

OEX GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY 2016 TO 31 DECEMBER 2016

POZNAŃ, 27 MARCH 2017

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2016	31/12/2015
Non-current assets			
Goodwill	4	75,161	68,468
Intangible fixed assets	5	8,048	6,550
Tangible fixed assets	6	14,046	14,202
Investment properties			
Interests in subsidiaries	2.3		55
Investments in associates			
Receivables and loans	8	1,116	972
Financial derivatives			
Other long-term financial assets			
Long-term prepayments	18	18	30
Deferred income tax assets	9	2,062	1,750
Non-current assets		100,451	92,027
Current assets			
Inventories	10	25,472	16,596
Receivables from building services contracts			
Trade receivables and other receivables	11	70,744	70,003
Current income tax receivables		264	
Loans	8	9	1
Financial derivatives		34	
Other short-term financial assets			
Short-term prepayments	18	9,423	4,484
Cash and cash equivalents	12	5,113	5,052
Assets classified as held for trading			
Current assets		111,059	96,135
Total assets		211,510	188,162

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.'D)

EQUITY AND LIABILITIES	Notes	31/12/2016	31/12/2015
Equity			
<i>Equity - share of the shareholders of the parent company:</i>			
Share capital	14	1,378	1,378
Treasury shares (-)			
- Share premium	14	44,960	44,960
Other Capitals	14	1,459	1,459
Retained profits:			
- retained profit		31,192	25,167
- net profit - share of the parent company shareholders		11,850	11,192
Equity - share of the shareholders of the parent company:	14	90,840	84,156
Non-controlling shares	14	1,969	1,515
Equity		92,809	85,671
Liabilities			
Long-term liabilities			
Loans, credits, other debt instruments	8	2,250	81
Finance lease	7	2,077	2,992
Financial derivatives			
Other liabilities			
Deferred income tax liabilities	9	8,747	8,069
Employee benefit liabilities and provisions	15	82	78
Other long-term provisions			
Long-term prepayments	18	1,625	1,527
Long-term liabilities		14,781	12,747
Short-term liabilities			
Trade liabilities and other liabilities	17	65,884	55,622
Current tax liabilities	21	1,029	1,683
Loans, credits, other debt instruments	8	21,294	12,422
Factoring liabilities		3,982	10,284
Finance lease		1,981	2,016
Financial derivatives			
Employee benefit liabilities and provisions	15	9,244	6,862
Other short-term provisions			
Short-term prepayments		506	856
Liabilities related to assets held for trading			
Short-term liabilities		103,920	89,745
Total provisions		118,701	102,492
Total equity and liabilities		211,510	188,162

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CONSOLIDATED INCOME STATEMENT

	Notes	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Continued activities			
Sale revenues	19	399,754	344,165
Revenue from the sale of services		255,900	235,651
Revenue from the sale of goods and materials		143,854	108,514
Cost of sales		335,726	294,380
Costs of services sold		199,562	189,989
Cost of goods and materials sold		136,164	104,391
Gross profit (loss) on sales		64,028	49,785
Selling costs		15,771	11,643
Administrative expenses		25,869	20,142
Other operating revenue	19	1,295	1,352
Other operational expenses	19	2,727	1,624
Profit (loss) on the sale of subsidiaries (+/-)			
Operating profit (loss)		20,955	17,727
Financial income	20	50	218
Financial costs	20	5,019	2,515
Share in the profit (loss) of companies measured using the equity method (+/-)			
Profit (loss) before taxation		15,985	15,430
Income tax	21	3,436	3,285
Net profit (loss) on continued activities		12,549	12,145
Discontinued Activity			
Net profit (loss) on discontinued operations			
Net profit (loss)		12,549	12,145
Net profit (loss) - share of:			
- shareholders of the Parent Company		11,850	11,192
- non-controlling parties		699	954

NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

	Notes	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
on continued operations			
- basic	22	1.72	1.76
- diluted		1.72	1.76
on continued and discontinued operations			
- basic		1.72	1.76
- diluted		1.72	1.76

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Net profit (loss)		12,549	12,145
Other comprehensive income			
Items not carried as financial profit or loss			
Revaluation of tangible assets			
Income tax referred to items not carried as financial profit or loss			
Items carried as financial profit or loss			
Available-for-sale financial assets:			
- profit (loss) recognised in the period as other comprehensive income			
- amounts carried as financial profit or loss			
Cash flow hedging instruments:			
- profit (loss) recognised in the period as other comprehensive income			
- amounts carried as financial profit or loss			
- amounts recognised in the initial value of the hedged items			
Exchange differences on the measurement of foreign operations			
Exchange differences recognised as profit or loss – sale of foreign operations			
Share in other comprehensive income of companies measured using the equity method			
Income tax referred to items carried as financial profit or loss			
Other comprehensive income after taxation			
Comprehensive income		12,549	12,145
Comprehensive income - share of:			
- shareholders of the Parent Company		11,850	11,192
- non-controlling parties		699	954

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Parent company shareholding						Non-controlling shares	TOTAL EQUITY
		Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits	Total		
As at 01/01/2016		1,378		44,960	1,459	36,359	84,156	1,515	85,671
Changes in accounting policies									
Adjustment of fundamental errors									
Balance after changes		1,378		44,960	1,459	36,359	84,156	1,515	85,671
Changes in equity in the period from 01/01 to 31/12/2016									
Issue of shares									
Business combination									
Option measurement (share-based payment programme)									
Changes in the group structure - transactions with non-controlling parties									
Dividends paid						-5,166	-5,166	-245	-5,411
Financial result recognised as equity									
Total transactions with shareholders						-5,166	-5,166	-245	-5,411
Net profit for the period from 01/01 to 31/12/2016						11,850	11,850	699	12,549
Other comprehensive income after taxation in the period from 01/01 to 31/12/2016									
Total comprehensive income						11,850	11,850	699	12,549
Transfer to retained profits (sale of revalued fixed assets)									
As at 31/12/2016		1,378		44,960	1,459	43,043	90,840	1,969	92,809

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT.'D)

	Notes	Parent company shareholding						Non-controlling shares	TOTAL EQUITY
		Share capital	Treasury shares (-)	Share premium	Other capitals	Retained profits	Total		
As at 01/01/2015		1,022		24,863	1,459	29,301	56,645		56,645
Changes in accounting policies									
Adjustment of fundamental errors									
Balance after changes		1,022		24,863	1,459	29,301	56,645		56,645
Purchase of shares		356		20,097					20,452
Redemption of treasury shares								1,298	1,298
Option measurement (share-based payment programme)									
Changes in the group structure - transactions with non-controlling parties									
Dividends						-4,133	-4,133	-737	-4,870
Financial result recognised as equity									
Total transactions with shareholders		356		20,097		-4,133	-4,133	561	16,880
Net profit for the period from 01/01 to 31/12/2015						11,192		954	12,145
Other comprehensive income after taxation in the period from 01/01 to 31/12/2015									
Total comprehensive income									
Transfer to retained profits (sale of revalued fixed assets)									
As at 31/12/2015		1,378		44,960	1,459	36,359	84,156	1,515	85,671

Name of the group:	OEX S.A. Group		
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CONSOLIDATED CASH FLOW STATEMENT

	Notes	from 01/01 to 31/12/2016	from
Cash flow from operating activity			
Profit (loss) before taxation		15,985	
Adjustments:	23		
Depreciation and amortisation of fixed assets		5,393	
Change in the fair value of investment properties			
Change in the fair value of financial assets (liabilities) carried at profit or loss			
Cash flow hedging instruments transferred from equity			
Impairment loss on financial assets			
Profit (loss) on the sale of non-financial fixed assets		378	
Profit (loss) on the sale of financial assets (other than derivatives)			
Exchange difference gains (losses)			
Interest expense		1,200	
Interest and dividend income		-19	
Cost of share-based payments (incentive programmes)			
Share in the profit (loss) of associate companies			
Other adjustments			
Total adjustments		6,952	
Change in inventories		-8,876	
Change in receivables	23	-1,180	
Change in liabilities	23	8,056	
Change in provisions and prepayments		-6,197	
Changes in working capital		-8,197	
Inflows (outflows) from the settlement of derivatives			
Interest paid on operating activities			
Taxes paid		-3,481	
Net cash flow from operating activity		11,260	

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CONSOLIDATED CASH FLOW STATEMENT (CONT.'D)

	Notes	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Cash flow from investment activity			
Expenses to purchase fixed assets		-9,230	-7,519
Inflows from the sale of fixed assets		512	316
Expenses to purchase investment properties			
Inflows from the sale of investment properties			
Net expenses to purchase subsidiaries		-4,250	-55
Net inflows from the sale of subsidiaries		50	266
Received repayments of loans granted		6	27
Loans granted		-15	
Expenses to purchase other financial assets			
Inflows from the sale of other financial assets			
Inflows from government subsidies received			
Interest income		17	485
Cash from business combination		237	1,660
Net cash flow from investing activity		-12,671	-4,820
Cash flow from financial activity			
Expenditure related to share issue			-169
Purchase of treasury shares			
Transactions with non-controlling parties, with no loss of control			
Inflows from debt securities in issue			
Redemption of debt securities			
Inflows from loans and credits contracted		14,824	6,312
Repayment of loans and advances		-4,201	-2,096
Repayment of financial lease liabilities		-2,546	-1,834
Interest paid		-1,193	-1,424
Dividends paid		-5,411	-4,870
Net cash flow from financial activity		1,472	-4,081
Net change in cash and cash equivalents		61	4,517
Cash and cash equivalents at period beginning		5,052	535
Exchange differences			
Cash and cash equivalents at period end		5,113	5,052

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SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information

a) Basic information about the Parent Company

The parent company of the OEX S.A. Group [hereinafter referred to as the 'Group'] is OEX Spółka Akcyjna [hereinafter referred to as the 'Parent Company'].

The parent company was established in consequence of a transformation of Tell Sp. z o.o. on the basis of a Resolution of the Extraordinary General Meeting of Shareholders No. 1 of 15 November 2004. The Company is entered into the register of companies of the National Court Register maintained by the District Court for the capital city of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, under number KRS 0000222514. The Company received the following 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.

The shares of the parent company are listed at the Warsaw Stock Exchange.

The principal place of business of the parent company is at ul. Franciszka Klimczaka 1, Warszawa (Warsaw). The seat of the parent company is also the principal place of business of the Group.

b) Composition of the Management Board and the Supervisory Board of the Parent Company

The composition of the Management Board of the company as at the day of approval of the financial statements for publication, i.e. 27 March 2017, was the following:

- Jerzy Motz – President of the Management Board,
- Rafał Stempniewicz – Member of the Management Board
- Robert Krasowski – Member of the Management Board
- Artur Wojtaszek – Member of the Management Board
- Tomasz Kwiecień – Member of the Management Board

The Supervisory Board of the Company in its resolution dated 10 May 2016 appointed Mr Jerzy Motz a member of the Management Board of the Issuer and entrusted him the function of the President of the Management Board as of 11 May 2016. At the same time, the Supervisory Board of the Company in its resolution dated 10 May 2016 resolved to change the function of Mr Rafał Stempniewicz, incumbent President of the Management Board, and appointed him a Member of the Management Board effective from 11 May 2016.

On 14 March 2017, the Supervisory Board of the Issuer appointed Mr Tomasz Kwiecień a Member of the Management Board of the Company of the third term of office. The Resolution of the Supervisory Board of the Company become effective upon adoption.

As at 27 March 2017, the Supervisory Board of the Company was composed of:

- Piotr Beaupre – Chairman of the Supervisory Board,
- Tomasz Słowiński – Secretary of the Supervisory Board
- Michał Szramowski – Member of the Supervisory Board,
- Tomasz Mazurczak – Member of the Supervisory Board,
- Piotr Cholewa – Member of the Supervisory Board.

On 10 May 2016, the Ordinary General Meeting of Shareholders appointed Mr Piotr Beaupre and Mr Michał Szramowski to be members of the Supervisory Board of the Company of the current term of office. Mr Piotr Beaupre was appointed the Chairman of the Supervisory Board.

Mr Jerzy Motz and Mr Paweł Turno resigned from their functions as Members of the Supervisory Board effective as of 10 May 2016. The resignation of Mr Jerzy Motz was related with his intention to be appointed the President of the Management Board of OEX.

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c) Information about the Group

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

Name of subsidiary	Registered office	Percentage of share:	
		31/12/2016	31/12/2015
TELL Sp. z o.o. (formerly OTI Sp. z o.o.)	Poznań	100.00%	100.00%
Europhone Sp. z o.o.	Poznań	100.00%	100.00%
PTI Sp. z o.o.	Poznań	100.00%	100.00%
Cursor S.A.	Warsaw	100.00%	100.00%
Divante Sp. o.o.	Wrocław	51.03%	51.03%
Pro People Sp. z o.o. (formerly TRS Services Sp. z o.o.)	Warsaw	100.00%	
Mer Service Sp. z o.o.	Warsaw	100.00%	

TELL (OTI Sp. z o.o.) Spółka z ograniczoną odpowiedzialnością (*Polish limited liability company*) was established on 18 September 2015 by virtue of a Resolution of the General Meeting of Shareholders of OEX S.A. on separating from OEX S.A. of the operating activities consisting in the provision of services on the basis of an agreement made with Orange Polska S.A.

TELL Sp. z o.o. was registered by the District Court for Poznań Nowe- Miasto i Wilda in Poznań on 04 November 2015. The Company started its activities on 1 February 2016.

TELL Sp. z o.o. entered into an agreement on 29 January 2016 with its only shareholder, OEX S.A, concerning the contribution of an organised part of business of OEX as an in-kind contribution in exchange for newly established shares in increased share capital of TELL Sp. z o.o. The organised part of business the agreement concerns is a complex of tangible and intangible assets that is separate in terms of organisation and function and financially organised as laid down in art. 55¹ of the Civil Code, that is earmarked to carry out the so-called operating activity, i.e. activity for Orange Polska S.A. with registered office in Warsaw as well as other entities indicated or accepted by that operator, consisting in particular in the distribution of telecommunication services, sale of phones and other telecommunication equipment as well as phone accessories. The organised part of business comprises in particular the tangible and intangible assets constituting the Orange Sale Outlets run by the issuer (directly or via sub-agents) and the sale structure as part of the B2B Indirect Sale Channel (own and sub-agent) within the meaning of the agency agreement executed by and between the issuer and Orange Polska S.A. Pursuant to the arrangements made by the parties, together with the organised part of business, also the debts related to that organised part of business shall be transferred onto TELL Sp. z o.o.

In exchange for the above-mentioned contribution in kind, OEX S.A. subscribed 340,000 new shares in the share capital of TELL Sp. z o.o., with the nominal value of PLN 50.00 each, as issued on the basis of a resolution of the General Meeting of Shareholders of OTI Sp. z o.o. (TELL Sp. z o.o. after the change of the Company's business name) concerning the increase of the share capital by the amount of PLN 17,000,000.00., i.e. from the amount of PLN 5,000.00 to PLN 17,005,000.00. The value of the contribution in kind is PLN 21,328,849,51. Pursuant to the arrangements made by the parties, the organised part of business shall be transferred from the OEX S.A. onto TELL Sp. z o.o. on 31 January 2016. The capital increase was registered by the District Court on 7 March 2016.

On 6 May 2016, OEX S.A. acquired from its subsidiary Cursor S.A. 100% of shares in Pro People Sp. z o.o. (formerly TRS Services Sp. z o.o.) with registered office in Warsaw for the price of PLN 50,000.00. The object of the business of TRS Services Sp. z o.o. is the management of human resources, recruitment activities and employee lease. Since 2017, the Company will have a status of a temporary employment agency. Currently, the Company is in the process of take-over of recruitment processes from the remaining Group Companies.

On 31 August 2016, OEX S.A. entered into an agreement concerning the acquisition of 100% shares in Mer Service Sp. z o.o. with registered office in Warsaw. The company provides services in the segment defined by the Issuer as the Sale Support Segment. the acquisition price was PLN 4,500,000.00. The title to all shares was transferred onto OEX S.A. upon the payment of a part of the price, i.e. PLN 4,200.00 - on 6 September 2016. The purpose of the acquisition is to reinforce the market position of the Group in the segment by increasing the scale of business which would allow the performance of new projects and increase the margin owing to cost synergies, joint expertise and team optimisation.

d) Approval for publication

The consolidated financial statements made for the year ended on 31 December 2016 (including comparable data) have been approved for publication by the Parent Company's Management Board on 27 March 2017.

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e) Declaration of the Management Board of the Parent Company

Pursuant to the regulation of the Minister of Finance of 19 February 2009 on ongoing and periodical information to be given by issuers of securities, the Management Board of the Parent Company hereby states and declares that, to the best of its knowledge, these consolidated financial statements and comparable data have been prepared in accordance with the accounting policies binding on the Group and they present the economic and financial situation of the Company as well as its financial result in a true, reliable and fair manner and that the report on the activities of the issuer present a true picture of the development, achievement and situation of the issuer, including a description of basic risks and threats.

The Management Board hereby declares that the entity authorised to audit the financial statements that audited the consolidated financial statements has been appointed in accordance with the legal regulations and that this entity as well as the chartered auditors in charge of the audit, meet the requirements allowing them to issue an impartial and independent opinion on the audit as per the applicable laws and professional standards.

In accordance with the corporate governance rules adopted by the Management Board, the chartered auditor was appointed by the Supervisory Board by virtue of the resolution of 08 March 2016 on the appointment of a chartered auditor. PKF Consult Sp. z o.o. Sp. k. with registered office in Warsaw entered into the list of entities authorised to audit financial statements under number 477 was selected to be the auditor.

The Supervisory Board made the above appointment so as to guarantee full independence and objectivity of the appointment process as well as the performance of his duties by the chartered auditor..

Drawing up basis and accounting rules

a) Basis for the preparation of the consolidated financial statements

These financial statements were prepared in accordance with the International Financial Reporting Standards and the interpretations issued by the International Accounting Standards Board as approved by the European Union on the basis of the IFRS Regulation (European Commission 1606/2002), hereinafter referred to as the 'EU IFRS'.

The reporting currency of the Parent Company and the presentation currency of these consolidated financial statements is Polish zloty (PLN) and all the amounts are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated).

The consolidated financial statements were prepared in accordance with the going concern principle. As at the date of the approval of these consolidated financial statements for publication there are no circumstances which may pose a risk to the going concern assumption with regard to the Group companies.

b) Change of Standards and Interpretations

When preparing the 2016 financial statements, the Group follows the same accounting rules (policies) as the ones applied when preparing the financial statements for 2015, with the exception of amendments to standards as well as new standards and interpretations approved by the European Union that are effective for reporting periods beginning on or after 01 January 2016:

a) Amendment to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture Bearer Plants*

The amendment stipulates that bearer plants, currently covered by the scope of IAS 41 *Agriculture*, should be recognised on the basis of the provisions of IAS 16 *Property, Plant and Equipment*, i.e. with the application of the cost model or revaluation model. Pursuant to IAS 41 all biological assets used in the agricultural activities are determined at fair value less estimated point-of-sale costs.

b) Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets: Clarifications concerning the acceptable depreciation and amortisation methods (tangible and intangible fixed assets)*

With regard to the depreciation and amortisation of fixed assets, it was reminded that the depreciation/amortization method should reflect the way of consumption by the entity of economic benefits from the assets. The amendment to IAS 16 adds, however, that the revenue-based depreciation method (depreciation charges made in proportion to the revenues generated by the entity from activities in which the given fixed assets are used) is not appropriate. The IASB indicated that the revenues are influenced by a number of other factors, e.g. the inflation that has absolutely nothing to do with the way of consumption of the economic benefits from the fixed assets.

As regards the intangible fixed assets (i.e. amendment to IAS 38) it was determined that in certain circumstances the application of the revenue-based amortisation method may be appropriate. This situation

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occurs when the entity has demonstrated that there is a close relation between the revenues and the consumption of economic benefits from an intangible fixed asset and the given intangible fixed asset is expressed as the right to obtain a defined amount of revenues (when the entity has obtained a defined amount of revenues, the given intangible fixed asset expires) – the example here may be the right to mine gold from a deposit until a defined revenue has been generated.

c) Amendment to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*

The amendment introduces additional guidelines for the transaction of acquisition (take-over) of interests in joint operations when the operation constitutes a business as per the definition given in IFRS 3.

IFRS 11 clarifies currently that in such a situation the entity is required to apply all of the principles on business combinations accounting in IFRS 3 (and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11) and disclose information required relevant for business combinations, Part B of the standard presents more detailed guidance on the recognition of, e.g. the goodwill, impairment test.

d) Amendments IAS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments aim at encouraging the entities to exercise their professional judgement in the determination of what information should be presented in the financial statements of the entity as well as where and in what order the disclosures should be presented in the financial statements.

e) Amendments to IAS 27 *Separate Financial Statements Equity Method in Separate Financial Statements*

The amendments concern the application of the equity method in separate financial statements. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

f) Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures: Investment Entities - Applying the Consolidation Exception*

The amendments concern investment entities : applying the consolidation exception. They also provide clarifications concerning the recognition of investment entities.

g) Improvements to IFRS (2012-2014) - improvements in the framework of annual IFRS improvement process

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* - changes in methods of disposal,

Provision of special guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued, This type of reclassification will not constitute a change to the sale or distribution plan, whereby the existing requirements concerning the classification, presentation and measurement will not be changed. Assets which no longer meet the criteria of held for distribution (and do not meet the criteria of held for sale) should be treated similarly as assets that ceased to qualify as held for sale. It is proposed that the improvements were applied prospectively

- IFRS 7 *Financial Instruments: Disclosures – servicing contracts*; applicability of the amendments to IFRS 7 to condensed interim financial statements,

Provision of guidelines clarifying whether or not the given service contract constitutes a continuation of engagement in the asset transferred for the purposes of disclosures required with reference to the assets transferred. Paragraph 42C(c) of IFRS 7 stipulates that the transfer of contracts in accordance with a service contract does not mean *per se* the continuity of engagement related to the obligation to disclose the information about the transfer. In practice, most service contracts contain additional clauses resulting in the maintenance of continuity of engagement in the given asset, e.g. if the amount and/or the date of payment of fees for services depends on the amount and/or the date of reception of monetary inflows. The proposed improvements would contribute to the clarification of this matter.

The proposed improvements to IFRS eliminate the doubts concerning the requirements to disclosure the financial asset and financial liability offsetting in the condensed interim financial statements. It is proposed to clarify that the disclosures concerning offsetting are not required in all interim periods.

- IAS 19 *Employee Benefits* – discount rate: regional market issue,

It has been clarified that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The

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proposed amendments will allow the assessment of the size of the market for such bonds at the level of currency. The proposals would be effective retrospectively.

- IAS 34 *Interim Financial Reporting* – Disclosure of information 'elsewhere in the interim financial report'.

It is proposed to clarify whether or not the information required in IAS 34 are presented as part of the interim financial report but outside the interim financial statements. In accordance with the proposal, such information should be included in the interim report by a reference to another part of the interim financial report available to the users upon the same conditions and at the same time as the interim financial statements.

The adoption of the above-mentioned amendments to standards did not result in any changes in the accounting policy of the Group nor in the presentation of data in the financial statements.

The Group did not take advantage of the possibility of an earlier application of standards and amendments to standards approved by the European Union which are effective for reporting periods beginning on or after 01 January 2017:

- IFRS 9 *Financial Instruments* (dated 12 November 2009 with later amendments to IFRS 9 and IFRS 7 of 16 December 2011) – effective for reporting periods beginning on or after 1 January 2018

The new standard replaces the guidance given in IAS 39 *Financial Instruments: Recognition and Measurement*, on the classification and measurement of financial assets. The standard eliminates the IAS categories of held-to-maturity, available-for-sale and loans and receivables. Upon the initial recognition the financial assets will be classified to one of the following two categories:

- financial assets carried at amortised cost; or
- financial assets carried at fair value.

A financial asset is carried at amortised cost when the following two conditions are fulfilled: assets are held in a business model whose objective is to hold assets in order to collect contractual cash flows and its contractual conditions result in the generation in defined moments of cash flows constituting only the repayment of the principal amount and the interest on the outstanding principal amount.

The gains and losses on the measurement of financial assets carried at fair value are recognised as profit or loss of the current period with the exception of a situation when the investment in the financial instrument is not held for trading. IFRS 9 provides an option of decision as to the measurement of financial instrument upon their initial recognition in fair value in other comprehensive income. Such a decision would be irreversible. The selection may be made for each instrument separately. The values recognised in other comprehensive income may not be later reclassified as profit or loss.

IFRS 9 introduces a new model of determining the impairment loss charges – expected credit loss model. Of importance is also the obligation introduced by IFRS 9 to present in other comprehensive income the effects of changes of own credit risk due to financial liabilities carried at fair value through profit or loss.

- IFRS 15 *Revenue from Contracts with Customers* – effective for reporting periods beginning on or after 01 January 2018

IFRS 15 specifies how and when an IFRS reporter should recognise revenue as well as requires such entities to provide more informative, relevant disclosures. The standards a consolidated model of five topics to be applied to all contracts with customers when recognising revenue.

The standards and interpretations adopted by the IASB which have not been approved for application by the EU:

- IFRS 16 *Leases* – effective for reporting periods beginning on or after 01 January 2019

IFRS 16 replaces the existing solutions concerning lease in IAS 17, IFRIC 4, SIC 15 and SIC 27. This IFRS introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The approach to lessor remains substantially unchanged from IAS 17 - the lessors still are required to classify leases as operating or finance.

- IFRS 14: *Regulatory Deferral Accounts* – effective for reporting periods beginning on or after 01 January 2016. The standard was published within the framework of a larger project Rate-regulated activities

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concerning the comparability of financial statements of entities operating in areas where the rates are regulated by rate-regulators or supervisory authorities (depending on jurisdictions, such areas may include distribution of electricity and heat, sale of energy and gas, telecommunications services, etc.).

IFRS 14 does not apply in the wide sense to the principles of accounting for rate-regulated activities but only determines the principles of disclosure of items constituting revenue or costs that qualify for recognition in result of the rate regulations and which, in the light of other IFRSs do not meet the conditions of recognition as assets or liabilities.

The application of IFRS 14 is allowed when the entity carries out rate-regulated activities and in the financial statements prepared in accordance with the previously applied accounting rules (policies) recognised the classifying amounts as “deferral account balances”.

In accordance with the published IFRS 14 such positions should be presented separately in the statement of financial position (balance sheet) as, respectively, assets of liabilities. Such accounts are not divided into current and non-current and are not described as assets or liabilities. Therefore, the ‘deferral accounts’ disclosed in the assets are described as ‘deferral account debit balances’ and those disclosed in the equity and liabilities - ‘deferral account credit balances’.

In the statement of profit or loss and other comprehensive income the entities should disclose net changes in ‘deferral accounts’, respectively, in the other comprehensive income section or in the profit or loss section (or in the separate statement of profit or loss).

This standard, as a transitional standard in accordance with the decision of the European Commission, will not be subject to an adoption process.

- c) Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – application deferred indefinitely
The amendments concern the sale or contribution of assets between an investor and its associate or joint venture and clarifies that the recognition of a gain or a loss resulting from the sale or contribution to an associate or a joint venture of assets depends on whether or not the assets sold or transferred constitute a business.
- d) Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* – effective for reporting periods beginning on or after 01 January 2017,
The purpose of the proposed amendments is to clarify that the unrealised losses on debt instruments measures at fair value and - for tax purposes - at cost may result in deductible temporary differences. The proposed amendments will also stipulate that the carrying amount of the given asset does not limit the estimates of the value of future taxable income. Additionally, in case of comparisons of the deductible temporary differences and the future taxable incomes, the future taxable incomes will not comprise tax deductibles resulting from the reversal of such deductible temporary differences.
- e) Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative* – effective for reporting periods beginning on or after 01 January 2017,
The amendment is intended to improve information provided to users of financial statements about an entity's financing activities and liquidity. A requirement is introduced to:
 - (i) reconcile the opening and closing balances in the statement of financial position for all items generating cash flows which qualify as financial activity, with the exception of the equity items;
 - (ii) disclose information concerning the questions facilitating the entity's liquidity analysis, such as the restrictions applied when taking a decision to use the cash and cash equivalents.
- f) Clarifications concerning IFRS 15 *Revenue from Contracts with Customers* - effective for reporting periods beginning on or after 01 January 2018,
The amendments clarify the following:
 - (i) identification of performance obligations,
 - (ii) principal versus agent considerations in a contract,
 - (iii) licensing (at a point in time or over time)
 These amendments introduce 2 additional transitional reliefs aimed at cost lowering and simplification of complexities when adopting the standard.
- g) Amendments to IFRS 2 *Share-based Payments* - effective for reporting periods beginning on or after 01 January 2018,
The amendments clarify the way of recognition of certain payments made in the form of shares. The amendments introduce requirements concerning the accounting for:

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- (i) cash-settled share-based payment transactions that include a performance condition,
 - (ii) share-based payment transactions with net settlement features,
 - (iii) modifications of share-based payment transactions from cash-settled to equity-settled.
- h) Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* - effective for reporting periods beginning on or after 01 January 2018.
The amendments aim at the elimination of cases of accounting mismatches from the income statements of entities that issue insurance contracts. In accordance with these amendments, the following solutions are admissible:
- application of IFRS 9 *Financial Instruments* with the recognition in comprehensive income and not the income statement of changes resulting from the application of IFRS 9 *Financial Instruments* instead of IAS 39 *Financial Instruments* for all entities that issue insurance contracts (the so-called 'overlay approach'),
 - temporary (until 2021) exclusion of the application of IFRS 9 *Financial Instruments* for those entities whose business is related mainly with insurance and the application in that period of IAS 39 *Financial Instruments* (the so-called 'deferral approach').
- j) IFRIC 22 *Foreign Currency Transactions* – effective for reporting periods beginning on or after 01 January 2018
The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.
- k) Amendments to IAS 40 *Investment Property* - effective for reporting periods beginning on or after 01 January 2018
The changes aim at providing guidance on the principles of transfers of assets to, or from, investment properties. The change concerns paragraph 57 which states that a transfer of assets to, or from, investment property takes place when, and only when, there is evidence of a change in use. The list of situations contained in paragraphs 57(a)-(d) was designated as non-exhaustive list of examples while the current list is an exhaustive list of examples.
- l) Improvements to IFRS (2014-2016) – improvements in the framework of annual IFRS improvement process – effective for reporting periods beginning on or after 01 January 2017/ 01 January 2018
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*
The amendment concerns a deletion short-term exemptions in paragraphs E3–E7 of IFRS 1, because they concerned past reporting periods and have now served their intended purpose. The exemptions allowed first time IFRS adopters to use the same disclosures as those who have applied IFRSs for a long time with reference to:
 - i. Disclosures of certain comparable data concerning financial instruments required in effect of the introduction of amendments to IFRS 7
 - ii. The presentation of data comparable to the disclosures required in IAS 19, concerning the sensitivity of liabilities under defined benefits to actuarial assumptions
 - iii. Retrospect application of requirements concerning investment units contained in IFRS 10, IFRS 12 and IAS 27.
 - Amendment to IFRS 12 *Disclosure of Interests in Other Entities*
The amendment clarifies the scope of IFRS 12 by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5. The amendment arose in relation with ambiguities related to the mutual impact of the requirements to disclose information contained in IFRS 5 and IFRS 12.
 - Amendments to IAS 28 *Investments in Associates and Joint Ventures*
The amendment clarifies that a decision concerning the measurement at fair value through profit or loss (and not by the equity method) of an investment in an associate or a joint venture, which may be taken by an entity that is a venture capital organisation, or other qualifying entity (e.g. a mutual fund, a trust fund), is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendment also concerns the possibility of electing the method for the measurement of an investment entity, which is an associate or a joint venture of an entity that is not an investment entity – it may maintain the measurement at fair value used by that entity, applying, at the same time the equity method.

In the Group's opinion, the above-mentioned standards, interpretations and amendments to standards will not have a significant impact on the Group's financial statements.

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c) Accounting policies

These consolidated financial statements were prepared in accordance with the historical cost method.

Presentation of the financial statements

The presented consolidated financial statements are compliant with IAS 1. The Group presents a separate 'Consolidated statement of profit or loss' that directly follows the 'Consolidated statement of profit or loss and other comprehensive income'.

The 'Consolidated Statement of Profit or Loss' is presented in the functional classification, and the 'Consolidated Cash Flow Statement' has been prepared using the indirect method.

In case of a retrospective introduction of amendments to the accounting policies or adjustment of errors, the Group additionally presents a balance sheet made as at the beginning of the comparative period.

Operating segments

The issuer identifies 3 operating segments, which are subject to a detailed assessment by the management 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 mobile phone operators in Poland – Orange, T-Mobile and Plus. The sale of the T-Mobile network services is ensured by Europhone 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 until 31/01/2016 was ensured by OEX S.A., and as of 1 February 2016, by Tell Sp. z o.o. The Group achieved its position by a gradual and consistent increase of the number of its own stores and acquisition of smaller store operators.

Sale Support Segment

All activities in this segment are provided by Cursor S.A. and Mer Service Sp. z o.o. 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.

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 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 and 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 offering specialised personnel team s - described as 'client advisers' to producers. 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.

E-business Segment

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This segment provides services dedicated to e-commerce, including the areas of technology, marketing and logistics as well as services of logistics for the sale support products for branches other than e-commerce. 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 and purchase processing services - since the beginning of the third quarter of 2016). The internal split of tasks 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 and prizes, negotiations with suppliers, collection of personal data, prize personalization and communication, distribution, tax registration settlements.

Services related to marketing materials and packaging purchase processing as well as those related to the search for and purchase of products for loyalty programmes and purchase organisation for the B2B segment clients consist in the market survey in the area covered by the client's order, recommendation of product purchase selection criteria, optimisation of the purchase costs and the administrative support of the process. In case of orders executed 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 FDA, CE, EN 71), supervision over the performance of prototypes and ensuring the consistency of product batches.

Cursor S.A. manages an extended warehouse infrastructure with an area of almost 30,000 sq.m. and capacity of 42,000 pallet places - based on WMS (warehouse management system). The operation quality consistency is ensured by ISO 9001:2008.

Consolidation

The consolidated financial statements comprise the financial statements of the parent company and the financial statements of companies controlled by the Group, i.e. subsidiaries, made as at 31 December 2016. The control is understood as the possibility to influence the financial and operating policies of the subsidiary in order to gain economic benefits from its business.

The financial statements of the parent company and the subsidiaries subject to consolidation are made as at the same balance sheet date, i.e. 31 December. If necessary, the financial statements of subsidiaries are adjusted as appropriate in order to standardise the accounting policies used by the subsidiary with the policies used by the Group.

Excluded from consolidation may be companies whose financial statements are immaterial from the perspective of the consolidated financial statements of the Group.

Subsidiaries are consolidated using the full consolidation method.

The full consolidation method consists in the compiling the financial statements of the parent company and of subsidiaries by adding up particular items of assets, liabilities, equity, revenue and costs. In order to present the Group in a manner as if it constituted a single economic entity, the following exclusions are made:

- as at the moment of acquisition of control, the goodwill or profits are recognised in accordance with IFRS 3,
- non-controlling shares are defined and presented separately,
- balances of settlements and transactions between the Group companies (revenues, costs, dividends) are excluded in whole,
- excluded are profits and losses on transactions made within the Group, which are recognised in such balance sheet asset items as inventories and fixed assets. Losses on Group's internal transactions are analysed in terms of the impairment of assets from the Group's perspective,
- recognised is the deferred tax on temporary differences resulting from the exclusion of profits and losses on Group's internal transactions (in accordance with IAS 12).

Business Combinations

Business combination transactions covered by IFRS 3 are settled using the acquisition method.

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As at the day of taking control, the acquiree's assets and liabilities are substantially carried at fair value and in accordance with IFRS 3 the assets and liabilities are identified, irrespective of the fact whether or not they have been disclosed in the financial statements of the entity prior to the acquisition.

The payment made in exchange for the control comprises the acquired assets, liabilities incurred as well as equity instruments issued - carried at fair value as at the acquisition day. The payment element is also a conditional payment measured at fair value as at the acquisition day. Costs related to the acquisition (advisory, appraisal etc.) do not constitute a payment for the acquisition but are recognised as cost on the day they have been incurred.

The goodwill (profit) is calculated as a difference between two values:

- the total payment made in exchange for the control, non-controlling shares and the fair value of shares held in the acquiree before the acquisition date, and
- the fair value of identifiable acquired net assets of the entity.

The surplus of the total calculated in the above-mentioned manner over the fair value of the identifiable acquired net assets of the entity is recognised in the assets of the consolidated statement of financial position as goodwill. The goodwill corresponds to the payment made by the acquirer in expectation of future economic benefits from the assets that cannot be identified individually or recognised separately. After the initial recognition, the goodwill is carried at cost less accumulated impairment loss.

In case the above-mentioned total is lower than the fair value of identifiable acquired net assets of the entity, the difference is immediately recognised as profit or loss. The Group recognises the profit on acquisition in other operating income.

By 1 January 2010, with regard to business combinations the Group applied the acquisition method in the manner as defined in the IFRS 3 version (2004).

Investments in associates

Associates are entities not controlled by the Parent Company but over which it does have a significant influence, participating in the determination of the financial and operating policies.

Investments in associates are initially recognised at cost, and thereafter measured using the equity method. Upon the moment of arising a significant inflow, the goodwill is determined as a difference between the investment's cost and the fair value of net assets attributable to the investor. The goodwill is recognised in the carrying amount of the investment in associates.

The carrying amount of the investment in associates is increased or decreased by:

- the share of the Parent Company in the profit or loss in the associate,
- share of the Parent Company in other comprehensive income of the associate resulting from, without limitation, the revaluation of tangible fixed assets and exchange differences on the conversion of foreign operations. These amounts are disclosed in correspondence with the appropriate item of the "consolidated statement of profit or loss and other comprehensive income",
- profits and losses on transactions between the Group and the associate, which are subject to exclusion up to the level of the share held,
- received payments from profits generated by the associate, which lower the investment's carrying amount.

The financial statements of the parent company and the associates subject to consolidation in accordance with the equity method are made as at the same balance sheet date, i.e. 31 December.

Transactions in Foreign Currencies

The consolidated financial statements are presented in Polish zloty (PLN), which is also the functional currency of the Parent Company.

Borrowing costs

The borrowing costs that can be directly allocated to the acquisition, construction or generation of an adjusted asset, are activated as part of the cost of such an asset. The borrowing costs comprise interest and exchange difference gains or losses up to the amount corresponding to the adjusted interest expense.

The above principles are applied by the Group prospectively, starting from 1 January 2009.

Goodwill

The goodwill is initially recognized in accordance with IFRS 3 (cf. the above item concerning business combinations). The goodwill is not subject to amortisation, however it is annually tested for impairment as per IAS 36 (cf. the item concerning the impairment of non-financial fixed assets).

Intangible fixed assets

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The intangible fixed assets comprise licences, software as well as other intangible assets that meet the recognition criteria defined in IAS 38. This item also contains intangible assets which have not been put to use yet (intangible fixed assets in production).

The intangible fixed assets as at the balance sheet day are recognised at cost less accumulated depreciation and accumulated impairment charge. The intangible fixed assets with a determined useful life are amortized in accordance with the straight-line method over their entire useful economic life. The useful lives of particular intangible assets are subject to annual verification and, if need be, are adjusted as of the beginning of the next financial year.

The estimated useful lives for particular groups of intangible assets are as follows:

Class	Period
Licences	5 years
Software	5 years
Other intangible assets	5 years

The costs related to the maintenance of software incurred in later periods are recognised as cost of the period in which they are incurred.

Gains or losses on the disposal of intangible fixed assets are determined as a difference between the revenue from the sale and the net value of such intangible assets and are recognised as profit or loss in the item other operating revenue or costs.

Tangible fixed assets

The tangible fixed assets are initially recognised at cost. The acquisition price is increased by all costs directly related to the purchase and adjustment of the asset to its use.

After initial recognition, the tangible fixed assets, with the exception of lands, are recognised at cost less accumulated depreciation and accumulated impairment charge. The tangible fixed assets in construction are not depreciated before the end of the construction or assembly and before being put to use.

The depreciation is made in accordance with the straight-line method over the estimated useful life of the given asset. Such lives for particular groups of assets are the following:

Class	Period
Machinery and equipment	2-5 years
Vehicles	2 - 5 years
Other fixed assets	2-10 years

The depreciation starts in the month in which the given fixed asset is available for use. The useful economic lives and the depreciation methods are verified annually, leading to depreciation charge adjustments, if any, in subsequent years.

The tangible fixed assets are divided into component parts constituting items of material value, to which separate useful economic lives can be assigned. Component parts are also the costs of general overhauls as well as significant spare parts and accessories, if they will be used for a period of time longer than one year. The current maintenance costs incurred after the date an asset has been put to use, such as repair and maintenance costs, are charged as profit or loss upon their incurring.

A given tangible fixed asset may be derecognised when disposed of or when no future economic benefits from further use of the given asset are expected. Gains or losses on the sale/liquidation or discontinuance of the use of fixed assets are determined as a difference between the revenue from the sale and the net value of such assets and are recognised as profit or loss, in other cases - as operating income or costs.

Leased assets

Lease contracts on the basis of which the lessee substantially retains all the risks and rewards incidental to ownership are operating lease contracts. The lease payments under operating lease are recognised in profit or loss on the straight-line basis over the lease term.

Impairment of non-financial fixed assets

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The following assets are subject to the annual test for impairment:

- goodwill, whereby the first test for impairment is made at the end of the period during which the combination took place,

The remaining intangible assets and tangible assets are tested for indications of impairment. In case any events or circumstances may indicate difficulties in recovering the carrying amount of the given asset, it is tested for impairment.

For the purposes of the impairment test, the assets are grouped at the lowest level at they generate cash flows independent of other cash flows by other assets or groups of assets (so-called cash-generating units). The assets that independently generate cash flows are tested independently.

The goodwill is allocated to those cash generating unit from which the benefits of synergy resulting of business combination are expected, whereby the cash-generating units are at least operating segments.

If the carrying amount exceeds the estimated recoverable amount of assets of cash generating units to which the assets belong, the carrying amount is lowered to the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. In measuring the value in use, the estimated future cash flows are discounted to the present value using the discount rate reflecting the actual market assessment of the time value of money and risk related to the given asset.

The impairment loss is first allocated to goodwill. The remaining charge proportionally lowers the carrying amount of assets comprised in the cash generating unit.

The impairment loss is recognised as profit or loss in the "Other operating costs" item.

The goodwill impairment is not reversed in subsequent periods. In case of other assets, the evidence indicating the possibility of reversing the impairment charge is reviewed at subsequent balance sheet dates. The charge reversal is recognised as profit or loss in the "Other operating income" item.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset or a financial liability is disclosed in the balance sheet when the Group becomes a party to this instrument. Standard financial asset and liability buying and selling transactions are recognised at the transaction date.

A financial asset is derecognised in case when the contractual rights to economic benefits and resulting risks have been realized, expired or the Group waived them.

The Group derecognises a financial liability when it is extinguished – i.e. the obligation specified in the contract is discharged or cancelled or expired.

The Group measures the financial assets and liabilities at fair value as at the acquisition date, i.e. most often in accordance with the fair value of the consideration paid in case of an asset or received in case of a liability. The transaction costs are included by the Group in the initial measurement of all financial assets and liabilities, except for the category of assets and liabilities carried at fair value through profit or loss.

As at the balance sheet date, the financial assets and liabilities are measured in accordance with the principles presented below.

Financial assets

For the purpose of the measurement after the initial recognition, the financial assets other than the hedging derivatives are classified by the Group as follows:

- loans and receivables,
- financial instruments at fair value through profit or loss,
- held-to-maturity investments.

These categories determine the measurement principles as at the balance sheet date and the recognition of measurement gains or losses in the financial income or in other comprehensive income. The profits or losses recognized in the financial result are presented as financial income or expense, except for the trade receivables impairment charges that are presented as other operating expenses.

All financial assets except those carried at fair value through profit or loss are tested for indications of impairment at each balance sheet date. A financial asset is subject to a write-down when there is any objective evidence of its impairment. The impairment indications are analysed separately for each category of financial assets as presented below.

Loans and receivables are financial assets, not classified as derivatives, which have determined or determinable payments and which are not quoted on an active market. Loans and receivables are measured at amortised cost

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using the effective interest method. The short-term receivables are measured at required payment amount due to the insignificant discount effects.

Financial assets qualified to the loans and receivables category are disclosed in the balance sheet as:

- long-term assets in the item "Receivables and loans" and
- short-term assets in the items "Loans", "Trade receivables and other receivables" and "Cash and cash equivalents".

The provisions for bad receivables are set up when the recovery of a full amount is no longer probable. Significant receivables balances are subject to individual review in case of defaulting debtors or when there is objective evidence that the debtor may not be able to discharge his obligations (e.g. difficult financial position of the debtor, court case pending against the debtor, changes in the economic environment that are unfavourable to the debtor). In case of receivables not subject to individual review, the indications of impairment are analysed in groups of assets determined on the basis of credit risk (resulting from, for example: the sector, region or structure of clients). The impairment rate for particular groups is based on trends in repayment difficulties experienced by debtors and observed in recent past.

Financial liabilities

Financial liabilities other than hedging derivatives are disclosed in the following balance sheet items:

- loans, credits, other loan instruments,
- trade liabilities and other liabilities.

After the initial recognition the financial liabilities are measured at amortised cost using the effective interest method, with the exception of financial liabilities for trading or designated at fair value through profit or loss. The category of financial liabilities carried at fair value through profit or loss includes derivatives other than hedging instruments. Short-term trade liabilities are measured at required payment amount due to the insignificant discount effects.

The gains and losses on financial liability measurement are recognised as profit or loss from financial activities.

Inventories

The inventories are measured at the lower of the cost or net realisable price. The cost comprise the acquisition costs and other costs incurred in order to ensure that the inventories are at their present location and in their present state.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents are cash on hand and cash in bank, demand deposits as well as short-term, highly liquid investments (up to 3 months) readily convertible to cash, which are subject to an insignificant risk of changes in value.

Equity

The share capital is recognised in the nominal value of shares issued, in accordance with the Articles of Association of the Parent Company and the entry in the National Court Register.

The treasury shares of the Parent Company - purchased and retained by the Parent Company - decrease the shareholders' equity. The treasury shares are measured at cost.

The share premium arises from the surplus of the issue price over the nominal value of shares less the costs of issue.

Retained profits contain the results from previous years (also those transferred to the capital on the basis of shareholders' resolutions) as well as the financial result of the current year.

All transactions with the shareholders of the Parent Company are presented separately in the "Consolidated Statement of Changes in Equity".

Short-term employee benefits

The value of short-term employee benefits is determined without discount and disclosed in the balance sheet in their due amount.

Provisions for accrued holidays

The Group sets up a provision for the costs of accumulated payable holidays which it will have to pay in result of the employee's failure to use their entitlement accrued as at the balance sheet day. The provision for accrued holidays is a short-term provision and is not subject to discounting.

Retirement benefits

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In accordance with the pay systems in force in the Group, the employees of the Group companies are entitled to retirement benefits. Retirement benefits are paid on a one-off basis upon the employee's retirement. The retirement benefit amount depends on the length of service and the average remuneration of the employee. The Group creates a provision for future retirement benefit liabilities in order to allocate the costs to the employees' entitlement acquisition periods.

Provisions, contingent liabilities and assets

The Group recognises a provision on its balance sheet when it has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The date of incurring and the amount to be settled may be uncertain.

Provisions are created for the following purposes, without limitation:

- court proceedings in course and matters in dispute.

No provisions are set up for future operating losses.

Provisions are recognised in the amounts of estimated expenditures necessary to fulfil the present obligation on the basis of the most reliable evidence available as at the date of the consolidated financial statements, including those concerning the risk and degree of uncertainty. When the time value of money is material, the provision is measured by discounting the estimated future cash flows to the present value by applying the discount rate reflecting the actual assessment of the time value of money and the possible risk related to the given liability. When a discounting method has been applied, the provision increase with the passage of time is recognised as financial expense.

When the Group expects that the provision-covered costs will be returned, e.g. on the basis of insurance contract, the return is recognised as a separate asset, but only when it is practically sure that the return will effectively take place. However, the value of this asset may not exceed the amount of provision.

In case the outflow of resources to settle the present obligation is not probable, the contingent liability is not recognised, with the exception of contingent liabilities identifiable in the process of business combinations as per IFRS 3.

Information about contingent liabilities is disclosed in the descriptive part of the consolidated financial statements in Note No. 24. The Group also presents information about contingent liabilities from payments under operating lease contracts (Note No. 6).

The possible inflows of resources embodying economic benefits for the Group, which do not meet yet the recognition criteria as assets, constitute contingent assets, which are not recognised in the balance sheet. The information about contingent assets is disclosed in the supplementary notes.

Accruals

The Group discloses prepaid costs concerning future reporting periods, mainly lease rents, in the "Prepayments" item.

Sale revenues

The revenue from sale are recognized in the fair value of the consideration received or receivable for goods and services delivered or rendered in the course of ordinary economic activities less discounts, value added tax and other sale-related taxes (excise tax). The revenue is recognised in an amount it is probable that the Group will obtain economic benefits associated with a given transaction and the given amount of revenue can be measured reliably.

Sale of goods

The revenues from the sale of goods are recognised if the following conditions have been met:

- the Group has transferred onto the buyer the significant risks and rewards of ownership of the goods. The condition is considered met upon the undisputed delivery of goods or products to the consignee.
- the amount of revenue can be measured reliably.
- it is probable that the Group will obtain economic benefits associated with the given transaction, and
- the costs incurred and to be incurred in connection with transaction can be measured reliably.

Rendering of Services

The OEX Group companies carry out their respective business as described in operating segments.

In order to ensure the correct interpretation of the separate and consolidated financial results of the OEX S.A. Group companies from the sale network management segment, it is necessary to explain different ways of recognition in the books of the Group companies of subsidiaries for the sale of mobile phones by particular operators and the impact of such operations on revenue and costs items. Irrespective of a different way of mobile phone sale settlement by particular operators, the result on such operations is neutral.

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ORANGE network operator – Orange Polska S.A.

TELL 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:

- a 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.

The Company receives 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:

- a 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.

Interest and dividends

Interest income is recognized gradually upon accrual using the effective interest method. The dividends are recognised when the shareholder's right to receive payment is established.

Operating expenses

The operating costs are recognised as profit or loss in accordance with the principle of matching of costs with revenues. The Group presents the costs in the consolidated financial statements as per the places they were generated.

Income tax (including the deferred tax)

The taxation on the financial result comprises the current income tax as well as the deferred income tax that has not been recognised in other comprehensive income or directly in equity.

The current tax is calculated on the basis of the tax result (taxation basis) of the given financial year. The tax profit (loss) is different from the gross book profit (loss) in relation with the temporary shift of taxable income and tax deductible costs of subsequent periods as well as exclusion of non-taxable costs and revenue. The taxes are calculated on the basis of tax rates in force in the given financial year.

The deferred tax is measured for all taxable temporary differences as at the balance sheet date between the carrying value of assets and liabilities and their taxable value.

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The deferred tax liability is recognised for all taxable temporary differences and the deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the recognized deductible temporary differences can be utilised. No assets or liabilities are recognised when the temporary difference results from the initial recognition of the asset or liability in a transaction that is not a business combination and that, when occurred, does not have any influence on the tax result or the book result. No deferred tax liability is recognised on the goodwill, which is not amortisable in accordance with the tax regulations. The deferred tax is measured using the tax rates that are expected to apply to the period when the asset is realized or a liability is settled based on the tax rates (and tax laws) that have been enacted at the balance sheet date.

The deferred tax asset is analysed as at each balance sheet date and when the expected future taxable profit will not be sufficient to realize an asset or its part, it is impaired.

Subjective Assessments of the Management Board and Uncertainty of Estimates

When preparing these consolidated financial statements, the Parent Company's Management Board uses its best judgement to make the estimates and assumptions that influence the accounting policies (rules) applied and the presented values of assets, liabilities, revenue and costs. The actually realised values may differ from the estimates made by the Management Board. Information about the estimates and assumptions made that are significant for the consolidated financial statements is presented below.

Useful economic lives of fixed assets

The Management Board of the Parent Company annually verifies the useful economic lives of fixed assets subject to depreciation/amortisation. As at 31/12/2016, the Management Board confirmed that the useful lives of assets as assumed by the Group for depreciation/amortisation purposes reflect the expected time distribution of economic benefits from these assets in the future. However, the actual time distribution of economic benefits from these assets may be different from the assumptions, also because of their technical ageing. The carrying amount of fixed assets subject to depreciation/amortisation is presented in Notes No. 4 and 5.

Provisions

Provisions for employee benefits comprise retirement benefits.

Deferred tax assets

The probability of settling a deferred tax asset by future tax profits is based on the budgets of Group companies as approved by the Management Board of the Parent Company. If the anticipated financial results suggest that the Group companies will generate taxable income, the deferred tax assets are recognised in full.

Impairment of Non-financial Assets

In order to determine the value in use, the Management Board estimates the forecast cash flows as well as the rate by which the flows are discounted to their present value (cf. item concerning the impairment of non-financial assets). During the measurement of the present value of future flows, assumptions concerning the forecast financial results are made. These assumptions concern future events and circumstances. The actually realised values may differ from the estimates, which may lead, in subsequent reporting periods, to significant adjustments of the value of Group's assets.

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1. Operating segments

Revenues and results of operating segments:

	Sale network management	Sale Support	E-business	Not allocated	Total
for the period from 01/01 to 31/12/2016					
Revenue from external customers	211,489	74,001	114,264		399,754
Revenue from the sales between segments		187	418	5,789	6,393
Total revenue	211,489	74,188	114,682	5,789	406,148
Segment's operating result	15,505	4,990	3,227	-2,766	20,955
Financial income					50
Financial costs (-)					-5,019
Gross profit before tax					15,985
Income tax (-)					-3,436
Net profit					12,549
EBIDTA	17,580	6,927	4,542	-2,701	26,348
Depreciation and amortisation	2,075	1,938	1,315	65	5,393
for the period from 01/01 to 31/12/2015, after adjustment					
Revenue from external customers	215,451	58,578	70,136		344,165
Revenue from the sales between segments	59	538	803	628	2,028
Total revenue	215,510	59,117	70,938	628	346,193
Segment's operating result	9,770	3,912	3,842	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	5,435	4,646	203	21,960
Depreciation and amortisation	1,906	1,523	804		4,233
for the period from 01/01 to 31/12/2015, before adjustment					
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

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.

In 2016, there was an adjustment of the data concerning 2015. The adjustment results from the reorganisation of operating segments.

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Geographical areas - revenues:

	01/01 to 31/12/2016	01/01 to 31/12/2015
Poland	366,882	340,612
Europe	31,942	3,528
Asia	74	4
North America	88	21
Africa	768	
Total	399,754	344,165

2. Interests in related parties

Interests in related parties

The OEX S.A. Group comprises OEX S.A., which is the parent company, and subsidiaries presented in the table below:

Name of subsidiary	Registered office	% of shares/participations
		directly controlled
TELL Sp. z o.o. (formerly OTI Sp. z o.o.)	Poznań	100.00%
Europhone Sp. z o.o.	Poznań	100.00%
PTI Sp. z o.o.	Poznań	100.00%
Cursor S.A.	Warsaw	100.00%
Divante Sp. o.o.	Wrocław	51.03%
Pro People Sp. z o.o. (formerly TRS Services Sp. z o.o.)	Warsaw	100.00%
Mer Service Sp. z o.o.	Warsaw	100.00%
Connex Sp. z o.o. in liquidation	Poznań	100.00%
Toys4Boys.pl Sp. z o.o.	Gdańsk	30.00%

The following companies are subject to consolidation: Connex Sp. z o.o., Toys4Boys.pl Sp. z o.o. As regards the shares in Toys4Boys.pl Sp. z o.o. and Connex Sp. z o.o. in liquidation, OEX S.A. made 100% impairment charges. The companies are not active.

3. Business combinations

Below are presented the entities taken over by the Group in 2016 and the established amounts of goodwill and profits resulting from the takeovers settled in the period:

Company	Takeover date	Percentage of capital instruments taken over together with the voting rights	Payment		Net assets of the acquired entity (fair value)	Goodwill (+) / Profit (-)
			acquirer	non-controlling shares		
Pro People Sp. z o.o.	2016.05.06	100.00%	50		46	4
Mer Service Sp. z o.o.	2016.09.06	100.00%	4,500		687	3,813
Organised part of business of Cel-R	2016.09.01	100.00%	2,886		10	2,876

On 6 May 2016, OEX S.A. acquired from its subsidiary Cursor S.A. 100% of shares in ProPeople (TRS Services) Sp. z o.o. with registered office in Warsaw for the price of PLN 50,000.00. The object of the business of Pro People Sp. z o.o. is the management of human resources, recruitment activities and employee lease. Since 2017, the Company will have a status of a temporary employment agency. Currently, the Company is in the process of take-over of recruitment processes from the remaining Group Companies.

On 31 August 2016, OEX S.A. entered into an agreement concerning the acquisition of 100% shares in Mer Service Sp. z o.o. with registered office in Warsaw. The company provides services in the segment defined by the Issuer as the Sale Support Segment. the acquisition price was PLN 4,500,000.00. The title to all shares was transferred onto OEX S.A. upon the payment of a part of the price, i.e. PLN 4,200.00 - on 6 September 2016. The purpose of the acquisition is to reinforce the market position of the Group in the segment by increasing the scale of business which would allow the performance of new projects and increase the margin owing to cost synergies, joint expertise and team optimisation.

On 1 September 2016, the subsidiary Europhone Sp. z o.o. acquired an organised part of business from Cel-R, which comprised a network of 31 T-Mobile sale outlets. The selling price was PLN 2.886,092.

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By the date of these consolidated financial statements, the process of measurement of the fair value of acquired assets and liabilities had not been completed. These values will be finally determined within 12 months after the takeover date.

The values of identified assets and liabilities of the taken over companies recognised in the consolidated financial statements are as follows:

	Fair value at the takeover date		
	Mer Service Sp. z o.o.	Pro People Sp. z o.o.	Cel-R
Assets			
Intangible fixed assets			
Tangible fixed assets	20		
Deferred tax assets			
Inventories			10
Receivables and loans	4,802	1	
Accruals and prepayments	25		
Assets held for sale			
Cash	183	49	
Total assets	5,031	50	10
Liabilities			
Deferred tax liabilities			
Loans, credits, leases			
Trade liabilities	4,343	4	
Other liabilities			
Total provisions	4,343		
Net asset fair value	687	46	10
Payment for the entity taken over	4,500	50	2,886
Net assets attributable to the non-controlling interests			
Goodwill (+) / Profit (-)	3,812	4	2,876

4. Goodwill

Changes in the carrying amount of goodwill in periods covered by the consolidated financial statements are presented in the table below:

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Gross value		
As at period beginning	68,468	57,581
Business combination	6,693	10,887
Sale of subsidiaries (-)		
Net exchange differences on conversion		
Other adjustments		
Gross value at period end	75,161	68,468
Impairment loss		
As at period beginning		
Loss expensed as cost in the period		
Net exchange differences on conversion		
Other changes		
Impairment loss at period end		
Goodwill - carrying amount at period end	75,161	68,468

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The goodwill presented in the assets of the consolidated statement of financial position results from the acquisition of shares or participations in the companies by the parent company and the acquisition by the subsidiaries of organised parts of business:

	31/12/2016	31/12/2015
Taurus	1,202	1,202
Havo	20,096	20,096
Europhone Sp. z o.o.	8,732	8,732
Solex	10,611	10,611
PTI Sp. z o.o.	10,061	10,061
Maksimum	6,879	6,879
Cursor S.A.	9,024	9,024
Divante Sp. z o.o.	1,861	1,861
Pro People Sp. z o.o.	4	
Mer Service Sp. z o.o.	3,813	
Cel-R	2,876	
Total goodwill	75,161	68,468

The Group conducted internal goodwill impairment tests as at the balance sheet date. The test procedures did not indicate any goodwill impairment. The recoverable amount of particular cash generating units was established on the basis of calculated value in use.

Cash generating unit

The value in use was calculated in each instance on the basis of cash flow forecasts based on the financial budgets covering the period of 5 years. The forecasts reflect the management's existing experience related to the business and an analysis of external indications. The material assumptions concerning the discount rate and the assumed growth rate after the detailed forecast period are presented in the table below:

No.	Name of the company	Euro-Phone	PTI	Taurus	Havo	Solex	Maksimum	Cursor	Divante
1.	Forecast period	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
2.	Discount rate	6.39%	8.09%	10.83%	10.83%	6.39%	8.09%	6.23%	10.25%
3.	Growth rate after the budget period	0%	0%	0%	0%	0%	0%	0%	0%

Other key assumptions used for the calculation of the value in use:

The estimation of the value in use of a cash generating unit is sensitive to the following variables:

- cash flows;
- discount rate;
- market share in a budget year;
- growth rate applied when estimating cash flows outside the scope of budgeted periods.

Cash flows – are made on the basis of values achieved in the periods preceding the budget period and on the prudent estimates concerning the future derived from them.

Discount rate – reflects the estimation of risk made by the management. This is an indication used by the management in order to estimate the operational effectiveness (results) and future investment proposals.

The discount rate and the growth rate of future cash flows assumed for the determination of the recoverable amount was expressed in real values, i.e. disregarding the inflation. The cash flows and the discount rate are compliant with the IAS 36 methodology.

Assumptions concerning the market shares – these assumptions are material because the management assesses the ways in which the economic and financial position of OEX S.A. may change during the budget period with respect to competitors. The management expects that the market share of OEX S.A. will be stable in the budget year.

Estimated growth rate - not assumed.

Sensitivity to changes of assumptions

In case of the estimation of the value in use, the management is convinced that no reasonably possible change of any key assumption made above would result in exceeding by the carrying amount of such unit of its recoverable amount adjusted by the book value of net assets.

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5. Intangible fixed assets

The intangible fixed assets used by the Group comprise licences, computer software as well as other intangible assets.

	Licences Software	Other intangible assets	Trade marks	In construction	Total
As at 31/12/2016					
Gross carrying amount	5,415	4,711	487	2,388	13,048
Accumulated depreciation/amortisation and impairment charges	-2,964	-1,800	-237		-5,000
Net carrying amount	2,498	2,911	250	2,388	8,048
As at 31/12/2015					
Gross carrying amount	4,536	4,552	315	1,174	10,577
Accumulated depreciation/amortisation and impairment charges	- 2,364	-1,625	-38		-4,027
Net carrying amount	2,172	2,927	278	1,174	6,550

	Licences Software	Other intangible assets	Trade marks	In construction	Total
for the period from 01/01 to 31/12/2016					
Net carrying amount as at 01/01/2016	2,172	2,927	278	1,174	6,550
Acquisition by merger					
Increase (acquisition, production, lease)	933	341		1,915	3,189
Decrease (disposal, liquidation, reclassification) (-)				-701	-701
Other changes (reclassification, transfers, etc.)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-607	-357	-28		-991
Impairment loss (-)					
Reversal of impairment charges					
Net carrying amount as at 31/12/2016	2,498	2,911	250	2,388	8,048
for the period from 01/01 to 31/12/2015					
Net carrying amount as at 01/01/2015	269	324			593
Acquisition by merger	557	887		1,735	3,179
Increase (acquisition, production, lease)	1,741	2,055	300	999	5,095
Decrease (disposal, liquidation, reclassification) (-)		-7		-1,560	-1,568
Other changes (reclassification, transfers, etc.)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-385	-341	-23		-748
Impairment loss (-)					
Reversal of impairment charges					
Net carrying amount as at 01/01/2016	2,172	2,927	278	1,174	6,550

6. Tangible fixed assets

	Machinery and equipment	Vehicles	Other fixed assets	Tangible fixed assets in production	Total
As at 31/12/2016					
Gross carrying amount	9,124	8,216	12,806	1,009	31,156
Accumulated depreciation/amortisation and impairment charges	-5,898	-4,805	-6,406		-17,110
Net carrying amount	3,226	3,411	6,399	1,009	14,046

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

As at 31/12/2015					
Gross carrying amount	7,841	8,656	12,205	877	29,579
Accumulated depreciation/amortisation and impairment charges	-4,994	-4,301	-6,082		-15,377
Net carrying amount	2,847	4,356	6,123	877	14,202

	Machinery and equipment	Vehicles	Other fixed assets	Tangible fixed assets in production	Total
for the period from 01/01 to 31/12/2016					
Net carrying amount as at 01/01/2016	2,847	4,356	6,123	877	14,202
Acquisition by merger	14		6		20
Increase (acquisition, production, lease)	1,704	1,872	1,561	1,328	6,465
Decrease (disposal, liquidation, reclassification) (-)	-85	-525	-341	-1,196	-2,146
Other changes (reclassification, transfers, etc.)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-1,254	-2,292	-950		-4,496
Impairment loss (-)					
Reversal of impairment charges					
Net carrying amount as at 31/12/2016	3,226	3,411	6,399	1,009	14,046
for the period from 01/01 to 31/12/2015					
Net carrying amount as at 01/01/2015	1,050	1,173	2,662	32	4,917
Increase (acquisition, production, lease)	1,212	3,888	1,835	817	7,751
Decrease (disposal, liquidation) (-)	1,428	1,239	2,564	2,295	7,526
Other changes (reclassification, transfers, etc.)	-24	-163	-819		-3,419
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-819	-1,781	-819		-3,419
Impairment loss (-)					
Reversal of impairment charges					
Net carrying amount as at 31/12/2015	2,847	4,356	6,123	877	14,202

Net value of fixed assets under operating lease

	31/12/2016	31/12/2015
Buildings and structures		
Plants and machinery	194	244
Vehicles	2,421	3,397
Other fixed assets	2,101	1,920
	4,716	5,561

7. Leased assets

7.1. Operating Lease

The Group uses tangible fixed assets as a lessee on the basis of operating lease agreements. The operating lease agreements concern commercial premises in which the Group companies conduct their business.

The value of minimum future operating lease payments is the following:

	31/12/2016	31/12/2015
<i>Future minimum lease payments under irrevocable operating lease agreements:</i>		
Payable within 1 year	7,527	8,230
Payable within the period from 1 year to 5 years	13,484	27,496
Payable after 5 years		
Total	21,011	35,726

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

8. Financial Assets and Liabilities

8.1. Categories of financial assets and liabilities

The value of financial assets presented in the consolidated statement of financial position relates to the following categories of financial instruments determined in IAS 39:

1 – loans and receivables (L&R)	5 - available-for-sale financial assets (AFS)
2 - financial assets carried at fair value through profit or loss - held for trading (FVA-T)	6 - hedging derivatives (HD)
3 - financial assets carried at fair value through profit or loss - allocated to measurement at fair value at initial recognition (FVA-M)	7 - assets outside the scope of IAS 39 (Non IAS 39)
4 - held-to maturity investments (HMI)	

	Note	*Categories of financial instruments as per IAS 39							Total
		L&R	FVA-T	FVA-M	HMI	AFS	HD	Non IAS 39	
As at 31/12/2016									
<i>Fixed assets:</i> Receivables and loans Other long-term financial assets	8.2	1,116							1,116
<i>Current assets:</i> Trade receivables and other receivables	11	69,329							69,329
Receivables									
Loans	8.2	9							9
Cash and cash equivalents	12	5,113							5,113
Total financial assets		75,568							75,568
As at 31/12/2015									
<i>Fixed assets:</i> Receivables and loans Other long-term financial assets	8.2	972							972
<i>Current assets:</i> Trade receivables and other receivables	11	67,462							67,462
Receivables									
Loans	8.2	1							1
Cash and cash equivalents	12	5,052							5,052
Total financial assets		73,486							73,486

The value of financial liabilities presented in the consolidated statement of financial position relates to the following categories of financial instruments determined in IAS 39:

1 - financial liabilities carried at fair value through profit or loss - held for trading (FVL-T)	4 - hedging derivatives (HD)
2 - financial liabilities carried at fair value through profit or loss - allocated to measurement at fair value at initial recognition (FVL-M)	5 - liabilities outside the scope of IAS 39 (Non IAS 39)
3 - financial liabilities measured at amortised cost (ACL)	

	Note	*Categories of financial instruments as per IAS 39					Total
		FVL-T	FVL-M	ACL	HD	Non IAS 39	
As at 31/12/2016							
<i>Long-term liabilities:</i>							
Loans, credits, other debt instruments	8.3			2,250			2,250
Lease liabilities				2,077			2,077
Other liabilities				1,625			1,625
<i>Short-term liabilities:</i>							
Trade liabilities and other liabilities	17			60,654			60,654

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Note	*Categories of financial instruments as per IAS 39					Total
		FVL-T	FVL-M	ACL	HD	Non IAS 39	
Loans, credits, other debt instruments	8.3			21,294			21,294
Factoring liabilities				3,982			3,982
Lease liabilities				1,981			1,981
Total financial liabilities				93,862			93,862
As at 31/12/2015							
<i>Long-term liabilities:</i>							
Loans, credits, other debt instruments	8.3			81			81
Lease liabilities				2,992			2,992
Other liabilities				1,527			1,527
<i>Short-term liabilities:</i>							
Trade liabilities and other liabilities	17			49,796			49,796
Loans, credits, other debt instruments	8.3			12,422			12,422
Factoring liabilities				10,284			10,284
Lease liabilities				2,016			2,016
Total financial liabilities				79,119			79,119

8.2. Receivables and loans

For the purposes of presentation, in its consolidated statement of financial position the Group separated the class of receivables and loans (IFRS 7.6). In the long-term part, the receivables and loans are presented in the statement in a single heading. In the short-term part, the Group - in compliance with the requirements of IAS 1 - presents the trade receivables and other receivables separately. The classes of receivables and loans are presented in the table below. Disclosures concerning the receivables are made in Note No. 11.

	31/12/2016	31/12/2015
<i>Fixed assets:</i>		
Receivables	1,114	972
Loans	2	
Long-term receivables and loans	1,116	972
<i>Current assets:</i>		
Trade receivables and other receivables	69,329	67,462
Loans	9	1
Short-term receivables and loans	69,338	67,462
Receivables and loans, including:		
Receivables (Note No. 10)	70,444	68,434
Loans (Note No. 7.2)	11	1

Loans granted are measured at amortised cost using the effective interest method. The carrying amount of loans is considered to be the reasonable estimation of the fair value (cf. Note No. 7.5. concerning the fair value).

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

The change in the carrying amount of loans, including impairment charges, is as follows:

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Gross value		
As at period beginning	1	28
Amount of loans granted in the period	10	
Interest calculated using the effective interest rate method		1
Repayment of loans with interest (-)		-26
Gross value at period end	11	1
Impairment loss		
As at period beginning		
Loss expensed as cost in the period		
Reversal of impairments carried as revenue in the period (-)		
Provisions used (-)		
Other changes (net exchange differences on conversion)		
Impairment loss at period end		
Carrying amount at period end	11	1

The loans are measured by the Group at due amounts in view of the insignificant discount effects.

Profits and losses recognised in the financing activities concerning the financial assets category are presented in Note No. 20.

8.3. Loans, credits, other debt instruments

The value of loans, credits and other debt instruments recognised in the consolidated financial statement of financial position is presented in the table below:

	Short-term liabilities		Long-term liabilities	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Financial Liabilities carried at amortised cost:				
Loan facilities	844	225	2,250	81
Overdraft facilities	20,450	12,197		
Loans				
Debt securities				
Financial Liabilities carried at amortised cost	21,294	12,422	2,250	81
Loans, credits, other debt instruments, total	21,294	12,422	2,250	81

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Financial Liabilities Measured at Amortised Cost

The Group does not include any instruments from the loan and credit class to financial liabilities carried at fair value through profit or loss. All loans, credits and other debt instruments are measured at amortised cost using the effective interest method. The fair value of loans, credits and other debt instruments is presented in Note No. 8.5.

Information concerning the character and scope of risk the Group is exposed to in relation with the loans, credits and other debt instruments contracted is presented in the table below (cf. also Note No. 26 concerning risks):

	Currency	Interest rate	Maturity date	Value		Liability	
				in foreign currency	in PLN	short-term	long-term
As at 31/12/2016							
Overdraft facilities - Credit Agricole	PLN	WIBOR 1M plus margin	07/08/2018		23,500	10,796	
Investment loan – mBank	PLN	WIBOR 1M plus margin	31/08/2020		3,375	844	2,250
Overdraft facilities - mBank	PLN	WIBOR ON plus margin	31/07/2017		11,000	9,572	
Investment loan – mBank	PLN	WIBOR 1M plus margin	30/06/2017		400	82	
Investment loan – mBank	PLN	WIBOR 1M plus margin	30/06/2017		350		
					38,625	21,294	2,250
As at 31/12/2015							
Overdraft facilities with DnB Bank Polska S.A.	PLN	WIBOR 1M plus margin	31/05/2016		8,337	3,847	
Overdraft facilities with Alior Bank S.A.	PLN	WIBOR 3M plus margin	31/05/2017		8,000	1,537	
Overdraft facilities - Credit Agricole	PLN	WIBOR 1M plus margin	13/10/2016		2,000		
Overdraft facilities - mBank	PLN	WIBOR ON plus margin	27/08/2016		9,000	6,795	
Investment loan – mBank	PLN	WIBOR 1M plus margin	30/06/2017		400		
Investment loan – mBank	PLN	WIBOR 1M plus margin	30/06/2017		350	225	81
					28,087	12,404	81

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless indicated		

8.4. Liability payment guarantee

The loan liabilities of the Group are covered by the following collaterals:

- registered pledge and financial pledge on 340,000 shares in TELL Sp. z o.o. up to the amount of 340 million,
- registered pledge and financial pledge on 9,500 shares in PTI Sp. z o.o. up to the amount of 95 million,
- registered pledge and financial pledge on 51,000 shares in Europhone Sp. z o.o. up to the amount of 51 million,
- registered pledge on movable property belonging to Tell Sp. z o.o., PTI Sp. z o.o. and Europhone Sp. z o.o. up to the amount of 39 million,
- registered pledge on the inventories in all the sale outlets located in the financial sector belonging to TELL Sp. z o.o., PTI Sp. z o.o. and EUROPHONE Sp. z o.o. up to the amount of 39 million,
- assignment of rights under the insurance policy concerning the movable property and all risk insurance - total insurance sum,
- blank promissory note issued by OEX S.A. guaranteed by Mer Service Sp. z o.o.,
- power of attorney to collect the amounts of outstanding loan plus costs from the guarantor,
- registered pledge on 100% of shares in Mer Service Sp. z o.o.
- blank promissory note issued by Cursor S.A. to loan agreement No. 38/082/16/overdraft facilities,
- global unconfirmed assignment to the Bank of the receivables due to the Borrower on the basis of the assignment agreement No. 38/012/16
- assignment to the Bank of receivables due to the Borrower from mFactoring S.A. on the basis of the assignment agreement No. 44/2016 on the basis of the assignment agreement No. 38/013/16
- blank promissory note issued by Cursor S.A. to loan agreement No. 38/072/13/Z/investment loan in PLN,
- blank promissory note issued by Cursor S.A. to loan agreement No. 38/127/13/Z/investment loan in PLN,
- guarantee to agreement No. 680/2010/00003074/00 concerning a PLN overdraft facility granted by Bank Gospodarstwa Krajowego on the basis of the portfolio *de minimis* agreement in the amount of PLN 2,100,000,
- guarantee to agreement No. U0003111689175 concerning an overdraft facility for D granted by Bank Gospodarstwa Krajowego on the basis of the portfolio *de minimis* agreement in the amount of PLN 600,000.

As at 31/12/2016, the following assets of the Group (in their carrying amounts) constitute guarantees for the repayment of liabilities:

	31/12/2016
Intangible fixed assets	
Tangible fixed assets, including leased assets	6,172
Financial assets (other than receivables)	50,183
Inventories	19,609
Movable property	
Trade receivables and other	31,418
Cash	2,244
Total carrying amount of assets constituting a liability collateral	109,626

8.5. Other information on financial instruments

8.5.1. Information on the fair value of financial instruments

The comparison of the carrying amount of financial assets and liabilities with their fair value is as follows:

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Class of financial instrument	Note No.	31/12/2016		31/12/2015	
		Fair value	Carrying amount	Fair value	Carrying amount
Assets:					
Loans	8.2	11	11	1	1
Trade receivables and other receivables	11	70,444	70,444	68,434	68,434
Non-listed shares*					
Cash and cash equivalents	12	5,113	5,113	5,052	5,052
Liabilities:					
Loan facilities	8.3	3,094	3,094	306	306
Overdraft facilities	8.3	20,440	20,440	12,197	12,197
Loans					
Debt securities					
Trade liabilities and other	17	60,654	60,654	60,080	60,080

*This item does not comprise shares and participations carried at cost because there is no reliable method to determine their fair value

The fair value is defined as an amount for which an asset could be exchanged or a liability settled in an arm's length transaction between buyers and settlers in the marketplace on the measurement date.

The Group measures the fair value of financial assets and financial liabilities in such a way so as to take into consideration to the largest extent possible market factors.

The Group did not measure the fair value of trade receivables and liabilities - their carrying amount has been deemed to be the reasonable approximation of the fair value.

9. Deferred tax assets and liabilities

The deferred tax assets and liabilities have the following influence on the consolidated financial statements:

	Note	31/12/2016	31/12/2015
As at period beginning:			
Deferred income tax assets		1,750	836
Deferred tax liabilities		-8,069	-7,309
Deferred tax at period beginning		-6,319	-6,474
Change in the period influencing:			
Result (+/-)	21	-366	-755
Other comprehensive income (+/-)			
Deferred tax at period end, including:		-6,685	-7,229
Net deferred income tax assets from business combination			-1,191
Deferred income tax liabilities from business combination			-281
Deferred income tax assets		2,062	1,750
Deferred tax liabilities		-8,747	-8,069

Deferred income tax assets:

Temporary differences	As at period beginning	Change:		Settlement of the combination	At period end
		Result	other comprehensive income		
As at 31/12/2016					
Assets:					
Intangible fixed assets					
Tangible fixed assets	39	-9			30
Investment properties					
Financial derivatives					
Inventories	98	19			117
Trade receivables	382	-66			315
Other assets	29	28			56
Investment properties					

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Temporary differences	As at period beginning	Change:		Settlement of the combination	At period end
		Result	other comprehensive income		
Financial derivatives					
<i>Liabilities:</i>					
Employee benefits liabilities	331	-107			227
Provisions for employee benefits	300	50			350
Other provisions and other liabilities	126	74			201
Financial derivatives					
Trade liabilities	1	32			33
Loans, credits, other debt instruments	4	2			5
Other liabilities	440	182			622
<i>Other:</i>					
Unsettled tax losses		104			104
Total	1,750	312			2,062

As at 31/12/2015

<i>Assets:</i>					
Intangible fixed assets					
Tangible fixed assets	31	9			39
Investment properties					
Financial derivatives					
Inventories	69	29			98
Trade receivables	246	-3			244
Other receivables					
Investment properties					
Financial derivatives					
<i>Liabilities:</i>					
Employee benefits liabilities	123	-95		284	312
Provisions for employee benefits	208	48		44	300
Other provisions and other liabilities	36	105		2	143
Financial derivatives					
Trade liabilities	10	-8		5	7
Loans, credits, other debt instruments					
Other liabilities	34	52		517	603
<i>Other:</i>					
Unsettled tax losses	79	-79			
Total	836	58		857	1,750

Deferred income tax liabilities:

Temporary differences	As at period beginning	Change:		Settlement of the combination	At period end
		Result	other comprehensive income		
As at 31/12/2016					
<i>Assets:</i>					
Intangible fixed assets	7,408	112			7,520
Tangible fixed assets	390	209			599
Investment properties					
Financial derivatives					
Trade receivables	10	97			107
Construction contracts					
Other assets	241	237			478
<i>Liabilities:</i>					
Financial derivatives					
Trade liabilities					
Loans, credits, other debt instruments					
Other liabilities	19	23			43

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

Temporary differences	As at period beginning	Change:		Settlement of the combination	At period end
		Result	other comprehensive income		
Total	8,069	679	0	0	8,747
As at 31/12/2015					
Assets:					
Intangible fixed assets	7,251	157			7,408
Tangible fixed assets	-6	251		146	390
Investment properties					
Financial derivatives					
Trade receivables	65	-75		69	58
Construction contracts					
Other assets					
Liabilities:					
Financial derivatives					
Trade liabilities					
Loans, credits, other debt instruments					
Other liabilities		50		161	212
Total	7,309	383		376	8,069

10. Inventories

The consolidated financial statements of the Group comprise the following inventories:

	31/12/2016	31/12/2015
Materials		
Semi-products and work in progress		
Finished goods		
Goods	26,088	17,110
Impairment charge	-616	-514
Total carrying amount of the inventories	25,472	16,596

In 2015, the Group recognised in the operating activities of the consolidated statement of profit or loss the costs of inventories sold in the total amount of kPLN 136.164 (2015: kPLN 104,391).

The inventories Impairment charges made in 2016 in other operating costs of the consolidated statement of profit or loss amounted to kPLN 123 (2015: kPLN 116).

As at 31/12/2016, the inventories in the carrying amount of kPLN 19.609 (2015: kPLN 8.695) constituted collaterals for the Group's liabilities. Information about the collaterals for liabilities is presented in Note No. 8.4.

11. Trade Receivables and Other Receivables

The trade receivables and other receivables recognised by the Group as part of the class of receivables and loans(cf. Note No. 8.2) are as follows:

Long-term receivables:

	31/12/2016	31/12/2015
Retained amounts (deposits) under building services contracts		
Deposits received under other titles	1,114	972
Other receivables		
Impairment of receivables (-)		
Long term receivables	1,114	972

Short-term receivables:

	31/12/2016	31/12/2015
<i>Financial assets (IAS 39):</i>		
Trade receivables	70,456	71,019
Impairment of trade receivables (-)	-3,343	-3,557

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	31/12/2016	31/12/2015
Net trade receivables	67,113	67,462
Receivables from the sale of fixed assets		
Retained amounts (deposits) under building services contracts		
Deposits received under other titles		
Other receivables	2,331	1,214
Impairment of other financial receivables (-)	-114	-152
Net other financial receivables	2,217	1,062
Financial receivables		68,524
<i>Non-financial assets (outside IAS 39):</i>		
Other tax and other benefit receivables	1,678	1,479
Income tax receivables		
Advances and prepayments		
Other non-financial receivables		
Impairment of non-financial receivables (-)		
Non-financial receivables	1,678	1,479
Total short-term receivables	71,008	70,003

The carrying amount of trade receivables is recognised by the Group as the reasonable approximation of their fair value (cf. Note No. 8.5).

The Group tested the receivables for impairment in accordance with its accounting principles (cf. item c) in the item "Drawing up basis and accounting rules"). The receivables impairment charges, which in 2016 were made in other operating costs of the consolidated statement of profit or loss amounted to:

- with regard to short-term financial receivables kPLN - 498 (2015: kPLN 314).

The financial receivables impairment charges (i.e. trade receivables and other financial receivables):

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
State as at period beginning	3,781	5,619
Charge on the combination		622
Loss expensed as cost in the period	498	729
Reversal of impairments carried as revenue in the period (-)	-98	-169
Provisions used (-)	-723	-3,020
State as at period end	3,457	3,781

A further credit risk analysis concerning the receivables, including the age analysis of past due receivables not subject to the impairment charge, is presented in Note No. 26.

12. Cash and cash equivalents

	31/12/2016	31/12/2015
Cash at bank in PLN	4,367	4,737
Cash at bank in foreign currency		
Cash in hand	747	315
Short-term deposits		
Other		
Total cash and cash equivalents	5,113	5,052

For the purposes of this consolidated cash flow statement, the Group classifies cash in the manner as applied for the presentation in the statement of financial position.

13. Non-current Assets Held for Sale and Discontinued Operations

There are no non-current assets held for sale and discontinued operations.

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

14. Equity

14.1. Share capital

As at 31/12/2016, the share capital of the Company amounted to kPLN 1,378 . (2015: kPLN 1,378) and was divided into 6,888,539 shares (2015: 6,888,539) of the nominal value of PLN 0.20 each. All shares have been fully paid up.

All shares equally participate in the dividend distribution. The shares are divided into ordinary bearer shares, which entitle to one vote at the General Meeting of Shareholders, and preferential shares, where 1 preferential share entitle to two votes.

The change in the number of shares in the period covered by the financial statements results from the following transactions with the shareholders:

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Shares issued and fully paid up for:		
Number of shares at the period beginning	6,888,539	5,110 847
Issue of shares in relation with the option exercise (share-based payment programme)		
Issue of shares		1,777,692
Redemption of shares (-)		
Number of shares at the period end	6,888,539	6,888,539

As at the balance sheet date, no shares in the Company were held by the Parent Company itself or any of its subsidiary or associated companies.

14.2. Other equity

	31/12/2016	31/12/2015
Share premium	44,960	44,960
Other Capitals	1,459	1,459
Retained profits	43,043	36,359
Non-controlling interests	1,969	1,515
State as at period end	91,431	84,293

14.3. Non-controlling interests

	31/12/2016	31/12/2015
Non-controlling interests at period beginning	1,515	
Share recognition as at the control take-over day - Divante Sp. z o.o.		1,298
Dividends for the non-controlling interests	-245	-737
Share in the profit of the period	699	954
Non-controlling interests at period end	1,969	1,515

The capital of the non-controlling interests as at 31 December 2015 is related to the settlement of the acquisition of control over Divante Sp. z o.o. The OEX Group holds 51.03% of shares in Divante Sp. z o.o.

15. Employee Benefits

15.1. Costs of Employee Benefits

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Payroll costs	76,929	64,570
Social insurance costs	10,842	8,747
Costs of future befits (provisions, retirement benefits)	554	602
Other benefits	557	
Total costs of employee benefits	88,325	73,537

15.2. Employee benefit liabilities

The employee benefit liabilities recognised in the consolidated statement of financial position comprise:

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Short-term liabilities and provisions		Long-term liabilities and provisions	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
<i>Short-term employee benefits:</i>				
Payroll liabilities	3,994	2,867		
Social insurance liabilities	3,252	2,358		
Other employee liabilities	392	134		
Provisions for accrued holidays	1,607	1,503		
Short-term employee benefits	9,244	6,862		
<i>Other long-term employee benefits:</i>				
Provisions for jubilee bonuses				
Provisions for retirement benefits			82	78
Other provisions				
Other long-term employee benefits				
Total employee benefit liabilities and provisions	9,244	6,862	82	78

The following items influenced changes in long-term employee benefits:

	Provisions for other long-term employee benefits			
	jubilee bonuses	retirement benefits	other	total
<i>for the period from 01/01 to 31/12/2016</i>				
State as at period beginning		78		78
<i>Changes recognised as profit or loss:</i>				
Current and past service costs		4		4
Interest costs				
Actuarial profits (-) or losses (+)				
<i>Changes without impact on profit or loss:</i>				
Benefits paid out (-)				
Present value of provisions as at 31/12/2016		82		82
<i>for the period from 01/01 to 31/12/2015</i>				
State as at period beginning		72		72
<i>Changes recognised as profit or loss:</i>				
Current and past service costs		15		15
Interest costs				
Actuarial profits (-) or losses (+)				
<i>Changes without impact on the statement of profit or loss:</i>				
Benefits paid out (-)		-10		-10
Present value of provisions as at 31/12/2015		78		78

16. Other provisions

The value of provisions recognised in the consolidated financial statements and changes thereto in particular periods have been as follows:

	Short-term provisions		Long-term provisions	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Provision for cases in court				
Provisions for loss on building services contracts				
Provision for restructuring costs				
Other provisions				
Total other provisions	0	0	0	0

	Provisions for:
--	-----------------

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	litigations in Court	loss on building services contracts	restructuring costs	other	total
for the period from 01/01 to 31/12/2016					
State as at period beginning					0
Provision increase carried as expense in the period					0
Provision increase carried as income in the period (-)					0
Utilisation of provisions (-)					0
Increase by business combination					0
Other changes (net exchange differences on conversion)					0
Provisions as at 31/12/2016	0	0	0	0	0
for the period from 01/01 to 31/12/2015					
State as at period beginning					0
Provision increase carried as expense in the period					0
Provision increase carried as income in the period (-)					0
Utilisation of provisions (-)					0
Increase by business combination					0
Other changes (net exchange differences on conversion)					0
Provisions as at 31/12/2015	0	0	0	0	0

17. Trade liabilities and other liabilities

The trade liabilities and other liabilities (cf. also Note No. 8) are as follows:

Short-term liabilities:

	31/12/2016	31/12/2015
Financial liabilities (IAS 39):		
Trade liabilities	60,654	49,796
Liabilities under the purchase of fixed assets		
Factoring liabilities	3,982	10,284
Other financial liabilities	1,981	2,016
Financial liabilities	66,617	62,096
Non-financial liabilities (outside IAS 39):		
Other tax and other benefit liabilities	13,183	12,246
Income tax liabilities	1,029	1,683
Advances and prepayments received for deliveries		
Liabilities under building services contracts		
Advances received for building services		
Other non-financial liabilities	1,029	441
Non-financial liabilities	15,504	14,371
Total short-term liabilities	82,121	76,466

The carrying amount of trade liabilities is recognised by the Group as the reasonable approximation of their fair value (cf. Note No. 8.5).

18. Accruals

	Short-term accruals and prepayments		Long-term accruals and prepayments	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Assets - accruals and prepayments:				
Prepaid expenses	9,423	4,348	18	1,527
Effective rent		136		
Assets - total prepayments	9,423	4,484	18	1,527

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

19. Operating revenue and costs

19.1. Revenue from the sale of goods and services

The revenues are presented in the table below

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Revenue from the sale of services	255,900	235,651
Revenue from the sale of goods and materials	143,854	108,514
Sale revenues	399,754	344,165

19.2. Costs by type

	Note	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Depreciation and amortisation	5.6	5,393	4,233
Employee benefits	15	89,335	74,813
Consumption of materials and energy		17,589	12,660
Contracted services		118,560	125,783
Taxes and fees		1,257	1,041
Other costs by type		7,038	3,084
Total costs per type		239,172	221,614
Value of goods and materials sold		136,164	104,391
Change in products and work in progress (+/-)		67	-160
Cost of own work capitalised (-)			
Own cost of the sale, selling costs and administration costs		243,299	221,774

19.3. Other operating revenue

	Note	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Profit from the sale of non-financial fixed assets		91	122
Measurement of investment properties at fair value			
Reversal of impairment of tangible fixed assets and intangible fixed assets			
Reversal of impairment of financial receivables		99	169
Reversal of impairment of non-financial receivables			
Reversal of impairment of inventories	10		
Write-back of unused provisions	15.16	334	367
Penalties and indemnities received			73
Subsidies received			99
Other revenue		771	528
Total other operating revenue		1,295	1,352

19.4. Other operational expenses

	Note	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Loss on the sale of non-financial fixed assets		283	28
Measurement of investment properties at fair value			
Goodwill impairment			
Impairment of tangible fixed assets and intangible fixed assets			
Impairment of financial receivables	11	499	488
Impairment of non-financial receivables			
Impairment of inventories	10	123	91
Reversal of impairment of inventories (-)			
Set-up of provisions	15.16	372	315
Penalties and indemnities paid			3
Other costs		1,450	304
Total other operating costs		2,727	1,229

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

20. Financial income and expenses

20.1. Financial income

	Note	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Income from the interest on financial instruments not carried at fair value through profit or loss			
Cash and cash equivalents (deposits)	12	46	27
Loans and receivables	8.2,11		
Held-to-maturity debt securities			
Income from the interest on financial instruments not carried at fair value through profit or loss		46	27
Gains on revaluation and realization of financial instruments carried at fair value through profit or loss:			
Trading derivatives			
Hedging derivatives			
Listed shares			
Debt securities			
Investment fund units			
Gains on revaluation and realization of financial instruments carried at fair value through profit or loss			
Exchange difference gains/losses (+/-):			
Cash and cash equivalents			
Loans and receivables			
Financial liabilities measured at amortised cost			
Exchange difference gains/losses (+/-)			
Gains on available-for-sale assets transferred from equity			
Dividends on available-for-sale financial assets			
Reversal of impairment of receivables and loans			
Reversal of impairment of investments held to maturity			
Interest on impaired financial assets			
Other financial income		4	190
Total financial income		50	218

20.2. Financial costs

	Note	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Interest costs concerning financial instruments not carried at fair value through profit or loss			
Financial lease liabilities		159	12
Credit facilities in the credit account and overdraft facilities	8.3	1,359	1,085
Loans			
Debt securities			
Trade liabilities and other liabilities			
Interest costs concerning financial instrument not carried at at fair value through profit or loss		1,518	1,097
Losses on revaluation and realization of financial instruments carried at fair value through profit or loss:			
Trading derivatives			
Hedging derivatives			
Listed shares			
Debt securities			
Investment fund units			
Losses on revaluation and realization of financial instruments carried at fair value through profit or loss			
Exchange difference (gains) losses (+/-):			

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Note	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Cash and cash equivalents			
Loans and receivables			
Financial liabilities measured at amortised cost			
Exchange difference (gains) losses (+/-)			
Losses on available-for-sale assets transferred from equity			
Impairment of investments in associates			
Impairment of held-to-maturity investments			
Impairment of available-for-sale financial assets			
Other financial costs		3,501	1,418
Total financial costs		5,019	2,515

Impairment of receivables concerning the operating activity recognised by the Group as other operating expenses (cf. Note No. 18).

21. Income tax

	Note	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Current tax:			
Settlement of tax for the reporting period		3,058	2,621
Adjustment of tax for previous periods		12	-92
Current tax		3,070	2,529
Deferred income tax:			
Temporary difference occurrence and reversal	9	470	834
Settlement of unrealised tax losses		-104	-79
Deferred income tax		366	755
Total income tax		3,436	3,285

Reconciliation of the income tax calculated in accordance with the 19 % rate on the result before tax as disclosed in the consolidated statement of profit or loss is as follows:

	Note	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Result before tax		15,985	15,430
Tax rate applied by the Parent Company		19%	19%
Income tax as per the domestic tax rate in the country of the Parent Company		3,869	2,932
Reconciliation of the income tax due to:			
Adjustment due to the business combination (+/-)			-516
Non-taxable revenues (-)		-1,324	-86
Permanently non-tax deductible costs (+)		285	399
Utilisation of previously non-recognised tax losses (-)		-235	-229
Unrecognised deferred tax asset concerning deductible temporary differences (+)	9	328	121
Unrecognised deferred tax asset concerning tax losses (+)		133	
Adjustment of tax for previous periods (+/-)		12	-92
Income tax		3,070	2,529
Average tax rate applied		19%	16%

22. Earnings per share and dividends paid

22.1. Earnings per share

The earnings per share are calculated in accordance with the formula: net profit attributable to the Parent Company's shareholders divided by average weighted number of ordinary shares in the given period.

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

In order to calculate both the basic and the diluted earnings (losses) per share, the Group uses in the numerator the net profit (loss) attributable to the shareholders of the parent company, i.e. there is no diluting effect that would influence the amount of profit (loss).

The calculation of the basic and diluted earnings (losses) per share together with the reconciliation of the average weighted diluted number of shares is presented below.

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Number of shares inserted in the denominator of the formula		
Average weighted number of ordinary shares	6,888,539	6,343,055
Dilution effect of options convertible into shares		
Average weighted diluted number of ordinary shares	6,888,539	6,343,055
Continued activities		
Net profit (loss) on continued activities in PLN	11,850,179.04	11,191,759.37
Basic profit (loss) per share (PLN)	1.72	1.76
Diluted profit (loss) per share (PLN)	1.72	1.76
Discontinued Activity		
Net profit (loss) on discontinued operations		
Basic profit (loss) per share (PLN)		
Diluted profit (loss) per share (PLN)		
Continued and discontinued operations		
Net profit (loss)	11,850,179.04	11,191,759.37
Basic profit (loss) per share (PLN)	1.72	1.76
Diluted profit (loss) per share (PLN)	1.72	1.76

22.2. Dividends

The General Meeting of Shareholders held on 10 May 2016 adopted a resolution concerning the payment of the dividend. Pursuant to the resolution - the value of dividend per share is PLN 0.75, the dividend day was determined as 10 August 2016 and the dividend payment day - 1 September 2016. The number of shares entitling to the dividend is 6,888,539 and the dividend amount is PLN 5,166,404.25. The dividend was paid on 01 September 2016.

23. Cash flows

In order to determine the cash flow from operating activities, the following adjustments of the pre-tax profit (loss) were made:

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Adjustments:		
Depreciation of tangible fixed assets	4,470	3,577
Amortisation of intangible fixed	923	655
Change in the fair value of investment properties		
Profit (loss) on financial assets (liabilities) carried at fair value through profit or loss		
Cash flow hedging instruments transferred from equity		
Impairment loss on financial assets		
Profit (loss) on the sale of non-financial fixed assets	378	-190
Profit (loss) on the sale of financial assets (other than derivatives)		
Exchange difference gains (losses)		
Interest costs	1,200	947
Interest and dividend income	-19	-8
Cost of share-based payments (incentive programmes)		

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Share in the profit (loss) of associate companies		
Other adjustments		
Total adjustments	6,952	4,981
Change in inventories	-8,876	-1,687
Change in receivables	-1,180	-866
Change in liabilities	8,056	-2,583
Change in provisions and prepayments	-6,197	-396
Change in building contracts		
Changes in working capital	-8,197	-4,741

24. Transactions with related parties

The parties related to the Group comprise key management personnel and subsidiary companies excluded from consolidation.

Unsettled balances of receivables and liabilities are usually settled in cash.

Information on contingent liabilities concerning related parties is presented in Note No. 25.

24.1. Transactions with key management personnel

According to the Group interpretation, the key management personnel includes members of the management boards of the Parent Company and subsidiaries. The remuneration of key personnel in the period covered by the consolidated financial statements amounted to:

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Benefits for the management personnel		
Short-term employee benefits	666	1,908
Work termination benefits		
Share-based payments		
Other benefits	2,278	578
Total benefits	2,942	2,486

Detailed information about the remuneration of the Management Board of the Parent Company is presented in Note No. 29.

The Group did not grant any loans to the key management personnel in the period covered by these consolidated financial statements.

24.2. Transactions with associated companies, unconsolidated subsidiaries and other related parties

The financial statements were prepared eliminating the transactions between the Companies subject to consolidation. Non-consolidated companies do not carry out any economic activity.

25. Contingent assets and liabilities

The value of contingent liabilities as at the end of particular periods (including provisions concerning related parties) is as follows:

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	31/12/2016	31/12/2015
To associated parties:		
Liability repayment guarantee		
Guarantees originated		
Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Other Contingent Liabilities		
Total associates		
To subsidiary companies not subject to consolidation and other related parties:		
Liability repayment guarantee		
Guarantees originated		
Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Other Contingent Liabilities		
Total subsidiary companies excluded from consolidation and other related parties		
To other parties:		
Liability repayment guarantee	10,265	30,370
Guarantees originated	7,095	6,758
Guarantees originated in relation with the building services contracts		
Disputed cases and cases in court		
Disputed cases and cases in court related to the IRS		
Other Contingent Liabilities	3,968	10,933
Total other parties	21,328	48,061
Total contingent liabilities	21,328	48,061

26. Risk relating to the financial instruments

The Group is exposed to numerous risks related to the financial instruments. The Group's financial assets and liabilities as broken down into categories are presented in Note No. 8.1. Risk to which the Group is exposed include:

- market risk, comprising the currency risk and the interest rate risk,
- credit risk and
- liquidity risk.

The Group's financial risk management is coordinated by the Parent Company in close cooperation with the Management Boards and financial directors of subsidiaries. In the risk management process, the following objectives are of the highest importance:

- hedging of short-term and mid-term cash flows,
- stabilisation of the Group's financial result fluctuations,
- performance of the financial forecasts assumed by the fulfilment of budgetary assumptions,
- achievement of the rate of return on long-term investments and obtaining optimal sources of finance for the investing activities.

The Group does not contract transactions at financial markets for speculative purposes. From the economic side, the transactions effected are to hedge against defined risks.

Below are presented the most important risk the Group is exposed to.

26.1. Market Risk

Currency risk sensitivity analysis

Most Group's transactions are effected in PLN.

Interest rate risk sensitivity analysis

The interest rate risk management concentrates on minimising the interest flow fluctuations in variable interest rate financial assets and liabilities. The Group is exposed to the interest rate risk in relation with the following categories of financial assets and liabilities:

- credits,
- loans.

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

The characteristics of the above instruments, including the variable and fixed interest rates, is presented in Notes No. 8.2 and 8.3.

Below is presented the sensitivity analysis of the financial result and other comprehensive income with regard to the potential fluctuations of the interest rate up and down by 1%. The calculation was made on the basis of a shift in the average interest rate in the period by (+/-) 1% and with reference to those financial assets and liabilities that are sensitive to interest rate changes, i.e. those with a variable interest rate.

	Rate fluctuations	Impact on the financial result:		Impact on other comprehensive income:	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015
Interest rate rise	1%	213	124		
Interest rate fall	-1%	-213	-124		

26.2. Credit risk

The Group's maximum exposure to credit risk is defined by the carrying amount of the following financial assets:

	Note	31/12/2016	31/12/2015
Loans	7.2	11	1
Trade receivables and other receivables financial receivables	10	70,413	68,434
Remaining classes of other financial assets			
Cash and cash equivalents	11	5,113	5,052
Contingent liabilities under guarantees and sureties granted	24	21,328	32,412
Total exposure to credit risk		96,865	105,899

The Group monitors on an on-going basis the client's past due amounts as well as creditor's payments, analysing the credit risk on an individual basis and within particular classes of assets as defined by particular credit risk types (e.g. resulting from the business segment, region or structure of clients). Additionally, as part of the credit risk management, the Group enters into transactions with contractor of confirmed reliability.

In the assessment of the Parent Company's Management Board, the above financial assets which are not past due nor impaired as at the particular balance sheet days should be deemed good credit quality assets. Therefore, the Group did not establish any securities or any additional elements improving the crediting conditions.

With regard to trade receivables, the Group is not exposed to credit risk in relation with a single significant contractor or contractors of similar properties. Based in historical past due tendencies, the not impaired past due receivables do not display any considerable quality deterioration - most of them are within the period of one month and there are no concerns as to their collection.

The credit risk concerning cash and cash equivalents, market securities and derivatives is considered insignificant due to the high reliability of entities being parties to the transactions, i.e. mainly banks.

The impairment charges concerning the financial assets exposed to credit risk are described in detail in Notes No. 8.2 and 11.

26.3. Liquidity risk

The Group is exposed to the liquidity risk, i.e. the loss of capacity to settle its financial obligations on time. The Group manages the liquidity risk by monitoring the payment terms and the demand for cash related to short-term payment servicing (current transactions monitored on a weekly basis) and the long-term demand for cash based on the cash flow forecasts updated on a monthly basis. The demand for cash is compared to the available sources of financing (including in particular by the assessment of capacity to obtain financing in the form of loans) and is confronted with investments of freely available funds.

As at the balance sheet date, the Group's financial liabilities other than derivatives were within the following maturity ranges:

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	Note	Short-term:		Long-term:			Flows before discounting
		up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	above 5 years	
As at 31/12/2016							
Loan facilities		422	422	2,250			3,094
Overdraft facilities		20,450					20,450
Loans							
Debt securities							
Finance lease		990	991	2,077			4,058
Trade liabilities and other liabilities financial liabilities	17	65,927					65,927
Exposure to liquidity risk total		87,789	1,413	4,327			93,529
As at 31/12/2015							
Loan facilities							
Overdraft facilities	8.3	12,089	353	81			12,523
Loans							
Debt securities							
Finance lease		1,008	1,008	2,992			5,008
Trade liabilities and other liabilities financial liabilities	17	60,080					60,080
Exposure to liquidity risk total		73,177	1,361	3,073			77,611

The table shows the contractual value of liabilities, without taking into consideration the discount related to the measurement of liabilities at amortised cost, therefore the values presented may be different from the values in the consolidated statement of financial position.

As at particular balance sheet days, the Group also had free overdraft facilities in the following amounts:

	31/12/2016	31/12/2015
Overdraft facilities granted	35,250	28,087
Overdraft facilities used	20,450	12,503
Overdraft facilities available	14,800	15,584

27. Capital Management

The Group manages the equity in order to ensure the Group's going concern and to ensure the rate of return as expected by shareholders and other entities interested in the financial standing of the Group.

The Group monitors the capital level on the basis of carrying amount of equity as increased by subordinated loans from the shareholder. On the basis of such defined capital amount, the Group calculates the equity to total sources of finance ratio. The Group assumes the maintenance of this ratio at the level not lower than 0.5.

Additionally, in order to monitor the debt service capacity, the Group calculates the ratio of debt (i.e. lease liabilities, loans, credits and other debt instruments) to EBITDA (earnings before interest, taxes, depreciation and amortisation). The Group assumes the maintenance of this debt to EBITDA ratio at the level not lower than 3.0.

The above-mentioned objectives of the Group are consistent with the requirements imposed by loan agreements as presented in detail in Note No. 8.4.

Neither the Group and the Parent Company are subject to external capital requirements.

In the period covered by the consolidated financial statements, the above-mentioned ratios were at the following levels:

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	31/12/2016	31/12/2015
<i>Capital:</i>		
Equity	92,809	85,671
Subordinated loans received from the shareholder		
Capital from the valuation of flow hedging instruments (-)		
Capital	92,809	85,671
<i>Total sources of finance:</i>		
Equity	92,809	85,671
Loans, credits, other debt instruments	27,526	12,504
Finance lease	4,058	5,008
Total sources of finance	124,392	103,183
Total capital to sources of finance ratio	0.75	0.83
<i>EBITDA</i>		
Operating profit (loss)	20,955	12,504
Depreciation and amortisation	5,393	4,233
EBITDA	26,348	16,736
<i>Debt:</i>		
Loans, credits, other debt instruments	27,526	12,504
Finance lease	4,058	5,008
Debt	31,583	17,512
Debt to EBITDA ratio	1.20	1.05

In all the periods, the ratios and indicators were at the levels as assumed by the Group.

28. Events after the Balance Sheet Date

After 31/12/2016, there were no events that required disclosure in the consolidated financial statements for 2016.

29. Other information

29.1. Selected financial data converted into EUR

In the periods covered by these financial statements, the following average exchange rates of PLN and EUR published by the National Bank of Poland were used:

- the exchange rate in force on the last day of the reporting period: 31/12/2016 4.4240 PLN/EUR, 31/12/2015 4.2615 PLN/EUR,
- the average exchange rate in the period, calculated as an arithmetical average of exchange rate in force on the last day of each month in the given period: 01/01 - 31/12/2016 4.3757 PLN/EUR, 01/01 - 31/12/2015 4.1848 PLN/EUR.

The basic items of the consolidated statement of financial position, consolidated statement of profit or loss and consolidated cash flow statements as converted into EUR are presented in the table:

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
	k PLN		k EUR	
Statement of profit or loss				
Sale revenues	399,754	344,165	91,358	82,242
Operating profit (loss)	20,955	17,727	4,789	4,236
Profit (loss) before taxation	15,985	15,430	3,653	3,687
Net profit (loss)	12,549	12,145	2,868	2,902
Net profit (loss) - share of the shareholders of the Parent Company	11,850	11,192	2,708	2,674
Earnings per share (PLN)	1.72	1.76	0.39	0.42
Diluted earnings per share (PLN)	1.72	1.76	0.39	0.42
Average exchange rate PLN / EUR in the period	X	X	4.3757	4.1848
Cash flow statement				
Net cash flow from	11,260	13,418	2,573	3,206

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
	k PLN		k EUR	
operating activity				
Net cash flow from investment activity	-12,671	-4,820	-2,896	-1,152
Net cash flow from financial activity	1,472	-4,081	336	-975
Change in cash and cash equivalents	61	4,517	14	1,079
Average exchange rate PLN / EUR in the period	X	X	4.3757	4.1848

	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Statement of financial position	k PLN		k EUR	
Assets	211,510	188,162	49,051	44,154
Long-term liabilities	14,781	12,747	3,428	2,911
Short-term liabilities	103,920	89,745	24,100	21,059
Equity	92,809	85,671	21,523	20,103
Total equity -share of the parent company shareholders	90,840	84,156	21,067	19,748
PLN / EUR exchange rate at period end	X	X	4.312	4.2615

29.2. The ownership structure of the share capital - shareholders holding more than 5% of votes at the General Meeting of Shareholders.

	Number of shares	Number of votes	% of share capital	% of votes
As at 31/12/2016				
Neo Investment S.A. indirectly via subsidiaries:	2,414,698	3,636,402	35.05%	43.97%
- Neo Fund 1 Sp. z o.o. directly	1,661,688	2,883,392	24.12%	34.87%
- Neo Found 1 Sp. z o.o. indirectly via Neo BPO S.a.r.l.	753,010	753,010	10.93%	9.11%
Piotr Cholewa, indirectly via subsidiaries::	1,190 617	1,350 225	17.28%	16.33%
Silquern S.a.r.l directly	826,558	826,558	12.00%	9.99%
Silquern S.a.r.l indirectly via Arsilesia Sp. z o.o.	364,059	523,667	5.28%	6.33%
Quercus Parasolowy SFIO and Quercus Absolute Return FIZ	811,013	811,013	11.77%	9.87%
Other shareholders	2,472 211	2,472 211	35.89%	29.89%
Total	6,888,539	8,269 851	100.00%	100.00%

	Number of shares	Number of votes	% of share capital	% of votes
As at 31/12/2015				
Neo Investment spółka akcyjna – indirectly via Neo Fund 1 sp. z o.o.	1,624,584	2,846,288	23.58%	34.42%
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%
Quercus Parasolowy SFIO and Quercus Absolute Return FIZ	811,013	811,013	11.77%	9.81%
Neo BPO S.a.r.l.	753,010	753,010	10.93%	9.11%
AVIVA Investors FIO, AVIVA Investors SFIO*	458,549	458,549	6.66%	5.54%
Waldemar Ziomek	453,648	613,256	6.59%	7.42%
Other shareholders	1,908,351	1,908,351	27.70%	23.08%
Total	6,888,539	8,269,851	100.00%	100.00%

*Number of shares which authorised AVIVA Funds to take part and vote at the General Meeting of Shareholders on 23/06/2015.

** Shares acquired indirectly by Neo Investment spółka akcyjna.

*** Number of shares held by Funds represented at the Ordinary General Meeting of Shareholders on 28/04/2011.

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

29.3. Remuneration of the members of the Management Board of the Parent Company

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

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Benefits for the management personnel		
Short-term employee benefits	319	1,316
Remuneration for the function of the Management Board member	819	72
Work termination benefits		
Share-based payments		
Other benefits	14	18
Total benefits	1,152	1,407

	In the Company:		In subsidiaries and associates:		Total
	Remuneration under work contract or appointment	Other benefits	Remuneration under work contract or appointment	Other benefits	
Period from 01/01 to 31/12/2016					
Jerzy Motz	385				385
Rafał Stempniewicz	130	5	390	4	529
Robert Krasowski	399	7			406
Stanisław Górski	80	2			82
Artur Wojtaszek	144		300		444
Total	1,138	14	690	4	1,846
Period from 01/01 to 31/12/2015					
Rafał Stempniewicz	640	6			646
Stanisław Górski	276	6			282
Robert Krasowski	400	6			406
Artur Wojtaszek	72		285		357
Total	1,388	18	285		1,692

29.4. Remuneration of the entity authorised to audit financial statements

The auditor auditing and reviewing the consolidated financial statements and reports of the Group companies for 2016 and 2015 is PKF Consult.

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Audit of annual financial statements	90	91
Review of financial statements	60	50
Tax advisory		1
Other services	58	87
Total	208	229

29.5. Employment

The average employment in the Group as broken down into particular professional groups as well as the employee rotation were as follows:

Name of the group:	OEX S.A. Group		
Period covered by the financial statements:	01/01/2016 – 31/12/2016	Reporting currency:	Polish zloty (PLN)
Rounding up/down level:	all values are expressed in thousands of Polish zlotys (kPLN), unless otherwise indicated		

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
White collar	1,137	955
Blue collar	78	93
Total	1215	1,048

	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
Number of employees hired	633	568
Number of employees dismissed (-)	-616	-575
Total	17	-7

30. Approval for publication

The consolidated financial statements made for the year ended on 31 December 2016 (including comparable data) have been approved for publication by the Company's Management Board on 27 2017.

Signatures of all Management Board Members

Date	Name and surname	Function	Signature
27 March 2017	Jerzy Motz	President of the Management Board	
27 March 2017	Rafał Stempniewicz	Management Board Member	
27 March 2017	Robert Krasowski	Management Board Member	
27 March 2017	Artur Wojtaszek	Management Board Member	
27 March 2017	Tomasz Kwiecień	Management Board Member	

Signature of the person responsible for the preparation of the consolidated financial statements

Date	Name and surname	Function	Signature
27 March 2017	Jolanta Stachowiak	Chief Accountant	