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Quarterly Report Containing the Interim Financial Statements of the Group for Q3 of the Financial Year 2014-2015

Covering the Period from 01 July 2014 to 31 March 2015

Publication date: 15 May 2015

TABLE OF CONTENTS:

I) SELECTED CONSOLIDATED FINANCIAL DATA

	PLN '000		EUR '000	
	Q3 for the period from 14-07-01 to 15-03-31	Q3 for the period from 13-07-01 to 14-03-31	Q3 for the period from 14-07-01 to 15-03-31	Q3 for the period from 13-07-01 to 14-03-31
Sales revenues	5 265 034	4 241 032	1 258 674	1 009 337
Profit / (loss) on operating activities	77 752	65 398	18 588	15 564
Profit / (loss) before income tax	71 116	56 339	17 001	13 408
Net profit / (loss)	54 203	44 880	12 958	10 681
Net profit (loss) attributable to the shareholders of the parent company	54 203	44 880	12 958	10 681
Net profit / (loss) attributable to minority shareholders				
Total comprehensive income	47 110	31 407	11 262	7 475
Total comprehensive income attributable to the shareholders of the parent company	47 110	31 407	11 262	7 475
Total comprehensive income attributable to minority shareholders				
Net cash flows from operating activities	-44 605	-14 584	-10 663	-3 471
Net cash flows from investing activities	-67 378	-3 571	-16 108	-850
Net cash flows from financing activities	108 945	30 826	26 045	7 336
Total net cash flows	-3 038	12 671	-726	3 016
Profit / (loss) per ordinary share (PLN/EUR)	3.35	2.78	0.80	0.66
Diluted profit / (loss) per ordinary share (PLN/EUR)				
Number of shares (units)	16 187 644	16 187 644	16 187 644	16 187 644
	PLN '000		EUR '000	
	As at 31.03.2015	As at 30.06.2014	As at 31.03.2015	As at 30.06.2014
Total assets	1 461 327	1 259 790	357 380	302 769
Equity attributable to the shareholders of the parent company	499 664	463 885	122 197	111 487
Equity attributable to non-controlling shareholders				
Total equity	499 664	463 885	122 197	111 487
Long-term liabilities	125 549	5 067	30 704	1 218
Short-term liabilities	836 114	790 838	204 479	190 064
Total liabilities	961 663	795 905	235 183	191 282
Book value per share (PLN/EUR)	31.87	28.66	7.55	6.89
Diluted book value per share	30.87	28.66	7.55	5.89

NBP's average exchange rate as of 31.03.2015.	PLN/EUR	4.0890
NBP's average exchange rate as of 30.06.2014:	PLN/EUR	4.1609
Average exchange rate in the period from 01.07 to 31.03.2015	PLN/EUR	4.1830
Average exchange rate in the period from 01.07 to 31.03.2014	PLN/EUR	4.2018

II) SELECTED NON-CONSOLIDATED FINANCIAL DATA

	PLN '000		EUR '000	
	Q3 for the period from 14-07-01 to 15-03-31	Q3 for the period from 13-07-01 to 14-03-31	Q3 for the period from 14-07-01 to 15-03-31	Q3 for the period from 13-07-01 to 14-03-31
I. Net revenues from sale of products, goods. and materials	3 369 422	2 771 652	805 504	659 634
II. Profit / (loss) on operating activities	48 294	38 300	11 545	9 115
III. Gross profit / (loss)	51 651	42 622	12 348	10 144
IV. Net profit / (loss)	39 997	35 728	9 562	8 503
V. Net cash flows from operating activities	11 271	35 895	2 694	8 543
VI. Net cash flows from investing activities	-26 908	-4 430	-6 433	-1 054
VII. Net cash flows from financing activities	15 546	-21 422	3 716	95 098
VIII. Total net cash flows	-91	10 043	-22	2 390
	PLN '000		EUR '000	
	As at 31.03.2015	As at 30.06.2014	As at 31.03.2015	As at 30.06.2014
IX. Total assets	899 514	826 801	219 984	198 707
X. Liabilities and provisions for liabilities	506 668	461 196	123 910	110 840
XI. Long-term liabilities	100 916		24 680	
XII. Short-term liabilities	405 752	461 196	99 230	110 840
XIII. Equity	392 846	365 605	96 074	87 867
XIV. Share capital	16 188	16 188	3 959	3 891
XV. Number of shares (units)	16 187 644	16 187 644	16 187 644	16 187 644
XVI. Profit / (loss) per ordinary share (PLN/EUR)	2.47	2.78	0.59	0.66
XVII. Diluted profit / (loss) per share (PLN/EUR)	2.47	2.78	0.59	0.66
XVII. Book value per share (PLN/EUR)	24.27	22.58	5.94	5.43
XVIII. Diluted book value per share	24.27	22.58	5.94	5.43

NBP's average exchange rate as of 31.03.2015:	PLN/EUR	4.0890
NBP's average exchange rate as of 30.06.2014:	PLN/EUR	4.1609
Average exchange rate in the period from 01.07 to 31.03.2015	PLN/EUR	4.1830
Average exchange rate in the period from 01.07 to 31.03.2014	PLN/EUR	4.2018

III) CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 31 MARCH 2015

	Three-month period ended on 31/03/2015 PLN ’000	Nine-month period ended on 31/03/2015 PLN ’000	Three-month period ended on 31/03/2014 PLN ’000	Nine-month period ended on 31/03/2014 PLN ’000
Continuing operations				
Sales revenues	1 692 423	5 265 034	1 348 370	4 241 032
Cost of goods sold	-1 611 125	-5 045 449	-1 295 720	-4 049 944
Gross profit / (loss) on sales	81 298	219 585	52 650	191 088
Costs of sale	-41 408	-107 563	-33 728	-91 873
Administrative expenses	-6 579	-22 178	-3 885	-19 179
Other operating income	139	3 750	2 872	3 923
Other operating expenses	-11 025	-15 842	-1 657	-18 561
Profit / (loss) on operating activities	**22 425**	**77 752**	**16 252**	**65 398**
Finance income	167	2 235	299	947
Finance costs	-2 411	-8 871	-2 795	-10 006
Profit on disposal of affiliated entities				
Share in profit of affiliated entities				
Profit / (loss) before income tax	20 181	71 116	13 756	56 339
Income tax	-6 641	-16 913	-3 125	-11 459
Net profit / (loss) on continuing operations	**13 540**	**54 203**	**10 631**	**44 880**
Discontinued operations				
Profit / (loss) on discontinued operations				
Net profit / (loss)	**13 540**	**54 203**	**10 631**	**44 880**
Net profit / (loss) attributable to:				
Shareholders of the parent company	**13 540**	**54 203**	**10 631**	**44 880**
Non-controlling shareholders				

IV) CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED ON 31 MARCH 2015

	Three-month period ended on 31/03/2015	Nine-month period ended on 31/03/2015	Three-month period ended on 31/03/2014	Nine-month period ended on 31/03/2014
	PLN'000	PLN'000	PLN'000	PLN'000
Net profit / (loss)	**13 540**	**54 203**	**10 631**	**44 880**
Other comprehensive income:				
Items that can be reclassified to profit or loss in subsequent periods				
Foreign currency translation differences relating to investments in foreign entities	-7 170	-3 960	1 014	-19 063
Hedge accounting	3 148	-3 133	141	5 590
Share in other comprehensive income of affiliated entities				
Valuation of available-for-sale financial assets				
Income tax pertaining to items that can be reclassified				
Items that will not be reclassified to profit or loss				
Fixed assets revaluation				
Actuarial gains or losses				
Income tax pertaining to items that will not be reclassified				
Comprehensive income attributable to:				
Shareholders of the parent company	9 518	47 110	11 786	31 407
Non-controlling shareholders				
Total comprehensive income	**9 518**	47 110	**11 786**	**31 407**

V) CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED ON 31 MARCH 2015

	As at			
	31/03/2015	31/12/2014	30/06/2014	31/03/2014
	PLN'000	PLN'000	PLN'000	PLN'000
ASSETS				
Fixed assets				
Tangible assets	159 846	142 743	94 334	87 268
Goodwill	40 626	41 912	41 592	41 718
Other intangible assets	21 453	22 431	22 540	22 813
Long-term investments	452	452	452	452
Deferred income tax asset	11 959	9 946	9 249	7 695
Finance lease receivables				
Other financial assets	189	174	211	273
Other assets				
Total fixed assets	**234 525**	**217 658**	**168 378**	**160 219**
Current assets				
Inventories	667 718	600 338	546 030	588 859
Trade and other receivables	513 384	738 680	495 752	514 478
Income tax receivables				
Derivatives				
Other financial assets	30	29	194	172
Other assets	2 683	2 899	3 411	3 004
Cash and cash equivalents	42 987	75 477	46 025	25 150
Total current assets	**1 226 802**	**1 417 423**	**1 091 412**	**1 131 663**
Total assets	**1 461 327**	**1 635 081**	**1 259 790**	**1 291 882**

LIABILITIES	31/03/2015 PLN'000	31/12/2014 PLN'000	30/06/2014 PLN'000	31/03/2014 PLN'000
Equity				
Issued share capital	16 188	16 188	16 188	16 188
Treasury shares				
Reserve capital	143 968	143 968	143 968	142 346
Reserve fund	205 062	209 272	178 436	178 944
Retained earnings	134 446	120 906	125 293	114 498
Equity attributable to the shareholders of the parent company	499 664	490 334	463 885	451 976
Equity attributable to non-controlling shareholders				
Total equity	**499 664**	**490 334**	**463 885**	**451 976**
Non-current liabilities				
Long-term borrowings and bank loans	120 076	124 077		
Financial liabilities				
Pension liabilities				
Deferred income tax provision	5 473	5 212	5 067	5 237
Long-term provisions				
Total long-term liabilities	**125 549**	**129 289**	**5 067**	**5 237**
Current liabilities				
Trade and other payables	593 223	760 808	555 906	553 018
Short-term bank borrowings and loans	200 119	214 334	194 561	247 232
Finance lease liabilities				
Other financial liabilities	122	3 618		
Current tax liability	8 625	3 817	5 319	2 891
Short-term provisions	34 025	32 881	35 052	31 528
Total current liabilities	**836 114**	**1 015 458**	**790 838**	**834 669**
Total payables	**961 663**	**1 144 747**	**795 905**	**839 906**
Total liabilities	1 461 327	1 635 081	1 259 790	1 291 882

VI) Consolidated Statement of Changes in Equity for the period ended on 31 March 2015

	Share capital	Reserve capital	Reserve funds from reduction in share capital	General reserve fund	Cash received from valuation of cash flow hedges	Reserve fund for currency translations	Total reserve fund	Retained earnings	Equity attributable to the 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
Balance as at 1 July 2013	16 188	142 346	146	139 269	-5 915	29 679	163 179	98 856	420 569	108	420 677
Issue of ordinary shares											
Costs of share issue											
Purchase of treasury shares											
Valuation of managerial option scheme											
Net profit / (loss) for the period								44 880	44 880		44 880
Profit distribution for the preceding financial year				29 238			29 238	-29 238			
Foreign currency translation differences of investments in foreign entities						-19 063	-19 063		-19 063		-19 063
Hedge accounting					5 590		5 590		5 590		5 590
Fixed assets revaluation											
Income tax on other total income											
Other											
Dividend distribution										-108	-108
Total recognised revenues and expenses											
As at 31 March 2014	16 188	142 346	146	168 507	-325	10 616	178 944	114 498	451 976	0	451 976

	Share capital	Reserve capital	Reserve funds from reduction in share capital	General reserve fund	Cash received from valuation of cash flow hedges	Reserve fund for currency translations	Total reserve fund	Retained earnings	Equity attributable to the shareholders of the parent company	Equity attributable to non-controlling shareholders	Total equity
Balance as at 1 July 2014	16 188	143 968	146	168 507	-188	9 971	178 436	125 293	463 885		463 885
Costs of share issue											
Purchase of treasury shares											
Valuation of managerial option scheme											
Net profit / (loss) for the period								54 203	54 203		54 203
Profit distribution for the preceding financial year				33 719			33 719	-33 719			
Foreign currency translation differences of investments in foreign entities						-3 960	-3 960		-3 960		-3 960
Net cash flow hedge					-3 133		-3 133		-3 133		-3 133
Fixed assets revaluation											
Income tax on other total income											
Acquisition of a subsidiary											
Other											
Dividend distribution								-11 331	-11 331		-11 331
Total recognised revenues and expenses											
As at 31 March 2015	16 188	143 968	146	202 226	-3 321	6 011	205 062	134 446	499 664		499 664

VII) Consolidated Cash Flow Statement for the period ended on 31 March 2015

	Three-month period ended on 31/03/2015	Nine-month period ended on 31/03/2015	Three-month period ended on 31/03/2014	Nine-month period ended on 31/03/2014
	PLN'000	PLN'000	PLN'000	PLN'000
Cash flows from operating activities				
Gross profit / (loss)	20 181	71 116	13 756	56 339
Financial expenses recognised in the comprehensive income statement	3 645	5 815	1 722	5 043
Depreciation / amortisation	2 024	6 106	2 529	7 486
Profit / (loss) on investments	5	-73	35	-6
FX profit / (loss)	-1 587	-10 093	-2 803	-10 902
	27 442	72 871	15 239	57 960
Change in working capital				
Change in trade receivables	225 596	-17 632	190 351	17 677
Change in other receivables				
Change to inventories	-67 380	-121 688	-56 552	-134 950
Change in other assets	216	728	-350	40
Change in trade payables	-167 585	37 317	-133 886	44 615
Change in provisions	1 144	-1 027	-62	14 425
Other adjustments				
	-8 309	-102 302	-499	-58 193
Cash generated from operating activities	19 133	-29 431	14 740	-233
Interest paid				
Corporate income tax paid	-4 209	-15 174	-5 385	-14 351
Net cash from operating activities	14 924	-44 605	9 355	-14 584
Cash flows from investing activities				
Payments for purchased financial assets		-707		
Proceeds from disposal of financial assets				
Interest received				
Borrowings disbursed	-25	-25	-3	-23
Borrowings repaid	12	58	33	128
Payments for tangible fixed assets	-14 651	-66 551	-573	-3 376
Proceeds from disposal of tangible fixed assets	20	169	261	358
Payments for intangible assets	-54	-322		-658
Cash generated from investing activities	-14 698	-67 378	-282	-3 571
Cash flows from financing activities				
Proceeds from issues of debt securities		99 750		
Proceeds from share issues				
Costs of share issues				
Dividend paid	-11 331	-11 331		
Borrowings and loans received		25 884		35 897
Borrowings and loans repaid	-18 197		-42 521	
Interest	-3 188	-5 358	-1 750	-5 071
Redemption of debt securities				
Purchase of treasury shares				
Net cash from financing activities	-32 716	108 945	-44 271	30 826
Net change in cash and cash equivalents	**-32 490**	**-3 038**	**-35 198**	**12 671**
Cash and cash equivalents at the beginning of the period	75 477	46 025	60 348	12 479

Cash and cash equivalents at the end of the period	42 987	42 987	25 150	25 150

VIII) Standalone profit and loss account for the period ended on 31 March 2015

	Three-month period ended on 31/03/2015	Nine-month period ended on 31/03/2015	Three-month period ended on 31/03/2014	Nine-month period ended on 31/03/2014
	PLN'000	PLN'000	PLN'000	PLN'000
Continuing operations				
Sales revenues	1 129 062	3 369 422	935 822	2 771 652
Cost of goods sold	-1 081 046	-3 249 270	-908 893	-2 675 602
Gross profit / (loss) on sales	48 016	120 152	26 929	96 050
Costs of sale	-21 044	-52 865	-11 944	-34 239
Administrative expenses	-3 926	-10 529	-2 606	-8 410
Other operating income	233	3 394	1 369	1 552
Other operating expenses	-8 224	-11 858	-573	-16 653
Profit / (loss) on operating activities	**15 055**	**48 294**	**13 175**	**38 300**
Finance income	1 613	10 784		11 648
Finance costs	-2 801	-7 427	-3 695	-7 326
Profit on disposal of affiliated entities				
Share in profit of affiliated entities				
Profit / (loss) before income tax	13 867	51 651	9 480	42 622
Income tax	-4 847	-11 654	-1 984	-6 894
Net profit / (loss) on continuing operations	**9 020**	**39 997**	**7 496**	**35 728**
Net profit / (loss)	**9 020**	**39 997**	**7 496**	**35 728**

Number of shares		**16 187 644**		**16 187 644**
Profit / (loss) per ordinary share (PLN)		2.47		2.21
Diluted profit / (loss) per ordinary share (PLN)		2.47		2.21

These condensed financial statements have been prepared in compliance with International Accounting Standards ("IAS 34"). The Company has made a presentation adjustment to comparable data. The adjustment is due to hedge accounting and applies to the presentation of realised FX gains / (loss) that were transferred from financing activity to core operating activity.
The adjustment is presented below.

	Nine-month period ended on 31/03/2014 After adjustment PLN'000	adjustment	Nine-month period ended on 31/03/2014 Before adjustment PLN'000
Continuing operations			
Sales revenues	2 771 652	2 412	2 769 240
Cost of goods sold	-2 675 602		-2 675 602
Gross profit / (loss) on sales	96 050	2 412	93 638
Costs of sale	-34 239		-34 239
Administrative expenses	-8 410		-8 410
Other operating income	1 552		1 552
Other operating expenses	-16 653		-16 653
Profit / (loss) on operating activities	**38 300**	2 412	**35 888**
Finance income	11 648	-2 412	14 060
Finance costs	-7 326		-7 326
Profit on disposal of affiliated entities			
Share in profit of affiliated entities			
Profit / (loss) before income tax	42 622		42 622
Income tax	-6 894		-6 894
Net profit / (loss) on continuing operations	**35 728**		**35 728**
Net profit / (loss)	**35 728**		**35 728**

IX) STANDALONE COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED ON 31 MARCH 2015

	Three-month period ended on 31/03/2015	Nine-month period ended on 31/03/2015	Three-month period ended on 31/03/2014	Nine-month period ended on 31/03/2014
	PLN'000	PLN'000	PLN'000	PLN'000
Net profit / (loss)	**9 020**	**39 997**	**7 496**	**35 728**
Other comprehensive income:				
Items that may be reclassified to profit/loss in subsequent periods				
Hedge accounting	3 570	-1 425	-1 404	5 517
Valuation available-for–sale financial assets				
Income tax pertaining to items that can be reclassified				
Items that will not be reclassified to profit or loss				
Fixed assets revaluation				
Actuarial gains or losses				
Income tax pertaining to items that will not be reclassified				
Total comprehensive income	**12 590**	**38 572**	**6 092**	**41 245**

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X) STANDALONE STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED ON 31 MARCH 2015

	As at 31/03/2015	31/12/2014	30/06/2014	31/03/2014
	PLN'000	PLN'000	PLN'000	PLN'000
ASSETS				
Fixed assets				
Tangible assets	50 930	51 482	52 237	52 681
Goodwill				
Other intangible assets	647	762	1 110	158
Long-term investments	452	452	452	452
Deferred income tax asset	8 493	6 978	6 522	4 824
Finance lease receivables				
Other financial assets	157 392	156 928	132 434	129 690
Other assets				
Total fixed assets	**217 914**	**216 602**	**192 755**	**187 805**
Current assets				
Inventories	347 451	297 831	307 508	338 746
Trade and other receivables	302 326	388 154	294 379	289 459
Income tax receivables				
Derivatives				
Other financial assets	14	9	194	375
Other assets	1 066	1 357	1 131	1 101
Cash and cash equivalents	30 743	40 426	30 834	19 195
Total current assets	**681 600**	**727 777**	**634 046**	**648 876**
Total assets	**899 514**	**944 379**	**826 801**	**836 681**

LIABILITIES	31/03/2015 PLN'000	31/12/2014 PLN'000	30/06/2014 PLN'000	31/03/2014 PLN'000
Equity				
Issued share capital	16 188	16 188	16 188	16 188
Treasury shares				
Reserve capital	135 503	135 503	135 503	135 503
Reserve fund	201 158	197 588	168 864	169 612
Retained earnings	39 997	30 977	45 050	35 728
Total equity	**392 846**	**380 256**	**365 605**	**357 031**
Non-current liabilities				
Long-term borrowings and bank loans	100 238	99 769		
Financial liabilities				
Pension liabilities	115	115		
Deferred income tax provision	563	152		227
Long-term provisions				
Total non-current liabilities	**100 916**	**100 036**		**227**
Current liabilities				
Trade and other payables	361 236	426 796	346 859	367 601
Short-term bank borrowings and loans	7 075	1 284	76 440	83 979
Finance lease liabilities				
Other financial liabilities	192	2 550		
Current tax liability	6 789	2 961	5 303	1 786
Short-term provisions	30 460	30 496	32 594	26 057
Total current liabilities	**405 752**	**464 087**	**461 196**	**479 423**
Total payables	**506 668**	**564 123**	**461 196**	**479 650**
Total liabilities	**899 514**	**944 379**	**826 801**	**836 681**

XI) Changes to Equity (non-consolidated)

	[TPLN]	Share capital	Reserve capital	Other reserve funds	Cash received from valuation of cash flow hedges	Retained profit	Total equity
I	**Balance as at 1 July 2013**	**16 188**	**135 503**	**139 407**	**-4 550**	**29 238**	**315 786**
	Costs of share issue						
	Previous year's profit distribution			29 238		-29 238	
	Net cash flow hedge				5 517		5 517
	Dividend distribution						
	Net profit for the period					35 728	35 728
	Other						
	As at 31 March 2014	**16 188**	**135 503**	**168 645**	**967**	**35 728**	**357 031**

	[TPLN]	Share capital	Reserve capital	Other reserve funds	Cash received from valuation of cash flow hedges	Retained profit	Total equity
I	**Balance as at 1 July 2014**	**16 188**	**135 503**	**168 645**	**219**	**45 050**	**365 605**
	Costs of share issue						
	Previous year's profit distribution			33 719		-33 719	
	Net cash flow hedge				-1 425		-1 425
	Dividend distribution					-11 331	-11 331
	Net profit for the period					39 997	39 997
	Other						
	As at 31 March 2015	**16 188**	**135 503**	**202 364**	**-1 206**	**39 997**	**392 846**

XII) STANDALONE CASH FLOW STATEMENT

	Three-month period ended on 31/03/2015	Nine-month period ended on 31/03/2015	Three-month period ended on 31/03/2014	Nine-month period ended on 31/03/2014
	PLN'000	PLN'000	PLN'000	PLN'000
Cash flows from operating activities				
Gross profit / (loss)	13 867	51 651	9 480	42 622
Dividends received			-9 078	-9 078
Financial expenses recognised in the comprehensive income statement	2 985	3 984	1 164	3 650
Depreciation / amortisation	1 092	3 407	1 365	4 198
Profit / (loss) on investments	6	-5	-8	38
FX profit / (loss)	13 132	-942	773	4 511
	31 082	58 095	3 696	45 941
Change in working capital				
Change in trade receivables	85 828	-7 947	92 673	43 994
Change in other receivables				
Change to inventories	-49 620	-39 943	-34 772	-82 113
Change in other assets	291	65	248	-2 060
Change in trade payables	-65 560	14 377	-63 890	23 975
Change in provisions	-36	-2 134	-1 524	13 052
Other adjustments				
	29 097	-35 582	-7 265	-3 152
Cash generated from operating activities	1 985	22 513	-3 569	42 789
Interest paid				
Corporate income tax paid	-2 961	-11 242	-1 984	-6 894
Net cash from operating activities	-976	11 271	-5 553	35 895
Cash flows from investing activities				
Payments for purchased financial assets		-707	-1 883	-8 254
Proceeds from disposal of financial assets				
Dividends received				
Interest received			9 078	9 078
Borrowings disbursed	-212	-37 419	-1 806	-3 695
Borrowings repaid	7	13 023	30	122
Payments for tangible fixed assets	-440	-1 869	-1 315	-1 846
Proceeds from disposal of tangible fixed assets	21	83	88	165
Payments for intangible assets	-15	-19		
Cash generated from investing activities	-639	-26 908	4 192	-4 430
Cash flows from financing activities				
Proceeds from issues of debt securities		99 769		
Proceeds from share issues				
Costs of share issues				
Borrowings and loans received	5 791	-69 365	2 623	-17 744
Dividend distrbution	-11 331	-11 331		
Interest	-2 528	-3 527	-3 527	-3 678
Redemption of debt securities				
Purchase of treasury shares				
Net cash from financing activities	-8 068	15 546	1 431	-21 422
Net change in cash and cash equivalents	**-9 683**	**-91**	**70**	**10 043**

Cash and cash equivalents at the beginning of the period	40 426	30 834	19 125	9 152
Cash and cash equivalents at the end of the period	30 743	30 743	19 195	19 195

XIII) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. COMPLIANCE STATEMENT

These Condensed Consolidated Interim Financial Statements of the Group have been prepared in compliance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting (“IAS 34”) and in compliance with the relevant accounting standards applicable to interim financial reporting, approved by the European Union, published and in force at the time of preparation of these Consolidated Interim Financial Statements.

These consolidated interim financial statements do not contain all the information that is disclosed in the annual consolidated financial statements made in accordance with IFRS. These condensed consolidated interim financial statements shall be construed jointly with the consolidated financial statements of the Group for 2013/14.

2. APPLIED ACCOUNTING PRINCIPLES

- **Going concern assumption**

The Consolidated Financial Statements have been prepared on the assumption that the Group shall be a going concern in the foreseeable future. As of the date of these Financial Statements, no circumstances have occurred that would pose a threat to continuation of business activities.

- **Functional and reporting currency**

These consolidated financial statements have been made in Polish Zlotys (PLN). The Polish Zloty is the functional and reporting currency of the Group. The data in the financial statements has been presented in PLN thousand, unless in certain circumstances a greater accuracy has been applied.

- **Consolidation basis**

These Consolidated Financial Statements have been prepared under a historical cost convention with the exception of derivative financial instruments that are measured at fair value.

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

Financial performance of subsidiary entities acquired or disposed during the year is 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 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 in 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 where there is binding commitment and ability of non-controlling shareholders to make additional investments to cover the losses.

- **Business Combinations**

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

- **Goodwill**

Goodwill resulting from acquisition represents a difference between the total purchase consideration and the total of the fair values of the acquired assets, including recognised assets, liabilities, and contingent liabilities of a 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 measured at cost reduced by accrued impairment.

- **Recognition of sales revenues**

Sales revenues are recognised at fair value of the consideration received or receivable, less anticipated volume rebates, returns by clients and similar charges.

Sale of goods

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

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

Rendering of services

Revenues generated under service contracts are recognised by reference to the stage of completion of a transaction under each contract.

Interest and dividend income

Dividend income is recognised when the shareholders' right to receive dividend distribution is established.

Interest income is recognised on an accrual basis by reference to the amount of the outstanding principal and subject to the effective interest rate which is the rate effectively discounting estimated future cash receipts over the expected life of an asset to the net carrying value of the asset.

- **Foreign currencies**

Non-consolidated financial statements of the Group's companies are presented in the currencies prevailing in the markets of their respective business operations (their functional currencies). The Consolidated Financial Statements present the financial results and items relating to the individual entities in Polish zlotys (PLN) which is the functional currency of the Company and the presentation currency of the Consolidated Financial Statements.

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

Foreign exchange differences are recognised in the profit and loss account in the period they arise, with the following exceptions:

- foreign exchange differences relating to assets under construction to be used in production that are incorporated as costs of such assets are treated as adjustments of interest expense of foreign currency-denominated loans;
- foreign exchange differences resulting from transactions executed to hedge certain foreign exchange risk (see: hedge accounting rules); and
- foreign differences resulting from cash receivables from or payables towards foreign entities with which no settlements are planned or such settlements are not probable and that are part of net investments in foreign entities and recognised in reserve funds from foreign currency translation and in net profit/(loss) on disposal of investments.

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

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

- **Borrowing costs**

Borrowing costs directly related to the acquisition or manufacturing of assets that require a longer time to be used or resold are added to the manufacturing costs of such assets until the assets are ready for intended application or resale. Income earned on temporary investment of such borrowing prior to its investment in the assets referred to above reduce the borrowing costs subject to capitalisation.

All other borrowing costs are recognised directly through the profit and loss account in the period in which they have been incurred.

- **Costs of future retirement benefits**

In accordance with the labour law regulations, employees of the Group are entitled to retirement allowance. It is a one-off payment due to employees upon their retirement. The retirement allowance amount 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 post-employment benefit plans. The accrued liability is equal to discounted payments to be made in the future subject to staff rotation and applies to the period until the balance sheet date. Demographic information and information on staff rotation is based on historical data. Changes to the provisions resulting from the 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 using the taxation base for the current financial year. Tax profit (loss) differs from the carrying net profit (loss) due to exclusion of taxable income and tax-deductible expenses in future periods, as well as revenues and expenses that are never subject to taxation. The 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 tax payable or refundable in the future taking into account differences between the carrying value of assets and liabilities and the corresponding tax values used to calculate the taxation base.
The deferred income tax provision is recognised with respect to all positive temporary taxable differences while the deferred income tax asset is recognised at a probable reduction amount of the future taxable profit by recognised negative temporary differences. No deferred income tax asset or provision is recognised when a 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.

The 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 for deductible temporary differences related to such investments and interests is recognised to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

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

The deferred income tax asset and liability is calculated at the tax rates that will be applicable when such an asset is realised or a liability becomes due, in accordance with the tax regulations (rates) applicable as at the balance sheet date. Measurement of deferred income tax assets and liabilities reflects tax consequences of the method according to which the Group expects to recover or settle the carrying value of deferred income tax assets and liabilities as at the date of the Financial Statements.

The deferred income tax assets and liabilities are set-off when there is a right to set-off current income tax assets against current income tax liabilities, as long as such items are taxable by the same tax authority and the Group intends to settle its income tax assets and liabilities on a net amount basis.

Current and deferred income tax for the current accounting period

Current and deferred income tax is recognised as income or expense in the profit and loss account, except to the extent that the tax arises from items recognised directly in equity, in which case income tax is also recognised in equity, or from the initial recognition of business combinations. In case of business combinations, tax consequences are taken into account for goodwill calculation or determination of the fair 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 initially recognised at acquisition cost or manufacturing cost.
As at the balance sheet date, fixed assets are recognised at acquisition cost or manufacturing cost reduced by accumulated depreciation and impairment.
Fixed assets under construction are recognised as at the balance sheet date at acquisition cost or manufacturing cost.
Depreciation rates are applied in order to reduce the acquisition cost or manufacturing cost of assets other than fixed assets under construction. Such write-downs are made using a straight-line method over assets' useful life, starting from the month following the month such fixed asset has been brought to use. An estimated useful life, residual values, and the depreciation method are subject to review at the end of each year and the results of any changes to estimates are recognised prospectively.
In accordance with the materiality principle, fixed assets with an initial value under PLN 2,500 are expensed in the month following the month in which such fixed assets have been brought to use.
Assets held under finance lease contracts are depreciated over the period of their anticipated useful economic life in accordance with the same principles as the Company's own assets, however, no longer than until the end of the lease contract.
Profit or loss resulting from disposal / liquidation or withdrawal from the use of tangible fixed assets is a difference between proceeds from disposal and the carrying value of such items and is recognised in the profit and loss account.

- **Investment property**

Investment property is property held to earn rentals and/or for capital appreciation. Investment property is initially recognised at cost.
As at the balance sheet date, investment property is recognised at acquisition cost less accumulated depreciation and impairment losses.

- **Intangible Assets**

Intangible assets acquired under separate purchase transactions

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

Intangible assets acquired through business combinations

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

After initial recognition, the assets are disclosed at historical cost less amortisation and accumulated impairments in the same manner as intangible assets acquired in separate transactions. Intangible assets with indefinite useful life are subject to impairment tests each year.

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

As at each balance sheet date, the Group reviews the carrying values of its fixed assets and intangible assets to identify any indications of impairment. Where there is an indication of impairment, the recoverable amount of an asset is calculated to determine a potential impairment loss. Where an asset does not generate cash flows that are largely independent of those generated from other assets, such an analysis is performed for cash generating unit (CGU) of which such an asset is part. If it is possible to identify a reliable and uniform allocation basis, fixed assets held by the Group are allocated to specific CGUs or to the smallest groups of CGUs for which a reliable and uniform allocation basis may be identified.

With respect to intangible assets with indefinite useful life, impairment tests are performed annually and, additionally, when there is an indication of possible impairment.

The recoverable value is determined as the higher of: the fair value less costs of disposal and value in use. The latter is equivalent to the present value of future cash flows discounted with a gross discount rate accounting for the time value of money and the risk specific for each asset.

If the recoverable amount is lower than the carrying value of an asset (or CGU), the carrying value of the asset or CGU is reduced to the recoverable 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 at its revalued amount (then the impairment is treated as a reduction to the prior revaluation).

If an impairment charge is subsequently reversed, the net value of the asset (or cash generating unit) 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 has not been revalued earlier – in such a case, the reversal of impairment is treated as revaluation increase.

- **Inventories**

Inventories are recognised at the lowest of: purchase price, manufacturing cost, or net realisable value (NRV).
The net sale price is the realisable price as at the balance sheet date net of VAT.
Inventories include goods, materials, and finished products. Goods and materials are disclosed at cost, including the purchase price increased by import duties, costs of transportation, uploading, unloading, and other costs directly related to acquisition of the goods and materials, less any discounts and rebates.
The manufacturing costs of products include costs directly related to a product unit and appropriately allocated variable and fixed manufacturing costs. Variable manufacturing costs are allocated to a product unit on the basis of the current use of the manufacturing machinery and equipment. Fixed manufacturing costs are allocated on the basis of normal use of production capacity. Outflows of goods and materials follow the weighted average and FIFO method, while outflows of products follow the FIFO method.
The net sale price is the realisable price as at the balance sheet date, net of VAT.

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- **Provisions**

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

The recognised provision reflects most accurately the estimated expenditure required to settle the present obligation as at the balance sheet date, taking into account the underlying risk and the related uncertainty. If the provision is assessed using the estimated cash flows required to settle the current obligation, the carrying value is equal to the present value of the cash flows.

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

Warranty obligations

Provisions for the costs of warranty repairs are recognised at the time of the sale of products, taking into account 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 the purchase date and derecognised on the disposal date, if a contract requires that they are delivered on a date determined by a given market; their initial value is measured at fair value less transaction costs with the exception of those assets that are classified as financial assets originally measured at fair value through profit and loss account.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss, held-to-maturity investments, available-for-sale financial assets, 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 method

This is a method to calculate the amortised costs of assets and to allocate 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 measured at fair value through profit and loss is recognised at the effective interest rate.

Financial assets measured at fair value through statement of comprehensive income

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

A financial asset is classified as available for sale, if:

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

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

- such classification eliminates or materially reduces inconsistency of valuation or recognition occurring under other circumstances;
- the financial asset is a part of a group of financial assets or liabilities or both that are managed and its performance is evaluated on a fair value basis in accordance with the documented strategy of risk management 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 the classification of the entire contract (an asset or a liability) to be measured at fair value through profit and loss.

Financial assets measured at fair value through profit and loss are recognised 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 a specific financial asset.

Held-to-maturity investments

Commercial papers and debentures with fixed or determinable payments and with fixed maturity dates that the Group intends to and is able to hold to 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 available-for-sale assets and are measured at fair value. Profit and loss resulting from changes in fair value is recognised directly in equity as revaluation reserve, with the exception of impairment losses, interest accrued at the effective interest rate and foreign exchange gains or losses on cash assets that are recognised directly in profit and loss account. If an investment is sold or impaired, the accumulated profit or loss previously recognised in the revaluation reserve is transferred to the profit and loss for the reporting period.

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

The fair value of available-for-sale cash assets denominated in foreign currencies is determined by translating the amounts at the spot rate as at the balance sheet date. A change in fair value attributable to foreign exchange differences resulting from a change in the amortised historical cost of a given asset is recognised in profit and loss account while other changes are recognised in equity.

Loans and receivables

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

Impairment of financial assets

Financial assets – apart from those measured at fair value through profit and loss – are tested for impairment at each balance sheet date. Financial assets are impaired when there are objective indications that events occurring after the initial recognition of an asset have adversely affected the related estimated future cash flows. With respect to financial assets recognised at amortised historical cost, impairment is the difference between the carrying value and the present value of estimated cash flows discounted at the financial asset's original effective interest rate.

The book value of a financial asset is reduced directly with an impairment charge with the exception of trade receivables whose book 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 in the carrying value of the charge account are recognised in profit and loss account.

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

Derecognition of financial assets

The Group derecognises financial assets only after expiry of any contractual rights to cash flows generated by such assets or when such financial assets substantially with all their related risk and all rewards have been transferred to another entity. If the Group does not transfer nor retains substantially all risk and all rewards 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 payments. However, if the Group retains substantially all risk and all rewards related to such a transferred asset, it continues to recognise the financial asset and any secured loans underlying the received income.

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

Classification as debt or equity

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

Equity instruments

Equity instruments include any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. They are recognised at the amounts received less direct issue costs.

Financial liabilities

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

Financial liabilities measured at fair value through profit and loss

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

A financial liability is classified as available for sale, if:

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

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

- such classification eliminates or materially reduces the 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 that are managed and its performance is evaluated on a fair value basis 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 measured at fair value through profit and loss.

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

Other financial liabilities

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

Subsequently, they are recognised at the 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 amortised cost of a liability and to allocate interest expenses to the relevant periods. The effective interest rate is a rate discounting future cash payments over the foreseeable useful life of a liability or over a shorter time, if required.

- **Derivatives**

The Group uses foreign currency forward or swap contracts to hedge against foreign currency risk.

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

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

Hedge accounting

As from 1 July 2011, the Group has started applying hedge accounting in relation to foreign currency risk covering sales indexed to foreign currencies (EUR or USD). The designated hedging relation is treated as hedging of cash flows. The settlement of hedges is specified in Note No. 10 *Derivative financial instruments and hedges – cash flow hedging*.

The numbers resulting from the application of hedge accounting by the Company are presented in Note No. 10 *Cash flow hedging*.

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

Using the accounting rules applicable within the Group as specified in Note 2, the Management Board has to make judgments, estimates, and assumptions concerning the carrying value of assets and liabilities that cannot be assessed otherwise on the basis of available sources. Estimates and their underlying assumptions are based on historical experience and other factors deemed as material. The actual results may differ from the assumed estimates.

Estimates and their 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 the current period and to the future periods.

- **Critical judgments in applying accounting principles**

Below are the core assumptions relating to the future and other bases underlying the uncertainty estimates as at the balance sheet date that affect the risk of major adjustments to the carrying value of assets and liabilities in the next financial year.

Impairment of goodwill

In order to verify whether goodwill has been impaired, an estimate of the value in use of all cash-generating units to which the goodwill has been attributed needs to be made. To calculate the value in use, the Company needs to estimate future cash flows attributable to the unit and determine an appropriate discount rate as required to calculate the present value of such cash flows.
As at the balance sheet date, the carrying value of goodwill amounted to PLN 40.6 million.

Intangible assets with indefinite useful life.

Intangible assets with the indefinite useful life are annually tested for impairment at the level of cash generating units. As at the balance sheet date, the Group holds intangible assets with the indefinite useful life that amounts to PLN 20.8 million.

Impairment of assets

As at each balance sheet date, the Group verifies if there are any indications of impairment of non-financial assets. Assessment of value in use consists in identifying future cash flows by a cash generating unit and requires determination of a discount rate to calculate the present value of such cash flows.
As at 31 March 2015, in the opinion of the Management of the Group, no assets held by the Group were impaired.

Useful life of tangible fixed assets

The depreciation / amortisation rates are determined on the basis of the anticipated economic useful life of tangible fixed assets and intangible assets. The assumed economic useful life is subject to annual review on the basis of updated estimates. As at the balance sheet date, fixed assets amounted to PLN 160 million.

Assessment of provisions for employee benefits

Provisions for employee benefits (provision for retirement allowance) have been assessed using actuarial methods.

Fair value of financial instruments

Fair value of financial instruments for which there is no active market is measured using the appropriate valuation techniques. The Group uses professional judgment to select adequate methods and to make assumptions. The Management Board makes a judgment selecting an appropriate method to measure financial instruments not traded 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 measured 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 tax asset assuming that taxable profit will be generated in the future to utilise the asset. Material deterioration of the generated taxable profit in the future could render this assumption unjustified.

Impairment of receivables and inventories

As at the balance sheet date, the Group assesses if there is objective evidence of impairment of receivables, groups of receivables and inventories. If the recoverable amount of an asset is below its carrying value, a given unit recognises an impairment loss down to the present value of anticipated cash flows.

3. Operating segments

Since 1 July 2009, the Group has been applying the new IFRS 8 “Operating Segments” standard. IFRS 8 stipulates that operating segments should be identified based on internal reports on those elements of the Group which are regularly reviewed by persons allocating funds to the individual segments and evaluating their financial results.
The adoption of IFRS 8 did not alter the identification of reporting segments in the Group.
The basic reporting presentation of the Group is based on geographical segments.

Geographical segments

The 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 by segments

	External sales	Sales between segments	Other	Total
	Period ended 31/03/15	Period ended 31/03/15	Period ended 31/03/15	Period ended 31/03/15
	PLN '000	PLN '000	PLN '000	PLN '000
Poland	3 316 723	172 152		3 488 875
Czech Republic	1 715 975	325 244		2 041 219
Slovakia	232 336	286		232 622
Total segments				5 762 716
Eliminations				497 682
Consolidated revenues				5 265 034

	External sales	Sales between segments	Other	Total
	Period ended 31/03/14	Period ended 31/03/14	Period ended 31/03/14	Period ended 31/03/14
	PLN '000	PLN '000	PLN '000	PLN '000
Poland	2 712 806	159 759		2 872 565
Czech Republic	1 319 693	296 001		1 615 694
Slovakia	208 533	834		209 367
Total segments				4 697 626
Eliminations				456 594
Consolidated revenues				4 241 032

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

Assets and liabilities by segments

	Assets	Liabilities
	31/03/15	31/03/15
	PLN '000	PLN '000
Poland	916 725	670 274
Czech Republic	508 800	256 674
Slovakia	35 802	34 715
Total segments	1 461 327	961 663
Eliminations		
Non-allocated		
Consolidated	1 461 327	**961 663**

Results by segments

	Of which interest expense / income PLN '000	Period ended 31/03/15 PLN '000
Continuing operations		
Poland	-5 013	47 822
Czech Republic	-1 745	24 547
Slovakia	3	-1 253
Eliminations		
Non-allocated		
Profit before income tax		71 116
Income tax		16 913
Profit for the financial year on continuing operations		54 203
Discontinued operations		
Profit before income tax		
Income tax		
Profit for the financial year on discontinued operations		
Profit for the financial year		54 203

Depreciation / amortisation by segments

	Acquisition of fixed assets PLN '000	Period ended 31/03/15 PLN '000
Continuing operations		
Poland	70 537	3 976
Czech Republic	1 260	2 101
Slovakia	56	29
Consolidated	71 853	6 106

Information on products and services

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.

ul. Kościerzyńska 32, 51-416 Wrocław, Poland tel. (+48 71) 3240 500, fax (+48 71) 32 40 529, 78 90 529, www.ab.pl
BANK ACCOUNT: BZ WBK S.A. 44 /O Wrocław, PL68 1500 1155 1211 5003 2339 0000 (PLN),
PL46 1500 1155 1211 5003 5196 000 (EUR), PL58 1500 1155 1211 5003 2456 0000 (USD); NIP 895-16-28-481
Warszawa: tel. (+48 022) 51 09 300, fax (+48 022) 51 09 333

	Revenues from sales to external clients	Assets per segment	Acquisition of fixed assets
	Period ended 31/03/15	Period ended 31/03/15	Period ended 31/03/15
	PLN '000	PLN '000	PLN '000
Wholesale trade	5 240 597	1 449 752	71 460
Retail trade	20 199	8 593	256
Production	4 238	2 982	137
	5 265 034	1 461 327	71 853

	Revenues from sales to external clients	Assets per segment	Acquisition of fixed assets
	Period ended 31/03/14	Period ended 31/03/14	Period ended 31/03/14
	PLN '000	PLN '000	PLN '000
Wholesale trade	4 216 927	1 283 301	4 300
Retail trade	22 595	6 496	214
Production	1 510	2 085	5
	4 241 032	1 291 882	4 519

The 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

The seasonal fluctuations of individual items affecting the financial performance in the period covered with the report reflect the market trends from the preceding years.

5. Profit per share

	Period ended 31/03/15	Period ended 31/03/14
	PLN per share	PLN per share
Basic profit per share		
From continuing operations	54 203	44 880
From discontinued operations		
Total basic profit per share	3.35	2.78

Diluted profit per share		
From continuing operations	54 203	44 880
From discontinued operations		
Total diluted profit per share	3.35	2.78

Basic profit per share

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

	Period ended 31/03/15 PLN '000	Period ended 31/03/14 PLN '000
Profit for the financial year attributable to the shareholders of the parent entity	54 203	44 880
Profit used to calculate the total basic profit per share	54 203	44 880
Profit used to calculate the total basic profit per share on continued operations	54 203	44 880

	Period ended 31/03/15 PLN '000	Period ended 31/03/14 PLN '000
Average weighted number of ordinary shares used to calculate the basic profit per share	16 187 644	16 187 644

6. Dividends

In the interim period a dividend in the amount of PLN 11,331,350.80 was distributed to the shareholders, which accounted for PLN 0.70 per share. Dividend distribution took place on 15 January by way of enforcement of the Resolution of the Ordinary General Meeting of the Company, which decided that part of the Company's profit for 2013/2014 would be distributed as dividend to shareholders.

7. TANGIBLE FIXED ASSETS – INCREASE

	AB S.A.	Rekman Sp. z o.o.	Alsen Marketing Sp. z o.o.	Optimus Sp. z o.o.	B2B Sp. z o.o.	ATC Holding
	PLN'000	PLN'000	PLN'000		PLN'000	PLN'000
Land			85			
Structures			942			102
Plant and equipment	287	25				530
Means of transport	1 269					485
Equipment	313	13	75			5
Intangible Assets	19	31	18	60		194
Fixed assets / intangible assets under construction					67 400	
TOTAL	**1 888**	**69**	**1 120**	**60**	**67 400**	**1 316**

8. INVESTMENTS IN AFFILIATED ENTITIES

In the reviewed period, the Group did not make any investment in its affiliated entities.

9. GOODWILL

	Period ended 31/03/15	Period ended 31/03/14
	PLN ’000	PLN ’000
Cost		
Beginning of the financial year	41 592	42 107
Goodwill from business combination		
Foreign exchange differences	-966	-389
End of the financial year	40 626	41 718
Accumulated impairment charges		
Beginning of the financial year		
End of the financial year		
Carrying value		
Opening balance		
Closing balance	40 626	41 718

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

and as a result of the acquisition of 100% shares in Rekman Sp. z o.o. with its registered office in Wrocław on 30 September 2013.

10. Hedge accounting

Financial derivatives and hedges

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

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

Derivative hedging instruments are used to hedge future cash flows.

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

The cash flow hedge is an operation hedging the risk of volatility of cash flows relating to the hedged asset or liability with a planned probable future transaction or a probable future liability that could affect profit and loss account.

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 the profit and loss account of the current reporting period.

Cash flow hedges

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

The Group identifies 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, TEUR '000		Fair value, TPLN '000*		Anticipated maturity period of hedged position	
	31.03.2015	**31.03.2014**	**31.03.2015**	**31.03.2014**	**31.03.2015**	**31.03.2014**
Trade payables	(64 583)	(59 757)	(264 125)	(249 255)	April, May, June	April, May
Trade receivables	8 712	8 306	35 638	34 643	April, May	April, May
Bank loans	(2)	(5 985)	(9)	(24 967)	April, May	April, May
Cash	308	261	1 259	1 088	April, May	April, May
FX Forward EUR	(17 998)	(15 782)	307	22	April, May	April, May
Total cash positions:	**(73 563)**	**(72 957)**	**(226 930)**	**(238 469)**	April, May	April, May

Hedging instruments – USD

Instrument type	Nominal value, TUSD '000		Fair value, TPLN '000*		Anticipated maturity period of hedged position	
	31.03.2015	**31.03.2014**	**31.03.2015**	**31.03.2014**	**31.03.2015**	**31.03.2014**
Trade payables	(10 387)	(22 438)	(39 549)	(68 025)	April, May	April, May
Trade receivables	1 410	2 694	5 368	8 173	April, May	April, May
Bank loans	(5)	(232)	(20)	(705)	April, May	April, May
Cash	331	88	1 260	264	April, May	April, May
FX Forward EUR	(16 170)	32	(430)	121	April, May	April, May
Total cash positions:	**(24 821)**	**(19 856)**	**(33 371)**	**(60 172)**		

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

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

	9 months until 31.03.2015 TPLN	9 months until 31.03.2014 TPLN
Gross amount recognised in equity at the beginning of the period	(232)	(7 303)
Net amount recognised in equity at the beginning of the period	(188)	(5 915)
Effective portion of profit/(loss) on the hedging instrument in the period recognised in equity	(21 349)	(4 173)
Amounts derecognised from equity and recognised in the profit and loss account during the period, of which:	(17 480)	(11 074)
- adjustment to income from operating activities	(19 886)	(9 391)
- adjustment to income from financing activities	2 4006	(1 683)
- adjustment due to hedge ineffectiveness	-	-
Gross amount recognised in equity at the end of the period	(4 100)	(402)
Deferred income tax provision	674	76
Net amount recognised in equity at the end of the period	(3 321)	(325)

11. Loans and borrowings

In the period from the publication of the annual report (18 September 2014) until the publication of the report for the third quarter of the financial year 2014/2015, the Group did not contract any new loans.

12. Issued capital

During the period under review, there were no changes to the Company's issued capital.

13. Disposal of subsidiary companies

During the period under review, the Group did not sell any subsidiary entities.

14. Takeover of subsidiary companies

During the period under review, the Group did not take over any subsidiary entities.

15. Contingent liabilities and contingent assets

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

	PLN'000
	2015-03-31
Guarantees granted	19 319
Total	**19 319**

Details are provided in item 8 of additional information.

16. Events after the reporting date

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

17. Transactions with related entities

In the period from 1 July 2014 to 31 March 2015 there were no transactions other than concluded on an arm's length basis.

XIV) Additional information

The additional information is required to be disclosed pursuant to the Regulation of the Minister of Finance of 19 February 2009 on current and periodic disclosure by issuers of securities and conditions to recognise as equivalent the information that is required by regulations of law in Non-Member States.

1. Organisation of the Group with identification of the consolidated entities

1.1. Entities in the Group of AB S.A. (with details of the consolidation method or share valuation)

As at 31 March 2015. the Group was composed of the following entities:

Parent entity

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

Address of the registered office:	ul. Kościerzyńska 32, 51-416 Wrocław
Statistical number (REGON)	931908977
Tax identification number (NIP):	895-16-28-481
Registration authority:	District Court for Wrocław – Fabryczna, 6th Commercial Division of the National Court Register. The entry to the register was made on 22.10.2001 under KRS number 0000053834.
Duration of the Company:	unlimited.

Subsidiary entities

- Alsen Sp. z o.o. (AB S.A. owns 100% of shares) – consolidated
  The Company engages in marketing and training activities.

- Alsen Marketing Sp. z o.o. (AB S.A. owns 100% of shares) – consolidated
  The Company manages retail sales of computers and electronic equipment. The Company is involved in retail sales of computers and electronic equipment, organizing a franchise network and conducting a marketing activity.
- 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. (AT Computers Holding a.s. owns 100% of shares) – consolidated
  The Company's business consists in distribution of computers and electronic equipment in the Czech Republic and abroad.

- AT Compus s.r.o. (AT Computers Holding a.s. owns 100% of shares) – consolidated
  The Company's business consists in assembly of computers from sub-assemblies. Finished products are re-sold to distribution companies for further resale.

- Comfor Stores a.s. (AT Computers Holding a.s. owns 100% of shares) – consolidated
  The Company's business consists in retail trade in computers and electronic materials.

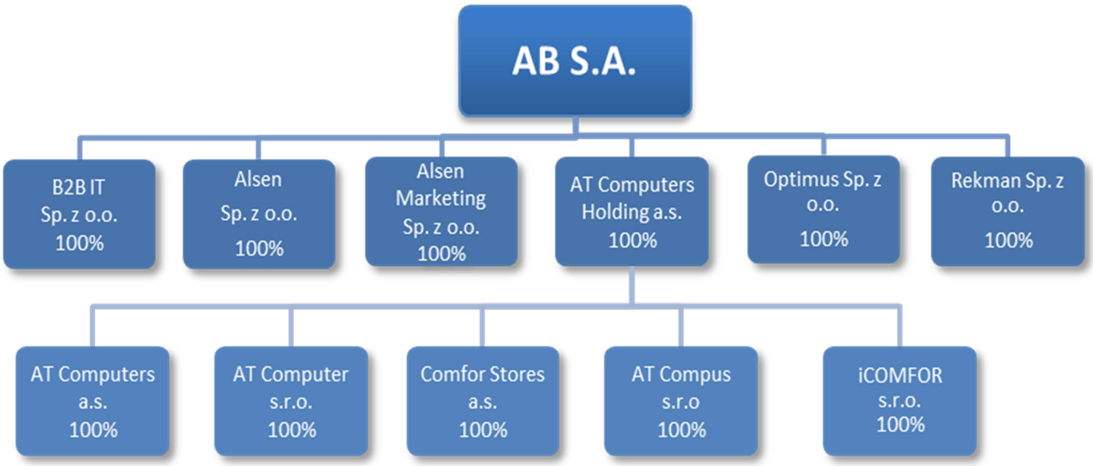
- AT Computer s.r.o. (AT Computers Holding a.s. owns 100% of shares) – consolidated
  The Company's business consists in distribution of computers and electronic equipment in the Slovak Republic.

- iCOMFOR s.r.o. (AT Computers Holding a.s. owns 100% of shares) – consolidated (established on 16 September 2011)
  The Company's business consists in retail trade in computers and electronic materials.

- Optimus Sp. z o.o. (AB S.A. owns 100% of shares) – consolidated
  The Company's business consists in the production of computers, servers and network equipment; it also develops a franchise network for small and medium-sized IT integrators.

- Rekman Sp. z o.o. (AB S.A. owns 100% of shares) – consolidated
  The Company is involved in wholesale business of toys and board games for children.

1.2. Group Structure



2. Effects of changes to the structure of the Group

In Q3 of the financial year 2014/2015, the structure of the AB Group did not change.

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

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

4. Shareholders holding minimum 5% of the overall number of votes at Issuer's General Meetings

To the best knowledge of the issuer, the shareholding structure of the parent company was as follows as of the publication fate of the report:

As at 2015-05-15	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	8.13%	2 629 200	15.02%
Iwona Przybyło	1 749 052	10.80%	1 749 052	9.99%
Aviva OFE Aviva BZ WBK	1 765 804	10.91%	1 765 804	10.09%
Aviva Investors Poland S.A.	1 002 723	6.19%	1 002 723	5.73%
ING OFE	2 291 911	14.16%	2 291 911	13.10%
Other	8 061 954	49.81%	8 061 954	46.07%
Total	**16 187 644**	**100.00%**	**17 500 644**	**100.00%**

In the period between the disclosure of the annual report and the publication of the report for Q3 on 11 May 2015 the Company received a notification from Aviva OFE Aviva BZ WBK represented by Aviva PTE Aviva BZ WBK S.A. of the increased number of votes at General Meetings above 10%.

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

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

The Issuer's shares or rights to shares held by persons managing and supervising the Issuer's business as at the date when the quarterly report was published, i.e. as at 15 May 2015:

As at 2015-05-15	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	0	0.00%	0	0.00%
		Supervisory Board		
Iwona Przybyło	1 749 052	10.80%	1 749 052	9.99%
Jacek Łapiński	0		0	
Jan Łapiński	0		0	
Radosław Kiełbasiński	0		0	
Andrzej Bator	0		0	
Katarzyna Jażdrzyk	0		0	

In the period from the publication date of the annual report for the financial year 2013/2014 to the publication date of the report for the third quarter 2014/2015, there was a change in the shareholdings of Grzegorz Ochędzan.

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

None of the companies of the Group of AB S.A. is subject to any proceedings pending in court, before an arbitration body, or public administration body concerning liabilities or receivables exceeding 10% of equity.

7. Information on any transaction(s) concluded by the Issuer or its subsidiary with related entities otherwise than on an arm's length basis

In the period from 1 July 2014 to 31 March 2015 there were no transactions other than concluded on an arm's length basis.

8. Information on any loan surety or borrowing or guarantee granted by the Issuer or its subsidiary entities

Within their operations, companies in the Group commissioned issuing of bank guarantees.

	PLN '000
	2015-03-31
Guarantees granted	19 319
Total	**19 319**

The table below presents guarantees in their original amount.

Commissioner	Beneficiary	Guarantee issuer	Currency	Amount	Validity date
AB S.A.	Intel	PKO BP	USD	1 000 000	2016-01-16
AB S.A.	Lenovo (Singapore) Pte Ltd	SEB	USD	1 500 000	2015-07-23
AB S.A.	Wrocław BC Sp. z o. o.	BZ WBK SA	PLN	372 450	2016-01-03
AT Computers, a.s.	Celní ředitelství Ostrava	CITIBANK Europe plc	CZK	500 000	2015-05-22
AT Computers, a.s.	ProLogis czech Republic	CITIBANK Europe plc	EUR	271 000	2016-01-15
AT Computers, a.s.	IBM Belgium Financial Services Com	HSBC Bank plc	EUR	1 866 000	2015-10-01
COMFOR Stores	Palladium Praha s.r.o.	CITIBANK Europe plc	EUR	54 184	2015-09-09
COMFOR Stores	HUTS II s.r.o.	CITIBANK Europe plc	EUR	8 630	2015-05-14
COMFOR Stores	KLEPIERRE CZ, s.r.o.	CITIBANK Europe plc	EUR	11 970	2015-06-20
COMFOR Stores	EKZ Tschechien	CITIBANK Europe plc	EUR	9 539	2015-10-15
COMFOR Stores	FLORA SEN	CITIBANK Europe plc	EUR	6 723	2015-05-14
COMFOR Stores	Pradera SC Futurum Ostrava	CITIBANK Europe plc	EUR	12 015	2015-11-19
COMFOR Stores	Euro Mall Hradec Králové	CITIBANK Europe plc	EUR	12 183	2015-05-14
COMFOR Stores	Best Properties South, a.s.	CITIBANK Europe plc	CZK	156 140	2015-11-19
COMFOR Stores	CEI Building	CITIBANK Europe plc	CZK	221 643	2015-06-20
COMFOR Stores	New Karolina Shopping	CITIBANK Europe plc	CZK	299 000	2015-09-12
COMFOR Stores	Klepierre Plzeň	CITIBANK Europe plc	EUR	7 631	2015-11-19

The table below presents nominal amounts of granted guarantees in the original currencies; the guarantees were provided by AB S.A. and ATC Holding to secure the repayment of loans incurred by subsidiary companies (equivalent guarantees in PLN granted by AB S.A. – PLN 71,500 thousand, and by ATC Holding – PLN 182,620 thousand).

Subsidiary company in favour of which a guarantee has been granted	Beneficiary	Currency	Loan amont
Rekman Sp. z o. o.	BZ WBK SA	PLN	8 500 000
B2B IT Sp. z o. o.	ING	PLN	33 000 000
B2B IT Sp. z o. o.	ING	PLN	15 000 000
B2B IT Sp. z o. o.	ING	PLN	15 000 000
AT Computers, a.s.	KB a.s.	CZK	800 000 000
AT Computers, a.s.	CITIBANK a.s.	CZK	420 000 000
COMFOR Stores	CITIBANK a.s.	CZK	8 934 000

AB S.A. issued a guarantee for its subsidiary company – AT Computers a.s. to Apple Distrubution International with its registered office in Hollyhill Industrial Estate, Hollyhill, Cork (Ireland). The Guarantor guarantees for its subsidiary company – AT Computers a.s. – with respect to the Debtor's financial obligations related to the sales of goods and services provided by the Beneficiary to the Debtor in the performance of distribution agreements (“Apple Authorised Distribution Agreement” and “iPhone Distribution Agreement”). The value of the guarantee amounts to USD 40,000.000 plus expenses that the Beneficiary may incur while claiming its receivables from the Debtor or the Guarantor. The guarantee was granted for one year from signing the agreement and shall be automatically extended for subsequent annual periods unless the Beneficiary receives a written termination of the guarantee from the Guarantor latest 60 days before the end of the annual guarantee validity period.

9. OTHER INFORMATION THAT IS MATERIAL FOR THE EVALUATION OF THE CONDITION IN TERMS OF HUMAN RESOURCES, ASSETS, FINANCE, RESULTS OF THE GROUP AND CHANGES THERETO AS WELL AS INFORMATION THAT IS MATERIAL FOR THE ASSESSMENT OF THE ABILITY OF ITS OBLIGATIONS BY THE PARENT COMPANY

- **Major achievements and failures by the Group**

Revenues generated by the Group in Q3 2015 were 25% up on the equivalent period last year. Profitability of operations grew by 38% year on year from TPLN 16 252 to TPLN 22 425 with the net profit increasing from TPLN 10 631 to TPLN 13 540 achieving a growth rate of 27%. The low level of selling, general, and administrative expenses (SG&A) is still a major element characteristic for the Group. Low SG&A expenses are a major competitive advantage in the demanding sector. The cash conversion cycle was shortened to 32 days from 38 days in the same quarter a year earlier. Special note should also be made of the shorted cycle of receivables from 33 to 26 days. The inventory turnover was reduced from 40 days to 36 days respectively.

Continued growth of sales is a result of a consistently expanded range of offered products and a growing number of commercial partners. The Group has been regularly expanding its product portfolio by adding goods from the IT sector, as well as RTV and household appliances, toys, and it has been expanding sales of its white labels under the TB logo. For a few quarters a growing sales trend in the household appliances segment has been observed. In the segment of large household appliances sales recorded a 2-fold growth in relation to the third quarter of the previous year, over the period of 9 months of the financial year sales recorded over a 2-fold growth, which was due to *inter alia* signing new distribution agreements in Q4 2014 with renowned manufacturers of household appliance, i.e. Amica and Beko and development of the Kakto franchise network.

The Group has also been developing collaboration under long-term distribution agreements in the IT segment and focuses on development by concluding new contracts, e.g. for network products of ZTE and AT&T brands. In November 2014 the Group signed two new contracts with HP – HP Networking and Business Critical System. Under these contracts AB Group customers and partners have access to the full network offer of HP as well as to systems for critical applications based on HP Integrity servers. In addition, customers and partners have access to support provided by engineers and expertise of the HP Design Department employees who specialise, among other things, in HP Networking solutions. The Group also acquired prestigious contracts for distribution of Apple’s iPhones in Poland, the Czech Republic and Slovakia. The Group’s Management Board expected that the new model of iPhone would be received with enthusiasm in Central and Eastern Europe, which translated into an increase in sales and promises further increases in subsequent quarters. The Group’s companies are currently the only broadline distributors of Apple products in Poland, the Czech Republic and Slovakia. The Group’s offer comprises iPhones, iPads, iPods and Mac computers.
The Group has extended the offer of own-brand products with cases for smartphones. Accessories for mobile devices are sold in Poland, the Czech Republic and Slovakia.

Furthermore, the Group intensifies its work on development of the existing franchise networks such as: Alsen in Poland, Comfor and Triline in the Czech Republic and Slovakia, Premio in the Czech Republic, and also launching new ones: in Poland – Kakto (household appliances, audio-video equipment), Optimus (integrators) and Wyspa Skarbów (toys), and in the Czech Republic – Digimax (smart home and mobile solutions). At the moment, the total scale of operations includes more than 1.5 thousand retail outlets. The Group plans to increase the number of points of sale in the Kakto network up to 150 in 2015. As a result of the advantageous takeover of the Digimax franchise network in the Czech Republic, AB Group has increased its expansion objectives to 150 locations by the end of 2016.

Moreover, the Group continues to develop and improve its AB Online platform, which has become one of the most advanced e-commerce solutions in the region. Additionally the Group has created in its online sales panel a household appliances/audio-video equipment zone. The zone comprises sections such as Promotions (for resellers and end customers), News, Products, Offer of the Day (every day 5 products from different equipment categories) and Contact (with details of the personal consultant). The platform has been designed for customers interested only in this product segment. In view of the dynamically increasing role of the e-commerce channel, this indicates flexible and fast reacting to developments in the environment, allowing for consistent implementation of the long-term growth strategy.

One of the most important events for the Group in the reporting period was the issue of 5-year corporate bonds with a total par value of PLN 100,000,000. The maturity date of the bonds falls on 12 August 2019. The interest rate is 1.6 points above WIBOR 6M. Coupons will be disbursed every six months (the first payment was made on 12 February). The bond issue was aimed at diversifying the funding structure and secures the Group's financial plans for the upcoming years. Most of the funds obtained will be allocated for increasing the working capital and expanding the product portfolio. A large portion will also be allocated for financing the investment in the modern distribution centre in Magnice – a project carried out by the subsidiary company B2B IT sp. z o.o. The investment is to be completed by the end of the first half of 2015.

The new solutions in the area of WMS and storage automation implemented as part of the investment in Magnice will be one of the most advanced systems of this type in the region, giving the Group a strong competitive advantage in the market of logistics and e-commerce, where AB has for years been consistently developing and improving comprehensive solutions for its partners.

The situation of the Czech company GK AB – ATC Holding – has been stable. ATC recorded growing sales (in the analysed period by 36 percent yoy on a quarterly basis and by 34 percent yoy year to date in the base currency, thus reinforcing its leading position in the Czech Republic. The sales growth continues to be triggered by sales of notebooks and desktops, and the role of the mobile offer has become more pronounced, including the developing activity in the Telco market. A major increase in the sales of smartphones has been recorded as well as dynamic growth in the sales of servers and network infrastructure. The boom in the enterprise segment continues to have its impact on the market, where the company has been consistently implementing its strategy on long-term market expansion. ATC continues to strengthen its position in the Czech Republic in the retail, SMB, enterprise and Telco segments.

The Rekman company has been reinforcing its position in the toy market by optimising both its sales structures and logistics, as well as by increasing the product portfolio. Additionally, Rekman has been developing its business by expanding collaboration with licensors, among others, with Walt Disney, acquiring exclusive distribution rights for goods of well-known foreign companies (Jakks Pacific, Maerklin, Winning Moves) and acquiring new customers. Rekman is a leading toy distributor in Poland, it has been operating on the market for over 20 years. It collaborates with several hundred trading partners and it offers the broadest assortment of products, coming from a majority of leading global and Polish manufacturers.

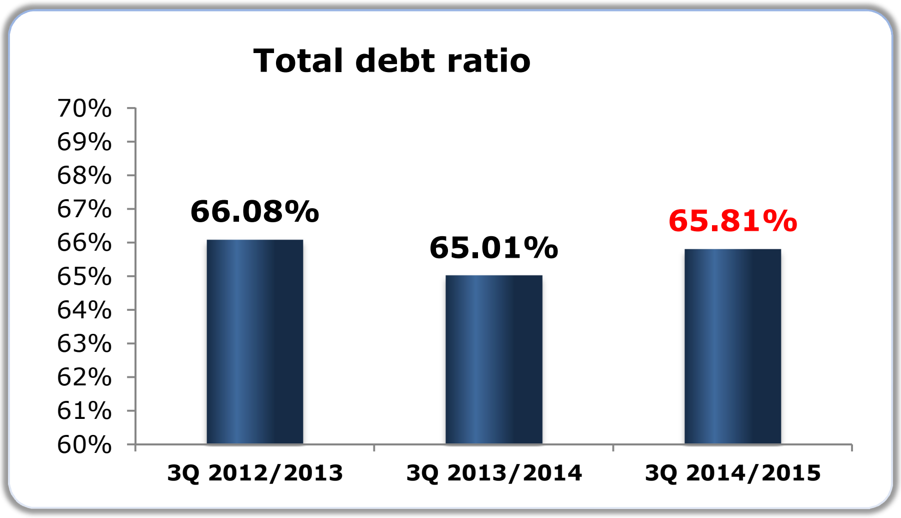
- **ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT WITH JUSTIFICATION**

The IT product distribution model is based on strong involvement of the distributor that offers material values for the manufacturer. In addition to providing access to a full spectrum of sales market channels and support for pre- and after-sales services, provision of lending is one of the most crucial roles of the distributor in this model. The distributor conducts sales largely on the basis of trade credits. Payment terms depend on the customer's creditworthiness, the nature of its activities, sales volumes, and other individually defined parameters. The key role of the distributor is also to maintain the widest possible product offer.

In such a model, working capital management is one of the key competences of a major distributor. AB, as a broadline distributor, maintains positive working capital fulfilling its credit function mentioned above; such characteristics of the business combined with a huge scale of operations determine the amount of receivables, inventories, and liabilities, including interest liabilities, in the Company's balance sheet. Additionally, the dynamic sales growth observed in the recent years, as well as diversification and expansion of the product offer (new distribution agreements) also contribute to an increase in interest debt.
Basic financial results, maintained at optimum levels, reflect AB's very good financial condition and effective management of the Company's financials.

The Management Board pays special attention to FX risk hedging. The nature of its business exposes the Company to material risk relating to currency rate fluctuations, but the hedge accounting implemented by the Company virtually eliminates FX risk. The applied hedging instruments do not generate additional risk related to the high volatility of market conditions, such as options or option strategies. It should be noted that the solutions applied are effective and successfully hedge the Group against currency risk, irrespective of currency rate fluctuations. The high volatility of PLN with respect to EUR and USD observed at the end of Q4 2014 and beginning of Q1 2015 did not affect the Group's currency position or financial performance.
The Company has been managing credit risk in a structured and responsible manner. It applies restrictive receivables policy, verifies merchant limits granted and insures receivables. Thanks to its credit policy, the Company does not have any problems with overdue receivables. At the same time, a conservative approach to valuation of such assets does not create risk of incorrect classification.

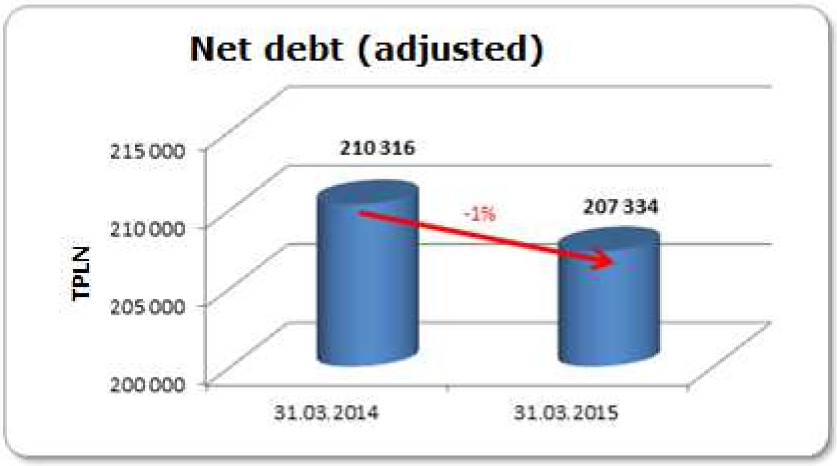
The total debt ratio of the Company as at 31 March 2015 amounted to 65.81% (comparable to the result of the financial year 2013/2014 – 69.86%). Its value as at the end of the period under report is indicative of the Company's reasonable management of financial sources.



AB Group has changed its funding structure. In the analysed period, short-term loans were repaid at AB S.A. and 5-year bonds issued with a total value of PLN 100,000. The short-term loans were allocated for increasing the working capital, while the profits from bond issue largely finance the investment in the new logistic centre in Magnice. Thus, the structure of financing sources has been diversified in view of long-term growth and maintenance on an ongoing basis of the increase of the scale of operations, where profits from sale rose by 21% compared to the corresponding period. This growth was triggered by acquisition of new contracting parties and dynamic expansion of the offer on the basis of new contracts (mainly in the household appliances segment) and expansion of the collaboration by adding new products – Apple's iPhones.
In the last year the Group made substantial financial outlays on the aforementioned investments. The secured funding sources ensure financial safety. To better reflect the level of net debt, excluding the debt resulting from the investment mentioned above, below is presented calculation of the net debt amount adjusted by the outlays on the Magnice centre investment.

Items	31.03.2014	31.03.2015

	TPLN	TPLN
Loans/Borrowings	247 232	219 738
Bonds	0	100 457
Net debt	**221 910**	**277 178**
Investment expenditures in Magnice	11 594	69 844
Net debt adjusted for investment expenditures in Magnice	**210 316**	**207 334**



10. FACTORS THAT IN THE ISSUER'S OPINION WILL AFFECT THE RESULTS TO BE GENERATED IN THE NEXT QUARTER

The Group operates in an environment of material currency fluctuations, the Polish and Czech currencies are largely influenced by information coming from European and non-European economies. The information affects the exchange rates of the currencies in which the Group companies operate as well as prices of products. Forecasts for the Polish economy are highly optimistic, and the 9 months of the financial year analysed as part of this report were characterised by gradual improvement of economic situation in Poland. IN Q3 2014 Poland's GDP grew by 3.3% year over year, in Q4 2014 by 3.1% and in Q1 2015, according to the estimations by the Central Statistical Office, the growth amounted to 3.5%. After the economic slowdown observed in 2012 and 2013, in 2014 Polish economy picked up. Experts estimate than in 2015 the growth rate of Polish economy may amount to 3.3%, triggered for the most part by internal demand, whereas exports will largely depend on the economic situation of neighbouring countries.

The GDP of the Czech Republic in Q3 2014 rose by 2.4% compared to Q3 2013, in Q4 it grew by 1.4% compared to Q4 2013, and in Q1 2015 its growth compared to Q1 2014 amounted to 3.9%. Economic forecasts for the Czech Republic are optimistic. According to the Czech Bank Association, 2015 will see economic growth by 2.4%. The most important factors behind it will be the internal demand for goods and services and investment demand. In April 2015, a Compliance Programme 2015 was filed with the European Commission, which provided for maintaining the rate of public expenses until 2018.

As for Slovakia's GDP, it rose by 3.1% compared to Q1 2014. The signs of economic revival – the greatest in the last 3 years – were visible in 2014 in the increase in capital expenditures and retail consumption. The Organisation for Economic Co-operation and Development expects stable economic growth and drop in unemployment in Slovakia in the upcoming two years. The Secretary-General of OECD announced in November 2014 that economic growth in 2015 would amount to 2.8% and in the next years it would accelerate to 3.4%. According to OECD forecasts, the unemployment rate will be decreasing, dropping to 12.8% in 2015 and to 12.2% in 2016.

The uncertainty in international markets, the conflict in Ukraine and the possibility of imposing harsher sanctions on Russia remain the main risk factors. The economies of the Czech Republic and Slovakia are largely dependent on exports, which in case of higher volatility may determine the scale of economic activity in the upcoming periods.

Another potentially significant factor for the Group are the current developments in the IT and toy markets. According to forecast, the average annual growth rate of the IT market in Central and Eastern Europe in the period 2015-2018 will be 4.5%. The IT market in Poland has been growing with each year and has become one of the major and strongest industries of the domestic economy, having good foundations and prospects for further growth. Research conducted by PMR has shown that outlays on IT are continuously increasing in Poland. The largest segment in the market is still that of mobile devices (mobile phones, tablets) and certain consumer electronics products (e.g. consoles). It is estimated that in the next years Poland will become the second largest (after Russia) IT market in Central and Eastern Europe. In 2017 the Polish IT market is to reach the value of over PLN 50 billion, with the growth triggered by e.g. cloud services. According to Gartner's estimates, global outlays on IT in 2015 are to reach USD 3.83 billion. The toy market in Poland continues to grow – the forecasts for 2015 indicate a 5% growth. In Europe, the toy market in 2014 recorded a growth by 4% compared to the previous year, and the highest growth was reported for Poland – 8%.

The improving situation in the labour market and dropping unemployment rate will trigger increased expenditures of households. In 2015, unemployment is expected to further decrease, although it will still be over 10% in Poland. The situation in the IT distribution market may be another major factor – the existing competition has cut down the margins to low levels. Commercial terms of transactions and organisational and logistics support are becoming increasingly important.
The reversal of the unfavourable GDP growth trend, growing consumption and low interest rates allow us to assume that the overall macroeconomic situation will improve in the Group's core markets. Economists predict that this trend will prevail in the next few quarters, which should theoretically be reflected in the entire Group's performance.

The above macroeconomic circumstances materially impact development decisions taken by the Group's companies. The macroeconomic hurdles keep motivating the Group to continue its activity relying on its strong market position. Being a distribution leader in the IT sector, the AB Group has been endeavouring to maintain and consolidate its market position with a view to financial security. The Group keeps diversifying its market risk by offering a large product portfolio which makes the Group attractive as a supplier. The core advantages in the IT market are the price and commercial terms of transactions, which, with the standardised products, means competition in term of margin and costs. Such conditions obviously translate into profitability levels achieved. The fact has been visible in the financials for the nine months of the financial year of 2014-15.

Carrying operations in three countries – Poland, 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 adverse changes in one of the markets. Additionally, the operations within the Group generate major synergies and unifications at various organisational and market levels.
As a result of the approved strategy, the Company's financial standing has been growing stronger each year.

INTERNAL FACTORS

- Consistent implementation of the approved development strategy.
- Maintenance and further development of the largest possible product portfolio – as part of the adopted market strategy, aimed at increasing sales and improving partners' loyalty.
- Continuous work on optimising inventory management, working capital, and logistics resulting in the lowest SGA to income ratio in the sector.
- Simultaneous expansion in multiple sales channels: resellers, e-commerce, large retail networks, public administration, corporate customers, integrators, franchise network, and export sales.
- Hedge accounting applied to eliminate foreign currency risk, and an effective hedging policy against foreign currency risk.
- Provision of additional services to partners (e.g. training, certifications, outsourcing of logistic processes, sales platforms, and joint marketing initiatives), which allow the Group to win their loyalty and generate higher margins.
- Maintenance of debts at an optimum level ensuring financial safety on the one hand, and allowing for stable growth, with a dynamically growing scale of operations, on the other.

- Ensuring stable funding sources in the long-term perspective.
- Strict receivables policy guaranteeing that the Group's liquidity will remain at a high level.
- Use of the Company's leading position on the 3 markets: Polish, Czech, and Slovak– economies of scale, strong negotiation position.
- Expansion of the circle of counterparties (new distribution agreements) and commercial partners.
- Diversification of the product groups to include new categories from outside the new technologies segment (such as household appliances and audio/video devices, stationery and consumables, toys).

EXTERNAL FACTORS

- Unstable macroeconomic situation on the European markets which results from debt crisis and the political crisis in Ukraine.
- Continued high volatility in foreign currency markets, primarily with respect to the following exchange rates: EUR/PLN and USD/PLN, as well as EUR/CZK and USD/CZK.
- Unstable economic situation of eastern and western neighbouring countries.
- End of recession in the Czech Republic and accelerating GDP growth.
- Improvement of the core macroeconomic indicators – retail sales, GDP, PMI, which optimistically augurs for the future.
- Maintenance of low interest rates should stimulate the consumer credit market within the next year, which may translate into sales growth by the Group
- Quick technological development.
- Strong competition, resulting in pressure on prices and generated margins.
- Consolidation of the market.

11. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

Date	First and last name	Position / function	Signature
15.05.2015	*Andrzej Przybyło*	PRESIDENT OF THE MANAGEMENT BOARD	
15.05.2015	*Krzysztof Kucharski*	MEMBER OF THE MANAGEMENT BOARD	
15.05.2015	*Zbigniew Mądry*	MEMBER OF THE MANAGEMENT BOARD	
15.05.2015	*Grzegorz Ochędzan*	MEMBER OF THE MANAGEMENT BOARD	
15.05.2015	*Danuta Uzarska*	CHIEF ACCOUNTANT	