Quarterly report containing interim financial statements of AB Group for Q3 2012-2013

covering the period from 01-01-2013 to 31-03-2013

Publication date: 14 May 2013

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I) SELECTED CONSOLIDATED FINANCIAL INFORMATION

	PLN '000		EUR '000	
	3 quarters accumulated data from 12-07-01 to 13-03-31	3 quarters accumulated data from 11-07-01 to 12-03-31	3 quarters accumulated data from 12-07-01 to 13-03-31	3 quarters accumulated data from 11-07-01 to 12-03-31
Sales revenues	4,124,537	3,374,383	996,337	790,828
Operating profit/(loss)	50,322	67,393	12,156	15,794
Profit/(loss) before income tax	39,809	50,062	9,616	11,733
Net profit/(loss)	32,213	39,995	7,781	9,373
Net profit/(loss) attributable to shareholders of the parent company	32,207	39,982	7,780	9,370
Net profit/(loss) attributable to minority shareholders	6	13	1	3
Total comprehensive income	27,224	44,903	6,576	10,524
Total income attributable to shareholders of the parent company	27,218	45,890	6,575	10,755
Total income attributable to minority shareholders	6	13	1	3
Net cash flows from operating activities	-78,814	-40,859	-19,039	-9,576
Net cash flows from investing activities	-2,149	-4,426	-519	-1,037
Net cash flows from financing activities	78,634	52,676	18,995	12,345
Total net cash flows	-2,329	7,391	-563	1,732
Profit/(loss) per ordinary share (PLN/EUR)	1.99	2.47	0.48	0.58
Diluted profit/(loss) per share (PLN/EUR)				
Number of shares (number)	16,187,644	16,187,644	16,187,644	16,187,644
	PLN '000		EUR '000	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Total assets	1,206,729	1,126,229	288,871	270,624
Equity attributable to shareholders of the parent company	409,181	378,334	97,951	90,911
Equity attributable to non-controlling shareholders	111	141	27	34
Total equity	409,292	378,475	97,978	90,945
Long-term liabilities	5,312	6,966	1,272	1,674
Short-term liabilities	792,125	740,788	189,622	178,006
Total liabilities	797,437	747,754	190,893	179,679
Book value per share (PLN/EUR)	25.28	23.38	6.05	5.62
Diluted book value per share				

NBP average fx rate as at 31.03.2013:	4.1774	PLN/EUR
NBP average fx rate as at 31.03.2012:	4.1616	PLN/EUR
Average fx rate from 01.07 to 31.03.2013	4.1397	PLN/EUR
Average fx rate from 01.07 to 31.03.2012	4.2669	PLN/EUR

II) SELECTED STAND-ALONE FINANCIAL INFORMATION

	PLN '000		EUR '000	
	3 quarters accumulated data from 12-07-01 to 13-03-31	3 quarters accumulated data from 11-07-01 to 12-03-31	3 quarters accumulated data from 12-07-01 to 13-03-31	3 quarters accumulated data from 11-07-01 to 12-03-31
I. Net income from sale of goods and materials	2,845,671	2,073,003	687,410	485,834
II. Operating profit/(loss)	17,777	36,777	4,294	8,619
III. Gross profit/(loss)	27,909	36,242	6,742	8,494
IV. Net profit/(loss)	25,156	31,597	6,077	7,405
V. Net cash flows from operating activities	-22,241	-3,901	-5,373	-914
VI. Net cash flows from investing activities	13,705	79	3,311	19
VII. Net cash flows from financing activities	6,656	6,838	1,608	1,603
VIII. Total net cash flows	-1,880	3,016	-454	707
	PLN ’000		EUR '000	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
IX. Total assets	815,619	819,889	195,246	197,013
X. Liabilities and provisions	500,774	529,593	119,877	127,257
XI. Long-term liabilities				
XII. Short-term liabilities	497,918	519,469	119,193	124,824
XIII. Equity	314,845	290,296	75,369	69,756
XIV. Share capital	16,188	16,188	3,875	3,890
XV. Number of shares	16,187,644	16,187,644	16,187,644	16,187,644
XVI. Profit/(loss) per ordinary share (PLN/EUR)	1.55	1.95	0.37	0.47
XVII. Diluted profit/(loss) per share (PLN/EUR)				
XVII. Book value per share (PLN/EUR)	19.45	17.93	4.66	4.31
XVIII. Diluted book value per share				

NBP average fx rate as at 31.03.2013:	4.1774	PLN/EUR
NBP average fx rate as at 31.03.2012:	4.1616	PLN/EUR
Average fx rate from 01.07 to 31.03.2013	4.1397	PLN/EUR
Average fx rate from 01.07 to 31.03.2012	4.2669	PLN/EUR

IV) Consolidated profit and loss account for the period ended 31 March 2013

	3 months ended 31/03/2013	9 months ended 31/03/2013	3 months ended 31/03/2012	9 months ended 31/03/2012
	PLN '000	PLN '000	**PLN '000**	PLN '000
Continued operations				
Sales revenues	**1,354,561**	4,124,537	**1,000,945**	3,374,383
Internal cost of sales	**-1,300,722**	-3,972,504	**-944,828**	-3,189,894
Gross profit/(loss) on sales	**53,839**	**152,033**	**56,117**	**184,489**
Costs of sale	**-37,206**	-82,435	**-29,023**	-79,707
Overheads	**-4,765**	-20,947	**-5,777**	-21,992
Other operating income	**1,329**	3,990	**833**	5,196
Other operating expenses	**-563**	-2,319	**-10,507**	-20,593
Operating profit/(loss)	**12,634**	**50,322**	**11,643**	**67,393**
Financial revenues	**885**	4,725	**16,964**	17,943
Financial expenses	**-5,947**	-15,238	**-17,557**	-35,274
Profit on disposal of affiliated entities				
Share in profit of affiliated entities				
Profit/(loss) before income tax	**7,572**	**39,809**	**11,050**	**50,062**
Income tax	**-1,378**	-7,596	**-2,740**	-10,067
Net profit/(loss) on continued operations	**6,194**	**32,213**	**8,310**	**39,995**
Discontinued operations				

Net profit/(loss) on discontinued operations				
Net profit/(loss)	**6,194**	**32,213**	**8,310**	**39,995**
Net profit/(loss) attributable to:				
Shareholders of the parent company	**6,202**	32,207	**8,304**	39,982
Non-controlling shareholders	**8**	6	**6**	13*
	6,194	32,213	**8,310**	**39,995**

* Net loss of non-controlling shareholders

V) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2013

	3 months ended 31/03/2013	9 months ended 31/03/2013	3 months ended 31/03/2012	9 months ended 31/03/2012
	PLN '000	PLN '000	PLN '000	PLN '000
Net profit/(loss)	**6,194**	**32,213**	**8,310**	**39,995**
Other total income				
Items that may be reclassified to the section profit/(loss)				
of subsequent periods				
FX differences from translation of foreign entities	-718	-1,372	-3,605	2,714
Hedge accounting	- 4,774	-3,617	3,851	2,194
Share in other total income of affiliated entities				
Results of valuation of financial assets available for sale				
Income tax pertaining to items that can be reclassified				
Items that may not be reclassified to the section profit/(loss)				
Results of valuation of fixed assets				
Actuarial profits and losses				
Income tax on other total income				
Other total income (net)				
Total income	**702**	**27,224**	**8,556**	**44,903**
Total income attributable to:				
Shareholders of the parent company	696	27,218	8,550	45,890
Non-controlling shareholders	6	6	6	13
Total income	**702**	**27,224**	7,556	44,903

VI) Consolidated statement of financial position for the period ended 31 March 2013

	As at 31/03/2013	As at 30/06/2012
	PLN '000	PLN '000
ASSETS		
Fixed assets		
Tangible fixed assets	91,005	94,397
Goodwill	40,896	41,980
Other intangible assets	25,738	25,502
Long-term investments	452	452
Deferred income tax asset	3,955	4,702
Receivables under finance lease		
Other financial assets	1	1
Other assets		
Total fixed assets	**162,047**	**167,034**
Current assets		
Inventories	533,103	401,675
Trade and other receivables	494,334	500,715
Income tax receivables	89	113
Derivatives		
Other financial assets	166	493
Other assets	2,859	3,520
Cash and cash equivalents	14,131	16,460
Total current assets	**1,044,682**	**922,976**
Total assets	1,206,729	1,090,010

LIABILITIES	31/03/2013 PLN '000	30/06/2012 PLN '000
Equity		
Issued share capital	16,188	16,188
Treasury shares		
Reserve capital	140,631	140,631
Reserve fund	129,407	133,024
Cash received from valuation of cash flow hedges	-2,316	-944
Retained profit	125,271	93,064
Equity attributable to shareholders of the parent company	409,181	381,963
Equity attributable to non-controlling shareholders	111	141
Total equity	**409,292**	**382,104**
Long-term liabilities		
Long-term borrowings and bank loans		
Finance lease liabilities		
Pension benefits		
Deferred income tax provision	5,312	6,246
Long-term provisions		
Total long-term liabilities	**5,312**	**6,246**
Short-term liabilities		
Trade and other payables	496,508	486,185
Short-term borrowings and bank loans	287,648	199,891
Finance lease liabilities		
Other financial liabilities	1,417	964
Current tax liability	1,057	203
Short-term provisions	5,495	14,417
Total short-term liabilities	**792,125**	**701,660**
Total liabilities	**797,437**	**707,906**
Total liabilities	1,206,729	1,090,010

VII) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

	Share capital	Treasury shares	Cash received from decrease in the share capital	Reserve capital	General reserve fund	Reserve fund from valuation of cash flow hedges	Reserve funds for currency translations	Total reserve funds	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	PLN ’000
As at 1 July 2011	16,334	-838		140,158	65,987		26,026	92,013	85,777	333,444	141	333,585
Issue of ordinary shares												
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			
Currency translation differences of foreign entities							2,714	2,714		2,714		2,714
Hedge accounting						2,194		2,194		2,194		2,194
Revaluation of fixed assets												
Income tax on other total income												
Other redemption of shares	-146	838	146		-146					692	-13	-13
Dividend paid					-692			-692		-692		
Total recognised income and expenses												
As at 31 March 2012	16,188		146	140,398	105,110	2,194	28,740	136,190	85,558	378,334	141	378,475

	Share capital	Treasury shares	Cash received from decrease in share capital	Reserve capital	General reserve fund	Cash received from valuation of cash flow hedges	Reserve funds for currency translations	Total reserve funds	Retained profit	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling shareholders	Total equity
As at 1 July 2012	16,188	0	146	140,631	105,110	-944	27,768	132,080	93,064	381,963	141	382,104
Costs of share issue												
Purchase of treasury shares												
Valuation of managerial option scheme												
Net profit/(loss) for the period									32,207	32,207	6	32,213
Profit distribution for the preceding financial year												
Currency translation differences of foreign entities							-3,617	-3,617		-3,617		-3,617
Net cash flow hedge						-1,372		-1,372		-1,372		-1,372
Revaluation of fixed assets												
Income tax on other total income												
Acquisition of a subsidiary												
Other												
Dividend paid											-36	-36
Total recognised income and expenses												
As at 31 March 2013	16,188	0	146	140,631	105,110	-2,316	24,151	127,091	125,271	409,181	111	409,292

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VIII) Consolidated cash flow statement for the period ended 31 March 2013

	9 months ended 31/03/2013	9 months ended 31/03/2012
	PLN '000	PLN '000
Cash flow from operating activities		
Gross profit/(loss)	39,809	50,062
Financial expenses recognised in the total income statement	9,123	8,969
Depreciation / amortisation	7,658	7,265
Profit/(loss) on investments	-37	-44
FX profit/(loss)	-6,226	1,724
	50,237	67,976
Change in working capital		
Change in trade receivables	6,381	-69,083
Change in other receivables		
Change to inventories	-131,428	-139,004
Change in other assets	661	688
Change in trade payables	10,323	106,920
Change to provisions	-8,922	1,805
Other adjustments		
	-122,985	-98,674
Cash generated from operating activities	-72,748	-30,698
Interest paid		
Corporate income tax paid	-6,066	-10,161
Net cash from operating activities	-78,814	-40,859
Cash flows from investing activities		
Payables for purchased financial assets		
Inflow from disposal of financial assets		
Interest received		
Borrowings disbursed	-353	-483
Borrowings repaid	2,717	124
Payment for tangible fixed assets	-3,545	-3,570
Inflow from disposal of tangible fixed assets	158	263
Payments for intangible assets	-1,126	-760
Cash generated from investing activities	-2,149	-4,426
Cash flows from financing activities		
Inflow from issues of debt securities		
Inflow from share issues		
Costs of share issues		
Loans/borrowings received	87,757	61,462
Loans/borrowing repaid		
Interest	-9,123	-8,786
Dividend distribution		
Purchase of treasury shares		
Net cash flows from financing activities	78,634	52,676
Net change in cash and cash equivalents	**-2,329**	**7,391**
Cash and cash equivalents at beginning of period	16,460	16,437
Cash and cash equivalents at end of period	14,131	23,828

IX) BALANCE SHEET (STAND-ALONE)

	ASSETS [PLN '000]	2013-03-31	2012-12-31	2012-06-30	2012-03-31
I	**Fixed assets**	**173,940**	**174,995**	**178,661**	**179 952**
1	Intangible assets	571	597	545	929
	- Goodwill				
2	Tangible fixed assets	55,671	56,724	58,323	59,331
3	Long-term receivables				
3.1	From related entities				
3.2	From other entities				
4	Long-term investments	116,899	116,849	119,049	118,296
4.1	Real estate	452	452	452	452
4.2	Intangible assets				
4.3	Long-term financial assets	116,447	116,397	118,597	117,844
a)	in related entities, of which:	116,447	116,397	118,597	117,844
	- shares in subsidiaries are measured with the equity method				
	- borrowings granted	598	548	2,748	1,994
b)	in other entities				
	- borrowings granted				
4.4	Other long-term investments				
5	Long-term prepayments	799	825	744	1,396
5.1	Deferred income tax asset	799	825	744	1,396
5.2	Other prepayments and accruals				
II	**Current assets**	**641,679**	**722,236**	**605,064**	**639,937**
1	Inventories	321,037	312,271	276,280	301,503
2	Short-term receivables	309,815	399,848	315,993	324,921
2.1	From related entities	12,756	27,818	7,590	26,614
2.2	From other entities	297,059	372,030	308,403	298,307
3	Short-term investments	9,555	8,801	11,762	12,405
3.1	Short-term financial assets	9,555	8,801	11,762	12,405
a)	in related entities				
b)	in other entities	166	391	493	
c)	cash and cash equivalents	9,389	8,410	11,269	12,405
3.2	Other short-term investments				
4	Short-term prepayments	1,272	1,316	1,029	1,108
	TOTAL ASSETS	**815,619**	**897,231**	**783,725**	**819,889**

	LIABILITIES [PLN '000]	2013-03-31	2012-12-31	2012-06-30	2012-03-31
I	**Equity**	**314,845**	**315,938**	**290,744**	**290,296**
1	Share capital	16,188	16,188	16,188	16,188
2	Called up share capital not paid (negative value)				
3	Treasury shares (negative figure)				
4	Reserve capital	135,503	135,503	135,503	135,503
5	Revaluation reserve	-1,409	1,879	-355	1,759
6	Other reserve capital	139,407	139,407	105,249	105,249
7	Retained profit (accumulated loss)				
8	Net profit/(loss)	25,156	22,961	34,159	31,597
9	Net profit write-offs during the financial year (negative value)				
II	**Liabilities and provisions for liabilities**	**500,774**	**581,293**	**492,981**	**529,593**
1	Provisions for liabilities	2,856	5,409	4,271	10,124
1.1	Deferred income tax provision		441		413
1.2	Provision for pension and similar benefits	250	250	250	205
a)	long-term				
b)	short-term				
1.3	Other provisions	2,606	4,718	4,021	9,506

a)	long-term				
b)	short-term	2,606	4,718	4,021	9,506
2	Long-term liabilities				
2.1	Towards related entities				
2.2	Towards other entities				
3	Short-term liabilities	497,918	575,884	488,710	519,469
3.1	Towards related entities	608	2,489	1,983	3,582
3.2	Towards other entities	497,113	573,188	486,255	515,745
3.3	Special funds	197	207	472	142
4	Accruals and deferred income				
4.1	Negative goodwill				
4.2	Other accruals				
a)	long-term				
b)	short-term				
	TOTAL LIABILITIES	**815,619**	**897,231**	**783,725**	**819,889**

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

	[PLN '000]	2013-03-31	2012-12-31	2012-06-30	2012-03-31
1	**Contingent receivables**				
1.1	From related entities as				
	- guarantees and sureties received				
1.2	From other entities as				
	- guarantees and sureties received				
2	**Contingent liabilities**	**21,938**	**22,624**	**25,392**	**26,421**
2.1	Towards related entities as				
	- guarantees and sureties received				
2.2	Towards other entities as	21,938	22,624	25,392	26,421
	- guarantees and sureties issued:	21,938	22,624	25,392	26,421
3	Other - factoring	73,695	49,319	50,601	53,925
	Total off-balance sheet items	**95,633**	**71,943**	**75,993**	**80,346**

XI) PROFIT AND LOSS ACCOUNT (STAND-ALONE)

	[PLN '000]	from 13-01-01 to 13-03-31	from 12-07-01 to 13-03-31	from 12-01-01 to 12-03-31	from 11-07-01 to 12-03-31
I	Net revenues from the sale of products, goods and materials, of which:	992,058	2,845,671	632,586	2,073,003
	- from related entities	41,501	133,060	29,116	95,178
1	Net sales revenues	6,594	34,836	12,424	52,480
2	Net revenues from sale of products and materials	985,464	2,810,835	620,162	2,020,523
II	Costs of sold products, goods, materials, of which:	964,732	2,784,208	618,131	1,987,687
1	Manufacture costs of sold products	6,580	34,776	12,372	52,291
2	Goods and materials sold	958,152	2,749,432	605,759	1,935,396
III	**Gross profit/(loss) on sales (I-II)**	**27,326**	**61,463**	**14,455**	**85,316**
IV	**Costs of sale**	**16,937**	**31,282**	**7,518**	**24,906**
V	**Overheads**	**2,554**	**10,203**	**3,127**	**10,067**
VI	**Profit/(loss) on sales (III-IV-V)**	**7,835**	**19,978**	**3,810**	**50 343**
VII	**Other operating income**	**1,179**	**2,372**	**260**	**3,081**
1	Profit on disposal of non-financial fixed assets	2		25	10
2	Subsidies				
3	Other operating income	1,177	2,372	235	3,071
VIII	**Other operating expenses**	**459**	**4,573**	**7,906**	**16,647**
1	Loss on sale of non-financial fixed assets		11		
2	Revaluation of non-financial assets	4	424		7
3	Other operating expenses	455	4,138	7,906	16,640
IX	**Profit/(loss) on operations (VI+VII-VIII)**	**8,555**	**17,777**	**-3,836**	**36,777**
X	Financial revenues	404	21,674	12,586	14,620
1	Dividends and profit sharing, of which:		13,040		13,688
	- from related entities		13,040		13,688
2	Interest, of which:	404	886	151	909
	- from related entities		192		102
3	Profit on disposal of investments				
4	Revaluation of investments				
5	Other		7,748	12,435	23
XI	Financial expenses	6,495	11,542	3,365	15,155
1	Interest, of which:	3,503	10,625	3,144	10,141
	- to related entities				
2	Loss on disposal of investments				
3	Revaluation of investments				
4	Other	2,992	917	221	5,014
XII	**Profit/(loss) on business operations (IX+X-XI)**	**2,464**	**27,909**	**5,385**	**36,242**
XIII	**Net extraordinary profit/(loss) (XIII.1. - XIII.2.)**				
1	Extraordinary profits				
2	Extraordinary losses				
XIV	**Gross profit/(loss) (XII+/-XIII)**	**2,464**	**27,909**	**5,385**	**36,242**
XV	**Income tax**	**269**	**2,753**	**1,209**	**4,645**
a)	current part	-89	2,560	903	4,903
b)	deferred part	358	193	306	-258
XVI	**Other obligatory profit decrease (loss increase)**				
XVII	**Share in profit/(loss) of subsidiary companies**				
XVIII	**Net profit/(loss) (XIV-XV-XVI+/-XVII)**	**2,195**	**25,156**	**4,176**	**31,597**

XII) CHANGES IN EQUITY (STAND-ALONE)

	[PLN '000]	from 13-01-01 to 13-03-31	from 12-07-01 to 13-03-31	from 12-01-01 to 12-03-31	from 11-07-01 to 12-03-31
I	**Equity at the beginning of period (OB)**	**315,938**	**290,744**	**285,021**	**256,940**
a)	changes to applied accounting rules (policies)				
b)	adjustment of manifest errors				
I.a	**Equity at beginning of period, after reconciliation with comparable data**	**315,938**	**290,744**	**285,021**	**256,940**
1	Share capital at the beginning of period	16,188	16,188	16,334	16,334
1.1	Changes in the share capital				
a)	increases (due to)				
	- share issue				
b)	decreases (due to)				
	- share redemption			-146	-146
1.2	Share capital at the end of period	16,188	16,188	16,188	16,188
2	Due contributions to the share capital at the beginning of period				
2.1	Changes in due contributions to the share capital				
a)	increases (due to)				
b)	decreases (due to)				
2.2	Due contributions to the share capital at the end of period				
3	Treasury shares at the beginning of period			-838	-838
3.1	Changes in the treasury shares				
a)	increases (due to)				
b)	decreases (due to)			838	838
3.2	Treasury shares at the end of period	0	0	0	0
4	Reserve capital at the beginning of period	135,503	135,503	135,503	135,503
4.1	Changes in the reserve capital				
a)	increases (due to)				
	- share issue above par value				
	- profit distribution (statutory)				
	- profit distribution in excess of the statutory minimum value				
b)	decreases (due to)				
	- costs of share issue				
4.2	Reserve capital at the end of period	135,503	135,503	135,503	135,503
5	Revaluation capital at the beginning of period	1,879	-355	660	
5.1	Changes in the revaluation capital	-3,288	-1,054	1,099	1,759
a)	Hedge accounting	-3,288	-1,054	1,759	1,759
b)	decreases (due to)	1,879		660	
	- disposal of fixed assets				

5.2	Revaluation capital at the end of period	- 1,409	-1,409	1,759	1,759
6	Other reserves at the beginning of period	139,407	105,249	105,941	65,980
6.1	Changes in other reserves		34,158	692	39,269
a)	increases (due to)		34,158		39,961
	profit transfer for the preceding period		34,158		39,961
	Contributions for the share capital				
b)	decreases (due to)			692	692
	-share redemption				
6.2	Other reserves at end of period	139,407	139,407	105,249	105,249
7	Retained profit/(loss) at the beginning of the period	22,961	34,159	27,421	39,961
7.1	Retained profit at the beginning of period	22,961	34,159	27,421	39,961
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)				
	- retained profit distribution				
b)	decreases (due to)		34,159		39,961
	distribution of the retained profit		34,159		39,961
	increase of the reserve capital		34,159		39,961
	dividend distribution				
7.3	Retained profit at the end of period				
7.4	Retained loss at the beginning of period				
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)				
	- transfer of the accumulated loss for coverage				
b)	decreases (due to)				
7.6	Retained loss at the end of period				
7.7	Retained profit/(loss) at the end of period	22,961		27,421	
8	Net result	2,195	25,156	4,176	31,597
a)	net profit	2,195	25,156	4,176	31,597
b)	net loss				
c)	profit write-offs				
II	**Equity at the end of period (CB)**	**314,845**	**314,845**	**290,296**	**290,296**
III	**Equity after suggested profit distribution (loss coverage)**	**314,845**	**314,845**	**290,296**	**290,296**

XIII) CASH FLOW STATEMENT (STAND-ALONE)

	[PLN '000]	from 13-01-01 to 13-03-31	from 12-07-01 to 13-03-31	from 12-01-01 to 12-03-31	from 11-07-01 to 12-03-31
A	**Cash flow from operating activities**				
I	**Net profit**	**2,195**	**25,156**	**4,176**	**31,597**
II	**Total adjustments:**	**-43,796**	**-47,397**	**8,184**	**-35,498**
1	Share in profit/(loss) of subsidiary companies	-13,040	-13,040		
2	Depreciation / amortisation	1,445	4,426	1,757	5,170
3	FX profit/(loss)	-2,807	-535	320	46
4	Interest and share in profit (dividend)	2,128	7,536	2,491	7,395
5	Profit/loss on investing activities	-2	11	-25	-10
6	Change to provisions	-2,112	-1,415	1,837	6,577
7	Change to inventories	-8,766	-44,757	-55,665	-79,176
8	Change to receivables	90,033	6,178	65,015	-90,477
9	Change in short-term liabilities with the exception of loans	-111,047	-5,751	-7,854	115,496
10	Change to accruals	372	-50	308	-519
11	Other adjustments				
III	**Net cash flows from operating activities**	**-41,601**	**- 22,241**	**12,360**	**-3,901**
B.	**Cash flow from investing activities**				
I	**Inflows**	**13,094**	**15,822**	**182**	**2,582**
1	Sale of intangible assets and tangible fixed assets	2	72	67	98
2	Disposal of investments in real estate and intangible assets				
3	From financial assets, of which:	13,092	15,750	115	2,484
a)	in related entities	13,040	15,240		2,360
	- disposal of financial assets				
	- dividend and profit sharing	13,040	13,040		
	- repayment of long-term borrowings granted				
	- interest				
	- other inflows from financial assets				
	- dividend and profit sharing				
	- repayment of long-term borrowings granted		2,200		2,360
	- interest				
	- other inflows from financial assets				
b)	in other entities	52	510	115	124
	- disposal of financial assets				
	- dividend and profit sharing				
	- repayment of long-term borrowings granted	52	510	115	124
	- interest				
	- other inflows from financial assets				
	- dividend and profit sharing				
	- repayment of long-term borrowings granted				
	- interest				
	- other inflows from financial assets				
4	other investment inflows				
II	**Outflows**	**575**	**2,117**	**333**	**2,503**
1	Purchase of intangible assets and tangible fixed assets	525	1,884	277	1,786
2	Purchase of investments in real estate and intangible assets				
3	Financial assets	50	233	56	717
a)	in related entities	50	50		234
	- purchase of financial assets				
	- long-term borrowings granted	50	50		234
b)	in other entities		183	56	483
	- purchase of financial assets				
	- long-term loans granted		183	56	483
4	Other investment outflows				
III	**Net cash flows from investing activities**	**12,519**	**13,705**	**-151**	**79**

c	**Cash flows from financing activities**				
I	Inflows	32,189	14,192	1	14,050
1	Net inflows from issues of shares and other equity instruments				
2	Credits and loans	32,189	14,192	1	14,050
3	Issue of debt securities				
4	Other financial inflows				
II	**Outflows**	**2 128**	**7,536**	**2,481**	**7,212**
1	Purchase of treasury shares				
2	Dividend and other distributions to shareholders				
3	Other profit distributions				
4	Repayment of loans and borrowings				
5	Redemption of debt securities				
6	Other financial liabilities				
7	Payments under finance lease contracts				
8	Interest	2,128	7,536	2,481	7,212
9	Other financial outflows				
III	**Net cash flows from financing activities**	**30,061**	**6,656**	**-2,480**	**6,838**
D	**Total net cash flows**	**979**	**-1,880**	**9,729**	**3,016**
E	**Balance sheet change in cash, of which:**	**979**	**-1,880**	**9,729**	**3,016**
	- change in cash due to FX differences				
F	**Cash at the beginning of period**	**8,410**	**11,269**	**2,676**	**9,389**
G	**Cash at the end of period, of which:**	**9,389**	**9,389**	**12,405**	**12,405**
	- with restricted availability				

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 Group for 2011/2012.

2. APPLIED ACCOUNTING RULES

- **Going concern assumption**

The Consolidated Financial Statements were prepared under the assumption that the Group would be a going concern in the foreseeable future. As at 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 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 company and financial statements of the entities controlled by the parent company. Control is deemed to have been assumed when the parent company 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.

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 the 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 carried at cost reduced by accumulated impairment.

- **Recognition of sales revenues**

Sales revenues are recognised at fair value received or payable after accounting for anticipated discounts, 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 reliable valuation of the revenue amount;
- probability that the entity will receive economic benefits related to the transaction; and
- possibility of 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 an 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 (or 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 recording 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 transactions executed to hedge certain FX risk (see: hedge accounting rules); and
- 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 the reserve funds 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 recording 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 recording date.

- **Costs of external financing**

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 use 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 through 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 employee's average salary. 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 fluctuation and applies to the period until the recording date. Demographic information and information on staff fluctuation 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 consideration differences between book values of assets and liabilities and the corresponding tax values used to calculate the taxation base.
A deferred income tax provision is recognised on all positive temporary taxable differences while a 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. A 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 recording 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 recording 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 a 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 carried directly through 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 or manufacturing cost.
As at the recording date, fixed assets are recognised at acquisition or manufacturing cost reduced by accumulated depreciation and impairments.
As at the recording date, fixed assets under construction are recognised at acquisition or manufacturing cost.
Depreciation rates are applied in order to write-down the acquisition or manufacturing cost of assets other than fixed assets under construction. Such write-downs are made with the straight-line method throughout the economic life of each item starting from the month following the month such fixed asset has been brought to 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 has been brought to use.
Assets held pursuant to finance lease 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 lease contract.
Profit or loss resulting from disposal/liquidation or discontinued use of tangible fixed assets is identified as a difference between disposal proceeds and the carrying value of such items and recognised through profit and loss.

- **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 recording date, investment real estate is recognised at acquisition cost reduced by accumulated depreciation and impairments.

- **Intangible assets**

Intangible assets acquired in separate transactions

Intangible assets acquired in separate transactions are recognised at historical cost reduced by accumulated amortisation and impairments. Amortisation is applied using the straight-line 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 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 recording date, the Group reviews book 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 impairment. 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 determined as the higher of: the fair value less costs to sell 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 time value of money 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 has 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 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 manufacturing cost or at net sales price.
The sales price is the realisable price as at the recording 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 the acquisition of goods and materials less any discounts and rebates.
The manufacturing 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 the current use of manufacturing plant and equipment. Indirect fixed production costs are allocated on the basis of normal use of production capacity. Turnover of goods and materials follows the weighted average and FIFO method while turnover of products follows the FIFO method.
The sales price is the realisable price as at the recording 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 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 recording date subject to underlying risk and uncertainty. If a 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 the time of sale of products in accordance with the best estimate of 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.

Financial assets are classified in the following categories: financial assets originally carried at fair value through profit and loss; 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 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 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.

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 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.

Financial assets stated at fair value through profit and loss are carried 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 includes 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 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. Profits and losses 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 profit and loss for the reporting period.

Dividend on equity instruments available for sale is recognised in profit and loss 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 recording date. Change in fair value of FX differences resulting from a change in the amortised historical cost of a given asset is recognised in profit and loss, 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 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

Apart from those stated at fair value through profit and loss financial assets are tested for impairment at each recording 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 a difference between the book 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 by an impairment 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 profit and loss.

If in a subsequent period, the amount of impairments is reduced and the reduction may be objectively related to an event that occurred after the impairment recognition date, the impairment shall be reversed through profit and loss 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.

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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 borrowings 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 or as other financial liabilities.

Financial liabilities stated at fair value through profit and loss

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

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 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.

Financial liabilities stated at fair value through profit and loss are carried at fair value and the resultant financial profit or loss is recognised in profit and loss, 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 contracts to hedge against 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 recording date. The resultant profit or loss is immediately recognised in profit and loss.

Derivative instruments not designated as effective hedging instruments are classified as current 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 judgments and the basis for estimation of uncertainty**

Using the accounting rules applicable within the Group as specified in Note No. 3, management has to make judgments, estimates and make assumptions concerning the 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 judgments in applying accounting rules.**

Below are the critical assumptions concerning the future and other bases for estimation of uncertainty as at the recording 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 whether goodwill has been impaired requires an estimate of the usable value of all units generating cash flows to which the goodwill has been attributed. In order to calculate value in use, 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 recording date, the carrying value of goodwill was PLN 40.9 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 recording date, the Group holds intangible assets with unspecified useful life of PLN 22.7 million.

Impairment of assets

As at each recording 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 2013, in the opinion of the Group's Management 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 recording date, the fixed assets amounted to PLN 91.0 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 judgment to select appropriate methods and to make assumptions. Management makes a judgment 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.

Impairments of receivables and inventories

As at the recording date the Group assesses if there are objective impairment indications of receivables, a group of receivables and inventories. If the realisable value of an asset is lower than its carrying value, the company makes an impairment 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 31/03/13	Period ended 31/03/13	Period ended 31/03/13	Period ended 31/03/13
	PLN '000	PLN '000	PLN '000	PLN '000
Poland	2,765,411	160,092		2,925,503
Czech Republic	1,167,535	292,117		1,459,652
Slovakia	191,591	732		192,323
Total segments				4,577,478
Eliminations				452,941
Consolidated revenues				4124,537

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

Assets and liabilities by segment

	Assets	Liabilities
	31/03/13	31/03/13
	PLN '000	PLN '000
Poland	747,600	484,091
Czech Republic	431,189	293,720
Slovakia	27,940	19,626
Total segments	1,206,729	797,437
Eliminations		
Non-allocated		
Consolidated	1,206,729	**797,437**

Performance by segment

	Of which interest expense/income	Period ended 31/03/12
		PLN ’000
Continued operations		
Poland	-9,917	14,350
Czech Republic	-1,283	25,202
Slovakia	4	257
Eliminations		
Non-allocated		
Profit before income tax		39,809
Income tax		7,596
Profit for the financial year on continued operations		32,213
Discontinued operations		
Profit before income tax		
Income tax		
Profit for the financial year on discontinued operations		
Profit for the financial year		32,213

Depreciation/amortisation by segment

	Acquisition of fixed assets	Period ended 31/03/13
	PLN ’000	PLN ’000
Continued operations		
Poland	2,225	4,552
Czech Republic	2,446	2,877
Slovakia		139
Consolidated	4,671	7,568

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
- personal computer manufacturing

	Revenues from sales to external clients	Assets per segment	Acquisition of fixed assets
	Period ended 31/03/13	Period ended 31/03/13	Period ended 31/03/13
	PLN '000	PLN '000	PLN '000
Wholesale trade	4,096,000	1,194,517	4,375
Retail trade	23,435	6,454	277
Manufacturing	5,102	5,758	19
	4,124,537	1,206,729	4,671

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 performance in the period covered by the report follow the market trends from previous years.

5. Profit per share

	Period ended 31/03/13	Period ended 31/03/12
	PLN per share	PLN per share
Basic profit per share		
From continued operations	32,007	39,982
From discontinued operations		
Total basic profit per share	1.99	2.47
Diluted profit per share	32,207	39,982
From continued operations		
From discontinued operations		
Total diluted profit per share	1.99	2.47

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 31/03/13 PLN ’000	Period ended 31/03/12 PLN ’000
Profit for the financial year attributable to shareholders of the parent entity	32,207	39,982
Profit used to calculate the total basic profit per share	32,207	39,982
Profit used to calculate the total basic profit per share on continued operations	32,207	39,982

	Period ended 31/03/13 ’000	Period ended 31/03/12 ’000
Average weighted number of ordinary shares used to calculate basic profit per share	16,187,644	16,187,644

6. Dividends

No dividend was distributed to the shareholders during the year.

7. FIXED ASSETS - INCREASE

	AB S.A.	B2B IT Sp. z o.o.	ALSEN Marketing Sp. z o.o.	ATC Holding a.s.
	PLN '000	PLN '000	PLN '000	PLN '000
Intangible assets	489		29	608
Land				
Buildings and structures			80	681
Plant and equipment	622		74	68
Means of transport	453			291
Fixtures and fittings	176		89	606
Fixed assets / intangible assets under construction	143	70		192
TOTAL	**1,883**	**70**	**272**	**2,446**

9. INVESTMENTS IN SUBSIDIARY ENTITIES

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

10. GOODWILL

	31/03/13 PLN '000	30/06/12 PLN '000
Cost		
Beginning of the financial year	41,980	41,400
Goodwill from business combination		
FX differences	-1,084	580
End of the financial year	40,896	41,980
Accumulated impairment charges		
Beginning of the financial year		
End of the financial year		
Carrying value		
Opening balance		
Closing balance	40,896	41,980

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.

11. HEDGE ACCOUNTING

Financial derivatives and hedges

Forward fx 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.

Changes to fair value of derivative instruments that do not meet the requirements of hedge accounting are recognised directly in profit and loss 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 hedges meeting in a given period the conditions specified above are recognised as follows:

- portion of profits or losses related to hedging instruments that constitutes effective hedging is recognised directly as equity through the statement of changes in equity,
- ineffective portion of profits or losses related to hedging instruments is recognised through 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 are recognised directly in profit and loss of the current reporting period.

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

a) the hedging instrument expires, is sold, dissolved, or executed. In such event the accumulated profits or losses related to the hedging instrument, recognised directly through equity for the period when the hedge has been effective, are recognised under separate item in equity until the planned transaction is executed.
b) the hedge no longer meets the hedge accounting criteria set forth in art. 88 of IFRS 39. In such event the accumulated profits or losses related to the hedging instrument, recognised directly through equity for the period when the hedge has been effective, are recognised under separate item in equity until the planned transaction is executed.
c) the execution of the planned transaction is no longer expected. As of now, all accumulated profits or losses related to hedging instruments recognised directly through equity or the period when the hedge has been effective are recognised in profit and loss.
d) an entity invalidates hedging relationship. The accumulated profits or losses related to the hedging instrument, recognised directly through equity for the period when the hedge has been effective, are recognised in such case still through equity until the planned transaction is executed or until its execution is no longer expected.
e)

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	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Trade payables	(46,941)	(39,582)	(195,987)	(164 597)	April, May 2013	April, May 2012
Trade receivables	6,905	6,494	28,823	26,988	April, May 2013	April, May 2012
Bank loans	(207)	(779)	(866)	(3,242)	April, May 2013	April, May 2012
Cash	715	948	2,987	3,947	April, May 2013	April, May 2012
FX Forward EUR	(32,256)	(12,472)	(581)	602	April, May 2013	April, May 2012
Total cash positions:	**(71,784)**	**(45,391)**	**(,165,624)**	**(136,303)**	**31.03.2013**	**31.03.2012**

Hedging instruments – USD

Instrument type	Nominal value, USD '000		Fair value, PLN '000		Anticipated maturity period of hedged position	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Trade payables	(13,096)	(19,718)	(42,649)	(61,473)	April, May 2013	April, May 2012
Trade receivables	2,740	3,314	8,928	10,331	April, May 2013	April, May 2012
Bank loans	(1,110)	(337)	(3,618)	(1,052)	April, May 2013	April, May 2012
Cash	50	1,015	163	3,167	April, May 2013	April, May 2012
FX Forward EUR	(9,108)	2,764	(836)	77	April, May 2013	April, May 2012
Total cash positions:	**(20,524)**	**(12,962)**	**(38,012)**	**(48950)**		

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

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

	9 months to 31.03.2012	9 months to 31.03.2012
Gross amount recognised in equity at the beginning of period	(1,166)	0
Net amount recognised in equity at the beginning of period	(944)	0
Effective portion of profit/loss on the hedging instrument in the period recognised in equity (gross)	3,761	(2,715)
Amounts derecognised from equity and recognised in profit and loss during the period, of which:	5,454	(5,423)
- adjustment to operating income	5,454	(5,423)
- adjustment due to hedge ineffectiveness	0	0
Gross amount recognised in equity at the end of period	(2,859)	2,708
Deferred income tax asset/provision	543	(514)
Net amount recognised in equity at the end of the period	(2,316)	2,194

12. LOANS AND BORROWINGS

In the period from the publication of the annual report (31 October 2012) until the publication of the report for the third quarter of the financial year 2012/2013 the Group did not contract any new loans.

13. ISSUED CAPITAL

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

14. DISPOSAL OF SUBSIDIARY COMPANIES

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

15. TAKE-OVER OF SUBSIDIARY COMPANIES

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

17. Contingent liabilities and contingent assets

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

	PLN '000
	2013-03-31
Factoring	73,695
Guarantees granted	41,464
Total	**115,159**

18. Events after the reporting period

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

19. Transactions with related entities

In the period from 1 July 2012 until 31 March 2013 there were no transactions concluded otherwise than on an arm's length.

XV) Additional information

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

1. Organisation of the Group with details of consolidated entities

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

As at 31 March 2013 the Group was composed of the following entities:

Parent entity

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

Address of the head office:	ul. Kościerzyńska 32, 51-416 Wrocław, Poland
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 PLN 204,000 and accounting for 69.39% of all shares) – consolidated

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

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

- 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 involves 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 involves 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 involves retail trade in computers and electronic materials.

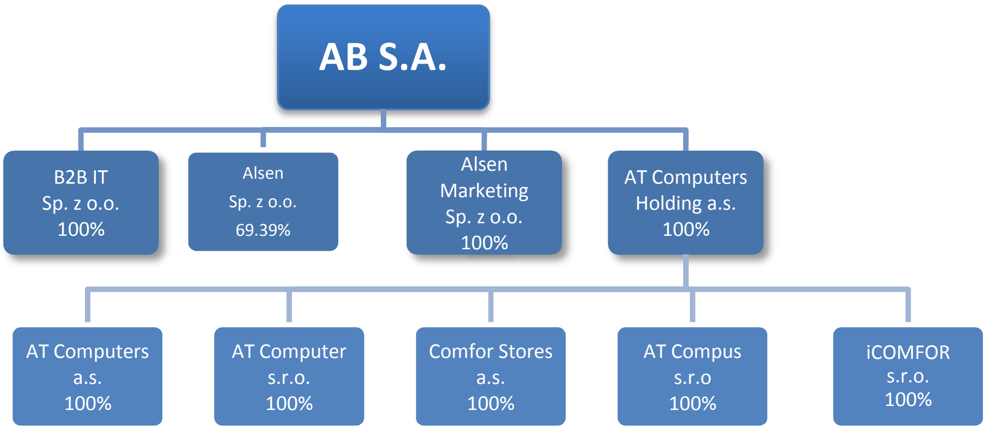
- AT Computer s.r.o. (100% shares are owned by AT Computers Holding a.s.) – consolidated

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

1.3. Structure of the Group



2. EFFECTS OF CHANGES IN THE STRUCTURE OF THE GROUP

In Q3 2012/2013 the structure of the AB Group did not change.

3. OPINION OF THE MANAGEMENT BOARD ON FEASIBILITY OF EARLIER FORECASTS

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

4. SHAREHOLDERS WITH MINIMUM 5% IN 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 2013-05-14	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 annual report and the publication of the quarterly report there were no changes in the holding of major blocks of shares.

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

- **Shares held by the 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 2013:

As at 2013-05-14	Number of shares	Shareholding structure by the number of shares	Number of votes	Shareholding structure by the number of votes
		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 interim report and publication of the report for the third quarter of the financial year 2012/2013 there were no changes in the blocks of shares held by the managing and supervisory persons.

6. Proceedings pending in courts, arbitration bodies, or public administration bodies

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

7. Information of one or more transactions with related entities concluded by the Issuer or its subsidiary entity otherwise than on an arm's length basis

In the period between 1 July 2012 and 31 March 2013 there were no transactions concluded otherwise than on an arm's length basis.

8. INFORMATION ON GUARANTEES TO LOANS OR BORROWINGS 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
	2013-03-31
Factoring	73,695
Guarantees granted	41,464
Total	**115,159**

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.

V Guarantee issuer	Beneficiary	Bank	Currency	Amount	Expiry date
AB S.A.	Polkomtel	HSBC	PLN	693 129	2013-04-01
AB S.A.	Polkomtel	HSBC	PLN	544 887	2013-04-22
AB S.A.	Polkomtel	HSBC	PLN	413 847	2013-05-17
AB S.A.	Polkomtel	HSBC	PLN	856 752	2013-06-20
AB S.A.	Polkomtel	BPH	PLN	661 140	2013-07-13
AB S.A.	Polkomtel	BPH	PLN	577 447	2013-08-30
AB S.A.	Polkomtel	BPH	PLN	330 179	2013-08-10
AB S.A.	Polkomtel	BPH	PLN	641 256	2013-10-19
AB S.A.	Polkomtel	BPH	PLN	1 142 796	2013-11-09
AB S.A.	Polkomtel	BPH	PLN	423 651	2013-09-29
AB S.A.	Polkomtel	BPH	PLN	1 044 294	2013-11-30
AB S.A.	Polkomtel	BPH	PLN	606 304	2013-12-31
AB S.A.	Polkomtel	BPH	PLN	212 901	2014-01-25
AB S.A.	Polkomtel	BPH	PLN	667 783	2014-04-29
AB S.A.	Polkomtel	BPH	PLN	458 620	2014-03-31
AB S.A.	Apple Distribution	SEB	PLN	9 404 100	2013-11-02
AB S.A.	Intel	Pekao	USD	1 000 000	2014-01-17
AT Computers, a.s.	IBM Česká republika, s.r.o	CITIBANK Europe	CZK	500 000	2013-07-21
AT Computers, a.s.	Lenovo (Singapore) Pte Ltd	CITIBANK Europe	USD	2 400 000	2013-08-19
AT Computers, a.s.	Celní ředitelství Ostrava	CITIBANK Europe	CZK	500 000	2013-05-22
AT Computer SK	Shoping Palace Bratislava, v.o.s.	CITIBANK (Slovak	EUR	7 785	2013-12-18
AT Computers, a.s.	Apple Distribution International	CITIBANK Europe	USD	3 000 000	2013-07-08
AT Computers, a.s.	ProLogis czech Republic	CITIBANK Europe	EUR	271 000	2014-02-25
COMFOR Stores	Palladium Praha s.r.o.	CITIBANK Europe	EUR	54 184	2013-10-05
COMFOR Stores	HUTS II s.r.o.	CITIBANK Europe	EUR	8 179	2013-05-23
COMFOR Stores	KLEPIERRE CZ, s.r.o.	CITIBANK Europe	EUR	11 970	2013-07-10
COMFOR Stores	EKZ Tschechien	CITIBANK Europe	EUR	9 539	2013-12-15
COMFOR Stores	FLORA SEN	CITIBANK Europe	EUR	5 850	2014-01-15
COMFOR Stores	Pradera SC Futurum Ostrava	CITIBANK Europe	EUR	10 954	2014-01-03
COMFOR Stores	Euro Mall Hradec Králové	CITIBANK Europe	EUR	11 499	2013-06-08
COMFOR Stores	Best Properties South, a.s.	CITIBANK Europe	CZK	156 140	2014-01-10
COMFOR Stores	NISA Obch.společnost	CITIBANK Europe	CZK	195 000	2013-08-01
COMFOR Stores	CEI Building	CITIBANK Europe	CZK	212 005	2013-08-01
COMFOR Stores	New Karolina Shopping	CITIBANK Europe	CZK	251 000	2013-10-31

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 150,580).

Issuer of guarantee	Beneficiary	Currency	Amount
AT Computers a.s.	KB a.s.	CZK	695,000,000
AT Computers a.s.	CITIBANK a.s.	CZK	102,500,000
Comfor	CITIBANK a.s.	CZK	8,934,000
AT Computers a.s.	CITIBANK a.s.	CZK	122,500,000

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

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

Revenues generated by the Group in Q3 2013 were over 35% higher in relation to the equivalent period last year. This is a consequence of continuous expansion of the product offer, which also helps successively increase the customer base. The increase in revenues over the last nine months of the financial year was recorded in all markets in which the Group is active (Poland, Czech Republic, Slovakia). Thanks to their geographical placement and application of reliable IT systems, the Group's companies are able to provide services of the highest quality to every counterparty, even those located in the farthest corners of Poland, Czech Republic, and Slovakia. These assets are highly valued by producers of computer equipment. Maintenance of the revenue dynamics is possible through close cooperation with suppliers, as well as striving to meet the demands of our customers. Implementation of numerous projects together with our suppliers enables us to strengthen the support for the sales of our products. Regardless of the above, the Company carries out activities aimed at expanding its product range. This includes the development of the Enterprise channel and development of private labels on which the Company has been consistently working. Teams dedicated to the development of particular business divisions take effective and dynamic actions with the aim of generating higher sales revenues not only in the Polish market, but also in all above mentioned markets where the AB Group carries its operations. The exchange of experience gained in these markets brings tangible synergy effects, and the scale of operations resulting from activities in 3 combined markets allows the Group to achieve very good financial results.
Selling, general, and administrative expenses (SG&A) in the sector are a distinguishing element of the Group. The SG&A expenses measured against the sales revenues maintain downward trend and they are one of the lowest ratios in the sector. Low SG&A expenses are a major competitive advantage in the demanding sector.

- **ASSESSMENT OF MANAGEMENT OF FINANCIAL RESOURCES WITH JUSTIFICATION**

Distribution of IT and consumer electronic goods is a highly competitive sector. The sale of computers, IT equipment, as well as consumer electronic goods in a world dominated by the major manufacturers such as Apple, Intel, HP, Samsung, LG, Sony, Canon, Asus and others, requires very high efficiency, almost perfect management of all types of risks, including market, operational, FX, and credit risk. The fact that an average level of margins oscillates around 4-6% means that the Group must operate as perfect as possible. This situation defines AB Group's operational policy with absolute and permanent streamlining of processes, policy of low operating costs and strict control of all risks. It also concerns all assets in respect to which maximum use policy is applied, with simultaneous maintenance of liquidity at a safe level.

The sales model of IT products is based to a large extent on a model with the distributor's strong participation offering major values for the manufacturer. Apart from access to the wide sales market and support for pre- and after-sales services, one of the most crucial functions of the distributor in the sales channel is crediting. The distributor conducts sales mainly on the basis of trade credits. Payment terms depend on the customer's size, the nature of its activities, sales volumes, and other individually defined parameters. At the same time, the distributor's role is to provide constant access to a wide range of products manufactured by IT equipment producers. Such a role of distribution defines financial parameters describing it. Working capital is one of the most crucial aspects. Being a broadline distributor, we work with positive working capital, fulfilling in this way a considerable part of tasks given to us by IT equipment producers; such characteristics of activities combined with the scale of operations indicates relevant balance-sheet items for receivables, inventories, and liabilities, including interest. In addition, the sales growth dynamics achieved by the Group companies in recent years through an increased share in the market and development of a new range of products (new distribution agreements) additionally contributes to an increased demand for additional sources of financing.

The Group manages currency risk in a comprehensive and effective way. The nature of the business results in a major FX exposure which in a market of very high exchange rate volatility poses a major 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 a stress on minimising the values exposed to FX risk and thus to mitigate the risk. The applied hedging instruments do not generate additional risk related to a high volatility of market conditions and do not generate any new risk (in particular options or option strategies).

The Group has been managing credit risk in a structured and systemic manner. Procedures have been developed to assess creditworthiness of customers of the Group companies to verify the approved credit limits frequently and to have the portfolio of receivables 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 global economic crisis. As a result of its credit policy, the Management Board of the parent company has not recorded any deterioration in bad loans; a 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

The first quarter of 2013 did not bring any material changes with regards to major economies, either globally or in the region. The Group operates in an environment characterised by significant FX rate volatility, and the rates of the Polish and Czech currencies are highly dependent on information about European and global economies. Such information impacts not only on the volatility of the currencies of the countries where the Group's companies operate, but also cause volatility of product prices. Changes in demand are also caused by information regarding unemployment growth in the countries where the Group's companies operate. Growth of the unemployment rate results in customers' reduced willingness to buy, for example decline in purchasing activity involving hire purchase. As shown in monthly readings, the growing unemployment rate is also evidence of the increasing scope of the economic problems the Czech and Polish economies face. The European Commission's forecasts for 2013 concerning GDP growth are not very optimistic, assuming severe economic slowdown in Poland and very slow and arduous recession overcoming in the Czech Republic. In this context, further growth of the unemployment rate and decline of the consumer demand are expected.

All the above macroeconomic circumstances materially impact development decisions taken by the Group's companies. The macroeconomic limitations motivate the Group to actively conduct its operations using the strong market position it enjoys. The AB Group, being a leader in distribution in the IT sector, endeavours to retain and expand its market position, paying attention to financial safety. The Company achieves greater diversification of the market risk through its wide portfolio of products, which increases the attractiveness of the Group's companies as suppliers. The price and commercial terms of transactions are of key importance in the IT market, which, given the standardised products, means competition in terms of margin and costs. Such conditions are undoubtedly reflected in the level of achieved profitability. This can be noticed in the financial figures for the nine months of the financial year 2012/2013.

Being involved in operations in three countries – Poland, the Czech Republic, and Slovakia, the AB Group distributes its potential business risks among the three markets and thus becomes more immune to the risk of unfavourable changes in one of the markets. Additionally, the operations within the Group generate major synergies and unifications at various organisational and market levels.

Apart from the traditional operations for AB – distribution of IT equipment and consumer electronics, this year the Company has been continuing development of sales structures of its own products, primarily of computers under the Triline, TB, and Alsen brands.

As a result of the adopted strategy, the financial condition of the Company has been becoming stronger each year.

EXTERNAL FACTORS

1. overall macroeconomic situation and international situation (debt crisis in the Euro Zone, the problem of debt and potential bankruptcy of Greece and the risk of a similar scenario in other countries – Italy, Portugal, and Spain);
2. volatile demand for the products distributed by companies of the Group as a result of economic slowdown, unfavourable GDP projections for 2013, and gradually decreasing share of EU grants in investments;
3. debt growth in Poland and anticipated changes to tax policies and tax rates in Poland;
4. changes to demand for the products offered by the Group;
5. continued high volatility in FX markets, primarily with respect to the following exchange rates: EUR/PLN and USD/PLN, as well as EUR/CZK and USD/CZK.

INTERNAL FACTORS

1. material expansion of the product offer (new distribution agreements) and a regular growth of the scale of operations;
2. consistent expansion and consolidation of position in distribution channels, continued development of new areas of business activity;
3. further consistent development of financial stability of the Company and the Group;
4. optimised management of working capital;
5. consolidated market position as a leader in the CEE region.

11. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

Date	First name and surname	Title / function	Signature
14.05.2013	*Andrzej Przybyło*	PRESIDENT OF THE MANAGEMENT BOARD	
14.05.2013	*Krzysztof Kucharski*	MEMBER OF THE MANAGEMENT BOARD	
14.05.2013	*Zbigniew Mądry*	MEMBER OF THE MANAGEMENT BOARD	
14.05.2013	*Grzegorz Ochędzan*	MEMBER OF THE MANAGEMENT BOARD	
14.05.2013	*Danuta Uzarska*	CHIEF ACCOUNTANT	