Quarterly report containing interim financial statements of the Capital Group for Q4 2011-2012

covering the period from 01-04-2012 to 30-06-2012

Publication date: 29 August 2012

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I) SELECTED CONSOLIDATED FINANCIAL DETAILS

	PLN '000		EUR '000	
	4 quarters accumulated data for the period 01.07.11 to 30.06.12	4 quarters accumulated data for the period 01-07-10 to 30.06.11	4 quarters accumulated data for the period 01.07.11 to 30.06.12	4 quarters accumulated data for the period 01.07.10 to 30.06.11
Sales revenues	4 337 555	3 562 156	1 016 106	893 689
Profit / (loss) on operations	81 448	61 411	19 080	15 407
Profit (loss) before income tax	60 505	63 990	14 174	16 054
Net profit (loss)	47 912	52 707	11 224	13 223
Net profit (loss) attributable to shareholders of the parent company	47 876	52 695	11 215	13 220
Net profit (loss) attributable to minority shareholders	36	12	8	3
Total comprehensive income	48 736	54 766	11 417	13 740
Total income attributable to shareholders of the parent company	48 700	54 754	11 408	13 737
Total income attributable to minority shareholders	36	12	8	3
Net cash flows from operating activities	-2 026	-6 388	-475	-1 603
Net cash flows from investment activities	-10 024	-16 018	-2 348	-4 019
Net cash flows from financing activities	12 250	20 236	2 870	5 077
Total net cash flows	200	-2 170	47	-544
Profit (loss) per ordinary share (PLN/EUR)	2,96	3,26	0,69	0,8
Diluted profit (loss) per share (PLN/EUR)				
Number of shares (pcs.)	16 187 644	16 334 002	16 187 644	16 334 002
	PLN '000		EUR '000	
	As at 30.06.2012	As at 30.06.2011	As at 30.06.2012	As at 30.06.2011
Total assets	1 088 232	909 768	255 376	228 206
Equity attributable to shareholders of the parent company	382 144	333 444	89 678	83 641
Equity attributable to non-controlling shareholders	141	141	33	35
Total equity	382 285	333 585	89 711	83 677
Long-term liabilities	6 246	6 067	1 466	1 522
Short-term liabilities	699 701	570 116	164 199	143 008
Total liabilities	705 947	576 183	165 665	144 530
Book value per share (PLN/EUR)	23,61	20,66	5,54	5,18
Diluted book value per share				

NBP average fx rate of 30.06.12:	4,2613	PLN/EUR
NBP average fx rate of 30.06.11:	3,9866	PLN/EUR
Average fx rate for the period 01.07-30.06.2012	4,2688	PLN/EUR
Average fx rate for the period 01.07-30.06.2011	3,9859	PLN/EUR

II) SELECTED STAND-ALONE FINANCIAL DETAILS

	PLN '000		EUR '000	
	4 quarters accumulated data for the period 01.07.11 to 30.06.12	4 quarters accumulated data for the period 01.07.10 to 30.06.11	4 quarters accumulated data for the period 01.07.11 to 30.06.12	4 quarters accumulated data for the period 01.07.10 to 30.06.11
I. Net revenues from sale of goods and materials	2 715 430	2 207 327	636 111	553 784
II. Profit (loss) on operations	48 036	32 280	11 253	8 099
III. Gross profit / (loss)	39 588	45 485	9 274	11 411
IV. Net profit (loss)	34 597	39 961	8 105	10 026
V. Net cash flows from operating activities	-16 342	-6 703	-3 828	-1 682
VI. Net cash flows from investing activities	10 686	-6 300	2 503	-1 581
VII. Net cash flows from financing activities	7 536	9 134	1 765	2 292
VIII. Total net cash flows	1 880	-3 869	440	-971
	PLN '000		EUR '000	
	As at 30.06.2012	As at 30.06.2011	As at 30.06.2012	As at 30.06.2011
IX. Total assets	783 502	650 410	183 865	163 149
X. Liabilities and provisions	492 320	393 470	115 533	98 698
XI. Long-term liabilities				
XII. Short-term liabilities	488 674	389 923	114 677	97 808
XIII. Equity	291 182	256 940	68 332	64 451
XIV. Share capital	16 188	16 334	3 799	4 097
XV. Number of shares (pcs.)	16 187 644	16 334 002	16 187 644	16 334 002
XVI. Profit (loss) per ordinary share (PLN/EUR)	2,14	2,45	0,50	0,61
XVII. Diluted profit (loss) per share (PLN/EUR)	2,14	2,47	0,50	0,62
XVII. Book value per share (PLN/EUR)	17,99	15,73	4,22	3, 95
XVIII. Diluted book value per share	17,99	15,91	4,22	3,99

NBP average fx rate of 30.06.12:	4,2613	PLN/EUR
NBP average fx rate of 30.06.11:	3,9866	PLN/EUR
Average fx rate for the period 01.07-30.06.2012	4,2688	PLN/EUR
Average fx rate for the period 01.07-30.06.2011	3,9859	PLN/EUR

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

IV) Consolidated profit and loss account for the period ended 30 June 2012

	3 months ended 30/06/2012	12 months ended 30/06/2012	3 months ended 30/06/2011	12 months ended 30/06/2011
	PLN ’000	PLN ’000	**PLN ’000**	PLN ’000
Continued operations				
Sales revenues	**963 172**	4 337 555	**800 924**	3 562 156
Internal cost of sales	**-925 754**	-4 115 648	**-750 255**	-3 367 302
Gross profit (loss) on sales	**37 418**	**221 907**	**50 669**	**194 854**
Cost of sales	**-23 938**	-103 645	**-24 469**	-79 985
Overheads	**-6 843**	-28 835	**-8 519**	- 27 523
Other operating income	**7 418**	10 538	**1 552**	15 139
Other operating expenses		-18 517	**-7 426**	-41 074
Profit / (loss) on operations	**14 055**	**81 448**	**11 807**	**61 411**
Financial revenues	**4 049**	21 992	**3 292**	17 254
Financial expenses	**-7 661**	-42 935	**- 4 566**	-14 675
Profit on disposal of affiliated entities				
Share in profit of affiliated entities				
Profit (loss) before income tax	**10 443**	**60 505**	**10 533**	**63 990**
Income tax	**-2 526**	-12 593	**-2 268**	-11 283
Net profit (loss) on continued operations	**7 917**	**47 912**	**8 265**	**52 707**

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Discontinued operations

Net profit (loss) on discontinued operations				
Net profit (loss)	**7 917**	**47 912**	**8 265**	**52 707**
Net profit / loss attributable to:				
Shareholders of the parent company	**7 894**	47 876	**8 254**	52 695
Non-controlling shareholders	**23***	36*	**11**	12
	7 917	47 912	**8 265**	**52 707**

* Net loss of non-controlling shareholders

V) CONSOLIDATED TOTAL INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

	3 months ended 30/06/2012	12 months ended 30/06/2012	3 months ended 30/06/2011	12 months ended 30/06/2011
	PLN '000	PLN '000	PLN '000	PLN '000
Net profit (loss)	**7 917**	**47 912**	**8 265**	**52 707**
Other total income				
FX differences from translation of foreign entities	-958	1 756	-268	2 059
Valuation of financial assets available for resale				
Hedging accounting	-3 126	- 932		
Revaluation of fixed assets				
Actuarial profit and loss				
Share in other total income of affiliated entities				
Income tax on other total income				
Other total income (net)				
Total income	**3 833**	**48 736**	**7 997**	**54 766**

Total income attributable to:				
Shareholders of the parent company	3 810	48 700	7 986	54 754
Non-controlling shareholders	23*	36*	11	12
Total income	**3 833**	**48 736**	7 997	54 766

VI) CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2012

	As at	
	30/06/2012 PLN '000	30/06/2011 PLN '000
ASSETS		
Fixed assets		
Tangible fixed assets	94 363	93 683
Goodwill	41 980	41 400
Other intangible assets	25 502	25 471
Long-term investments	452	452
Deferred income tax asset	4 307	5 627
Receivables under financial leasing		
Other financial assets	1	41
Other assets		
Total fixed assets	**166 605**	**166 674**
Current assets		
Inventories	402 762	319 083
Trade and other receivables	498 163	405 351
Receivables under financial leasing		
Derivatives		
Other financial assets	393	11
Other assets	3 672	2 212
Cash and cash equivalents	16 637	16 437
Total working assets	**921 627**	**743 094**
Total assets	**1 088 232**	**909 768**

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LIABILITIES	30/06/2012 PLN '000	30/06/2011 PLN '000
Equity		
Issued share capital	16 188	16 334
Treasury shares		-838
Reserve capital	140 398	140 158
Reserve funds	133 038	92 013
Revaluation of cash flow hedges	-932	
Retained profit	93 452	85 777
Equity attributable to shareholders of the parent company	382 144	333 444
Equity attributable to non-controlling shareholders	141	141
Total equity	**382 285**	**333 585**
Long-term liabilities		
Long-term bank loans and borrowings		
Finance lease liabilities		
Pension benefits		
Deferred income tax provision	6 246	6 067
Long-term provisions		
Total long-term liabilities	**6 246**	**6 067**
Short-term liabilities		
Trade and other payables	492 259	382 692
Short-term bank loans and borrowings	199 891	175 752
Finance lease liabilities		
Other financial liabilities.	964	31
Current tax liability	413	434
Short-term provisions	6 174	11 207
Total short-term liabilities	**699 701**	**570 116**
Total liabilities	**705 947**	**576 183**
Total liabilities	**1 088 232**	**909 768**

VII) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

	Share capital	Treasury shares	Reserve capital	General reserve capital	Revaluation reserve of managerial options	FX conversion reserve capital	Total reserve capital	Retained profit	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling shareholders	Total equity
	PLN ’000	PLN ’000	PLN ’000	PLN ’000	PLN ’000	PLN ’000	PLN ’000	PLN ’000	PLN ’000	PLN ’000	PLN ’000
As at 1 July 2010	16 295	-838	139 632	49 777	108	23 967	73 852	54 554	283 495	127	283 622
Issue of ordinary shares	39								39		39
Costs of share issue											
Purchase of treasury shares											
Managerial option scheme			108		-108		-108				
Net profit / loss for the period								52 695	52 695	12	52 707
Profit distribution for the preceding financial year			418	16 210			16 210	-16 628			
FX differences from translation of foreign entities						2 059	2 059		2 059		2 059
Hedging accounting											
Revaluation of fixed assets											
Income tax on other total income											
Other										2	2
Dividend distribution											
Total recognised income and expenses								-4 844	-4 844		-4 844
As at 30 June 2011	16 334	-838	140 158	65 987		26 026	92 013	85 777	333 444	141	333 585

	Share capital	Treasury shares	Cash received from decrease in share capital	Reserve capital	General reserve capital	Cash received from revaluation of cash flow hedges	FX conversion reserve capital	Total reserve capital	Retained profit	Equity attributable to shareholders of the parent company	Equity attributable to non-controlling shareholders	Total equity
As at 1 July 2011	16 334	-838		140 158	65 987	-	26 026	92 013	85 777	333 444	141	333 585
Costs of share issue												
Purchase of treasury shares												
Valuation of managerial option scheme												
Net profit / loss for the period									47 876	47 876	36	47 912
Profit distribution for the preceding financial year				240	39 961			39 961	-40 201			
FX differences from translation of foreign entities							1 756	1 756		1 756		1 756
Net cash flow hedge						-932		-932		-932		-932
Revaluation of fixed assets												
Income tax on other total income												
Purchase of subsidiary company												
Other redemption of shares	-146	838	146		-146			-146		692		
Dividend distribution					-692			-692		-692	-36	-36
Total recognised income and expenses												
As at 30 June 2012	16 188	0	146	140 398	105 110	-932	27 782	131 960	93 452	382 144	141	382 285

VIII) CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

	12 months ended 30/06/2012 PLN '000	12 months ended 30/06/2011 PLN '000
Cash flow from operating activities		
Gross profit (loss)	60 505	63 990
Financial expenses recognised in the total income statement	11 889	9 304
Depreciation / amortisation	10 104	9 123
Profit (loss) on investments	-30	-72
FX profit (loss)	-377	1 458
	82 091	83 803
Change in working capital		
Change in trade receivables	-92 812	-87 390
Change in other receivables		
Change to inventories	-83 679	-27 889
Change in other assets	-1 376	435
Change in trade payables	109 567	38 198
Change to provisions	-5 033	-725
Other adjustments		
	-73 333	-77 371
Cash generated from operating activities	8 758	6 432
Interest paid		
Corporate income tax paid	-10 784	-12 820
Net cash from operating activities	-2 026	-6 388
Cash flows from investing activities		
Payables for purchased financial assets		
Inflow from disposal of financial assets		
Interest received		
Loans disbursed	-483	-55
Loans repaid	141	600
Payment for tangible fixed assets	-8 996	-15 755
Inflow from disposal of tangible fixed assets	294	358
Payments for intangible assets	-980	-1 166
Cash generated from investing activities	-10 024	-16 018
Cash flows from financing activities		
Inflow from issues of debt securities		
Inflow from share issues		39
Costs of share issues		
Loans/borrowings received	24 139	34 345
Loans/borrowing repaid		
Interest	-11 889	-9 304
Dividend distribution		-4 844
Purchase of treasury shares		
Net cash flows from financing activities	12 250	20 236
Net change in cash and cash equivalents	**200**	**-2 170**
Cash and cash equivalents at beginning of period	16 437	18 607
Cash and cash equivalents at end of period	16 637	16 437

IX) BALANCE SHEET (STAND-ALONE)

	ASSETS [TPLN]	As at 2012/06/30	2012/03/31	2011/06/30
I	**Fixed assets**	**178 495**	**179 952**	**183 391**
1	Intangible assets	545	929	2 010
	-Goodwill			
2	Tangible fixed assets	58 323	59 331	60 193
3	Long-term receivables			
3.1	From related entities			
3.2	From other entities			
4	Long-term investments	119 049	118 296	120 051
4.1	Real estate	452	452	452
4.2	Intangible assets			
4.3	Long-term financial assets	118 597	117 844	119 599
a)	in related entities, of which:	118 597	117 844	119 559
	- shares in subsidiaries are measured with the equity method			
	- loans granted	2 748	1 994	10 710
b)	in other entities			40
	- loans granted			40
4.4	Other long-term investments			
5	Long-term prepayments	578	1 396	1 137
5.1	Deferred income tax asset	578	1 396	1 137
5.2	Other prepayments and accruals			
II	**Current assets**	**605 007**	**639 937**	**467 019**
1	Inventories	276 916	301 503	222 327
2	Short-term receivables	315 400	324 921	234 444
2.1	From related entities	7 590	26 614	7 514
2.2	From other entities	307 810	298 307	226 930
3	Short-term investments	11 662	12 405	9 400
3.1	Short-term financial assets	11 662	12 405	9 400
a)	in related entities			
b)	in other entities	393		11
c)	cash and cash equivalents	11 269	12 405	9 389
3.2	Other short-term investments			
4	Short-term prepayments	1 029	1 108	848
	TOTAL ASSETS	**783 502**	**819 889**	**650 410**

	LIABILITIES [TPLN]	2012/06/30	2012/03/31	2011/06/30
I	**Equity**	**291 182**	**290 296**	**256 940**
1	Share capital	16 188	16 188	16 334
2	Called up share capital not paid (negative value)			
3	Treasury shares (negative figure)			-838
4	Reserve capital	135 503	135 503	135 503
5	Revaluation reserve	-355	1 759	
6	Other reserve capital	105 249	105 249	65 980
7	Retained profit (accumulated loss)			
8	Net profit (loss)	34 597	31 597	39 961
9	Net profit distributions during the financial year (negative value)			

II	**Liabilities and provisions for liabilities**	**492 320**	**529 593**	**393 470**
1	Provisions for liabilities	3 646	10 124	3 547
1.1	Deferred income tax provision		413	
1.2	Provision for pension benefits and similar		205	205
a)	long-term			
b)	short-term			
1.3	Other provisions	3 646	9 506	3 342
a)	long-term			
b)	short-term			
2	Long-term liabilities			
2.1	Towards related entities			
2.2	Towards other entities			
3	Short-term liabilities	488 674	519 469	389 923
3.1	Towards related entities	1 980	3 582	321
3.2	Towards other entities	486 222	515 745	389 227
3.3	Special funds	472	142	375
4	Accruals			
4.1	Negative goodwill			
4.2	Other prepayments and accruals			
a)	long-term			
b)	short-term			
	Total liabilities	**783 502**	**819 889**	**650 410**

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

			As at	
	[TPLN]	2012/06/30	2012/03/31	2011/06/30
1	**Contingent receivables**			
1.1	From related entities as			
	- guarantees and sureties received			
1.2	From other entities as			
	- guarantees and sureties received			
2	**Contingent liabilities**	**25 392**	**26 421**	**12 573**
2.1	Towards related entities as			
	- guarantees and sureties received			
2.2	Towards other entities as	25 392	26 421	12 573
	- guarantees and sureties issued :	25 392	26 421	12 573
3	Other - factoring	50 601	53 925	76 739
	Total off-balance sheet items	**75 993**	**80 346**	**89 312**

XI) PROFIT AND LOSS ACCOUNT (STAND-ALONE)

	[TPLN]	from 01.04.12 to 30.06.12	from 01.07.11 to 30.06.12	from 01.04.11 to 30.06.11	from 01.07.10 to 30.06.11
I	Net revenues from the sale of products, goods and materials, of which:	642 427	2 715 430	511 661	2 207 327
	- from related entities	29 592	124 770	21 443	87 860
1	Net sales revenues	19 513	71 993	9 758	54 549
2	Net revenues from sale of products and materials	622 914	2 643 437	501 903	2 152 778
II	Costs of sold products, goods, materials, of which:	619 408	2 607 095	486 911	2 113 899
1	Manufacture costs of sold products	19 466	71 757	9 723	54 409
2	Goods and materials sold	599 942	2 535 338	477 188	2 059 490
III	**Gross profit (loss) on sales (I-II)**	**23 019**	**108 335**	**24 750**	**93 428**
IV	**Costs of sale**	**11 307**	**36 213**	**6 734**	**24 937**
V	**Overheads**	**3 183**	**13 250**	**4 522**	**11 892**
VI	**Profit (loss) on sales (III-IV-V)**	**8 529**	**58 872**	**13 494**	**56 599**
VII	**Other operating income**	**1 961**	**5 042**	**1 188**	**12 815**
1	Profit on disposal of non-financial fixed assets	2	12		
2	Subsidies				
3	Other operating income	1 959	5 030		12 815
VIII	**Other operating expenses**	**-769**	**15 878**	**8 723**	**37 134**
1	Loss on sale of non-financial fixed assets				30
2	Revaluation of non-financial assets		7		824
3	Other operating expenses	-769	15 871		36 280
IX	**Profit / (loss) on operations (VI+VII-VIII)**	**11 259**	**48 036**	**5 959**	**32 280**
X	Financial revenues	282	14 902	2 486	24 249
1	Dividends and profit distributions, of which:		13 688		11 060
	- from related entities		13 688		11 060
2	Interest, of which:	127	1 036	196	2 616
	- from related entities		102		
3	Profit on disposal of investments				
4	Revaluation of investments				
5	Other	155	178	2 290	10 573
XI	Financial expenses	8 195	23 350	3 634	11 044
1	Interest, of which:	3 695	13 836	3 333	10 214
	- for related entities				
2	Loss on disposal of investments				
3	Revaluation of investments				
4	Other	4 500	9 514	301	830
XII	**Profit / (loss) on business operations (IX+X-XI)**	**3 346**	**39 588**	**4 811**	**45 485**
XIII	**Net extraordinary profit/loss (XIII.1. - XIII.2.)**				
1	Extraordinary profit				
2	Extraordinary loss				
XIV	**Gross profit (loss) (XII+/-XIII)**	**3 346**	**39 588**	**4 811**	**45 485**
XV	**Income tax**	**346**	**4 991**	**1 262**	**5 524**
a)	current part	-555	4 348	430	5 420
b)	deferred part	901	643	832	104
XVI	**Other obligatory profit decrease (loss increase)**				
XVII	**Share in profit (loss) of subsidiary companies**				
XVIII	**Net profit (loss) (XIV-XV-XVI+/-XVII)**	**3 000**	**34 597**	**3 549**	**39 961**

Ul. Kościerzyńska 32, 51-416 Wrocław, Tel (+48 71) 3240 500, fax (+48 71) 32 40 529, 78 90 529, www.ab.pl
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XII) CHANGES IN EQUITY (STAND-ALONE)

	[TPLN]	from 01.04.12 to 30.06.12	from 01.07.11 to 30.06.12	from 01.04.11 to 30.06.11	from 01.07.10 to 30.06.11
I	**Equity at the beginning of the period (OB)**	**290 296**	**256 940**	**253 235**	**221 784**
a)	Changes to applied accounting rules (policies)				
b)	Adjustment of manifest errors				
I.a	**Equity at beginning of period, after reconciliation with comparable data**	**290 296**	**256 940**	**253 235**	**221 784**
1	Share capital at beginning of period	16 188	16 334	16 295	16 295
1.1	Changes in share capital		-146	39	39
a)	increases (due to)			39	39
	- share issue				
b)	decreases (due to)				
	- share redemption		-146		
			-146		
1.2	Share capital at end of period	16 188	16 188	16 334	16 334
2	Due contributions to the share capital at the beginning of the period				
2.1	Changes in due contributions to share capital				
a)	increases (due to)				
b)	decreases (due to)				
2.2	Due contributions to share capital at end of period				
3	Treasury shares at beginning of period		-838	-838	-838
3.1	Changes in treasury shares				
a)	increases (due to)				
b)	decreases (due to)		838		
3.2	Treasury shares at end of period		0	-838	-838
4	Reserve capital at the beginning of the period	135 503	135 503	135 503	135 503
4.1	Changes in reserve capital				
a)	increases (due to)				
	- share issue above par value				
	- (statutory) profit distribution				
	- profit distribution in excess of statutory minimum value				
b)	decreases (due to)				
	- costs of share issue				
4.2	Reserve capital at end of period	135 503	135 503	135 503	135 503
5	Revaluation capital at the beginning of the period	1 759			
5.1	Changes in revaluation capital	2 114			
a)	increases (due to)				
b)	decreases (due to)	2 114	355		
	- hedging accounting	2 114	355		

5.2	Revaluation capital at end of period	-355	-355		
6	Other reserves at the beginning of the period	105 249	65 980	65 980	49 770
6.1	Changes in other reserves		39 269		16 210
a)	increases (due to)		39 961		16 210
	profit transfer for the preceding period		39 961		16 210
	Payments for share capital				
b)	decreases (due to)		692		
	- share redemption		692		
6.2	Other reserves at end of period	105 249	105 249	65 980	65 980
7	Retained profit (loss) at beginning of the period	31 597	39 961	36 295	21 054
7.1	Retained profit at beginning of period	31 597	39 961	36 295	21 054
a)	changes to applied accounting rules (policies)				
b)	adjustment of manifest errors				
7.2	Retained profit at beginning of period after reconciliation with comparable data				
a)	increases (due to)				
	- retained profit distribution				
b)	decreases (due to)		39 961		21 054
	distribution of retained profit		39 961		21 054
	increase of reserve capital				16 210
	dividend distribution				4 844
7.3	Retained profit at end of period			36 295	
7.4	Retained loss at beginning of period				
a)	changes to applied accounting rules (policies)				
b)	adjustment of manifest errors				
7.5	Retained loss at beginning of period after reconciliation with comparable data				
a)	increases (due to)				
	- transfer of accumulated loss for coverage				
b)	decreases (due to)				
7.6	Retained loss at end of period				
7.7	Retained profit / loss at end of period	31 597		36 295	
8	Net result	3 000	34 597	3 549	39 961
a)	net profit	3 000	34 597	3 549	39 961
b)	net loss				
c)	profit write-offs				
II	**Equity at end of period (CB)**	**291 182**	**291 182**	**256 823**	**256 940**
III	**Equity after suggested profit distribution (loss coverage)**	**291 182**	**291 182**	**256 823**	**256 940**

XIII) CASH FLOW STATEMENT (STAND-ALONE)

	[TPLN]	from 01.04.12 to 30.06.12	from 01.07.11 to 30.06.12	from 01.04.11 to 30.06.11	from 01.07.10 to 30.06.11
A	**Cash flow from operating activities**				
I	**Net profit**	**3 000**	**34 597**	**3 549**	**39 961**
II	**Total adjustments:**	**-15 441**	**-50 939**	**40 444**	**-46 664**
1	Share in profit (loss) of subsidiary companies	-13 688	-13 688		-11 060
2	Depreciation / amortisation	1 745	6 915	1 612	6 182
3	FX profit (loss)	-513	-467	-158	199
4	Interest and share in profit (dividend)	2481	9 876	1 908	7 279
5	Profit/loss on investing activities	6	-4	-3	30
6	Change to provisions	-6 478	99	-6 412	-21
7	Change to inventories	24 587	-54 589	31 647	-52 881
8	Change to receivables	9 521	-80 956	64 554	-45 031
9	Change in short-term liabilities with the exception of loans	-34 083	81 413	-53 476	48 381
10	Change to accruals	981	462	772	258
11	Other adjustments				
III	**Net cash flows from operating activities**	**-12 441**	**-16 342**	**43 993**	**-6 703**
B.	**Cash flow from investing activities**				
I	**Inflows**	**13 707**	**16 289**	**9**	**11 728**
1	Sale of intangible assets and tangible fixed assets	2	100	4	68
2	Disposal of investments in real estate and intangible assets				
3	Of financial assets, of which:	13 705	16 189		11 660
a)	in related entities	13 688	16 048		11 420
	- disposal of financial assets				
	- dividend and profit distributions	13 688	13 688	4	11 060
	- repayment of long-term loans granted				360
	- interest				
	- other inflows from financial assets				
	- dividend and profit distributions				
	- repayment of long-term loans granted		2 360		
	- interest				
	- other inflows from financial assets				
b)	in other entities	17	141	5	240
	- disposal of financial assets				
	- dividend and profit distributions				
	- repayment of long-term loans granted	17	141	5	240
	- interest				
	- other inflows from financial assets				
	- dividend and profit distributions				
	- repayment of long-term loans granted				
	- interest				
	- other inflows from financial assets				
4	other investment inflows				
II	**Outflows**	**3 100**	**5 603**	**15 285**	**18 028**
1	Purchase of intangible assets and tangible fixed assets	1 936	3 722	1 440	3 338
2	Purchase of investments in real estate and intangible assets				
3	Financial assets	1 164	1 881	13 845	14 690
a)	in related entities	1 164	1 398	13 805	14 635
	- purchase of financial assets			3 945	3 945
	- long-term loans granted	1 164	1 398	9 860	10 690
b)	in other entities		483	40	55
	- purchase of financial assets				
	- long-term loans granted		483	40	55
4	Other investment outflows				

III	**Net cash flows from investing activities**	**10 607**	**10 686**	**-15 276**	**-6 300**
C	**Cash flows from financing activities**				
I	Inflows	3 362	17 412	39	21 257
1	Net inflows from issues of shares and other equity instruments			39	39
2	Credits and loans	3 362	17 412		21 218
3	Issue of debt securities				
4	Other financial inflows				
II	**Outflows**	**2 664**	**9 876**	**25 090**	**12 123**
1	Purchase of treasury shares				
2	Dividend and other distributions to shareholders				4 844
3	Other profit distributions				
4	Repayment of credits and loans			23 182	
5	Redemption of debt securities				
6	Other financial liabilities				
7	Payments under financial leasing contracts				
8	Interest	2 664	9 876	1 908	7 279
9	Other financial outflows				
III	**Net cash flows from financing activities**	**698**	**7 536**	**-25 051**	**9 134**
D	**Total net cash flows**	**-1 136**	**1 880**	**3 666**	**-3 869**
E	**Balance sheet change in cash, of which:**	**-1 136**	**1 880**	**3 666**	**-3 869**
	- change in cash due to FX differences				
F	**Cash at beginning of period**	**12 405**	**9 389**	**5 723**	**13 258**
G	**Cash at end of period, of which:**	**11 269**	**11 269**	**9 389**	**9 389**
	- restricted cash	340	340	280	280

XIV) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE

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

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

2. APPLIED ACCOUNTING RULES

- **Going concern assumption**

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

- **Functional currency and reporting currency**

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

- **Consolidation basis**

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

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

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

Whenever required, financial statements of subsidiary or affiliated entities are adjusted to make the accounting rules applied by these entities compliant with the rules applied by other Group entities.

All transactions, balances, revenues and expenses between the consolidated entities are fully eliminated for consolidation purposes.

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

- **Business Combinations**

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

- **Goodwill**

Goodwill from acquisition results from a surplus of acquisition costs as at the take-over date over the Group's share in the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary or affiliated entity or joint venture recognised as at the acquisition date.

Goodwill is initially recognised as an asset at cost and is subsequently valued at cost reduced by accumulated impairment.

- **Recognition of sales revenues**

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

Sales of goods

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

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

Provision of services

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

Interest and dividend income

Dividend income is recognised when shareholders are granted the right to receive dividend.

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

- **Foreign currencies**

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

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

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

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

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

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

- **Borrowing costs**

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

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

- **Costs of future pension benefits**

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

- **Taxation**

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

Current income tax

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

Deferred income tax

Deferred income tax is calculated using the balance sheet liability method as a tax payable or refundable in the future taking into account differences between book value of assets and liabilities and the corresponding tax values used to calculate the taxation base.
Deferred income tax provision is recognised on all positive temporary taxable differences while the deferred income tax asset is recognised at a probable reduction amount of future taxable profit by recognised negative temporary differences. No deferred income tax asset or provision is recognised when the temporary difference arises from goodwill or due to original recognition (apart from recognition after business combinations) of another asset or liability item in a transaction that does not affect tax or book profit.

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

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

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

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

Current and deferred income tax for the current accounting period

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

- **Tangible fixed assets**

Fixed assets and fixed assets under construction are originally recognised at acquisition cost or manufacturing cost.
As at the balance sheet date, fixed assets are recognised at acquisition cost or manufacturing cost reduced by accumulated depreciation and impairment write-downs.
As at the balance sheet date, fixed assets under construction are recognised at acquisition cost or manufacturing cost.
Depreciation rates are applied in order to write-down the acquisition cost or manufacturing cost of assets other than fixed assets under construction. Such write-downs are made with the linear method throughout the economic life of each item starting from the month following the month such fixed asset was taken over for use. Estimated useful life, residual values and depreciation methods are subject to review at the end of each year and the results of such changes to estimates are recognised prospectively.
In accordance with the materiality principle, fixed asset with initial value under PLN 2,500 is expensed the month following the month such fixed asset was taken over for use.
Assets held pursuant to financial leasing contracts are depreciated for the period of their anticipated useful economic life in accordance with the same principles as owned assets, however not longer than for the term of the leasing contract.
Profit or loss resulting from disposal / liquidation or discontinued use of tangible fixed assets is identified as the difference between disposal proceeds and the book value of such items and recognised in the profit and loss account.

- **Investment real estate**

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

- **Intangible assets**

Intangible assets acquired in separate transactions

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

Intangible assets acquired through business combinations

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

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

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

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

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

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

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

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

- **Inventories**

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

- **Provisions**

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

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

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

Warranty obligations

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

- **Financial assets**

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

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

Effective interest rate method

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

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

Financial assets stated at fair value through the total income statement

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

A financial asset is classified as available for sale if:

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

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

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

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

Investments held to maturity

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

Financial assets available for sale

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

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

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

Loans and receivables

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

Impairment of financial assets

Financial assets – apart from those stated at fair value through profit and loss account – are tested for impairment at each balance sheet date. Financial assets are impaired when there are objective indications that events after the initial recognition of an asset adversely affected the related estimated future cash flows. With respect to financial assets recognised at amortised historical cost, impairment is the difference between the book value and the present value of estimated cash flows discounted using the 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 of the book value of the charge account are recognised in the profit and loss account.

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

Derecognition of financial assets

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

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

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities stated at fair value through profit and loss account

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

A financial liability is classified as available for sale if:

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

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

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

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

Other financial liabilities.

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

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

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

- **Derivatives**

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

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

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

Hedge accounting.

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

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

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

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

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

- **Critical judgments in applying accounting rules.**

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

Impairment of goodwill

A statement that goodwill was impaired requires an estimate of the usable value of all units generating cash flows to which the goodwill was attributed. In order to calculate the usable value, the company has to estimate future cash flows attributable to the unit and determine an appropriate discount rate as required to calculate the present value of such cash flows.
As at the balance sheet date, the book value of goodwill was PLN 42.0 million.

Intangible assets with unspecified useful life.

Intangible assets with unspecified useful life are subject to an annual impairment test of centres generating cash flows. As at the balance sheet date, the Group holds intangible assets with unspecified useful life of PLN 23.0 million.

Impairment of assets

As at each balance sheet date, the Group verifies if there are any impairment indications of non-financial assets. Assessment of value in use consists in identifying future cash flows by a centre generating cash flows and requires determination of a discount rate to calculate the present value of such cash flows.
As at 30 June 2012, in the opinion of the Management of the Group no assets held by the Group were impaired.

Useful life of tangible fixed assets

The depreciation / amortisation rates are determined on the basis of the anticipated economic useful life of tangible fixed assets and intangible assets. Annually, the approved economic useful life is subject to review on the basis of current estimates. As at the balance sheet date, the fixed assets amounted to PLN 94.4 million.

Assessment of provisions for employee benefits

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

Fair value of financial instruments

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

.

Deferred income tax asset

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

Revaluation charges to receivables and inventories

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

3. OPERATIONAL SEGMENTS

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

Geographical segments

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

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

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

Revenues per segment

	External sales	Sales between segments	Other	Total
	Period ended 30/06/12	*Period ended 30/06/12*	*Period ended 30/06/12*	*Period ended 30/06/12*
	PLN '000	*PLN '000*	*PLN '000*	*PLN '000*
Poland	2 614 718	149 936		2 764 654
Czech Republic	1 479 823	364 117		1 843 940
Slovakia	243 014	1 262		244 276
Total segments				4 852 870
Eliminations				515 315
Consolidated revenues				4 337 555

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

Assets and liabilities per segment

	Assets	Liabilities
	30/06/12	30/06/12
	PLN '000	*PLN '000*
Poland	743 833	495 790
Czech Republic	316 004	190 258
Slovakia	28 395	19 899
Total segments	1 088 232	
Eliminations		
Non-allocated		
Consolidated	1 088 232	**705 947**

Results per segment

	Of which interest expense / income	Period ended 30/06/12
	PLN '000	PLN '000
Continued operations		
Poland	13 872	27 907
Czech Republic	1 973	31 171
Slovakia	4	1 427
Eliminations		
Non-allocated		
Profit before income tax		60 505
Income tax		12 593
Profit for the financial year on continued operations		47 912
Discontinued operations		
Profit before income tax		
Income tax		
Profit for the financial year on discontinued operations		
Profit for the financial year		47 912

Depreciation / amortisation per segment

	Purchase of fixed assets	Period ended 30/06/12
	PLN '000	PLN '000
Continued operations		
Poland	4 172	7 514
Czech Republic	6 245	2 381
Slovakia		209
Consolidated	10 417	10 104

Market segments

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

	Revenues from sales to external clients	Assets per segment	Acquisition of fixed assets
	Period ended 30/06/12	Period ended 30/06/12	Period ended 30/06/12
	PLN '000	PLN '000	PLN '000
Wholesale trade	4 295 811	1 079 106	9 730
Retail trade	30 922	6 406	679
Production	10 822	2 720	8
	4 337 555	1 088 232	10 417

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

4. OPERATIONS IN THE INTERIM PERIOD

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

5. PROFIT PER SHARE

	Period ended 30/06/12	Period ended 30/06/11
	PLN per share	PLN per share
Basic profit per share		
From continued operations	47 876	52 695
From discontinued operations		
Total basic profit per share	2.96	3.26
Diluted profit per share	47 876	52 695
From continued operations		
From discontinued operations		
Total diluted profit per share	2.96	3.26

Basic profit per share

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

	Period ended 30/06/12	Period ended 30/06/11
	PLN '000	PLN '000
Profit for the financial year attributable to shareholders of the parent entity	47 876	52 695
Profit used to calculate the total basic profit per share	47 876	52 695
Profit used to calculate the total basic profit per share on continued operations	47 876	52 695

	Period ended 30/06/12	Period ended 30/06/11
Average weighted number of ordinary shares used to calculate basic profit per share	16 187 644	16 148 644

6. DIVIDENDS

No dividend was distributed to the shareholders during the year.

7. TANGIBLE FIXED ASSETS – INCREASE

	AB S.A.	B2B IT Sp. z o.o.	ALSEN Marketing Sp. z o.o.	ATC Holding
	PLN'000	PLN'000	PLN'000	PLN'000
Land			100	
Buildings and structures	36		934	1 634
Plant and equipment	819			1 329
Motor vehicles	1 923			757
Equipment	398		80	383
Fixed assets / intangible assets under construction	546	142		1 983
TOTAL	**3 722**	**142**	**1 114**	**6 086**

8. INVESTMENTS IN SUBSIDIARY ENTITIES

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

9. GOODWILL

	30/06/12 PLN '000	30/06/11 PLN '000
Cost		
Beginning of financial year	41 400	40 593
Goodwill from business combination		
FX differences	580	807
End of financial year	41 980	41 400
Accumulated impairment charges		
Beginning of financial year		
End of financial year		
Book value		
Opening balance		
Closing balance	41 980	41 400

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

10. HEDGING ACCOUNTING

Financial derivatives and hedges

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

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

Derivative hedging instruments are used to hedge future cash flows.

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

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

Cash flow hedges meeting in a given period the conditions specified above are recognised as follows:

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

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

In the applied cash flow hedging, the amounts recognised directly in equity are recognised in the profit and loss account in the same period(s) during which the hedged planned transaction affects the profit and loss account – that is when the planned sale occurs.

The Group shall cease to apply the hedging accounting rules if:

a) the hedging instrument expires, is sold, dissolved, or executed. In such event the accumulated profits or losses related to the hedging instrument, recognised directly as equity for the period when the hedge was effective, are recognised under separate item in equity until the planned transaction is executed.

b) the hedge no longer meets the hedging accounting criteria set forth in par. 88 of IFRS 39. In such event the accumulated profits or losses related to the hedging instrument, recognised directly as equity for the period when the hedge was effective, are recognised under separate item in equity until the planned transaction is executed.

c) the execution of the planned transaction is no longer expected. As of now, all accumulated profits or losses related to hedging instruments recognised directly as equity or the period when the hedge was effective are recognised in the profit and loss account.

d) an entity invalidates hedging relationship. The accumulated profits or losses related to the hedging instrument, recognised directly as equity for the period when the hedge was effective, are recognised in such case still as equity until the planned transaction is executed or until its execution is no longer expected.

Cash flow hedges

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

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

Hedging instruments EUR

Instrument type	Nominal value, EUR '000		Fair value, PLN '000 *		Anticipated maturity period of hedged position	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Trade payables	(26 123)	-	(111 383)	-	July, August 2012	-
Trade receivables	8 342	-	35 574	-	July, August 2012	-
Bank loans	(0)	-	(0)	-	July, August 2012	-
Cash	877	-	3 738	-	July, August 2012	-
FX Forward EUR	(16 870)	-	(408)	-	July, August 2012	-
Total cash positions:	**(33 773)**	**-**	**(72 480)**	-	July, August 2012	-

Hedging instruments – USD

Instrument type	**Nominal value, USD '000**		**Fair value, PLN '000 ***		**Anticipated maturity period of hedged position**	
	30.06.2012	**30.06.2011**	**30.06.2012**	**30.06.2011**	**30.06.2012**	**30.06.2011**
Trade payables	(21 864)	-	(74 083)	-	July, August 2012	-
Trade receivables	2 291	-	7 764	-	July, August 2012	-
Bank loans	(1 119)	-	(3 791)	-	July, August 2012	-
Cash	190	-	645	-	July, August 2012	-
FX Forward EUR	(3 036)	-	(556)	-	July, August 2012	-
Total cash positions:	**(23 536)**	**-**	**(70 020)**	-	July, August 2012	-

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

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

	12 months to 30.06.12	12 months to 30.06.11
Amount recognised in equity at the beginning of period	0	-
Effective portion of profit/loss on the derivative instrument in the period recognised in equity	(14 017)	-
Amounts derecognised from equity and recognised in the profit and loss account during the period, of which:	(12 866)	-
- adjustment to operating income	(12 866)	-
- adjustment due to hedge ineffectiveness	0	-
Gross amount recognised in equity at the end of period	(1 151)	-

11. CREDITS AND LOANS

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

12. ISSUED CAPITAL

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

13. DISPOSAL OF SUBSIDIARY COMPANIES

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

14. TAKE-OVER OF SUBSIDIARY COMPANIES

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

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

	PLN '000
	2012-06-30
Factoring	50 601
Guarantees granted	27 397
Total	**77 998**

Details are provided in item 8 of additional information.

16. EVENTS AFTER THE REPORTING PERIOD

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

17. TRANSACTIONS WITH RELATED ENTITIES

In the period from 1 July 2011 until 30 June 2012 there were no transactions concluded otherwise than at arm's length.

XV) ADDITIONAL INFORMATION

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

1. ORGANISATION OF THE CAPITAL GROUP WITH DETAILS OF CONSOLIDATED ENTITIES

1.1. The entities of the AB S.A. Capital Group (with information on consolidation method or share valuation)

As at 30 June 2012 the Capital group was composed of the following entities:

Parent entity

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

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

Subsidiary entities

- Alsen Sp. z o.o. (AB S.A. holds 408 shares with the total value PLN 204,000 and accounting for 69.39% of all shares) – consolidated
- Alsen Marketing Sp. z o.o. (AB S.A. owns 100% of shares) – consolidated

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

- B2B IT Sp. z o.o. (AB S.A. owns 100% of shares) – consolidated
- AT Computers Holding a.s. (AB S.A. owns 100% of shares) – consolidated

  The Company manages subsidiary entities.

- AT Computers a.s. (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 re-sale.

- 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.

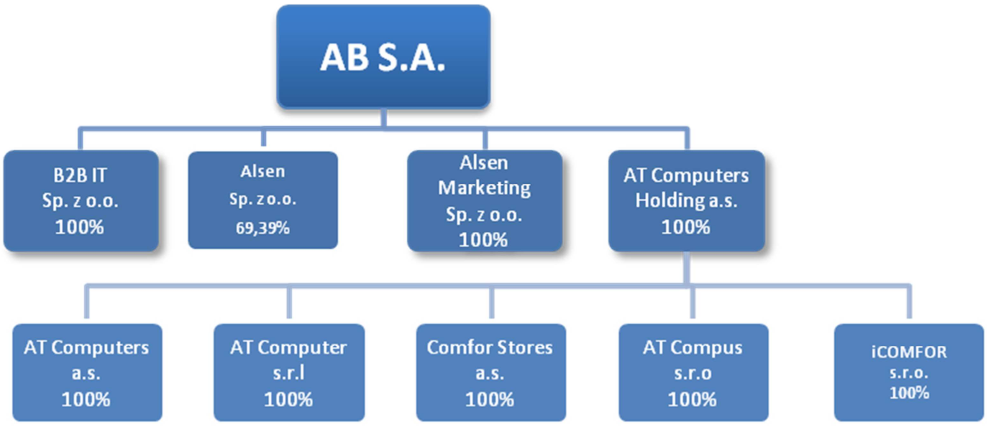
- AT Computer s.r.l. (AT Computers Holding a.s. owns 100% of shares) – consolidated

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

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

1.2.Organigram of the capital group



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

In Q4 of the financial year 2011/2012 the structure of the AB Capital Group did not change.

3. Opinion of the Management on feasibility of earlier forecasts

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

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

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

As at 29.08.12	Number of shares	Shareholding structure by the number of shares	Number of votes	Shareholding structure by the number of votes
Andrzej Przybyło	1 316 200.00	8.13%	2 629 200.00	15.02%
Iwona Przybyło	2 944 052.00	18.19%	2 944 052.00	16.82%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1 500 000.00	9.26%	1 500 000.00	8.57%
Aviva Investors Poland S.A.	1 281 769.00	7.92%	1 281 769.00	7.32%
ING OFE	2 291 911.00	14.16%	2 291 911.00	13.10%
PKO BP OFE	891 802.00	5.51%	891 802.00	5.10%
Other	5 961 910.00	36.83%	5 961 910.00	34.07%
Total	**16 187 644.00**	**100.00%**	**17 500 644.00**	**100.00%**

In the period between the disclosure of the report for Q3 of the financial year and the publication of this report there were no changes in the holding of major packets.

5. ISSUER'S SHARES OR RIGHTS TO SHARES HELD BY PERSONS MANAGING AND SUPERVISING THE ISSUER'S BUSINESS

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

Issuer's shares or rights to shares held by persons managing and supervising the Issuer's business as at the date when this quarterly report was published – 29 August 2012:

As at 29.08.12	Number of shares	Shareholding structure by the number of shares	Number of votes	Shareholding structure by the number of votes
Management Board				
Andrzej Przybyło	1 316 200	8,13%	2 629 200	15,02%
Krzysztof Kucharski	25 000	0,15%	25 000	0,14%
Zbigniew Mądry	0	0,00%	0	0,00%
Grzegorz Ochędzan	15 000	0,09%	15 000	0,09%
Supervisory Board				
Iwona Przybyło	2 944 052	18,19%	2 944 052	16,82%
Jacek Łapiński	0		0	
Jan Łapiński	0		0	
Radosław Kiełbasiński	0		0	
Andrzej Bator	0		0	
Katarzyna Jaździk	0		0	

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

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

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

On 27 May 2009 the Issuer instituted legal proceedings claiming the reimbursement of the amount unduly charged by Raiffeisen Bank Polska S.A. increased by interest. Simultaneously the company established a provision covering the full disputable amount against the results of the previous financial year 2008/9.

On 30 December 2010 the Appeal Court in Wrocław pronounced a sentence in the case regarding the reimbursement of the amount of PLN 7,499,590 unduly charged by Raiffeisen Bank Polska S.A. increased by interest. It rendered the verdict pronounced by the District Court final and binding, ordering immediate reimbursement of the amount due to the Company. The disputable amount together with interest was reimbursed to the Company, and the provision for the disputable amount was released against the result of the financial year ended 30 June 2011.

On 27 April 2012 the Supreme Court examined the Bank's appeal against the sentence pronounced by the Appeal Court in Wrocław of 30.12.2012, upholding the verdict of the District Court in Wrocław awarding payment by Raiffeisen Bank Polska S.A. of PLN 7,499,590 together with statutory interest to the Company, the Supreme Court overruled the appealed verdict of the Appeal Court and referred the case to be re-examined by this Court. According to the knowledge of the Management Board, there were no new motives or circumstances pertaining to the case in question. The sentence did not, in any manner whatsoever, change the Company's stance in the dispute with the Bank. It should be stressed that the Supreme Court did not resolve the dispute between the Company and the Bank, but only examined the objections concerning the verdict of the Appeal Court. The dispute shall be resolved by the Appeal Court in Wrocław.

7. Information of one or more transactions with related entities concluded by the Issuer or its subsidiary entity otherwise than at arm’s length

In the period from 1 July 2011 until 30 June 2012 there were no transactions concluded otherwise than at arm’s length.

8. Information on guarantees to loans or guarantees granted by the Issuer or its subsidiary

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

	PLN '000
	2012-06-30
Factoring	50 601
Guarantees granted	27 397
Total	**77 998**

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

Wystawca gwarancji	Beneficjent	Bank	Waluta	Kwota	Data ważności
AB S.A.	Polkomtel	HSBC	PLN	404 033	2012-08-01
AB S.A.	Polkomtel	HSBC	PLN	686 572	2012-09-06
AB S.A.	Polkomtel	HSBC	PLN	250 749	2012-10-05
AB S.A.	Polkomtel	HSBC	PLN	701 209	2012-11-28
AB S.A.	Polkomtel	HSBC	PLN	436 184	2012-12-21
AB S.A.	Polkomtel	HSBC	PLN	423 759	2013-01-26
AB S.A.	Polkomtel	HSBC	PLN	421 710	2013-02-28
AB S.A.	Polkomtel	HSBC	PLN	693 129	2013-04-01
AB S.A.	Polkomtel	HSBC	PLN	544 887	2013-04-22
AB S.A.	Polkomtel	HSBC	PLN	413 847	2013-05-17
AB S.A.	Polkomtel	HSBC	PLN	856 752	2013-06-20
AB S.A.	Polkomtel	BPH	PLN	661 140	2013-07-13
AB S.A.	Polkomtel	BPH	PLN	577 447	2013-08-30
AB S.A.	Polkomtel	BPH	PLN	330 179	2013-08-10
AB S.A.	Polkomtel	BPH	PLN	641 256	2013-10-19
AB S.A.	Polkomtel	BPH	PLN	1 142 796	2013-11-09
AB S.A.	Polkomtel	BPH	PLN	423 651	2013-09-29
AB S.A.	Polkomtel	BPH	PLN	1 044 294	2013-11-30
AB S.A.	Polkomtel	BPH	PLN	606 304	2013-12-31
AB S.A.	Polkomtel	BPH	PLN	212 901	2014-01-25
AB S.A.	Polkomtel	BPH	PLN	667 783	2014-04-29
AB S.A.	Polkomtel	BPH	PLN	458 620	2014-03-31
AB S.A.	APPLE DISTRIBUTION	SEB	PLN	9 404 100	2012-11-02
AB S.A.	INTEL	PEKAO	USD	1 000 000	2013-01-18
AT Computers, a.s.	IBM Česká republika, s.r.o	CITIBANK Europe plc	CZK	500 000	2013-07-21
AT Computers, a.s.	Celní ředitelství Ostrava	CITIBANK Europe plc	CZK	500 000	2013-05-22
AT Computers, a.s.	ProLogis czech Republic	CITIBANK Europe plc	EUR	271 000	2013-04-05
COMFOR Stores	Palladium Praha s.r.o.	CITIBANK Europe plc	EUR	54 184	2012-10-17
COMFOR Stores	HUTS II s.r.o.	CITIBANK Europe plc	EUR	8 179	2013-05-23
COMFOR Stores	KLEPIERRE CZ, s.r.o.	CITIBANK Europe plc	EUR	11 970	2013-07-10
COMFOR Stores	EKZ Tschechien	CITIBANK Europe plc	EUR	9 539	2013-01-31
COMFOR Stores	FLORA SEN	CITIBANK Europe plc	EUR	5 850	2013-02-03
COMFOR Stores	Pradera SC Futurum Ostrava	CITIBANK Europe plc	EUR	10 954	2013-01-15
COMFOR Stores	Euro Mall Hradec Králové	CITIBANK Europe plc	EUR	11 499	2013-06-08
COMFOR Stores	Best Properties South, a.s.	CITIBANK Europe plc	CZK	156 140	2013-01-15
COMFOR Stores	NISA Obch.společnost	CITIBANK Europe plc	CZK	195 000	2013-08-01
COMFOR Stores	CEI Building	CITIBANK Europe plc	CZK	212 005	2013-08-01
COMFOR Stores	New Karolina Shopping	CITIBANK Europe plc	CZK	251 000	2012-11-06
COMFOR Stores	Nový Smíchov Apple	CITIBANK Europe plc	EUR	16 615	2013-02-14

The table below presents nominal amounts of guarantees in the original currencies; the guarantees were provided by ATC Holding to secure the repayment of loans incurred by subsidiary companies (equivalent of PLN 154,586,000).

Wystawca gwarancji/poręczenia	Beneficjent	Waluta	Kwota
ATC Holding	KB a.s.	CZK	695 000 000
ATC Holding	CITIBANK a.s.	CZK	135 000 000
ATC Holding	CITIBANK a.s.	CZK	90 000 000
ATC Holding	CITIBANK a.s.	CZK	9 000 000

Wystawca gwaranci/ poręczenia	Guarantee/ Warranty issuer
Beneficjent	Beneficiary
Waluta	Currency
Kwota	Amount

9. INFORMATION MATERIAL TO ASSESSMENT OF STAFF, ECONOMIC, FINANCIAL SITUATION, RESULTS OF THE GROUP AND CHANGES THERETO AND INFORMATION MATERIAL TO ASSESSMENT OF ABILITY TO REPAY OBLIGATIONS BY THE PARENT ENTITY

- **MAJOR SUCCESSES AND FAILURES OF THE GROUP**

In the second quarter of 2012 (which at the same time is the fourth quarter of the financial year 2011/12), the Group increased its revenues by over 20%. The results achieved are owed to the implementation of growth strategy by the Group. AB is a distributor that closely collaborates with its suppliers, has a wide product range and cooperates with the largest in the region customer base. Such position entails various benefits but also responsibilities. In collaboration with its suppliers, the Company implements many projects aimed at providing stronger support for the sale of products. The revenues generated and current sales dynamics are very good indicators for the upcoming quarters, given that the third and fourth quarters are characterised by higher sales. Regardless of the above, the Company carries out activities aimed at expanding its product range. This includes the development of the Enterprise channel, on which the Company has been consistently working. Teams dedicated for the development of particular business divisions ensure the effective and dynamic growth not only on the Polish market, but also on all markets where the AB Group conducts its operations (Poland, Czech Republic, Slovakia). The exchange of experience gained on these markets brings notable synergy effects, and the scale of operations resulting from activities on 3 combined markets allows the Group to achieve very good financial results.
The Group also invests in traditional product lines, which had their share in the increased sales.
The Group has reported an increase in the number of business partners to which it provides its services. The customer base – the largest in the region – is still growing, allowing for increasing market saturation with AB's products. Having at our disposal reliable IT infrastructure and well-developed logistics system, we provide top quality services to all partners, irrespective of their location in Poland.

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

For years the AB Group has been pursuing safe policy for managing financial resources, whose aim is to retain financial indicators at safe levels and at the same time ensure dynamic development of the scale of operations.
The adopted policy comprises key features for the role of distributor in the offered products sales chain. Attention to the parameters of liquidity, debt, and working capital is combined with continuous development of the product range. Liquidity ratios are constantly growing; the current ratio increased from 1.3 as at the end of June 2011 to 1.32 as at the end of June 2012, while the quick liquidity ratio remains at the level of 0.74.
Debt ratios also remain at a stable level, guaranteeing the effective use of financial leverage. The total debt ratio at the level of 0.65 can be considered almost a textbook level of financing activities in the structure consisting of 1/3 equity and 2/3 financial capital.
The ratio of net interest debt to the EBITDA margin, important for the assessment by financial institutions, constantly oscillates between 2.15 and 2.25, reporting the value of 2.22 as at the end of June 2012, despite considerably larger scale of operations, which usually is tantamount to the significant growth of the ratio in question.
Since AB is an importer of electronic equipment, FX risk is an important element in its activities. In this area, AB has developed and standardised tools for identification, measurement of and hedging against FX risk. Since 1 July 2011 the Group has been implementing formal hedging accounting rules, in accordance with recommendations set forth in the International Financial Reporting Standard No. 39.

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

In view of the above, it must be stated that the AB Group has well-developed tools at its disposal for effective management of financial resources.

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

EXTERNAL FACTORS

1. Macroeconomic policies pursued by the governments of Poland, Czech Republic and Slovakia
2. Economic growth indicators for Poland, Czech Republic and Slovakia
3. Further expansion of the debt crisis in the European Union countries and its consequences for economic activity
4. Further technological changes as well as changes on the distribution market and their impact on the purchasing power of customers
5. Changes of demand for the products offered by Group companies;
6. Volatility in FX markets, primarily the following exchange rates: EUR/PLN and USD/PLN as well as EUR/CZK and USD/CZK.

INTERNAL FACTORS

1. Further development of the product range offered by Group companies
2. Strict control of operational processes (control of cost effectiveness)
3. Gaining new sales channels and new markets
4. Continuous optimisation of the product range, taking into account customers' needs
5. Efficient measurement of risks and development of tools to eliminate them or reduce their impact on business and the results achieved
6. Further consistent development of the Company's financial stability
7. Optimised management of working capital
8. Consolidated market position as a leader in the CEE region.

11. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS

Date	First and last name	Position / function	Signature
29.08.2012	*Andrzej Przybyło*	PRESIDENT OF THE MANAGEMENT BOARD	
29.08.2012	*Krzysztof Kucharski*	MEMBER OF THE MANAGEMENT BOARD	
29.08.2012	*Zbigniew Mądry*	MEMBER OF THE MANAGEMENT BOARD	
29.08.2012	*Grzegorz Ochędzan*	MEMBER OF THE MANAGEMENT BOARD	
29.08.2012	*Danuta Uzarska*	CHIEF ACCOUNTANT	