

POLISH FINANCIAL SUPERVISION AUTHORITY

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Abbreviated name of Issuer: ACTION S.A.

Subject matter: Reports of the Supervisory Board of ACTION S.A. for the 2009 financial year.

Legal basis: Article 56 (1) (2) of the Act on Public Offering - current and interim reports

Content of the report:

The Management Board of ACTION S.A. hereby publishes the following reports drawn up today, i.e. 24 March 2010, at the meeting of the Supervisory Board of ACTION S.A.:

- a report on the results of the evaluation of the director's report, the Company's financial statement, the Management Board's motion regarding the allocation of profit and the evaluation of the Company's position and the work of the Supervisory Board for the 2009 financial year;
- a report on the evaluation of the director's report, the consolidated financial statement, the Management Board's motion and information regarding the allocation of profit and the evaluation of the position of Grupa Kapitałowa ACTION S.A. for the 2009 financial year.

Enclosure no. 1 to Minutes no. 1/2010 of ACTION S.A. Supervisory Board's meeting of 24 March 2010.

**Report of the Supervisory Board  
of ACTION S.A.**

**on the results of the evaluation of the director's report, the Company's financial statement, the  
Management Board's motion regarding the allocation of profit and the evaluation of the Company's  
position and the work of the Supervisory Board for the 2009 financial year.**

The Management Board of ACTION S.A. with its registered office in Warsaw performed:

- the evaluation of the director's report for the 2009 financial year, the Company's financial statement for the 2009 financial year to the extent of their correspondence to the books and documents, as well as to the facts of the case, and the Management Board's motion regarding the allocation of profit made by the Company in the 2009 financial year, pursuant to art. 382 § 3 of the Commercial Companies Code;
- the concise evaluation of the Company's position, including the evaluation of the Board of Directors' work, on which it reports<sup>1</sup>.

## I. DIRECTORS' REPORT

In its report on the operation in the 2009 financial year, the Management Board indicated:

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

Cash revenue on sales in 2009: PLN 2,901,501 thousand.

Rate of growth of cash revenue on sales in 2009: 31.11% (in terms of value the cash revenue on sales increased by PLN 688,529 thousand, from PLN 2,212,972 thousand in 2007).

Operating profit in 2009: PLN 115,441 thousand.

Net profit in 2009: PLN 46,607 thousand.

Rate of profit growth in 2009: operating profit: 234.49 %, net profit 17.34 %.

The Management Board indicated that having in mind the changes that occurred in the market environment and in the economy during 2009 it should be expected that the coming half year will be still difficult due to the echoes of the financial crisis. However, in estimating the results that have been produced so far under the crisis conditions, the Management Board recognized that the coming period will be a period of a stable growth. The following interior actions are the major reasons confirming this thesis:

- Finalizing an investment in the warehouse automation,
- Constant selective extending of the sales offer (the company's product range includes 18,000 products),
- Further actions aimed at the cost optimization,
- Increasing number of entities served,
- Active extending of the Company's operation in the field of logistics services, particularly provided to Internet sector entities,
- Further development of new distribution channels in the domestic and foreign market (A.PL,

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<sup>1</sup> Each time a reference is made in the financial statement to the period defined as the year 2007, it shall be understood as the period from 1 August 2007 to 31 July 2008.

Each time a reference is made in the financial statement to the period defined as the year 2009, it shall be understood as the period from 1 August 2008 to 31 December 2009.

- GRAM.PL, I-Serwis, I-Partner, Webserwis),
- Restructuring of SFERIS chain – opening new, low-cost stalls located in large shopping centres,
- optimization of distribution channels and introduction of new solution for sales methods,
- improving of the technological and materials solutions adopted in logistics.

According to the Management Board the most significant external factors will include:

- the economic situation in Poland and all over the world and its influence on behaviour of the financial institutions,
- the budgetary situation in Poland,
- the inflow of EU funds to the national public and private entities.

It was underlined in the directors' report that the Management Board of ACTION S.A. expects to achieve a moderate sales increase in the Company, which should also influence the improvement of profitability. It is expected that the Company's advantageous financial situation will be maintained.

2. In its report on the operation the Management Board also presented:

- significant risk factors related to the Company's operation,
- risks related to the environment in which the Company operates,
- rules of corporate governance,
- information on significant pending proceedings with the participation of the Company,
- information on the basic commodity lines offered by the Company and their share in the total sales,
- information on output markets,
- information on the concluded agreements that are significant for the Company's operation,
- information on equity relationship and specification of the major equity investments,
- description of significant transactions with related entities,
- information on the contracted credits, loan agreements and guarantees and securities given for the Company,
- information on granted loans, guarantees and securities,
- description of the use of the proceeds from issue of shares,
- *information on acquisition of own 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	2009	2007
<b>Current ratio (current assets / current liabilities)</b>	1.2	1.2
<b>Quick ratio (quick current assets / current liabilities)</b>	0.7	0.8
<b>Acid-test ratio (short-term investments / current liabilities)</b>	0.01	0.02

The Management Board indicated that the liquidity ratios presented by the Company are typical of the best distribution-oriented Companies operating in the trade sector. The parameters of liquidity ratios in 2009 remained at last year's level, which is considered optimal for the distribution-oriented Companies operating in the trade sector.

The Management Board also provided the following data:

Level and structure of acting capital	Increase	2009	2007
1. Current assets	-2.1%	416,399	425,283
2. Cash and securities	-61.5%	1,659	4,306
3. Adjusted current assets (1 – 2)	-1.5%	414,740	420,977
4. Current liabilities	-4.6%	346,081	362,829
5. Short-term credits	-80.5%	26,130	133,823
6. Adjusted current liabilities (4 – 5)	39.7%	319,951	229,006
7. Acting capital (1 – 4)	12.6%	70,318	62,454
8. Working capital demand (3 – 6)	-50.6%	94,789	191,971
9. Net cash balance (7 – 8)	-81.1%	-24,471	-129,517
10. Equity share in financing the current assets (7 : 1) in %	2 pp	17%	15%

**The Management Board recognized the foregoing to indicate a safe financial situation of the Company. The negative cash balance indicates a demand for the external sources of financing. It is connected with an increasing sales value and a constant extending of the product range.**

*The Management Board underlined that the good financial standing is also confirmed by the debt ratios, which values presented as follows:*

Debt ratios	2009	2007
<b>Overall debt ratio</b>	65.0%	68.5%
<b>Equity to fixed assets ratio</b>	35.0%	31.5%

*It was also underlined that the ratios indicate a significant and increasing equity share in financing assets, which considerably influences the trading safety.*

Moreover, the Management Board presented in its report:

- the evaluation of the possibility of executing intended investments,
- evaluation of the factors and untypical events influencing the result of operations,
- description of the external and internal factors significant for the Company's development,
- changes to the basic principles of the Company management,

- agreements concluded between the Company and the persons managing it,
- information on the value of remunerations, awards or benefits for the persons managing or supervising the Company,
- information on the nominal value and the total number of all the Company's shares,
- information on the agreements which may influence the current shareholder structure,
- information on the systems of control of the employee shares programs,
- *information concerning the entity authorized to audit financial statements,*
- the foreseen development of the Company and its financial standing.

The Enclosure to the directors' report includes the declaration on the rules of corporate governance, covering the elements as indicated under §91 item. 5 point 4) of ordinance of Minister of Finance dated 19.02.2009 (Journal of Acts no. 33, item. 259 as further amended) **on current and periodic information published by issuers of securities and the conditions for regarding information required by the law of a non-member state as being equivalent** and § 29 of the Regulations of Giełda Papierów Wartościowych w Warszawie S.A. [*Warsaw Stock Exchange*] and the Resolution of the Supervisory Board of Giełda Papierów Wartościowych w Warszawie S.A. on passing "Good Practices of the WSE Listed Companies" dated 4 July 2007.

**The Supervisory Board declares** that the foregoing data and factual circumstances included in the directors' report and audited by the Supervisory Board correspond to the facts of the case, compliant with the Company's documents and are confirmed by the opinion of an independent chartered auditor of BDO Sp. z o.o.

## II. FINANCIAL STATEMENT

According to the data included in the Company's financial statement for the period from 1.08.2008 to 31.12.2009:

- balance sheet drawn up as of 31.12.2009, with total assets and liabilities amounting to PLN **584,257** thousand;
- profit and loss account for the period from 1.08.2008 to 31.12.2009 with a net profit amounting to PLN 46,607 thousand;
- statement of changes in equity for the period from 1.08.2008 to 31.12.2009 with an increase of equity amounting to PLN 27,150 thousand;
- cash-flow statement showing a decrease of net cash during the period from 1.08.2008 to 31.12.2009 by the amount PLN 2,675 thousand.

**The Supervisory Board declares** that the reported values are compliant with the Company's documents, correspond to the facts of the case and are confirmed by the opinion of an independent chartered auditor of BDO Sp. z o.o.

## III. MANAGEMENT BOARD'S MOTIONS REGARDING THE PROFIT

With reference to the method of allocation of profit for the 2009 financial year of the amount PLN 46,607,618.22, the Company's Management Board put forward a motion to allocate 29.93% of the net profit to the dividend payment, and the remaining part to the capital reserve.

**The Supervisory Board positively assesses** the foregoing Management Board's motion and declares that it accedes to the acceptance of the motion. Justifying the foregoing it should be pointed out that the method of

allocation of profit as suggested by the Management Board takes into account the current Company's situation, information provided to the Investors and the Company's intended investments.

#### **IV. CONCISE EVALUATION OF THE COMPANY'S POSITION AND THE WORK OF THE BOARD OF DIRECTORS**

Due to the fact that the General Shareholders' Meeting held on 30.07.2008 decided to change the Company's financial year so that it matches the calendar year, the 2009 financial year covered seventeen consecutive calendar months beginning on 1 August 2008 and ending on 31 December 2009. The beginning of the 2009 financial year coincided with the worldwide economic crisis. The Company felt its effects as well. A substantial decline in share prices resulted in a decision to conduct a program of acquisition of own shares. This action was aimed at bringing about the realignment of the stock assessment to the actual Company's financial standing. The program of acquisition of the Company's own shares was finalized in the discussed period with the stock sale. In spite of the difficulties the 2009 financial year was another successful period in the Company's operation. It is particularly indicated by the basic financial results of the Company, such as a significant increase in the sales value and the realized profit. The Company continues to strengthen the position it has already achieved in the IT sector market. The Company's trade policy (share of the basic commodity lines in the sales as well as the output markets and markets for the supply) indicate a considerable diversity of the product range, buyers and suppliers, which influences positively the Company's operation and prevents a possible dependence on the suppliers or buyers. The company also develops its output markets through its subsidiaries, branches and regional sales representatives. Actions are also taken to develop sales through the Internet – therefore, in the discussed period the Company conducted the process of acquisition of GRAM.PL Sp. z o.o., in which it owns 80% of shares in the capital and votes at the shareholders' meeting. The foregoing entity operates in the field of the Internet sales of computer games and providing services related to these products (including technical support, descriptions and reviews).

The Company also realized its plans aimed at launching operation to the extent of the power industry connected with the use of what is known as renewable energy and the selling of devices based on solar technology (plans for selling this type of energy in the future). This was realized through the formation of ACTION ENERGY Sp. z o.o., with the participation of the Company, which subscribed for and owns 40.5% of shares in the capital and votes at the shareholders' meeting.

The Company secures proper financing by concluding credit agreements with different banks. Moreover, the Company continues the execution of its investment plans (development and modernization of the warehouses, system of warehouse automation), which shall influence its further development. The company executes its plans of consolidation aimed mainly at optimization of Grupa Kapitałowa ACTION S.A. operation. Following the already completed process of merging with California Computer S.A., its subsidiary, in the discussed period the liquidation of subsidiary companies: EKOACTION Sp. z o.o. and Action Internet Sp. z o.o., was completed and the process of liquidation of "PROLOGIC" Sp. z o.o. was started. Furthermore, the Company sold its shares in ACTION UKRAINA TzOW. In the opinion of the Management Board, the results of the financial crisis significantly affected the Ukrainian market and therefore, any further involvement in the operation of the foregoing company would not be economically justified.

The Supervisory Board takes the position that the data included in the statements covered by this evaluation allow to recognize that the Company is in a very good situation.

The 2009 financial year was the third full year of operation of ACTION S.A. as a public company. The increased requirements related to the foregoing also applied to the Supervisory Board. In the discussed period the

Supervisory Board consisted of 5 Members, which is the minimum as specified by law. There are two independent members in the Supervisory Board.

In the 2009 financial year the Supervisory Board consisted of the following members:

1. Iwona Bocianowski, President of the Supervisory Board;
2. Łukasz Pawłowski, Vice President of the Supervisory Board, Independent Member of the Supervisory Board;
3. Joanna Wójcik, Member of the Supervisory Board\*;
4. Rafał Antczak, Independent Member of the Supervisory Board;
5. Piotr Kosmala, Member of the Supervisory Board;
6. Marek Jakubowski, Member of the Supervisory Board\*.

\* Marek Jakubowski was appointed to the Supervisory Board on 10.10.2008. As of this date he supplemented the composition of the Supervisory Board following Joanna Wójcik's resignation from the membership as of 27.08.2008.

In the 2009 financial year there were 5 Supervisory Board meetings held, during which the body adopted a number of resolutions resulting mainly from the supervisory and control powers of the Supervisory Board. The main issues raised during the last year included:

- giving consent for the sale of the Company's real estate and establishing easement for the benefit of the provider of utilities;

taking decisions concerning changes to the composition of the Company's Management Board;

- giving opinions on draft resolutions of the General Shareholders' Meetings;

- current evaluation of the Company's operation and of the Management Board's work and plans;

- evaluation of the report on the Company's operation and the operation of its capital group, and of the financial statements, including the consolidated financial statement;

- evaluation of the Supervisory Boards' operation and drawing up of appropriate reports;

- selection of a chartered auditor,

- preparation of changes to the management stock options program and the subscription warrants issued under the program;

- giving consent for the purchase of and subscription for shares in other entities (ACTINA Sp. z o.o., SFERIS Sp. z o.o., GRAM.PL Sp. z o.o., ACTION ENERGY Sp. z o.o.);

- concluding agreements, including agreements with the members of the Management Board and representing the Company with them.

Based on the resolutions adopted by the Extraordinary General Shareholders' Meeting of 21.12.2009 the Articles of Association, to the extent of the Supervisory Board's operation, were adjusted to:

- the provisions of Good Practices of the WSE Listed Companies, which, apart from the conditions indicated in Annex II to the European Commission Recommendation of 15.02.2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the supervisory board (already included in the Articles of Association), require from the independent members not to be employees of the Company or an associated company. Apart from that, pursuant to the Good Practices a person, who has real and significant connections with a shareholder having the right to execute 5% of votes and more during a general meeting, is not deemed an independent member of the supervisory board. These regulations are covered by §14 of the Articles of Association;

- regulations of the Act on Chartered Auditors of 7.05.2009 (...) providing for operation of an audit committee in public interest entities (such as for example public companies). The act also states that in entities, with Supervisory Boards consisting of up to 5 members, the tasks of the audit committee may be assigned to the Supervisory Board (without a separate establishing of such a committee). The Company assumed this model of audit committee operation, which was covered by §15 of the Articles of Association.

Warsaw, 24 March 2010



Enclosure no. 2 to Minutes no. 1/2010 of ACTION S.A. Supervisory Board's meeting of 24 March 2010.

**Report of the Supervisory Board  
of ACTION S.A.**

**on the evaluation of the director's report, the consolidated financial statement, the Management Board's motion and information regarding the allocation of profit and the evaluation of the situation of Grupa Kapitałowa ACTION S.A. for the 2009 financial year**

The Management Board of ACTION S.A. with its registered office in Warsaw performed:

- the evaluation of the Management Board's report on the operation of Grupa Kapitałowa ACTION S.A. for the 2009 financial year, the consolidated financial statement of Grupa Kapitałowa ACTION S.A. for the 2009 financial year to the extent of their correspondence to the books and documents, as well as to the facts of the case, and information and the Management Board's motion regarding the allocation of profit made by ACTION S.A. in the 2009 financial year;
- the concise evaluation of the position of Grupa Kapitałowa ACTION S.A., the evaluation being reported<sup>2</sup>.

**I. MANAGEMENT BOARD'S REPORT ON THE GROUPS OPERATION**

In its report on the operation of Grupa Kapitałowa ACTION S.A. in the 2009 financial year, the Management Board indicated:

1. Basic financial data and the description of the development perspectives of Grupa Kapitałowa ACTION S.A. in the coming financial year, providing the following information:

Cash revenue on sales in 2009: PLN 3,079,437 thousand.

Rate of growth of cash revenue on sales in 2009: 31.41% (in terms of value the cash revenue on sales increased by PLN 736,069 thousand, from PLN 2,343,368 thousand in 2007).

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<sup>2</sup> Each time a reference is made in the financial statement to the period defined as the year 2007, it shall be understood as the period from 1 August 2007 to 31 July 2008.

Each time a reference is made in the financial statement to the period defined as the year 2009, it shall be understood as the period from 1 August 2008 to 31 December 2009.

Operating profit in 2009: PLN 38,050 thousand.

Net profit in 2009: PLN 20,723 thousand.

Rate of profit growth in 2009: operating profit – 33.58 %, and net profit – 42.30 %.

The Management Board indicated that in the face of the effects of the world financial crisis in the 2009 period, Grupa Kapitałowa ACTION was forced to undertake stabilization actions, including particularly those limiting risk and increasing effectiveness in the coming periods. The main goal of these actions was a better use of the group's entities in joint undertakings. The main tool was optimization of the Group's structure.

Bearing in mind the Group's achievements to date and the actions aimed at further improvement of the Group's effectiveness, the Management Board positively assesses the perspectives of its further operation, and it foresees a stable increase of sales and profitability of the Group's entities in the nearest period. The major reasons confirming these expectations are:

- Improvement of the subsidiaries' results,
- Limitation of the Group's structure and transfer of the fields of operation of the Group's former entities to the entities currently operating within the Group,
- Increasing use of the IT and logistics infrastructure,
- Further increase of the orders processed based on the EU aid funds,
- Expected increase of public procurements for IT infrastructure.

Further development of the Group's operation and increasing of the effectiveness of its operation will be achieved particularly through:

- Greater cohesion of actions under the changed Group's structure and its entities,
- Further selection of new distribution agreements and commodity lines distributed under these agreements,
- Broadening of the buyers database and its better use in view of new possibilities arising from the existing IT and logistics infrastructure,
- lowering of operational costs through a full use of the existing IT and logistics infrastructure and a co-operation of the entities under the Group,
- equity investments.

**2.** In its report on the operation of Grupa Kapitałowa the Management Board also presented:

- significant risk factors related to the Group's operation,
- rules of corporate governance,
- information on the basic commodity lines offered by the Group and their share in the total sales,
- information on output markets,
- information on the concluded agreements that are significant for the Group's operation,
- information on equity relationship, major equity investments and characteristics of the Group's development directions,
- description of significant transactions with related entities,
- information on the contracted credits, loan agreements and guarantees and securities given for the Company,
- information on granted loans, guarantees and securities,
- *description of the use of the proceeds from issue of 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 and a description of a structure of assets and liabilities, including the following data.

Liquidity ratios	2009	2007
Current ratio (current assets / current liabilities)	1.14	1.21
Quick ratio (quick current assets / current liabilities)	0.59	0.75
Acid-test ratio (short-term investments / current liabilities)	0.02	0.02

At the same time, the Management Board underlined that the liquidity ratios presented by the Grupa Kapitałowa ACTION S.A. are typical of the best distribution-oriented Companies operating in the trade sector. It was also indicated that during the observed period the stable situation of the Group's liquidity can be noticed. Slight changes to the values of current and quick ratios were caused by shortening of the receivables inflow cycle parallel to an increase of the trade liabilities share in the structure of liabilities.

Level and structure of acting capital in PLN thousand	Change	2009	2007
1. Current assets	-13.64%	393,332	455,465
2. Cash and securities	-22.31%	6,907	8,890
3. Adjusted current assets (1 – 2)	-13.47%	386,425	446,575
4. Current liabilities	-8.33%	345,535	376,933
5. Short-term credits	-77.97%	29,497	133,905
6. Adjusted current liabilities (4 – 5)	30.04%	316,038	243,028
7. Acting capital (1 – 4)	-39.14%	47,797	78,532
8. Working capital demand (3 – 6)	-65.42%	70,387	203,547
9. Net cash balance (7 – 8)	-81.93%	-22,590	-125,015
10. Equity share in financing the current assets (7 : 1) in %	-5 pp	12%	17%

The Management Board underlined that the foregoing data indicate a safe financial situation of Grupa Kapitałowa ACTION. The negative cash balance indicates a demand for the external sources of financing.

This is connected with the increasing cash revenue on sales and continuing extension of the product range.

The good and safe financial standing is also confirmed by the debt ratios, which values presented as follows:

Debt ratios	2009	2007
Overall debt ratio	67.81%	68.37%
Equity to fixed assets ratio	32.19%	31.63%

At the same time the Management Board indicated that in Grupa Kapitalowa ACTION S.A. over 32% of assets is financed by equity funds. This structure also indicates considerable opportunities for contraction of debt.

The percentage structure of the consolidated balance sheet as of 31 December 2009 presents as follows:

ASSETS	31 December 2009	Structure in %	31 July 2008	Structure in %
<b>Fixed assets</b>	<b>156,477</b>	<b>28.46%</b>	<b>117,433</b>	<b>20.50%</b>
Tangible assets	131,232	23.87%	92,100	16.08%
Intangible assets	7,211	1.31%	8,990	1.57%
Deferred income tax assets	10	0.00%	526	0.09%
Long-term investments	0	0.00%	7	0.00%
Trade receivables and other	920	0.17%	1 042	0.18%
<b>Current assets</b>	<b>393,332</b>	<b>71.54%</b>	<b>455,465</b>	<b>79.50%</b>
Stocks	188,734	34.33%	173,861	30.35%
Trade receivables and other	196,689	35.77%	272,714	47.60%
Financial assets	1,002	0.18%	0	0.00%
Cash and cash equivalents	6,907	1.26%	8,890	1.55%
<b>Total assets</b>	<b>549,809</b>	<b>100.00%</b>	<b>572,898</b>	<b>100.00%</b>

LIABILITIES	31 December 2009	Structure in %	31 July 2008	Structure in %
<b>Equity capital</b>	<b>176,993</b>	<b>32.19%</b>	<b>181,236</b>	<b>31.63%</b>
Share capital	1,641	0.30%	1,641	0.29%
Share premium	55,744	10.14%	55,744	9.73%
Retained profit	119,082	21.66%	114,010	19.90%
Total equity attributable to the Company Shareholders	176,467	32.10%	171,395	29.92%
Minority capital	526	0.10%	9,841	1.72%
<b>Liabilities and reserves for liabilities</b>	<b>372,816</b>	<b>67.81%</b>	<b>391,662</b>	<b>68.37%</b>
Long-term liabilities	27,281	4.96%	14,729	2.57%
Short-term liabilities	345,535	62.85%	376,933	65.79%
Trade liabilities and other	309,449	56.28%	239,100	41.74%
Credits and loans and short-term financial liabilities	29,497	5.36	133,905	23.37%
Employee benefit liabilities	1,297	0.24%	652	0.11%
Reserves for other liabilities and other charges	5,175	0.94%	3,247	0.57%
<b>Total liabilities</b>	<b>549,809</b>	<b>100.00%</b>	<b>572,898</b>	<b>100.00%</b>

#### Characteristics of assets:

A substantial majority of the assets of Grupa Kapitałowa ACTION, i.e. **71.54%**, is formed by current assets, which is a typical ratio in case of trading entities. In comparison with the previous year the value of current assets decreased by over PLN 62,000 thousand and the share of this group of assets in the total assets decreased by almost 8%. The remaining part of the property, constituting 28.46% of the assets are fixed assets, comprising mostly of tangible assets to provide the best possible quality of the executed processes. In the current year Grupa Kapitałowa ACTION made other investments allowing for the continuation of the rapid development. The fixed assets increased by PLN 39,044 thousand. It should be noticed that the increase of the fixed assets concerned especially tangible fixed assets.

#### Characteristics of liabilities:

The equity share in the assets of Grupa Kapitałowa ACTION exceeds 30%, which is more than average in comparison with other entities of similar profile. The existing capital structure is safe from the perspective of

financial liquidity, safety of business operation and provides for a greater credit capacity. It is also of a more permanent character. Last year the equity share was 31.63%. In 2009 there was a slight increase to the equity share in the assets. A feature characteristic of all trading entities and groups is the fact that the greatest item financing the assets in percentage terms are the short-term liabilities, the share of which as of 31 December 2009 in the consolidated balance sheet was 62.85%. Last year this ratio was 65.79%. These data indicate stabilization on the liabilities side of Grupa Kapitałowa ACTION. A significant change is a decrease of the short-term interest debt, understood as credits and loans, by the amount of PLN 104,408 thousand in favour of an increase of a trade debt (by PLN 70,349 thousand).

In the opinion of the Management Board the foregoing indicates a safe situation of the Group, both in terms of the assets employed in the business operation and the sources of finance necessary for sustaining the assets and the possibilities of the development plans execution by Grupa Kapitałowa ACTION.

Moreover, the Management Board presented in its report:

- more significant events influencing the result of operation,
- a description of the structure of capital investments,
- a description of the Group's organization naming the entities subject to the consolidation,
- a description of the policy to the extent of the capital group's development,
- a description of significant off balance sheet items.

The Enclosure to the Management Board's report on the operation of Grupa Kapitałowa includes the declaration on the rules of corporate governance, covering the elements as indicated under §92 item 3 and 4 of ordinance of Minister of Finance dated 19.02.2009 (Journal of Acts no. 33, item. 259 as further amended) **on current and periodic information published by issuers of securities and the conditions for regarding information required by the law of a non-member state as being equivalent.**

**The Supervisory Board declares** that the foregoing data and factual circumstances included in the Management Board's report on the operation of Grupa Kapitałowa ACTION S.A. and audited by the Supervisory Board correspond to the facts of the case, compliant with the Company's documents and are confirmed by the opinion of an independent chartered auditor of BDO Sp. z o.o.

## II. FINANCIAL STATEMENT

According to the data included in the consolidated financial statement of Grupa Kapitałowa ACTION S.A. for the period from 1.08.2008 to 31.12.2009:

- consolidate balance sheet drawn up as of 31.12.2009, with total assets and liabilities amounting to PLN 549,809 thousand;
- consolidated profit and loss account for the period from 1.08.2008 to 31.12.2009 with a net profit amounting to PLN 20,723 thousand;
- statement of changes in consolidated equity shows a decrease of the equity in the period from 1.08.2008 to 31.12.2009 amounting to PLN 4,243 thousand;
- consolidated cash-flow statement shows a decrease of cash during the period from 1.08.2008 to 31.12.2009 by the amount PLN 1,983 thousand.

**The Supervisory Board declares** that the reported values are compliant with the Company's documents, correspond to the facts of the case and are confirmed by the opinion of an independent chartered auditor of BDO Sp. z o.o.

### III. MANAGEMENT BOARD'S MOTIONS REGARDING THE PROFIT

With reference to the method of allocation of the Company's profit for the 2009 financial year, the Company's Management Board put forward a motion to allocate 29.93% of the net profit to the dividend payment, and the remaining part to the capital reserve.

In relation to the Group's subsidiaries, the Management Board informed that the companies which made a profit decided to allocate it to the capital reserve or to the coverage of accumulated losses. The companies which incurred a loss decided to cover it with profits from future periods or allocating funds from the capital reserve for this purpose.

**The Supervisory Board positively assesses** the foregoing Management Board's motion and declares that it accedes to the acceptance of the motion. Justifying the foregoing it should be pointed out that the method of allocation of profit as suggested by the Management Board takes into account the current Company's situation, information provided to the Investors and the Company's intended investments.

### IV. CONCISE EVALUATION OF THE POSITION OF GRUPA KAPITAŁOWA ACTION S.A.

**As of 31 December 2009 Grupa Kapitałowa consisted of the following entities:**

**Parent company:**  
**ACTION S.A.**

Subsidiaries included in the consolidation:

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

PROLOGIC Sp. z o.o. w likwidacji [*in liquidation*] with its registered office in Warsaw – subsidiary (100 %).<sup>1</sup>

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

A.PL Sp. z o.o. with its registered office in Warsaw – subsidiary (100 %).<sup>2</sup>

SFERIS Sp. z o.o. (former name PTR Sp. z o.o.) with its registered office in Warsaw – indirect subsidiary (99.89%).<sup>3</sup>

GRAM.PL Sp. z o.o. with its registered office in Warsaw – subsidiary (80 %).<sup>4</sup>

ACTION ENERGY Sp. z o.o. with its registered office in Cracow – subsidiary (40.50 %).<sup>5</sup>

EKOACTION Sp. z o.o. w likwidacji [*in liquidation*] (former name A.PL Sp. z o.o.) – subsidiary (100 %).<sup>6</sup>

ACTION INTERNET Sp. z o.o. w likwidacji [*in liquidation*] (former name Action Wrocław Sp. z o.o.) – subsidiary (100 %).<sup>7</sup>

ACTION UKRAINA TzOW – subsidiary (51 %).<sup>8</sup>

<sup>1</sup> PROLOGIC Sp. z o.o. – put into liquidation on 1 October 2009.

<sup>2</sup> A.PL Sp. z o.o. with its registered office in Warsaw was established on 12 October 2006.

<sup>3</sup> SFERIS Sp. z o.o. with its registered office in Warsaw included in the consolidation as of 5 January 2007.

<sup>4</sup> GRAM.PL Sp. z o.o. with its registered office in Warsaw, subscription for shares in increased capital on 28 May 2009 and repurchase of shares on 18 December 2009.

<sup>5</sup> ACTION ENERGY Sp. z o.o. with its registered office in Cracow, subscription of shares in increased capital on 3 September 2009.

<sup>6</sup> EKOACTION Sp. z o.o. w likwidacji [*in liquidation*] was liquidated and deleted from the court register on 29 December 2008.

<sup>7</sup> ACTION INTERNET Sp. z o.o. w likwidacji [*in liquidation*] was liquidated and deleted from the court register on 10 December 2008.

<sup>8</sup> ACTION UKRAINA TzOW with its registered office in Lvov, sale of shares on 31 December 2009.

ACTINA Sp. z o.o. deals in wholesale of computer hardware. ACTION ENERGY Sp. z o.o. established in 2009 will concentrate its business operation on the renewable energy market. The aim of the Company is creating a technological sales centre addressed to installers of devices using renewable energy sources. The primary object of PROLOGIC Sp. z o.o. w likwidacji [*in liquidation*] and SFERIS Sp. z o.o. is retail of computer hardware. A.PL. Sp. z o. o. and GRAM.PL Sp. z o.o. deal in retail through their own internet shops and mail-order houses.

A fast development of all the companies forming the Group, with ACTION S.A. as a parent company, requires further extension of the storage capacity. On account of the foregoing, in September 2009 a new logistics system was implemented by ACTION S.A. **Due to the constant development of the Company another warehouse investment is planned in 2010, which will be dedicated to the logistics service of e-commerce projects.**

In the period from 1 August 2008 to 31 December 2009 the following significant corporate events occurred in Grupa Kapitałowa S.A.:

- On 1 September 2008 the Extraordinary General Shareholders' Meeting of **ACTION S.A.** adopted Resolution no. 3, by virtue of which the Company's Management Board was authorized to acquire the Company's own shares for the purpose of their redemption. On this basis on 24 September 2008 the Company's Management Board set out detailed conditions of the program of own shares acquisition. Under the program the Company acquired 709,503 shares in total, which represented 4.3236% of the share capital. On 21 December 2009 the Management Board decided to finish the execution of the program of own shares acquisition. On the same day the Company sold all its shares at the average price of PLN 15.75 per share.



- on 18 May 2009 the Extraordinary Shareholders' Meeting of **ACTINA Sp. z o.o.** adopted a resolution on the share capital increase from the amount of PLN 29,550,000 to the amount of PLN 30,000,000, i.e. by the amount of PLN 450,000. All new 900 shares of the nominal value of PLN 500 per each share were subscribed for by the Company. The shares were subscribed for above the nominal value, i.e. PLN 2,250 per share, for the total amount of PLN 2,025,000. The increase was registered on 02.06.09. The amount of the share capital of ACTINA Sp. z o.o. after the registration of the increase equals to PLN 30,000,000 and is divided into 60,000 equal shares of the nominal value of PLN 500 each. ACTION S.A. is entitled to all the shares in the capital. The share capital was fully paid.

- on 19 May 2009 the Extraordinary Shareholders' Meeting of **SFERIS Sp. z o.o.** adopted a resolution on the share capital increase from the amount of PLN 29,690,361.96 to the amount of PLN 30,000,031.32, i.e. by the amount of PLN 309,669.36. All 286 new shares of the nominal value of PLN 1,082.76 per each share were subscribed for by the subsidiary ACTINA Sp. z o.o., which held 27,391 shares till that time. The shares were subscribed for above the nominal value, i.e. PLN 7,000 per share, for the total amount of PLN 2,002,000. Due to the failure to remove deficiencies in reporting to the National Court Register by SFERIS Sp. z o.o., the foregoing resolution lost its binding force (pursuant to art. 256§3 of the Commercial Companies Code in conjunction with art. 169 of the Commercial Companies Code). On account of the foregoing, on 30.09.2009 the Extraordinary Shareholders' Meeting of SFERIS Sp. z o.o. once again adopted the resolution of the foregoing content. The increase was registered on 20.11.2009. The amount of the share capital of SFERIS Sp. z o.o. after the registration of the increase equals PLN 30,000,031.32 and is divided into 27,707 equal shares of the nominal value of PLN 1,082.76 each. ACTINA Sp. z o.o. is entitled to 27,677 of the foregoing shares. The share capital was fully paid.

- on 26 May 2009 the Extraordinary Shareholders' Meeting of **GRAM.PL Sp. z o.o.** adopted a resolution on the share capital increase from the amount of PLN 50,000 to the amount of PLN 400,000, i.e. by the amount of PLN 350,000, by issuing 350 new shares of the nominal value of 1,000 each. The Company subscribed for 300 shares, which represents 75% of the share capital and the corresponding number of votes at the shareholders' meeting of GRAM.PL Sp. z o.o. The shares were subscribed for above the nominal value, i.e. PLN 10,000 per share, for the total amount of PLN 3,000,000. The registration of the share capital increase concerning the shares subscribed for by the Company was made on 16.06.2009. The amount of the share capital of GRAM.PL Sp. z o.o. after the registration of the increase equals PLN 400,000 and is divided into 400 equal shares of the nominal value of PLN 1,000 each. The Company is entitled to 300 of the foregoing shares. The share capital was fully paid.

- On 3 September 2009 the Company, Mr Kazimierz Lasecki and "PIA" Sp. z o.o. in Michałów Grabina signed the articles of association for the limited liability company under the company name: **ACTION ENERGY Sp. z o.o.** The company was registered on 26.10.2009. The structure of the share capital of ACTION ENERGY Sp. z o.o. is as follows: ACTION S.A. holds 324 shares of the total nominal value of PLN 324,000, i.e. 40.5% of the share capital and the corresponding number of votes at the shareholders' meeting, "PIA" Sp. z o.o. holds 324 shares of the total nominal value of PLN 324,000, i.e. 40.5% of the share capital and the corresponding number of votes at the shareholders' meeting, Kazimierz Lasecki holds 152 shares of the total nominal value of PLN 152,000, i.e. 19% of the share capital and the corresponding number of votes at the shareholders' meeting. The shares were subscribed for at the nominal value. The share capital was fully paid.

- On 18 December 2009 the Company purchased 20 shares (which represents 5% of the share capital and a corresponding number of votes at the shareholders' meetings) of **GRAM.PL Sp. z o.o.** from Jarosław Orzeszek, the former partner to this company. The parties agreed that the selling price for the foregoing shares shall be PLN 25,000, i.e. PLN 1,250 per share. As a result of this transaction the Company holds 320 shares in the capital of GRAM.PL Sp. z o.o., which represents 80% share capital and the corresponding number of votes at the shareholders' meeting of GRAM.PL Sp. z o.o.

In the opinion of the Supervisory Board 2009 – despite a distinct influence of the economic crisis - was a successful period for the operation of Grupa Kapitałowa ACTION S.A., which was significantly influenced by the operation and the achievements of the parent company. It is particularly indicated by the basic financial results of the Group, such as an increase in the sales value and the realized profit. Although the level of the Group's profit is significantly lower than in 2007, the Group strengthened the position it had already achieved in the IT sector market. Actions are also taken to develop sales through the Internet – therefore, in the discussed period the Company conducted the process of acquisition of GRAM.PL Sp. z o.o., in which it owns 80% of shares in the capital and votes at the shareholders' meeting. The foregoing entity operates in the field of the Internet sales of computer games and providing services related to these products (including technical support, descriptions and reviews). The Company also realized its plans aimed at launching operation to the extent of power industry connected with the use of what is known as renewable energy and the selling of devices based on solar technology (plans for selling this type of energy in the future). This was realized through the formation of ACTION ENERGY Sp. z o.o., with the participation of the Company, which subscribed for and owns 40.5% of shares in the capital and votes at the shareholders' meeting.

A fast development of all the companies forming the Group requires further extension of the storage capacity. On account of the foregoing, in September 2009 a new logistics system was implemented by ACTION S.A. **Due to the continuing development of the Company another warehouse investment is planned in 2010, which will be dedicated to the logistics service of e-commerce projects.**

Within the Group there are actions continued aimed at further optimization of costs and the effectiveness of its operation. Therefore, a process of liquidation of EKOACTION Sp. z o.o. and Action Internet Sp. z o.o. was successfully performed. A liquidation of PROLOGIC Sp. z o.o. and restructuring of SFERIS Sp. z o.o. was started. The companies sold their shares in ACTION UKRAINA TzOW. The remaining subsidiaries continue to systematically develop their business operations.

The trade policy of the Company – in particular of the parent company – (share of the basic commodity lines in the sales as well as the output markets and markets for the supply) indicate a considerable diversity of the product range, buyers and suppliers, which influences positively the Company's and the Group's operation and prevents a possible dependence on the suppliers or buyers. The Group develops its output markets through its subsidiaries, branches and regional sales representatives.

The Company and the related entities secure proper financing by concluding credit agreements with different banks.

The Supervisory Board takes the position that the data included in the statements covered by this evaluation allow the statement that the situation of Grupa Kapitałowa ACTION S.A. is very good.

Warsaw, 24 March 2010