Appendix No. 1 to Minutes No. 3/2014 of the ACTION S.A. Supervisory Board's meeting of 25.04.2014

Report of the Supervisory Board
ACTION S.A.
on the results of the assessment of the Management Report, the Company's financial statements, the Management Board's motion regarding the distribution of profit and the evaluation of the Company's standing for FY 2013.

The Supervisory Board of ACTION S.A. with its registered office in Warsaw performed:
- an assessment of the Management Report for the financial year 2013 and the Company's financial statements for the financial year 2013 as regards their correspondence to the books and documents, as well as to the facts, and the Management Board's motion regarding the distribution of the Company's profit for FY 2013, pursuant to Article 382 § 3 of the Code of Commercial Companies;
- a concise assessment of the Company's standing, and hereby submits the report from that assessment.

I. MANAGEMENT REPORT

In its Management Report for FY 2013, the Management Board included:

Basic financials and the description of the development perspectives in the coming financial year, providing the following information:

Sales income in 2013: PLN 4,626,825 thousand
Operating profit in 2013: PLN 83,389 thousand
Net profit in 2013: PLN 62,768 thousand

The Management Board pointed out that in FY 2013 the Company recorded an increase of several dozen percent in each of the above-mentioned items, including: sales income increased compared to 2012 by 32.4%, operating profit by 23.8% and net profit by 30.6%.
The above figures indicate a continuation of the growing sales trend in 2013, which occurred at the time of a noticeable economic downturn and the continued unstable economic and budget situation in most Eurozone countries.

The Company's Management Board indicated a marked increase in sales and in the Company's net profitability in 2013, and emphasised that preliminary estimates for growth perspectives in 2014 allow for the assumption that the growing sales trend will continue, with net profitability remaining at a stable level. The following internal actions of the Company are the main reasons confirming this assumption:
a) expansion of the sales offer owing to entering into new distribution agreements, including, in particular, with Sony, HTC, Fujitsu, HGST, Lenovo and Huawei,
b) foreign expansion: the absorption of the German company Devil GmbH into the Group's structure,
b) maintaining a wide base of customers representing all sales channels,
c) planned growth of business with high-volume customers,
d) continued expansion of export and intra-Community supplies,
e) improving the high performance of warehousing through investments in increased storage capacities and logistics processes,
f) closely monitoring the costs in the Company and in the Group,
g) constant monitoring and active management of working capital,
h) continued optimisation of the results of ACTION S.A. Group member companies through the improved use of their competences.

According to the Management Board, the most significant external factors will include:
a) economic situation in Poland and around the world,
b) budget situation in Poland and in Europe, especially activities aimed at reducing the public finance deficit,
c) macroeconomic and political situation in the world,
d) continued high demand for mobile IT devices.

In its Report, the Management Board also presented:
- material risk factors related to the Company's operations,
- risk factors related to the Company's business environment,
- rules of corporate governance,
- information on significant pending proceedings in which the Company participates,
- information on basic groups of goods offered by the Company and their share in total sales,
- information on sales markets,
- information on the concluded agreements that are significant for the Company's operations,
- information on capital relations and specification of major capital investments,
- description of major transactions with related parties other than those concluded on an arm's length basis,
- information on the raised loans, borrowing agreements, and on guarantees and sureties given for the Company,
- information on granted borrowings, guarantees and sureties,
- description of the use of issue proceeds,
- information on the acquisition of equity shares,
- information concerning the explanation of the differences between the forecasts and the values declared in the annual report,
- evaluation of the financial resources management, including the following data:

- **Liquidity ratios**	**31/12/2013**	**31/12/2012**
Current ratio (current assets / current liabilities)	1.18	1.18
Quick ratio (liquid current assets / current liabilities)	0.77	0.71
Cash ratio (short-term investments / current liabilities)	4.10%	0.16%

The Management Board pointed out that the liquidity ratios presented by the Company have for many years remained on levels that are typical for the top distribution-oriented companies operating in the trade sector. The parameters of liquidity ratios in 2013 continue to confirm the stable liquidity position. It should be noted that the quick liquidity ratio increased significantly.

Level and structure of working capital	**Increase**	**31/12/2013**	**31/12/2012**
1. Current assets	23.64%	934,892	756,116
2. Cash and securities	3110.59%	32,427	1,010
3. Adjusted current assets (1-2)	19.52%	902,465	755,106
4. Current liabilities	23.64%	790,107	639,022
5. Short-term loans	-39.49%	66,021	109,104
6. Adjusted current liabilities (4-5)	36.64%	724,086	529,918
7. Working capital (1-4)	23.65%	144,785	117,094
8. Demand for current assets (3-6)	-20.79%	178,379	225,188
9. Net cash (7-8)	68.92%	-33,594	-108,094
10. Equity share in financing the current assets (7 : 1) in %	0.00%	15%	15%

The Management Board emphasised that despite a very dynamic increase in sales revenues (32.4%), the increase in the value of current assets was considerably lower and amounted to 23.6%. Current liabilities grew at the same rate as current assets and the share of non-interest bearing liabilities in financing current assets increased to 77%. Bank loans continued to decrease. Compared to the end of 2012, they decreased by more than 39% and accounted for only 7% of the sources of financing for current assets, and following adjustment for cash held, amounted to 3.6%.
The Management Board indicated that the figures presented confirm the Company's very safe financial situation, its high potential for growth and the effectiveness of the Management Board's actions to further improve the Company's financial situation.

In the management report, the Management Board presented the following debt ratios:

Debt ratios	31/12/2013	31/12/2012
Overall debt ratio	72.23%	70.80%
Equity to assets ratio	27.77%	29.20%

The Management Board explained that the analysis of the debt structure confirms a very high share of own funds in the financing of assets. The Company's financial position is very good and stable. The slight increase in overall debt is due to the increase in the value of trade liabilities in the structure of equity and liabilities.

In addition, the Management Board presented the following in its report:
- assessment of the possibility of fulfilling investment plans,
- assessment of factors and unusual events influencing the business result,
- description of the external and internal factors significant for the Company's growth,
- changes in the basic principles of the Company management,
- agreements concluded between the Company and its managers,
- information on the value of remunerations, awards or benefits for the Company's managerial or supervisory staff,
- information on the nominal value and the total number of the Company's shares,
- information on agreements which may influence the current shareholding structure,
- information on the system for controlling employee share programmes,
- information concerning the entity authorised to audit financial statements,
- the forecast development of the Company and its financial standing.

The appendix to the Management Report contains the statement on the application of corporate governance rules, which includes the elements specified in §91 section 5 item 4) of the Ordinance of the Minister of Finance of 19.02.2009 (complete text, J.L. of 2014, item 133) on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state, §29 of the Regulations of Giełda Papierów Wartościowych w Warszawie S.A. and Resolution No. 12/1170/2007 of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. of 4 July 2007 on the adoption of the "Code of Best Practice for WSE Listed Companies" (as amended).

The **Supervisory Board** declares that the foregoing data and factual circumstances included in the Management Report and audited by the Supervisory Board are true, comply with the Company's documents and are confirmed by the opinion of an independent statutory auditor, BDO Sp. z o.o.

II. FINANCIAL STATEMENTS

The Company prepared its financial statements for the financial year 2013 in accordance with the International Financial Reporting Standards (“IFRS”) approved by the EU, issued and binding as at the balance sheet date, and in matters not regulated by these Standards, in accordance with the Accounting Act of 29 September 1994.
The Annual Financial Statements of ACTION S.A. for the period ending 31 December 2013 comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and Notes containing the description of key accounting principles and selected explanatory notes.
The Company has kept its accounting books in accordance with IFRS since 01.01.2010.

According to the data included in the Company's financial statements for the period from 01.01.2013 to 31.12.2013:
- statement of financial position as of 31.12.2013, with total assets, equity and liabilities of PLN 1,103,136 thousand;
- statement of comprehensive income for the period from 01.01.2013 to 31.12.2013, with net profit amounting to PLN 62,768 thousand and comprehensive income amounting to PLN 63,071 thousand;
- statement of changes in equity for the period from 01.01.2013 to 31.12.2013, showing an increase in equity by PLN 40,844 thousand;
- cash flow statement for the period from 01.01.2013 to 31.12.2013, showing an increase in net cash by PLN 31,416 thousand.

The **Supervisory Board declares** that the presented values are consistent with the Company's documents and facts, and are confirmed by the opinion of an independent statutory auditor, BDO Sp. z o.o.

III. MANAGEMENT BOARD'S REQUESTS REGARDING THE PROFIT

The Company's Management Board requested that the profit for FY 2013 amounting to PLN 62,767,647.73 be allocated as follows:

1. PLN 16,610,000, i.e. PLN 1 per share, shall be allocated to the payment of the dividend for the Company's Shareholders;
2. PLN 46,157,647.73 shall be allocated to supplementary capital;
3. If the series D shares of the Company issued under Resolution No. 5 of the Extraordinary General Meeting of Shareholders of ACTION S.A. of 16 April 2014 participate in the dividend for the financial year 2013, then, pursuant to the provisions of § 1 3 item 1) of the Resolution, the amount of the dividend per each series D share shall amount to PLN 1. (in words: one zloty). In the case referred to in the previous sentence, the total amount of the dividend and the amount earmarked for the supplementary capital shall be modified as appropriate, depending on the number of series D shares participating in the dividend for the financial year 2013.

The **Supervisory Board approves** the above-mentioned request of the Management Board and subscribes to it. In justification of the foregoing, it should be pointed out that the profit distribution method, as suggested by the Management Board, takes into account the current situation of the Company, information provided to the Investors and the Company's planned investments.

IV. CONCISE ASSESSMENT OF THE COMPANY'S STANDING

FY 2013 was yet another very successful period for the Company, despite the lingering effects of the financial crisis and the resulting turbulence on economic and financial markets. The clearly positive assessment of the discussed period is based, in particular, on the basic financial results of the Company, including the sales and profit figures. The Company's stable and safe situation is also confirmed by a marked decrease in the share of bank loans among the financing sources of current assets.

In 2013, the Company continued to consolidate its position on the IT market. The Company's sales policy (share of the basic commodity lines in the sales as well as the downstream and upstream markets) indicates the considerable diversity of the product range, buyers and suppliers, which influences positively the Company's operation and prevents a possible overdependence on the suppliers or buyers. In 2013, the Company performed some major distribution agreements and sales contracts with the largest players in the telecommunications industry, and in other sales channels. The Company also develops its downstream markets through its subsidiaries, branches and regional sales representatives. It also continued its Internet sales activities via subsidiaries: GRAM.PL Sp. z o.o. and SFERIS Sp. z o.o.

As part of capital investments, the Company acquired 1,600,000 interests in the increased share capital (from EUR 800,000 to EUR 2,400,000) of Devil GmbH (Germany) in exchange for a cash contribution of EUR 1,600,000. As a result of the afore-mentioned increase in the share capital, ACTION S.A. obtained an interest representing 2/3 of the share capital of Devil GmbH and giving the same proportion of votes at the meeting of shareholders.

In 2013, the Company expanded an office building in Zamienie.

As regards the evaluation of the internal control system and the risk management system, we must emphasize the Company's foreign exchange risk management policy setting forth, among other things, the following principles:

1. continuous monitoring of foreign exchange items and constant adaptation of hedge levels;
2. split of controlling and supervising competences between three independent departments within the Company.

Furthermore, there are hedge accounting principles in place as an element aimed at mitigating the impact of variations of the foreign exchange rates on the Company's results by reflecting the effects of differences between liability payment dates and goods outflows.

Moreover, the financial statements prepared by the Management Board are audited and evaluated by a statutory auditor (appointed by the Supervisory Board) and the Supervisory Board.

In accordance with the Company's applicable regulations, at least 2 Members of the Supervisory Board meet the independence criteria. Their participation is also significant during internal control and risk management related to the process of drawing up financial statements. In particular, their position is significant when appointing the entity auditing financial statements as well as during other important activities involving the members of the Management Board and related parties (see § 15 section 2 item 6, 11-12, 13-14 of the Statute).

The departments which operate within the organisational structure of the Company have their budgets determined by the Management Board and the performance of the budget is monitored on a monthly basis. The Supervisory Board has access to this data.
ISO systems have been implemented in the Company: 9001:2008 Quality management system, ISO 14001:2004 Environmental management system, ISO 27001:2005 Information security management system, ISO 28000:2007 Supply chain security management system and AEO status granted to credible and solvent businesses whose organisation, infrastructure, IT system security measures and security measures for places where goods are stored or security measures for means of transport ensure the security of such places and goods, and protect them against unauthorised access.
§ 15 of the Company's Statute regulates the responsibilities of the audit committee (within the meaning of the Act of 7 May 2009 on statutory auditors, their professional association, entities authorised to audit financial statements and on public supervision – Journal of Laws, No. 77, item 649, as amended).These responsibilities have been assigned to the Company's Supervisory Board (as long as it is composed of not more than 5 members). There are no other committees within the Supervisory Board.

The Supervisory Board takes the position that the data included in the statements covered by the assessment and this report are sufficient to consider the Company's current standing as very good.

Warsaw, 25 April 2014

Iwona Bocianowska ....

Grażyna Łyko ....

Karol Orzechowski ....

Piotr Kosmala ....

Marek Jakubowski ....