number of votes	Shareholding structure by the number of votes

		shares		
Management Board				
Andrzej Przybyło	1,316,200	8.13%	2,629,200	15.02%
Krzysztof Kucharski	25,000	0.15%	25,000	0.14%
Zbigniew Mądry	0	0.00%	0	0.00%
Grzegorz Ochędzan	15,000	0.09%	15,000	0.09%
Supervisory Board				
Iwona Przybyło	2,944,052	18.19%	2,944,052	16.82%
Jacek Łapiński	0		0	
Jan Łapiński	0		0	
Radosław Kiełbasiński	0		0	
Andrzej Bator	0		0	
Katarzyna Jażdrzyk	0		0	

In the period between disclosure of the annual report (31 October 2011) and publication of the report for the third quarter of the financial year 2011/2012 there were no changes in the blocks of shares held by managing and supervisory persons.

6. Information on proceedings before a court, an authority competent for arbitration proceedings or before a public administration authority

No Company in the AB S.A. Capital Group is subject to any proceedings pending in court, arbitration body or public administration body concerning liabilities or receivables exceeding 10% of equity.

On 27 May 2009 the Issuer brought an action before a court for reimbursement of an amount (including the interest) unduly collected by Raiffeisen Bank Polska SA.. At the same time the company set up a provision for the full value of the disputed amount against the previous accounting year 2008/9.
On 30 December 2010 the Court of Appeal in Wrocław rendered a judgement in the action on reimbursement of the amount of PLN 7,499,590 unduly collected by Raiffeisen Bank Polska S.A., together with interest. By ordering immediate reimbursement of the due amount to the Company this judgement made the decision of the District Court final. The disputed amount

together with due interest was reimbursed to the Company whilst the provision for the disputed amount written back against the result of the financial year ended on 30 June 2011.

On 27 April 2012 the Supreme Court examined the Bank's cassation appeal against the judgement of the Court of Appeal in Wrocław of 30 December 2012 upholding the decision of the District Court in Wrocław awarding from Raiffeisen Bank Polska SA (Bank) for AB S.A. the amount of PLN 7.499.590 for AB S.A. with statutory interest, the Supreme Court reversed the appealed order of the Court of Appeal and referred the case to the said Court for reexamination. To the best of the Management Board's knowledge with respect to this case no new issues or circumstances have come out. The judgement has not changed in any way the previous standpoint of the Company in the dispute with the Bank. It should be emphasised that the Supreme Court did not settle the dispute between the Company and the Bank but only analysed the objections against the judgement of the Court of Appeal. The dispute will be settled by the Court of Appeal in Wrocław.

7. INFORMATION ON ONE OR MORE TRANSACTIONS WITH RELATED ENTITIES CONCLUDED BY THE ISSUER OR ITS SUBSIDIARY ENTITY OTHERWISE THAN AT ARM'S LENGTH

In the period between 1 July 2011 and 31 March 2012 there were no transactions concluded otherwise than at arm's length.

8. INFORMATION ON GUARANTEES TO LOANS OR GUARANTEES GRANTED BY THE ISSUER OR ITS SUBSIDIARY

As part of their operations, the Group companies issue bank guarantees in favour of counterparties, Customs Office or Tax Office.

	PLN '000
	31.03.2012
Factoring	53,925
Guarantees granted	41,529
Total	**95,454**

Other off-balance sheet liabilities of the Group include bank guarantees issued in favour of counterparties, Customs Office or Tax Office. The table below presents guarantees in their original currency.

Guarantee issuer	Beneficiary	Bank	Currency	Amount	Expiry date
AB S.A.	Intel	Pekao S.A.	USD	1,000,000	18.01.2013
AB S.A.	PTK - Centertel Sp. z o.o.	Pekao S.A.	PLN	60,000	17.04.2012
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	730,840	07.06.2012
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	507,651	22.06.2012

AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	404,033	01.08.2012
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	686,572	06.09.2012
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	250,749	05.10.2012
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	701,209	28.11.2012
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	436,184	21.12.2012
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	423,759	26.01.2013
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	421,710	28.02.2013
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	693,129	01.04.2013
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	544,887	22.04.2013
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	413,847	17.05.2013
AB S.A.	Polkomtel	HSBC Bank Polska S.A.	PLN	856,752	20.06.2013
AB S.A.	Polkomtel	BPH	PLN	661,140	13.07.2013
AB S.A.	Polkomtel	BPH	PLN	577,447	30.08.2013
AB S.A.	Polkomtel	BPH	PLN	330,179	10.08.2013
AB S.A.	Polkomtel	BPH	PLN	641,256	19.10.2013
AB S.A.	Polkomtel	BPH	PLN	1,142,796	09.11.2013
AB S.A.	Polkomtel	BPH	PLN	423,651	29.09.2013
AB S.A.	Polkomtel	BPH	PLN	1,044,294	30.11.2013
AB S.A.	Polkomtel	BPH	PLN	606,304	31.12.2013
AB S.A.	Polkomtel	BPH	PLN	212,901	25.01.2014
AB S.A.	Polkomtel	BPH	PLN	667,783	29.04.2014
AB S.A.	Polkomtel	BPH	PLN	458,620	31.03.2014
AB S.A.	Apple Distribution International	Skandinaviska Enskilda Banken AB S.A. Branch in Poland	PLN	9,404,100	02.11.2012
AT Computers, a.s.	IBM Česká republika, s.r.o	CITIBANK Europe plc	CZK	500,000	21.07.2012
AT Computers, a.s.	Lenovo (Singapore) Pte Ltd	CITIBANK Europe plc	USD	1,200,000	27.06.2012
AT Computers, a.s.	Celní ředitelství Ostrava	CITIBANK Europe plc	CZK	500,000	21.05.2012
AT Computer SK	Shoping Palace Bratislava, v.o.s.	CITIBANK (Slovakia)	EUR	8,161	19.12.2012
AT Computers, a.s.	Apple Sales International of Hollyhill Industrial Estate	CITIBANK Europe plc	USD	3,000,000	22.06.2012
AT Computers, a.s.	ProLogis Czech Republic	CITIBANK Europe plc	EUR	271,000	05.04.2013
COMFOR Stores	EURO-PROPERTY Fund	CITIBANK Europe plc	EUR	54,184	17.10.2012
COMFOR Stores	HUTS II s.r.o.	CITIBANK Europe plc	EUR	8,179	06.06.2012
COMFOR Stores	KLEPIERRE CZ, s.r.o.	CITIBANK Europe plc	EUR	11,970	22.07.2012
COMFOR Stores	EKZ Tschechien	CITIBANK Europe plc	EUR	9,539	31.01.2013
COMFOR Stores	FLORA SEN	CITIBANK Europe plc	EUR	5,850	03.02.2013
COMFOR Stores	Pradera SC Futurum Ostrava	CITIBANK Europe plc	EUR	10,954	15.01.2013
COMFOR Stores	Euro Mall Hradec Králové	CITIBANK Europe plc	EUR	11,499	10.07.2012
COMFOR Stores	IKEA Centre ČR	CITIBANK Europe plc	CZK	286,182	20.07.2012
COMFOR Stores	Best Properties South, a.s.	CITIBANK Europe plc	CZK	156,140	15.01.2013
COMFOR Stores	NISA Obch.společnost	CITIBANK Europe plc	CZK	195,000	25.08.2012
COMFOR Stores	CEI Building	CITIBANK Europe plc	CZK	208,791	25.08.2012
COMFOR Stores	Nový Smíchov Apple	CITIBANK Europe plc	EUR	16,615	14.02.2013

The table below presents nominal amounts of guarantees in the original currencies; the guarantees were provided by ATC Holding to secure repayment of loans incurred by subsidiary companies (equivalent of TPLN 156,054).

Issuer of guarantee	Beneficiary	Currency	Amount
ATC Holding	KB a.s.	CZK	695,000,000
ATC Holding	CITIBANK a.s.	CZK	135,000,000
ATC Holding	CITIBANK a.s.	CZK	10,000,000
ATC Holding	CITIBANK a.s.	CZK	90,000,000

9. Information material to assessment of staff, economic, financial situation, results of the Group and changes thereto and information material to assessment of ability to repay obligations by the Parent Entity

- **Program of Acquisition of Treasury Shares**

In accordance with the Resolution No. 1/2008 of the Extraordinary General Meeting of 19 August 2008, purchase of treasury shares covered with the Program of Acquisition of Treasury Shares ended on 31 December 2009.
Pursuant to the resolution of 14 December 2011 no. 20/2011 recorded in the National Court Register on 13 January 2012 the share capital was reduced by way of redemption of 146,358 shares, with the nominal value PLN 1 each, from the amount of PLN 16,334,002 to PLN 16,187,644.

- **Major successes and failures of the Group**

The reported quarter is yet another period of increase of the main financial parameters. The income, margins and profits are rising. The Group consistently implements the strategy which consists in increasing the scale of business activity. New products are introduced into the offer: both from the field of IT as well as broadly defined usable electronics.
A lot of emphasis is put on gradual development of sales in the Enterprise channel as well as on the sale of own products. Dedicated teams for development of individual business divisions lead an effective and dynamic development not only in the Polish market but also in all the markets of AB Group's business activity (Poland, Czech Republic, Slovakia). Drawing from experience gained in these markets brings measurable synergy effects whilst the scale of business, as a result of our activity in 3 integrated markets, allows us to achieve very good financial results.
At the same time, we extend the group of trading partners to obtain larger market coverage and to achieve deeper penetration. With a well tested IT infrastructure, we are able to provide top quality services to all partners, also those located in most remote places in Poland, Czech

Republic and Slovakia. This is a major value for computer producers allowing for quick access to clients using state-of-the-art IT technologies, lowest possible cost and top quality sales services.

- **Assessment of the management of financial resources with justification**

In the reported quarter the AB Group increased its total value of income by more than 17% when compared to the analogical period of the previous financial year. The character of our business activity determines the structure of working assets, the increase of the scale of our activity increases the value of both the stock and receivables (sale with deferred payment date). Furthermore, the Group gradually broadens its product portfolio which brings about a necessity to have additional products in stock. This guarantees that the Group is constantly and dynamically developing and that it is perceived as a first-choice distributor.
In order to finance the said growth strategy the Group procures external financing in the form of bank loans and other bank products (letters of credit, guarantees, factoring). The Group has a very good credit rating granted by financing banks.
Undoubtedly, the factor which has an impact on financial resources management is the dynamic macroeconomic situation. Although Poland is not a member of the Euro zone, the global financial system is closely interrelated and therefore the turbulences in the financial markets directly affect the area of activity of the Group. The problems of Greece, Italy, Portugal or Spain are manifested in an increased exchange rate volatility, the atmosphere of uncertainty concerning investment processes in enterprises and less consumer spending by households. A very important factor affecting demand behaviour comes from the banking sector. Sovereign debt is largely financed by commercial banks that until recently treated debt instruments issued by governments as the safest assets. This has changed dramatically and banks with the largest involvement in financing the most indebted countries may respond with cooling the credit appetite down after an analysis of solvency ratios resulting from adjustments to equity due to revaluation of previously safe assets.

The AB Group sees the above risks as a potential obstacle to the access to working capital financing. As a result, the Group keeps analysing the condition of the financial institutions involved in financing operations of the Group. Steps are also taken to increase credit limits with the collaborating financial institutions in order to obtain access to increased liquidity. In order, for example, to reduce the potential negative effects of reduced access to external financing the Company's shareholders decided to leave the profit earned in the course of the previous year in the Company. This fact reinforces the foundations of the AB Group even more and determines its further development.

We put particular emphasis on FX hedging. The nature of the business is connected with major FX exposure which in a market of significant exchange rate volatility poses a serious challenge to the FX risk hedging strategy. The methods of risk hedging applied by the Group each time are directly reflected in the values of hedged items with stress on minimising the values exposed to FX risk and thus to mitigate the risk. The Group has implemented formal hedge accounting procedures. Such a formal accounting policy indicates that FX risk management is extremely important for the Group.

The Group has been managing credit risk in a structured and responsible manner. Procedures have been developed to assess creditworthiness of clients of the Group companies to verify the approved credit limits frequently and to have the receivable portfolio insured. In the opinion of the Management Board of the parent company, those are the necessary actions, in particular in the period of increased credit risk in view of the deteriorating macroeconomic environment (which includes the insolvency of Greece, the risks resulting from that situation in other Euro zone countries). As a result of its credit policy, the Group has not recorded any deterioration in the bad debt area; the restrictive policy of prudent valuation of those assets is a guideline in situations when certain receivables are classified as sub-standard or irregular.

10. FACTORS WHICH, IN THE ISSUER'S OPINION, WILL AFFECT RESULTS OF AT LEAST THE NEXT QUARTER

EXTERNAL FACTORS

1. the overall macroeconomic situation and international situation; adverse effects of the macroeconomic situation (in particular in the European Union) may have particular impact on industry which may result in reduced investment activity by enterprises;
2. the spectre of Greece's collapse and its impact on the real economy in Poland and in the world
3. changes to demand for the products offered by Group companies;
4. volatility in FX markets, primarily the following exchange rates: EUR/PLN and USD/PLN as well as EUR/CZK and USD/CZK.

INTERNAL FACTORS

1. continuation and extension of product unification under way to result in income synergies;
2. further consistent development of the Company's financial stability;
3. optimised management of working capital;
4. consolidated market position as a leader in the CEE region.

11. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

Date	First and last name	Position / function	Signature
14.05.2012	*Andrzej Przybyło*	PRESIDENT OF THE MANAGEMENT BOARD	
14.05.2012	*Krzysztof Kucharski*	MEMBER OF THE MANAGEMENT BOARD	
14.05.2012	*Zbigniew Mądry*	MEMBER OF THE MANAGEMENT BOARD	
14.05.2012	*Grzegorz Ochędzan*	MEMBER OF THE MANAGEMENT BOARD	