



CONSOLIDATED
QUARTERLY STATEMENTS
FOR Q1 2016

16 May 2016

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I. Statement of the Management Board concerning the accuracy of the Quarterly Condensed Consolidated Financial Statements

These Interim Condensed Consolidated Financial Statements and the comparative data have been drawn up to present the financial position, business results and cash flows as required by the International Financial Reporting Standards ("IFRS") approved by the EU, published and in force as of the balance-sheet day, and with respect to matters not regulated by the IFRS, in compliance with the Polish Accounting Act of 29 September 1994.

These Interim Condensed Consolidated Financial Statements of the ACTION S.A. Capital Group for the period ended 31 March 2016 comprise the consolidated statement of comprehensive income, consolidated statement of financial position, statement of changes in consolidated equity, consolidated cash flow statement and notes containing a description of key accounting policies and selected explanatory notes.

Pursuant to the requirements of the Ordinance of the Minister of Finance of 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state, and the Ordinance of the Minister of Finance of 3 April 2012 amending the Ordinance on current and interim information to be submitted by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 13 April 2012), the Management Board of ACTION S.A. hereby represents that:

- to the best of their knowledge, the Interim Condensed Consolidated Financial Statements and comparative data were prepared in compliance with the accounting policies in force and that they give a true and fair view of the Group's state of affairs, financial position and financial result.

In the period covered in the consolidated financial statement, the companies of the Group, excluding ACTION S.A., ACTION EUROPE GmbH, and LAPADO Handelsgesellschaft GmbH, maintained their accounting books in compliance with the accounting policy (principles) laid down by the Accounting Act of 29 September 1994 and the regulations issued thereunder. The consolidated financial statements contain adjustments not included in the accounting books of the Group, introduced to ensure compliance of the financial statements of these entities with the IFRS. Since 1 January 2010, ACTION S.A. has been maintaining its books in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU, published and in force as of the balance-sheet day, and with respect to matters not regulated by the IFRS, in compliance with the Polish Accounting Act of 29 September 1994. ACTION EUROPE GmbH and LAPADO Handelsgesellschaft GmbH have been maintaining their books in accordance with the requirements of the German Balance Sheet Law.

Piotr Bieliński
President of the Managing Board

Sławomir Harazin
Vice-President of the Management Board

Edward Wojtysiak
Vice-President of the Management Board

Warsaw, 16 May 2016

II. Interim Condensed Consolidated Financial Statements drawn up in accordance with the International Financial Reporting Standards for the period from 1 January 2016 to 31 March 2016

Selected consolidated financial data

Selected consolidated financial data	in thousand PLN		in thousand EUR	
	Q1	Q1	Q1	Q1
	period 01.01.2016 - 31.03.2016	period 01.01.2015 - 31.03.2015	period 01.01.2016 - 31.03.2016	period 01.01.2015 - 31.03.2015
I. Net revenues from sales of products, goods and materials	1,089,529	1,402,711	250,127	338,092
II. Gross profit/loss on sale	67,346	70,441	15,461	16,978
III. Profit/loss from operating activities	2,239	16,301	514	3,929
IV. Net profit/loss attributed to the Company's shareholders	382	11,917	88	2,872
V. Net cash flows from operating activities	-8,579	41,703	-1,970	10,052
VI. Net cash flows from investment activities	-1,800	-4,019	-413	-969
VII. Net cash flows from investment activities	38,400	-83,296	8,816	-20,077
VIII. Net increases (decreases) in cash	28,021	-45,612	6,433	-10,994
IX. Profit per ordinary share* (in PLN/EUR)	0.02	0.72	0.01	0.17
	As of 31.03.2016	As of 31.12.2015	As of 31.03.2016	As of 31.12.2015
X. Total assets	1,298,127	1,361,187	304,125	319,415
XI. Liabilities	935,089	1,001,551	219,072	235,023
XII. Non-current liabilities	136,356	140,113	31,945	32,879
XIII. Current liabilities	798,733	861,438	187,127	202,144
XIV. Equity attributed to the Company's shareholders	365,707	361,149	85,678	84,747
XV. Initial capital	1,696	1,661	397	390
XVI. Number of shares**	16,957,000	16,610,000	16,957,000	16,610,000
XVII. Book value per share*** (in PLN/EUR)	21.57	21.74	5.05	5.10

PLN/EUR exchange rates

Period	Average exchange rate during the period	Minimum exchange rate during the period	Maximum exchange rate during the period	Exchange rate as of the last day of the period
01.01.2016-31.03.2016	4.3559	4.2684	4.4405	4.2684
01.01.2015-31.12.2015	4.1848	4.0337	4.2386	4.2615
01.01.2015-31.03.2015	4.1489	4.0890	4.2081	4.0890

* Profit per ordinary share was calculated as the quotient of net profit and the number of shares.

** The number of shares takes into account the change in the nominal value of series A shares from PLN 1 to PLN 0.10 at the same time dividing 1 share of PLN 1 into 10 shares of a nominal value of PLN 0.10. The change was performed on 11 April 2006 by way of resolution of the Extraordinary General Meeting of Shareholders.

*** The book value per share was calculated as the quotient of share capital attributed to Company's shareholders and the number of shares.

The selected financial data presented in the Consolidated Financial Statements was converted into EUR in the following manner:

- items concerning the consolidated statement of comprehensive income and the cash flow statement were converted at the exchange rate being the arithmetic mean of the average exchange rates published by the National Bank of Poland as of the last day of each month, for Q1 2016 this exchange rate standing at: EUR 1 = PLN 4.3559, for Q1 2015 the rate standing at: EUR 1 = PLN 4.1489;

Consolidated Quarterly Statements of the ACTION S.A. CAPITAL GROUP for Q1 2016

(all amounts given in thousand zloty (PLN) unless indicated otherwise)

- items of the consolidated statement of financial position were converted at the average exchange rate published by the National Bank of Poland, in force as of the balance sheet date; as of 31 March 2016, this exchange rate stood at: 1 EUR = 4.2684 PLN, as of 31 December 2015: 1 EUR = 4.2615 PLN, and as of 31 March 2015: EUR 1 = PLN 4.0890.

Consolidated statement of comprehensive income

All revenues and costs relate to continuing activities.

		period 01.01.2016 - 31.03.2016	period 01.01.2015 - 31.03.2015
	Note		
Revenues from sales	(5.2)	1,089,529	1,402,711
Costs of products, goods and materials sold	(5.3)	-1,022,183	-1,332,270
Gross profit from sales		67,346	70,441
Costs of sales and marketing	(5.3,5.4)	-55,419	-46,379
General and administrative expenses	(5.3,5.4)	-8,372	-8,858
Other operating revenues and profits	(5.5)	988	1,701
Other costs and losses	(5.6)	-2,304	-604
Profit/loss from operating activities		2,239	16,301
Finance expenses	(5.7)	-2,211	-1,668
Profit/loss before tax		28	14,633
Income tax	(5.8)	-670	-3,126
Share in the net result of the associate		-148	56
Net profit/loss for the financial period		-790	11,563
Other components of comprehensive income			
Net change due to cash flow hedges		5,094	5,202
Income tax		-968	-988
Other components – currency translation differences (foreign operations)		60	-162
Other components of net comprehensive income that may be reclassified to profit or loss		4,186	4,052
Comprehensive income for the period		3,396	15,615
Profit/loss net attributed to: the Company's shareholders		382	11,917
minority interest		-1,172	-354
Comprehensive income attributable to: the Company's shareholders		4,568	15,969
non-controlling interests		-1,172	-354
Net profit/loss attributed to the Company's shareholders per ordinary share (in PLN per share)			
Basic		0.02	0.72
Diluted		0.02	0.70
Number of shares		16,957,000	16,610,000
Diluted number of shares		16,957,000	16,957,000

Piotr Bieliński
President of the Managing Board

Sławomir Harazin
Vice-President of the Management Board

Edward Wojtysiak
Vice-President of the Management Board

Warsaw, 16 May 2016

Consolidated Quarterly Statements of the ACTION S.A. CAPITAL GROUP for Q1 2016
(all amounts given in thousand zloty (PLN) unless indicated otherwise)

The number of shares comprises 11,910,000 series A shares, 4,500 000 series B shares and 547,000 series C shares.

The profit per share is calculated as the quotient of the profit attributed to the Company's shareholders and the weighted average number of ordinary shares within the period.

The weighted average number of ordinary shares takes into account the change in the nominal value of series A shares from PLN 1 to PLN 0.10. The nominal value of series A shares was changed by means of a resolution of the Extraordinary General Meeting of Shareholders dated 11 April 2006. Moreover, the weighted average number of ordinary shares was increased by the issue of 347,000 series C shares entered in the National Court Register on 10 February 2016.

Consolidated Statement of Financial Position

	Note	31.03.2016	31.12.2015	31.03.2015
ASSETS				
Non-Current Assets				
Property, plant and equipment	(5.9)	178,510	181,213	175,293
Goodwill		17,500	17,500	17,500
Other intangible assets		12,284	12,463	4,548
Investment real property	(5.10)	3,545	3,545	3,545
Financial assets		324	324	324
Share in associates measured with the equity method		2,285	2,433	2,692
Deferred income tax assets	(5.8)	18	35	115
Trade and other receivables		692	728	916
		215,158	218,241	204,933
Current assets				
Inventories	(5.11)	576,093	460,235	453,503
Trade and other receivables		439,030	634,893	500,707
Current income tax receivables		273	9,033	57
Derivative financial instruments		0	14	0
Other financial assets		1,489	708	208
Cash and cash equivalents		66,084	38,063	68,711
		1,082,969	1,142,946	1,023,186
Total assets		1,298,127	1,361,187	1,228,119
EQUITY				
Equity attributed to the Company's shareholders				
Share capital		1,696	1,661	1,661
Share premium surplus		62,231	58,112	58,112
Other reserve capitals		30,000	34,164	30,000
Retained earnings		266,113	265,731	271,026
Currency translation differences (foreign operations)		-123	-183	-294
Other components of equity		5,790	1,664	657
		365,707	361,149	361,162
Non-controlling interests		-2,669	-1,513	40
Total equity		363,038	359,636	361,202
LIABILITIES				
Non-current liabilities				
Loans, borrowings and other financing liabilities	(5.14)	130,012	133,505	134,916
Trade and other liabilities		0	0	0
Deferred income tax provisions	(5.8)	6,344	6,608	5,463
		136,356	140,113	140,379
Current liabilities				
Trade and other liabilities		637,689	744,281	616,143
Loans, borrowings and other financing liabilities	(5.14)	159,175	115,423	107,286
Current income tax liabilities		30	143	1,795
Employee benefits		1,748	1,591	1,314
Derivative financial instruments		91	0	0
Provisions for other liabilities and charges	(5.13)	0	0	0
		798,733	861,438	726,538
Total liabilities		935,089	1,001,551	866,917
Total liabilities and equity		1,298,127	1,361,187	1,228,119

Piotr Bieliński
President of the Managing Board

Sławomir Harazin
Vice-President of the Management Board

Edward Wojtysiak
Vice-President of the Management Board

Warsaw, 16 May 2016

Statement of Changes in Consolidated Equity

	Equity attributed to the shareholders of the parent						Equity attributed to non-controlling interests	Total equity
	Share capital	Share premium surplus	Retained earnings	Other reserve capitals	Capital from cash flow hedge valuation	Currency translation differences on foreign operations		
As of 1 January 2016	1,661	58,112	265,731	34,164	1,664	-183	-1,513	359,636
Total comprehensive income			382		4,126	60	-1,172	3,396
Dividends paid								0
Other	35	4,119		-4,164			16	6
As of 31 March 2016	1,696	62,231	266,113	30,000	5,790	-123	-2,669	363,038
As of 1 January 2015	1,661	58,112	258,983	30,000	-3,557	-132	384	345,451
Total comprehensive income			23,232		5,221	-51	-2,369	26,033
Dividends paid			-16,610					-16,610
Other			126	4,164			472	4,762
As of 31 December 2015	1,661	58,112	265,731	34,164	1,664	-183	-1,513	359,636
As of 1 January 2015	1,661	58,112	258,983	30,000	-3,557	-132	384	345,451
Total comprehensive income			11,917		4,214	-162	-354	15,615
Dividends paid								0
Other			126				10	136
As of 31 March 2015	1,661	58,112	271,026	30,000	657	-294	40	361,202

Piotr Bieliński
 President of the Managing Board

Sławomir Harazin
 Vice-President of the Management Board

Edward Wojtysiak
 Vice-President of the Management Board

Warsaw, 16 May 2016

Consolidated Cash Flow Statement

Note	period 01.01.2016 - 31.03.2016	period 01.01.2015 - 31.03.2015
Cash flows from operating activities		
Net profit/loss attributable to the Company's shareholders	382	11,917
Adjustments for:	-8,961	29,786
Income tax	670	3,126
Income tax paid	-3,470	-7,145
Depreciation and amortisation of fixed and intangible assets	3,645	2,522
Profit (loss) from investment activities	50	0
Interest revenues	-6	-455
Interest expenses	2,066	1,668
Share in the net result of the associate	148	-56
Other	3,837	5,289
<i>Changes in working capital:</i>		
Inventories	-115,858	97,819
Trade and other receivables	195,899	91,841
Trade and other liabilities	-95,942	-164,823
Net cash flows from operating activities	-8,579	41,703
Cash flows from investment activities		
Acquisition of tangible fixed and intangible assets	-1,181	-4,019
Inflows from the sale of property, plant and equipment and intangible assets	202	0
Other investment inflows/outflows	-821	0
Net cash flows from investment activities	-1,800	-4,019
Cash flows from financing activities		
Inflows from issue of shares	0	0
Acquisition of treasury shares	0	0
Inflows from issue of bonds	0	0
Loans and borrowings received	42,474	0
Repayment of loans and borrowings	0	-79,775
Dividends paid	0	0
Interest paid	-3,002	-2,921
Payments of liabilities under finance lease agreements	-1,072	-600
Other financial inflows/outflows	0	0
Net cash flows from financing activities	38,400	-83,296
Net increases/decreases of cash	28,021	-45,612
Opening balance of cash	38 063	114 323
Foreign exchange profit/loss on valuation of cash	0	0
Closing balance of cash	66 084	68 711

Piotr Bieliński
President of the Managing Board

Sławomir Harazin
Vice-President of the Management
Board

Edward Wojtysiak
Vice-President of the Management
Board

Warsaw, 16 May 2016

Notes to the Interim Condensed Consolidated Financial Statements

1. General Information

Company name:	ACTION Spółka Akcyjna
Legal status:	Spółka akcyjna (joint stock company)
Incorporated in:	Poland
Registered office:	Warsaw
Address:	ul. Jana Kazimierza 46/54, 01-248 Warsaw
National Court Register (KRS) No.:	KRS 0000214038
Telephone number:	(+48 22) 332 16 00
Fax number:	(+48 22) 332 16 10
E-mail:	action@action.pl
Website:	www.action.pl
REGON Business ID No.:	011909816
Tax Identification Number (NIP):	527-11-07-221

1.1. Scope of business

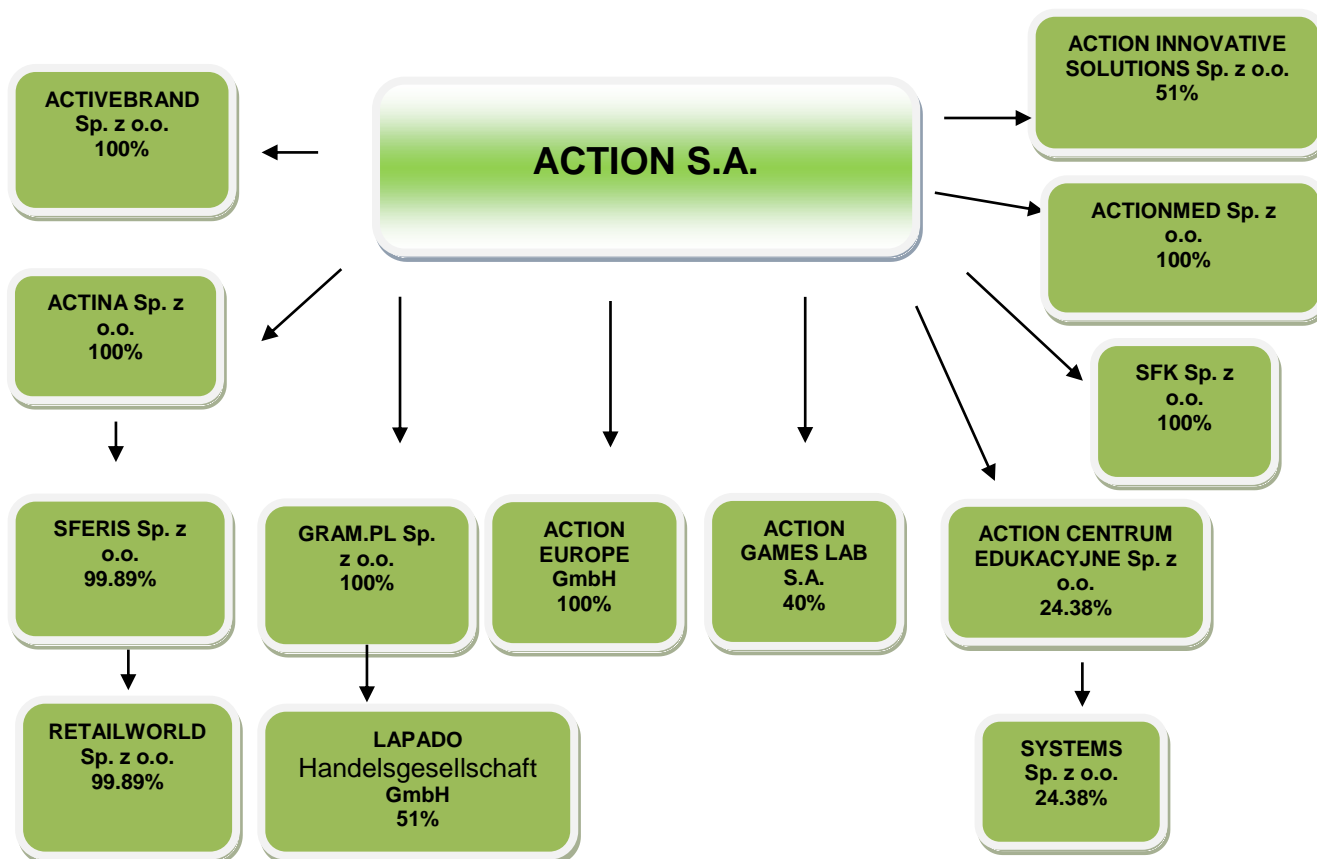
The scope of business of ACTION S.A. (Issuer/Company) and its subsidiaries is primarily to sell IT equipment, consumer electronics and home appliances through wholesalers, its own retail outlets and third party shops. The Group mainly conducts its sales operations in Poland. The basic object of the Company is non-specialised wholesale trade (PKD 2007 4690.Z).

ACTION S.A. is the parent company with its registered office in Warsaw at ul. Jana Kazimierza 46/54. On 2 August 2004, ACTION Spółka Akcyjna was entered in the Register of Entrepreneurs of the National Court Register under KRS number 0000214038 on the basis of the decision of the District Court in Warsaw, 19th Commercial Division of the National Court Register.

The legal predecessor of the Issuer, i.e. ACTION spółka z ograniczoną odpowiedzialnością (limited liability company), was registered with the Register of Entrepreneurs under KRS no. 0000066230 on the basis of the decision of the District Court in Warsaw, the Commercial Division of the National Court Register, of 28 November 2001.

1.2.Composition of the Group

Structure of ACTION S.A. Capital Group



Composition of the Group:

parent:

ACTION S.A.with its registered office in Warsaw

subsidiaries and associates:

SFK Sp. z o.o. with its registered office in Cracow – subsidiary (100%)

ACTINA Sp. z o.o. with its registered office in Warsaw – subsidiary (100%)

SFERIS Sp. z o.o. based in Warsaw – indirect subsidiary (99.89%) ¹

GRAM.PL Sp. z o.o. with its registered office in Warsaw – subsidiary (100%) ²

ACTION GAMES LAB S.A. with its registered office in Zamienie – subsidiary (40%) ³

ACTION CENTRUM EDUKACYJNE Sp. z o.o. with its registered office in Warsaw – associate (24.38%) ⁴

SYSTEMS Sp. z o.o. with its registered office in Warsaw – indirect associate (24.38%) ⁵

ACTIVEBRAND Sp. z o.o., with its registered office in Zamienie – subsidiary (100%) ⁶

ACTION EUROPE GmbH, with its registered office in Braunschweig (Germany) – subsidiary (100%) ⁷

RETAILWORLD Sp. z o.o. with its registered office in Stara Iwiczna – indirect subsidiary (99.89%) ⁸

LAPADO Handelsgesellschaft GmbH with its registered office in Potsdam (Germany) – indirect subsidiary (51%) ⁹

ACTIONMED Sp. z o.o. with its registered office in Zamienie – subsidiary (100%) ¹⁰

ACTION INNOVATIVE SOLUTIONS Sp. z o.o. with its registered office in Bielsko-Biała – subsidiary (51%) ¹¹

¹ SFERIS Sp. z o.o. with its registered office in Warsaw was consolidated as of 5 January 2007.

² GRAM.PL Sp. z o.o. based in Warsaw was consolidated as of 28 May 2009 and on 18 December 2009 the interest was increased to 80%. On 24 May 2010 the interest was increased to 100% as a result of an agreement on the purchase of interests.

³ ACTION GAMES LAB S.A. with its registered office in Zamienie was incorporated on and consolidated as of 12 December 2011.

⁴ ACTION CENTRUM EDUKACYJNE Sp. z o.o. with its registered office in Warsaw was consolidated as of 1 October 2012.

⁵ SYSTEMS Sp. z o.o. with its registered office in Warsaw was consolidated as of 1 October 2012.

⁶ ACTIVEBRAND Sp. z o.o. with its registered office in Zamienie was established on 3 September 2012.

⁷ ACTION EUROPE GmbH with its registered office in Braunschweig (Germany) was consolidated as of 8 July 2013. On 1 April 2014, by means of a purchase of a non-controlling interest (33.33%), the interest of ACTION S.A. was increased to 100%.

⁸ RETAILWORLD Sp. z o.o., with its registered office in Stara Iwiczna was consolidated as of 18 November 2013.

⁹ LAPADO Handelsgesellschaft GmbH with its registered office in Potsdam (Germany) was consolidated as of 1 January 2014.

¹⁰ ACTIONMED Sp. z o.o., with its registered office in Zamienie was consolidated as of 19 December 2014.

¹¹ ACTION INNOVATIVE SOLUTIONS Sp. z o.o. with its registered office in Bielsko-Biala was consolidated as of 27 October 2015.

Changes in the Group's composition during the reporting period:

No changes occurred in the structure of the Group during the period covered by these statements.

Shares of third parties in the subsidiaries:

1. SFERIS Sp. z o.o. – 0.11%, of which: Piotr Bieliński 0.055%, Anna Bielińska 0.055%
2. LAPADO Handelsgesellschaft GmbH – 49% of shares held by Jacek Mońko
3. ACTION GAMES LAB S.A. – 60% of shares carrying rights to 75% of votes at the shareholders' meeting are held by Piotr Bieliński
4. ACTION INNOVATIVE SOLUTIONS Sp. z o.o. – 49% of shares are held by Piotr Olejak

ACTINA Sp. z o.o. deals in wholesale of computer hardware. The primary object of SFERIS Sp. z o.o. is retail of computer hardware. The activities of GRAM.PL Sp. z o.o. (computer games) focuses on retail sales via the Internet. This company also deals in the wholesale trade of computer hardware. SFK Sp. z o.o. deals in wholesale trade and advertising activities. Apart from providing advertising services, in 2014 ACTION GAMES LAB S.A. started producing computer games. The main business profile of ACTION CENTRUM EDUKACYJNE Sp. z o.o. and SYSTEMS Sp. z o.o. is training and IT services and the rental of computer hardware. ACTIVEBRAND Sp. z o.o. is commencing activities in the marketing services sector. ACTION EUROPE GmbH conducts distribution activities related to wholesale sales of IT products and white goods. RETAILWORLD Sp. z o.o. focuses on wholesale sales of IT equipment and accessories to foreign clients. LAPADO Handelsgesellschaft GmbH deals in wholesale trade of computer hardware. ACTIONMED Sp. z o.o. carries out activities related to wholesale sales of IT hardware and medical accessories and the sale of services. ACTION INNOVATIVE SOLUTIONS Sp. z o.o. began the manufacture and sale of telecommunications equipment.

Consolidated Quarterly Statements of the ACTION S.A. CAPITAL GROUP for Q1, 2016

(all amounts given in thousand zloty (PLN) unless indicated otherwise)

Subsidiaries consolidated as of 31.03.2016

Name (business name) of the entity with an indication of the legal form	Registered office	Object of the company	Nature of the relationship (subsidiary, joint subsidiary, associate, with an indication of direct and indirect relationships)	competent court or other authority maintaining the register	Consolidation method applied / measurement using the equity method or an indication that the entity is not subject to consolidation / measurement using the equity method	Date of acquisition of control / joint control / significant influence	Percentage of the share capital owned	Share in the general number of votes at the general meeting
SFK Sp. z o.o.	Kraków	advertising activities	direct subsidiary	District Court for Kraków-Śródmieście, 11th Commercial Division of the National Court Register	full	09.05.2005	100%	100%
ACTINA Sp. z o.o.	Warsaw	wholesale trade in computer hardware	direct subsidiary	District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register	full	03.06.2005	100%	100%
GRAM.PL Sp. z o.o.	Warsaw	retail trade	direct subsidiary	District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register	full	28.05.2009	100%	100%
SFERIS Sp. z o.o.	Warsaw	retail trade in computer hardware	indirect subsidiary	District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register	full	05.01.2007	99.89%	99.89%
ACTION GAMES LAB S.A.	Warsaw	wholesale trade in computer hardware, advertising	direct subsidiary	District Court for the capital city of Warsaw, 14th Commercial Division of the National Court Register	full	14.12.2011	40%	25%
ACTION CENTRUM EDUKACYJNE Sp. z o.o.	Warsaw	training and IT services and rental of IT hardware	associate	District Court for the capital city of Warsaw, 13th Commercial Division	measured under the equity method	12.09.2012	24.38 %	24.38%

Consolidated Quarterly Statements of the ACTION S.A. CAPITAL GROUP for Q1, 2016

(all amounts given in thousand zloty (PLN) unless indicated otherwise)

				of the National Court Register				
SYSTEMS Sp. z o.o.	Warsaw	training and IT services and rental of IT hardware	indirect associate	District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register	measured under the equity method	12.09.2012	24.38 %	24.38%
ACTIVEBRAND Sp. z o.o.	Zamienie	advisory services in carrying out business activity	subsidiary	District Court for the capital city of Warsaw, 14th Commercial Division of the National Court Register	full	03.09.2012	100%	100%
ACTION EUROPE GmbH	Braunschweig (Germany)	wholesale trade in computer hardware	subsidiary	District Court in Braunschweig (Amtsgericht Braunschweig)	full	08.07.2013	100%	100%
RETAILWORLD Sp. z o.o.	Stara Iwiczna	wholesale trade in computer hardware	indirect subsidiary	District Court for the capital city of Warsaw, 14th Commercial Division of the National Court Register	full	18.11.2013	99.89%	99.89%
LAPADO Handelsgesellschaft GmbH	Potsdam (Germany)	wholesale trade in computer hardware	subsidiary	District Court in Potsdam (Amtsgericht Potsdam) no. HRB 25042	full	24.01.2014	51%	51%
ACTIONMED Sp. z o.o.	Zamienie	wholesale trade in computer hardware and medical accessories	direct subsidiary	District Court for the capital city of Warsaw, 14th Commercial Division of the National Court Register	full	19.12.2014	100%	100%
ACTION INNOVATIVE SOLUTIONS Sp. z o.o.	Bielsko Biala	wholesale trade in telecommunications equipment	direct subsidiary	District Court for the capital city of Warsaw, 14th Commercial Division of the National Court Register	full	27.10.2015	51%	51%

2.Principles applied in the preparation of the statements

The Interim Condensed Consolidated Financial Statements of the ACTION S.A. Capital Group for Q1 2016 were prepared in line with IAS 34 *Interim Financial Reporting*.

The Interim Condensed Consolidated Financial Statements prepared for the period from 1 January 2016 to 31 March 2016 contain comparative data for the period from 1 January 2015 to 31 March 2015.

Significant accounting principles applied in the preparation of these Interim Consolidated Financial Statements are presented below. These principles were applied continuously during all presented periods, unless indicated otherwise.

2.1.General principles of preparation

These Interim Condensed Consolidated Financial Statements were prepared under the historical cost convention, except for financial assets held for trading (derivatives) measured at fair value.

The Interim Condensed Consolidated Financial Statements were prepared on an ongoing concern basis for the foreseeable future.

As of the date of approving these Interim Condensed Consolidated Financial Statements, no circumstances indicated any threats to the business continuity by the Group.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and shall be read jointly with the consolidated financial statements of the Group prepared in accordance with the IFRS for the financial year ended 31 December 2015, published on 21 March 2016.

2.2.Statement of compliance

These Interim Condensed Consolidated Financial Statements for the period from 1 January 2016 to 31 March 2016 were prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the European Union, in particular in accordance with International Accounting Standard 34 *Interim Financial Reporting* applicable hereto. As of the date of approving these Financial Statements, as far as the accounting principles applied by the Group are concerned, there are no differences between the IFRS which have already come into force and the standards and interpretations approved by the European Union.

The IFRS comprise standards and interpretations published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

2.3.Significant accounting policies

Effects of applying new accounting standards and changes to the accounting policy

The accounting policies applied to prepare these Consolidated Financial Statements for Q1 2016 are consistent with those applied to prepare the Annual Consolidated Financial Statements for 2015, except for the changes described below.

The same principles have been applied to the current period and the comparative period. A detailed description of the accounting principles adopted by the ACTION S.A. Capital Group is presented in the Annual Consolidated Financial Statements for 2015 published on 21 March 2016.

- **Changes resulting from the amendments to IFRS**

The following new or amended standards and interpretations issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee have been in force since 1 January 2016:

- Amendments to IFRS 11 *Joint Arrangements*
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*
- Amendments to IAS 27 *Equity Method in Separate Financial Statements*
- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards (*Annual Improvements 2012-2014*)
- Amendments to IAS 1: *Disclosure Initiative*

The application thereof did not have any impact on the activity results or the financial situation of the Group and it only resulted in amending the accounting principles applied, broadening the scope of obligatory disclosures or altering the terminology used.

Major consequences of applying the new regulations:

- Amendments to IFRS 11 *Joint Arrangements*

Amendments to IFRS 11 were published on 6 May 2014 and are effective for annual periods beginning on or after 1 January 2016. The aim of these amendments is to present detailed guidelines explaining the manner of recognising the acquisition of interests in joint operations, which constitute a business. The changes require that the principles applied are identical with those applied in the case of business combination.

The application of the amended standard does not significantly affect the financial statements of the Group.

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to IFRS 16 *Property, plant and equipment* and IAS 38 *Intangible Assets* were issued on 12 May 2014 and they are effective for annual periods beginning on or after 1 January 2016. The amendment provides additional explanations regarding the acceptable methods of depreciation. The aim of the amendment is to indicate that the revenue-based method is not appropriate in the case of depreciation of property, plant and equipment as well as intangible assets. However, in the case of intangible assets, this method may be applied in certain circumstances.

The application of the amended standard does not significantly affect the financial statements of the Group.

- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

The amendments to IAS 16 and 41 were published on 30 June 2014 and apply to annual periods beginning on 1 January 2016 or thereafter. This amendment states that bearer plants should be accounted for in the same way as property, plant and equipment defined in IAS 16. Consequently, the amendment includes them within the scope of IAS 16, instead of IAS 41. Agricultural produce growing on bearer plants will remain within the scope of IAS 41.

Application of the amended standard does not have any impact on the Group's Financial Statements.

- Amendments to IAS 27 *Equity Method in Separate Financial Statements*

Amendments to IAS 27 were published on 12 August 2014 and they are effective for annual periods beginning on or after 1 January 2016. The amendments reinstate in IFRS the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. In the case this method is chosen, it should be applied to each investment within a given category.

The application of the amended standard does not significantly affect the financial statements of the Group.

- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards (*Annual Improvements 2012-2014*)

Resulting from the IFRS review, on 25 September 2014 small amendments were made to the following 4 standards:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, in the scope of reclassifying assets or groups held for sale from "held for sale" to "held for distribution to owners" and back,
- IFRS 7 *Financial Instruments*: disclosures, among others in the scope of applying amendments to IFRS 7 regarding the offsetting financial assets and liabilities to condensed interim financial statements,
- IAS 19 *Employee Benefits*, in the scope of currency of the "high quality corporate bonds" used in estimating the discount rate,
- IAS 34 *Interim Financial Reporting*, in the scope of specifying the manner of indicating that the disclosures required by paragraphs 16A IAS 34 are included elsewhere in the interim report.

They are effective predominantly for annual periods beginning on or after 1 January 2016. In the assessment of the Group, the application of the amended standards does not significantly affect the financial statements of the Group, with the exception of the amendment to IAS 34, which may result in additional disclosures in the interim financial statements of the Group.

- **Amendments to IAS 1 *Disclosure Initiative***

On 18 December 2014 the amendments to IAS 1 were issued as part of a major initiative to improve presentation and disclosures in financial statements. These amendments were designed to further encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of the financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Moreover, the amendments clarify that the entities should exercise their professional judgement in determining the order and placement of notes presented in the disclosure.

The amendments are also accompanied by a draft of proposed amendments to IAS 7 *Statement of Cash Flows* increasing disclosure requirements with respect to the entity's cash flows from financing activities and its cash and cash equivalents balances (details below).

The Group applied these amendments as of 1 January 2016, and they resulted in a change of the scope and/or form of the disclosures presented in the financial statements.

In the opinion of the Group, the application of the amended standard does not affect significantly the financial statements of the Group.

- **Amendments implemented independently by the Company**

The Group did not adjust the presentation of the comparative data for Q1 2015 and as of 31 December 2015.

Non-applicable standards (new standards and interpretations)

In these Financial Statements the Group decided not to apply earlier the following published standards or their interpretations prior to the effective date thereof.

The following standards and interpretations had been issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee though they were not effective as of the balance-sheet day:

- **IFRS 9 *Financial Instruments***

The new standard was published on 24 July 2014 and it is effective for annual periods beginning on or after 1 January 2018. The aim of this standard is to arrange the classification of financial assets and introduce uniform approach principles for the assessment of the loss in value related to all financial instruments. The standard introduces a new hedge accounting model as well standardises the principles of recognising risk management information in financial statements.

The Group will apply the new standard as of 1 January 2018.

As of the date of preparing these financial statements, it is not possible to assess reasonably the impact of applying the new standard. The Group has started an analysis of the effects of applying the new standard.

- **IFRS 14 *Regulatory Deferral Accounts***

The new standard was published on 30 January 2014 and it is effective for annual periods beginning on or after 1 January 2016. The new standard is of transitional nature due to ongoing works of the IASB on

regulating the manner of settlement of operations in the conditions of price regulation. The standard introduces the principles of recognising assets and liabilities arising due to price-regulated transactions in the case when an entity decides to transition to IFRS.

The Group will apply the new standard not earlier than on the day agreed upon with the European Union as the effective date of this standard. Due to the temporary nature of the standard, the European Commission decided not to commence the formal procedure of standard confirmation and wait for the target standard.

Application of the new standard will not have any impact on the Group's financial statements.

- IFRS 15 *Revenue from Contracts with Customers*

The new unified standard was published on 28 May 2014 and it is effective for annual periods beginning on or after 1 January 2018 (initially, 2017); it is permitted to apply it earlier. The standard determines a uniform structure for recognising revenues and provides principles which will replace most of the currently existing detailed guidelines of IFRS on recognising revenues, in particular the guidelines contained in IAS 18 Revenue, IAS 11 Construction Contracts and in the interpretations related to these documents. On 11 September 2015, the International Accounting Standards Board published a draft of changes in the adopted standard, adjourning its effective date by one year.

As of the date of preparing these financial statements, it is not possible to assess reasonably the impact of applying the new standard. The Group has started an analysis of the effects of applying the new standard.

- IFRS 16 *Leases*

The new standard was published on 13 January 2016 and it is effective for annual periods beginning on or after 1 January 2019; it is permitted to apply it earlier (but on the condition that IFRS 15 is applied at the same time). The standard supersedes the existing lease regulations (inter alia, IAS17) and completely changes the approach to lease agreements of various types demanding that the lessees recognise in the balance sheets the assets and liabilities due to the lease agreements concluded, regardless of their type.

As of the date of preparing these financial statements, it is not possible to assess reasonably the impact of applying the new standard. The Group has started an analysis of the effects of applying the new standard.

- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*

The amendments to IFRS 10, IFRS 12, and IAS 28 were published on 18 December 2014 and are effective for annual periods beginning on or after 1 January 2016. They aim at specifying the requirements applied to the accounting of investment entities.

The Group will apply the amendments in the standard not earlier than on the day agreed upon with the European Union as the effective date of this standard.

In the Group's assessment, the application of the amended standards will not affect the financial statements of the Group.

- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 were published on 11 September 2014 and they are effective for annual periods beginning on or after 1 January 2016 (currently the effective date is postponed with no indication of the initial date). The amendments clarify the accounting of transactions where the parent entity loses control over a subsidiary that does not constitute a "business" as defined under IFRS 3 *Business Combinations* through sales of its shares in such subsidiary in whole or in part to an associated entity or a joint venture recognised in the equity method.

The Group will apply the amendments to the standard not earlier than on the day agreed upon with the European Union as the effective date of this standard. The European Commission has decided to defer the formal standard approval procedure.

As of the date of preparing these financial statements, it is not possible to assess reasonably the impact of applying the amended standards.

- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses.*

Amendments to IAS 12 were published on 19 January 2016 and they are effective for annual periods beginning on or after 1 January 2017. Their purpose is to clarify the requirements on recognition of deferred tax assets regarding debt instruments measured at fair value.

In the opinion of the Group, the application of the amended standard will not affect significantly the financial statements of the Group.

- Amendments to IAS 7: *Disclosure Initiative*

Amendments to IAS 7 were published on 29 January 2016 and they are effective for annual periods beginning on or after 1 January 2017. The amendments intend to improve information provided to users of financial statements about an entity's financing activities through additional disclosures of changes of the carrying value of liabilities related to financing the entity's activities.

In the opinion of the Group, the application of the amended standard will not affect significantly the financial statements of the Group, apart from changing the scope of disclosures presented in financial statements.

- Clarifications to IFRS 15: *Revenue from Contracts with Customers*

Clarifications to IFRS 15 were published on 12 April 2016 and they are effective for annual periods beginning on or after 1 January 2018 (same effective date as the standard itself). The objective of the amendments to the standard is to clarify doubts during pre-implementation analysis regarding: identifying the performance obligation, application guidance in respect of principal versus agent considerations as well as revenue recognition on licences for intellectual property or finally the interim period after the first application of the new standard.

In the opinion of the Group, the application of the amended standard will not affect significantly the financial statements of the Group.

The IFRS, as approved by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments thereto which had not been approved by the EU as of the date of approving these financial statements.

- IFRS 9 *Financial Instruments* published on 24 July 2014,
- IFRS 14 *Regulatory Deferral Accounts* published on 30 January 2014,
- IFRS 15 *Revenue from Contracts with Customers* published on 28 May 2014 (as amended),
- IFRS 16 *Leases* published on 13 January 2016,
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* published on 11 September 2014,
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* published on 18 December 2014,
- Amendments IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* published on 19 January 2016,
- Amendments to IAS 7 *Disclosure Initiative* published on 29 January 2016,
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* published on 12 April 2016.

2.4.Presentation currency, transactions in foreign currencies and valuation of items denominated in foreign currencies

Functional currency and presentation currency

The Polish zloty is the functional currency of the parent entity as well as the presentation currency for these Interim Condensed Consolidated Financial Statements.

These Interim Condensed Consolidated Financial Statements are presented in Polish zloty (PLN). Unless indicated otherwise, all figures are stated in thousands of PLN.

Methods applied to the translation of data denominated in foreign currencies

The financial data in the financial statements of ACTION EUROPE GmbH and LAPADO Handelsgesellschaft GmbH presented in EUR have been translated in accordance with the following method:

– particular items of the Statement of Financial Position were converted at the average exchange rate published by the National Bank of Poland, in force as of the balance sheet date; as of 31 March 2016 this exchange rate stood at: EUR 1 = PLN 4.2684, as of 31 December 2015: EUR 1 = PLN 4.2615 and as of 31 March 2015: EUR 1 = PLN 4.089;

– individual items of the statements of comprehensive income and cash flows statements were converted at the exchange rate being the arithmetic mean of the average exchange rates published by the National Bank of Poland, in force on the last day of each month; for Q1 2016 this exchange rate stood at: EUR 1 = PLN 4.3559, for Q1 2014: EUR 1 = PLN 4.1489.

3. Major estimates and judgements

The preparation of the Consolidated Financial Statements requires the Management Board to make certain estimates as specific data included in the Financial Statements cannot be measured precisely. The Management Board verifies the estimates based on the changes in factors taken into consideration in order to make the said estimates, new data or past experience. Therefore, the estimates made as of 31 March 2016 may be subject to adjustments in the future.

Areas the estimates for which made as of the reporting date carry a risk of material adjustments of the carrying value of the assets and liabilities declared in the next or subsequent financial years are presented hereinbelow.

3.1. Use periods for tangible fixed assets and intangible assets

As of 31 March 2016 the companies from the Group estimated the use periods of property, plant and equipment and intangible assets. The analysis did not demonstrate the necessity to make any adjustments in this area.

3.2. Impairment of goodwill and other intangible assets in subsidiaries

As of 31 March 2016 the companies from the Group estimated whether there were any premises in place pointing to impairment of investments in the subsidiaries (goodwill and other intangible assets).

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

3.3. Taxes

Considering the complexity of the tax law and the inconsistency of tax interpretations, the Company assesses potential risks related thereto. Deferred tax assets and provisions are recognised with respect to those items which will require a tax payment in the short term, provided taxable income is generated at a level that allows these amounts to be settled.

As with many other entities from the IT sector, increased fiscal inspections and explanatory proceedings take place in ACTION S.A., particularly in the area of correctness of VAT settlements.

At present, there are ten inspections taking place in the Company concerning the reliability of declared tax bases and correctness of the calculation and payment of the goods and services tax and, in one case, corporate income tax. Four of the inspections are connected with the Company's VAT refund request due to the excess of input VAT over output VAT. The inspections cover selected months from the years 2008 - 2015.

One of the inspections concerning VAT for 2008 resulted in three decisions. Currently there are ongoing legal disputes in relation to the said decisions. The disputed amount is approx. PLN 7,000 thousand. Therefore, in the result for 2013 a provision for future VAT liabilities of PLN 3,500 thousand, reflecting the Management Board's estimates of the risks of the potential tax refund, was established. ACTION S.A. has paid the amounts resulting from the above-mentioned decisions of the Treasury Control Office in full. In the case of two inspections, the Company received reports to which it submitted major reservations which were partially taken into account by the Treasury Control Office. Other proceedings remain ongoing. At this stage their final result cannot be foreseen. The Company has always exercised the utmost diligence in concluding transactions, remained cautious in establishing cooperation and acted in good faith in accordance with the procedures adopted by the Company and the highest standards of cooperation. Therefore, in the opinion of the Management Board, the probability of an adverse result of the ongoing

inspections is low; therefore, at this stage there is no need to make an additional provision in connection therewith.

3.4. Employee benefits

The current value of retirement and disability benefits is established using the actuarial method. Valuation with the actuarial method requires adopting certain assumptions concerning discount rates, projected rises in salaries or projected increases in retirement benefits. Having regard to the complexity of the valuation, the assumptions adopted as well as the long-term nature, the liability on account of retirement and disability benefits are sensitive to changes of their underlying assumptions. All the assumptions are verified as of the balance-sheet day.

3.5. Recognition of the costs of products, goods and materials sold

As of each balance sheet date, the Group measures after sale discounts due from suppliers though not provided as of the balance sheet date. The estimates are based on the rules of awarding discounts agreed on with the suppliers and corroborated by agreements or other arrangements in amounts confirmed by suppliers.

3.6. Write-downs on receivables

The companies of the Group update the value of their receivables on an ongoing basis taking into account the probability of their payment by means of appropriate write-downs. Probability is estimated on the basis of the opinion of the Management Board about the recoverability of overdue receivables and an assessment of the threat of non-recoverability of overdue receivables.

4. Information about operating segments

Since 1 January 2010 the ACTION S.A. Capital Group has been obliged to present its results using the layout defined in IFRS 8 *Operating Segments*.

This standard defines the segment as a component of an entity:

- which engages in business activities that allow to make revenues and incur costs;
- whose operating results are regularly reviewed by a central body which is responsible for making decisions with regard to the entity's operations and which relies on these results while making decisions on allocating resources to the segment;
- for which separate financial information is available.

In accordance with the definitions included in IFRS 8, the activity of the Group is based on the distribution of IT products, including: ready solutions, consumer electronics and components and was presented in this Statement within one operating segment because:

- sales revenues and profits derived from this activity exceed the total of 93% of the revenues generated by the Capital Group;
- no separate financial information is prepared for individual sales channels, which is a result of the industry-specific pattern of collaboration with suppliers whose products are distributed through all the sales channels used;
- in relation to a lack of separate segments, i.e. a lack of separate financial reports for individual product groups, operating decisions are made on the basis of numerous detailed analyses and financial results from sale of all the products in all the distribution channels;
- the Management Board of ACTION S.A. - the main body responsible for making decisions with regard to the entity's operations, due to the specific nature of distribution in individual sales channels, making decisions to allocate resources on the basis of achieved and foreseeable results of the Capital Group as a whole, as well as planning returns on allocated resources and the analysis of the environment.

5.Revenues and expenses

5.1.Seasonal nature of sales

The Group records the highest sales in the fourth quarter of the financial year, i.e. between October and December. In other quarters sales remained at a similar level. This does not, however, mean significant seasonal or the cyclical nature of sales revenues.

5.2.Revenues from sales

The entire sales revenues are related to the sale of computer hardware, white goods, and IT accessories.

	For the period 1.01.2016 – 31.03.2016	For the period 1.01.2015 – 31.03.2015
Revenues from sales of products (services)	17,685	21,150
Revenues from sales of goods and materials	1,071,844	1,381,561
	1,089,529	1,402,711

5.3.Costs by type

	For the period 1.01.2016 – 31.03.2016	For the period 1.01.2015 – 31.03.2015
Depreciation and amortisation of fixed and intangible assets	3,645	2,522
Costs of employee benefits	20,877	18,396
Consumption of materials and energy	2,262	2,627
Outsourced services	22,220	20,863
Taxes and fees	825	890
Advertising expenses	12,957	8,725
Non-life insurance	412	373
Other costs by type	593	841
Costs of products, goods and materials sold, of which:	1,022,183	1,332,270
- write-down on inventories	-656	-27
Total costs of products, goods and materials sold, costs of sales and marketing as well as general and administrative expenses	1,085,974	1,387,507

5.4.Costs of employee benefits

	For the period 1.01.2016 – 31.03.2016	For the period 1.01.2015 – 31.03.2015
Payroll	17,506	15,444
Social security and other benefits	3,371	2,952
	20,877	18,396

5.5. Other operating revenues and profits

	For the period 1.01.2016 – 31.03.2016	For the period 1.01.2015 – 31.03.2015
Surplus of exchange rate gains	0	180
Revenues from measurement of financial instruments	0	0
Interest revenues	47	455
Revenues from overdue liabilities	33	212
Revenues from damages received	210	302
Revenues from provisions released	0	0
Revenues from donations received	127	290
Other revenues	427	262
Gain on disposal of non-financial non-current assets	144	0
	988	1,701

5.6. Other costs and losses

	For the period 1.01.2016 – 31.03.2016	For the period 1.01.2015 – 31.03.2015
Surplus of foreign exchange losses	21	0
Costs of damages paid	497	265
Costs relative to measurement of financial instruments	105	0
Costs of write-downs on receivables	1,525	248
Costs of write-offs of receivables	6	23
Costs of donations	2	5
Other costs	148	63
	2,304	604

5.7. Financial expenses

	For the period 1.01.2016 – 31.03.2016	For the period 1.01.2015 – 31.03.2015
Interest on loans and borrowings	717	562
Interest on leases	71	42
Interest and discount due to factoring	636	316
Bond interest	787	748
	2,211	1,668

5.8. Income tax

	For the period 1.01.2016 – 31.03.2016	For the period 1.01.2015 – 31.03.2015
Current tax	1,885	5,617
Deferred tax	-1,215	-2,491

670

3,126

Deferred tax

Values of the deferred income tax subject to off-setting:

	31.03.2016	31.12.2015
Deferred income tax assets:		
– deferred income tax assets falling due within 12 months	11,007	13,848
	11,007	13,848
Deferred income tax provisions:		
– deferred income tax provisions falling due within 12 months	17,333	20,421
	17,333	20,421
Deferred income tax assets	18	35
Deferred income tax provisions	6,344	6,608
Deferred income tax assets/provisions (on balance)	-6,326	-6,573

Changes in the deferred income tax (with the set-off of assets and provisions taken into account):

	31.03.2016	31.12.2015
At the beginning of the period	-6,573	-6,851
Credit to / charge on the financial result	1,215	1,503
Increase/decrease in equity	-968	-1,225
At the end of the period	-6,326	-6,573

5.9. Property, plant and equipment

During the period covered by the report the Group incurred capital expenditures of PLN 1,181 thousand.

5.10. Investment real property

Investment real property of a joint value of PLN 3,545 thousand comprises the rights of perpetual usufruct to land, ownership rights to buildings used so far for operating activities of PLN 2,807 thousand with notarial fees of PLN 24 thousand and outlays on initiated investments of PLN 714 thousand reclassified from property, plant and equipment.

Investment real property is valued at the purchase price less depreciation write-offs. The perpetual usufruct rights are not subject to depreciation. The net value of buildings which constituting investment real property is PLN 0.

As of the date of drawing up these Interim Condensed Financial Statements, there were no restrictions in place as to the use of investment real property by the Company, obtaining rent-related economic benefits or disposal of the aforesaid real property. Investment real property does not constitute security for liabilities due to loans, borrowings or transactions.

5.11. Inventories

	31.03.2016	31.12.2015	31.03.2015
Materials	0	0	0
Goods	579,727	463,213	454,696
Advances on deliveries	0	0	0
	579,727	463,213	454,696
Write-downs on inventories	-3,634	-2,978	-1,193
Inventories	576,093	460,235	453,503

Write-downs on inventories

	31.03.2016	31.12.2015	31.03.2015
Opening write-down on inventories	-2,978	-1,220	-1,220
Established (Costs of products, goods and materials sold)	-656	-1,758	0
Used	0	0	0
Released (Costs of products, goods and materials sold)	0	0	27
Closing write-down on inventories	-3,634	-2,978	-1,193

The write-down was created as a result of the revaluation of merchandise based on inventory ageing. Both as of 31 March 2016 and as of 31 December 2015 the Group did not have stock valued at the net selling price.

5.12. Write-downs on trade and other receivables

	31.03.2016	31.12.2015	31.03.2015
Opening write-downs on receivables	-15,265	-13,501	-13,501
Created	-1,525	-2,822	-248
Used	0	283	12
Released	0	775	0
Closing write-downs on receivables	-16,790	-15,265	-13,737

5.13.Loans, borrowings and other financing liabilities

	31.03.2016	31.12.2015	31.03.2015
Long-term			
Investment loan	20,647	23,534	32,184
Lease liabilities	9,365	9,971	1,732
Borrowings	0	0	1,000
Bond liabilities	100,000	100,000	100,000
	130,012	133,505	134,916
Current			
Overdraft and investment loan	154,009	108,897	104,506
Lease liabilities	3,414	3,953	2,067
Borrowings	1,000	1,000	0
Bond liabilities	752	1,573	713
	159,175	115,423	107,286
Total	289,187	248,928	242,202

Ageing structure of liabilities arising from loans, borrowings and other financing liabilities

	31.03.2016	31.12.2015	31.03.2015
Liabilities with the repayment period calculated from the balance sheet day			
Up to 1 year	159,175	115,423	107,286
Between 1 and 5 years	130,012	133,505	134,916
Over 5 years	0	0	0
Total	289,187	248,928	242,202

Lease liabilities

	31.03.2016	31.12.2015	31.03.2015
Nominal value of minimum lease charges			
Up to 1 year	3,634	4,202	2,158
Between 1 and 5 years	9,675	10,329	1,815
Over 5 years	0	0	0
Total finance lease liabilities – total minimum lease charges	13,309	14,531	3,973
Financial expenses due to finance lease	530	607	174

Current value of minimum lease charges

Up to 1 year	3,414	3,953	2,067
Between 1 and 5 years	9,365	9,971	1,732
Over 5 years	0	0	0
Total value of minimum lease charges	12,779	13,924	3,799

5.14.Hedge accounting

The Company hedges foreign exchange risk relating to the sales indexed at the EUR and USD exchange rate as denominated in EUR and USD using currency cash items, i.e. trade liabilities decreased by trade receivables and cash and increased/ decreased by the denomination of FX Forwards and FX Swaps for currency sales/ purchase. The Company indicates designated currency cash items as hedging instruments in the cash flow hedging model and recognises them in accordance with the hedge accounting principles. The tables below present the basic parameters of currency cash items designated for hedging instruments, including the periods when cash flows from cash flow hedging will occur and when they will influence the financial result as well as their fair value in Polish zloty as of 31 March 2016.

Hedging instruments – EUR

(amounts in PLN)

Type of instrument	Nominal value		Fair value*		Expected hedged position settlement period	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Trade liabilities	- 288,718,406	-154,663,152	- 288,718,406	-154,663,152	April/May 2016	April/May 2015
Trade receivables	161,787,045	80 962 554	161,787,045	80,962,554	April/May 2016	April/May 2015
Cash	40,665,465	438,647	40,665,465	438,647	April/May 2016	April/May 2015
FX Forward EUR	- 3,414,720	-	- 105	-	April/May 2016	April/May 2015
Loans	- 87,885,003	-667,235	- 87,885,003	-667,235	April/May 2016	April/May 2015
Finance lease	- 12,090,725	-2,846,187	- 12,090,725	-2,846,187	April/May 2016	April/May 2015
Total cash items	- 189,656,345	-76,775,374	- 186,241,730	-76,775,374		

Hedging instruments – USD

(amounts in PLN)

Type of instrument	Nominal value		Fair value*		Expected hedged position settlement period	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Trade liabilities	- 83,900,011	-11,996,436	- 83,900,011	-11,996,436	April/May 2016	April/May 2015

Trade receivables	44,150,168	18,934,509	44,150,168	18,934,509	April/May 2016	April/May 2015
Cash	3,416,745	-	3,416,745	-	April/May 2016	April/May 2015
FX Forward USD	897,536	-	-	-	April/May 2016	April/May 2015
Loans	- 19,900,753	-61,867,123	- 19,900,753	-61,867,123	April/May 2016	April/May 2015
Finance lease	-	-	-	-	April/May 2016	April/May 2015
Total cash items	- 55,336,316	-54,929,049	- 56,233,852	-54,929,049		

* For items other than FX Forward derivative transactions, the balance sheet value was given. According to the Company's opinion, the balance sheet value of these items does not significantly diverge from their fair value.

Change in the fair value of cash flow hedging charged on equity (amounts in PLN)

	3 months until 31 March 2016	3 months until 31 March 2015
Opening balance	2,055,180	-4,391,785
Effective part of profits/ losses on the hedging instrument	9,353,011	-1,730,598
Amounts recognised in the profit and loss account, of which:	4,260,299	-6,933,557
- adjustment of other revenues and profits / other costs and losses	4,260,299	-6,933,557
- adjustment due to ineffectiveness of hedging	-	-
Closing balance	7,147,892	811,174

6. Contingent assets and liabilities

As of 31 March 2016 the Group had contingent receivables due to repayment of receivables of PLN 19,400 thousand. Hedging liabilities under agreements signed as of the reporting date which were not reflected in the Interim Consolidated Condensed Financial Statements of the Group amounted to PLN 37,915 thousand as of 31 March 2016 and to PLN 27,662 thousand as of 31 December 2015.

	31.03.2016	31.12.2015	31.03.2015
1. Contingent receivables	9,400	9,400	10,430
1.1. From other entities (due to)	9,400	9,400	10,430
- guarantees and sureties received	9,400	9,400	10,430
2. Contingent liabilities	37,915	27,662	32,276
1.1. To other entities (due to)	37,915	27,662	32,276
- guarantees and sureties granted	18,023	8,216	6,949
- letters of credit	19,892	19,446	25,327
3. Other (due to)	0	0	0
Total off-balance sheet items	47,315	37,062	42,706

7.Events after the balance sheet date

On 10 February 2016 the National Court Register in Warsaw issued a decision on registering an increase of the share capital of ACTION S.A. Pursuant to this decision, a change of the amount and the structure of the Issuer's capital resulting from an issue in 347,000 ordinary bearer series C shares of the nominal value of PLN 0.10 each was entered in the Commercial Register.

Until then, the registered share capital of ACTION S.A. amounted to PLN 1,661,000 and was divided into 11,910,000 series A shares, 4,500,000 series B shares and 200,000 series C bearer shares, with a nominal value of PLN 0.10 each.

As a result of the above changes, the registered share capital of ACTION S.A. amounts to PLN 1,695,700 and is divided into 11,910,000 series A shares, 4,500,000 series B shares and 547,000 series C shares, with a nominal value of PLN 0.10 each. All these shares are ordinary bearer shares. The total number of votes carried by all the shares issued is 16,957,000.

On 31 March 2016 ACTION S.A. received Annex no. 4, signed by BGŻ BNP Paribas Factoring Sp. z o.o., dated 10 March 2016 to Factoring Contract no. 1455/06/2015 dated 9 July 2015 concluded between the Issuer and BGŻ BNP Paribas Factoring Sp. z o.o. based in Warsaw.

Under the above annex, the factoring limit of the Issuer was increased from the previous PLN 90,000 thousand to PLN 120,000 thousand.

The remaining significant provisions of the factoring contract, including the form of collateral, remained unchanged.

III.Other quarterly financial information

1.Description of the Issuer's significant achievements and failures in the period covered by the statements together with a list of the most important events relating thereto

	Q1 2016	Q1 2015
Net sales	1,089,529	1,402,711
Gross profit from sales	67,346	70,441
<i>gross margin</i>	6.2%	5.0%
EBIT	2,239	16,301
<i>EBIT margin</i>	0.2%	1.2%
Net profit	382	11,917
<i>net margin</i>	0.04%	0.80%

In Q1 2016 the Group posted sales revenue of PLN 1,089,529 thousand, down 22.3% compared to the sales in the same period of the previous year.

This result was influenced by a number of factors in a significantly changing business environment, including market maturity, no breakthrough/innovative products and the Group's activities aimed at boosting its margin.

The Group constantly keeps cost discipline and seek cost synergies between the companies. It also seeks to develop promising projects such as Digital Signage, consumer electronics/appliances, servers and storage, e-commerce, and strengthens its position in the European market.

The Group made a profit on sale of PLN 67,346 thousand and an operating profit of PLN 2,239 thousand. The net profit generated by the ACTION S.A. Group in Q1 2016 amounted to PLN 382 thousand. Despite difficult market conditions, strong competition and a pressure to lower prices, the Group's gross sales margin reached 6.2%.

2. Description of factors and events, especially non-typical factors and events, having a substantial impact on the financial result achieved

During the period covered by the report, the demand for goods sold by the companies from the ACTION Capital group decreased considerably, which affected the Group's performance to a significant degree according to the Management Board.

3. Issue, redemption and repayment of non-equity and equity securities

On 4 July 2014 ACTION S.A. issued 10,000 bearer, dematerialised, coupon, unsecured bonds series ACT01040717 with the nominal value of PLN 10,000 each and with the total nominal issue value of PLN 100,000,000.

The bonds were issued pursuant to Article 9 (3) of the Bonds Act (non-public issue) and under the Bonds Issue Programme of ACTION S.A.

The issue price of the Bonds was equivalent to their nominal value. The bonds will be redeemed on 4 July 2017 at their nominal value. The Bonds bear interest according to the variable interest rate based on WIBOR 3M 6, increased by a fixed margin. Interest is payable semi-annually.

The bonds of the ACT01040717 series were introduced to trading at the CATALYST market operated as an alternative trading system by BondSpot S.A. The first trading date was 9 September 2014.

4. Information about the dividend paid/declared

The Management Board of ACTION S.A. recommended to pay dividend from the net profit for 2015. The expected dividend per share - PLN 1. The remaining part of the net profit will be used to increase the legal reserve. Detailed proposals regarding the division of profits for 2015 will be given by the Management Board in a separate motion directed to the General Meeting, after receiving approval of the Supervisory Board. The General Meeting is planned to be held on around 20 June 2016.

5. Statement of the Management Board of the Company on the probability of meeting the previously published forecasts for the given year in the light of the results presented in the quarterly statements in relation to the forecasts

The Company's Management Board did not make a decision on publishing forecasts for 2016.

6. Effects of changes in the structure of the Group

No changes occurred in the structure of the Group during the period covered by these statements.

7. Shareholders holding, directly or indirectly through their subsidiaries, at least 5% of total votes at the Company's general meeting as of the date of submitting the Quarterly Statements, including the number of shares held by such entities, their percentage share in the share capital, the number of votes conferred by those shares and their percentage share in the total votes at the general meeting and specification of changes in the ownership structure of the Company

According to the information held by the Company, the shareholders holding at least 5% of the total number of votes at the AGM as of the date of issue of the previous statements for 2015, i.e. 21 March 2016, were:

Natural or legal person	Number of shares held	Percentage share in the capital of ACTION S.A.	Number of votes	Percentage share in the number of votes
Piotr Bieliński	3,811,749	22.48%	3,811,749	22.48%
Aleksandra Matyka*	3,093,457	18.24%	3,093,457	18.24%
GENERALI OFE**	1,793,022	10.57%	1,793,022	10.57%
Wojciech Wietrzykowski***	1,199,390	7.07%	1,199,390	7.07%
Other	7,059,382	41.64%	7,059,382	41.64%

* As of 25.05.2015

* As of 21.08.2014

* As of 27.11.2015

After the balance-sheet date, i.e. 31.12.2015, a change in the share capital took place. The registration of the capital increase in connection with the issue of 347,000 series C shares in the National Court Register took place on 10 February 2016.

The shareholding structure above 5% share in the share capital as of the day of preparing the statements for Q1 2016 had not changed and is as follows:

Natural or legal person	Number of shares held	Percentage share in the capital of ACTION S.A.	Number of votes	Percentage share in the number of votes
Piotr Bieliński	3,811,749	22.48%	3,811,749	22.48%
Aleksandra Matyka*	3,093,457	18.24%	3,093,457	18.24%
GENERALI OFE**	1,793,022	10.57%	1,793,022	10.57%
Wojciech Wietrzykowski***	1,199,390	7.07%	1,199,390	7.07%
Other	7,059,382	41.64%	7,059,382	41.64%

* As of 25.05.2015

* As of 21.08.2014

* As of 27.11.2015

8. List of changes in the 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 statements for 2015, i.e. 21 March 2016, the persons managing and supervising ACTION S.A. held the following number of shares:

First and last name	Position in the management of ACTION S.A.	Number of shares of ACTION S.A.
Piotr Bieliński	President of the Managing Board	3,811,749
Edward Wojtysiak	Vice-President of the Management Board	0
Sławomir Harazin	Vice-President of the Management Board	15,017
Iwona Bocianowska	Chairperson of the Supervisory Board	0
Piotr Chajderowski	Member of the Supervisory Board	0
Marek Jakubowski	Member of the Supervisory Board	0
Piotr Kosmala	Member of the Supervisory Board	0
Karol Orzechowski	Member of the Supervisory Board	0
Wojciech Wietrzykowski	Commercial Representative	1,199,390
Andrzej Biały	Commercial Representative	500

According to the information available to the Company, the above data did not change as of the date of submitting these Statements for Q1 2016, i.e. on 16 May 2016, and is as follows:

First and last name	Position in the management of ACTION S.A.	Number of shares of ACTION S.A.
Piotr Bieliński	President of the Managing Board	3,811,749
Edward Wojtysiak	Vice-President of the Management Board	0
Sławomir Harazin	Vice-President of the Management Board	15,017
Iwona Bocianowska	Chairperson of the Supervisory Board	0
Piotr Chajderowski	Member of the Supervisory Board	0
Marek Jakubowski	Member of the Supervisory Board	0
Piotr Kosmala	Member of the Supervisory Board	0
Karol Orzechowski	Member of the Supervisory Board	0

Wojciech Wietrzykowski	Commercial Representative	1,199,390
Andrzej Biały	Commercial Representative	500

9. Identification of material proceedings pending before a court, competent arbitration authority or public administration authority

In the reporting period, against the Company or its subsidiaries no proceedings were commenced, pending or concluded in any courts, competent arbitration authorities or public administration authorities concerning liabilities or receivables of the Company or its subsidiaries, whose value, determined for each proceedings separately and for all of them jointly, would represent at least 10% of the Company's equity.

10. Information on the conclusion by the Company or its subsidiary of one or more transactions with related parties, if they are material (individually or jointly) and if they were concluded on other than market terms, with an indication of their value

In the reporting period the Group did not enter into any unusual transactions with related parties.

11. Information on granting by the Company or its subsidiary of sureties for loans or borrowings or guarantees – jointly to a single entity or its subsidiary, if the total amount of the existing sureties or guarantees is equivalent to at least 10% of the Company's equity

Hedging liabilities (guarantees, sureties and letter of credit) with respect to third parties, arising from contracts signed as of 31 March 2016, amounted to PLN 37,915 thousand. The share of guarantees and sureties in the Company's equity exceeded 10%. A detailed description of the granted guarantees and sureties has been provided in Note 6 to the *Interim Condensed Consolidated Financial Statements*.

12. Other information relevant to the evaluation of the Group's HR, property and financial situation, its financial result and ability to meet liabilities

In Q1 2016, under the annexe to the contract with BGŻ BNP Paribas, the Company increased its factoring limit of non-recourse factoring to PLN 120 million.

13. Factors having an impact on the results of the Group during the remainder of 2016

Factors that might have a material impact on the results of the Group during the remainder of the year include:

- further changes of the demand for goods sold by the entities of the Group,
- the amount of new and innovative devices sold by producers,
- changes on the distribution market in Poland,
- the policy of receivables insurers.

14. Transactions with related parties

All transactions with subsidiaries were eliminated in the process of consolidation.

ACTION S.A. has personal ties with the entities listed below: ACTION CT WANTUŁA Sp. j., ACTIVE TRAVEL Sp. z o.o., ACTIVE SOLUTIONS Sp. o.o., YAMO Sp. z o.o., GINODO UG (Germany) and TYTANID Sp. z o.o., which do not give the Company control or any significant influence.

14.1. Transactions concluded between the Group's companies and related parties not subject to consolidation.

The following tables present the amounts of mutual settlements and transactions concluded between the companies of the Group and non-consolidated related companies.

Data as of 31 March 2016 and for the period from 01.01.2016 to 31.03.2016

	Receivables	Liabilities	Revenues from sales	Purchases and costs
ACTION CT WANTUŁA Sp. j.*	125	0	0	0
ACTIVE TRAVEL Sp. z o.o.**	0	22	0	360
A.PL INTERNET S.A.***	0	0	0	0
ACTIVE SOLUTIONS Sp. o.o.****	0	15	0	153
YAMO Sp. z o.o.*****	6,294	526	3,473	2,302
GINODO UG*****	1,683	1	319	0
ACTION ENERGY Sp. z o.o.*****	503	0	208	133
TYTANID Sp. z o.o.*****	0	0	0	0
Total	8,605	564	4,000	2,948

*** Gross value of receivables is PLN 815 thousand, of which 104 thousand of receivables were due to a borrowing. The write-down is PLN 815 thousand.

Data as of 31 March 2015 and for the period from 01.01.2016 to 31.03.2016

	Receivables	Liabilities	Revenues from sales	Purchases and costs
ACTION CT WANTUŁA Sp. j.*	125	0	0	0
ACTIVE TRAVEL Sp. z o.o.**	86	0	7	338
A.PL INTERNET S.A.***	0	0	0	0
ACTIVE SOLUTIONS Sp. o.o.****	0	11	1	277
YAMO Sp. z o.o.*****	10,574	2,043	7,641	3,686
GINODO UG*****	1,339	1	922	492
ACTION ENERGY Sp. z o.o.*****	26	8	50	18
TYTANID Sp. z o.o.*****	0	0	0	0
Total	12,150	2,063	8,621	4,811

* ACTION CT WANTUŁA Sp. j. with its registered office in Poznań

** ACTIVE TRAVEL Sp. z o.o. with its registered office in Michałów Grabina

*** A.PL INTERNET S.A. with its registered office in Warsaw

**** ACTIVE SOLUTIONS Sp. o.o. with its registered office in Warsaw

**** YAMO Sp. z o.o. with its registered office in Piaseczno

***** GINODO UG with its registered office in Berlin

***** ACTION ENERGY Sp. z o.o. with its registered office in Kraków was excluded from consolidation with effect from 1 January 2015 due to the loss of significant influence.

***** TYTANID Sp. z o.o. with its registered office in Zamienie – did not start operating until the date of the approval of the statement.

14.2. Transactions with consolidated associates.

Data as of 31 March 2016 and for the period from 01.01.2016 to 31.03.2016

	Receivables	Liabilities	Revenues from sales	Purchases and costs
ACTION CENTRUM EDUKACYJNE Sp. z o.o.	3	12	140	151
SYSTEMS Sp. z o.o.	0	0	0	0
Total	3	12	140	151

Data as of 31 March 2015 and for the period from 01.01.2016 to 31.03.2016

	Receivables	Liabilities	Revenues from sales	Purchases and costs
ACTION CENTRUM EDUKACYJNE Sp. z o.o.	12	24	15	502
SYSTEMS Sp. z o.o.	0	0	0	0
Total	12	24	15	502

IV. Statement of the Management Board concerning the accuracy of the Interim Condensed Financial Statements

The Interim Condensed Financial Statements of ACTION S.A. for the quarter ending 31 March 2016 comprise: the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and selected notes.

Pursuant to the requirements of the Ordinance of the Minister of Finance of 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state, and the Ordinance of the Minister of Finance of 3 April 2012 amending the Ordinance on current and interim information to be submitted by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws 13 April 2012), the Management Board of ACTION S.A. hereby represents that:

- to the best of their knowledge, the quarterly condensed financial statements and comparative data have prepared in compliance with accounting policies in force and that they give a true and fair view of the Company's state of affairs, property, financial position and financial result.

In the period covered by the Financial Statement, the Company maintained its books in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU, published and in force as of the balance-sheet day, and with respect to matters not regulated by the IFRS, in accordance with the Polish Accounting Act of 29 September 1994.

Piotr Bieliński
President of the Managing Board

Sławomir Harazin
Vice-President of the Management
Board

Edward Wojtysiak
Vice-President of the Management
Board

Warsaw, 16 May 2016

V. Interim Condensed Financial Statements of ACTION S.A. for the period from 1 January 2016 to 31 March 2016

Selected financial data of ACTION S.A.

SELECTED SEPARATE FINANCIAL DATA	in thousand PLN		in thousand EUR	
	Q1	Q1	Q1	Q1
	period 01.01.2016- 31.03.2016	period 01.01.2015- 31.03.2015	period 01.01.2016- 31.03.2016	period 01.01.2015- 31.03.2015
I. Net revenues from sales of products, goods and materials	929,497	1,259,648	213,388	303,610
II. Gross profit/loss on sale	47,618	52,713	10,932	12,705
III. Profit/loss from operating activities	6,878	17,085	1,579	4,118
IV. Net profit/loss attributed to the Company's shareholders	4,122	12,637	946	3,046
V. Net cash flows from operating activities	-730	42,147	-168	10,159
VI. Net cash flows from investment activities	-1,152	1,154	-264	278
VII. Net cash flows from investment activities	30,235	-83,670	6,941	-20,167
VIII. Net increases (decreases) in cash	28,353	-40,369	6,509	-9,730
IX. Profit per ordinary share* (in PLN/EUR)	0.24	0.76	0.06	0.18
	As of 31.03.2016	As of 31.12.2015	As of 31.03.2016	As of 31.12.2015
X. Total assets	1,221,957	1,297,742	286,280	304,527
XI. Liabilities	842,387	926,410	197,354	217,391
XII. Non-current liabilities	135,673	139,338	31,785	32,697
XIII. Current liabilities	706,714	787,072	165,569	184,694
XIV. Equity attributed to the Company's shareholders	379,570	371,332	88,926	87,136
XV. Share capital	1,696	1,661	397	390
XVI. Number of shares**	16,957,000	16,610,000	16,957,000	16,610,000
XVII. Book value per share*** (in PLN/EUR)	22.38	22.36	5.24	5.25

* Profit per ordinary share was calculated as the quotient of net profit and the number of shares.

** The number of shares takes into account the change in the nominal value of series A shares from PLN 1 to PLN 0.10 at the same time dividing 1 share of PLN 1 into 10 shares of a nominal value of PLN 0.10. The change was performed on 11 April 2006 by way of resolution of the Extraordinary General Meeting of Shareholders.

*** The book value per share was calculated as the quotient of own Equity and the Number of shares.

PLN/EUR exchange rates

Period	Average exchange rate during the period	Minimum exchange rate during the period	Maximum exchange rate during the period	Exchange rate as of the last day of the period
01.01.2016 - 31.03.2016	4.3559	4.2684	4.4405	4.2684
01.01.2015 - 31.12.2015	4.1848	4.0337	4.2386	4.2615
01.01.2015 - 31.03.2015	4.1489	4.0890	4.2081	4.0890

Selected financial data presented in the Financial Statements was converted into EUR in the following manner:

- items concerning the statement of comprehensive income and the cash flow statement were converted at an exchange rate being the arithmetic mean of the average exchange rates published by the National Bank of Poland, in force on the last day of each month. For Q1 2016 this exchange rate stood at: EUR 1 = PLN 4.3559, for Q1 2015: EUR 1 = PLN 4.1489;

- items of the statement of financial position were converted at the average exchange rate published by the National Bank of Poland, in force as of the balance-sheet date; as of 31 March 2016 this exchange rate stood at: EUR 1 = PLN 4.2684, as of 31 December 2015: EUR 1 = PLN 4.2615 and as of 31 March 2015: EUR 1 = PLN 4.0890.

Statement of comprehensive income

All revenues and costs relate to continuing activities.

	Q1 period 01.01.2016 31.03.2016	Q1 period 01.01.2015- 31.03.2015
Revenues from sales	929,497	1,259,648
Costs of products, goods and materials sold	-881,879	-1,206,935
Gross profit from sales	47,618	52,713
Costs of sales and marketing	-34,597	-29,605
General and administrative expenses	-6,015	-6,795
Other operating revenues and profits	523	1,179
Other costs and losses	-651	-407
Profit/loss from operating activities	6,878	17,085
Financial expenses	-2,098	-1,577
Profit/loss before tax	4,780	15,508
Income tax	-658	-2,871
Net profit/loss for the financial period	4,122	12,637
Other components of comprehensive income		
Net change due to cash flow hedging	5,094	5,202,
Income tax	-968	-988,
Other components of net comprehensive income	4,126	4,214
Comprehensive income for the period	8,248	16,851
Profit attributed to the Company's shareholders per ordinary share (in PLN per share)		
Basic	0.24	0.76
Diluted	0.24	0.75
Number of shares	16,957,000	16,610,000
Diluted number of shares	16,957,000	16,957,000

Piotr Bieliński
 President of the Managing Board

Sławomir Harazin
 Vice-President of the Management Board

Edward Wojtysiak
 Vice-President of the Management Board

Warsaw, 16 May 2016

Statement of Financial Position

	31.03.2016	31.12.2015	31.03.2015
ASSETS			
Non-current Assets			
Property, plant and equipment	174,236	177,170	171,699
Goodwill	0	0	0
Other intangible assets	10,260	10,666	4,065
Investment real property	6,673	6,673	6,673
Financial assets	41,448	41,448	40,699
Other financial assets	8,622	8,623	0
Deferred income tax assets	0	0	0
Trade and other receivables	0	0	0
	241,239	244,580	223,136
Current assets			
Inventories	490,551	383,286	380,958
Trade and other receivables	419,418	619,504	470,483
Current income tax receivables	87	8,980	0
Derivative financial instruments	0	14	0
Other financial assets	17,245	16,314	9,998
Cash and cash equivalents	53,417	25,064	62,634
Total assets	980,718	1,053,162	924,073
	1,221,957	1,297,742	1,147,209
EQUITY			
Share capital	1,696	1,661	1,661
Share premium surplus	62,231	58,112	58,112
Other reserve capitals	30,000	34,164	30,000
Retained earnings	279,853	275,731	280,890
Other components of equity	5,790	1,664	657
Total equity	379,570	371,332	371,320
LIABILITIES			
Non-current liabilities			
Loans, borrowings and other financing liabilities	129,547	133,011	133,333
Deferred income tax provisions	6,126	6,327	5,306
	135,673	139,338	138,639
Current liabilities			
Trade and other liabilities	578,988	695,251	556,535
Loans, borrowings and other financing liabilities	126,278	90,464	78,009
Current income tax liabilities	0	0	1,795
Employee benefits	1,357	1,357	911
Derivative financial instruments	91	0	0
Provisions for other liabilities and charges	0	0	0
	706,714	787,072	637,250
Total liabilities	842,387	926,410	775,889
Total liabilities and equity	1,221,957	1,297,742	1,147,209

Piotr Bieliński
President of the Managing Board

Sławomir Harazin
Vice-President of the Management Board

Edward Wojtysiak
Vice-President of the Management Board

Warsaw, 16 May 2016

Statement of Changes in Equity

	Equity attributed to the Company's shareholders					Total equity
	Share capital	Share premium surplus	Retained earnings	Other reserve capitals	Capital from cash flow hedge valuation	
As of 1 January 2016	1,661	58,112	275,731	34,164	1,664	371,332
Total comprehensive income			4,122		4,126	8,248
Dividends paid						
Other	35	4,119		-4,164	0	-10
As of 31 March 2016	1,696	62,231	279,853	30,000	5,790	379,570
As of 1 January 2015	1,661	58,112	268,253	30,000	-3,557	354,469
Total comprehensive income			24,088		5,221	29,309
Dividends paid			-16,610			-16,610
Other				4,164		4,164
As of 31 December 2015	1,661	58,112	275,731	34,164	1,664	371,332
As of 1 January 2015	1,661	58,112	268,253	30,000	-3,557	354,469
Total comprehensive income			12,637		4,214	16,851
Dividends paid						0
Other						0
As of 31 March 2015	1,661	58,112	280,890	30,000	657	371,320

Piotr Bieliński
President of the Managing Board

Sławomir Harazin
Vice-President of the Management Board

Edward Wojtysiak
Vice-President of the Management Board

Warsaw, 16 May 2016

Cash flow statement

	First quarters period 01.01.2016- 31.03.2016	First quarters period 01.01.2015- 31.03.2015
Cash flows from operating activities		
Net profit/loss for the financial period	4,122	12,637
Adjustments for:	-4,852	29,510
Income tax	658	2,871
Income tax paid	-3,355	-6,890
Depreciation and amortisation of fixed and intangible assets	3,171	2,165
Profit/loss from investment activity	91	-97
Interest revenues	-218	-535
Interest expenses	2,098	1,577
Other	5,094	5,202
<i>Changes in working capital:</i>		
Inventories	-107,265	101,187
Trade and other receivables	210,507	105,209
Trade and other liabilities	-115,633	-181,179
Net cash flows from operating activities	-730	42,147
Cash flows from investment activities		
Acquisition of tangible fixed and intangible assets	-250	-3,500
Acquisition of investment real property		0
Inflows from the sale of property, plant and equipment and intangible assets	161	0
Other investment inflows/outflows	-1,063	4,654
Net cash flows from investment activities	-1,152	1,154
Cash flows from financing activities		
Redemption of debt securities	0	0
Issuance of debt securities	0	0
Loans and borrowings received	34,227	0
Repayment of loans and borrowings	0	-80,269
Dividends paid	0	0
Interest paid	-2,938	-2,891
Payments of liabilities under finance lease agreements	-1,054	-510
Other financial inflows/outflows	0	0
Net cash flows from financing activities	30,235	-83,670
Net increases/decreases of cash	28,353	-40,369
Opening balance of cash	25,064	103,003
Foreign exchange profit/loss on valuation of cash	0	0
Closing balance of cash	53,417	62,634

Piotr Bieliński
President of the Managing Board

Sławomir Harazin
Vice-President of the Management
Board

Edward Wojtysiak
Vice-President of the Management
Board

Warsaw, 16 May 2016

Additional Information

1. Material estimates

Deferred income tax assets and provisions recognised in the Statement of Financial Position were disclosed after being offset. Set-off was performed due to the homogeneity of these components and the method of their settlement.

Values of the deferred income tax subject to off-setting:

	31.03.2016	31.12.2015
Deferred income tax assets:		
– deferred income tax assets falling due within 12 months	9,402	11,965
	9,402	11,965
Deferred income tax provisions:		
– deferred income tax provisions falling due within 12 months	15,528	18,292
	15,528	18,292
Deferred income tax assets	0	0
Deferred income tax provisions	-6,126	-6,327
Deferred income tax assets/provisions (on balance)	-6,126	-6,327

Changes in the deferred income tax (with the set-off of assets and provisions taken into account) look as follows:

	31.03.2016	31.12.2015
At the beginning of the period	-6,327	-6,871
Credit to/charge on the financial result	1,169	1,769
Increase/decrease of equity	-968	-1,225
At the end of the period	-6,126	-6,327

2. Write-downs on assets

2.1 Write-downs on long-term financial assets

	31.03.2016	31.12.2015	31.03.2015
Opening write-down on long-term financial assets	-2,392	-2,392	-2,392
Created	0	0	0
Used	0	0	0
Released	0	0	0
Closing write-down on long-term financial assets	-2,392	-2,392	-2,392

2.2 Write-downs on short-term financial assets

	31.03.2016	31.12.2015	31.03.2015
Opening write-down on short-term financial assets	-104	-104	-104
Created	0	0	0
Used	0	0	0
Released	0	0	0
Closing write-down on short-term financial assets	-104	-104	-104

2.3 Write-downs on inventories

	31.03.2016	31.12.2015	31.03.2015
Opening write-down on inventories	-2,781	-1,138	-1,138
Established (Costs of products, goods and materials sold)	-598	-1,643	0
Used	0	0	0
Released (Costs of products, goods and materials sold)	0	0	0
Closing write-down on inventories	-3,379	-2,781	-1,138

Both as of 31 March 2016 and as of 31 December 2015 the Company did not have stock valued at the net selling price.

2.4 Write-downs on trade and other receivables

	31.03.2016	31.12.2015	31.03.2015
Opening write-down on receivables	-12,193	-11,692	-11,692
Created	-4	-848	-60
Used	0	284	12
Released	0	63	0
Closing write-down on receivables	-12,197	-12,193	-11,740

3. Contingent assets and liabilities

As of 31 March 2016 the Company had contingent receivables due to repayment of receivables of 9,400 thousand PLN. Hedging liabilities under agreements signed as of the reporting date which were not reflected in the Interim Condensed Financial Statements of the Group amounted to PLN 97,139 thousand as of 31 March 2016 and to PLN 74,943 thousand as of 31 December 2015.

	31.03.2016	31.12.2015	31.03.2015
1. Contingent receivables	9,400	9,400	10,430
1.1. From related parties (due to)	0	0	0
- guarantees and sureties received	0	0	0
1.2. From other entities (due to)	9,400	9,400	10,430
- guarantees and sureties received	9,400	9,400	10,430
2. Contingent liabilities	97,139	74,943	87,529
1.1. To related parties (due to)	59,224	47,281	55,253
- guarantees and sureties granted	59,224	47,281	55,253
1.2. To other entities (due to)	37,915	27,662	32,276
- guarantees and sureties granted	18,023	8,216	6,949
- letters of credit	19,892	19,446	25,327
3. Other (due to)	0	0	0
Total off-balance sheet items	106,539	84,343	97,959

Guarantees and sureties granted

As of 31 March 2016 the value of guarantees and sureties granted amounted to PLN 97,139 thousand, of which:

towards other entities

Bank guarantees for a total amount of (USD 132 thousand) PLN 497 thousand,
 Bank guarantees for a total amount of (EUR 3,071 thousand) PLN 13,111 thousand,
 Bank guarantees for a total amount of PLN 3,000 thousand,
 Performance bonds for the total amount of PLN 1,195 thousand,
 Guarantees of repayment of custom and tax liabilities of PLN 220 thousand,
 Letters of credit due to supplies of goods in the total amount of PLN 19,892 thousand.

towards related parties

Bank guarantees for a total amount of (EUR 12,375 thousand) PLN 52,821 thousand
 Bank guarantee for a total amount of (EUR 1,500 thousand) PLN 6,403 thousand

This Interim Condensed Consolidated Financial Statements were approved by the Management Board of ACTION S.A. on 16 May 2016.

Piotr Bieliński
 President of the Managing Board

Sławomir Harazin
 Vice-President of the Management Board

Edward Wojtysiak
 Vice-President of the Management Board

Warsaw, 16 May 2016