SOFTBANK® S.A.

SOFTBANK SPÓŁKA AKCYJNA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE SOFTBANK GROUP

FOR THE SECOND QUARTER OF 2005

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

All figures in PLN ‘000

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE SOFTBANK GROUP FOR THE SECOND QUARTER OF 2005

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These financial statements comprise 73 pages numbered from 1 to 73.

These condensed consolidated financial statements were approved by the Executive Board of Softbank SA on August 8th 2005.

For and on behalf of the Executive Board:

Krzysztof Korba
President of the Executive Board

All figures in PLN ‘000

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE SOFTBANK GROUP FOR THE SECOND QUARTER OF 2005

FINANCIAL HIGHLIGHTS

		PLN ‘000		EUR ‘000	
		Six months ended Jun 30 2005 (unaudited)	**Six months ended Jun 30 2004 (unaudited)**	**Six months ended Jun 30 2005 (unaudited)**	**Six months ended Jun 30 2004 (unaudited)**
I.	Sales revenue	176,162	164,525	43,172	34,775
II.	Operating profit	21,950	1,005	5,379	212
III.	Pre-tax profit/loss	21,620	(2,724)	5,298	(576)
IV.	Profit/loss for reporting period, including	20,545	(3,254)	5,035	(688)
	- profit attributable to the shareholders of the Parent Undertaking	**20,130**	**(1,811)**	**4,933**	**(383)**
V.	Net cash provided by operating activities	(21,914)	(33,162)	(5,370)	(7,009)
VI.	Net cash provided used in investing activities	8,915	(21,572)	2,185	(4,560)
VII.	Net cash provided by financing activities	(10,761)	13,774	(2,637)	(2,911)
VIII.	Balance of cash and cash equivalents at end of period	23,584	11,155	5,837	2,456
IX.	Earnings (loss) per ordinary share (PLN / EUR) attributable to the shareholders of Softbank SA	0.90	(0.08)	0.22	(0.02)
X.	Diluted earnings (loss) per ordinary share (PLN / EUR) attributable to the shareholders of Softbank SA	0.80	(0.09)	0.20	(0.02)

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

- items of the consolidated profit and loss account and consolidated cash-flow statement were translated at the arithmetic mean of mid exchange rates published by the National Bank of Poland and in effect on the last day of each month in a given quarter. The average rates were as follows:
  - for the period from January 1st to June 30th 2005: EUR 1 = PLN 4,0805
  - for the period from January 1st to June 30th 2004: EUR 1 = PLN 4,7311
- The Group’s cash and cash equivalents as at the end of this reporting period and the corresponding period of the previous year were translated at the mid exchange rates published by the National Bank of Poland on June 30th 2005 and June 30th 2004. The rates were as follows:
  - exchange rate effective on June 30th 2005 EUR 1 = PLN 4,0401
  - exchange rate effective on June 30th 2004 EUR1 = PLN 4,5422

All figures in PLN '000

GENERAL INFORMATION

SOFTBANK SA, registered office at ul. 17 Stycznia 72a, Warsaw, Poland, is the Parent Undertaking (the "Parent Undertaking", the "Company") of the Softbank Group (the "Softbank Group" the "Group").

The Company was established on January 18th 1989 as a limited liability company, and under Notarial Deed of August 31st 1993 was transformed into, and since than 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 entry No. KRS 33391. Earlier, 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 Division, under entry No. RHB 17220.

Since 1998, the Parent Undertaking's shares have been listed on the main market of the Warsaw Stock Exchange.

Softbank SA's business includes software and hardware consultancy and supply as well as production of software.

According to the Polish Classification of Business Activities, the Parent Undertaking's core business is "software consultancy and supply" (PKD-7220Z). This category includes analysing, developing and programming ready-to-use IT systems. According to the classification adopted by the Warsaw Stock Exchange (the "WSE"), the Parent Undertaking's business 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, promotional and publishing services. Publishing is currently being discontinued.

In addition to comprehensive IT services, the Group also sells goods, mainly computer hardware. These activities are to a large extent connected with the provision of software services.

The financial statements include a description of the Softbank Group's core business by segments.

In 2005, the Group has for the first time applied the International Financial Reporting Standards (IFRS, IAS) in preparing the condensed financial statements for the current and comparable periods. Note 18 includes the description of basic differences between the data disclosed in previous years in accordance with the Polish Accountancy Act of September 29th 1994 (consolidated text, Dz.U. of 2002, No. 76, item 694, as amended), and the data disclosed in accordance with International Financial Reporting Standards adopted as of January 1st 2005.

These condensed consolidated financial statements were prepared on the going-concern basis. During the financial period there were no circumstances which would indicate that there is a threat to the Company and its subordinated undertakings, with the exception of Sawan Grupa Softbank SA, continuing as going concerns in the foreseeable future.

On July 1st 2005 Sawan Grupa Softbank SA and Softbank SA entered into an agreement on the sale of business, whereby Softbank SA acquired a set of tangible and intangible assets comprising the entire business of Sawan Grupa Softbank SA, as defined in Par. 55.1 of the Polish Civil Code, excluding the name Sawan Grupa Softbank SA. The selling price of the business amounted to PLN 11,800 thousand and was determined on the basis of a valuation prepared by an independent expert. As a result of the transaction, Sawan Grupa Softbank SA discontinued its operations. The resources acquired by Softbank SA will continue to operate within that Company. As at the date of approval of these financial statements, no circumstances which would have a material impact on the Group's financial statements and which would contradict the assumption stated above have been reported.

The condensed consolidated financial statements for the six months ended June 30th 2005 were prepared in accordance with the assumptions of the IAS 34 – "Interim Financial Reporting". The accounting policy applied in preparing these statements is presented in the Notes to Condensed Consolidated Financial Statements.

All figures in PLN '000

Composition of the Executive Board and Supervisory Board

As at June 30th 2005, the Company's Executive Board was composed of the following persons:

First name and surname	Title
Krzysztof Korba	President of the Executive Board
Robert Smułkowski	Member of the Executive Board
Piotr Jeleński	Member of the Executive Board
Przemysław Borzestowski	Member of the Executive Board
Przemysław Sęczkowski	Member of the Executive Board

As at June 30th 2005, the Company's Supervisory Board was composed of the following persons:

First name and surname	Title
Ryszard Krauze	Chairman of the Supervisory Board
Piotr Mondalski	Member of the Supervisory Board
Stanisław Janiszewski	Member of the Supervisory Board

In Q2 2005 two Members of the Company's Supervisory Board tendered resignations from their posts - Alicja Kornasiewicz resigned on June 10th 2005 and Maciej Drelowski resigned on June 29th 2005. The Executive Board of Softbank SA convened an Extraordinary General Shareholders Meeting for August 9th 2005, which will appoint two persons to the Supervisory Board so that the number of members is five, in line with the provisions of the Polish Commercial Code.

Major Shareholders and Significant Changes in the Ownership of Significant Blocks of Shares

The table below sets forth the shareholders who directly or through their subsidiary undertakings hold 5% or more of total vote at the General Shareholders Meeting of Softbank SA.

Major shareholders in Softbank SA according to the data available as at August 8th 2005

Shareholder	Number of shares and votes at GM	% share in share capital and total vote at GM
Prokom Software SA	5,238,000	25.002%
Nihonswi AG	1,974,821	9.426%
Zbigniew Opach	1,880,432	8.976%
Grupa PZU SA	1,048,961	5.007%

Currently, the share capital of Softbank SA amounts to PLN 20,950,512 and is divided into 20,950,512 ordinary shares with a par value of PLN 1 per share.

All figures in PLN '000

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

Supervisory Board	as at May 13 2005	Number of shares as at Aug 8 2005
Ryszard Krauze	0	0
Stanisław Janiszewski	1,600	1,600
Piotr Mondalski	2,500	2,500

Executive Board	as at May 13 2005	Number of shares as at Aug 8 2005
Krzysztof Korba	0	0
Piotr Jeleński	0	0
Robert Smułkowski	1,500	1,500
Przemysław Borzestowski	0	0
Przemysław Sęczkowski	0	0

ISSUE OF SHARES

On May 17th 2005, the General Shareholders Meeting of Softbank SA. adopted a resolution on an increase in the Company's share capital by way of an issue of new shares. Softbank SA issued 1,459,646 Series U1 shares, 1,367,854 Series U2 shares, and 1,369,701 Series T shares. The total number of shares issued by the Company was 4,224,201. Following the registration of the share capital increase by the Registry Court, the share capital of the Company will comprise 25,174,713 shares with a par value of PLN 1 per share.

Series U1 shares were acquired in exchange for non-cash contributions representing 100% of shares in Koma SA. The issue price of Series U1 shares was PLN 27.8. The majority of these shares were acquired by Prokom Software SA, which held a 75% equity interest in Koma SA. The value of the Softbank SA shares delivered in exchange for Koma SA shares equalled PLN 40,578 thousand. Currently work is underway to prepare a merger of Koma SA and Softbank Serwis Sp. z o.o. The two companies have a common business profile, namely computer hardware maintenance. By combining the strengths of the two enterprises, the Executive Board aims to achieve synergies resulting in cost savings and improved operating efficiency.

Series U2 shares were acquired in exchange for non-cash contributions representing 100% of shares in Incenti SA. The issue price of Series U2 shares amounted to PLN 27.8. All the shares were acquired by Prokom Software SA, which held a 100% equity interest in Incenti SA. The value of Softbank SA shares delivered in exchange for Incenti SA shares equalled PLN 38,026. Softbank applied to the Polish Anti-Trust and Consumer Protection Authority for approval of the purchase of a shareholding in Incenti SA.

The subscription for Series T shares was held from June 24th 2005 to July 7th 2005. Investors placed 659 subscription orders for 3,625,238 shares. Owing to considerable oversubscription, it was necessary to reduce the orders by 92.3%. Softbank SA offered only 1,396,701 Series T shares. Their issue price was PLN 24.0. Proceeds from the issue totalled PLN 33,520, and they will be applied towards the purchase of shares in Gladstone Consulting Limited of Cyprus. At present, Gladstone Consulting Limited's accounting books are being audited by Softbank SA.

All figures in PLN '000

PERFORMANCE OF THE SOFTBANK GROUP

The Softbank Group's sales revenue in Q2 2005 stood at PLN 79,531 thousand, 11.3% less compared with the corresponding period of the previous year. The drop is due in part to the fact that in the current quarter the consolidated sales did not include revenue of Epsilio SA, which had been sold by Softbank SA in Q4 2004. If the Group's results for Q2 2004 had been adjusted by the sales revenue of Epsilio SA (PLN 7,402 thousand), the drop in the Group's sales revenue in Q2 2005 would be 3.3%.

Sales revenue by sector	**Six months ended Jun 30 2005 (unaudited)**	**Three months ended Jun 30 2005 (unaudited)**	**Six months ended Jun 30 2004 (unaudited)**	**Three months ended Jun 30 2004 (unaudited)**
	PLN '000	**PLN '000**	**PLN '000**	**PLN '000**
Banking and finance	139,869	60,727	96,293	51,624
Public sector institutions	19,100	10,535	56,022	29,601
Other sectors	17,193	8,269	12,210	8,420
Total:	**176,162**	**79,531**	**164,525**	**89,645**

Sales revenue by sector (%)	**Six months ended Jun 30 2005 (unaudited)**	**Three months ended Jun 30 2005 (unaudited)**	**Six months ended Jun 30 2004 (unaudited)**	**Three months ended Jun 30 2004 (unaudited)**
	%	**%**	**%**	**%**
Banking and finance	79.40%	76.35%	58.53%	57.59%
Public sector institutions	10.84%	13.25%	34.05%	33.02%
Other sectors	9.76%	10.40%	7.42%	9.39%
Total:	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The Softbank Group's sales revenue in Q2 2005 was mainly generated in the banking sector, which accounted for 76.4% of the total sales. The Q2 revenue from this sector amounted to PLN 60,727 thousand (up by 17.6% compared with the analogous period of the previous year), and taking into account that the consolidated figures did not include Epsilio SA, the sales to the banking sector rose by 37.3% year on year. Increased sales to this sector result partly from the performance of the contract for development of the Integrated IT System (ZSI) for PKO BP SA. The Company concluded an agreement on the system implementation in August 2003. The revenue realised on the implementation in Q2 2004 was insignificant, while in Q2 2005 it amounted to PLN 12,292 thousand. In addition, Softbank SA continued the implementation and modification work on other systems implemented at PKO BP, such as Zorba, CEZAR, or Netbank.

Sales revenue generated in the banking sector in Q2 2005 also included sales of consultancy services to Raiffeisen Zentralbank Österreich AG. At the beginning of 2005, Softbank SA commenced implementation of the Fermat system at the Raiffeisen Head Office in Vienna. The aim of the cooperation between Softbank and Austria's largest bank is to prepare its branches for compliance with the requirements of the New Basel Capital Accord II. Softbank is making intense effort to acquire new contracts in the banking sector. The Group's offering focuses on decision-support systems (including risk management, data warehouses, internal reporting).

In the public administration sector, the Softbank Group generated sales revenue of PLN 10,535 thousand in Q2 2005. The low sales figure compared with the previous year are attributable to the high base, that is exceptionally high sales to the sector in the previous year. In Q2 2004 Softbank SA performed a contract for Polska Wytwórnia Papierów Wartościowych (Polish Securities Printing House) related to the implementation of the Central System for Personalisation of Vehicle Registration Cards, worth PLN 27,700 thousand.

The Q2 2005 sales revenue from the public administration sector was generated mainly on the implementation of an IT system of the Central Register of Vehicles and Drivers (CEPiK). In Q2, Softbank SA completed another stage of the project, comprising the launch of the interface for data exchange with the KSIP system (National Police Information System), and the launch of a portal for the CEPiK system.

In addition, in Q2 2005 the Softbank Group continued performance of smaller contracts concluded with customers from the public sector, including the Social Security Authority (ZUS), Agency for Restructuring and Modernisation of Agriculture and the Supreme Chamber of Control.

Consolidated financial results of the Softbank Group	**Six months ended Jun 30 2005 (unaudited) PLN '000**	**Three months ended Jun 30 2005 (unaudited) PLN '000**	**Six months ended Jun 30 2004 (unaudited) PLN '000**	**Three months ended Jun 30 2004 (unaudited) PLN '000**
Sales revenue	176,162	79,531	164,525	89,645
Gross profit on sales	35,792	19,143	43,506	28,892
Operating profit	21,950	17,488	1,005	853
Net profit (loss) attributable to the shareholders of Softbank SA	20,130	15,418	(1,811)	(4,840)

Key profitability ratios of the Softbank Group [%]	**Six months ended Jun 30 2005 (unaudited) %**	**Three months ended Jun 30 2005 (unaudited) %**	**Six months ended Jun 30 2004 (unaudited) %**	**Three months ended Jun 30 2004 (unaudited) %**
Gross sales margin	20.32%	24.07%	26.44%	32.23%
Operating margin	12.46%	21.99%	0.61%	0.95%
Net margin	11.43%	19.39%	(1.10%)	(5.40%)

In Q2 2005, the Softbank Group's gross profit on sales fell by 33.7% year on year, which was due to lower sales revenue and lower gross margin on sales of goods for resale and materials. The latter dropped from 22.5% to 12.9%. In Q2 2005, gross margin on sales of products and services fell by 10.5% year on year, and amounted to 35.9%. Profit on sales stood at PLN 5,865 thousand due to reduction of general and administrative expenses by 43.8% year on year in Q2 2005.

The Softbank Group's Q2 operating profit amounted to PLN 17,488 thousand, and was 20 times higher compared with Q2 of the previous year. This very high result was partly attributable to the posting of fact that in Q2 2005 the received and expected return of the withholding tax in the amount of PLN 11,294 thousand was posted into the books. Otherwise, the Softbank Group's operating profit would have been PLN 6,194 thousand, that is seven times more than in the comparable period of the previous year, and the operating margin would have amounted to 7.8%.

Thanks to hedging against currency risk, the weakening of the Polish złoty had only insignificant effect on the Softbank Group's results. The Group's gross profit was PLN 1,506 thousand lower than the operating profit and stood at PLN 15,982 thousand.

Key factors with a bearing on the operating profit/ (loss):

- **Refund of the withholding tax of PLN 3,189 thousand increased the operating profit/(loss);**
- **Estimated refund of the withholding tax of PLN 8,105 thousand increased the reported operating profit/(loss);**
- **Increase/(decrease) in valuation allowances for receivables of PLN 135 thousand increased the operating profit/(loss);**
- **Increase/(decrease) in valuation allowances for goods in warehouses of PLN (229) thousand decreased the operating profit/(loss).**

Key factors with a bearing on the profit/ (loss) on financing activities:

- **Proceeds from the performance of forward contracts for the purchase/sale of the euro and U.S dollars, totalling PLN 7,459 thousand, increased the profit/ (loss) on financing activities;**
- **Gains on the change in the fair value of the executed forward contracts for the purchase/sale of the euro and U.S dollars, totalling PLN 7,915 thousand, increased the profit/ (loss) on financing activities;**
- **Losses on the change in the fair value of embedded derivatives of PLN (17,806) thousand decreased the profit/ (loss) on financing activities;**
- **Revaluation allowance for SoftTechnologies Sp. z o.o. of PLN 300 thousand, due to the loss of joint control over this undertaking, decreased the reported profit/ (loss) on financing activities,**
- **Excess of foreign exchange losses over foreign exchange gains of PLN (1,650) thousand decreased the profit/ (loss) on financing activities;**
- **Dividend of PLN 811 thousand (gross) received from COMP Rzeszów SA increased the profit/ (loss) on financing activities.**

Key factors with a bearing on the net profit:

- **Decrease in deferred tax assets reduced net profit by PLN (607) thousand.**

All figures in PLN '000

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT OF THE SOFTBANK GROUP

	Note Supplementary Information	Six months ended Jun 30 2005 (unaudited) PLN '000	Three months ended Jun 30 2005 (unaudited) PLN '000	Six months ended Jun 30 2004 (unaudited) PLN '000	Three months ended Jun 30 2004 (unaudited) PLN '000
Operating activities					
Sales revenue		**176,162**	**79,531**	**164,525**	**89,645**
Revenue on sales of products and services	1	74,399	38,689	74,485	43,045
Revenue on sales of goods for resale and materials	1	101,763	40,842	90,040	46,600
Cost of sales		**(\140,370)**	**(60,388)**	**(121,019)**	**(60,753)**
Cost of products and services sold (-)	2	(51,626)	(24,813)	(47,029)	(24,636)
Cost of goods for resale and materials sold (-)	2	(88,744)	(35,575)	(73,990	(36,117)
Gross profit (loss) on sales		**35,792**	**19,143**	**43,506**	**28,892**
Selling costs (-)	2	(6,294)	(3,151)	(6,380)	(3,206)
General and administrative expenses (-)	2	(19,437)	(10,127)	(29,311)	(18,016)
Net profit (loss) on sales		**10,061**	**5,865**	**7,815**	**7,670**
Other operating income	3	12,875	12,345	2,431	1,923
Other operating expenses (-)	3	(986)	(722)	(9,241)	(8,740)
Operating profit (loss)		**21,950**	**17,488**	**1,005**	**853**
Amortisation of goodwill		0	0	(3,611)	(1,689)
Other activities					
Financial income	4	27,450	20,880	8,358	2,394
Financial expenses (-)	4	(27,780)	(22,386)	(8,476)	(7,687)
Pre-tax profit (loss)		**21,620**	**15,982**	**(2,724)**	**(6,129)**
Corporate income tax (current and deferred)		960	368	419	61
Net profit/(loss) before extraordinary items		**20,660**	**15,614**	**(3,143)**	**(6,190)**
Discontinued operations					
Loss on discontinued operations for financial year	5	(115)	(85)	(111)	(111)
Net profit/(loss) for reporting period		**20,545**	**15,529**	**(3,254)**	**(6,301)**
Attributable to:		**20,545**	**15,529**	**(3,254)**	**(6,301)**
Shareholders of the Parent Undertaking		***20,130***	***15,418***	***(1,811)***	***(4,840)***
Minority interests		415	111	(1,443)	(1,461)
Consolidated earnings per share attributable to the shareholders of Softbank SA (in PLN)					
Basic earnings per share, based on consolidated net profit/(loss) for the reporting period, attributable to shareholders of Softbank SA (in PLN)		0.90	0.69	(0.08)	(0.22)
Diluted earnings per share, based on consolidated net profit/(loss) for the reporting period, attributable to shareholders of Softbank SA (in PLN)		0.80	0.74	(0.09)	(0.23)

All figures in PLN '000

CONDENSED CONSOLIDATED BALANCE SHEETOF THE SOFTBANK GROUP

	Note Supplementary Information	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
ASSETS			
Non-current assets		**227,012**	**228,567**
Property, plant and equipment		27,576	29,187
Investment property		0	1,666
Intangible assets		5,463	5,989
Consolidation goodwill		2,490	22,751
Non-current financial assets available for sale	6	71,995	65,945
Non-current financial assets carried at fair value	6	24,820	29,291
Non-current receivables		63,381	54,840
Non-current deferred tax assets		18,544	10,497
Non-current prepayments and accrued income		12,743	8,401
Current assets		**202,676**	**301,097**
Deferred tax asset		2,223	11,330
Inventory		19,318	19,636
Prepayments and accrued income		14,536	10,641
Trade receivables		41,515	120,427
Other receivables		73,616	42,259
Financial assets held to maturity	6	6,934	15,072
Financial assets carried at fair value	6	19,271	34,369
Cash and short-term deposits		23,584	47,344
Non-current assets classified as held for sale	5	1,679	19
TOTAL ASSETS		**429,688**	**529,664**

All figures in PLN ‘000

CONDENSED CONSOLIDATED BALANCE SHEET OF THE SOFTBANK GROUP (continued)

	Note Supplementary Information	Jun 30 2005 (unaudited) PLN ‘000	Dec 31 2004 (unaudited) PLN ‘000
EQUITY AND LIABILITIES			
Equity (attributable to the shareholders of the Parent Undertaking)		**162,697**	**136,517**
Share capital		22,491	22,491
Share premium		148,576	148,576
Unrealised net profit		14,478	8,428
Capital reserves		(3,837)	(3,837)
Retained earnings/ (deficit)		(39,141)	(37,260)
Profit/loss for reporting period		20,130	(1,881)
Minority interests		2,427	3,497
Total equity		**165,124**	**140,014**
Non-current liabilities		**85,621**	**86,671**
Non-current provisions		737	355
Non-current financial liabilities	6	71,382	76,397
Non-current deferred income		8,743	9,919
Other non-current liabilities		4,759	0
Current liabilities		**178,943**	**302,979**
Interest-bearing bank loans, borrowings and debt securities	6	71,983	84,075
Trade payables		23,815	124,854
Liabilities towards the state budget		3,878	10,707
Financial liabilities	6	10,303	14,378
Other liabilities		37,685	42,519
Provisions		1,557	8,022
Accrued expenses		8,323	8,632
Deferred income		21,263	9,724
Liabilities directly related to non-current assets classified as held for sale	5	136	68
TOTAL LIABILITIES		**264,564**	**389,650**
TOTAL EQUITY AND LIABILITIES		**429,688**	**529,664**

All figures in PLN '000

CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY OF THE SOFTBANK GROUP

For six months ended June 30 2005 (unaudited)
and twelve months of 2004 (unaudited)

	Share capital	*Share premium*	*Unrealised net profit*	*Revaluation capital reserve*	*Retained earnings/ (deficit)*	*Total*	*Minority interests*	*Total equity*
	PLN '000	*PLN '000*	*PLN '000*	*PLN '000*	*PLN '000*	*PLN '000*	*PLN '000*	*PLN '000*
As at Jan 1 2004	**22,491**	**148,576**	**0**	**(3,837)**	**(37,260)**	**129,970**	**3,497**	**133,467**
Net gain on financial assets available for sale	0	0	8,428	0	0	**8,428**	0	**8,428**
Profit/(loss) for the period Jan 1–Dec 31 2004					(1,881)	**(1,881)**	0	**(1,881)**
As at Dec 31 2004	**22,491**	**148,576**	**8,428**	**(3,837)**	**(39,141)**	**136,517**	**3,497**	**140,014**
As at Jan 1 2005	**22,491**	**148,576**	**8,428**	**(3,837)**	**(39,141)**	**136,517**	**3,497**	**140,014**
Net gain on financial assets available for sale	0	0	6,050	0	0	**6,050**	0	**6,050**
Profit/(loss) for the period Jan 1–Jun 30 2005					20,130	**20,130**	415	**20,545**
Acquisition of shares in Sawan Grupa Softbank SA	0	0	0	0	0	**0**	(1,485)	**(1,485)**
As at Jun 30 2005	**22,491**	**148,576**	**14,478**	**(3,837)**	**(19,011)**	**162,697**	**2,427**	**165,124**

All figures in PLN '000

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT OF THE SOFTBANK GROUP

	Six months ended Jun 30 2005 (unaudited) PLN '000	Six months ended Jun 30 2004 (unaudited) PLN '000
Cash flows from operating activities		
Pre-tax profit/(loss)	21,505	(2,835)
Adjustments:	**(39,663)**	**(29,243)**
Depreciation and amortisation	4,344	5,755
Change in inventory	505	(15,909)
Change in receivables	48,826	(19,082)
Change in liabilities	(90,429)	(7,120)
Change in accruals and deferrals	1,817	(3,761)
Change in provisions	(6,083)	8,355
Interest income and expense	2,652	646
Foreign exchange gains (losses)	2,607	(1,633)
Profit (loss) on investment activities	(3,999)	(105)
Revaluation of inventories	(221)	0
Other	318	3,611
Net cash provided by operating activities	**(18,158)**	**(32,078)**
Interest paid	(3,493)	(665)
Income tax paid	(263)	(419)
Net cash provided by/ (used in) operating activities	**(21,914)**	**(33,162)**
Cash flows from investing activities		
Disposal of property, plant and equipment	186	36
Disposal of financial assets held to maturity	5,968	6,002
Sale of shares in subsidiary undertakings	0	10
Acquisition of property, plant and equipment	(2,436)	(2,932)
Acquisition of intangible assets	(1,146)	(1,662)
Acquisition of financial assets held to maturity	0	(22,187)
Acquisition of other financial assets	(3,000)	0
Acquisition of subsidiary and associated undertakings	(1,263)	(650)
Interest received	553	0
Dividends received	657	0
Other	594	(189)
Cash provided by forward transactions	8,802	0
Net cash provided by/(used in) investing activities	**8,915**	**(21,572)**
Cash flows from financing activities		
Repayment of financed lease liabilities	(49)	(135)
Incurred loans and borrowings	(9,177)	8,394
Repayment of loans and borrowings	(3,112)	(4,617)
Issue of debt securities	1,577	10,149
Other	0	(17)
Net cash provided by/(used in) financing activities	**(10,761)**	**13,774**
Net decrease in cash and cash equivalents	(23,760)	(40,960)
Cash and cash equivalents as at January 1st	47,344	52,115
Cash and cash equivalents as at June 30th	**23,584**	**11,155**

All figures in PLN '000

INFORMATION ON BUSINESS SEGMENTS OF THE SOFTBANK GROUP

	Continued operations			Discontinued operations	Total operations
For current period – six months of 2005 and as at June 30th 2005	*Implementation Projects*	*Media*	*Total*	*Publishing*	
	PLN '000	*PLN '000*	*PLN '000*	*PLN '000*	*PLN '000*
Revenues					
for period January 1st to June 30th 2005					
External sales	178,795	2,611	**181,406**	311	**181,717**
Intersegment sales	(5,244)	0	**(5,244)**	0	**(5,244)**
Total segment's revenue	**173,551**	**2,611**	**176,162**	**311**	**176,473**
Result					
Segment's result	11,422	(1,034)	**10,388**	(115)	**10,273**
Unattributed costs	(327)	0	**(327)**	0	**(327)**
Profit on continued operations before tax and financial expenses	22,956	(1,006)	**21,950**	(115)	**21,835**
Net financial expenses	(263)	(67)	**(330)**	0	**(330)**
Profit before tax and minority interests	22,693	(1,073)	**21,620**	(115)	**21,505**
Income tax (tax expense)	960	0	**960**	0	**960**
Net profit/(loss) for financial year	**21,733**	**(1,073)**	**20,660**	**(115)**	**20,545**
as at June 30th 2005					
Assets and equity and liabilities					
Segment's assets	427,492	2,174	**429,666**	22	**429,688**
Segment's equity and liabilities	427,522	2,030	**429,552**	136	**429,688**
Other information on the segment					
for period January 1st to June 30th 2005					
Capital expenditure	**(3,503)**	**(79)**	**(3,582)**	**0**	**(3,582)**
Depreciation	**(4,199)**	**(145)**	**(4,344)**	**0**	**(4,344)**

All figures in PLN '000

INFORMATION ON BUSINESS SEGMENTS OF THE SOFTBANK GROUP (continued)

For previous period – six months of 2004 and as at June 30th 2004	Continued operations: Implementation Projects	Continued operations: Media	Continued operations: Total	Discontinued operations: Publishing	Total operations
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Revenues					
For period January 1st to June 30th 2004					
External sales	171,982	1,613	**173,595**	594	**174,189**
Intersegment sales	(9,050)	(20)	**(9,070)**	0	**(9,070)**
Total segment's revenue	**162,932**	**1,593**	**164,525**	**594**	**165,119**
Result					
Segment's result	10,079	(2,263)	**7,816**	(111)	**7,705**
Unattributed costs	(528)	0	**(528)**	0	**(528)**
Profit on continued operations before tax and financial expenses and income	3,480	(2,475)	**1,005**	(111)	**894**
Net financial expenses and income	(3,689)	(40)	**(3,729)**	0	**(3,729)**
Profit before tax and minority interests	(209)	(2,515)	**(2,724)**	(111)	**(2,835)**
Income tax (tax expense)	419	0	**419**	0	**419**
Net loss for financial year	**(628)**	**(2,515)**	**(3,143)**	**(111)**	**(3,254)**
as at December 30th 2004					
Assets and equity and liabilities					
Segment's assets	528,027	1,618	**529,645**	19	**529,664**
Segment's equity and liabilities	530,141	(545)	**529,596**	68	**529,664**
Other information on the segment					
for the period January 1st to June 30th 2004					
Capital expenditure	**(4,581)**	**(13)**	**(4,594)**	**0**	**(4,594)**
Depreciation and valuation allowance for non-current assets	**(5,609)**	**(146)**	**(5,755)**	**0**	**(5,755)**

In the current reporting period and in the corresponding period of the previous year, the Softbank Group generated 99% of its sales revenue on the Polish market, with exports accounting for only a marginal part of the Group's turnover. Therefore, there is no need to present the division of the Group's activities by geographical regions.

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 expenditure than those inherent for other industry segments. The products and services are classified as related products and services based on their type.

The Group's activities by industry segment ate as follows:

IT consulting services and provision of software and hardware:

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

Advisory, publishing and media services:

- graphic design, printing, etc.
- management of a radio station.

The Softbank Group classifies its activities into specific industry sectors based on their type.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE SOFTBANK GROUP

MATERIAL ACCOUNTING POLICIES

Legal Basis for the Preparation of Consolidated Financial Statements

The consolidated quarterly financial statements were prepared for the period January 1st – June 30th 2005, and the comparable financial data cover the period January 1st – June 30th 2004, and the balance-sheet data were prepared as at December 31st 2004.

In the preparation of its condensed consolidated financial statements the Group applied the International Financial Reporting Standards for the current and comparable reporting periods.

The condensed consolidated financial statements were prepared in accordance with the historical cost principle, except for derivative financial instruments, financial assets available for sale valued at their fair value, and some property, plant and equipment which were marked to fair value as at January 1st 2004.

The currency of the consolidated financial statements is the Polish złoty (PLN), and all the figures are stated in thousands of złotys (PLN ‘000), unless stated otherwise.

These condensed consolidated financial statements were prepared on a going concern basis. It was assumed that the Parent Undertaking and its subordinated undertakings, except for Sawan Grupa Softbank SA, would continue as going concerns in the foreseeable future.

On July 1st 2005, Sawan Grupa Softbank SA and Softbank SA entered into an agreement on the sale of business, whereby Softbank SA acquired a set of tangible and intangible assets comprising the entire business of Sawan Grupa Softbank SA, as defined in Par. 55.1 of the Polish Civil Code, excluding the name Sawan Grupa Softbank SA. The selling price amounted to PLN 11,800 thousand and was determined on the basis of a valuation prepared by an independent expert. As a result of the transaction Sawan Grupa Softbank SA discontinued its operations. The resources acquired by Softbank SA will continue to operate within that Company.

As at the date of these financial statements, no circumstances which could have a material impact on the Group’s financial statements and which could contradict the above assumption have been reported.

The Company’s financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) for the first time. Therefore, the provisions of IFRS 1 were applied to valuation of tangible assets which were marked to their fair value as at January 1st 2004. The derivative instruments were reclassified as at the date of transition to IFRS. The Company also revalued (discounted) its receivables and payables with deferred maturities. Other changes resulting from first-time adoption of IFRS are described in Section 18 of the Notes to these financial statements.

Changes in Applied Accounting Policies

In 2005, the Company began to prepare its non-consolidated and consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). These statements are the Company’s first financial statements prepared in line with IFRS. The key policies adopted by the Group are presented below.

Consolidation Methods

The consolidated financial statements include the financial statements of the Parent Undertaking, Softbank SA, and the financial statements of its subsidiary undertakings prepared as at specified balance-sheet date (end of quarter, half of the year, end of the year).

Subsidiaries are undertakings in which the Group holds the right to more than 50% of the total vote at the general shareholders meeting or in the case of which the operational and financial policies may be controlled by the Group in another way. Whether the Group exercises control over other undertakings is determined on the basis of the right to vote and influence of the potential votes that the Parent Undertaking may cast at general shareholders meetings of other undertakings.

The financial statements of subsidiary undertakings are prepared for the same reporting period as that covered by the financial statements of the Parent Undertaking, using uniform accounting policies. Should the need arise, the accounting policies of subsidiary undertakings are modified in order to ensure their consistency with the accounting policies adopted by the Group. Adjustments are made in order to reconcile any divergent accounting policies.

The subsidiary undertakings are subject to consolidation from the moment the Group assumes control over them to the moment the control ceases. If the Group loses control over a subsidiary undertaking, the consolidated financial statements include the results for that part of the year covered by the financial statements in which the Group still held such control.

The acquisition of subsidiary undertakings is accounted for using the acquisition method. The acquisition cost includes the fair value of acquired assets, the shares issued or liabilities contracted as at the date of acquisition, and the costs directly related to the transaction. The excess of the acquisition cost over the fair value of the acquired assets of a subsidiary undertaking is recognised as goodwill.

All balances and transactions between the Group's undertakings, including unrealised profits from intra-group transactions, were completely eliminated in the course of the consolidation.

Investments in Associated Undertakings

The Group's investment in an associated undertaking is disclosed using the equity method. Associated undertakings are undertakings in which the Group holds the right to 20-50% of the total vote at the general shareholders meeting and over which the Group exercises a considerable influence, but not control, and which therefore are neither subsidiary undertakings nor joint ventures. The financial statements of associated undertakings are the basis for valuation of the Group's shares using the equity method. The balance-sheet dates of associated undertakings and of the Group are the same and all the Group's undertakings apply uniform accounting policies.

The investments in associated undertakings are disclosed in the balance sheet at their acquisition cost, increased by subsequent changes in the Group's share in the net assets of these undertakings, less impairment losses. The profit and loss account reflects the share in profit (loss) of associated undertakings. In the case of a change recognised directly in the equity of associated undertakings, the Group recognises its share in any such change and discloses it in the statement of changes in equity, as appropriate.

In line with the equity method, the Group's share in the profit (loss) of associated undertakings after the acquisition date is disclosed in the profit and loss account, and the Group's share in provisions of associated undertakings after the acquisition date is disclosed in provisions. The acquisition cost is adjusted for the cumulative changes which occur after the acquisition date. Unrealised gains/losses on transactions between the Group and its associated undertakings are subject to consolidation eliminations up to the amount of the Group's share in associated undertakings. Unrealised losses are also eliminated, unless the transaction entails an impairment of value of the transferred assets. The investment in an associated undertaking includes goodwill created at the acquisition (less amortisation). When the Group's share in losses incurred by its associated undertaking equals or exceeds the value of the investment, the Group does not recognise any further losses, unless it has contracted liabilities or made payments to the benefit of this associated undertaking.

Goodwill

Goodwill is the excess of the acquisition cost over the fair value of the Group's share in identifiable net assets of a subsidiary/associated undertaking as at the acquisition date. The goodwill relating to subsidiary undertakings is disclosed as a separate non-current asset in the balance sheet, while the goodwill relating to associated undertakings is disclosed in the balance sheet under investments in associated undertakings.

Following the initial disclosure, goodwill is disclosed at acquisition cost less cumulative impairment losses, if any. Goodwill arising under transactions executed after March 31st 2004 is not subject to amortisation; and goodwill already disclosed in the balance sheet is not subject to amortisation after January 1st 2005. As at each balance-sheet date, the Group tests the goodwill for value impairment. If any evidence of such impairment is found, the Group searches for possible ways for recovery of goodwill as at the balance-sheet date. If the balance-sheet value exceeds the recoverable goodwill, a relevant write-off is made. Impairment losses are disclosed under other operating expenses.

Disposal of Subsidiary and Associated Undertakings

Gain/(loss) on disposal of a subsidiary and/or associated undertaking includes net goodwill relating to the given undertaking.

Any gains/(losses) resulting from dilution of share in subsidiary and associated undertakings are disclosed in the profit and loss account for the period in which the disposal took place.

Participation in Joint Ventures

The Group's share in a joint venture is disclosed using the proportional consolidation method, whereby the pro-rata share in the assets, equity, liabilities, income and expenses of the joint venture is aggregated, line by line, with the corresponding items in the consolidated financial statements.

Translation of Items Denominated in Foreign Currencies

The functional currency (measurement currency) and the reporting currency of the Parent Undertaking and its subsidiary undertakings in Poland is the Polish złoty (PLN). The transactions denominated in foreign currencies are initially disclosed at the exchange rate of the functional currency effective as at the transaction date. Cash assets and liabilities denominated in foreign currencies are translated at the exchange rate of the functional currency effective as at the balance-sheet date. All foreign exchange gains and losses are disclosed in the consolidated profit and loss account, except for foreign exchange differences on the loans contracted in foreign currencies as collateral for net investments in a foreign entity.

The foreign exchange gains and losses are disclosed directly in equity until disposal of the net investment, whereupon they are transferred to the consolidated profit and loss account. The tax charges and allowances attributable to foreign exchange gains and losses on these loans are also disclosed in the equity. Non-cash items valued at their historic cost in foreign currency are translated at the exchange rate effective as at the date of the initial transaction. Non-cash items valued at fair value in a foreign currency are translated at the exchange rate effective as at the date of determining the fair value.

The functional currency of the co-subsidiary undertaking, SOFT Technologies Sp. z o.o., is tenge (the currency of Kazakhstan). As at the balance-sheet date, the assets and liabilities of this foreign co-subsidiary undertaking are translated into the reporting currency of the Softbank Group at the exchange rate effective as at the balance-sheet date, and the items of its profit and loss account are translated at the average weighted exchange rate for a given financial period.

The foreign exchange gains and losses resulting from such a restatement are posted as a separate item directly under equity. Upon disposal of a foreign undertaking, the accumulated deferred foreign exchange gains or losses disclosed under equity are transferred to the profit and loss account.

Property, Plant and Equipment

Property, plant and equipment is disclosed at acquisition or production cost, increased by additional subsequent costs, if any, and decreased by cumulative depreciation charges and impairment losses, if any. In accordance with IFRS 1, the Company valued some items of the property, plant and equipment at their fair value as at January 1st 2004 less cumulative depreciation.

The costs incurred after the assets are placed in service, including repair, maintenance or operation costs, affect the profit/(loss) for the reporting period in which they are incurred. If it is possible to prove that the costs resulted in an increase in future economic benefits connected with the possession of an asset over the value of benefits initially expected, the initial value of the asset is increased accordingly.

All figures in PLN '000

Property. plant and equipment are depreciated on a straight-line basis over a period corresponding to their estimated useful economic lives:

Property, plant and equipment	Depreciation rate	Depreciation period
Buildings and structures	2.5%-3.5%	29-40 years
Plant and equipment	5.0%-30.0%	20-3.3 years
Vehicles	20.0%	5 years
Computers	30.0%	3.3 years
Investments in third-party assets	10.0%	10 years

The Company uses depreciation rates specified in the tax regulations only if they correspond with the estimated useful economic life of a given asset. The Company regularly verifies the applied useful economic lives and the depreciation rates and makes the relevant adjustments through depreciation charges in the following periods.

Upon the occurrence of events or changes which indicate that the balance-sheet value of property, plant and equipment may be irrecoverable, the Company tests the assets value impairment. If there is evidence of an impairment of value of an asset with a balance-sheet value greater than its estimated recoverable value, then the balance-sheet value of the asset or of the relevant cash-generating unit is reduced to the recoverable value. The recoverable value of property, plant and equipment is equal to the higher of the net selling price or the value-in-use. To calculate the value-in-use, the Company estimates future cash flows and discounts them to their present value using a gross discount rate which reflects current market estimates of the time value of money and of the risk related to a given asset. If an asset does not generate sufficient cash flows independently, then the recoverable value is calculated at the level of the cash-generating unit to which the asset belongs. Impairment losses are charged to the profit and loss account under other operating expenses.

Repair and overhaul costs are disclosed in the profit and loss account for the reporting period in which they are incurred.

An item of property, plant and equipment may be derecognised from the balance sheet if it is sold or if the Company does not expect to realise any economic benefits from using it in the future. Gains and losses on disposal of property, plant and equipment are calculated by comparing the amount of proceeds from disposal of the asset to its current book value, and are disclosed under operating profit/(loss). Gains or losses on derecognition of an asset from the balance sheet (calculated as the difference between net proceeds from disposal and the balance-sheet value of the asset) are disclosed in the profit and loss account for the reporting period in which the asset was derecognised.

Borrowing Costs

Borrowing costs are expensed at the moment they are incurred, as prescribed in IAS 23.

Investment Property

Initially, investment property is disclosed at acquisition cost (including the transaction costs). Following the initial disclosure, investment property is disclosed in line with the requirements applicable to property, plant and equipment, i.e. at acquisition or production cost decreased by cumulative depreciation charges and impairment losses, with the exception of investment property which can be classified as assets held for sale or are disclosed as held for sale.

Investment property is derecognised from the balance sheet if it is sold or if it is permanently withdrawn from use, and the Company does not expect to realise any economic benefits from its sale. Gains or losses on derecognition of property from the balance sheet are disclosed in the profit and loss account for the reporting period in which the property was derecognised.

Intangible Assets

Acquired separately or through merger of business undertakings

Intangible assets acquired in separate transactions are capitalised at acquisition cost. Intangible assets acquired as part of the acquisition of a business undertaking are capitalised at fair value as at the date of assuming control. The useful economic lives of intangible assets are assessed and classified as either definite or indefinite. Definite-life intangible assets are amortised using the straight-line method, based on the estimated length of their useful lives, and the amortisation costs are charged to the profit and loss account, depending on where they originate. The estimated useful economic lives constituting the basis for determining the amortisation rates are subject to annual review and, if necessary, are adjusted commencing from the next financial year.

Except for R&D work, intangible assets produced by the Company with own means, are not disclosed under assets, and the expenditure incurred to produce them is charged to the profit and loss account for the reporting period in which they were incurred.

Intangible assets are tested each year for any impairment of value at the level of an individual asset or an individual cash-generating unit. If there is evidence of an impairment of value of an asset with a balance-sheet value greater than its estimated recoverable value (calculated as the higher of the net selling price or value-in-use), then the value of the asset is reduced to the recoverable value.

Research and Development Expense

Research and development expense is charged against the profit and loss account at the moment it is incurred. Expenses relating to finished R&D work preformed for own needs, incurred before the Company implements the new solutions, are disclosed under intangible assets if the following conditions are met:

- The product or production technology is strictly defined and the related research and development expense can be reliably estimated;
- Technical usefulness of a product or technology has been determined and appropriately documented, and on that basis the Company made the decision to produce the product or apply the technology;
- Expenses relating to finished R&D work will be covered – according to the Company's projections – with revenue generated on sales of the products or the application of the technology.

Any R&D expense which does not comply with the above criteria is charged against the profit and loss account.

Any R&D expense which meets the above criteria is disclosed at acquisition cost less cumulative amortisation charges and impairment losses. Any expenses transferred to a subsequent period are amortised over the estimated period of revenue generation by a given project. Research and development expenses are amortised for no more than five years.

Research and development expenses are tested for any impairment of value – once a year for assets yet to be placed in service, or – more than once a year if there is evidence of an impairment of value in the reporting period as a result of which the Company may be unable to recover an asset's balance-sheet value.

Intangible assets subject to amortisation are amortised using the straight-line method. Amortisation rates applied for intangible assets:

Asset	**Amortisation rate**	**Amortisation period**
Research and development expense	20.0%-33.0%	5–3 years
Software	33.0%	3 years
Patents and licenses	20.0%	5 years
Other	20.0%	5 years

Gains or losses on derecognition of an intangible asset from the balance sheet (calculated as the difference between the net proceed from disposal and the balance-sheet value of the asset) are disclosed in the profit and loss account at the moment the asset is derecognised.

Recoverable Value of Non-Current Assets

As at each balance-sheet date, the Group tests its assets for permanent impairment of value. If such evidence exists, the Group performs an estimation of the recoverable value. If the balance-sheet value of an asset is higher than its recoverable value, an impairment loss is recognised and a valuation allowance is made adjusting the asset's value to its recoverable value. The recoverable value is the higher of the fair value of an asset or a cash-generating unit, less costs related to its sale, or the value-in-use determined for the individual assets, if a given asset generates cash flows which are highly independent from those generated by other assets or asset categories.

Financial assets

All financial assets are initially disclosed at acquisition cost, representing the fair value of the price paid, including transaction costs.

Following the initial disclosure, financial assets classified as assets held for sale (carried at fair value) and assets available for sale are valued at fair value. Gains or losses on assets held for sale are disclosed as income or financial expenses, respectively. Gains or losses on assets available for sale are disclosed as a separate item of equity until the time of sale, derecognition or other disposal of an asset, or until an impairment loss is recognised, whereupon the total gains or losses previously disclosed under equity are transferred to the profit and loss account.

Financial assets other than derivatives, with fixed or identifiable payments and fixed maturities are classified as assets held to maturity, if the Group wants and is able to hold them to their maturity. Assets intended to be held for an indefinite period are not classified as assets held to maturity.

Non-current financial assets which are to be held to their maturity (e.g. bonds) are valued at amortised acquisition cost, using the effective interest rate. The amortised acquisition cost includes the discount or premium obtained at the acquisition of an investment, written off over the period of its life to maturity.

The fair value of financial assets traded on active financial markets is determined with reference to the closing purchase prices quoted on a market on the balance sheet date. The fair value of financial assets for which no quoted price exists is determined with reference to the current market value of another instrument with substantially the same characteristics or based on the expected cash flows on the investment's underlying asset.

All standardised transactions of purchase and sale of financial assets are disclosed on the transaction date, i.e. on the date on which the Group agrees to purchase an asset. Standardised transactions of purchase or sale of financial assets are purchase or sale transactions in which the date of delivery of assets to the other party is generally specified by regulations or the market's commercial practice.

Inventory

Inventory is valued at the lower of the acquisition or production cost and the net realisable value.

The net realisable value is the estimated net selling price which can be obtained in the ordinary course of business, less any cost related to the adaptation of the asset for sale, and estimated expenses needed to execute the sale transaction.

To evaluate the decreases of inventory the Company uses the detailed identification method. Valuation allowances for inventory are posted under other operating expenses.

Long-Term IT Contracts

Revenue on performance of a service under a contract which is substantially advanced as at the balance-sheet date but not completed is determined as at the balance-sheet date using the percentage-of-completion method, provided that the amount of revenue can be reliably estimated. The progress is measured by the proportion of the costs incurred between the contract execution date and the revenue determination date to the estimated total costs of the service provision or the proportion of the performed work in relation to the total work required.

If the progress of an unfinished service cannot be reliably determined as at the balance-sheet date, the revenue is disclosed at the amount of costs incurred in a given reporting period, but not higher than the costs which are likely to be covered by the principal in the future.

If the total costs related to the performance of an contract are likely to exceed the total revenue to be obtained under the contract, the expected loss is posted as costs of the period in which the loss is revealed.

The costs of performance of an unfinished service include costs incurred between the date of conclusion of a relevant contract and the balance-sheet date. The costs of provision of a service incurred before the contract execution date and related to the performance of the contract are disclosed as assets, provided that such costs are likely to be covered by payments made by the principal in the future.

If the percentage ratio of the incurred costs, less any anticipated losses, exceeds the percentage ratio of the invoiced sales, a provision for sales related to the above difference is disclosed in assets under other receivables.

If the percentage ratio of the invoiced sales exceeds the percentage ratio of the incurred costs, less any anticipated losses, the future revenue related to the above difference is disclosed under other liabilities.

Trade and Other Receivables

Trade receivables are valued and disclosed at amounts initially invoiced, accounting for allowances for doubtful receivables. Allowances for doubtful receivables are estimated when collection of full amount of a receivable, under the original terms and conditions, is no longer probable. The allowance amount represents the difference between carrying value and recoverable value equalling present value of expected cash flows, discounted at interest rates applicable to similar debtors. Uncollectible receivables are charged to losses when recognised as unrecoverable accounts.

Cash and Cash Equivalents, Restricted Cash

Cash and cash equivalents disclosed in the balance sheet comprise cash in hand and cash at banks, as well as short-term deposits with original maturity of up to three months and other highly liquid instruments.

The balance of cash and cash equivalents disclosed in the consolidated cash-flow statement comprises the cash and cash equivalents. For the purposes of the cash-flow statement, the Group decided not to disclose overdraft facilities and restricted cash under the cash balance. Restricted cash is disclosed as a separate item in the balance sheet.

Interest-Bearing Loans and Borrowings

All loans and borrowings are initially disclosed at acquisition cost equal to fair value of funds received, less cost of obtaining a loan.

Following initial disclosure, interest-bearing loans and borrowings are valued at amortised acquisition cost, using the effective interest rate method. Amortised acquisition cost includes cost of obtaining a loan as well as discounts or premiums obtained at settlement of the liability.

The difference between funds received (less cost of obtaining a loan) and the outstanding amount is charged to the profit and loss account over the loan's term. Gains or losses are charged to the profit and loss account upon removal of the liability from the balance sheet or recognition of value impairment, and as a result of amortisation charges. All service costs related to loans and borrowings are charged to profit and loss accounts of the relevant periods.

Foreign Currency Transactions

Transactions denominated in foreign currencies are settled at mid-exchange rates quoted for particular currencies by the National Bank of Poland as at transaction dates, unless customs documents specify other exchange rates. As at the balance sheet date, the Group values assets and equity and liabilities at the mid-exchange rate quoted for a given currency by the National Bank of Poland as at that date.

Net foreign exchange losses on valuation of transactions denominated in one currency as at the balance-sheet date are carried as financial expenses, while net foreign exchange gains are posted as financial income.

Provisions

Provisions are created when the Group has a liability (legal or following from commercial practice) resulting from past events and when it is probable that the discharge of this liability would cause an outflow of funds representing economic benefits, and the amount of the liability may be reliably estimated. If the Group anticipates that cost covered by provisions will be reimbursed, e.g. under an insurance agreement, reimbursement of such funds is disclosed as a separate item of assets, but only when such reimbursement is practically certain to occur; cost related to a given provision is disclosed in the profit and loss account, less any received reimbursements.

The Group recognises provisions for agreements giving rise to liabilities, if unavoidable cost of the discharge of such liabilities exceeds the value of benefits to be obtained.

If the effect of time value of money is significant, the amount of provisions is determined by discounting projected future cash flows to present value at gross discount rates reflecting the current market estimates of the time value of money and risks, if any, related to a given liability. If the discount method is applied, an increase in provisions as a result of lapse of time is disclosed as cost of external funding.

Retirement and Other Post-Employment Benefits and Provisions for Holidays in Arrears

The Group creates provisions for present value of future liabilities under retirement severance pays. According to the company remuneration schemes, employees are entitled to one-off retirement severance pays upon retirement. The amount of a severance pay depends on the length of service and the average monthly remuneration. The Group also creates provisions for holidays in arrears which relate to the periods preceding the balance-sheet date and will be used in the future. The amount of payment depends on the average monthly remuneration and the number of days of holidays in arrears to which an employee is entitled as at the balance-sheet date. The Group recognises cost of retirement severance pays and holidays in arrears on an accrual basis, based on estimated values.

Revenue

The accounting policies relating to recognition of revenue on long-term IT contracts are described earlier in these notes. Revenue is disclosed at the value of the Group's probable economic benefits connected with a given transaction, and if the revenue amount may be reliably estimated. For revenue recognition the following criteria are also used.

Revenue on sales of goods for resale and products

Revenue is disclosed if significant risk of and benefits from the ownership rights to goods for resale and products have been transferred to the purchaser, and revenue amount may be reliably estimated. Thus revenue on sales of computer hardware is disclosed at the time of delivery thereof to the customer if the sale of computer hardware is not connected with the provision of implementation services. Where implementation services are involved, the percentage-of-completion method is used. Revenue on sales of computer software licenses is recognised on a pro-rata basis, over the term of underlying agreements.

Revenue on provision of services

Revenue on provision of implementation services is disclosed on the percentage-of-completion basis. Revenue on performance of an unfinished service covered by a contract, completed to a material extent as at the balance-sheet date, is determined as at that date with the percentage-of-completion method if the revenue amount may be reliably estimated. The percentage of completion is measured as the share of cost and expenditure incurred from the date of contract to the date of revenue recognition in the estimated total cost of service provision, or as the share of work already completed compared with the total estimated work input. If the contract revenue cannot be reliably estimated, revenue on that contract is disclosed only up to amount of incurred costs which the Group expects to recover. Revenue on licence fees is recognised on an accrual basis.

Interest

Interest income is recognised on an accrual basis (with the effective interest rate method, which is the rate precisely discounting future cash inflow over the estimated useful economic life of financial instruments) up to net carrying value of a given financial asset.

Dividend

Dividend is recognised as at the dividend record date.

Operating Expenses

The Group undertakings recognise cost with the single-step and multi-step methods. Cost of sales includes cost of goods for resale sold and cost of services sold. Selling costs include trade expenses. General and administrative expenses include cost of managing the Company and its administrative expenses.

Corporate Income Tax

For the purposes of financial reporting, deferred tax liability estimated with the balance-sheet liability method in relation to all positive timing differences existing as at the balance-sheet date between tax value of assets and liabilities and their carrying value as disclosed in the financial statements.

Deferred tax liabilities are disclosed in relation to all highly probable positive timing differences.

Deferred tax assets are disclosed in relation to all negative timing differences, unused deferred tax assets and unused tax loss carryforwards at the probable amount of taxable income which would enable these differences, assets and losses to be used.
Carrying value of deferred tax assets is reviewed as at each balance-sheet date and is reduced proportionately to the lower probability of achieving taxable income sufficient for a partial or full use of deferred tax asset.
Deferred tax assets and liabilities are recognised with the use of tax rates which are expected to be applicable in the period when such deferred tax assets are to be used or liabilities paid, based on tax rates (and tax legislation) effective or enacted as at the balance-sheet date.

Income tax relating to items directly disclosed under equity is disclosed under equity rather than in the profit and loss account.

Revenue, cost and expenditure, as well as assets are disclosed net of VAT, unless:

- VAT paid at the time of purchase of goods for resale and services is not recoverable from tax authorities; if this is the case, VAT is disclosed as part of asset acquisition cost or part of cost item, respectively; and
- receivable and payables are disclosed inclusive of VAT.

Net value of VAT recoverable from or payable to tax authorities is disclosed in the balance sheet under receivables or payables, respectively.

Derecognition of Financial Instrument from the Balance Sheet

A financial instrument is derecognised from the balance sheet when the Group loses control over contractual rights comprising a given financial instrument, which as a rule occurs if the instrument is sold or entire cash flow ascribed to this instrument has been transferred to an unrelated third party.

Financial Derivatives

Group’s operations are exposed to various financial risks, including the risk of volatility of market prices of debt and equity instruments, currency risk and interest rate risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and is designed to minimise potential adverse effects of the financial risks on the Group’s profit/(loss). The Group uses financial derivatives within certain pre-defined limits, including currency forward contracts, in order to minimise the financial risk.

Financial derivatives are originally recognised at acquisition cost, to be later valued at fair value. Changes in fair value of financial derivatives are immediately charged to the profit and loss account, as the Group does not use instruments classified as hedging accounting under IAS 39. Derivatives are presented in the balance sheet as assets or liabilities held for sale.

Fair value of derivatives traded on regulated markets and securities available for sale are determined based on market listings thereof as at the balance-sheet date. Fair value of currency forward contracts are determined with use of market forward exchange rates as at the balance-sheet date.

To estimate fair value of derivatives not traded on regulated markets and other financial instruments, the Group applies different methods and assumptions, based on market conditions prevailing as at each balance-sheet date. As a rule, market and dealers quotations for given or similar instruments are used. Other techniques, such as option valuation models or the DCF method are used to determine fair value of other instruments.

For the purposes of disclosure in the financial statements, fair value of financial liabilities is estimated by discounting expected contractual cash flows at interest rates available to the Group for similar financial instruments.

Imbedded financial derivatives are separated from underlying contracts and recognised as financial derivatives if each of the following conditions is met:

- Neither the economic nature of the imbedded instrument nor the related risks are strictly connected with the nature of the underlying contract and its related risks;
- A separate instrument with the features of the imbedded instrument satisfies the definition of a financial derivative,

– A hybrid (combined) financial instrument is not valued at fair value whose changes are carried as income or expense in the reporting period.

Imbedded financial derivatives are recognised in a manner similar to other financial instruments not classified as hedging instruments.

Fair value of currency futures/forward contracts is determined based on current forward exchange rates for contracts with similar maturities. Fair value of interest rate swaps is determined based on market value of similar instruments.

1. Sales Revenue

Revenue on sales of products and services	Six months ended Jun 30 2005 (unaudited)	Three months ended Jun 30 2005 (unaudited)	Six months ended Jun 30 2004 (unaudited)	Three months ended Jun 30 2004 (unaudited)
	PLN '000	PLN '000	PLN '000	PLN '000
Software and own licences	33,251	18,603	28,676	12,002
Maintenance	26,209	13,233	31,029	24,469
Consultancy	6,250	3,238	2,656	1,513
Other services	8,689	3,615	12,124	5,061
Total	**74,399**	**38,689**	**74,485**	**43,045**

Revenue on sales of goods for resale and materials	Six months ended Jun 30 2005 (unaudited)	Three months ended Jun 30 2005 (unaudited)	Six months ended Jun 30 2004 (unaudited)	Three months ended Jun 30 2004 (unaudited)
	PLN '000	PLN '000	PLN '000	PLN '000
Hardware	10,706	3,155	50,292	22,183
Software and licences	60,108	21,790	25,756	14,394
Maintenance	24,493	14,199	12,365	8,617
Consultancy	4,029	1,098	150	86
Other services	2,427	600	1,477	1,320
Total	**101,763**	**40,842**	**90,040**	**46,600**

The sales of own software and licences had the largest share in the Group's revenue on sales of products and services in Q2 2005 (48.08%). The higher sales of software and own licences (55% year on year) result from the implementation of an IT system at the Central Register of Vehicles and Drivers (CEPiK). In Q2 2005, Softbank SA executed another stage of the project, comprising mainly its own software (the launch of an interface for data exchange with the KSIP system and of a CEPiK system portal).

The largest items in the Group's revenue on sales of goods for resale and materials in Q2 2005 were sales of third-party software and licences l(53.4%). The high sales of third-party licences are attributable to the execution of a contract with PKO BP SA, concerning the delivery, installation and maintenance of tool software supporting the development and operation of the Bank's systems. The contract, valued at PLN 67.4m, was signed at the end of Q1 2005, with a major part executed in H1 2005.

The sales of hardware accounted only for 7.7% of the Group's revenue on sales of goods for resale in Q2 2005. The exceptionally high proportion of the sales of hardware (47.6%) in the Group's total revenue on sales of goods for resale in the second quarter of the previous year was due to the execution of the contract with Polska Wytwórnia Papierów Wartościowych SA (Polish Securities Printing House).

All figures in PLN '000

2. Operating Expenses

	Six months ended Jun 30 2005 (unaudited) PLN '000	Three months ended Jun 30 2005 (unaudited) PLN '000	Six months ended Jun 30 2004 (unaudited) PLN '000	Three months ended Jun 30 2004 (unaudited) PLN '000
Cost of goods for resale and materials sold (-)	(88,744)	(35,575)	(73,990)	(36,117)
Raw materials and energy used (-)	(4,794)	(2,999)	(3,746)	(1,685)
Contracted services (-)	(13,892)	(7,551)	(16,290)	(9,007)
Salaries and wages (-)	(40,936)	(20,582)	(45,135)	(25,522)
Employee benefits (-)	(7,157)	(3,375)	(7,070)	(3,201)
Depreciation and amortisation (-)	(4,344)	(2,025)	(5,755)	(2,860)
Taxes and charges (-)	(476)	(233)	(495)	(72)
Business trips (-)	(1,163)	(596)	(1,383)	(771)
Other (-)	(4,241)	(109)	(2,007)	(872)
Total	**(165,747)**	**(73,045)**	**(155,871)**	**(80,107)**
Change in inventories, work in progress and prepayments and accrued income	354	621	1,305	2,151
Cost of products for own needs (-)	0	0	(466)	(283)
Selling costs (-)	(6,294)	(3,151)	(6,380)	(3,206)
General and administrative expenses (-)	(19,437)	(10,127)	(29,311)	(18,016)
Cost of products sold (-)	(51,626)	(24,813)	(47,029)	(24,636)
Total	**(77,003)**	**(37,470)**	**(81,881)**	**(43,990)**

3. Other Operating Income and Expenses

Other operating income	Six months ended Jun 30 2005 (unaudited) PLN '000	Three months ended Jun 30 2005 (unaudited) PLN '000	Six months ended Jun 30 2004 (unaudited) PLN '000	Three months ended Jun 30 2004 (unaudited) PLN '000
Gain on sales of property, plant and equipment	142	128	192	182
Reversal of valuation allowances for inventories	40	21	0	0
Reversal of valuation allowances for trade receivables	343	54	84	8
Provisions for liabilities	409	409	1,363	1,363
Compensation received	52	21	102	90
Other	558	383	667	275
Reinvoicing	37	35	23	5
Refund of overpaid withholding tax	3,189	3,189	0	0
Estimated refund of overpaid withholding tax	8,105	8,105	0	0
Total other operating income	**12,875**	**12,345**	**2,431**	**1,923**

Other operating expenses	Six months ended Jun 30 2005 (unaudited) PLN '000	Three months ended Jun 30 2005 (unaudited) PLN '000	Six months ended Jun 30 2004 (unaudited) PLN '000	Three months ended Jun 30 2004 (unaudited) PLN '000
Loss on sales of property, plant and equipment (-)	(11)	(11)	(9)	(9)
Donations to unrelated undertakings (-)	(40)	(2)	(102)	(14)
Valuation allowances for inventories and prepayments	(269)	(269)	0	0
Valuation allowances for receivables (-)	(208)	(129)	(785)	(568)
Provisions for tax arrears (-)	0	0	(584)	(584)
Valuation allowances for intangible assets (-)	0	0	(2,226)	(2,226)
Other provisions, including:	(74)	(74)	(4,878)	(4,878)
Provisions for liabilities (-)	(74)	(74)	(151)	(151)
Restructuring provision (-)		0	(4,727)	(4,727)
Other operating expenses (-)	(384)	(237)	(644)	(459)
Reinvoicing (-)	0	0	(13)	(2)
Total other operating expenses	**(986)**	**(722)**	**(9,241)**	**(8,740)**

In Q2 2005, based on the ruling of the Provincial Administrative Court of Warsaw of May 23rd 2005 (file No. III SA/Wa 630/05), received by the Issuer on July 6th 2005, and the repealing decisions of the Director of the Tax Chamber of Warsaw, dated May 30th and May 31st 2005 (Nos. 1401/PD-4218-87/05/IJ and PD-4218-88/05/IJ), Softbank SA applied for a refund of the withholding tax for 1998–2002 paid on January 6th 2003 in the amount of PLN 10,440 thousand. In accordance with the decision of the Provincial Administrative Court of Warsaw and the repealing decisions of the Director of the Tax Chamber, the Issuer was found not to have been obliged to pay the said amount to the tax office.

On June 9th 2005, the Issuer received the first portion of the refund of the withholding tax for 2000 and 2001 in the amount of PLN 3,189 thousand, including the principal of PLN 2,246 thousand and the interest of PLN 943 thousand.

Currently, the Company is awaiting the second portion of the tax refund for 1999, in the amount of PLN 163 thousand along with accrued interest. As at June 30th 2005, the interest totalled PLN 17 thousand. This refund will be made automatically after the grounds for the Provincial Administrative Court's decision have been sent to the tax office.
Moreover, based on the abovementioned decision, on July 1st 2005, the Issuer applied for acknowledgement and refund of the last portion of overpaid tax in the amount of PLN 7,925 thousand. Softbank SA is not entitled to statutory interest on the overpaid amount.

Based on tax analyses, in Q2 2005 Softbank SA disclosed the tax refund in the amount of PLN 11,294 thousand, including PLN 3,189 thousand which the Company has already received and the two other portions which are still due.
According to the tax analysis, the two other portions of overpayment, in the total amount of PLN 8,105 thousand, will be refunded within the period specified in Art. 139 of the Tax Act, i.e. prior to the publication of the financial statements for H1 2005, and there is no risk that the Company will not receive these amounts, as they were paid by Softbank SA towards withholding tax payable on income of legal persons with registered offices or management outside Poland for 1998–2002 and interest on the tax arrears.

The tax was not due, as the foreign entities' income under software licences was not subject to taxation in Poland, and the Company was not obliged to as tax remitter to submit any tax return or to withhold the tax. This fact was confirmed by the abovementioned decision of the Provincial Administrative Court and the two decisions repealing the decision of the Director of the Tax

Chamber of Warsaw. The amount paid by the Company is an overpaid amount, which means that the tax remitter who was not obliged to submit a tax return paid the tax in excess of the due amount.

4. Financial Income and Expenses

Financial income	**Six months ended Jun 30 2005 (unaudited) PLN ‘000**	**Three months ended Jun 30 2005 (unaudited) PLN ‘000**	**Six months ended Jun 30 2004 (unaudited) PLN ‘000**	**Three months ended Jun 30 2004 (unaudited) PLN ‘000**
Interest income on loans advanced, debt securities and bank deposits	706	330	4,098	1,738
Other interest income	5,628	3,892	7	0
Foreign exchange gains	616	473	33	21
Dividend received from unrelated undertakings	811	811	0	0
Gains on sale of equity investments in related undertakings	2,189	0	635	635
Gains on changes in the value of equity investments	46	0	9	0
Other financial income	600	0	312	0
Total financial income (at historical value)	**10,596**	**5,506**	**5,094**	**2,394**
Gains on change in fair value of currency derivatives – forward contracts	8,005	7,915	3,264	0
Gains on exercise of currency derivatives	8,849	7,459	0	0
Total financial income	**27,450**	**20,880**	**8,358**	**2,394**

Financial expenses	**Six months ended Jun 30 2005 (unaudited) PLN ‘000**	**Three months ended Jun 30 2005 (unaudited) PLN ‘000**	**Six months ended Jun 30 2004 (unaudited) PLN ‘000**	**Three months ended Jun 30 2004 (unaudited) PLN ‘000**
Interest expense on bank loans and current account loans (-)	(1,578)	(731)	(678)	(541)
Other interest expenses (-)	(774)	(382)	(117)	0
Interest on short-term commercial paper (-)	(1,542)	(823)	0	0
Bank fees and commissions (-)	(22)	(16)	(8)	0
Foreign exchange losses (-)	(3,197)	(2,123)	(222)	0
Losses on sale of equity investments in related undertakings	0	0	(19)	(6)
Losses on sale of equity investments	0	0	0	0
Losses on decrease in value of equity investment	(176)	(67)	(2,820)	(2,587)
Cost of financed lease and lease agreements with purchase option (-)	(7)	0	(13)	0
Valuation allowance for SoftTechnologies Sp. z o.o.	(300)	(300)	0	0
Other financial expenses (-)	(224)	(138)	(20)	0
Total financial expenses (at historical cost)	**(7,820)**	**(4,580)**	**(3,897)**	**(3,134)**
Losses on changes in fair value of embedded currency derivatives (-)	(19,960)	(17,806)	(4,579)	(4,553)
Total financial expenses	**(27,780)**	**(22,386)**	**(8,476)**	**(7,687)**

In Q2 2005, the Group ceased to consolidate SoftTechnologies Sp. z o.o. (in Q1 2005 the company was included in the consolidated financial statements of the Softbank Group under the proportional consolidation method). The situation stemmed from a conflict among the Kazakh shareholders in the company, as a result of which all the design work and operations were discontinued. Given that the other shareholders illegally appointed another Executive Board in parallel with the lawfully appointed one, the Group currently has no influence on the company. Despite the pending court proceedings and a decision issued by the court in Almaty on July 12th 2005, concerning a block of funds in the company's bank account and a block of its assets, as well as a ban on convening General Shareholders Meetings, in the opinion of the Group's Management the likelihood of the Group regaining control over the company or recovering the invested funds is rather small.
As at June 30th 2005, the Group held 45% of shares in Soft Technologies Sp. z o.o. of Almaty in Kazakhstan.

In Q1 2005, the Parent Undertaking of the Softbank Group finalised the sale of 100% of shares in Epsilio SA, in performance of the share purchase agreement executed in December 2004. The selling price of shares in Epsilio SA was set at PLN 24,500 thousand, and the payment was divided in two instalments. The first instalment of PLN 12,450 thousand was paid in 2004; the other will be paid in December 2005. The present (discounted) value of the payment for the shares in Epsilio SA stood at PLN 23,798 thousand.
The net value of the company's assets sold was PLN (1,202) thousand, and the net value of goodwill arising upon acquisition of the company as at the date of its sale by Softbank SA, i.e. February 28th 2005, amounted to PLN 22,109 thousand. The result on this transaction increased the Group's financial income in Q1 2005 by PLN 2,189 thousand. Upon disposal of shares in Epsilio SA, Softbank SA reported a loss of PLN (702) thousand in the non-consolidated financial statements.

5. Discontinued Operations

Consolidated profit and loss account	**Six months ended Jun 30 2005 (unaudited) PLN '000**	**Three months ended Jun 30 2005 (unaudited) PLN '000**	**Six months ended Jun 30 2004 (unaudited) PLN '000**	**Three months ended Jun 30 2004 (unaudited) PLN '000**
Income	311	218	594	594
Expenses	(426)	(303)	(705)	(705)
Gross loss	(115)	(85)	(111)	(111)
Loss before tax	(115)	(85)	(111)	(111)
Pre-tax loss on discontinued operations	(115)	(85)	(111)	(111)
Net loss attributable to discontinued operations	**(115)**	**(85)**	**(111)**	**(111)**

All figures in PLN '000

Consolidated balance sheet	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
Property, plant and equipment	0	4
Trade receivables	22	15
Assets classified as held for sale (discontinued operations)	**22**	**19**
Trade payables	45	17
Other liabilities	91	51
Liabilities directly related to assets classified as held for sale (discontinued operations)	**136**	**68**
Net liabilities attributable to discontinued operations	114	49

Consolidated cash-flow statement	Six months ended Jun 30 2005 (unaudited) PLN '000	Six months ended Jun 30 2004 (unaudited) PLN '000
Net cash flows from operating activities	(115)	(111)
Net cash provided by/(used in) operating activities	**(115)**	**(111)**

In the second quarter of 2004, the management of the Group decided to discontinue publishing activities conducted by Mediabank SA, by executing relevant agreement on the sale of titles and other rights related to the publishing of magazines.
However, the Group did not receive any payment for the assets and consequently the transaction was cancelled. Currently, the management of the Softbank Group are actively searching for a buyer for these assets.

Non-current assets classified as held for sale	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
Investment property	1,657	0
Total	**1,657**	**0**

As at June 30th 2005, the Group's management decided to dispose of investment in the perpetual usufruct right to land, thus performing the agreement on the purchase of shares in Sawan Grupa Softbank SA which provided for two settlement options: payment of PLN 1,700 thousand or transfer of the above perpetual usufruct right to land.
As at June 30th 2005, the net balance-sheet value of the investment was reclassified from non-current assets to current assets as non-current assets held for sale.

6. Financial Instruments

a. Non-Current Financial Assets Available for Sale

	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
In unrelated undertakings		
Shares in COMP Rzeszów SA	71,995	65,945

In 2004, the Group's Parent Undertaking acquired 605 thousand shares in Comp Rzeszów SA, conferring the right to 17.54% of votes at the General Shareholders Meeting and to the same percentage of the share capital. This share does not give the Parent Undertaking the status of a major investor in Comp Rzeszów SA, therefore this company is not considered a related undertaking.

The shares of Comp Rzeszów SA are listed on the Warsaw Stock Exchange and are valued at fair value. The difference between their acquisition cost and present value is disclosed directly under equity. In 2004, the acquisition cost of the abovementioned assets was PLN 57,518 thousand, and their fair value as at June 30th 2005 amounted to PLN 71,995 thousand, and as at December 31st 2004 – to PLN 65,945 thousand. The classification of this investment follows from the plan to increase the equity interest in the company, which would enable Softbank SA to become the company's major investor.

b. Short-Term Financial Assets Held to Maturity

	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
In unrelated undertakings		
Bonds	6,934	15,072

Short-term corporate bonds and state treasury bonds of high liquidity were an alternative for keeping free cash in bank deposits. As at June 30th 2005, all the bonds served as security for guarantees (performance bonds and tender guarantee deposits) issued by the bank maintaining the Parent Undertaking's account. As at December 31st 2004, the bonds served as security for bank guarantees of up to PLN 8,500 thousand.
The bonds are carried at amortised cost.

c. Current and Non-Current Financial Assets Carried at Fair Value

	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
Non-current	**24,820**	**29,291**
Forward contracts for purchase of EUR and USD	24,820	29,291
Current	**19,271**	**34,369**
Forward contracts for purchase of EUR and USD	18,872	33,794
Shares in Invar Biuro&Systems SA	399	575
Total	**44,091**	**63,660**

As at June 30th 2005, the Group's Parent Undertaking concluded several forward transactions for the purchase and sale of foreign currencies – the euro and U.S. dollars. These instruments are carried at their fair value as at each balance-sheet date. As at June 30th 2005, the above assets were valued at PLN 43,692 thousand, which increased the financial income by PLN 7,915 thousand in Q2 2005. As at December 31st 2004, the forward transactions were valued at PLN 63,085 thousand.

d. Current and Non-Current Financial Liabilities

Non-current financial liabilities	Jun 30 2005 (unaudited) PLN ‘000	Dec 31 2004 (unaudited) PLN ‘000
Financial instruments embedded in trade contracts	71,382	76,212
Agreements on financed lease of property, plant and equipment	0	185
Total	**71,382**	**76,397**

Current financial liabilities	Jun 30 2005 (unaudited) PLN ‘000	Dec 31 2004 (unaudited) PLN ‘000
Financial instruments embedded in trade contracts	10,303	14,121
Agreements on financed lease of non-current assets	0	257
Total	**10,303**	**14,378**

As at June 30th 2005, Softbank SA held a number of embedded derivatives. They were mainly derived from the denomination of payments under the concluded trade agreements in the euro or U.S. dollar. As at June 30th 2005, the liabilities stood at PLN 81,685 thousand, and increased the financial expenses by PLN 17,806 thousand in Q2 2005. As at December 31st 2004, the liabilities under the embedded derivatives were PLN 90,333 thousand.

e. Short-Term Interest-Bearing Bank Loans and Securities in Issue

Current account loans:	Undertaking	Maximum debt as at Jun 30 2005	Maximum debt as at Dec 31 2004	Effective interest rate %	Maturity date	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
Term loan facility	NORD LB	15,000	0	1M WIBOR + margin	May 31 2006	0	0
Current account loan	ING Bank Śląski SA	10,000	10,000	1M WIBOR + margin	not specified	0	0
Current account loan	PKO BP SA	5,000	5,000	1M WIBOR + margin	Jul 31 2005	0	0
Current account loan	BPH SA	50,000	10,000	1M WIBOR + margin	Jun 30 2006	25,328	0
Current account loan	NORD LB	20,000	0	1M WIBOR + margin	May 31 2006	0	0
Current account loan	Raiffeisen Bank Polska SA	10,000	10,000	1M WIBOR + margin	Oct 28 2005	0	0
Current account loan	BPH-PBK SA Kraków	2,000	2,000	1M WIBOR + margin	May 31 2005	0	1,805
Current account loan	Bank Millennium	2,100	2,100	1M WIBOR + margin	Sep 9 2005	0	0
Current account loan	Bank Millennium	800	800	1M WIBOR + margin	Jan 31 2006	0	0
TOTAL		**114,900**	**39,900**			**25,328**	**1,805**
Other loans:							
Investment loan	BRE BANK	900	900	1M WIBOR + margin	Dec 31 2005	150	300
Loan for the purchase of shares in COMP Rzeszów SA	BPH SA	0	50,000	1M WIBOR + margin	Jun 14 2005	0	36,870
TOTAL		**900**	**50,900**			**150**	**37,170**

As at June 30th 2005, the Group held credit facilities in current accounts, under which the available financing amounted to approx. PLN 115m. As at the end of the reporting period, the Group had drawn PLN 25,328 thousand. As at the end of the previous year the financing available under credit facilities was approx. PLN 40m, and the liabilities thereunder stood at PLN 1,805 thousand.

All figures in PLN '000

e. Short-Term Interest-Bearing Bank Loans and Securities in Issue (continued)

Debt securities:	Par value as at Jun 30 2005	Par value as at Dec 31 2004	Effective interest rate %	Maturity date	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
Bonds	0	4,000	7.00%	Jan 10 2005	0	3,992
Bonds	0	12,000	6.90%	Jan 10 2005	0	11,977
Bonds	0	12,500	6.95%	Feb 10 2005	0	12,400
Bonds	0	1,500	7.00%	Mar 9 2005	0	1,480
Bonds	0	5,000	7.75%	Apr 20 2005	0	4,883
Bonds	7,500	0	6.12%	Jul 11 2005	7,486	0
Bonds	3,000	0	6.12%	Jul 13 2005	2,993	0
Bonds	2,000	0	6.60%	Jul 20 2005	1,993	0
Bonds	5,000	0	5.65%	Sep 6 2005	4,946	0
Bonds	7,000	7,000	8.23%	Sep 9 2005	6,886	6,613
Bonds	5,000	0	5.15%	Sep 30 2005	4,934	0
Bonds	4,000	4,000	7.79%	Dec 6 2005	3,865	3,722
Bonds	5,000	0	7.45%	Feb 1 2006	4,783	0
Bonds	4,000	0	6.35%	Mar 20 2006	3,820	0
Bonds	5,000	0	6.60%	Mar 20 2006	4,766	0
TOTAL	**47,500**	**46,000**			**46,472**	**45,067**

As at June 30th 2005, the Softbank Group's total debt under contracted loans and debt securities in issue stood at PLN 71,950 thousand, which means a decrease compared with the level as at December 31st 2004 (PLN 84,042 thousand).
Both in the reporting period and in 2004, the margin realised by the Softbank Group's lenders ranged from 1% to 3%.

7. Transactions with Related Undertakings

Name	Softbank Group’s sales to related undertakings				Softbank Group’s purchases from related undertakings			
	Six months ended Jun 30 2005 PLN ‘000	Three months ended Jun 30 2005 PLN ‘000	Six months ended Jun 30 2004 PLN ‘000	Three months ended Jun 30 2004 PLN ‘000	Six months ended Jun 30 2005 PLN ‘000	Three months ended Jun 30 2005 PLN ‘000	Six months ended Jun 30 2004 PLN ‘000	Three months ended Jun 30 2004 PLN ‘000
Transactions with associated undertakings								
NetPower SA	2	1	4	0	0	0	0	0
Transactions with Parent Undertaking								
Prokom Software SA	1,803	1,534	743	636	2,404	1,300	35,598	14,485
Transactions with subsidiary undertakings of Prokom Software SA								
Combidata Poland Sp. z o.o.	0	0	0	0	77	77	0	0
Incenti SA	0	0	7	3	0	0	0	0
Koma Nord Sp. z o.o.	0	0	0	0	2	2	0	0
Koma SA	0	0	2	2	73	73	0	0
MCCnet Sp. z o.o.	0	0	0	0	1	1	0	0
Safe Computing Sp. z o.o.	0	0	0	0	0	0	220	220
Spin SA	105	0	0	0	0	0	0	0
Transactions with associated undertakings of Prokom Software SA								
Comp SA	0	0	0	0	929	461	0	0
Enigma Systemy Ochrony Informacji Sp. z o.o.	0	0	0	0	2	2	0	0
Postdata SA	1	0	0	0	0	0	0	0
Total transactions with related undertakings	**1,911**	**1,535**	**756**	**641**	**3,488**	**1,916**	**35,818**	**14,705**

7. Transactions with Related Undertakings (continued)

Name	Softbank Group's receivables Jun 30 2005 PLN '000	Softbank Group's receivables Dec 31 2004 PLN '000	Softbank Group's liabilities Jun 30 2005 PLN '000	Softbank Group's liabilities Dec 31 2004 PLN '000
Transactions with associated undertakings				
NetPower SA	0	4	0	0
Transactions with Parent Undertaking				
Prokom Software SA	1,416	1,055	250	54,524
Transactions with subsidiary undertakings of Prokom Software SA				
ABG SA	0	0	381	0
Koma SA	0	0	86	1
Optix Polska Sp. z o.o.	0	0	10	10
Transactions with associated undertakings of Prokom Software SA				
Comp SA	0	0	10,451	12,273
Postdata SA	0	1	0	0
Total transactions with related undertakings	**1,416**	**1,060**	**11,178**	**66,808**

The above transactions with related parties were executed at arm's length as part of the business activities of the Softbank Group's companies as defined in their respective articles of association.

All figures in PLN '000

8. Related Undertakings

	Country of registration	*% share in total vote at GM as at*		*% of share capital held as at*	
Subsidiary undertakings		**Jun 30 2005**	**Dec 31 2004**	**Jun 30 2005**	**Dec 31 2004**
bezpieczeństwo.pl Sp. z o.o.	Poland	100%	100%	100%	100%
Bielpolsoft j.v.	Belarus	85%	85%	85%	85%
AWiM Mediabank SA	Poland	100%	100%	100%	100%
Epsilio SA	Poland	0%	100%	0%	100%
ZUI Novum Sp. z o.o.	Poland	51%	51%	51%	51%
Sawan Grupa Softbank SA	Poland	100%	72%	100%	72%
Softbank Serwis Sp. z o.o.	Poland	100%	100%	100%	100%
Associated undertakings					
NetPower SA	Poland	49%	49%	49%	49%
Co-subsidiary undertakings					
Soft Technologies Sp. z o.o.	Kazakhstan	45%	0%	45%	0%

In the second quarter of 2005, the Group did not sell or acquire any shares in any undertaking.

In Q2 2005, the Group ceased to consolidate SoftTechnologies Sp. z o.o. (in Q1 2005 the company was included in the consolidated financial statements of the Softbank Group under the proportional consolidation method). The situation stemmed from a conflict among the Kazakh shareholders in the company, as a result of which all the design work and operations were discontinued. Given that the other shareholders illegally appointed another Executive Board in parallel with the lawfully appointed one, the Group currently has no influence on the company. Despite the pending court proceedings and a decision issued by the court in Almaty on July 12th 2005, concerning a block of funds in the company's bank account and a block of its assets, as well as a ban on convening General Shareholders Meetings, in the opinion of the Group's Management the likelihood of the Group regaining control over the company or recovering the invested funds is rather small.
As at June 30th 2005, the Group held 45% of shares in Soft Technologies Sp. z o.o. of Almaty in Kazakhstan.

In Q1 2005, the Parent Undertaking of the Softbank Group finalised the sale of 100% of shares in Epsilio SA, in performance of the share purchase agreement executed in December 2004.
The selling price of shares in Epsilio SA was set at PLN 24,500 thousand, and the payment was divided in two instalments. The first instalment of PLN 12,450 thousand was paid in 2004; the other will be paid in December 2005. The present (discounted) value of the payment for the shares in Epsilio SA stood at PLN 23,798 thousand. The net value of the company's assets sold was PLN (1,202) thousand, and the net value of goodwill arising upon acquisition of the company as at the date of its sale by Softbank SA, i.e. February 28th 2005, amounted to PLN 22,109 thousand. The result on this transaction increased the Group's financial income in Q1 2005 by PLN 2,189 thousand. Upon disposal of shares in Epsilio SA, Softbank SA reported a loss of PLN (702) thousand in the non-consolidated financial statements.

In Q1 2005, the Group's Parent Undertaking acquired 28.12% of shares in Sawan Grupa Softbank SA, thus becoming the sole shareholder of that company, with 100% of shares and total vote at the General Shareholders Meeting. The par value of the acquired shares totalled PLN 3,492 thousand, and their present (discounted) value as at the acquisition date stood at PLN 3,332 thousand. PLN 830 thousand of the acquisition price was paid in Q1 2005. Of the balance of PLN 2,662 thousand, PLN 1,700 thousand is to be paid in October 2005 and PLN 962 thousand in November 2005.

The fair value of the acquired net assets of Sawan Grupa Softbank SA stood at PLN 1,484 thousand. Following the transaction, the Softbank Group recognised goodwill of PLN 1,848 thousand.

Financial Results of the Softbank Group Companies in Q2 2005

The consolidated financial results of the Softbank Group in Q2 2005 comprise the results of the Parent Undertaking and the consolidated companies. The consolidated financial statements for the two quarters of 2005 included the financial results of six companies. The financial highlights of the companies consolidated in the Q2 2005 financial statements and a description of the key factors with a bearing on their financial results are presented below.

All figures in PLN '000

Key Financial Data of Undertakings Included in the Q2 2005 Consolidated Financial Statements*

Name % of share capital/total vote	Core business	Sales revenue PLN '000 Six months ended Jun 30 2005 (unaudited)	Three months ended Jun 30 2005 (unaudited)	Six months ended Jun 30 2004 (unaudited)	Three months ended Jun 30 2004 (unaudited)
Softbank SA Parent Undertaking www.softbank.pl	Provision of comprehensive IT solutions primarily to the financial and public administration sectors	143,179	63,899	122,600	62,911
bezpieczeństwo.pl Sp. z o.o. 100/100	Building and implementation of IT systems supporting and coordinating the activities of rescue services	0	0	292	0
Epsilio SA** 0/0	Creation and implementation of IT solutions in the banking sector, including cooperative banking	2,563	n/d	15,015	7,402
AWiM Mediabank SA 100/100 www.mediabank.pl	Publishing and marketing, operation of a radio station (Radio PiN 102 FM)	2,620	1,560	1,613	710
NetPower SA 49/49	Provision of corporate IT applications and solutions	0	0	0	0
ZUI Novum Sp. z o.o. 51/51 www.novum.pl	Creation of banking applications and provision of comprehensive IT systems for cooperative banks	5,948	3,021	6,559	2,877
Sawan Grupa Softbank SA 100/100 www.sawan.com.pl	Provision of IT solutions for management (i.e. data warehouses, reporting systems, CRM systems)	6,072	2,759	5,396	3,023
Softbank Serwis Sp. z o.o. 100/100 www.softbankserwis.pl	Maintenance of software and hardware supplied by the Group, services based on IT systems outsourcing	22,073	9,781	21,735	11,448

**) Before consolidation eliminations.*

***) In Q1 2005, Softbank SA sold a 100% equity interest in Epsilio SA to COMP Rzeszów SA. Epsilio SA's results are consolidated until February 28th 2005. Cumulative data on Epsilio SA for the two quarters of 2005 concerns the period January 1st – February 28th 2005.*

The equity interests are presented as at June 30th 2005.

bezpieczeństwo.pl Sp. z o.o. and NetPower SA do not conduct operations.

All figures in PLN '000

Key Financial Data of Undertakings Included in the Q2 2005 Consolidated Financial Statements*

Company % of share capital/total vote	Core business	Net profit/(loss) PLN '000 Six months ended Jun 30 2005 (unaudited)	Three months ended Jun 30 2005 (unaudited)	Six months ended Jun 30 2004 (unaudited)	Three months ended Jun 30 2004 (unaudited)
Softbank SA Parent Undertaking www.softbank.pl	Provision of comprehensive IT solutions primarily to the financial and public administration sectors	23,604	15,568	68	(9,214)
bezpieczeństwo.pl Sp. z o.o. 100/100	Building and implementation of IT systems supporting and coordinating the activities of rescue services	(13)	-8	2,334	2,800
Epsilio SA** 0/0	Creation and implementation of IT solutions in the banking sector, including cooperative banking	(236)	n/d	2,665	1,009
AWiM Mediabank SA 100/100 www.mediabank.pl	Publishing and marketing, operation of a radio station (Radio PiN 102 FM)	(1,187)	(347)	(2,585)	(1,338)
NetPower SA 49/49	Provision of corporate IT applications and solutions	(47)	-17	(131)	(100)
ZUI Novum Sp. z o.o. 51/51 www.novum.pl	Creation of banking applications and provision of comprehensive IT systems for cooperative banks	510	229	398	224
Sawan Grupa Softbank SA 100/100 www.sawan.com.pl	Provision of IT solutions for management (i.e. data warehouses, reporting systems, CRM systems)	276	(80)	(2,130)	(1,940)
Softbank Serwis Sp. z o.o. 100/100 www.softbankserwis.pl	Maintenance of software and hardware supplied by the Group, services based on IT systems outsourcing	(2,874)	(2,733)	618	665

**) Before consolidation eliminations.*

***) In Q1 2005, Softbank SA sold a 100% equity interest in Epsilio SA to COMP Rzeszów SA. Epsilio SA's results are consolidated until February 28th 2005. Cumulative data on Epsilio SA for the two quarters of 2005 concerns the period January 1st – February 28th 2005.*

The equity interests are presented as at June 30th 2005.

bezpieczeństwo.pl Sp. z o.o. and NetPower SA do not conduct operations.

On July 1st 2005, Sawan Grupa Softbank SA and Softbank entered into an agreement on the sale of business, whereby Softbank acquired a set of tangible and intangible assets comprising the entire business of Sawan Grupa Softbank SA, as defined in Par. 55.1 of the Polish Civil Code, excluding the name Sawan Grupa Softbank SA. The selling price amounted to PLN 11,800,000, and was determined on the basis of a valuation prepared by an independent expert. As a result of the transaction Sawan Grupa Softbank SA discontinued its operations. The resources acquired by Softbank SA will continue to operate within that Company.

Softbank SA

Softbank SA generated the bulk of the Group's consolidated sales revenue (80.3% – before consolidation eliminations). In Q2 2005, Softbank SA posted revenue of PLN 63,899 thousand, representing a 1.6% improvement on Q2 2004.

Non-consolidated financial results of Softbank SA	**Six months ended Jun 30 2005 (unaudited)**	**Three months ended Jun 30 2005 (unaudited)**	**Six months ended Jun 30 2004 (unaudited)**	**Three months ended Jun 30 2004 (unaudited)**
	PLN '000	**PLN '000**	**PLN '000**	**PLN '000**
Sales revenue, including:	143,179	63,899	122,600	62,911
banking and finance	122,261	52,744	66,168	38,647
public administration	19,097	10,393	54,436	43,220
Gross profit on sales	31,995	15,543	28,884	17,668
Operating profit	28,890	18,992	111	(4,090)
Net profit	23,604	15,568	68	(9,214)

In Q2 2005, the Company's gross profit on sales saw a 12.0% drop year on year, primarily owing to a lower margin on sales of goods for resale and materials. In the same period general and administrative expenses fell by PLN 4,580 thousand. Operating profit for the second quarter amounted to PLN 18,992 thousand. The exceptionally robust operating profit is due in part to the recognition of a withholding tax refund in the amount of PLN 11,294 thousand. But for this item, the operating profit would have totalled PLN 7,698 thousand, that is PLN 11,788 thousand more than in the comparable period of 2004, giving an operating margin of 12.0%. The high profitability followed from the performance by the Company of high value added contracts, including primarily contracts for the provision of IT services and, to a lesser degree, supply of hardware. Contracts executed in the banking and public administration sectors concerned chiefly maintenance, implementation, consultancy and supply of software.

Softbank Serwis Sp. z o.o.

In Q2 2005, Softbank Serwis Sp. z o.o. reported a 14.6% decline in sales revenue year on year. The company engages primarily in the provision of maintenance services, data communication, and data processing. As a subcontractor, Softbank Serwis Sp. z o.o. takes part in the implementations of large contracts by Softbank SA, including the CEPiK contract and other contracts for significant customers, i.e. PKO BP and the *Złote Tarasy* Commercial Centre. The company closed Q2 2005 with a net loss, primarily due to the detrimental impact of the valuation of long-term contracts and the revaluation of current assets and provisions, which were necessitated by business reorganisation.

Sawan Grupa Softbank SA

In Q2 2005, Sawan Grupa Softbank (Sawan) generated approx. 9% less sales revenue than in Q2 2004. Its key customers continued to be companies from the banking sector (i.e. PKO BP SA, Kredyt Bank SA, Pekao SA, and Fortis Bank SA). In line with the strategy adopted by the Softbank Group, in the reporting period work continued at Sawan to consolidate its resources, expertise and products with those of Softbank SA. On July 1st 2005, Softbank acquired Sawan's business to transfer and integrate it with its own operations.

ZUI Novum Sp. z o.o.

In the reporting period, the revenue of ZUI Novum Sp. z o.o. (Novum) increased by 5% in relation to the comparable period of 2004. There was practically no change in the margins generated by the company at each operating level. Novum develops and provides proprietary solutions to customers from the cooperative banking sector. Its offering is continually enriched with new modules featuring extended functionalities.

AWiM Mediabank SA

In the second quarter of 2005, the sales revenue of AWiM Mediabank SA (Mediabank) more than doubled relative to the results posted in Q2 2004. The company concentrates its activities on the operation of the Warsaw-based radio station Radio PiN 102 FM. Concurrently, in the reporting period, Mediabank disclosed a more than thrice smaller loss than a year earlier. Its performance in the quarter under analysis stems from the steady growth in its Warsaw listenership ratios as well as the maintenance and development of PiN-specific programming formula. Mediabank's market share in the 15+ audience was 2.67% in Q2 2005, up on the 1.13% share reported in Q2 2004. The better performance is also attributable to cost rationalisation measures taken in 2004 to adjust the company's scope of operations to the radio broadcasting business.

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

The two companies do not conduct operations and incur only minimal costs necessitated by statutory requirements.

Off-Balance-Sheet Commitments and Liabilities Concerning Related Undertakings

Sureties issued by Softbank SA as at June 30th 2005:

- -Surety for AWiM Mediabank SA's liabilities under an agreement for an investment loan of PLN 1,200 thousand. The amount outstanding under the loan was PLN 150 thousand as at June 30th 2005;
- -Surety for Softbank Serwis Sp. z o.o.'s liabilities under the agreement of February 26th 2004, concerning the construction of a structural network, concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o.o. The estimated value of the surety was PLN 7,272 thousand as at June 30th 2005.

Guarantees issued by Softbank SA as at June 30th 2005:

- -Guarantee to secure repayment of a revolving working-capital loan of up to PLN 2,000 thousand, advanced by Bank BPH SA to Sawan Grupa Softbank SA. There was no amount outstanding under the loan as at June 30th 2005;
- -Guarantee to secure repayment of a current-account loan of up to PLN 300,000, advanced by Bank BPH SA to Sawan Grupa Softbank SA. There was no amount outstanding under the loan as at June 30th 2005.

All figures in PLN '000

9. Employment

Average Group workforce in the reporting period:	Six months ended Jun 30 2005	Six months ended Jun 30 2004
Executive Board of the Parent Undertaking	5	5
Executive Board of Group companies	10	19
Management staff	37	40
Production divisions	386	567
Maintenance divisions	140	117
Sales divisions	65	76
Administration divisions	119	167
Total	**762**	**991**

Softbank Group workforce as at	Jun 30 2005	Dec 31 2 004
Executive Board of the Parent Undertaking	5	5
Executive Board of Group companies	8	18
Management staff	42	39
Production divisions	429	557
Maintenance divisions	134	97
Sales divisions	53	82
Administration divisions	110	157
Total	**781**	**955**

As at June 30th 2005, the Softbank Group had 781 employees. The Group's workforce shrank by 174 from its size as at the end of 2004. The sizeable reduction is attributable to the sale by Softbank SA of an equity interest in Epsilio SA, which employed 202 persons as at the end of 2004. Net of this factor, the Group's workforce as at June 30th 2005 is larger by 28 employees.

Save for the headcount at the Parent Undertaking, staff numbers fell in all of the Group companies. The restructuring processes carried out in 2004 at subsidiary undertakings is the main reason for the smaller workforce numbers. Meanwhile, Softbank SA's workforce grew by 60 new employees, and now counts 439 persons. The new personnel were employed primarily in connection with the performance of PKO BP contracts and the CEPiK (Central Register of Vehicles and Drivers) contract. In addition, Softbank SA took over some of the employees of Softbank Serwis Sp. z o.o. as part of expertise bundling within the Group.

10. Off-Balance Sheet Commitments and Liabilities towards Other Undertakings

In its commercial activities, the Group uses bank guarantees and letters of credit, as well as contract performance insurance as security in business transactions with various organisations, companies and administration entities. As at June 30th 2005, the contingent liabilities stood at PLN 14,919 thousand, while as at December 31st 2004 – at PLN 27,217 thousand.

All figures in PLN '000

As at June 30th 2005 and December 31st 2004, the Group was also party to a number of lease, tenancy or similar contracts, providing for the following future liabilities:

Liabilities under lease of space	**Jun 30 2005 (unaudited) PLN '000**	**Dec 31 2004 (unaudited) PLN '000**
Up to 1 year	4,311	4,205
From 1 to 5 years	8,240	8,508
Over 5 years	2,438	2,466
Total	**14,989**	**15,179**

Liabilities under operating lease of property, plant and equipment	**Jun 30 2005 (unaudited) PLN '000**	**Dec 31 2004 (unaudited) PLN '000**
Up to 1 year	944	1,391
From 1 to 5 years	954	394
Over 5 years	0	0
Total	**1,898**	**1,785**

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

Within the period under discussion, 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 undertakings, whose aggregate value would equal or exceed 10% of the Company's equity.

11. Remuneration Paid or Due to the Members of the Executive Boards and Supervisory Boards of the Parent Undertaking and the Group's Related Undertakings

	Six months ended Jun 30 2005 (unaudited) PLN '000	**Twelve months ended Dec 31 2004 (unaudited) PLN '000**
Executive Board	4,140	14,907
Supervisory Board	139	178
Executive Board – subsidiary and associated undertakings	1,982	5,528
Supervisory Board – subsidiary and associated undertakings	82	383
Total	**6,343**	**20,996**

The remuneration paid to the members of Softbank SA's Supervisory Board who were also members of the Executive Board of Prokom Software SA amounted to PLN 34 thousand in the first two quarters of 2005.

12. Capital Expenditure

In Q2 2005, the Group incurred capital expenditure of PLN 1,633 thousand, including PLN 1,352 thousand spent on non-current non-financial assets. The capital expenditure planned until the end of 2005 amounts to approx. PLN 124.5m, including:
- non-cash contributions (Series U1 and U2 Shares issue) in the amount of PLN 79m, to be used to finance the acquisition of shares in Koma SA and Incenti SA
- proceeds from the Series T share issue and own funds, to be used to finance the following:
    - acquisition of Gladstone – approx. PLN 31m

- acquisition of shares in Comp Rzeszów SA – approx. PLN 10m
- investments in property, plant and equipment – approx. PLN 4.5m.

13. Opinion on Feasibility of Meeting the 2005 Financial Forecasts Published by the Executive Board

The Executive Board of Softbank SA has published no financial forecasts for 2005.

14. Factors which in the Executive Board's Opinion May Affect the Group's Performance in the Next or Subsequent Quarters

In the opinion of the Executive Board of Softbank SA, thanks to the Group's current financial standing, its production potential, and market position there exist no threats to continued growth of the Group in 2005. However, there are numerous factors, both internal and external, which will directly or indirectly affect the Group's 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 movements (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 executed contracts, outcome of contract tenders and negotiations in the IT sector, as well as restructuring processes at the Group companies, in particular the incorporation of Sawan's business into Softbank SA and the merger of Softbank Serwis Sp. z o.o. and Koma SA.
Currently, the value of the Softbank Group's order portfolio for the coming years amounts to PLN 1,027,661 thousand. Based on the estimates of the Executive Board, approximately PLN 292,261 thousand of the orders will be executed in 2005 (including PLN 176,162 thousand already finalised in H1 2005), assuming that the current schedules for settlement of long-term contracts are not changed.

15. Significant Events in the Reporting Period

Operating Activities

▪ On April 6th 2005, the Executive Board of Softbank SA convened the Annual General Shareholders Meeting for May 6th 2005. At the Meeting of May 6th 2005, the Shareholders resolved to adjourn the Annual General Shareholders Meeting until 10:00 am on May 17th 2005, at the Company's registered office.

On May 6th and 17th 2005, the Annual General Shareholders Meeting adopted the following resolutions:

RESOLUTION No. 1
The Annual General Shareholders Meeting of Softbank SA approves the Company's financial statements for 2004, including the balance sheet showing a balance-sheet total of PLN 524,512,204.79 (five hundred and twenty-four million, five hundred and twelve thousand, two hundred and four złoty, seventy-nine grosz), the profit and loss account showing a net profit of PLN 26,517,299.55 (twenty-six million, five hundred and seventeen thousand, two hundred and ninety-nine złoty, fifty-five grosz), the cash-flow statement, and notes.

RESOLUTION No. 2
The Annual General Shareholders Meeting of the Company approves the consolidated financial statements of the Group, including the consolidated balance sheet showing a balance-sheet total of PLN 536,779 thousand, the consolidated profit and loss account of the Softbank Group for 2004 showing a net profit of PLN 29,369 thousand, the consolidated cash-flow statement, and notes.

RESOLUTION No. 3

Based on the Supervisory Board's positive opinion on the recommendation by the Executive Board of Softbank SA, the Annual General Shareholders Meeting of Softbank SA, resolves that the 2004 net profit of PLN 26,517,299.55 (twenty-six million, five hundred and seventeen thousand, two hundred and ninety-nine złoty, fifty-five grosz) be allocated in whole to increase the Company's reserve funds.

RESOLUTION No. 4

The Annual General Shareholders Meeting of Softbank SA approves the Directors' Report on the Company's activities in 2004.

RESOLUTION No. 5

The Annual General Shareholders Meeting of Softbank SA approves the Supervisory Board's Report on its activities in 2004.

RESOLUTION No. 6

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by Aleksander Lesz, President of the Executive Board.

RESOLUTION No. 7

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by Krzysztof Korba, President of the Executive Board.

RESOLUTION No. 8

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by Jarosław Ogorzałek, a Member of the Executive Board.

RESOLUTION No. 9

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by Robert Smułkowski, a Member of the Executive Board.

RESOLUTION No. 10

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by Piotr Jeleński, a Member of the Executive Board.

RESOLUTION No. 11

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by Przemysław Borzestowski, a Member of the Executive Board.

RESOLUTION No. 12

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by Przemysław Sęczkowski, a Member of the Executive Board.

RESOLUTION No. 13

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by Adam Dąbkowski, a Member of the Executive Board.

RESOLUTION No. 14

The Annual General Shareholders Meeting of Softbank SA approves performance of duties in 2004 by the following Members of the Supervisory Board:

Alicja Kornasiewicz,
Ryszard Krauze,
Stanisław Janiszewski,
Piotr Mondalski,
Maciej Grelowski.

RESOLUTION No. 15

The Annual General Shareholders Meeting of Softbank SA resolves to adjourn the Meeting. It will be reconvened at 10 a.m. on May 17th 2005, at the registered office of Softbank SA at ul. 17 Stycznia 72a, Warsaw, Poland.

]RESOLUTION No. 19

1. The Annual General Shareholders Meeting hereby increases the Company's share capital by up to PLN 1,396,701 (one million, three hundred and ninety-six thousand, seven hundred and one złoty) through the issue of up to 1,396,701 (one million, three hundred and ninety-six thousand, seven hundred and one) Series T ordinary bearer shares, with a par value of PLN 1 (one złoty) per share.
2. Series T shares shall carry the right to dividend as of January 1st 2005
3. Series T shares shall be offered for public subscription. The existing shareholders of the Company will have the pre-emptive right to acquire the shares, with each Company share held as at the end of the pre-emptive right record date entitling the shareholder to one pre-emptive right. Given the number of the issued Series T shares, each 15 (fifteen) pre-emptive rights shall confer the right to 1 (one) Series T share. If the number of Series T shares to be allotted to a given shareholder under the pre-emptive rights is not a whole number, it shall be rounded down to the nearest integer.
4. The pre-emptive right record date shall be June 13th 2005.
5. The Executive Board shall be authorised to determine the issue price of Series T shares (which shall not be lower than PLN 23.50), detailed rules for distribution of Series T shares, the opening and closing date for the subscription of Series T shares and for concluding agreements to ensure that the subscription for Series T shares be successful, including standby underwriting agreement(s).
6. The issue of Series T shares shall be deemed successful irrespective of the number of Series T shares acquired within the limit specified in Section 1 of this Resolution. Registration of the increase in the share capital through the issue of Series T shares in the Register of Entrepreneurs shall be conditional on a simultaneous or earlier registration of the share capital increase through the issue of Series U1 shares. The Executive Board shall submit a request to enter in the Register of Entrepreneurs the share capital increase through the issue of Series T shares simultaneously with the request to register the share capital increase through the issue of Series U1 shares.

RESOLUTION No. 20

1. The Annual General Shareholders Meeting hereby increases the Company's share capital by PLN 1,459,646 (one million, four hundred and fifty-nine thousand, six hundred and forty-six złoty) through the issue of 1,459,646 (one million, four hundred and fifty-nine thousand, six hundred and forty-six) Series U1 ordinary bearer shares, with a par value of PLN 1 (one złoty) per share.
2. The issue price of Series U1 shares shall be PLN 27.80 (twenty-seven złoty, eighty grosz).
3. Series U1 shares shall carry the right to dividend as of January 1st 2005.
4. In the Company's interest, the Annual General Shareholders Meeting waives the existing shareholders' pre-emptive rights to acquire Series U1 shares in its entirety. The Meeting acknowledges the Executive Board's opinion on the waiver of the pre-emptive rights to Series U1 and Series U2 shares, submitted to the General Shareholders Meeting in writing, the transcript of which is attached as an appendix to this Resolution.
5. Series U1 shares shall be issued against a non-cash contribution in the form of 207,106 (two hundred and seven thousand, one hundred and six) shares of Koma SA, registered office at al. Korfantego 79, 40-161 Katowice, Poland, entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court of Katowice, VIII Registration Division of the National Court Register, under entry No. 0000078078, with a par value of PLN 5 (five złoty) per share, representing 100% of this company's share capital of PLN 49,033,968 (forty-nine million, thirty-three thousand, nine hundred and sixty-eight złoty), based on the Directors' Report on the increase in share capital of the Company in exchange for a non-cash contribution, dated April 25th 2005, and the auditor's opinion of April 27th 2005;
6. Shares in exchange for non-cash contribution shall be acquired by the following entities:

a. Prokom Software SA, registered office in Warsaw, which shall acquire the total number of 1,094,738 (one million, ninety-four thousand, seven hundred and thirty-eight) Series U1 shares in exchange for 155,330 (one hundred and fifty-five thousand, three hundred and thirty) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 75% of its share capital;
b. Lech Cabaj, who shall acquire 195,860 (one hundred and ninety-five thousand, eight hundred and sixty) Series U1 shares in exchange for 27,790 (twenty-seven thousand, seven hundred and ninety) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 13.42% of its share capital;
c. Roman Pudełko, who shall acquire 91,692 (ninety-one thousand, six hundred and ninety-two) Series U1 shares in exchange for 13,010 (thirteen thousand and ten) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 6.28% of its share capital;
d. Piotr Krząkała, who shall acquire 44,133 (forty-four thousand, one hundred and thirty-three) Series U1 shares in exchange for 6,262 (six thousand, two hundred and sixty-two) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 3.02% of its share capital;
e. Juliusz Bojanowski, who shall acquire 33,223 (thirty-three thousand, two hundred and twenty-three) Series U1 shares in exchange for 4,714 (four thousand, seven hundred and fourteen) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 2.28% of its share capital.

The Executive Board shall be authorised to conclude share purchase agreements for Series U1 shares with the entities referred to above, in accordance with Art. 431.2.1 of the Polish Companies Act by September 30th 2005.

RESOLUTION No. 21

1. The Annual General Shareholders Meeting hereby increases the Company's share capital by PLN 1,367,854 (one million, three hundred and sixty-seven thousand, eight hundred and fifty-four złoty) through the issue of 1,367,854 (one million, three hundred and sixty-seven thousand, eight hundred and fifty-four) Series U2 ordinary bearer shares, with a par value of PLN 1 (one złoty) per share.
2. The issue price of Series U2 shares shall be PLN 27.80 (twenty-seven złoty, eighty grosz).
3. Series U2 shares shall carry the right to dividend as of January 1st 2005.
4. In the Company's interest, the Annual General Shareholders Meeting waives the existing shareholders' pre-emptive right to Series U1 shares. The Meeting acknowledges the Executive Board's opinion on the waiver of the pre-emptive right to Series U1 and Series U2 shares submitted to the General Shareholders Meeting in writing, the transcript of which is attached as an Appendix to this Resolution.
5. Series U2 shares shall be issued against a non-cash contribution in the form of 5,000,000 (five million) shares of Incenti SA, registered office at ul. Połczyńska 31A, 01-377 Warsaw, Poland, entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw, XIX Commercial Division, under entry No. 0000028257, with a par value of PLN 10 (ten złoty) per share, representing 100% of this company's share capital of PLN 38,026,341.20 (thirty-eight million, twenty-six thousand, three hundred and forty-one złoty, twenty grosz), based on the Directors' Report on the increase in share capital of the Company in exchange for a non-cash contribution, dated April 25th 2005 and the auditor's opinion of April 27th 2005, with the proviso that the non-cash contribution covering the issue of Series U2 shares shall be made in whole not later than within one year from the registration of the increase in share capital through the issue of Series U2 shares.
6. All Series U2 shares shall be acquired by Prokom Software SA of Warsaw. The Executive Board shall be authorised to conclude with Prokom Software SA a share purchase agreement for Series U2 shares under Art. 431.2.1 of the Polish Companies Act by September 30th 2005.

RESOLUTION No. 22

Pursuant to Art.84.1 of the Polish Securities Act, the Annual General Shareholders Meeting resolves to introduce Series T, Series U1 and Series U2 shares to public trading. The Company's Executive

Board is authorised and obliged to take all the steps necessary to implement this Resolution, including submission of appropriate requests and notices to the Polish Securities and Exchange Commission, followed by a request to introduce Series T and Series U1 shares to trading on the main market of the Warsaw Stock Exchange, and to perform such actions with respect to Series U2 shares, immediately after the entire non-cash contribution is made to cover these shares.

RESOLUTION No. 23

Par. 6, Par. 7.1 and Par. 7.4 shall be deleted in whole and shall be replaced with a new Par. 6, Par. 7.1 and Par. 7.4, with the following wording:

"Par. 6 Share Capital

1. *The share capital shall amount to up to PLN 25,174,713 (twenty-five million, one hundred and seventy-four thousand, seven hundred and thirteen złoty).-*
2. *The share capital shall be divided into up to 25.174.713 (twenty-five million, one hundred and seventy-four thousand, seven hundred and thirteen) shares, with a par value of PLN 1 (one złoty) per share."*

"Par. 7.1 and Par. 7.4

"1. Successive issues of the Company Shares shall be marked with consecutive letters of the alphabet, in the following manner:-

1.1 Company Shares numbered from 1 to 2.000.000 shall be Series A shares,-
1.2 Company Shares numbered from 2.000.001 to 2.000.098 shall be Series B shares,-
1.3 Company Shares numbered from 2.000.099 to 2.000.200 shall be Series C shares,-
1.4 Company Shares numbered from 2.000.201 to 2.000.298 shall be Series D shares,-
1.5 Company Shares numbered from 2.000.299 to 2.000.400 shall be Series E shares,-
1.6 Company Shares numbered from 2.401.000 to 2.010.200 shall be Series F shares,-
1.7 Company Shares numbered from 2.010.201 to 2.020.400 shall be Series G shares,-
1.8 Company Shares numbered from 2.020.401 to 4.960.400 shall be Series H shares,-
1.9 Company Shares numbered from 4.960.401 to 7.990.400 shall be Series I shares,-
1.10 Company Shares numbered from 7.990.401 to 8.020.400 shall be Series J shares,-
1.11 Company Shares numbered from 8.020.401 to 9.985.398 shall be Series K shares,-
1.12 Company Shares numbered from 9.985.399 to 12.010.600 shall be Series L shares,-
1.13 Company Shares numbered from 12.010.601 to 12.030.600 shall be Series M shares,-
1.14 Company Shares numbered from 12.030.601 to 16.030.600 shall be Series N shares,-
1.15 Company Shares numbered from 16.030.601 to 17.349.912 shall be Series P shares,-
1.16 Company Shares numbered from 17.349.913 to 17.413.992 shall be Series O shares,-
1.17 Company Shares numbered from 17.413.993 to 20.613.992 shall be Series S shares,-
1.18 Company Shares numbered from 20.613.993 to 20.950.512 shall be Series O shares,-
1.19 Company Shares numbered from 20.950.513 to 22.347.213 shall be Series T shares,-
1.20 Company Shares numbered from 22.347.214 to 23.806.859 shall be Series U1 shares,-
1.21 Company Shares numbered from 23.806.860 to 25.174.713 shall be Series U2 shares."

"4. *Shares of the following Series: A, B, C, D, E, F, G, H, I, J, K, L, M, N, P, O, S, O, T, U1 and U2 shall be ordinary bearer shares."*

RESOLUTION No. 24

The Annual General Shareholders Meeting hereby authorises the Company's Supervisory Board to adopt the consolidated text of the Company's Articles of Association, which shall include amendments to the Articles of Association registered in the Register of Entrepreneurs maintained by the National Court Register and the amendments adopted today by the Annual General Shareholders Meeting.
(see: Current Reports No. 7/2005, 8/2005, 11/2005, 12/2005, and 14/2005)

All figures in PLN '000

- On May 17th 2005, the Executive Board of Softbank SA released a list of shareholders holding 5% or more of the total vote, who participated in the Annual General Shareholders Meeting convened for May 6th 2005, adjourned and then reconvened on May 17th 2005.

SHAREHOLDER	NUMBER OF VOTES
Prokom Software SA	5,238,000
NIHONSWI AG	1,894,821
Zbigniew Opach	1,586,413
PZU Życie SA	950,000
OFE PZU Złota Jesień	1,004,416

(see: Current Report No. 15/2005 of May 17th 2005)

- On May 19th 2005, the Executive Board of Softbank SA reported that on May 18th 2005, the Supervisory Board of Softbank SA appointed Mr Robert Smułkowski and Mr Piotr Jeleński as Members of the Executive Board for subsequent three years.

(see: Current Report No. 17/2005 of May 19th 2005)

- On June 10th 2005, the Executive Board of Softbank SA reported that on June 10th 2005 Ms Alicja Kornasiewicz tendered her resignation from the post of a Supervisory Board Member of Softbank SA as of June 10th 2005. Ms Kornasiewicz resigned on the grounds of a large scope of professional duties preventing her from devoting sufficient amount of time to properly perform the duties on the Supervisory Board of Softbank SA.

(see: Current Report No. 19/2005 of June 10th 2005)

- On June 20th 2005, the Executive Board of Softbank SA reported that on June 20th 2005 the issue price of Series T shares was fixed at PLN 24.00. Based on the issue prospectus, the Company is to offer 1,396,701 Series T ordinary bearer shares with a par value of PLN 1 per share. The Series T shares are offered to the Company's existing shareholders in performance of the pre-emptive rights. Each share registered on an investor's account at the end of the pre-emptive rights record date entitles to a single pre-emptive right. A holding of 15 pre-emptive rights confers the right to subscribe for one Series T share.

(see: Current Report No. 20/2005 of June 20th 2005)

- On June 29th 2005, the Executive Board of Softbank SA reported that on June 29th 2005 Mr Maciej Grelowski tendered his resignation from the post of Softbank SA's Supervisory Board Member as of June 29th 2005. Mr. Grelowski resigned because he is a candidate to the Supervisory Board of Prokom Software.

(see: Current Report No. 21/2005 of June 29th 2005)

- On June 29th 2005, the Executive Board of Softbank SA adopted a resolution on compliance with corporate governance principles contained in the document "Best Practices in Public Companies in 2005", prepared by the Best Practices Committee at the Corporate Governance Forum. The corporate governance principles adopted by the Executive Board will be submitted for approval at the next Extraordinary General Shareholders Meeting of Softbank SA.

(*see: Current Report No. 22/2005 of June 30th 2005*).

Investing Activities

- On May 11th 2005 Softbank SA and Mr Donald C. Bailey ("Seller") signed a Letter of Intent ("Letter") regarding the acquisition of shares in Gladstone Consulting Limited based in Cyprus ("Gladstone").

Pursuant to the Letter, Softbank SA was granted, up until July 31st 2005, the exclusive right to enter into negotiations with the Seller on the acquisition of shares in Gladstone, concerning in particular the structure and the financial terms of the transaction. Softbank SA intends to acquire 51% of shares in Gladstone at the maximum price of PLN 31m. The transaction is to be financed with the proceeds from the issue of Series T ordinary shares.

The core business of Gladstone, established in 1999 by Mr Donald Bailey, comprises professional consulting services in the area of IT solutions for financial institutions. Gladstone employees form a multinational team of consultants with many years of experience in the provision of IT consulting services for banking sector companies, including Pekao SA, UniCredito Italiano, Bank of the West, Citigroup, Wells Fargo Bank, Tower Group UK, Tower Group USA, or Money Express Sp. z o.o. According to information obtained by Softbank SA, Gladstone anticipates revenue of USD 6.5m and a net profit of USD 2.7m in 2005. The sales revenue and the net profit forecast for 2006 are USD 7.2m and USD 3.3m, respectively. Moreover, in 2006 Gladstone plans to secure additional orders for the total amount of PLN 12m, as part of its cooperation with Softbank SA.

Softbank SA intends to draw on the extensive consulting expertise and know-how of Gladstone to enhance the sale of its consulting services and to intensify its cooperation with foreign banks holding shares in Polish banking institutions.

(see: Current Report No. 13/2005 of May 12th 2005)

- On May 18th 2005, Softbank ("**the Company**") concluded five agreements pursuant to which new issue shares in the Company will be acquired in exchange for non-cash contributions. Under these agreements, the following entities shall be obliged to acquire new issue shares in the Company and to cover the shares with a non-cash contribution in a manner specified in resolutions on share capital increase and in the issue prospectus:

a. Prokom Software SA of Warsaw, which will acquire the total number of 1,094,738 (one million, ninety-four thousand, seven hundred and thirty-eight) Series U1 shares in exchange for 155,330 (one hundred and fifty-five thousand, three hundred and thirty) shares in Koma SA of Katowice ("**Koma SA**"), with a par value of PLN 5 (five złoty) per share, representing 75% of its share capital; and 1,367,854 (one million, three hundred and sixty-seven thousand, eight hundred and fifty-four) Series U2 shares in exchange for 5,000,000 (five million) shares in Incenti SA of Warsaw ("**Incenti SA**"), representing 100% of the company's share capital;

b. Lech Cabaj, who will acquire 195,860 (one hundred and ninety-five thousand, eight hundred and sixty) Series U1 shares in exchange for 27,790 (twenty-seven thousand, seven hundred and ninety) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 13.42% of the company's share capital;

c. Roman Pudełko, who will acquire 91,692 (ninety-one thousand, six hundred and ninety-two) Series U1 shares in exchange for 13,010 (thirteen thousand and ten) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 6.28% of the company's share capital;

d. Piotr Krząkała, who will acquire 44,133 (forty-four thousand, one hundred and thirty-three) Series U1 shares in exchange for 6,262 (six thousand, two hundred and sixty-two) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 3.02% of the company's share capital;

e. Juliusz Bojanowski, who will acquire 33,223 (thirty-three thousand, two hundred and twenty-three) Series U1 shares in exchange for 4,714 (four thousand, seven hundred and fourteen) shares in Koma SA, with a par value of PLN 5 (five złoty) per share, representing 2.28% of the company's share capital.

Series U1 and Series U2 new issue shares in Softbank shall be issued by virtue of resolutions on share capital increase adopted at the Annual General Shareholders Meeting of Softbank held on May 17th 2005. The transfer of non-cash contributions shall be effected by way of share purchase agreements. The shares in Incenti SA will be transferred to the Company by Prokom Software SA after the Company obtains approval of the President of the Anti-Trust and Consumer Protection Authority for concentration effected by way of assuming direct control over Incenti SA, and in any event not later than within a year from the registration of the share capital increase through the issue of Series U2 shares.

The agreement referred to in a) is deemed material to the Company because of the value of the assets which constitute the non-cash contribution. Moreover, the agreement represents a transaction with a party related to the Company, as Prokom Software SA is the Company's shareholder and a direct holder of 5,238,000 ordinary bearer shares conferring the right to 5,238,000 votes at the General Shareholders Meeting, which represent 25% of the total vote.

(see: Current Report No. 16/2005 of May 18th 2005).

16. Significant Events Subsequent to the Balance-Sheet Date

Operating Activities

- On July 4th 2005, the Executive Board of Softbank SA of Warsaw convened an Extraordinary General Shareholders Meeting for 9:30 am on August 9th 2005 at the Company's registered office at ul. 17 Stycznia 72a, Warsaw, Poland.

(see: Current Report No. 26/2005 of July 4th 2005)

- Given the closing of subscription connected with the introduction of Series T, Series U1 an Series U2 Shares of Softbank SA to public trading and their allotment, on July 7th 2005 the Executive Board of Softbank SA released the following information:

Series T Shares

Type of securities: ordinary bearer shares
Series: T
Opening date of subscription period: June 24th 2005
Closing date of subscription period: July 7th 2005
Allotment date: July 7th 2005
Number of offered shares: 1,396,701
Discount rates in individual tranches: primary subscription period – 0%, additional subscription period – 92.3%
Number of subscribed shares: 3,625,238
Number of allotted shares: 1,396,701

	Purchase price	No. of persons who submitted orders	No. of persons who were allotted shares
Orders placed in primary subscription period in exercise of pre-emptive rights	PLN 24.00	619	619
Orders placed in additional subscription period	PLN 24.00	40	40

Underwriters: no underwriter participated in the subscription
Value of subscription (PLN '000): 33,520
Issue costs (PLN '000): 1,711

Cost type	Cost amount (PLN '000)
Preparation and execution of the offering	1,259
Preparation of the Issue Prospectus, including costs of advisory services	427
Marketing	25
Underwriter's fee	not applicable

Average cost per share: PLN 1.22

Method of issue costs recognition in accounting books and of their disclosure in the Company's financial statements: [Issue costs will be accounted for pursuant to Art. 36.2b of the Polish Accountancy Act of September 29th 1994 (Dz. U. of 1994, No. 121, item 591, as amended), i.e. by charging the portion of the issue costs which corresponds to the share premium against the Company's reserve funds, and any remaining issue costs – against financial expenses.]

Series U1 Shares

Type of securities: ordinary bearer shares
Series: U1
Opening date of subscription period: June 24th 2005
Closing date of subscription period: July 7th 2005
Allotment date: July 7th 2005
Number of offered shares: 1,459,646
Reduction rate in individual tranches: no reduction took place
Number of subscribed shares: 1,459,646
Number of allotted shares: 1,459,646
Acquisition price: PLN 27.80, the shares were acquired for non-cash contributions
Number of persons who submitted orders: 5
Number of persons who were allotted shares: 5
Underwriters: no underwriter participated in the subscription
Value of subscription (PLN '000): 40,578
Issue costs (PLN '000): 779

Cost type	Cost amount (PLN '000)
Preparation and execution of the offering	308
Preparation of the Issue Prospectus, including costs of advisory services	446
Marketing	26
Underwriter's fee	not applicable

Average cost per share: PLN 0.53

Method of issue costs recognition in accounting books and of their disclosure in the Company's financial statements: [Issue costs will be accounted for pursuant to Art. 36.2b of the Polish Accountancy Act of September 29th 1994 (Dz. U. of 1994, No. 121, item 591, as amended), i.e. by charging the portion of the issue costs which corresponds to the share premium against the Company's reserve funds, and any remaining issue costs – against financial expenses.]

Series U2 Shares

Type of securities: ordinary bearer shares
Series: U2
Opening date of subscription period: June 24th 2005
Closing date of subscription period: July 7th 2005
Allotment date: July 7th 2005
Number of offered shares: 1,367,854
Reduction rate in individual tranches: no reduction took place
Number of subscribed shares: 1.367.854
Number of allotted shares: 1,367,854
Acquisition price: PLN 27,80, the shares were acquired for non-cash contributions
Number of persons who submitted orders: 1
Number of persons who were allotted shares: 1

Underwriters: no underwriter participated in the subscription
Value of subscription (PLN '000): 38,026
Issue costs (PLN '000): 730

Cost type	Cost amount (PLN '000)
Preparation and execution of the offering	288
Preparation of the Issue Prospectus, including costs of advisory services	418
Marketing	24
Underwriter's fee	not applicable

Average cost per share: PLN 0.53

Method of issue costs recognition in accounting books and of their disclosure in the Company's financial statements: [Issue costs will be accounted for pursuant to Art. 36.2b of the Polish Accountancy Act of September 29th 1994 (Dz. U. of 1994, No. 121, item 591, as amended), i.e. by charging the portion of the issue costs which corresponds to the share premium against the Company's reserve funds, and any remaining issue costs – against financial expenses.]
(see: Current Report No. 29/2005 of July 7th 2005)

- On July 7th 2005, in connection with the issue of Series T Shares (see: Current Report No. 29/2005), the Executive Board of Softbank SA reported that on July 7th 2005 the Company applied for:
- registration at the National Depository of Securities of 1,396,701 rights to Series T ordinary bearer shares in Softbank SA with a par value of PLN 1 per share, as disclosed in the accounts in which rights to new issue shares are registered (PLSOFTB00065);
- introduction as of July 13th 2005 of 1,396,701 rights to Series T shares in Softbank SA to trading on the main market of the Warsaw Stock Exchange.
(see: Current Report No. 30/2005 of July 7th 2005)

- On July 7th 2005, the Executive Board of Softbank SA reported that in connection with the acceptance of subscription orders for all offered Series T Shares (1,396,701 shares) submitted in exercise of the pre-emptive rights, and acceptance of additional subscription orders, in the first subscription period (i.e. June 24th–28th 2005), and allotment of the shares on July 7th 2005, the second subscription period for Series T Shares not acquired in the exercise of pre-emptive rights or under additional subscription orders, initially scheduled for July 8th–12th 2005, was cancelled, and the closing date of the subscription period for Series T Shares was changed to July 7th 2005.
Furthermore, the Executive Board reported that it shortened the subscription period for Series U1 and U2 Shares, issued under the Issue Prospectus, to July 7th 2005, and changed the subscription closing date to July 7th 2005.
(see: Current Report No. 31/2005 of July 7th 2005)

- On July 16th 2005, the Executive Board of Softbank SA reported that based on the decision of the Provincial Administrative Court of Warsaw of May 23rd 2005, received by the Company on July 6th 2005, and repealing decisions of the Tax Chamber Director of May 30th and May 31st 2005, on June 9th 2005, Softbank SA received an income tax refund for 2000 and 2001 in the amount of PLN 3,188,835.0, including the principal of PLN 2,246,278.8 and the interest of PLN 942,556.2.
Currently, the Company is awaiting tax refund for 1999 in the amount of PLN 162,768.5 along with accrued interest. Moreover, based on the abovementioned decision, on July 1st 2005, Softbank SA applied for acknowledgement of a tax overpayment and a refund in the amount of PLN 7,925,136.1. Softbank SA takes all steps necessary to receive tax refunds. Softbank SA is not entitled to statutory interest on the overpaid amount. The Company will publish a current report upon transfer of the tax amount to Softbank SA's bank account.
(see: Current Report No. 33/2005 of July 16th 2005)

- On July 26th 2005, the Executive Board of Softbank SA released the draft resolution for the Company's Extraordinary General Shareholders Meeting to convene on August 9th 2005 at the Company's registered office.

RESOLUTION No. 1
The Extraordinary General Shareholders Meeting of Softbank SA hereby adopts a resolution on compliance with corporate governance principles contained in the document "Best Practices in Public Companies in 2005", prepared by the Best Practices Committee at the Corporate Governance Forum, within the scope specified in the resolution of the Executive Board of Softbank SA of June 29th 2005 (attachment 1 to this protocol).

RESOLUTION No. 2
The Extraordinary General Shareholders Meeting of Softbank SA hereby appoints the following persons to the Supervisory Board of Softbank SA: ....
(see: Current Report No. 34/2005 of July 26th 2005)

<u>*Investing Activities*</u>

- As part of the continued consolidation of the Softbank Group, on July 1st 2005, Softbank SA and Sawan Grupa Softbank SA ("the Seller"), the Company's wholly-owned subsidiary, executed an Agreement on the sale of business ("the Agreement"), whereby the Company acquired the business understood as a set of tangible and intangible assets comprising the Seller's entire business, as defined in Par. 55.1 of the Polish Civil Code, excluding the Seller's company name. The selling price of the business amounted to PLN 11,800,000, and was set on the basis of a valuation prepared by an independent expert.

The acquisition was financed with the Company's own funds, and was effected as of July 1st 2005. The assets disposed of were used by the Seller to conduct business activities consisting in the provision of IT services. The acquired assets represent over 20% of the share capital and the total vote at the General Shareholders Meeting of Sawan Grupa Softbank SA, and on this account they are considered assets of significant value.

Sawan Grupa Softbank SA is one of the largest Polish IT companies engaged in the development of customised software. Its main area of expertise are data warehouses and related management information systems, as well as Business Intelligence and CRS systems. Sawan's incorporation into Softbank SA's structures is part of the Company's strategy assuming consolidation of development and sales resources within Softbank SA, which will result in their more effective use and management during the execution of large IT contracts.
(see: Current Report No. 24/2005 of July 1st 2005)

- On July 1st 2005, the Executive Board of Softbank SA reported that on July 1st 2005 it was notified that on June 21st 2005 the Registry Court registered the share capital reduction at NetPower SA. The share capital was reduced by lowering the par value of the shares from PLN 10.00 to PLN 3.73. The share capital was thus reduced from PLN 9,400,000 to PLN 3,506,200. Softbank SA holds 460,600 shares representing 49% of the share capital of NetPower SA, and conferring the right to 460,600 votes at its General Shareholders Meeting (49%of the total vote).
NetPower SA does not conduct operations. Softbank SA intends to dispose of its shareholding in NetPower SA.
(see: Current Report No. 25/2005 of July 1st 2005)

- On July 4th 2005, the Executive Board of Softbank SA reported that on July 4th 2005 Softbank was notified that on June 15th 2005 the court registered an increase in the share capital of AWiM Mediabank SA, Softbank's subsidiary undertaking. The share capital was increased by

PLN 10,000 through the issue of Series I Shares with a par value of PLN 100 per share, at an issue price of PLN 36,394.40. The share issue value totalled PLN 3,634,440.
Currently, the share capital of AWiM Mediabank SA stands at PLN 10,025,000 and is divided into 100,250 shares with a par value of PLN 100 per share. Softbank holds 100,250 shares, representing 100% of the share capital of AWiM Mediabank SA.
(see: Current Report No. 27/2005 of July 4th 2005)

- On July 12th 2005, the Executive Board of Softbank SA ("Softbank") reported that on July 11th 2005 the Company received global certificates of 207,106 shares in Koma SA ("Koma"), with a par value of PLN 1 per share, representing 100% of its share capital and conferring the right to 100% of votes at its General Shareholders Meeting. Koma became a member of the Softbank Group upon the issue of Series U1 Shares, which were acquired by Koma's shareholders in exchange for contributions in the form of the company shares. The Koma shareholders who acquired Series U1 Shares are: Lech Cabaj, Roman Pudełko, Piotr Krząkała, Juliusz Bojanowski and Prokom Software SA – a related undertaking of Softbank within the meaning of the Regulation of the Polish Council of Ministers on detailed requirements for issue prospectuses and summary issue prospectuses. The terms and conditions of the issue of Series U1 Shares were the same for all Koma shareholders.

Mr Lech Cabaj holds the position of the President of Koma's Executive Board, and since May 23rd 2005 – the position of the President of the Executive Board of Softbank Serwis Sp. z o.o. (wholly-owned subsidiary of Softbank). Since April 25th 2005, Mr Roman Pudełko has been employed at Softbank as Sales Director. Prokom Software holds a 25.001% interest in Softbank's share capital and votes at the General Shareholders Meeting. The shareholding entitles Prokom Software SA to exercise the rights specified in Softbank SA's Articles of Association. Moreover, the President of the Executive Board of Prokom Software SA, Ryszard Krauze, holds the position of the Chairman of the Supervisory Board of Softbank. Mr Piotr Mondalski is a Member of the Executive Board of Prokom Software SA and a Member of Softbank's Supervisory Board. Other persons selling the shares in Koma are not related to Softbank or Softbank's management or supervisory staff.

Softbank acquired the shares in Koma in exchange for 1,459,646 Series U1 Shares. The issue price of the shares was PLN 27.80, therefore the price of 100% of shares in Koma was PLN 40.6m. The book value of Koma shares as disclosed in Softbank's accounting records is PLN 40.7m. In an independent valuation report prepared by the KPMG Corporate Finance Group of KPMG Sp. z o.o., Koma's value as at December 31st 2004 was estimated to range from PLN 52.8 from 64.3m. The valuation was made using the discounted cash flow method (DCF) and the comparable multiples method. The report of Softbank's Executive Board on the valuation of the contributions in kind was audited by a chartered auditor.

The acquired assets were found to be assets of significant value as their value exceeds 10% of Softbank's equity.

Koma offers maintenance and comprehensive supplies of IT hardware, software and services related to the application of computer systems. Koma also offers its own human resources management system, which enjoys a leading position on the Polish market in terms of the employee numbers supported.

The Koma Group also includes two IT companies: Koma Nord Sp. z o.o. and MCCnet Sp. z o.o. Koma Nord Sp. z o.o. focuses on offering advanced network technologies and therefore it serves as a Network Techonologies Centre for all the branches of the Koma Group. MCCnet Sp. z o.o. offers mobile solutions which facilitate the management of dispersed maintenance, sales and transport teams.

The key objective behind the acquisition of Koma is to integrate its resources and expertise with those of Softbank Serwis Sp. z o.o, a Softbank Group company with a similar profile. Both companies have a common business profile, namely maintenance of computer equipment. By combining the strengths of both companies, Softbank's Executive Board intends to achieve synergies in the form of cost savings and higher efficiency. The extended geographical reach and broader scope of services will significantly help the Softbank Group compete for the largest maintenance projects countrywide. The consolidated undertakings will be the maintenance centre for the whole Prokom Software Group.

Simultaneously, the Softbank Group will be able to satisfy market expectations, particularly in the banking sector, with respect to outsourcing of maintenance services. The consolidation of resources and expertise within one entity will make it possible to create a regional centre of maintenance services offered to many sectors and in many regions as a result of the development of cooperation with customers.
(see: Current Report No. 32/2005 of July 12th 2005)

Financing Activities

- On July 5th 2005, the Executive Board of Softbank SA reported that all the terms and conditions of the Loan Agreement executed with Nord/LB Bank Polska SA were fulfilled (the Company reported on the Agreement in Current Report No. 18/2005 of June 8th 2005). The bank granted Softbank SA a loan of up to PLN 35m.
(see: Current Report No. 28/2005 of July 5th 2005)

Except for the events specified above, in Q2 2005 or in the period from the balance-sheet date to the date of these Q2 2005 financial statements, no events occurred which might be material for the assessment of the personnel, economic or financial standing or results of the Softbank Group or changes of any of the above, or which could materially affect the Softbank Group's future performance.

17. Significant Events Relating to Past Years

In the past years there occurred no significant events which would not be disclosed in the financial statements for the six months ended June 30th 2005.

18. Effect of the Application of IFRS on the Comparable Data Presented in the Condensed Consolidated Financial Statements

The table below sets forth the effect of individual differences between the previously applied (until the end of 2004) Polish Accounting Standards (PAS) and the International Financial Reporting Standards (IFRS) adopted as of January 1st 2005 on the consolidated equity as at December 31st 2004 and consolidated net profit for the six months ended June 30th 2004.

	Dec 31 2004 (unaudited) PLN '000
Consolidated equity according to PAS	**157,521**
Non-current assets at fair value	2,630
Transfer of capitalised cost of issue to equity	(442)
Determination of fair value of revenue and costs and their valuation at amortised cost	(7,634)
Estimated provision for results on IT contracts, arising on disclosure of revenue and costs at fair value	(15,528)
Depreciation of investment property	(40)
Transfer to equity of minority interests following adjustments after adoption of IFRS	3,497
Other adjustments	10
Consolidated equity according to IFRS	**140,014**

All figures in PLN '000

	Six months ended Jun 30 2005 (unaudited) PLN '000
Consolidated net profit according to PAS	**(2005)**
Non-current assets at fair value	(29)
Transfer of issue cost write-off to equity	126
Determination of fair value of revenue and costs and their valuation at amortised cost	105
Depreciation of investment property	(5)
Share of minority interests' in adjustments related to adoption of IFRS	(3)
Transfer to equity of minority interests following adjustments related to adoption of IFRS	(1,443)
Other adjustments	1
Consolidated net profit according to IFRS	**(3,253)**

SOFTBANK SPÓŁKA AKCYJNA

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

FOR THE SECOND QUARTER OF 2005

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

All figures in PLN '000

FINANCIAL HIGHLIGHTS

		PLN '000		EUR '000	
		Six months ended Jun 30 2005 (unaudited)	**Six months ended Jun 30 2004 (unaudited)**	**Six months ended Jun 30 2005 (unaudited)**	**Six months ended Jun 30 2004 (unaudited)**
I.	Sales revenue	143,179	122,600	35,089	25,914
II.	Operating profit	28,890	111	7,080	23
III.	Pre-tax profit/loss	23,758	12	5,822	3
IV.	Profit/loss for reporting period	**23,604**	**68**	**5,785**	**14**
V.	Net cash provided by operating activities	(21,323)	(29,078)	(5,226)	(6,146)
VI.	Net cash used in investing activities	11,449	(18,603)	2,806	(3,932)
VII.	Net cash provided by financing activities	(9,965)	27,240	(2,442)	5,758
VIII.	Balance of cash and cash equivalents at end of period	15,266	3,190	3,779	702
IX.	Earnings (loss) per ordinary share (PLN / EUR)	1.05	0.00	0.26	0.00
X.	Diluted earnings (loss) per ordinary share (PLN / EUR)	0.94	0.00	0.23	0.00

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

- items of the profit and loss account and cash-flow statement were translated at the arithmetic mean of mid exchange rates published by the National Bank of Poland and in effect on the last day of each month in a given quarter. The average rates were as follows:
  - for the period from January 1st to June 30th 2005: EUR 1 = PLN 4,0805
  - for the period from January 1st to June 30th 2004: EUR 1 = PLN 4,7311
- Cash and cash equivalents as at the end of this reporting period and the corresponding period of the previous year were translated at the mid exchange rates published by the National Bank of Poland on June 30th 2005 and June 30th 2004. The rates were as follows:
  - exchange rate effective on June 30th 2005 EUR 1 = PLN 4,0401
  - exchange rate effective on June 30th 2004 EUR1 = PLN 4,5422.

All figures in PLN '000

▪ KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

PROFIT AND LOSS ACCOUNT	Six months ended Jun 30 2005 (unaudited) PLN '000	Three months ended Jun 30 2005 (unaudited) PLN '000	Six months ended Jun 30 2004 (unaudited) PLN '000	Three months ended Jun 30 2004 (unaudited) PLN '000
Operating activities				
Sales revenue	**143,179**	**63,899**	**122,600**	**62,911**
Revenue on sales of products and services	46,745	24,548	32,410	17,155
Revenue on sales of goods for resale and materials	96,434	39,351	90,190	45,756
Cost of sales	**(111,184)**	**(48,356)**	**(93,716)**	**(45,243)**
Cost of products and services sold (-)	(25,438)	(13,223)	(18,902)	(9,312)
Cost of goods for resale and materials sold (-)	(85,746)	(35,133)	(74,814)	(35,931)
		0		0
Gross profit (loss) on sales	**31,995**	**15,543**	**28,884**	**17,668**
Selling costs (-)	(2,978)	(1,571)	(3,526)	(1,920)
General and administrative expenses (-)	(11,938)	(6,613)	(16,618)	(11,193)
Net profit (loss) on sales	**17,079**	**7,359**	**8,740**	**4,555**
Other operating income	12,209	11,949	1,055	698
Other operating expenses (-)	(398)	(316)	(9,684)	(9,343)
Operating profit (loss)	**28,890**	**18,992**	**111**	**(4,090)**
Other activities				
Financial income	24,720	20,580	7,640	1,739
Financial expenses (-)	(29,852)	(23,850)	(7,739)	(6,911)
Pre-tax profit (loss)	**23,758**	**15,722**	**12**	**(9,262)**
Corporate income tax (current and deferred)	154	154	(56)	(48)
Net profit/(loss) for reporting period	**23,604**	**15,568**	**68**	**(9,214)**
Net earnings per share (PLN)				
Basic earnings per share based on the net profit for the reporting period (PLN)	1.05	0.69	0.00	(0.41)
Diluted earnings per share based on the net profit for the reporting period (PLN)	0.94	0.74	0.00	(0.44)

All figures in PLN '000

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

BALANCE SHEET OF SOFTBANK SA

	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
ASSETS		
Non-current assets	**260,968**	**237,080**
Property, plant and equipment	15,257	14,736
Intangible assets	4,070	4,428
Shares in subordinated undertakings	51,164	48,441
Non-current financial assets available for sale	71,995	65,945
Non-current financial assets carried at fair value	24,820	29,291
Non-current receivables	63,312	54,750
Non-current deferred tax assets	17,158	10,497
Non-current prepayments and accrued income	13,192	8,992
Current assets	**179,162**	**282,259**
Deferred tax asset	1,850	8,511
Shares and in subordinated undertakings	0	24,500
Inventory	18,010	17,370
Prepayments and accrued income	14,629	9,331
Trade receivables	32,629	99,902
Other receivables	69,669	38,972
Financial assets held to maturity	7,838	14,199
Financial assets carried at fair value	19,271	34,369
Cash and short-term deposits	15,266	35,105
TOTAL ASSETS	**440,130**	**519,339**

All figures in PLN '000

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

BALANCE SHEET OF SOFTBANK SA (continued)

	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
EQUITY AND LIABILITIES		
Equity (attributable to the shareholders of the Parent Undertaking)	**173,181**	**143,527**
Share capital	22,491	22,491
Share premium	148,576	148,576
Unrealised net profit	14,478	8,428
Capital reserves	(3,837)	(3,837)
Retained earnings/ (deficit)	(32,131)	(27,413)
Profit/loss for reporting period	23,604	(4,718)
TOTAL EQUITY	**173,181**	**143,527**
Non-current liabilities	**84,594**	**85,703**
Non-current provisions	144	102
Non-current financial liabilities	71,382	76,212
Non-current deferred income	8,309	9,389
Other non-current liabilities	4,759	0
Current liabilities	**182,355**	**290,109**
Interest-bearing bank loans, borrowings and debt securities – current portion	89,830	99,796
Trade payables	20,631	114,365
Liabilities towards the state budget	1,843	6,737
Financial liabilities	8,753	12,818
Other liabilities	32,585	35,435
Provisions	567	5,112
Accrued expenses	7,390	6,292
Deferred income	20,756	9,554
TOTAL LIABILITIES	**266,949**	**375,812**
TOTAL EQUITY AND LIABILITIES	**440,130**	**519,339**

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

CONDENSED STATEMENT OF CHANGES IN EQUITY OF SOFTBANK SA

for the six months ended June 30th 2005 (unaudited)
and for the 12 months ended December 31st 2004 (unaudited)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Unrealised net profit	Revaluation capital reserve	Retained earnings/(deficit)	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at January 1st 2004	**22,491**	**148,576**	**0**	**(3,837)**	**(58,648)**	**108,582**
Net gain on financial assets available for sale	0	0	8,428	0	0	**8,428**
Profit/(loss) for the period Jan 1–Dec 31 2004					(4,718)	**(4,718)**
As at June 30th 2004	**22,491**	**148,576**	**8,428**	**(3,837)**	**(63,366)**	**112,292**
As at June 1st 2005	**22,491**	**148,576**	**8,428**	**(3,837)**	**(32,131)**	**143,527**
Net gain on financial assets available for sale	0	0	6,050	0	0	**6,050**
Profit/(loss) for the period January 1st – June 30th 2005					23,604	**23,604**
As at June 30th 2005	**22,491**	**148,576**	**14,478**	**(3,837)**	**(8,527)**	**173,181**

All figures in PLN '000

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

CONDENSED CASH-FLOW STATEMENT OF SOFTBANK SA

	Six months ended Jun 30 2005 (unaudited) PLN '000	Six months ended Jun 30 2004 (unaudited) PLN '000
Cash flows from operating activities		
Pre-tax profit/(loss)	23,758	12
Adjustments:	**(41,726)**	**(28,589)**
Depreciation and amortisation	2,747	2,577
Change in inventory	(640)	(17,283)
Change in receivables	37,390	(17,574)
Change in liabilities	(85,040)	(1,965)
Change in accruals and deferrals	1,723	(4,329)
Change in provisions	(4,505)	9,423
Interest income and expense	3,049	464
Foreign exchange gains (losses)	2,605	(1,633)
Profit (loss) on investment activities	110	1,731
Other	835	0
Net cash provided by operating activities	**(17,968)**	**(28,577)**
Interest paid	(3,355)	(501)
Net cash provided by/ (used in) operating activities	**(21,323)**	**(29,078)**
Cash flows from investing activities		
Disposal of property, plant and equipment	105	25
Disposal of financial assets held to maturity	5,968	6,002
Sale of shares in subsidiary undertakings	0	661
Acquisition of property, plant and equipment	(2,107)	(1,494)
Acquisition of intangible assets	(888)	(685)
Acquisition of financial assets held to maturity	0	(20,187)
Acquisition of subsidiary undertakings, net of cash acquired	(1,681)	(945)
Loans repaid	800	0
Loans advanced	(1,400)	(1,996)
Interest received	547	0
Dividends received	657	0
Other	599	16
Cash provided by forward transactions	8,849	0
Net cash provided by/(used in) investing activities	**11,449**	**(18,603)**
Cash flows from financing activities		
Incurred loans and borrowings	(11,542)	5,400
Repayment of loans and borrowings	0	(2,383)
Issue of debt securities	1,577	24,223
Net cash provided by/(used in) financing activities	**(9,965)**	**27,240**
Net increase in cash and cash equivalents	(19,839)	(20,441)
Cash and cash equivalents as at January 1st	35,105	23,631
Cash and cash equivalents as at June 30th	**15,266**	**3,190**

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

1. Transactions with Related Undertakings

Name	Softbank SA's sales to related undertakings				Softbank SA's purchases from related undertakings			
	Six months ended Jun 30 2005	Three months ended Jun 30 2005	Six months ended Jun 30 2004	Three months ended Jun 30 2004	Six months ended Jun 30 2005	Three months ended Jun 30 2005	Six months ended Jun 30 2004	Three months ended Jun 30 2004
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
Transactions with subsidiary undertakings								
Epsilio SA	0	0	3	3	62	0	101	6
Mediabank SA	43	25	3	3	9	8	16	3
ZUI Novum Sp. z o.o.	0	0	0	0	0	0	238	124
Sawan Grupa Softbank SA	28	0	2	2	1,153	450	209	209
Softbank Serwis Sp. z o.o.	199	7	568	253	4,169	2,036	8,045	2,830
Transactions with associated undertakings								
NetPower SA	2	1	0	0	0	0	0	0
Transactions with Parent Undertaking								
Prokom Software SA	1,155	935	312	226	2,306	1,211	35,598	14,485
Transactions with subsidiary undertakings of Prokom Software SA								
Combidata Poland Sp. z o.o.	0	0	0	0	77	77	0	0
MCCnet Sp. z o.o.	0	0	0	0	1	1	0	0
Safe Computing Sp. z o.o.	0	0	0	0	0	0	220	220
Spin SA	105	0	0	0	0	0	0	0
Transactions with associated undertakings of Prokom Software SA								
Comp SA	0	0	0	0	929	461	0	0
Enigma Systemy Ochrony Informacji Sp. z o.o.	0	0	0	0	2	2	0	0
Total transactions with related undertakings	**1,532**	**968**	**888**	**487**	**8,708**	**4,246**	**44,427**	**17,877**

All figures in PLN '000

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

1. Transactions with Related Undertakings (continued)

Name	Softbank SA's receivables		Softbank SA's liabilities	
	Jun 30 2005	Dec 31 2004	Jun 30 2005	Dec 31 2004
	PLN '000	PLN '000	PLN '000	PLN '000
Transactions with subsidiary undertakings				
Epsilio SA	0	81	0	25
Mediabank SA	40	0	10	3
Sawan Grupa Softbank SA	0	2	274	38
Softbank Serwis Sp. z o.o.	8	75	802	4,546
Transactions with associated undertakings				
NetPower SA	0	4	0	0
Transactions with Parent Undertaking				
Prokom Software SA	698	1,055	163	45,942
Transactions with subsidiary undertakings of Prokom Software SA				
ABG SA	0	0	381	0
Koma SA	0	0	0	1
Optix Polska Sp. z o.o.	0	0	10	10
Transactions with associated undertakings of Prokom Software SA				
Comp SA	0	0	10 451	12,273
Total transactions with related undertakings	**746**	**1,217**	**12,091**	**62,838**

The above transactions with related parties were executed at arm's length as part of the business activities of the Softbank Group's companies as defined in their respective articles of association.

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

1. Transactions with Related Undertakings (continued)

On July 1st 2005, Sawan Grupa Softbank SA and Softbank entered into an agreement on the sale of business, whereby Softbank acquired a set of tangible and intangible assets comprising the entire business of Sawan Grupa Softbank SA, as defined in Par. 55.1 of the Polish Civil Code, excluding the name Sawan Grupa Softbank SA. The selling price amounted to PLN 11,800,000, and was determined on the basis of a valuation prepared by an independent expert. As a result of the transaction Sawan Grupa Softbank SA discontinued its operations. The resources acquired by Softbank SA will continue to operate within that Company.

Off-Balance-Sheet Commitments and Liabilities Concerning Related Undertakings

Sureties issued by Softbank SA as at June 30th 2005:
- Surety for AWiM Mediabank SA's liabilities under an agreement for an investment loan of PLN 1,200 thousand. The amount outstanding under the loan was PLN 150 thousand as at June 30th 2005,
- Surety for Sawan Grupa Softbank SA's liabilities under the agreement of November 26th 2003, concerning the lease of office space, concluded between Sawan Grupa Softbank SA and KBP-1 Sp. z o.o. The surety was signed by Sawan Grupa Softbank SA, KBP-1 Sp. z o.o. and Softbank SA. The estimated value of the surety was PLN 5,291 thousand as at June 30th 2005,
- Surety for Softbank Serwis Sp. z o.o.'s liabilities under the agreement of February 26th 2004, concerning the construction of a structural network, concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o.o. The estimated value of the surety was PLN 7,272 thousand as at June 30th 2005.

Guarantees issued by Softbank SA as at June 30th 2005:
- Guarantee to secure repayment of a revolving working-capital loan of up to PLN 2,000 thousand, advanced by Bank BPH SA to Sawan Grupa Softbank SA. There was no amount outstanding under the loan as at June 30th 2005,
- -Guarantee to secure repayment of a current-account loan of up to PLN 300,000, advanced by Bank BPH SA to Sawan Grupa Softbank SA. There was no amount outstanding under the loan as at June 30th 2005.

All figures in PLN '000

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

1. Transactions with Related Undertakings (continued)

Other Off-Balance-Sheet Commitments and Liabilities towards Related Undertakings:	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
Commitment to advance a loan to Mediabank SA	40	40
Commitment to advance a loan to Sawan Grupa Softbank SA	200	300
Commitment to make a contribution relating to a share capital increase at Mediabank SA	300	0
TOTAL	**540**	**340**

2. Off-Balance Sheet Commitments and Liabilities towards Other Undertakings

In its commercial activities, Softbank SA uses bank guarantees and letters of credit, as well as contract performance insurance as security in business transactions with various organisations, companies and administration entities. As at June 30th 2005, the contingent liabilities stood at PLN 14,258 thousand, while as at December 31st 2004 – at PLN 26,849 thousand.

As at June 30th 2005 and December 31st 2004, Softbank SA was also party to a number of lease, tenancy or similar contracts, providing for the following future liabilities.

Liabilities under lease of space	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
Up to 1 year	2,435	2,191
From 1 to 5 years	2,631	3,438
Over 5 years	0	0
Total	**5,066**	**5,629**

Liabilities under operating lease of property, plant and equipment	Jun 30 2005 (unaudited) PLN '000	Dec 31 2004 (unaudited) PLN '000
Up to 1 year	584	322
From 1 to 5 years	863	174
Over 5 years	0	0
Total	**1,447**	**496**

All figures in PLN '000

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

3. Remuneration Paid or Due to the Members of the Executive Board and Supervisory Board of Softbank SA

	Six months ended Jun 30 2005 (unaudited)	Twelve months ended Dec 31 2004 (unaudited)
	PLN '000	PLN '000
Executive Board	4,140	14,907
Supervisory Board	139	178
Total	**4,279**	**15,085**

The remuneration paid to the members of Softbank SA's Supervisory Board who were also members of the Executive Board of Prokom Software SA amounted to PLN 34 thousand in the first two quarters of 2005.

4. Capital Expenditure

In Q2 2005, Softbank SA incurred capital expenditure of PLN 1,322 thousand, including PLN 1,022 thousand spent on non-current non-financial assets. The capital expenditure planned until the end of 2005 amounts to approx. PLN 134m, including:
- non-cash contributions (Series U1 and U2 Shares issue) in the amount of PLN 79m, to be used to finance the acquisition of shares in Koma SA and Incenti SA
- proceeds from the Series T share issue and own funds, to be used to finance the following:
  - acquisition of Gladstone – approx. PLN 31m
  - acquisition of shares in Comp Rzeszów SA – approx. PLN 10m
  - acquisition of business from Sawan Grupa Softbank SA – approx. PLN 9m
  - investments in property, plant and equipment – approx. PLN 4.5m
  - other – approx. PLN 0.5m.

All figures in PLN '000

KEY FINANCIAL INFORMATION FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

5. Effect of the Application of IFRS on the Comparable Data Presented in the Key Financial Information from the Non-Consolidated Financial Statements of Softbank SA

The table below sets forth the effect of individual differences between the previously applied (until the end of 2004) Polish Accounting Standards (PAS) and the International Financial Reporting Standards (IFRS) adopted as of January 1st 2005 on the equity as at December 31st 2004 and net profit for the six months ended June 30th 2004.

	Dec 31 2004 (unaudited)) PLN '000
Equity according to PAS	**164,501**
Non-current assets at fair value	2,630
Transfer of capitalised cost of issue to equity	(442)
Determination of fair value of revenue and costs and their valuation at amortised cost	(7,634)
Estimated provision for results on IT contracts, arising on disclosure of revenue and costs at fair value	(15,528)
Equity according to IFRS	**143,527**

	Six months ended Jun 30 2004 (unaudited) PLN '000
Net profit according to PAS	**(125)**
Non-current assets at fair value	(38)
Transfer of issue cost write-off to equity	126
Determination of fair value of revenue and costs and their valuation at amortised cost	105
Net profit according to IFRS	**68**