

OEX GROUP

CONSOLIDATED HALF-YEARLY STATEMENTS FOR THE
PERIOD

FROM 1 JANUARY TO 30 JUNE 2017

Warsaw, 11 September 2017.

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SELECTED CONSOLIDATED FINANCIAL DATA OF THE OEX GROUP

SELECTED CONSOLIDATED FINANCIAL DATA OF THE OEX GROUP

Basic items of the consolidated balance sheet, consolidated income statement and the consolidated cash flow statement, including also items converted into EUR, are presented in the table below:

	From 01/01 to 30/06/2017	From 01/01/ to 30/06/2016	From 01/01 to 31/12/2016	From 01/01 to 30/06/2017	From 01/01/ to 30/06/2016	From 01/01 to 31/12/2016
	k PLN			k EUR		
<i>Income statement</i>						
Sale revenues	248,798	177,449	399,754	58,576	40,509	91,358
Operating profit (loss)	11,316	7,655	20,955	2,664	1,748	4,789
Profit (loss) before taxation	7,391	5,909	15,985	1,740	1,349	3,653
Net profit (loss)	5,875	4,553	12,549	1,383	1,039	2,868
Net profit (loss) - share of the shareholders of the Parent Company	5,952	3,984	11,850	1,401	909	2,708
Average weighted number of shares (items)	6,888,539	6,888,539	6,888,539	6,888,539	6,888,539	6,888,539
Earnings per share (PLN; EUR)	0.86	0.58	1.72	0.20	0.13	0.39
Diluted earnings per share (PLN; EUR)	0.86	0.58	1.72	0.20	0.13	0.39
Average exchange rate PLN / EUR in the period	x	x	x	4.2474	4.3805	4.3757
<i>Cash Flow Statement</i>						
Net cash flow from operating activity	-4,405	2,801	11,260	-1,037	639	2,573
Net cash flow from investing activity	-18,844	-2,489	-12,671	-4,437	-568	-2,896
Net cash flow from financial activity	27,501	-1,742	1,472	6,475	-398	336
Net change in cash and cash equivalents	4,252	-1,430	61	1,001	-326	14
Average exchange rate PLN / EUR in the period	x	x	x	4.2474	4.3805	4.3757
	30/06/2017	30/06/2016	31/12/2016	30/06/2017	30/06/2016	31/12/2016
	k PLN			k EUR		
<i>Balance sheet</i>						
Assets	294,717	187,805	211,510	69,731	42,437	49,051
Long-term liabilities	40,999	13,650	14,781	9,700	3,084	3,428
Short-term liabilities	155,034	89,343	103,920	36,682	20,188	24,100
Equity	98,684	84,812	92,809	23,349	19,164	21,523
Equity - share of the parent company shareholders	96,792	82,973	90,840	22,901	18,749	21,067
PLN / EUR exchange rate at period end	x	x	x	4.2265	4.4255	4.4240

In the periods covered by these interim 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: 30/06/2017 4.2265 PLN/EUR, 30/06/2016 4.4255 PLN/EUR, 31/12/2016 4.4240 PLN/EUR,
- the average exchange rate in the period, calculated as an arithmetical average of exchange rates in force on the last day of each month in the given period: 01/01 - 30/06/2017 4.2474 PLN/EUR, 01/01 - 30/06/2016 4.3805 PLN/EUR, 01/01 - 31/12/2016 4.3757 PLN/EUR,

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE OEX GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE OEX GROUP

ASSETS	30/06/2017	30/06/2016	31/12/2016
Non-current assets			
Goodwill	119,778	68,468	75,161
Intangible fixed assets	10,193	7,275	8,048
Tangible fixed assets	21,168	14,208	14,046
Investment properties			
Interests in subsidiaries		50	
Investments in associates			
Receivables and loans	991	1,232	1,116
Financial derivatives			
Other long-term financial assets			
Long-term prepayments	936	36	18
Deferred income tax assets	4,536	2,519	2,062
Non-current assets	157,602	93,788	100,451
Current assets			
Inventories	24,205	19,241	25,472
Receivables from building services contracts			
Trade Receivables and Other Receivables	93,374	64,551	70,744
Current income tax assets	565	345	264
Loans	18	9	9
Financial derivatives	44		34
Other short-term financial assets			
Short-term prepayments	9,544	6,249	9,423
Cash and cash equivalents	9,365	3,622	5,113
Fixed assets classified as held for sale			
Total current assets	137,115	94,017	111,059
Total assets	294,717	187,805	211,510

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE OEX GROUP

EQUITY AND LIABILITIES	30/06/2017	30/06/2016	31/12/2016
Equity			
Equity - share of the parent company shareholders:			
Share capital	1,378	1,378	1,378
Treasury shares (-)			
Share premium	44,960	44,960	44,960
Other Capitals	1,459	1,459	1,459
Retained profits:			
- retained profit from previous years	43,043	31,192	31,192
- net profit for the parent company's shareholders	5,952	3,984	11,850
Equity - share of the parent company shareholders	96,792	82,973	90,840
Non-controlling shares	1,892	1,839	1,969
Equity	98,684	84,812	92,809
Liabilities			
Long-term liabilities			
Loans, credits, other debt instruments	21,828	25	2,250
Financial lease	3,734	2,622	2,077
Financial derivatives			
Other liabilities			
Deferred tax liabilities	11,165	9,042	8,747
Employee benefit liabilities	296	78	82
Other long-term provisions			
Long-term prepayments	3,976	1,883	1,625
Long-term liabilities	40,999	13,650	14,781
Short-term liabilities			
Trade liabilities and other liabilities	97,810	55,188	65,884
Factoring liabilities	5,023	4,011	3,982
Current tax liabilities	287	457	1,029
Loans, credits, other debt instruments	33,057	19,418	21,294
Financial lease	3,297	2,080	1,981
Financial derivatives			
Employee benefit liabilities	14,202	7,847	9,244
Other short-term provisions			
Short-term prepayments	1,357	342	506
Liabilities related to fixed assets held for sale			
Short-term liabilities	155,034	89,343	103,920
Total provisions	196,033	102,993	118,701
Total equity and liabilities	294,717	187,805	211,510

CONSOLIDATED INCOME STATEMENT OF THE OEX GROUP

CONSOLIDATED INCOME STATEMENT OF THE OEX GROUP

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
Continued activities			
Sale revenues	248,798	177,449	399,754
Revenue from the sale of services	173,200	118,830	255,900
Revenue from the sale of goods and materials	75,597	58,619	143,854
Cost of sales	208,081	150,569	335,726
Costs of services sold	134,845	94,536	199,562
Cost of goods and materials sold	73,237	56,034	136,164
Gross profit (loss) on sales	40,717	26,879	64,028
Selling costs	11,631	7,228	15,771
Administrative expenses	17,838	12,267	25,869
Other operating revenue	1,008	995	1,295
Other operating expenses	940	724	2,727
Profit (loss) on the sale of subsidiaries (+/-)			
Operating profit (loss)	11,316	7,655	20,955
Financial income	101	6	50
Financial costs	4,026	1,751	5,019
Share in the profit (loss) of entities measured using the equity method (+/-)			
Profit (loss) before taxation	7,391	5,909	15,985
Income tax	1,516	1,356	3,436
Net profit (loss) on continued activities	5,875	4,553	12,549
Discontinued Activity			
Net profit (loss) on discontinued operations			
Net profit (loss) - share of:			
- shareholders of the Parent Company	5,952	3,984	11,850
- non-controlling parties	-77	569	699

NET PROFIT (LOSS) PER ORDINARY SHARE (PLN) - SHAREHOLDERS OF THE PARENT COMPANY

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
on continued operations			
- basic	0.86	0.58	1.72
- diluted	0.86	0.58	1.72
on continued and discontinued operations			
- basic	0.86	0.58	1.72
- diluted	0.86	0.58	1.72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE OEX GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE OEX GROUP

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
Net profit (loss)	5,875	4,553	12,549
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 transferred to the financial result - sale of foreign operations			
Share in the other comprehensive income of entities measured using the equity method			
Income tax referred to items carried as financial profit or loss			
Other comprehensive income after taxation			
Comprehensive income	5,875	4,553	12,549
Comprehensive income - share of:			
- shareholders of the Parent Company	5,952	3,984	11,850
- non-controlling parties	-77	569	699

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE OEX GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE OEX GROUP

	Parent company shareholding					Non-controlling shares	TOTAL EQUITY
	Share capital	Share premium	Other Capitals	Retained profits	Total		
As at 01/01/2017	1,378	44,960	1,459	43,043	90,840	1,969	92,809
Changes in accounting policies							
Adjustment of fundamental errors							
Balance after changes	1,378	44,960	1,459	43,043	90,840	1,969	92,809
Changes in equity in the period from 01/01 to 30/06/2017							
Issue of shares							
Business combination							
Dividends paid by subsidiaries							
Changes in the group structure (transactions with non-controlling parties)							
Dividend payment							
Financial result recognised as equity							
Total transactions with shareholders							
Net profit for the period from 01/01 to 30/06/2017				5,952	5,952	-77	5,875
Other comprehensive income after taxation in the period from 01/01 to 30/06/2017							
Total comprehensive income				5,952	5,952	-77	5,875
Transfer to retained profits (sale of revalued fixed assets)							
As at 30/06/2017	1,378	44,960	1,459	48,994	96,792	1,892	98,684

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE OEX GROUP

	Parent company shareholding					Non-controlling shares	TOTAL EQUITY
	Share capital	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 30/06/2016							
Issue of shares							
Business combination							
Dividends paid by subsidiaries							
Changes in the group structure (transactions with non-controlling parties)							
Dividend payment				-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 30/06/2016				3,984	3,984	569	4,553
Other comprehensive income after taxation in the period from 01/01 to 30/06/2016							
Total comprehensive income				3,984	3,984	569	4,553
Transfer to retained profits (sale of revalued fixed assets)							
As at 30/06/2016	1,378	44,960	1,459	35,176	82,973	1,839	84,812

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE OEX GROUP

	Parent company shareholding					Non-controlling shares	TOTAL EQUITY
	Share capital	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							
Dividends paid by subsidiaries							
Changes in the group structure (transactions with non-controlling parties)							
Dividends				-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

CONSOLIDATED CASH FLOW STATEMENT OF THE OEX GROUP

CONSOLIDATED CASH FLOW STATEMENT OF THE OEX GROUP

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
Cash flow from operating activity			
Profit (loss) before taxation	7,391	5,909	15,985
<i>Adjustments:</i>			
Depreciation and amortisation of fixed assets	3,757	2,654	5,393
Change in the fair value of investment properties			
Change in the fair value of financial assets (liabilities) measured 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	39	101	378
Exchange difference gains (losses)			
Interest costs	1,257	346	1,200
Interest and dividend income	-2	-2	-19
Cost of share-based payments (incentive programmes)			
Share in the profit (loss) of associate companies			
Other adjustments			
Total adjustments	5,050	3,100	6,952
Change in inventories	1,267	-2,646	-8,876
Change in receivables	-14,268	4,851	-1,180
Change in liabilities	-869	-4,644	8,056
Change in provisions and prepayments	-1,039	-1,935	-6,197
Consolidation adjustments	975		
Changes in working capital	-13,935	-4,373	-8,197
Inflows (outflows) from the settlement of derivatives			
Interest paid on operating activities			
Taxes paid	-2,912	-1,835	-3,481
Net cash flow from operating activity	-4,405	2,801	13,418

CONSOLIDATED CASH FLOW STATEMENT OF THE OEX GROUP

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
Cash flow from investing activity			
Expenses to purchase fixed assets	-4,662	-2,922	-9,230
Inflows from the sale of fixed assets	112	382	512
Expenses to purchase investment properties			
Inflows from the sale of investment properties			
Net expenses to purchase subsidiaries	-18,571		-4,250
Net inflows from the sale of subsidiaries			50
Received repayments of loans granted	1,648	60	6
Loans granted	-10	-15	-15
Expenses to purchase other financial assets			
Inflows from the sale of other financial assets			
Inflows from government subsidies received			
Interest income	73	2	17
Cash from business combination	2,568	5	237
Net cash flow from investing activity	-18,844	-2,489	-12,671
Inflows from debt securities in issue	20,000		
Redemption of debt securities			
Inflows from loans and credits contracted	10,262		14,824
Repayment of loans and advances	-327	-135	-4,201
Repayment of financial lease liabilities	-1,659	-1,261	-2,546
Interest paid	-775	-346	-1,193
Dividends paid			-5,411
Net cash flow from financial activity	27,501	-1,742	1,472
Net change in cash and cash equivalents	4,252	-1,430	61
Cash and cash equivalents at period beginning	5,113	5,052	5,052
Exchange differences			
Cash and cash equivalents at period end	9,365	3,622	5,113

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

1. Declaration of the Management Board of the issuer;

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 issuer hereby states and declares that, to the best of its knowledge, these abbreviated interim 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 half-yearly report on the activities of the issuer presents 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 abbreviated interim consolidated interim 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 report on the audit as per the applicable domestic 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 05 June 2017 on the appointment of a chartered 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.

2. Rules applied during the preparation of these statements, including information about changes to accounting policies (rules);

2.1 Drawing up basis;

The consolidated interim financial statements of the OEX S.A. Group cover the period of 6 months ended on 30/06/2017 and have been made in accordance with IAS 34 *Interim Financial Reporting* and the IFRSs applicable to the interim financial statements as accepted by the International Accounting Standards Board (IASB) and the International Accounting Standards Interpretations Committee in the form endorsed by the European Union and effective as at 30 June 2017.

In order to ensure a better understanding of the financial and economic position of the Group, additionally, comparable data from the consolidated balance sheet made as at 31/12/2016 were provided, even though there is no such requirement in IAS 34.

The abbreviated consolidated interim financial statements do not contain all the information that is disclosed in the annual consolidated financial statements prepared in accordance with IFRS. These consolidated interim financial statements should be read together with the consolidated financial statements of the Group for the year 2016.

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

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

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

2.2 Accounting principles;

In the period from 01 January to 30 June 2017, the accounting principles did not change when it comes to the valuation of assets and liabilities and the measurement of the financial result.

In the remaining scope, these abbreviated consolidated interim financial statements were prepared in accordance with the accounting principles as presented in the latest consolidated financial statements of the Group for the year ended on 31 December 2016.

2.3 Change of Standards and Interpretations;

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:

- a) 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.

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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.

- b) 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:

- a) 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 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.

- b) 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

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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.

c) IFRS 17 *Insurance Contracts* – effective for reporting periods beginning on or after 01 January 2021

IFRS 17 replaces IFRS 4 *Insurance Contracts*. IFRS 17 introduces consolidated principles for the recognition and measurement of insurance and reinsurance contracts at their present value. IFRS 17 requires that the insurance agreements were recognised on the basis of present estimates and assumptions which reflect the future expected cash flows and the related uncertainties. The revenues from insurance agreements (contractual margin) are recognised together with the performance of the service subject to the insurance agreement over the insurance period.

Changes in the estimates concerning future flows between balance sheet dates are recognised as profit or loss or as adjustment of the expected contractual margin depending on the character of the change and the reasons for their occurrence. An entity may select the way in which to recognise certain changes in the discount rate: as profit or loss or comprehensive income for the given period.

An earlier application of IFRS 17 is possible on condition that IFRS 9 and IFRS 15 have been implemented.

d) 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.

e) 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.

f) 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.

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- g) 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.

- h) 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:

- (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.
- i) 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,

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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.

- m) IFRIC 23 *Uncertainty over Income Tax Treatments* – effective for reporting periods beginning on or after 01 January 2019

The interpretation clarifies the accounting for uncertainties in income taxes. The interpretation concerns a situation when a tax treatment of a given transaction or circumstance is unclear or a situation when an entity is not certain whether or not the tax authorities will accept its approach or its interpretation of the tax law.

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

2.4 Estimation Uncertainty;

When preparing these abbreviated interim consolidated financial statements, the Parent Company's Management Board uses its best judgement when making 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 that are material for the consolidated financial statements have been presented in the consolidated financial statements for the year 2016.

3. Operating segments;

Since 01/01/2017, the OEX Group has had 4 operational segments:

- Retail Sale Network Management Segment
- Sale Support Segment
- E-business Segment
- Document Management and Client Service Segment

3.1 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 operating 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.

Number of stores as at the end of the reporting first half of the year:

	as at 30/06/2017	as at 30/06/2016	change y/y in pcs.	change 2017/2016
Orange network stores	133	144	-11	92.4%
T-Mobile network stores	98	72	26	136.1%
Plus network stores	69	71	-2	97.2%
Total stores	300	287	13	104.5%

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Average number of stores in the reporting first half of the year

	average in the period from 01/01. to 30/06/2017	average in the period from 01/01. to 30/06/2016	change y/y in pcs.	change 2017/2016
Orange network stores	133	146	-13	91.1%
T-Mobile network stores	98	73	25	134.2%
Plus network stores	69	71	-2	97.2%
Total stores	300	290	10	103.4%

Revenue volumes and breakdown - the retail sale network management segment

	01/01 to 30/06/2017	01/01 to 30/06/2016	change 2017/2016
Revenue from the sale of telecommunication services	50,932	47,707	106.8%
Sets and pre-paid refills	6,888	6,543	105.3%
Postpaid contract phones	54,384	38,061	142.9%
Other revenue	4,324	5,250	82.4%
Total	116,529	97,561	119.4%

	01/01 to 30/06/2017	01/01 to 30/06/2016	change 2017/2016
Service sale volume			
Postpaid activations	281,530	266,693	105.6%
Prepaid activations	86,649	71,878	120.6%
Total	368,179	338,571	108.7%

3.2 Sale Support Segment;

Operations of this segment are carried out by Cursor S.A., Mer Service Sp. z o.o. and Pro People 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

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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 teams - 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.

In this Segment, also the HR management services, recruitment services and personnel lease services, i.e. object of the business of Pro People Sp. z o.o., are rendered.

3.3 E-business Segment;

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. In the reporting period, the segment encompasses the whole 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). In result of the division of Cursor, as mentioned in item 9 of these interim statements, the operations making up the E-business segment were transferred in whole as of 1 September 2017 from Cursor S.A. to E-Logistics Sp. z o.o.

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. (and since 1 September 2017, E-Logistics Sp. z o.o.) has been 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

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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. (and since 1 September 2017 E-Logistics Sp. z o.o.) has managed 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.

3.4 Document Management and Client Service Segment

The Document Management and Client Service segment provides services related to document management and back office. The services include document registration, sorting and processing. In effect, the client's systems have the available data, document scans, mail copies and call registrations in an electronic archive and the original documents are stored too. The central archive of paper documents located in Chorzów is managed by the proprietary system INDO and is one of the most modern in Poland. The second area of business in this Segment comprises activities related to the services of all end client contact channels. These services are rendered by Voice Contact Center Sp. z o. o.

Services rendered by the Document Management and Client Service segment comprise, but are not limited to:

1. Traditional archiving, scanning, digitalisation and electronic archiving (i.e. fast paper document processing and conversion into electronic documents on the basis of own software solutions of ArchiDoc S.A.) They ensure a limitation of the risk of loss of important data, guaranteeing smooth access to both the originals, digital copies and to the data therein contained.
2. The electronic document flow is a service aimed at automation, optimisation and improvement of document flow processes, as well as procedure arrangement and document flow control assurance. This service comprises an analysis of the client's needs, construction of dedicated solutions, implementation of the same and provision of support services. The projects include the performance of such tasks as inflowing document digitalisation or acceptance path process pursuit. The electronic document flow is implemented most often in processes related to the flow of orders, complaints and invoices that need to be handled on time.
3. Business process support The offer of these services is personalised to suit the needs of specific branches, including: banks and insurance undertakings, telecoms, power engineering companies and companies providing services to the general population, public administration and large b2b enterprises. As part of this service, the client may entrust all the back-office processes to the contractor. The services will be provided in the location indicated by the client or in the contractor's location using the INDO software and own infrastructure.

The projects pursued as part of the business process support include, but are not limited to the following:

- for insurance undertakings - loss registration support, including event registration and assistance in emergencies, helpline, documentation support, incoming document office support;
- for financial institutions and public sector companies - digitalisation, incoming document office support, archiving, digital archive creation and management.

The document management and back office services are provided in modern operational centres located in Chorzów and Warsaw or in locations indicated by the clients or in a mixed model. The data are collected in two mutually independent data centres managed by ArchiDoc S.A. The added value is the

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offer concerning the performance of projects using the unique know-how and proprietary IT solutions. The system may be integrated with the INDO platform, which simplifies the back-office processes. The services are provided using restrictive security standards, which ensures maximum data and document protection level.

4. Client support services The services are provided by Voice Contact Center Sp. z o.o. and comprise the handling of calls, text messages, e-mails, chats, social media, as well as traditional correspondence and personal contact. These activities aim at, among other things, acquiring and maintaining the clients' loyalty, and upselling. Another area of activity is the client satisfaction survey, market survey and opinion polling as well as the survey of client service quality on the basis of our own research centre and a team of carefully selected and trained interviewers. Main services offered to clients are the following: client support centre management, helplines, image campaigns, phone traffic surplus servicing.

The projects pursued as part of the client support includes, but are not limited to the following:

- for medical companies - appointment scheduling, assistance in selecting a physician, commercial service upselling, remote diagnostics support;
- for retail and distribution companies - phone surveys, services supporting the sales, such as product and service helplines; selling, customer loyalty creation and maintenance, lead generation, reception and registration of agreements from various sale channels, data inputting, formal and legal support concerning returns, verification and validation of agreements, correspondence management, etc.

the services are provided in modern operational centres in Warsaw, Łódź and Lublin, where there are over 550 professional contact centre work stations.

Revenues and results of operating segments:

	Sale network management	Sale Support	E-business	Document Management and Client Service	Not allocated	Total
<i>for the period from 01/01 to 30/06/2017</i>						
Revenue from external customers	116,529	49,050	54,446	28,770	4	248,798
Revenue from the sales between segments	190	705	681	142	2,380	4,097
Total revenue	116,719	49,754	55,127	28,911	2,384	252,895
Segment's operating result	6,426	2,943	549	2,851	-1,453	11,316
Financial income						101
Financial costs (-)						-4,026
Gross profit before tax						7,391
Income tax						1,516
Net profit						5,875
EBITDA	7,526	3,810	1,374	3,787	-1,425	15,072
Depreciation and amortisation	1,100	867	824	936	28	3,756

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<i>for the period from 01/01 to 30/06/2016</i>						
Revenue from external customers	97,561	31,683	48,208	n/a		177,449
Revenue from the sales between segments	407	14	439	n/a	674	1,534
Total revenue	97,967	31,697	48,644	n/a	674	178,983
Segment's operating result	5,565	1,545	1,108	n/a	-563	7,655
Financial income						6
Financial costs (-)						-1,751
Gross profit before tax						5,909
Income tax						-1,356
Net profit						4,553
EBITDA	6,587	2,557	1,694	n/a	-529	10,309
Depreciation and amortisation	1,021	1,011	586	n/a	34	2,654

Geographical areas - revenues:

	01/01 to 30/06/2017	01/01 to 30/06/2016
Poland	233,352	164,978
Europe	15,312	12,183
Asia	26	65
Africa	19	223
North America	89	
Total	248,798	177,449

4. Explanations concerning the seasonality or cyclicity of the issuer's activities in the presented period;

The seasonality of sales in the mobile phone service sector (the Retail Sale Network Management segment - of companies: Tell sp. z o.o., Europhone Sp. z o.o. and PTI Sp. z o.o.) is visible mainly in the growth of the sales in the fourth quarter, especially in December. Sometimes, the natural cycle of seasonality is modified in consequence of marketing activities of operators.

The characteristic feature of the business of Cursor S.A., Mer Service Sp. z o.o. and Divante Sp. z o.o. (segments Sale Support and E-business) is the seasonality of sales, which is such that the first quarter of each financial year is the period decidedly different from the remaining quarters and constitutes approximately 20% of the annual sales. The second and third quarters are similar in terms of revenues and each one of them constitutes - historically - approximately 25% of the sale value. The highest sales are noted in the fourth quarter – approximately 30% of the annual sales. In the fourth quarter, there is increased demand for products in the pre-Christmas period. The intensity of promotional projects and the logistics of marketing materials and goods distributed directly to the consumers under e-commerce projects is growing. Lower sale values on the first quarter of the year result from reduced orders made

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by traditional commerce in the post-Christmas period. New projects, whose functional cycle spans annual periods, start with lower intensity, acquisition of IT projects to be followed is in progress. Such project will be carried out in the second, third and fourth quarter.

In case of the Document Management and Client Service segment companies, the cyclicity phenomenon is marginal.

5. Information on the impairment of inventories to the net realisable value and reversal of impairment charge;;

Impairment of inventories:	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
State as at period beginning	616	514	514
Loss expensed as cost in the period		37	123
Reversal of impairments in the period (-)	-4	-20	-20
Other changes (net exchange differences on conversion)			
State as at period end	612	531	616

6. Information about impairment of financial assets or other assets and on the reversal of impairment charges;

Impairment of receivables and loans:

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
State as at period beginning	3,457	3,781	3,781
Loss expensed as cost in the period	174		498
Reversal of impairments carried as revenue in the period	-26	-20	-98
Provisions used	-56	-1	-723
Increase by business	170		
State as at period end	3,719	3,760	3,457

7. Information on the creation, increase, utilisation and write-back of provisions;

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

	Provisions for long-term employee benefits	Other provisions, including provisions for:				
		Accrued holidays	Payroll costs	Other costs	Other benefits	Total
for the period from 01/01 to 30/06/2017						
State as at period beginning	82	1,607	171			1,778
Provision increase carried as expense in the period		222	1,006			1,229
Provision increase carried as income in the period (-)		-27				-27
Utilisation of provisions (-)		-235	-64			-298

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Increase in result of business combination	17	164			5	169
Other changes (net exchange differences on conversion)						
Provisions as at 30/06/2017	99	1,731	1,114		5	2,850
for the period from 01/01 to 30/06/2016						
State as at period beginning	78	1,479	244			1,723
Provision increase carried as expense in the period	1	226	10			236
Provision increase carried as income in the period (-)			-4			-4
Utilisation of provisions (-)		-157	-103			-260
Increase in result of business combination						
Other changes (net exchange differences on conversion)						
Provisions as at 30/06/2016	78	1,548	147			1,696
for the period from 01/01 to 30/06/2016						
State as at period beginning	78	1,479	244			1,722
Provision increase carried as expense in the period	5	372	154			526
Provision increase carried as income in the period		-109				-109
Provisions utilised		-136	-226			-362
Change on business combination						
Other changes (net exchange differences on conversion)						
Provisions as at 31/12/2016	82	1,607	171			1,778

8. Information about deferred tax assets and liabilities;

	30/06/2017	30/06/2016	31/12/2016
As at period beginning:			
Deferred income tax assets	2,062	1,750	1,750
Deferred tax liabilities	-8,747	-8,069	-8,069
Deferred tax at period beginning	-6,685	-6,319	-6,319
Change in the period influencing:			
Result (+/-)	-51	-204	-366
Net deferred income tax assets from business combination	1,421		
Net deferred income tax liabilities from business combination	-1,314		
Other comprehensive income (+/-)			
Deferred tax at period end	-6,629	-6,523	-6,685
Deferred income tax assets	4,536	2,519	2,062
Deferred tax liabilities	-11,165	-9,042	-8,747

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

9. Indication of consequences of changes in the structure of the entity, including the resulting mergers, take-overs or sales of the issuer's group companies, long-term investments, divisions, restructuring or business discontinuations;

Below are presented the entities taken over by the OEX Group in 2017 and the provisionally established amounts of goodwill and profits resulting from the takeovers settled in the period:

Acquired entity	Date on which the control was acquired	Price paid	Estimated additional payment to the price	Total of the price paid and the additional payment estimated	Net assets of the acquired entity (fair value)	Goodwill (+) / Profit (-)
Voice Contact Center Sp. z o.o.	2017/01/10	1,000	5,586	6,586	2,494	4,092
ArchiDoc S.A.	2017/01/19	17,861	31,946	49,807	9,284	40,523

On 9 January 2017, OEX S.A. signed an agreement on the basis of which it acquired 100% of shares in Voice Contact Center Sp. z o.o. (*Polish limited liability company*) with registered office in Warsaw. Pursuant to the agreement,

the Company acquired 10,000 (ten thousand) shares constituting 100% of the share capital for the price of PLN 1,000,000.00, whereby GAD S.A. sold to the Issuer 8,500 (eight thousand five hundred) shares constituting 85% of the share capital and Neo Business Process Outsourcing S.à r.l. sold to the Issuer 1,500 (one thousand five hundred) shares constituting 15% of the share capital. OEX S.A. is obliged to make the designated additional payment to the selling price in accordance with the terms and conditions as defined in the Final Agreement pursuant to the formula laid down in the Final Agreement, if this is justified by the results obtained by Voice Contact Center Sp. z o.o. Such additional payment will constitute a difference between the product of the multiplier equal to 4.5 and the average value of EBITDA of Voice Contact Center Sp. z o.o. for the years 2016-2017 less the net debt and the price paid as mentioned above. The additional payment will be made in 2018 after the financial year 2017 has been closed. As part of security that the additional payment to the selling price will be made and the contractual penalties will be paid EX S.A. made a declaration agreeing to be subject to enforcement proceedings in accordance with the procedure provided for in Art. 777 of the Code of Civil Procedure for the benefit of GAD S.A. up to the total amount of PLN 5,100,000.- and a declaration agreeing to be subject to enforcement proceedings in accordance with the procedure provided for in Art. 777 of the Code of Civil Procedure for the benefit of Neo Business Process Outsourcing S.à r.l. up to the total amount of PLN 900,000.

On 19 January 2017, OEX S.A. signed an agreement on the basis of which it acquired 100% of shares ArchiDoc S.A. (*Polish joint-stock company*) with registered office in Chorzów from Teronita Holdings Limited with registered office in Larnaca (Cyprus). The basic principles of the transaction of acquisition of shares in ArchiDoc S.A. are as follows:

- The Issuer acquired 4,250,000 shares constituting 100% of share capital in ArchiDoc S.A. for the price of PLN 17,861,000, subject to additional payments to the price as mentioned below.
- The Issuer is obliged to make defined additional payments to the selling price in accordance with the terms and conditions as laid down in the final agreement which depend on the financial parameters obtained by ArchiDoc S.A. (e.g. the value of EBITDA and net debt of ArchiDoc S.A.) in the

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

years 2016 and 2017. The final agreement provides for 2 additional payments. The first additional payment will constitute a difference between the product of the multiplier equal to 7.9 and the value of ArchiDoc S.A.'s EBITDA for 2016 less the net debt and multiplied by 50% and the price paid as mentioned herein above. The second additional payment will be equal to the product of a multiplier equal to 7.9 and the value of ArchiDoc S.A.'s EBITDA for 2017 as decreased by net debt and multiplied by the value of 50% and increased or decreased, as appropriate, by the amount resulting from the first additional payment, depending on the fact whether the obtained amount is positive or negative. Both additional payments, assuming that their total value will be positive, will be made as a single payment in 2018 after the financial year 2017 has been closed. In case when the average value of the percentage increase of ArchiDoc S.A.'s selected results calculated year/year (including EBITDA) proved to be lower than the thresholds referred to in the final agreement, the value of all the additional payments will be calculated using the multiplier of 7.0. The total price, taking into account the above-mentioned additional payments, will not exceed PLN 52,000,000.- (fifty-two million Polish zlotys) and the Seller will not be entitled in relation with the price for the shares in ArchiDoc S.A. to any additional amounts above the said cap.

- In order to secure the additional payments to the selling price and payment of contractual penalties, the Issuer has made a declaration on agreeing to be subject to enforcement proceedings in accordance with the procedure provided for in Art. 777 of the Code of Civil Procedure up to the total amount of PLN 31,000,000.
- In order to secure the satisfaction of the Buyer's claims against the Seller resulting from the final agreement, a guarantees were issued by entitled related to the Seller in the amount of up PLN 9,400,000.

By the date of these interim 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 control takeover date.

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

	Provisional fair value at the takeover date	
	ArchiDoc S.A.	Voice Contact Center Sp. z o.o.
Assets		
Intangible fixed assets	194	1,084
Tangible fixed assets	6,066	785
Long-term receivables and loans	1,536	120
Long-term prepayments	1,732	617
Receivables and loans	7,907	2,725
Accruals and prepayments	1,774	15
Cash	2,071	496
Total assets	21,281	5,842
Liabilities		
Deferred tax liabilities	1,057	257
Loans, credits, leases	3,268	560
Trade liabilities	1,103	735
Other liabilities	2,944	1,791

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

Accruals	3,625	6
Total provisions	11,997	3,348
Net asset fair value	9,284	2,494
Price paid and the additional payment estimated	49,807	6,586
Goodwill (+) / Profit (-)	40,523	4,092

Furthermore, on 30 May 2017, Cursor S.A. and E-Logistics Sp. z o.o. agreed and signed a plan of division of Cursor S.A., which had been prepared in accordance with the provisions of the Code of Commercial Companies. On 13 July 2017, the governing bodies of the above-mentioned companies, i.e. the Extraordinary General Meeting of Shareholders of Cursor S.A. and the Extraordinary General Meeting of Shareholders of E-Logistics Sp. z o.o., respectively, adopted resolutions concerning the division of Cursor S.A. The said division was carried out in accordance with the procedure provided for in Art. 529 §1 (4) of the Code of Commercial Companies (partial division) by the transfer onto to E-Logistics Sp. z o.o. of an organised part of business of Cursor S.A. (separate in organisational, financial and functional terms) and comprising the following objects of business:

- marketing materials logistics,
- comprehensive e-commerce support,
- logistical support of loyalty programmes,
- comprehensive support of purchase processes concerning products, packaging and product components, including, but not limited to, the organisation and optimisation of the processes of purchasing, logistics, design, production supervision, marking, product delivery, technological consulting, quality verification, certification and lab tests, hereinafter referred to as the 'Logistical Activities'.

The division of Cursor S.A. was registered on 1 September 2017. In result of the above-mentioned division, the registration court registered an increase in the share capital of E-Logistics Sp. z o.o. from PLN 10,000 to PLN 1,700,000, i.e. by PLN 1,690,000, by a creation of 33,800 shares of the nominal value of PLN 50 each, which were subscribed by OEX S.A. in whole.

E-Logistics Sp. z o.o took over all the rights and obligations related to the Logistical Activities' as at the partial division date.

10. Goodwill;

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

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

	30/06/2017	30/06/2016	31/12/2016
Gross value			
As at period beginning	75,161	68,468	68,468
Business combination	44,616		6,693
Sale of subsidiaries (-)			
Net exchange differences on conversion			
Other adjustments			
Gross value at period end	119,778	68,468	75,161
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 at period end	119,778	68,468	75,161

The goodwill presented in the assets of the consolidated statement of financial position concerns the acquisition of the following companies:

	30/06/2017	30/06/2016	31/12/2016
Taurus	1,202	1,202	1,202
Havo	20,096	20,096	20,096
Europhone Sp. z o.o.	8,732	8,732	8,732
Solex	10,611	10,611	10,611
PTI Sp. z o.o.	10,061	10,061	10,061
Maksimum	6,879	6,879	6,879
Cursor S.A.	8,941	9,024	9,024
Divante Sp. z o.o.	1,864	1,861	1,861
Pro People Sp. z o.o.	4		4
Mer Service Sp. z o.o.	3,813		3,813
Cel-R	2,876		2,876
ArchiDoc S.A.	40,523		
Voice Contact Center Sp. z o.o.	4,092		
Total goodwill	119,778	68,468	75,161

The goodwill is tested for impairment on an annual basis (as at 31 December) as well as upon each instance when there is an indication that such an impairment may have taken place. The impairment tests concerning the goodwill and intangible fixed assets with an unspecified useful life are carried out also when there is an indication that such an impairment may have taken place.

The Issuer's Management Board concluded that as at 30 June 2017 there was no indication of a permanent loss of value of cash generating centres or groups to which the goodwill or intangible fixed assets with an unspecified useful life are assigned.

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

11. Information about material transactions of acquisition and disposal of fixed assets;

The table below presents the acquisitions and disposals as well as impairment charges concerning tangible fixed assets:

	Machinery and equipment	Vehicles	Other fixed assets	In construction	Total
for the period from 01/01 to 30/06/2017					
Net carrying amount as at 01/01/2017	3,226	3,411	6,399	1,009	14,046
Acquisition by a business combination	1,956	771	4,099	25	6,851
Increase (acquisition, production, lease)	1,290	513	1,287	1,149	4,240
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-36	-200	-53	-733	-1,022
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-1,145	-1,027	-678	-96	-2,946
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2017	5,292	3,468	11,054	1,354	21,168
for the period from 01/01 to 30/06/2016					
Net carrying amount as at 01/01/2016	2,847	4,356	6,123	877	14,202
Acquisition by a business combination					
Increase (acquisition, production, lease)	928	1,427	337	376	3,067
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-8	-381	-107	-378	-873
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-562	-1,184	-441		-2,187
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2016	3,204	4,218	5,911	875	14,208
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 a business combination	14		6		20
Increase (acquisition, production, lease)	1,704	1,872	1,561	1,328	6,465
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)	-85	-525	-341	-1,196	-2,146
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-1,254	-2,292	-950		-4,496
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 31/12/2016	3,226	3,411	6,399	1,009	14,046

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

The table below presents the acquisitions and disposals as well as impairment charges concerning intangible assets:

	Trademarks	Programmes / licences	Other	In construction	Total
for the period from 01/01 to 30/06/2017					
Net carrying amount as at 01/01/2017	250	2,498	2,911	2,388	8,048
Acquisition by a business combination		194	1,094		1,288
Increase (acquisition, production, lease)		152	784	874	1,810
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-15	-432	-384		-831
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2017	235	2,413	4,405	3,140	10,193
for the period from 01/01 to 30/06/2016					
Net carrying amount as at 01/01/2016	278	2,176	2,922	1,174	6,550
Acquisition by a business combination					
Increase (acquisition, production, lease)		576	305	654	1,536
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)				-344	-344
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-15	-282	-169		-466
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2016	263	2,471	3,058	1,484	7,275
for the period from 01/01 to 31/12/2016					
Net carrying amount as at 01/01/2016	278	2,172	2,927	1,174	6,550
Acquisition by a business combination					
Increase (acquisition, production, lease)		933	341	1,915	3,189
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)				-701	-701
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-28	-607	-357		-991
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 31/12/2016	250	2,498	2,911	2,388	8,048

12. Information about material liabilities related to the purchase of tangible fixed assets;

The Group does not have any material liabilities related to the purchase of tangible fixed assets.

13. Information about material settlements resulting from cases vindicated in court;

None.

14. Indication of adjustments of errors of previous periods;

In the period covered by these interim financial statements, there occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these financial statements does not comprise any significant events concerning the previous years.

15. Information about changes in the economic situation and business conditions which have material impact on the fair value of financial assets and financial liabilities of the company;

There were no changes in the economic situation and business conditions which would have an impact on the fair value of financial assets and financial liabilities.

16. Information about a failure to repay a loan or credit or about a violation of material provisions of a loan or credit agreement;

None.

17. Information about the execution by the company or its subsidiary of a single or more transactions with related parties, if such transactions, taken separately or together, are material and were made on conditions other than at arm's length;

All transactions between the Group companies are at arm's length transactions.

18. In case of financial instruments carried at fair value - information about a change of the method of its determination;

The way of determination of the fair value of financial instruments was not changed.

19. Information about a change in the classification of financial assets in consequence of a change of the purpose of utilisation of such assets;

No reclassification of assets which would lead to a change in the measurement of these assets as carried at fair value, at cost or at amortised cost was made.

20. Information on the issue, redemption and repayment of non-share and equity securities;

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

On 18 January 2017, OEX S.A. placed an issue of 20,000 ordinary series A bearer bonds of the nominal value of PLN 1,000 each and the total nominal value of PLN 20,000,000. The bonds mature on 17 January 2020.

The bonds were issued in accordance with the Resolution of the Management Board of OEX S.A. dated 2 December 2016 concerning the Bond Issue Programme, which may be pursued between 2017-2019 up to the total maximal amount of PLN 56,000,000 and the Resolution of the Management Board of OEX S.A. dated 21 December 2016 on the series A bond issue.

The bonds will yield variable interest determined on the basis of the 6M WIBOR rate plus a margin of 4.2%. Starting from the second interest period, when the relation of net financial debt

to EBITDA of the issuer and its subsidiaries, calculated for the last four quarters has reached or exceeded the value of 3 (say: three), the margin will be increased by additional remuneration equal to 0.5%, whereby when the relation has exceeded the value of 3.5 (say: three and a half), the bond holders will be entitled to demand an earlier redemption of the bonds.

The interest is paid on a semi-annual basis. The first interest payment due on 17 July 2017 was made on time.

The bonds are not secured and entitle exclusively to cash benefits. The bonds do not have a documentary form pursuant to Art. 8 of the Bonds Act of 15 January 2015 (the 'Bonds Act'), and the rights under the bonds can be transferred without any restrictions.

The bond issue took place in accordance with the procedure provided for in Art. 33 (2) of the Bonds Act. The bond acquisition proposals were made to individually designated addressees whose number was not higher than 149 persons.

On 15 May 2017, the series A bonds were introduced to the trading in an alternative trading system organised by, respectively, the Warsaw Stock Exchange and BondSpot S.A. as part of the Catalyst market.

The series A bonds have been quoted in an alternative trading system - Catalyst - since 26 May 2017 in the continuous trading system under the name of 'OEX0120'.

21. Information on the dividends paid (or declared), in total and as divided per share, with a breakdown into ordinary and preferential shares;

The General Meeting of Shareholders of OEX S.A., which took place on 22 June 2017, decided to allocate the entire net profit disclosed in the 2016 financial statements in the amount of PLN 3,221,129.35 to the supplementary capital.

22. Indication of events occurring after the date of these abbreviated interim financial statements which were not included in the statements and which could significantly influence the future financial results of the Issuer;;

In the period covered by these abbreviated interim consolidated financial statements, there occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these abbreviated interim consolidated financial statements do not comprise any significant events concerning the previous years.

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE OEX GROUP

23. Information on changes in contingent liabilities and contingent assets that occurred in the period after the end of the last financial year;

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

	30/06/2017	30/06/2016	31/12/2016
To related parties not subject to consolidation:			
Liability repayment guarantee			
Guarantees received			
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			
Other Contingent Liabilities			
Total related parties not subject to consolidation			
To associated parties:			
Liability repayment guarantee			
Guarantees received			
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			
Other Contingent Liabilities			
Total associates			
To other parties:			
Liability repayment guarantee concerning the Group companies	5,925	51,515	10,265
Guarantees received	9,962	6,811	7,095
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	11,890		3,968
Total other parties	27,778	58,326	21,328
Total contingent liabilities	27,778	58,326	21,328

24. Information about material changes in estimates;

No material changes in estimates.

25. Other significant changes in assets, liabilities, revenue and costs;

In the reporting period, there were no significant changes in assets, liabilities, revenue and costs.

SELECTED INTERIM FINANCIAL DATA OF OEX S.A.

Basic items of the balance sheet, income statement and the cash flow statement, including also items converted into EUR, are presented in the table below:

	From 01/01 to 30/06/2017	From 01/01/ to 30/06/2016	From 01/01 to 31/12/2016	From 01/01 to 30/06/2017	From 01/01/ to 30/06/2016	From 01/01 to 31/12/2016
	k PLN			k EUR		
Income statement						
Sale revenues	2,246	6,023	8,961	529	1,375	2,048
Operating profit (loss)	-235	-563	-1,044	-55	-128	-239
Profit (loss) before taxation	7,813	3,467	3,159	1,839	791	722
Net profit (loss)	7,806	3,490	3,221	1,838	797	736
Net profit (loss) - share of the shareholders of the Parent Company	7,806	3,490	3,221	1,838	797	736
Average weighted number of shares (items)	6,888,539	6,888,539	6,888,539	6,888,539	6,888,539	6,888,539
Earnings per share (PLN; EUR)	1.13	0.51	0.47	0.27	0.12	0.11
Diluted earnings per share (PLN; EUR)	1.13	0.51	0.47	0.27	0.12	0.11
Average exchange rate PLN / EUR in the period	x	x	x	4.2474	4.3805	4.3757
Cash Flow Statement	From 01/01 to 30/06/2017	From 01/01/ to 30/06/2016	From 01/01 to 31/12/2016	From 01/01 to 30/06/2017	From 01/01/ to 30/06/2016	From 01/01 to 31/12/2016
Net cash flow from operating activity	-1,378	5,835	2,213	-325	1,332	506
Net cash flow from investing activity	-18,646	-6,874	-3,081	-4,390	-1,569	-704
Net cash flow from financial activity	20,072	1,353	743	4,726	309	170
Net change in cash and cash equivalents	48	314	-126	11	72	-29
Average exchange rate PLN / EUR in the period	x	x	x	4.2474	4.3805	4.3757
	30/06/2017	30/06/2016	31/12/2016	30/06/2017	30/06/2016	31/12/2016
	k PLN			k EUR		
Balance sheet						
Assets	147,549	86,660	81,947	34,910	19,582	19,005
Long-term liabilities	21,828	59	2,271	5,165	13	527
Short-term liabilities	40,622	9,040	2,384	9,611	2,043	553
Equity	85,098	77,561	77,292	20,134	17,526	17,925
Equity - share of the parent company shareholders	85,098	77,561	77,561	20,134	17,526	17,925
PLN / EUR exchange rate at period end	x	x	x	4.2265	4.4255	4.4240

In the periods covered by these interim 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: 30/06/2017 4.2265 PLN/EUR, 30/06/2016 4.4255 PLN/EUR, 31/12/2016 4.4240 PLN/EUR,
- the average exchange rate in the period, calculated as an arithmetical average of exchange rates in force on the last day of each month in the given period: 01/01 - 30/06/2017 4.2474 PLN/EUR, 01/01 - 30/06/2016 4.3805 PLN/EUR, 01/01 - 31/12/2016 4.3757 PLN/EUR,

SEPARATE STATEMENT OF FINANCIAL POSITION OF OEX S.A.

ASSETS	30/06/2017	30/06/2016	31/12/2016
<i>Non-current assets</i>			
Goodwill			
Intangible fixed assets	253	266	270
Tangible fixed assets	55	24	32
Investment properties			
Interests in subsidiaries	127,258	66,534	70,854
Investments in associates			
Receivables	35	86	88
Financial derivatives			
Other long-term financial assets			
Long-term prepayments			
Deferred income tax assets	244	270	271
Total fixed assets	127,845	67,179	71,516
<i>Current assets</i>			
Inventories		81	
Receivables from building services contracts			
Trade Receivables and Other Receivables	10,660	5,326	2,034
Current income tax assets			
Loans	8,632	13,568	8,332
Financial derivatives			
Other short-term financial assets			
Short-term prepayments	314	17	16
Cash and cash equivalents	97	489	49
Fixed assets classified as held for sale			
Total current assets	19,704	19,481	10,432
Total assets	147,549	86,660	81,947

SEPARATE STATEMENT OF FINANCIAL POSITION OF OEX S.A.

EQUITY AND LIABILITIES	30/06/2017	30/06/2016	31/12/2016
<i>Equity</i>			
Share capital	1,378	1,378	1,378
Treasury shares (-)			
Share premium	44,960	44,960	44,960
Other Capitals	1,459	1,459	1,459
Retained profits:			
- retained profit (loss)	29,495	26,274	26,274
- net profit (loss)	7,806	3,490	3,221
Equity	85,098	77,561	77,292
<i>Liabilities</i>			
<i>Long-term liabilities</i>			
Loans, credits, other debt instruments	21,828		2,250
Financial lease			
Financial derivatives			
Other liabilities			
Deferred tax liabilities		59	21
Employee benefit liabilities			
Other long-term provisions			
Long-term prepayments			
Long-term liabilities	21,828	59	2,271
<i>Short-term liabilities</i>			
Trade liabilities and other liabilities	38,126	8,860	1,038
Current tax liabilities			
Loans, credits, other debt instruments	2,253		1,131
Financial lease			
Financial derivatives			
Employee benefit liabilities	243	181	216
Other short-term provisions			
Short-term prepayments			
Liabilities related to fixed assets held for sale			
Short-term liabilities	40,622	9,040	2,384
Total provisions	62,450	9,099	4,656
Total equity and liabilities	147,549	86,660	81,947

SEPARATE STATEMENT OF PROFIT OR LOSS OF OEX S.A.

SEPARATE STATEMENT OF PROFIT OR LOSS OF OEX S.A.

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
<i>Continued activities</i>			
Sale revenues	2,246	6,023	8,961
Revenue from the sale of services	2,246	5,790	8,752
Revenue from the sale of goods and materials		233	209
Cost of sales	849	4,464	6,184
Costs of services sold	849	4,259	5,823
Cost of goods and materials sold		205	361
Gross profit (loss) on sales	1,397	1,559	2,777
Selling costs		370	662
Administrative expenses	1,638	1,733	3,006
Other operating revenue	11	108	208
Other operating expenses	5	126	360
Profit (loss) on the sale of subsidiaries			
Operating profit (loss)	-235	-563	-1,044
Financial income	8,797	4,205	4,585
Financial costs	749	175	382
Share in the profit (loss) of entities measured using the equity method (+/-)			
Profit (loss) before taxation	7,813	3,467	3,159
Income tax	6	-23	-62
Net profit (loss) on continued activities	7,806	3,490	3,221
<i>Discontinued Activity</i>			
Net profit (loss) on discontinued operations			
Net profit (loss)	7,806	3,490	3,221

NET PROFIT (LOSS) PER ORDINARY SHARE (PLN)

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
<i>on continued operations</i>			
- basic	1.13	0.51	0.47
- diluted	1.13	0.51	0.47
<i>on continued and discontinued operations</i>			
- basic	1.13	0.51	0.47
- diluted	1.13	0.51	0.47

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
Net profit (loss)	7,806	3,490	3,221
<i>Other comprehensive income</i>			
<i>Items not carried as financial profit or loss</i>			
Revaluation of tangible assets			
Income tax referred to items not carried as financial profit or loss			
<i>Items carried as financial profit or loss</i>			
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 transferred to the financial result - sale of foreign operations			
Share in the other comprehensive income of entities measured using the equity method			
Income tax referred to items carried as financial profit or loss			
Other comprehensive income after taxation			
Comprehensive income	7,806	3,490	3,221

SEPARATE STATEMENT OF CHANGES IN EQUITY OF OEX S.A.

SEPARATE STATEMENT OF CHANGES IN EQUITY OF OEX S.A.

	Parent company shareholding					
	Share capital	Treasury shares	Share premium	Other capitals	Retained profits	Total
As at 01/01/2017	1,378		44,960	1,459	29,495	77,292
Changes in accounting policies						
Adjustment of fundamental errors						
Balance after changes	1,378		44,960	1,459	29,495	77,292
Changes in equity in the period from 01/01 to 30/06/2017						
Purchase of shares						
Issue of shares						
Option measurement (share-based payment programme)						
Changes in the group structure (transactions with non-controlling parties)						
Dividend payment						
Financial result recognised as equity						
Total transactions with shareholders						
Net profit for the period from 01/01 to 30/06/2017					7,806	7,806
Other comprehensive income after taxation in the period from 01/01 to 30/06/2017						
Total comprehensive income					7,806	7,806
Transfer to retained profits (sale of revalued fixed assets)						
As at 30/06/2017	1,378		44,960	1,459	37,301	85,098

SEPARATE STATEMENT OF CHANGES IN EQUITY OF OEX S.A.

	Parent company shareholding					
	Share capital	Treasury shares	Share premium	Other capitals	Retained profits	Total
As at 01/01/2016	1,378		44,960	1,459	31,440	79,237
Changes in accounting policies						
Adjustment of fundamental errors						
Balance after changes	1,378		44,960	1,459	31,440	79,237
Changes in equity in the period from 01/01 to 30/06/2016						
Purchase of shares						
Issue of shares						
Option measurement (share-based payment programme)						
Changes in the group structure (transactions with non-controlling parties)						
Dividend payment					-5,166	-5,166
Financial result recognised as equity						
Total transactions with shareholders					-5,166	-5,166
Net profit for the period from 01/01 to 30/06/2016					3,490	3,490
Other comprehensive income after taxation in the period from 01/01 to 30/06/2016						
Total comprehensive income					3,490	3,490
Transfer to retained profits (sale of revalued fixed assets)						
As at 30/06/2016	1,378		44,960	1,459	29,764	77,561

SEPARATE STATEMENT OF CHANGES IN EQUITY OF OEX S.A.

	Equity - share of the company shareholders					
	Share capital	Treasury shares	Share premium	Other capitals	Retained profits	Total
As at 01/01/2016	1,378		44,960	1,459	31,440	79,237
Changes in accounting policies						
Adjustment of fundamental errors						
Balance after changes	1,378		44,960	1,459	31,440	79,237
Changes in equity in the period from 01/01 to 31/12/2016						
Issue of shares						
Redemption of shares						
Option measurement (share-based payment programme)						
Changes in the Company's structure (transactions with non-controlling parties)						
Dividends					-5,166	-5,166
Financial result recognised as equity						
Total transactions with shareholders					-5,166	-5,166
Net profit for the period from 01/01 to 31/12/2016					3,221	3,221
Other comprehensive income after taxation in the period from 01/01 to 31/12/2016						
Total comprehensive income					3,221	3,221
Transfer to retained profits (sale of revalued fixed assets)						
As at 31/12/2016	1,378		44,960	1,459	29,495	77,292

SEPARATE CASH FLOW STATEMENT OF OEX S.A.

SEPARATE CASH FLOW STATEMENT OF OEX S.A.

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
Cash flow from operating activity			
Profit (loss) before taxation	7,813	3,467	3,159
<i>Adjustments:</i>			
Depreciation of tangible fixed assets	11	131	146
Amortisation of intangible fixed	17	26	41
Change in the fair value of financial assets (liabilities) measured at fair value through profit or loss			
Cash flow hedging instruments transferred from equity			
Impairment loss on financial assets			
Impairment loss on financial assets			
Profit (loss) on the sale of non-financial fixed assets		25	25
Exchange difference gains (losses)			
Interest costs	629	77	284
Interest and dividend income	-8,797	-4,205	-4,585
Cost of share-based payments (incentive programmes)			
Share in the profit (loss) of associate companies			
Other adjustments			
Total adjustments	-8,140	-3,946	-4,088
Change in inventories		8,411	8,491
Change in receivables	-35	17,766	17,203
Change in liabilities	-717	-19,330	-22,055
Change in provisions and prepayments	-298	-31	10
Change in building contracts			
Changes in working capital	-1,051	6,817	3,648
Inflows (outflows) from the settlement of derivatives			
Interest paid on operating activities			
Taxes paid		-502	-507
Net cash flow from operating activity	-1,378	5,835	2,213

SEPARATE CASH FLOW STATEMENT OF OEX S.A.

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
Cash flow from investing activity			
Expenses to purchase fixed assets	-34	-177	-221
Inflows from the sale of fixed assets		236	236
Expenses to purchase investment properties			
Inflows from the sale of investment properties			
Net expenses to purchase subsidiaries	-18,571		-4,250
Net inflows from the sale of subsidiaries			
Received repayments of loans granted		3,600	11,685
Loans granted	-300	-10,885	-13,735
Expenses to purchase other financial assets			
Inflows from the sale of other financial assets			
Inflows from government subsidies received			
Interest income	259	352	732
Dividend income			3,852
Cash spent			-1,381
Net cash flow from investing activity	-18,646	-6,874	-3,081
Cash flow from financial activity			
Expenditure related to emissions			
Settlement of a contribution in kind, cash expenditure		-1,381	
Transactions with non-controlling parties, with no loss of control			
Inflows from debt securities in issue	20,000		
Redemption of debt securities			
Inflows from loans and credits contracted	164	2,812	6,193
Repayment of loans and advances			
Repayment of financial lease liabilities			
Interest paid	-92	-77	-283
Dividends paid			-5,166
Net cash flow from financial activity	20,072	1,353	743
Net change in cash and cash equivalents	48	314	-126
Cash and cash equivalents at period beginning	49	175	175
Exchange differences			
Cash and cash equivalents at period end	97	489	49

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

26. Declaration of the Management Board of the issuer;

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 issuer hereby states and declares that, to the best of its knowledge, these interim separate financial statements and comparable data have been prepared in accordance with the accounting policies 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 half-yearly report on the activities of the issuer presents 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 separate interim 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 report on the audit as per the applicable domestic 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 05 June 2017 on the appointment of a chartered 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.

27. Information on the impairment of inventories to the net realisable value and reversal of impairment charge;

Impairment of inventories:

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
State as at period beginning	407	326	326
Loss expensed as cost in the period			81
Reversal of impairments in the period (-)	-4		
Other changes (net exchange differences on conversion)			
State as at period end	403	326	407

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

28. Information about impairment of financial assets or other assets and on the reversal of impairment charges;

Impairment of receivables and loans:

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
State as at period beginning	1,357	1,524	1,524
Loss expensed as cost in the period			
Reversal of impairments carried as revenue in the period			
Provisions used			
Decrease – settlement of expenditure as part of a contribution in kind			-167
State as at period end	1,357	1,524	1,357

29. Information on the creation, increase or utilisation of provisions;

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

	Provisions for long-term employee benefits	Other provisions, including provisions for:				
		Accrued holidays	Payroll costs	Other costs	Other benefits	Total
for the period from 01/01 to 30/06/2017						
State as at period beginning		39	17			56
Provision increase carried as expense in the period						
Provision increase carried as income in the period (-)						
Utilisation of provisions (-)						
Settlement of expenditure as part of a contribution in kind						
Other changes (net exchange differences on conversion)						
Provisions as at 30/06/2017.		39	17			56
for the period from 01/01 to 30/06/2016						
State as at period beginning	50	588	200			788
Provision increase carried as expense in the period						
Provision increase carried as income in the period (-)						
Utilisation of provisions (-)			-183			-183
Settlement of expenditure as part of a contribution in kind	-50	-588				-638
Other changes (net exchange differences on conversion)						
Provisions as at 30/06/2016			17			17
for the period from 01/01 to 30/06/2016						

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

State as at period beginning	50	588	200			788
Provision increase carried as expense in the period		39				39
Provision increase carried as income in the period (-)						
Utilisation of provisions (-)			-183			-183
Settlement of expenditure as part of a contribution in kind	-50	-588				-638
Other changes (net exchange differences on conversion)						
Provisions as at 31/12/2016		39	17			56

30. Information about deferred tax assets and liabilities;

	30/06/2017	30/06/2016	31/12/2016
As at period beginning:			
Deferred income tax assets	271	305	305
Deferred tax liabilities	-21	-4,048	-4,048
Deferred tax at period beginning	250	-3,743	-3,743
Change in the period influencing:			
Result (+/-)	-6	28	-66
Other comprehensive income (+/-)			
Settlement of the contribution in kind		3,926	3,926
Deferred tax at period end	244	212	250
Deferred income tax assets	244	270	271
Deferred tax liabilities		-58	-21

31. Information about material transactions of acquisition and disposal of fixed assets;

The table below presents the acquisitions and disposals as well as impairment charges concerning tangible fixed assets:

	Machinery and equipment	Vehicles	Other fixed assets	In construction	Total
for the period from 01/01 to 30/06/2017					
Net carrying amount as at 01/01/2017	23		9		32
Increase (acquisition, production, lease)	10		24		34
Sale of a subsidiary (-)					
Decrease (disposal, liquidation, reclassification) (-)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-9		-2		-11
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2017	24		31		55
for the period from 01/01 to 30/06/2016					

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

Net carrying amount as at 01/01/2016	941	904	3,122	8	4,974
Settlement of expenditure of the contribution in kind	-903	-788	-3,034	-8	-4,733
Increase (acquisition, production, lease)	16	158			174
Sale of a subsidiary (-)					
Decrease (disposal, liquidation, reclassification) (-)		-212	-49		-261
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-41	-50	-39		-131
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2016	12	11	0	0	24
for the period from 01/01 to 31/12/2016					
Net carrying amount as at 01/01/2016	941	904	3,122	8	4,974
Settlement of expenditure of the contribution in kind	-903	-788	-3,034	-8	-4,733
Increase (acquisition, production, lease)	30	158	72		259
Sale of a subsidiary (-)					
Decrease (disposal, liquidation, reclassification) (-)		-212	-91		-309
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-45	-62	-54		-160
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 31/12/2016	23		9		32

The table below presents the acquisitions and disposals as well as impairment charges concerning intangible assets:

	Trademarks	Programmes, licences	Other	In construction	Total
for the period from 01/01 to 30/06/2017					
Net carrying amount as at 01/01/2017	250	20			270
Settlement of expenditure of the contribution in kind					
Increase (acquisition, production, lease)					
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-15	-2			-17
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

Net carrying amount as at 30/06/2017	235	18			253
for the period from 01/01 to 30/06/2016					
Net carrying amount as at 01/01/2016	278	168	180		626
Settlement of expenditure of the contribution in kind		-165	-173		-338
Increase (acquisition, production, lease)		3			3
Sale of a subsidiary (-)					
Decrease (disposal, liquidation) (-)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-15	-4	-7		-26
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 30/06/2016	263	3	0		266
for the period from 01/01 to 31/12/2016					
Net carrying amount as at 01/01/2016	278	168	180		626
Settlement of the contribution in kind					
Increase (acquisition, production, lease)		24			24
Issue as part of the organised part of business (-)		-165	-173		-338
Decrease (disposal, liquidation) (-)					
Revaluation to fair value (+/-)					
Depreciation and amortisation (-)	-28	-7	-7		-41
Impairment loss (-)					
Reversal of impairment charges					
Net exchange differences on conversion (+/-)					
Net carrying amount as at 31/12/2016	250	20	0		270

32. Information about material liabilities related to the purchase of tangible fixed assets;

The Company does not have any material liabilities related to the purchase of tangible fixed assets.

33. Information about material settlements resulting from cases vindicated in court;

None.

34. Indication of adjustments of errors of previous periods;

In the period covered by these abbreviated interim separate financial statements there occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these financial statements does not comprise any significant events concerning the previous years.

35. Information about changes in the economic situation and business conditions which have material impact on the fair value of financial assets and financial liabilities of the company;

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

There were no changes in the economic situation and business conditions which would have any impact on the fair value of financial assets and financial liabilities.

36. Information about a failure to repay a loan or credit or about a violation of material provisions of a loan or credit agreement;

No such situation.

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

37. Transactions with related parties;

Below are presented transactions with related parties recognised in the abbreviated separate financial statements:

	Interest income			Operational income			Trade receivables		
	From 01/01 to 30/06/2017	From 01/01 to 30/06/2016	From 01/01 to 31/12/2016	From 01/01 to 30/06/2017	From 01/01 to 30/06/2016	From 01/01 to 31/12/2016	30/06/2017	30/06/2016	31/12/2016
Sales to:									
The parent company									
A subsidiary	259	352	732	2,243	1,191	4,422	1,881	1,750	458
An associate									
A joint venture									
Key management personnel									
Other related parties									
Total	259	352	732	2,243	1,191	4,422	1,881	1,750	458

There were no impairment charges on receivables from related parties, therefore no costs on this account were recognised in the financial statements.

	30/06/2017		30/06/2016		31/12/2016	
	Originated in the period	Accumulated balance	Originated in the period	Accumulated balance	Originated in the period	Accumulated balance
Loans granted:						
The parent company						
A subsidiary	300	8,632	10,885	13,568	13,735	8,332
An associate						
A joint venture						
Key management personnel						
Other related parties						
Total	300	8,632	10,885	13,568	13,735	8,332

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

38. In case of financial instruments carried at fair value – information about a change of the method of its determination;

The way of determination of the fair value of financial instruments was not changed.

39. Information about a change in the classification of financial assets in consequence of a change of the purpose of utilisation of such assets;

No reclassification of assets which would lead to a change in the measurement of these assets as carried at fair value, at cost or at amortised cost was made.

40. Indication of events occurring after the date of these abbreviated interim separate financial statements which were not included in the statements and which could significantly influence the future results of the Issuer;

In the period covered by these interim financial statements, there occurred no events that were not but should have been recognised in the accounting books of the reporting period. Additionally, these financial statements does not comprise any significant events concerning the previous years.

41. Information on changes in contingent liabilities and contingent assets that occurred in the period after the end of the last reporting period;

	30/06/2017	30/06/2016	31/12/2016
To related parties not subject to consolidation:			
Liability repayment guarantee			
Guarantees received			
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			
Other Contingent Liabilities			
Total related parties not subject to consolidation			
To associated parties:			
Liability repayment guarantee			
Guarantees received			
Guarantees originated in relation with the building services contracts			
Disputed cases and cases in court			
Other Contingent Liabilities			
Total associates			
To other parties:			
Liability repayment guarantee concerning subsidiaries	5,925	39,790	10,265
Guarantees received	102		102
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			

EXPLANATORY NOTES TO THE ABBREVIATED INTERIM SEPARATE FINANCIAL STATEMENTS OF OEX S.A.

Other Contingent Liabilities			
Total other parties	6,027	39,790	10,367
Total contingent liabilities	6,027	39,790	10,367

42. Information about material changes in estimates;

No other material changes in estimates.

43. Other significant changes in assets, liabilities, revenue and costs;

No other significant changes in assets, liabilities, revenue and costs.

APPROVAL FOR PUBLICATION

APPROVAL FOR PUBLICATION

The abbreviated interim consolidated financial statements and the separate financial statements made for the period of 6 months ended on 30 June 2017 (including comparable data) were approved for publication by the Parent Company's Management Board on 11 September 2017.

Signatures of Management Board Members:

Date	Name and Surname	Function	Signature
11 September 2017.	Jerzy Motz	President of the Management Board	
11 September 2017.	Rafał Stempniewicz	Management Board Member	
11 September 2017.	Robert Krasowski	Management Board Member	
11 September 2017.	Artur Wojtaszek	Management Board Member	
11 September 2017.	Tomasz Kwiecień	Management Board Member	

OEX GROUP

REPORT ON THE ACTIVITIES OF THE GROUP IN THE FIRST HALF OF 2017

REPORT ON THE ACTIVITIES OF THE OEX GROUP

REPORT ON THE ACTIVITIES OF THE OEX GROUP

1. Description of the organisation of the issuer's group and indication of consolidated entities;

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

Name of the Company	Registered office	% of shares/participations held
		directly controlled
Tell Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100
Europhone Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100
PTI Sp. z o.o.	ul. Forteczna 19A, 61-362 Poznań	100
Cursor S.A.	ul. Równoległa 4A, 02-235 Warszawa	100
Divante Sp. z o.o.	ul. Dmowskiego 17, 50-203 Wrocław	51.03
Mer Service Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100
Pro People Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100
ArchiDoc S.A.	ul. Niedźwiedziniec 10, 41-506 Chorzów	100
Voice Contact Center Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100
E-Logistics Sp. z o.o.	ul. Równoległa 4A, 02-235 Warszawa	100
Toys4Boys Pl. Sp. z o.o.	ul. Nowy Świat 11B, 80-299 Gdańsk	30
Connex Sp. z o.o. in liquidation	ul. Forteczna 19A, 61-362 Poznań	100

Companies subject to consolidation:

Europhone Sp. z o.o.

PTI Sp. z o.o.

Cursor S.A. (since 01/03/2015)

Divante Sp. z o.o. (since 01/03/2015)

Tell Sp. z o.o. (since 01/01/2016)

Pro People Sp. z o.o. (since 01/07/2016)

Mer Service Sp. z o.o. (since 01/09/2016)

ArchiDoc S.A. (since 01/01/2017)

Voice Contact Center Sp. o.o. (since 01/01/2017)

E-Logistics Sp. z o.o. (since 22/03/2017)

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

REPORT ON THE ACTIVITIES OF THE OEX GROUP

2. Indication of consequences of changes in the structure of the entity, including the resulting mergers, take-overs or sales of the issuer's group companies, long-term investments, divisions, restructuring or business discontinuations;

Below are presented the entities taken over by the OEX Group in 2017 and the provisionally established amounts of goodwill and profits resulting from the takeovers settled in the period:

Acquired entity	Date on which the control was acquired	Price paid	Estimated additional payment to the price	Total of the price paid and the additional payment estimated	Net assets of the acquired entity (fair value)	Goodwill (+) / Profit (-)
Voice Contact Center Sp. z o.o.	2017/01/10	1,000	5,586	6,586	2,494	4,092
ArchiDoc S.A.	2017/01/19	17,861	31,946	49,807	9,284	40,523

On 9 January 2017, OEX S.A. signed an agreement on the basis of which it acquired 100% of shares in Voice Contact Center Sp. z o.o. (*Polish limited liability company*) with registered office in Warsaw. Pursuant to the agreement, the Company acquired 10,000 (ten thousand) shares constituting 100% of the share capital for the price of PLN 1,000,000.00, whereby GAD S.A. sold to the Issuer 8,500 (eight thousand five hundred) shares constituting 85% of the share capital and Neo Business Process Outsourcing S.à r.l. sold to the Issuer 1,500 (one thousand five hundred) shares constituting 15% of the share capital. OEX S.A. is obliged to make the designated additional payment to the selling price in accordance with the terms and conditions as defined in the Final Agreement pursuant to the formula laid down in the Final Agreement, if this is justified by the results obtained by Voice Contact Center Sp. z o.o. Such additional payment will constitute a difference between the product of the multiplier equal to 4.5 and the average value of EBITDA of Voice Contact Center Sp. z o.o. for the years 2016-2017 less the net debt and the price paid as mentioned above. The additional payment will be made in 2018 after the financial year 2017 has been closed. As part of security that the additional payment to the selling price will be made and the contractual penalties will be paid EX S.A. made a declaration agreeing to be subject to enforcement proceedings in accordance with the procedure provided for in Art. 777 of the Code of Civil Procedure for the benefit of GAD S.A. up to the total amount of PLN 5,100,000.- and a declaration agreeing to be subject to enforcement proceedings in accordance with the procedure provided for in Art. 777 of the Code of Civil Procedure for the benefit of Neo Business Process Outsourcing S.à r.l. up to the total amount of PLN 900,000.

On 19 January 2017, OEX S.A. signed an agreement on the basis of which it acquired 100% of shares ArchiDoc S.A. (*Polish joint-stock company*) with registered office in Chorzów from Teronita Holdings Limited with registered office in Larnaca (Cyprus). The basic principles of the transaction of acquisition of shares in ArchiDoc S.A. are as follows:

- The Issuer acquired 4,250,000 shares constituting 100% of share capital in ArchiDoc S.A. for the price of PLN 17,861,000, subject to additional payments to the price as mentioned below.
- The Issuer is obliged to make defined additional payments to the selling price in accordance with the terms and conditions as laid down in the final agreement which depend on the financial parameters obtained by ArchiDoc S.A. (e.g. the value of EBITDA and net debt of ArchiDoc S.A.) in the years 2016 and 2017. The final agreement provides for 2 additional payments. The first additional payment will constitute a difference between the product of the multiplier equal to 7.9 and the

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value of ArchiDoc S.A.'s EBITDA for 2016 less the net debt and multiplied by 50% and the price paid as mentioned herein above. The second additional payment will be equal to the product of a multiplier equal to 7.9 and the value of ArchiDoc S.A.'s EBITDA for 2017 as decreased by net debt and multiplied by the value of 50% and increased or decreased, as appropriate, by the amount resulting from the first additional payment, depending on the fact whether the obtained amount is positive or negative. Both additional payments, assuming that their total value will be positive, will be made as a single payment in 2018 after the financial year 2017 has been closed. In case when the average value of the percentage increase of ArchiDoc S.A.'s selected results calculated year/year (including EBITDA) proved to be lower than the thresholds referred to in the final agreement, the value of all the additional payments will be calculated using the multiplier of 7.0. The total price, taking into account the above-mentioned additional payments, will not exceed PLN 52,000,000.- (fifty-two million Polish zlotys) and the Seller will not be entitled in relation with the price for the shares in ArchiDoc S.A. to any additional amounts above the said cap.

- In order to secure the additional payments to the selling price and payment of contractual penalties, the Issuer has made a declaration on agreeing to be subject to enforcement proceedings in accordance with the procedure provided for in Art. 777 of the Code of Civil Procedure up to the total amount of PLN 31,000,000.
- In order to secure the satisfaction of the Buyer's claims against the Seller resulting from the final agreement, a guarantees were issued by entitled related to the Seller in the amount of up PLN 9,400,000.

By the date of these interim 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 control takeover date.

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

Assets	Provisional fair value at the takeover date	
	ArchiDoc S.A.	Voice Contact Center Sp. z o.o.
Intangible fixed assets	194	1,084
Tangible fixed assets	6,066	785
Long-term receivables and loans	1,536	120
Long-term prepayments	1,732	617
Receivables and loans	7,907	2,725
Accruals and prepayments	1,774	15
Cash	2,071	496
Total assets	21,281	5,842
Liabilities		
Deferred tax liabilities	1,057	257
Loans, credits, leases	3,268	560
Trade liabilities	1,103	735
Other liabilities	2,944	1,791
Accruals	3,625	6
Total provisions	11,997	3,348
Net asset fair value	9,284	2,494
Price paid and the additional payment estimated	49,807	6,586

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Goodwill (+) / Profit (-)	40,523	4,092
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Furthermore, on 30 May 2017, Cursor S.A. and E-Logistics Sp. z o.o. agreed and signed a plan of division of Cursor S.A., which had been prepared in accordance with the provisions of the Code of Commercial Companies. On 13 July 2017, the governing bodies of the above-mentioned companies, i.e. the Extraordinary General Meeting of Shareholders of Cursor S.A. and the Extraordinary General Meeting of Shareholders of E-Logistics Sp. z o.o., respectively, adopted resolutions concerning the division of Cursor S.A. The said division was carried out in accordance with the procedure provided for in Art. 529 §1 (4) of the Code of Commercial Companies (partial division) by the transfer onto to E-Logistics Sp. z o.o. of an organised part of business of Cursor S.A. (separate in organisational, financial and functional terms) and comprising the following objects of business:

- marketing materials logistics,
- comprehensive e-commerce support,
- logistical support of loyalty programmes,
- comprehensive support of purchase processes concerning products, packaging and product components, including, but not limited to, the organisation and optimisation of the processes of purchasing, logistics, design, production supervision, marking, product delivery, technological consulting, quality verification, certification and lab tests, hereinafter referred to as the 'Logistical Activities'.

The division of Cursor S.A. was registered on 1 September 2017. In result of the above-mentioned division, the registration court registered an increase in the share capital of E-Logistics Sp. z o.o. from PLN 10,000 to PLN 1,700,000, i.e. by PLN 1,690,000, by a creation of 33,800 shares of the nominal value of PLN 50 each, which were subscribed by OEX S.A. in whole. E-Logistics Sp. z o.o. took over all the rights and obligations related to the Logistical Activities' as at the partial division date.

3. Description of significant achievements of failures of the issuer in the reporting period;

Result summary

In the first half of 2017, the revenue from the sale in the TELL S.A. Group amounted to kPLN 248.798 and was higher by 40.2% than in the corresponding period of previous year.

The operating profit for the first half of 2017 amounted to kPLN 11.316 and was higher by 47.8% than in the corresponding period of previous year.

EBITDA of the first half of 2017 amounted to kPLN 15,072 and was higher by 46.2% than in the corresponding period of the previous year.

The net profit of the first half of 2017 amounted to kPLN 5,875 and was higher by 29.0% than in the corresponding period of the previous year (whereby the net profit of the shareholders of the Parent Company amounted to kPLN 5,952 and kPLN 3,984 in 2016). The gross profit of the first half of 2017 and its relation to the profit of the first half of 2016 are influenced by the financial costs which rose on a year-to-year basis by kPLN 2.274, of which kPLN 1.039 is attributable to the rise in the costs of fees due to the servicing of instalment sales paid to Orange Polska S.A. In the total amount of kPLN 4.026 of financial costs of the first half of 2017, the costs of the above-mentioned fees constituted kPLN 1.975 (in the corresponding period of 2016: financial costs of kPLN 1,751 and fees of kPLN 936).

4. Description of factors and events, in particular extraordinary ones, having a significant influence on the financial results achieved;

There were no extraordinary factors that would have a significant influence on the financial performance in 2017.

5. Statement of the Management Board concerning the possibility of achieving the earlier published forecasts of results for the given year in the light of results presented in the half-yearly statements (as compared to the forecasts);

On 18/05/2017, the Management Board published the forecast of the 2017 results, containing the following forecast values (ongoing report No. 16/2017):

1. Consolidated operating profit of the Group – in the amount of PLN 27.3 million,
2. Consolidated EBTIDA profit of the Group – in the amount of PLN 34.9 million,
3. Consolidated net profit attributable to the issuer's shareholders – in the amount of PLN 15.8 million.

The issuer monitors the possibilities ensuring the forecast performance as planned on an ongoing basis, analysing the activation volumes, the sale network size and the commission systems (in the Retail Sale Network Management segment) as well as the contracts executed and the extent of performance of infrastructure extension plans, the service provision possibilities and the cost optimisation (in the Sale Support, E-business and Document Management and Client Support segments).

In the light of results presented in these half-yearly statements and the data available as at the statements publication date, the Management Board of the Issuer fully confirms the forecast published.

6. Indication of shareholders holding, directly or indirectly through subsidiary entities, at least 5% of total votes at the general meeting of shareholders of the issuer as at the date of publication of the mid-year statements, indication of the number of shares held, their percentage of share capital, number of votes resulting and percentage of total votes at the general meeting of shareholders and indication of changes in the structure of significant blocks of shares in the issuer in the period from the publication of the previous quarterly statements;

As at the date of presentation of the report for the first half of 2017, the share capital of the Company amounted to PLN 1,377,707.80 (in 2016: PLN 1.377.707,80) and is divided into:

- 1,381,312 registered series A preferential shares, the preference entitling to two votes from one share;
- 3,729,535 ordinary bearer shares - issued as series A and B shares;
- 1,777,692 ordinary series C bearer shares.

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.

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at the date of the publication of the statements for the first half of 2017.

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Shareholder	Total shares	Total votes	% of share capital	% of votes
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 a subsidiary:	1,280,206	1,439,814	18.58%	17.41%
- Silquern S.a r.l.	1,280,206	1,439,814	18.58%	17.41%
Quercus Parasolowy SFIO and Quercus Absolute Return FIZ	811,013	811,013	11.77%	9.81%
Others	2,382,622	2,382,622	34.59%	28.81%
Total	6,888,539	8,269,851	100.00%	100.00%

Shareholders holding at least 5% of votes at the General Meeting of Shareholders as at the date of the publication of the statements for the first quarter of 2017.

Shareholder	Total shares	Total votes	% of share capital	% of votes
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 a subsidiary:	1,280,206	1,439,814	18.58%	17.41%
- Silquern S.a r.l.	1,280,206	1,439,814	18.58%	17.41%
Quercus Parasolowy SFIO and Quercus Absolute Return FIZ	811,013	811,013	11.77%	9.81%
Others	2,382,622	2,382,622	34.59%	28.81%
Total	6,888,539	8,269,851	100.00%	100.00%

7. List of issuer's shares and entitlements thereto held by persons managing or supervising the issuer upon the date of the publication of the half-yearly statements, indication of changes thereto in the period from the publication of the previous quarterly report, separately for each such person;

List of shares held by persons managing or supervising the issuer as at the date of publication of this report for the first half of 2017.

	Total shares	Total votes	% of share capital	% of votes
Members of the Supervisory Board				
Piotr Cholewa, indirectly via Silquern S.a r.l.	1,280,206	1,439,814	18.58%	17.41%
Michał Szramowski, directly and indirectly via MS Investments Sp. z o.o. sp. k.	251,856	251,856	3.66%	3.05%
Members of the Management Board				
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	34,500	34,500	0.50%	0.42%
Rafał Stempniewicz	94,590	94,590	1.37%	1.14%
Robert Krasowski	7,889	7,889	0.11%	0.10%
Artur Wojtaszek	50,000	50,000	0.73%	0.60%

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List of shares held by persons managing or supervising the issuer as at the date of publication of this report for the first quarter of 2017.

	Total shares	Total votes	% of share capital	% of votes
Members of the Supervisory Board				
Piotr Cholewa , indirectly via Silquern S.a r.l.	1,280,206	1,439,814	18.58%	17.41%
Michał Szramowski, directly and indirectly via MS Investments Sp. z o.o. sp. k.	238,750	238,750	3.47%	2.89%
Members of the Management Board				
Jerzy Motz, indirectly via Precordia Capital Sp. z o.o. and Real Management S.A.	34,500	34,500	0.50%	0.42%
Rafał Stempniewicz	94,590	94,590	1.37%	1.14%
Robert Krasowski	6,574	6,574	0.10%	0.08%
Artur Wojtaszek	45,000	45,000	0.65%	0.54%

8. Indication of court, arbitration or public administration proceedings;

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

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

9. Information about the execution by the company or its subsidiary of a single or more transactions with related parties, if such transactions, taken separately or together, are material and were made on conditions other than at arm's length;

All transactions between the Group companies are at arm's length transactions.

10. Information on the grant by the issuer or its subsidiary of a loan collateral or guarantee to one entity or subsidiary of such entity (jointly) if the total value of the existing collaterals or guarantees is equivalent to at least 10 % of the issuer's equity;

Not applicable.

11. Other information, which in the issuer's opinion is important for the assessment of its personnel, economic, financial position and the financial result, as well as changes thereto; information that is important for the assessment of the issuer's obligation discharge possibilities;

The statements contain basic information which is important for the assessment of the situation of the OEX Group, whereby, for the correct interpretation of the separate and consolidated financial results obtained by the companies: TELL Sp. z o.o., Europhone Sp. z o.o. and PTI Sp. z o.o. it is necessary to

explain different ways of recognition in the books of the Companies of subsidies 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.

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:

- 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 trust 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.

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

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

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

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

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

In this case the sale is made at the original price of purchase from the Operator, but then the process is similar as the one described above, whereby it is the Company that sets off the sub-agent's loss on the

mobile phone sale transaction to a client by paying an appropriate commission (received earlier from the Operator). In consequence of such recognition, the phone sale results in relatively high revenue from the sale and high costs of sale when compared to other Group companies.

It should also be mentioned that since 2016 the ever growing share of sale has been generated by the so-called the instalment sale, i.e. a sale where the devices sold to the target client are not owned by PTI Sp. z o.o but by the operator. Therefore, for PTI Sp. z o.o. it is not its own sale but a third party's sale, which is not recognised in its balance sheet and the income statement. This situation resulted in a considerable fall in the Company's revenues in 2016 when compared to 2015, while in the first half of 2017, the revenue from the sale of phones were similar to the revenues in the first half of 2016.

Besides the separate subsidy recording and settlement methods related to subscription phones under the agreements with particular operators the Issuer does not identify any information which, in the issuer's opinion, would be material for the assessment of its personnel, economic or financial situation, the financial result or the possibility to discharge its obligations.

12. Indication of factors which, in the issuer's opinion, will have an influence on its results within the perspective of at least next half of the year;

The main external factors that are significant for the development of the Group will concern the situation on the sector-specific market, where the subsidiaries operate, with particular attention put to the FMCG segment, e-commerce and mobile telephony as well as the public sector. They shall comprise, in particular:

- a) uninterrupted performance of existing contracts in the Sale Support, E-Business and Document Management and Client Support segments as well as the acquisition of new contracts as per internal plans;
- b) performance of agreements with the mobile phone operators, taking into account:
 - a. seasonality;
 - b. promotional actions planned by the mobile phone operators;
 - c. performance level of sale plans imposed on the Group companies by operators.

Additionally:

- a) general macroeconomic situation of Poland;
- b) situation on the labour market.

Among the internal factors, of importance will be the following:

- a) consolidation of ArchiDoc S.A. and Voice Contact Center Sp. z o.o.;
- b) optimisation of the Group's management systems, in particular the systems monitoring the pursuit of objectives, demand for external funds and cash flows as well as an efficient implementation of the cost control policies.

13. Main factors influencing the Issuer's development chances, risks and threats;

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

The business of the Sale Network Management Segment companies: TELL Sp. z o.o., Euro-Phone z o.o. and PTI Sp. z o.o. focuses on the distribution of the mobile phone service in Poland. Acting on the basis of agency agreements, the Companies cooperate with the three largest operators on the Polish market,

i.e. Orange Polska S.A., Polkomtel S.A. and T-Mobile Polska S.A. Any termination or lack of renewal of any of these agreements by the operator may significantly constitute a threat to the going concern of the above-mentioned companies of the OEX Group. The OEX Group has cooperated with the mobile network operators for years and the cooperation has been smooth so far. For that reason, in the opinion of the Management Board, the risk that the agreements with operators are terminated or not renewed is insignificant.

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

The sale of mobile phone services takes place via a few sale channels, the main one being: traditional commercial outlets (including showrooms and stands in shopping malls), sale representatives, call centres and the Internet. Considering the development of modern sale channels, it is possible that the clients will become less interested in the direct service in traditional sales outlets. This tendency may be additionally supported by a better offer addressed by operators to clients using channels other than the traditional one. Any possible change in the sale structure of the mobile phone operators related to the distribution channels and the restriction of the role of traditional outlets may influence a decrease in the revenue from the sales of the OEX Group companies which operate in the Retail Outlet Network Management segment. The take-over of Cursor S.A., Divante Sp. z o.o., Mer Service Sp. z o.o., and since 2017 also Archidoc S.A. and Voice Contact Center Sp. z o.o. will allowed the Group to mitigate the risks of the above-mentioned tendencies by ensuring both, the possibility to offer to the existing customers and to the new counterparties, comprehensive solutions concerning sales outsourcing based on both the traditional and the state-of-the-art sale channels as well as the combination thereof.

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

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

Risk related to negative tendencies at the retail and wholesale markets

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

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

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

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

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

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

Risk related to the price pressure from a part of clients

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

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

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

Risk of delayed payment of amounts receivable from clients

The OEX Group companies operating in the Sale Support and the E-business segments, similarly as their competitors, are characterised by a considerable disproportion between the length of the collection cycle of the trade receivables from clients and the maturities of liabilities to suppliers and employees.

This fact creates a huge demand for working capital, in particular in the period when new projects are being launched. One cannot rule out that in case of considerable delays in the payments from large clients, there may be transitional delays in the payment by the OEX Group of its liabilities, which would have an adverse impact on the economic situation and the financial performance.

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

Subcontractor risk

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

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

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

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

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

Risk related to the destruction or loss of stored materials

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

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

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

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

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

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

Risk of higher market competition

In the Sale Network Management segment, the OEX Group companies operate for the benefit of the mobile phone operators such as: Orange Polska S.A., Polkomtel Sp. z o.o. and T-Mobile Polska S.A. The revenue from the commission on the sale of telecommunications services of Orange Polska S.A. in the first half of 2017 constituted approximately 55.5% of the Group's total revenue from commissions, while the remaining 44.5% was the revenue from the commission on the sale of services for both Polkomtel Sp. z o.o. and T-Mobile Polska S.A. The loss of competitive position of these operators to entities whose services are not distributed by the Group companies may indirectly lead to a deterioration of the financial performance of the OEX Group.

Currently, the biggest competitor of the above-mentioned operators is P4 Sp. z o.o., operator of the Play network. In accordance with the information provided by that operator, its market share in 2016 amounted to 26.3% (increase by 1.1 p.p. y/y). The development of the Play network takes place at the expense of the other operators, whose shares shrink. Since the OEX Group does not cooperate with Play, its dynamic development may have an indirectly adverse impact on the level of sales and the financial performance of the Group.

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

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

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

In the context of the market competition risk, the Document Management and Client Service Segment should be analysed separately for the following three areas:

- the area of traditional and digital archiving, digitalisation and scanning is characterised by a high degree of concentration - there are 4 players (including ArchiDoc) that count. Considering the scale of operation, technological advancement and the resulting level of costs, no significant player within the last couple of years has managed to join this group. There does not seem to be any high risk that new significant competitors may appear. It is possible, though, that there may appear or develop local firms or firms providing a limited scope of services (small archiving, specialist scanning etc.).

- the area of advanced business processes dedicated to specific branches is characterised by moderate competitiveness. The OEX Group companies of this segment complete mainly with internal departments or shared service centres of large corporations. Additionally, the level of prices on the

Polish market does not encourage international forms that specialise in BPO (Business Process Outsourcing), providing services to global companies, to try and sell such services to Polish entities. More competition is visible in the area of simple processes such as contact center or office management. For this reason, the Group companies (ArchiDoc S.A., Voice Contact Center Sp. z o.o.) build and advanced offer, combining the knowledge and the competence of both areas.

- the area of electronic document flow is the domain of IT firms mainly. The Group companies do not compete with the largest players, focusing on their own niche, i.e. the workflow systems as a supplement to other services or as a natural development of digitalisation or office management competences.

Similarly as in other segments, the tightening competition in any of the above-described areas may result in a higher price pressure from the clients and may hamper the acquisition of new contracts or maintenance of existing ones upon terms and conditions as assumed by the Management Board. This fact may have a negative impact on the future financial performance.

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

Risk of departure of key employees

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

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

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

first period after employment. The intensification of this phenomenon, especially when accompanied by other labour market tendencies (lower unemployment rate), may have a negative impact on the future financial performance of the OEX Group.

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

Risk related to improper service performance

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

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

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

Risk related to the conduction of business using IT technologies

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

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

Risk related to the necessity to ensure information confidentiality

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

Risk of claims against the OEX Group companies.

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

Risk of termination of agreements by banks or lease companies

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

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

Risk of changes in interest rates

The OEX Group has interest-bearing liabilities (bank loans and credits, factoring, leases) the amount of which as at 30/06/2017 amounted to kPLN 46.939. In view of the foregoing, the Issuer's Group is exposed to the risk of changes in interest rates as any rise in such rates will increase the costs of financing and, consequently, lower the profitability.

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Risk of negative changes in legal regulations

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

Signatures of Members of the Management Board of OEX S.A.

Date	Name and Surname	Function	Signature
11 September 2017.	Jerzy Motz	President of the Management Board	
11 September 2017.	Rafał Stempniewicz	Management Board Member	
11 September 2017.	Robert Krasowski	Management Board Member	
11 September 2017.	Artur Wojtaszek	Management Board Member	
11 September 2017.	Tomasz Kwiecień	Management Board Member	