MANAGEMENT REPORT OF ACTION S.A. (the Company)
ON OPERATIONS IN 2012

1. Basic figures and development prospects for the next business year

In the business year 2012 the Company ACTION S.A. reported sales revenues of PLN 3,494,349 thousand, an operating profit of PLN 67,369 thousand and a net profit of PLN 48,075 thousand. When comparing the current results with those realised by the Company in the previous year, each of the above mentioned items showed a double-digit increase. Compared to the previous year, revenues from sales increased by nearly 27%, operating profit and net profit by as much as 40%.

The above figures indicate a continuation of the growing sales trend in 2012, occurring during a noticeable decline in national economic activity plus a still unstable economic and budget situation in most Eurozone countries.
Preliminary estimates for development prospects for 2013 suggest that sales will continue to grow and net return ratios will remain stable.

In the Management Board's opinion, the main factors influencing the fulfilment of forecasts are:

Regarding internal factors:
a) extension of the sales offer owing to entering into new distribution agreements, including, in particular the agreements with Dell, HTC, Whirlpool and Fujitsu Siemens,
b) maintaining a wide base of customers representing all sales channels,
c) planned development of activity in the area of high-volume recipients,
d) a further increase in exports and intra-Community supplies,
e) maintaining high warehouse efficiency,
f) maintaining strict current monitoring of costs in the Company and in the Group,
g) current monitoring and active management of working capital,
h) further results optimisation in the ACTION S.A. Capital Group entities through the improved use of their competences.

Regarding external factors:
a) economic situation in Poland and worldwide,
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) maintaining high demand for mobile IT devices.

2. Material risk factors related to the Company's activities

2.1. Risk factors related to the Company's operation

2.1.1. Stock maintenance risk

The Company's core business consists in selling technologically advanced products which are naturally exposed to the risk of becoming outdated, causing a decrease of individual values. By launching new models, producers reduce the prices of products already available on the market. Due to the price protection clauses in agreements with suppliers and the standing market practice in this scope, the Company receives compensation for losses related to the decrease of stock value from all key suppliers. Regardless of benefits obtained from price protection mechanisms, the Company strives to ensure high rotation of stocks maintained.

2.1.2. Risk of losing receivables

Trade receivables are the most significant item in terms of value in the Company's assets. As any entity involved in trading, the Company is exposed to the risk of losing some of its receivables. This risk increases as the economic slowdown advances on the domestic and global markets. Having regard to the potential loss of receivables, the Company takes out insurance against this risk with leading insuring companies.

2.2. Risk factors related to the environment in which the Company operates

2.2.1. Risk related to the macroeconomic situation of Poland

The macroeconomic ratios of the Polish economy and its growth rate have a material impact on the value and trends observed on the IT equipment distribution market. Dealers' willingness to buy new IT equipment and consequently the value of purchases carried out by the Company's customers is to a large extent related to the GDP growth, the level of investments and the way in which retail customers perceive the market situation. Nonetheless, the current and projected rate of economic growth may negatively affect the demand for the IT equipment offered by the Company.

2.2.2. Foreign exchange risk

The Company is exposed to the risk of changes in foreign currency exchange rates. ACTION S.A. obtains over 70% of its sales revenues in Polish zloty while about 50% of goods are imported. Payments for imported goods are made mainly in USD and in EURO. In the long run this risk is constrained by the increasingly clear prospects of joining the Eurozone. At present; however, we can still observe high exchange rate volatility. The Company strives to minimise the risk related to the above. In 2011 it adopted the Foreign Exchange Risk Management Policy. The principles of f/x risk management set forth in the policy indicated optimum hedging levels with relation to existing currency items and the related monitoring and controlling system based on three units. Furthermore, in accordance with the adopted accounting principles, the Company has undertaken to maintain hedges at a level close to 100% of the open foreign exchange position.

2.2.3. Legal environment risk

Changing legal provisions or various interpretations thereof pose a threat to the operations of ACTION S.A. Certain amendments to the provisions of the law may have a negative impact on the Company's operations. Such amendments may affect the legal environment of the Company's operations to a considerable degree. Coming into force of a new regulation of material importance for trading may involve interpretation ambiguities, inconsistent decisions of the courts or unfavourable interpretations adopted by public administration authorities, etc.

2.2.4. Tax policy risk

The Polish tax system is characterised by frequent changes in the tax regulations. Many of them are inadequately defined and there exist few unequivocal interpretations. Interpretations of tax provisions are subject to frequent change and, unfortunately, tax-related decisions made by both fiscal authorities and courts are inconsistent. As a result of divergent interpretations of tax regulations, a Polish company incurs greater risk than a company operating under more stable tax systems. In such circumstances the Company's operation and its tax recognition in income statements and tax returns may be deemed at variance with tax regulations by the fiscal authorities. However, it is anticipated that the two-instance proceedings implemented at administrative courts and the acquis communautaire will contribute significantly to the uniformity of court decisions in tax cases and, as a result, to the uniform application of the tax law, including by fiscal authorities. One of the elements of the risk related to legal regulations concerns the limitation period established for tax liabilities, which involves the possibility of verifying whether the tax liabilities for the relevant period were calculated in a correct manner. Income statements specifying the amount of the tax liability and the amount of payments made may be verified by way of control by the fiscal authorities at any time during the five years from the end of the year during which the tax payment date passed. In the event that the fiscal authorities interpret the tax regulations on the basis of which the tax liability is calculated differently than that by the Company, it may have a material negative impact on the Company's operations, its financial standing and consequently on its results and growth prospects.

(all amounts given in thousand zloty (PLN '000) unless indicated otherwise)

3. Corporate governance principles

ACTION S.A. is subject to the corporate governance principles: “Code of Best Practice for WSE Listed Companies” adopted by Resolution No. 12/1170/2007 of the Warsaw Stock Exchange of 4 April 2007, the text hereof is included in the annex to the above mentioned resolution. Corporate governance principles are available at the WSE website (www.corp-gov.gpw.pl) and the Company’s website(www.action.pl). Application of these principles is voluntary.
A statement concerning the application of corporate governance principles by ACTION S.A. in 2012, constituting an appendix to this Report, shall be published as a separate component of the Annual Report.

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

As at the day of submitting this Report, no proceedings were ongoing at any courts, authorities competent for arbitration proceedings or public administration authorities in relation to the Company's liabilities or receivables whose value, determined separately for individual proceedings and in total for all the proceedings, would represent at least 10% of the Company's equity.

5. Information on the basic commodity lines offered by the Company and their share in the total sales

The basic scope of the Company's activity is the distribution of computer hardware and software. The Company's sales volume reflects the market situation and customers' needs. Based on long-standing market experience, the Company flexibly reacts to any changes that occur in the demand structure in order to meet the constantly increasing requirements of its customers. The sales structure is presented in the table below.

Item	Name of Group	Sales value in 2012	%	Sales value in 2011	%
1	Ready solutions	1,369,459	39.19%	1,268,471	45.99%
2	Consumer electronics	1,144,278	32.75%	511,716	18.55%
3	Components	498,236	14.26%	509,576	18.47%
4	Peripherals	179,970	5.15%	181,785	6.59%
5	Consumables and office supplies	199,864	5.72%	148,263	5.37%
6	Software	81,160	2.32%	83,946	3.04%
7	Other	21,382	0.61%	54,664	1.99%
	Total revenues from the sales of products, goods and materials	**3,494,349**	**100.00%**	**2,758,421**	**100.00%**

6. Information on target markets

The Group's basic market is the domestic distribution market of computer hardware and software. In 2012 it generated 70.23% of net sales of goods and materials. The sales structure by territory in 2012:

Net revenues from the sales of goods and materials (by territory) in thousand zloty	Change	2012	2011
1. domestic sales – sales of goods	16.44%	2,405,541	2,065,965
- including: to related parties	75.09%	185,994	106,230
2. export – sales of goods	109.98%	223,768	106,568
- including: to related parties	0,	0	0
3. EU supplies	53.17%	796,027	519,707
- including: to related parties	0,	0	0
Total net revenues from the sales of goods and materials	**27.23%**	**3,425,336**	**2,692,240**
- including: to related parties	75.09%	185,994	106,230

Both, the structure of the Company's recipients and suppliers show a large dispersion. Due to the specificity of activities, the Company's main suppliers are global manufacturers of IT, photo equipment and home appliances. The largest customers of the Company whose share in the total revenues from sales reached at least 10% are: Samsung Electronics Polska Sp. z o.o. and Hewlett Packard. There are no formal links between the Company and the aforementioned companies other than those following from concluded trade agreements.

7. Information on concluded agreements that are significant for the Company's operation

Within the basic scope of its activity, the Company is in stable trade relations (agreements for sale and purchase of goods) with numerous recipients and suppliers of goods. In the vast majority of cases the Company does not conclude separate agreements but makes trade transactions based on separate (individual) orders confirmed with VAT invoices.

Within the period covered by the Report the following significant agreements were concluded:

1) Factoring Contract no. SEB/CF 412/12 of 6 February 2012 concluded between ACTION S.A. and SEB Commercial Finance Sp. z o.o. based in Warsaw (hereinafter: SEB CF). Based on the above Contract, the Parties agreed on terms to acquire non-matured cash receivables of the Issuer by SEB CF. The maximum factoring limit granted to the Issuer amounts to PLN 49,850,000. SEB CF is entitled to remuneration in the form of discounting and commission. The contract was concluded for the period until 31.10.2013. The collaterals for the above contract are: blank promissory note and the Issuer's declaration on voluntary submission to enforcement to the amount of PLN 5,000,000.

2) Annex 17 of 30 April 2012 to Overdraft Agreement no. 2005/1006392654 concluded between ACTION S.A. and Bank Pekao S.A. on 14 June 2005. On the basis of the above annex, the amount of the multi-currency revolving overdraft facility advanced to the Issuer in Polish zlotys (PLN) or in American dollars (USD) or in euro (EUR) remains unchanged and does not exceed PLN 100,000,000; however, the overdraft facility may be used up to the amount of PLN 50,000,000 in USD, EUR or PLN and the remaining part thereof will be used only in PLN. The Issuer may use the overdraft facility up until 31 May 2012. At the same time, the provisions of Annex no. 17 enable automatic extension of the time limit for using the overdraft facility and the deadline for its final payment up until 30 May 2013, if the following conditions are jointly met:
   a) as at the day of such extension there is or will be no violation of the existing conditions of the Agreement and the Issuer will confirm non-violation of the conditions of the Agreement by submitting an appropriate statement to the Bank at least 1 day prior to the automatic extension of the time limit; and
   b) The Issuer shall submit the following documents to the Bank: a statement on having obtained all the consents and having undertaken all the resolutions required under law, binding the Issuer who incurs the liability resulting from the automatic extension, a certificate issued by the

Social Insurance Institution and the Tax Office on the Issuer not being in arrears with public and legal payments or the Issuer's statement on not being in arrears with public and legal payments to the Social Insurance Institution and the Tax Office.

Legal security of the overdraft payment are: power of attorney to bank accounts kept in the Bank, Issuer's declaration on voluntary submission to enforcement to the amount of PLN 150,000,000; registered pledge on warehouse stock in the amount of the advanced overdraft facility along with the transfer of rights to the insurance contract; assignment of commercial receivables in the amount of minimum PLN 35,000,000.

3) Annex 8 of 25 May 2012 to Agreement on Overdraft, Guarantees and Letters of Credit No. 51/2009 concluded between ACTION S.A. and HSBC Bank Polska on 29 May 2009. Pursuant to the annex the value of the total overdraft limit granted to the Issuer and the limit for guarantees and letters of credit was increased from PLN 40,000,000 to PLN 60,000,000. The limit includes the following sub-limits: overdraft facility of PLN 40,000,000, letters of credit of PLN 60,000,000 and bank guarantees of PLN 60,000,000. Pursuant to the annex referred to above, the term of the overdraft facility was prolonged until 23 May 2013, for letters of credit until 17 February 2014 and for bank guarantees until 23 May 2014. Due to the increase in the total limit, the value of the following collaterals has also been changed: Issuer's declaration on the submission to execution up to the maximum amount of PLN 90,000,000; registered pledge on warehouse stock up to PLN 40,000,000 together with the assignment of rights under an insurance agreement; assignment of receivables due to the Issuer from contractors at a level not lower than PLN 30,000,000.

4) The Agreement for the Assignment of Rights under Insurance Contract no. 2012/254/DDF of 17 September 2012 concluded between ACTION S.A. and Bank Polska Kasa Opieki S.A. The agreement was concluded to secure claims of the aforementioned Bank in relation to granting the following credit facilities to the Issuer: a) an overdraft facility of PLN 100,000,000 with interest, fees and other payables arising from Overdraft Facility Agreement no. 2005/10063923654 of 14 June 2005 as amended, b) an investment facility of PLN 12,000,000 with interest, fees and other payables arising from Investment Facility Agreement no. 2008/1018042923 of 9 April 2008 as amended. Pursuant to agreement no. 2012/254/DDF, the Issuer shall assign to the Bank rights to indemnities arising from the concluded insurance contract, confirmed by insurance policy no. 280000049557 issued by Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A. with its registered office in Sopot, valid until 7 August 2013 and covering the following: a) stock – goods stored in Zamienie, ul. Dawidowska 10 - up to PLN 100,000,000 and b) buildings and structures in Zamienie, ul. Dawidowska 10 – up to 12,000,000 with a reservation that if the facility is repaid by the deadline specified in the Facility Agreement, claims will be assigned back.

5) Annex No. 9 to Overdraft Facility Agreement No. 2003/028 of 6 November 2003, concluded between ACTION S.A. and Societe Generale Spółka Akcyjna S.A., Branch in Poland, with its registered office in Warsaw whereby the Bank increased the credit limit to the amount of PLN 30,000 thousand and extended this credit until 29 May 2013. The term of the limit granted to the Issuer will be automatically extended by another 12 months, if the Bank does not terminate the Agreement at least one month before the expiry of the term defined as the deadline for use of the limit and before the expiry of new deadlines resulting from automatic extensions and the Issuer does not object to such extension during this term. The Agreement may be extended only within the five-year term from the date of Annex No. 9 to Agreement No. 2003/028. The legal security for repayment of all receivables under Overdraft Facility Agreement No. 2003/028 of 6 November 2003 as well as bank guarantees and letters of credit issued under Agreement No. 2004/009 is: registered pledge on warehouse stock of the Issuer in the minimum amount of PLN 35,000,000, assignment of commercial receivables in the minimum amount of PLN 20,000,000.

6) Annex No. 4 to Agreement No. 2004/009 (Agreement on Guarantees and Letters of Credit) of 30 October 2010 concluded between ACTION S.A. and Societe Generale Spółka Akcyjna S.A., Branch in Poland, with its registered office in Warsaw. As from the conclusion of Annex No. 4 to Agreement No. 2004/009 (Agreement on Guarantees and Letters of Credit) of 30 October 2010 the available amount of the limit under Overdraft Facility Agreement No. 2003/028 will not be decreased by the amount of any bank guarantee or letter of credit issued under Agreement No. 2004/009 and the limit of bank guarantees and letters of credit will be granted in the maximum total amount of PLN 25,000,000 until 29 May 2013; however, the limit for bank guarantees is PLN

15,000,000 and for import letters of credit PLN 25,000,000. The term of the limit for bank guarantees and letters of credit granted to the Issuer will be automatically extended by another 12 months if the Bank does not terminate the Agreement at least one month before the expiry of the term defined as the deadline for use of the limit and before the expiry of new deadlines resulting from automatic extensions and the Issuer does not object to such extension during this term. The Agreement may be extended only within the five-year term from the date of Annex No. 4 to Agreement No. 2004/009. The legal security for repayment of all receivables under Overdraft Facility Agreement No. 2003/028 of 6 November 2003 as well as bank guarantees and letters of credit issued under Agreement No. 2004/009 is: registered pledge on warehouse stock of the Issuer in the minimum amount of PLN 35,000,000, assignment of commercial receivables in the minimum amount of PLN 20,000,000.

8. Information on equity relationship and specification of the major equity investments

ACTION S.A. forms ACTION S.A. Capital Group in which it is the Parent Entity. The Capital Group's scope of activities covers wholesale of computer and IT components, parts and devices. The Capital Group conducts its operations within the whole territory of Poland, and ACTION S.A. is the main supplier of goods, including for the Group's companies.

In the period covered by the Report the following entities were members of the Group:

controlling entity:

ACTION S.A. based in Warsaw

subsidiaries and associated entities

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. with its registered office in Warsaw – indirect subsidiary (99.89%) [1]
GRAM.PL Sp. z o.o. with its registered office in Warsaw – subsidiary (100%) [2]
ACTION ENERGY Sp. z o.o. with its registered office in Cracow – an associate (24%) [3]
SELECTRO Sp. z o.o. with its registered office in Zamienie - indirect subsidiary (99.89%) [4]
ACTION INVESTMENTS Sp. z o.o. with its registered office in Zamienie - subsidiary (100%) [5]
ACTION CENTRUM EDUKACYJNE Sp. z o.o. with its registered office in Warsaw - an associate (25.94%) [6]
SYSTEMS Sp. z o.o. with its registered office in Warsaw – indirect associate (25.94%) [7]
ACTIVEBRAND Sp. z o.o. with its registered office in Zamienie - subsidiary (100%) [8]

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

During the period covered by these statements changes in composition of the Group have taken place. On 12 September 2012 ACTION S.A. took up shares of ACTION CENTRUM EDUKACYJNE Sp. z o.o. and indirectly of SYSTEMS Sp. z o.o., where the sole shareholder is ACTION CENTRUM EDUKACYJNE Sp. z o.o.

Third party shares in subsidiaries:
SFERIS Sp. z o.o. - 0.11%, including Piotr Bieliński 0.055%, Anna Bielińska 0.055%

[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. with its registered office in Warsaw was consolidated on 28 May 2009 and on 18 December 2009 the share was raised to 80%. On 24 May 2010 the interest was raised to 100% by way of a share purchase agreement.
[3] ACTION ENERGY Sp. z o.o. with its registered office in Kraków was established on 3 September 2009.
[4] SELECTRO Sp. z o.o. with its registered office in Zamienie was established on 8 September 2011.
[5] ACTION INVESTMENTS Sp. z o.o. with its registered office in Zamienie was established on 12 December 2011.
[6] ACTION CENTRUM EDUKACYJNE Sp. z o.o. with its registered office in Warsaw was consolidated as of 1 October 2012.
[7] SYSTEMS Sp. z o.o. with its registered office in Warsaw was consolidated as of 1 October 2012.

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

ACTINA Sp. z o.o. deals in wholesale of computer hardware. ACTION ENERGY Sp. z o.o., established in 2009, focuses its activity on the renewable energy market. The aim of the Company is to create a technological sales centre addressed at installers of devices using renewable energy sources. The primary business focus of SFERIS Sp. z o.o. is retail of computer hardware. The activities of GRAM.PL Sp. z o.o. (computer games) focus on online retail sales. SFK Sp. z o.o. provides advertising services. The main scope of activities of SELECTRO Sp. z o.o. is the online sales of goods offered by the Group. ACTION INVESTMENTS Sp. z o.o. has begun activities in the financial services sector. The primary business focus of ACTION CENTRUM EDUKACYJNE Sp. z o.o. and SYSTEMS Sp. z o.o. are training and IT services as well as rental of IT hardware. ACTIVEBRAND Sp. z o.o. has begun activities in the marketing services sector.

9. Major transactions with related entities concluded on non-market conditions

During the period covered by the report the Company did not conclude any transactions with related entities on non-market conditions.

Transactions with related entities are described in Note 28 to the Financial Statements.

10. Information on credits contracted, loan agreements and guarantees and sureties granted for the Company

10.1 Credit agreement no. 2005/1006392654 concluded on 14 June 2005 with Bank Polska Kasa Opieki S.A. based in Warsaw (the Bank)

The Bank granted ACTION S.A. a revolving open overdraft facility amounting to PLN 100,000 thousand for financing its current operations. The overdraft limit may be used up to a maximum amount of the equivalent of PLN 50,000 thousand in USD, EUR or PLN. The outstanding amount may be used in PLN exclusively. The final repayment deadline of the overdraft facility was set at 30 May 2013.

10.2 Investment credit agreement no. 2008/1018042923 concluded on 9 April 2008 with Bank Polska Kasa Opieki S.A. with its registered office in Warsaw (the Bank)

The Bank granted the Company a non-revolving investment credit amounting to PLN 12,000 thousand for financing an investment to update and develop the Company's logistics capabilities in relation to the extension of the office and warehouse complex in Zamienie. The credit will be repaid in 45 instalments between 31 January 2010 and 30 September 2013.

10.3 Short-term credit agreement no. 2003/028 concluded on 6th November 2003 with Societe Generale S.A. (the Bank)

The Bank granted ACTION S.A. a short-term revolving overdraft facility amounting to PLN 30,000 thousand for financing its current operations. The deadline for credit repayment was agreed on 29 May 2013; however, if the Bank does not terminate the above-mentioned agreement a month before the repayment deadline, it shall be automatically prolonged for the next 12 months. The procedure of prolonging credit repayment is effective for five consecutive years from 6 October 2012.

10.4. Overdraft facility and letter of credit agreement no. 51/2009 concluded on 29 May 2009 with HSBC Bank Polska S.A. (the Bank)

(all amounts given in thousand zloty (PLN '000) unless indicated otherwise)

HSBC Bank Polska S.A. with its registered office in Warsaw granted ACTION S.A. a financing limit of PLN 60,000,000. The limit includes the following sub-limits: overdraft facility of PLN 40,000,000, letter of credit of PLN 60,000,000 and bank guarantees of PLN 60,000,000. The term of the overdraft facility was prolonged until 23 May 2013, for letters of credit until 17 February 2014 and for bank guarantees until 23 May 2014.

11. Information on loans, guarantees and sureties granted

11.1. Loan agreements

ACTION S.A. granted a loan to A PL INTERNET S.A. of PLN 100 thousand with the repayment deadline of 30 July 2013.

11.2 Guarantees and sureties granted

As at 31st December 2012, the value of guarantees and sureties granted amounted to PLN 28,782,000, including:

towards other entities

Bank guarantees totaling (USD 2 877 thousand) PLN 8 917 thousand,
Bank guarantee under a lease agreement (EUR 124 thousand) of PLN 508 thousand,
Performance bonds totaling PLN 132 thousand,
Tender guarantees totaling PLN 1,000 thousand,
Guarantee of payment of customs duties and taxes totaling PLN 220 thousand,
Letters of credit relative to the supplies of goods totaling PLN 18,005 thousand.

12. Proceeds from issue of shares

In 2012 the Company did not gain any proceeds from the issue of shares.

13. Information on acquisition of equity shares

In 2012 the Company did not purchase any equity shares.

14. Explanation of differences between forecasts and figures disclosed in the Annual Report

The Company does not prepare result forecasts on the entity level.

15. Evaluation of financial resources management

Liqudity ratios	2012	2011
Current ratio (current assets / current liabilities)	1.18	1.16
Quick ratio (liquid current assets / current liabilities)	0.71	0.61
Super quick ratio (short-term investments / current liabilities)	0.16%	1.07%

The liquidity ratios presented by the Company are typical for the best distribution-oriented companies operating in the trade sector. The parameters of liquidity ratios in 2012 confirm stable liquidity position. A decrease in the quick ratio is connected with late settlements at the level of the Capital Group and does not have a significant influence on the value of this factor at the consolidated level.

(all amounts given in thousand zloty (PLN '000) unless indicated otherwise)

Level and structure of working capital	**Increase**	**2012**	**2011**
1. Current assets	24.59%	756,116	606,874
2. Cash and securities	-82.06%	1,010	5,631
3. Adjusted current assets (1-2)	25.59%	755,106	601,243
4. Current liabilities	21.70%	639,022	525,068
5. Short-term loans	28.28%	109,104	85,051
6. Adjusted current liabilities (4-5)	20.43%	529,918	440,017
7. Working capital (1-4)	43.14%	117,094	81,806
8. Demand for current assets (3-6)	39.67%	225,188	161,226
9. Net cash (7-8)	-36.10%	-108,094	-79,420
10. Equity share in financing the current assets (7 : 1) in %	2%	15%	13%

The quick increase in the value of current assets is slightly less dynamic that the accompanying increase in sales revenues (26.7%). Current assets of the Company are financed mainly through non-interest bearing liabilities (above 70%) while debt constitutes only 14% of such financing. The increase in the value of current assets is significantly greater than the increase in the value of working capital. Consequently, both the increase in the value of bank loans as well as their percentage share in the financing structure are small and very secure owing to the use of the Company's creditworthiness.

An invariably favourable and very stable financial standing is also confirmed by debt ratios with the following values:

Debt ratios	**2012**	**2011**
Total debt ratio	70.80%	70.16%
Equity to assets ratio	29.20%	29.84%

The debt structure analysis confirms a still high share of own funds in the financing of assets and has allowed us to state that the Company's financial position is very good and stable.

16. Evaluation of the possibility of executing intended investments

Considering the Company's high creditworthiness as well as growing return on its activities, the Management Board has very positively assessed the possibility of carrying out potential intended investments.

17. Evaluation of the factors and untypical events influencing the result of operations

Aside from the still high level of foreign exchange rates fluctuations, the effect on which is hedged by hedge accounting, the Company did not record any material factors of an untypical nature during the period covered by this Report.

18. Description of the external and internal factors significant for the Company's growth

Factors significant for the Company's growth are described in Section 2 to this Report.

19. Changes to the basic principles of the Company management

In 2012, the Company did not considerably change its management principles.

In 2011, the Company has considerably changed its attitude to foreign exchange risk management. The Management Board introduced a new foreign exchange risk management policy setting forth, among other items, 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, the Company has introduced hedge accounting principles as an element aimed at levelling the impact of fluctuations in the foreign exchange rates on the Company's results through reflecting the effects of differences between liability payment dates and goods outflows.

20. Agreements concluded between the Company and the persons managing it

Piotr Bieliński, President of the Management Board, has held his position pursuant to a resolution passed by the Supervisory Board. Possible compensation which may be due to the President of the Management Board in the case of dismissal is a five-month remuneration.
Edward Wojtysiak performs his obligations on the basis of a "Management Contract" regulating mutual relations connected with the performance of his obligations as Member of the Company's Management Board. This contract does not contain any provisions which might lead to changes in the shareholding structure in the future. This contract does not provide for any compensation in the case of removal from the Company's Management Board.
On 9 August 2011, Sławomir Harazin was appointed for the position of the Vice-President of the Management Board, he has held this position pursuant to a resolution passed by the Supervisory Board. The resolution did not stipulate any compensation in the case of his dismissal from the Company's Management Board.

21. Value of remunerations, awards or benefits for the persons managing or supervising the Company

Remuneration of persons managing or supervising the Company is described in detail in Note 36 to the Financial Statements.

One Member of the Management Board of ACTION S.A. holds shares in related entities:

Piotr Bieliński holds shares in SFERIS Sp. z o.o.
- 15 shares (out of 27,993 shares) with the nominal value of PLN 16 thousand constituting 0.05% of the capital.

22. Nominal value and total number of all the Company's shares

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

23. Information on the agreements which may influence the current shareholder structure

On 15 November 2006 the Extraordinary Meeting of the Company's Shareholders passed a resolution on the issue of subscription warrants and excluding the right to subscribe for subscription warrants. In order to carry out its incentive programme, ACTION S.A. issued 547,000 registered subscription warrants entitling one to subscribe for C series shares on specific terms and conditions. The issue took place in December 2007 within a conditional increase of the share capital excluding the subscription right. The person entitled to subscribe the warrants was the person covered by the incentive programme the regulations of which had been passed by the Supervisory Board. The warrants were subscribed for by person duly authorised thereto and subsequently they were sold to a Member of the Management Board of ACTION S.A. The right to subscribe for C series shares arising from the subscription warrants may be exercised not later than on 31 December 2015 pursuant to Resolution nos. 3 and 5 of the Extraordinary General Meeting of ACTION S.A. of 21 December 2009.

24. Information on the systems of control for the employee shares programs

The Company does not have any employee share schemes.

25. Information concerning the entity authorised to audit Financial Statements

Detailed information concerning the entity authorised to audit Financial Statements was presented in Note 38 to the Financial Statements.

26. Expected development of the Company and its financial standing

In 2013 the Company shall carry out its growth strategy by the following in particular:
- fully benefiting from concluded distribution agreements and concluding new agreements,
- further developing of its sales network,
- further developing of its online sales,
- making better use of its warehousing and logistics facilities,
- capital acquisition investments.

Having implemented the assumptions specified above, the Management Board of ACTION S.A. expects to enhance sales at a rate not lower than the general market growth rate. It is expected that the Company's advantageous financial situation will be maintained.

Piotr Bieliński **President of the Management Board**	**Sławomir Harazin** **Vice-President of the Management Board**	**Edward Wojtysiak** **Vice-President of the Management Board**

Warsaw, 19 March 2013