OEX S.A. GROUP

REPORT ON THE ACTIVITIES

Poznań, 16 March 2016

TABLE OF CONTENT

1. Information about the Issuer

Name:		OEX
Legal form:		Spółka Akcyjna *(Polish joint-stock company)*
Seat:		61-362 Poznań, ul. Forteczna 19a
Country of incorporation:		Poland
Basic objects of business:		
	-	other telecommunications activities,
	-	retail sale of telecommunications equipment in specialised stores,
	-	retail sale of computers, peripheral equipment and software in specialised stores,
	-	wholesale of electronic and telecommunications equipment and parts,
	-	wholesale of computers, peripheral equipment and software,
	-	other retail sale not in stores, stalls or markets,
	-	computer facilities management activities,
	-	other business and management consultancy activities.
Registration authority:	-	District Court Poznań- Nowe Miasto i Wilda, 8th Commercial Division of the National Court Register
Statistical number (REGON):	-	630822208

'OEX S.A.' is a new business name of a company previously trading as 'TELL S.A.', changed by virtue of resolution of the Extraordinary General Meeting of Shareholders dated 30 September 2015. The change was registered by the District Court for Poznań — Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register on 30 December 2015.

2. Principles of the preparation of the consolidated annual financial statements;

The principles governing the preparation of the consolidated annual financial statements were described in the consolidated annual financial statements of the issuer for 2015.

3. Description of the organisation of the issuer's group, with an indication of consolidated entities, and description of changes in the organisation of the issuer's group, with an identify underlying reasons;

List of shares held by the issuer directly and indirectly - via subsidiary companies:

Name of the Company	Registered office	(%) of shares/participations held	
		directly controlled	indirectly controlled
OTI Sp. z o.o. (currently TELL Sp. z	ul. Forteczna 19A, 61-362 Poznań	100	
Euro-Phone Sp. z o. o.	ul. Puławska 40a, 05-500 Piaseczno	100	
PTI Sp. z o. o.	ul. Forteczna 19A, 61-362 Poznań	100	
Cursor S.A.	ul. Równoległa 4A, 02-235 Warszawa	100	
Divante Sp. z o.o.	ul. Kościuszki 14, 50-038 Wrocław	51.03	
Toys4Boys Pl. Sp. z o. o.	ul. Nowy Świat 11B, 80-299 Gdańsk	30	
Connex Sp. z o. o.	ul. Forteczna 19A, 61-362 Poznań	100	
TRS Services Sp. z o. o.	ul. Równoległa 4A, 02-235 Warszawa		100

Cursor S.A. and Divante Sp. z o.o. became members of the issuer's group on 05/03/2015.

On 18 September 2015, OEX S.A. established OTI Sp. z o.o. (*Polish limited liability company)* in the execution of resolution of the General Meeting of Shareholders of 30 September 2015 concerning the spin-off from OEX S.A. of operating activities concerning the provision of services on the basis of the agency agreement with Orange Polska S.A. Spółka OTI Sp. z o.o. was registered by the District Court for Poznań-Nowe Miasto i Wilda in Poznań on 4 November 2015. On 11 January 2016, by virtue of resolution No. 1 of the Extraordinary General Meeting the business name of a company was changed from OTI Sp z o.o. to TELL Sp. z o.o. The change was registered by the District Court for Poznań-Nowe Miasto i Wilda in Poznań on 17 February 2016.

The only shareholder in TRS Services Sp. z o.o. is Cursor S.A. TRS Services Sp. z o.o. was established on 8 July 2015 in order to accommodate the potential future spin-off of a part of the Sale Support Segment from Cursor S.A. As at the date of this report, the above-mentioned company does not carry on any business activities.

The consolidated financial statements of the OEX S.A. Group comprise the parent company - OEX S.A. - and the following subsidiaries:

Name of the Company	Registered office	Percentage of share capital (%)	
		31/12/2015	31/12/2014
Euro-Phone Sp. z o. o.	ul. Puławska 40a, 05-500 Piaseczno	100	
PTI Sp. z o. o.	ul. Forteczna 19A, 61-362 Poznań	100	
Cursor S.A.	ul. Równoległa 4A, 02-235 Warszawa	100	
Divante Sp. z o.o.	ul. Kościuszki 14, 50-038 Wrocław	51.03	

4. **Information about basic products, goods or services, with a breakdown into volumes and value as well as the shares of particular products, goods and services (if they are material) or their groups in total sale of the issuer, changes in this respect during the year;**

In relation with the takeover of Cursor S.A. and Divante Sp. z o.o. on 5 March 2015, as part of the Group structure management model adopted, the Issuer distinguishes 3 operating segments which are subject to a detailed assessment by the governing bodies:

- ✓ Retail Sale Network Management Segment
- ✓ Sale Support Segment
- ✓ E-business Segment

Retail Sale Network Management Segment

The retail sale network management segment comprises comprehensive services related to the sale of the Client's products and services in a network of stores and retail outlets, and in particular the creation and management of retail sale outlet networks and the sale and sale force management.

The OEX Group concentrates on the management of the mobile phone service distribution network, whereby the experience and unique competences related to sale network building may be used in other sectors on the basis on a similar distribution model.

At present, the OEX Group is the provider of these services to three largest mobile phone operators in Poland – Orange, T-Mobile and Plus. The sale of the T-Mobile network services is ensured by Euro- Phone Sp. z o. o., the sale of the PLUS network services is ensured by PTI Sp. z o. o., and the sale of the Orange network services in 2015 was ensured by OEX S.A., and as of 1 February 2016, by Tell Sp. z o.o. (see note 3.) The Group achieved its position by a gradual and consistent increase of the number of its own stores and mergers of smaller store operators.

Value of the sale network of the retail sale network management segment

Number of stores as at the balance sheet day:

	as at 31/12/2015	as at 31/12/2014	change y/y in pcs.	change y/y in %
Orange network stores	148	157	-9	-6
T-Mobile network stores	76	84	-8	-10
Plus network stores	71	79	-8	-10
Total stores	295	320	-25	-8

Revenue volumes and breakdown - the retail sale network management segment

Revenue from the sale of services and goods (in kPLN)	2015	2014	2015/2014
Revenue from the sale of telecommunication services	96,627	96,900	99.72%
Sets and pre-paid refillments	14,905	15,927	93.59%
Postpaid contract phones	95,417	125,506	76.03%
Other revenue	8,502	10,300	82.55%
Total	215,451	248,631	86.65%

Service sale volume	2015	2014	2015/2014
Postpaid activations	531,096	563,468	94.25%
Prepaid activations	105,332	118,791	88.67%
Total	636,428	682,259	93.28%

Sale Support Segment

All activities in this segment are provided by Cursor S.A. This business of this segment comprises activities whose purpose is to ensure an increase in the sale of clients' products and services. The basic services offered to clients under this segment comprise:

- ✓ outsourcing of sales representatives,
- ✓ merchandising,
- ✓ examination of goods exposure and availability and communication standards,
- ✓ product promotion services,
- ✓ services related to marketing materials and packaging purchase processing.

Outsourcing of sales representatives is conducted in variants: as a dedicated service model (work of a single team dedicated to a single client) and as a co-shared service model (work of a single team for many clients). The sales representative outsourcing service is addressed to the entire market (modern, traditional and specialist sales). The activities are carried out on the basis of fully computerised processes and in accordance with the ISO 9001:2008 standards.

The merchandising activity consists in servicing the goods exposition in commercial networks by stationary teams and mobile servicing of retail outlets. It is carried out using advanced IT tools and in accordance with the ISO 9001:2008 standards.

The examination of goods exposure and availability and consumer communication standards supplements the merchandising offer. It is performed on the basis of audits made in retail chains and outlets. Their purpose is to obtain information from the market, verify the arrangements made between the retail outlet and the producer, control the effectiveness of sales structures of the client as well as the database construction and updates. The data acquisition process takes place using advanced IT tools, which guarantee the quality and reliability of materials collected. The offer also comprises the analysis and advanced presentation of data.

Product promotion services comprise activities related to a direct contact with the consumer. They comprise projects related to leasing specialised personnel teams - described as 'client advisers'. These advisers stimulate the sale in modern or traditional trade outlets as well as in specialised commercial networks by giving additional information about the product, providing the possibilities of a test use or execute the consumer's individual orders. Such activities are reinforced by organisation of consumer programmes such as lotteries or contests.

The services related to the marketing materials and packaging purchase processing consist in the market analysis with regard the area ordered by the client, provision of recommendations concerning the determination of selection criteria to be followed when purchasing products, purchase cost optimization and administrative support of the process. In case marketing materials or sale support materials are ordered on foreign markets, the services comprise the analysis of the supplier's potential, verification of the quality of raw materials (standard observance, quality standard certificates, including, but not limited to SGA, STR, PCBC, PSBI), supervision over the performance of prototypes and ensuring the consistency of product batches.

E-business Segment

This segment provides services dedicated to e-commerce, including the areas of technology, marketing and logistics. The segment encompasses in whole the business of Divante Sp. z o.o. (area related to sale and marketing-support IT) and in part (the section not assigned to the Sale Support Segment) the business of Cursor S.A. (logistic operations). The internal split of tasks between the above-mentioned companies is not visible for the clients.

The e-commerce services are comprehensive solutions ensuring the pursuit and growth of the Internet sale, both as regards the retail market and business customers. The provision of such services may follow the end to end model and may comprise strategic consulting on the Internet commerce, creation of business plans, e-shop platform designing and creation on the basis of various technologies, e-marketing and traffic generation, platform usability optimisation (UX – user experience) as well as the logistic support for the e-sales, including warehousing, packaging, deliveries and sale registration for tax purposes as well as handling of returns and the help line.

Logistic of the sales support products comprises solutions related to the management and distribution of marketing materials as well as the support of loyalty programmes and consumer promotions. Consulting and optimal process management workshops, construction and provision of POSM management and ordering IT solutions integrated with the clients' systems are ensured as part of the marketing materials distribution services. Also the warehousing and order completion services are provided for the client's sale structures and sale outlets as well as the distribution of orders. As part of the loyalty and consumer programme support, Cursor S.A. is responsible for the project strategy as well as the tactics: selection of products ad prizes, negotiations with suppliers, collection of personal data, prize personalization and communication, distribution, tax registration settlements.

Cursor S.A. manages an extended warehouse infrastructure with an area of over 30,000 sq.m. and capacity of 45,000 pallet places - based on WMS (warehouse management system). The operation quality consistency is ensured by ISO 9001:2008.

Revenues and results of operating segments:

	Sale network management	Sale Support	E-business	Not allocated	Total
for the period from 01/01 to					
Revenue from external customers	215,451	65,419	63,295		344,165
Revenue from the sales between segments	59	549	792	628	2,028
Total revenue	215,510	65,969	64,086	628	346,193
Segment's operating result	9,770	4,388	3,367	203	17,727
Financial income					218
Financial costs (-)					-2,515
Gross profit before tax					15,430
Income tax					3,284
Net profit					12,145
EBIDTA	11,677	5,923	4,158	203	21,960
Depreciation and amortisation	1,906	1,535	791		4,233
for the period from 01/01 to 31/12/2014					
Revenue from external customers	248,632				248,632
Revenue from the sales between segments				508	508

Total revenue	249,140				249,140
Segment's operating result	10,792				10,792
Financial income					76
Financial costs (-)					-2,871
Gross profit before tax					7,997
Income tax					1,966
Net profit					6,031
EBIDTA	12,618				12,618
Depreciation and amortisation	1,826				1,826

It should be noted that the revenues and performance of the segments: Sale Support and E-business, concern only the period from March 2015, in relation with the acquisition on 5 March 2015 of shares in Cursor S.A. and in Divante Sp. z o.o.

5. Information on markets, with a breakdown into domestic and foreign markets, information about sources of materials for production, goods and services, with an indication of dependence on one or more supplier or client, and in case the share of one supplier or client reaches at least 10% of total sale revenue - name of supplier or client, his share in sale or supply as well as formal links with the issuer.

The main marketing outlets for the Group are in Poland. The revenues generated in Poland constitute 99% of the Group's total revenues. At the same time, the revenues in the E-business segment are generated by foreign counterparties to an ever growing extent. Owing to the take-over of Cursor and Divante in 2015, the Group considerably diversified its business. The Group’s revenue from the market of telecommunications services distribution constituted 63% of total revenues, while last year - 100%. The remaining revenues were generated from the market of business services provided in the segments Sale Support and E-business - as described in section 4.

The only counterparty whose share in the Group's turnover exceeds 10% is Orange Polska S.A. with registered office in Warsaw. 30% of the Group’s turnover originate from the business with Orange Polska S.A. None of the Group’s companies has any formal links with Orange Polska S.A.

6. Discussion of the basic economic and financial data disclosed in the annual consolidated financial statements;

The considerable increase in the value of particular balance sheet items and the change in the balance sheet structure, the increase in the value of revenues and profits generated are all mainly the result of consolidation of the newly acquired companies - Cursor S.A. and Divante Sp. z o.o.

a) Discussion of the main income statement items

The revenues from the sale in 2015 amounted to kPLN 344,165 and were higher by 38.4% than in the corresponding period of previous year.

The operating profit for 2015 amounted to kPLN 17,727 and was higher by 64.3% than in the corresponding period of previous year.

EBITDA of 2015 amounted to kPLN 21,960 and was higher by 74.0% than in the corresponding period of the previous year.

The 2015 gross profit was kPLN 15,430 and was higher than in the previous year by 93.0%.

The net profit of 2015 due to the parent company's shareholders was kPLN 11,192 and was higher than in the previous year by 85.6%.

The share of Cursor and Divante in the revenues and in the profits of the OEX Group was as follows:

	OEX Group From 01/01 to 31/12/2015	Cursor and Divante From 01/03 to 31/12/2015	Share
Revenue from sales	344,165	128,714	37.4%
Gross profit on sales	49,785	25,135	50.5%
Profit on sale	18,000	8,016	44.5%
Operating profit	17,727	7,957	44.9%
Gross profit	15,430	7,502	48.6%
Net profit	12,145	5,965	49.1%
Depreciation and amortisation	4,233	2,326	55.0%
EBITDA	21,960	10,283	46.8%

The achieved levels of the above-presented data contain values resulting from the consolidation of Cursor S.A. and Divante Sp. z o.o., i.e. the values achieved by them in the period from March to the end of 2015. The highest share in the Group's total operating result in 2015 was held by the Retail Sale Network Management Segment – 55% (kPLN 9,770). At the same time, this share was lower by 9% than in the corresponding period of 2014. The remaining 45% of the operating profit was generated by the new segments created after the take-over of Cursor S.A. and Divante Sp. z o.o., whereby the share of the Sale Support Segment amounted to 25% (kPLN 4,388), and the E-Business Segment 19% (kPLN 3,367).

At the level of EBITDA, the above-presented structure is as follows:

- ✓ Retail Sale Network Management Segment: 51% (kPLN 11,677). At the same time, this share was lower by 7% than in the corresponding period of 2014;
- ✓ Sale Support Segment: 27% (kPLN 5,923).
- ✓ the E-Business Segment; 19% (kPLN 4,158).

Profit and loss account

	From 01/01 to 31/12/2015	From 01/01 to 31/12/2014	2015/2014
Revenue from sales	344,165	248,632	138.4%
Revenue from the sale of services	235,651	141,139	167.0%
Revenue from the sale of goods	108,514	107,493	100.9%
Sale costs	294,380	224,144	131.3%
Costs of services sold	189,989	118,085	160.9%
Costs of goods sold	104,391	106,060	98.4%
Gross profit on sales	49,785	24,487	203.3%
Sale costs	11,643	5,750	202.5%
Administration costs	20,142	8,443	238.6%
Other operating income	1,352	1,428	94.6%
Other operating expense	1,624	931	174.3%
Profit on operating activities	17,727	10,792	164.3%
Financial income	218	76	287.2%
Financial costs	2,515	2,871	87.6%
Profit before tax	15,430	7,997	193.0%
Income tax	3,285	1,966	167.1%
Net profit	12,145	6,031	201.4%
Net profit - share of the shareholder	11,192	6,031	185.6%
Net profit - share of non-controlling shareholders	954		100.0%

Basic ROS indicators

	From 01/01 to 31/12/2015	From 01/01 to 31/12/2014	2015/2014
EBITDA	21,960	12,618	174.0%
EBITDA rate	6.4%	5.1%	125.7%
Gross profit on sales	14.5%	9.8%	146.9%
Profit on sales	5.2%	4.1%	126.3%
Operating profit	5.2%	4.3%	118.7%
Gross profit	4.5%	3.2%	139.4%
Net profit	3.5%	2.4%	145.5%

b) Discussion of the main items of the balance sheet

In the presented balance sheet, the balance sheet total amounts to kPLN 188,162 and is 57.9% higher than last year's total. The share of fixed assets and current assets in total assets is, respectively, 48.9% and 51.1% (2014: 54.5% and 45.5%). The value of non-current assets rose when compared to the previous year by 41.7% from kPLN 64,931 to kPLN 92,027 in 2015. The increase in the value of non-current assets is a result of the acquisition of 100% of shares in Cursor S. A. and 51.03% of shares in Divante Sp. z o.o. on

05 March 2015. In result of the settlement of this business combination, the goodwill rose from kPLN 57,581 in 2014 to kPLN 68,468.

The share of current assets in total assets rose from 45.5 % in 2014 to 51.1% in 2015. Also the value of current assets went up from kPLN 54,258 in 2014 to kPLN 96,135 in 2015 – i.e. by 77.2%.

With regard to the equity and liabilities, the equity constituted 45.5% and the liabilities 54.5% (2014: 47.5% and 52.5%). Whereby, the value of equity rose from kPLN 56,645 to kPLN 85,671 in 2015 – growth by 51.2%. Similarly, the value of liabilities and provisions rose from kPLN 62,544 to kPLN 102,492 in 2015 – growth by 63.9%. The growth in shareholder's equity is related to the issue of 1,777,692 shares in OEX and their exchange for a contribution in kind in the form of 163,517,500 shares in Cursor S.A. and 592 shares in Divante Sp. z o.o. In consequence of that exchange, the share capital went up by kPLN 356 and the supplementary capital by kPLN 20,097.

In 2015, the interest liabilities went up considerably (working capital loans, leasing, factoring) - this is mainly a result of the specific character of the service business carried out by Cursor and Divante. In case of service activities, the operating costs to a considerable extent result from various forms of personnel costs, in case of which it is difficult to talk about extended payment terms, while the revenue is obtained from corporate clients with considerable bargaining power, which, in turn, translates into relatively long payment terms. This situation results in a considerable share of interest liabilities (revolving loans, factoring) in the working capital factoring structure when compared to the previous model of the Group's business. The total interest liabilities of the Group as at the end of 31/12/2015 amounted to kPLN 27,796, which constitutes 14.8% of the total of equity & liabilities, vs kPLN 5,095 (4.3% of the total equity and liabilities) in the corresponding period of the previous year. The short-term interest debt of the Group as at 31/12/2015 amounted to kPLN 24,723., which constitutes 27.5% of total short-term liabilities, vs kPLN 5,095 (9.2% of total short-term liabilities) in the corresponding period of the previous year.

Balance sheet

ASSETS	31/12/2015		31/12/2014		2015/2014
Non-current assets					
Goodwill	68,468	36.4%	57,581	48.3%	118.9%
Intangible fixed assets	6,550	3.5%	593	0.5%	1104.6%
Tangible fixed assets	14,202	7.5%	4,917	4.1%	288.8%
Interests in related parties	55	0.03%			100.0%
Receivables and loans	972	0.5%	1,005	0.8%	96.7%
Long-term prepayments	30	0.02%			100.0%
Deferred income tax assets	1,750	0.9%	836	0.7%	209.4%
Non-current assets	92,027	48.9%	64,931	54.5%	141.7%
Current assets					
Inventories	16,596	8.8%	12,745	10.7%	130.2%
Trade receivables and other	70,003	37.2%	40,592	34.1%	172.5%
Current tax assets			65	0.1%	
Loans	1	0.001%	27	0.02%	3.8%
Short-term prepayments	4,484	2.4%	294	0.2%	1523.9%
Cash and cash equivalents	5,052	2.7%	535	0.4%	944.7%
Current assets	96,135	51.1%	54,258	45.5%	177.2%
Total assets	188,162	100.0%	119,189	100.0%	157.9%

EQUITY AND LIABILITIES	31/12/2015		31/12/2014		2015/2014
Shareholder’s equity					
Equity - share of the shareholders of the					
Share capital	1,378	0.7%	1,022	0.9%	134.8%
- Share	44,960	23.9%	24,863	20.9%	180.8%
Other reserve capitals	1,459	0.8%	1,459	1.2%	100.0%
Retained profits:					
- retained profit from previous years	25,167	13.4%	23,269	19.5%	108.2%
- net profit for the company's shareholders	11,192	5.9%	6,031	5.1%	185.6%
Equity - share of the shareholders of the	84,156	44.7%	56,645	47.5%	148.6%
Non-controlling interests	1,515	0.8%			100.0%
Shareholder’s equity	85,671	45.5%	56,645	47.5%	151.2%
Liabilities					
Long-term liabilities					
Loans, credits, other debt instruments	81	0.04%			100.0%
Finance leases	2,992	1.6%			100.0%
Deferred tax liabilities	8,069	4.3%	7,309	6.1%	110.4%
Employee benefits	78	0.04%	72	0.06%	107.4%
Long-term prepayments	1,527	0.8%			100.0%
Long-term liabilities	12,747	6.8%	7,382	6.2%	172.7%
Short-term liabilities					
Trade liabilities and other	55,622	29.6%	45,980	38.6%	121.0%
Current tax	1,683	0.9%	596	0.5%	282.4%
Loans, credits, other debt instruments	12,422	6.6%	5,095	4.3%	243.8%
Finance leases	2,016	1.1%			100.0%
Factoring liabilities	10,284	5.5%			100.0%
Employee benefits	6,862	3.6%	3,492	2.9%	196.5%
Short-term prepayments	856	0.5%			100.0%
Short-term liabilities	89,745	47.7%	55,162	46.3%	162.7%
Total provisions	102,492	54.5%	62,544	52.5%	163.9%
Total equity and liabilities	188,162	100.0%	119,189	100.0%	157.9%

c) Discussion of the main items of the cash flow statement

Cash flows of the Group – were characterised by a positive flow from operating activities and a negative flow from the investing activities and financial activities.

The analysis of flows from operating activities indicates that the Group noted a rise in inventories by kPLN 1,687, a rise in receivables by kPLN 866 and a rise in liabilities by kPLN 2,583 – which all influenced the creation of a negative change in the working capital in the amount of (kPLN -4,741). The flows from operating activities reached the value of kPLN 13,418, while in 2014 they amounted to kPLN 9,764. Such considerable growth resulted from the gross profit of kPLN 15,430 while in 2014 it amounted to kPLN 7,997.

The flows from investment activities reached a negative value of kPLN (-4,820), which was mainly influenced by the acquisition of fixed assets. The acquisition of tangible fixed assets constituted an expense of kPLN 4 ,995, while the acquisition of intangible fixed assets - the amount of kPLN 2,524.

The flows from financial activities reached a negative value of kPLN (-4,081). The most important factor influencing that amount constituted the repayment of loans, leases, payment of interest and dividend.

Cash flow statement:

	from 01/01 to 31/12/2015	from 01/01 to 31/12/2014
Flows from operating activities		
Profit (loss) before taxation	15,430	7,997
Adjustments:		
Depreciation of tangible fixed assets	3,577	1,537
Amortisation of intangible fixed	655	270
Impairment loss on financial assets		1,287
Profit (loss) on the sale of non-financial fixed assets	-190	4
Interest costs	947	387
Interest and dividend income	-8	-14
Other adjustments		129
Total adjustments	4,981	3,620
Change in inventories	-1,687	-1,268
Change in receivables	-866	3,436
Change in liabilities	-2,583	-1,067
Change in provisions and prepayments	396	-660
Changes in working capital	-4,741	441
Taxes paid	-2,252	-2,294
Net cash flow from operating activity	13,418	9,764
Flows from investing activities		
Expenses to purchase intangible fixed assets	-2,524	-88
Expenses to purchase fixed assets	-4,995	-2,249
Inflows from the sale of fixed assets	316	174
Net expenses to purchase subsidiaries	-55	
Net inflows from the sale of subsidiaries	266	
Received repayments of loans granted	27	24
Loans granted		-46
Interest income	485	14
Cash from business combination	1,660	
Net cash flow from investing activity	-4,820	-2,170
Flows from financial activities		
Expenditure related to emissions	-169	
Inflows from loans and credits contracted	6,312	5,457
Repayment of loans and advances	-2,096	-7,504
Repayment of financial lease liabilities	-1,834	
Interest paid	-1,424	-505
Dividends paid	-4,870	-5,100
Net cash flow from financial activity	-4,081	-7,652
Change in net cash position	4,517	-59
Cash at the period beginning	535	593
Cash and cash equivalents at period end	5,052	535

d) Ratio analysis

For the correct interpretation of ratios characterising the efficiency of management of the Group's current assets and the profitability ratios based on revenues, it is necessary to explain the way of reflecting in the Group companies' books the mechanisms by which mobile phone operators subsidise the postpaid activation phones. The changes are not so much a result of real changes in relations in economic values significant for the Group results, but from of a different way of settling the postpaid phone subsidies than in case of remaining operators. Irrespective, however, of a different way of mobile phone sale settlement by particular operators, the result on such operations is neutral for Group companies' results.

ORANGE network operator – Orange Polska S.A.

OEX S.A. acquires phones from the Operator at market prices. After the purchase, the Company incurs a liability in an amount equal to the market price of the phone. At the same time, the Company recognised in its assets an inventory stock valued at the phones' market prices. The Company sells such phones in two variants:

- sale of the phone directly to the client in a sale outlet

In this case, the sale is made at the promotional price (allowing for a subsidy at the level agreed with the Operator). Thus, the Company makes a temporary loss on this particular transaction. However, immediately after the promotional sale, in accordance with the procedures agreed with the Operator in the contract , the Operator issues corrective invoices decreasing the original phone purchase price for the Company to the promotional price (allowing for the subsidy level). Thus, in effect, the transaction has a neutral effect on the Company's financial result.

- sale of the phone to a sub-agent, who then sells it to a client in a sale outlet

In this case, the sale is made at the original Operator's purchase price and then the process is analogous as above, whereby it is the Company that issues a corrective invoice to the sub-agent, adjusting the original selling price.

T-Mobile network operator – T-Mobile Polska S.A.

As of 21 May 2014, the Company has been receiving phones to be sold together with subscription services from the Operator on a settlement basis. If the sale is made in accordance with the valid procedures in force, the phone is considered settled. In case of some offers, it is necessary that the equipment is purchased at request and an invoice is issued with a 7-day term of payment. The phone may still be sold to the client together with a subscription offer, and its settlement then is similar to the settlement in the full price option.

PLUS network operator - Polkomtel Sp. z o.o.

PTI Sp. z o.o. acquires phones from the Operator at market prices. After the purchase, the company incurs a liability in an amount equal to the market price of the phone. At the same time, the company recognised in its assets an inventory stock valued at the phones' market prices. The Company sells such phones in two variants:

- sale of the phone directly to the client in a sale outlet

In this case, the sale is made at the promotional price (allowing for a subsidy at the level agreed with the Operator). Thus, the Company makes a loss on this particular transaction. However, immediately after the promotional sale, as agreed with the Operator in the contract, the Operator grants the company a commission in an amount equal to the value of loss incurred at the given transaction. In effect, the transaction has a neutral effect on the Company's financial result, however, it shows a much higher revenue and costs from a similar transaction than other Group companies.

- sale of the phone to a sub-agent, who then sells it to a client in a sale outlet

In this case the sale is made at the original price of purchase from the Operator, but then the process is similar as the one described above, whereby it is the company that sets off the sub-agent's loss on the mobile phone sale transaction to a client by paying an appropriate commission (received earlier from the Operator).

In consequence of such recognition, the phone sale results in relatively high revenue from the sale and high costs of sale when compared to other Group companies.

No.	Name of ratio	Formula	Measure	2015	2014
1	Efficiency ratio				
1.1	Cost level ratio	tax deductible cost / sale revenue		0.95	0.96
1.2	Asset turnover ratio	sale revenue / total assets		1.83	2.09
1.3	Fixed asset turnover ratio	sale revenue / fixed assets		3.74	3.83
1.4	Current asset turnover ratio	sale revenue / current assets		3.58	4.58
1.5	Inventory turnover ratio	sale revenue / inventories		20.74	19.51
1.6	Inventory cycle indicator	inventories x number of days in the period / sale revenue	days	17.60	18.71
1.7	Receivables turnover ratio	sale revenue / trade receivables		4.85	6.12
1.8	Receivables cycle indicator	receivables x number of days in the period / sale revenue	days	75.27	59.69
2	Effectiveness ratios				
2.1	ROS - gross	operating profit x 100 / sale revenue	%	4.73%	3.36%
2.2	ROS - net	net profit x 100 / sale revenue	%	3.53%	2.43%
2.3	Rate of return	net profit x 100 / total assets at period end	%	6.45%	5.06%
2.4	ROE	net profit x 100 / equity	%	14.18%	10.65%
3	Financial liquidity ratios				
3.1	Liquidity I	total current assets / current liabilities		1.05	0.98
3.2	Liquidity II	current assets - inventories / current liabilities		0.87	0.75
3.3	Liquidity III	cash			

		current liabilities	0.06	0.01
4	Capital structure,ratios			
4.1	Debt ratio	total debt / shareholders' equity	1.20	0.94
4.2	Equity to debt ratio	shareholders' equity / total debt	0.84	1.06
4.3	Asset financing structure ratio equity	shareholders' equity / total capital	0.46	0.48
4.4.	Asset financing structure ratio bank loan	bank loans / total capital	0.15	0.04
4.5.	Asset financing structure ratio liabilities	liabilities to suppliers / total capital	0.26	0.36

Efficiency ratio

The inventories and receivables turnover cycles show similar values in subsequent years. The Company enters into transactions only with entities with a good credit standing. All clients wishing to take advantage of the merchant's credit are subject to a verification procedure. The Company monitors its receivables on an on-going basis.

Effectiveness ratio

The Company's return rates are higher than those of 2014. The Company noted a higher net profit, therefore the profit-based ratios improved.

Financial liquidity ratio

The liquidity I indicator was at the level of 1.40, which reflects a very good liquidity position of the Company. The Company is fully solvable and does not have any tax or social security contribution arrears. The Company maintains current liquidity and systematically makes settlements with its clients as part of its restrictive credit policy.

Capital structure ratio

The capital structure indicators deteriorated due to the rise in the share of equity.

7. Characteristics of the structure of assets and equity&liabilities of the consolidated balance sheet, including from the point of view of the issuer's capital group liquidity;

The analysis is given in item 6.

8. More important events with a considerable influence on the activities and financial performance of the issuer's group in the financial year or which may have an influence in the subsequent years to come;

In result of the acquisition of shares in Cursor S.A. and Divante Sp. z o.o. on 5 March 2015 the Issuer's Group diversified its business. This will allow it to restrict to a significant extent the dependence of its financial results on the situation on the mobile phone market and conditions of cooperation with the network operators - Orange, T-Mobile and Plus. In result of the above-mentioned takeover, the levels of consolidated assets, liabilities, revenues and costs of the Issuer's Group changed considerably.

9. Assessment of the factors and non-typical events influencing the result of the financial year, specifying the degree of influence of such factors or non-typical events on the result achieved;

The considerable impact on the performance in 2015 was made by the take-over of Curson and Divante as described in item 8. The impact of the takeover on the most important items of the consolidated financial statements as at 31/12/2015 is presented in the table below.

	Total Group	Cursor and Divante	Share % Cursor and Divante
Assets, including:	188,162	63,143	34
- including goodwill	68,468	10,887	16
Liabilities	102,492	47,652	47
Total revenue	344,165	128,714	37
Total Costs	326,438	120,757	37

10. Characteristics of external and internal factors significant for the development of the issuer's business and description of the issuer's activity development perspective at least until the end of the financial year following the financial year for which the financial statements were made, including elements of the issuer's market strategy;

The basic factors that will impact the performance of the OEX S.A. Group in the next year are as follows:

a) Demand for mobile telephone services, taking into account in particular:
   - seasonality;
   - promotional actions planned by the mobile phone operators;
   - performance level of sale plans imposed on the Group companies by operators.
b) Uninterrupted performance of existing contracts in the Sale Support and E-Business segments and acquisition of new contracts as per the internal plans;
c) Situation on the labour market;
d) Potential business combinations in consequence of consolidation of the market on which the Group operates;

11. Description of risk and threat factors, with a specification to what extent the issuer's group is exposed to them.

Risk related to the macroeconomic situation of Poland

Risk factors related to the issuer's business and the environment in which the issuer carries on its business.

Risk of dependence on Orange Polska S.A.

The business of OEX S.A. was concentrated on the distribution of mobile and landline phone services for the Orange network. The issuer was an authorized representative of that operator and acted in the basis of an agency agreement. The revenue from the sales of telecommunications services of that operator in 2015 constituted approx. 30% of total revenues of the Group. Such a situation results in the high degree of dependence of the issuer's revenues on a single operator. In case of a loss of the market position by Orange Polska S.A. the revenues from the commissions on the sale of telecommunications services may diminish. In order to mitigate that risk, the OEX Group expands the scope of services it provides. In March 2015, it acquired the companies: Cursor S.A. and Divante Sp. z o.o. In consequence, the objects of its business became more diversified.

The risk of termination or lack of renewal of contracts by the mobile phone operators

The business of a part of subsidiaries of OEX S.A. concentrates on the distribution of mobile phone services in Poland. Acting on the basis of agency agreements, the Companies cooperate with the three largest operators on the Polish market, i.e. Orange Polska S.A., Polkomtel S.A. and T-Mobile Polska S.A. Any termination or lack of renewal of any of these agreements by the operator may significantly constitute a threat to the going concern of the above-mentioned companies of the OEX Group. The OEX Group has cooperated with the mobile network operators for years and the cooperation has been smooth so far. For that reason, in the opinion of the Management Board, the risk that the agreements with operators are terminated or not renewed is insignificant.

Risk of a change in the sale strategy by mobile phone operators

The sale of mobile phone services takes place via a few sale channels, the main one being: traditional commercial outlets (including showrooms and stands in shopping malls), sale representatives, call centres and the Internet. Considering the development of modern sale channels, it is possible that the clients will become less interested in the direct service in traditional sales outlets. This tendency may be additionally supported by a better offer addressed by operators to clients using channels other than the traditional one. Any possible change in the sale structure of the mobile phone operators related to the distribution channels and the restriction of the role of traditional outlets may influence a decrease in the revenue from the sales of the OEX Group companies which operate in the Retail Outlet Network Management segment. The take-over of Cursor S.A. and Divante Sp. z o.o., which have a considerable market position in the sector of sales via modern channels outsourcing has allowed the Group to mitigate the risk of the above-mentioned tendencies by ensuring both, the possibility to offer to the existing customers and to the new counterparties, comprehensive solutions concerning sales outsourcing based on both the traditional and the state-of-the-art sale channels as well as the combination thereof.

The risk of a slowdown on the sale support market and the e-business market

In the assessment of the issuer's Management Board, the Polish and the European sale support market and e-business market are characterised by a considerable growth potential. The development of those markets is one of the main premises of the pursuit of the development strategy by the OEX Group and the future growth of its value. Any market development that is slower than the one expected by the Company's Management Board may result in the fact that the growth strategy pursuit may prove impossible or delayed in time. At the same time, any occurrence of factors that may hamper the market development growth may translate into a negative impact on the future financial performance. Currently, there are no premises that would indicate a risk of market development inhibition as regards the sale support and the e-business markets.

Risk related to negative tendencies at the retail and wholesale markets

A considerable part of contracts in the Sale Support segment is performed for the benefit of retail and wholesale trade segment clients, particularly for the FMCG companies, therefore the perspectives of the Sale Support segment are tightly intertwined with the tendencies shaping that market.

One of such tendencies constitute the attempts undertaken by clients with a view to lowering the trade margins. The profitability of contracts performed by the OEX Group as part of the Sale Support segment is directly related to the margin level, therefore a long-term maintenance of the downward trend in this regard may adversely impact the results generated in those services.

A threat to the Sale Support segment may also be stem from the tendency among the FMCG companies to reduce their budgets for promotions in the form of product tasting and sampling, event organisation, animation etc. The organisation of such activities is a significant part of revenues generated by the Sale Support segment.

Recently, there is a tendency observed among the large stores to take over the responsibility for the process of merchandising activity organisation either by the take-over of responsibilities related to the correct product exposure or by indicating entities that will be entitled to provide merchandising services within their area. Consequently, the possibility of a free provision of merchandising services for the FMCG producers may be limited in a part of stores.

The intensification of the above-mentioned trends or the appearance of new currently unidentified unfavourable trends on the retail and wholesale markets may have adverse impact on the future financial performance.

The OEX Group companies, ensuring a regular cooperation with the clients and searching for new service types, aspire to minimise the potential loss of a part of the contemporary sources of income from the Sale Support segment. This purpose is supported by the expansion of the client portfolio as well as the provision of an ever wider and more comprehensive package of services as well as direct cooperation with commercial networks on various sales-related processes. Also other activities are undertaken, e.g. in cooperation with selected clients other models of the store service are being developed as an alternative to the traditional channel model.

Risk related to the price pressure from a part of clients

The Sale Support segment of the OEX Group is exposed to the clients' price pressure both during the client acquisition process and as part of the renegotiation of the existing contracts. The price pressure is, on the one hand, the result of competition in the area of sale support, and, on the other hand, the expression of tighter operating cost control on the side of the clients. Among the Group's key clients, there are international concerns, whose scale of business considerably exceeds the scale of business of the OEX Group. The significance of such clients and their share in the structure of the Group's revenue from the sale is considerably higher than the significance of the OEX Group companies and their share in the structure of deliveries of such clients. This means that the OEX Group is exposed to the risk related to unequal negotiating position in relation with some of its clients. The higher price pressure is noted in case of least complex services, which results from the lowest entry barriers in such areas.

Any further rise in the price pressure in case of certain services may lower the profitability of the current and future contracts concerning particular sale support services. Additionally, there is a risk that the price pressure may infect the complex projects, which will force the OEX Group companies to offer the clients much more attractive terms and conditions of long-term cooperation.

The OEX Group companies try to reduce the price pressure from their clients mainly by the service quality and offer comprehensiveness, aspiring to provide a full sale support process service and this, to a certain extent, limits the impact of price competition in particular areas. Additionally, the pressure is set off by the expansion of the scope of cooperation with the given client.

Risk of delayed payment of amounts receivable from clients

The OEX Group companies operating in the Sale Support and the E-business segments, similarly as their competitors, are characterised by a considerable disproportion between the length of the collection cycle of the trade receivables from clients and the maturities of liabilities to suppliers and employees. This fact creates a huge demand for working capital, in particular in the period when new projects are being launched. One cannot rule out that in case of considerable delays in the payments from large clients, there may be transitional delays in the payment by the OEX Group of its liabilities, which would have an adverse impact on the economic situation and the financial performance.

The risk of transitional liquidity problems is limited due to the access to alternative liquidity sources in the form of overdraft facilities, loans or factoring.

Subcontractor risk

A part of work provided under the Sale Support and E-business segment services is performed by external contractors. These services mainly concern a single link of the outsourcing process and comprise, e.g. transport and courier services, production of marketing materials and the work of programmers, graphic designers etc. In some cases, the OEX Group companies are responsible for the quality of work of subcontractors, taking over the risk of remedying potential damage caused by such subcontractors during the performance of services for the client. One may not, consequently, rule out a situation when any damage caused by the operation of a subcontractor will be charged to the financial result of the OEX Group.

The OEX Group tries to minimise this risk by maintaining a constant cooperation with proven partners and by the monitoring of the quality of services they provide. Additionally, there is a good practice in place that the contracts entered into with the subcontractors contain provisions allowing the Group to ensure that the responsibility for such damage is adopted by subcontractors in accordance with the recourse principles.

Risk related to the necessity of non-gradual development of infrastructure

The future profitability of the OEX Group may be subject to fluctuations due to the necessity to ensure a non-gradual development of infrastructure, especially the warehousing space and operational space. The growth in the scale of business and the acquisition of new projects is related with the ever increasing demand for warehousing space. In order to secure the future warehousing needs and avoid any ineffective multiplication of locations as well as to obtain better lease terms and conditions, the Group increases the used warehousing capacity in large steps. In the first period after the expansion, some part of the area is not used and generates lease costs, which lowers the profitability in that period. Along with the acquisition of new projects and the rise in the leased area utilisation, the lease costs are divided by a higher number of projects and the general profitability goes up.

The OEX Group tries to limit the risk related to non-gradual expansion of the infrastructure by correlating the new area rental periods with the kick-off of significant contracts. It is a standard practice also to negotiate that there are clauses in the lease agreement allowing the OEX Group companies to use lease rental payment holidays, especially in the initial lease period. This allows us to have a significant cash situation improvement, even though it should be mentioned that due to the way of recognition of such transactions in the books of account adopted by the OEX Group. the lease rental payment holidays do not have any material impact on the improvement of results in that period.

Risk related to the destruction or loss of stored materials

The materials and goods storage in the warehouses of the OEX Group, in relation with the contracts performed, is related to the risk of destruction or loss. This may result in the delay or even suspension of the project performance and to liability for damages. It may also have a negative impact on the future business relationships with the given client. For these reasons any events that result in the destruction or damage of the warehousing facility or the materials stored inside may have a significant negative impact on the future financial performance.

The risk of losses related to the loss or destruction of materials stored by Cursor S.A. for the clients is assessed by the Management Board as limited. The facilities used to store clients' materials are equipped in modern fire protection systems and other types of physical security. In contemplation of any event that would result in the damage or destruction of materials stored, the Group companies have taken out insurance policies in the applicable scope.

Risk related to the one-off character of a part of projects

For selected parts of the Sale Support segment and - to a small extent - for a part of the E-business segment, short-term projects are typical, especially with a one-off character. This concerns especially such activities as: marketing actions, events, door-to-door sales campaign and other specific projects.

The basic consequence of the above-mentioned project characteristics is the necessity of a permanent acquisition of new orders in order to increase the scale of business. Apart from the related revenue fluctuations, the OEX Group companies may also be exposed to the fluctuations of profitability, because the margins on new projects may change from year to year, depending on the economic situation and the competition. The sale support and marketing projects are usually reduced in times of economic downturn, which may have a negative impact on the future financial performance.

In the assessment of the Management Board, the dependence of performance of the OEX Group companies on one-off projects is lower than in the considerable majority of competitor companies. The Group companies have a potential and competences to permanently increase the number of longer-term projects by offering comprehensive solutions to the current and future clients.

Risk of higher market competition

In the Sale Network Management segment, the OEX Group companies operate for the benefit of the mobile phone operators such as: Orange Polska S.A., Polkomtel Sp. z o.o. and T-Mobile Polska S.A. The revenue from the commission on the sale of telecommunications services of Orange Polska S.A. in 2015 constituted approximately 58.9% of total revenue from commissions, while the remaining 41.1% was the revenue from the commission on the sale of services for both Polkomtel Sp. z o.o. and T-Mobile Polska S.A.. The loss of competitive position of these operators to entities whose services are not distributed by the Issuer and its subsidiaries may indirectly lead to a deterioration of the financial performance of the OEX Group.

Currently, the biggest competitor of the above-mentioned operators is P4 Sp. z o.o., operator of the Play network. In accordance with the information provided by that operator, its market share in 2015 amounted to 25.2% (increase by 3.8 p.p. y/y). The development of the Play network takes place at the expense of the other operators, whose shares shrink. Since the OEX Group does not cooperate with Play, its dynamic development may have an indirectly adverse impact on the level of sales and the financial performance of the Group.

The Polish mobile phone market is the biggest market in Central and Eastern Europe. Considering its size, it is a potentially attractive area for business , including telecommunication services. It may be possible that one or more operators not yet present on the Polish market will decide to enter here. There may be a significant competition from virtual operators, i.e. entities using the networks of other operators. The appearance of potential new players on the telecommunications market in the situation when the OEX Group has not started cooperation with them may have an indirectly adverse impact on the level of sales and on the financial performance.

In the Sale Support segment, in the assessment of the Management Board, there is a minute number of entities on the Polish market that would provide services whose scale or diversification would be similar to the services rendered by the OEX Group companies. Nevertheless, in particular area, the Group is exposed to competition from entities specialised in the provision of services of the given type. This applies mainly to relatively simple services that do not require advances organisational solutions, e.g. courier services, stacking shelves etc. The source of risk is, however, the rise in the complexity of services provided by competitors and the switch from the provision of single services to the provision of business processes (in consequence of consolidation of various market segment companies, for example). Tightening competition in the complex long-term project service area may be related to a higher price pressure from the clients and the inability to win new contracts in the number assumed by the Issuer’s Management Board. This may have its negative impact on the future financial performance.

The E-business segment is highly dispersed, there are numerous companies of various sizes. Any appearance of new entities may have an adverse impact on the competitive position of Divante Sp. z o.o. On the other hand, the newly established companies, without any history of cooperation, significant implementations completed in the e-commerce segment, have poor changes to acquire clients for whom these elements are the key elements in the decision process. In the assessment of the Issuer's Management Board, there are few companies competitive to the OEX Group companies in the E-Business segment, especially e-commerce, which may provide a full range of services (from IT to e-marketing) and acting in an appropriate scale (over 150 specialists). Moreover, a technology selected once by the client for the e-business is not changed at a later stage so the companies that failed to win the client cannot count upon any further cooperation with that client. One should also remember that the inflow of new clients to e-commerce is, in large simplification, comparable to the year-to-year rise of that market and the trends observed in this area are double digit high. This means that each year, there is a several per cent more new clients that require e-business services, which significantly decreases the risk related to higher competition in this segment.

The OEX Group companies aspire to take over the service of entire business processes and the high competences they have in this aspect constitute their major competitive edge. Considering the scale of business, the comprehensiveness of the offer, the experience and high credibility, the Group has a strong position when it comes to winning large scale contracts because a part of competitors is not able to meet the terms and conditions of the call for tenders on their own. The strategy pursued by the OEX Group allows it to mitigate the competition-related risk.

Risk of departure of key employees

Highly qualified and motivated managerial staff is an extremely important factor underlying the success of the business of the Group companies. The current market position and financial standing of the OEX Group are, to a considerable extent, the effects of the knowledge, skills and experience of its current management team and key employees. The potential loss of the best managers or people with unique qualifications may, consequently, translate into a risk of a transitional deterioration in the management quality in the OEX Group and in its particular business areas as well as lower possibilities of the performance of tasks for the clients, which, in turn, may have an adverse impact in the Group's financial performance and the speed with which the Group's development plans are pursued. The experience gathered so far indicate that the cases of departures of higher management team members and key personnel occur very rarely.

It must be stressed that in case of the business carried out by the OEX Group companies, a loss of a key employee is not usually related to the loss of client the employee was responsible for. The process of service provider change in the outsourcing sector is characterised by a high degree of complexity and time consumption and the departure of a key employee does not provide the grounds for such a change usually. This concerns in particular the complex processes in which the Group companies specialise.

An important element influencing the financial performance of the OEX Group companies is also the ability to manage the operational employee turnover - which is of particular importance in the Sale Support segment, where it is an indispensable element of the business. However, the scale of this phenomenon depends to a large extent on the particular market area (the higher turnover indicators are characteristic for areas where high competences are not required). The employee rotation (turnover) is an undesirable phenomenon from the perspective of outsourcing companies in relation with, for example, the time and costs of recruitment of new employees, costs of training, lowered efficiency in the first period after employment. The intensification of this phenomenon, especially when accompanied by other labour market tendencies, may have a negative impact on the future financial performance of the OEX Group.

In order to mitigate the above risks, the OEX Group carries out a number of activities aimed at the maintenance and acquisition of best managers and employees, in particular by the development of an inventive-based remuneration system and an extensive training programme.

Risk related to improper service performance

The agreements the OEX Group companies are parties to precisely define their scope of obligations when it comes to service performance. Also the consequences of a failure to perform or an improper performance of the given service or of damage made to the detriment of the client in relation with the service performance are also determined. Typical sanctions laid down in the agreements made by the OEX Group companies include the obligation to redress the damage or monetary penalties. The consequences also may include the withdrawal of the counterparty from cooperation with the given company or loss of reputation, which may, in turn, lead to an outflow of the existing clients and limitation of possibilities of acquisition of new ones. The occurrence of such type of events may have a significant adverse impact on the future financial performance.

Usually, the main reasons underlying the improper performance of services include human errors and failures of IT infrastructure. In this relation, the OEX Group pays particular attention to the quality of services rendered and to the minimization of probability of occurrence of such errors or failures. In this context, one should mention, for example, the implementation of quality control procedures (including the ISO 9001 systems), staff training, work monitoring and computerisation of the service performance process.

The OEX Group companies have also taken out insurance policies against all claims of clients related to the improper performance of certain services.

Risk related to the conduction of business using IT technologies

The business of the OEX Group involves the use of IT infrastructure as well as dedicated software. In this relation, the OEX Group companies are exposed to infrastructure failures and breakdowns which may lead to limitations in the access to the IT systems used. The most frequent types of failures and breakdowns include interruptions of optic fibre connections and errors in the applications used. The main consequence of a failure or a breakdown is a downtime and discontinuation of the service provision and the related costs. In case the client's access to the application is blocked for a longer period of time, the OEX Group may be additionally exposed to the accrual of contractual penalties. In relation with the foregoing, any serious failures or breakdowns of the IT infrastructure may have a significant adverse influence on the future financial performance.

The most serious consequence - from the point of view of the OEX Group's liability - would be a failure leading to a permanent loss of the data stored or its disclosure to unauthorised persons. The risk of that type of event is, in the opinion of the Issuer's Management Board, insignificant. The OEX Group has implemented a number of tools and procedures which, on the one hand mitigate the risk of an emergency situation, and on the other hand - minimise the damage caused by such type of situation.

Risk related to the necessity to ensure information confidentiality

The information confidentiality is one of the key obligations of the OEX Group companies. The OEX Group applies security measures at the IT level and has in place data access control procedures to ensure no unauthorised access is granted. In the assessment of the Management Board, the procedures in place ensure protection against both accidental and wilful disclosure of confidential information. One cannot, however, rule out completely that in consequence of an improper performance of professional duties by a Group employee or in consequence of a wilful act, the confidential information will be disclosed. The responsibility towards the client or mobile phone operator for this type of event rests directly on the OEX Group companies. The responsibility depends on the scale and the type of disclosure.

Risk of claims against the OEX Group companies.

One may not rule out the risk that civil, administrative or arbitration actions are undertaken against the OEX Group companies by clients, employees and contractors. When executing agreements, the OEX Group companies initiate a potential risk of a failure to perform or improper performance by them of the subject matters of such agreements. The OEX Group entities are exposed in such cases to claims for compensatory damages . The entities that institute such proceedings may expect large sums of money or other types of compensations from the Group companies, which in the case the proceedings are finally settled for the benefit of such companies may have a negative impact on the current liquidity of the OEX Group entity and, consequently, the financial performance of the OEX Group. A significant burden for the OEX Group company would also be the costs arising in consequence of the institution of such proceedings, in particular the costs of legal defence. The proceedings might also lead to a deterioration of the image of the given Group company and, consequently, result in difficulties in the acquisition of new clients, employees and contractors. In order to minimise the risk of potential disputes and initiation of legal actions against the OEX Group companies, the OEX Group entities make every effort to perform the agreements they executed in a timely manner and with due diligence, as well as to discharge the obligations towards the clients, employees and contractors as per the mandatory rules of law and standards of the sector the Group operates in.

Risk of termination of agreements by banks or lease companies

The OEX Group finances its activities using both its own funds as well as such instruments as bank credits and leases. Any possible non-renewal or termination of credit agreement or lease agreement by any financing entity would have a negative impact on the financial liquidity and may lead to a deterioration of the financial performance of the Group.

The OEX Group companies reliably and timely discharge their duties towards the financing institution both as regards the payment of liabilities and other covenants, including the maintenance of securities and appropriate financial ratios, therefore the Issuer's Management Board is of the opinion that the risk of termination of such agreements is insignificant.

Risk of changes in interest rates

The OEX Group has interest-bearing liabilities (bank loans and credits, factoring, leases) the amount of which as at 31/12/2015 amounted to kPLN 27,796. In view of the foregoing, the Issuer's Group is exposed to the risk of changes in interest rates as any rise in such rates will increase the costs of financing and, consequently, lower the profitability.

Risk of negative changes in legal regulations

High volatility of Polish legal regulations and their interpretations may have a negative impact on the business of the OEX Group, especially if such changes concern the business law, tax law, labour law, social insurance law and securities law. Such changes may be unfavourable for the financial and operational situation of the Issuer and its Group, including a rise in the business costs, decrease in profits generated or business freedom limitations or impediments. The ambiguities and inconsistent interpretations of the provisions of law result in considerable difficulties at the stage of application of such laws by the enterprises as well as courts of law and administrative authorities. The foregoing results in the risk which may arise in case of potential disputes to which the Issuer or an entity from its Group may be a party. The judgements issued by the courts of law or decisions of administrative authorities are inconsistent and unpredictable, which decreases their applicability in the interpretation of the law. The issuer uses a permanent legal service support and tries to minimise the risk related to changes in legal environment, however this risk cannot be excluded entirely.

12. Assessment of financial resources management and its grounds, in particular the ability to discharge liabilities incurred, determination of possible threats and measures undertaken or to planned by the issuer to counteract such threats.

In 2015, the OEX Group conducted a rational financial management. The Company timely discharged its liabilities, carried out a restrictive credit policy with regard to its clients and ensured a tight monitoring of receivables. The Company has not been a party to any currency contracts (options, futures, forward), and did not hedge against currency risk in any manner.

13. Characteristics of the policy related to the lines of development of the Issuer's Group;

The Group intends to develop gradually the offer of modern services for business, mainly in the areas supporting the client's sale and marketing activities. The Management Board sees the growth potential in the Retail Network Management segment mainly in consequence of further market consolidation, while in case of the remaining segments - by both further organic growth and the reinforcement of the market position as well as by selective capital transactions aimed at the creation of a permanent value for the shareholders. The Company treats the areas related to the use of new technologies and specialised logistics, especially related to the comprehensive e-commerce support as particularly prospective.

14. Indication of legal, arbitration and administrative proceedings (with the unit value or accumulated value equal to or exceeding 10% of the equity);

Both the Company and the subsidiaries are parties to legal proceedings in courts of law, however none of such proceedings concerns liabilities or receivables whose value constitutes at least 10 % of the equity of the issuer. Similarly, the total value of, respectively, liabilities and receivables litigated in court does not constitute at least 10 % of the equity of the issuer.

There are no proceedings with the participation of the Company or its subsidiaries before any arbitration court.

15. Information on contracts significant for the business of the Issuer's Group, including contracts between shareholders known to the issuer, insurance contracts and cooperation contracts.

a) Agreements significant for the business of the OEX Group companies

Agency Agreement dated 20/11/2012

The key contract for OEX S.A. in 2015 was the Agency Contract with Orange of 20 November 2012 (superseding previous contracts and effective as of 1 October 2012) on the basis of which OEX S.A. provided mobile phone system agency services for Orange Polska S.A.

Agency Agreement of 01 April 2001

The key contract for Euro-Phone Sp. z o.o. is the Agency Contract of 01/04/2001 on the basis of which Euro-Phone Sp. z o.o. provides mobile phone system agency services for T-Mobile Polska S.A. Additionally, the Company and T-Mobile Polska S.A. concluded the Distribution Contract of 01/07/2001.

Network Partner Cooperation Contract (Partnership Contract) of 30/06/2010.

In 2015, the key contract for PTI Sp. z o.o. is the Agency Contract of 30/06/2010 (superseding previous contracts) on the basis of which PTI Sp. z o.o. provides mobile phone system agency services for Polkomtel Sp. z o.o. In addition to the above-mentioned contract, the Company and Polkomtel also concluded the Goods Distribution Contract concerning pre-paid products.

b) Agreements made between the shareholders

Currently, the issuer is not aware of any agreements made between the shareholders The agreement dated 23 December 2014 between the Issuer's shareholders Neo Investment S.A. and Grupa Archidoc S.A. was dissolved and the issuer was notified of this fact on 14 December 2015 (ongoing report No. 61/2015).

16. Information about organisational or capital links of the issuer with other entities and determination of its main domestic and foreign investments (securities, financial instruments, intangible assets and real estates), including equity investments made outside the group of related entities as well as description of their financing;

Information on organizational and capital links and equity investments was partially presented in item 3. Additionally, the Group acquired rights to 23 locations of stores with T-Mobile authorisation. The remuneration for the transfer of rights and obligations to the above-mentioned locations was agreed at kPLN 2,000 plus VAT. The transaction was finalised on 30/06/2015.

The Issuer did not make any domestic or foreign investments (securities, financial instruments, intangible assets and real estates), including equity investments made outside the group of related entities.

17. Information about significant transactions made by the issuer or its subsidiary with related parties at terms and conditions other than those at arm's length, including amounts of such transactions and information on the transaction character - the obligations is deemed to have been fulfilled by indicating the place where the information is included in the financial statements;

The Issuer enters into transactions with related parties at arm's length only.

18. Information about loan and credit contracts signed or terminated in the given financial year, with a specification of at least their values, type and amount of the interest rates, currency and maturity dates.

In 2015, the companies increased the overdraft facility limits at the existing terms and conditions. Cursor S.A. – by kPLN 2,000 and Euro-Phone – by kPLN 1,200. Additionally, Cursor S.A. signed an overdraft facility agreement for the amount of kPLN 2,000. The list of all loans and credits taken out by the Group companies is included in the financial statements.

No loan agreement has been terminated in the current year.

19. Information on the loans extended in the given financial year, with particular attention paid to loans extended to the Issuer's related parties, with a specification of at least the loan amounts, types and interest rates, currencies and maturity dates;

In 2015, OEX S.A. extended loans in the total amount of kPLN 1,160 to its subsidiary Euro-Phone Sp. z o.o. and the loans were duly repaid in 2015. The loans were granted at variable interest rates calculated as the sum of the following components: interest rate determined as above plus a margin of 3.50%.

The interest rate changed with each first day of a calendar month of the contract validity pro rata to the reference rate calculated and rounded up/down to the second digit on the basis of the arithmetical average of 1M WIBOR for deposits over the last 10 working days of the previous calendar month.

20. Information on sureties and guarantees granted and received in the given financial year, in particular the sureties and guarantees granted to the Issuer's related parties;

No new sureties were granted or received in 2015. The amount of sureties granted by the Issuer to its subsidiaries equalled to, as at the end of 2015, kPLN 27,670 (in 2014 – kPLN 29,585). The amount of sureties received amounts to kPLN 2,700 (in 2014 - kPLN 2,700).

21. In case of issue of securities in the reporting period, description of the use by the issuer of the proceeds from the issue until the date of the report on activities;

In 2015, there were no cases of the issue, redemption or repayment of non-equity securities and equity securities, with a reservation of the Issuer's offer and the take-over by Grupa Archidoc S.A. (acting then under the business name of OEX S.A. with registered office in Warsaw) on 5 March 2015 of 1,777,692 shares of the issuer issued on the basis of the resolution of the Extraordinary General Meeting of Shareholders of the Issuer No. 3/2014 dated 18 December 2014. The registration of the above-mentioned capital increase by the registration court in Poznan took place on 23 April 2015.

The above mentioned issue was subscribed in exchange for a contribution in kind in the form of:

- ✓ 163,517,500 shares in Cursor S.A. with registered office in Warsaw, at ul. Równoległa 4A (02-235 Warszawa), constituting in total 100% of the share capital of the said company and entitling to the same percentage of votes at the general meeting of shareholders of the company;
- ✓ 592 shares in Divante Sp. z o.o. with registered office in Wrocław, at ul. Kościuszki 14 (50-038 Wrocław), constituting the total of 51.03% (after rounding-up) of the share capital of the said company and entitling to the same percentage of votes at the general meeting of shareholders of the said company.

22. Explanation of differences between the financial results disclosed in the annual statement and result forecasts published earlier for the given year;

On 10 June 2015, the Issuer's Management Board published a forecast of the consolidated results of the Group for 2015, containing the following estimated amounts (ongoing report 21/2015):

- ✓ consolidated revenue of the Group – in the amount of PLN 315.04 million;
- ✓ consolidated operating profit of the Group – in the amount of PLN 15.83 million;
- ✓ consolidated EBTIDA profit of the Group – in the amount of PLN 19.66 million;
- ✓ consolidated net profit of the Group – in the amount of PLN 10.50 million.

In the ongoing report No. 10/2016, the Issuer published a correction of the forecast on the basis of data available as at 4 February 2016. The Issuer estimated that it will achieve what follows:

- ✓ consolidated revenue of the Group – in the amount of PLN 343.8 million;
- ✓ consolidated operating profit of the Group – in the amount of PLN 17.5 million;
- ✓ consolidated EBTIDA profit of the Group – in the amount of PLN 22.1 million;
- ✓ consolidated net profit of the Group – in the amount of PLN 11.05 million.

The actually achieved financial results disclosed in the 2015 financial statements are as follows:

- ✓ consolidated revenue of the Group – in the amount of PLN 344.2 million;
- ✓ consolidated operating profit of the Group – in the amount of PLN 17.7 million;
- ✓ consolidated EBTIDA profit of the Group – in the amount of PLN 21.9 million;
- ✓ consolidated net profit of the Group – in the amount of PLN 11.2 million.

The net profit concept, both the estimated one and the actually achieved value, makes reference to the net profit loss attributable the shareholders of OEX S.A.

The factor that influenced the rises in the values in the forecast published originally was the sale revenue that was higher when compared to the planned level, especially in Q4 of 2015. The difference between the actually achieved results and the adjusted estimate are insignificant.

23. Description of the possibilities of investment plans, including equity investments, when compared to the funds held, taking into account possible changes in the financing structure;

The investment intentions will be pursued with the utilisation of funds from the Company's current activities and, possibly, bank loans.

24. Changes in basic business management principles concerning the issuer and the group;

In 2015, the Company did not change the company's and the group's business management principles.

25. All contracts made between the issuer and the managing persons providing for compensation in case of resignation or dismissal from the position without a goof reason or when the recalling or dismissal takes place due to the combination of the issuer by merger;

There are no contracts made between the issuer and the managing persons providing for compensation in case of resignation or dismissal from the position without a goof reason or when the recalling or dismissal takes place due to the combination of the issuer by merger.

26. The value of remuneration, bonuses or benefits, including the ones resulting from incentive programmes or bonus programmes based on the issuer’s equity, of which also programmes based on pre-emptive bonds, convertible bonds, share warrants (in cash, in kind and in any other form), paid, due or potentially due, separately for each person managing or supervising the issuer in the Issuer's business, irrespective of the fact whether or not they were duly recognised as costs or resulted from profit sharing; in case when the issuer is a parent company, a shareholders in a jointly-controlled entity or a significant investor - separate information about the value of remuneration and bonuses achieved in relation with the performance of functions in the governing bodies of subsidiaries; of appropriate information is presented in the financial statements - the obligation is considered fulfilled by indicating the place where it is included in the financial statements;

The Issuer does not have equity-based incentive or bonus programmes, including programmes based on pre-emptive bonds, convertible bonds, share warrants (in cash, in kind and in any other form). The members of the Issuer's management board receive remuneration under their work contracts and remuneration under their appointments. The company's Supervisory Board members receive remuneration for their functions performed in the supervisory body.

Information about the value of remuneration and other benefits was provided in the table below.

	In the Company:		In subsidiaries:		Total
	Remuneration under work contract or appointment	Other benefits	Remuneration under work contract or appointment	Other benefits	
Period from 01/01 to					
Rafał Stempniewicz	640	6			646
Stanisław Górski	276	6			282
Robert Krasowski	400	6			406
Artur Wojtaszek	72	0	285		357
Total	1,388	18	285		1,691

The total value of remuneration and other benefits received by members of the Supervisory Board of the Parent Company was as follows:

	from 01/01 to 31/12/2015
Jerzy Motz	27
Paweł Turno	26
Piotr Cholewa	24
Tomasz Słowiński	24
Tomasz Mazurczak	24
Total	125

27. In case of companies - determination of the total number and the nominal value of shares in the issuer and shares in issuer's related parties that are held by the persons in management and supervisory bodies (separately for each such person) as at 31/12/2015.

The persons in the management and supervisory bodies of the issuer do not have any shares in subsidiaries.

List of issuer's shares held by the persons in the managing and supervising bodies of the company:

	Total shares	Total votes	Share capital held	% of votes
Members of the Supervisory Board				
Paweł Turno	30,000	30,000	0.44%	0.36%
Piotr Cholewa, including indirectly via Silquern S.a.r.l.	879,384 826,558	879,384 826,558	12.77% 12.00%	10.63% 9.99%
Management Board				
Rafał Stempniewicz	94,590	94,590	1.37%	1.14%
Robert Krasowski	4,924	4,924	0.07%	0.06%
Artur Wojtaszek	36,890	36,890	0.54%	0.45%

28. Information about contracts known to the issuer (including also contracts concluded after the balance sheet date) in result of which they may be in the future any changes in the proportion of shares held by present shareholders and debenture holders;

The issuer has no such information.

29. Information about the acquisition of treasury shares, in particular the purpose of the acquisition, the number and nominal value, specifying the part of the share capital they represent, the purchase price and the sale price in case they were sold;

The issuer did not purchase its own (treasury) shares in 2015.

30. Information about the most important achievements in research and development;

The issuer does not carry on any research activity.

31. Information about the employee shareholding plan control system;

The issuer does not have any employee programmes in place.

32. Information on the Issuer's agreement with an entity authorised to audit financial statements.

The information was given in the consolidated financial statements.

33. Description of the significant off balance sheet items as broken down by the subject matter, object and value.

Bank guarantees

The total value of bank guarantees opened upon the order of the Group companies as at 31/12/2015 amounted to kPLN 6,758.

Bills of exchange

The total value of the bill-of-exchange liabilities of the Group as at 31/12/2015 amounted to kPLN 10,933, of which the amount of kPLN 5,925 constitutes bill-of-exchange liabilities towards Polkomtel Sp o.o. and

T-Mobile Polska S.A., while the amount of kPLN 5,008 constitutes bill-of-exchange liabilities towards lessors.

Sureties

No Group company gave any surety for the liabilities of entities from outside the issuer's group. The total amount of sureties granted between the Group companies as at 31/12/2016 amounted to PLN 30,370. The sureties comprise bank liabilities on account of loans and guarantees granted as well as the bill-of-exchange liabilities mentioned above. The surety value comprises the maximum value of potential claims, i.e. the principal amount of the liability plus any costs potentially due to the banks.

34. Approval for publication

These 2015 financial statements were approved for publication by the Management Board of the Parent Company on 16 March 2016.

Signatures of all Management Board Members

Date	Name and surname	Position	Signature
16 March 2016	Rafał Stempniewicz	President of the Management Board	
16 March 2016	Robert Krasowski	Member of the Management Board	
16 March 2016	Artur Wojtaszek	Member of the Management Board	