

**STATEMENT OF MANAGEMENT BOARD OF ACTION S.A.  
("COMPANY")  
ON OPERATIONS OF ACTION S.A. CAPITAL GROUP ("GROUP")  
IN QUARTER 1 2007**

**Period naming conventions adopted**

All references to the first half-year of 2006 in this analysis shall be understood as the period between 01 August 2006 and 31 January 2007.

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**1. Key financial data and discussion of prospects for development for the next half-year**

Summary of the most important values in Quarter I 2007 and growth prospects

Revenue of ACTION Capital Group on sales in the first half-year of 2007 amounted to PLN 1,206,458 M. They showed substantial dynamics of growth of 28.35% compared to the first half-year of 2006. In terms of value, the sales revenue grew by PLN 266,457 M compared to the revenue of the first half-year of 2006 of PLN 940,001 M. In the first half-year of 2007, the ACTION Capital Group generated an operating profit of PLN 33,031 M and a net profit due to the Company's shareholders of PLN 18,794 M. The dynamics of growth of the operating profit reached 168.9% and the profit due to the shareholders amounted to 111.9%. The ACTION Capital Group develops its operations much faster than the economy. That can be attributed to a number of external and internal factors. The most significant growth drivers include an absorbent domestic market and the development of markets of the Central and Eastern Europe, the accelerating computerization of numerous walks of life and the actions taken by the ACTION Capital Group within its internal entities to streamline its operations and improve the utilization of the available resources.

Considering the growing demand for the goods offered by the ACTION Capital Group and the ongoing expansion of the list of the goods and services offered, the Board of ACTION S.A. favourably evaluates the prospects for the upcoming half-year, confirming its expectations with the following measures:

- constantly increasing the performance of the warehouse facilities e.g. by significantly expanding it (the present warehouse area is 11,500 sqm),
- constantly increasing the sales offering, e.g. by including Kinston and D-Link products, the full product range offered by the Company currently comprising 15,500 items,
- increasing the number of corporate customers (at present more than 9,000 per month),
- implementing and continuing the development of online sales channels designed for the domestic and the foreign market (A.Pl, I-Serwis, I-Partner, Webserwis),
- expanding the SFERIS chain – new shops opened,
- optimizing the distribution channels and introducing new sales methodologies,
- perfecting the technological solutions used to support manufacturing and logistics.

The external drivers deemed to be of most importance are:

- an increase of the value of the IT market in Poland and in Ukraine,
- inflow of EU funding to domestic public and private entities,
- increase of value of the local currency and the consequent decrease of prices of IT components.

**2. Significant risk factors related to the operations of the Group have been described in notes 5 and 32 of the Semi-annual report of 2007.**

### 3. Key product categories offered by the Group and their share in total sales

The primary field of business of the ACTION Capital Group is distribution of computer hardware and software. The sales of the Group reflects the market condition and the demand on the part of the consumers. The ACTION Capital Group leverages its long-standing market experience to flexibly react to the changes in the demand structure in a way that allows it to meet the constantly growing requirements of its customers. The following table presents the structure of sales in the first half-year of 2007 and the respective comparative data.

Ref.	Product category	Value of sales in half-year 1 of 2007	%	Value of sales in half-year 1 of 2006	%
1	Component	321 950	26.69%	341 540	36.33%
2	Finished solutions	378 987	31.41%	203 220	21.62%
3	Peripherals	271 675	22.52%	239 642	25.49%
4	Consumables and office products	49 091	4.07%	34 598	3.68%
5	Consumer electronics	95 196	7.89%	42 832	4.56%
6	Other	89 559	7.42%	78 169	8.32%
<b>Total</b>		<b>1 206 458</b>	<b>100.00%</b>	<b>940 001</b>	<b>100.00%</b>

### 4. Target markets

The basic market for the Group is the domestic computer hardware and software distribution market. The operations of ACTION Ukraina TzOW is an exception to this rule, as that company focuses its sales on the Ukrainian market and its basic source of revenue is sales of consumer electronics and home appliances. In the first half-year 2007, the territorial structure of sales is as follows:

Net revenues from sales (territorial structure)	Increment	Value of sales in half-year 1 of 2007	Value of sales in half-year 1 of 2006
a) domestic – sale of goods	29.12%	1 173 354	908 699
b) export – sale of goods	154.70%	8 339	3 274
c) re-export – sale of goods	-	0	0
d) EU supplies	-11.64%	24 765	28 028
<b>Net sales revenue, total</b>	<b>28.35%</b>	<b>1 206 458</b>	<b>940 001</b>

The sales network of the companies of the Group as well as their supplier base consist of a large number of separate entities. The parent entity's share in total sales is as much as 93.8%. No single customer or supplier has more than 10 % share in the total sales or purchase volume of the Group.

### 5. Account of key contracts concluded by the Group

On 17 April 2008, ACTION S.A. entered contracts with WASKO S.A., with the registered office in Gliwice, and with BIW KONCEPT Sp. z o.o., based in Krakow, the object of which was supply of computer workrooms by ACTION S.A. to those Companies on account of tenders announced by the Ministry of Education. Pursuant to those contracts, the Issuer shall make deliveries of a total value of PLN 129,821 M, including deliveries worth PLN 89,378 M for WASKO S.A. and PLN 40,443 M for BIW KONCEPT Sp. z o.o., which shall have been completed by 7 June 2008.

The aforementioned contracts provide for contractual penalties of 10% of contract value. The penalty becomes due if one of the parties terminates the contract due to a failure to perform or an improper performance of the contract by another party and for reasons the party is responsible for. The party who withdraws from the contract is entitled to demand the payment of the penalty fee. The payment does not exclude the possibility to claim damages based on applicable law at a value exceeding the amount of the contractual penalty.

The value of the contracts entered during the last 12 months with WASKO S.A. is PLN 144,522 M and the value of the contracts entered during the last 12 months with BIW KONCEPT Sp. z o.o. is PLN 57,393 M.

On 9 April 2008, ACTION S.A. and Bank Polska Kasa Opieki Spółka Akcyjna entered an investment loan agreement. A non-revolving investment loan PLN 12,000 M (in words: twelve million zloty) was granted by the Bank for the purpose of financing the expansion of the office and warehouse complex in Zamienie (stage 2). The loan is granted for a period running from the date of signing the agreement to 30 September 2013 and shall be used by the Borrower until 30 September 2008. The loan is secured with: a title to the bank accounts maintained at Bank Polska Kasa Opieki S.A.; the Issuer's statement on voluntary submission to execution of the enforced payment up to PLN 18,000 M; a bail mortgage up to PLN 12,000 M and assignment of rights of an insurance policy.

## **6. Capital relationships and dependencies, key capital investments and an outline of directions of development of the Capital Group**

The ACTION S.A. Capital Group is formed by the following companies:

- ACTION S.A. - the parent company
- EKOACTION Sp. z o.o. (former name: A.PL Sp. z o.o.) - subsidiary (100 %) (\*)
- ACTION INTERNET Sp. z o.o. (former name: Action Wrocław Sp. z o.o.) - subsidiary (100 %) (\*)
- ACTION Ukraina TzOW - subsidiary (51 %)
- SFK Sp. z o.o. - subsidiary (100%)
- PROLOGIC Sp. z o.o. - subsidiary (60 %)
- ACTINA Sp. z o.o. - 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.) - indirect subsidiary (99.89%) (\*\*\*)

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

(\*\*) A.PL Sp. z o.o. with 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.

ACTINA Sp. z o.o. deals in wholesale of computer hardware. The business of ACTION Ukraina TzOW is wholesale and retail sale of computer hardware. The core business of Prologic Sp. z o.o. and PTR Sp. z o.o. is retail trade in computer hardware. In its operations, A.PL Sp. z o. o. focuses on retail sales carried out via its own e-commerce Web site and mail order outlets. The main business of SFK Sp. z o.o. is advertising services.

The following capital investments were made in the Group between 1 August 2007 and 31 January 2008:

On 11 July 2007, the Extraordinary Meeting of Shareholders of SFERIS Sp. z o.o. passed a resolution on increasing the initial capital from PLN 190,566.16 to PLN 29,690,362.36. All the 27,245 new shares of PLN 1,082.76 each were acquired by ACTINA Sp. z o.o., a related entity which until that point had been in possession of 101 shares. The capital increase payments to SFERIS Sp. z o.o. were made in total after the balance date in August 2007.

On 25 January 2007, ACTINA Sp. z o.o. received a decision of the District Court for the Capital City of Warsaw, 12th Commercial Division of the National Court Register, which confirmed that the increase of the initial capital was registered on 11 September 2007.

The value of the initial capital of ACTINA Sp. z o.o. after the increase registration is PLN 29,550 M, which is divided into 59,100 equal shares with a par value of PLN 500 each. All the shares in the share capital belong to ACTION S.A. The capital was brought up at its full amount.

## **7. Key transactions with affiliated entities**

On 23 January 2008 EKOACTION Sp. z o.o. with head office at ul. Zakopianska 9 in Krakow sold to A.PL Sp. z o.o., whose head office is located ul. Rozlogi 16 in Warsaw, a real estate it owned which was composed of plots of land 190/8, 191/5 and 191/6, an office and warehouse building of an area of 1,923 square metres, and an amenity building of an area of 31 square metres at the gross price of PLN 7,508.9 M.

ACTION S.A. granted several loans to A.PL Sp. z o.o., its subsidiary, at the total value of PLN 2,125 M. Their maturity date is 31 May 2008.

## **8. Credits taken, loan agreements and guarantees and sureties granted to companies of the Group**

### **8.1 Credit Agreement BOK/KRB/0586/06 entered on 10/30/2006 with Bank Handlowy w Warszawie S.A. with the registered office in Warsaw**

The validity of this Credit Agreement relies on the application and effect of the provisions of the Framework Agreement UR 085/2001 on forms of credit transactions, concluded on 18 September 2001. The agreement replaces Credit Agreement BOK/KRB/0173/06 of 23 March 2006. The Bank granted a current account overdraft facility to the Issuer up to the limit of PLN 40,000 M until 31 May 2008 and PLN 21,000 until 30 September 2008 and/or its equivalent in foreign currencies (USD or EUR) by processing payment instructions billed to account of the Issuer to finance their current business operations. The credit revolves automatically every 7 days until the Bank notifies the Company about its maturity. In such a case, the Issuer is obliged to re-pay it on the last day of the current 7-day period. That procedure may not be repeated beyond 05/31/2008.

### **8.2 Credit Agreement 2005/1006392654, concluded with Bank Polska Kasa Opieki S.A. with the registered office in Warsaw on 14 June 2005**

The bank granted a revolving credit facility to the Issuer up to the limit of PLN 50,000 M for the purposes of financing their current business operations. The final maturity date of the credit was set to 30 April 2008.

### **8.3 Investment Credit Agreement 2007/101155970, concluded with Bank Polska Kasa Opieki S.A. with the registered office in Warsaw on 10 January 2007**

The Bank granted a non-revolving investment loan of PLN 18,000 M to the Issuer for the purposes of financing of the investment consisting in modernizing and expansion of the logistic capabilities of the Company by expanding the office and warehouse facilities in Zamienie. The loan is to be re-paid in 36 equal monthly instalments (PLN 500 M each), starting on 31 January 2008 and ending on 31 December 2010.

### **8.4 Credit Account Agreement 2007/1016262299, concluded with Bank Polska Kasa Opieki S.A. with the registered office in Warsaw on 12 December 2007**

The Bank granted a non-revolving operating credit of PLN 11,000 M to the Issuer for the purposes of financing and re-financing of their inventory and liabilities arising of contract 11'KONCEPT'313/07/MBR of 6 December 2007 of a value of PLN 11,673.7 M entered into by the Issuer and BIW KONCEPT Sp. z o.o., whose registered office is at ul. Raclawicka 56 in Krakow. The credit was re-paid in total in April 2008.

### **8.5 Credit Account Agreement 2007/1016357793, concluded with Bank Polska Kasa Opieki S.A. with the registered office in Warsaw on 17 December 2007**

The Bank granted a non-revolving operating credit of PLN 8,500 M to the Issuer for the purposes of financing and re-financing of their inventory and liabilities arising of contract 1'ASSECO'313/07/MBR of 11 December 2007 of a value of PLN 8,502 M entered into by the Issuer and ASSECO Systems Spółka Akcyjna, whose registered office is at ul. 17 Stycznia 74 in Warsaw. The credit was re-paid in total in March 2008.

### **8.6 Credit Account Agreement 2007/1016370385, concluded with Bank Polska Kasa Opieki S.A. with the registered office in Warsaw on 17 December 2007**

The Bank granted a non-revolving operating credit of PLN 5,500 M to the Issuer for the purposes of financing and re-financing of their inventory and liabilities arising of contract 1'ABG'313/07/MBR of 11 December 2007 of a value of PLN 10,841 M entered into by the Issuer and ABG Spółka Akcyjna, whose registered office is at Aleje Jerozolimskie 123A in Warsaw. The credit was re-paid in total in March 2008.

### 8.7 Short-Term Credit Agreement 2003/028, concluded with the Polish Branch of Societe Generale S.A. on 6 November 2003

The bank granted a short-term revolving credit facility to the Issuer up to the limit of PLN 15,000 M for the purposes of financing their current business operations. The final maturity date for that credit was set to 30 June 2007. However, if the agreement is not terminated by the Bank in a month before its date of expiry, it is automatically prolonged for another 12 months. The Agreement has not been terminated and functions as an overdraft agreement.

### 9. Loans, guarantees and sureties granted by the Company

As of 31 January 2008, the value of extended guaranties and sureties amounted to PLN 12,461 M including:

To related entities:

- Surety for A.PL (from September 2006 EKOACTION Sp. z o.o.) to SG Equipment Leasing Polska – PLN 420 M.
- Surety for SFERIS to AB S.A. – PLN 1,000 M.

To other entities:

- CPA (Cyclistes Professionnels Associés): CHF 300 M (PLN 677 M)
- Intel Corp. UK Ltd: USD 2,000 M (PLN 4,888 M)
- Lenovo Singapore PTE Ltd: USD 600 M (PLN 1,466 M)
- Fundacja Fundusz Współpracy (Cooperation Fund Foundation): EUR 3 M (PLN 10 M)
- Guarantees of repayment of custom and tax dues (PLN 4,000 M)

The total value of four loans granted by ACTION S.A. to its subsidiary A.PL Sp. z o.o. is PLN 2,125 M. Their maturity date is 31 May 2008.

### 10. Reconciliation of differences between forecasts and the values indicated in the annual report

The targets for financial year 2007/2008 were published in Current Report No. 71 of 17 December 2007. In 2007/2008 the ACTION S.A. Group plans to attain a sales revenue of PLN 2,257.3 MM. The target net profit due to the Shareholders of the Company for the period from 1 August 2007 to 31 July 2008 is forecast to reach PLN 30.5 MM. The Management Board of ACTION S.A. confirms the feasibility of those targets.

The level of sales revenue target execution and net profit forecasts for period 1 August 2007 – 31 January 2008 are as follows.

	Forecast for 2007/2008	Execution for half-year 1 of 2007/2008	Deviation	% deviation
Sales revenues	2 257 300	1 206 458	1 050 842	46.56%
Net profit due to shareholders of the parent company	30 500	18 794	11 706	38.38%

### 11. Evaluation of financial asset management and the structure of assets and liabilities of the consolidated balance

Liquidity ratios	31 January 2008	31 July 2007
Current ratio (current assets/current liabilities)	1,17	1,22
Quick ratio (liquid assets/current liabilities)	0,61	0,66
Cash ratio (short-term investments/current liabilities)	0,02	0,03

The liquidity ratios for the Company have values typical for the best trade companies of conducting distribution activity. The drop of the current ratio value at the beginning of each calendar year is caused by the impact of market seasonality. This year the values of all the three metrics dropped as a result of the performance of three deliveries for the Ministry of Education.

<b>Working capital values and structure</b>	<b>Increment</b>	<b>31 January 2008</b>	<b>31 July 2007</b>
1. Current Assets	64.88%	505 210	306 407
2. Cash and securities	-8.80%	7 102	7 787
3. Current assets adjusted (1-2)	66.80%	498 108	298 620
4. Current liabilities	72.29%	433 149	251 411
5. Short-term credits	103.45%	120 302	59 131
6. Current liabilities adjusted (4 - 5)	62.70%	312 847	192 280
7. Working capital (1 - 4)	31.03%	72 061	54 996
8. Working capital needs (3 - 6)	74.22%	185 261	106 340
9. Net balance of cash (7 - 8)	-120.47%	-113 200	-51 344
10. Use of own funds in working capital financing (7:1) as %	-4 PP	14%	18%

The above data indicates a safe financial standing of the Group. At the same time, material investment actions that accompany a dynamic growth take place. In order to correctly assess the full picture presented above, one needs to consider the performance of the deliveries for the needs of the tenders organised by the Ministry of Education, which took place in 2008.

The safe and stable financial condition of the Issuer is also confirmed by debt ratios, which had the following values:

<b>Debt ratios</b>	<b>31 January 2008</b>	<b>31 July 2007</b>
Debt to total assets ratio (DR)	73%	64%
Assets to equity ratio	27%	36%

The increase of debt in the recent period was mainly caused by a significant increase of sales and the consequent necessity to employ additional external funding, which was also required by the development of the expansion of the logistics centre in Zamienie.

The following chart presents the percentage breakdown of the consolidated balance as at 31 January 2008.

ASSETS	31 January 2008	% structure	31 July 2007	% structure
Non-current assets	109 701	17,84%	99 232	24,46%
Tangible fixed assets	84 000	13,66%	70 679	17,42%
Goodwill	11 947	1,94%	11 947	2,95%
Intangible assets	12 900	2,10%	15 440	3,81%
Deferred income tax assets:	51	0,01%	481	0,12%
Financial assets	7	0,00%	7	0,00%
Trade receivables and other receivables	796	0,13%	678	0,17%
Current assets	505 210	82,16%	306 407	75,54%
Inventory	240 902	39,18%	140 718	34,69%
Trade receivables and other receivables	257 083	41,81%	155 346	38,30%
Current income tax receivables	0	0,00%	2546	0,63%
Derivative financial instruments	123	0,02%	10	0,00%
Cash and cash equivalents	7 102	1,15%	7 787	1,92%
<b>Total assets</b>	<b>614 911</b>	<b>100,00%</b>	<b>405 639</b>	<b>100,00%</b>

LIABILITIES AND EQUITY	31 January 2008	% structure	31 July 2007	% structure
Share capital	1 641	0,27%	1 641	0,40%
Share premium account	55 744	9,07%	55 744	13,74%
Retained earnings	100 192	16,29%	80 424	19,83%
Total equity due to Shareholders	157 577	25,63%	137 809	33,97%
Minority capital	10 096	1,64%	6 883	1,70%
Total equity capital	167 673	27,27%	144 692	35,67%
Liabilities	447 238	72,73%	260 947	64,33%
Long-term liabilities	14 089	2,29%	9 536	2,35%
Credits and loans	13 955	2,27%	8 776	2,16%
Deferred income tax provision:	134	0,02%	760	0,19%
Short-term liabilities	433 149	70,44%	251 411	61,98%
Trade liabilities and other	309 546	50,34%	190 926	47,07%
Bank loans and credits and other financial liabilities	120 302	19,56%	59 131	14,58%
Employee benefit liabilities	534	0,09%	585	0,14%
Reserves for remaining obligations and other charges	2 767	0,45%	769	0,19%
<b>Total liabilities and equity</b>	<b>614 911</b>	<b>100,00%</b>	<b>405 639</b>	<b>100,00%</b>

Profile of assets:

A strong majority (i.e. 82.16%) of assets of the ACTION Capital Group are its current assets, which is typical of trade entities. Compared to the end of the previous year, the value of the current assets increased by 64.88%, and

their share in total assets rose by 6.62% pp. The remaining part of assets (17,84%) are fixed assets, which are mostly tangible fixed assets used to ensure the highest possible quality of the processes used. In the current financial year the ACTION Capital Group made significant investments in order to be able to maintain its fast pace of development. The fixed assets were increased by PLN 10,469 M, i.e. by 10.55 % of its value of 31 July 2007.

Profile of liabilities and equity:

The equity of ACTION Capital Group has a 27.27% share in financing its assets, which is above the average value in comparison with other entities with a similar business structure. The existing capital structure ensures good financial liquidity and business safety as well as gives a higher credit worthiness index. It is also permanent by nature. As of 31 July 2007, the equity share was 35.67%.

It is typical for trade entities and groups to have trade liabilities as the dominating source of asset financing. In case of the ACTION Capital Group, its share in the consolidated balance was 72.73% as at 31 January 2008. In the comparable year that index was equal to 64.33%. Such data indicate a stabilisation of liabilities of the Group. A significant change is the increased share of short-term interest debt understood as credits and loans, which constituted 19.56 % of liabilities as of the end of January 2008, a growth of 103.4% compared to 14.58% as at the end of the previous balance year. Its absolute figure is PLN 61,171 M.

The above data indicates a safe condition of the Group, both with respect to its business as well as its sources of financing it requires to maintain its assets and be able to pursue its plans of development.

## **12. Evaluation of potential for successful implementation of investment plans**

Based on the data presented in this analysis and in the financial statement it must be said that both the equity level as well as the available credit facilities (PLN 148,000 M as of 01/31/2008) and the technical leverage capabilities allow the ACTION Capital Group to fully succeed in the implementation of its investment strategy.

## **13. Evaluation of factors and extraordinary events with an impact on business performance**

In the period analysed in this report, the extraordinary events with an impact on business performance included the final executive stock options pricing. Based on the final valuation of the changes in the managerial contract of Mr Dariusz Jacek Krawiec, which was issued after the motivation program has been approved, the payroll costs for Quarter 1 of 2007 include a reserve of PLN 3,388 M.

The details of that valuation have been presented in Note 25 of the Semi-annual report for 2007.

On 02/01/2008 the Ordinary Meeting of Shareholders of EKOACTION Sp. z o.o. passed a resolution to dissolve that Company and open its liquidation process. EKOACTION Sp. z o.o. shall be liquidated by its hitherto Board Members: Mr Jacek Janowski, Mr Piotr Bielinski and Mr Jozef Debski. The District Court for Krakow-Srodmiestecie in Krakow, XI Commercial Division of the of the National Court Register issued a decision on opening the liquidation process on 21 February 2008. EKOACTION Sp. z o.o. is a subsidiary of ACTION S.A. fully owned by the Issuer, who has 100 % of shares in it and the same proportion of votes at the Meeting of Shareholders.

Also on 02/01/2008 the Ordinary Meeting of Shareholders of ACTION INTERNET Sp. z o.o. passed a resolution to dissolve that Company and open its liquidation process. ACTION INTERNET Sp. z o.o. shall be liquidated by its hitherto Board Members: Mr Piotr Bielinski and Mr Robert Bak. The District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the of the National Court Register issued a decision on opening the liquidation process on 7 February 2008. ACTION INTERNET Sp. z o.o. is a subsidiary of ACTION S.A. fully owned by the Issuer, who has 100% of shares in it and the same proportion of votes at the Meeting of Shareholders.

The assets and liabilities of each of those companies were valued as of 31 January 2008 using the business discontinuation rule.

#### **14. External and internal factors significant for the growth of the Group**

The factors significant for the development for the development of the Company were presented in Section 2 of this report.

#### **15. Changes in key principles of management of the Company and the Capital Group**

No changes in key principles of management of the Company or the Group took place in the first half-year of 2007.

#### **16. Changes in the composition of the management or supervisory bodies**

##### **16.1 Changes in the composition of the Management Board**

Between 1 August 2007 and 25 March 2008 the Board was composed of:

Mr Dariusz Jacek Krawiec, President of the Management Board,  
Mr Piotr Bielinski, Vice-President of the Management Board,  
Mr Kazimierz Włodzimierz Lasecki, Vice-President of the Management Board

On 25 March 2008 Mr Dariusz Jacek Krawiec resigned from the position of the President. On 26 March 2008 the Supervisory Board designated a new Board. It included:

Mr Piotr Bielinski, President of the Management Board,  
Mr Kazimierz Włodzimierz Lasecki, Vice-President of the Management Board,  
Mr Edward Wojtyasiak, Vice-President of the Management Board.

##### **16.2 Changes in the composition of the Supervisory Board**

Between 1 August 2007 and 31 January 2008, the Supervisory Board comprised:

Iwona Bożena Bocianowska  
Ewa Joanna Wojcik  
Piotr Kosmala  
Rafał Piotr Antczak  
Łukasz Krzysztof Pawłowski

As at the date of issue of this report, that membership of the Board remained unchanged.

#### **17. Contracts concluded by the Company with its managers**

On 21 August 2006 ACTION S.A. concluded a Managerial Contract with the President of the Board of the Company, Mr. Dariusz Krawiec.

The contract may cause future changes of the shareholder structure, described in detail in section 19 below.

The remaining Members of the Board perform their duties against employment contracts. Any compensation that may be due to them in the event of their resignation or dismissal is subject to the regulations of the labor law.

#### **18. Shareholders of at least 5% of shares**

The Issuer has been informed that the above data has changed as of the date of submitting the quarterly report i.e. 17 March 2008 and is currently as follows:

1. Piotr Bielinski	29.19% number of shares	4,790,369
2. Olgierd Matyka	21.32% number of shares	3,500,000
3. OPERA FIZ	10.08% number of shares	1,653,758
4. Wojciech Wietrzykowski	8.53% number of shares	1,400,000

## **19. Contracts with a potential impact on the existing shareholder structure**

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

Section §6 of the Managerial Contract provides for a single-person participation of Mr Dariusz Jacek Krawiec in the Executive Stock Options scheme. According to its assumptions, Mr Dariusz Jacek Krawiec shall be entitled to take into possession up to 547,000 shares of the Company between 2007 and 2010 (in two tranches), which accounts for 3,2 % of the current total number of shares of the Company. 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 revision of the program made on 8 November 2007 was approved by the Company's Supervisory Board on 8 November 2007. In order to approve the changes in the scheme and to introduce appropriate changes in the Company Statutes, an Extraordinary General Meeting of Shareholders was called up on 5 December 2007.

On 1 April 2008 ACTION S.A. received notice on acquirement by the member of the Management Board of the Company and by an entity closely connected with that member of the Management Board of series A subscription warrants issued by the Company which entitle to subscribing Company's shares in a conditional share capital increase, on the terms specified by the General Shareholders Meeting in its regulations dated 16 November 2006 and 05 December 2007.

According to the information received by the Board:

- the member of the Company's Board of Management acquired a total of 527,000 series A subscription warrants amounting to 12,121,000 PLN, priced at 23 PLN each on the basis of a civil law sale contract concluded off the regulated market on 26 March 2008;
- an entity closely related to the member of the Board of Management acquired a total of 20,000 series A subscription warrants amounting to 460,000 PLN i.e priced at 23 PLN each on the basis of a civil law sale contract concluded off the regulated market on 26 March 2008.

## **20. Security owners with special control rights towards the Company**

As at the date of issue of this report, no holders of securities with special control rights towards the Company existed.

## **21. Employee share program control system**

Except for the case referred to in section 19 of this report, no employee share programs exist in the Group.

## **22. Restrictions for transfer of title of ownership on securities**

Within 24 months from the date of approval of the Prospectus, i.e. 21 June 2006, the shareholders of series A shares undertake as follows:

- not to sell any series A Share owned;
- not to charge any of the series A Share owned;
- not to conclude any agreements on the sale or charge of the series A Shares owned.

## **23. Information on the entity authorized to audit the financial statements**

- a. On 11 January 2008 an agreement was concluded with BDO Numerica S.A. on auditing the following financial statements: the financial statement of ACTION S.A. and the consolidated financial statement of the ACTION S.A. Capital Group for the financial year ending on 31 July 2008.
- b. The total remuneration provided for in that agreement in return for the audit of both statements is PLN 243 M. The total remuneration for the audit of the same type of statements for the financial year ending on 31 July 2007 was PLN 220 M (net values).

#### **24. Expected growth of the Group and development of its financial condition**

In the nearest future, the ACTION Capital Group will continue its dynamic development, which allows the Management Board of ACTION S.A. to expect a significant increase of sales in the Group, consequently increasing its net profit margin. The present favourable financial condition is expected to be maintained. However, the Board cannot exclude a growth of the debt ratios as a result of the investment policy of the ACTION Capital Group.

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Piotr Bielinski  
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, 25 April 2008