

# REPORT

for Quarter 1 of 2007

Presented in compliance with the International  
Financial Reporting Standards

17 December 2007

## Introduction

This consolidated quarterly report of ACTION S.A. for Quarter 1 of 2007 (“Report”) comprises the following:

- an abbreviated consolidated financial report as of 31 October 2007 as well as for the 3-month period ending on 31 October 2007, prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- an abbreviated individual financial statement as of 31 October 2007 as well as for a 3-month period ending on 31 October 2007, prepared in accordance with the Polish Accounting Act;
- additional information to supplement the abbreviated consolidated financial report and other information required by the Ordinance of the Minister of Finance of 19 October 2005 on current and periodical information published by issuers of securities.

Pursuant to section § 87 point 1 of the Ordinance of the Minister of Finance of 19 October 2005, ACTION S.A. does not publish a separate quarterly individual report; this quarterly individual report of ACTION S.A. complements the consolidated quarterly report of ACTION S.A.

## I. Abbreviated quarterly financial statement as of 31 October 2007 and for the period of 3 months ended on 31 October 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	
	Quarter 1 incrementally (current year) period from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (previous year) period from 08/01/2006 to 10/31/2006	Quarter 1 incrementally (current year) period from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (previous year) period from 08/01/2006 to 10/31/2006
I. Net sales revenue (on sales of finished goods, goods and materials)	505 177	412 089	134 941	104 703
II. Operating profit	10 215	3 898	2 729	990
III. Gross profit	9 612	3 549	2 568	902
IV. Net profit due to company Shareholders	5 001	3 214	1 336	817
V. Net cash flows from operating activities	-1 820	-17 512	-486	-4 449
VI. Net cash flows from investing activities	-11 185	-3 815	-2 988	-969
VII. Net cash flows from financial activities	22 395	27 031	5 982	6 868
VIII. Net increase (decrease) of cash	9 390	5 704	2 508	1 449
IX. Total assets	500 882	386 010	137 961	99 305
X. Liabilities	348 664	261 310	96 035	67 225
XI. Long-term liabilities	14 048	352	3 869	91
XII. Short-term liabilities	334 616	260 958	92 165	67 134
XIII. Equity due to shareholders of the Company	143 359	122 818	39 486	31 596
XIV. Share capital	1 641	1 641	452	422
XV. Number of shares * )	16 410 000	16 410 000	16 410 000	16 410 000
XVI. Earnings per share of common stock **(in PLN / EUR)	0.30	0.20	0.08	0.05
XVII. Book value of one share *** (in PLN / EUR)	8.74	7.48	2.41	1.93

(\*)The number of shares allows for the change in nominal value of series A shares from 1 PLN to 0.10 PLN with a simultaneous division of each 1 PLN share into 10 shares of a nominal value of 0.10 PLN each. The change was made on the 04/11/2006 by resolution of the Extraordinary General Meeting of Shareholders.

(\*\*) Profit per ordinary share is the quotient of Net profit and the Number of shares.

(\*\*\*) Book value per share is the quotient of Equity capital and the Number of shares.

The selected financial data presented in the financial statement has been converted into EUR as follows:

- the figures related to the profit and loss statement and the cash flow statement have been calculated using the exchange rate obtained as the arithmetic mean of the average exchange rates announced by the National Bank of Poland (NBP) as of the last day of each month of the quarter. For the first quarter of 2007, that exchange rate was equal to EUR 1.00 = PLN 3.7437, and for the first quarter of 2006: EUR 1.00 = PLN 3.9358;
- the balance sheet figures have been calculated using the average exchange rate announced by NBP as of the balance issue date; on 31 October 2007 that rate was EUR 1.00 = PLN 3.6306; as of 31 October 2006, EUR 1.00 = PLN 3.8871.

## I.2. Consolidated balance sheet statement

	As of 10/31/2007 end of quarter (current year)	As of 07/31/2007 end of quarter (current year)	As of 10/31/2006 end of quarter (previous year)	As of 07/31/2006 end of quarter (previous year)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible fixed assets	80 298	70 679	44 254	40 999
Goodwill	14 026	11 947	289	289
Other non-tangible values	13 988	15 440	7 179	7 929
Financial assets	7	7	74	74
Deferred tax assets	363	481	858	523
Trade receivables and other receivables	827	678	0	0
	<b>109 509</b>	<b>99 232</b>	<b>52 654</b>	<b>49 814</b>
<b>Current assets</b>				
Inventory	198 453	140 718	147 246	112 108
Trade receivables and other receivables	174 311	155 346	172 648	150 405
Current income tax receivables	1 432	2 546	246	580
Financial assets held to maturity	0	0	0	103
Derivative financial instruments	0	10	0	154
Cash and cash equivalents	17 177	7 787	13 216	7 512
	<b>391 373</b>	<b>306 407</b>	<b>333 356</b>	<b>270 862</b>
<b>Total assets</b>	<b>500 882</b>	<b>405 639</b>	<b>386 010</b>	<b>320 676</b>
<b>EQUITY CAPITAL</b>				
<b>Equity due to shareholders of the Company</b>				
Share capital	1 641	1 641	1 641	1 641
Surplus from the sale of shares above nominal value	55 744	55 744	55 767	55 768
Retained profit	85 974	80 424	65 410	61 385
	<b>143 359</b>	<b>137 809</b>	<b>122 818</b>	<b>118 794</b>
<b>Minority shares</b>	<b>8 859</b>	<b>6 883</b>	<b>1 882</b>	<b>2 859</b>
<b>Total equity capital</b>	<b>152 218</b>	<b>144 692</b>	<b>124 700</b>	<b>121 653</b>
<b>LIABILITIES</b>				
<b>Long-term liabilities</b>				
<b>Loans and credits</b>				
Trade liabilities and other	12 955	8 776	0	0
Deferred tax reserves	0	0	305	305
	1 093	760	47	154
	<b>14 048</b>	<b>9 536</b>	<b>352</b>	<b>459</b>
<b>Short-term liabilities</b>				
Trade liabilities and other	251 612	190 926	220 664	180 945
Loans and credits and other financial obligations	76 732	59 131	39 023	16 348
Employee benefit liabilities	585	585	238	238
Reserves for remaining obligations and other charges	5 687	769	1 033	1 033
	<b>334 616</b>	<b>251 411</b>	<b>260 958</b>	<b>198 564</b>
<b>Total liabilities</b>	<b>348 664</b>	<b>260 947</b>	<b>261 310</b>	<b>199 023</b>
<b>Total liabilities and equity</b>	<b>500 882</b>	<b>405 639</b>	<b>386 010</b>	<b>320 676</b>

Dariusz Jacek Krawiec  
President

Piotr Bieliński  
Vice President

Kazimierz Lasecki  
Vice President

Warsaw, 17 December 2007

### I.3. Consolidated profit and loss statement

	Quarter 1 incrementally (current year) period from 08/01/2007 to 10/31/2007	Quarter 1 (current year) period from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (previous year) period from 08/01/2006 to 10/31/2006	Quarter 1 (previous year) period from 08/01/2006 to 10/31/2006
Sales revenue	505 177	505 177	412 089	412 089
Cost of sales of products, goods and materials	-468 933	-468 933	-389 983	-389 983
<b>Gross profit</b>	<b>36 244</b>	<b>36 244</b>	<b>22 106</b>	<b>22 106</b>
Cost of sales and marketing	-24 121	-24 121	-17 708	-17 708
General administrative costs	-10 786	-10 786	-3 065	-3 065
Other net revenue and operational profit	9 763	9 763	3 216	3 216
Remaining costs and losses	-885	-885	-651	-651
<b>Operating profit</b>	<b>10 215</b>	<b>10 215</b>	<b>3 898</b>	<b>3 898</b>
Net financial costs	-603	-603	-349	-349
<b>Profit before tax</b>	<b>9 612</b>	<b>9 612</b>	<b>3 549</b>	<b>3 549</b>
Corporate income tax	-3 707	-3 707	-455	-455
<b>Net Profit</b>	<b>5 905</b>	<b>5 905</b>	<b>3 094</b>	<b>3 094</b>
<b>Including:</b>				
<b>due to shareholders of the Company</b>	<b>5 001</b>	<b>5 001</b>	<b>3 214</b>	<b>3 214</b>
due to minority shares	904	904	-120	-120
	<b>5 905</b>	<b>5 905</b>	<b>3 094</b>	<b>3 094</b>
<b>Profit due to shareholders of the Company per ordinary share</b> (expressed in PLN per one share)				
– basic	0.30	0.30	0.20	0.20
– diluted	0.29	0.29	0.19	0.19
<b>Number of shares</b>	<b>16 410 000</b>	<b>16 410 000</b>	<b>16 410 000</b>	<b>16 410 000</b>
<b>Diluted number of shares</b>	<b>17 230 500</b>	<b>17 230 500</b>	<b>17 230 500</b>	<b>17 230 500</b>

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

The basic profit per share is calculated by dividing the profit due to shareholders of the Company by the weighted average number of ordinary shares throughout the period. The diluted profit per share is calculated by dividing the profit 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 a resolution passed by the Extraordinary General Meeting of Shareholders of the Company of 15 November 2006 and a resolution passed by the Extraordinary General Meeting of Shareholders of 5 December 2007.

The weighed average number of ordinary shares in the periods 08/01/2007 – 10/31/2007 and 08/01/2006 – 10/31/2006 allows for the change of the nominal value of the series A shares from 1 PLN to 0.10 PLN. The change of the nominal value of shares of series A was made by resolution of the Extraordinary General Meeting of Shareholders of 04/11/2006. In addition, the weighed average number of ordinary shares in the period 08/01/2007 – 10/31/2007 and 08/01/2006 – 10/31/2006 was increased by the planned issue of 820,500 series C shares.

All revenue and costs stated apply to the continued activities.

Dariusz Jacek Krawiec  
President

Piotr Bieliński  
Vice President

Kazimierz Lasecki  
Vice President

Warsaw, 17 December 2007

#### I.4. Statement of changes in equity capital - consolidated report

	Due to shareholders of the Company			Due to minority shares	Total equity capital
	Share capital	Surplus from the sale of shares above nominal value	Retained profit		
<b>Position as of 1 August 2006</b>	<b>1 641</b>	<b>55 767</b>	<b>62 614</b>	<b>2 508</b>	<b>122 530</b>
Net Profit/Loss	0	0	3 214	-120	<b>3 094</b>
Total Revenue	1 641	55 767	65 828	2 388	<b>125 624</b>
Other	0	0	-418	-506	<b>-924</b>
<b>Position as of 31 October 2006</b>	<b>1 641</b>	<b>55 767</b>	<b>65 410</b>	<b>1 882</b>	<b>124 700</b>
<b>Position as of 1 August 2007</b>	<b>1 641</b>	<b>55 744</b>	<b>80 424</b>	<b>6 883</b>	<b>144 692</b>
Net Profit	0	0	5 001	904	<b>5 905</b>
Total Revenue	1 641	55 744	85 425	7 787	<b>150 597</b>
Other	0	0	549	1 072	<b>1 621</b>
<b>Position as of 31 October 2007</b>	<b>1 641</b>	<b>55 744</b>	<b>85 974</b>	<b>8 859</b>	<b>152 218</b>

Dariusz Jacek Krawiec  
 President

Piotr Bieliński  
 Vice President

Kazimierz Lasecki  
 Vice President

Warsaw, 17 December 2007

## I.5. Cash flow statement – consolidated statement

	Quarter 1 incrementally (current year) period from 08/01/2007 to 10/31/2007	Quarter 1 (current year) period from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (previous year) period from 08/01/2006 to 10/31/2006	Quarter 1 (previous year) period from 08/01/2006 to 10/31/2006
<b>Cash Flow from Operational Activity</b>				
<b>Net Profit</b>	5 001	5 001	3 214	3 214
Adjustments:	-6 821	-6 821	-20 726	-20 726
– Income Tax	3 707	3 707	370	370
– Depreciation of Fixed Assets and Intangibles	2 869	2 869	1 537	1 537
– Profit from Investment	-37	-37	0	0
– Interest Revenue	-18	-18	-322	-322
– Interest Costs	603	603	24	24
– Remaining	7 394	7 394	-1 373	-1 373
Changes in trading capital position:				
– Reserves	-59 175	-59 175	-32 152	-32 152
– Payables due to deliveries and services and remaining dues	5 879	5 879	-38 054	-38 054
– Liabilities due to deliveries and services and remaining liabilities	31 957	31 957	49 244	49 244
<b>Net Cash Flow from Operational Activity</b>	<b>-1 820</b>	<b>-1 820</b>	<b>-17 512</b>	<b>-17 512</b>
<b>Cash Flow from Investment Activity</b>				
Acquisition of Tangible and Intangible Assets	-11 061	-11 061	-3 828	-3 828
Earnings from Sales of Tangible Assets	25	25	13	13
Remaining inflows/expenses	-149	-149	0	0
<b>Net cash flows from investing activities</b>	<b>-11 185</b>	<b>-11 185</b>	<b>-3 815</b>	<b>-3 815</b>
<b>Cash Flow from Financial Activity</b>				
Earnings from the issue of privileged shares subject to redemption	1 398	1 398	0	0
Loans and borrowed money received	21 781	21 781	27 425	27 425
Payment of loans and borrowed money	0	0	0	0
Interest paid	-603	-603	-346	-346
Repayment of finance lease liabilities	0	0	-48	-48
Remaining inflows/expenses	-181	-181	0	0
<b>Net cash flows from financial activities</b>	<b>22 395</b>	<b>22 395</b>	<b>27 031</b>	<b>27 031</b>
<b>Net increase (decrease) of cash</b>	<b>9 390</b>	<b>9 390</b>	<b>5 704</b>	<b>5 704</b>
Financial Position at the Beginning of the Year	7 787	7 787	7 512	7 512
<b>Financial Position at the End of the Period</b>	<b>17 177</b>	<b>17 177</b>	<b>13 216</b>	<b>13 216</b>

Dariusz Jacek Krawiec  
President

Piotr Bieliński  
Vice President

Kazimierz Lasecki  
Vice President

Warsaw, 17 December 2007

## II. Abbreviated quarterly individual financial statement as of 31 October 2007 as well as for the three month period ending on 31 October 2007 drawn up according to the Polish Accounting Act

### II.1. Selected financial data – individual statement

Due to the registered merger of ACTION S.A. with California Computer S.A. on 9 February 2007, the Company calculated the summary data of the merger performed by means of an acquisition and converted the comparative data for the respective periods of the previous year.

SELECTED INDIVIDUAL FINANCIAL DATA	in PLN M		in EUR M	
	Quarter 1 incrementally (current year) period from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (previous year) period from 08/01/2006 to 10/31/2006	Quarter 1 incrementally (current year) period from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (previous year) period from 08/01/2006 to 10/31/2006
I. Sales revenue	480 158	395 149	128 258	100 399
<b>II. Operating profit</b>	1 549	2 369	414	602
III. Gross profit	8 610	3 985	2 300	1 013
IV. Net profit	5 686	3 658	1 519	929
V. Net cash flows from operating activities	28 725	-17 752	7 673	-4 510
VI. Net cash flows from investing activities	-41 415	-3 470	-11 063	-882
VII. Net cash flows from financial activities	21 000	27 103	5 609	6 886
VIII. Net increase (decrease) of cash	8 310	5 881	2 220	1 494
IX. Total assets	495 835	370 076	136 571	95 206
X. Liabilities	351 407	248 862	96 790	64 023
XI. Long-term liabilities	12 955	0	3 568	0
XII. Short-term liabilities	329 880	247 386	90 861	63 643
XIII. Shareholders' equity	144 428	121 214	39 781	31 184
XIV. Share capital	1 641	1 641	452	422
XV. Number of shares *	16 410 000	16 410 000	16 410 000	16 410 000
XVI. Earnings per share of common stock **(in PLN / EUR)	0.35	0.22	0.09	0.06
XVII. Book value of one share **(in PLN / EUR)	8.80	7.39	2.42	1.90

(\*)The number of shares allows for the change in nominal value of series A shares from 1 PLN to 0.10 PLN occasioned by the division of each 1 PLN share into 10 shares of a nominal value of 0.10 PLN each. The change was made on the 04/11/2006 by resolution of the Extraordinary General Meeting of Shareholders.

(\*\*) Profit per ordinary share is the quotient of net profit and the number of shares.

(\*\*\*) Book value per share is the quotient of equity capital and the number of shares.

The selected financial data presented in the financial statements has been converted into EUR as follows:

- the figures related to the profit and loss statement and the cash flow statement have been calculated using the exchange rate obtained as the arithmetic mean of the average exchange rates announced by the National Bank of Poland (NBP) as of the last day of each month of the quarter. For the first quarter of 2007, that exchange rate was equal to EUR 1.00 = PLN 3.7437, and for the first quarter of 2006: EUR 1.00 = PLN 3.9358;
- the balance sheet figures have been calculated using the average exchange rate announced by NBP as of the balance issue date; on 31 October 2007 that rate was EUR 1.00 = PLN 3.6306; as of 31 October 2006, EUR 1.00 = PLN 3.8871.



## II.2. Balance sheet – individual statement

BALANCE	as of 10/31/2007 quarter end (current year)	as of 07/31/2007 end of prev. quarter (current year)	as of 10/31/2006 quarter end (prev. year)	as of 07/31/2006 end of prev. quarter (prev. year)
<b>A s s e t s</b>				
<b>I. Fixed assets</b>	<b>128 282</b>	<b>90 369</b>	<b>53 918</b>	<b>51 928</b>
1. Intangible assets	3 225	5 019	7 238	7 987
- goodwill	0	0	0	0
2. Tangible fixed assets	73 305	65 405	39 607	36 760
3. Long-term receivables	0	0	0	0
3.1. From affiliated entities	0	0	0	0
3.2. From other entities	0	0	0	0
4. Long-term investments	51 474	19 564	6 738	6 688
4.1. Real estate	0	0	0	0
4.2. Intangible assets	0	0	0	0
4.3. Long-term financial assets	51 474	19 564	6 738	6 688
a) in affiliated entities, including:	51 467	19 557	6 731	6 681
- subsidiary shares valued based on the equity method	0	0	0	0
- shares in subsidiary and affiliate entities consolidated	51 467	19 557	6 731	6 681
- shares in subsidiary and affiliate entities not consolidated	0	0	0	0
- other financial assets	0	0	0	0
b) in other entities	7	7	7	7
4.4. Other long-term investments	0	0	0	0
5. Long-term accruals and prepayments	278	381	335	493
5.1. Deferred tax assets	278	381	335	493
5.2. Other accruals and prepayments	0	0	0	0
<b>II. Current assets</b>	<b>367 553</b>	<b>312 349</b>	<b>316 158</b>	<b>245 779</b>
1. Inventory	174 911	123 850	137 560	99 967
2. Short-term receivables	175 906	178 817	162 552	135 707
2.1. From affiliated entities	12 074	32 981	3 190	7 264
2.2. From other entities	163 832	145 836	159 362	128 443
3. Short-term investments	11 834	2 634	12 050	6 426
3.1. Short-term financial assets	11 834	2 624	11 850	6 072
a) in affiliated entities	2 066	1 166	0	0
b) in other entities	0	0	0	103
c) cash and cash equivalents	9 768	1 458	11 850	5 969
3.2. Other short-term investments	0	10	200	354
4. Short-term accruals and prepayments	4 902	7 048	3 996	3 679
<b>Total Assets</b>	<b>495 835</b>	<b>402 718</b>	<b>370 076</b>	<b>297 707</b>

<b>Liabilities and Shareholders' Equity</b>				
<b>I. Shareholders' equity</b>	<b>144 428</b>	<b>138 742</b>	<b>121 214</b>	<b>117 556</b>
1. Share capital	1 641	1 641	1 641	1 641
2. Not paid-up capital (negative value)	0	0	0	0
3. Own shares (negative value)	0	0	0	0
4. Supplementary capital	119 588	119 588	110 212	110 212
5. Revaluation capital	0	0	0	0
6. Other reserve capital	0	0	0	0
7. Currency exchange rate differences from the calculation of subsidiary entities	0	0	0	0
a) positive exchange rate differences	0	0	0	0
b) negative exchange rate differences	0	0	0	0
8. Profit (loss) of prior years	17 513	-4 650	5 703	-4 650
9. Net profit (loss)	<b>5 686</b>	<b>22 163</b>	<b>3 658</b>	<b>10 353</b>
10. Net profit write-offs during the financial year (negative value)	0	0	0	0
<b>IV. Liabilities and reserves for liabilities</b>	<b>351 407</b>	<b>263 976</b>	<b>248 862</b>	<b>180 151</b>
1. Reserves for liabilities	6 975	1 737	391	964
1.1. Deferred tax reserves	1 371	1 141	47	620
1.2. Pension and related benefits provisions	411	411	238	238
a) long-term	0	0	0	0
b) short-term	411	411	238	238
1.3. Other reserves	5 193	185	106	106
a) long-term	0	0	0	0
b) short-term	5 193	185	106	106
2. Long-term liabilities	12 955	8 776	0	0
2.1. To affiliates	0	0	0	0
2.2. To other entities	12 955	8 776	0	0
3. Short-term liabilities	329 880	251 650	247 386	178 273
3.1. To affiliates	6 716	10 169	5 132	8 085
3.2. To other entities	323 164	241 481	242 254	170 188
3.3. Special funds	0	0	0	0
4. Deferred settlements	1 597	1 813	1 085	914
4.1. Negative goodwill	0	0	0	0
4.2. Other accruals and prepayments	1 597	1 813	1 085	914
a) long-term	0	0	0	0
b) short-term	1 597	1 813	1 085	914
<b>Total Liabilities and Shareholders' Equity</b>	<b>495 835</b>	<b>402 718</b>	<b>370 076</b>	<b>297 707</b>

<b>OFF-BALANCE SHEET ITEMS</b>	<b>as of 10/31/2007 quarter end (current year)</b>	<b>as of 07/31/2007 end of prev. quarter (current year)</b>	<b>as of 10/31/2006 quarter end (prev. year)</b>	<b>as of 07/31/2006 end of prev. quarter (prev. year)</b>
<b>1. Contingent receivables</b>	<b>0</b>	<b>0</b>	<b>1 040</b>	<b>0</b>
1.1. From affiliates (source )	0	0	0	0
- on guarantees and sureties	0	0	0	0
1.2. From remaining entities (source )	0	0	1 040	0
- on guarantees and sureties	0	0	1 040	0
<b>2. Contingent liabilities</b>	<b>12 620</b>	<b>9 543</b>	<b>12 083</b>	<b>15 719</b>
1.1. To affiliates (source )	1 420	420	6 870	6 870
- on guarantees and sureties issued	1 420	420	6 870	6 870
1.2. To remaining entities (source )	11 200	9 123	5 213	8 849
- on guarantees and sureties issued	11 200	9 123	5 213	8 849
- agreements with stakeholders	0	0	0	0
<b>3. Other (source)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Off-balance sheet items total</b>	<b>12 620</b>	<b>9 543</b>	<b>13 123</b>	<b>15 719</b>

Dariusz Jacek Krawiec  
 President

Piotr Bieliński  
 Vice President

Kazimierz Lasecki  
 Vice President

### II.3. Profit and Loss Statement – individual statement

PROFIT AND LOSS STATEMENT	Quarter 1 (current year) from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (current year) from 08/01/2007 to 10/31/2007	Quarter 1 (previous year) from 08/01/2006 to 10/31/2006	Quarter 1 incrementally (prev. year) from 08/01/2006 to 10/31/2006
<b>I. Net sales revenue (on goods, finished goods and materials), including:</b>	<b>480 158</b>	<b>480 158</b>	<b>395 149</b>	<b>395 149</b>
- generated by affiliates	18 216	18 216	825	825
1. Net sales of finished goods	2 690	2 690	2 481	2 481
2. Net sales of goods for resale and materials	477 468	477 468	392 668	392 668
<b>II. Cost of sales of goods, finished goods and materials, including:</b>	<b>452 948</b>	<b>452 948</b>	<b>375 999</b>	<b>375 999</b>
- generated by affiliates	17 637	17 637	573	573
1. Cost of products sold	0	0	0	0
2. Cost of goods for resale and materials sold	452 948	452 948	375 999	375 999
<b>III. Sales profit before taxes (I-II)</b>	<b>27 210</b>	<b>27 210</b>	<b>19 150</b>	<b>19 150</b>
IV. Selling expense	17 370	17 370	15 012	15 012
V. General administrative expense	8 940	8 940	2 242	2 242
<b>VI. Sales profit (III-IV-V)</b>	<b>900</b>	<b>900</b>	<b>1 896</b>	<b>1 896</b>
VII. Other operating income	942	942	905	905
1. Revenue from disposal of non-financial fixed assets	54	54	6	6
2. Subsidies	0	0	0	0
3. Other operating income	888	888	899	899
VIII. Other operating expenses	293	293	432	432
1. Losses on disposal of non-financial fixed assets	0	0	0	0
2. Remeasurement of non-financial assets	0	0	181	181
3. Other operating expenses	293	293	251	251
<b>IX. Operating profit (VI+VII-VIII)</b>	<b>1 549</b>	<b>1 549</b>	<b>2 369</b>	<b>2 369</b>
X. Financial revenue	7 860	7 860	2 169	2 169
1. Dividends and share in profits, including:	0	0	0	0
- generated by affiliates	0	0	0	0
2. Interest, including:	18	18	96	96
- generated by affiliates	0	0	0	0
3. Profit on disposal of investments	0	0	0	0
4. Remeasurement of investments	0	0	726	726
5. Other	7 842	7 842	1 347	1 347
XI. Financial costs	799	799	553	553
1. Interest, including:	603	603	349	349
- for affiliates	0	0	0	0
2. Losses on disposal of investments	0	0	0	0
3. Remeasurement of investments	196	196	154	154
4. Other	0	0	50	50
XII. Profit on the sale of all or part of subsidiary shares	0	0	0	0
<b>XIII. Profit on ordinary business activity (IX+X-XI+/-XII)</b>	<b>8 610</b>	<b>8 610</b>	<b>3 985</b>	<b>3 985</b>

(all amounts are in PLN unless indicated otherwise)

XIV. Extraordinary result (XIV.1. - XIV.2.)	0	0	0	0
1. Extraordinary profits	0	0	0	0
2. Extraordinary losses	0	0	0	0
XV. Goodwill write-off for subsidiaries	0	0	0	0
XVI. Negative goodwill write-off for subsidiaries	0	0	0	0
<b>XVII. Gross profit (XIII+/-XIV-XV+XVI)</b>	<b>8 610</b>	<b>8 610</b>	<b>3 985</b>	<b>3 985</b>
XVIII. Corporate income tax	2 924	2 924	327	327
a) current part	2 591	2 591	743	743
b) deferred part	333	333	-416	-416
XIX. Other mandatory profit reductions (loss increases)	0	0	0	0
XX. Share in net profits (losses) of subsidiaries priced based on the equity method	0	0	0	0
XXI. Minority profits	0	0	0	0
<b>XXII. Net profit (XVII-XVIII-XIX+/-XX+/-XXI)</b>	<b>5 686</b>	<b>5 686</b>	<b>3 658</b>	<b>3 658</b>
<b>Net profit (annualized)</b>	<b>5 686</b>	<b>5 686</b>	<b>3 658</b>	<b>3 658</b>
<b>Weighed average number of ordinary shares</b>	<b>16 410 000</b>	<b>16 410 000</b>	<b>16 410 000</b>	<b>16 410 000</b>
<b>Profit per ordinary share (in PLN) *</b>	<b>0.35</b>	<b>0.35</b>	<b>0.22</b>	<b>0.22</b>

(\*) Profit per ordinary share is the quotient of *Net profit* and the *Number of shares*.

The number of shares includes the change of the nominal value of shares series A from 1 PLN to 0.10 PLN with the simultaneous division of 1 share of value of 1 PLN into 10 shares of a nominal value of 0.10 PLN. The change was made on the 04/11/2006 by resolution of the Extraordinary General Meeting of Shareholders.

---

Dariusz Jacek Krawiec  
President

Piotr Bieliński  
Vice President

Kazimierz Lasecki  
Vice President

Warsaw, 17 December 2007

## II.4. Changes in equity – individual statement

SUMMARY OF CHANGES IN EQUITY	Quarter 1 (current year) from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (current year) from 08/01/2007 to 10/31/2007	Quarter 1 (previous year) from 08/01/2006 to 10/31/2006	Quarter 1 incrementally (prev. year) from 08/01/2006 to 10/31/2006
<b>I. Equity at the beginning of the period (OB)</b>	<b>138 742</b>	<b>138 742</b>	<b>117 556</b>	<b>117 556</b>
a) changes to accounting policy	0	0	0	0
b) adjustment of major errors	0	0	0	0
<b>I.a. Opening equity after matching with comparable figures</b>	<b>138 742</b>	<b>138 742</b>	<b>117 556</b>	<b>117 556</b>
<b>1. Share capital at the beginning of the period</b>	<b>1 641</b>	<b>1 641</b>	<b>1 641</b>	<b>1 641</b>
1.1. Changes of the share capital	0	0	0	0
a) increase (source)	0	0	0	0
- issue of shares	0	0	0	0
b) decrease (source)	0	0	0	0
- redemption of shares	0	0	0	0
<b>1.2. Share capital at the end of the period</b>	<b>1 641</b>	<b>1 641</b>	<b>1 641</b>	<b>1 641</b>
<b>2. Called-up share capital contributions at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
2.1. Change in called-up share capital contributions	0	0	0	0
a) increase (source)	0	0	0	0
b) decrease (source)	0	0	0	0
<b>2.2. Called-up share capital contributions at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>3. Treasury shares at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
3.1. Changes of treasury (own) shares				
a) increase (source)	0	0	0	0
b) decrease (source)	0	0	0	0
<b>3.2. Treasury shares at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4. Supplementary capital at the beginning of the period</b>	<b>119 588</b>	<b>119 588</b>	<b>110 212</b>	<b>110 212</b>
4.1. Changes of the supplementary capital	0	0	0	0
a) increase (source)	0	0	0	0
- premium share issue	0	0	0	0
- appropriation of profit (mandatory)	0	0	0	0
- appropriation of profit (above the mandatory minimum)	0	0	0	0
- transfer of reserve capital from revaluation	0	0	0	0
- options pricing	0	0	0	0
b) decrease (source)	0	0	0	0
- offset of losses	0	0	0	0
<b>4.2. Supplementary capital at the end of the period</b>	<b>119 588</b>	<b>119 588</b>	<b>110 212</b>	<b>110 212</b>
<b>5. Revaluation reserve at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
5.1. Changes in revaluation reserve	0	0	0	0
a) increase (source)	0	0	0	0
b) decrease (source)	0	0	0	0
- disposal of tangible fixed assets	0	0	0	0
<b>5.2. Revaluation reserve at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>6. Other reserve capital at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
6.1. Change in other reserve capital			0	0
a) increase (source)	0	0	0	0
b) decrease (source)	0	0	0	0
<b>6.2. Other reserve capital at the end of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>7. Profits (losses) of prior years at the beginning of the period</b>	<b>-4 650</b>	<b>-4 650</b>	<b>-4 650</b>	<b>-4 650</b>
<b>7.1. Unappropriated profits at the beginning of the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
a) changes to accounting policy	0	0	0	0
b) adjustment of major errors	0	0	0	0
<b>7.2. Profit of prior years at the beginning of the period after matching with comparable figures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
a) increase (source)	22 163	22 163	10 353	10 353
- result for the previous period	22 163	22 163	10 353	10 353
- appropriation of profit from previous years	0	0	0	0
b) decrease (source)	0	0	0	0
- moved to supplementary capital	0	0	0	0
- payment of dividends	0	0	0	0
<b>7.3. Unappropriated profits of prior years at the end of the period</b>	<b>22 163</b>	<b>22 163</b>	<b>10 353</b>	<b>10 353</b>
<b>7.4. Accumulated losses of prior years at the beginning of the period</b>	<b>4 650</b>	<b>4 650</b>	<b>4 650</b>	<b>4 650</b>
a) changes to accounting policy	0	0	0	0
b) adjustment of major errors	0	0	0	0
<b>7.5. Accumulated losses of prior years at the beginning of the period after matching with comparable figures</b>	<b>4 650</b>	<b>4 650</b>	<b>4 650</b>	<b>4 650</b>
a) increase (source)	0	0	0	0
- result for the previous period	0	0	0	0
- transfer of prior year losses to be compensated	0	0	0	0
b) decrease (source)	0	0	0	0
- transfer of prior year losses	0	0	0	0
<b>7.6. Accumulated losses of prior years at the end of the period</b>	<b>4 650</b>	<b>4 650</b>	<b>4 650</b>	<b>4 650</b>
<b>7.7. Unappropriated profits (Accumulated losses) of prior years at the end of the period</b>	<b>17 513</b>	<b>17 513</b>	<b>5 703</b>	<b>5 703</b>
<b>8. Net result</b>	<b>5 686</b>	<b>5 686</b>	<b>3 658</b>	<b>3 658</b>
a) net profit	5 686	5 686	3 658	3 658
b) net loss	0	0	0	0
c) profit write-offs	0	0	0	0
<b>II. Equity at the end of the period (CB)</b>	<b>144 428</b>	<b>144 428</b>	<b>121 214</b>	<b>121 214</b>
<b>III. Equity, as adjusted for the proposed appropriation of profit (offset of loss)</b>	<b>139 997</b>	<b>139 997</b>	<b>118 753</b>	<b>118 753</b>

Dariusz Jacek Krawiec  
President

Piotr Bieliński  
Vice President

Kazimierz Lasecki  
Vice President

## II.5. Cash flow statement – individual statement

CASH FLOW STATEMENT	Quarter 1 (current year) from 08/01/2007 to 10/31/2007	Quarter 1 incrementally (current year) from 08/01/2007 to 10/31/2007	Quarter 1 (previous year) from 08/01/2006 to 10/31/2006	Quarter 1 Incrementally (prev. year) from 08/01/2006 to 10/31/2006
<b>A. Net cash flows from operating activities – indirect method</b>				
<b>I. Net profit (loss)</b>	5 686	5 686	3 658	3 658
<b>II. Adjusted for:</b>	23 039	23 039	-21 410	-21 410
1. Share in (profits) losses of entities priced based on the equity method, net	0	0	0	0
2. Income tax indicated in the Profit and Loss Statement	2 924	2 924	327	327
3. Income taxes paid	-1 476	-1 476	-51	-51
4. Depreciation/amortization, including:	2 564	2 564	1 504	1 504
- goodwill or negative goodwill write-offs of subsidiary entities	0	0	0	0
5. Foreign exchange (gains)/losses	196	196	0	0
6. Share in profits (dividends)				
7. Revenue on interest	-18	-18	-322	-322
8. Cost of interest	603	603	24	24
9. Gain (loss) on investing activities	-54	-54	0	0
10. Increase/decrease in reserves	5 238	5 238	-574	-574
11. Increase/decrease in inventory	-51 061	-51 061	-33 060	-33 060
12. Increase/decrease in receivables	2 911	2 911	-46 597	-46 597
13. Increase/decrease in short-term liabilities, excluding loans and credits	59 180	59 180	57 328	57 328
14. Change in accruals, prepayments and deferred income	2 032	2 032	11	11
15. Other adjustments	0	0	0	0
<b>III. Net cash flows from operating activities (I ± II)</b>	28 725	28 725	-17 752	-17 752
<b>B. Cash flows from investing activities</b>				
<b>I. Cash inflows</b>	2	2	13	13
1. Disposal of intangible assets and tangible fixed assets	2	2	13	13
2. Disposal of investments in real estate and intangible assets	0	0	0	0
3. From financial assets, including:	0	0	0	0
a) in affiliated entities	0	0	0	0
- disposal of financial assets	0	0	0	0
- dividends and share in profits	0	0	0	0
- repayment of long-term loans granted	0	0	0	0
- interest	0	0	0	0
- other cash inflows from financial assets	0	0	0	0
b) in other entities	0	0	0	0
- disposal of financial assets	0	0	0	0
- dividends and share in profits	0	0	0	0
- repayment of long-term loans granted	0	0	0	0
- interest	0	0	0	0



- other cash inflows from financial assets	0	0	0	0
4. Other cash inflows from investing activities	0	0	0	0
<b>II. Cash outflows</b>	<b>41 417</b>	<b>41 417</b>	<b>3 483</b>	<b>3 483</b>
1. Purchase of intangible assets and tangible fixed assets	8 604	8 604	3 433	3 433
2. Investments in properties and intangible assets	2	2	50	50
3. On financial assets, including:	31 911	31 911	0	0
a) in affiliated entities	31 911	31 911	0	0
- purchase of financial assets	31 911	31 911	0	0
- long-term loans granted	0	0	0	0
b) in other entities	0	0	0	0
- purchase of financial assets	0	0	0	0
- long-term loans granted	0	0	0	0
4. Other cash outflows on investing activities	900	900	0	0
<b>III. Net cash flows from investing activities (I-II)</b>	<b>-41 415</b>	<b>-41 415</b>	<b>-3 470</b>	<b>-3 470</b>
<b>C. Cash flow from financing activities</b>				
<b>I. Cash inflows</b>	<b>21 799</b>	<b>21 799</b>	<b>27 425</b>	<b>27 425</b>
1. Net cash inflows from the issue of shares and other equity instruments and capital contributions from shareholders	0	0	0	0
2. Loans and credits	21 781	21 781	27 425	27 425
3. Issue of debt securities	0	0	0	0
4. Other cash inflows from financing activities	18	18	0	0
<b>II. Cash outflows</b>	<b>799</b>	<b>799</b>	<b>322</b>	<b>322</b>
1. Buyback of own shares	0	0	0	0
2. Dividends and other payments to shareholders	0	0	0	0
3. Cash flows other than payments to owners, expenses arising from the appropriation of profit	0	0	0	0
4. Repayment of loans and credits	0	0	0	0
5. Redemption of debt securities	0	0	0	0
6. Other financial liabilities	0	0	0	0
7. Repayment of finance lease liabilities	0	0	0	0
8. Interest paid	603	603	24	24
9. Other cash outflows on financing activities	196	196	0	0
<b>III. Net cash flows from financing activities (I-II)</b>	<b>21 000</b>	<b>21 000</b>	<b>27 103</b>	<b>27 103</b>
<b>D. Net cash flows total (A.III+/-B.III+/-C.III)</b>	<b>8 310</b>	<b>8 310</b>	<b>5 881</b>	<b>5 881</b>
<b>E. Balance change of cash and cash equivalents, including:</b>	<b>8 310</b>	<b>8 310</b>	<b>5 881</b>	<b>5 881</b>
- change in cash and cash equivalents due to changes in foreign exchange rates	0	0	0	0
<b>F. Cash and cash equivalents at the beginning of the period</b>	<b>1 458</b>	<b>1 458</b>	<b>5 969</b>	<b>5 969</b>
<b>G. Cash and cash equivalents at the end of the period (F±D), including:</b>	<b>9 768</b>	<b>9 768</b>	<b>11 850</b>	<b>11 850</b>
- of restricted availability for use	0	0	0	0

Dariusz Jacek Krawiec  
President

Piotr Bieliński  
Vice President

Kazimierz Lasecki  
Vice President

Warsaw, 17 December 2007

### III. Notes to the consolidated quarterly report for Quarter 1 of 2007 for the period from 1 August 2007 to 31 October 2007

#### 1. General information

The objective of ACTION S.A. (Issuer/Company) and its subsidiaries is to sell computer equipment through wholesalers, its own retail outlets and third party shops. The group conducts its sales operations principally in Poland.

The parent entity is ACTION S.A. with the registered office in Warsaw at ul. Jana Kazimierza 46/54. ACTION S.A. {stock company} was registered with the National Court Commercial Register at the KRS No. 0000214038 on the basis of the decision of the District Court in Warsaw, 12th Commercial Section of the National Court Register on 2 August 2004.

ACTION had previously been registered as a limited liability company in the Commercial Register with the number KRS 0000066230 pursuant to a decision of the District Court of the Capital City of Warsaw, Commercial Division of the National Court Register of 28 November 2001.

ACTION S.A. is the managing entity at the highest level.

#### 2. Description of accepted accounting principles

The accounting year of the Company is not the same as the calendar year and finishes on the 31 July. For the requirements of the report, the financial report as at 31 October 2007 and for the three month period ending 31 October 2007 shall represent the report for Quarter 1 of 2007. In a similar fashion, for the requirements of the report, the financial report as at 31 October 2006 and for the three month period ending 31 October 2006 shall represent the report for Quarter 1 of 2006.

In Quarter 1 of 2007 the following companies were consolidated:

- ACTION S.A.- the parent company
- EKOACTION Sp. z o.o. (former name: A.PL Sp. z o.o.) - subsidiary (100 %)
- Action Internet Sp. z o.o. (former name: Action Wrocław Sp. z o.o.) - subsidiary (100 %)
- ACTION Ukraina TzOW- subsidiary (51 %)
- SFK Sp. z o.o.- subsidiary (100%)
- Prologic Sp. z o.o.- subsidiary (60 %)
- Actina Sp. z o.o.- subsidiary (100%)
- A.PL Sp. z o.o. with registered office in Warsaw- subsidiary (100%) ( \* )
- SFERIS Sp. z o.o. (former name: PTR Sp. z o.o.) - indirect subsidiary (99.89%) ( \*\* )

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

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

The consolidated quarterly statement for Quarter 1 of 2007 was drawn up in compliance with IFRS, adopted to evaluate the assets and liabilities and to determine the financial performance of the parent company exclusively for the needs of the consolidated statements of 1 August 2006. A detailed description of the principles of valuation and presentation has been included in the annual consolidated statement for 2006 published on 7 December 2007. The statements drawn up for Quarter 1 of the previous year and for the quarter directly preceding the quarter included by the report in the case of the balance were drawn up in a manner which ensured comparability of data.

In the period covered by the report:

- the temporary differences in income tax caused by the time differences between the date of determination of income earned and the timing of the costs borne had the effect of decreasing the net financial result by PLN 451 M;
- the valuation of currency balances as of 10/31/2007 had the effect of increasing the gross profit of the Group by PLN 2,896 M;
- revaluation resulted in 44 M PLN worth of debt being written off.

Zloty (PLN) was converted to EUR pursuant to Section 89 Article 2 of the Ordinance of the Minister of Finance of 19 October 2005 on current and periodical information published by issuers of securities.

### 3. Segment reporting

Until now, the Group applied the following operating segments policy:  
the reporting system was primarily based on geographical segments, and secondarily on industry sectors.

Since the beginning of year 2006 the geographic pattern, which used to include the business in Switzerland, Germany and Ukraine has no longer reflected the key organizational area and the pattern of decision-making locations because the activity in Switzerland and Germany had been ended.

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

The results obtained by each of the segments for the period between 1 August 2007 and 31 October 2007 are as follows:

	PC Systems	Components	Multimedia	Software	Consumer Electronics	High End Network Solutions and Technologies	ActiveJet	Corporate Sales	Non-assigned items	Segments Total	Exclusions	Consolidated value
Sales to third parties	139 521	132 874	88 087	37 350	31 913	22 771	13 993	10 883	46 877	524 269	-19 092	505 177
Sales between the segments	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total revenue</b>	<b>139 521</b>	<b>132 874</b>	<b>88 087</b>	<b>37 350</b>	<b>31 913</b>	<b>22 771</b>	<b>13 993</b>	<b>10 883</b>	<b>46 877</b>	<b>524 269</b>	<b>-19 092</b>	<b>505 177</b>
<b>Operating profit</b>										<b>10 410</b>	<b>-195</b>	<b>10 215</b>
Net financial costs										<b>-603</b>	<b>0</b>	<b>-603</b>
<b>Profit before tax</b>										<b>9 807</b>	<b>-195</b>	<b>9 612</b>
Corporate income tax										<b>-3 583</b>	<b>-124</b>	<b>-3 707</b>
<b>Net profit of trading period</b>										<b>6 224</b>	<b>-319</b>	<b>5 905</b>
Minority profit/loss										<b>0</b>	<b>904</b>	<b>904</b>
Net profit/loss due to Company shareholders										<b>6 224</b>	<b>-1 223</b>	<b>5 001</b>

The results obtained by each of the segments for the period between 1 August 2006 and 31 October 2006 are as follows:

	PC Systems	Components	Multimedia	Software	Consumer Electronics	High End Network Solutions and Technologies	ActiveJet	Corporate Sales	Non-assigned items	Segments Total	Exclusions	Consolidated value
Sales to third parties	76 235	144 801	83 222	36 834	14 036	11 275	9 390	3 445	56 105	435 343	-23 254	412 089
Sales between the segments	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total revenue</b>	<b>76 235</b>	<b>144 801</b>	<b>83 222</b>	<b>36 834</b>	<b>14 036</b>	<b>11 275</b>	<b>9 390</b>	<b>3 445</b>	<b>56 105</b>	<b>435 343</b>	<b>-23 254</b>	<b>412 089</b>
<b>Operating profit</b>										<b>4 707</b>	<b>-809</b>	<b>3 898</b>
Net financial costs										<b>-349</b>	<b>0</b>	<b>-349</b>
<b>Profit before tax</b>										<b>4 358</b>	<b>-809</b>	<b>3 549</b>
Corporate income tax										<b>-455</b>	<b>0</b>	<b>-455</b>
<b>Net profit of trading period</b>										<b>3 903</b>	<b>-809</b>	<b>3 094</b>
Minority profit/loss										<b>0</b>	<b>-120</b>	<b>-120</b>
Net profit/loss due to Company shareholders										<b>3 903</b>	<b>-689</b>	<b>3 214</b>

#### 4. Seasonality of sales

The operations of the ACTION Group is subject to a certain minor seasonality of sales. Group records a sales peak in the second quarter of the financial year. In the remaining periods the sales metrics maintain a similar level.

#### 5. Description of the Issuer's relevant successes and failures in the period covered by the report, together with a list of the most significant events.

	Quarter 1 of 2007	Quarter 1 of 2006
net sales	505,177	412,089
Gross sales revenue	36,244	22,106
<i>sales margin</i>	7.17%	5.36%
EBIT	10,215	3 898
<i>EBIT margin</i>	2.02%	0.95%
Net profit	5,001	3,214
<i>net margin</i>	0.99%	0.78%

The consolidated sales revenue of the ACTION S.A. Capital Group in Q1 2007 amounted to PLN 505,177 M, as compared to PLN 412,089 M attained in Q1 2006, which means an increase by 22.6%.

The increase of sales revenue by PLN 93,088 M as compared to Q1 2006 was caused both by external and internal factors. The most significant external factors were as follows:

- improved general condition of households as a result of the increase of earnings and economic stabilisation,
- constant economic growth on the domestic market, stable inflation rate in spite of its slight increase and a general economic pick-up of the country,
- long-term inflow of EU funding to public and private sector in Poland,
- increase of value of the local currency and the consequent decrease of prices of IT components.

The market success of the Company has also been a result of certain internal actions within the Company, such as:

- a constant optimization of stock and streams in the reserve,
- broadening the range of the products and services offered,
- search for sales niches on domestic and foreign markets,
- optimizing the distribution channels and searching for new sales methodologies,
- quest for new technological solutions to support manufacturing and logistics.

In Quarter 1 of 2007 the ACTION S.A. Group earned a gross margin of approx. 7.17 %, which is 1.81 PP higher than the one achieved in the respective quarter of 2006.

The net profit attained was PLN 5,001 M, which exceeds the net profit gained in the respective period of the previous year by PLN 1,787 M.

Despite heavy competition and the variable industry environment, the ACTION S.A. Group does its best to face the challenges presented by the market. The changes drive the Company towards automation and an increase of sales via the online distribution channel. In the field of logistics, the steps taken will include the procurement of new technologies, expansion of the storage space and an increase of warehouse automation.

The further part of this section presents key events of Quarter 1 of 2007.

On 13 August 2007 the tender for a server group for Trojmiejaska Akademicka Siec Komputerowa was resolved. The winning offer was the one submitted by the WASKO – ACTION consortium of a net value of PLN 7,200 M.

On 24 August 2007 ACTION Ukraina TzOW, a subsidiary of ACTION S.A., opened another store of the Shock retail chain located in Charkov. It is already the fifth consumer electronics and white goods megastore in Ukraine run by that company. One of its strategic goals is to develop its operations on the dynamically growing Ukrainian market. The new store has an area of over 4,000 sqm. Another location in the same chain was opened on 15 October in Rovne. The total sales area of the chain run by Action was 11,700 sqm. After the store in Rovne has been opened, it increased by another 2,000 sqm. At the end of the year the entire chain will be employing a total of 380 staff. By the end of 2008 it is planned to open another 2 or 3 Shock stores in Ukraine. Apart from the large area megastores, ACTION Ukraina TzOW also operates 10 medium-sized Krez stores, located e.g. in Luck, Sokal, Lvov and Chervonograd.

At the end of August ACTION S.A. signed a new agreement with AMD, pursuant to which on 1 September 2007 ACTION is to be granted the status of AMD CPU Master Distributor. Consequently the Company joins the elite of AMD's most trusted partners. Advanced Micro Devices (NYSE: AMD) is a leading global vendor of innovative computing solutions for computers, graphics and consumer electronics.

On 6 September 2007 ACTION S.A. and A.PL Sp. z o.o. executed Annexes to three loan agreements concluded by them in the previous financial year whose dates of maturity were 30 September and 31 October 2007. Pursuant to the provisions of the Annexes concluded, the new date of repayment was set to 30 November 2007. On 30 November 2007 all the loan agreements were further amended and their dates of maturity were postponed to 31 May 2008.

In total, the value of the loans granted by ACTION S.A. to A.PL Sp. z o.o., its subsidiary, is PLN 2,066 M.

Since September 2007, the Sferis retail chain of computer shops, a subsidiary of ACTION S.A., has been offering Orange products and services, which is a result of an agency agreement signed by SFERIS Sp. z o.o. and PTK Centertel. The agreement will be beneficial not only to its parties but also to other companies of the Group. It allows SFERIS to conclude agreements with customers on behalf of PTK Centertel since 1 September 2007, which means that the Sferis chain will be authorized by Centertel to offer data transmission services (Orange Go, Business Everywhere and Neostrada) as well as prepaid products.

On 13 September 2007 the Company received a copy Annex no. 6 to Overdraft Agreement No. 2005/1006392654 of 06/14/2005 signed by Bank Polska Kasa Opieki S.A.

Based on the annex, the value of the overdraft facility granted to the Issuer for the purposes of their ongoing business operations was increased from PLN 25,000 M to PLN 50,000 M and the crediting period was extended to 04/30/2008 (that date also being the date of the final repayment of the credit by the Issuer).

The credit is collateralized with a title to the bank accounts maintained at 7th Branch of the Bank in Warsaw; a declaration made by the Issuer on a voluntary submission to execution up to the amount of PLN 75,000 M; a registered pledge on inventory of PLN 50,000 M of value as well as an assignment of rights of the insurance policy.

On 25 September 2007 the Company received a decision of the District Court of the Capital City of Warsaw, 12th Economic Department of the National Court Register, which confirmed that on 11 September 2007 an increase of the share capital was officially registered for ACTINA Sp. z o.o., a subsidiary of ACTION S.A. based in Warsaw.

The value of the share capital of ACTINA Sp. z o.o. upon the registered increase is PLN 29,550 M, which is divided into 59,100 equal shares of a nominal value of PLN 500 each. All the shares in the share capital belong to ACTION S.A. The capital was fully paid in cash.

On 9 October 2007 ACTION S.A. executed a contract with LeftHand, a leading vendor of Linux-based financial and accounting software and one of the leading Polish vendors of ERP and CRM for Windows, which in October allowed ACTION to expand its range of commercially offered ERP and CRM software. The offer of ACTION was also increased by adding new office applications. Thanks to that new business relationship, ACTION can now offer its customers box versions of the following software titles: "LeftHand Pełna Księgowość" (a full accounting package), "LeftHand Mała Księgowość" (a simplified accountil suite), "LeftHand CRM", "LeftHand

e-Faktura" (invoicing software) and "LeftHand Środki Trwałe" (a fixed assets management solution). All the software products are available both in Windows and in Linux versions.

On 23 October 2007 the Board received a signed copy of Annex No. 1 to loan contract BOK/KRB/0586/06 concluded on 10/30/2006 by the Issuer and Bank Handlowy w Warszawie S.A.

Pursuant to the Annex of 11 October 2007, the value of the loan granted to the Issuer was increased from PLN 21,000 M or its equivalent in USD or EUR to PLN 40,000 M or its USD or EUR equivalent. The Annex covers the period from 15 October 2007 to 29 February 2008 (from 1 March 2008 to 30 September 2008 the value of the loan will return to its previous level, i.e. PLN 21,000 M or its USD or EUR equivalent). Based on the Annex, the tenure of the loan was prolonged until 30 September 2008 (that date is also the final maturity date of the loan).

The credit is collateralized with a declaration made by the Issuer on a voluntary submission to execution up to the amount of PLN 48,000 M; a registered pledge on inventory of value of PLN 23,750 M along with a declaration made by the Issuer on a voluntary submission to execution with respect to the claims based on the provisions of the registered pledge contract; an assignment of receivables; and an assignment of rights of the insurance policy.

The purpose of the loan granted to the Issuer based on the annex referred to above does not change and is to finance its current business operations.

## **6. Factors and events, particularly special ones, with substantial impact on financial performance attained**

During the period covered by the report certain special events occurred which had a significant impact on the financial results achieved. Those were:

- creating a reserve of PLN 3,388 M for the future charges resulting from amending the Managerial Contract

On 8 November 2007 Annex No. 6 was concluded, which amended the Managerial Contract concluded between ACTION S.A. and the President of the Board of the Company, Mr Dariusz Jacek Krawiec on 21 August 2006. That agreement may cause future changes in the proportion of shares in possession of the hitherto shareholders. In consequence of the execution of the annex, the Executive Stock Options program was modified, an authorised participants of which is Mr Dariusz Jacek Krawiec.

The modification of the Program introduced on 8 November 2007 was approved by the Supervisory Board of the Company on 8 November 2007. In order to approve the changes applied to the Program and to effect relevant changes to the Company's Statutes, an Extraordinary General Meeting of Shareholders was held on 5 December 2007, which passed Resolution No. 3, which amended Resolution no. 3 of the Extraordinary General Meeting of Shareholders of 15 November 2006 on the conditional increase of share capital and Resolution no. 4 of the Extraordinary Meeting of 15 November 2006 on the issue of A-series subscription warrants and the exemption of subscription warrants from a rights issue.

Pursuant to those changes in the Executive Stock Options Program, Mr Dariusz Jacek Krawiec is entitled to become a holder of 547,000 shares of the Company (accounting for 3.2 % of the future total number of shares of the Company) by the end of year 2008. The shares are to be taken up as part of a conditional increase of the share capital in return for the subscription warrants issued by the Company. The resolutions which approve the original provisions of the contract were passed by the Extraordinary General Meeting of Shareholders and its Supervisory Board on 11/15/2006.

Enforcing the provisions of Resolutions 3 and 4 of the Extraordinary General Meeting of Shareholders of 11/15/2006 on the conditional increase of share capital and the issue of subscription warrants, as amended by Resolution No. 3 of the Extraordinary General Meeting of Shareholders of 12/05/2007 and implementing the agreement of 11/30/2007 concluded by and between the Issuer, a member of its Board and a brokerage house pursuant to Resolution No. 1 of the Board of 12/5/2007, 547,000 individual A-series subscription warrants were issued, which entitle to 547,000 shares in the conditionally increased share capital of the Issuer.

As set forth in the agreement, on 12/6/2007 r. the subscription warrants document (a multiple-share certificate) was handed over under the custody of the brokerage house to be released in the future to the entitled person.

The payroll costs stated for 2006 include that year's value of the options estimated based on the original assumptions of the program as equal to PLN 1,509 M. Based on the final cost estimate for the modified contract, prepared after the motivation program has been approved, the result for Quarter 1 of 2007 allows for a reserve of PLN 3,388 M.



The change of the contract also provides for benefits in kind of an estimated value of PLN 290 M. A reserve has also been allocated equivalent of that benefit.

- creating a reserve for the future liabilities related to the fees due to organisations of collective management of copyright and related rights on the account of sale of equipment and media equal to PLN 1,017 M.

**7. Indication of events, which occurred after the day on which the abbreviated quarterly financial report was drawn up, not included in this report and likely to influence the future financial results of the Company in a material way**

At the end of November, the commercial offer of ACTION S.A. was significantly expanded by adding a new line of Asus cases.

**8. The statement of the Management Board of the Company pertaining to the capability to meet the previously published forecasts for the given year in the context of the results presented in the quarterly report**

The forecasts for the current financial year 2007/2008 shall be published in a separate report and will cover sales revenue and the net profit due to the company shareholders for the period from 1 August 2007 to 31 July 2008.

**9. Indication of shareholders with at least 5% of the total number of votes at the general meeting of the shareholders of the Company, owned directly or indirectly through their subsidiaries, as of the day of announcement of the quarterly report as well as an indication of the number of shares possessed by such entities, the percentage share in the share capital, the number of votes arising from them and the percentage share in the total number of votes at the general meeting and an indication of changes in the ownership structure of the Company.**

According to information available to the Company, the following shareholders are in possession of at least 5 % of the total number of votes for the general meeting of shareholders as of the date of drawing up of the quarterly statement, i.e. 10/01/2007:

1. Piotr Bieliński	28.83% number of shares	4,731,004
2. Olgierd Matyka	21.32% number of shares	3,500,000
3. Wojciech Wietrzykowski	8.53% number of shares	1,400,000
4. OPERA FIZ	5.36% number of shares	879,187

The Issuer has been informed that the above data has changed as of the date of submitting the quarterly report i.e. 17 December 2007 and is currently as follows:

1. Piotr Bieliński	28.83% number of shares	4,731,004
2. Olgierd Matyka	21.32% number of shares	3,500,000
3. OPERA FIZ	10.08% number of shares	1,653,758
4. Wojciech Wietrzykowski	8.53% number of shares	1,400,000

**10. List of changes in the possession of Company shares or share rights (options) held by persons managing and supervising the Company, according to the information available to the Company**

As of the date of submitting the report for Quarter 4 of 2006, i.e. 1 October 2007, the management and supervisory officers were in possession of the following shares of ACTION S.A.:

Jacek Dariusz Krawiec	0 shares
Piotr Bieliński	4,731,004 shares of the nominal value of 0.10 PLN each
Kazimierz Lasecki	715,762 shares of the nominal value of 0.10 PLN each
Olgierd Matyka	3,500,000 shares of the nominal value of 0.10 PLN each
Wojciech Wietrzykowski	1,400,000 shares of the nominal value of 0.10 PLN each

The Issuer has been informed that the above data has changed as of the date of submitting the quarterly report i.e. 17 December 2007 and is as follows:

Jacek Dariusz Krawiec	0 shares
Piotr Bieliński	4,731,004 shares of the nominal value of 0.10 PLN each
Kazimierz Lasecki	715,762 shares of the nominal value of 0.10 PLN each
Olgierd Matyka	3,500,000 shares of the nominal value of 0.10 PLN each
Wojciech Wietrzykowski	1,400,000 shares of the nominal value of 0.10 PLN each
Ewa Joanna Wójcik	2,000 shares of the nominal value of 0.10 PLN each

#### **11. Indication of relevant court proceedings, appropriate arbitration bodies or public administration authorities**

On the day of announcement of the report no proceeding before court, arbitration bodies or public administration authorities was filed against the Company or its subsidiaries with respect to the liabilities or receivables of the Issuer or their subsidiaries, the value of which would consist of 10 or more per cent of the equity of the Company calculated separately for each individual proceeding and jointly for all of them.

#### **12. Information on entering into one or more transactions with the affiliated entities by the Company or its subsidiaries if the value of such transactions (total value of all transactions executed during the period from the beginning of the financial year) exceeds a sum expressed in PLN equivalent to EUR 500,000 unless such transactions are typical and routine transactions entered into under ordinary market conditions between the related entities and their nature and conditions result from the current operating activity of the Company or its subsidiaries.**

In the period of the 3 months ending on 31 October 2007 neither the Company nor any of its subsidiaries entered into any transactions with any affiliated entities the value of which would exceed a Polish zloty equivalent of EUR 500,000 and which were not typical and routine transactions entered into under ordinary market conditions between the related entities and whose nature and conditions did not result from the current operational activity of the Company or its subsidiaries.

The value of the loans granted by ACTION S.A. to A.PL Sp. z o.o., its subsidiary, is PLN 2,066 M. Their maturity date is 31 May 2008. A total value of the transactions concluded by ACTION S.A. and its subsidiaries in the current financial year with the participation of affiliated entities did not exceed EUR 500,000 for any single affiliated entity.

#### **13. Information on total loan or credit guarantees or other guarantees granted by the Company or its subsidiaries to a single entity and its subsidiaries if the total value of such existing guarantees or sureties is equal to or exceeds 10% of the equity of the Company**

As at the end of Quarter 1 of 2007 the value of the guarantees and sureties issued was PLN 12,620 M. All guarantees and sureties were provided by ACTION S.A. and their total share in the equity of the Company does not reach 10%.

---

Dariusz Jacek Krawiec  
President

Piotr Bieliński  
Vice President

Kazimierz Lasecki  
Vice President

Warsaw, 17 December 2007