

**ACTION Capital Group
ul. Jana Kazimierza 46/54,
01-248 Warsaw, Poland**

**Report on audit
of the consolidated financial statement
for period from August 1, 2006 to January 31, 2007**

**Report by an independent expert auditor
on an audit of the consolidated financial statement
for period from August 1, 2006 to January 31, 2007**

for the Shareholders, Supervisory Board and Board of Directors of ACTION S.A.

We have audited the attached financial statement of **ACTION** Capital Group with the registered office in Warsaw at ul. Jana Kazimierza 46/54, which includes:

- an introduction;
- a consolidated balance as of January 31, 2007, indicating a sum of PLN **463,239 M** on assets and liabilities positions;
- a consolidated profit and loss account for the period between August 1, 2006 and January 31, 2007 which indicates a net profit of PLN **9,093 M**;
- a summary of changes in the consolidated equity for the period between August 1, 2006 and January 31, 2007 which indicates an equity decrease by PLN **305 M**;
- a consolidated cash flow statement which shows a net cash flow increase in the period between August 1, 2006 and January 31, 2007 by PLN **38,336 M**;
- additional notes and explanations.

The responsibility for the preparation of the statement lies with the Board of Directors of the Company.

Our task consisted in auditing that statement.

The Board of Directors is responsible for the correctness and reliability of the interim consolidated financial statement drawn up in compliance with the International Financial Reporting Standards in the version approved by the European Union, and with the Polish Accounting Act of September 29, 1994 (Journal of Laws of 2002, No. 76, item 694 as amended) with respect to the parts of the statement not regulated by those standards as well as in compliance with the enforcing regulations secondary to that Act and the requirements specified in the Ordinance of the Minister of Finance of October 19, 2005 on current and periodical information published by issuers of securities (Journal of Laws No. 209, item 1744).

Based on the audit conducted, our task was to prepare a report on the audit of that consolidated interim financial statement.

The scope of our work did not include a audit of the comparative data, therefore the report deals with the current year only.

We conducted the audit in compliance with the regulations of the Polish Accounting Act and the professional standards of work of state certified auditors, published by the Polish National Council of Statutory Auditors. The standards require that we plan and perform the audit in such a way that gives us a reasonable certainty that the financial statement does not contain any material incongruities.

The audit was performed mainly by analyzing the data of the financial statement, examining the accounting books and using the information obtained from the management staff and the persons responsible for finances and accounting at the company.

The scope and the method of financial statement audits are materially different from the type of audit performed in order to provide an opinion on the integrity, correctness and clarity of annual financial statements, we are therefore unable to provide such an opinion with regard to the statement attached.

The audit we conducted did not indicate a need for any significant changes in the consolidated financial statement attached required for it to present a correct, honest and clear picture of the financial and ownership condition of the Action Capital Group as of January 31, 2007 and its financial result for the period between August 1, 2006 and January 31, 2007 in compliance with the International Financial Reporting Standards in the version approved by the European Union and in the Ordinance of the Minister of Finance of October 19, 2005 on current and periodical information published by issuers of securities (Journal of Laws No. 209, item. 1744).

Warsaw, April 25, 2007

BDO Numerica Sp. z o.o.
ul. Postępu 12
02-676 Warsaw, Poland
Registration No. 523

Auditor
Anna Bernaziuk
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Public Accountant
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President of BDO Numerica Sp. z o.o.

FINANCIAL STATEMENT

for the first halfyear of 2006

Presented in compliance with the International
Financial Reporting Standards

April 25, 2007

STATEMENT OF THE BOARD ON THE INTEGRITY OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT AND THE ABBREVIATED INDIVIDUAL FINANCIAL STATEMENT

The Board hereby declares that to the best of their knowledge, the consolidated statement of the ACTION S.A. Capital Group attached as well as the comparative data have been drawn up in compliance with the International Financial Reporting Standards in the version approved by the European Union, and with respect to the matters not regulated by the IFRS in compliance with the Polish Accounting Act of September 29, 1994 and the enforcing regulations secondary to that Act as well as with the requirements applicable to issuers of publicly traded securities. The Board also confirms that the abbreviated individual financial statement of ACTION S.A. attached to the consolidated statement of the Group was drawn up in compliance with the Polish Accounting Act of September 29, 1994 and the enforcing regulations secondary to that Act as well as with the requirements applicable to issuers of publicly traded securities.

This financial statement provides an honest, true and clear picture of the financial and property-related condition and the financial results achieved. The statement of the Board contains a true picture of the development, achievements and the condition of the ACTION S.A. Capital Group, including the key risks and threats.

Dariusz Jacek Krawiec
President

Piotr Bieliński
Vice President

Kazimierz Włodzimierz Lasecki
Vice President

Warsaw, April 25, 2007

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 Sp. z o.o. with the registered office in Warsaw, responsible for performing the audit of the abbreviated half-year 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 expert auditors who perform the audit meet the conditions for impartial and independent auditing of financial statements pursuant to the Polish law.

Dariusz Jacek Krawiec
President

Piotr Bieliński
Vice President

Kazimierz Włodzimierz Lasecki
Vice President

Warsaw, April 25, 2007

Introduction

The consolidated half-year statement of ACTION S.A. for the first halfyear of 2006 ('Statement') contains:

- the consolidated financial statement as of January 31, 2007, covering the period of 6 months ended on January 31, 2007 prepared in compliance with International Financial Reporting Standards in the version approved by the European Union;
- the abbreviated individual financial statement as of January 31, 2007 and the period of 6 months ending January 31, 2007, prepared in compliance with the Polish Accounting Act, including additional notes;
- additional information to the abbreviated consolidated financial report and other information required by the Ordinance of the Minister of Finance of October 19, 2005 on current and periodical statements presented by Issuers of securities;
- a report of the Board on the operations of the Capital Group in the period of 6 months ended on January 31, 2007.

Pursuant to section § 87 point 1 of the Ordinance of the Minister of Finance of October 19, 2005, ACTION S.A. does not publish a separate individual half-year statement; the individual half-year statement of ACTION S.A. is supplementary to the consolidated half-year statement of ACTION S.A.

All references to the first half-year of 2005 in this statement shall be understood as the period between August 01, 2005 and January 31, 2006.

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

I. Consolidated half-year financial statement as of January 31, 2007 and for the period of 6 months ended on January 31, 2007, prepared in compliance with International Financial Reporting Standards

I.1. Selected financial data – consolidated statement

SELECTED CONSOLIDATED FINANCIAL DATA	in PLN M		in EUR M	
	I half-year of 2006	I half-year of 2005	I half-year of 2006	I half-year of 2005
I. Sales revenue	940 001	830 234	241 156	211 535
II. Operating profit	12 286	18 450	3 152	4 701
III. Profit before tax	57 643	56 995	14 788	14 522
IV. Net profit due to company Shareholders	8 870	11 417	2 276	2 909
V. Net cash flows from operating activities	4 254	13 581	1 091	3 460
VI. Net cash flows from investing activities	-9 297	-1 304	-2 385	-332
VII. Net cash flows from financial activities	43 379	-1 783	11 129	-454
VIII. Net increase (decrease) of cash	38 336	10 494	9 835	2 674
IX. Total assets*	463 239	320 676	117 813	81 553
X. Liabilities *	341 891	199 023	86 951	50 615
XI. Long-term liabilities*	291	305	74	78
XII. Short-term liabilities*	341 600	198 718	86 877	50 537
XIII. Equity due to shareholders of the Company	118 342	118 794	30 097	30 211
XIV. Share capital*	1 641	1 641	417	417
XV. Number of shares (copies)	16 410 000	1 191 000	16 410 000	1 191 000
XVI. Profit (loss) per ordinary share (in PLN/EUR)	0,54	9,59	0,14	2,51
XVII. Net book value per share (in PLN/EUR)	7,21	99,74	1,83	25,37

* the comparative data for balance sheet items are presented as of 07/31/2006.

Polish zloty exchange rate

Period	Average exchange rate in period	Minimum exchange rate in period	Maximum exchange rate in period	Exchange rate on the last day of period
08/01/2005-01/31/2006	3.9248	3.8285	4.0495	3.8285
08/01/2005-31.07.2006	3.9212	3.7726	4.0495	3.9321
08/01/2006-01/31/2007	3.8978	3.8166	3.9835	3.9320

Key figures of the balance, profit and loss statements and cash flow statements

Key figures of the balance, profit and loss statements and cash flow statements of the financial statement have been converted into EUR using the indicated applicable conversion method:
 - for the balance sheet, using the exchange rate applicable on the last date of the respective period,
 - for the profit and loss statement 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 made based on the exchange rates indicated above by dividing the values expressed in thousands of zloty (M PLN) by the exchange rate.

I.2. Consolidated Balance Sheet

	Note	January 31, 2007	July 31, 2006	January 31, 2006
ASSETS				
Non-current assets				
Tangible fixed assets	7	54 184	40 999	41 344
Intangible assets	8	20 968	8 218	9 760
Investment real estate	9	919	0	0
Long-term investments	10	7	74	74
Deferred tax assets	18	1 843	523	460
Trade receivables and other receivables	11	866	0	0
		78 787	49 814	51 638
Current assets				
Inventory	12	169 463	112 108	104 396
Trade receivables and other receivables	11	168 645	150 985	155 899
Derivative financial instruments		496	257	0
Cash and cash equivalents	13	45 848	7 512	14 585
		384 452	270 862	274 880
Total assets		463 239	320 676	326 518
LIABILITIES AND EQUITY				
Shareholders' equity				
Share capital	14	1 641	1 641	1 191
Surplus from sale of shares above nominal value		55 745	55 768	4 695
Retained earnings		60 956	61 385	66 843
Total equity due to Shareholders		118 342	118 794	72 729
Minority capitals	15	3 006	2 859	2 312
Total equity		121 348	121 653	75 041
Liabilities				
Long-term liabilities				
Loans and credit	17	0	0	0
Trade liabilities and other	16	276	305	10
Employment liabilities	19	15	0	0
		291	305	10
Short-term liabilities				
Trade liabilities and other	16	282 905	180 945	197 745
Bank loans and other financial liabilities	17	54 957	16 348	53 540
Employment liabilities	19	780	238	0
Reserves for remaining obligations and other charges	20	2 790	1 033	106
Deferred tax reserves		168	154	76
		341 600	198 718	251 467
Total liabilities		341 891	199 023	251 477
Total liabilities and equity		463 239	320 676	326 518

	January 31, 2007	July 31, 2006
Equity due to shareholders of the Company	118 342	118 794
Number of shares	16 410 000	16 410 000
Equity value per share (in PLN)	7,21	7,24

	January 31, 2007	July 31, 2006
Equity due to shareholders of the Company	118 342	118 794
Diluted number of shares	17 230 500	17 230 500
Diluted equity value per share (in PLN)	6,87	6,89

I.3. Consolidated Profit and Loss Statement

	Note	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Revenue from sales	21	940 001	830 234
Cost of sales of products, goods and materials	22	-882 358	-773 239
Gross sales profit		57 643	56 995
Cost of sales and marketing	22	-39 611	-30 365
General administrative costs	22	-8 246	-7 591
Other revenue and benefits	24	3 839	812
Remaining costs and losses	25	-1 339	-1 401
Operational profit/loss		12 286	18 450
Net financial expenses	26	-726	-2 626
Profit/Loss on disposal of subsidiaries			
Profit/loss before tax		11 560	15 824
Corporate income tax	27	-2 467	-3 507
Net profit/loss		9 093	12 317
Including:			
Net profit/loss due to company Shareholders	28	8 870	11 417
Net profit/loss due to minority shares		223	900
		9 093	12 317
Profit/Loss due to shareholders of the Company per			
– basic	28	0,54	9,59
– diluted		0,51	9,59
Number of shares		16 410 000	1 191 000
Diluted number of shares		17 230 500	1 191 000

All revenue and costs stated apply to the continued activities.

I.4. Consolidated Statement of Changes in Equity

	Due to Shareholders of the Company			Due to minority shares	Total equity
	Share capital	Surplus from sale of shares above nominal value	Retained earnings		
As of August 1, 2005	1 191	4 695	50 029	1 427	57 342
Net profit/loss of trading period			11 417	900	12 317
Other adjustments			5 397	-15	5 382
Sum of revenue/costs included			5 397	-15	5 382
As of January 31, 2006	1 191	4 695	66 843	2 312	75 041
As of August 1, 2005	1 191	4 695	50 029	1 427	57 342
Net profit/loss of trading period			15 878	860	16 738
Issue of shares	450	51 073			51 523
Other adjustments			-4 522	572	-3 950
Sum of revenue/costs included	450	51 073	11 356	1 432	64 311
As of July 31, 2006	1 641	55 768	61 385	2 859	121 653
As of August 01, 2006	1 641	55 768	61 385	2 859	121 653
Net profit of trading period			8 870	223	9 093
Issue of shares					
Costs of transactions related to share issue		-23			-23
Dividends paid			-2 461		-2 461
Other			-6 838	-76	-6 914
Sum of revenue/costs included		-23	-429	-147	-305
As of January 31, 2007	1 641	55 745	60 956	3 006	121 348

I.5 Consolidated cash flow statement

		For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Operating cash flow			
Operating cash inflow	30	4 254	13 581
Income taxes paid		3 325	3 391
Net operating cash flow		4 254	13 581
Cash flow from investment activity			
Tangible assets acquisition	7	-9 404	-639
Inflows from sales of tangible fixed assets		107	446
Other cash outflows on investing activities		0	-1 111
Net cash flows from investing activities		-9 297	-1 304
Cash flow from financial activity			
Loans and credit facilities obtained		53 359	2 118
Repayment of loans and credit		-10 029	-2 500
Interest paid		-729	-1 401
Other		778	0
Net cash flows from financial activities		43 379	-1 783
Reduction/Increase of net cash balance		38 336	10 494
Cash balance at the beginning of the period		7 512	4 091
Profit/loss on cash valuation due to foreign currency exchange			
Cash balance at the end of the period		45 848	14 585

II. Notes on the consolidated financial statement

1. Overview

The line of business of ACTION S.A. (hereafter referred to as the "Dominant Company/Entity") as well the information on the Commercial Register, including the address of the registered office has been described in the consolidated financial statement of ACTION S.A. for 2005 published on January 25, 2007 and in the statement on the operations of the Group presented by the Board of Directors of the Dominant Company for the period between August 1, 2006 and January 31, 2007, which is a separate part of this financial statement of the Group.

The shareholder structure of ACTION S.A. has been presented in Note 11 below.

The shareholder structure did not change after the balance date.

In Q1 of 2006 the following companies were consolidated:

- ACTION S.A. - the dominant company
- Eko Action Sp. z o.o. with the registered office in Krakow (former name: A.PL Sp. z o.o.) - subsidiary (100 %)
- California Computer S.A. - subsidiary (100 %)
- Action Internet Sp. z o.o. (former name: Action Wrocław Sp. z o.o.) - subsidiary (100 %)
- Action Ukraina TzOW - subsidiary (51 %)
- Prologic Sp. z o.o. - subsidiary (60 %)
- JET TRADE Sp. z o.o. - subsidiary (51 %)
- Actina Sp. z o.o. - subsidiary (100 %)
- SFK Sp. z o.o. - subsidiary (100 %)
- A.PL Sp. z o.o. - subsidiary (100 %)
- PTR Sp. z o.o. - indirect subsidiary (61.14 %)

A.PL Sp. z o.o. with registered office in Warsaw was established on October 12, 2006.

PTR Sp. z o.o. was consolidated on January 5, 2007.

2. Specification of key accounting principles used

The key accounting principles used to prepare this consolidated financial statement have been presented below. The rules were used continually over all the periods presented, unless stated otherwise.

2.1 Statutory basis

This consolidated financial statement for the period between August 1, 2006 and January 31, 2007 was drawn up by the Dominant Company in compliance with EU-approved IFSR as of the date of issue of this consolidated financial statement.

- The scope of the information disclosed in this consolidated financial statement is compliant with IAS 34 „Interim Financial Reporting” and with the Ordinance of the Minister of Finance of October 19, 2005 on current and periodical information published by issuers of securities.

In this financial statement the Company did not decide about applying the standards published or their interpretation prior to their effective date.

a/ 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 January 1, 2007 or later. 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”.

The Company will follow the new requirements on the disclosure of that information for financial statements published since January 1, 2007 or later.

b/ IAS 1 Amendment „Presentation of Financial Statements: Capital Disclosures”

That amendment should be applied to annual periods commencing on January 1, 2007 or later. 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 has complied with the possibly applicable capital requirements, and
- if not, what the consequences of the failure to comply with them are.

The Company shall start to adhere to that standard amendment at the moment of its coming into force, i.e. on January 1, 2007 and later.

According to the opinion of the Board of Directors of the Company, the new IFRS 7, which will apply to financial statements since January 1, 2007 will have an impact on the improvement of the information published in relation to financial instruments.

c/ IFRS 8 „Operating Segments”

IFRS 8 was published by the International Accounting Standards Board on November 30, 2006 and applies to annual periods starting on January 1, 2009 or later. IFRS 8 replaces IAS 14 „Segment Reporting”. The standard sets forth new requirements for disclosure of information on segments of operations 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.

As of the date of issue of this financial statement, IFRS 8 has not yet been approved by the Commission of the European Communities.

That standard will/will not be applicable to the Company, because

d/ IFRIC 7 „Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies”

Interpretation IFRIC 7 was issued by the International Financial Reporting Interpretations Committee on November 24, 2005 and applies to annual periods commencing on March 1, 2006 or later. It provides the guidelines on the application of the requirements of IAS 29 in the reporting period in which the entity confirms the existence of hyperinflation in the native country of its functional currency, provided that economy was not a hyperinflationary economy in the preceding period, which consequently makes the entity obliged to correct its financial statement in compliance to IAS 29.

That interpretation shall not have any impact on the financial statement of the Company.

e/ IFRIC 8 „Scope o IFRS 2”

Interpretation IFRIC 8 was issued by the International Financial Reporting Interpretations Committee on January 12, 2006 and applies to annual periods commencing on May 1, 2006 or later. IFRIC 8 explains that IFRS 2 „Share-Based Payment” is applicable to contracts in which the entity pays the

remuneration in its own shares in return for an insufficient executory consideration or without such a consideration.

That interpretation shall not have any impact on the financial statement of the Company because the Company does not make payments in shares.

f/ IFRIC 9 „Reassessment of embedded derivatives”, scope of IAS 39

Interpretation IFRIC 9 was issued by the International Financial Reporting Interpretations Committee on March 1, 2006 and applies to annual periods commencing on June 1, 2006 or later. It deals with embedded financial instruments falling under IAS 39 Financial Instruments: Recognition and Measurement. The interpretation identifies the moment, for which the entity assesses whether it is required to isolate an embedded derivative out of the frame line agreement and define it separately and what should be taken into consideration at such an assessment by an entity which applies MSSF the first time.

That interpretation shall not have any impact on the financial statement of the Company.

g/ IFRIC 10 „Interim Financial Reporting and Impairment”

Interpretation IFRIC 10 was issued by the International Financial Reporting Interpretations Committee on July 20, 2006 and applies to annual periods commencing on November 1, 2006 or later. It clarifies whether depreciation write-offs recorded in the interim statement as of the balance date with respect to the goodwill, investments in capital instruments and financial assets valued by their acquisition price can be reduced or reversed if on the next balance day – in the interim or annual statement – premises occurred which indicated a possibility of disappearance of the reasons for recording of such a write-off.

As of the date of issue of this financial statement, interpretation IFRIC 10 has not yet been approved by the Commission of the European Communities.

That interpretation shall have impact on the interim financial statement of the Company.

h/ IFRIC 11 „Group and Treasury Share Transactions”

Interpretation IFRIC 11 was issued by the International Financial Reporting Interpretations Committee on November 2, 2006 and applies to annual periods commencing on March 1, 2007 or later. 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:

- the entity grants their employees the right to its capital instruments which may or must be redeemed from a third party in order to settle the obligation towards the employees,
- the entity or its owner grants its employees the right to the capital instruments of that entity, whereby such instruments are provided by the owner of the entity.

As of the date of issue of this financial statement, interpretation IFRIC 11 has not yet been approved by the Commission of the European Communities.

That interpretation shall not have any impact on the financial statement of the Company because the Company does not make payments in shares.

i/ IFRIC 12 „Service Concession Arrangements”

Interpretation IFRIC 12 was issued by the International Financial Reporting Interpretations Committee on November 30, 2006 and applies to annual periods commencing on January 1, 2008 or later. It provides guidelines for the application of the existing standards by entities which are parties to service concession agreements between the public and the private sector. IFRIC 12 applies to the agreements in 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.

As of the date of issue of this financial statement, interpretation IFRIC 12 has not yet been approved by the Commission of the European Communities.

That interpretation shall not have any impact on the financial statement of the Company.

2.2 Terms 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 operating 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. They cease to be consolidated on the date on which such control ends.

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 settled by means of acquisition. On the date of acquisition, the assets and liabilities of the entity acquired are valued by 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 recorded as the goodwill of the company. 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 statement for the period, in which the acquisition took place. The share of minority shareholders is indicated as an appropriate proportion if 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 sale, respectively.

The consolidated financial statement does not include:

- equities of the subsidiaries created before the control takeover,
- 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,
- revenue and costs related to economic 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 the asset item 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 the addition, consolidation exclusions and corrections 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 the addition, consolidation exclusions and corrections were made,
- the net result obtained is allocated among the majority and minority shareholders/stakeholders.

2.3 Foreign currency transactions and valuation of items expressed in foreign currencies

2.3.1 Functional currency and presentation currency

Both the financial statements of the individual entities included in the Group (except for Action

Ukraina, whose statements are drawn up in UAH) as well as the consolidated financial statement are presented in PLN. PLN is both the functional currency as well as the presentation currency for the Group.

2.3.2 Transactions and balances

The transactions expressed in foreign currencies are converted into the functional currency using the exchange rate of the date of the transaction. The profits and losses arisen of such transactions and of balance sheet valuation of cash liabilities and assets expressed in foreign currency are recorded in the profit and loss statement.

2.4 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.

Fixed assets are included as part of the acquisition cost reduced by depreciation write-offs. Lands are not subject to depreciation. Buildings are included at their historical cost reduced by 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 reduced by the interest accrued over the period of its construction. The costs which can be easily assigned to an investment, such as the cost of preparation of the construction site and the technical and installation costs, are considered part of the cost of acquisition.

Depreciation is calculated in a linear fashion starting at the moment of commissioning of the fixed asset. The following depreciation periods are assumed:

Type	Period
Buildings	10 to 40 years
Computers and printers	1.5 to 3 years
Other computer hardware, servers	5 years
Other fixed assets, including: equipment	
Internal transport and vehicles	2.5 and 5 years
Technical equipment and machines	10 years

Residual values and periods of use 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 profits and losses resulting from the disposal of fixed assets are determined by comparing the sale revenue with the balance value of the given asset and are included in the profit and loss statement.

Depreciation write-offs and impairment write-offs of fixed assets are related to the costs of sale or general administrative costs, respectively.

No activated borrowing costs occurred in the reporting period.

2.5 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 components of assets and liabilities and equity of the subsidiary on that date.

Goodwill is presented as part of the assets and is not subject to amortization. However, at least once per year it is analyzed with respect to its impairment. Any impairment, if exists, is immediately visible in the profit and loss statement 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 change of the accounting principles to IFRS was recorded in the books in accordance with the value determined using the hitherto accounting principles and was subject to a test for goodwill impairment as of the date of change to 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 units are individual companies which own pharmacy chains as well as the individual wholesalers.

b) trademarks and licenses

Trademarks and licenses have limited economic useful life and are indicated on the balance sheet by their historical cost reduced by its accumulated amortization. The amortization is calculated using the straight line method. Amortization period: 5 – 6 years.

c) computer software

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

Residual values and periods of use of individual assets are verified on each balance date and changed if necessary.

There are no intangible assets of unlimited useful life.

Amortization write-offs and impairment write-offs of intangible assets are related to the costs of sale or general administrative costs, respectively.

2.6 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 an asset component. 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.

2.7 Financial assets

The Group distinguishes the following categories of its investments: 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 constitute part of the fixed assets unless the Board intends to dispose of the investment within 12 months from the balance day.

Financial assets valued at their fair value by the financial result

That category comprises two subcategories: the marketable 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 by 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 are created 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 a corrected acquisition price (amortized cost) using the effective interest method.

2.8 Inventories

Inventories are recognized at the acquisition price or production cost not higher than the net sale price, subject to inventory revaluation. The cost is determined using the FIFO approach. The net sale price is estimated on the basis of the sale price applied under normal operations, less the relevant variable sales costs.

The inventory writedowns and the inventory adjustments are related to the costs of the products, goods and materials sold.

2.9 Trade receivables and other receivables

Trade receivables are initially recognized at the fair value and subsequently valued according to the amortized cost using the effective interest method, reducing them by impairment write-offs. An impairment write-off 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 write-off is then recognized in the profit and loss statement under „Other costs“. The amount of the write-off 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 write-off in the profit and loss statement (other costs) reduces the cost of receivables impairment write-offs.

2.10 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.

2.11 Share capital

The share capital of the Group is the share 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.

2.12 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 method.

2.13 Deferred income tax

Deferred tax assets are recognized if taxable revenue is likely to be generated in the future that will allow using the temporary differences. Deferred tax assets are also recognized in tax losses deductible in the subsequent years, however, that is possible only in the cases in which 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 indicated in the financial statement. The deferred income tax is determined using the tax rates factually applicable as of the balance date. The basic temporary differences are related to the differences in valuation of assets and liabilities for tax and balance purposes.

The deferred tax assets and reserve 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 revenue office.

2.14 Employee benefits

Employee benefits are to retirement packages whose payment is required pursuant to Article 92 of the Labor Code, as well as holiday leave benefits. The value of liabilities arising of the specific type of benefits is calculated annually using the Projected Unit Method. The valuation is performed by the companies of the Group using actuarial valuation methods and models.

The costs of employee benefits are related to the sales costs or to the general administrative costs as appropriate.

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 23.

2.15 Reserves

Reserves are created 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 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 way.

2.16 Recognizing revenue

Sales revenue is 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.

Revenue includes: revenue on sale of goods and services and other revenue, including revenue on interest and dividends. Revenue is recorded as a net value, after a deduction of the applicable goods and services tax, rebates and discounts.

3. Financial risk management

Currency risk

ACTION S.A. is exposed to a risk of change of foreign currency exchange rates, particularly with respect to the exchange rates of dollar and 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.

In order to manage the risk of change of currency exchange rates, the Companies of the Group use options and futures contracts. The Company does not use hedge accounting.

Interest rate risk

By principle, such financial instruments as loans are granted by the Companies of the Group at a variable interest rate based on the WIBOR 1M index with interest paid on the actual balance of the loan at the end of the month. That principle is applied both to the loans granted internally within the Group as well as to loans provided to third party borrowers.

The interest rate based on variable market indices causes the value of such a financial instrument as a loans to change during its life. That change keeps the value of the instrument at the level of the (fair) market value over the entire term of the loan. The Companies of the Group do not secure themselves against the risk of interest rate variability.

In case of loans of fixed interest rate a risk of change of the fair value exists. The Companies of the Group do not secure themselves against that risk.

Price risk

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

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 hitherto relationship. Increasing the credit limit requires submitting certain collaterals by the customer, which limit the credit risk level.

The credit risk arising of the loans granted to third party customers is limited by securing the repayment using notary deeds of execution or bills of exchange as well as material collaterals, such as:

- refund assignment agreement,
- agreement on transfer of ownership title on goods,
- first mortgage entry in the official public land/mortgage register,
- bank guarantee,
- bank deposit.

There is not risk concentration in the Group due to the large number and relatively small size of customers.

Liquidity risk

The Companies of the Group have a sufficient amount of cash to settle all their liabilities timely. Cash surplus is placed in bank deposits. In the long term, the liquidity risk is minimized by the availability of bank credits. The Group may use sufficient financing at any time, activating the available credit facilities approved by the banks.

4. Important estimates and assessments

The Group makes estimates and adopts assumptions in relation to the future. By definition, such accounting estimates will seldom be reflected by the actual results achieved. The estimates and assumptions which pose a significant risk of a necessity to make material corrections to the balance value of assets and liabilities during the current or the next financial year have been presented below.

Useful life of tangible and intangible assets

As of January 31, 2007 the Companies of the Group analyzed the estimated useful life of tangible and intangible assets. The analysis did not indicate any necessity of corrections in that respect.

Loss of value of investments in subsidiaries

The Companies of the Group checked for existence of any premises indicating a loss of value of any investments in the subsidiaries as of January 31, 2007.

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.

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 using the temporary differences and tax losses. Due to the fact that the calculation of the deferred income tax is based on estimates and assessment of the Board, those assessments are marked with uncertainty and the actual values may differ from the forecast ones. The real future result may also change as a result of economic changes or changes related to the competition in the business environment of the Group.

5. Entity mergers and acquisitions

On January 5, 2007 ACTINA Sp. z o.o., a subsidiary, acquired shares in PTR Sp. z o.o. in the result of which the latter entity was taken under the control and included into consolidation.

The process of estimation of the fair value of the assets and liabilities acquired and determining the goodwill is currently in progress. The estimated goodwill disclosed in this statement is based on preliminary estimates of fair value of net assets of PTR Sp. z o.o. The acquisition price shall ultimately have been allocated by the end of the financial year and presented in the annual consolidated financial statement.

Asset	Recognized value	Correction of fair value	Net book value
Buildings and structures	1 884	0	1 884
Remaining tangible fixed assets	282	0	282
Intangible assets (trademark, software)	8 954	8 911	43
Long-term receivables	866	0	866
Current assets	8 038	0	8 038
Liabilities and reserves	-31 726	0	-31 726
Net assets identified	-11 702	8 911*	-20 613

Share in net assets due to ACTION S.A.	61,14%
Value of share in net assets	-7 155
Acquisition price paid in cash	1 610
Goodwill	-8 765

*) Adjustment of fair values is based on the preliminary estimate.

On January 5, 2007 ACTINA Sp. z o.o. with the registered office in Warsaw (a subsidiary of ACTION S.A.) acquired 86 shares in equity of PTR Sp. z o.o. at the total price of PLN 1,240 M.

ACTINA Sp. z o.o. is a subsidiary of the Issuer (the Issuer has 100% ownership of the share capital of ACTINA Sp. z o.o. and the same number of votes at the meeting of partners of this company).

ACTINA Sp. z o.o. had already been a stakeholder of PTR Sp. z o.o., owning 15 out of 176 of its shares, which constituted a 8.52% share in the share capital and the same proportion of votes at the Partners' Meeting of PTR Sp. z o.o.

At present, ACTINA Sp. z o.o. owns 101 out of 176 of shares of PTR Sp. z o.o., i.e. 57.39% of shares in its share capital and the same proportion of votes at the Partners' Meeting of PTR Sp. z o.o.

Another stakeholder of PTR Sp. z o.o. is Prologic Sp. z o. o. (a subsidiary of ACTION S.A. – 60%) owning 11, which constitute a 6.25% share in the share capital and the same proportion of votes on the Partners' Meeting of PTR Sp. z o.o.

6. Operating segments

I. Basic reporting system – geographic segments

The Group performs its activity in the following geographic segments: on the territory of the Republic of Poland and Ukraine.

The results obtained by each of the segments for the period between August 01, 2006 and January 31, 2007 are as follows:

	Poland	Ukraine	Non-assigned items	Exclusions	Consolidated value
Sales to third parties	899 862	40 139	0	0	940 001
Sales between the segments	0	0		0	0
Total revenue	899 862	40 139	0	0	940 001
Result per segment	13 986	858	0	-2 558	12 286
Operating profit	13 986	858	0	-2 558	12 286
Net financial expenses (note 26)			-726	0	-726
Profit/Loss on disposal of subsidiaries			0	0	0
Profit before tax			14 118	-2 558	11 560
Corporate income tax			-2 467	0	-2 467
Net profit of trading period			11 651	-2 558	9 093

No abandoned activity took place in the Group in the period between August 01, 2006 and January 31, 2007.

The results obtained by each of the segments for the period between August 01, 2005 and January 31, 2006 are as follows:

	Poland	Ukraine	Non-assigned items	Exclusions	Consolidated value
Sales to third parties	1 346 740	90 042	0		1 436 782
Sales between the segments	2 139			-2 139	0
Total revenue	1 348 879	90 042	0	-2 139	1 436 782
Result per segment	18 049	811	0	3 641	22 501
Operating profit	18 049	811	0	3 641	22 501
Net financial expenses			-3 814	0	-3 814
Profit/Loss on disposal of subsidiaries			2 781	0	2 781
Profit before tax			18 687	2 781	21 468
Corporate income tax			-4 703	-27	-4 730
Net profit of trading period			13 984	2 754	16 738

No abandoned activity took place in the Group in the period between August 01, 2005 and January 31, 2006.

6. Operating segments (cont.)

I. Basic reporting system – geographic segments (cont.)

Other information on segments as of January 31, 2007 are as follows:

	Poland	Ukraine	Non- assigned items	Exclusions	Consolidated value
Assets per segment	490 975	21 907	0	-49 643	463 239
Liabilities per segment	372 630	15 837	0	-46 576	341 891
Investment expenditure on intangible and tangible assets (notes 7 and 8)	13 879				13 879
Depreciation of fixed assets (note 7)	1 504				1 504
Amortization of intangible assets (note 8)	1 680				1 680

Other information on segments as of July 31, 2006 are as follows:

	Poland	Ukraine	Non- assigned items	Exclusions	Consolidated value
Assets per segment	313 777	31 750	0	-24 851	320 676
Liabilities per segment	182 773	26 821	0	-10 571	199 023
Investment expenditure on intangible and tangible assets (notes 7 and 8)	2 538				2 538
Depreciation of fixed assets (note 7)	3 007				3 007
Amortization of intangible assets (note 8)	3 547				3 547

II. Supplementary reporting system – industry segments

The activity of the Group is based on one industry segment, i.e. wholesale of computer hardware. Consequently the Group does not present its industry segments.

7. Tangible fixed assets – note for the period between 08/01/2006 and 01/31/2007

	Land	Buildings and structures	Technical equipment and machines	Transport equipment	Other fixed assets	Fixed assets under construction	Total
As of August 01, 2006							
Gross value	5 039	31 577	7 337	5 155	2 499	1 025	52 632
Accumulated depreciation (inc. accumulated impairment write-offs)	-849	-2 381	-3 496	-3 267	-1 640	0	-11 633
Net value	4 190	29 196	3 841	1 888	859	1 025	40 999
Changes in period							
Transfers							
Acquisition	3 902	30	1 162	51	21	8 547	13 713
Consolidating a subsidiary - increased gross value							
		2 125	68	11	307		2 511
Disposal and liquidation – gross value		-1 541	-584	-281	0	0	-2 406
Depreciation (note 22)	0	-494	-494	-393	-123	0	-1 504
Disposal and liquidation - depreciation		318	474	197	-118	0	871
As of January 31, 2007							
Gross value	8 941	32 191	7 983	4 936	2 827	9 572	66 450
Accumulated depreciation (inc. accumulated impairment write-offs)	-849	-2 557	-3 516	-3 463	-1 881	0	-12 266
Net value	8 092	29 634	4 467	1 473	946	9 572	54 184

The gross value of the fixed assets fully depreciated in continued use as of January 31, 2007 is PLN 1,346 M.

The Group reassessed the useful life of tangible fixed assets. The analysis performed did not indicate any need for corrections.

The entire depreciation was recognized as part of the general administrative costs.

The real estate consisting of a land parcel and a building located in Zamienie, recognized in fixed assets as of 07/31/2006 is object of a bail mortgage of up to PLN 18,000 M to Bank PKO S.A. with the registered office in Warsaw and constitutes a collateral for an investment loan. The execution title may be issued at an amount of up to PLN 27,000 M.

The value of the fixed assets used based on leasing contracts is PLN 1,721 M. The sum of monthly leasing installments is PLN 58 M.

The Group does not own any tangible fixed assets of limited right of use.

7. Tangible fixed assets – note for the period between 08/01/2005 and 07/31/2006

	Land	Buildings and structures	Technical equipment and machines	Transport equipment	Other fixed assets	Fixed assets under construction	Total
As of August 1, 2005							
Gross value	5 039	32 742	7 275	5 672	2 297	806	53 831
Accumulated depreciation (inc. accumulated impairment write-offs)	-775	-2 481	-2 913	-3 395	-1 713		-11 277
Net value	4 264	30 261	4 362	2 277	584	806	42 554
Changes over the year							
Transfers					454	-454	0
Acquisition		51	513	693	12	673	1 942
Disposal and liquidation – gross value		-1 216	-451	-1 210	-264	0	-3 141
Amortization/depreciation	-74	-1 033	-886	-834	-180	0	-3 007
Disposal and liquidation - depreciation		1 133	303	962	253	0	2 651
As of July 31, 2006							
Gross value	5 039	31 577	7 337	5 155	2 499	1 025	52 632
Accumulated depreciation (inc. accumulated impairment write-offs)	-849	-2 381	-3 496	-3 267	-1 640	0	-11 633
Net value	4 190	29 196	3 841	1 888	859	1 025	40 999

The gross value of the fixed assets fully depreciated in continued use as of July 31, 2006 is PLN 1,260 M.

The Group reassessed the useful life of tangible fixed assets. The analysis performed did not indicate any need for corrections.

The entire depreciation was recognized as part of the general administrative costs.

8. Intangible assets – note for the period between 08/01/2006 and 01/31/2007

	Computer software	Concessions, patents, licenses, trademarks acquired	Other	Total
As of August 01, 2006				
Gross value	2 613	6 579	14 410	23 602
Accumulated amortization (inc. accumulated impairment write-offs)	-2 288	-6 339	-6 757	-15 384
Net value	325	240	7 653	8 218
Changes in period				
Acquisition	166	0	0	166
Consolidating a subsidiary - increased gross value	178	0	14 213	14 391
Disposal				
Depreciation (note 22)	-247	0	-1 433	-1 680
Consolidating a subsidiary - increased amortization	-127	0	0	-127
As of January 31, 2007				
Gross value	2 957	6 579	28 623	38 159
Accumulated amortization (inc. accumulated impairment write-offs)	-2 662	-6 339	-8 190	-17 191
Net value	295	240	20 433	20 968

The gross value of the intangible assets fully depreciated in continued use as of January 31, 2007 is PLN 1,479 M.

The Group reassessed the useful life of the intangible assets. The analysis performed did not indicate any need for corrections.

The entire depreciation was recognized as part of the general administrative costs.

The intangible assets of the Group are not subject to any rights of third parties.

The value of the intangible assets used based on leasing contracts is PLN 420 M. The sum of monthly leasing installments is PLN 7 M.

The Group does not own any intangible assets of limited right of use.

8. Intangible assets – note for the period between 08/01/2005 and 07/31/2006

	Computer software	Concessions, patents, licenses, trademarks acquired	Other	Total
As of August 1, 2005				
Gross value	2 238	6 386	14 398	23 022
Accumulated amortization (inc. accumulated impairment write-offs)	-1 633	-6 339	-3 878	-11 850
Net value	605	47	10 520	11 172

Changes over the year				0
Acquisition	392	192	12	596
Disposal	-16			-16
Amortizations/depreciation	-668		-2 879	-3 547
Amortization reversal	13			13
As of July 31, 2006				
Gross value	2 614	6 578	14 410	23 602
Accumulated amortization (inc. accumulated impairment write-offs)	-2 288	-6 339	-6 757	-15 384
Net value	326	239	7 653	8 218

The gross value of the intangible assets fully depreciated in continued use as of July 31, 2006 is PLN 439 M.

The Group reassessed the useful life of the intangible assets. The analysis performed did not indicate any need for corrections.

The entire depreciation was recognized as part of the general administrative costs.

9. Investment real estate

The investment real estate of PLN 919 M of value include the real estate acquired in January 2007 located in Wroclaw, which consists of a land parcel and a building.

That real estate asset is not subject to depreciation. It is subject to tests for impairment.

10. Financial assets

	January 31, 2007	July 31, 2006
Financial assets available for sale:		
- Shares	7	74
	7	74

As of January 31, 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

As of July 31, 2006 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,

Prologic Sp. z o.o. – shares in PTR Sp. z o.o.- PLN 31 M,

Actina Sp. z o.o. – shares in PTR Sp. z o.o.- PLN 36 M,

11. Trade receivables and other receivables

Long-term receivables of PLN 866 M of value are used as deposit deposited as collateral pursuant to agreements for space rental at shopping malls.

	January 31, 2007	July 31, 2006
Short-term trade receivables and other receivables		
Trade receivables	180 655	165 323
From taxation, subsidies, customs duty, social and medical insurance, and other benefits receivable	8 441	2 639
Other financial receivables	0	0
Other non-financial receivables	2 368	5 052
	191 464	173 014
Less: write-offs to receivables	-22 819	-22 029
Short-term trade receivables and other net receivables	168 645	150 985

The fair value of short- and long-term receivables is similar to their balance value.

Transactions with associate entities have been described in detail in note 34.

Write-offs to trade receivables and to other receivables

	January 31, 2007	July 31, 2006
Write-off to receivables at beginning of period	-22 029	-16 366
Made	-1 716	-9 947
Reversed	51	433
Terminated	875	3 851
Write-off to receivables at end of period	-22 819	-22 029

12. Reserves

	January 31, 2007	July 31, 2006
Materials	485	294
Goods	169 477	112 704
Delivery advance payments	986	689
	170 948	113 687
Reserve revaluation	-1 485	-1 579
	169 463	112 108

Reserve revaluation

	January 31, 2007	July 31, 2006
Reserve revaluation at beginning of period	-1 579	-2 330
Created (cost of sales of products, goods and materials) / Terminated	94	751
Used		
Write-off to reserves at end of period	-1 485	-1 579

The inventory is used as short-term collateral to a credit with PKO S.A. of PLN 25,000 M of value. A write-down of PLN 1,579 M was made for defective goods of poor turnover.

13. Cash and cash equivalents

	January 31, 2007	July 31, 2006
Cash at bank	45 635	7 382
Cash in hand	213	130
	45 848	7 512

Financial surplus on the current account is automatically deposited by the Companies of the Group on overnight deposits. Average effective interest rate of overnight deposits for the period ended on January 31, 2007 was 0.75 % and for the period ended on January 31, 2006 it was 1.3 %.

14. Shareholders' equity

14.1. Share capital

SHARE CAPITAL (STRUCTURE)			as of 01/31/2007					
Series/ issue	Type of shares	Share preference type	Share option restrictions	Number of shares	Series/issue value by nominal value	Capital coverage method	Date of registration	Rights to dividend (date from)
A	bearer share	ordinary		10 000 000	1 000 000	cash	06/25/1996	
A	bearer share	ordinary		1 910 000	191 000	non-cash	05/26/2004	
B	bearer share	ordinary		4 500 000	450 000	issue	07/26/2006	08/01/2005
Number of shares				16 410 000				
Total share capital					1 641 000			
Nominal value per share = PLN 0.10								

List of shareholders of the Company with indications of the number of shares owner, their percentage share in the share capital and in the total number of votes		Number of shares owned	Series
Piotr Bieliński	28.64%	4 700 000	A
Olgiard Matyka	21.32%	3 500 000	A
Wojciech Wietrzykowski	8.53%	1 400 000	A
Kajetan Wojtkiewicz	1.22%	200 000	A
Robert Waś	1.22%	200 000	A
Robert Bąk	1.46%	240 000	A
Piotr Wójcik	1.46%	240 000	A
Józef Dębski	4.36%	715 000	A
Kazimierz Lasecki	4.36%	715 000	A
Others	27.43%	4 500 000	B
Total:	100.00%	16 410 000	

In the period between 08/01/2003 and 07/31/2004, following a resolution by the Extraordinary Partners Meeting of 05/14/2004, the share capital was increased by PLN 191,000 by creating 382 new shares of a standard value of PLN 500 each.

The transformation of the Company was recorded in the National Court Register (KRS) on 08/02/2004.

On 07/19/2004, the Extraordinary General Meeting (Notary Deed Reg. A no. 2033/2004) adopted Resolution 1 on the transformation of ACTION Sp. z o.o. into ACTION S.A. and passed the Statutes of the Company.

On 07/29/2005 the Extraordinary General Meeting (Notary Deed Reg. A no. 1937/2005) adopted Resolution 1 on revoking the right of privileged vote of all series A shares. That change was registered on 08/10/2005.

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 on:

a) change of nominal share value from PLN 1 to PLN 0.10 with a concurrent division of 1 share of value of PLN 1 into 10 shares of nominal value of PLN 0.10.

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

2) Resolution No. 2 on:

a) increasing the share capital of the Company by means of a public offering of series B shares.

As a result of the resolutions passed, the share capital of the Company as of 07/31/2006 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 Economic Department of the National Court Register registered the increase of share 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 maximum authorized capital of the Dominant Company is equal to the capital issued.

The profit in the previous trading year was divided as follows:
20% of net profit – dividend payment on March 7, 2007.
80 % of net profit – retained earnings.

On November 15, 2006 the Extraordinary General Meeting of Shareholders of the Company passed a resolution on the issue of subscription warrants as well as on the exclusion of the rights issue of subscription warrants. As part of the motivation program, ACTION S.A. will issue not more than 820,500.00 named subscription warrants authorizing the take up of series C shares on specific conditions. The issue is made as part of a conditional increase of share capital with the exclusion of the rights issue. The person authorized to handle warrants will be a person included in the motivation program, for which the terms and conditions are to be passed by resolution of the Supervisory Board. The warrants shall be issued free of charge. The right to take up series C shares arising from subscription warrants may be exercised not later than December 31, 2010.

15. Minority shares

The minority shares are 49% of the capital of ACTION Ukraina TzoW, 49% of the capital of JET TRADE Sp. z o.o. and 40% of the capitals of PROLOGIC Sp. z o.o.

16. Trade liabilities

	January 31, 2007	July 31, 2006
Long-term trade liabilities and other liabilities	276	305
	276	305
Short-term trade liabilities and other liabilities		
Trade liabilities	248 722	161 344
Liabilities towards affiliated entities	0	787
Tax and social insurance liabilities	24 143	11 195
Other financial liabilities (factoring)	436	1 853
Other non-financial liabilities	9 604	5 766
	282 905	180 945
Total	283 181	181 250

The fair value of short- and long-term liabilities is similar to the balance value.

Transactions with associate entities have been described in detail in note 34.

17. Credits and loans and other external sources of funding

	<u>January 31, 2007</u>	<u>July 31, 2006</u>
Long-term		
Bank credits	0	0
	0	0
Short-term		
Overdraft facilities	54 957	16 348
	54 957	16 348
Total	54 957	16 348

The Companies of the Group use short- and long-term credit facilities as well as current account overdraft facilities.

The Dominant Company took an investment credit. As of January 31, 2007 the use of that credit was PLN 0. Overdraft facilities have a maturity of up to 1 year. Average effective interest rate for the period between August 1, 2006 and January 31, 2007 was 4.75% and for the period between August 1, 2005 and January 31, 2006 it was 5.36%. The fair value of credits and loans is equal to the balance value. The group can use credit facilities of a total limit of PLN 56,000 M.

SHORT-TERM LIABILITIES ON ACCOUNT OF CREDITS AND LOANS AS OF 01/31/2007						
Entity (company) name	Registered office	Amount of credit/loan as per contract	Amount of credit/loan left for repayment	Interest rate	Date of maturity	Collateral
		PLN M	PLN			
Societe Generale S.A.	Warsaw	10 000	9 559	WIBOR + 0.40%	08/31/2007	
Bank Handlowy S.A.	Warsaw	21 000	20 986	WIBOR + 0.40%	10/29/2007	assignment of receivables
PKO SA	Warsaw	25 000	24 412	WIBOR 1M+0.40%	10/31/2007	registered pledge on inventory
Total		56 000	54 957			

18. Deferred income tax

The deferred income tax values subject to compensation are as follows:

	January 31, 2007	July 31, 2006
Deferred tax assets:		
– deferred tax assets to be recovered within 12 months	1 843	1 016
	1 843	1 016
Provisions for deferred income tax:		
– deferred tax provisions due and payable within 12 months	168	647
	168	647
Deferred tax assets	1 843	523
Provisions for deferred income tax	168	154
Assets/provisions for deferred income tax (as per account balance)	1 675	369

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

	January 31, 2007	July 31, 2006
As of the beginning of the period (BOP)	369	558
Debit/credit of the financial result	1 306	-189
As of the end of the period (EOP)	1 675	369

(all amounts stated in PLN M unless stated otherwise)

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

Deferred tax assets

	Temporary surplus of negative foreign exchange differences	Provision write-down	Period costs provision	Unused holiday leave provision	Receivables write-down	Other	Total
As of August 1, 2005 at a 19% rate	94	443	0	18	106	117	778
(Credit)/Debit of the financial result on account of change of temporary differences and tax loss	46	-176	72	27	27	242	238
As of July 31, 2006 at a 19% rate	140	267	72	45	133	359	1 016
As of August 01, 2006 at a 19% rate	140	267	72	45	133	359	1 016
(Credit)/Debit of the financial result on account of change of temporary differences and tax loss	832	11	-9	83	-90	0	827
As of January 31, 2007 at a 19% rate	972	278	63	128	43	359	1 843

Provision for deferred income tax

	Positive foreign exchange differences	Interest accrued	Vendor bonuses	Other	Total
As of August 1, 2005 at a 19% rate	12	37	171	0	220
Credit/(Debit) of the financial result on account of change of temporary differences	105	-37	359	0	427
As of July 31, 2006 at a 19% rate	117	0	530	0	647
As of August 01, 2006 at a 19% rate	117	0	530	0	647
Credit/(Debit) of the financial result on account of change of temporary differences	24	0	-530	27	-479
As of January 31, 2007 at a 19% rate	141	0	0	27	168

19. Employment liabilities

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

	January 31, 2007	July 31, 2006
Retirement and disability packages	59	133
Holiday leaves	736	105
	795	238
Including:		
- long-term part	15	0
- short-term part	780	238

Retirement and disability packages

Change of liability on account of retirement and disability packages

	January 31, 2007	July 31, 2006
Current value of liability – balance at the beginning of period	238	192
Costs recognized in the profit and loss statement under employee benefit costs	557	46
Current value of liability – balance at the end of period	795	238
Including the cost of employee benefits recognized in the profit and loss statement as part of:		
- general and administrative costs	557	46

Valuation of the current value of disability and retirement packages performed using the actuarial method have been drawn up as of January 31, 2007.

20. Provisions for obligations and other charges

	provisions for liabilities	other	total	included long-term	included short-term
As of August 1, 2005	106	528	634	0	634
Provisions created/used	0	399	399	0	399
As of July 31, 2006	106	927	1 033	0	1 033
As of August 01, 2006	106	927	1 033	0	1 033
Provisions created/used	1 757	0	1 757	0	1 757
As of January 31, 2007	1 863	927	2 790	0	2 790

21. Revenue from sales

The entire sales revenue is generated on the sale of computer hardware.
No seasonality nor regular repeatability of the sales revenue trend was noticed in the period ended on January 31, 2007 or in the period ended January 31, 2006.

Transactions with associate entities have been described in detail in note 34.

22. Costs by type

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Depreciation of fixed assets and amortization of intangible assets (notes 7 and 8)	3 184	3 336
Employee benefit costs	19 705	15 557
Consumption of materials and energy	2 183	1 707
External services	14 714	13 453
Taxes and fees	477	455
Costs of advertising and representative expenditures	3 489	2 877
Property and personal insurance	209	247
Other prime costs	3 896	324
Value of products, goods and materials sold	882 358	773 239
Total costs of products, goods and materials sold, sales and marketing and general and administrative costs.	930 215	811 195

23. Employee benefit costs

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Payroll	16 725	13 404
Social security and other benefits	2 980	2 153
	19 705	15 557

On August 21, 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 proportions of shares owned by the present shareholders. Section § 6 of the Managerial Contract regulates the participation of the President of the Board in the so-called executive stock options program. According to its assumptions, a participant of that program shall be entitled to take into possession up to 820,500 shares of the Company between 2007 and 2010 (in three equal tranches), which is 5% of the current total number of shares of the Company. The shares shall be taken up as part of a conditional increase of the share capital in return for the subscription warrants issued by the Company. In order to carry out that program, appropriate resolutions have been passed by the Extraordinary General Meeting of the Company and by the Supervisory Board of the Company on 11/15/2006.

The payroll costs for the first halfyear of 2006 include the value of the options as of January 31, 2007 equal to PLN 426 M.

Number of options	820,500
Price of options	5.3

Value of options 4,348,650.00
Adjustment for period 08/01/2006 – 01/31/2007 426.338,24

24. Other revenue and benefits

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Revenue on foreign exchange rates	1 288	0
Revenue on valuation of financial instruments	844	0
Revenue on interest	692	222
Revenue on exclusion of a subsidiary from consolidation	0	0
Revenue on expiry of liabilities	24	
Revenue on damages received	83	376
Other revenue	849	187
Profit on disposal of non-financial fixed assets	59	27
	3 839	812

25. Remaining costs and losses

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Non-financial assets impairment write-off	212	911
Receivables impairment write-off	0	49
Other costs	1 127	441
	1 339	1 401

26. Financial expenses

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Costs of:		
- interest on credits	726	2 270
- factoring services	0	356
	726	2 626

27. Income tax

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Current tax	3 773	3 333
Deferred tax (note 18)	-1 306	174
	2 467	3 507

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

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Profit before tax	11 560	15 824
Tax calculated at a 19% rate	2 196	3 007
Costs other than revenue earning costs	271	500
Reduction of financial result on account of tax	2 467	3 507

28. Profit per share

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Profit/loss due to Company shareholders (PLN M)	8 870	11 417
Weighted average number of ordinary shares (in thousands)	16 410	1 191
Unit profit/loss per share (in PLN per share)	0.54	9.59

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

The basic profit/loss per share is calculated by dividing the profit/loss due to shareholders of the Company by the weighted average number of ordinary shares throughout the period.

The diluted profit/loss per share is calculated by dividing the profit/loss due to shareholders of the Company and the weighted average number of ordinary shares, including the planned issue of 820,500 shares of series C as part of a conditional increase in share capital pursuant to the Resolution by the Extraordinary General Meeting of Shareholders of the Company of November 15, 2006.

29. Dividend per share

The Companies of the Group have not yet made a decision on the appropriation of profit for the financial year ending on July 31, 2007.

On March 7, 2007 ACTION S.A. paid the dividend for 2005 at the amount of PLN 2,461.5 M, i.e. PLN 0.15 per share.

30. Net operating cash inflow

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Net profit in period	8 870	11 417
Corrections:		
– Income tax (note 27)	2 467	3 507
– Depreciation of fixed assets and amortization of intangible assets (notes 7 and 8)	3 184	3 336
– Profit on disposal of non-financial fixed assets (note 24)	-59	-27
– Revenue on interest (note 24)	-692	-222
– Costs of interest (note 26)	726	2 270
Changes in trading capital:		
– Inventory	-47 442	7 014
– Trade receivables and other receivables	-53 617	-53 754
– Trade liabilities and remaining liabilities	95 217	40 009
Other adjustments	-4 400	31
Net operating cash inflow	4 254	13 581

31. Contingent items

As of January 31, 2007 the security liabilities which arise of contracts signed as of the balance date and not reflected in the financial statement of the Group were equal to PLN 9,341 M, as compared to their value of PLN 29,102 M as of January 31, 2006.

32. Events after the balance date

On February 9, 2007 the District Court of the Capital City of Warsaw, 12 Commercial Section of the National Court Register amended the entry of ACTION S.A. with information about its merger with (as the acquiring company) with California Computer S.A. registered in Warsaw (as the acquired company) recorded in the register of entrepreneurs at the District Court of the Capital City of Warsaw, 13 Commercial Section of the National Court Register at KRS No. 0000047530 (date of merger).

The merger was conducted pursuant to Article 492 §1 point 1 of the Code of Commercial Companies (merger through acquisition) by transferring the total assets of the acquired company to the acquiring company. Considering the fact that the acquiring company possesses all the shares of the acquired company, the merger took place pursuant to Articles 514 and 515§1 of the Code of Commercial Companies - without issuing the shares of the acquiring company to the shareholders of the acquired company and without increasing the share capital of the acquiring company. Pursuant to Article 494 §1 of the Code of Commercial Companies, on the day of the merger of ACTION S.A. acquired all the rights and obligations of California Computer S.A.

The assets acquired by ACTION S.A. are the assets of the company acquired. According to the most recently published data (included in the quarterly statement of 10/31/2007), the value of the assets acquired (the balance sum) is PLN 18,024 M.

On February 15, 2007 the Company was informed of the result of public procurement unlimited tender procedure of purchase of 7000 complete computer systems to be used as computer IT system gates by ZUS (the Polish Social Security Authorities).

The object of the winning offering, which was submitted by CONSORTIA Sp. z o.o., a partner of ACTION S.A., are Actina Sierra computers, assembled by ACTION S.A. The value of the contract is 16,994,600 PLN.

On March 1, 2007 the Issuer entered into a contract for the sale of all the shares possessed, i.e. 200 shares in the share capital of JET TRADE Sp. z o.o. registered in Warsaw (a subsidiary of ACTION S.A.) of the nominal value of 1,000 PLN per share and a total nominal value of 200,000 PLN. The shares sold constitute 51,02% of the share capital of JET TRADE Sp. z o.o. and give the same number of votes at the partners meeting of the company (200 votes).

The purchaser of the shares is Mr. Marek Lipiński, being also to this time a partner of JET TRADE Sp. z o.o., having due to this 192 shares, and currently 392 shares, which constitute 100% of the share capital and the same number of votes at the general meeting of shareholders. The parties agreed on the price of sale of 5,000 PLN. JET TRADE Sp. z o.o. is factually inactive.

The assets acquired by ACTION S.A. are shares in the share capital of JET TRADE Sp. z o.o. with registered offices in Warsaw. Their registered value in the account books of the Issuer is as follows: the initial value amounted to 200,000 PLN, all of which was included in a write-down. Currently the balance value of those assets is 0 PLN.

On March 7, 2007 ACTION S.A. entered into a contract with WASKO S.A. pursuant to which WASKO S.A. undertakes to pay ACTION S.A. a total gross value of PLN 6,443,762.15 in return for the sale by ACTION S.A. of the following IT equipment to WASKO S.A.: computer sets and monitors.

March 7, 2007 was the date of dividend payment. The total dividend payable was PLN 2,461,500.00, i.e. PLN 0.15 per share.

On April 11, 2007 the Board of ACTION S.A. obtained a confirmation of registration of the Issuer's foreign investment, which took place on 03/07/2007. The registering body was the State Tax Administration of Ukraine State Tax Inspectorate of the Zaliznychna District in Lvov.

The investment referred to consists in the payment of USD 255,000 to the charter capital of ACTION UKRAINA Sp. z o.o.

As a result of the registration of the investment, the current charter capital of ACTION UKRAINA Sp. z o.o. is equal to UAH 5,175,000. The contribution of ACTION S.A. was made in USD and amounts to a total of USD 510,000, which is equivalent to UAH 2,639,250. At present – as in the past – ACTION S.A. has a 51% share in the capital of ACTION UKRAINA Sp. z o.o. and the same proportion of votes at the Partners Meeting of ACTION UKRAINA Sp. z o.o.

The share capital of ACTION UKRAINA Sp. z o.o. was increased in full in return for financial investments.

On 04/12/2007 the Board of Directors of ACTION S.A. was informed that on 03/28/2007 the District Court of the Capital City of Warsaw, 12 Commercial Section of the National Court Register increased the share capital of A.PL Sp. z o.o. registered in Warsaw, a subsidiary of ACTION S.A.

As a result of registering the increase in the share capital of A.PL Sp. z o.o., the share capital of that company is currently equal to PLN 4.500.000 (prior to the change of its value, the share capital was PLN 1,000,000) and is divided into 4,500 equal shares of a nominal value of PLN 1,000 each (prior to the change of the capital value, it was divided into 1,000 equal shares of a nominal value of PLN 1,000 each).

All the shares in the share capital of A.PL Sp. z o.o. belong to ACTION S.A.

Each single share means one vote, consequently, after the change in the capital was registered, ACTION S.A. has 4,500 votes on the Partners Meeting of A.PL.

The share capital of A.PL Sp. z o.o. was increased in full in return for financial investments.

On April 13, 2007 ACTION S.A. concluded a partnership agreement with Mr. Oleh Baliash (shareholder of ACTION UKRAINA Sp. z o.o., a subsidiary of the Issuer) on submitting to ACTION S.A. a proposal of redemption of the shares in ACTION UKRAINA Sp. z o.o. owned by ACTION S.A. The value of the shares in ACTION UKRAINA Sp. z o.o. owned by the Issuer constitutes 51% of the share capital of that company.

Pursuant to the agreement referred to above, Mr. Oleh Baliash submitted to ACTION S.A. an irrevocable offer of purchase of all the shares in the share capital of the Company owned by ACTION S.A. The offering submitted remains binding for the bidder by December 31, 2009. ACTION S.A. is entitled to accept the offering and consequently conclude a sales agreement on the condition of the following events of future and uncertain nature (conditions precedent):

1) In none of the financial years in the period between January 1, 2007 and December 31, 2008 ACTION UKRAINA Sp. z o.o. shows net profit or the net profit produced in any of those years is lower than UAH 5 MM (five million) as indicated by the data of an annual financial statement of the Company approved pursuant to the applicable laws,

2) In none of the financial years in the period between January 1, 2007 and December 31, 2008 the net profit margin of ACTION UKRAINA Sp. z o.o. exceeds 4% as indicated by the data of an annual financial statement of the Company approved pursuant to the applicable laws,

Should any of the conditions presented above be met, ACTION S.A. shall be entitled to accept the share redemption offer within 60 days running from the date on which it acquired knowledge of such an event, whereas that right may be enforced with respect to any of the accounting periods referred to above.

The price of sale of all the shares of ACTION S.A. (51% of the share capital after its increase to an equivalent of USD 8 MM has been registered) was set to USD 4,080,000 (which is equivalent to PLN 11,512,536 by an average exchange rate of the National Bank of Poland indicated in the foreign exchange rate chart no. 74/A/NBP/2007 of 04/16/2007) plus 51% of the profit generated since January 1, 2007 and not designated to be paid as dividend. The price is to be paid in 12 equal monthly installments. The bidder submitted 12 blank promissory notes of USD 340,000 each as a collateral for the payment of the price. The ownership title to the shares shall be transferred to the buyer after the buyer has paid the price.

33. Remuneration of the members of the Board of Directors and of the Supervisory Board

The costs of remuneration (both paid and due) of the management staff of the Dominant Entity for the period between August 1, 2006 and January 31, 2007 amounted to PLN 546 M, as compared to PLN 389 M for the period between August 1, 2005 and January 31, 2006. The members of the Supervisory Board had been receiving remuneration solely in the first halfyear ended on January 31, 2007 at the total value of PLN 27 M.

34. Transactions with the affiliate entities

Company name and registered office	Gross mutual receivables as of 01/31/2007	Mutual receivables as of 01/31/2007	Revenue on mutual transactions in period 08/01/2006-01/31/2007	Costs of mutual transactions in period 08/01/2006-01/31/2007
EKO ACTION	9	2 777	95	38
Action Internet	1 343	2 661	-1	0
California Computer	9 078	172	10 494	10 328
Action Ukraina	0	0	0	0
Prologic	1 513	0	1 591	1 484
Actina	888	0	168	166
SFK	30	23	25	17
Jet Trade	0	0	0	0
PTR	28 043	977	5 716	5 493
A.PL	9	0	7	5
Total	40 913	6 610	18 095	17 531

a. Revenue on sale of goods and services

	For period 08/01/2006- 01/31/2007	For period 08/01/2005- 01/31/2006
Revenue on sale of goods and services:	18 095	61 045
- subsidiaries	18 095	61 045

b. Balances of settlements as of the balance date resulting from sale/purchase of goods/services/fixe assets

	January 31, 2007	January 31, 2006
c. Receivables from affiliated entities:	40 913	6 171
d. - subsidiaries	40 913	6 171
e. Liabilities due to affiliated entities:	6 610	3 339
f. - subsidiaries	6 610	3 339

g. Loans granted

	January 31, 2007	January 31, 2006
Short-term loans	200	4 076
- subsidiaries	200	4 076

Dariusz Jacek Krawiec
President

Piotr Bieliński
Vice President

Kazimierz Włodzimierz Lasecki
Vice President

Bożena Stefańska
Chief Accounting Officer

Warsaw, April 25, 2007

ACTION S.A.
ul. Jana Kazimierza 46/54,
01-248 Warsaw, Poland

Report on audit
of the abbreviated financial statement
for period from August 1, 2006 to January 31, 2007

**Report by independent expert auditor
on audit of an abbreviated financial statement
for period from August 1, 2006 to January 31, 2007**

for the Shareholders, Supervisory Board and Board of Directors of ACTION S.A.

We have audited the attached abbreviated financial statement of **ACTION S.A.** with the registered office in Warsaw at ul. Jana Kazimierza 46/54, which includes:

- an introduction;
- a balance as of January 31, 2007, indicating a sum of PLN **459,434 M** on assets and liabilities positions;
- a profit and loss statement for the period between August 1, 2006 and January 31, 2007 which indicates a net profit of PLN **11,166 M**;
- a summary of changes in the equity for the period between August 1, 2006 and January 31, 2007 which indicates an equity increase by PLN **9,108 M**;
- a cash flow statement which shows a net cash flow increase in the period between August 1, 2006 and January 31, 2007 by PLN **38,012 M**;
- additional notes and explanations.

The responsibility for the preparation of the statement lies with the Board of Directors of the Company.

Our task consisted in auditing that statement.

The Board of Directors of the Company is responsible for the correctness and reliability of the interim financial statement drawn up in compliance with the Polish Accounting Act of September 29, 1994 (Journal of Laws of 2002, No. 76, item 694 as amended) with respect to the parts of the statement not regulated by those standards as well as the enforcing regulations secondary to that Act and conforming to the requirements specified in the Ordinance of the Minister of Finance of October 19, 2005 on current and periodical information published by issuers of securities (Journal of Laws No. 209, item 1744).

Based on the audit conducted, our task was to prepare a report on the audit of that interim financial statement.

The scope of our work did not include a audit of the comparative data, therefore the report deals with the current year only.

We have conducted the audit in compliance with the regulations of the Polish Accounting Act and the professional standards of work of state certified auditors, published by the Polish National Council of Statutory Auditors. The standards require that we plan and perform the audit in such a way that gives us a reasonable certainty that the financial statement does not contain any material incongruities.

The audit was performed mainly by analyzing the data of the financial statement, examining the accounting books and using the information obtained from the management staff and the persons responsible for finances and accounting at the company.

The scope and the method of financial statement audits are materially different from the type research done in order to provide an opinion on integrity, correctness and clarity of annual financial statements, we are therefore unable to provide such an opinion with regard to the statement attached.

The audit we conducted did not indicate a need of any significant changes in the financial statement attached required for it to present a correct, honest and clear property and financial condition of the entity as of January 31, 2007 and its financial result for the period between August 1, 2006 and January 31, 2007 in compliance with the requirements of the Polish Accounting Act of September 29, 1994 (Journal of Laws of 2002, No. 76, item 694 as amended) with respect to the parts of the statement not regulated by those standards as well as the enforcing regulations secondary to that Act and conforming to the requirements specified in the Ordinance of the Minister of Finance of October 19, 2005 on current and periodical information published by issuers of securities (Journal of Laws No. 209, item 1744).

Warsaw, April 25, 2007

BDO Numerica Sp. z o.o.
ul. Postępu 12
02-676 Warsaw, Poland
Registration No. 523

Auditor
Anna Bernaziuk
Expert Auditor (Biegły Rewident)
ID 173/223

Agent of BDO Numerica Sp. z o.o.
André Helin, PhD
State Authorized
Public Accountant
Expert Auditor (Biegły Rewident) 90004/502
President of BDO Numerica Sp. z o.o.

INTRODUCTION TO ABBREVIATED INDIVIDUAL FINANCIAL STATEMENT OF ACTION S.A.

Interim abbreviated individual financial statement of ACTION S.A. (Company/Issuer) for the period between 08/01/2006 and 01/31/2007 including the comparable data for the period between 08/01/2005 and 01/31/2006

The notes on the consolidated financial statement of the Action Capital Group include all the essential information required by IAS 34. Consequently, this individual financial statement of Action S.A. should be read together with the consolidated financial statement, which will provide a full picture of the financial condition, the operating results and changes of the financial standing of the entire Group.

Action S.A. has implemented and applies accounting principles based on the Polish Accounting Act of September 29, 1994 (Journal of Laws of 2000, No. 54, item 654 as amended).

This abbreviated financial statement was also drawn up in compliance with the regulations applicable to issuers of securities.

I. Overview

1. Entity details:

- a) name: 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 Section of the National Court Register (KRS 0000214038)
- e) VAT ID (NIP): 527-11-07-221

2. Operating time frame: unlimited.

3. The financial statement presents the financial data from the period between 08/01/2006 and 01/31/2007. The comparable financial data include the balance of 07/31/2006 and as of 01/31/2006, the profit and loss statement, the cash flow statement for the period between 08/01/2005 and 01/31/2006 as well as a summary of changes in equity for the period between 08/01/2005 and 07/31/2006 and between 08/01/2005 and 01/31/2006.

The financial (trading) year of the Company starts on August 1 and ends on July 31.

4. The members of Company control bodies are as follows:

Board of Directors:

President: Dariusz Jacek Krawiec
Vice President: Piotr Bieliński
Vice President: Kazimierz Włodzimierz Lasecki

Supervisory Board:

Piotr Kosmala
Joanna Ewa Wójcik
Iwona Bożena Bocianowska
Stanisław Józef Radek
Rafał Antczak
Łukasz Pawłowski
Grzegorz Szymański

5. The Company does not incorporate any internal organizational units which prepare their own independent financial statements.
6. The Company is the dominant entity and prepares a consolidated financial statement using the full accounting method.
7. No company mergers took place during the reporting period.
8. The financial statement was drawn up based on the assumption that the entity would continue its business operations in the foreseeable future and that there are no circumstances indicating a threat to the business continuity of the Company.
9. The audits of the entity authorized to audit the statements for the previous reporting periods did not contain any reservations.

II. Asset and liability valuation methods used

10. Discussing the accounting principles (policy) adopted, including the methods of valuation of assets and liabilities (including depreciation/amortization), method of presentation of the financial result and the manner of preparation of the financial statement at the scope at which the existing law provides the entity with options to choose from.

The accounting principles applied in this financial statement are compliant with the accounting principles published in the annual report of January 12, 2007.

The entity did not change the accounting principles used in the reporting period between 08/01/2006 and 01/31/2007.

11. Polish zloty exchange rate

Period	Average exchange rate in period	Minimum exchange rate in period	Maximum exchange rate in period	Exchange rate on the last day of period
08/01/2005-01/31/2006	3.9248	3.8285	4.0495	3.8285
08/01/2005-31.07.2006	3.9212	3.7726	4.0495	3.9321
08/01/2006-01/31/2007	3.8978	3.8166	3.9835	3.9320

12. Key figures of the balance, profit and loss statements and cash flow statements

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

- for the balance sheet, using the exchange rate applicable on the last date of the respective period,
- for the profit and loss statement 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 made based on the exchange rates indicated above by dividing the values expressed in thousands of zloty (M PLN) by the exchange rate.

SELECTED FINANCIALS	PLN M		EUR M	
	08/01/2006 -01/31/2007	08/01/2005 -01/31/2006	08/01/2006 -01/31/2007	08/01/2005 -01/31/2006
Financial year				
I. Net sales revenue (on sales of finished goods, goods and materials)	884 285	717 606	226 862	182 839
II. Operating profit (loss)	12 556	9 790	3 221	2 494
III. Gross profit (loss)	13 010	10 594	3 338	2 699
IV. Net profit (loss)	11 166	7 678	2 865	1 956
V. Net cash flows from operating activities	6 380	6 699	1 637	1 707
VI. Net cash flows from investing activities	-11 879	-1 620	-3 048	-413
VII. Net cash flows from financial activities	43 511	-2 545	11 163	-648
VIII. Net cash flows, total	38 012	2 534	9 752	646
IX. Total assets*	459 434	272 081	116 845	69 195
X. Liabilities and provisions for liabilities*	329 826	151 581	83 883	38 550
XI. Long-term liabilities*	0	0	0	0
XII. Short-term liabilities*	327 314	149 749	83 244	38 084
XIII. Equity*	129 608	120 500	32 962	30 645
XIV. Share capital*	1 641	1 641	417	417
XV. Number of shares	16 410 000	1 191 000	16 410 000	1 191 000
XVI. Weighted average number of shares	16 410 000	1 191 000	16 410 000	1 191 000
XVII. Net book value per share (in PLN/EUR)	7,90	101,18	2,01	25,73
XVIII. Profit (loss) per share (in PLN/EUR)	0,68	6,45	0,17	1,64

* the comparative data for balance sheet items are presented as of 07/31/2006.

BALANCE	Note	01/31/2007 current year	07/31/2006 previous year	01/31/2006 previous year
Assets				
I. Fixed assets		64 959	48 400	48 574
1. Intangible assets	1	289	339	437
- goodwill				
2. Tangible fixed assets	2	48 541	36 719	36 810
3. Long-term receivables		0	0	0
3.1. From related parties				
3.2. From other entities				
4. Long-term investments	3	14 773	10 849	11 049
4.1. Real property		2 150	0	0
4.2. Intangible assets				
4.3. Long-term financial assets		12 623	10 849	11 049
a) in affiliated entities, including:		12 616	10 842	11 042
- subsidiary shares valued based on the equity method				
b) in other entities		7	7	7
4.4. Other long-term investments				
5. Long-term prepayments	4	1 356	493	278
5.1. Deferred tax assets		1 356	493	278
5.2. Other accruals				
II. Current assets		394 475	223 681	234 796
1. Inventory	5	151 581	92 590	84 676
2. Short-term receivables	6	193 368	122 033	146 403
2.1. From related parties		40 913	6 171	18 296
2.2. From other entities		152 455	115 862	128 107
3. Short-term investments		43 762	5 408	1 087
3.1. Short-term financial assets	7	43 066	5 054	887
a) in affiliated entities				
b) in other entities				
c) cash and cash equivalents		43 066	5 054	887
3.2. Other short-term investments		696	354	200
4. Short-term prepayments	8	5 764	3 650	2 630
Total Assets		459 434	272 081	283 370

Liabilities and Shareholders' Equity		01/31/2007 current year	07/31/2006 previous year	01/31/2006 previous year
I. Shareholders' equity		129 608	120 500	64 438
1. Share capital	10	1 641	1 641	1 191
2. Not paid-up capital (negative value)				
3. Own shares (negative value)				
4. Supplementary capital	12	121 451	111 292	60 219
5. Revaluation capital				
6. Other reserve capital				
7. Previous years- profit (loss)		-4 650	-4 650	-4 650
8. Net profit (loss)		11 166	12 217	7 678
9. Write-off on net profit during the financial year (negative value)				
II. Liabilities and reserves for liabilities		329 826	151 581	218 932
1. Provisions for liabilities		981	918	106
1.1. Provision for deferred income tax	13	95	574	0
1.2. Provision for retirement and similar benefits		780	238	0
a) long-term				
b) short-term		780	238	0
1.3. Other provisions		106	106	106
a) long-term				
b) short-term		106	106	106
2. Long-term liabilities		0	0	0
2.1. To related parties				
2.2. To other entities				
3. Short-term liabilities	14	327 314	149 749	218 826
3.1. To related parties		6 610	3 997	7 914
3.2. To other entities		320 704	145 752	210 912
3.3. Special funds		0	0	0
4. Accruals		1 531	914	0
4.1. Negative goodwill				
4.2. Other accruals		1 531	914	0
a) long-term				
b) short-term		1 531	914	0
Total Liabilities and Shareholders' Equity		459 434	272 081	283 370
Net book value		129 608	120 500	64 438
Number of shares		16 410 000	16 410 000	1 191 000
Net Book Value per Share (in PLN)	15	8	7	54

OFF-BALANCE SHEET ITEMS	Note	01/31/2007 current year	07/31/2006 previous year	01/31/2006 previous year
1. Contingent receivables		1 040	0	0
1.1. From affiliates (source)		0	0	0
- on guarantees and sureties				
-				
...				
1.2. From remaining entities (source)		1 040	0	0
- on guarantees and sureties		1 040	0	0
-				
...				
2. Contingent liabilities		12 301	15 719	29 102
1.1. To affiliates (source)		420	6 870	11 195
- on guarantees and sureties issued		420	6 870	11 195
-				
...				
1.2. To remaining entities (source)		11 881	8 849	17 907
- on agreements with stakeholders		0	0	17 333
- on guarantees and sureties issued		11 881	8 849	574
- other				
3. Other (due to)		0	0	0
-				
...				
Off-balance sheet items total		13 341	15 719	29 102

PROFIT AND LOSS STATEMENT	Note	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
I. Net sales revenue (on goods, finished goods and materials), including:		884 285	717 606
- from affiliate entities		18 095	61 045
1. Net revenues from sales of products	16	5 147	4 530
2. Net revenues from sales of goods and materials	17	879 138	713 076
II. Cost of products, goods and materials sold, including:		835 944	677 283
- from affiliate entities		17 531	61 300
1. Manufacturing cost of products sold			
2. Value of goods and materials sold		835 944	677 283
III. Sales profit (loss) before taxes (I-II)		48 341	40 323
IV. Selling costs	18	29 755	18 469
V. General administrative expense	18	6 234	5 237
VI. Sales profit (loss) (III-IV-V)		12 352	16 617
VII. Other operating revenues		537	278
1. Profit on disposal of non-financial fixed assets		5	46
2. Subsidies			
3. Other operating revenues	19	532	232
VIII. Other operating expenses		333	7 105
1. Loss on disposal of non-financial fixed assets			
2. Revaluation of non-financial assets		0	6 981
3. Other operating expenses	20	333	124
IX. Operating profit (loss) (VI+VII-VIII)		12 556	9 790
X. Financial revenue		1 355	2 771
1. Dividend and profit sharing, including:		0	0
- from affiliate entities			
2. Interest, including:	21	511	170
- from affiliate entities			
3. Gain on disposal of investments		0	0
4. Revaluation of investments		844	0
5. Other		0	2 601
XI. Financial expenses		901	1 967
1. Interest, including:	22	697	1 967
- for affiliates			
2. Loss on disposal of investments			
3. Revaluation of investments			
4. Other		204	0
XII. Profit/(loss) on ordinary business activity (IX+X-XI)		13 010	10 594
XIII. Extraordinary result (XIII.1. - XIII.2.)		0	0
1. Extraordinary gains			
2. Extraordinary losses			
XIV. Profit (loss) before tax (XII+/-XIII)		13 010	10 594
XV. Income tax		1 844	2 916
a) current part		3 187	2 772
b) deferred part		-1 343	144
XVI. Other mandatory profit reductions (loss increases)		0	0
XVIII. Net profit (loss) (XIV-XV-XVI+/-XVII)		11 166	7 678
Net profit (loss), annualized		15 705	-6 347
Weighted average number of shares		16 410 000	1 191 000

Profit (loss) per ordinary share (in PLN)	23	0,96	-5,33
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SUMMARY OF CHANGES IN EQUITY	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 31.07.2006	for period 08/01/2005 - 01/31/2006
1. Equity at the beginning of the period (OB)	120 500	56 760	56 760
a) changes to accounting policy			
b) adjustment of major errors			
1.a. Opening equity after matching with comparable figures	120 500	56 760	56 760
1. Share capital at the beginning of the period	1 641	1 191	1 191
1.1. Changes of the share capital	0	450	0
a) increase (due to)	0	450	0
- issuance of shares	0	450	0
-			
...			
b) decrease (due to)	0	0	0
- redemption of shares			
-			
...			
1.2. Share capital at the end of the period	1 641	1 641	1 191
2. Called-up share capital contributions at the beginning of the period			
2.1. Change in called-up share capital contributions	0	0	0
a) increase (due to)	0	0	0
-			
...			
b) decrease (due to)	0	0	0
-			
...			
2.2. Called-up share capital contributions at the end of the period	0	0	0
3. Treasury shares at the beginning of the period			
3.1. Changes of treasury (own) shares	0	0	0
a) increase (due to)	0	0	0
-			
...			
b) decrease (due to)	0	0	0
-			
...			
3.2. Treasury shares at the end of the period	0	0	0
4. Supplementary capital at the beginning of the period	111 292	72 985	72 985
4.1. Changes of the supplementary capital	10 159	38 307	-12 766
a) increase (due to)	10 182	51 073	0
- issue of shares above face value	0	51 073	0
- appropriation of profit (mandatory)	0	0	0
- appropriation of profit (above the mandatory minimum)	9 756	0	0
- other	426	0	0
...			

b) decrease (due to)	23	12 766	12 766
- offset of losses	0	12 766	12 766
- other	23		
...			
4.2. Supplementary capital at the end of the period	121 451	111 292	60 219
5. Revaluation reserve at the beginning of the period			
5.1. Changes in revaluation reserve	0	0	0
a) increase (due to)	0	0	0
-			
...			
b) decrease (due to)	0	0	0
- disposal of tangible fixed assets			
-			
...			
5.2. Revaluation reserve at the end of the period	0	0	0
6. Other reserve capital at the beginning of the period			
6.1. Change in other reserve capital	0	0	0
a) increase (due to)	0	0	0
-			
...			
b) decrease (due to)	0	0	0
-			
...			
6.2. Other reserve capital at the end of the period	0	0	0
7. Opening balance of previous years' profit (loss)	-4 650	0	12 336
7.1. Opening balance of previous years' profit	0	0	-12 766
a) changes to accounting policy			
b) adjustment of major errors			
7.2. Profit of prior years at the beginning of the period after matching with comparable figures	0	0	-12 766
a) increase (due to)	12 217	0	0
- profit for period 08/01/2005-01/31/2006	12 217	0	0
b) decrease (due to)	12 217	0	-12 766
- payment of dividends	2 461	0	-12 766
- increase of the share capital (including corporate income tax)	0	0	0
- moved to supplementary capital	9 756	0	0
7.3. Closing balance of previous years' profit	0	0	0
7.4. Accumulated losses of prior years at the beginning of the period	4 650	4 650	4 650
a) changes to accounting policy			
b) adjustment of major errors	4 650	4 650	4 650
7.5. Accumulated losses of prior years at the beginning of the period after matching with comparable figures	4 650	4 650	4 650
a) increase (due to)	0	12 766	12 766
- transfer of prior year losses to be compensated	0	12 766	12 766
-			
...			
b) decrease (due to)	0	12 766	12 766
- transfer to supplementary capital	0	12 766	12 766
...			
7.6. Closing balance of previous years' loss	4 650	4 650	4 650
7.7. Closing balance of previous years' profit (loss)	-4 650	-4 650	-4 650
8. Net result	11 166	12 217	7 678
a) net profit	11 166	12 217	7 678

b) net loss	0	0	0
c) profit write-offs			
II. Equity at the end of the period (CB)	129 608	120 500	64 438
III. Equity, as adjusted for the proposed appropriation of profit (offset of loss)	129 608	120 500	64 438

CASH FLOW STATEMENT	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
A. Net cash flows from operating activities – indirect method		
I. Net profit (loss)	11 166	12 217
II. Total adjustments	-4 786	-5 518
1. Share in (profits) losses of entities priced based on the equity method, net		
2. Income tax indicated in the Profit and Loss Statement	1 844	2 916
3. Income taxes paid	-3 187	-1 540
4. Amortization and depreciation	1 482	1 453
5. Foreign exchange (gains)/losses	-844	0
6. Share in profits (dividends)	0	0
7. Revenue on interest	692	1 963
8. Costs on interest	-94	0
9. Gain (loss) on investing activities	-5	-46
10. Change in provisions	63	-795
11. Change in inventory	-54 459	-9 693
12. Change in receivables	-74 508	-36 393
13. Change in short-term liabilities excluding credits and loans	126 589	38 472
14. Change in prepayments and accruals	-2 359	-1 855
15. Other adjustments	0	0
III. Net cash flows from operating activities (I ± II)	6 380	6 699
B. Cash flows from investing activities		
I. Cash inflows	34	66
1. Disposal of intangible and tangible fixed assets	34	66
2. Disposal of investments in real property and intangible assets	0	0
3. From financial assets, including:	0	0
4. Other inflows from investment activities		
II. Outflows	11 913	1 686
1. Purchase of intangible assets and tangible fixed assets	10 139	575
2. Investments in real property and intangible assets		
3. To financial assets, including:	1 774	1 111
a) in affiliated entities	1 774	1 111
- purchase of financial assets	1 774	1 111
- long-term loans granted		
b) in other entities		
- purchase of financial assets		
- long-term loans granted		
4. Other outflows from investment activities		
III. Net cash flows from investment activities (I-II)	-11 879	-1 620
C. Cash flow from financing activities		

I. Cash inflows	54 203	1 918
1. Net cash inflows from the issue of shares and other equity instruments and capital contributions from shareholders		
2. Credits and loans	53 359	1 918
3. Issuance of debt securities		
4. Other inflows from financial activities	844	0
II. Outflows	10 692	4 463
1. Buyback of own shares		
2. Dividend and other payments to shareholders		
3. Cash flows other than payments to owners, expenses arising from the appropriation of profit		
4. Repayment of credits and loans	10 000	2 500
5. Redemption of debt securities		
6. Payment of other financial liabilities		
7. Payment of liabilities arising from financial leases		
8. Interest	692	1 963
9. Other outflows from financial activities		
III. Net cash flows from financial activities (I-II)	43 511	-2 545
D. Net cash flows total (A.III+/-B.III+/-C.III)	38 012	2 534
E. Balance change of cash and cash equivalents, including:	38 012	2 534
- change in cash and cash equivalents due to changes in foreign exchange rates		
F. Cash and cash equivalents at the beginning of the period	5 054	2 892
G. Cash and cash equivalents at the end of the period (F±D), including:	43 066	5 426
- of restricted availability for use	0	0

ADDITIONAL NOTES AND EXPLANATIONS

EXPLANATORY NOTES TO THE BALANCE SHEET

Note 1

INTANGIBLE ASSETS	01/31/2007 current year	07/31/2006 previous year
a) costs of completed R&D		
b) goodwill		
c) concessions, patents, licenses and similar values acquired, such as:		
- computer software	289	339
d) other intangible assets		
e) advances for intangible assets		
Total intangible assets	289	339

INTANGIBLE ASSETS (PROPERTY STRUCTURE)	01/31/2007 current year	07/31/2006 previous year
a) owned	289	339
b) used on the basis of a rental agreement, lease agreement or other agreement, including leasing, including:		
-	0	0
...		
Total intangible assets	289	339

CHANGES IN INTANGIBLE ASSETS (BY TYPE) AS OF 01/31/2007							
	a	b	c		d	e	Total intangible assets
	R&D expenses	goodwill	concessions, patents, licenses and similar values acquired, such as:	computer software	other intangible assets	advances for intangible assets	
a) gross value of intangible assets at the beginning of the period	0.00	0.00	1 732.00	1 732.00	59.00	0.00	1 791.00
a1) gross value of intangible assets at the beginning of the period. adjusted	0.00	0.00	1 732.00	1 732.00	59.00	0.00	1 791.00
b) increase (due to)	0.00	0.00	166.00	166.00	0.00	0.00	166.00
-purchase	0.00	0.00	100.00	100.00	0.00	0.00	100.00
- transferred from capital expenditures	0.00	0.00	66.00	66.00	0.00	0.00	66.00
c) decrease (due to)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) gross value of intangible assets at the end of the period	0.00	0.00	1 898.00	1 898.00	59.00	0.00	1 957.00
e) accumulated amortization (depreciation) at the beginning of the period	0.00	0.00	1 393.00	1 393.00	59.00	0.00	1 452.00
e1) accumulated amortization (depreciation) at the beginning of the period. adjusted	0.00	0.00	1 393.00	1 393.00	59.00	0.00	1 452.00
f) amortization for the period (due to)	0.00	0.00	216.00	0.00	0.00	0.00	216.00
- amortization write-offs	0.00	0.00	216.00	0.00	0.00		216.00
g) accumulated amortization (depreciation) at the end of the period	0.00	0.00	1 609.00	1 393.00	59.00	0.00	1 668.00
h) permanent impairment write-off at the beginning of the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) permanent impairment write-off at the end of the period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
j) net value of intangible assets at the end of the period	0.00	0.00	289.00	505.00	0.00	0.00	289.00

Note 2

TANGIBLE FIXED ASSETS	01/31/2007 current year	07/31/2006 previous year
a) fixed assets, including:	38 987	35 694
- land (including right to perpetual usufruct)	7 664	3 762
- buildings, premises, civil and water engineering structures	25 434	25 815
- technical equipment and machines	3 857	3 629
- vehicles	1 370	1 748
- other tangible fixed assets	662	740
b) tangible fixed assets under construction	9 554	1 025
c) advances for tangible fixed assets under construction		
Total tangible fixed assets	48 541	36 719

CHANGES IN FIXED ASSETS (BY TYPE) as of 01/31/2007						
	- land (including right to perpetual usufruct)	- buildings, premises, civil and water engineering structures	- technical equipment and machines	- vehicles	- other tangible fixed assets	Total fixed assets
a) gross value of fixed assets at the beginning of the period	3 762.00	27 429.00	5 346.00	4 496.00	1 074.00	42 107.00
b) increase (due to)	3 902.00	0.00	654.00	8.00	21.00	4 585.00
-purchase	3 902.00	0.00	654.00	8.00	21.00	4 585.00
transferred from capital expenditures	0.00	0.00	0.00	0.00	0.00	0.00
c) decrease (due to)	0.00	0.00	19.00	89.00	0.00	108.00
-sale	0.00	0.00	19.00	89.00	0.00	108.00
-liquidation	0.00	0.00	0.00	0.00	0.00	0.00
d) gross value of fixed assets at the end of the period	7 664.00	27 429.00	5 981.00	4 415.00	1 095.00	46 584.00
e) accumulated amortization (depreciation) at the beginning of the period	0.00	1 614.00	1 717.00	2 748.00	334.00	6 413.00
f) increases for the period	0.00	381.00	406.00	298.00	99.00	1 184.00
- increases	0.00	381.00	412.00	374.00	99.00	1 266.00
- decreases (sale)	0.00	0.00	6.00	76.00	0.00	82.00
- decreases (liquidation)	0.00	0.00	0.00	0.00	0.00	0.00
g) accumulated amortization (depreciation) at the end of the period	0.00	1 995.00	2 123.00	3 046.00	433.00	7 597.00
h) permanent impairment write-off at the beginning of the period	0.00	0.00	0.00	0.00	0.00	0.00
- increase	0.00	0.00	0.00	0.00	0.00	0.00
- decrease	0.00	0.00	0.00	0.00	0.00	0.00
i) permanent impairment write-offs at the end of the period	0.00	0.00	0.00	0.00	0.00	0.00
j) net value of fixed assets at the end of the period	7 664.00	25 434.00	3 858.00	1 369.00	662.00	38 987.00

The real estate consisting of a land parcel and a building located in Zamienie, recognized in fixed assets as of 07/31/2006 is object of a bail mortgage of up to PLN 18,000 M to Bank PKO S.A. with the registered office in Warsaw and constitutes a collateral for an investment {loan}. The execution title may be issued at an amount of up to PLN 27,000 M.

BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)	01/31/2007 current year	07/31/2006 previous year
a) owned	38 987	35 694
b) used on the basis of a rental agreement, lease agreement or other agreement, including leasing, including:	0	0
Total balance sheet fixed assets	38 987	35 694

Note 3

CHANGE IN STATUS OF REAL ESTATE (BY TYPE)	01/31/2007 current year	07/31/2006 previous year
a) as of the beginning of the period	0	0
b) increase (due to)	2 150	0
- acquisition of investment real estate	2 150	0
c) decrease (due to)	0	0
d) as of the end of the period	2 150	0
- investment real estate	2 150	0

LONG-TERM FINANCIAL ASSETS	01/31/2007 current year	07/31/2006 previous year
a) in subsidiary entities	12 616	10 842
- shares	12 616	10 842
- debentures		
- other securities (by type)	0	0
- loans granted		
- other long-term financial assets (by type)	0	0
b) in joint-ventures	0	0
- shares		
- debentures		
- other securities (by type)	0	0
- loans granted		
- other long-term financial assets (by type)	0	0
c) in affiliated entities	0	0
- shares		
- debentures		
- other securities (by type)	0	0
- loans granted		
- other long-term financial assets (by type)	0	0
d) in significant investor	0	0
- shares		
- debentures		
- other securities (by type)	0	0
- loans granted		
- other long-term financial assets (by type)	0	0
e) in dominant entity	0	0

- shares		
- debentures		
- other securities (by type)	0	0
- loans granted		
- other long-term financial assets (by type)	0	0
f) in other entities	7	7
- shares	7	7
- debentures		
- other securities (by type)	0	0
- loans granted		
- other long-term financial assets (by type)	0	0
Total long-term financial assets	12 623	10 849

CHANGE IN STATUS OF LONG-TERM FINANCIAL ASSETS (BY TYPE)	01/31/2007 current year	07/31/2006 previous year
a) as of the beginning of the period	10 849	11 049
- shares	10 849	11 049
...		
b) increase (due to)	1 774	0
- acquisition of shares		
- purchase of shares	1 774	0
c) decrease (due to)	0	200
- making a share write-down	0	200
- adjustment of a fundamental error (write-down)		
d) as of the end of the period	12 623	10 849
- shares	12 623	10 849

SHARES IN SUBSIDIARY ENTITIES AS OF 01/31/2007												
Ref.	a	b	c	d		f	g	h	i	j	k	l
	entity (company) name with an indication of its legal form	registered office	subject of activity	nature of relationship (subsidiary, joint venture, affiliate, incl. a list of direct and direct relationships)	applied method	date of gaining control / shared control / substantial influence	share value by purchase price	adjustments to value (write-down) (total)	balance value of shares	percentage of share capital	Share in the total number of votes at general meeting	indication of other type of control than indicated in j) or k). grounds for control / co-control / significant impact
1	Action Internet Sp. z o.o.	Wrocław	trade in computer hardware	subsidiary	full	12/09/1999	780.00		780.00	100%	100%	
2	EKOACTION Sp. z o.o.	Kraków	trade in computer hardware	subsidiary	full	06/18/2004	4 734.00		4 734.00	100%	100%	
3	California Computer S.A.	Warsaw	trade in computer hardware and software	subsidiary	full	11/17/2003	9 161.00	-5 000.00	4 161.00	100%	100%	
4	Action Ukraina TzOW	Lvov (Ukraine)	trade in computer hardware	subsidiary	excluded from consolidation	01/16/2004	1 690.00		1 690.00	51%	51%	
5	JET TRADE Sp. z o.o.	Warsaw	other wholesale trade	subsidiary	excluded from consolidation	03/17/2004	200.00	-200.00	0.00	51%	51%	
6	SFK Sp. z o.o.	Kraków	advertising	subsidiary	excluded from consolidation	05-09-2004 *)	50.00		50.00	100%	100%	
7	Actina Sp. z o.o.	Warsaw	wholesale trade in office equipment and machines	subsidiary	excluded from consolidation	06-03-2005	100.00		100.00	100%	100%	
8	Prologic Sp. z o.o.	Warsaw	other non-specialized wholesale trade	subsidiary	full	29.07.2005	100.00		100.00	60%	60%	
9	A.PL Sp. z o.o.	Warsaw	wholesale and retail trade	subsidiary	full	12.10.2006	1 001.00		1 001.00	100%	100%	
10	Action IT - Service GmbH	Berlin (Germany)	trade in computer hardware	subsidiary	full	22.03.2002	750.00	-750.00	0	78%	78%	
							18 566.00	-5 950.00	12 616.00			

Note 4

CHANGE IN DEFERRED TAX ASSETS	01/31/2007 current year	07/31/2006 previous year
1. Deferred tax assets at the beginning of the period, including:	493	593
a) charged to the financial result due to:	493	593
b) charged to equity	0	0
c) charged to goodwill or negative goodwill	0	0
2. Increases	1 229	175
a) charged to the financial result of the period due to negative temporary differences (due to)	1 229	175
3. Decreases	366	276
a) charged to the financial result of the period due to negative temporary differences (due to)	366	276
4. Total deferred tax assets at the end of the period, including:	1 356	493
a) charged to the financial result	1 356	493
b) charged to equity	0	0
c) charged to goodwill or negative goodwill	0	0

Note 5

INVENTORY	01/31/2007 current year	07/31/2006 previous year
a) materials	485	294
b) semi-finished products and work in progress		
c) finished products		
d) goods	151 096	92 296
e) delivery advance payments		
Total inventory	151 581	92 590

Note 6

SHORT-TERM RECEIVABLES	01/31/2007 current year	07/31/2006 previous year
a) generated by affiliate entities	40 913	6 171
- trade receivables, maturing:	40 913	6 171
- up to 12 months	40 913	6 171
- above 12 months		
- other		
- claimed at court		
b) receivables from other entities	152 455	115 862
- trade receivables, maturing:	145 927	114 778
- up to 12 months	145 927	114 778
- above 12 months		
- receivables from tax, subsidy, customs, social security and other benefits		
- other	6 020	1 046
- claimed at court	508	38
Total net short-term receivables	193 368	122 033
c) write-offs to receivables	17 393	18 116
Total gross short-term receivables	210 761	140 149

SHORT-TERM RECEIVABLES FROM AFFILIATE ENTITIES	01/31/2007 current year	07/31/2006 previous year
a) trade receivables, including:	40 913	6 171
- from subsidiary entities	40 913	6 171
- from joint-ventures		
- from affiliate entities		
- from significant investor		
- from dominant entity		
b) other, including:	0	0
- from subsidiary entities		
- from joint-ventures		
- from affiliate entities		
- from significant investor		
- from dominant entity		
c) claimed at court, including:	0	0
- from subsidiary entities		
- from joint-ventures		
- from affiliate entities		
- from significant investor		
- from dominant entity		
Total net short-term receivables from affiliate entities	40 913	6 171
d) write-offs to receivables from affiliate entities	0	12 811
Total gross short-term receivables from affiliate entities	40 913	18 982

The company does not have any long-term receivables.

The short-term receivables include: 1) dispositive receivables of PLN 883 M.

The dispositive receivables are trade receivables of the following types:

a) trade receivables taken to court which amount to PLN 642 M

covered with a write-down

b) receivables challenged by debtors which amount to PLN 241 M covered with a write-down.

2) past-due receivables of PLN 25,512 M which are trade receivables and loan receivables. The past-due receivables of PLN 19,614 M are trade receivables and are not at risk.

Note 7

SHORT-TERM FINANCIAL ASSETS	01/31/2007 current year	07/31/2006 previous year
a) in subsidiaries	0	0
b) in joint-ventures	0	0
c) in affiliated entities	0	0
d) in key investor	0	0
e) in parent entity	0	0
f) in other entities	0	0
g) cash and cash equivalents	43 066	5 054
- cash in hand and at bank	43 066	5 054
- other cash	0	0
- other pecuniary assets		
Total short-term financial assets	43 066	5 054

Note 8

SHORT-TERM PREPAYMENTS	01/31/2007 current year	07/31/2006 previous year
a) deferred costs, including	379	498
- costs of insurance	108	213
- Social Fund	0	144
- subscriptions, rents, leases	18	30
- real estate tax	253	106
- tax on transport equipment		5
b) other deferred costs	5 385	3 152
- suppliers credit notes	5 288	2 750
- costs of the prospectus	0	0
- purchase costs, monitoring	89	141
- money bills	8	8
- "Welcome to the World of Prizes" Lottery	0	253
- interest accrued on financial instruments	0	0
Total short-term prepayments	5 764	3 650

Note 9

REVALUATION OF ASSET COMPONENTS	01/31/2007 current year	07/31/2006 previous year
a) revaluation to long-term financial assets in affiliated entities	5 950	5 950
b) revaluation of goods	1 485	988
c) revaluation of trade receivables	17 393	18 116
Total revaluation of components of assets	24 828	25 054

Note 10

SHARE CAPITAL (STRUCTURE)			as of 01/31/2007					
Series/ issue	Type of shares	Share preference type	Share option restrictions	Number of shares	Series/issue value by nominal value	Capital coverage method	Date of registration	Rights to dividend (date from)
A	bearer share	ordinary		10 000 000	1 000 000	cash	06/25/1996	
A	bearer share	ordinary		1 910 000	191 000	non-cash	05/26/2004	
B	bearer share	ordinary		4 500 000	450 000	issue	07/26/2006	08/01/2005
Number of shares				16 410 000				
Total share capital					1 641 000			
Nominal value per share = PLN 0.10								

Note 11

The Company did not own any own shares as of 01/31/2007.

Note 12

SUPPLEMENTARY (RESERVE) CAPITAL	01/31/2007 current year	07/31/2006 previous year
a) on the sale of shares above their nominal value	55 745	55 768
b) provided for by the articles		
c) capital provided for by the deed, over the (minimum) amount required by articles	65 280	55 524
d) capital arising from additional shareholders' payments		
e) other (by type)	426	0
Total supplementary capital	121 451	111 292

Note 13

CHANGE IN DEFERRED TAX PROVISION	01/31/2007 current year	07/31/2006 previous year
1. Deferred tax provision at the beginning of the period, including:	574	171
a) reflected in the financial result (due to)	574	171
b) reflected in equity	0	0
c) reflected in goodwill or negative goodwill	0	0
2. Increases	95	403
a) reflected in financial result of the period due to positive temporary differences	95	403
b) reflected in equity due to temporary positive differences	0	0
c) reflected in goodwill or negative goodwill due to temporary positive differences	0	0
3. Decreases	574	0
a) reflected in financial result of the period due to positive temporary differences	574	0
b) reflected in equity due to temporary positive differences	0	0
c) reflected in goodwill or negative goodwill due to temporary positive differences	0	0
4. Total deferred tax provision at the end of the period	95	574
a) reflected in the financial result (due to)	95	574
b) reflected in equity	0	0
c) reflected in goodwill or negative goodwill	0	0

Note 14

SHORT-TERM LIABILITIES	01/31/2007 current year	07/31/2006 previous year
a) to subsidiary entities	6 610	3 997
- trade liabilities, falling due:	6 610	3 997
- up to 12 months	6 610	3 997
b) to joint-venture entities	0	0
c) to affiliated entities		
d) to significant investor	0	0
e) to dominant entity	0	0
f) to other entities	320 704	145 752
- loans and credits, including	54 957	11 597
- other financial liabilities, including:	225	0
- valuation of financial instruments	225	0
- trade liabilities, maturing:	235 910	120 435
- up to 12 months	235 910	120 435
- due to taxes, customs fees, insurance and other liabilities	22 286	9 059
- due to wages and salaries	1 655	1 112
- other (by type)	5 671	3 549
- due to insurance	112	157
- due to guarantee deposits	2 469	0
- due to the payment of dividend	2 462	0
- due to accruals (presentation)	0	444
- due to costs of share issuance	0	1 518
- due to prepayments and accruals	0	726
- other	628	704
g) special funds (by title)	0	0
Total short-term liabilities	327 314	149 749

OTHER ACCRUALS AND DEFERRED INCOME	01/31/2007 current year	07/31/2006 previous year
a) accruals, including:	1 531	914
- long term	0	0
-		
...		
- short term	1 531	914
-operating costs of the period	1 531	914
b) deferred income	0	0
- long term	0	0
-		
...		
- short term	0	0
-		
...		
Total other accruals and deferred income at the end of period	1 531	914

Note 15

The net book value per share is calculated by dividing the equity by the number of ordinary shares as of January 31, 2007.

Net book value per share: book value 129,607,564.47/number of shares 16,410,000.00 = PLN 8

EXPLANATORY NOTES ON THE PROFIT AND LOSS STATEMENT

Note 16

NET REVENUE ON PRODUCT SALES (MATERIAL STRUCTURE – TYPES OF ACTIVITY)	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
- sale of services	5 147	4 530
- including: from affiliated entities	482	185
-		
- including: from affiliated entities		
...		
Total net revenues on product sales	5 147	4 530
- including: from affiliated entities	482	185

NET REVENUE ON PRODUCT SALES (TERRITORIAL STRUCTURE)	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
a) domestic	5 147	4 530
- including: from affiliated entities	482	185
- sale of services	5 147	4 530
- including: from affiliated entities	482	185
-		
- including: from affiliated entities		
...		
b) export	0	0
- including: from affiliated entities	0	0
-		
- including: from affiliated entities		
-		
- including: from affiliated entities		
...		
Total net revenues on product sales	5 147	4 530
- including: from affiliated entities	482	185

Note 17

NET REVENUE ON SALES OF GOODS AND MATERIALS (MATERIAL STRUCTURE – TYPES OF ACTIVITY)	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
- operating activity – trade in computer components	879 138	713 076
- including: from affiliated entities	17 613	60 860
-		
- including: from affiliated entities		
...		
Total net revenue on sales of goods and materials	879 138	713 076
- including: from affiliated entities	17 613	60 860

NET REVENUE ON SALE OF GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
a) domestic – sale of goods	847 836	695 399
- including: from affiliated entities	17 613	58 719
b) export – sale of goods	3 274	12 406
- including: from affiliated entities	0	2 141

c) re-export – sale of goods	0	0
- including from affiliated entities	0	
d) EU supplies	28 028	5 271
- including from affiliated entities	0	0
Total net revenue on sales of goods and materials	879 138	713 076
- including: from affiliated entities	17 613	60 860

Note 18

COSTS BY TYPE	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
a) depreciation/amortization	1 482	1 453
b) consumption of materials and energy	1 975	1 370
c) third-party services	11 570	7 240
d) taxes and fees	377	306
e) payroll	14 287	9 923
f) social security and other benefits	2 516	1 795
g) other costs	3 782	1 619
-domestic and foreign travels	130	112
-property insurance	145	173
- representative costs and advertising, limited and unlimited	3 426	1 321
- vehicle maintenance and fuel costs	0	0
- business trips recorded in the mileage book	0	0
- other costs	81	13
Total costs by type	35 989	23 706
Change in inventory, products, payments and accrued income, accruals and deferred income		
Manufacturing cost of products for internal purposes (negative value)		
Selling costs (negative value)	-29 755	-18 469
General and administrative costs (negative value)	-6 234	-5 237
Manufacturing cost of products sold		

Note 19

OTHER OPERATIONAL REVENUE	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
a) provisions used (due to)	425	0
-payment of receivables	425	0
b) other, including:	107	232
-write-offs of receivables past due	24	62
.donations received	0	16
-compensation received	70	151
- other	13	3
Total other operating revenues	532	232

Note 20

OTHER OPERATING COSTS	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
a) provisions created (due to)	0	0
- revaluation of receivables	0	0
b) other, including:	333	124

-costs of sale of receivables	82	0
-fines and penalties paid	7	0
-donations made	5	0
-costs of disputes	0	8
-cash bonuses	100	0
-damage sustained for which partial compensation was received	139	116
-minor differences attributed to calculation round-ups	0	0
Total other operating costs	333	124

Note 21

FINANCIAL REVENUE ON INTEREST	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
a) on the loans granted	0	0
- from affiliated entities	0	0
- from subsidiary entities		
- from joint-ventures		
- from affiliate entities		
- from significant investor		
- from dominant entity		
- from other entities		
b) other interest	511	170
- from affiliated entities	0	0
- from subsidiary entities		
- from joint-ventures		
- from affiliate entities		
- from significant investor		
- from dominant entity		
- from other entities	511	170
Total financial revenue on interest	511	170

OTHER FINANCIAL REVENUE	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
a) positive exchange rate differences	0	2 601
- realized	0	2 601
- non-realized		0
b) provisions used (due to)	0	0
-		
...		
c) other, including:	0	0
- interest	0	0
...		
Total other financial revenue	0	2 601

Note 22

FINANCIAL EXPENSES ON INTEREST	for period 08/01/2006 - 01/31/2007	for period 08/01/2005 - 01/31/2006
a) on credits and loans	692	1 963
- to affiliated entities, including	0	0
- to other entities	692	1 963
b) other interest	5	4
- to affiliated entities, including	0	0
- to other entities	5	4

Total financial expenses on interest	697	1 967
OTHER FINANCIAL EXPENSES	za okres 08/01/2006 - 01/31/2007	za okres 08/01/2005 - 01/31/2006
a) negative exchange rate differences	204	0
- realized	204	0
- non-realized		
b) provisions created (due to)	0	0
c) other	0	0
Total other financial expenses	204	0

Note 23

PROFIT/LOSS PER SHARE

The basic profit/loss per share is calculated by dividing the profit/loss due to shareholders of the Company by the weighted average number of ordinary shares throughout the period.

Profit per share as of 01/31/2007: $11,165,606.44/16,410,000 = \text{PLN } 0.68$

Profit per share as of 01/31/2006: $7,677,722.40/1,191,000 = \text{PLN } 6.45$

The diluted profit/loss per share is calculated by dividing the profit/loss due to shareholders of the Company and the weighted average number of ordinary shares, including the planned issue of 820,500 shares of series C as part of a conditional increase in share capital pursuant to the Resolution by the Extraordinary General Meeting of Shareholders of the Company of November 15, 2006.

Profit per share as of 01/31/2007: $11,165,606.44/17,230,500 = \text{PLN } 0.65$

Profit per share as of 01/31/2006: $7,677,722.40/1,191,000 = \text{PLN } 6.45$

The weighted average number of ordinary shares in period 08/01/2006-01/31/2007 was increased by a planned issue of 820,500 series C shares.

Note 24

PROPOSAL OF NET PROFIT APPROPRIATION

The Board of Directors of Action S.A. has not yet made a decision on the proposed appropriation of the net profit for the year ending on July 31, 2007.

EXPLANATORY NOTES TO CASH FLOW STATEMENT

The cash structure of the cash flow statement as of the beginning and end of the period is as follows
(in thousands zloty):

	01/31/2007	31.07.2006
Cash in hand in M PLN	213	130
Cash at bank	42 853	4 924
Other cash	0	0
Total	43 066	5 054

Dariusz Jacek Krawiec
President

Piotr Bieliński
Vice President

Kazimierz Włodzimierz Lasecki
Vice President

Bożena Stefańska
Chief Accounting Officer

Warsaw, April 25, 2007

STATEMENT OF THE BOARD OF ACTION S.A. (“COMPANY”) ON THE OPERATIONS OF THE ACTION S.A. CAPITAL GROUP (“GROUP”) IN THE FIRST HALFYEAR OF 2006

Statement of the Board on terminology of the periods reported

All references to the first halfyear of 2005 in this statement shall be understood as the period between August 01, 2005 and January 31, 2006.

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

1. Key financial data and discussion of prospects for development for the next halfyear

In the first halfyear of 2006 the Group achieved a sales revenue of PLN 940,001 M, which means a significant increase of sales value of more than 13% compared to the respective period of 2005 at the net profit margin of approx. 1 %. The increase of sales was attained by the Group in spite of the fact that most public tenders planned for the calendar year 2006 did not finally take place. More financial data is presented in section 12 of this statement.

Considering the growing demand for the goods offered by the Group and the ongoing expansion of the list of the goods and services offered, the Board of ACTION S.A. considers the prospects of the entire financial year to be favorable. The key premises that confirm that view are as follows:

- increase of sales in the first months of the new accounting year,
- an increasing number of new distribution contracts – the most remarkable achievements being the contracts with Microsoft, Toshiba or Asus,
- a general increase of level of investments in IT infrastructure,
- an increase of orders executed based on EU funds,
- the expected increase of public orders in the field of IT infrastructure.

2. Significant risk factors related to the operations of the Group

2.1 Currency risk

The Group, and particularly ACTION S.A. is exposed to a risk of change of foreign currency exchange rates, particularly with respect to the exchange rates of dollar and 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.

In order to manage the risk of change of currency exchange rates, the Companies of the Group use options and futures contracts. The Group does not use hedge accounting.

2.2 Interest rate risk

By principle, such financial instruments as loans and credits are granted/taken by the Companies of the Group at a variable interest rate based on the WIBOR 1M index with interest paid on the actual balance of the loan at the end of the month.

The interest rate based on variable market indices causes the value of such a financial instrument as a loans granted/taken and credits taken to change during their life. That change keeps the value of the instrument at the level of the (fair) market value over the entire term of the loan/credit. The Group does not secure itself against the risk of interest rate variability.

In case of loans of fixed interest rate a risk of change of the fair value exists. The Group does not secure itself against that risk.

2.3 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 Group limits the risk of loss of receivables by insuring them. ACTION S.A. insures all their receivables except for the receivables from:

- affiliated entities,
- related to the execution of public tenders,
- related to advance payment sales.

2.4 Liquidity risk

The Group has a sufficient amount of cash to settle all their liabilities timely. Cash surplus is placed in bank deposits. In the long term, the liquidity risk is minimized by the availability of bank credits. The Group may use sufficient financing at any time, activating the available credit facilities approved by the banks.

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

The primary field of business of the 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 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. In the first halfyear of 2006 the sales structure did not significantly differ from the one presented in the annual report published on January 12, 2007.

4. Target markets

The basic market for the Group is the domestic computer hardware and software distribution market.

The sales network of the Group as well as its supplier base consists of a large number of separate entities. No single customer or supplier has more than 10% of share in the total sales or purchase volume of the Group.

5. Account of key contracts concluded by the Group

Under their normal operations, the companies of the Group maintain constant business relationships (goods sales and purchase contracts) with numerous customers and suppliers. In a majority of cases, the companies do not enter into separate contracts but rather perform transactions on the basis of individual (single) purchase orders confirmed with subsequent VAT invoices. Such purchase orders are settled in a number of ways:

- by means of an advance payment (a pro forma invoice is issued, the customer makes the payment and receives the goods afterwards),
- payment by cash at the cash desks of a company,

- deferred payment (bank transfer or cash).

The following important contracts have been concluded in the reporting period:

Since October 1, 2006 ACTION S.A. is bound by an agreement pursuant to which it has become a distributor of Toshiba, one of the global industry leaders and a leader on the Polish market. Signing the contract and the status of a distributor facilitates a significant extension and enhancement of the range of Toshiba notebook computers as well as constitutes an element of the permanent strategy of the Board of Management of ACTION S.A. aimed to extend the range of products of leading manufacturers.

On October 19, 2006 ACTION S.A. signed an agreement for the construction of service, office and warehouse facilities Stage I and II in Zamienie and Zgorzała. The Contract was concluded with Budimex-Dromex based in Warsaw at ul. Stawki 40. The completion of the construction work and the commissioning of the facility to the Investor, i.e. to ACTION S.A., will take place on 06/30/2007 in case of the warehouse building and on 07/15/2007 in case of the office part. The agreed contractual lump-sum remuneration for the performance of the object of the contract is PLN 20,800,000.

On November 27, 2006 the Company began to sell products of Microsoft, one of the largest IT vendors worldwide. The contract signed with Microsoft governs the distribution of Microsoft software products, such as operating systems, office applications, server software as well as distribution of Microsoft hardware products (keyboards and computer mice). The contract signed with Microsoft will allow a turnover between PLN 8 MM and PLN 10 MM per month on the distribution of products of that vendor. Signing the contract and the status of a distributor facilitates a significant extension and enhancement of the range of Microsoft products as well as an element of the permanent strategy of the Board of Management of ACTION S.A., extending the range of products of leading manufacturers.

On December 4, 2006 ACTION S.A. signed a distribution contract with Fujitsu, a global leader in high quality technological and communications solutions. The agreement provides for distribution of SCSI and SAS hard drives designed for servers requiring high quality components of high reliability, stability and performance. Fujitsu disks are installed in ACTINA servers - the brand of servers manufactured by ACTION S.A. Signing the contract enables enhancement of the range of advanced technology and the status of distributor permits a significant extension and enhancement of the range with Fujitsu products and is part of the permanent strategy of the Board of Management of ACTION S.A. aimed at extending the range of products of leading manufacturers.

On December 28, 2006 a contract was concluded in Warsaw by ACTION S.A and WASKO S.A., the object of which is the sale of IT equipment: computer sets and monitors. Due to the execution by ACTION S.A. of contract 5'WASKO'371/06/LWA, WASKO S.A. has undertaken to pay ACTION S.A. the gross sum of 8,210 M PLN.

6. Capital ties and key capital investments

ACTION S.A. is part of the ACTION Capital Group, in which it dominates. The Capital Group deals with wholesale of computer and IT components, parts and equipment. The Capital Group operates nationwide and ACTION S.A. is the primary supplier of goods also to the companies affiliated in its Capital Group.

The ACTION S.A. Capital Group includes the following companies:

Dominant entity:

ACTION S.A. based in Warsaw.

Subsidiaries:

- 1) California Computer S.A. based in Warsaw*) – Issuer owns 100% of shares of that company,
- 2) Eko Action Sp. z o.o. based in Krakow – Issuer owns 100% of shares of that company,
- 3) Action Internet sp. z o.o. based in Wrocław – former name: Action Wrocław sp. z o.o., Issuer owns 100% of shares of that company
- 4) SFK sp. z o.o. based in Warsaw – Issuer owns 100% of shares of that company,
- 5) Actina sp. z o.o. based in Warsaw – Issuer owns 100% of shares of that company,
- 6) Jet Trade sp. z o.o. based in Warsaw **) – Issuer owns 51% of shares of that company,
- 7) Prologic sp. z o.o. based in Warsaw – Issuer owns 60% of shares of that company,
- 8) Action Ukraina TzOW based in Lvov, Ukraine - Issuer owns 51% of shares of that company,
- 9) A.PL Sp. z o.o. based in Warsaw – Issuer owns 100% of shares of that company,
- 10) PTR Sp. z o.o. based in Warsaw – Issuer owns 61.14 % of shares of that company (indirect subsidiary) ***)

*) On February 9, 2007 the District Court of the Capital City of Warsaw, 12 Commercial Section of the National Court Register amended the entry of ACTION S.A. with information about its merger with (as the acquiring company) with California Computer S.A. registered in Warsaw (as the acquired company) recorded in the register of entrepreneurs at the District Court of the Capital City of Warsaw, 13 Commercial Section of the National Court Register at KRS No. 0000047530 (date of merger).

The merger was conducted pursuant to Article 492 §1 point 1 of the Code of Commercial Companies (merger through acquisition) by transferring the total assets of the acquired company to the acquiring company. Considering the fact that the acquiring company possesses all the shares of the acquired company, the merger took place pursuant to Articles 514 and 515§1 of the Code of Commercial Companies - without issuing the shares of the acquiring company to the shareholders of the acquired company and without increasing the share capital of the acquiring company. Pursuant to Article 494 §1 of the Code of Commercial Companies, on the day of the merger of ACTION S.A. acquired all the rights and obligations of California Computer S.A.

As a result of recording the merger of ACTION S.A. (as the acquiring company) and California Computer S.A. registered in Warsaw (as the acquired company) entered in the register of entrepreneurs by the District Court of the Capital City of Warsaw, 13 Commercial Section at the KRS No. 0000047530 in the register of entrepreneurs of the National Court Register on February 9, 2007, ACTION S.A. has taken over all the rights and obligations of California Computer S.A. Consequently, ACTION S.A. has also taken over the total assets of California Computer S.A.

The assets acquired by ACTION S.A. are the assets of the company acquired. According to the most recently published data (information contained in the quarterly statement of 10/31/2007), the value of the assets acquired (the balance sum) amounts to 18,024 M PLN. Components of the assets of California Computer S.A. were used to for its business operation, which principally consisted in wholesale sales of computer and IT hardware. The Issuer plans to use the acquired assets for the same purpose.

**) On March 1, 2007 the Issuer entered into a contract for the sale of all the shares possessed, i.e. 200 shares in the share capital of JET TRADE Sp. z o.o. registered in Warsaw (a subsidiary of ACTION S.A.) of a nominal value of PLN 1,000 per share and a total nominal value of 200,000 PLN. The shares sold constitute 51.02 % of the share capital of JET TRADE Sp. z o.o. and give the same number of votes at the partners meeting of the company (200 votes).

The purchaser of the shares is Mr. Marek Lipiński, being also to this time a partner of JET TRADE Sp. z o.o., having due to this 192 shares, and currently 392 shares, which constitute 100% of the share capital and the same number of votes at the general meeting of shareholders. The parties agreed on the price of sale of 5,000 PLN. JET TRADE Sp. z o.o. is factually inactive.

The assets acquired by ACTION S.A. are shares in the share capital of JET TRADE Sp. z o.o. with registered offices in Warsaw. Their registered value in the account books of the Issuer is as follows: the initial value amounted to 200,000 PLN, all of which was included in a write-down. Currently the balance value of those assets is 0 PLN.

There is no connection between the Issuer, the members of the management and supervisors and acquirer of the assets (that person is not related to the Issuer).

The shares sold by the Issuer are recognized as assets of significant value due to the fact that they constitute over 20% of the share capital of the entity whose shares constituted part of financial assets of the Issuer.

***) On January 5, 2007, a contract was concluded between ACTINA Sp. z o.o. registered in Warsaw (a subsidiary of ACTION S.A.) and Paweł Tanajno and Agnieszka Pabich-Tanajno for the sale of shares (the contract applies to 78 shares in the share capital of PTR Sp. z o.o. of a total price of 1,000,000 PLN). On the same day, a contract was concluded by ACTINA Sp. z o.o. and Ireneusz Osypiuk and Jolanta Osypiuk for the sale of shares (the contract applies to 8 shares in the share capital of PTR Sp. z o.o. of a total price of 240,000 PLN).

ACTINA Sp. z o.o. is a subsidiary of the Issuer (the Issuer has 100% ownership of the share capital of ACTINA Sp. z o.o. and the same number of votes at the meeting of partners of this company). Between managing persons on the part of the Issuer and the purchaser of the above-mentioned shares there is a connection in that Mr. Piotr Bieliński (Vice President of the Board of Management and Shareholder of ACTION S.A.) is simultaneously President of the Board of Management of ACTINA Sp. z o.o. and one of the partners of the company PTR Sp. z o.o. (he has 15 of the 176 shares with a nominal value of 1,082.76 PLN per share and a total nominal value of 16,241.40 PLN, which constitutes 8.52% of the share capital and the same number of votes at the general meeting of shareholders of PTR Sp. z o.o.).

ACTINA Sp. z o.o. has already been a partner of PTR Sp. z o.o. with 15 of the 176 shares with a nominal value of 1,082.76 PLN per share and a total nominal value of 16,241.40 PLN, which constitutes 8.52% of the share capital and the same number of votes at the general meeting of shareholders of PTR Sp. z o.o.

As a result of the above-mentioned contracts for the sale of shares, ACTINA Sp. z o.o. acquired a total of another 86 shares of a nominal value of 1,082.76 PLN per one share and the total nominal value of 93,117.36 PLN, which constitutes 48.86 % of the share capital and the same number of votes at the partners meeting of PTR Sp. z o.o. As a consequence of the acquisition of assets, ACTINA Sp. z o.o. currently possesses 101 of the 176 shares of PTR Sp. z o.o. i.e. 57.39% of shares in its share capital and the same proportion of votes at the Partners' Meeting of PTR Sp. z o.o.

7. Key transaction with affiliated entities

In the first halfyear of 2006 the companies of the Group did not conclude any significant transactions with their affiliates, except for the transactions executed on market conditions under their normal operations.

8. Credits taken, loan contracts and

guarantees and sureties granted to companies of the Group

8.1 On November 21, 2006 ACTION S.A. received a credit contract signed by the other party. The credit contract no. BOK/KRB/0586/06 was concluded on 10/30/2006 between ACTION S.A. and Bank Handlowy w Warszawie S.A. with registered office in Warsaw at ul. Senatorska 16. Pursuant to contract BOK/KRB/0586/06, Bank Handlowy shall grant the ACTION S.A. a credit of PLN 21,000,000 or equivalent in USD or in EUR calculated according to the exchange rate offered by the Bank as of the date of credit use. The purpose of the credit: financing current activity. The final date of repayment : 10/29/2007. The value of the transaction exceeds 10% of the equity of ACTION S.A.

8.2 On the 16th of January 2006 ACTION S.A. received a signed Loan contract entered into between the Company and the Bank Polska Kasa Opieki S.A. registered in Warsaw. Pursuant of the contract the Bank grants the Borrower a non-renewable Investment loan of PLN 18,000,000.00 for financing the investment consisting in the modernization and development of the logistic capabilities of the Company by expanding the office and warehouse facilities in Zamienie. The loan is granted for a period running from the date of signing the contract to 12/30/2010 and shall be used by the Borrower until the 08/30/2007. The Borrower undertakes to make the final repayment of the Loan on the 12/30/2010.

9. Loans, guarantees and sureties granted by the Company

As of January 31, 2007 the value of the guarantees and sureties granted to the remaining entities was equal to PLN 11,881 M.

10. Use of funds obtained by share issue

ACTION S.A. obtained funds on the issue in the last month of financial year 2005. In the first halfyear 2006 a substantial part of the funds obtained was used to increase the working capital of the Company.

11. Reconciliation of differences between forecasts and the values presented in the financial statement

The ACTION S.A. Capital Group did not make a decision on ongoing announcements of financial forecasts. The forecasts included in the prospectus include revenue from sales, operational profit and net profit due to shareholders of the Company for the following periods: from August 1, 2005 to July 31, 2006 and from August 1, 2006 to July 31, 2007. In the context of the results presented in the halfyear statement, the Management Board of ACTION S.A. confirms the validity of the forecasts for the period between August 1, 2006 and July 31, 2007.

12. Evaluation of financial asset management

Liquidity ratios	2006	2005
Current ratio (current assets/current liabilities)	1.13	1.36
Quick ratio (liquid assets/current liabilities)	0.63	0.80
Cash ratio (short-term investments/current liabilities)	0.13	0.04

The values of liquidity ratios of the Group are typical for the best trade companies of conducting distribution activity.

Working capital values and structure (PLN M)	2006	2005
1. Current Assets	384 452	270 862
2. Cash and securities	45 848	7 512
3. Current assets adjusted (1-2)	338 604	263 350
4. Current liabilities	341 600	198 718
5. Short-term credits	54 957	16 348
6. Current liabilities adjusted (4-5)	286 643	182 370
7. Working capital (1-4)	42 852	72 144
8. Working capital needs (3-6)	51 961	80 980
9. Net balance of cash (7-8)	-9 109	-8 836
10. Use of own funds in working capital financing (7:1) as %	11%	27%

The above data indicates a safe financial standing of the Group. A negative balance of cash shows a need for external sources of financing, whose share was increased in the first halfyear of 2006.

The good financial standing is also confirmed by leverage ratios, whose value was as follows at the end of 2005 and 2004:

Leverage ratios	2006	2005
Debt to total assets ratio (DR)	73,80%	62,06%
Assets to equity ratio	26,20%	37,94%

13. Evaluation of potential for successful implementation of investment plans

Based on the data presented in this audit and in the financial statement it must be said that both the equity level as well as the available credit facilities and technical capability to use the leverage allow the Group to fully succeed in the implementation of its investment strategy.

14. Evaluation of factors and extraordinary events with an impact on business performance

No extraordinary events occurred in the first halfyear of 2006 that might influence the result of the Group. The result was based on normal business operations based on the market position of the Group. The result was particularly influenced by:

- development of the sales network,
- expansion of the sales offer;
- increase of management efficiency by a better use of resources.

15. External and internal factors significant for the growth of the Group

The risks related to the current operations of the Group have been described in more detail in section 2 of this report. Regardless of the factors described there, the Board of ACTION S.A. plans a further development of the Group and increasing the scale of its operations. This is mainly going to be achieved by:

- creating mechanisms aimed at further enhancement of the relationships with the customers
- expanding and automating the existing logistics centre in Zamienie
- decreasing the operating costs by a further automation of processes and a better use of resources in the context of the current process consolidation of the Group
- further expansion of the sales network and the trade offer.

16. 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 halfyear of 2006.

17. Changes in the composition of the management or supervisory bodies

17.1 Changes in the composition of the Board of Directors

On 09/01/2006 the President of the Company was changed. Mr. Dariusz Jacek Krawiec became the new President and the hitherto President, Mr. Piotr Bieliński was designated Vice President. In addition, the hitherto Vice President Olgierd Matyka was revoked and designated the Proxy.

17.2 Changes in the composition of the Supervisory Board

15/11/2006 Mr. Marek Jakubowski was revoked from the Supervisory Board and 3 new independent members were designate: Mr. Rafał Antczak, Mr. Łukasz Pawłowski and Mr. Grzegorz Szymański.
30/03/2007 The Supervisory Board was established without any further personal changes for the next term, i.e. until 07/19/2010.

18. Contracts concluded by the Company with its managers

On August 21, 2006 ACTION S.A. concluded a Managerial Contract with the President of the Board of the Company, Mr. Dariusz Krawiec. Pursuant to its section § 7 2, the contract provides for a compensation for the President of the Board of the Company in the event the Company terminates it. The amount of the severance payment is dependent upon the time elapsed between the date of execution of the contract and the date of its termination. Should the termination take place within a year from the date of execution of the contract, the gross severance payment shall be PLN 300 M. Should the contract be terminated after a year, the gross severance payment shall be PLN 150 M.

The managerial contract does not provide for a compensation in case the manager resigns from his position.

The contract may cause future changes of the shareholder structure, described in detail in section 22 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.

19. Salaries, bonuses and benefits payable to managers and supervisors of the Company

Remuneration of Board Members in period 08/01/2006-01/31/2007.

Bieliński Piotr	PLN M 256
Dariusz Jacek Krawiec	PLN M 130
Lasecki Kazimierz	PLN M 160

In the reporting period, the members of the Supervisory Board of the Company received a total remuneration of PLN 27 M.

20. Nominal value and total number of all shares of the Company

The Company issued a total of 16,410,000 shares, including 11,910,000 series A shares and 4,500,000 series B shares of a nominal value of PLN 0.10 each and a total nominal value of PLN 1,641,000.

21. Shareholders of at least 5% of shares

1. Piotr Bieliński	28.64%, number of shares:	4 700 000
2. Olgierd Matyka 000	21.32%, number of shares:	3 500
3. Wojciech Wietrzykowski 000	8.53%, number of shares:	1 400

22. 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. The contract may cause future changes of the proportions of shares owned by the present shareholders. Section § 6 of the Managerial Contract regulates the participation of the President of the Board in the so-called executive stock options program. According to its assumptions, a participant of that program shall be entitled to take into possession up to 820,500 shares of the Company between 2007 and 2010 (in three tranches), which accounts for 5% of the current total number of shares of the Company. The shares shall be taken up as part of a conditional increase of the share capital in return for the subscription warrants issued by the Company. In order to carry out that program, appropriate resolutions have been passed by the Extraordinary General Meeting of the Company and by the Supervisory Board of the Company on 11/15/2006.

23. Security owners with special control rights towards the Company

No holders of securities with special control rights towards the Company existed in the first halfyear of 2006.

24. Employee share program control system

Except for the contract referred to in section 22 of this report, no employee share programs exist in the company.

25. Restrictions for transfer of title of ownership on securities

Within 24 months from the date of approval of the Prospectus on June 21, 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.

26. Information on the entity authorized to audit the financial statements

- a) On January 31, 2007 an agreement was concluded with BDO Sp. z o.o. 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 July 31, 2007.

- b) The total remuneration provided for in that agreement in return for the audit of both statements is PLN 220 M. The total remuneration for the audit of the same type of statements for the financial year ending on July 31, 2005 was PLN 150 M (net values).

27. Expected growth of the Group and development of its financial condition

In the current financial year, the Group intends to pursue its growth strategy particularly by the following actions:

1. further expansion of its trade offer,
2. further development of the sales network,
3. further development of the online sales,
4. expansion of the existing storage and logistics facilities,
5. further consolidation of the Capital Group,
6. further growth of the efficiency of the logistic procedures used and their automation,
7. capital investments by acquisition.

In consequence, the Board of ACTION S.A. expects to achieve a sales growth of approx. 21% in the entire Capital Group at a net profit margin of approx. 1.3%.

The favorable financial condition of the Company and the Group is expected to last. However, the Board cannot exclude a growth of the debt ratios as a result of the investment policy of the Company.

Dariusz Jacek Krawiec
President

Piotr Bieliński
Vice President

Kazimierz Włodzimierz Lasecki
Vice President

Warsaw, April 25, 2007