



SOFTBANK SPÓŁKA AKCYJNA

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

FOR THE 2ND QUARTER OF 2006

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

All figures in PLN thousands

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
OF THE SOFTBANK GROUP
FOR THE 2ND QUARTER OF 2006**

| Table of contents | Page |
|--|-------------|
| FINANCIAL HIGHLIGHTS | 3 |
| CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT | 4 |
| CONDENSED CONSOLIDATED BALANCE SHEET | 5 |
| CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY | 7 |
| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS..... | 8 |
| CONDENSED INFORMATION ON THE BUSINESS SEGMENTS | 9 |
| PERFORMANCE OF THE SOFTBANK GROUP | 12 |
| GENERAL INFORMATION | 15 |
| NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS..... | 20 |
| KEY FINANCIAL DATA FROM THE NON-CONSOLIDATED FINANCIAL STATEMENTS OF SOFTBANK SA | 46 |

These financial statements comprise 52 pages numbered consecutively from 1 to 52.

These condensed consolidated financial statements were approved by the Management Board of Softbank SA on 8 August 2006.

Management Board:

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

Person responsible for maintaining the accounting books:

| | |
|------------------|------------------|
| Mirosława Janusz | Chief Accountant |
|------------------|------------------|

All figures in PLN thousands

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
OF THE SOFTBANK GROUP
FOR THE 2ND QUARTER OF 2006**

FINANCIAL HIGHLIGHTS

| | PLN '000 | | EUR '000 | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months ended 30 June 2006 | 6 months ended 30 June 2005 | 6 months ended 30 June 2006 | 6 months ended 30 June 2005 |
| I. Sales revenues | 216,597 | 174,092 | 55,535 | 42,664 |
| II. Operating profit | 17,716 | 23,308 | 4,542 | 5,712 |
| III. Pre-tax profit | 20,542 | 21,649 | 5,267 | 5,305 |
| IV. Profit for the period reported | 17,973 | 19,486 | 4,608 | 4,775 |
| - profit attributable to the shareholders of the Parent Company | 15,241 | 19,071 | 3,908 | 4,674 |
| V. Net cash provided by (used in) operating activities | (2,311) | (20,533) | (593) | (5,032) |
| VI. Net cash provided by (used in) investing activities | (3,391) | 8,914 | (869) | 2,185 |
| VII. Net cash provided by (used in) financing activities | (21,181) | (12,141) | (5,431) | (2,975) |
| VIII. Cash and cash equivalents at the end of period | 35,257 | 23,584 | 8,720 | 5,837 |
| IX. Earnings per ordinary share attributable to the Shareholders of Softbank SA (in PLN/EUR) - basic | 0.63 | 0.91 | 0.16 | 0.22 |
| X. Earnings per ordinary share attributable to the Shareholders of Softbank SA (in PLN/EUR) - diluted | 0.62 | 0.76 | 0.16 | 0.19 |

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

- the condensed consolidated profit and loss account and cash flow statement items were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month in a given quarter. The rates were as follows:
 - for the period from 1 January to 30 June 2006: EUR 1 = PLN 3.9002
 - for the period from 1 January to 30 June 2005: EUR 1 = PLN 4.0805
- the Group's cash and cash equivalents as at the end of period reported and the corresponding period of the previous year have been translated into Euro at the mid exchange rates as published by the National Bank of Poland on 30 June 2006 and 30 June 2005. The rates were as follows:
 - exchange rate effective on 30 June 2006: EUR 1 = PLN 4.0434
 - exchange rate effective on 30 June 2005: EUR 1 = PLN 4.0401

All figures in PLN thousands

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT THE SOFTBANK GROUP

| | Note no. | 6 months ended 30 June 2006 | 3 months ended 30 June 2006 | 6 months ended 30 June 2006 | 3 months ended 30 June 2005 |
|--|---|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|
| | in Supplemen- tary Information | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Operating activities | | | | | |
| Sales revenues | | 216,597 | 113,858 | 174,092 | 78,521 |
| Sales of products and services | 1 | 161,003 | 87,865 | 107,547 | 55,330 |
| Sales of merchandise and materials | 1 | 55,594 | 25,993 | 66,545 | 23,191 |
| Cost of sales | | (160,738) | (83,609) | (138,659) | (59,836) |
| Cost of products and services sold (-) | 2 | (111,987) | (60,922) | (78,283) | (38,803) |
| Cost of merchandise and materials sold (-) | 2 | (48,751) | (22,687) | (60,376) | (21,033) |
| Gross profit on sales | | 55,859 | 30,249 | 35,433 | 18,685 |
| Selling expenses (-) | 2 | (8,708) | (3,752) | (5,062) | (2,559) |
| General administrative expenses (-) | 2 | (29,645) | (18,452) | (19,041) | (9,977) |
| Net profit on sales | | 17,506 | 8,045 | 11,330 | 6,149 |
| Other operating income | | 723 | 280 | 12,487 | 12,267 |
| Other operating expenses (-) | | (513) | (364) | (509) | (324) |
| Operating profit | | 17,716 | 7,961 | 23,308 | 18,092 |
| Other activities | | | | | |
| Financial income | 3 | 22,034 | 10,508 | 25,698 | 20,918 |
| Financial expenses (-) | 3 | (22,089) | (9,913) | (27,357) | (21,972) |
| Share in the profit of associated company | | 2,881 | 1,353 | 0 | 0 |
| Pre-tax profit | | 20,542 | 9,909 | 21,649 | 17,038 |
| Corporate income tax (current and deferred portions) | | 1,428 | 459 | 960 | 368 |
| Net profit on ordinary activities | | 19,114 | 9,450 | 20,689 | 16,670 |
| Discontinued operations | | | | | |
| Loss on discontinued operations for the period reported | 4 | (1,141) | (494) | (1,203) | (410) |
| Profit for the period reported | | 17,973 | 8,956 | 19,486 | 16,260 |
| Attributable to: | | 17,973 | 8,956 | 19,486 | 16,260 |
| Shareholders of the Parent Company | | 15,241 | 7,736 | 19,071 | 16,149 |
| Minority Shareholders | | 2,732 | 1,220 | 415 | 111 |
| Consolidated earnings per share attributable to the Shareholders of Softbank SA (in PLN) | | | | | |
| Earnings per share from consolidated net profit on continued operations for the period reported attributable to the Shareholders of Softbank SA (in PLN) - basic | | 0.63 | 0.32 | 0.91 | 0.77 |
| Earnings per share from consolidated net profit on continued operations for the period reported attributable to the Shareholders of Softbank SA (in PLN) - diluted | | 0.62 | 0.32 | 0.76 | 0.64 |

All figures in PLN thousands

CONDENSED CONSOLIDATED BALANCE SHEET THE SOFTBANK GROUP

| | Note no. in Supplemen- tary Information | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
|--|---|--------------------------|------------------------------|
| ASSETS | | | |
| Fixed assets | | 297,275 | 319,302 |
| Property, plant and equipment | | 35,573 | 37,215 |
| Intangible assets | | 12,585 | 14,206 |
| Consolidation goodwill | 5 | 55,252 | 60,370 |
| Investments in associated companies valued under the equity method | 6 | 87,773 | 86,308 |
| Financial assets valued at fair value through profit or loss | 8 | 31,844 | 35,333 |
| Long-term receivables | | 49,938 | 57,734 |
| Deferred income tax assets | | 20,434 | 20,617 |
| Long-term deferred expenses | | 3,876 | 7,519 |
| Current assets | | 255,061 | 353,326 |
| Inventories | | 18,494 | 20,171 |
| Deferred expenses | | 13,859 | 13,940 |
| Trade accounts receivable | | 80,824 | 166,296 |
| Corporate income tax recoverable | | 184 | 286 |
| Receivables from the State budget | | 141 | 101 |
| Other receivables | | 56,939 | 52,713 |
| Financial assets held to maturity | 7 | 30,761 | 17,388 |
| Financial assets valued at fair value through profit or loss | 8 | 18,602 | 20,291 |
| Cash and short-term deposits | | 35,257 | 62,140 |
| Assets classified as held for sale | 4 | 2,575 | 0 |
| TOTAL ASSETS | | 554,911 | 672,628 |

All figures in PLN thousands

CONDENSED CONSOLIDATED BALANCE SHEET
THE SOFTBANK GROUP
(continued)

| | Note no. in Supplemen- tary Information | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
|--|---|--------------------------|------------------------------|
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' Equity (attributable to the shareholders of the Parent Company) | | 281,150 | 281,586 |
| Share capital | | 25,175 | 25,175 |
| Share premium | | 253,151 | 253,151 |
| Capital from bonds convertible to shares | | 1,409 | 801 |
| Foreign currency translation differences on subsidiary companies | | 80 | 254 |
| Retained earnings (deficit) and current net profit | | 1,335 | 2,205 |
| Minority interests | | 7,093 | 4,383 |
| Total shareholders equity | | 288,243 | 285,969 |
| Long-term liabilities | | 77,621 | 93,561 |
| Long-term reserves | | 737 | 973 |
| Long-term financial liabilities | 2 | 69,748 | 76,038 |
| Long-term deferred income | | 7,117 | 11,635 |
| Other long-term liabilities | | 19 | 4,915 |
| Current liabilities | | 185,918 | 293,098 |
| Interest-bearing bank credits, loans and debt securities | 10 | 18,850 | 40,194 |
| Trade accounts payable | | 36,947 | 141,359 |
| Corporate income tax payable | | 2,209 | 3,404 |
| Liabilities to the State budget | | 4,833 | 10,466 |
| Financial liabilities | 2 | 39,180 | 20,363 |
| Other liabilities | | 53,724 | 47,753 |
| Reserves | | 569 | 692 |
| Accrued expenses | | 15,422 | 17,162 |
| Deferred income | | 14,184 | 11,705 |
| Liabilities directly related to assets classified as held for sale | 4 | 3,129 | 0 |
| TOTAL LIABILITIES | | 266,668 | 386,659 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 554,911 | 672,628 |

All figures in PLN thousands

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY THE SOFTBANK GROUP

for 6 months ended 30 June 2006
and for 12 months ended 31 December 2005

| | Share capital PLN '000 | Share premium PLN '000 | Unrealized net profit on financial assets available for sale PLN '000 | Capital from bonds convertible to shares PLN '000 | Foreign currency translation differences on subsidiary companies PLN '000 | Retained earnings (deficit) and current net profit PLN '000 | Total PLN '000 | Minority interests PLN '000 | Total shareholder s equity PLN '000 |
|---|---------------------------|---------------------------|--|---|--|--|-------------------|-----------------------------------|--|
| As at 1 January 2006 | 25,175 | 253,151 | 0 | 801 | 254 | 2,205 | 281,586 | 4,383 | 285,969 |
| For the period from 1 January 2006 to 30 June 2006 | | | | | | 15,241 | 15,241 | 2,732 | 17,973 |
| Foreign currency translation differences on subsidiary companies | | | | | (174) | | (174) | (22) | (196) |
| Motivational program for the employees of Softbank SA | | | | 608 | | | 608 | | 608 |
| Declared dividend for the year 2005 | | | | | | (16,111) | (16,111) | | (16,111) |
| As at 30 June 2006 | 25,175 | 253,151 | 0 | 1,409 | 80 | 1,335 | 281,150 | 7,093 | 288,243 |
| As at 1 January 2005 | 20,951 | 148,525 | 6,826 | 801 | 0 | (39,862) | 137,241 | 3,497 | 140,738 |
| Issuance of shares | 4,224 | 104,626 | | | | | 108,850 | | 108,850 |
| Net profit for the period from 1 January 2005 to 31 December 2005 | | | | | | 42,067 | 42,067 | 3,204 | 45,271 |
| Reclassification of financial assets from available for sale to investments in associated companies | | | (6,826) | | | | (6,826) | | (6,826) |
| Changes in the Group structure | | | | | | | 0 | (2,318) | (2,318) |
| Foreign currency translation differences on subsidiary companies | | | | | 254 | | 254 | | 254 |
| As at 31 December 2005 | 25,175 | 253,151 | 0 | 801 | 254 | 2,205 | 281,586 | 4,383 | 285,969 |

All figures in PLN thousands

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

THE SOFTBANK GROUP

| | 6 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 |
|---|--|--|
| Cash flows – operating activities | | |
| Pre-tax profit | 19,401 | 20,446 |
| Total adjustments: | (18,220) | (37,223) |
| Share in net profit of companies valued under the equity method | (2,881) | 0 |
| Depreciation and amortisation | 6,776 | 4,186 |
| Change in inventories | 1,649 | 284 |
| Change in receivables | 83,519 | 52,349 |
| Change in liabilities | (101,451) | (93,160) |
| Change in deferred and accrued expenses | 37 | 2,788 |
| Change in reserves | (358) | (7,370) |
| Interest income and expense | 1,253 | 2,652 |
| Gain (loss) on foreign exchange differences | (7,187) | 2,021 |
| Gain (loss) on investing activities | 501 | (1,339) |
| Other | (78) | 366 |
| Net cash from operating activities | 1,181 | (16,777) |
| Interest paid | (1,422) | (3,493) |
| Income tax paid | (2,070) | (263) |
| Net cash provided by (used in) operating activities | (2,311) | (20,533) |
| Cash flows – investing activities | | |
| Disposal of property, plant and equipment | 404 | 186 |
| Disposal of financial assets held to maturity | 571 | 5,968 |
| Acquisition of property, plant and equipment | (3,352) | (2,436) |
| Acquisition of intangible assets | (651) | (1,146) |
| Acquisition of financial assets held to maturity | (13,514) | (3,000) |
| Acquisition of subsidiary and associated companies less cash taken over | (82) | (1,263) |
| Interest received | 276 | 553 |
| Dividends received | 1,244 | 657 |
| Other items | 4 | 593 |
| Cash provided by forward transactions | 11,709 | 8,802 |
| Net cash provided by (used in) investing activities | (3,391) | 8,914 |
| Cash flows – financing activities | | |
| Finance lease commitments paid | 0 | (49) |
| Bank credits and loans contracted | 3,817 | 0 |
| Bank credits and loans paid back | (11,322) | (13,669) |
| Redemption of debt securities issued | (13,676) | 0 |
| Cash provided by issuance of debt securities | 0 | 1,577 |
| Other | | |
| Net cash provided by (used in) financing activities | (21,181) | (12,141) |
| Net decrease in cash and cash equivalents | (26,883) | (23,760) |
| Cash and cash equivalents as at 1 January | 62,140 | 47,344 |
| Cash and cash equivalents as at 30 June | 35,257 | 23,584 |

All figures in PLN thousands

CONDENSED INFORMATION ON THE BUSINESS SEGMENTS THE SOFTBANK GROUP

| For current period - 6 months of 2006 and as at 30 June 2006 | Implementation operations - continued PLN '000 | Media operations - discontinued PLN '000 | Total operations PLN '000 |
|--|---|---|----------------------------------|
| Sales revenues | | | |
| for the period from 1 January to 30 June 2006 | | | |
| External sales | 222,476 | 3,445 | 225,921 |
| Intersegment sales | (5,879) | 0 | (5,879) |
| Total segment's revenue | 216,597 | 3,445 | 220,042 |
| Profit (loss) | | | |
| Segment's profit (loss) | 17,506 | (1,150) | 16,356 |
| Profit on continued operations before financial expenses and taxation | 17,716 | (1,135) | 16,581 |
| Net financial expenses | (55) | (6) | (61) |
| Share in the profits of associated companies | 2,881 | 0 | 2,881 |
| Profit before taxation and minority interests | 20,542 | (1,141) | 19,401 |
| Income tax (tax expense) | 1,428 | 0 | 1,428 |
| Net profit (loss) for the financial year | 19,114 | (1,141) | 17,973 |
| Assets and liabilities | | | |
| and as at 30 June 2006 | | | |
| Segment's assets | 464,563 | 2,575 | 467,138 |
| Investments in associated companies | 87,773 | | 87,773 |
| Segment's liabilities | 263,539 | 3,129 | 266,668 |
| Other information on the segments | | | |
| for the period from 1 January to 30 June 2006 | | | |
| Capital expenditures | (3,894) | (191) | (4,085) |
| Depreciation and amortisation | (6,691) | (85) | (6,776) |

All figures in PLN thousands

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

| For prior period - 6 months of 2005 and as at 31 December 2005 | Implementation operations - continued PLN '000 | Media operations - discontinued PLN '000 | Total operations PLN '000 |
|---|---|---|----------------------------------|
| Sales revenues | | | |
| for the period from 1 January to 30 June 2005 | | | |
| External sales | 179,336 | 2,931 | 182,267 |
| Intersegment sales | (5,244) | 0 | (5,244) |
| Total segment's revenue | 174,092 | 2,931 | 177,023 |
| Profit (loss) | | | |
| Segment's profit (loss) | 11,330 | (1,149) | 10,181 |
| Profit on continued operations before financial income and expenses and taxation | 23,308 | (1,142) | 22,166 |
| Net financial income and expenses | (1,659) | (61) | (1,720) |
| Profit before taxation and minority interests | 21,649 | (1,203) | 20,446 |
| Income tax (tax expense) | 960 | 0 | 960 |
| Net profit (loss) for the financial year | 20,689 | (1,203) | 19,486 |
| Assets and liabilities | | | |
| as at 31 December 2005 | | | |
| Segment's assets | 584,388 | 1,932 | 586,320 |
| Investments in associated companies | 86,308 | 0 | 86,308 |
| Segment's liabilities | 384,734 | 1,925 | 386,659 |
| Other information on the segments | | | |
| for the period from 1 January to 30 June 2005 | | | |
| Capital expenditures | (4,766) | (79) | (4,845) |
| Depreciation and amortisation | (4,041) | (145) | (4,186) |

All figures in PLN thousands

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

In the current reporting period and in the corresponding period of the previous year, the Softbank Group generated over 90% of its sales revenues on the Polish market, with exports accounting for only a marginal part of the Group's turnover. Therefore, the division of the Group's operations by geographic regions was not presented.

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

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

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

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

Media operations:

- operating a radio station.

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

All figures in PLN thousands

PERFORMANCE OF THE SOFTBANK GROUP

In Q1 2006 the Softbank Group's sales revenues amounted to PLN 113,858 thousand and they increased by 45.0% as compared with the prior year's corresponding period. Higher sales resulted chiefly from extending the Group with new undertakings. In 2005 Softbank SA made acquisitions of three companies: Koma SA in the 3rd quarter 2005 (in January 2006 this company was merged with Softbank Serwis Sp. z o.o.), Incenti SA and Gladstone Consulting Ltd. in the 4th quarter 2005. The financial results of those companies were included in Q2 2006 under full consolidation method. Sales of the Parent Company increased by PLN 4.8 million in Q2 2006.

| Sales revenues by sector | 6 months | 3 months | 6 months | 3 months |
|--------------------------|----------------|----------------|----------------|---------------|
| | ended | ended | ended | ended |
| | 30 June 2006 | 30 June 2006 | 30 June 2005 | 30 June 2005 |
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Banking and finance | 129,656 | 65,713 | 140,059 | 60,917 |
| Public institutions | 40,585 | 24,876 | 19,298 | 10,733 |
| Other sectors | 46,356 | 23,269 | 14,735 | 6,871 |
| Total: | 216,597 | 113,858 | 174,092 | 78,521 |

| Sales revenues by sector (%) | 6 months | 3 months | 6 months | 3 months |
|------------------------------|---------------|---------------|---------------|---------------|
| | ended | ended | ended | ended |
| | 30 June 2006 | 30 June 2006 | 30 June 2005 | 30 June 2005 |
| | % | % | % | % |
| Banking and finance | 59.9% | 57.7% | 80.5% | 77.6% |
| Public institutions | 18.7% | 21.8% | 11.1% | 13.7% |
| Other sectors | 21.4% | 20.5% | 8.4% | 8.7% |
| Total: | 100.0% | 100.0% | 100.0% | 100.0% |

In Q1 2006 the Softbank Group's sales revenues from the banking sector increased by 7.9%, however their share in the turnover decreased to 57.7%. Such lower share was observed because the Softbank Group consolidated new companies which sell their services and products to other sectors of economy but also due to higher sales of Softbank SA to the public sector.

The largest contracts which made up sales to the banking sector in Q2 2006 were: implementation work related to ZSI System, supply of hardware and software for ZORBA-3000 System, implementation and modification work on other systems being implemented at PKO BP, such as: the Central Support System, Bankart System, servicing and maintenance of the Cash Circulation Monitoring System at Bank Pekao SA, as well as implementation of bank risk management systems based on the Fermat application.

Also other companies of the Group provided their products and services to the banking sector clients. Here, the companies Novum Sp. z o.o. and Gladstone Consulting Ltd. generated sales of PLN 3,980 thousand and PLN 5,417 thousand respectively.

In Q2 2006, in the public administration sector the Softbank Group recorded a turnover of PLN 24,876 thousand, i.e. an increase of 131.8% year on year. Substantial increase of sales in comparison with the last year resulted from consolidating Koma SA in the 3rd quarter 2005 (in January 2006 this company was merged with Softbank Serwis Sp. z o.o.) as well as from doubled revenues from execution of the Central Register of Vehicles and Drivers (CEPiK) contract. In Q2 2006 the Softbank SA developed an application for district authorities, provided a new functionality in the CEPiK Database enabling analysis of data gathered within the system, and implemented an application for the City Guard and debt collectors giving access to the CEPiK data through an Internet portal. Concurrently Softbank SA launched the Temporary Backup Centre in order to extend the availability of the CEPiK information system to institutional users (Police, Polish Security Printing Works etc.) as well as executed a pilot implementation of the application for Vehicle Inspection Stations.

All figures in PLN thousands

PERFORMANCE OF THE SOFTBANK GROUP (continued)

In Q2 2006 the Group performed also smaller contracts concluded with the public sector customers, including the Social Security Office (ZUS) and the Supreme Chamber of Control.

| Consolidated financial results of the Softbank Group | 6 months | 3 months | 6 months | 3 months |
|---|---------------|--------------|---------------|---------------|
| | ended | ended | ended | ended |
| | 30 June 2006 | 30 June 2006 | 30 June 2005 | 30 June 2005 |
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Sales revenues | 216,597 | 113,858 | 174,092 | 78,521 |
| Gross profit on sales | 55,859 | 30,249 | 35,433 | 18,685 |
| Operating profit | 17,716 | 7,961 | 23,308 | 18,092 |
| Net profit attributable to the Shareholders of Softbank SA | 15,241 | 7,736 | 19,071 | 16,149 |

| Key profitability ratios of the Softbank Group [%] | 6 months | 3 months | 6 months | 3 months |
|--|--------------|--------------|--------------|--------------|
| | ended | ended | ended | ended |
| | 30 June 2006 | 30 June 2006 | 30 June 2005 | 30 June 2005 |
| | % | % | % | % |
| Gross margin on sales | 25.8% | 26.6% | 20.4% | 23.8% |
| Operating profit margin | 8.2% | 7.0% | 13.4% | 23.0% |
| Net profit margin | 7.0% | 6.8% | 11.0% | 20.6% |

In Q2 2006 the Softbank Group recorded a 61.9% increase in the gross profit on sales as compared with that year ago. The dynamics of growth in profits was much higher than of growth in sales revenues thanks to higher margins on sales. Gross margin on sales was also enhanced by increased sales of products (+58.8% year on year) inclusive of higher sales of own software (+73.4% year on year). Hence, the gross margin rose from 23.8% in Q2 2005 to 26.6% in Q2 2006.

In the period reported selling expenses and general administrative costs aggregated at PLN 22,204 thousand (+77.1% year on year), yet despite their sizeable growth the Group managed to increase its net profit on sales to PLN 8,045 thousand or by 30.8% year on year. The Group operating profit decreased by 56.0% over a year due to the very high level of operating profit in Q2 2005 which was then a consequence of the received reimbursement of the flat-rate income tax of PLN 11,294 thousand. Excluding the income tax reimbursement, in Q2 2006 the operating profit would rise by 17.1% year on year.

The Softbank Group pre-tax profit was higher than operating profit by PLN 1,948 thousand, and it was directly influenced by: including, under the equity method, 22% of net profit of the associated company – Asseco Poland SA as well as slightly positive balance of financial income and expenses.

In Q2 2006, the Softbank Group net profit (attributable to the shareholders of Softbank SA) amounted to PLN 7,736 thousand and was by 52.1% lower than in the corresponding period of 2005; however, if the mentioned-above income tax reimbursement in 2005 was not considered, the Q2 2006 net profit would show an increase of 59.3%.

Such positive result followed from high net profit cleared by Softbank SA (PLN 6,725 thousand – without consolidation eliminations) as well as by subsidiary companies: Incenti SA, Gladstone Consulting Ltd and Novum Sp. z o.o., whose aggregate net profits amounted to PLN 1,745 thousand (without consolidation eliminations) in Q2 2006.

The financial results of those companies for Q2 2006 have been presented in item 12 in the Explanatory Notes.

All figures in PLN thousands

PERFORMANCE OF THE SOFTBANK GROUP (continued)

Key factors with impact on the Group's performance in Q2 2006

- revaluation write-down on goodwill decreased the result on operating activities by PLN 4,800 thousand,
- write-down on merchandise in inventory decreased the result on operating activities by PLN 473 thousand,
- change in profitability of the executed IT contracts resulted in an increase of the result on operating activities by PLN 4,907 thousand,
- gains/(losses) on change in the fair value of the embedded financial derivatives in the amount of PLN 5,411 thousand increased the result on financing activities,
- income from execution of forward contracts for purchase/sale of Euro and US dollars amounting to PLN 3,495 thousand increased the result on financing activities,
- excess of foreign exchange negative differences over positive ones of PLN 4,157 thousand decreased the result on financing activities,
- loss on change in fair value of the concluded forward contracts for purchase/sale of Euro and US dollars amounting to PLN 3,739 thousand decreased the result on financing activities,

All figures in PLN thousands

GENERAL INFORMATION

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

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

Softbank SA is the Parent Company of the Softbank Group. Prokom Software SA is the parent company of Softbank SA. This results from exercising control over the Issuer's operating activities. As at 30 June 2006, Prokom Software SA held 34.26 % of Softbank SA shares which entitled them to the proportional voting interest at the General Meeting of Shareholders.

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

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

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

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

These condensed consolidated financial statements cover the interim period ended 30 June 2006 and contain comparable data for the interim period ended 30 June 2005 in case of the profit and loss account and cash flow statement, and as at 31 December 2005 in case of the balance sheet.

On 9 June 2006 the General Meeting of Shareholders, based on the Management Board motion opinionated positively by the Supervisory Board, decided that 30% of the Company's net profit, i.e. PLN 16,112 thousand shall be appropriated for payment of a dividend of PLN 0.64 per share. The dividend right was acquired by the shareholders who owned the Company's shares on 30 June 2006. Subsequently, the dividend was paid out on 17 July 2006.

All figures in PLN thousands

GENERAL INFORMATION (continued)

Basis for Preparation of Condensed Consolidated Financial Statements

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

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

Compliance Statement

These condensed consolidated financial statements were prepared in accordance with the assumptions of IAS 34 "Interim Financial Reporting". The Group applied the International Financial Reporting Standards (IFRS, IAS) as were effective as at 30 June 2006.

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

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

Estimates

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

Operating cash flows assumed for valuation of IT contracts

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

Deferred income tax assets (net of reserves)

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

All figures in PLN thousands

GENERAL INFORMATION (continued)

Professional judgement

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

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

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

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

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

Changes in data for Q2 2005

Discontinued operations

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

Changes in adopted accounting principles

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

Such change resulted in an increase of sales of products for Q2 2005 by PLN 16,023 thousand, which was offset by decreasing the sales of merchandise and materials by the same amount. Analogically, the cost of products sold increased by PLN 14,442 thousand, which was offset by decreasing the cost of merchandise and materials sold.

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

This change resulted in a decrease of profit on sales for Q2 2005 by the amount of PLN 323 thousand.

All figures in PLN thousands

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

As at 30 June 2006 and 31 December 2005, the Company's Management Board was composed of the following persons:

| First name and surname | Position |
|-------------------------------|-----------------------------------|
| Krzysztof Korba | President of the Management Board |
| Przemysław Borzestowski | Member of the Management Board |
| Piotr Jeleński | Member of the Management Board |
| Przemysław Sęczkowski | Member of the Management Board |
| Robert Smułkowski | Member of the Management Board |

As at 30 June 2006 and 31 December 2005, the Company's Supervisory Board was composed of the following persons:

| First name and surname | Position |
|-------------------------------|-----------------------------------|
| Ryszard Krauze | Chairman of the Supervisory Board |
| Marek Jakubik | Member of the Supervisory Board |
| Stanisław Janiszewski | Member of the Supervisory Board |
| Piotr Mondalski | Member of the Supervisory Board |
| Maria Zagrajek | Member of the Supervisory Board |

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

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

Major shareholders in Softbank SA according to information available as at 30 June 2006

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

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

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

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

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

All figures in PLN thousands

GENERAL INFORMATION (continued)

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

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

| Members of the Supervisory Board | Number of shares | |
|---|--------------------------|----------------------------|
| | as at 11 May 2006 | as at 8 August 2006 |
| Ryszard Krauze | 0 | 0 |
| Marek Jakubik | 0 | 0 |
| Stanisław Janiszewski | 1,600 | 1,600 |
| Piotr Mondalski | 0 | 0 |
| Maria Zagrajek | 0 | 0 |
| | | |
| Members of the Management Board | Number of shares | |
| | as at 11 May 2006 | as at 8 August 2006 |
| Krzysztof Korba | 0 | 0 |
| Przemysław Borzestowski | 0 | 0 |
| Piotr Jeleński | 0 | 0 |
| Przemysław Sęczkowski | 0 | 0 |
| Robert Smułkowski | 1,500 | 1,500 |

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

1. Breakdown of sales revenues

Sales of products and services

| | 6 months ended 30 June 2006 | 3 months ended 30 June 2006 | 6 months ended 30 June 2005 | 3 months ended 30 June 2005 |
|------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Software and implementations | 102,870 | 54,549 | 57,827 | 31,450 |
| Maintenance services | 53,103 | 28,715 | 49,265 | 23,880 |
| Hardware | 5,030 | 4,601 | 455 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Total | 161,003 | 87,865 | 107,547 | 55,330 |

Sales of merchandise and materials

| | 6 months ended 30 June 2006 | 3 months ended 30 June 2006 | 6 months ended 30 June 2005 | 3 months ended 30 June 2005 |
|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Hardware | 39,708 | 20,356 | 9,616 | 3,044 |
| Software and licences | 15,886 | 5,637 | 56,929 | 20,147 |
| Total | 55,594 | 25,993 | 66,545 | 23,191 |

Software and implementations of IT systems generated the most (i.e. 62.1%) of the Group's sales of products and services in Q2 2006. Those sales of software and implementations increased by 73.5% over a year's time due to consolidation of the results of Gladstone Consulting Ltd. (100% sales of which are constituted by own services) and Incenti SA (most sales of which are implementations and outsourcing services). Furthermore, in Q2 2006 Softbank SA conducted sales of software for brokerage houses, namely Promak (Softbank SA purchased the copyrights to this software in December 2005).

The remaining part of product and service sales were revenues from maintenance services. The value of maintenance services provided during Q2 2006 amounted to PLN 28,715 thousand, i.e. 20.3% more than in Q2 last year.

With its 78.3% share, hardware contributed the most to the Group's sales of merchandise and materials in Q2 2006. Sales of hardware rose substantially as a result of acquisition of two companies in Q3 2005, namely Koma SA (merged with Softbank Serwis Sp. z o.o. in January 2006) and Koma Nord Sp. z o.o., whose major part of sales are constituted by computer hardware.

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

Such change resulted in an increase of sales of products for Q2 2005 by PLN 16,023 thousand, which was offset by decreasing the sales of merchandise and materials by the same amount.

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

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

2. Breakdown of operating expenses

| | 6 months ended 30 June 2006 PLN '000 | 3 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 | 3 months ended 30 June 2005 PLN '000 |
|---|---|---|---|---|
| Cost of merchandise and materials sold (-) | [(48,751)] | (22,687) | (60,376) | (21,033) |
| Materials and energy used (-) | (7,581) | (4,914) | (4,794) | (3,031) |
| Third party work (-) | (57,505) | (29,587) | (40,239) | (21,595) |
| Salaries (-) | (50,891) | (25,573) | (40,304) | (20,648) |
| Employee benefits (-) | (8,375) | (3,941) | (6,014) | (2,232) |
| Depreciation and amortisation (-) | (6,776) | (3,334) | (4,186) | (1,939) |
| Taxes and charges (-) | (862) | (490) | (329) | (90) |
| Business trips (-) | (1,463) | (718) | (1,145) | (578) |
| Other (-) | (521) | (2,462) | (3,272) | 28 |
| Cost of software purchased in connection with implementation of IT systems (-) | (11,378) | (6,532) | (1,388) | (600) |
| Cost of hardware purchased for implementation of IT systems (-) | (5,178) | (4,644) | (447) | (84) |
| Total | (199,281) | (104,882) | (162,494) | (71,802) |
| Changes in inventories, products and deferred expenses | (190) | 931 | 268 | 570 |
| Selling expenses (-) | (8,708) | (3,752) | (5,062) | (2,559) |
| General administrative expenses (-) | (29,645) | (18,452) | (19,041) | (9,977) |
| Cost of products sold (-) | (111,987) | (60,922) | (78,283) | (38,803) |

On the basis of current estimates, in Q2 2006 the Softbank Group recognised changes in the profitability of performed long-term IT contracts which decreased the cost of products sold by PLN 4,907 thousand.

Additionally, in Q2 2006 the Group made the following significant write-downs which increased the operating costs:

- revaluation write-down on goodwill of PLN 4,800 thousand,
- write-down on merchandise in inventory of PLN 473 thousand.

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

The change resulted in an increase of cost of products sold for Q2 2005 by PLN 14,442 thousand, which was offset by decreasing the cost of merchandise and materials sold by the same amount.

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

This change resulted in a decrease of profit on sales for Q2 2005 by the amount of PLN 323 thousand.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

3. Financial income and expenses

Financial income

| | 6 months ended 30 June 2006 PLN '000 | 3 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 | 3 months ended 30 June 2005 PLN '000 |
|---|---|---|---|---|
| Interest income on loans granted, debt securities and bank deposits | 689 | 236 | 706 | 330 |
| Other interest income | 1,900 | 612 | 5,463 | 3,759 |
| Gain on foreign exchange differences | 241 | 103 | 616 | 441 |
| Dividends received from unrelated companies | 0 | 0 | 811 | 811 |
| Gain on disposal of equity investments in related companies | 0 | 0 | 399 | 0 |
| Gain on valuation of equity investments | 166 | 166 | 46 | 0 |
| Other financial income | 63 | 58 | 600 | 0 |
| Total financial income (at historical value) | 3,059 | 1,175 | 8,641 | 5,341 |
| Gain on change in fair value of embedded currency derivatives | 6,129 | 5,602 | 0 | 0 |
| Gain on exercise of currency derivatives – forward contracts | 11,709 | 3,495 | 8,208 | 6,818 |
| Gain on change in fair value of currency derivatives – forward contracts | 0 | 0 | 8,849 | 8,759 |
| Change in valuation of the stock option for acquisition of Asseco Poland SA | 1,137 | 236 | 0 | 0 |
| Total financial income | 22,034 | 10,508 | 25,698 | 20,918 |

Financial expenses

| | 6 months ended 30 June 2006 PLN '000 | 3 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 | 3 months ended 30 June 2005 PLN '000 |
|---|---|---|---|---|
| Interest expense on bank credits and current account credits (-) | (520) | (259) | (1,518) | (678) |
| Other interest expenses (-) | (2,073) | (1,295) | (605) | (209) |
| Interest on short-term commercial papers (-) | (165) | 0 | (1,542) | (823) |
| Loss on foreign exchange differences (-) | (10,105) | (4,260) | (3,025) | (1,951) |
| Loss on valuation of equity investments | (134) | (134) | (476) | (367) |
| Financial expenses of financial leasing and lease agreements with purchase option (-) | 0 | 0 | (7) | 0 |
| Other financial expenses (-) | (59) | (35) | (224) | (138) |
| Total financial expenses (at historical cost) | (13,056) | (5,983) | (7,397) | (4,166) |
| Loss on change in fair value of embedded currency derivatives (-) | (2,615) | (191) | (19,960) | (17,806) |
| Loss on change in fair value of currency derivatives – forward contracts (-) | (6,418) | (3,739) | 0 | 0 |
| Total financial expenses (-) | (22,089) | (9,913) | (27,357) | (21,972) |

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

3. Financial income and expenses (continued).

In Q2 2006, just as in the analogous period of 2005, the Group held a number of concluded forward contracts for purchase or sale of Euro and US dollars. In Q2 2006 the valuation of forward contracts increased the Group's financial expenses by the amount of PLN 3,739 thousand. Whereas, in Q2 2005 the valuation of forward contracts increased the Group's financial income by the amount of PLN 8,759 thousand.

As in the corresponding period of prior year, also in Q2 2006 the Group held a number of embedded derivatives under concluded trade agreements denominated in Euro or US dollars. The valuation of embedded derivatives in Q2 2006 increased the Group's financial income by the amount of PLN 5,602 thousand, and concurrently it increased the financial expenses by PLN 191 thousand. Whereas, in Q2 2005 the valuation of embedded derivatives increased the Group's financial expenses by the amount of PLN 17,806 thousand.

In October 2005 the Company concluded with Mr. Adam Góral the option agreement for acquisition of 268 thousand shares of Asseco Poland SA in the period of six months as from 27 September 2006. As at 30 June 2006 the stock option value equalled PLN 3,967 thousand and it increased the financial income by the amount of PLN 236 thousand. The option value was determined based on the mathematical model for valuation of Hawaiian options.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

4. Discontinued operations

| Consolidated Profit and Loss Account | 6 months | 3 months | 6 months | 3 months |
|---|-----------------|---------------|-----------------|---------------|
| | ended | ended | ended | ended |
| | 30 June 2006 | 30 June 2006 | 30 June 2005 | 30 June 2005 |
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Sales revenues | 3,445 | 2,087 | 2,931 | 1,778 |
| Operating costs | (4,580) | (2,578) | (4,073) | (2,197) |
| Operating loss | (1,135) | (491) | (1,142) | (419) |
| Pre-tax loss on discontinued operations | (1,141) | (494) | (1,203) | (410) |
| Net loss attributable to discontinued operations | (1,141) | (494) | (1,203) | (410) |

| Consolidated Balance Sheet | 30 June 2006 | 31 December 2005 |
|---|--------------|------------------|
| | PLN '000 | PLN '000 |
| Intangible assets | 622 | 0 |
| Property, plant and equipment | 109 | 0 |
| Receivables | 1,481 | 0 |
| Deferred expenses and inventories | 352 | 0 |
| Cash and cash equivalents | 11 | 0 |
| Assets classified as held for sale (discontinued operations) | 2,575 | 0 |
| Trade accounts payable | 2,218 | 0 |
| Other liabilities | 911 | 0 |
| Liabilities directly related to assets classified as held for sale (discontinued operations) | 3,129 | 0 |
| Net liabilities attributable to discontinued operations | 554 | 0 |

| Consolidated Statement of Cash Flows | 6 months ended | 6 months ended |
|---|----------------|----------------|
| | 30 June 2006 | 30 June 2005 |
| | PLN '000 | PLN '000 |
| Net cash provided by (used in) operating activities | (628) | (1,038) |
| Net cash provided by (used in) investing activities | (181) | (88) |
| Net cash provided by (used in) financing activities | 803 | 1,050 |
| Total net cash provided (used) | (6) | (76) |

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

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

The sale price equalled PLN 4,500 thousand.

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

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

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

4. Discontinued operations (continued)

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

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

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

In accordance with IFRS, Mediabank SA's assets and liabilities as at 30 June 2006 have been classified as held for disposal, whereas the profit and loss account items, related to those discontinued operations, were disclosed in the profit and loss account under "Loss on discontinued operations for the period reported".

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

5. Consolidation goodwill

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

| | 30 June 2006 | 31 December 2005 |
|---|---------------------|-----------------------------|
| | PLN '000 | PLN '000 |
| Balance-sheet value of consolidation goodwill | | |
| Gladstone Consulting Limited | 28,233 | 28,500 |
| Softbank Serwis Sp. z o.o.(*) | 16,424 | 21,224 |
| Incenti SA | 7,619 | 7,619 |
| Sawan Grupa Softbank SA | 2,714 | 2,714 |
| Novum Sp. z o.o. | 262 | 262 |
| Mediabank SA | 0 | 51 |
| Total balance sheet value | 55,252 | 60,370 |

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

In Q2 2006 the Group made a revaluation write-down on goodwill resulted from acquisition of the company Koma SA.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

6. Investments in associated companies

As at 30 June 2006 the Softbank Group held a 21.92% stake of shares in Asseco Poland SA based in Rzeszów, Poland.

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

| | 30 June 2006 | 31 December 2005 |
|---|--|--|
| | PLN '000 | PLN '000 |
| Current assets | 96,133 | 152,335 |
| Current liabilities | 50,728 | 75,438 |
| Net assets | 164,000 | 152,495 |
| % of share capital owned | 22% | 22% |
| Balance sheet value of investment | 87,773 | 86,308 |
| | 6 months ended 30 June 2006 | 3 months ended 30 June 2006 |
| | PLN '000 | PLN '000 |
| Share in the profit of associated company | 2,881 | 1,353 |
| | 6 months ended 30 June 2006 | 3 months ended 30 June 2006 |
| | PLN '000 | PLN '000 |
| Sales revenues | 153,399 | 78,043 |
| Net profit | 14,298 | 7,624 |

In October 2005 the Company concluded with Mr. Adam Góral the option agreement for acquisition of 268 thousand shares of Asseco Poland SA. The offer shall be binding for the period of six months as from 27 September 2006. The selling price per one share shall equal to the arithmetic average of the Asseco Poland SA's shares close quotations at the Warsaw Stock Exchange during the period of three months preceding the date on which Softbank SA makes notifies of accepting the offer.

7. Financial assets held to maturity

Current financial assets held to maturity.

| | 30 June 2006 | 31 December 2005 |
|-------------------------------|---------------------|-----------------------------|
| | PLN '000 | PLN '000 |
| In unrelated companies | | |
| Bonds | <u>30,761</u> | <u>17,388</u> |

Short-term corporate bonds and Treasury bonds characterized by high liquidity are an alternative to bank deposits when it comes to investing spare cash. As at 30 June 2006, all the bonds served as security limited to PLN 6,795 thousand for guarantees (of agreement performance and tender deposits) issued by the bank maintaining the Parent Company's account.

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

The bonds are valued using the amortised cost method.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

8. Financial assets carried at fair value

Fixed financial assets carried at fair value.

| | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
|---|--------------------------|---------------------------------|
| Long-term financial assets | 31,844 | 35,333 |
| Treasury bonds | 768 | 663 |
| Forward contracts for purchase of EUR and USD | 26,968 | 31,758 |
| Financial instruments embedded in trade contracts | 60 | 0 |
| Call option for purchase of Asseco Poland SA shares | 3,967 | 2,830 |
| Other | 81 | 82 |

Current financial assets carried at fair value.

| | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
|---|--------------------------|---------------------------------|
| Current financial assets | 18,602 | 20,291 |
| Treasury bonds | 161 | 260 |
| Forward contracts for purchase of EUR and USD | 17,862 | 19,491 |
| Financial instruments embedded in trade contracts | 118 | 110 |
| Investments in other companies | 461 | 430 |

As at 30 June 2006, the Parent Company held a number of concluded forward transactions for purchase and sale of foreign currencies – EUR and USD. These instruments are valued at fair value at each balance sheet date. The valuation of the aforementioned assets as at 30 June 2006 equalled PLN 44,830 thousand. Whereas, as at 31 December 2005 the valuation of concluded forward transactions amounted to PLN 51,249 thousand.

In October 2005 the Company concluded with Mr. Adam Góral the option agreement for acquisition of 268 thousand shares of Asseco Poland SA in the period of six months as from 27 September 2006. As at 30 June 2006 the stock option was valued at PLN 3,967 thousand. While, as at 31 December 2005 the valuation of the said option equalled PLN 2,830 thousand. The option value was determined based on the mathematical model for valuation of Hawaiian options.

As at 30 June 2006 the current and fixed Treasury bonds served as security for bank guarantees (of agreement performance and tender deposits) up to the amount of PLN 828 thousand.

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

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

9. Long-term and current financial liabilities

Long-term financial liabilities

| | 30 June 2006 | 31 December 2005 |
|---|---------------|---------------------|
| | PLN '000 | PLN '000 |
| Financial instruments embedded in trade contracts | <u>69,748</u> | <u>76,038</u> |

Current financial liabilities

| | 30 June 2006 | 31 December 2005 |
|---|---------------|---------------------|
| | PLN '000 | PLN '000 |
| Financial instruments embedded in trade contracts | 23,068 | 20,363 |
| Liability due to dividend payment | 16,112 | 0 |
| | <u>39,180</u> | <u>20,363</u> |

As at 30 June 2006, the Group held a number of embedded financial derivatives. They resulted chiefly from the denomination of payments under the concluded trade agreements in Euro or US dollars. As at 30 June 2006, the liabilities due to embedded currency derivatives amounted to PLN 92,816 thousand, whereas the assets equalled PLN 178 thousand. As at 31 December 2005, the derivative related liabilities amounted to PLN 96,401 thousand, while the assets equalled PLN 110 thousand.

On 12 June 2006 the General Meeting of Shareholders, based on the Management Board motion opinionated positively by the Supervisory Board, decided that 30% of the Company's net profit, i.e. PLN 16,112 thousand shall be appropriated for payment of a dividend of PLN 0.64 per share. The dividend right was acquired by the shareholders who owned the Company's shares on 30 June 2006. Subsequently, the dividend was paid out on 17 July 2006.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

10. Short-term interest-bearing bank credits and securities issued

| | Name of company | Maximum debt as at 30 June 2006 | Maximum debt as at 31 December 2005 | Effective interest rate % | Date of maturity | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
|------------------------|---------------------------|------------------------------------|--|------------------------------|---------------------|--------------------------|---------------------------------|
| Term credit facility | Bank DnB NORD Polska SA | 15,000 | 15,000 | WIBOR 1M + margin | 2007-05-31 | 15,000 | 15,000 |
| Current account credit | ING Bank Śląski SA | 10,000 | 10,000 | WIBOR 1M + margin | not specified | 0 | 0 |
| Current account credit | PKO BP SA | 70,000 | 70,000 | WIBOR 1M + margin | 2006-07-31 | 0 | 7,481 |
| Current account credit | BPH SA | 50,000 | 50,000 | WIBOR 1M + margin | 2007-06-29 | 0 | 3,813 |
| Current account credit | Bank DnB NORD Polska SA | 20,000 | 20,000 | WIBOR 1M + margin | 2007-05-31 | 0 | 0 |
| Current account credit | Raiffeisen Bank Polska SA | 10,000 | 10,000 | WIBOR 1M + margin | 2006-10-31 | 0 | 0 |
| Current account credit | Bank Millennium | 0 | 2,100 | WIBOR 1M + margin | 2005-09-09 | 0 | 0 |
| Current account credit | Bank Millennium | 5,000 | 1,900 | WIBOR 1M + margin | 2007-04-14 | 3,817 | 0 |
| | | 180,000 | 179,000 | | | 18,817 | 26,294 |
| Other credits: | | | | | | | |
| Investment credit | BRE BANK | 0 | 900 | WIBOR 1M + margin | 2005-12-31 | | 25 |
| TOTAL | | 0 | 900 | | | 0 | 25 |

As at 30 June 2006, the Group held credit facilities in current accounts, under which the available financing amounted to approx. PLN 180,000 thousand. As at the end of the period reported, the Group had drawn PLN 18,817 thousand. At the end of the previous year the financing available under credit facilities was PLN 179,000 thousand, and the liabilities thereunder stood at PLN 26,294 thousand.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

10. Short-term interest-bearing bank credits and securities issued (continued)

| Debt securities: | Face value as at 30 June 2006 | Face value as at 31 December 2005 | Effective interest rate % | Date of maturity | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
|------------------|----------------------------------|--------------------------------------|------------------------------|---------------------|--------------------------|------------------------------|
| Bonds | 0 | 5,000 | 7.45% | 2006-02-01 | 0 | 4,967 |
| Bonds | 0 | 5,000 | 6.60% | 2006-03-20 | 0 | 4,928 |
| Bonds | 0 | 4,000 | 6.35% | 2006-03-20 | 0 | 3,947 |
| TOTAL | 0 | 14,000 | | | 0 | 13,842 |

As at 30 June 2006, the Softbank Group's total debt under credits contracted and debt securities issued aggregated at PLN 18,817 thousand, which meant a decrease as compared with the level of 31 December 2005 (i.e. PLN 40,161 thousand).

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

As at 30 June 2006, tangible fixed assets with the book value of PLN 7,992 thousand served as security for the contracted bank credits. As at 30 June 2006, there were no liabilities by virtue of those credits.

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

As at 30 June 2006, shares of Asseco Poland SA with the book value of PLN 87,773 thousand served as security for the contracted bank credits. Liabilities by virtue of those credits as at 30 June 2006 amounted to PLN 15,000 thousand.

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

As at 30 June 2006, receivables in the amount of PLN 8,454 thousand served as security for the contracted bank credits. As at 30 June 2006, there were no liabilities by virtue of those credits.

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

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

10. Short-term interest-bearing bank credits and securities issued (continued)

As at 30 June 2006, future receivables provided for in the concluded trade agreements served as security for the contracted bank credits with the limit up to PLN 75,684 thousand. Liabilities by virtue of those credits as at 30 June 2006 amounted to PLN 3,817 thousand.

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

Bonds convertible to shares

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

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

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

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

| | 30 June 2006 | 31 December 2005 |
|--|---------------------|-----------------------------|
| | PLN '000 | PLN '000 |
| Liability due to issuance of bonds convertible to shares | <u>33</u> | <u>33</u> |

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**THE SOFTBANK GROUP****11. Transactions with related companies**

| Name of company | Softbank Group sales to related companies in the period of: | | | | Softbank Group purchases from related companies in the period of: | | | |
|---|---|----------------|----------------|----------------|---|----------------|----------------|----------------|
| | 6 months ended | 3 months ended | 6 months ended | 3 months ended | 6 months ended | 3 months ended | 6 months ended | 3 months ended |
| | 30 June 2006 | 30 June 2006 | 30 June 2005 | 30 June 2005 | 30 June 2006 | 30 June 2006 | 30 June 2005 | 30 June 2005 |
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Transactions with related companies | | | | | | | | |
| Asseco Poland SA ⁽¹⁾ | 5,157 | 5,152 | 0 | 0 | 218 | 218 | 0 | 0 |
| Comp Soft Sp. z o.o. ⁽¹⁾ | 7 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transactions with the Parent Company | | | | | | | | |
| Prokom Software SA | 9,651 | 4,229 | 1,803 | 1,535 | 1,840 | 1,128 | 2,404 | 1,302 |
| Transactions with related companies of Prokom Software SA | | | | | | | | |
| Prokom Investments SA ⁽²⁾ | 0 | 0 | 0 | 0 | 271 | 145 | 0 | 0 |
| Transactions with subsidiary companies of Prokom Software SA | | | | | | | | |
| ABG – Ster Projekt SA | 190 | 190 | 0 | 0 | 227 | 227 | 0 | 0 |
| Combidata Poland Sp. z o.o. | 81 | 81 | 0 | 0 | 71 | 69 | 77 | 77 |
| Koma SA ⁽³⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 74 | 74 |
| Koma Nord Sp. z o.o. ⁽³⁾ | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Spin SA | 5 | 5 | 105 | 0 | 9 | 4 | 0 | 0 |
| WiedzaNet Sp. z o.o. | 77 | 23 | 0 | 0 | 1,080 | 378 | 0 | 0 |
| Transactions with associated companies of Prokom Software SA | | | | | | | | |
| Comp SA | 0 | 0 | 0 | 0 | 3,990 | 3,332 | 929 | 459 |
| Enigma Systemy Ochrony Informacji Sp. z o.o. | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Postdata SA | 3 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| Total transactions with related companies | 15,171 | 9,685 | 1,909 | 1,535 | 7,706 | 5,501 | 3,488 | 1,916 |

⁽¹⁾ Asseco Poland SA has been an associated company since 31 December 2005.⁽²⁾ Prokom Investments SA is a minority shareholder in Prokom Software SA.⁽³⁾ Since 1 July 2005 the companies Koma SA and Koma Nord Sp. z o.o. have become subsidiaries of Softbank SA and part of the Softbank Group. In January 2006 the companies Koma SA and Softbank Serwis Sp. z o.o. merged; the taking-over company was Softbank Serwis Sp. z o.o.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

11. Transactions with related companies (continued)

| Name of company | Softbank Group receivables as at: | | Softbank Group liabilities as at: | |
|--|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
| Transactions with related companies | | | | |
| Asseco Poland SA ⁽¹⁾ | 4,830 | 12,369 | 0 | 0 |
| Comp Soft Sp. z o.o. ⁽¹⁾ | 3 | 3 | 0 | 0 |
| Transactions with the Parent Company | | | | |
| Prokom Software SA | 4,449 | 5,327 | 1,726 | 23,893 |
| Transactions with related companies of Prokom Software SA | | | | |
| Prokom Investments SA | 0 | 0 | 59 | 81 |
| Transactions with subsidiary companies of Prokom Software SA | | | | |
| ABG – Ster Projekt SA | 58 | 568 | 69 | 706 |
| Combidata Poland Sp. z .o.o. | 0 | 0 | 23 | 1 |
| Optix Polska Sp. z o.o. | 0 | 59 | 10 | 10 |
| Spin SA | 0 | 176 | 1 | 24 |
| WiedzaNet Sp. z o.o. | 17 | 0 | 457 | 2,583 |
| Transactions with associated companies of Prokom Software SA | | | | |
| Comp SA | 0 | 0 | 9,295 | 11,038 |
| Postdata SA | 1 | 0 | 0 | 0 |
| Total transactions with related companies | 9,358 | 18,502 | 11,640 | 38,336 |

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

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

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

12. Related companies

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

| | Country of registration | % of total votes at the GMS as at | | % of share capital held as at | |
|--------------------------------|-------------------------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 30 June 2006 | 31 December 2005 | 30 June 2006 | 31 December 2005 |
| Subsidiary companies | | | | | |
| bezpieczeństwo.pl Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| Bielpolsoft j. v. | Belarus | 85% | 85% | 85% | 85% |
| Gladstone Consulting Ltd. | Cyprus | 51% | 51% | 51% | 51% |
| Incenti SA | Poland | 100% | 100% | 100% | 100% |
| Koma Nord Sp. z o.o.(**) | Poland | 100% | 100% | 100% | 100% |
| AWiM Mediabank SA | Poland | 100% | 100% | 100% | 100% |
| ZUI Novum Sp. z o.o. | Poland | 51% | 51% | 51% | 51% |
| Netpower | Poland | 100% | 100% | 100% | 100% |
| Sawan Grupa Softbank SA | Poland | 100% | 100% | 100% | 100% |
| Softbank Serwis Sp. z o.o. (*) | Poland | 100% | 100% | 100% | 100% |
| Associated companies | | | | | |
| Asseco Poland SA (***) | Poland | 22% | 22% | 22% | 22% |

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

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

(***) Softbank SA became a major investor in Asseco Poland SA in December 2005.

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

Financial results of the Softbank Group

The consolidated financial results of the Softbank Group in Q2 2006 comprise the results of Softbank SA and the consolidated companies. Below are presented the key financial data of companies subject to consolidation in the Q2 2006 financial statements.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

12. Related companies (continued)

Key financial data of companies included in the consolidated financial statements for Q2 2006*

| Name of company % of share capital/total votes | Core business | Sales revenues | | | |
|--|--|---|---|---|---|
| | | 6 months ended 30 June 2006 PLN '000 | 3 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 | 3 months ended 30 June 2005 PLN '000 |
| Softbank SA Parent Company www.softbank.pl | Provision of comprehensive IT solutions primarily to the financial and public administration sectors | 132,612 | 69,217 | 143,683 | 64,403 |
| bezpieczeństwo.pl Sp. z o.o. 100/100 | Construction and implementation of IT systems supporting and coordinating the activities of rescue services | 0 | 0 | 0 | 0 |
| Epsilio SA ¹⁾ 0/0 | Creation and implementation of IT solutions for the banking sector, including co-operative banking | n/a | n/a | 2,563 | n/a |
| Incenti SA ³⁾ 100/100 www.incenti.pl | Implementation and offering of e-Learning platforms, implementation of competence management systems, design, construction and implementation of BPC and DRP, IT outsourcing | 14,057 | 6,053 | n/a | n/a |
| Gladstone Consulting Ltd ³⁾ 51/51 | Provision of professional consulting services within IT systems for financial institutions | 11,321 | 5,417 | n/a | n/a |
| Koma Nord Sp. z o.o. ²⁾ 100/100 www.komanord.com.pl | Supply of hardware, local and distributed network systems, as well as software for supporting business management | 16,580 | 8,496 | n/a | n/a |
| AWiM Mediabank SA ⁵⁾ 100/100 www.mediabank.pl | Marketing, operation of a radio station (Radio PiN 102 FM) | 3,445 | 2,087 | 2,620 | 1,560 |
| NetPower SA 100/100 | 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 co-operative banks | 8,140 | 3,980 | 5,948 | 3,021 |
| Sawan Grupa Softbank SA 100/100 | Provision of IT solutions for management (i.e. data warehouses, reporting systems, CRM systems) | 136 | 0 | 6,072 | 2,759 |
| Softbank Serwis Sp. z o.o. 100/100 www.softbankserwis.pl | Maintenance of software and hardware supplied by the Group, services based on outsourcing of IT systems | 39,630 | 23,059 | 22,073 | 9,781 |

^{*)} Data before consolidation eliminations. The stakes of shares held are disclosed as at 30 June 2006.

¹⁾ In Q1 2005, Softbank SA sold 100% of shares in Epsilio SA to Asseco Poland SA. Epsilio SA's results were consolidated until 28 February 2005.

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

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

⁴⁾ In 2006 the companies Softbank Serwis Sp. z o.o. and Koma SA merged.

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

The companies *bezpieczeństwo.pl Sp. z o.o.* and *NetPower SA* do not conduct any operating activities.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

12. Related companies (continued)

Key financial data of companies included in the consolidated financial statements for Q2 2006*

| Name of company % of share capital/total votes | Core business | Net profit (loss) | | | |
|--|--|--|---|---|---|
| | | 6 months ended 30 June 2006 PLN '000 | 3 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 | 3 months ended 30 June 2005 PLN '000 |
| Softbank SA Parent Company www.softbank.pl | Provision of comprehensive IT solutions primarily to the financial and public administration sectors | 12,572 | 6,725 | 24,185 | 16,149 |
| bezpieczeństwo.pl Sp. z o.o. 100/100 | Construction and implementation of IT systems supporting and coordinating the activities of rescue services | (8) | (4) | (13) | (8) |
| Epsilio SA ¹⁾ 0/0 | Creation and implementation of IT solutions for the banking sector, including co-operative banking | n/a | n/a | (236) | n/a |
| Incenti SA ³⁾ 100/100 www.incenti.pl | Implementation and offering of e-Learning platforms, implementation of competence management systems, design, construction and implementation of BPC and DRP, IT outsourcing | 838 | 475 | n/a | n/a |
| Gladstone Consulting Ltd ³⁾ 51/51 | Provision of professional consulting services within IT systems for financial institutions | 4,790 | 2,214 | n/a | n/a |
| Koma Nord Sp. z o.o. ²⁾ 100/100 www.komanord.com.pl | Supply of hardware, local and distributed network systems, as well as software for supporting business management | 259 | 164 | n/a | n/a |
| AWiM Mediabank SA ⁵⁾ 100/100 www.mediabank.pl | Marketing, operation of a radio station (Radio PiN 102 FM) | (1,157) | (501) | (1,187) | (347) |
| NetPower SA 100/100 | Provision of corporate IT applications and solutions | (26) | (10) | (47) | (17) |
| ZUI Novum Sp. z o.o. 51/51 www.novum.pl | Creation of banking applications and provision of comprehensive IT systems for co-operative banks | 786 | 276 | 510 | 229 |
| Sawan Grupa Softbank SA 100/100 | Provision of IT solutions for management (i.e. data warehouses, reporting systems, CRM systems) | (105) | (59) | 276 | (80) |
| Softbank Serwis Sp. z o.o. 100/100 www.softbankserwis.pl | Maintenance of software and hardware supplied by the Group, services based on outsourcing of IT systems | (2,920) | (1,311) | (2,874) | (2,733) |

^{*)} Data before consolidation eliminations. The stakes of shares held are disclosed as at 30 June 2006.

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

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

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

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

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

The companies bezpieczeństwo.pl Sp. z o.o. and NetPower SA do not conduct any operating activities.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

12. Related companies (continued)

Softbank SA

Softbank SA generated the bulk of the Group's consolidated sales revenues (approx. 60.8% – before consolidation eliminations) in Q2 2006. The Softbank SA share in the Group's total sales declined sharply (from 82.0% in Q2 2005) due to consolidation of acquired companies, namely Koma SA in the 3rd quarter 2005 (which merged with Softbank Serwis Sp. z o.o. in January 2006), Incenti SA and Gladstone Consulting Ltd. – in the 4th quarter 2005. In Q2 2006, Softbank SA posted revenues of PLN 69,217 thousand which rose by 7.5% as against Q2 2005. Sales grew mainly as a result of higher revenues from the execution of CEPiK contract.

| | 6 months ended 30 June 2006 | 3 months ended 30 June 2006 | 6 months ended 30 June 2005 | 3 months ended 30 June 2005 |
|--|--|--|--|--|
| | PLN '000 | PLN '000 | PLN '000 | PLN '000 |
| Non-consolidated financial results of Softbank SA | | | | |
| Sales revenues, of which: | 132,612 | 69,217 | 143,683 | 64,403 |
| banking and finance | 95,842 | 48,446 | 122,462 | 52,945 |
| public administration | 30,365 | 17,552 | 19,238 | 10,534 |
| Gross profit on sales | 31,968 | 16,078 | 32,067 | 15,419 |
| Operating profit | 12,361 | 5,838 | 28,782 | 18,884 |
| Net profit | 12,572 | 6,725 | 24,185 | 16,149 |

In Q2 2006 gross profit on sales increased by 4.3% in comparison with the corresponding period of the previous year. Gross margin remained relatively unchanged. Whereas, net profit on sales declined by 17.2% due to an increase of PLN 1,901 thousand in selling expenses and general administrative expenses. Such increased costs resulted from higher marketing expenses (sponsoring of the basketball team Prokom Trefl), higher recruitment expenditures (increasing employment in the ZSI and CEPiK teams among others) but also due to recognizing the selling expenses of the company Sawan Grupa Softbank SA by Softbank SA itself.

The operating profit of Softbank SA declined by 69.1% over a year due to the very high level of operating profit in Q2 2005 which was then a consequence of the received reimbursement of the flat-rate income tax of PLN 11,294 thousand. Excluding the income tax reimbursement, in Q2 2006 the operating profit would decrease by 23.1% year on year.

Softbank Serwis Sp. z o.o.

In the first half-year 2006 Softbank Serwis Sp. z o.o., having already merged with Koma, became one of the leading service providers within software maintenance, network construction and hardware on the Polish IT market. Moreover, the company's offer includes technological solutions for mobile software and eHR. In effect of the integration and conducted restructuring process the company's authorities and business structure were streamlined. However, despite creating the organisation with country-wide operations, those activities have not brought positive economic effects yet which was reflected by the company's negative bottom line for the first six months of 2006. In this period Softbank Serwis Sp. z o.o. executed contracts primarily for Tyco Integrated System „Złote Tarasy”, PKO BP „MultiCash”, Central Statistical Computing Centre, ING BSK bank, and the General Headquarters of Police.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

12. Related companies (continued)

Incenti SA

Incenti SA is specialized in infrastructural outsourcing, leasing of e-Learning platforms and Data Centre management. In the first half of 2006 the company executed contracts for provision of trainings, „hosting” services and administration of data processing centres for miscellaneous clients, the largest of which were TP SA and PZU (work subcontracted by Prokom Software SA). The company's net profit margin is improved systematically and in the first half-year 2006 it equalled 6.0%.

Gladstone Consulting Ltd.

The undertaking Gladstone Consulting Ltd. is based in Nicosia, Cyprus and in the first half of 2006 it continued to execute its main contract for Bank Pekao SA by providing consulting services and modifications to the bank's central IT system. The company's financial results improved as compared with the last year ones and its net profit margin reached 42.3%.

ZUI Novum Sp. z o.o.

In the period reported the sales revenues of ZUI Novum Sp. z o.o. increased by 36.9% in comparison with the comparable period of 2005. Hence, the company managed to improve its net profit by 54% year on year. Offering proprietary IT solutions for the co-operative banking sector, the company consistently executes its business strategy and provides its clients with newer and newer technological advancements.

AWiM Mediabank SA

On 28 April 2006 Softbank SA concluded the agreement for sale of its 100% equity stake in AWiM Mediabank SA. The transaction shall be effected once the Polish Anti-Trust and Consumer Protection Office approves the acquisition of Mediabank SA by the buyer.

Sawan Grupa Softbank SA

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

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

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

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

12. Related companies (continued)

Off-balance-sheet liabilities concerning related companies

As at 30 June 2006 Softbank SA did not have any liabilities due to guarantees and sureties extended to secure credits contracted by its related companies.

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

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

Sureties issued by Softbank SA to secure other liabilities as at 30 June 2006 were as follows:

- surety for liabilities under an agreement for construction of a structural network concluded between Softbank Serwis Sp. z o.o. and Tyco Sp. z o. o. on 26 February 2004. The surety value as at 30 June 2006 was estimated at PLN 7,278 thousand.

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

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

13. Off-balance-sheet liabilities to other companies

Within its commercial activities, Softbank SA uses bank guarantees and letters of credit as well as contract performance guarantees and tender deposits as forms of securing its business transactions with various organisations, companies and administration entities. As at 30 June 2006, the related contingent liabilities equalled PLN 10,738 thousand, while as at 31 December 2005 they amounted to PLN 16,100 thousand.

Additionally, as at 30 June 2006 and 31 December 2005, the Group was a party to a number of leasing and tenancy contracts or other contracts of similar nature, providing for the following future liabilities:

| Liabilities under lease of space | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
|----------------------------------|--------------------------|------------------------------|
| Up to 1 year | 5,092 | 5,880 |
| From 1 to 5 years | 11,016 | 10,227 |
| Over 5 years | 1,581 | 1,915 |
| Total | 17,689 | 18,022 |

| Liabilities under operating lease of property, plant and equipment | 30 June 2006 PLN '000 | 31 December 2005 PLN '000 |
|--|--------------------------|------------------------------|
| Up to 1 year | 632 | 921 |
| From 1 to 5 years | 1,051 | 1,241 |
| Over 5 years | 0 | 0 |
| Total | 1,683 | 2,162 |

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

13. Off-balance-sheet liabilities to other companies (continued)

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

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

Information on pending proceedings concerning liabilities or debts of Softbank SA or its subsidiary companies

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

14. Employment

| Average Group workforce in the period reported | 6 months ended 30 June 2006 | 6 months ended 30 June 2005 |
|--|--------------------------------|--------------------------------|
| Management Board of the Parent Company | 5 | 5 |
| Management Boards of the Group companies | 10 | 10 |
| Production departments | 620 | 423 |
| Maintenance departments | 218 | 140 |
| Sales departments | 76 | 65 |
| Administration departments | 130 | 119 |
| Total | 1,059 | 762 |

| The Softbank Group workforce as at | 30 June 2006 | 31 December 2005 |
|--|--------------|------------------|
| Management Board of the Parent Company | 5 | 5 |
| Management Boards of the Group companies | 10 | 9 |
| Production departments | 610 | 614 |
| Maintenance departments | 240 | 204 |
| Sales departments | 87 | 75 |
| Administration departments | 136 | 148 |
| Total | 1,088 | 1,055 |

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

14. Employment (continued)

| Number of employees in the Group companies as at | 30 June 2006 | 31 December 2005 |
|--|--------------|------------------|
| Softbank SA | 638 | 620 |
| bezpieczeństwo.pl Sp. z o.o. | 0 | 0 |
| Gladstone Consulting Limited | 0 | 0 |
| Incenti SA | 69 | 65 |
| Koma Nord Sp. z o.o. | 10 | 10 |
| AWiM Mediabank SA | 20 | 19 |
| NetPower SA | 0 | 0 |
| ZUI Novum Sp. z o.o. | 37 | 36 |
| Sawan Grupa Softbank SA | 3 | 3 |
| Softbank Serwis Sp. z o.o. (*) | 311 | 302 |
| Total | 1,088 | 1,055 |

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

As at 30 June 2006, the Softbank Group employed 1,088 persons. The Group's employment rose by 33 persons as compared with its size as at the end of 2005.

15. Remuneration paid or due to the members of the Management Boards and Supervisory Boards of the Parent Company and the Group's related companies

| | 6 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 |
|---|--|--|
| Management Board | 3,357 | 4,140 |
| Supervisory Board | 136 | 136 |
| Management Boards – subsidiary companies | 2,365 | 1,982 |
| Supervisory Boards – subsidiary companies | 41 | 82 |
| Total | 5,899 | 6,340 |

The remuneration paid to members of the Supervisory Board of Softbank SA, who were also members of the Management Board of Prokom Software SA, amounted to PLN 34 thousand in the two quarters of 2006, and remained at the same level as in 2005.

16. Capital expenditures

During the first half of 2006 the Group incurred capital expenditures of PLN 9,985 thousand of which PLN 4,085 thousand were spent for non-financial fixed assets. The capital expenditures planned for the year 2006 shall aggregate at PLN 15 million.

In comparison, the 2005 capital expenditures totalled PLN 4,845 thousand of which PLN 1,263 thousand were spent for non-financial fixed assets.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

17. Opinion on feasibility of meeting the 2006 financial forecasts published by the Management Board

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

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

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

Based on the financial results for Q2 2006 and considering the present orders portfolio for 2006, contracts being negotiated and the budgeted costs, the Management Board of Softbank SA sustains meeting the above specified objectives for 2006.

18. Factors which in the Management Board's opinion may affect the Group's performance till the end of this financial year

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

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

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

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

| | 6 months ended 30 June 2006 | 3 months ended 30 June 2006 | 6 months ended 31 December 2006 (estimate) | Next years |
|------------------------------|--------------------------------|--------------------------------|--|--------------|
| | PLN millions | PLN millions | PLN millions | PLN millions |
| The Group's orders portfolio | 216.6 | 113.9 | 184.2 | 597.6 |

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

19. Significant events in the reporting period

Operating activities

▪ On 9 June 2006 at 1.00 p.m., at the Company's seat at ul. 17 Stycznia 72a in Warsaw, there was held the Ordinary General Meeting of Shareholders of Softbank SA, which passed resolutions on approval of the financial statements of Softbank SA for 2005, consolidated financial statements of the Softbank Group for 2005, report of the Supervisory Board on the Company's operations, report of the Management Board on the Company's operations; on approval of performance of duties in 2005 by all the members of the Supervisory Board and Management Board; and on distribution of the Company's net profit for the year 2005.

The Ordinary General Meeting of Shareholders of Softbank SA, based on the Management Board motion opinionated positively by the Supervisory Board, decided that the Company's net profit for the year 2005 in the amount of PLN 53,650,938.47 (in words: fifty-three million six hundred and fifty thousand nine hundred and eight zlotys 07/100) shall be distributed as follows:

- 1) 30 % of the net profit i.e. PLN 16,111,816 (in words: sixteen million one hundred and eleven thousand eight hundred and sixteen zlotys) shall be appropriated for payment of a dividend of PLN 0.64 (in words: 64/100 zlotys) per share,
- 2) the remaining part of the net profit shall be allocated to the Company's reserve capital.

The dividend right shall be acquired by the shareholders who own the Company's shares on 30 June 2006. The dividend shall be paid out on 17 July 2006.

(see: Current Report No. 11/2006 of Softbank SA dated 9 May 2006 and Current Report No. 16/2006 of Softbank SA dated 9 June 2006)

▪ On 18 May 2006 the Management Board of Softbank SA informed that the companies Asseco Poland SA ("Asseco") and Softbank SA ("Softbank") signed an agreement concerning merger of both the companies (the "Agreement").

The merger shall be executed pursuant to Art. 492 § 1 item 1 of the Commercial Companies Code (merger by acquisition), this is by transferring all the assets of Asseco in exchange for shares (the "Merger Shares") which shall be issued by Softbank and assigned to the shareholders of Asseco. After the merger the company shall take the name of Asseco Poland SA.

The parties to the Agreement agreed that the parity for exchange of shares shall equal 5.2311 of Merger Shares for 1 share of Asseco (the "Exchange Parity"), which means that the shareholders of the taken over Asseco will acquire 15,725,524 shares in total.

Concurrently to the issuance of Merger Shares, Softbank shall issue 3,186,462 shares of a new series V2 (the "Non-Cash Contribution Issue") that will be acquired by Prokom Software SA based in Warsaw ("Prokom") and paid up by contribution of 100% equity interest in PVT a.s. based in Prague, as well as the Prokom's separated IT assets and contracts concerning IT maintenance and network infrastructure solutions (the "Non-Cash Contribution Shares").

Furthermore, Softbank will issue 2,320,360 shares of a new series V3 (the "Management Issue") that will be acquired by the managerial staff of the Merged Company under the motivational plan the rules of which are to be determined in separate (the "Management Shares").

The Merger registration shall be effected on condition the Registry Court registers increasing the Company's share capital by way of issuance of the Non-Cash Contribution Shares and Management Shares. Following the Merger, the increased share capital of Softbank SA, including the Merger Shares, Non-Cash Contribution Shares and Management Shares, shall comprise of 46,407,058 shares with a par value of PLN 1.00 each.

The preliminary schedule assumes that this process will be completed and that the Merger Shares and Non-Cash Contribution Shares will start to be listed in the 1st quarter of 2007.

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

The Prokom's holding in the target share capital shall equal 25.45%; hence Prokom will retain control resulting from the right to appoint the majority of the Supervisory Board members in the Merged Company.

As a result of this merger there will be established the largest Polish company, operating on an international scale, providing proprietary software and services for the financial and banking sector and being the main pillar of the PROKOM Companies Group. President of the Management Board of the Merged Company will be Mr. Adam Góral, who shall act as a coordinator of the merger team during the amalgamation process.

The merger shall be effected once appropriate approvals and permissions have been obtained from the public administration bodies.

(see: Current Report No. 12/06 of Softbank SA dated 18 May 2006)

Investing activities

▪ On 14 April 2006 the Company was informed that on 6 April 2006 the District Court for the capital city of Warsaw registered the increase of share capital of the Publishing and Marketing Agency Mediabank SA. The share capital of AWiM Mediabank SA was increased by PLN 500 by issuing 5 shares of series J with a par value of PLN 100 each, at the issuance price of PLN 132,203.11 each. The issuance total value amounted to PLN 661,015.55.

At present the share capital of AWiM Mediabank SA equals PLN 10,025,500 and is divided into 100,255 shares with a par value of PLN 100 each.

(see: Current Report No. 7/06 of Softbank SA dated 14 April 2006)

▪ On 28 April 2006 the Management Board of Softbank SA concluded the agreement for sale of 100,265 shares of AWiM Mediabank SA which owns the radio station, namely PiN 102 FM. The disposed shares constitute 100% of the share capital and voting interest at the General Meeting of Shareholders of AWiM Mediabank SA. The buyer is Prokom Investments SA based in Gdynia, Poland. The sale price amounts to PLN 4,500 thousand.

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

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

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

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

(see: Current Report No. 9/06 of Softbank SA dated 28 April 2006)

Financing activities

▪ On 1 June 2006 the Company signed an annex to the credit agreement of 25 May 2005 (current report 18/2005) with the bank DnB Nord Polska SA (former name: Nord/LB Bank Polska Norddeutsche Landesbank SA) seated in Warsaw (the "Bank"). The Bank granted to Softbank SA a credit facility up to the total maximum amount of PLN 35 million (the "Limit"). The Limit may be drawn in the form of current account credit up to the amount of PLN 20 million as well as in the form of term credit up to PLN 15 million. The Limit was granted for the period till 31 May 2007. The credit interest rate equals: 1M WIBOR rate plus the Bank margin.

(see: Current Report No. 14/2006 of Softbank SA dated 2 June 2006)

All figures in PLN thousands

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS THE SOFTBANK GROUP

- On 30 June 2006 the Company signed an annex to the credit agreement of 11 September 2003 (current report 41/2003) with the bank BPH SA by which the period of repayment of the granted credit was extended till 30 June 2007. The value of the credit facility is limited to PLN 50 million. The credit interest rate equals: 1M WIBOR rate plus the Bank margin.

(see: Current Report No. 18/06 of Softbank SA dated 30 June 2006)

20. Significant events subsequent to the balance-sheet date

Financing activities

- On 31 July 2006 the Company signed an annex to the credit agreement with the bank PKO BP SA seated in Warsaw (the "Bank"). The Bank granted to Softbank SA a credit facility in the current account up to the amount of PLN 70 million. The credit was granted for the period from 1 August 2006 till 31 July 2007. The credit interest rate equals: 1M WIBOR rate plus the Bank margin.

(see: Current Report No. 19/2006 of Softbank SA dated 1 August 2006)

21. Significant events related to prior years

Until the date of preparing these condensed consolidated financial statements for Q2 2006, this is until 8 August 2006, there occurred no significant events related to prior years which would not, but should be included in the accounting books.



SOFTBANK SPÓŁKA AKCYJNA

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

FOR THE 2ND QUARTER OF 2006

**KEY FINANCIAL DATA FROM THE NON-CONSOLIDATED
FINANCIAL STATEMENTS OF SOFTBANK SA**

KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

FINANCIAL HIGHLIGHTS

| | PLN '000 | | EUR '000 | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 6 months ended 30 June 2006 | 6 months ended 30 June 2005 | 6 months ended 30 June 2006 | 6 months ended 30 June 2005 |
| I. Sales revenues | 132,612 | 143,683 | 34,001 | 35,212 |
| II. Operating profit | 12,361 | 28,782 | 3,169 | 7,054 |
| III. Pre-tax profit | 12,572 | 24,339 | 3,223 | 5,965 |
| IV. Profit for the period reported | 12,572 | 24,185 | 3,223 | 5,927 |
| V. Net cash provided by (used in) operating activities | 4,927 | (21,323) | 1,263 | (5,226) |
| VI. Net cash provided by (used in) investing activities | 10,959 | 11,449 | 2,810 | 2,806 |
| VII. Net cash provided by (used in) financing activities | (18,132) | (9,965) | (4,649) | (2,442) |
| VIII. Cash and cash equivalents at the end of period | 20,269 | 22,515 | 5,013 | 5,573 |
| IX. Earnings per ordinary share (in PLN/EUR) | 0.52 | 1.15 | 0.13 | 0.28 |
| X. Diluted earnings per ordinary share (in PLN/EUR) | 0.52 | 0.96 | 0.13 | 0.24 |

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

- the profit and loss account and cash flow statement items were translated into Euro at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month in a given quarter. The rates were as follows:
 - for the period from 1 January to 30 June 2006: EUR 1 = PLN 3.9002
 - for the period from 1 January to 30 June 2005: EUR 1 = PLN 4.0805
- the Group's cash and cash equivalents as at the end of period reported and the corresponding period of the previous year have been translated into Euro at the mid exchange rates as published by the National Bank of Poland on 30 June 2006 and 30 June 2005. The rates were as follows:
 - exchange rate effective on 30 June 2006: EUR 1 = PLN 4.0434
 - exchange rate effective on 30 June 2005: EUR 1 = PLN 4.0401

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

**CONDENSED PROFIT AND LOSS ACCOUNT
SOFTBANK SA**

| | 6 months ended 30 June 2006 PLN '000 | 3 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 | 3 months ended 30 June 2005 PLN '000 |
|--|---|---|---|---|
| <i>Operating activities</i> | | | | |
| Sales revenues | 132,612 | 69,217 | 143,683 | 64,403 |
| Sales of products and services | 107,918 | 59,437 | 82,448 | 42,687 |
| Sales of merchandise and materials | 24,694 | 9,780 | 61,235 | 21,716 |
| Cost of sales | (100,644) | (53,139) | (111,616) | (48,984) |
| Cost of products and services sold (-) | (78,789) | (44,585) | (54,231) | (28,387) |
| Cost of merchandise and materials sold (-) | (21,855) | (8,554) | (57,385) | (20,597) |
| Gross profit on sales | 31,968 | 16,078 | 32,067 | 15,419 |
| Selling expenses (-) | (3,443) | (1,686) | (2,979) | (1,572) |
| General administrative expenses (-) | (16,138) | (8,408) | (11,946) | (6,621) |
| Net profit on sales | 12,387 | 5,984 | 17,142 | 7,226 |
| Other operating income | 395 | 272 | 11,944 | 11,928 |
| Other operating expenses (-) | (421) | (418) | (304) | (270) |
| Operating profit | 12,361 | 5,838 | 28,782 | 18,884 |
| <i>Other activities</i> | | | | |
| Financial income | 25,096 | 14,174 | 24,758 | 20,618 |
| Financial expenses (-) | (24,885) | (13,287) | (29,201) | (23,199) |
| Pre-tax profit | 12,572 | 6,725 | 24,339 | 16,303 |
| Corporate income tax (current and deferred portions) | 0 | 0 | 154 | 154 |
| Profit for the period reported | 12,572 | 6,725 | 24,185 | 16,149 |
| Earnings per share (in PLN) | | | | |
| basic EPS from net profit for the period reported (in PLN) | 0.52 | 0.28 | 1.15 | 0.77 |
| diluted EPS from net profit for the period reported (in PLN) | 0.52 | 0.28 | 0.96 | 0.64 |

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

**CONDENSED BALANCE SHEET
SOFTBANK SA**

| | 30 June 2006 | 31 December |
|--|---------------------|--------------------|
| | PLN '000 | 2005 |
| | | PLN '000 |
| ASSETS | | |
| Fixed assets | 341,636 | 368,795 |
| Property, plant and equipment | 16,010 | 16,135 |
| Intangible assets | 20,491 | 21,771 |
| Investments in subsidiary and associated companies | 195,694 | 204,258 |
| Financial fixed assets available for sale | 30,995 | 34,588 |
| Financial fixed assets held to maturity | 0 | 0 |
| Financial fixed assets valued at fair value through profit or loss | 6,000 | 8,000 |
| Long-term receivables | 49,352 | 57,408 |
| Deferred income tax assets | 19,008 | 19,008 |
| Long-term deferred expenses | 4,086 | 7,627 |
| Current assets | 192,784 | 224,015 |
| Inventories | 14,132 | 17,200 |
| Deferred expenses | 17,523 | 19,699 |
| Trade accounts receivable | 54,825 | 79,146 |
| Receivables from the State budget | 85 | 0 |
| Other receivables | 52,131 | 46,999 |
| Financial assets held to maturity | 15,414 | 18,535 |
| Financial assets valued at fair value through profit or loss | 18,405 | 19,921 |
| Cash and short-term deposits | 20,269 | 22,515 |
| Fixed assets held for disposal | 4,500 | 0 |
| TOTAL ASSETS | 538,920 | 592,810 |

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

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

| | 30 June 2006 | 31 December 2005 |
|--|---------------------|-----------------------------|
| | PLN '000 | PLN '000 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Share capital | 25,175 | 25,175 |
| Share premium | 253,151 | 253,151 |
| Unrealized net profit | 0 | 0 |
| Other reserve capitals | 1,409 | 801 |
| Retained earnings | 14,231 | 17,770 |
| TOTAL SHAREHOLDERS' EQUITY | 293,966 | 296,897 |
| Long-term liabilities | 76,775 | 92,362 |
| Long-term reserves | 172 | 250 |
| Long-term financial liabilities | 69,665 | 75,930 |
| Long-term deferred income | 6,938 | 11,280 |
| Other long-term liabilities | 0 | 4,902 |
| Current liabilities | 168,179 | 203,551 |
| Interest-bearing bank credits, loans and debt securities | 24,027 | 42,159 |
| Trade accounts payable | 23,860 | 62,011 |
| Corporate income tax payable | 0 | 838 |
| Liabilities to the State budget | 2,483 | 4,139 |
| Financial liabilities | 38,919 | 18,556 |
| Other liabilities | 51,789 | 46,828 |
| Reserves | 67 | 67 |
| Accrued expenses | 13,360 | 17,973 |
| Deferred income | 13,674 | 10,980 |
| TOTAL LIABILITIES | 244,954 | 295,913 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 538,920 | 592,810 |

All figures in PLN thousands

KEY FINANCIAL DATA FROM THE FINANCIAL STATEMENTS OF SOFTBANK SA

CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY SOFTBANK SA

for 6 months ended 30 June 2006
and for 12 months ended 31 December 2005

| | Share capital PLN '000 | Share premium PLN '000 | Unrealized net profit on financial assets available for sale PLN '000 | Capital from bonds convertible to shares PLN '000 | Retained earnings (deficit) and current net profit PLN '000 | Total shareholders equity PLN '000 |
|---|---------------------------|---------------------------|---|--|---|---|
| As at 1 January 2006 | 25,175 | 253,151 | 0 | 801 | 17,770 | 296,897 |
| Motivational program for the employees | | | | | 12,572 | 12,572 |
| Net profit for the period from 1 January 2006 to 30 June 2006 | | | | 608 | | 608 |
| Dividend for the year 2005 | | | | | (16,111) | (16,111) |
| As at 30 June 2006 | 25,175 | 253,151 | 0 | 1,409 | 14,231 | 293,966 |
| As at 1 January 2005 | 20,951 | 148,525 | 6,826 | 801 | (35,880) | 141,223 |
| Net profit on financial assets available for sale | | | | | | 0 |
| Reclassification of financial assets from available for sale to investments in associated companies | | | (6,826) | | | (6,826) |
| Net profit for the period from 1 January 2005 to 31 December 2005 | | | | | 53,650 | 53,650 |
| Issuance of shares | 4,224 | 104,626 | | | | 108,850 |
| As at 31 December 2005 | 25,175 | 253,151 | 0 | 801 | 17,770 | 296,897 |

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

**CONDENSED STATEMENT OF CASH FLOWS
SOFTBANK SA**

| | 6 months ended 30 June 2006 PLN '000 | 6 months ended 30 June 2005 PLN '000 |
|---|---|---|
| Cash flows – operating activities | | |
| Pre-tax profit | 12,572 | 24,339 |
| Total adjustments: | (5,467) | (42,307) |
| Depreciation and amortisation | 3,117 | 2,747 |
| Change in inventories | 3,068 | (640) |
| Change in receivables | 29,904 | 35,752 |
| Change in liabilities | (34,070) | (84,788) |
| Change in deferred and accrued expenses | (544) | 2,127 |
| Change in reserves | (78) | (4,503) |
| Interest income and expense | 1,448 | 3,049 |
| Gain (loss) on foreign exchange differences | (7,445) | 2,019 |
| Gain (loss) on investing activities | (866) | 685 |
| Other | (1) | 1,245 |
| Net cash from operating activities | 7,105 | (17,968) |
| Interest paid | (1,546) | (3,355) |
| | (632) | 0 |
| Net cash provided by (used in) operating activities | 4,927 | (21,323) |
| Cash flows – investing activities | | |
| Disposal of property, plant and equipment | 95 | 105 |
| Disposal of financial assets held to maturity | 571 | 5,968 |
| Acquisition of property, plant and equipment | (843) | (2,107) |
| Acquisition of intangible assets | (6,298) | (888) |
| Acquisition of subsidiary and associated companies | (82) | (1,681) |
| Loans collected | 5,000 | 800 |
| Loans granted | (828) | (1,400) |
| Interest received | 391 | 547 |
| Dividends received | 1,244 | 657 |
| Other items | 0 | 599 |
| Cash provided by forward transactions | 11,709 | 8,849 |
| Net cash provided by (used in) investing activities | 10,959 | 11,449 |
| Cash flows – financing activities | | |
| Cash provided (used) due to bank credits and loans contracted | (11,294) | (11,542) |
| Cash provided (used) due to issuance of debt securities | (6,838) | 1,577 |
| Net cash provided by (used in) financing activities | (18,132) | (9,965) |
| Net decrease in cash and cash equivalents | (2,246) | (19,839) |
| Cash and cash equivalents as at 1 January | 22,515 | 35,105 |
| Cash and cash equivalents as at 30 June | 20,269 | 15,266 |