

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

In the fourth quarter of 2005, the Softbank Group recorded sales revenue of PLN 258,172 thousand, up by 15.7% from the figure posted in the last quarter of 2004. The higher sales are primarily a reflection of the Group's enlargement. In 2005, Softbank S.A. acquired three undertakings: Koma S.A., Incenti S.A. and Gladstone Consulting Ltd. In Q4 2005, the three undertakings' results were consolidated using the full method.

Sales revenue by sector	Twelve months ended Dec 31 2005 (unaudited) PLN '000	Three months ended Dec 31 2005 (unaudited) PLN '000	Twelve months ended Dec 31 2004 (unaudited) PLN '000	Three months ended Dec 31 2004 (unaudited) PLN '000
Banking and finance	322,729	112,262	303,105	167,410
Public sector institutions	141,454	101,625	145,785	40,330
Other sectors	72,704	44,285	33,123	15,398
Total:	536,887	258,172	482,013	223,138

Sales revenue by sector (%)	Twelve months ended Dec 31 2005 (unaudited) %	Three months ended Dec 31 2005 (unaudited) %	Twelve months ended Dec 31 2004 (unaudited) %	Three months ended Dec 31 2004 (unaudited) %
Banking and finance	60.11%	43.49%	62.88%	75.03%
Public sector institutions	26.35%	39.36%	30.25%	18.07%
Other sectors	13.54%	17.15%	6.87%	6.90%
Total:	100.00%	100.00%	100.00%	100.00%

In the fourth quarter, the bulk of the Softbank Group's revenue was earned in the banking and public administration sectors: 43.5% and 39.4%, respectively, of the Group's total sales. In the fourth quarter, sales to the banking sector totalled PLN 112,262 thousand, and sales to the public administration sector – PLN 101,625 thousand.

The Group posted a year-on-year decrease of 32.9% in sales to the banking sector, which is attributable to a high base. In the fourth quarter of 2004, Softbank S.A. had executed material contracts totalling ca. PLN 80m, which concerned the supply of hardware and third-party software licences required to implement the Integrated IT System (ZSI) at PKO BP S.A. as well as the Zorba-3000 System.

The largest items that contributed towards the aggregate sales realised in the banking sector were as follows: revenue on the ZSI (PLN 8.8m), supply of hardware and software for the Zorba-3000 System (PLN 21.3m) and implementation and upgrade work on other systems implemented at PKO BP S.A., including the Central Support System (WSC), the KONTAKT System (formerly Netbank), implementation and maintenance of the Cash Transactions Monitoring System at Pekao S.A., and implementation of the Fermat Risk Management systems.

In the public administration sector, the Softbank Group generated sales revenue of PLN 101,625 thousand in the fourth quarter of 2005, i.e. PLN 61,295 thousand (152.0%) more than in Q4 2004. The reason for the very high sales relative to the previous year, is the fact that in 2005 Koma S.A. was included in the Group's consolidated results. Meanwhile, in the fourth quarter, Koma S.A. posted PLN 88,488 thousand in sales to public sector institutions, primarily under contracts for the supply of hardware to the Ministry of Education and Science and the Geodetic and Cartographic Office.

Concurrently, during the fourth quarter of 2005, the Group continued work under the contract for the implementation of the Central Register of Vehicles and Drivers (CEPiK), concluded with the Ministry of Internal Affairs and Administration in 2003, and under smaller contracts concluded with other

All figures in PLN '000

public instructions, such as the Social Security Office (ZUS) and the Supreme Chamber of Control (NIK).

Consolidated financial results of the Softbank Group	Twelve months ended Dec 31 2005	Three months ended Dec 31 2005 (unaudited)	Twelve months ended Dec 31 2004	Three months ended Dec 31 2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	PLN '000	PLN '000	PLN '000	PLN '000
Sales revenue	536,887	258,172	482,013	223,138
Gross profit on sales	99,314	26,922	95,976	26,032
Operating profit	52,250	10,109	21,511	8,844
Net profit (loss) attributable to the shareholders of Softbank S.A.	44,737	12,113	445	(3,162)

Key profitability ratios of the Softbank Group [%]	Twelve months ended Dec 31 2005	Three months ended Dec 31 2005 (unaudited)	Twelve months ended Dec 31 2004	Three months ended Dec 31 2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	%	%	%	%
Gross sales margin	18.50%	10.43%	19.91%	11.67%
Operating margin	9.73%	3.92%	4.46%	3.96%
Net margin	8.33%	4.69%	0.09%	(1.42%)

The Softbank Group's gross profit on sales in Q4 2005 amounted to PLN 26,922 thousand, up by 3.4% year-on-year. The Q4 2005 operating profit was PLN 10,109 thousand, i.e. it rose by 14.3% year-on-year. Compared with Q4 2004, the operating margin remained unchanged at 4%. The pre-tax profit earned by the Softbank Group was PLN 6,465 thousand higher than the operating profit, which followed from the positive balance on the financial activities, and this in turn was a direct effect of highly effective hedging against currency risk by entering into forward contracts. The contracts hedge the cash flows under IT contracts (CEPiK, ZSI, etc.). Furthermore, the valuation of the agreement on Asseco Poland S.A. stock options, which was concluded in Q4, increased the financial income by PLN 2,830 thousand.

In Q4 2005, the Group's net profit (attributable to the shareholders of Softbank S.A.) amounted to PLN 12,113 thousand, and was several times higher than in the corresponding period of 2004. This impressive result followed from high sales margins and pre-tax profit.

All figures in PLN '000

Key Factors with a Bearing on the Group's Performance in Q4 2005

Key Factors with a Bearing on Profit/(Loss) on Core Business:

- Decrease/(increase) in provisions for additional cost of the long-term IT contracts, following from redistribution (consolidation) of responsibilities within the Group, reduced the profit/(loss) on core business by PLN 6,076 thousand.

Key Factors with a Bearing on the Profit/(Loss) on Other Operating Activities:

- Decrease in valuation allowances for receivables of PLN 1,118 thousand increased the operating profit.
- Decrease/(increase) in valuation allowances of PLN 270 thousand for goods in warehouses and prepayments and accrued income decreased the operating profit/(loss).

Key Factors with a Bearing on the Profit/(Loss) on Financing Activities:

- Proceeds from the performance of forward contracts for the purchase/sale of the euro and U.S. dollars, totalling PLN 6,168 thousand, increased the profit/ (loss) on financing activities.
- Losses on the change in the fair value of the executed forward contracts for the purchase/sale of the euro and U.S. dollars, totalling PLN 501 thousand, increased the loss on financing activities.
- Gains/(losses) on the change in the fair value of embedded derivatives of PLN 1,600 thousand increased the profit/ (loss) on financing activities.
- Excess of foreign exchange losses over foreign exchange gains of PLN 3,484 thousand decreased the profit/ (loss) on financing activities.
- Valuation of Asseco Poland S.A. stock options increased the profit/ (loss) on financing activities by PLN 2,830 thousand.

All figures in PLN '000

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT OF THE SOFTBANK GROUP

	Note	Twelve months ended Dec 31 2005 (unaudited) PLN '000	Three months ended Dec 31 2005 (unaudited) PLN '000	Twelve months ended Dec 31 2004 (unaudited) PLN '000	Three months ended Dec 31 2004 (unaudited) PLN '000
	Supplementar y Information				
Operating activities					
Sales revenue		536,887	258,172	482,013	223,138
Revenue on sales of products and services	1	248,034	80,441	283,780	107,620
Revenue on sales of goods for resale and materials	1	288,853	177,731	198,233	115,518
Cost of sales		(437,573)	(231,250)	(386,037)	(197,106)
Cost of products and services sold (-)	2	(175,275)	(63,262)	(225,425)	(94,958)
Cost of goods for resale and materials sold (-)	2	(262,298)	(167,988)	(160,612)	(102,148)
Gross profit (loss) on sales		99,314	26,922	95,976	26,032
Selling costs (-)	2	(15,722)	(5,992)	(13,868)	(4,335)
General and administrative expenses (-)	2	(41,990)	(11,313)	(54,352)	(12,799)
Net profit (loss) on sales		41,602	9,617	27,756	8,898
Other operating income	3	14,948	1,746	8,037	2,547
Other operating expenses (-)	3	(4,300)	(1,254)	(14,282)	(2,601)
Operating profit (loss)		52,250	10,109	21,511	8,844
Other activities					
Impairment of goodwill		0	0	(4,527)	(4,527)
Financial income	4	59,753	14,675	73,745	61,701
Financial expenses (-)	4	(59,549)	(8,210)	(96,092)	(74,127)
Pre-tax profit/(loss)		52,454	16,574	(5,363)	(8,109)
Corporate income tax (current and deferred)		4,402	1,855	(4,161)	(4,785)
Net profit/(loss) before extraordinary items		48,052	14,719	(1,202)	(3,324)
Discontinued operations					
Loss on discontinued operations for financial year		(111)	38	(84)	90
Net profit/(loss) for reporting period		47,941	14,757	(1,286)	(3,234)
Attributable to:		47,941	14,757	(1,286)	(3,234)
Shareholders of the Parent Undertaking		44,737	12,113	445	(3,162)
Minority interests		3,204	2,644	(1,731)	(72)
Consolidated earnings per share attributable to the shareholders of Softbank S.A. (in PLN)					
Basic earnings per share, based on consolidated net profit/(loss) on continued operations for the reporting period, attributable to shareholders of Softbank S.A. (in PLN)		2.01	0.54	0.02	(0.15)
Diluted earnings per share, based on consolidated net profit/(loss) on continued operations for the reporting period, attributable to shareholders of Softbank S.A. (in PLN)		1.78	0.48	0.02	(0.15)

All figures in PLN '000

CONDENSED CONSOLIDATED BALANCE SHEET OF THE SOFTBANK GROUP

	Note	Dec 30 2005 (unaudited)	Dec 31 2004 (unaudited)
	Supplementary Information	PLN '000	PLN '000
ASSETS			
Non-current assets		320,471	246,255
Property, plant and equipment		37,241	29,196
Investment property		0	1,666
Intangible assets		14,181	5,989
Consolidation goodwill	6	60,361	25,077
Investments in an associate accounted for using the equity method	7	86,308	0
Investments in subsidiaries		82	0
Non-current financial assets available for sale	8	0	65,945
Non-current financial assets valued at fair value in the profit or loss account	9	35,251	29,291
Non-current receivables		57,725	60,464
Non-current deferred tax assets		20,563	20,226
Non-current prepayments and accrued income		8,759	8,401
Current assets		352,016	284,124
Inventories		20,331	19,636
Prepayments and accrued income		13,929	10,641
Trade receivables		163,833	120,005
Receivables from the state budget		101	402
Receivables under corporate income tax		392	20
Other receivables		52,729	36,635
Financial assets held to maturity	10	17,973	15,072
Financial assets valued at fair value through profit or loss	11	20,553	34,369
Cash and short-term deposits		62,175	47,344
Non-current assets classified as held for sale		0	19
TOTAL ASSETS		672,487	530,398

All figures in PLN '000

CONDENSED CONSOLIDATED BALANCE SHEET OF THE SOFTBANK GROUP

	Note	Dec 30 2005 (unaudited)	Dec 31 2004 (unaudited)
	Supplementary Information	PLN '000	PLN '000
EQUITY AND LIABILITIES			
Equity (attributable to the shareholders of the Parent Undertaking)		284,256	137,241
Share capital		25,175	20,951
Share premium		253,151	148,525
Unrealised net profit		0	6,826
Other capital		801	801
Retained earnings/ (deficit)		(39,862)	(40,307)
Foregin currency translation		254	0
Profit/loss for reporting period attributable to the shareholders of Softbank S.A.		44,737	445
Minority interests		4,383	3,497
Total equity		288,639	140,738
Non-current liabilities			
Non-current provisions		812	355
Non-current financial liabilities	§	76,264	76,397
Non-current deferred income		11,645	9,919
Other non-current liabilities		4,915	0
Current liabilities		290,212	302,921
Interest-bearing bank loans, borrowings and debt securities	§	40,194	84,075
Trade payables		141,288	124,854
Liabilities towards the state budget		10,391	10,707
Financial liabilities	§	21,037	14,378
Other liabilities		49,055	42,529
Provisions		1,265	8,022
Accrued expenses		15,271	8,632
Deferred income		11,711	9,724
Liabilities directly related to assets classified as held for sale		0	68
TOTAL LIABILITIES		383,848	389,660
TOTAL EQUITY AND LIABILITIES		672,487	530,398

All figures in PLN '000

CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY OF THE SOFTBANK GROUPFor 12 months ended December 31st 2005 (unaudited)
and 12 months ended December 31st 2004 (unaudited)

	Share capital	Share premium	Unrealised net profit on financial assets available for sale	Other capital	Foreign currency translation	Retained earnings/ (deficit)	Total	Minority interests	Total equity
	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000	PLN '000
As at Jan 1 2004	20,951	148,525	0	801	0	(40,307)	129,970	5,989	135,959
Net gain on financial assets available for sale	0	0	6,826	0	0	0	6,826	0	6,826
Profit/(loss) for the period Jan 1–Dec 31 2004						445	445	(1,731)	(1,286)
Changes in Group structure	0	0	0	0	0	0	0	(761)	(761)
As at Dec 31 2004	20,951	148,525	6,826	801	0	(39,862)	137,241	3,497	140,738
As at Jan 1 2005	20,951	148,525	6,826	801	0	(39,862)	137,241	3,497	140,738
Net gain on financial assets available for sale	0	0	(6,826)	0	0	0	(6,826)	0	(6,826)
Foreign currency translation	0	0	0	0	254	0	254	0	254
Profit/(loss) for the period Jan 1–Dec 31 2005						44,737	44,737	3,204	47,941
Changes in the Group structure	0	0	0	0	0	0	0	(2,318)	(2,318)
Issue of share capital	4,224	104,626	0	0	0	0	108,850	0	108,850
As at Dec 31 2005	25,175	253,151	0	801	254	4,875	284,256	4,383	288,639

All figures in PLN '000

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT OF THE SOFTBANK GROUP

	12 miesięcy do 31 grudnia 2005 (nieaudytowane) tys. PLN	12 miesięcy do 31 grudnia 2004 (nieaudytowane) tys. PLN
Cash flows from operating activities		
Pre-tax profit/(loss)	52,343	(5,447)
Adjustments:	(4,026)	(16,874)
Depreciation and amortisation	10,113	10,910
Change in inventory	(695)	(12,578)
Change in receivables	(29,613)	(129,721)
Change in liabilities	13,755,	107,170
Change in accruals and deferrals	6,706	(16,607)
Change in provisions	(6,300)	(1,749)
Interest income and expense	4,095	2,444
Foreign exchange gains (losses)	(1,910)	18,506
Profit (loss) on investment activities	(968)	5,319
Other	791	(568)
Net cash provided by operating activities	48,317	(22,321)
Interest paid	(5,994)	(3,699)
Income tax paid	(2,396)	(391)
Net cash provided by/ (used in) operating activities	39,927	(26,411)
Cash flows from investing activities		
Disposal of property, plant and equipment	459	357
Proceeds from sale of investment property	1,700	0
Proceeds from sale of intangible assets	1,893	0
Repayment of financial assets held to maturity	5,817	24,508
Cash receipts from the sales of subsidiaries	12,005	13,105
Purchase of property, plant and equipment	(6,385)	(6,518)
Purchase of intangible assets	(10,390)	(1,401)
Acquisition of financial assets available for sale	0	(56,870)
Acquisition of financial assets held to maturity	(2,999)	(32,712)
Acquisition of subsidiaries, net of cash acquired	(31,768)	(1,307)
Acquisition of associated undertakings	(300)	0
Cash of subsidiaries contributed as contribution in kind	19,841	0
Acquisition of associates	(28,791)	0
Loans paid	5,028	0
Loans granted	(5,356)	0
Interests received	2,389	56
Dividends received	657	30
Other	89	(209)
Cash provided by forward transactions	21,518	2,075
Net cash provided by/(used in) investing activities	(14,593)	(58,886)
Cash flows from financing activities		
Proceeds from issue of shares	30,581	0
Repayment of financed lease liabilities	(49)	(253)
Incurred (repaid) loans and borrowings	(12,656)	35,776
Issue (repaid) of debt securities	(28,376)	44,982
Other	(3)	21
Net cash provided by/(used in) financing activities	(10,503)	80,526
Net decrease in cash and cash equivalents	14,831	(4,771)
Cash and cash equivalents as at January 1st	47,344	52,115
Cash and cash equivalents as at December 31th	62,175	47,344

All figures in PLN '000

Sales Revenue

Revenue on sales of products and services	Twelve months ended Dec 31 2005	Three months ended Dec 31 2005	Twelve months ended Dec 31 2004	Three months ended Dec 31 2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	PLN '000	PLN '000	PLN '000	PLN '000
Software, licences and implementation	131,874	47,594	155,607	76,975
Maintenance	105,865	27,071	85,120	15,841
Hardware	4,351	3,714	39,100	13,086
Other	5,944	2,062	3,953	1,718
Total	248,034	80,441	283,780	107,620

Revenue on sales of goods for resale and materials	Twelve months ended Dec 31 2005	Three months ended Dec 31 2005	Twelve months ended Dec 31 2004	Three months ended Dec 31 2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	PLN '000	PLN '000	PLN '000	PLN '000
Hardware	208,765	162,819	134,265	78,549
Software and licences	80,088	14,912	63,968	36,969
Total	288,853	177,731	198,233	115,518

The sales of software and IT implementations had the largest share in the Group's revenue on sales of products and services in Q4 2005 (59.2%). The fact that the revenue on sales of software and implementation of IT systems (38.2% year-on-year) was smaller resulted directly from the postponed execution of large IT projects, both those underway and the planned ones.

The sales of hardware had the largest share in the Group's revenue on sales of goods for resale and materials in Q4 2005 (91.6%). This is attributable to the performance of the contracts with the Polish Ministry of Education and Science (MEiN) and with the Central Geodetic and Cartographic Office (GUGiK) for the supply of hardware worth approx. PLN 90m, as well as for the supply of hardware under smaller contracts.

In 2005, the Group decided to change the presentation of its operating income and expenses broken down by products and goods for resale. Currently, the operating income and expenses are classified as products or goods for resale depending on the type of the project under way, regardless of whether the solutions were created by the Group itself or third parties.

The change gave rise to increased revenue on sales of products in 2004 (up by PLN 60,417 thousand), with the revenue on sales of goods for resale and materials being lower by the same amount (a rise of PLN 11,039 thousand in the revenue on sales of products and a corresponding decrease in the revenue on sales of goods for resale and materials in Q4 2004).