



**SOFTBANK SPÓŁKA AKCYJNA**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE SOFTBANK GROUP**

**FOR THE 1ST QUARTER OF 2006**

**PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL  
REPORTING STANDARDS**

All figures in PLN '000

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE SOFTBANK GROUP  
FOR THE 1ST QUARTER OF 2006**

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These financial statements comprise 53 pages numbered consecutively from 1 to 53.

These condensed consolidated financial statements were approved by the Management Board of Softbank SA on 11 May 2006.

**Management Board:**

Krzysztof Korba	President of the Management Board
Przemysław Borzestowski	Member of the Management Board
Piotr Jeleński	Member of the Management Board
Przemysław Sęczkowski	Member of the Management Board
Robert Smułkowski	Member of the Management Board

**Person responsible for maintaining the accounting books:**

Mirosława Janusz	Chief Accountant
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All figures in PLN '000

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF THE SOFTBANK GROUP  
FOR THE 1ST QUARTER OF 2006**

**FINANCIAL HIGHLIGHTS**

	PLN '000		EUR '000	
	3 months ended 31 March 2006	3 months ended 31 March 2005	3 months ended 31 March 2006	3 months ended 31 March 2005
I. Sales revenues	102,739	95,571	26,716	23,802
II. Operating profit	9,755	5,216	2,537	1,299
III. Pre-tax profit	10,633	4,611	2,765	1,148
IV. Profit for the period reported	9,017	3,226	2,345	803
<b>- profit attributable to the Shareholders of the Parent Company</b>	<b>7,505</b>	<b>2,922</b>	<b>1,952</b>	<b>728</b>
V. Net cash provided by (used in) operating activities	( 7,991)	( 16,350)	( 2,078)	( 4,072)
VI. Net cash provided by (used in) investing activities	5,689	2,457	1,479	612
VII. Net cash provided by (used in) financing activities	( 23,954)	526	( 6,229)	131
VIII. Cash and cash equivalents at the end of period	35,907	62,140	9,123	16,099
IX. Earnings per ordinary share attributable to the Shareholders of Softbank SA (in PLN/EUR) - basic	0.32	0.13	0.08	0.03
X. Earnings per ordinary share attributable to the Shareholders of Softbank SA (in PLN/EUR) - diluted	0.32	0.13	0.08	0.03

The financial highlights disclosed in these financial statements were translated into Euro in the following way:

- the condensed consolidated profit and loss account and cash flow statement items were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month in a given quarter. The rates were as follows:
  - for the period from 1 January to 31 March 2006: 1 EUR = PLN 3.8456
  - for the period from 1 January to 31 March 2005: 1 EUR = PLN 4.0153
- the Group's cash and cash equivalents as at the end of period reported and the corresponding period of the prior year were translated into Euro at the mid exchange rates as published by the National Bank of Poland on 31 March 2006 and 31 December 2005. The rates were as follows:
  - exchange rate effective on 31 March 2006: 1 EUR = PLN 3.9357
  - exchange rate effective on 31 December 2005: 1 EUR = PLN 3.8598

All figures in PLN '000

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT THE SOFTBANK GROUP

	Note no. in Supplementary Information	3 months ended 31 March 2006 PLN '000	3 months ended 31 March 2005 PLN '000
<i>Operating activities</i>			
<b>Sales revenues</b>		<b>102,739</b>	<b>95,571</b>
Sales of products and services	1	73,138	52,217
Sales of merchandise and materials	1	29,601	43,354
<b>Cost of sales</b>		<b>( 77,129)</b>	<b>( 78,823)</b>
Cost of products and services sold (-)	2	( 51,065)	( 39,480)
Cost of merchandise and materials sold (-)	2	( 26,064)	( 39,343)
<b>Gross profit on sales</b>		<b>25,610</b>	<b>16,748</b>
Selling expenses (-)	2	( 4,956)	( 2,503)
General administrative expenses (-)	2	( 11,193)	( 9,064)
<b>Net profit on sales</b>		<b>9,461</b>	<b>5,181</b>
Other operating income		443	220
Other operating expenses (-)		( 149)	( 185)
<b>Operating profit</b>		<b>9,755</b>	<b>5,216</b>
<i>Other activities</i>			
Financial income	3	11,526	4,780
Financial expenses (-)	3	( 12,176)	( 5,385)
Share in the profit of associated company		1,528	0
<b>Pre-tax profit</b>		<b>10,633</b>	<b>4,611</b>
Corporate income tax (current and deferred portions)		969	592
<b>Net profit on ordinary activities</b>		<b>9,664</b>	<b>4,019</b>
<i>Discontinued operations</i>			
Loss on discontinued operations for the period reported	4	( 647)	( 793)
<b>Profit for the period reported</b>		<b>9,017</b>	<b>3,226</b>
<b>Attributable to:</b>		<b>9,017</b>	<b>3,226</b>
<b>Shareholders of the Parent Company</b>		<b>7,505</b>	<b>2,922</b>
Minority Shareholders		1,512	304
<b>Consolidated earnings per share attributable to the Shareholders of Softbank SA (in PLN)</b>			
Earnings per share from consolidated net profit on continued operations for the period reported attributable to the Shareholders of Softbank SA (in PLN) - basic		0.32	0.13
Earnings per share from consolidated net profit on continued operations for the period reported attributable to the Shareholders of Softbank SA (in PLN) - diluted		0.32	0.13

All figures in PLN '000

## CONDENSED CONSOLIDATED BALANCE SHEET THE SOFTBANK GROUP

	Note no. in Supplementary Information	31 March 2006 PLN '000	31 December 2005 PLN '000
<b>ASSETS</b>			
<b>Fixed assets</b>		<b>314,572</b>	<b>319,302</b>
Property, plant and equipment		35,896	37,215
Intangible assets		13,263	14,206
Consolidation goodwill	5	60,121	60,370
Investments in associated companies valued under the equity method	6	87,897	86,308
Financial fixed assets valued at fair value through profit or loss	8	39,725	35,333
Long-term receivables		51,384	57,734
Deferred income tax assets		20,474	20,617
Long-term deferred expenses		5,812	7,519
<b>Current assets</b>		<b>263,463</b>	<b>353,326</b>
Inventories		27,825	20,171
Deferred expenses		15,748	13,940
Trade accounts receivable		94,044	166,296
Corporate income tax recoverable		240	286
Receivables from the State budget		501	101
Other receivables		56,240	52,713
Financial assets held to maturity	7	18,692	17,388
Financial assets valued at fair value through profit or loss	8	14,266	20,291
Cash and short-term deposits		35,907	62,140
<b>Assets classified as held for sale</b>	4	<b>2,241</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>580,276</b>	<b>672,628</b>

All figures in PLN '000

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**THE SOFTBANK GROUP**  
**(continued)**

	Note no. in Supplementary Information	31 March 2006 PLN '000	31 December 2005 PLN '000
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity (attributable to the Shareholders of the Parent Company)</b>		<b>289,523</b>	<b>281,586</b>
Share capital		25,175	25,175
Share premium		253,151	253,151
Capital component of bonds convertible to shares		1,407	801
Foreign currency translation differences on subsidiary companies		80	254
Retained earnings (deficit) and current net profit		9,710	2,205
Minority interests		5,908	4,383
<b>Total shareholders' equity</b>		<b>295,431</b>	<b>285,969</b>
<b>Long-term liabilities</b>			
Long-term reserves		898	973
Long-term financial liabilities	9	76,488	76,038
Long-term deferred income		9,422	11,635
Other long-term liabilities		1,616	4,915
<b>Current liabilities</b>		<b>193,063</b>	<b>293,098</b>
Interest-bearing bank credits, loans and debt securities	10	16,204	40,194
Trade accounts payable		50,724	141,359
Corporate income tax payable		2,148	3,404
Liabilities to the State budget		8,104	10,466
Financial liabilities	9	21,788	20,363
Other liabilities		60,083	47,753
Reserves		691	692
Accrued expenses		22,207	17,162
Deferred income		11,114	11,705
<b>Liabilities directly related to assets classified as held for sale</b>	4	<b>3,358</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>		<b>284,845</b>	<b>386,659</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>580,276</b>	<b>672,628</b>

All figures in PLN '000

## CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY THE SOFTBANK GROUP

for 3 months ended 31 March 2006  
and for 12 months ended 31 December 2005

	Share capital PLN '000	Share premium PLN '000	Unrealized net profit on financial assets available for sale PLN '000	Capital from bonds convertible to shares PLN '000	Foreign currency translation differences on subsidiary companies PLN '000	Retained earnings (deficit) and current net profit PLN '000	Total PLN '000	Minority interests PLN '000	Total shareholder s' equity PLN '000
<b>As at 1 January 2006</b>	<b>25,175</b>	<b>253,151</b>	<b>0</b>	<b>801</b>	<b>254</b>	<b>2,205</b>	<b>281,586</b>	<b>4,383</b>	<b>285,969</b>
For the period from 1 January 2006 to 31 March 2006						7,505	7,505	1,512	9,017
Foreign currency translation differences on subsidiary companies					( 174)		( 174)	13	( 161)
Motivational program for the employees of Softbank SA				606			606		606
<b>As at 31 March 2006</b>	<b>25,175</b>	<b>253,151</b>	<b>0</b>	<b>1,407</b>	<b>80</b>	<b>9,710</b>	<b>289,523</b>	<b>5,908</b>	<b>295,431</b>
<b>As at 1 January 2005</b>	<b>20,951</b>	<b>148,525</b>	<b>6,826</b>	<b>801</b>	<b>0</b>	<b>( 39,862)</b>	<b>137,241</b>	<b>3,497</b>	<b>140,738</b>
Issuance of shares	4,224	104,626	0	0	0	0	108,850	0	108,850
Net profit (loss) for the period from 1 January 2005 to 31 December 2005						42,067	42,067	3,204	45,271
Reclassification of financial assets from current marketable to investments in associated companies			( 6,826)				( 6,826)		( 6,826)
Changes in the Group structure							0	( 2,318)	( 2,318)
Foreign currency translation differences on subsidiary companies					254		254		254
<b>As at 31 December 2005</b>	<b>25,175</b>	<b>253,151</b>	<b>0</b>	<b>801</b>	<b>254</b>	<b>2,205</b>	<b>281,586</b>	<b>4,383</b>	<b>285,969</b>

All figures in PLN '000

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### THE SOFTBANK GROUP

	3 months ended 31 March 2006 PLN '000	3 months ended 31 March 2005 PLN '000
<b>Cash flows – operating activities</b>		
Pre-tax profit	9,986	3,818
<b>Total adjustments:</b>	<b>( 14,924)</b>	<b>( 17,908)</b>
Share in net profit of companies valued under the equity method	( 1,528)	0
Depreciation and amortisation	3,442	2,319
Change in inventories	( 7,683)	( 1,126)
Change in receivables	70,089	38,388
Change in liabilities	( 79,787)	( 57,078)
Change in deferred and accrued expenses	2,466	( 536)
Change in reserves	( 76)	( 4,117)
Interest income and expense	1,255	2,232
Gain (loss) on foreign exchange differences	( 3,168)	2,008
Gain (loss) on investing activities	( 470)	( 125)
Other	536	127
<b>Net cash from operating activities</b>	<b>( 4,938)</b>	<b>( 14,090)</b>
Interest paid	( 1,028)	( 2,058)
Income tax paid	( 2,025)	( 202)
<b>Net cash used in operating activities</b>	<b>( 7,991)</b>	<b>( 16,350)</b>
<b>Cash flows – investing activities</b>		
Disposal of property, plant and equipment	112	47
Disposal of financial assets held to maturity	0	6,546
Acquisition of property, plant and equipment	( 1,648)	( 1,576)
Acquisition of intangible assets	( 296)	( 654)
Acquisition of financial assets available for sale	0	
Acquisition of financial assets held to maturity	( 1,174)	( 3,000)
Acquisition of subsidiary and associated companies less cash taken over	( 82)	( 981)
Interest received	563	133
Other items	0	552
Cash provided by forward transactions	8,214	1,390
<b>Net cash provided by investing activities</b>	<b>5,689</b>	<b>2,457</b>
<b>Cash flows – financing activities</b>		
Finance lease commitments paid	0	( 49)
Bank credits and loans contracted	1,175	1,892
Bank credits and loans repaid	( 11,461)	( 1,280)
Redemption of debt securities issued	( 13,668)	0
Other	0	( 37)
<b>Net cash provided by (used in) financing activities</b>	<b>( 23,954)</b>	<b>526</b>
Net decrease in cash and cash equivalents	( 26,256)	( 13,367)
Net foreign exchange differences	23	0
Cash and cash equivalents as at 1 January	62,140	47,344
<b>Cash and cash equivalents as at 31 March</b>	<b>35,907</b>	<b>33,977</b>



All figures in PLN '000

## CONDENSED INFORMATION ON THE BUSINESS SEGMENTS THE SOFTBANK GROUP

For current period - 3 months of 2006 and as at 31 March 2006	Implementation operations - continued PLN '000	Media operations - discontinued PLN '000	Total operations  PLN '000
<b>Sales revenues</b>			
<b>for the period from 1 January to 31 March 2006</b>			
External sales	106,254	1,358	107,612
Intersegment sales	( 3,515)	0	( 3,515)
<b>Total segment's revenue</b>	<b>102,739</b>	<b>1,358</b>	<b>104,097</b>
<b>Profit (loss)</b>			
Segment's profit (loss)	9,461	( 644)	8,817
Profit on continued operations before financial expenses and taxation	9,755	( 644)	9,111
Net financial expenses	( 650)	( 3)	( 653)
Share in the profits of associated companies	1,528	0	1,528
Profit before taxation and minority interests	10,633	( 647)	9,986
Income tax (tax expense)	969	0	969
<b>Net profit (loss) for the financial year</b>	<b>9,664</b>	<b>( 647)</b>	<b>9,017</b>
<b>Assets and liabilities</b>			
<b>as at 31 March 2006</b>			
Segment's assets	490,138	2,241	492,379
Investments in associated companies	87,897	0	87,897
Segment's liabilities	281,487	3,358	284,845
<b>Other information on the segment</b>			
<b>for the period from 1 January to 31 March 2006</b>			
Capital expenditures	( 1,802)	( 142)	( 1,944)
Depreciation	( 3,397)	( 45)	( 3,442)

All figures in PLN '000

**CONDENSED INFORMATION ON THE BUSINESS SEGMENTS**  
**THE SOFTBANK GROUP**  
**(continued)**

For prior period - 3 months of 2005 and as at 31 December 2005	Implementation operations - continued PLN '000	Media operations - discontinued PLN '000	Total operations  PLN '000
<b>Sales revenues</b>			
<b>for the period from 1 January to 31 March 2005</b>			
External sales	98,474	1,153	99,627
Intersegment sales	( 2,903)	( 1)	( 2,904)
<b>Total segment's revenue</b>	<b>95,571</b>	<b>1,152</b>	<b>96,723</b>
<b>Profit (loss)</b>			
Segment's profit (loss)	5,181	( 786)	4,395
Profit on continued operations before financial income and expenses and taxation	5,216	( 784)	4,432
Net financial income and expenses	( 605)	( 9)	( 614)
Profit before taxation and minority interests	4,611	( 793)	3,818
Income tax (tax expense)	592	0	592
<b>Net profit (loss) for the financial year</b>	<b>4,019</b>	<b>( 793)</b>	<b>3,226</b>
<b>Assets and liabilities</b>			
<b>as at 31 December 2005</b>			
Segment's assets	584,388	1,932	586,320
Investments in associated companies	86,308	0	86,308
Segment's liabilities	384,734	1,925	386,659
<b>Other information on the segment</b>			
<b>for the period from 1 January to 31 March 2005</b>			
Capital expenditures	( 2,230)	0	( 2,230)
Depreciation	( 2,247)	( 72)	( 2,319)

All figures in PLN '000

**CONDENSED INFORMATION ON THE BUSINESS SEGMENTS**  
**THE SOFTBANK GROUP**  
**(continued)**

In the current reporting period and in the corresponding period of the previous year, the Softbank Group generated 99% of its sales revenues on the Polish market, with exports accounting for only a marginal part of the Group's turnover. Therefore, the division of the Group's operations by geographic regions was not presented.

An industry segment is a separate area of business within which the Company distributes its products and provides its services, or groups of related products or services, and which is characterised by different degree of risk and different rates of return on capital expenditures than those inherent for other industry segments. The products and services are deemed related taking into account their type. The Softbank Group classifies its activities into specific industry based on their type.

Division of the Group's activities by industry is as follows:

Implementation operations – consulting services and supply of software and hardware:

- software provided under own and third-party companies,
- implementation of own products and third-party software,
- maintenance of own and third-party software and hardware,
- supply of hardware.

Media operations:

- operating a radio station.

In 2006 as a result of received bids for acquisition of Mediabank SA shares, the Management Board of Softbank SA decided to dispose of that undertaking. On 28 April 2006 the Company concluded the agreement for sale of 100% of Mediabank SA shares. In accordance with IFRS all the profit and loss account items classified as appropriated for sale were shifted to "Loss on discontinued operations for the period reported" which is further described in item 4 in the Explanatory Notes.

All figures in PLN '000

**PERFORMANCE OF THE SOFTBANK GROUP**

In Q1 2006 the Softbank Group's sales revenues amounted to PLN 102,739 thousand and they increased by 7.5% as compared with the prior year's corresponding period. Higher sales resulted chiefly from extending the Group with new undertakings. In 2005 Softbank SA made acquisitions of three companies: Koma SA (in January 2006 this company was merged with Softbank Serwis Sp. z o.o.), Incenti SA and Gladstone Consulting Ltd. The financial results of those companies were included in Q1 2006 under full consolidation method.

Sales revenues by sector	3 months ended	3 months ended
	31 March 2006	31 March 2005
	PLN '000	PLN '000
Banking and finance	63,943	79,142
Public institutions	15,709	8,565
Other sectors	23,087	7,864
<b>Total:</b>	<b>102,739</b>	<b>95,571</b>

Sales revenues by sector (%)	3 months ended	3 months ended
	31 March 2006	31 March 2005
	%	%
Banking and finance	62.24 %	82.81 %
Public institutions	15.29 %	8.96 %
Other sectors	22.47 %	8.23 %
<b>Total:</b>	<b>100.00 %</b>	<b>100.00 %</b>

The Softbank Group's sales revenues in Q1 2006 were mainly generated in the banking sector, which accounted for 62% of the total sales. That share was lower as compared with the previous year because of large supplies of products conducted in Q1 2005 as well as in effect of increasing sales to public institutions and other sector clients.

In Q1 2005 Softbank SA executed the contract for supply of third-party software supporting the development of banking systems (PLN 31,400 thousand in revenue were recognized in Q1 2005).

The largest contracts which made up sales to the banking sector in Q1 2006 were: implementation work related to ZSI System, supply of hardware and software for ZORBA-3000 System, implementation and modification work on other systems being implemented at PKO BP, such as the Central Support System or Bankart System, implementation and maintenance of the Cash Circulation Monitoring System at Bank Pekao SA, as well as implementation of Fermat Risk Management Systems.

Also other companies of the Group provided their products and services to the banking sector clients. Here, the companies Novum Sp. z o.o. and Gladstone Consulting Ltd. generated sales of PLN 4,160 thousand and PLN 5,904 thousand respectively.

In Q1 2006, in the public administration sector the Softbank Group recorded a turnover of PLN 15,709 thousand, i.e. an increase of 83% year on year. Substantial increase of sales in comparison with the last year resulted from consolidating Koma SA (in January 2005 this company was merged with Softbank Serwis Sp. z o.o.).

In Q1 2006 the Softbank Group continued execution of the contract for development of the Central Register of Vehicles and Drivers (CEPiK) that was concluded with Ministry of Internal Affairs and Administration (MSWiA) in 2003; and concurrently, it performed smaller contracts concluded with the public sector customers, including the Social Security Office (ZUS) and the Supreme Chamber of Control.

All figures in PLN '000

**PERFORMANCE OF THE SOFTBANK GROUP (continued)**

Revenues generated by Softbank SA from the CEPiK contract in Q1 2006 were comparable to those disclosed in Q1 2005. During Q1 Softbank SA constructed the CEPiK Internet Portal including modules for submitting data on conducted technical inspections to the register of vehicles, as well as for disclosing to citizens selected information on the registered vehicles. Moreover, the Company completed the module for exchanging electronic mail between the users of CEPiK information system and for managing mass correspondence.

<b>Consolidated financial results of the Softbank Group</b>	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31 March 2006</b>	<b>31 March 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Sales revenues	102,739	95,571
Gross profit on sales	25,610	16,748
Operating profit	9,755	5,216
<b>Net profit attributable to the Shareholders of Softbank SA</b>	<b>7,505</b>	<b>2,922</b>

<b>Key profitability ratios of the Softbank Group [%]</b>	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31 March 2006</b>	<b>31 March 2005</b>
	<b>%</b>	<b>%</b>
Gross margin on sales	24.9 %	17.5 %
Operating margin	9.5 %	5.5 %
<b>Net profit margin</b>	<b>7.3 %</b>	<b>3.1 %</b>

In the first quarter of 2006 the Group's profits increased significantly at particular levels of operations. Gross margin rose from 17% up to 25%. The dynamics of growth in profits was much higher than of growth in sales revenues. The predominant factor behind such substantial growth were high margins on the executed contracts.

Gross margin on sales was also enhanced by increased sales of products inclusive of own software (+87% year on year).

In the period reported selling expenses and general administrative costs aggregated at PLN 16,149 thousand, yet despite their sizeable growth the Group managed to increase its operating profit to PLN 9,755 thousand or by 87% year on year.

The Softbank Group pre-tax profit was higher than operating profit by PLN 878 thousand, and it was directly influenced by: including, under the equity method, 22% of net profit of the associated company – Asseco Poland SA as well as low negative balance of financial income and expenses.

In Q1 2006, the Softbank Group's net profit (attributable to the shareholders of Softbank SA) amounted to PLN 7,505 thousand and was by 157% higher than in the corresponding period of 2005.

This impressive result followed from positive results of Softbank SA as well as subsidiary companies (Incenti S.A., Gladstone Consulting Ltd and Novum Sp. z o.o.).

The financial results of those companies for Q1 2006 have been presented in item 12 in the Explanatory Notes.

All figures in PLN '000

## PERFORMANCE OF THE SOFTBANK GROUP (continued)

### Key factors with impact on the Group's performance in Q1 2006

- income from execution of forward contracts for purchase/sale of Euro and US dollars amounting to PLN 8,214 thousand increased the result on financing activities,
- loss on change in fair value of the concluded forward contracts for purchase/sale of Euro and US dollars amounting to PLN 2,679 thousand decreased the result on financing activities,
- gains/(losses) on change in the fair value of the embedded financial derivatives in the amount of PLN 1,897 thousand decreased the result on financing activities,
- excess of foreign exchange negative differences over positive ones of PLN 4,919 thousand decreased the result on financing activities,
- valuation of the stock option for acquisition of Asseco Poland SA increased the result on financing activities by the amount of PLN 901 thousand.

All figures in PLN '000

## GENERAL INFORMATION

The Parent Company of the Softbank Group (the "Softbank Group") is Softbank SA (the "Parent Company", the "Company") with the registered seat at ul. 17 Stycznia 72a, Warsaw, Poland.

The Company was established on 18 January 1989 as a limited liability company, and subsequently under notarial deed of 31 August 1993 it was transformed into, and since then has been operating as, a joint-stock company with registered office at ul. 17 Stycznia 72a, Warsaw, Poland. The Company is entered in the Register of Entrepreneurs of the National Court Register under the number KRS 33391, and previously the Company had been entered into the Commercial Register maintained by the District Court of the Capital City of Warsaw, Commercial Court, XVI Commercial and Registration Department, under the number RHB 17220. Since 1998, the Parent Company's shares have been listed on the main market of the Warsaw Stock Exchange. The Company has been assigned the statistical number REGON 010334578. The period of the Company's operations is indefinite.

Softbank SA is the Parent Company of the Softbank Group. Prokom Software SA is the parent company of Softbank SA. This results from exercising control over the Issuer's operating activities. As at 31 March 2006, Prokom Software SA held 33% of Softbank SA shares which entitled them to the proportional voting interest at the General Meeting of Shareholders.

The business profile of Softbank SA includes software and hardware consultancy, production of software as well as supply of software and hardware. According to the Polish Classification of Business Activities, the Parent Company's core business is "software consultancy and supply" (PKD-7222Z). This category includes analysing, developing and programming ready-to-use IT systems. According to the classification adopted by the Warsaw Stock Exchange, the Parent Company's business activity is classified as "information technology".

Other undertakings of the Group conduct similar activities, with the exception of AWiM Mediabank SA, whose business includes: radio activities, public relations as well as media services.

In addition to rendering comprehensive IT services, the Group also sells goods including mainly computer hardware. The conducted sale of goods is to a large extent connected with the provision of software implementation services.

These condensed consolidated financial statements provide a description of the Softbank Group's core business broken down by relevant segments.

These condensed consolidated financial statements cover the interim period ended 31 March 2006 and contain comparable data for the interim period ended 31 March 2005 in case of the profit and loss account and cash flow statement, and as at 31 December 2005 in case of the balance sheet.

The Company did not pay out any dividend for 2004. As decided by the General Meeting of Shareholders, the entire net profit for the year 2004 was allocated to reserve capital.

This year the Management Board of Softbank SA shall recommend to the General Meeting of Shareholders payment of a dividend of 30% of net profit for the year 2005, hence the proposed dividend shall amount to ca. PLN 0.64 per share.

All figures in PLN '000

## GENERAL INFORMATION (continued)

### Basis for Preparation of Condensed Consolidated Financial Statements

The condensed consolidated financial statements were prepared in accordance with the historical cost principle, except for derivative financial instruments and financial assets available for sale valued at their fair value. The currency of the condensed consolidated financial statements is zloty (PLN), and all the figures are presented in thousands of zlotys (PLN '000), unless stated otherwise.

These condensed consolidated financial statements were prepared on the going-concern basis. It was assumed that the Parent Company as well as its subsidiary companies will continue their business activities in the foreseeable future. Till the date of approving these financial statements, there have been observed no circumstances indicating a threat to continuing business activities by the Softbank Group.

### Compliance Statement

These condensed consolidated financial statements were prepared in accordance with the assumptions of IAS 34 "Interim Financial Reporting". The Group applied the International Financial Reporting Standards (IFRS, IAS) as were effective as at 31 March 2006.

Some of the Group's companies maintain their accounting books in accordance with the accounting policies (principles) set forth in the Polish Accounting Act of 29 September 1994 and the provisions issued thereunder ("Polish Accounting Standards"). The condensed consolidated financial statements include adjustments not disclosed in the accounting books of the Group's companies, which were introduced to adjust the financial statements of those companies to the IFRS.

The accounting policy (principles) applied in preparing these condensed consolidated financial statements is presented in the annual full consolidated financial statements for the year 2005 published on 14 April 2006. These condensed consolidated financial statements should be read together with the said annual full consolidated financial statements of the Softbank Group for the year 2004.

### Estimates

Preparing condensed consolidated financial statements in accordance with IFRS requires making estimates and assumptions which impact the data disclosed in such financial statements. Despite the estimates and assumptions have been adopted based on the Group's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated. Below are presented the main areas, which in the process of applying the accounting principles (policy) were subject to accounting estimates and the management's professional judgement, and whose estimates, if changed, could significantly affect the Group's future results.

#### *Operating cash flows assumed for valuation of IT contracts*

The Group executes a number of contracts for construction and implementation of information technology systems. Additionally, some of those contracts are denominated in foreign currencies. Valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of sales revenues and costs, as well as to provide the fair value of the embedded currency derivatives for which "forward" exchange rates are applied. The assumed operating cash flows are not always consistent with the agreements with customers or suppliers due to modifications of the implementation schedules of IT projects involved. In case of agreements denominated in foreign currencies deemed as functional currencies, embedded derivatives are not separated. Sales revenues and costs resulting from such contracts are computed based on current rates of exchange.

#### *Deferred income tax assets (net of reserves)*

In 2005 the Group did not recognise the entire balance of deferred income tax assets (net of reserves). This resulted from the verification of estimates of the planned taxable income to be achieved in the future.



All figures in PLN '000

## GENERAL INFORMATION (continued)

### Professional judgement

The Group has concluded a number of agreements for lease of transportation vehicles, which are classified as operational leasing agreements. The lessor keeps all the material risks and benefits resulting from ownership of those assets.

The embedded derivatives contained in such agreements are accounted for separately as other derivatives, not classified as securing instruments. Gains/losses on changes in fair value of those derivatives are reflected in the profit and loss account for the period in which they actually occurred.

In case of some types of transactions, embedded derivatives are not detached from the principal agreement and accounted for separately, provided those transactions are carried out in the currency deemed as applied customarily in such type of transactions. The contracts of such type include, among others, real estate lease agreements and, as from 1 January 2005, also IT services contracts because applying Euro rates becomes more and more common.

Principles for determining the impact on subsidiary, mutually controlled and associated companies were presented in the annual consolidated financial statements of the Softbank Group for the year 2005.

Combinations of business entities under common control are accounted for using the purchase method in accordance IFRS 3.

### Changes in data for Q1 2005

#### *Effect of the application of IFRS – amortisation of goodwill*

In the condensed consolidated financial statements for Q1 2005, the Group whilst adopting the IFRS standards did not cease amortisation of goodwill as of 1 January 2004, this is from the day of shift to IFRS. Goodwill was amortized till the end of 2004.

Termination of goodwill amortisation and conducting the goodwill impairment test resulted in increasing the net profit for 2004 by the amount of PLN 2,325 thousand in and concurrently decreasing the net profit for Q1 2005 by PLN 1,790 thousand.

#### *Discontinued operations*

In 2006 as a result of received bids for acquisition of Mediabank SA shares, the Management Board of Softbank SA decided to dispose of that undertaking. On 28 April 2006 the Company concluded the agreement for sale of 100% of shares in Mediabank SA. In compliance with IFRS, assets and liabilities of Mediabank SA have been classified as held for disposal, which is further described in item 4 in the Explanatory Notes.

#### *Changes in adopted accounting principles*

In 2005 the Group decided to change the manner of presentation of sales revenues and operating expenses in the breakdown to products and merchandise. At present sales and operating expenses are classified as products or merchandise taking into account the type of project executed, irrespective of the fact whether the solutions have been developed by the Group itself or by third parties.

Such change resulted in an increase in sales of products for Q1 2005 by PLN 17,563 thousand, which was offset by decreasing the sales of merchandise and materials by the same amount. Analogically, the cost of products sold increased by PLN 13,825 thousand, which was offset by decreasing the cost of merchandise and materials sold.

In 2005 the Group decided to change the manner of presentation of allowances for accounts receivable, and write-downs on inventories and work in process. Those allowances and write-downs, instead of being included in operating income or expenses respectively, are disclosed in cost of products sold.

This change resulted in an increase of profit on sales for Q1 2005 by the amount of PLN 299 thousand.

All figures in PLN '000

**GENERAL INFORMATION (continued)****Composition of the Management Board and Supervisory Board of the Parent Company**

As at 31 March 2006, the Company's Management Board was composed of the following persons:

<b>First name and surname</b>	<b>Position</b>
Krzysztof Korba	President of the Management Board
Robert Smułkowski	Member of the Management Board
Piotr Jeleński	Member of the Management Board
Przemysław Borzestowski	Member of the Management Board
Przemysław Sęczkowski	Member of the Management Board

As at 31 March 2006 and 31 December 2005, the Company's Supervisory Board was composed of the following persons:

<b>First name and surname</b>	<b>Position</b>
Ryszard Krauze	Chairman of the Supervisory Board
Piotr Mondalski	Member of the Supervisory Board
Stanisław Janiszewski	Member of the Supervisory Board
Maria Zagrajek	Member of the Supervisory Board
Marek Jakubik	Member of the Supervisory Board

**Major Shareholders and Changes in the Ownership of Significant Stakes of Shares**

The table below sets forth the shareholders who, directly or through their subsidiary companies, have at least a 5% voting interest at the General Meeting of Shareholders of Softbank SA.

**Major shareholders in Softbank SA according to information available as at 11 May 2006**

<b>Name of shareholder</b>	<b>Number of shares and votes at GMS</b>	<b>% of share capital owned and voting interest at GMS</b>
Prokom Software SA	8,624,791	34.26 %
ING TFI SA (investment funds)	1,279,964	5.08 %

Currently, the share capital of Softbank SA amounts to PLN 25,174,713 and is divided into 25,174,713 ordinary shares with a par value of PLN 1 each.

**Major shareholders in Softbank SA according to information available as at 31 December 2005**

<b>Name of shareholder</b>	<b>Number of shares and votes at GMS</b>	<b>% of share capital owned and voting interest at GMS</b>
Prokom Software SA	8,309,791	33.01 %
ING TFI SA (investment funds)	1,306,307	5.19 %

As at 31 December 2005, the share capital of Softbank SA amounted to PLN 25,174,713 and was divided into 25,174,713 ordinary shares with a par value of PLN 1 each.

All figures in PLN '000

**GENERAL INFORMATION (continued)**

**On 18 January 2006**, Softbank SA was notified by ING TFI SA that the investment funds managed by ING TFI SA held together 1,252,651 shares of Softbank SA, which represented 4.98% of the Company's share capital and entitled to 4.98% of the total votes at the General Meeting of Shareholders of Softbank SA.

**On 26 January 2006**, Softbank SA was notified by ING TFI SA that the investment funds managed by ING TFI SA held together 1,279,964 shares of Softbank SA, which represented 5.08% of the Company's share capital and entitled to 5.08% of the total votes at the General Meeting of Shareholders of Softbank SA.

**On 5 May 2006**, Softbank SA was notified that on 26 April 2006 Prokom Software SA acquired additional 315,000 shares of Softbank SA. As a result of that acquisition Prokom Software SA owns 8,624,791 shares which represent 34.26% of the Company's share capital and entitle to 34.26% of the total votes at the General Meeting of Shareholders of Softbank SA.

**Changes in the numbers of Softbank SA shares and stock options held by the Company's managing and supervisory staff**

<b>Members of the Supervisory Board</b>	<b>Number of shares</b>	
	<b>as at 23 February 2006</b>	<b>as at 11 May 2006</b>
Ryszard Krauze	0	0
Stanisław Janiszewski	1,600	1,600
Piotr Mondalski	0	0
Maria Zagrajek	0	0
Marek Jakubik	0	0

  

<b>Members of the Management Board</b>	<b>Number of shares</b>	
	<b>as at 23 February 2006</b>	<b>as at 11 May 2006</b>
Krzysztof Korba	0	0
Robert Smułkowski	1,500	1,500
Piotr Jeleński	0	0
Przemysław Borzestowski	0	0
Przemysław Sęczkowski	0	0

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 1. Breakdown of sales revenues.

#### Sales of products and services

	3 months ended 31 March 2006 PLN '000	3 months ended 31 March 2005 PLN '000
Software and implementations	48,321	25,853
Maintenance services	24,388	25,385
Hardware	429	979
Other	0	0
<b>Total</b>	<b>73,138</b>	<b>52,217</b>

#### Sales of merchandise and materials

	3 months ended 31 March 2006 PLN '000	3 months ended 31 March 2005 PLN '000
Hardware	19,352	6,572
Software and licences	10,249	36,782
<b>Total</b>	<b>29,601</b>	<b>43,354</b>

Software and implementations of IT systems generated the most (i.e. 66%) of the Group's sales of products and services in Q1 2006. Those sales of software and implementations increased by 87% over a year's time due to consolidation of the results of Gladstone Consulting Ltd. (100% sales of which are constituted by own services) and Incenti SA (most sales of which are implementations and outsourcing services). Furthermore, in Q1 2006 Softbank SA conducted sales of software for brokerage houses, namely Promak (Softbank SA purchased the copyrights to this software in December 2005).

The remaining part of product and service sales were revenues from maintenance services. The value of maintenance services provided during Q1 2006 amounted to PLN 24,388 thousand, i.e. 4% less than in Q1 last year.

With its 65% share, hardware contributed the most to the Group's sales of merchandise and materials in Q1 2006. Sales of hardware tripled as a result of acquisition of two companies, namely Koma SA (merged with Softbank Serwis Sp. z o.o. in January 2006) and Koma Nord Sp. z o.o., whose major part of sales are constituted by computer hardware.

In 2005 the Group decided to change the manner of presentation of sales revenues and operating expenses in the breakdown to products and merchandise. At present sales and operating expenses are classified as products or merchandise taking into account the type of project executed, irrespective of the fact whether the solutions have been developed by the Group itself or by third parties.

Such change resulted in an increase in sales of products for Q1 2005 by PLN 17,563 thousand, which was offset by decreasing the sales of merchandise and materials by the same amount.

The Group presents its sales revenues in breakdown to products and merchandise. Such presentation reflects the division of achieved economic benefits. Revenues from sale of merchandise and materials are part of typical trading activities, whereas proceeds from sale products and services result from the executed information technology projects, which include providing development of IT systems and maintenance services.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 2. Breakdown of operating expenses.

	<b>3 months ended 31 March 2006</b>	<b>3 months ended 31 March 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Cost of merchandise and materials sold (-)	( 26,064)	( 39,343)
Materials and energy used (-)	( 2,667)	( 1,763)
Third party work (-)	( 27,918)	( 18,644)
Salaries (-)	( 25,318)	( 19,656)
Employee benefits (-)	( 4,434)	( 3,782)
Depreciation and amortisation (-)	( 3,442)	( 2,247)
Taxes and charges (-)	( 372)	( 239)
Business trips (-)	( 745)	( 567)
Other (-)	1,941	( 3,300)
Cost of software purchased in connection with implementation of IT systems (-)	( 4,846)	( 788)
Cost of hardware purchased for implementation of IT systems (-)	( 534)	( 363)
<b>Total</b>	<b>( 94,399)</b>	<b>( 90,692)</b>
Changes in inventories, products and deferred expenses	( 1,121)	( 302)
Selling expenses (-)	( 4,956)	( 2,503)
General administrative expenses (-)	( 11,193)	( 9,064)
Cost of products sold (-)	( 51,065)	( 39,480)

On the basis of current estimates, the Softbank Group recognised significant changes in the profitability of performed long-term IT contracts in Q1 2006. This resulted in establishing and reversal of reserves for additional costs of performing the contracts, which increased the cost of products sold by PLN 1,271 thousand.

In 2005 the Group decided to change the manner of presentation of sales revenues and operating expenses in the breakdown to products and merchandise. At present sales and operating expenses are classified as products or merchandise taking into account the type of project executed, irrespective of the fact whether the solutions have been developed by the Group itself or by third parties.

The change resulted in an increase of cost of products sold by PLN 13,825 thousand, which was offset by decreasing the cost of merchandise and materials sold by the same amount.

In 2005 the Group decided to change the manner of presentation of allowances for accounts receivable, and write-downs on inventories and on work in process. Those allowances and write-downs, instead of being included in operating income or expenses respectively, are disclosed in cost of products sold.

This change resulted in an increase of profit on sales for Q1 2005 by the amount of PLN 299 thousand.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 3. Financial income and expenses.

#### Financial income

	<b>3 months ended 31 March 2006 PLN '000</b>	<b>3 months ended 31 March 2005 PLN '000</b>
Interest income on loans granted, debt securities and bank deposits	453	376
Other interest income	1,288	1,704
Gain on foreign exchange differences	138	143
Gains on disposal of equity investments in related companies	0	399
Gains on valuation of equity investments	0	46
Other financial income	5	632
<b>Total financial income (at historical value)</b>	<b>1,884</b>	<b>3,300</b>
Gain on change in fair value of embedded currency derivatives	527	0
Gains on exercise of currency derivatives – forward contracts	8,214	1,390
Gain on change in fair value of currency derivatives – forward contracts	0	90
Change in valuation of the stock option for acquisition of Asseco Poland SA	901	0
<b>Total financial income</b>	<b>11,526</b>	<b>4,780</b>

#### Financial expenses

	<b>3 months ended 31 March 2006 PLN '000</b>	<b>3 months ended 31 March 2005 PLN '000</b>
Interest expense on bank credits and current account credits (-)	( 171)	( 840)
Other interest expenses (-)	( 778)	( 396)
Interest on short-term commercial papers (-)	( 255)	( 719)
Loss on foreign exchange differences (-)	( 5,057)	( 1,074)
Losses on valuation of equity investments	0	( 109)
Financial expenses of financial leasing and lease agreements with purchase option (-)	0	( 7)
Other financial expenses (-)	( 812)	( 86)
<b>Total financial expenses (at historical cost)</b>	<b>( 7,073)</b>	<b>( 3,231)</b>
Loss on change in fair value of embedded currency derivatives (-)	( 2,424)	( 2,154)
Loss on change in fair value of currency derivatives – forward contracts (-)	( 2,679)	0
<b>Total financial expenses</b>	<b>( 12,176)</b>	<b>( 5,385)</b>

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 3. Financial income and expenses (continued).

In Q1 2006, just as in the analogous period of 2005, the Group held a number of concluded forward contracts for purchase or sale of Euro and US dollars. In Q1 2006 the valuation of forward contracts increased the Group's financial expenses by the amount of PLN 2,679 thousand. Whereas, in Q1 2005 the valuation of forward contracts increased the Group's financial income by the amount of PLN 90 thousand.

As in the corresponding period of prior year, also in Q1 2006 the Group held a number of embedded derivatives under concluded trade agreements denominated in Euro or US dollars. The valuation of embedded derivatives in Q1 2006 increased the Group's financial income by the amount of PLN 527 thousand, and concurrently it increased the financial expenses by PLN 2,424 thousand. Whereas, in Q1 2005 the valuation of embedded derivatives increased the Group's financial expenses by the amount of PLN 2,154 thousand.

In October 2005 the Company concluded with Mr. Adam Góral the option agreement for acquisition of 268 thousand shares of Asseco Poland SA (formerly COMP Rzeszów SA) in the period of six months as from 27 September 2006. As at 31 March 2006 the stock option value equalled PLN 3,731 thousand and it increased the financial income by the amount of PLN 901 thousand. The option value was determined based on the mathematical model for valuation of Hawaiian options.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 4. Discontinued Operations.

<b>Consolidated Profit and Loss Account</b>	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31 March 2006</b>	<b>31 March 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Sales revenues	1,358	1,153
Operating costs	( 2,002)	( 1,937)
Operating loss	( 644)	( 784)
Pre-tax loss on discontinued operations	( 647)	( 793)
<b>Net loss attributable to discontinued operations</b>	<b>( 647)</b>	<b>( 793)</b>

  

<b>Consolidated Balance Sheet</b>	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Intangible assets	118	0
Property, plant and equipment	553	0
Receivables	1,288	0
Deferred expenses and inventories	258	0
Cash and cash equivalents	24	0
<b>Assets classified as held for sale (discontinued operations)</b>	<b>2,241</b>	<b>0</b>
Trade accounts payable	1,777	0
Other liabilities	1,581	0
<b>Liabilities directly related to assets classified as held for sale (discontinued operations)</b>	<b>3,358</b>	<b>0</b>
<b>Net liabilities attributable to discontinued operations</b>	<b>1,117</b>	<b>0</b>

  

<b>Consolidated Statement of Cash Flows</b>	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31 March 2006</b>	<b>31 March 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Net cash flows from operating activities	( 454)	( 30)
Net cash provided by (used in) investing activities	( 142)	0
Net cash provided by (used in) financing activities	603	0
<b>Total net cash provided (used)</b>	<b>7</b>	<b>( 30)</b>

In 2006 as a result of receiving attractive bids for acquisition of Mediabank SA shares, the Management Board of Softbank SA decided to dispose of that undertaking.

On 28 April 2006 the Company concluded the agreement for sale of 100,265 shares of AWiM Mediabank SA which owned the radio station, namely PiN 102 FM. The disposed shares constituted 100% of the share capital and voting interest at the General Meeting of Shareholders of AWiM Mediabank SA. The buyer was Prokom Investment SA based in Gdynia, Poland.

The sale price equalled PLN 4,500 thousand.

The sale agreement shall come into effect after the conditions precedent have been satisfied:

- obtaining appropriate approval from the Polish Anti-Trust and Consumer Protection Office,
- obtaining appropriate approval from the Polish National Broadcasting Council.



All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 4. Discontinued Operations (continued).

Having satisfied the above-mentioned conditions precedent, Softbank SA shall receive the payment in cash within 21 days.

Entering into this agreement was preceded by review of other bids for acquisition of AWiM Mediabank SA, the most beneficial of which was the offer placed by Prokom Investment SA.

The group KPMG Corporate Finance, part of KPMG Sp. z o.o., prepared an Independent Valuation Report in which they estimated the fair value of all the shares of AWiM Mediabank SA as at 31 December 2005 in the range between 3.9 – PLN 5.1 million. The assessment was based on comparison of the market ratios and the value range was also confirmed by the method of discounted cash flows (DCF).

In accordance with IFRS, Mediabank SA's assets and liabilities as at 31 March 2006 have been classified as held for disposal, whereas the profit and loss account items, related to those discontinued operations, were disclosed in the profit and loss account under "Loss on discontinued operations for the period reported".

In 2004, the Group's management of the decided to discontinue publishing activities conducted by Mediabank SA, by concluding a relevant agreement for sale of its magazine titles and other rights related to the publishing of magazines. In 2005 the Group disposed its publishing operations.

### 5. Consolidation Goodwill.

Since 1 January 2004 the goodwill from consolidation has not been amortized, but only tested for impairment of value on an annual basis.

	31 March 2006 PLN '000	31 December 2005 PLN '000
Balance sheet value of consolidation goodwill		
Gladstone Consulting Limited	28,251	28,500
Softbank Serwis Sp. z o.o.(*)	21,224	21,224
Incenti SA	7,619	7,619
Sawan Grupa Softbank SA	2,714	2,714
Novum Sp. z o.o.	262	262
Mediabank SA	51	51
<b>Total balance sheet value</b>	<b>60,121</b>	<b>60,370</b>

(\*) In 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged; the taking-over company was Softbank Serwis Sp. z o.o. Their 2005 data have been presented in aggregate.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 6. Investments in associated companies.

As at 31 March 2006 the Softbank Group held a 21.92% stake of shares in Asseco Poland SA (formerly Comp Rzeszów SA) based in Rzeszów, Poland.

The table below presents condensed information on the investment in Asseco Poland SA.

	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Current assets	97,074	152,335
Current liabilities	52,852	75,438
Net assets	146,674	139,426
% of share capital owned	22 %	22 %
<b>Balance sheet value of investment</b>	<b>87,897</b>	<b>86,308</b>
	<b>3 months ended</b>	<b>3 months ended</b>
	<b>31 March 2006</b>	<b>31 March 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Sales revenues	75,356	218,983
Net profit	6,674	24,570

In October 2005 Softbank SA concluded with Mr. Adam Góral the option agreement for acquisition of 268,000 shares of Asseco Poland SA. The offer shall be binding for the period of six months as from 6 September 2006. The selling price per one share shall equal to the arithmetic average of the Asseco Poland SA's shares close quotations at the Warsaw Stock Exchange during the period of three months preceding the date on which Softbank SA makes notifies of accepting the offer.

### 7. Financial Assets Held to Maturity.

#### Current financial assets held to maturity.

	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
<b>In unrelated companies</b>		
Bonds	18,692	17,388

Short-term corporate bonds and Treasury bonds characterized by high liquidity are an alternative to bank deposits when it comes to investing spare cash. As at 31 March 2006, all the bonds served as security limited to PLN 7,238 thousand for guarantees (of agreement performance and tender deposits) issued by the bank maintaining the Parent Company's account.

As at 31 December 2005 the above-mentioned bonds served as security for bank guarantees of up to PLN 7,250 thousand.

The bonds are valued using the amortised cost method.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 8. Financial Assets Carried at Fair Value.

#### Fixed financial assets carried at fair value.

	31 March 2006 PLN '000	31 December 2005 PLN '000
<b>Fixed financial assets</b>	<b>39,725</b>	<b>35,333</b>
Treasury bonds	764	663
Forward contracts for purchase of EUR and USD	35,148	31,758
Call option for purchase of Asseco Poland SA shares	3,731	2,830
Other	82	82

#### Current financial assets carried at fair value.

	31 March 2006 PLN '000	31 December 2005 PLN '000
<b>Current financial assets</b>	<b>14,266</b>	<b>20,291</b>
Treasury bonds	159	260
Forward contracts for purchase of EUR and USD	13,422	19,491
Financial instruments embedded in trade contracts	89	110
Investments in other companies	596	430

As at 31 March 2006, the Parent Company held a number of concluded forward transactions for purchase and sale of foreign currencies – EUR and USD. These instruments are valued at fair value at each balance sheet date. The valuation of the aforementioned assets as at 31 March 2006 equalled PLN 48,570 thousand. Whereas, as at 31 December 2005 the valuation of concluded forward transactions amounted to PLN 51,249 thousand.

In October 2005 the Company concluded with Mr. Adam Góral the option agreement for acquisition of 268 thousand shares of Asseco Poland SA (formerly COMP Rzeszów SA) in the period of six months as from 27 September 2006. As at 31 March 2005 the stock option was valued at PLN 3,731 thousand and it increased the financial income by the amount of PLN 901 thousand. While, as at 31 December 2005 the valuation of the said option equalled PLN 2,830 thousand. The option value was determined based on the mathematical model for valuation of Hawaiian options.

As at 31 March 2006 all the current and fixed Treasury bonds served as security for bank guarantees (of agreement performance and tender deposits) up to the amount of PLN 923 thousand.

Likewise, as at 31 December 2005 all the current and fixed Treasury bonds served as security for bank guarantees (of agreement performance and tender deposits) up to the amount of PLN 782 thousand.

All figures in PLN '000

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
THE SOFTBANK GROUP**

**9. Long-Term and Current Financial Liabilities.**

**Long-term financial liabilities**

	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Financial instruments embedded in trade contracts	<u>76,488</u>	<u>76,038</u>

**Current financial liabilities**

	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Financial instruments embedded in trade contracts	<u>21,788</u>	<u>20,363</u>

As at 31 March 2006, the Group held a number of embedded financial derivatives. They resulted chiefly from the denomination of payments under the concluded trade agreements in Euro or US dollars. As at 31 March 2006, the liabilities due to embedded currency derivatives amounted to PLN 98,276 thousand, whereas the assets equalled PLN 89 thousand. As at 31 December 2005, the derivative related liabilities amounted to PLN 96,401 thousand, while the assets equalled PLN 110 thousand.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 10. Short-Term Interest-Bearing Bank Credits and Securities Issued

	Name of company	Maximum debt as at 31 March 2006	Maximum debt as at 31 December 2005	Effective interest rate %	Date of repayment	31 March 2006 PLN '000	31 December 2005 PLN '000
Term credit facility	Nord LB	15,000	15,000	WIBOR 1M + margin	31 May 2006	15,000	15,000
Current account credit	ING Bank Śląski SA	10,000	10,000	WIBOR 1M + margin	not specified	0	0
Current account credit	PKO BP SA	70,000	70,000	WIBOR 1M + margin	31 July 2006	624	7,481
Current account credit	BPH SA	50,000	50,000	WIBOR 1M + margin	30 June 2006	0	3,813
Current account credit	Nord LB	20,000	20,000	WIBOR 1M + margin	31 May 2006	0	0
Current account credit	Raiffeisen Bank Polska SA	10,000	10,000	WIBOR 1M + margin	31 Oct 2006	0	0
Current account credit	Bank Millennium	0	2,100	WIBOR 1M + margin	9 Sept 2005	0	0
Current account credit	Bank Millennium	1,900	1,900	WIBOR 1M + margin	8 Sept 2006	547	0
		<b>176,900</b>	<b>179,000</b>			<b>16,171</b>	<b>26,294</b>
<b>Other credits:</b>							
Investment credit	BRE BANK	0	900	WIBOR 1M + margin	31 Dec 2005	0	25
<b>TOTAL</b>		<b>0</b>	<b>900</b>			<b>0</b>	<b>25</b>

As at 31 March 2005, the Group held credit facilities in current accounts, under which the available financing amounted to approx. PLN 176,900 thousand. As at the end of the period reported, the Group had drawn PLN 16,171 thousand. At the end of the previous year the financing available under credit facilities was PLN 179,000 thousand, and the liabilities thereunder stood at PLN 26,294 thousand.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 10. Short-Term Interest-Bearing Bank Credits and Securities Issued (continued).

Debt securities:	Face value	Face value	Effective interest rate %	Date of maturity	31 March 2006	31 December 2005
	as at 31 March 2006	as at 31 December 2006			PLN '000	PLN '000
Bonds	0	5,000	7.45%	1 Feb 2006	0	4,967
Bonds	0	5,000	6.35%	20 Mar 2006	0	4,928
Bonds	0	4,000	6.60%	20 Mar 2006	0	3,947
<b>TOTAL</b>	<b>0</b>	<b>14,000</b>			<b>0</b>	<b>13,842</b>

As at 31 March 2006, the Softbank Group's total debt under credits contracted and debt securities issued aggregated at 16 PLN 171 thousand, which meant a decrease as compared with the level of 31 December 2005 (i.e. PLN 40,161 thousand).

Both in the period reported and in 2005, the margin realised by the Softbank Group's lenders ranged from 1% to 3%.

As at 31 March 2006, tangible fixed assets with the book value of PLN 8,074 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 March 2006 amounted to PLN 624 thousand.

Whereas as at 31 December 2005, tangible fixed assets with the book value of PLN 8,290 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 7,506 thousand.

As at 31 March 2006, shares of Asseco Poland SA (formerly COMP Rzeszów) with the book value of PLN 87,897 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 March 2006 amounted to PLN 15,000 thousand.

As at 31 March 2005, shares of Asseco Poland SA (formerly COMP Rzeszów) with the book value of PLN 86,308 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 15,000 thousand.

As at 31 March 2006, receivables in the amount of PLN 12,064 thousand served as security for the contracted bank credits. As at 31 March 2006, there were no liabilities by virtue of those credits.

As at 31 December 2005, receivables in the amount of PLN 12,000 thousand served as security for the contracted bank credits. As at 31 December 2005, there were no liabilities by virtue of those credits.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 10. Short-Term Interest-Bearing Bank Credits and Securities Issued (continued).

As at 31 March 2006, future receivables provided for in the concluded trade agreements served as security for the contracted bank credits with the limit up to PLN 72,000 thousand. As at 31 March 2006, there were no liabilities by virtue of those credits.

As at 31 December 2005, future receivables provided for in the concluded trade agreements served as security for the contracted bank credits with the limit up to PLN 72,000 thousand. Liabilities by virtue of those credits as at 31 December 2005 amounted to PLN 3,813 thousand.

#### Bonds convertible to shares

On 3 July 2000 Softbank SA concluded agreements for acquisition of shares in companies Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o., under which it committed itself to provide a motivational program for the managerial staff of those companies. The motivational program assumed issuing 32,748 bonds convertible to shares and it was subject to achieving the specified results by those companies. The expected results were not achieved. With regard to the above, the bonds convertible to shares have not been and will not be given out to the managerial staff of Multinet SA, Pik-Net Sp. z o.o. and Polbox Sp. z o.o.

According to the said agreement for acquisition of shares in those undertakings, in such event half of the bonds convertible to shares, this is 16,374 bonds, shall be transferred to the entities which sold those undertakings on the day when the motivational program expires.

The shares acquisition price disclosed by the Group was based on the fair value of assets transferred in return.

In November 2005 the Softbank Management Board made a decision to award 16,374 bonds convertible to shares to selected employees of Softbank SA. The awarding rules and motivational program conditions were established in March 2006 and they include job seniority, opinion of direct superiors, competence level and qualifications acquired. The bonds shall have been awarded by 31 October 2006 at the latest and they were expensed at fair value, i.e. PLN 606 thousand, in Q1 2006.

	31 March 2006 PLN '000	31 December 2005 PLN '000
Liability due to issuance of bonds convertible to shares	33	33

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 11. Transactions with Related Companies.

Name of company	Softbank SA sales to related companies in the period of:		Softbank SA purchases from related companies in the period of:		Softbank SA receivables as at:		Softbank SA liabilities as at:	
	3 months ended 31 March 2006 PLN '000	3 months ended 31 March 2005 PLN '000	3 months ended 31 March 2006 PLN '000	3 months ended 31 March 2005 PLN '000	31 March 2006 PLN '000	31 December 2005 PLN '000	31 March 2006 PLN '000	31 December 2005 PLN '000
<b>Transactions with associated companies</b>								
Asseco Poland SA <sup>(1)</sup>	5	0	0	0	2	12,369	43	0
Comp Soft Sp. z o.o. <sup>(1)</sup>	3	0	0	0	3	3		0
<b>Transactions with the Parent Company</b>								
Prokom Software SA	5,422	269	712	1,104	5,482	5,327	8,025	23,893
<b>Transactions with related companies of Prokom Software SA</b>								
Prokom Investments SA <sup>(2)</sup>	0	0	126	0	0	0	57	81
<b>Transactions with subsidiary companies of Prokom Software SA</b>								
ABG – Ster Projekt SA	0	0	0	0	0	568	0	706
Combidata Poland Sp. z .o.o.	0	0	2	0	0	0	0	1
Optix Polska Sp. z o.o.	0	0	0	0	0	59	10	10
Spin SA	0	105	5	0		176	2	24
WiedzaNet Sp. z o.o.	54	0	702	0	66	0	1,164	2,583
<b>Transactions with associated companies of Prokom Software SA</b>								
Comp SA	0	0	658	468	0	0	9,484	11,038
Postdata SA	2	1	0		0	0	0	0
<b>Total transactions with related companies</b>	<b>5,486</b>	<b>375</b>	<b>2,205</b>	<b>1,572</b>	<b>5,553</b>	<b>18,502</b>	<b>18,785</b>	<b>38,336</b>

<sup>(1)</sup> Asseco Poland SA has been an associated company since 31 December 2005.

<sup>(2)</sup> Prokom Investments SA is a minority shareholder in Prokom Software SA.

The above presented transactions with the related companies were executed at arm's length and were carried out as part of the statutory business activities of particular companies of the Softbank Group.



All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 12. Related Companies.

The table below presents the Softbank Group structure along with equity interests and voting interests at the general meetings of shareholders/partners.

	Country of registration	% of total votes at the GMS as at		% of share capital held as at	
		31 March 2006	31 December 2005	31 March 2006	31 December 2005
<b>Subsidiary companies</b>					
bezpieczeństwo.pl Sp. z o.o.	Poland	100%	100%	100%	100%
Bielpolsoft j. v.	Belarus	85%	85%	85%	85%
Gladstone Consulting Ltd.	Cyprus	51%	51%	51%	51%
Incenti SA	Poland	100%	100%	100%	100%
Koma Nord Sp. z o.o.(**)	Poland	100%	100%	100%	100%
AWiM Mediabank SA	Poland	100%	100%	100%	100%
ZUI Novum Sp. z o.o.	Poland	51%	51%	51%	51%
Netpower	Poland	100%	100%	100%	100%
Sawan Grupa Softbank SA	Poland	100%	100%	100%	100%
Softbank Serwis Sp. z o.o. (*)	Poland	100%	100%	100%	100%
<b>Associated companies</b>					
Asseco Poland SA(***)	Poland	22%	22%	22%	22%

(\*) On 4 January 2006 Softbank Serwis Sp. z o.o. merged with Koma SA. The taking-over company was Softbank Serwis Sp. z o.o.

(\*\*) stake of shares held directly by Softbank Serwis Sp. z o.o.

(\*\*\*) Softbank SA became a major investor in Asseco Poland SA (formerly Comp Rzeszów SA) in December 2005.

In Q1 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged. The taking-over company was Softbank Serwis Sp. z o.o. The merger of those undertakings resulted from distribution of responsibilities within the Softbank Group as part of implementing its development strategy.

### Financial Results of the Softbank Group

The consolidated financial results of the Softbank Group in Q1 2006 comprise the results of Softbank SA and the consolidated companies. Below are presented the key financial data of companies subject to consolidation in the Q1 2006 financial statements.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 12. Related Companies (continued).

#### Key financial data of companies included in the consolidated financial statements for Q1 2006\*

Name of company % of share capital/total votes	Core business	Sales revenues PLN '000	
		3 months ended 31 March 2006	3 months ended 31 March 2005
Softbank SA Parent Company <a href="http://www.softbank.pl">www.softbank.pl</a>	Provision of comprehensive IT solutions primarily to the financial and public administration sectors	63,395	79,280
<a href="http://bezpieczenstwo.pl">bezpieczenstwo.pl</a> Sp. z o.o. 100/100	Construction and implementation of IT systems supporting and coordinating the activities of rescue services.	0	0
Epsilio SA <sup>1)</sup> 0/0	Creation and implementation of IT solutions for the banking sector, including co-operative banking	n.a.	2,563
Incenti SA <sup>3</sup> 100/100 <a href="http://www.incenti.pl">www.incenti.pl</a>	Implementation and offering of e-Learning platforms, implementation of authority management systems, design, construction and implementation of BPC and DRP, IT outsourcing	8,004	n.a.
Gladstone Consulting Ltd <sup>3)</sup> 51/51	Provision of professional consulting services within IT systems for financial institutions	5,904	n.a.
Koma Nord Sp. z o.o. <sup>2)</sup> 100/100 <a href="http://www.komanord.com.pl">www.komanord.com.pl</a>	Supply of hardware, local and distributed network systems, as well as software for supporting business management	8,084	n.a.
AWiM Mediabank SA <sup>5)</sup> 100/100 <a href="http://www.mediabank.pl">www.mediabank.pl</a>	Marketing, operation of a radio station (Radio PiN 102 FM)	1,358	1,060
NetPower SA 49/49	Provision of corporate IT applications and solutions	0	0
ZUI Novum Sp. z o.o. 51/51 <a href="http://www.novum.pl">www.novum.pl</a>	Creation of banking applications and provision of comprehensive IT systems for co-operative banks	4,160	2,927
Sawan Grupa Softbank SA 100/100	Provision of IT solutions for management (i.e. data warehouses, reporting systems, CRM systems)	136	3,313
Softbank Serwis Sp. z o.o. <sup>4)</sup> 100/100 <a href="http://www.softbankserwis.pl">www.softbankserwis.pl</a>	Maintenance of software and hardware supplied by the Group, services based on outsourcing of IT systems	16,571	12,292

<sup>\*)</sup> Data before consolidation eliminations. The stakes of shares held are disclosed as at 31 March 2006.

<sup>1)</sup> In Q1 2005, Softbank SA sold 100% of shares in Epsilio SA to COMP Rzeszów SA. Epsilio SA's results were consolidated until 28 February 2005.

<sup>2)</sup> In Q3, 2005 Softbank SA acquired 100% of shares in Koma SA and also indirectly 99.9% of shares in Koma Nord Sp. z o.o., a subsidiary of Koma SA. The results of Koma SA and Koma Nord Sp. z o.o. have been consolidated since 1 July 2005.

<sup>3)</sup> In Q4, 2005 Softbank SA acquired 100% of shares in Incenti SA and 51% of shares in Gladstone Consulting Limited. The results of those companies have been consolidated since 1 October 2005.

<sup>4)</sup> In Q1 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged.

<sup>5)</sup> In 2006 the company Mediabank SA has been classified as held for disposal, which is further described in item 4 in the Explanatory Notes.

The companies [bezpieczenstwo.pl](http://bezpieczenstwo.pl) Sp. z o.o. and NetPower SA do not conduct operating activities.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 12. Related Companies (continued).

#### Key financial data of companies included in the consolidated financial statements for Q1 2006\*

Name of company % of share capital/total votes	Core business	Net profit (loss)	
		PLN '000	
		3 months ended 31 March 2006	3 months ended 31 March 2005
Softbank SA Parent Company <a href="http://www.softbank.pl">www.softbank.pl</a>	Provision of comprehensive IT solutions primarily to the financial and public administration sectors	5,847	8,036
<a href="http://bezpieczenstwo.pl">bezpieczenstwo.pl</a> Sp. z o.o. 100/100	Construction and implementation of IT systems supporting and coordinating the activities of rescue services	( 4 )	( 5 )
Epsilio SA <sup>1)</sup> 0/0	Creation and implementation of IT solutions for the banking sector, including co-operative banking	n.a.	( 236 )
Incenti SA <sup>3)</sup> 100/100 <a href="http://www.incenti.pl">www.incenti.pl</a>	Implementation and offering of e-Learning platforms, implementation of competence management systems, design, construction and implementation of BPC and DRP, IT outsourcing	363	n.a.
Gladstone Consulting Ltd. <sup>3)</sup> 51/51	Provision of professional consulting services within IT systems for financial institutions	2,576	n.a.
Koma Nord Sp. z o.o. <sup>2)</sup> 100/100 <a href="http://www.komanord.com.pl">www.komanord.com.pl</a>	Supply of hardware, local and distributed network systems, as well as software for supporting business management	95	n.a.
AWiM Mediabank SA 100/100 <a href="http://www.mediabank.pl">www.mediabank.pl</a>	Marketing, operation of a radio station (Radio PiN 102 FM)	( 656 )	( 840 )
NetPower SA 49/49	Provision of corporate IT applications and solutions	16 )	( 30 )
ZUI Novum Sp. z o.o. 51/51 <a href="http://www.novum.pl">www.novum.pl</a>	Creation of banking applications and provision of comprehensive IT systems for co-operative banks	510	281
Sawan Grupa Softbank SA 100/100	Provision of IT solutions for management (i.e. data warehouses, reporting systems, CRM systems)	( 46 )	356
Softbank Serwis Sp. z o.o. <sup>4)</sup> 100/100 <a href="http://www.softbankserwis.pl">www.softbankserwis.pl</a>	Maintenance of software and hardware supplied by the Group, services based on outsourcing of IT systems	( 1,609 )	( 141 )

<sup>\*)</sup> Data before consolidation eliminations. The stakes of shares held are disclosed as at 31 March 2006.

<sup>1)</sup> In Q1 2005, Softbank SA sold 100% of shares in Epsilio SA to COMP Rzeszów SA. Epsilio SA's results were consolidated until 28 February 2005.

<sup>2)</sup> In Q3,2005 Softbank SA acquired 100% of shares in Koma SA, and also indirectly 99.9% of shares in Koma Nord Sp. z o.o., a subsidiary of Koma SA. The results of Koma SA and Koma Nord Sp. z o.o. were consolidated from 1 July 2005.

<sup>3)</sup> In Q4,2005 Softbank SA acquired 100% of shares in Incenti SA and 51% of shares in Gladstone Consulting Limited. The results of those companies have been consolidated since 1 October 2005.

<sup>4)</sup> In Q1 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged.

<sup>5)</sup> In 2006 the company Mediabank SA has been classified as held for disposal, which is further described in item 4 in the Explanatory Notes.

The companies [bezpieczenstwo.pl](http://bezpieczenstwo.pl) Sp. z o.o. and NetPower SA do not conduct operating activities.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 12. Related Companies (continued).

#### Softbank SA

Softbank SA generated the bulk of the Group's consolidated sales revenues (approx. 62% – before consolidation eliminations). The Softbank SA share in the Group's total sales declined sharply from 83% in Q1 2005 due to consolidation of acquired companies, namely Koma SA (which merged with Softbank Serwis Sp. z o.o. in January 2006), Incenti SA and Gladstone Consulting Ltd.

In Q1 2006, Softbank SA posted revenues of PLN 63,395 thousand which dropped by 20% as against Q1 2005. Decline in revenues was observed especially in the banking sector, because in Q1 2005 Softbank SA recorded high sales of merchandise by executing the contract for supply of third-party software supporting the development of banking systems (PLN 31,400 thousand in revenue were recognized in Q1 2005).

Non-consolidated financial results of Softbank SA	3 months ended	3 months ended	change
	31 March 2006	31 March 2005	
	PLN '000	PLN '000	%
Sales revenues, of which:	63,395	79,280	( 20 % )
banking and finance	47,396	69,517	( 32 % )
public administration	12,813	8,704	47 %
Gross profit on sales	15,890	16,648	( 5 % )
Operating profit	6,523	9,898	( 34 % )
<b>Net profit</b>	<b>5,847</b>	<b>8,036</b>	<b>( 27 % )</b>

As a consequence of lower sales in Q1 2006, gross profit on sales dropped, however, by 3% only tanks to high margins available from the executed contracts. The selling expenses of Softbank SA rose by PLN 350 thousand or 25% year on year, as they also included the selling expenses of Sawan. In Q1 2006 general administrative expenses increased by PLN 2,405 thousand or 45% year on year, primarily as a result of higher marketing expenses (sponsoring for the Prokom Trefl basketball team), execution of the motivational program for the employees of Softbank SA (16,374 bonds convertible to shares), increased recruitment expenses (higher employment among others in ZSI and CEPiK teams). Such increased expenses resulted in a drop of operating profit by 34% down to PLN 6,523 thousand. In the period reported the Company's net profit Softbank SA fell 27% down to PLN 5,847 thousand.

#### Softbank Serwis Sp. z o.o.

The 1<sup>st</sup> quarter of 2006 was the beginning of joint operating activities of Softbank Serwis Sp. z o.o. and Koma S.A. As a result of this merger, the undertaking became one of the leading service providers within maintenance of software and hardware on the Polish IT market. The restructuring process resulted in streamlining the authorities within the organisation and in creating a company with operations covering the whole country. As a consequence of the ongoing restructuring process, postponed sales of certain products (mobile software and eHR among others), decreased margins of sales of hardware as well as incurred financial expenses, the company saw a net loss despite higher sales revenues. Softbank Serwis Sp. z o.o. executed contracts primarily for Tyco Integrated System „Zlote Tarasy”, PKO BP „MultiCash”, Ministry of Education and Science „Construction and starting operation of computer workrooms”, GSG Zabrze „Construction of network”.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### **Incenti SA**

Incenti SA is specialized in infrastructural outsourcing, implementation and leasing of e-Learning platforms. In Q1 2006 the company executed contracts for miscellaneous clients, the largest of which were TP SA and PZU (work subcontracted by Prokom Software SA). The net profit margin for Q1 2006 equalled approx. 5%.

### **Gladstone Consulting Ltd.**

The Group's undertaking Gladstone Consulting Ltd. is based in Nicosia, Cyprus and its business activities include provision of consulting and implementation services within IT systems for the banking sector. In the period reported the company continued to execute its main contract for Bank Pekao SA. Gladstone Consulting Ltd. generates strong financial results with a net profit margin at the level of 44%.

### **ZUI Novum Sp. z o.o.**

In the period reported the sales revenues of ZUI Novum Sp. z o.o., which provides proprietary IT solutions for the co-operative banking sector, increased by 42% in comparison with the comparable period of 2005. The net profit for Q1 2006 increased by 81% year on year. The company consistently follows its strategy of operations on the market of co-operative banks and it continually develops and modernizes the delivered products and services.

### **AWiM Mediabank SA**

On 28 April 2006 Softbank SA concluded the agreement for sale of its 100% equity stake in AWiM Mediabank SA. In the financial statements for Q1 2006, that company was classified as discontinued operations.

### **Sawan Grupa Softbank SA**

Having sold its plant to Softbank SA in 2005, the company does not conduct business activities on a scale comparable with that from before the said sale. However, concluding contracts for IT consulting services is not precluded.

### **bezpieczeństwo.pl Sp. z o.o. and NetPower SA**

These two companies do not conduct operating activities, and their operations are limited to fulfilling the statutory requirements.

## **Off-Balance-Sheet Liabilities Concerning Related Companies**

As at 31 March 2006 Softbank SA did not have any liabilities due to guarantees and sureties extended to secure credits contracted by its related companies.

Whereas, as at 31 December 2005 guarantees and sureties issued by Softbank SA as security for credits contracted by its related companies were as follows:

- Surety for AWiM Mediabank SA's agreement of investment credit of PLN 1,200 thousand. As at 31 December 2005 the outstanding amount of the investment credit was PLN 25 thousand.

Sureties issued by Softbank SA to secure other liabilities as at 31 March 2006 were as follows:

- Surety for liabilities under an agreement for construction of a structural network concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o. o. on 26 February 2004. The surety value as at 31 March 2006 was estimated at PLN 7,084 thousand.

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

Sureties issued by Softbank SA to secure other liabilities as at 31 December 2005 were as follows:

- Surety for liabilities under an agreement for construction of a structural network concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o. o. on 26 February 2004. The surety value as at 31 December 2005 was estimated at PLN 6,948 thousand.

### 13. Off-Balance-Sheet Liabilities to Other Companies.

Within its commercial activities, Softbank SA uses bank guarantees and letters of credit as well as contract performance guarantees and tender deposits as forms of securing its business transactions with various organisations, companies and administration entities. As at 31 March 2006, the related contingent liabilities equalled PLN 10,453 thousand, while as at 31 December 2005 they amounted to PLN 16,100 thousand.

Additionally, as at 31 March 2006 and 31 December 2005, the Group was a party to a number of leasing and tenancy contracts or other contracts of similar nature, providing for the following future liabilities:

<b>Liabilities under lease of space</b>	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Up to 1 year	5,354	5,880
From 1 to 5 years	9,457	10,227
over 5 years	1,762	1,915
<b>Total</b>	<b>16,573</b>	<b>18,022</b>

<b>Liabilities under operating lease of property, plant and equipment</b>	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Up to 1 year	752	921
From 1 to 5 years	1,139	1,241
over 5 years	0	0
<b>Total</b>	<b>1,891</b>	<b>2,162</b>

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 13. Off-Balance-Sheet Liabilities to Other Companies (continued).

Based on the agreement concluded between Dadlaw Trustee Ltd of Nicosia, Cyprus and Softbank SA in October 2005, which concerned acquisition of a 51% stake of shares in Gladstone Consulting Limited by Softbank SA, the Parent Company holds a call option for purchase of the remaining 49% of shares. The option shall be effective till 31 March 2009. Likewise, Dadlaw Trustee Ltd has the right to call upon Softbank SA to purchase the remaining shares in Gladstone in April 2009.

In connection with the termination of employment by some employees from the Department of Risk Management Systems of Softbank SA, as informed in public by the regulatory filing of 2 March 2006, the former employees took legal action for compensation. In the opinion of the Management Board of Softbank SA the above claims will be dismissed entirely.

### Information on Pending Proceedings Concerning Liabilities or Debts of Softbank SA or Its Subsidiary Companies

During the period reported, no proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or debts of Softbank SA or its subsidiary companies, whose aggregate value would equal or exceed 10% of the Company's equity.

### 14. Employment.

Average Group workforce in the reporting period:	3 months ended 31 March 2006	3 months ended 31 March 2005
Management Board of the Parent Company	5	5
Management Boards of the Group companies	10	12
Production departments	550	453
Maintenance departments	245	130
Sales departments	89	65
Administration departments	150	120
<b>Total</b>	<b>1,049</b>	<b>785</b>

  

The Softbank Group workforce as at	31 March 2006	31 December 2005
Management Board of the Parent Company	5	5
Management Boards of the Group companies	10	11
Production departments	562	614
Maintenance departments	267	204
Sales departments	96	75
Administration departments	140	148
<b>Total</b>	<b>1,080</b>	<b>1,057</b>

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 14. Employment (continued).

Number of employees in the Group companies as at	31 March 2006	31 December 2005
Softbank SA	627	620
bezpieczeństwo.pl Sp. z o.o.	0	0
Gladstone Consulting Limited	0	0
Incenti SA	66	65
Koma Nord Sp. z o.o.	9	10
AWiM Mediabank SA	20	19
NetPower SA	0	0
ZUI Novum Sp. z o.o.	37	36
Sawan Grupa Softbank SA	4	3
Softbank Serwis Sp. z o.o. (*)	317	304
<b>Total</b>	<b>1,080</b>	<b>1,057</b>

(\*) In 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged and thereafter they have operated under the name of Softbank Serwis Sp. z o.o. Their 2005 data have been presented in aggregate.

As at 31 March 2006, the Softbank Group employed 1,080 persons. The Group's employment rose by 23 as compared with its size as at the end of 2005.

### 15. Remuneration Paid or Due to the Members of the Management Boards and Supervisory Boards of the Parent Company and the Group's Related Companies.

	3 months ended 31 March 2006	3 months ended 31 March 2005
	PLN '000	PLN '000
Management Board	1,058	1,058
Supervisory Board	123	68
Management Boards – subsidiary companies	972	1,157
Supervisory Boards – subsidiary companies	21	52
<b>Total</b>	<b>2,174</b>	<b>2,335</b>

The remuneration paid to members of the Supervisory Board of Softbank SA, who were also members of the Management Board of Prokom Software SA, amounted to PLN 17 thousand in Q1 2006, and remained at the same level as in Q1 2005.

### 16. Capital Expenditures.

During Q1 2006 the Group incurred capital expenditures of PLN 2,026 thousand of which PLN 1,944 thousand were spent for non-financial fixed assets. The capital expenditures planned for the year 2006 shall aggregate at PLN 78 million.

In comparison, in Q1 2005 capital expenditures totalled PLN 3,211 thousand of which PLN 2,230 thousand were spent for non-financial fixed assets.



All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 17. Opinion on Feasibility of Meeting the 2006 Financial Forecasts Published by the Management Board.

In 2004 the Management Board of Softbank SA presented the Company's Strategy for the years 2004-2006 that assumed focusing on provision of IT services for the financial market, with special regard to banking, as well as for public administration sector.

The Group's financial objectives for 2006 as indicated by the Management Board in the Strategy are as follows:

- sales to the banking and financial sector of at least PLN 360 million with a 28% gross margin,
- sales to the public administration sector of at least PLN 150 million with a 10% gross margin,
- total net sales revenues of the Group in the amount of PLN 550 million,
- EBITDA margin at the level of 12%.

Based on the financial results for Q1 2006 and considering the present order portfolio for 2006, contracts being negotiated and the budgeted costs, the Management Board of Softbank SA sustains meeting the above specified objectives for 2006.

### 18. Factors which in the Management Board's Opinion May Affect the Group's Performance till the End of This Financial Year.

In the opinion of the Management Board of Softbank SA the Group's current financial standing, its production potential and market position pose no threats to continued growth of the Group in 2006. However, there are numerous factors, both internal and external, which will directly or indirectly affect the Group's financial performance in the next quarters.

The external factors with a bearing on the future performance of the Softbank Group include: the development of the economic situation in Poland, increased demand for IT solutions from the banking and public administration sectors, competition from other IT sector players, and exchange rate fluctuations (principally of the US dollar and Euro).

The internal factors of significance for the future performance of the Softbank Group include: the progress of execution of the concluded contracts, outcome of contract tenders and negotiations in the IT sector, organisation and development of own teams working on creation of new IT solutions, inclusive of the consulting team, as well as restructuring processes carried out at the Group companies.

The table below presents the Softbank Group's current order portfolio as at the date of this report, assuming that the current schedules for performance of long-term contracts are not changed:

	<b>3 months ended 31 March 2006</b>	<b>9 months ended 31 December 2006 (estimate)</b>	<b>Next years</b>
	<b>PLN millions</b>	<b>PLN millions</b>	<b>PLN millions</b>
The Group's order portfolio	102.7	244.7	583.3

All figures in PLN '000

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

### 19. Significant Events in the Reporting Period.

#### Operating activities

▪ On 2 March 2006, in response to the communications alleging that Softbank SA lost its entire team of consultants from the Department of Risk Management Systems, the Management Board of Softbank SA announced that only certain employees of the said Department handed in notices to terminate their employment contracts. The circumstances surrounding that incident indicate that it was a result of a pre-arranged scheme, undertaken, among other things, to enable the said group of employees to take over the contracts concluded by the Company.

Softbank SA managed to rebuild its team of consultants of the Department of Risk Management Systems by employing specialists who had previously been trained by the Company to execute new prospective contracts in that area. In line with the adopted strategy, Softbank SA continues to make investments aimed at developing risk management competences.

As concerns the contracts with its existing clients (including Raiffeisen Bank Polska SA), Softbank SA is implementing the contracts on the previously agreed terms and conditions. Softbank SA concluded a successive agreement with Raiffeisen Zentralbank Osterreich AG („RZB”), but the contract size is smaller due to the loss of some members of the Company’s consulting team. Talks with RZB are underway concerning areas of possible further co-operation with the bank.

(see: Current Report No. 4/2006 of Softbank SA dated 2 March 2006)

### 20. Significant Events Subsequent to the Balance-Sheet Date.

#### Operating activities

▪ On 9 May 2006 the Management Board of Softbank SA with the registered seat at ul. 17 Stycznia 72a, Warsaw, Poland, entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court of the Capital City of Warsaw, XIII Commercial Department, under the number 33391, acting pursuant to art. 399 § 1, art. 395 § 1, and art. 402 of the Commercial Companies Code and § 12 item 2 of the Company's Articles of Association, convened the Ordinary General Meeting of Shareholders of Softbank SA to be held on 9 June 2006 at 1.00 p.m., at the Company's seat at ul. 17 Stycznia 72a in Warsaw, Poland.

The agenda of the Ordinary General Meeting of Shareholders is available at the Company's website ([www.softbank.pl](http://www.softbank.pl)) in the area for investors.

(see: Current Report No. 11/2006 of Softbank SA dated 9 May 2006)

#### Investing activities

▪ On 28 April 2006 the Company concluded the agreement for sale of 100,265 shares of AWiM Mediabank SA which owns the radio station, namely PiN 102 FM. The disposed shares constitute 100% of the share capital and voting interest at the General Meeting of Shareholders of AWiM Mediabank SA. The buyer is Prokom Investment SA based in Gdynia, Poland.

The sale price amounts to PLN 4,500 thousand.

The sale agreement shall come into effect after the conditions precedent have been satisfied:

- obtaining appropriate approval from the Polish Anti-Trust and Consumer Protection Office,
- obtaining appropriate approval from the Polish National Broadcasting Council.

Having satisfied the above-mentioned conditions precedent, Softbank SA shall receive the payment in cash within 21 days.

Entering into this agreement was preceded by review of other bids for acquisition of AWiM Mediabank SA, the most beneficial of which was the offer submitted by Prokom Investment SA.

(see: Current Report No. 9/2006 of Softbank SA dated 29 April 2006)

All figures in PLN '000

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP**

### **21. Significant Events Related to Prior Years.**

Until the date of preparing these condensed consolidated financial statements for Q1 2006, this is until 11 May 2006, there occurred no significant events related to prior years which would not, but should be included in the accounting books.

**SOFTBANK SPÓŁKA AKCYJNA**

**SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS OF THE SOFTBANK GROUP**

**FOR THE 1ST QUARTER OF 2006**

**KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS  
OF SOFTBANK SA**

## KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

### FINANCIAL HIGHLIGHTS

	PLN '000		EUR '000	
	3 months ended 31 March 2006	3 months ended 31 March 2005	3 months ended 31 March 2006	3 months ended 31 March 2005
I. Sales revenues	63,395	79,280	16,485	19,744
II. Operating profit	6,523	9,898	1,696	2,465
III. Pre-tax profit	5,847	8,036	1,520	2,001
IV. Profit for the period reported	<b>5,847</b>	<b>8,036</b>	1,520	2,001
V. Net cash provided by (used in) operating activities	( 240)	( 14,368)	( 62)	( 3,578)
VI. Net cash provided by (used in) investing activities	9,832	5,415	2,557	1,349
VII. Net cash provided by (used in) financing activities	( 16,521)	147	( 4,296)	37
VIII. Cash and cash equivalents at the end of period	15,586	22,515	3,960	5,833
IX. Earnings per ordinary share (in PLN/EUR)	0.25	0.36	0.07	0.09
X. Diluted earnings per ordinary share (in PLN/EUR)	0.25	0.36	0.07	0.09

The financial highlights disclosed in these financial statements were translated into Euro in the following way:

- the profit and loss account and cash flow statement items were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month in a given quarter. The rates were as follows:
  - for the period from 1 January to 31 March 2006: EUR 1 = PLN 3.8456
  - for the period from 1 January to 31 March 2005: EUR 1 = PLN 4.0153
- cash and cash equivalents as at the end of period reported and the corresponding period of the prior year were translated into Euro at the mid exchange rates as published by the National Bank of Poland of Poland on 31 March 2006 and 31 December 2005. The rates were as follows:
  - exchange rate effective on 31 March 2006: EUR 1 = PLN 3.9357
  - exchange rate effective on 31 December 2005: EUR 1 = PLN 3.8598

**KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS  
OF SOFTBANK SA**

**CONDENSED PROFIT AND LOSS ACCOUNT  
SOFTBANK SA**

	<b>3 months ended 31 March 2006 PLN '000</b>	<b>3 months ended 31 March 2005 PLN '000</b>
<i>Operating activities</i>		
<b>Sales revenues</b>	<b>63,395</b>	<b>79,280</b>
Sales of products and services	48,481	39,761
Sales of merchandise and materials	14,914	39,519
<b>Cost of sales</b>	<b>( 47,505)</b>	<b>( 62,632)</b>
Cost of products and services sold (-)	( 34,204)	( 25,844)
Cost of merchandise and materials sold (-)	( 13,301)	( 36,788)
<b>Gross profit on sales</b>	<b>15,890</b>	<b>16,648</b>
Selling expenses (-)	( 1,757)	( 1,407)
General administrative expenses (-)	( 7,730)	( 5,325)
<b>Net profit on sales</b>	<b>6,403</b>	<b>9,916</b>
Other operating income	123	16
Other operating expenses (-)	( 3)	( 34)
<b>Operating profit</b>	<b>6,523</b>	<b>9,898</b>
<i>Other activities</i>		
Financial income	10,922	4,140
Financial expenses (-)	( 11,598)	( 6,002)
<b>Pre-tax profit</b>	<b>5,847</b>	<b>8,036</b>
Corporate income tax (current and deferred portions)	0	0
<b>Profit for the period reported</b>	<b>5,847</b>	<b>8,036</b>
<b>Earnings per share (in PLN)</b>		
basic EPS from net profit for the period reported (in PLN)	0.25	0.36
diluted EPS from net profit for the period reported (in PLN)	0.25	0.36

**KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS  
OF SOFTBANK SA**

**CONDENSED BALANCE SHEET  
SOFTBANK SA**

	31 March 2006	31 December 2005
	PLN '000	PLN '000
<b>ASSETS</b>		
<b>Fixed assets</b>	<b>359,282</b>	<b>368,795</b>
Property, plant and equipment	15,726	16,135
Intangible assets	21,043	21,771
Investments in subsidiary and associated companies	199,759	204,258
Financial fixed assets available for sale	38,879	34,588
Financial fixed assets held to maturity	0	0
Financial fixed assets valued at fair value through profit or loss	8,000	8,000
Long-term receivables	50,987	57,408
Deferred income tax assets	19,008	19,008
Long-term deferred expenses	5,880	7,627
<b>Current assets</b>	<b>200,293</b>	<b>224,015</b>
Shares in subsidiary companies	0	0
Inventories	20,473	17,200
Deferred expenses	20,587	19,699
Trade accounts receivable	68,672	79,146
Receivables from the State budget	0	0
Other receivables	47,452	46,999
Financial assets held to maturity	13,505	18,535
Financial assets valued at fair value through profit or loss	14,018	19,921
Cash and short-term deposits	15,586	22,515
<b>Fixed assets held for disposal</b>	<b>4,500</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>564,075</b>	<b>592,810</b>

**KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS  
OF SOFTBANK SA**

**CONDENSED BALANCE SHEET  
SOFTBANK SA (continued)**

	<b>31 March 2006</b>	<b>31 December 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	25,175	25,175
Share premium	253,151	253,151
Unrealized net profit	0	0
Other reserve capitals	1,407	801
Retained earnings	23,617	17,770
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>303,350</b>	<b>296,897</b>
<b>Long-term liabilities</b>		
Long-term reserves	250	250
Long-term financial liabilities	76,393	75,930
Long-term deferred income	8,972	11,280
Other long-term liabilities	1,616	4,902
<b>Current liabilities</b>	<b>173,494</b>	<b>203,551</b>
Interest-bearing bank credits, loans and debt securities	25,638	42,159
Trade accounts payable	34,554	62,011
Corporate income tax payable	206	838
Liabilities to the State budget	5,437	4,139
Financial liabilities	20,495	18,556
Other liabilities	55,580	46,828
Reserves	67	67
Accrued expenses	17,608	17,973
Deferred income	13,909	10,980
<b>TOTAL LIABILITIES</b>	<b>260,725</b>	<b>295,913</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>564,075</b>	<b>592,810</b>



All figures in PLN '000

## KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

### CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY SOFTBANK SA

for 3 months ended 31 March 2006

and for 12 months ended 31 December 2005

	Share capital PLN '000	Share premium PLN '000	Unrealized net profit on financial assets available for sale PLN '000	Capital from bonds convertible to shares PLN '000	Retained earnings (deficit) and current net profit PLN '000	Total shareholders equity PLN '000
<b>As at 1 January 2006</b>	<b>25,175</b>	<b>253,151</b>	<b>0</b>	<b>801</b>	<b>17,770</b>	<b>296,897</b>
Motivational program for the employees				606		<b>606</b>
Net profit for the period from 1 January 2006 to 31 March 2006					5,847	<b>5,847</b>
<b>As at 31 March 2006</b>	<b>25,175</b>	<b>253,151</b>	<b>0</b>	<b>1,407</b>	<b>23,617</b>	<b>303,350</b>
<b>As at 1 January 2005</b>	<b>20,951</b>	<b>148,525</b>	<b>6,826</b>	<b>801</b>	<b>( 35,880)</b>	<b>141,223</b>
Net profit on financial assets available for sale						<b>0</b>
Reclassification of financial assets from available for sale to investments in associated companies			( 6,826)			<b>( 6,826)</b>
Net profit for the period from 1 January 2005 to 31 December 2005					53,650	<b>53,650</b>
Issuance of shares	4,224	104,626				<b>108,850</b>
<b>As at 31 December 2005</b>	<b>25,175</b>	<b>253,151</b>	<b>0</b>	<b>801</b>	<b>17,770</b>	<b>296,897</b>

**KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS  
OF SOFTBANK SA**

**CONDENSED STATEMENT OF CASH FLOWS  
SOFTBANK SA**

	<b>3 months ended 31 March 2006</b>	<b>3 months ended 31 March 2005</b>
	<b>PLN '000</b>	<b>PLN '000</b>
<b>Cash flows – operating activities</b>		
Pre-tax profit	5,847	8,036
<b>Total adjustments:</b>	<b>( 4,261)</b>	<b>( 20,353)</b>
Depreciation and amortisation	1,549	1,342
Change in inventories	( 3,273)	( 1,228)
Change in receivables	16,442	28,579
Change in liabilities	( 18,374)	( 51,001)
Change in deferred and accrued expenses	1,115	( 1,072)
Change in reserves	0	( 1,240)
Interest income and expense	1,254	2,167
Gain (loss) on foreign exchange differences	( 3,132)	1,805
Gain (loss) on investing activities	( 448)	295
Other	606	0
<b>Net cash from operating activities</b>	<b>1,586</b>	<b>( 12,317)</b>
Interest paid	( 1,194)	( 2,051)
	( 632)	0
<b>Net cash provided by (used in) operating activities</b>	<b>( 240)</b>	<b>( 14,368)</b>
<b>Cash flows – investing activities</b>		
Disposal of property, plant and equipment	32	0
Disposal of financial assets held to maturity	0	6,437
Disposal of shares in subsidiary companies	0	0
Acquisition of property, plant and equipment	( 306)	( 1,378)
Acquisition of intangible assets	( 3,057)	( 595)
Acquisition of financial assets held to maturity	0	0
Acquisition of shares in subsidiary companies	290	0
Acquisition of shares in associated companies	( 82)	( 1,381)
Loans collected	5,000	600
Loans granted	( 628)	( 500)
Interest received	369	134
Dividends received	0	0
Other items	0	708
Cash provided by forward transactions	8,214	1,390
<b>Net cash provided by (used in) investing activities</b>	<b>9,832</b>	<b>5,415</b>
<b>Cash flows – financing activities</b>		
Issuance of shares	0	0
Cash provided (used) due to bank credits and loans contracted	( 10,670)	147
Cash provided (used) due to issuance of debt securities	( 5,851)	0
<b>Net cash provided by (used in) financing activities</b>	<b>( 16,521)</b>	<b>147</b>
Net decrease in cash and cash equivalents	( 6,929)	( 8,806)
Cash and cash equivalents as at 1 January	22,515	35,105
<b>Cash and cash equivalents as at 31 March</b>	<b>15,586</b>	<b>26,299</b>

All figures in PLN '000

## KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

### 1. Transactions with Related Companies.

Name of company	Softbank SA sales to related undertakings in the period of:		Softbank SA purchases from related undertakings in the period of:		Softbank SA receivables as at:		Softbank SA liabilities as at:	
	3 months ended 31 March 2006	3 months ended 31 March 2005	3 months ended 31 March 2006	3 months ended 31 March 2005	31 March 2006	31 December 2005	31 March 2006	31 December 2005
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
<b>Transactions with subsidiary companies</b>								
Epsilio SA <sup>(1)</sup>	0	0	0	62	0	0	0	0
Mediabank SA	0	18	0	1	0	30	0	0
Sawan Grupa Softbank SA	144	28	0	703	170	58	2,893	5,842
Softbank Serwis Sp. z o.o. <sup>(2)</sup>	61	192	3,339	2,133	31	38	478	3,967
NetPower SA	1	1	0	0	1	0	0	0
<b>Transactions with associated companies</b>								
Asseco Poland SA <sup>(3)</sup>	0	0	0	0	0	12,332	43	0
<b>Transactions with the Parent Company</b>								
Prokom Software SA	1,735	220	642	1,095	2,196	1,595	7,853	23,790
<b>Transactions with subsidiary companies of Prokom Software SA</b>								
ABG – Ster Projekt SA	0	0	0	0	0	0	0	706
Combidata Poland Sp. z .o.o.	0	0	2	0	0	0	0	1
Optix Polska Sp. z o.o.	0	0	0	0	0	0	10	10
Spin SA	0	105	0	0	0	55	0	0
<b>Transactions with associated companies of Prokom Software SA</b>								
Comp SA	0	0	658	468	0	0	9,484	9,838
<b>Total transactions with related companies</b>	<b>1,941</b>	<b>564</b>	<b>4,641</b>	<b>4,462</b>	<b>2,398</b>	<b>14,108</b>	<b>20,761</b>	<b>44,154</b>

<sup>(1)</sup> In Q1 2005, Softbank SA sold 100% of shares in Epsilio SA to Asseco Poland SA (formerly COMP Rzeszów SA). Epsilio SA's results are presented for the period from 1 January to 28 February 2005.

<sup>(2)</sup> In January 2006 Softbank Serwis Sp. z o.o. merged with Koma SA. Their data as at 31 December 2005 were presented in aggregate.

<sup>(3)</sup> Asseco Poland SA has become an associated company since 31 December 2005.

The above presented transactions with the related companies were executed at arm's length. The transactions were carried out as part of the statutory business activities of particular companies.

## KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

### 2. Off-Balance-Sheet Liabilities Concerning Related Companies.

As at 31 March 2006 Softbank SA did not have any liabilities due to guarantees and sureties extended to secure credits contracted by its related companies.

Whereas, as at 31 December 2005 guarantees and sureties issued by Softbank SA as security for credits contracted by its related companies were as follows:

- Surety for AWiM Mediabank SA's liabilities due to an investment credit of PLN 1,200 thousand. As at 31 December 2005 the outstanding amount of credit was PLN 25 thousand.

Sureties issued by Softbank SA to secure other liabilities as at 31 March 2006 were as follows:

- Surety for liabilities under an agreement for construction of a structural network concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o. o. on 26 February 2004. The surety value as at 31 March 2006 was estimated at PLN 7,084 thousand.

Sureties issued by Softbank SA to secure other liabilities as at 31 December 2005 were as follows:

- Surety for liabilities under an agreement for construction of a structural network concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o. o. on 26 February 2004. The surety value as at 31 December 2005 was estimated at PLN 6,948 thousand.

### Other Off-Balance-Sheet Liabilities to Related Companies

	31 March 2006	31 December 2005
	PLN '000	PLN '000
Commitment to grant a loan to Mediabank SA	40	668

## KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

### 3. Off-Balance-Sheet Liabilities to Other Companies.

Within its commercial activities, Softbank SA uses bank guarantees and letters of credit as well as contract performance insurance as forms of securing its business transactions with various organisations, companies and administration entities. As at 31 March 2006, the related contingent liabilities equalled PLN 7,542 thousand, while as at 31 December 2005 they amounted to PLN 8,250 thousand.

Additionally, as at 31 March 2006 and 31 December 2005, Softbank SA was a party to a number of leasing and tenancy contracts or other contracts of similar nature, providing for the following future liabilities:

Liabilities under lease of space	31 March 2006 PLN '000	31 December 2005 PLN '000
Up to 1 year	2,943	2,971
From 1 to 5 years	3,119	3,716
over 5 years	1,762	1915
<b>Total</b>	<b>7,824</b>	<b>8,602</b>

  

Liabilities under operating lease of property, plant and equipment	31 March 2006 PLN '000	31 December 2005 PLN '000
Up to 1 year	488	631
From 1 to 5 years	554	594
over 5 years	0	0
<b>Total</b>	<b>1,042</b>	<b>1,225</b>

Based on the agreement concluded between Dadlaw Trustee Ltd of Nicosia, Cyprus and Softbank SA in October 2005, which concerned acquisition of a 51% stake of shares in Gladstone Consulting Limited by Softbank SA, the Parent Company holds a call option for purchase of the remaining 49% of shares. The option shall be effective till 31 March 2009. Likewise, Dadlaw Trustee Ltd has the right to call upon Softbank SA to purchase the remaining shares in Gladstone in April 2009.

### 4. Capital Expenditures.

During Q1 2006 the Company incurred capital expenditures of PLN 3,445 thousand of which PLN 3,363 thousand were spent for non-financial fixed assets. The capital expenditures planned for the year 2006 shall aggregate at approximately PLN 78 million.

In comparison, in Q1 2005 capital expenditures totalled PLN 3,354 thousand of which PLN 1,973 thousand were spent for non-financial fixed assets.