

**ACTION S.A. Capital Group**

**Consolidated financial statement drawn up in accordance with IFRS**

**as of 31 July 2008 and for the year ended on 31 July 2008**

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**STATEMENT OF THE MANAGEMENT BOARD ON THE ACCURACY OF  
DRAWN UP CONSOLIDATED FINANCIAL STATEMENT AND INDIVIDUAL  
FINANCIAL STATEMENT**

This Consolidated Financial Statement was drawn up in compliance with the International Financial Reporting Standards ("IFRS") and IFRS approved by EU. IFRS comprise standards and interpretations accepted by the International Accounting Standards Board ("IASB") and International Accounting Standards Committee ("IASC").

In the accounting period the Group ran its books in compliance with the accounting policy (principles) laid down in the Accounting Act of 29 September 1994 ("Act") and regulations issued thereunder ("Polish accounting standards"). The Consolidated Financial Statement comprises adjustments not posted into the books of the members of the Group entered in order to bring the financial statements of such members in line with IFRS.

**Piotr Bieliński**  
\_\_\_\_\_  
President of the Management Board

**Kazimierz Włodzimierz Lasecki**  
\_\_\_\_\_  
Vice-President of the Management Board

**Edward Wojtysiak**  
\_\_\_\_\_  
Vice-President of the Management Board

**Warsaw, 4 November 2008**

## **STATEMENT OF THE BOARD ON THE ENTITY AUTHORIZED TO AUDIT THE FINANCIAL STATEMENTS**

The Board hereby declares that the entity authorized to audit the financial statements, i.e. BDO Numerica International Auditors & Consultants Sp. z o.o. with the registered office in Warsaw, responsible for performing the audit of the individual financial statement of ACTION S.A. and a consolidated financial statement of the ACTION S.A. Capital Group was duly selected under the applicable law and that the entity and the certified auditors who perform the review meet the conditions allowing them to issue an impartial and independent report on the review as required by the Polish law.

**Piotr Bieliński**

President of the Management Board

**Kazimierz Włodzimierz Lasecki**

Vice-President of the Management Board

**Edward Wojtysiak**

Vice-President of the Management Board

**Warsaw, 4 November 2008**

## CONSOLIDATED STATEMENT OF SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED FINANCIAL DATA	in PLN M		in EUR M	
	2007	2006	2007	2006
I. Sales revenue	2,343,368	1,797,520	661,539	465,510
II. Operating profit	57,309	30,366	16,178	7,864
III. Gross profit	51,114	28,342	14,430	7,340
IV. Net profit due to company Shareholders	33,790	22,024	9,539	5,704
V. Net cash flows from operating activities	-46,993	-29,252	-13,266	-7,575
VI. Net cash flows from investment activities	-27,938	-24,036	-7,887	-6,225
VII. Cash Flow from Financial Activity	76,034	53,563	21,465	13,871
VIII. Net increase (decrease) of cash	1,103	275	311	71
IX. Total assets	572,898	405,639	178,885	107,029
X. Liabilities	391,662	260,947	122,295	68,851
XI. Long-term liabilities	14,729	9,536	4,599	2,516
XII. Short-term liabilities	376,933	251,411	117,696	66,335
XIII. Equity due to shareholders of the Company	171,395	137,809	53,517	36,361
XIV. Initial capital	1,641	1,641	512	433
XV. Number of shares (pcs.)	16,410,000	16,410,000	16,410,000	16,410,000
XVI. Profit (loss) per ordinary share (in PLN/EUR)	2.06	1.34	0.58	0.35
XVII. Net book value per share (in PLN/EUR)	10.44	8.40	3.26	2.22

Polish zloty (PLN) exchange rates

Period	Average exchange rate in period	Minimum exchange rate in period	Maximum exchange rate in period	Exchange rate on the last day of period
08/01/2006-07/31/2007	3.8614	3.7658	3.9835	3.7900
08/01/2007-07/31/2008	3.5423	3.2026	3.8230	3.2026

Key figures of the balance, profit and loss account and cash flow statement from the financial statement have been converted into EUR using the applicable conversion method indicated:

- for the balance sheet, using the exchange rate applicable on the last date of the respective period,
- for the profit and loss account and for the cash flow statement, using the average exchange rates in the respective period, calculated as the arithmetic mean value of the exchange rates of the last day of each month in the respective period.

The conversion was based on the exchange rates indicated above by dividing the values expressed in thousand zloty by the exchange rate.

## CONSOLIDATED BALANCE SHEET

	Note	07/31/2008	07/31/2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	6	92,100	70,679
Goodwill	7,8	11,947	11,947
Intangible assets	8	8,990	15,440
Investment real estate	9	2,821	0
Financial assets	10	7	7
Deferred income tax assets	21	526	481
Other receivables		1,042	678
		<b>117,433</b>	<b>99,232</b>
<b>Current assets</b>			
Inventory	12	173,861	140,718
Trade receivables and other receivables	11	269,824	155,346
Current income tax receivables	11	2,890	2,546
Financial assets held until maturity		0	0
Derivative financial instruments	18,20	0	10
Cash and cash equivalents	13	8,890	7,787
		<b>455,465</b>	<b>306,407</b>
<b>Total assets</b>		<b>572,898</b>	<b>405,639</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Shareholders' equity</b>			
Share capital	14	1,641	1,641
Share premium account		55,744	55,744
Retained earnings		114,010	80,424
<b>Total equity due to Shareholders</b>		<b>171,395</b>	<b>137,809</b>
Minority capitals	15	9,841	6,883
<b>Total equity capital</b>		<b>181,236</b>	<b>144,692</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Loans and credit	19	14,729	8,776
Other liabilities	18	0	0
Deferred income tax provision	21	0	760
		<b>14,729</b>	<b>9,536</b>
<b>Short-term liabilities</b>			
Trade payables and other liabilities	18	239,100	190,926
Bank loans and credits and other financial liabilities	19	133,905	59,131
Employee benefit liabilities	22	652	585
Derivative financial instruments	18,20	29	0
Reserves for remaining obligations and other charges	23	3,247	769
		<b>376,933</b>	<b>251,411</b>
<b>Total liabilities</b>		<b>391,662</b>	<b>260,947</b>
<b>Total liabilities and equity</b>		<b>572,898</b>	<b>405,639</b>

	<b>07/31/2008</b>	<b>07/31/2007</b>
Equity due to shareholders of the Company	171,395	137,809
Number of shares	16,410,000	16,410,000
Equity value per share (in PLN)	10.44	8.40

	<b>07/31/2008</b>	<b>07/31/2007</b>
Equity due to shareholders of the Company	171,395	137,809
Diluted number of shares	17,230,500	17,230,500
Diluted equity value per share (in PLN)	9.95	8.00

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	<b>For period 08/01/2007 – 07/31/2008</b>	<b>For period 08/01/2006 – 07/31/2007</b>
Sales revenues	24	2,343,368	1,797,520
Cost of sales of products, goods and materials	25	-2,158,166	-1,679,460
<b>Gross sales revenue</b>		<b>185,202</b>	<b>118,060</b>
Cost of sales and marketing	25,26	-114,313	-78,967
General administrative costs	25,26	-36,485	-22,457
Other revenues and profits	27	32,971	18,311
Other costs and losses	28	-10,066	-4,581
<b>Operating profit</b>		<b>57,309</b>	<b>30,366</b>
Net financial costs	29	-6,195	-2,024
<b>Profit before tax</b>		<b>51,114</b>	<b>28,342</b>
Corporate income tax	21,30	-15,199	-6,172
<b>Net profit</b>		<b>35,915</b>	<b>22,170</b>
Including:			
<b>Profit due to shareholders of the Company</b>	31	<b>33,790</b>	<b>22,024</b>
Profit due to minority shares		2,125	146
Earnings per share due to shareholders of the Company (in PLN per one share)			
– basic	31	2.06	1.34
– diluted		1.96	1.28
<b>Number of shares</b>		<b>16,410,000</b>	<b>16,410,000</b>
<b>Diluted number of shares</b>		<b>17,230,500</b>	<b>17,230,500</b>

All revenues and costs stated apply to company following a going concern principle.

## CONSOLIDATED CHANGES IN EQUITY

	Due to shareholders of the Company			Due to minority shares	Total equity capital
	Initial capital	Share premium account	Retained earnings		
<b>Position as of 1 August 2007</b>	<b>1,641</b>	<b>55,744</b>	<b>80,424</b>	<b>6,883</b>	<b>144,692</b>
Net profit of accounting period	0	0	33,790	2,125,	35,915
Transaction costs of share issue	0	0	0	0	0
Dividends paid	0	0	-4,431	0	-4,431
Other adjustments	0	0	4,227	833	5,060
<b>Position as of 31 July 2008</b>	<b>1,641</b>	<b>55,744</b>	<b>114,010</b>	<b>9,841</b>	<b>181,236</b>

Other adjustments in the shareholders' equity include the valuation of motivation programme accounted for in shares with an estimated value of PLN 3,098 M, whereas other adjustments in the equity applicable to minority shareholders include equity increase in ACTION Ukraina TzOW.

	Due to shareholders of the Company			Due to minority shares	Total equity capital
	Initial capital	Share premium account	Retained earnings		
<b>Position as of 1 August 2006</b>	<b>1,641</b>	<b>55,768</b>	<b>61,385</b>	<b>2,859</b>	<b>121,653</b>
Net profit of accounting period	0	0	22,024	146,	22,170
Transaction costs of share issue	0	-24	0	0	-24
Dividends paid	0	0	-2,461	0	-2,461
Other adjustments	0	0	-524	3,878	3,354
<b>Position as of 31 July 2007</b>	<b>1,641</b>	<b>55,744</b>	<b>80,424</b>	<b>6,883</b>	<b>144,692</b>

## CONSOLIDATED CASH FLOW STATEMENT

	Note	For period 08/01/2007 – 07/31/2008	For period 08/01/2006 – 07/31/2007
<b>Cash flow from operating activity</b>			
Operating cash inflow	34	-30,330	-21,694
Income tax paid		-16,663	-7,558
<b>Net cash flow from operating activity</b>		<b>-46,993</b>	<b>-29,252</b>
<b>Cash flow from investment activity</b>			
Tangible assets acquisition	6,8	-27,847	-30,268
Earnings from sales of tangible assets		213	7,465
Other cash outflows on investing activity		-304	-1,233
<b>Net cash flows from investment activity</b>		<b>-27,938</b>	<b>-24,036</b>
<b>Cash flow from financial activity</b>			
Earnings from the issue of ordinary shares		5,927	0
Loans and borrowed money received		80,440	57,110
Payment of loans and borrowed money		0	0
Interest paid	29	-5,961	-1,925
Dividends paid to shareholders		-4,431	-2,461
Repayment of lease liabilities		-12	-68
Other		71	907
<b>Net cash flow from financial activity</b>		<b>76,034</b>	<b>53,563</b>
<b>Net increase (decrease) of cash position</b>		<b>1,103</b>	<b>275</b>
<b>Cash position at the beginning of the year</b>		<b>7,787</b>	<b>7,512</b>
Currency exchange gains/losses on valuation of cash position		-28	0
<b>Cash position at the end of the year</b>		<b>8,890</b>	<b>7,787</b>

The Group does not hold any cash with limited access.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

### 1. Background information

Data of an entity drawing up the Consolidated Financial Statement:

- a) ACTION Spółka Akcyjna
- b) registered office: ul. Jana Kazimierza 46/54, PL-01-248 Warsaw, Poland
- c) primary field of activity of the Company: wholesale trade in computer accessories (PKD 5190)
- d) registration body: Register court: District Court of the Capital City of Warsaw, 19 Commercial Division of the National Court Register (KRS 0000214038)

ACTION S.A. is part of the ACTION Capital Group, in which it plays a role of dominant entity and at the same time is the highest level dominant entity. The Capital Group deals with wholesale of computer and IT components, parts and equipment. The Capital Group operates on a nationwide basis and also in the territory of Ukraine, whereas ACTION S.A. is the primary supplier of goods also to the companies affiliated in its Capital Group.

As of 31st July 2008 the Capital Group included the following companies:

Dominant (parent) entity:

- ACTION S.A.

Consolidated subsidiaries:

- EKOACTION Sp. z o.o., under liquidation (former name: A.PL Sp. z o.o.) with registered office in Krakow – subsidiary (100 %) ( \*\*\*)
- ACTION INTERNET Sp. z o.o. under liquidation (former name: ACTION Wroclaw Sp. z o.o.) with registered office in Warsaw – subsidiary (100 %) ( \*\*\*)
- ACTION Ukraina TzOW with registered office in Lvov – subsidiary (51 %)
- SFK Sp. z o.o. with registered office in Krakow – subsidiary (100 %)
- PROLOGIC Sp. z o.o. with registered office in Warsaw – subsidiary (100 %) ( \*\*\*\* )
- ACTINA Sp. z o.o. with registered office in Warsaw – subsidiary (100 %)
- A.PL Sp. z o.o. with registered office in Warsaw – subsidiary (100 %) ( \* )
- SFERIS Sp. z o.o. (former name: PTR Sp. z o.o.) with registered office in Warsaw – indirect subsidiary (99.89%) (\*\*)

(\*) A.PL Sp. z o.o. with a registered office in Warsaw was established on 12 October 2006.

( \*\* ) SFERIS Sp. z o.o. with registered office in Warsaw was included in the consolidation process on 5 January 2007.

( \*\*\* ) On 1 February 2008 EKOACTION Sp. z o.o. and ACTION INTERNET Sp. o.o. were put into liquidation.

( \*\*\*\* ) PROLOGIC Sp. z o.o. – change of ownership structure: share purchase contracts executed on 27 June 2008.

EKOACTION Sp. z o.o. under liquidation, ACTION Internet Sp. z o.o. under liquidation and ACTINA Sp. z o.o. deal in wholesale trade in computer hardware, whereas ACTION Ukraina TzOW deals in wholesale and retail trade in computer hardware. The core business of Prologic Sp. z o.o. and SFERIS Sp. z o.o. is retail trade in computer hardware. A.PL Sp. z o. o. focuses its operations on retail sales carried out via its own e-commerce Web site and mail order outlets.

As of 07/31/2008 and as of the date the approval of this Consolidated Financial Statement for publication, the Management Board consisted of:

- Mr Piotr Bieliński as President,
- Mr Kazimierz Włodzimierz Lasecki as Vice President,
- Mr Edward Wojtysiak as Vice-President.

## 2. Specification of key accounting principles used

The key accounting principles used to draw up this consolidated financial statement have been presented below. The principles were applied uninterruptedly over all the periods presented, unless stated otherwise.

### 2.1 Grounds for drawing up the statement - representation about compliance

This consolidated financial statement for the accounting year from 1 August 2007 to 31 July 2008 was drawn up by the Dominant Company in compliance with EU-approved IFRS effective as of the date of issue of this Consolidated Financial Statement.

New standards, their modifications and interpretations in force since 1 August 2007 are as follows:

#### a) IFRIC 11 “Group and Treasury Share Transactions”

The interpretation of IFRIC 11 was issued by the International Financial Reporting Interpretations Committee on 2 November 2006 and applies to annual periods commencing on 1 March 2006 or beyond. It provides the following guidelines for the application of IFRS 2 “Share-Based Payment” for payment transactions based on shares with the participation of two or more associated entities as well as the accounting approach in the following cases:

- an entity grants its employees rights to equity instruments of the entity (e.g. share options), and either chooses or is required to buy equity instruments (i.e. treasury shares) from another party, to satisfy its obligations to its employees,
- an entity's employees are granted rights to equity instruments of the entity (e.g. share options), either by the entity itself or by its shareholders, and the shareholders of the entity provide the equity instruments needed.

#### b) IFRS 7 “Financial Instruments: Disclosures”

IFRS 7 was published by the International Accounting Standards Board on August 18, 2005 together with an additional IAS 1 Amendment – „Presentation of Financial Statements: Capital Disclosures”. IFRS 7 is applicable to annual periods commencing on 1st January 2007 or beyond. It introduces new requirements on disclosure of information on financial instruments and replaces IAS 30 „Disclosures on the Financial Statements of Banks and Similar Financial Institutions” and selected requirements of IAS 32 „Financial Instruments: Disclosure and Presentation”.

#### c) Revisions to IAS 1 “Presentation of Financial Statements: Capital Disclosures”

That amendment should be applied to annual periods commencing on 1st January 2007 and beyond. It supplements IFRS 7 „Financial Instruments: Disclosures” and introduces requirements applicable to all entities with regard to disclosures of:

- capital management procedures, objectives and policies of the entity,
- description of components of the capital managed,
- quantitative data on what the entity considers as capital;
- whether the entity complies with possible capital requirements and if not what are consequences of non-compliance.

The Company manages its capital to ensure it is going to be able to continue its operations and maximise its shareholders' profits at the same time by optimising the debt/equity ratio.

The capital structure of the Company includes debt which consists of the credits and loans disclosed in Note 19, cash and cash equivalents disclosed in Note 13 and the capital due to shareholders, including the shares issued and the retained earnings. The debt and equity ratios as at 31 July 2008 were presented in the Statement of the Management Board.

#### d) IFRIC 10 “Interim Financial Reporting and Impairment”

The interpretation of IFRIC 10 was issued by the International Financial Reporting Interpretations Committee (IFRIC) on 20th July 2006 and applies to annual periods commencing on 1st November 2006 or beyond. It clarifies whether depreciation write-offs recognised in the interim financial statement as of the balance date in respect of the goodwill, investments in equity instruments and financial assets carried at cost can be reduced or reversed, if on the next balance day - in the interim or annual financial statement - premises occurred which indicated a possibility of disappearance of the reasons for recording of such a write-off.

The Management Board believes that the amendments referred to above do not have a material impact on the financial situation of the Group and adopting IFRS 7 and changing to IAS 1 affects the format and scope of disclosures of the consolidated financial statement.

New standards, their modifications and interpretations that shall be effective since 1 August 2008 are as follows:

**a) IFRIC 12 “Service Concession Arrangements”**

The interpretation of IFRIC 12 was issued by the International Financial Reporting Interpretations Committee on 30 November 2006 and applies to annual periods commencing on 1 January 2008 or beyond. It provides guidelines for the application of the existing standards by the entities that are parties to service concession arrangements between the public and the private sector. IFRIC 12 applies to the arrangements under which the ordering party controls the type of services provided by the operator using the infrastructure, to whom they are provided and at what price. This interpretation has not yet been adopted by the European Union.

**b) IFRIC 14 IAS 19 “Defined Benefit Assets and Minimum Funding Requirements”**

The interpretation of IFRIC 14 was issued by the International Financial Reporting Interpretations Committee (IFRIC) on 5 July 2007. It sets forth the guidelines for identification of assets of certain employee benefit programmes, the minimum funding requirements and their interactions. The interpretation applies to annual periods commencing on 1 January 2008 or beyond. This interpretation has not yet been adopted by the European Union.

**c) IFRIC 13 “Customer Loyalty Programmes”**

The interpretation of IFRIC 12 was issued by the International Financial Reporting Interpretations Committee (IFRIC) and applies to annual periods commencing on 1 July 2008 or beyond. It is allowed to apply the interpretation earlier. This interpretation has not yet been adopted by the European Union.

**New standards, their modifications and interpretations that are not effective yet, the Company has not yet decided about applying the standards published or their interpretation prior to their effective date:**

**a) IFRS 8 “Operating Segments”**

IFRS 8 was published by the International Accounting Standards Board on 30 November 2006 and applies to annual periods starting on 1st January 2009 or beyond. IFRS 8 replaces IAS 14 „Segment Reporting”. The standard sets forth new requirements for disclosure of information on operating segments as well as on products on services, geographic areas of activity and key clients. IFRS 8 requires a „managerial approach” to reporting of financial results of operating segments.

**b) IAS 23 “Borrowing costs”**

On 29th March 2007 the International Accounting Standards Board (IASB) published the revised version of IAS 23. It refers to the accounting treatment of borrowing costs of the assets that take a substantial period of time to get ready for its intended use. In the light of the revised IAS 23 under such circumstances the incurred costs of borrowing are subject to capitalisation (before the revision they were posted directly into Profit and Loss Account). It applies to the annual periods commencing on 1 January 2009. This interpretation has not yet been adopted by the European Union.

**c) revisions of IFRS 3 and IAS 27**

The amendments to IFRS 3 and IAS 27 were published on 10 January 2008 and will apply to annual periods starting on 01 July 2009. The amendments may be applied earlier. They apply to changes in recording acquisition and mergers of business units. Those standards have not yet been adopted by the European Union.

**d) revisions of IAS 1**

The amendments to IAS 1 were published on 6 September 2007 and will apply to annual periods starting on 1 January 2009. The amendments may be applied earlier. They are related to changes in the presentation of financial reports with respect to statements of total earnings. This standard has not yet been adopted by the European Union.

**e) revisions of IFRS 2**

The amendments to IAS 1 were published on 17 January 2008 and will apply to annual periods starting on 1 January 2009. They concern changes in payments in shares with respect to acquisition of share rights and their cancellation. This standard has not yet been adopted by the European Union.

#### **f) revisions of IAS 32 and IAS 1**

The amendments to IAS 1 were published on 14 February 2008 and will apply to annual periods starting on 1 January 2009. They relate to the financial instruments with fair value option and liabilities incurred at the moment of liquidation. This standard has not yet been adopted by the European Union.

The Management Board of the dominant entity expects that the implementation of some of the above standards and their interpretations will have impact on the accounting principles (policy) applied by the Group.

The introduction of IFRS 8 puts an obligation to account for this standard only in the financial statement drawn up for the year commencing on 1 January 2009 and as a result of its implementation it will become possible to apply segment reporting by segments under management.

The Management Board deems the remaining standards and interpretations as without a material impact on the Company's financial position.

#### **2.2 Principles of consolidation**

The consolidated financial statement includes the financial statement of the Dominant Entity and the financial statements of the entities controlled by the dominant entity issued as of the balance date. Such a control takes place if the Dominant Entity can exercise influence on the financial and operational policy of the subsidiary in order to benefit from its operations. The subsidiaries are subject to full consolidation since the date on which the Group takes over the control over them. The consolidation of their data is discontinued the moment the control is over.

Financial statements of the subsidiaries are issued for the same reporting period as the financial statement of the Dominant Entity using consistent accounting principles.

The takeover of the subsidiaries by the Group is accounted for by means of acquisition method.

On the date of acquisition, the assets and liabilities of the entity acquired are priced using their fair value. The surplus of the acquisition price above the fair value for the identifiable net assets of the acquired entity (including the fair value of the contingent liabilities) is recognised as goodwill. If the acquisition price is lower than the fair value of the identifiable net assets of the entity acquired, the difference is recorded as a profit in the profit and loss account for the period in which the acquisition took place. The share of minority shareholders is shown as an appropriate proportion of the fair value of assets and capitals.

The financial results of the entities acquired or sold during the year are recorded in the consolidated financial statement until/from the moment of their acquisition or disposal, respectively.

The consolidated financial statement does not include:

- equities of subsidiaries occurred before the control was established,
- the value of the shares in subsidiaries owned by the Dominant Entity and other consolidated entities,
- mutual liabilities and receivables and other settlements of similar nature of the entities consolidated,
- revenues and costs related to business operations conducted among the entities consolidated,
- outstanding profits (from the perspective of the Group) generated on the operations among the entities consolidated and included in the value of the liabilities and assets consolidated, as well as outstanding losses, unless the transaction provides evidence of depreciation of an asset being transferred,
- dividends calculated or paid by subsidiaries to the Dominant Entity and to other entities consolidated.

The full consolidation of the subsidiary entities was performed in observance of the following rules:

- all the relevant asset and liability items of the subsidiaries and the Dominant Entity were added up at their full value regardless of what part of the subsidiary is owned by the Dominant Entity,
- after adding up consolidation adjustments and exclusions were made,
- all the relevant revenue and cost items of the subsidiaries and the Dominant Entity were added up at their full value regardless of what part of the subsidiary is owned by the Dominant Entity,
- after adding up consolidation adjustments and exclusions were made,
- the net result obtained is distributed amongst the majority and minority shareholders/stakeholders.

### **2.3 Presentation currency, foreign currency transactions and valuation of items expressed in foreign currencies**

#### **a. functional currency and presentation currency**

A functional currency of the dominant entity and the presentation currency of this Consolidated Financial Statement is the Polish currency (PLN).

For the purposes of consolidation the financial statements of foreign entities are converted into the Polish currency in the following manner:

- assets and liabilities at an average National Bank of Poland exchange rate as of the given balancing day
- relevant items of the profit and loss account using the average arithmetic mean of the monthly rates of the National Bank of Poland.

#### **b. principles adopted for conversion of financial data**

The financial data from the financial statement of ACTION Ukraina TzOW in Ukrainian currency (UAH) were converted using the following principles:

- individual items of assets and liabilities - using the exchange rate prevailing on 31 July 2008 – 0.4401 PLN/UAH and as of 31 July 2007 - 0.5527 PLN/UAH
- individual items of Profit and Loss Account and Cash Flow Statement - using an average exchange rate for the period from 1 August 2007 to 31 July 2008 - 0.4802 PLN/UAH. The exchange rate calculated for the period from 1 August 2006 to 31 July 2007 was 0.5822 PLN/UAH.

### **2.4 Going concern principle**

The Consolidated Financial Statement was drawn up with the application of going concern principle to the foreseeable future of the Group.

As of the date of approving this financial statement no circumstances representing a threat to the continuation of Group's business activities were detected, except for companies: EKOACTION Sp. z o.o., put into liquidation and ACTION INTERNET Sp. z o.o., put into liquidation.

### **2.5 Approval of financial statements for publication**

This Consolidated Financial Statement was approved by the Management Board for publication on 4 November 2008.

### **2.6 Tangible fixed assets**

Tangible fixed assets are the fixed assets maintained by the business entities with the purpose of their use in their long-term business operations.

Lands and buildings are carried at acquisition cost less depreciation write-offs. Lands are not subject to depreciation. Buildings are carried at their historical cost less depreciation. The historical cost of a building is defined as its price of purchase (the expenditures related to its acquisition). The cost of a new building is the cost of its acquisition increased by the interest accrued over the period of its construction. The costs which can be directly assigned to an investment, such as the cost of preparation of the construction site and the technical and installation costs, are considered to be a part of the acquisition cost.

Depreciation is calculated using a straight-line method effective from the moment of commissioning of the fixed asset. The following depreciation periods are assumed. They are estimated on the grounds of a useful economic life of a certain asset:

Type	Period
Land	not depreciated
Buildings and structures	10 to 40 years
Technical equipment and machines	1.5 to 3 years
Means of transport	2.5 and 5 years
Other tangible fixed assets	1.5 and 10 years

Residual values and economic useful life of individual assets are verified on each balance date and changed if necessary.

If the balance value of an asset exceeds its estimated recoverable value, a write-off is made which equals the balance value to its recoverable value.

The proceeds and losses resulting from the disposal of fixed assets are determined by comparing the sale proceeds with the balance value of a certain asset and are recognised in the profit and loss account.

## 2.7 Intangible assets

### a) goodwill

The goodwill generated by means of consolidation is determined as of the date of acquisition as a surplus of the cost of acquisition of the entity over the fair value of the assets and liabilities of the subsidiary at the acquisition date.

Goodwill is recognized as an asset and is not subject to amortization. However, at least once per year it is analyzed with respect to its impairment. Any impairment is immediately recognised in the profit and loss account and is not reversible in the subsequent periods.

In case of sale of a subsidiary, an appropriate part of the goodwill is taken into account to calculate the profit or loss on the sale.

The goodwill created before the date of replacing the accounting principles with IFRS was recorded in the books in accordance with the value determined using the previous accounting principles and was subject to a test for goodwill impairment as of the date of adopting IFRS. Moreover, the goodwill is annually tested for impairment and is recorded on the balance sheet at the cost less the accumulated impairment write-offs. In order to test the goodwill for impairment, it is allocated to cash generating units. Such centres are individual companies that own store networks as well as the individual wholesalers.

### b) trademarks and licenses

Trademarks and licenses have limited economic useful life and are carried in the balance sheet at their historical cost reduced by its accumulated depreciation. The depreciation is calculated using a straight-line method. The depreciation term for SFERIS trademark – 6 years. Licences are depreciated over a period of 5 years.

### c) computer software

Computer software is activated at the value of the costs borne to purchase it. The depreciation is calculated using a straight-line method. Depreciation period: 2 – 5 years.

## 2.8 Impairment of non-financial assets

Assets of indefinite useful life are not subject to amortization but they are tested annually for impairment. The assets which are subject to amortization are analyzed with respect to their impairment whenever any event or change of circumstances indicates a possibility of failure to recover their balance value.

An impairment write-off is recorded in the books at the amount by which the balance value of the given asset component exceeds its recoverable value, i.e. the higher of the two values: the fair value less the costs of sale and the useful value.

The companies of the ACTION S.A. Capital Group (hereafter referred to as „Companies of the Group ” or „Group”) assess whether there are premises to suspect that the impairment write-off recorded in the books for the given asset component in the past reporting periods is unnecessary or should be reduced. Such an assessment is performed as of each balance day. Should such premises exist, the Companies of the Group assess the recoverable value of such asset. Such a previously recorded impairment write-off is reversed exclusively when a change of estimated values used to determine the recoverable value of the given asset component has taken place since the last write-down. In such a case, the balance value of the asset component is increased to its recoverable value. The balance value of the asset component increased as a result of reversing of the impairment write-off may not exceed the balance value which would be set (after a deduction of the accumulated depreciation) if the impairment write-off had never been recorded in the books for that asset component in the previous years. After recognizing the impairment write-off in the subsequent periods, the amortization write-off for the given asset component is corrected in a way that allows systematic writing off its verified balance value less the residual value, if any, over the entire remaining useful life of such an asset component.

## **2.9 Financial assets**

The Group recognised its investments in the following categories: financial assets available for sale, financial assets valued at their fair value by the financial result, loans and receivables and investments in subsidiaries.

### ***Financial assets available for sale***

The financial assets available for sale are the financial assets which are not derivatives and have been included in that category or have not been included in any other category. They represent a part of the fixed assets, unless the Board intends to dispose of the placement within 12 months from the balance day.

### ***Financial assets valued at their fair value through the financial result***

This category comprises two subcategories: the tradable financial assets held for resale and the financial assets which at the moment of their initial recognition were intended to be valued at their fair value through the financial result. A financial asset component is considered to belong to that category if it was acquired primarily for short-term resale or if it was included in that category by the Board. The assets included in that category are marketable assets if they are held for resale or fall due within 12 months from the balance date.

### ***Loans and receivables***

Loans and receivables are financial assets which are not considered derivatives, have specific or specifiable payments and are not traded in an active market. They originate when the Company dispenses cash directly to the debtor and does not intend to market the resulting receivables. They are considered current assets if they fall due in no more than 12 months from the balance date. Loans and receivables whose maturity exceeds 12 months from the balance date are considered fixed assets. Loans and receivables are recognized in the balance under “Trade receivables and other receivables”.

Loans and receivables are presented at an adjusted acquisition price (amortized cost) using the effective interest rate method.

## **2.10 Inventory**

Inventories are carried at cost or at cost of production, however, not higher than the net selling price. The cost is determined using a FIFO method. The net sale price is estimated on the basis of the selling price applied under regular operations less the relevant variable costs of sale.

## **2.11 Trade receivables and other receivables**

Trade receivables are initially recognised at their fair value and then they are priced at depreciated cost using an effective interest rate method less impairment allowances. An impairment allowance is made for trade receivables if there is objective evidence that the Group Company will not be able to receive all the amounts due pursuant to the original conditions of the receivable in question. Such an impairment allowance is then recognized in the profit and loss account under “Other costs”. The amount of the allowance is equal to the difference between the balance value of the receivables and the current value of the estimated future cash flows discounted using the effective interest rate. Reversing a previously created allowance in the profit and loss account (other costs) reduces the cost of receivables impairment allowances.

## **2.12 Cash and cash equivalents**

Cash and cash equivalents include the cash in hand, bank deposits payable on demand, other short-term investments of the original maturity of up to three months.

## **2.13 Share capital**

The equity capital of the Group is the equity capital of the Dominant Entity indicated at the value stated in the statutes and recorded in the court register.

The surplus from sale of shares above nominal value refers to the Dominant Entity.

Payment of dividends to stakeholders is recognized in the financial statement of the Group as a liability in the period in which the dividends were approved by the shareholders of the Company.

## **2.14 Credits and loans and other external sources of funding**

Credits and loans are initially recognized at their fair value and subsequently in a corrected acquisition price using the effective interest rate method.

## **2.15 Deferred income tax**

Deferred tax assets are recognized if taxable revenue is likely to be generated in the future that will allow to use the temporary differences. Deferred tax assets are also recognized in tax losses deductible in the subsequent years, however, only when a taxable income is likely to be generated in the future that would allow using such tax losses.

A deferred tax liability is recognized using the liability method for temporary differences between the tax value of assets and liabilities and their balance value recorded in the financial statement. The deferred income tax is determined using the tax rates actually applicable as of the balance date. The basic temporary differences are related to the differences in pricing of assets and liabilities for tax and balance purposes.

The deferred tax assets and provision are compensated only if there is a legal title which permits their compensation while calculating the tax liability value and if the deferred income tax assets and liabilities are related to the tax settled by the same taxpayer with respect to the same inland revenue office.

## **2.16 Employee benefits**

Employee benefits include retirement packages whose payment is required pursuant to Article 92 of the Labour Code. The value of liabilities arising of the specific type of benefits is calculated annually using the Projected Unit Method.

The actuarial gains and losses occurring as a result of ex-post adjustments of actuarial assumptions increase costs or revenues in the P&L account during the average expected remaining employment period of workers.

On November 15, 2006 the General Meeting of Shareholders of ACTION S.A. adopted an executive stock options program. For detailed information please refer to Note 26.

## **2.17 Provisions**

Provisions are set up to cover:

- certain or highly probable future liabilities whose value can be estimated with fair reliability, such as losses on pending economic transactions, including losses on account of guarantees or sureties granted, credit operations or outcomes of court proceedings in progress;
- future liabilities resulting from restructuring, if restructuring is required of the entity pursuant to separate regulations or if binding agreements have been concluded with respect to it and the restructuring plans allow estimating the value of such future liabilities in a fairly reliable manner.

## **2.18 Revenue recognition**

Sales revenues are recognized upon delivery of the goods, if the entity has transferred the significant risk and the benefits of the title of ownership to such goods, or upon delivering the service. It includes the fair value of the revenue on sales of goods and services performed under the normal operations of the Group. Revenues are recorded as a net value, after a deduction of the applicable goods and services tax, rebates and discounts.

### **3. Costs of external financing**

Costs of external financing are capitalized as a part of costs of producing fixed assets. The costs of external financing include interests, bank fees and charges that have to be born to raise external financing as well as foreign exchange gains/losses up to the level corresponding to the adjustment of interest cost.

The financing costs referred to above are generated by credits and loans drawn specifically to raise the assets mentioned above. Therefore, the amount of external financing, which is subject to activation is determined as difference between actual costs of external financing born in relation to a certain credit or loan in a certain period and the revenues generated by temporary investment.

### **4. Important estimates and judgments**

Drawing up a consolidated financial report requires that the Company's Management Board use certain approximations, as a lot of information included in the report cannot be valued precisely. The Board verifies the estimates adopted based on the changes of the factors taken into consideration for their purposes, new information or past experiences. Therefore any estimates made as of 31 July 2008 are subject to change in the future. The estimates and assumptions that come along with significant risk of necessary material adjustment of the balance value of assets and liabilities during the current or following accounting year are described below.

#### ***Useful life of tangible fixed assets and intangible assets***

The Companies of the Group estimated the useful life of tangible and intangible assets as of 31 July 2008. The analysis did not indicate any necessity of adjustment to this extent.

#### ***Impairment of goodwill and other intangibles in subsidiaries***

The Companies of the Group checked for existence of any premises indicating a loss of value of any investments in the subsidiaries (goodwill or other intangibles) as of 31 July 2008.

Having analyzed external and internal sources of information, the Board did not identify any premises that would indicate a need to recognize any additional impairment write-off.

A.PL Sp. z o.o., a fully consolidated subsidiary, indicated a loss of PLN 4,203 M in its financial statement. According to the statement issued by the Board of Directors of A.PL Sp. z o.o., the company's shareholders are soon to pass a resolution on its further existence. A capital injection into that company is planned.

SFERIS Sp. z o.o., a fully consolidated indirect subsidiary of ACTION S.A. indicated a loss of PLN 3,664 M in its financial statement. The Group did not write off a goodwill, nor intangibles identified in this subsidiary.

SFERIS Sp. z o.o. does not implement the financial targets adopted for 2008. Major reason for that is in-depth restructuring of the company and the change of development strategy. The company Management Board confirms the implementation of the long-term plan assuming the co-operation with PTK Centertel Sp. z o.o. launched in August 2007. The new strategy provides for the development of a chain of SFERIS and ORANGE shops based on the company's proprietary stores as well as partner, franchise and subagent shops.

According to the Management Board there is no risk of further loss of the asset value in these companies.

#### **Risk of imposing charges on account of the sale of equipment and media**

There is a risk of charging ACTION S.A. with the fees to payable to an organisation for common management of copyrights and related rights on account of the sales of the equipment and media set forth in the Copyright and Related Rights Act of 4th February 1994 (i.e. Journal of Laws (Dz.U.) of 2000, No. 80 Item 904, as amended) and in executory provisions (Ordinance of the Minister of Culture of 2nd June 2003 On Determining the Category of Equipment and Media Used to Copy and Levies on Such Media in Relation to Their Sales by Producers and Importers - Journal of Laws of 2003, No 105, item 991). Some of the aforementioned regulations, including in particular the way of settling the accounts with the copyright collective management organisations raise material doubts to the Company and to other entrepreneurs running similar businesses, some of them of constitutional nature. This was also confirmed in the statement issued by the National Economic Chamber for Electronics and Telecommunications and the Polish Chamber of Information Technology and Telecommunications that is available at the following address: [www.piit.org.pl](http://www.piit.org.pl). However, if the aforementioned doubts are resolved in the manner disadvantageous for the Company, then the Company will be obliged to pay levies along with accrued interests. The situation described above has no material impact on the financial position and growth prospects of the Group. ACTION S.A. set up provisions amounting to PLN 3,175 thousand to secure itself against the estimated risk.

**A risk of ACTION S.A. getting involved into a new business project (multi-industry Web platform)**

The Company undertakes measures in relation to the development of multi-industry Web platform aimed at offering retail and institutional customers a wide array of products and services. The Web platform in question is based on organisational structures of a company called A.PL, which is already in operation. The functional model of the Web platform being implemented by the Company is unmatched on the Polish market. The success of this project depends directly on the evolution of retail market, expected by the Management Board, heading towards higher role of sales via Internet as a distribution channel for consumer products and services. The absence of the changes expected by the Management Board may have adverse impact on the project success.

**Deferred income tax**

The calculation of the deferred tax assets is based on the probability of such taxable revenue being generated in the future that will allow to use the temporary differences and tax losses. Due to the fact that the calculation of the deferred income tax is based on estimates and assessments of the Board, those assessments are marked with uncertainty and the actual values may differ from the forecasts. The actual future result may also change as a result of economic changes or changes related to the competition in the business environment of the Group.

**Financial instruments**

The fair value of the financial instruments that are not traded in active market is determined using pricing techniques. The Group takes into consideration its own judgment and makes assumptions based on market conditions prevailing on each balancing day.

The estimates and judgments are revised continuously. In the accounting period no material changes in the estimated figures were recorded.

**5. Background information on operation segments**

The activity of the Group is based on one single industry sector: wholesale distribution of computer hardware, which made it necessary for the Group to revert to a lower level of internal segmentation. It was presented solely in relation to the numbers of the profit and loss account. The Company does not present the remaining information on segments, such as the segments assets and liabilities, its investment expenditure or amortization, due to the fact that that type of information is not aggregated in the structure of industry segments as it is not used for decision-making purposes.

The primary territory of operations of the Group is the Republic of Poland. The revenues, investments and assets related to its operations in other geographic regions are less than 5 % of the respective values applicable for the Polish market.

The next page presents the basic financial data of the Group, broken down into product categories.

Skonsolidowane sprawozdanie finansowe GRUPY KAPITAŁOWEJ ACTION S.A. za rok 2007

(all amounts given in thousands zloty (PLN M) unless indicated otherwise)

Results per segment for period between 08/01/2007 and 07/31/2008 are as follows:

	Component	Finished solutions	Peripherals	Consumables and office products	Consumer electronics	Other	Non-assigned items	Segments Total	Exclusions	Consolidated value
Sales to third parties	571,205	814,491	522,245	100,145	163,254	172,028	70,528	2,413,896	-70 528	2 343 368
Sales between the segments	0	0	0	0	0	0	0	0	0	0
<b>Total revenues</b>	<b>571,205</b>	<b>814,491</b>	<b>522,245</b>	<b>100,145</b>	<b>163,254</b>	<b>172,028</b>	<b>70,528</b>	<b>2,413,896</b>	<b>-70 528</b>	<b>2 343 368</b>
Gross sales margin	29,240	67,855	31,169	26,482	20,562	9,894	-32	185,170	32	185 202
Operating costs, FX losses and other costs	0	0	0	0	0	0	-122,532	-122,532	-5 361	-127 893
<b>Operating profit</b>	<b>29,240</b>	<b>67,855</b>	<b>31,169</b>	<b>26,482</b>	<b>20,562</b>	<b>9,894</b>	<b>-122,564</b>	<b>62,638</b>	<b>-5 329</b>	<b>57 309</b>
Net financial costs								-6,195	0	-6 195
<b>Profit before tax</b>								<b>56,443</b>	<b>-5 329</b>	<b>51 114</b>
Corporate income tax								-15,199	0	-15 199
<b>Net profit of the trading period, including:</b>								<b>41 244</b>	<b>-5,329</b>	<b>35 915</b>
<b>Profit due to shareholders of the Company</b>								<b>41 244</b>	<b>-7 454</b>	<b>33,790</b>
Minority profit								0	2 125	2,125

Results per segment for period between 08/01/2006 and 07/31/2007 are as follows:

	Component	Finished solutions	Peripherals	Consumables and office products	Consumer electronics	Other	Non-assigned items	Segments Total	Exclusions	Consolidated value
Sales to third parties	600,630	458,098	448,196	75,610	80,326	134,660	55,474	1,852,994	-55,474	1,797,520
Sales between the segments	0	0	0	0	0	0	0	0	0	0
<b>Total revenues</b>	<b>600,630</b>	<b>458,098</b>	<b>448,196</b>	<b>75,610</b>	<b>80,326</b>	<b>134,660</b>	<b>55,474</b>	<b>1,852,994</b>	<b>-55,474</b>	<b>1,797,520</b>
Gross sales margin	28,068	33,178	27,660	16,829	8,008	4,317		118,060		118,060
Operating costs, FX losses and other costs	0	0	0	0	0	0	-87,487	-87,487	-207	-87,694
<b>Operating profit</b>	<b>28,068</b>	<b>33,178</b>	<b>27,660</b>	<b>16,829</b>	<b>8,008</b>	<b>4,317</b>	<b>-87,487</b>	<b>30,573</b>	<b>-207</b>	<b>30,366</b>
Net financial costs								-2,024	0	-2,024
<b>Profit before tax</b>								<b>28,549</b>	<b>-207</b>	<b>28 342</b>
Corporate income tax								-6,172	0	-6 172
<b>Net profit of the trading period, including:</b>								<b>22 377</b>	<b>-207</b>	<b>22 170</b>
<b>Profit due to shareholders of the Company</b>								<b>22 377</b>	<b>-353</b>	<b>22,024</b>
Minority profit								0	146	146

**6. Tangible fixed assets – note for the period between 08/01/2007 and 07/31/2008**

	Land	Buildings and structures	Technical equipment and machines	Transport equipment	Other fixed assets	Fixed assets under construction	Total
<b>Position as of 1 August 2007</b>							
<b>Gross value</b>	<b>9,638</b>	<b>32,857</b>	<b>13,078</b>	<b>5,232</b>	<b>3,382</b>	<b>21,770</b>	<b>85,957</b>
<b>Accumulated amortization (inc. accumulated impairment write-offs)</b>	<b>-849</b>	<b>-3,691</b>	<b>-4,540</b>	<b>-4,058</b>	<b>-2,140</b>	<b>0</b>	<b>-15,278</b>
<b>Net value</b>	<b>8,789</b>	<b>29,166</b>	<b>8,538</b>	<b>1,174</b>	<b>1,242</b>	<b>21,770</b>	<b>70,679</b>
Changes over the year							
Transfers *)	-428	23,399	3,159	0	-109	-28,828	-2,807
Acquisition	2,621	2,844	1,573	2,338	1,861	19,109	30,346
Disposal and liquidation – depreciation	0	-306	-998	-842	-402	0	-2,548
Depreciation (note 25)	0	-1,503	-2,245	-888	-723	0	-5,359
Other changes	0	166	120	644	859	0	1,789
<b>Position as of 31 July 2008</b>							
<b>Gross value</b>	<b>11,831</b>	<b>58,794</b>	<b>16,812</b>	<b>6,728</b>	<b>4,732</b>	<b>12,051</b>	<b>110,948</b>
<b>Accumulated amortization (inc. accumulated impairment write-offs)</b>	<b>-849</b>	<b>-5,028</b>	<b>-6,665</b>	<b>-4,302</b>	<b>-2,004</b>	<b>0</b>	<b>-18,848</b>
<b>Net value</b>	<b>10,982</b>	<b>53,766</b>	<b>10,147</b>	<b>2,426</b>	<b>2,728</b>	<b>12,051</b>	<b>92,100</b>

As of 31 July 2008, the gross value of the fixed assets fully depreciated in continued use is PLN 3,312 M.

The Group reassessed the useful economic life of tangible fixed assets. The analysis did not show a need to make any adjustments.

Total amortization was posted into general and administrative costs.

The lands are used as a security for bank loans up to the level of PLN 45,000 M (the value of execution title).

The contractual liabilities in relation to the acquisition of tangible fixed assets amounted at the balancing date to PLN 6,279 M and their source is the commenced construction of the logistic centre. The amount of activated third party financing of fixed assets under construction is PLN 72 thousand.

The fair value of the tangible fixed assets is close to their book value.

As of 31 July 2008 and as of 31 July 2007 the Group was a party to an operating lease with the resulting lease liabilities amounting to PLN 1 446 M as of the balancing day and PLN 2,770 M as of 07/31/2007.

\*) The transfers include:

- increase in value of buildings and structures, technological equipment and machinery caused by the fact of completion and settlement of the construction investment by PLN 28,828 M,
- change of asset category to 'investment real estate' valued at PLN 2,807 M.

**6. Tangible fixed assets, cont. – Note for period between 08/01/2006 and 07/31/2007**

	<b>Land</b>	<b>Buildings and structures</b>	<b>Technical equipment and machines</b>	<b>Transport equipment</b>	<b>Other fixed assets</b>	<b>Fixed assets under construction</b>	<b>Total</b>
<b>Position as of 1 August 2006</b>							
<b>Gross value</b>	<b>5,039</b>	<b>31,577</b>	<b>7,337</b>	<b>5,155</b>	<b>2,499</b>	<b>1,025</b>	<b>52,632</b>
<b>Accumulated amortization (inc. accumulated impairment write-offs)</b>	<b>-849</b>	<b>-2,381</b>	<b>-3,496</b>	<b>-3,267</b>	<b>-1,640</b>	<b>0,</b>	<b>-11,633</b>
<b>Net value</b>	<b>4,190</b>	<b>29,196</b>	<b>3,841</b>	<b>1,888</b>	<b>859</b>	<b>1,025</b>	<b>40,999</b>
Changes over the year							
Transfers	0	0	0	0	0	0	0
Acquisition	4,599	124	6,039	332	614	20,745	32,453
Increase – consolidation of SFERIS Sp. z o.o.	0	2,125	68	11	307	0	2,511
Disposal and liquidation – depreciation	-849	-1,541	-143	-497	0	0	-3,030
Depreciation (note 25)	0	-,1,069	-1,035	-785	-411	0	-3,300
Depreciation – consolidation of SFERIS Sp. z o.o.	0	-241	-9	-6	-89	<b>0</b>	<b>-345</b>
Other changes	849	572	-223	231	-38	<b>0</b>	<b>1,237</b>
<b>Position as of 31 July 2007</b>							
<b>Gross value</b>	<b>9,638</b>	<b>32,857</b>	<b>13,078</b>	<b>5,232</b>	<b>3,382</b>	<b>21,770</b>	<b>85,957</b>
<b>Accumulated amortization (inc. accumulated impairment write-offs)</b>	<b>-849</b>	<b>-3,691</b>	<b>-4,540</b>	<b>-4,058</b>	<b>-2,140</b>	<b>0</b>	<b>-15,278</b>
<b>Net value</b>	<b>8,789</b>	<b>29,166</b>	<b>8,538</b>	<b>1,174</b>	<b>1,242</b>	<b>21,770</b>	<b>70,679</b>

As of 31 July 2007 the gross value of the fixed assets fully depreciated in continued use is PLN 1,703 M.

The Group reassessed the useful economic life of tangible fixed assets. The analysis did not show a need to make any adjustments.

Total amortization was posted into general and administrative costs.

## 7. Goodwill

	07/31/ 2008	07/31/ 2007
Balance sheet value of goodwill		
PROLOGIC Sp. z o.o.	289	289
SFERIS Sp. z o.o.	11,658	11,658
<b>Total balance sheet value</b>	<b>11,947</b>	<b>11,947</b>

	07/31/ 2008	07/31/2007
<b>Opening balance of goodwill</b>	<b>11,947</b>	<b>289</b>
Goodwill increases through acquisitions	0	11,658
<b>Total closing balance of goodwill</b>	<b>11,947</b>	<b>11,947</b>

## 8. Intangible assets – Note for period between 08/01/2007 and 07/31/2008

	Goodwill	Computer software	Trademarks and licenses	Other	Total
<b>Position as of 1 August 2007</b>					
<b>Gross value</b>	<b>11,947</b>	<b>5,530</b>	<b>15,054</b>	<b>14,401</b>	<b>46,932</b>
<b>Accumulated amortization (inc. accumulated impairment write-offs)</b>	<b>0</b>	<b>-2,736</b>	<b>-7,186</b>	<b>-9,623</b>	<b>-19,545</b>
<b>Net value</b>	<b>11,947</b>	<b>2,794</b>	<b>7,868</b>	<b>4,778</b>	<b>27,387</b>
Changes over the year					
Transfers	0	-480	480	0	0
Acquisition	0	678	0	0	678
Disposal	0	-4	0	0	-4
Depreciation (note 25)	0	-898	-1,452	-4,778	-7,128
Amortization reversal	0	4	0	0	4
Other changes	0	0	0	0	0
<b>Position as of 31 July 2008</b>					
<b>Gross value</b>	<b>11,947</b>	<b>5,724</b>	<b>15,534</b>	<b>14,401</b>	<b>47,606</b>
<b>Accumulated amortization (inc. accumulated impairment write-offs)</b>	<b>0</b>	<b>-3,630</b>	<b>-8,638</b>	<b>-14,401</b>	<b>-26,669</b>
<b>Net value</b>	<b>11,947</b>	<b>2,094</b>	<b>6,896</b>	<b>0</b>	<b>20,937</b>

As of 31 July 2008, the gross value of the intangible assets fully depreciated in continued use is PLN 1,896 M. The Group reassessed the useful economic life of intangible assets. The analysis did not show a need to make any adjustments. Total amortization was posted into general and administrative costs.

The fair value of intangible assets is close to the balance sheet value.

At the balancing date the net value of the intangible assets included the **goodwill of SFERIS worth PLN 11,658 M, PROLOGIC goodwill of PLN 289 M**, the SFERIS trademark of PLN 6,416 M of value and other intangible assets of a total value of PLN 2,574 M.

The goodwill impairment value of SFERIS Sp. z o.o. as of the balance date was analysed. The carrying value of SFERIS was estimated at PLN 31,700 M. The analysis was done based on projected free cash flows expected in the period between July 2008 and December 2013, as well as after that period. The free cash flows were discounted using an estimated discount rate of 16.4%.

The Weighted Average Cost of Capital was calculated by weighing the estimated grossed up cost of equity and debt capital before tax (in realistic terms) using their respective share in total capital, based on the expected capital structure in the sector. Once calculated, WACC was subsequently used as the proper discount rate for the purpose of goodwill impairment testing. As estimated, WACC before tax for SFERIS as of the date of valuation was 16.4%.

The test based on the assumptions described did not reveal any impairment of goodwill for SFERIS as of 31 July 2008 r.

#### 8. Intangible assets, cont. – Note for period between 08/01/2006 and 07/31/2007

	Goodwill	Computer software	Trademarks and licenses	Other	Total
<b>Position as of 1 August 2006</b>					
Gross value	0	2 613	6 579	14 410	23 602
Accumulated amortization (inc. accumulated impairment write-offs)	0	-2 288	-6 339	-6 757	-15 384
<b>Net value</b>	<b>0</b>	<b>325</b>	<b>240</b>	<b>7 653</b>	<b>8 218</b>
Changes over the year					
Transfers	289	0	0	-289	0
Acquisition	0	2 784	0	0	2 784
Increases – take over of control over SFERIS	11 658	366	8 715	0	20 739
Disposal	0	0	0	0	0
Depreciation (note 25)	0	-321	-847	-2 866	-4 034
Depreciation – take over of control over	0	-127	0	0	-127
Amortization reversal	0	0	0	0	0
Other changes	0	-233	-240	280	-193
<b>Position as of 31 July 2007</b>					
Gross value	11 947	5 530	15 054	14 401	46 932
Accumulated amortization (inc. accumulated impairment write-offs)	0	-2 736	-7 186	-9 623	-19 545
<b>Net value</b>	<b>11 947</b>	<b>2 794</b>	<b>7 868</b>	<b>4 778</b>	<b>27 387</b>

As of 31st July 2007 the gross value of the intangible assets fully depreciated in continued use is PLN 1,052 M. The Group reassessed the useful economic life of intangible assets. The analysis did not show a need to make any adjustments. Total amortization was posted into general and administrative costs.

#### 9. Investment real estate

Investment real estate of a total value of PLN 2,821 M have been moved from the category of tangible fixed assets subject to the right of perpetual usufruct of land and the title of ownership of buildings, which had so far been used for operations and had a value of PLN 2,807 M. The change of assets category also involved a notarial fee of PLN 14 M.

## 10. Financial assets

	07/31/2008	07/31/2007
Long-term financial assets		
- Shares	7	7
	<u>7</u>	<u>7</u>

As of 31 July 2008 the Group owned shares of the following companies not included in the consolidation:  
 ACTION S.A. – shares in Invar Biuro & System S.A.- PLN 7 M,

As of 31 July 2007 the Group owned shares of the following companies not included in the consolidation:  
 ACTION S.A. – shares in Invar Biuro & System S.A.- PLN 7 M,

## 11. Trade receivables and other receivables

	07/31/2008	07/31/2007
Short-term trade receivables and other receivables		
Trade receivables	273,007	166,362
From taxation, subsidies, customs duty, social and health-care insurance, and other benefits, including:	8,916	9,014
- current income tax receivables	2,890	2,546
Other financial receivables	1,170	2,517
Other non-financial receivables	0	0
	<u>283,093</u>	<u>177,893</u>
Less: write-offs to receivables	-10,379	-20,001
<b>Short-term trade receivables and other net receivables</b>	<u>272,714</u>	<u>157,892</u>

The fair value of short-term receivables is close to the balance sheet value. Receivables with a term of payment exceeding 1 year are subject to discounting and are indicated in the balance sheet under current value. The discount reduces the nominal value of trade and other receivables by PLN 431 M. Trade receivables have been used as a security for bank loans up to the level of PLN 239,500 M (the value of execution title).

### Write-offs updating the value of trade receivables and other receivables

	07/31/2008	07/31/2007
<b>Write-off to receivables at beginning of period</b>	<u>-20,001</u>	<u>-22,029</u>
Made	-1,730	-660
Used	7,977	104
Terminated	3,375	2,584
<b>Write-off to receivables at end of period</b>	<u>-10,379</u>	<u>-20,001</u>

Trade receivables usually have 14-day-long term of payment. In individual cases the term of payment is extended up to 90 days.

The Group has an appropriate policy on selling goods and services only to revised customers. Consequently, the management believes that there is no additional risk above the level determined by the write-off for unrecoverable receivables applicable to Group's trade receivables.

## 12. Inventory

	07/31/2008	07/31/2007
Materials	120	168
Goods	175,131	141,887
Delivery advance payments	0	0
	<b>175,251</b>	<b>142,055</b>
Inventory revaluation write-offs	-1 390	-1 337
<b>Inventory</b>	<b>173,861</b>	<b>140,718</b>

Inventory is used as a security for bank loans up to the level of PLN 83,000 M (the value of execution title).

### Inventory revaluation write-offs

	07/31/2008	07/31/2007
Reserve revaluation at beginning of period	-1,337	-1,579
Created (cost of sales of products, goods and materials)	-53	-44
Released (cost of sales of products, goods and materials)	0	286
Used	0	0
<b>Write-off to reserves at end of period</b>	<b>-1,390</b>	<b>-1,337</b>

## 13. Cash and cash equivalents

	07/31/2008	07/31/2007
Cash in hand	182	72
Cash at bank	8,708	7,715
	<b>8,890</b>	<b>7,787</b>

#### 14. Share capital

SHARE CAPITAL (STRUCTURE)				as of 07/31/2008			Value in PLN	
Series / issue	Type of shares	Type of privileged stock	Type of limiting right to shares	Number of shares	Issue value according to par value	Way of capital coverage	Registration date	Right to dividend payment (from the date)
A	bearer shares	Ordinary stock		10,000,000	1,000,000	cash	06/25/1996	
A	bearer shares	Ordinary stock		1,910,000	191,000	contribution	05/26/2004	
B	bearer shares	Ordinary stock		4,500,000	450,000	cash	07/26/2006	08/18/2005
Number of shares				16,410,000				
Total initial capital					1,641,000			
Par value per share = PLN 0.10								

Shareholders	No. of shares held	Share in capital and in total number of votes	Series
Piotr Bieliński	4,751,512	28.95%	A, B
Olgierd Matyka	3,513,695	21.41%	A, B
Wojciech Wietrzykowski	1,400,000	8.53%	A
Kajetan Wojtkiewicz	200,000	1.22%	A
Robert Waś	200,000	1.22%	A
Robert Bąk	240,000	1.46%	A
Piotr Wójcik	120,000	0.73%	A
Józef Dębski	715,000	4.36%	A
Kazimierz Lasecki	715,762	4.36%	A, B
OPERA FIZ	1,653,758	10.08%	B
Other	2,900,273	17.68%	B
<b>Total:</b>	<b>16,410,000</b>	<b>100.00%</b>	

On 04/11/2006, the Extraordinary General Shareholders Meeting (Notary Deed Reg. No. A no. 1017/2006) passed the following resolutions:

1) Resolution No 1 regarding:

a) change of a par value of share from PLN 1.00 to PLN 0,10 with a concurrent split of 1 share with the value of PLN 1.00 into 10 shares with a par value of PLN 0.10.

b) change of type of shares from registered shares to bearer shares.

2) Resolution No 2 regarding:

a) an increase of Company's initial capital through a public offering of B series shares.

As a result of the resolutions passed, the equity capital of the Company is PLN 1,641,000.00 and is divided into 11,910,000 series A shares and 4,500,000 series B shares.

On 07/26/2006 the District Court of the Capital City of Warsaw based in Warsaw, 12 Commercial Division of the National Court Register registered the increase of equity capital by issuing 4,500,000 ordinary series B bearer shares of a nominal value of PLN 0.10 each.

On 07/20/2006 the Management Board of the Warsaw Stock Exchange (official name: Giełda Papierów Wartościowych w Warszawie S.A.) passed a resolution on introducing 4,500,000 allotment certificates of ordinary series B bearer shares of the Company of a nominal value of PLN 0.10 each, coded "PLACTIN00026" by the Polish National Depository for Securities (official name: Krajowy Depozyt Papierów Wartościowych S.A.) to the primary market on 07/24/2006. The initial public offering of allotment certificates of ordinary series B bearer shares of ACTION S.A. took place during the stock exchange session on 07/24/2006.

The ultimate equity of the Dominant Company covers a planned issue of 820 500 C-series shares through a conditional increase of initial capital pursuant to the resolution of Extraordinary General Meeting of Shareholders of 15 November 2006.

The share capital was fully brought up.

Twenty per cent of the profit, i.e. an amount of PLN 4,431 M, was paid out as dividend for the previous accounting year. The remaining 80% of the profit was allocated to reserve capital.

As of the date of this statement the shareholding structure was as follows:

Shareholders	No. of shares held	Share in capital and in total number of votes	Series
Piotr Bieliński	4,759,295	29.00%	A, B
Olgierd Matyka	3,513,695	21.41%	A
Wojciech Wietrzykowski	1,400,000	8.53%	A
Kajetan Wojtkiewicz	200,000	1.22%	A
Robert Waś	200,000	1.22%	A
Robert Bąk	240,000	1.46%	A
Piotr Wójcik	120,000	0.73%	A
Józef Dębski	715,000	4.36%	A
Kazimierz Lasecki	715,762	4.36%	A, B
OPERA FIZ	1,653,758	10.08%	B
Other	2,892,490	17.63%	B
<b>Total:</b>	<b>16,410,000</b>	<b>100.00%</b>	

### 15. Minority capitals

Minority capitals account for 49 % of the capital of ACTION Ukraina TzOW.

### 16. Shareholders' rights

The shares of all series enjoy the same preferential treatment in terms of dividend, voting rights and return on equity.

### 17. Capital management

The Group manages its capital to maintain its business continuity and to ensure its capability to implement its planned investments and to generate earnings to its shareholders as well as bring profit to other stakeholders. According to the established market practice, the Group keeps monitoring its capital levels, e.g. by tracking its equity ratio and the total funded debt to EBITDA ratio.

The equity ratio is calculated as a ratio of net tangible assets (equity less intangible assets) to the balance sum. The total funded debt / EBITDA ratio is calculated as a ratio of credits, loans and other sources of financing to EBITDA. The total funded debt is defined as liabilities arising of credits, loans and leasing, whereas EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization) is defined as the operating profit plus amortisation.

In order to maintain financial liquidity and creditworthiness which allows obtaining external funding at a reasonable level of costs, the Group assumes that the equity ratio be maintained at a value of not less than 0.5 and the total funded debt to EBITDA ratio is not higher than 2.1.

	<b>07/31/2008</b>	<b>07/31/2007</b>
Shareholders' equity	171,395	137,809
Less: Intangible assets	-20,937	-27,387
Net value of tangible assets	150,458	110,422
Balance total	572,898	405,639
<b>Equity ratio</b>	<b>0.3</b>	<b>0.4</b>
Operating profit	57,309	30,366
Plus: amortisation	12,487	7,334
EBIDTA	69,796	37,700
Total funded debt	148,634	67,907
<b>Total funded debt/EBITDA</b>	<b>2.1</b>	<b>1.8</b>

#### 18. Trade payables and other liabilities

	<b>07/31/2008</b>	<b>07/31/2007</b>
Long-term trade liabilities and other liabilities	0	0
	<b>0</b>	<b>0</b>
Short-term trade liabilities and other liabilities		
Trade liabilities	214,341	167,818
Liabilities towards related entities	0	0
- due to taxes, customs fees, insurance and other liabilities	21,211	15,262
Derivative financial instruments	29	0
Other non-financial liabilities	3,519	7,846
	<b>239,100</b>	<b>190,926</b>
<b>Total</b>	<b>239,100</b>	<b>190,926</b>

**Trade payables do not bear interest and usually are cleared every 30 days.**  
 The fair value of short- and long-term liabilities is similar to the balance value.

### 19. Bank loans and credits and other financial liabilities

	07/31/2008	07/31/2007
Long-term		
Bank credits and loans	14,729	8,776
	14,729	8,776
Short-term		
Overdraft facilities	133,905	59,131
	<b>133,905</b>	<b>59,131</b>
<b>Total</b>	<b>148,634</b>	<b>67,907</b>

The Companies of the Group use short- and long-term credit facilities as well as current account overdraft facilities. Overdraft facilities have maturity up to 1 year. Average effective interest rate for the period between 1 August 2007 and 31 July 2008 was 5.45 % and for the period between 1 August 2006 and 31 July 2007 it was 4.63 %. The fair value of credits and loans is equal to the balance value. The Group may use credit lines with that total limit of PLN 260,205 M.

### Aging of credit liabilities

	07/31/2008	07/31/2007
Aging liabilities falling due		
up to 1 year	133 905	59 131
between 1 and 3 years	14 729	8 776
between 3 and 5 years	0	0
over 5 years	0	0
<b>Total</b>	<b>148 634</b>	<b>67 907</b>

**LONG-TERM LIABILITIES ON ACCOUNT OF CREDITS AND LOANS AS OF 07/31/2008**

Entity name (firm) and legal form	Registered office	Amount of credit/loan as per contract		Amount of credit/loan left for repayment		Interest rate	Date of repayment	Collaterals
		PLN M	currency	PLN M	currency			
Bank Polska Kasa Opieki S.A.	Warsaw	18,000		8,458		WIBOR 1M + bank's margin	12/30/2010	Bail mortgage on the real estate up to PLN 18,000 M; agreement on assignment of rights from the insurance policy covering the fixed assets listed at the mortgage entry.
Bank Polska Kasa Opieki S.A.	Warsaw	12,000		6,148		WIBOR 1M + bank's margin	09/30/2013	Bail mortgage on the real estate up to PLN 12,000 M; agreement on assignment of rights from the insurance policies covering the fixed assets listed at the mortgage entry.
SG Equipment Leasing Polska Sp. z o.o.	Warszawa	205		123			01/31/2011	Surety by ACTION S.A.
<b>Total</b>		<b>30,205</b>		<b>14,729</b>				

**SHORT-TERM LIABILITIES ON ACCOUNT OF CREDITS AND LOANS AS OF 07/31/2008**

Entity (company) name	Registered office	Amount of credit/loan as per contract		Amount of credit/loan left for repayment		Interest rate	Date of repayment	Collaterals
		PLN M	currency	PLN	currency			
Societe Generale S.A.	Warsaw	20,000		4,202		WIBOR 1M + bank's margin	09/30/2008	Agreement on assignment of receivables
Bank Handlowy w Warszawie S.A.	Warsaw	40,000		28,338		T/N WIBOR, LIBOR, EURIBOR + marża banku	05/29/2009	Agreement on assignment of receivables, a registered pledge on inventory, assignment of rights to insurance policy
Bank Polska Kasa Opieki S.A. *)	Warsaw			6,000		WIBOR 1M + bank's margin	12/30/2010	Bail mortgage on the real estate up to PLN 18,000 M; agreement on assignment of rights from the insurance policy covering the fixed assets listed at the mortgage entry.
Bank Polska Kasa Opieki S.A.	Warsaw	40,000		24,102		WIBOR 1M + bank's margin	08/31/2008	Contract on assignment of receivables
Bank Polska Kasa Opieki S.A.	Warsaw	40,000		4,145		WIBOR 1M + bank's margin	08/31/2008	Contract on assignment of receivables
Bank Polska Kasa Opieki S.A.	Warsaw	40,000		31,143		WIBOR 1M + bank's margin	08/31/2008	Contract on assignment of receivables
Bank Polska Kasa Opieki S.A.	Warsaw	50,000		35,893		WIBOR 1M + bank's margin	02/28/2009	Registered pledge on inventory, assignment of rights from the insurance policy
SG Equipment Leasing Polska Sp. z o.o. **)	Warsaw			82			01/31/2011	Surety by ACTION S.A.
<b>Total</b>		<b>230,000</b>		<b>133,905</b>				

\*) Long-term credit of up to 12 months' maturity running from the balance date. The limit of the credit is listed in the Long-Term Liabilities table.

\*\*) Long-term loan of up to 12 months' maturity running from the balance date. The limit of the loan is listed in the Long-Term Liabilities table.

## 20. Derivative financial instruments

The derivative financial instruments include forward contracts and options. The above transactions were made by the Dominant Company in order to hedge the exchange rates for future net cash flows denominated in foreign currencies. The net cash flows are generated by the payments of trade liabilities and service selling transactions the value of which is connected with exchange rate. Despite the fact that the contracts in question aim at hedging exchange rates, the Company does not apply hedging accounting, since there are no grounds to use the hedging accounting.

The fair value of instruments is fully posted into current assets or short-term liabilities because their maturity does not exceed 12 months.

As of 31st July 2008, the total nominal value of forward contracts and uncleared options amounted to PLN 11,209 thousand. The fair value of those instruments as of the same date was PLN 29 M.

## 21. Deferred income tax

The values of deferred income tax subject to offset arrangements were as follows:

	<b>07/31/2008</b>	<b>07/31/2007</b>
Deferred income tax assets:		
– deferred tax assets to be recovered within 12 months	880	862
	<b>880</b>	<b>862</b>
Deferred income tax provisions:		
– deferred tax provisions due and payable within 12 months	354	1 141
	<b>354</b>	<b>1 141</b>
<b>Deferred income tax assets</b>	<b>526</b>	<b>481</b>
<b>Deferred income tax provisions:</b>	<b>0</b>	<b>760</b>
<b>Deferred income tax assets/provisions (on the whole):</b>	<b>526</b>	<b>-279</b>

Changes of the status of the deferred income tax (compensated assets and provisions) are as follows:

	<b>07/31/2008</b>	<b>07/31/2007</b>
As of the beginning of the period (BOP)	-279	369
Debit/credit of the financial result	805	-675
Increase/decrease of equity	0	27
<b>As of the end of the period (EOP)</b>	<b>526</b>	<b>-279</b>

Change of deferred income tax assets and liabilities during the year (before their compensation) is as follows:

**Deferred income tax assets**

	Temporary surplus of foreign exchange losses	Inventory revaluation write-off	Period costs provision	Non-utilized holiday leave provision	Write-off to receivables	Other	Total
<b>Position as of 1 August 2006 at 19% rate</b>	<b>140</b>	<b>267</b>	<b>72</b>	<b>45</b>	<b>133</b>	<b>359</b>	<b>1 016</b>
(Credit)/Debit of the financial result on account of change of temporary differences and tax loss	-32	-49	-8	33	-98	0	-154
<b>Position as of 31 July 2007 at 19% rate</b>	<b>108</b>	<b>218</b>	<b>64</b>	<b>78</b>	<b>35</b>	<b>359</b>	<b>862</b>
<b>Position as of 1 August 2007 at 19% rate</b>	<b>108</b>	<b>218</b>	<b>64</b>	<b>78</b>	<b>35</b>	<b>359</b>	<b>862</b>
(Credit)/Debit of the financial result on account of change of temporary differences and tax loss	-73	37	391	24	-2	-359	18
<b>Position as of 31 July 2008 at 19% rate</b>	<b>35</b>	<b>255</b>	<b>455</b>	<b>102</b>	<b>33</b>	<b>0</b>	<b>880</b>

**Deferred income tax provision:**

	FX gains	Accrued interest	Vendor bonuses	Other	Total
<b>Position as of 1 August 2006 at 19% rate</b>	<b>117</b>	<b>0</b>	<b>530</b>	<b>0</b>	<b>647</b>
Credit/(Debit) of the financial result on account of change of temporary differences	-88	0	515	94	521
Increase/decrease of equity	-27	0	0	0	-27
<b>Position as of 31 July 2007 at 19% rate</b>	<b>2</b>	<b>0</b>	<b>1 045</b>	<b>94</b>	<b>1 141</b>
<b>Position as of 1 August 2007 at 19% rate</b>	<b>2</b>	<b>0</b>	<b>1 045</b>	<b>94</b>	<b>1 141</b>
Credit/(Debit) of the financial result on account of change of temporary differences	248	2	-1 045	8	-787
Increase/decrease of equity	0	0	0	0	0
<b>Position as of 1 July 2008 at 19% rate</b>	<b>250</b>	<b>2</b>	<b>0</b>	<b>102</b>	<b>354</b>

## 22. Employee benefit liabilities

Employee benefit liabilities recognized in the balance sheet are as follows:

	<b>07/31/2008</b>	<b>07/31/2007</b>
Retirement and disability packages	56	61
Holiday leave benefits	596	524
	<b>652</b>	<b>585</b>
<b>Including:</b>		
- short-term part	<b>652</b>	<b>585</b>

### Retirement and disability packages

#### Change of liability on account of retirement and disability packages

	<b>07/31/2008</b>	<b>07/31/2007</b>
Current value of the liability - opening balance	585	238
Costs recognized in the profit and loss account under employee benefit costs	67	347
<b>Wartość bieżąca zobowiązania – saldo na koniec roku</b>	<b>652</b>	<b>585</b>
Including the cost of employee benefits recognized in the profit and loss account as part of:		
- general and administrative costs	67	347

Valuation of the current value of disability and retirement packages performed using the actuarial method was drawn up as of 31 July 2008.

## 23. Provisions for liabilities and other charges

	<b>Provisions for liabilities</b>	<b>other</b>	<b>Total</b>	<b>Including long-term</b>	<b>Including short-term</b>
<b>Position as of 1 August 2006</b>	<b>106</b>	<b>927</b>	<b>1 033</b>	<b>0</b>	<b>1 033</b>
Provisions set up/used	663	-927	-264	0	-264
<b>Position as of 31 July 2007</b>	<b>769</b>	<b>0</b>	<b>769</b>	<b>0</b>	<b>769</b>
<b>Position as of 1 August 2007</b>	<b>769</b>	<b>0</b>	<b>769</b>	<b>0</b>	<b>769</b>
Provisions set up/used	2 478	0	2 478	0	2 478
<b>Position as of 31 July 2008</b>	<b>3 247</b>	<b>0</b>	<b>3 247</b>	<b>0</b>	<b>3 247</b>

The liquidation of ACTION Computer Peripherals AG and its deletion from a commercial register resulted in a dissolution of the remaining provisions for the total value of PLN 927 M. Releasing the reserves increased the consolidated profit for the year ended on 31 July 2007.

In the period covered by the report, the Company allocated reserves for liabilities to ZAIKS (the copyrights protection body) at an amount of PLN 2,927 M.

## 24. Sales revenues

The total sales revenues are generated from the sales of computer hardware. No seasonality nor cyclical nature of the sales revenue trend was noted in the period ended on 31 July 2008 nor in the period ended on 31 July 2007.

	For period 08/01/2007 –07/31/2008	For period 08/01/2006 –07/31/2007
Revenues from the sale of products (services)	24 746	16 143
Revenues from sales of goods and materials	2 318 622	1 781 377
	<b>2 343 368</b>	<b>1 797 520</b>

## 25. Costs by category

	For period 08/01/2007 –07/31/2008	For period 08/01/2006 –07/31/2007
Depreciation of fixed assets and amortization of intangible assets (Notes 6 & 8)	12 487	7 334
Employee benefit costs	60 640	43 494
Consumption of materials and energy	7 073	5 198
Third party services	56 272	34 860
Taxes and charges	1 395	1 176
Advertising and entertainment expenses	11 451	7 120
Property and personal insurance	443	0
Other cost categories	1 037	2 242
Value of goods and materials sold	2 158 166	1 679 460
Total costs of products, goods and materials sold, sales and marketing and general and administrative costs.	<b>2 308 964</b>	<b>1 780 884</b>

## 26. Employee benefit costs

	For period 08/01/2007 –07/31/2008	For period 08/01/2006 –07/31/2007
Payroll	51 315	36 682
Social security and other benefits	9 325	6 812
	<b>60 640</b>	<b>43 494</b>

On 21 August 2006 ACTION S.A. concluded a Managerial Contract with the President of the Board of the Company, Mr. Dariusz Jacek Krawiec, which was significantly amended by Annex 6 of 8 November 2007 with respect to the executive stock options programme. That contract may cause future changes of the proportions of shares owned by the present shareholders.

The amended Section § 6 of the Managerial Contract provided for a one-man participation of Mr Dariusz Jacek Krawiec in the executive options programme. According to its assumptions, Mr Dariusz Jacek Krawiec was entitled to take into possession up to 547,000 shares of the Company in the period between 2007 and 2010, which was suppose to account for 3.2 % of the future total number of Company's shares). The shares are to be acquired as part of a conditional increase of the initial capital in exchange for the subscription warrants issued by the Company. The resolutions which approve the original provisions of the contract were passed by the Extraordinary General Meeting of Shareholders and its Supervisory Board on 15th November 2006. The programme modification made on 8th November 2007 was approved by the Company's Supervisory Board on 8th November 2007. The changes to the executive stock options programme and the corresponding amendments to the Company's statutes were approved by resolutions of the Extraordinary General Shareholders Meeting on 5 December 2007. The warrants were issued and taken up in December 2007.

The wage costs for 2006 include the value of options estimated on the grounds of original programme assumptions, amounting to PLN 1,509 M in 2006. After the program was modified, the costs for year 2007 were amended with an amount of PLN 3,388 M. The benefit in the form of the stock options at a total value of PLN

4,607 M was reflected in the supplementary capital of the Company, whereas the benefit in kind of a value of PLN 290 M was reflected in the result of the period.

For the programme pricing purposes the following market data effective on 15 November 2006 was taken:

- fixing price of Company shares as of 5 December 2007: PLN 32.02,
- volatility rate of return on Company shares: 45.90%,
- dividend of 20% of net profit each year,
- interest rate: 5.9/6.1.

On 1 April 2008 Mr Dariusz Jacek Krawiec sold the aforementioned warrants to a member of the board of ACTION S.A..

### 27. Other revenues and profits

	<b>For period</b> <b>08/01/2007 –07/31/2008</b>	<b>For period</b> <b>08/01/2006 –07/31/2007</b>
Revenue on foreign exchange rates	23,457	6,273
Revenue on interest	288	679
Revenue on expiry of liabilities	0	1,055
Revenue on damages received	1,212	314
Other revenue	7,891	4,003
Proceeds from disposal of non-financial fixed assets	123	5,987
	<b>32 971</b>	<b>18 311</b>

### 28. Other costs and losses

	<b>For period</b> <b>08/01/2007 –07/31/2008</b>	<b>For period</b> <b>08/01/2006 –07/31/2007</b>
Write-off due to impairment of non-financial assets	0	0
Costs of compensation paid	1,177	0
Costs of write-downs of receivables	1,727	660
Other costs	7,162	3,921
	<b>10,066</b>	<b>4,581</b>

### 29. Financial costs

	<b>For period</b> <b>08/01/2007 –07/31/2008</b>	<b>For period</b> <b>08/01/2006 –07/31/2007</b>
Costs of:		
- interest on credits	6,195	2,024
	<b>6,195</b>	<b>2,024</b>

### 30. Corporate income tax

	<b>For period</b> <b>08/01/2007 –07/31/2008</b>	<b>For period</b> <b>08/01/2006 –07/31/2007</b>
Current tax	16,004	5,497
Deferred tax (note 21)	-805	675
	<b>15,199</b>	<b>6,172</b>

Income tax on gross profit of the Company before tax differs from the income tax which affects the financial result as follows:

	For period 08/01/2007 – 07/31/2008	For period 08/01/2006 – 07/31/2007
<b>Profit before tax</b>	<b>51,114</b>	<b>28,342</b>
Tax calculated at a 19% rate	9,712	5,385
Costs which are not revenue earning costs and other sources of permanent and temporary differences	5,487	787
<b>Debit of financial result on account of income tax</b>	<b>15,199</b>	<b>6,172</b>

### 31. Earnings per share

	For period 08/01/2007 – 07/31/2008	For period 08/01/2006 – 07/31/2007
Profit due to Company shareholders (PLN M)	<b>33,790</b>	<b>22,024</b>
Weighed average number of ordinary shares	16,410,000	16,410,000
<b>Basic earnings per share (in PLN per share)</b>	<b>2,06</b>	<b>1,34</b>

The basic number of shares includes 11,910,000 A-series shares and 4,500,000 B-series shares.  
 The diluted number of shares includes an additional planned issue of 820,500 C-series shares.

The basic earnings per share are calculated by dividing the profit due to shareholders of the Company by the weighted average number of ordinary shares throughout the year.

Earnings per share as of 07/31/2008: PLN 33,790 M / 16,410,000 = PLN 2.06  
 Earnings per share as of 07/31/2007: PLN 22,024 M / 16,410,000 = PLN 1.34

The diluted earnings per share are calculated by dividing the profit due to shareholders of the Company and the weighed average number of ordinary shares, including the planned issue of 820,500 shares of series C as part of a conditional increase in equity capital pursuant to a resolution passed by the Extraordinary General Meeting of Shareholders of the Company of 15 November 2006.

Diluted earnings per share as of 07/31/2008: PLN 33,790 M / 17,230,500 = PLN 1.96  
 Diluted earnings per share as of 07/31/2007: PLN 22,024 M / 17,230,500 = PLN 1.28

The weighted average number of ordinary shares in the period from 08/01/2006 to 07/31/2007 and in the period from 08/01/2007 to 07/31/2008 was increased by the planned issue of 820,500 series C shares.

### 32. Dividend per share

In the accounting period covered by the Financial Statement ACTION S.A. paid out dividend amounting to PLN 4,431 M.

The Management Board of ACTION S.A. has proposed the following distribution of net profit generated in the period from 1 August 2007 to 31 July 2008:

- 80% of net profit to an increase of reserve capital,
- 20% of net profit to dividend payment.

The estimated value of dividend per share will amount to PLN 0.48.

The remaining member companies of the Group intend to allocated the generated profit to an increase of reserve capital or to cover losses carried forward from previous years.

**33. Financial instruments and assessment of financial risk***Types of financial instruments***Financial assets**

	07/31/2008		Types of financial instruments as per IAS 39 (book value)					
	Fair value	Net book value	Valued at fair value through the financial result		Valued at fair value with changes in capital		Valued at amortised cost	
			designated on original recognition	held for trading	available for sale	hedge accounting	loans and receivables	held until maturity
<b>Fixed financial assets</b>	<b>1,049</b>	<b>1,049</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>1,042</b>	<b>0</b>
Trade receivables and other receivables	1,042	1,042					1,042	
Shares in other entities	7	7			7			
<b>Current financial assets</b>	<b>272,688</b>	<b>272,688</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>272,688</b>	<b>0</b>
Trade receivables and other receivables	263,798	263,798					263,798	
Cash and cash equivalents	8,890	8,890					8,890	
Other financial assets - derivatives								
<b>Total</b>	<b>273,737</b>	<b>273,737</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>273,737</b>	<b>0</b>

**Financial liabilities**

	07/31/2008		Types of financial instruments as per IAS 39 (book value)				
	Fair value	Net book value	Valued at fair value through the financial result		Valued at amortised cost	Valued at fair value with changes in capital	
			designated on original recognition	held for trading		hedge accounting	
<b>Long-term financial liabilities</b>	<b>14,729</b>	<b>14,729</b>	<b>0</b>	<b>0</b>	<b>14,729</b>	<b>0</b>	<b>0</b>
Credits and loans	14,729	14,729			14,729		
Trade payables and other liabilities							
<b>Short-term liabilities</b>	<b>351,794</b>	<b>351,794</b>	<b>0</b>	<b>29</b>	<b>351,765</b>	<b>0</b>	<b>0</b>
Credits and loans	133,905	133,905			133,905		
Trade payables and other liabilities	217,860	217,860			217,860		
Financial liabilities	29	29		29			
<b>Total</b>	<b>366,523</b>	<b>366,523</b>	<b>0</b>	<b>29</b>	<b>366,494</b>	<b>0</b>	<b>0</b>

### Interest revenue

	<b>08/01/2007 - 07/31/2008</b>	<b>08/01/2006 - 07/31/2007</b>
Bank deposits	202	195
Other	1,052	631
	<b>1,254</b>	<b>826</b>

### Interest costs

	<b>08/01/2007 - 07/31/2008</b>	<b>08/01/2006 - 07/31/2007</b>
Short-term and long-term credit	6,195	2,024
Other	170	144
	<b>6,365</b>	<b>2,168</b>

### Profits or losses by instrument category

	<b>08/01/2007 - 07/31/2008</b>	<b>08/01/2006 - 07/31/2007</b>
Assets valued at fair value through the financial result, including - held for trading	0	582
Assets available for sale (amount moved from equity)	0	0
Loans and receivables (incl. profits and losses on interest)	1,052	631
Financial liabilities valued at amortised cost	0	<b>0</b>
	<b>1,052</b>	<b>1,213</b>

Profits or losses by instrument category reflect both the financial revenues and costs, as well as other revenues and costs related to financial instruments.

### Loss on impairment

	<b>08/01/2007 - 07/31/2008</b>	<b>08/01/2006 - 07/31/2007</b>
Loans and receivables	-1,730	-660
	<b>-1,730</b>	<b>-660</b>

### Credit risk

The Group has a policy of crediting its customers by means of extended terms of payment for the goods sold. The credit risk which exists under such circumstances to a certain extent is an indispensable part of competition imposed by the market reality. The procedures applied within the Group are aimed at retaining the credit risk at a level accepted by the individual companies of the Group. The Group follows a policy which limits its credit exposure with individual customers. The credit limits granted to each of them are intended to eliminate the growth of the risk caused by an excessive concentration of sales credit with a single customer. The level of the credit limit, i.e. the credit risk approved by the individual companies of the Group is set on an individual basis for each customer based on their financial standing, the history of operation and the existing relationship. Increasing the credit limit requires submitting certain collaterals by the customer, which limit the

credit risk level. Since 1 April 2006 the Company insures all receivables, except for those from subsidiaries and selected long-term customers.

The credit risk arising of extending the terms of payment granted to third party customers is limited by securing the payment using notary deeds of voluntary submission to execution or bills of exchange as well as one of the following tangible collaterals, such as:

- agreements of assignment of receivables and other rights,
- agreement on transfer of ownership title on goods,
- an entry into land and mortgage book of mortgage in first position,
- bank guarantee,
- bank deposit.

There is no risk concentration in the Group due to the large number and relatively small size of customers.

Considering the above, the Management Board is of the opinion that the credit risk has been recorded in the financial report by appropriate write-downs.

The credit risk related to bank deposits, derivatives and other investments is viewed as negligible as the Group concludes transactions with parties of well-established financial standing.

The change of write-downs of receivables has been presented in note 11.

#### Maximum credit risk

	<u>07/31/2008</u>	<u>07/31/2007</u>
Trade receivables and other receivables	274,177	166,367
	<u>274,177</u>	<u>166,367</u>

The maximum credit risk is estimated as the balance value of fixed and current financial assets.

The following table shows the aging structure of trade receivables and other receivables which are financial instruments.

**Aging structure of trade receivables and other receivables**

	07/31/2008	07/31/2007
<b>Gross value</b>		
Not overdue	247,612	136,134
Overdue	26,565	30,228
1-30 days past due	0	5,188
31-180 days past due	5,242	5,617
181-365 days past due	10,974	1,321
over 1 year	10,349	18,102
	<u>274,177</u>	<u>166,362</u>
<b>Write-offs</b>		
Not overdue	0	0
Overdue	10,379	20,001
1-30 days past due		
31-180 days past due	5,242	578
181-365 days past due	0	1,321
over 1 year	5,137	18,102
	<u>10,379</u>	<u>20,001</u>
<b>Net value</b>		
Not overdue	247,612	136,134
Overdue	16,186	10,227
1-30 days past due	0	5,188
31-180 days past due	0	5,039
181-365 days past due	10,974	0
over 1 year	5,212	0
	<u>263,798</u>	<u>146,361</u>

**Price risk**

The Company does not trade in securities on any active market.

**Liquidity risk**

The Group is exposed to liquidity risk, understood as the risk of loss of their capability to settle their liabilities timely. That kind of risk is a result of a potential restriction of access to financial markets, which may result in no possibilities to obtain new funding or refinancing of the existing debt. According to the Management Board, the substantial amount of cash as of the balance date (note 13), the available credit facilities (note 18) and a good financial condition of the Group allow assessing the liquidity loss risk as insignificant.

The maximum exposure to liquidity risk on account of loans and credit liabilities was presented in detail in the note on Financial liabilities above.

The maturity dates for trade liabilities do not exceed 90 days.

**Currency risk**

The Group is exposed to a risk of change of foreign currency exchange rates, particularly with respect to the exchange rates of the US dollar and the euro. The risk of change of currency exchange rates is a result of future trade transactions as well as the assets and liabilities recognized. The risk is created when the future trade transactions, the assets or the liabilities recognized are expressed in a currency different than the functional currency of the entity in question.

The Group uses hedging instruments, such as short-term forward contracts and currency purchase/sale options.

Due to the fact that the Group does not use hedging accounting, all changes of the fair value of the forward contracts are recorded in the profit and loss account.

Maximum exposure to currency risk

As of 31 July 2008 the receivables in foreign currencies equalled PLN 8,753 M, which constituted 3.2% of the total trade receivables. As of 31 July 2007 the receivables in foreign currencies equalled PLN 9,732 M, which constituted 6.6% of the total trade receivables. As of 31 July 2008, the receivables in USD accounted for 49% of all the trade receivables in foreign currencies. As of 31 January 2007 the receivables in USD constituted 54% of all the trade receivables in foreign currencies.

As of 31 July 2008 the trade liabilities in foreign currencies amounted to PLN 90,610 M, which was equal to 42.2% of all trade liabilities. As of 31 July 2007 the trade liabilities in foreign currencies amounted to PLN 69,341 M, which was equal to 41.3% of all trade liabilities.

### Currency risk exposure

The following table presents the characteristics exposed to currency risk based on their nominal values, broken down by key foreign currencies.

#### 31 July 2008

	EUR	USD
Trade receivables	1,849	2,393
Fixed-term deposits	1,069	0
<b>Assets exposed to currency risk</b>	<b>2,918</b>	<b>2,393</b>
Trade liabilities	-12,997	-22,229
<b>Liabilities exposed to currency risk</b>	<b>-12,997</b>	<b>-22,229</b>
Derivatives - inflows	3,500	0
Derivatives - outflows	0	0
<b>Derivatives - net value</b>	<b>3,500</b>	<b>0</b>
<b>Net exposure</b>	<b>-6,579</b>	<b>-19,836</b>

#### 31 July 2007

	EUR	USD
Trade receivables	1,191	1,887
Fixed-term deposits	0	304
<b>Assets exposed to currency risk</b>	<b>1,191</b>	<b>2,191</b>
Trade liabilities	-3,148	-20,761
<b>Liabilities exposed to currency risk</b>	<b>-3,148</b>	<b>-20,761</b>
Derivatives - inflows	700	6,800
Derivatives - outflows	0	0
<b>Derivatives - net value</b>	<b>700</b>	<b>6,800</b>
<b>Net exposure</b>	<b>-1,257</b>	<b>-11,770</b>

The foreign currency position was calculated using the following exchange rates:

	Exchange rate for day	
	07/31/2008	07/31/2007
EUR/PLN	3.2026	3.7900
USD/PLN	2.0509	2.7653

### Sensitivity analysis

If the zloty strengthens itself by 5% in relation to the foreign currencies listed below on 31 July 2008, the gross result will vary by the amounts indicated. The analysis relies on the assumption that all the remaining variables, particularly the interest rates, remain unchanged. A similar analysis was performed on the data as of 31 July 2007.

	07/31/2008	07/31/2007
EUR	329	63
USD	992	589
	<b>1,321</b>	<b>651</b>

Depreciation of the zloty by 5% in relation to the foreign currencies listed above shall produce the same amount of variation, except for the opposite sign. Again, the assumption is that no other variables change.

#### Interest rate risk

The Group has financial instruments which are solely based on variable interest rate.

The structure of financial instruments with a variable interest rate as of the balance date that are exposed to cash flow risk is as follows:

#### Balance sheet value

	07/31/2008	07/31/2007
<b>Variable-interest instruments</b>		
Financial assets	8,708	7,715
Financial liabilities	-148,568	-67,907
	<b>-139,860</b>	<b>-60,192</b>

#### Sensitivity analysis of the fair value of the interest-based instruments against interest rate variations

A change of the interest of the instruments by 50 base points as of the balance date would increase (decrease) the net assets and the Profit & Loss Account by the amounts indicated below.

This analysis assumes that all the other variables remain constant.

A similar analysis was performed on comparative data as of 31 July 2007.

	Profit and Loss account		Shareholders' equity	
	rise by 50 bp	fall by 50 bp	rise by 50 bp	fall by 50 bp
<b>31 July 2008</b>				
Interest-variable assets	44	-44		
Interest-variable liabilities	-743	743		
<i>Net sensitivity before tax</i>	<b>-699</b>	<b>699</b>	-	-
Tax 19 %	-133	133		
<i>Net sensitivity after tax</i>	<b>-566</b>	<b>566</b>		
<b>31 July 2007</b>				
Interest-variable assets	39	-39		
Interest-variable liabilities	-340	340		
<i>Net sensitivity before tax</i>	<b>-301</b>	<b>301</b>	-	-
Tax 19 %	-57	57		
<i>Net sensitivity after tax</i>	<b>-244</b>	<b>244</b>		

The Group does not secure itself against the risk of interest rate variability.

The Company estimated the potential changes of the market risk as follows:

- 0.5 % change in the interest rate for PLN (its increase or fall),
- 0.5 % change in the interest rate for USD (its increase or fall),
- 5 % change of the PLN/EUR exchange rate (its increase or fall)
- 5 % change of the PLN/USD exchange rate (its increase or fall).

### 34. Net operational cash inflows

	For period 08/01/2007 – 07/31/2008	For period 08/01/2006 – 07/31/2007
<b>Net profit of accounting period</b>	<b>33,790</b>	<b>22,024</b>
Adjustments:		
– Income tax (note 21.30)	15,199	5,565
– Income tax paid	-16,663	-7,558
- Depreciation of fixed assets and amortization of intangible assets (Notes 6, 8 and 25)	12,487	7,334
– Profit on disposal of non-financial fixed assets (note 27)	-123	-5,987
– Revenue on interest (note 27)	-288	-679
– Costs of interest (note 29)	6,195	2,024
Changes in working capital position:		
– Reserves	-36,191	-32,273
– Trade receivables and other receivables	,-105,073	,-46,217
– Trade liabilities and other liabilities	36,033	37,283
Other adjustments	7,641	-10,768
<b>Net operational cash inflows</b>	<b>-46,993</b>	<b>-29,252</b>

### 35. Contingent items

As of the balance date, the Group had liabilities arising on performance bond for construction services at an amount of PLN 1,215 M.

As of 31 July 2008 the security liabilities which arise of contracts signed as of the balance date and not reflected in the financial statement of the Group amounted to PLN 10,581 M, as compared to their value of PLN 9,543 M as of 31 July 2007.

	07/31/2008	07/31/2007
<b>1. Contingent receivables</b>	<b>0</b>	<b>0</b>
1.1. From related entities (due to)	0	0
- on guarantees and sureties	0	0
1.2. From other entities (due to)	1 215	0
- on guarantees and sureties	1 215	0
<b>2. Contingent liabilities</b>	<b>10 581</b>	<b>9 543</b>
1.1. To related entities (due to)	420	420
- on guarantees and sureties issued	420	420
1.2. To other entities (due to)	10 161	9 123
- on guarantees and sureties issued	10 161	9 123
- other	0	0
<b>3. Other (due to)</b>	<b>0</b>	<b>0</b>
<b>Total off-balance items</b>	<b>11 796</b>	<b>9 543</b>

### Guarantees and sureties issued

Na koniec 2007 r. the value of extended guaranties and sureties amounted to PLN 10,581 M, including:

To related entities:

- Surety for A.PL to SG Equipment Leasing Polska – PLN 420 M.

To other entities:

- Intel Corp. UK Ltd: USD 2,000 M (PLN 4,101 M)
- Lenovo Singapore PTE Ltd: USD 1,000 M (PLN 2,050 M)
- *Fundacja Fundusz Współpracy (Cooperation Fund Foundation): EUR 3 M (PLN 10 M)*
- *Guarantees for repayment of custom and tax dues (PLN 4 000 M)*

At the date of drawing up the financial statement, two of the member companies of the Group has voluntarily subjected itself to enforcement of due and payable liabilities at a total amount of PLN 1,299 M.

### **36. Mergers of business units**

No companies merged in the reporting period analysed.

On 2 August 2007, Resolution 1 was passed by the Extraordinary Meeting of Shareholders of ACTINA Sp. z o.o. which increased its initial capital from PLN 50 M to PLN 29,550 M by creating 59,000 new shares of a nominal value of PLN 500 each. On 11 September 2007, the capital increase at ACTINA was officially registered. The value of the initial capital of ACTINA Sp. z o.o. after the registration of the increase is PLN 29,550 M, which is divided into 59,100 equal shares with a nominal value of PLN 500 each.

On 16 October 2007, the Company made the final bank transfer of USD 1,147,500 (equivalent to PLN 2,411 M), to increase the initial capital of ACTION Ukraina TzOW. The increase of the initial capital of ACTION Ukraina TzOW was registered by the Executive Committee of the Lvov City Council of the Lvov District in Lvov on 04/25/2007.

On 27 June 2008, ACTION S.A. acquired 10 shares in the equity capital of PROLOGIC Sp. z o.o. at a price of PLN 33,333.00. On the same date, ACTION S.A. acquired 30 shares in the equity capital of PROLOGIC Sp. z o.o. at a price of PLN 100,000.00. On 31 July 2008, ACTION S.A. was in possession of 100 % of shares in PROLOGIC Sp. z o.o.

### **37. Events after the balance date**

On 27 August 2008 the Management Board of ACTION S.A. accepted Ms Joanna Ewa Wójcik's resignation from her position of a Member of the Supervisory Board of ACTION S.A., effective on the same date. Ms. Joanna Ewa Wójcik pointed to changes in her professional plans as the reason for tendering her resignation.

On 10 October 2008, the Extraordinary General Meeting of Shareholders of ACTION S.A passed Resolution 3, which included Mr Marek Jakubowski among the members of its Supervisory Board.

On 29 August 2008 ACTION S.A. received a copy of the agreement of 24 July 2008 signed by SSI SCHÄFER Sp. z o.o., whose registered office is in Warsaw.

The object of the contract concluded with the company SSI SCHÄFER Sp. z o.o. is the equipping of the warehouse of ACTION S.A. with modern through flow shelved racks, warehouse platforms and system of conveyors. SSI SCHÄFER Sp. z o.o. shall be responsible for design, execution, supply, assembly and commissioning of facilities as well as for training the personnel. The contract also covers a guarantee of maintenance and care for a period of 24 months from the date of the Final Acceptance Protocol.

For the execution of the above contract, the parties have agreed to a fixed remuneration of 5,570,315.00 EUR (being the equivalent of 18,638,273.99 PLN, according to the average NBP rate of exchange contained in exchange rate table no. 169/A/NBP/2008). The date for the completion of the execution of the object of the contract was set for 31 August 2009.

On 1 September 2008 an Extraordinary General Meeting of Shareholders of ACTION S.A. was held, which authorised the Management Board of ACTION S.A. to repurchase Company shares for the purpose of cancelling them and reducing the share capital of the Company on the following terms:

1. No more than 1,641,000 Company shares may be repurchased and for the purpose of cancellation. This is equivalent in value to 10 % of the share capital of the Company as at the date of passing this resolution.
2. Funds set aside for the share buyback shall not exceed 20,000,000 PLN.
3. The price the Company shall pay for its own shares may not be less than the nominal value of the share and may not be higher than either the price paid at the last independent sale or the highest current independent bid on the Warsaw Stock Exchange.
4. The Management Board remains authorised to repurchase Company shares for the purpose of cancelling them for a maximum period of 18 months from the date of passing the resolution but not after the all the funds allocated under the Programme have been expended. The Management Board shall be guided by the best interests of the Company and may complete the share buyback before the authorisation granted by the General Meeting has expired once they obtain an opinion from the Supervisory Board.
5. The funds set aside for the share buyback shall be sourced exclusively from reserve capital created from Company profits and which is normally set aside for dividend payments. The Management Board is authorised to use funds from the Company's reserve capital in order to execute the Programme, so long as the share buyback under the Programme does not cause the value of net assets to fall below that of the share capital as increased by deductions and reserves not subject to distribution payment.
6. The maximum number of Company shares purchased on any day during the Programme may not exceed 25% of the corresponding average daily sale volume of the shares on the regulated market over the previous 20 days.

On 17 October 2008 the ACTION S.A. received a copy of Annex 8 dated 30 September 2008 signed by Bank Polska Kasa Opieki S.A., whose registered office is in Warsaw, which amended the overdraft credit agreement no. 2005/100639264 of 14 June 2005. Based on the annex, the value of the overdraft facility granted to the Company was increased from PLN 50,000 M to PLN 80,000 M and the crediting period was extended to 28 February 2009. The maturity date of that credit is set to 28 February 2009. The loan is secured with: a title to the bank accounts maintained at 7th Branch of the Bank in Warsaw; a declaration made by the Issuer on a voluntary submission to execution up to the amount of 120,000,000 PLN; a registered pledge on inventory of 80,000,000 PLN of value as well as an assignment of rights of the insurance policy.

### **38. Specification and explanation of differences between data disclosed in the financial statement and comparable financial data vs. financial statements previously drawn up and published**

The data presented in the statements drawn up and published earlier were not different from the data contained in this statement neither with respect to the results nor the presentation of the key financial positions.

### **39. Remuneration of managing and supervising staff**

In the period from 1 August 2007 to 31 July 2008 the payroll costs (costs of remuneration paid as well as due and payable) for the management of the Dominant Entity amounted to PLN 1,276 M, compared to PLN 1,129 M in the period from 1 August 2006 to 31 July 2007. The members of ACTION S.A. Supervisory Board in the reporting period received total compensation amounting to PLN 94 M, compared to PLN 91 M in the period between 1 August 2006 and 31 July 2007.

Compensation of the managing and supervising officers are short-term benefits, without benefits after the expiry of the term of employment or other benefits than those laid down in the law in relation to the termination of employment contract.

#### 40. Transactions with the affiliate entities

The dominant entity of the ACTION S.A. Capital Group has personal ties with the following entities:

- ACTION RADOM Sp. z o.o. based in Radom,
- ACTION CT WANTUŁA Sp. j. based in Poznań,
- ACTIVE TRAVEL Sp. z o.o. based in Michałów Grabina.

The above companies are not covered by the consolidated financial statement due to the absence of a controlling stake.

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	Receivables	Liabilities	Sales revenues	Expenses and costs
ACTION RADOM Sp. z o.o.	5,244	0	6,533	218
ACTION CT WANTUŁA Sp. j.	213	0	0	0
ACTIVE TRAVEL Sp. z o.o.	0	372	0	2,849
<b>Total</b>	<b>5,457</b>	<b>372</b>	<b>6,533</b>	<b>3,067</b>

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**Piotr Bieliński**  
President of the Management Board

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**Kazimierz Włodzimierz Lasecki**  
Vice-President of the Management Board

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**Edward Wojtysiak**  
Vice-President of the Management Board

**Warsaw, 4 November 2008**