POPRAWSKA I KASZTELAN
Biegli Rewidenci
Spółka Partnerska

· Badanie sprawozdań finansowych · Prowadzenie ksiąg rachunkowych ·
· Doradztwo podatkowe ·

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT DRAWN UP AS FOR 31ST DECEMBER 2010

„ TALEX ” S.A.

61-619 POZNAŃ, KARPIA 27D

POZNAŃ, APRIL 2011

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A . General part

1. Data identifying the audited Unit

❖ **NAME AND ADDRESS**

„TALEX” S.A., Karpia 27D, 61 – 619 Poznań

❖ **DATE AND PLACE OF FOUNDATION**

„TALEX” S.A. was founded as a result of transformation of the Production and Implementation Company „TALEX” Limited Liability Company – resolution No. 3 of the Extraordinary Meeting of Partners held on 2nd March 1998 (Notarial act Rep. A 2655/1998 drawn up in the law office „Ziemski and Partners” Limited Liability Company in Poznan, 10 Strusia Street in the presence of the Notary, E. Dorota Drożdż).

The Statute of Joint stock company (Polish abbreviation: S.A.) was adopted by the Extraordinary Meeting of Partners of „TALEX” Limited Liability Company – the founders of „TALEX” S.A. – Notarial Act Rep. A 3545/1998 from 19th March 1998 drawn up in the Notary Office of E. Dorota Drożdż in Poznan, 20/3 Nowowiejskiego Street.
Correction of the aforementioned minutes of the Meetings of Partners was published in the minutes from the Extraordinary Meeting of Partners on 30th March 1998 (Notarial act Rep. A 3967/1998, drawn up in the presence of the Notary, E. Dorota Drożdż).

❖ **REGISTRATION**

On 9th April 1998 the District Court in Poznan XVI Economy Department - Registry removed Production and Deployment Company „TALEX” Limited Liability Company from the Register of Companies RHB 2027 – due to conversion into a joint stock company - Decision H 1114/98.
„TALEX” S.A. was registered on 9th April 1998 on the basis of the decision made by the District Court in Poznan XVI Economy Department - Registry in the Register of Companies in section B under the No. 11905.

On 3rd October 2001 the Company was registered in the Register of Enterprises of the National Court Register under KRS No. 0000048779 on the basis of the decision made by the District Court, XXI Economy Department in Poznan – Ref No. PO.XXI NS-REJ. KRS/6563/1/63.

❖ **ORGANIZATIONAL CHANGES**

In the period covered by the audit there were changes in the statute and the governing bodies of the Company, namely:

- On 24 March 2010 the Management Board membership extended for Radosław Wesołowski, who was appointed Member of the Management Board under Resolution No. 4 of the Supervisory Board. The membership is for a common term of office of the Management Board established on 22 April 2008. On 30 March 2010 this was entered into KRS: 0000048779 - Decision of the District Court Poznan - Nowe Miasto and Wilda in Poznan, 8th Economy Department of the National Court Register: Ref. PO.VIII NS - REJ. KRS/005878/10/619.

- On 29 April 2010 during the Annual General Meeting (Notarial Deed Rep. A No 8854/2010; notary Jacek Kaczorowski of Notarial Office in Poznan, 13/8 Młyńska St.) changes were introduced in the Articles of Incorporation under Resolution No. 1911 which changed §5.1, §14.1, §15.1, §16.2, § 17.1, §17.2, §24.3, added §23.1 point m, and deleted §15.3.
  On 15 June 2010 the changes were entered into KRS: 0000048779 – Decision of the District Court Poznan – Nowe Miasto and Wilda in Poznan, 8th Economy Department of the National Court Register, of 14 June 2010: Ref. PO.XXI NS-REJ.KRS/012464/10/084.

THE MANAGEMENT BOARD

During the period covered by the audit the Management Board was composed of :

- Janusz Gocałek – President of the Board
- Jacek Klauziński – Vice-President of the Board
- Andrzej Rózga – Vice-President of the Board
- Rafał Szałek – Member of the Board
- Radosław Wesołowski – Member of the Board (since 24 March 2010)

As of the day the audit was carried out, the Management Board of „TALEX" S.A. remained unchanged.

SUPERVISORY BOARD

During the period covered by the audit the Supervisory Board was composed of:

- Tomasz Łodygowski President of the Supervisory Board
- Grzegorz Ganowicz Member of the Supervisory Board
- Jerzy Nawrocki Member of the Supervisory Board
- Marek Nawrocki Member of the Supervisory Board
- Bogna Pilarczyk Member of the Supervisory Board

EQUITY

As for the situation as of 31st December 2010 the equity amounts to PLN 43,882,923.02 and includes:

- Share capital in the amount of PLN 3,000,092.00 which consists of:

102,000	Series A registered shares, each of PLN 1.00 nominal value (enjoy voting preference of 5 votes per share)	PLN 102,000.00.
849,000	Series B ordinary registered shares, each of PLN 1.00 nominal value	PLN 849,000.00.
450,000	Series C ordinary bearer shares, each of PLN 1.00 nominal value	PLN 450,000.00.

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889,092	Series D ordinary registered shares, each of PLN 1.00 nominal value	PLN 889,092.00.
710 000	Series E ordinary bearer shares, each of PLN 1.00 nominal value	PLN 710,000.00.
3,000,092	**Total shares**	**PLN 3,000,092.00**

- supplementary capital of PLN 38,638,456.22
- net financial result (profit) of PLN 2,244,374.80

- **NIP:** 782 – 00 – 21 – 045
- **REGON:** 004 772 751
- **EMPLOYMENT**

As of 31st December 2010 the number of employees was 242. The average employment in the period from 1st January 2010 to 31st December 2010 in terms of full-time employment was at the level of 232.50.

- **SUBJECT OF ACTIVITY**

The subject of activity was defined in par. 5 of the Statute and is consistent with the entry in Chapter 3, section 1 KRS 0000048779.
In the auditing period, the PKD nomenclature of the subject of activity was amended for clearup purposes - under Resolution No. 11 of 29 April 2010, during Annual General Meeting, changes were made to the Statute, including §5.1, by giving a new tone to the Statute and indicating that the changes do not constitute a material change in the scope of activities.
During the period covered by the audit **„TALEX" S.A.** performed its basic activities in the fields of design, trade and production in the information technology sector, in the Company's registered office in Poznan, 27D Karpia Street and in branch offices:

- 02-135 Warszawa, Iłżecka 26 ,
- 81-300 Gdynia, Sportowa 8,
- 54-203 Wrocław, Legnicka 51/53,
- 40-121 Katowice, Chorzowska 50,
- 70-812 Szczecin, Pomorska 53,
- 15-027 Białystok, Ogrodowa 31,
- 87-100 Toruń, Włocławska 167,
- 90-361 Łódź, Piotrkowska 276,
- 20-632 Lublin, Jana Sawy 2,
- 35-301 Rzeszów, Lwowska 6,
- 10-288 Olsztyn, Prusa 6/3.
- 30-644 Kraków, Kamieńskiego 51,
- 65-409 Zielona Góra, Moniuszki 16.

The Company offers comprehensive services in the field of enterprise and institution informatization, which are connected with equipment and software deliveries.

The primary subject of activity of **„TALEX" S.A.**, according to the Polish Classification of Activities 2007 (PKD) involves „wholesale of computers, computer peripheral equipment and software" 46.51.Z.

2. Data identifying the entity authorized and statutory auditor auditing the unit on its behalf

The audit was carried out on the following days: 15 November 2010 (stock-taking), from 7 till 8 February 2011 and from 22 March till 15 April 2011 with breaks on the basis of agreement No. 259/2010 from 6 July 2010 between:

„TALEX" S.A., with its registered office in Poznań, Karpia 27 D, represented by:
- Janusz Gocałek - President of the Management Board
- Jacek Klauziński - Vice-President of the Management Board

and

the Company „Poprawska i Kasztelan – Biegli Rewidenci, Spółka Partnerska" with its registered office in Poznań, Winklera 1, entered on the list of entities authorized to audit financial statements under the registration number of 2791, represented by:
- Małgorzata Poprawska - the Partner,

The agreement was entered into in order to implement resolution No. 2 of the Supervisory Board of „TALEX" S.A. from 21 June 2010 on the decision to choose „Poprawska i Kasztelan – Biegli Rewidenci", Spółka Partnerska, to audit the financial statement for 2010.

The audit was carried out by:
- ⇨ Małgorzata Poprawska – Key Statutory Auditor, Reg. No. 5796

The entity responsible for the audited financial statement is the Management Board of „TALEX" S.A., with its registered office in Poznan, 27 D Karpia Street. The Management Board and Supervisory Board members of „TALEX" S.A. with its seat in Poznań, Karpia 27 D, are required to ensure that the financial statements and activity reports comply with the requirements specified in the Act of 29 September 1994 on Accounting (Journal of Laws of 2009 No. 152, item. 1223 with later amendments) hereinafter referred to as "Accounting Act".

The purpose of the audit was to study and assess the present Financial Statement's compliance with binding legal provisions, as well as state whether the Financial Statement accurately and clearly presents all the information significant for the assessment of property and financial situation of the audited Entity in all material respects, and decide about the accuracy of the accounting books constituting the basis of the Financial Statement.

The authorized entity and the statutory auditor, as well as the statutory auditor – verifier who carried out the audit on its behalf state that they remain independent of the audited Entity as understood in Art. 56 of the Accounting Act of 7th May 2009 on statutory auditors and their

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autonomy, entities entitled to audit financial statements and on public oversight (Journal of Law, No. 77, section 649 of 2009 with later amendments).

Authorized entity presented Audit Committee of the audited unit with the statement on independence together with information on services performed to TALEX S.A., according to article 88, point 2 of the law of 7th May 2009 on the statutory auditors, entities authorized to audit financial statements and on public oversight (Journal of Law, No. 77, section 649 of 2009) . Moreover, based on article 88 point 3 of the above Law, authorized entity presented information that there are no threats to the independence of the Company: Poprawska i Kasztelan – Biegli Rewidenci", Spółka Partnerska, in connection with auditing the financial statement of TALEX S. A., with its registered office in: 61-619 Poznań, Karpia 27D, prepared as for 31 December 2010.

On 11 April 2011 a meeting was held between the key auditor and the Audit Committee of the Supervisory Board of TALEX S.A. in the Company's headquarters in Poznań, Karpia 27D, during which discussed were issues concerning the auditing methods used and the final conclusions, including a draft opinion on the 2010 Financial Statement.

3. Data identifying the audited financial statement – balance sheet continuity

The audited statement includes:

- introduction to the financial statement,
- balance sheet as drawn up for 31 December 2010, with assets and liabilities of **PLN 64,919,626.20**
- profit and loss account for the financial year from 1 January 2010 to 31 December 2010 showing the net profit of **PLN 2,244,374.80**
- statement of changes in equity for the financial year from 1 January 2010 to 31 December 2010 showing an increase in equity of **PLN 2,244,374.80**
- cash flow statement showing a cash outflow in the financial year from 1 January 2010 to 31 December 2010 of **PLN 61,887,289.20**
- additional information and explanations.

The basis for opening the accounting books as of 1 January 2010 was the financial statement of Talex S.A. drawn up for 31 December 2009 audited by Małgorzata Poprawska (Reg. No. 5796), operating on behalf of the entity authorized to carry out audit: POPRAWSKA I KASZTELAN BIEGLI REWIDENCI SPÓŁKA PARTNERSKA (entry on the list of KIBR 2791). An opinion was issued on 7 April 2010, including no reservations.

The above financial statement was approved on 29 April 2010 by means of resolution No. 4 of the Ordinary General Assembly – Notarial act Rep. A no 8854/2010 drawn up by the notary Jacek Kaczorowski who runs the Notary Office in Poznań, Młyńska 13/8.

By means of resolution No. 10 of that Ordinary General Assembly the net loss from 2009 in the amount of PLN 2 780 494.16 was covered from supplementary capital.

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On 6 May 2010 Talex S.A. handed in the complete set of documents regarding the financial statement for 2009 to the First Tax Office of Wielkopolska in Poznań.

On the basis of Art. 70 of the Accounting Act, the financial statement was published in the Official Journal of the Republic of Poland „Monitor Polski B" No. 1118 item 6183 from 12 July 2010.

On 12 May 2010, in fulfillment of the obligation set in Art. 69 of the Accounting Act, the financial statement for 2009 was submitted to the Register Court. On 15 June 2010, the submitted documents were mentioned in the Register of Enterprises under KRS: 0000048779 by the ruling of the Regional Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Economy Department KRS from 14 June 2010 – case signature PO.VIII NS - REJ.KRS/012464/10/084.

4. Confirmation of access given by Talex to data and explanations required for carrying out and submitting the statement on completeness of the accounting books

In the course of the audit of the financial statement of „TALEX" S.A. no restrictions on the scope of the audit were placed. The auditors were provided with data, information and necessary explanations that they asked for. The Management Board submitted the statement on the completeness of data in accounting books and proving all conditional obligations as well as on informing about important events which took place after the date of the balance sheet and until the day of submitting the statement.

B. Economic and financial analysis

The economic and financial analysis of TALEX S.A. was carried out on the basis of results achieved in years 2008 – 2010.
The following pages present:

- synthetic assets balance sheet together with the structure and dynamics of changes,
- profit and loss account together with the dynamics of changes,
- table of basic economic ratios,
- general description of the economic and financial situation of the Company.

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Profit and loss account - dynamics

No	Specification	2010	2009	2008	Dynamics 1 : 2	Dynamics 2 : 3
		PLN	PLN	PLN	%	%
		1	2	3	4	5
A	Revenues from sales	105 836 274,00	61 903 277,74	131 453 067,18	171%	47%
B	Cost of products, goods and materials sold	91 195 793,97	53 176 560,79	113 526 981,96	171%	47%
C	**Gross profit from sale (A-B)**	**14 640 480,03**	**8 726 716,95**	**17 926 085,22**	**168%**	**49%**
D	**Selling costs**	**5 187 660,64**	**4 622 286,28**	**5 151 746,58**	**112%**	**90%**
E	**General and administration costs**	**7 644 167,82**	**6 951 244,60**	**5 749 887,32**	**110%**	**121%**
F	**Profit / loss on sales (C-D-E)**	**1 808 651,57**	**-2 846 813,93**	**7 024 451,32**	**-**	**-**
G	Other operating revenues	935 918,04	278 081,45	120 551,84	337%	231%
H	Other operating expenses	215 534,95	641 471,45	805 638,95	34%	80%
I	**Profit / loss on operating activity (G+F-H)**	**2 529 034,66**	**-3 210 203,93**	**6 339 364,21**	**-**	**-**
J	Financial revenues	386 101,39	1 095 926,54	722 560,27	35%	152%
K	Financial costs	386 138,25	568 260,77	1 873 099,54	68%	30%
L	**Gross profit / loss on business activity (I+J-K)**	**2 528 997,80**	**-2 682 538,16**	**5 188 824,94**	**-**	**-**
M	Result of extraordinary events	0,00	0,00	0,00	-	-
N	**Gross profit / loss ((L+(+/-M))**	**2 528 997,80**	**-2 682 538,16**	**5 188 824,94**	**-**	**-**
O	Income tax	284 623,00	97 956,00	1 158 423,00	291%	8%
P	Other obligatory reductions in profit (increases In loss)	0,00	0,00	0,00	-	-
R	**Net profit / loss (N-O-P)**	**2 244 374,80**	**-2 780 494,16**	**4 030 401,94**	**-**	**-**

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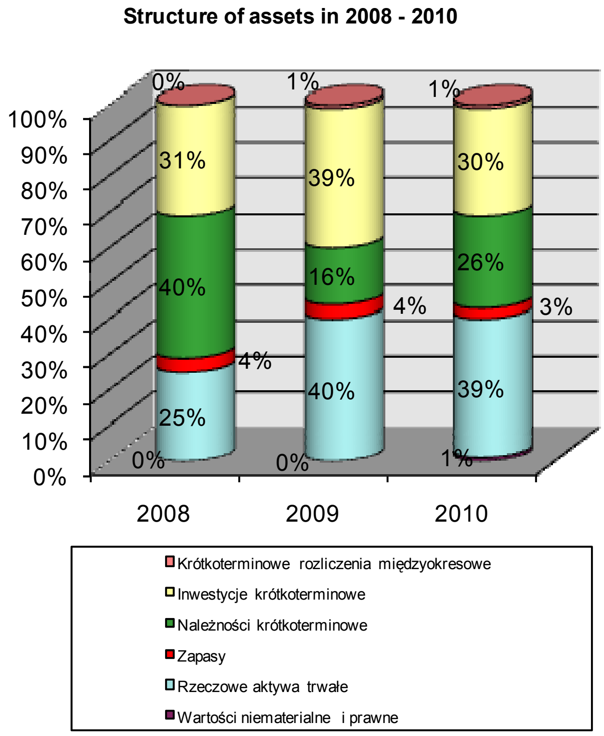
Analysis of the balance sheet and profit and loss account

Balance sheet

In 2008 to 2010 changes in Company's assets showed variable trend: decrease by 40% in 2009, compared to 2008 and 20% increase in the audited year.

General structure of assets changed over the year 2009, while during the period examined the structure remained at the level from the preceding year, that is:
:

- In 2009-2010 fixed assets comprised 40% of the total value of assets – in comparison with 25% in 2008.
- In 2009-2010 current assets comprised 60% of the total value of assets – in comparison with 75% in 2008.



The main elements influencing fixed assets are tangible fixed assets, comprising about 39% of the total value of assets. In the periods analyzed they remained at 118% of the value of 2009, it means that the Company bears the expenses of property reconstruction in the amount little above the value of amortization write-offs. In 2010 the largest expenditures were incurred on „technical devices and machines" (including computer hardware) what is necessary for proper functioning of the Company. Considerable expenditures (PLN 1.2 mil) arose from the Data Centre. Intangible assets increased more than sixfold compared to the previous year, reaching the level of 1% in the structure of total assets. Long-term prepayments and long-term receivables constituted less than 1% of total assets in all audited periods.

In the structure of current assets in the course of the periods analyzed there were changing trends of contribution of particular components. Following changes occurred in the audited period compared to 2009:

- increase in the share of short-term receivables from 16% to 26% of assets value (compared to 40% in 2008), with their increase of 96% in current numbers,
- decrease in the share of short-term investments (including cash and other securities, and only cash at the end of 2010) from 39% to 30% of assets value (compared to 31% in 2008), with their drop in real numbers by 8%,
- decrease in the share of inventory from 4% to 3% of total assets value, with their increase in real numbers by 14%.

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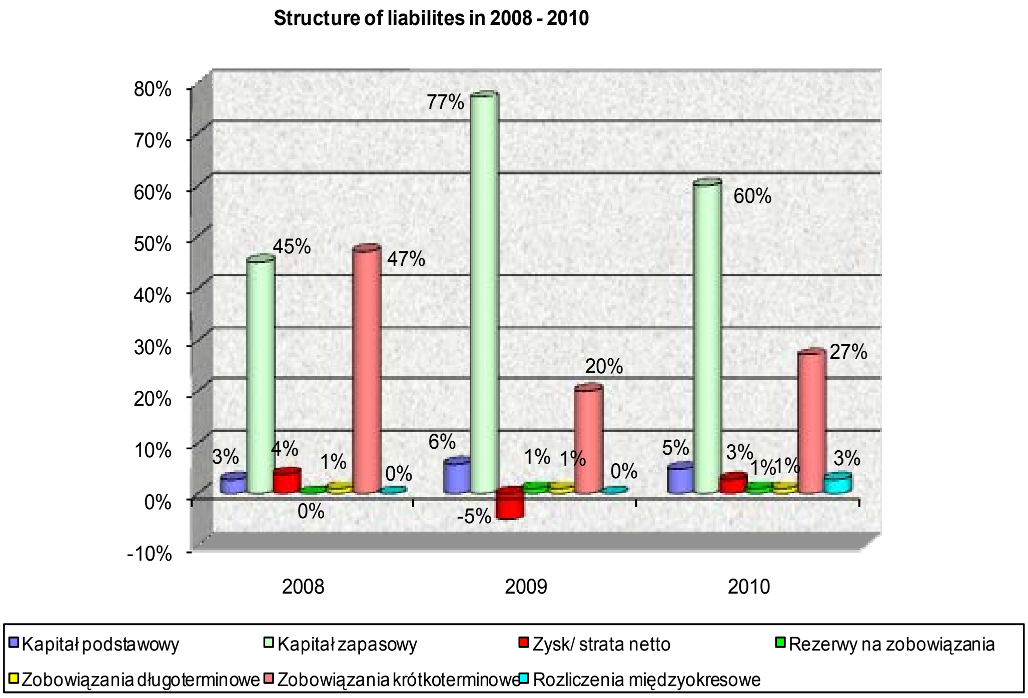
- as in the previous year, short-term prepayments contributed to 4% of assets value, in spite of their increase in current values by 70%

On the liabilities side we observe advantage of the equity share compared to liabilities share. This positively influences the financial stability of the Company. At the end of 2010 the equity amounted to 105% of the value from the previous year. However, despite this fact, its contribution to financing the value of the Company's property decreased from 78% to 68%.



Supplementary capital is the biggest element of equity, comprising 60% of total liabilities. In 2009 it increased by 3% as a result of profit division from the previous year.
Share capital did not change and its share decreased from 6% to 5% of total liabilities.
In the period examined financial profit amounted to PLN 2,244.40 thousand that influenced the 3% increase of share capital contribution in financial assets of the Company.

Long-term liabilities referring to financial leasing (by accounting) increased by 29% in the examined period and comprise about 1% of total liabilities, similar to the previous year.
Short-term liabilities increased by 60% compared to the previous year, which caused their increase in the share of liabilities from 46% to 20% of total liabilities.

In the examined period provisions for liabilities increased by 45% compared to 2008, in spite of the fact that their share in liabilities remained at the level of 1%. Revenue accruals had no significant influence on the structure of liabilities in 2008-2009, however, in the audited period they increased fourteen times and now comprise about 3% of total liabilities. This fact is related to the grant obtained by the Company and earmarked for the coverage of the costs of certain assets.

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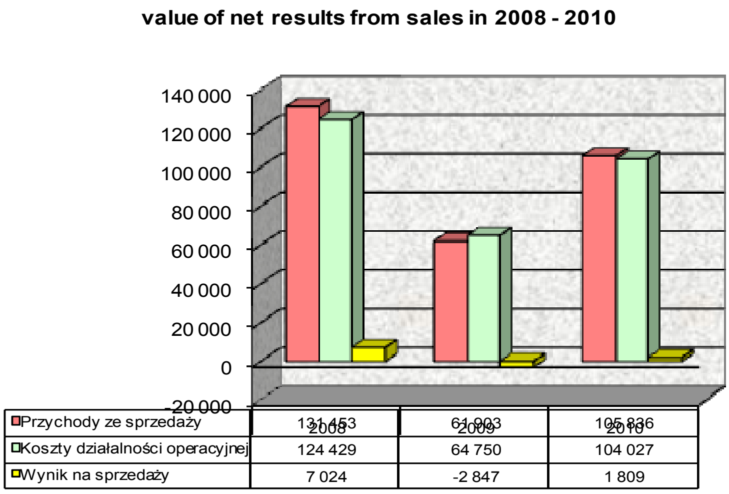
Balance sheet analysis shows the correct relationship between the assets of the Company and the sources of their financing as well as financial independence of the audited Company. The activity of the Company is financed mainly from the share capital and the liabilities presented in the examined period are fully covered by its short-term investments.

Profit and loss account

In the periods analyzed there was a fluctuating tendency of the dynamics of basic result values; ie., a significant drop in the previous year and a significant increase in the under consideration.

In 2009, in comparison with 2008, both revenues from sales and costs of sold products, materials and goods comprised about 47% of values from 2008. Gross profit on sales amounted to PLN 8,726.7 thousand and comprised about 49% of gross profit in 2008.



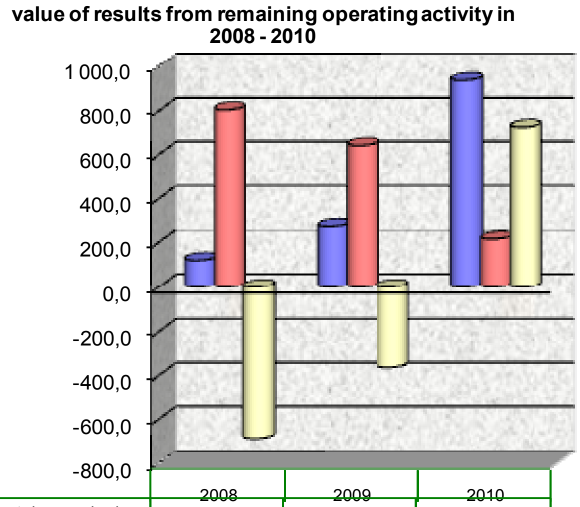
In the period examined, both revenues from sales and costs of sold products, materials and goods increased by about 71% in relation to the values from 2009. Gross profit on sales amounted to PLN 14,640.5 thousand and comprised about 168% of gross profit in 2009.

The costs of sales in last year decreased by 10% and increased by 12% in the examined period. General costs of administration ware increasing in the analyzed periods; by 21% in 2009 and by 10% in 2010.

The above values together influenced the value of net result from sales, which showed a loss of PLN 2,846.8 thousand in 2009, which, compared to 2008 profit of PLN 7,024.5 thousand was an evident decline. During the examined period the Company managed to compensate the losses and generate profit on sales of PLN 1,808.7 thousand.

As the Management of the Company showed in their report on the previous year, the high drop in sales in 2009 was mainly related to the economic situation in Poland and to savings made by the companies while changing IT equipment.

The values of the first analyzed period proved impossible to be achieved during the examined period. However, the results indicate a significant improvement in comparison with the preceding year and at the same time prove that the strategy adopted by the Management Board of the audited Entity is proper.



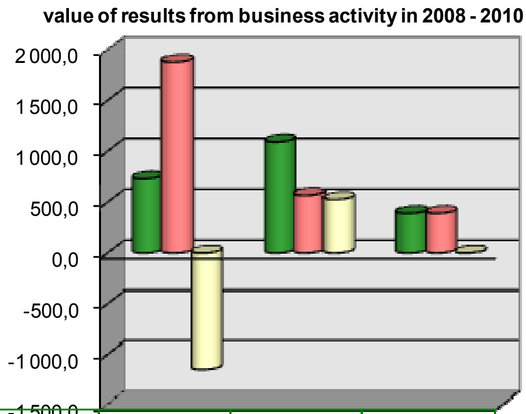
	2008	2009	2010
Pozostałe przychody operacyjne	120,6	278,1	935,9
Pozostałe koszty operacyjne	805,6	641,5	215,5
Wynik na pozostałej dz. operacyjnej	-685,0	-363,4	720,4

Relation between other revenues and other operating costs was unfavorable in 2008-2009. Other operating costs were several times higher than other operating revenues. Amortization write-off of the goodwill, which ended in 2009, had the greatest influence on operating costs.

During the examined period a reversal of the relationship between these values occurred.

Compared to the previous year, remaining operating revenues were tripled in the examined period, but remaining operating costs were reduced by 66%. The improvement in the relationship between those values allowed to generate the profit of PLN 720.4 thousand.

The biggest items of remaining operating revenues include: EU grants, result from sales of fixed assets, as well as premiums and compensations received. The values of traffic damages, contractual penalties and damages paid as well as the costs of obtaining EU grants had the greatest influence on remaining operating costs. The positive result of remaining operational activity influenced the increase in operational activity profit to the level of PLN 2,529 thousand, which compared to the loss of PLN 2,683 thousand in this field in the preceding year, is a significant improvement.



	2008	2009	2010
Przychody finansowe	722,6	1 095,9	386,1
Koszty finansowe	1 873,1	568,3	386,1
Wynik na działalności finansowej	-1 150,5	527,6	0,0

In the field of financial operations there is a loss in 2008, but a positive result in 2009, while in the examined period profits and financial costs are at a similar level, which gives a close to zero result in this regard. In the examined year the financial revenues were at the level of 35% of the value in 2009, but financial costs comprised about 68% of financial costs in the previous year.

In the examined period, the magnitude of financial revenues was influenced by: interest on deposits, funds in bank accounts and securities, remaining interest and the positive update of investments.

However, financial costs mainly result from the surplus of positive exchange rate differences over negative exchange rate differences, operating leasing costs (financial part), update of investments and securities management costs.

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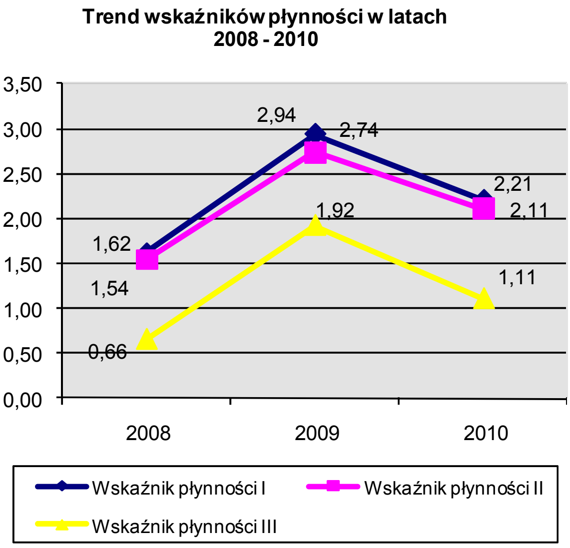
No extraordinary events occurred in the examining period.

After taking into account the obligatory encumbrances of the financial result, the examined year was closed with net profit of PLN 2,244.4 thousand which, compared to the net loss of PLN 2,780.5 thousand in the previous year, shows the improvement in efficiency of the audited Company.

Ratio analysis

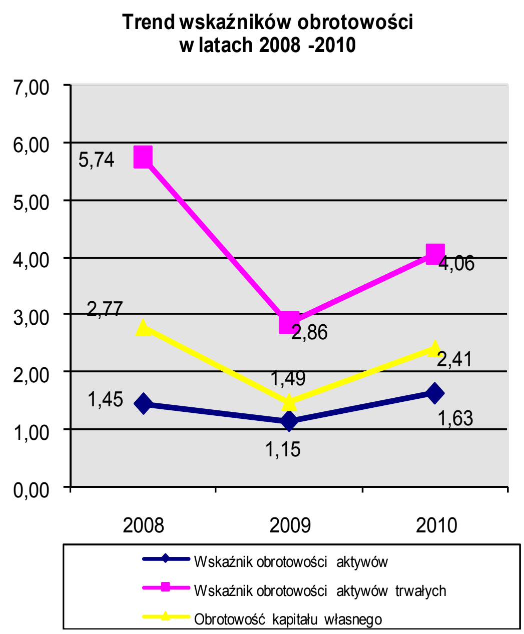
Financial ratios confirm the results of balance sheet analysis and profit and loss account and despite of the drop in profitability in the examined year, show the good financial condition of the Company.



Financial liquidity ratios, defining the capability of the audited Entity to timely settle its current liabilities, remain within the limits or exceed the values required for good assessment of the financial situation of the Entity.

Optimum values are:

- for liquidity ratio I – 1,2 do 1,8
- for liquidity ratio II – 0,8 – 1,00
- for liquidity ratio III about 0,30.



Those ratios are lower compared to the previous year, but still remain on a very good level. The Company has full capability to settle its liabilities, and the state of owned short-term investments covers the current liabilities in 100% in the examined period.

Turnover ratios, which determine the ability of the Entity to generate revenues with the assets of the Entity, should show an upward trend.

In the examined period the ratios show the desired increasing tendency. In 2010 total assets turnover was equal to 1.63, which means that for PLN 1.00 of Company's assets falls PLN 1.63 of revenues from sales. Equity turnover is equal to 2.41, so for each PLN 1.00 falls PLN 2.41 of revenues from sales.
Fixed assets turnover is on the highest level; for PLN 1.00 of assets elements fall PLN 4.06 of revenues from sales.

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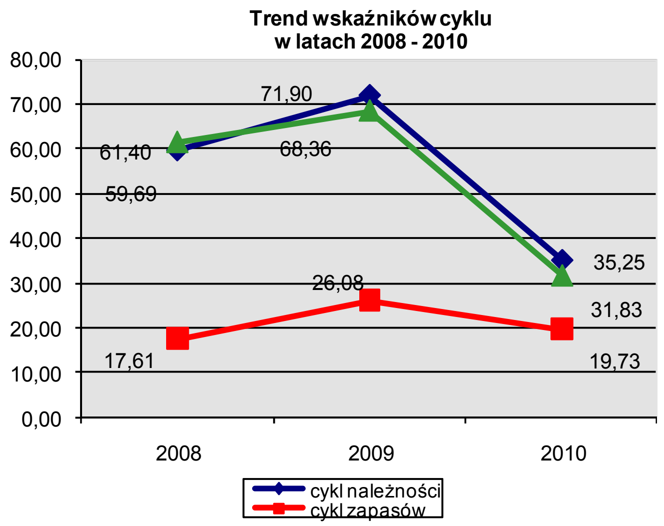


As for the cycle ratios, the desirable tendency is for them to decrease.

In the examined period, compared to the previous year:

- the cycle of inventory was shortened from about 26 to 20 days,
- the cycle of receivables was also shortened from about 72 days to about 35 days,
- duration of liabilities was shortened from about 68 days to about 32 days.

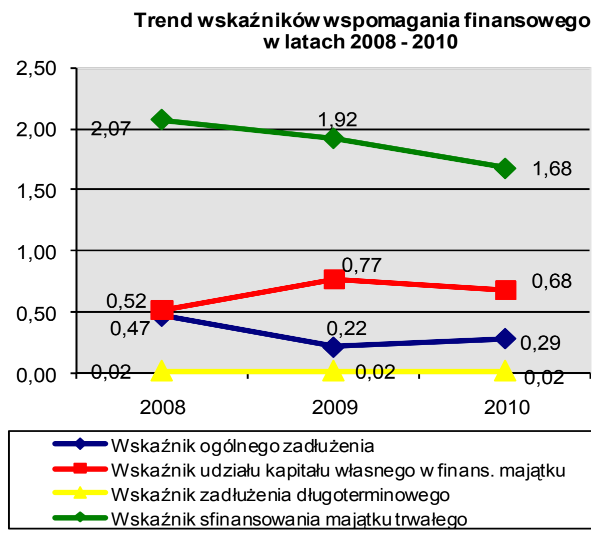
The above values were calculated on the basis of average data for 5 periods (the beginning of the year and the end of each quarter). Given the calculation of the average data for 13 periods (beginning of the year and the end of each month), the cycle of receivables and duration of liabilities are a little shorter, as the level of those ratios is influenced by high values at the end of the year and at the end of quarters. When calculating the average level of receivables and liabilities based on data at the end of each month – the cycle of receivables was 46 days for 2008, about 56 days for 2009, and about 30 days for 2010, while the duration of liabilities was 45 days for 2008, 49 days for 2009, and 29 days for 2010. Thus a balance is maintained between the length of the waiting period for receivables and the period for fulfilling obligations.

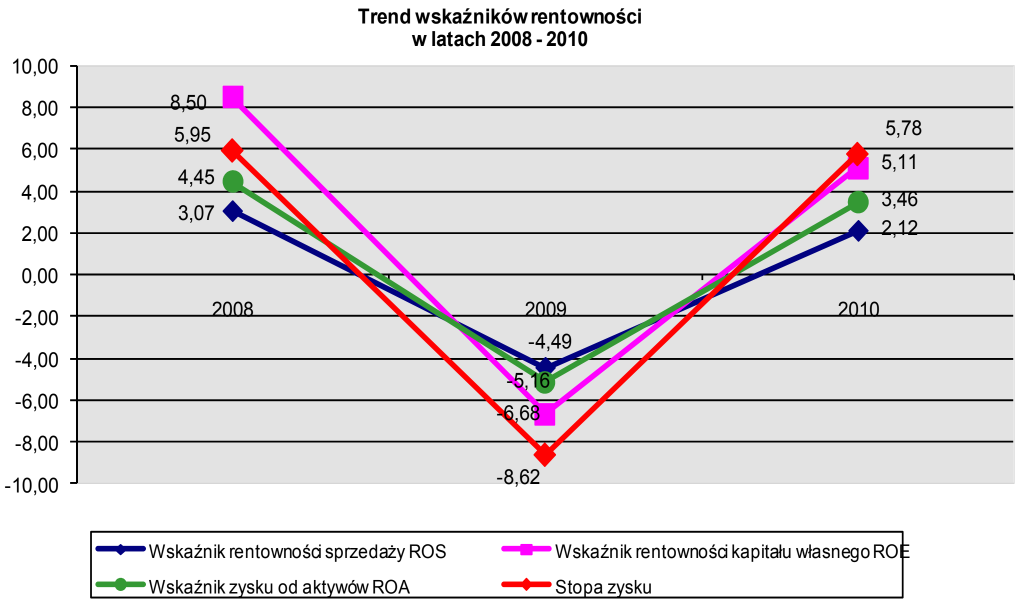
Ratios of financial support of investment activities, despite deterioration, show that the Company is financially independent.

Equity finances 68% of the Company's property value and debt ratio is 0.29.

Desirable values for the positive assessment of the property structure and sources of its financing in the Company, are as follows: for the debt ratio less than 0.5 with a tendency to decrease and for the equity ratio – more than 0.5 with a tendency to increase.

Fixed assets are fully covered by equity.





In 2008 profitability ratios were on a good level, but had a downward trend in the following period examined due to the net financial loss. During the examined period the ratios took the desired upward trend and reached the level similar to the first analyzed period.

Analysis of the balance sheet, profit and loss account and presented analysis of financial condition, indicate the increase in management effectiveness as well as the financial stability of the Company, and do not indicate any threat of preventing it from continuing its activities in the year following the years audited.

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C. Detailed part

1. Accuracy and reliability of accounting books

„TALEX" S.A. keeps its accounting books on the basis of the provisions laid down in the Accounting Act of 29th September 1994 (i.e. Journal of Laws of 2009, No. 152, item 1223 with subsequent amendments) and principles adopted by the Company, the so-called „Accounting Policy", which was approved 30th January 2002 by the Management Board and which entered into force on 1st January 2002. In the auditing period, the uniform text of the Company's „Accounting Policy" was updated without introducing any changes and adopted on 4 January 2010.

Accounting books are kept using the computer technique based on the integrated financial and accounting program IRBIS, implemented on 1st January 1999, which was created by TALEX SOFTWARE Ltd. – a company bought on 1st June 1998. The program consists of the following modules:

- financial and accounting,
- goods circulation, which covers sales and warehouses,
- fixed assets,
- remunerations,
- personnel,

During the audit of the financial statement it was stated that a system of access codes provides complete safeguard against interference of unauthorized persons.

Due to the fact that „TALEX" S.A. does not prepare consolidated financial statements, a separate financial statement in accordance with MSR or US GAAP has not been drawn up.

The accounting system used includes all appliances stipulated in this respect by provisions of the Accounting Act. The method of marking and storing accounting evidence guarantees easy access and control.

As a result of the audit of the financial statement and accounting books of TALEX S.A, the following has been stated:

- completeness and clarity of documenting business operations and their correct qualification to be included in accounting books,
- correctness of accounting books opening as well as completeness and correctness of records made and their connection with documents and the financial statement,
- fulfillment of conditions set for accounting books kept using the electronic technique of calculation.

Storage and archiving of data – no reservations.

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2. Valuation principles of financial statement items

In the course of the audit, it has been found that TALEX S.A. prepared the financial statement for the period from 1 January 2010 to 31 December 2010 guided by rules of valuation of particular items of the balance sheet and rules of establishing revenues and costs adopted in „Accounting Policy" .

2.1. Fixed assets

2.1.1. Fixed assets and intangible assets are valued in the books according to acquisition price of manufacturing cost and amortized in proportion to the period of their utilization and including tax rates stipulated in the Legal Persons Income Tax Act of 15th February 1992 (i.e. Journal of Laws of 2000 No. 54, item 654 with subsequent amendments). The goodwill was subjected to depreciation, proportionally during 5 years. Fixed assets and intangible assets with the initial value not exceeding PLN 3,500.00 are included in the costs on a one-off basis in the month following the month in which they were put into use. Net values, that is after amortization, were entered into the financial statement.

2.1.2. Fixed assets include fixed assets and fixed assets under construction.

Fixed assets are valued according to the costs of acquisition or manufacturing costs increased by costs of their improving and reduced by costs of amortization and value of impairment. In the period of audit there was no reduction due to the permanent loss of values of fixed assets. Fixed assets with the initial value not exceeding PLN 3,500.00 are included in the costs on a one-off basis in the month following the month in which they were put into use.
Fixed assets are amortized according to the rules:

- Means of transport as exploited more intensively in relation to average conditions and requiring technical efficiency are amortized at the rate increased by coefficient of 1.4,
- Computer equipment as subject to rapid technical progress is amortized at the rate increased by the coefficient of 2.0,
- Fixed assets exploited on the basis of leasing agreements are amortized at rates resulting from the duration of those agreements,
- Remaining fixed assets according to the tax rates stipulated in the Legal Persons Income Tax Act of 15th February 1992 (i.e. Journal of Laws of 2000 No. 54, item 654 with subsequent amendments),

Fixed assets under construction are valued according to real costs incurred for the construction, assembly, adjustment and improvement of future fixed assets, decreased by the permanent impairment write-offs. In the period of audit there was no reduction due to the permanent loss of values of fixed assets under construction.

2.1.3. Long-term investments for 31 December 2010 do not occur.

2.1.4. Long-term receivables include deposits paid to safeguard the proper execution of agreements, required in period above 12 months.

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2.1.5. Long-term prepayments include assets due to deferred income tax and other prepayments which include costs of spare equipment safeguarding execution of servicing agreements, which are to be settled after 31 December 2011.

Assets due to deferred income tax were set up to the value of the amount envisaged to be deducted from tax, in relation to negative transitional differences, which will in the future result in the reduction of the basis of taxation for legal persons income tax.

2.2. Current assets

2.2.1. Inventory includes materials, goods and production in progress.

- **materials and goods** were valued at acquisition prices increased by duty in case of imports; expenditure throughout the year takes place as follows:
  - goods identified by serial numbers according the purchase price of those goods,
  - materials and goods not identified by serial numbers according to the FIFO principle – „first in, first out",
- **production in progress** includes the value of incomplete services and was valued according to real and direct manufacturing costs of particular orders,

2.2.2. Short-term receivables – throughout the year they are presented at the value set at their beginning. At balancing date (31 December 2010) receivables in foreign currencies were valued at the average exchange rate set for a given currency for a particular date by the National Bank of Poland. As for the balance sheet, the receivables taken into consideration were corrected by revaluation write-offs in the following cases:

- brought before the court - 100% write-off,
- receivables from entities in liquidation - 100% write-offs,
- receivables overdue for over half a year - 100% write-offs.

2.2.3. Short-term investments – comprise short-term financial assets, including cash. In the examined period they also included stocks in remaining units (shares and bonds)

- stocks in remaining units (shares and bonds) – according to market prices; results of differences between the value of valuation and the acquisition price were related to revenues or financial costs.
- cash – at nominal values; cash in foreign currencies at the balancing day (31 December 2010) was valued at the average exchange rate set for a given currency for a particular date by the National Bank of Poland.

2.2.4. Short-term prepayments were presented according to real expenses incurred during the examined period or previous periods, and in the period from 1 January 2011 to 31 December 2011 they are settled by inclusion in the costs of periods they concern.

2.3. Equity – as for 31st December 2010, includes share capital, supplementary capital and net profit.

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- **share capital** was presented at nominal value, in accordance with the entries in the National Registry Court and share book (for registered shares).
- **supplementary capital** was presented at nominal values. It is formed in accordance with the Company's statute from profit write-offs, sales of shares above their nominal net value and from transfer of amounts from fixed assets revaluation fund and concerning fixed assets sold or in liquidation. During the examined period, the supplementary capital diminished as the result of covering the loss for the year 2009.
- **capital from valuation updating** was accounted for in total on 31st December 2002. There was no increase of the capital from valuation updating in the period of audit.
- **net profit –** as presented in the balance sheet, is in accordance with the profit and loss account, and results from the correct transfer of account balances to the profit and loss account.

2.4. Liabilities and provisions for liabilities

2.4.1. Provisions - include:

- reserve due to deferred income tax formed to the value of the amount of income tax to be paid in the future, in relation to positive transitional differences which occur between the book value and the tax value of assets and liabilities.
- provision for retirement benefits formed according to the following formula: the number of employees without the settled right to retirement at the balancing day x average monthly salary in the Company x likelihood indicator of retirement severance payment, differentiated by the employee's age.
- remaining provisions – include provisions for the predictable costs of: premiums with margins, external services related to the revenues in the examined year, the financial audit.

2.4.2. Long-term liabilities - item includes liabilities due to leasing agreements entered into, considered from the point of view of the Accounting Act to be financial leasing, and due to be settled after 31 December 2011.

2.4.3. Short-term liabilities - presented in the amount due to be paid, liabilities in foreign currencies were valued as of 31 December 2010 at the average exchange rate set for a given currency for a particular date by the National Bank of Poland.

2.5. Revenues from sale of goods and products (products and services) include amounts due from the recipient decreased by the value added tax due. Revenues from sale are accrued to the reporting periods they concern.

2.6. Costs of operating activities include the value of products, goods and materials sold, valued at manufacturing costs or acquisition prices together with general and administrative costs and selling costs. Costs include VAT only in that part, in which according to binding legal provisions this tax cannot be deducted. Costs are presented until the period they concern, regardless of the date the invoice was received or the payment made.

2.7. Other revenues and operating costs - revenues and costs not connected directly with the normal activity of the Company, but influencing its financial result. Other operating revenues during the period examined, include: profit from the disposal of non-financial fixed assets and from received grants, premiums and compensations for transport and other damages, release of write downs of receivables, remuneration of the tax payer and other. Other operating costs were shaped in 2010 mainly by: the costs of repairing transportation damages, granted compensations for accidents, created allowances for receivables, costs of judicial proceedings and collection procedures, costs of obtaining grants and other.

2.8. Revenues and financial costs - results of financial operations. Over the period covered by the audit, financial revenues include interest on assets on bank accounts, interest on stocks and other received interest as well as profit from the sale of investments. Financial costs presented in the profit and loss account include mainly the costs of leasing charges (financial part), the costs of stocks in trading management, the surplus of negative differences in exchange rates over positive ones. Furthermore, investment update occurred during the examined period.

2.9. Extraordinary gains and losses – include the value of events difficult to predict, occurring uniquely apart from usual activity of the Company and not related to the general risk of this activity. They did not occur in the period of audit.

2.10. Obligatory encumbrance of financial result – in the period covered by the audit concerns the current and deferred income tax, determined in accordance with applicable regulations.

2.11. Net financial result – established in accordance with provisions of the Accounting Act as a difference between revenues and costs including obligatory encumbrances of financial result. Profit and loss account was drawn up by function of expenses.

3. Operation of the internal control system

„TALEX" S.A. laid down the described control procedures in „The Rules of Internal Control" which entered into force on 1st October 2001.
The Company holds ISO 9001: 2000 certificate which covers: **„**design, production, delivery, integration of computing solutions and technologies, servicing, software production, comprehensive management of customers' IT resources and the carrying out of mass implementations of information technology systems" valid until 26th May 2011, issued by SGS United Kingdom Ltd.
Moreover, since 9th June 2005 the Company holds the certificate of compliance with Security of Information Management System ISO 27001:2005 (earlier BS 7799:2002), valid until30th May 2011, issued by SGS United Kingdom Ltd.

The role of institutional control is played by the Company's Management Board and Supervisory Board, while functional control is exercised by employees responsible for particular areas of work. Additionally, a position for the purposes of controlling was created in the organizational structure of **„TALEX" S.A.**

Examination of the internal control system was carried out to such an extent to which it concerns the audited financial statement. It was not meant to reveal all possible irregularities or significant weaknesses of that system.

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In the course of the audit of the financial statement it was found that the internal control functioned correctly and ensured that risk of irregularities concerning the accuracy and correctness of data presented in the financial statement was limited.

4. Stocktaking

According to Article 26 of the Accounting Act, stocktaking in the audited Entity was conducted on the basis of the President of the Company's Ruling by means of:

- cash in hand as of 31 December 2010
- production in progress as of 31 December 2010
- fixed assets under construction as of 31 December 2010
- sale goods in the main warehouse as of 15 November 2010
- sale goods - licenses as of 31 December 2010
- other sale goods as of 31 December 2010
- materials in the Service Department warehouse as of 15 November 2010
- other materials as of 29 November 2010

by physical inventory

- cash at bank as of 31 December 2010
- settlements with recipients as of 30 November 2010
- other receivables, including „deposits" and „bid bonds" as of 30 November 2010

by balance confirmation

- other assets and liabilities as of 31 December 2010

by verification of balances

On the basis of Ruling No. 10/2007 from 12 November 2007, stocktaking of fixed assets was conducted by means of physical inventory so as to meet obligations set in Art. 26 section 3 point 3 of the Accounting Act.

The key auditor partially participated as an observer during the physical inventory of sale goods in the main warehouse on 15 November 2010 and had no comments.

Results of the stocktaking were correctly settled and related to the accounting books.

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5. Balance sheet

PLN

	ASSETS	31.12.2010r.	31.12.2009
I	**FIXED ASSETS**	**26,087,172.19**	**21,644,459.99**
1	Intangible assets	541,312.01	80,099.68
2	Tangible fixed assets	25,031,425.56	21,179,485.38
3	Long-term receivables	216,620.20	119,971.53
4	Long-term investments	0.00	0.00
5	Long-term prepayments	297,814.42	264,903.40
II	**CURRENT ASSETS**	**38,832,454.01**	**32,264,716.19**
1	Inventory	1,859,823.63	2,150,102.92
2	Short-term receivables	16,873,773.76	8,627,916.88
3	Short-term investments	19,437,511.91	21,098,460.44
4	Short-term prepayments	661,344.71	388,235.95
	TOTAL ASSETS	**64,919,626.20**	**53,909,176.18**

	LIABILITIES	31.12.2010r.	31.12.2009
I	**EQUITY**	**43,882,923.02**	**41,638,548.22**
1	Share capital	3,000,092.00	3,000,092.00
2	Called up share capital	0.00	—
3	Own shares	0.00	—
4	Supplementary capital	38,638,456.22	41,418,950.38
5	Revaluation reserve	0.00	—
6	Other reserve capital	0.00	—
7	Previous years profit/loss	0.00	—
8	Net profit/loss	2,244,374.80	-2,780,494.16
II	**LIABILITIES AND PROVISIONS FOR LIABILITIES**	**21,036,703.18**	**12,270,627.96**
1	Provisions for liabilities	574,807.37	395,405.39
2	Long-term liabilities	981,984.51	758,777.78
3	Short-term liabilities	17,540,113.64	10,984,914.41
4	Accruals	1,939,797.66	131,530.38
	TOTAL LIABILITIES	**64,919,626.20**	**53,909,176.18**

Particular items of the balance sheet were presented on the basis of agreed instruments of the general ledger and subledgers. Unreal or outdated balances were not found. Items of assets and liabilities can be considered correct on the basis of the audit carried out.

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6. Profit and loss account

PLN

	TITLE	01.01. - 31.12.2010r.	01.01. - 31.12.2009
I	**NET REVENUES FROM SALES, INCLUDING:**	**105,836,274.00**	**61,903,277.74**
	- PRODUCTS	37,121,599.09	27,882,655.19
	- GOODS AND MATERIALS	68,714,674.91	34,020,622.55
II	**COSTS OF OPERATING ACTIVITIES, INCLUDING:**	**104,027,622.43**	**64,750,091.67**
	MANUFACTURING COST OF PRODUCTS SOLD	27,534,499.58	21,293,296.41
	MANUFACTURING COST OF GOODS AND MATERIALS SOLD	63,661,294.39	31,883,264.38
	SELLING COSTS	5,187,660.64	4,622,286.28
	GENERAL AND ADMINISTRATIVE COSTS	7,644,167.82	6,951,244.60
III	**PROFIT/LOSS ON SALES**	**1,808,651.57**	**-2,846,813.93**
IV	**OTHER OPERATING REVENUES**	935,918.04	278,081.45
V	**OTHER OPERATING COSTS**	215,534.95	641,471.45
VI	**PROFIT/LOSS ON OPERATING ACTIVITIES**	**2,529,034.66**	**-3,210,203.93**
VII	**FINANCIAL REVENUES**	386,101.39	1,095,926.54
VIII	**FINANCIAL COSTS**	386,138.25	568,260.77
IX	**PROFIT/LOSS ON ECONOMIC ACTIVITIES**	**2,528,997.80**	**-2,682,538.16**
X	**RESULT OF EXTRAORDINARY EVENTS:**	0.00	—
	Extraordinary gains	0.00	—
	Extraordinary losses	0.00	—
XI	**GROSS PROFIT/LOSS**	**2,528,997.80**	**-2,682,538.16**
XII	**INCOME TAX, INCLUDING:**	**284,623.00**	**97,956.00**
	- CURRENT	338,960.00	1,351.00
	- DEFERRED	- 54,337.00	96,605.00
XIII	**OTHER OBLIGATORY REDUCTIONS IN PROFIT**	0.00	—
XIV	**NET PROFIT/LOSS**	**2,244,374.80**	**-2,780,494.16**
XV	**PROFIT/LOSS PER ONE SHARE**	0.75	-0.93

Particular items were presented in the profit and loss account on the basis of data resulting from the closed and agreed subledgers and the general ledger. Revenues and costs were qualified for particular titles in accordance with „The Accounting Policy" and the Accounting Act.
Accrual of revenues and costs to the period examined on the basis of samples of audited documents was deemed correct and complete.
The costs incurred are a cause - effect of income achieved.

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7. Explanatory notes to chosen items of profit and loss account

Explanatory notes concerning particular items of the balance sheet and profit and loss account of „TALEX" S.A. are an integral part of the audited balance sheet. Due to this, this section of the report includes only additional explanatory information on: assets and liabilities well as current and deferred income tax.

EXPLANATORY NOTE NO. 1
SHORT-TERM RECEIVABLES

Up to the day of audit, that is to 01 April 2011 vindicated receivables due to deliveries and services amounted to PLN 15,693,667.93 that is, 99.4 % of total gross receivables (not taking into account revaluating write-offs).

Revaluating write-off as for 31 December 2010 included receivables due to deliveries and services in the amount PLN 9,190.65, which entirely fall in the group of "doubtful debts":

Receivables due to deliveries and services were confirmed by sending balance confirmation in writing as for 30 November 2010.

- Sent to the amount of PLN 9,995,255.04
- Received to the amount of PLN 5,711,432.63 which represents 57%.

Budget receivables exclusively include tax from goods and services as for 31 December 2010 at the total amount of PLN 469,081.15.

Up to the day of audit completion, VAT tax was settled in total.

Other short-term receivables include:

• Bid bond paid	PLN 45,100.00
• Security deposits paid	PLN 571,376.92
Total	PLN 616,476.92

Paid deposits and bid bonds as for 30 November 2010 were confirmed in 40%.

- Amount sent PLN 832,694.98
- Amount received PLN 333,276.91

Up to the day of audit, that is to 01 April 2011 "other receivables" due to bid bonds paid at the amount of PLN 45 100.00 as well as receivables due to deposits and securities paid at the amount of PLN 509.68 were settled in total.

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EXPLANATORY NOTE NO. 2

1.SHORT-TERM LIABILITIES

Up to the day of audit, that is to 01 April 2011 liabilities due to deliveries and services were settled in 97% and non-invoiced deliveries were settled in 100%.

Other financial liabilities include liabilities due to leasing agreements. They are settled in accordance with the deadlines for payments.

Liabilities due to taxes, grants, customs, insurance and other benefits include as for 31 December 2010 the amount of PLN 3,448,431.23 and refer to:

• Corporate income tax (CIT 8)	PLN	338,960.00
• Income tax – lump sum (of the license)	PLN	66,990.00
• VAT to be paid for XII /10	PLN	1,864,475.00
• VAT due for settlement in the next period	PLN	634,254.48
• Personal income tax - for XII/10	PLN	126,620.00
• Health, social security contributions and FP and FGŚP for XII/10	PLN	399,362.75
• PFRON (for XII /10)	PLN	11,769.00

Audited Entity pays its liabilities in time, in accordance with the deadlines for payments.

Other accounts at the amount of PLN 13 476.60 and liabilities due to salaries were settled in 100% on the day of audit.

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EXPLANATORY NOTE NO. 3

1. CURRENT INCOME TAX

No.	Specification	2010	2009
1.	Total revenues including :	**107,158,293.43**	**63,277,285.73**
	a) revenues from sale	105,836,274.00	61,903,277.74
	b) other operating revenues	935,918.04	278,081.45
	c) financial revenues	386,101.39	1,095,926.54
	d) extraordinary gains	0.00	0.00
2.	Exemption from revenues	438,506.03	988,188.59
3.	Increase in revenues	101,674.20	73,747.57
4.	**Revenues that are taxed**	**106,821,461.60**	**62,362,844.71**
5.	Total costs including :	**104,629,295.63**	**65,959,823.89**
	a) costs of operating activities	104,027,622.43	64,750,091.67
	b) other operating costs	215,534.95	641,471.45
	c) financial costs	386,138.25	568,260.77
	d) extraordinary costs	0.00	0.00
6.	Exemption from costs including :	1,948,258.03	2,092,871.21
	- costs of operating activities	1,806,635.08	1,323,969.70
	- other operating costs	38,915.01	546,000.88
	- financial costs	102,707.94	222,900.63
	- extraordinary losses	0.00	0.00
7.	Increasing in costs	1,107,353.77	994,032.54
8.	**Cost of revenue acquisition**	**103,788,391.37**	**64,860,985.22**
9.	**Taxable profit/loss**	**3,033,070.23**	**-2,498,140.51**
10.	Deductions from income	1,249,070.50	0.00
	- 50% of the 2009 taxable loss	1,249,070.50	0.00
11.	**Basis of taxation**	**1,784,000.00**	**0.00**
12.	Tax according to 19% rate	338,960.00	0.00
13.	Tax according to 19% rate, rounded up	338,960.00	0.00
14.	Deductions from tax	0.00	0.00
15.	**Tax due**	**338,960.00**	**0.00**
16.	**Dividend tax - collected**	**0.00**	**1,351.00**
17.	**Tax due in profit and loss account**	**338,960.00**	**1,351.00**

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	Exemptions from revenues, due to:	**438,506.03**	**988,188.59**
1.	Dividend received	0.00	7,107.89
2.	Decrease in receivables write-offs	26,013.76	79,547.76
3.	Revaluation – increased value of bonds and shares	17,640.13	755,902.73
4.	EU grant	304,319.68	59,487.42
5.	Interest accrued but not received	1,606.51	6,013.76
6.	Received budget interest	0.00	7,867.10
7.	Different moment of inclusion into taxable income and book values of services	73,655.05	72,261.93
8.	other	15,270.90	
	Increase in revenues, due to:	**101,674.20**	**73,747.57**
1.	Different moment of inclusion into taxable income and book values of services	95,660.44	73,747.57
2.	Execution of interest charged in previous years	6,013.76	0.00
	Exemption from costs including :	**1,948,258.03**	**2,092,871.21**
	- costs of operating activities, due to:	**1,806,635.08**	**1,323,969.70**
1.	National Disabled Persons Rehabilitation Fund (PFRON)	161,618.00	144,492.00
2.	non-tax amortization (ZST, cars above EUR 20000, leased cars)	1,177,959.26	839,601.20
3.	passenger car insurance above limit	10,965.00	9,422.70
4.	unpaid job contracts	240,907.96	138,850.00
5.	ZUS contribution for XII of current year, paid in subsequent year	6,788.54	24,897.53
6.	Increase in provisions for pensions	17,655.94	21,151.86
7.	Costs financed by a grant	57,782.81	
8.	Provisions for the costs of services to be implement the following year but related to the revenue in the audited year, including audit costs	73,905.00	59,487.42
9.	Representation costs	32,784.62	62,231.03
10.	Other costs	26,267.95	23,835.96
	- other operating costs, due to:	**38,915.01**	**546,000.88**
1.	Amortization of goodwill	0.00	336,727.50
2.	Donations	5,000.00	
3.	Net value of liquidated fixed asset in leasing	0.00	24,252.67
4.	Receivables revaluation write-off	15,058.01	99,638.84
5.	Creating reserve for bid bond forfeiture	4,500.00	50,000.00
6.	Reserves for contractual penalties	13,280.02	35,281.87
7.	Other	1,076.98	100.00
	- financial costs, due to:	**102,707.94**	**222,900.63**
1.	Budget interest	55.00	75.00

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2.	revaluation – decreasing values of shares and bonds	102,652.94	222,825.63
	Increase in costs, due to:	**1,107,353.77**	**994,032.54**
1.	tax amortization of fixed assets from ZST	1,172.88	1,826.69
2.	paid costs of mileage reimbursement and business trips accrued in the previous year	14,051.54	5,710.07
3.	paid job contracts from the previous year and other unpaid reimbursements	138,850.00	33,634.52
4.	paid ZUS contributions from the previous year	24,897.53	135,275.94
5.	substantiations of receivables revaluation write-offs	0	0.00
6.	costs of leasing charges – capital part – plus initial charge for the current year	899,341.70	806,785.32
7.	paid contractual penalties, accrued in the previous year	29,040.12	10,800.00

2. DEFERRED INCOME TAX

in PLN

TITLE	2010	2009
Deferred income tax assets	-37,392.00	82,154.00
- increase	-144,184.00	-113,616.00
- decrease	106,792.00	195,770.00
Deferred income tax reserve	-16,945.00	14,451.00
-increase	3,687.00	46,440.00
- decrease	-20,632.00	-31,989.00
DEFERRED INCOME TAX, TOTAL	**-54,337.00**	**96,605.00**

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8. Statement of changes in equity

Compiling changes in equity is related to the balance sheet and accounting books and reflects changes of individual components of equity for the current and previous year according to attachment no. 1 to the Accounting Act.

9. Additional information

Additional information to the financial statement of „Talex" S.A. was drawn up in full accordance with the balance sheet, profit and loss account and accounting books.

It includes introduction to the financial statement as well as additional information and explanations. The thematic range complies with Appendix No. 1 to the Accounting Act.

10. Cash flow statement

The cash flow statement showing a balance sheet increase in cash of PLN 1,887,289.20 is related to the balance sheet, profit and loss account and accounting books. The increase in the amount of cash was influenced by:

• net cash flows from operating activities	PLN	2,955,051.18
• net cash flows from investment activities	PLN (-)	2,274,472.45
• net cash flows from financial activities	PLN	1,206,710.47
net cash change, increase	PLN	1,887,289.20

The cash flow statement was drawn up using the indirect method and shows inflows and expenses from operating, financial and investment activities as understood in accordance with Art. 48b section 3 of the Accounting Act.

11. Statement of the Management Board on the Company's activities

The descriptive statement covers the thematic range laid down in Art. 49 of the Accounting Act and results from accounting books. Moreover, it includes the provisions of the Regulation of the Minister of Finance of 19th February 2009 (Journal of Laws of 2009 No. 33 item 259 with later amendments) on the current and periodic information passed on by the issuers of shares.

The economic data shown are in accordance with the information included in the Company's annual financial statement.

12. Transactions with related parties

Do not occur.

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D. Summary

1. Occurrences and events indicating breaches of the law

In the course of the audit of the accounting books no occurrences or events indicating significant breaches of the law were found.

2. Ending/Conclusion

Summary of the results of the financial statement's audit can be found in „the opinion of the statutory auditor", drawn up as a separate document. A positive opinion was issued on 15 April 2011, including no remarks or reservations.
The report consists of 33 pages, numbered and initialed by the auditor.

Attachments to the report:
1. Balance sheet as drawn up for 31 December 2010
2. Profit and loss account for the period from 1 January to 31 December 2010
3. Statement of changes in equity for the period from 1 January to 31 December 2010
4. Cash flow statement for the period from 1 January to 31 December 2010

The statement of the Management Board and additional information including introduction and additional information and explanations are an integral part of the audited financial statement and constitute separate documents.

Małgorzata Poprawska Statutory Auditor Reg. No. 5796

Key Auditor acting on behalf of:
„Poprawska i Kasztelan – Biegli Rewidenci, Spółka Partnerska"
Entity authorized to audit the statement
Reg. No. 2791

Poznań, 15 April 2011