

WORK SERVICE Capital Group

INTERIM ABRIDGED SEMI-ANNUAL REPORT

for the first half of 2016

Prepared in accordance with International Financial Reporting Standards
in the form approved by the European Union

Wroclaw, 31 August 2016

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SELECTED CONSOLIDATED FINANCIAL DATA

SPECIFICATION	01.01.-30.06.2016	01.01.-30.06.2015	01.01.-30.06.2016	01.01.-30.06.2015
Work Service Capital Group	in thousands PLN	in thousands PLN	in thousands EUR	in thousands EUR
Revenues from sales	1 203 169	977 115	274 664	236 353
EBITDA (operating profit + depreciation)	40 081	38 505	9 150	9 314
Profit from the sale	31 993	28 552	7 304	6 907
Profit on operating activities (EBIT)	32 173	32 890	7 345	7 956
Gross profit (loss)	17 602	20 466	4 018	4 951
Net profit (loss)	8 012	13 210	1 829	3 195
Net cash flows from operating activities	38 191	28 277	8 718	6 840
Net cash flows from investing activities	-17 174	-135 390	-3 921	-32 749
Net cash flows from financing activities	-27 668	90 992	-6 316	22 010
Total net cash flow	-6 651	-16 121	-1 518	-3 899
Number of ordinary shares of the Company for the purposes of calculating earnings per share in pieces	65 094 823	65 039 507	65 094 823	65 039 507
Earnings per share	0.05	0.15	0.01	0.04
Number of shares diluted for the purpose of calculating diluted earnings per share in pieces	65 914 429	65 745 607	65 914 429	65 745 607
Diluted earnings per share	0.05	0.15	0.01	0.04
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Assets	1 124 091	1 120 510	254 003	262 938
Liabilities and liability reserves	780 039	791 352	176 260	185 698
Long-term liabilities	257 713	291 504	58 234	68 404
Short-term liabilities	522 326	499 849	118 026	117 294
Equity (Fund)	344 052	329 158	77 743	77 240
Share capital (Fund)	6 509	6 509	1 471	1 528
Supplementary capital (Fund)	341 944	312 423	77 267	73 313

SELECTED SEPARATE FINANCIAL DATA

SPECIFICATION	01.01.2016-30.06.2016	01.01.2015-30.06.2015	01.01.2016-30.06.2016	01.01.2015-30.06.2015
Work Service SA	in thousands PLN	in thousands PLN	in thousands EUR	in thousands EUR
Revenues from sales	273 958	216 576	62 540	52 387
EBITDA (operating profit + depreciation)	20	-400	5	-97
Profit from the sale	-3 979	-3 087	-908	-747
Profit on operating activities (EBIT)	-2 655	-2 122	-606	-513
Gross profit (loss)	8 774	-1 021	2 003	-247
Net profit (loss)	7 845	-1 748	1 791	-423
Net cash flows from operating activities	35 904	-9 919	8 196	-2 399
Net cash flows from investing activities	-88 416	-102 673	-20 184	-24 835
Net cash flows from financing activities	51 746	112 693	11 813	27 259
Total net cash flow	-766	102	-175	25
	30.06.2016	31.12.2015	30.06.2016	31.12.2015
Assets	843 981	744 529	190 709	174 711
Liabilities and liability reserves	542 709	452 161	122 632	106 104
Long-term liabilities	177 015	207 637	39 999	48 724
Short-term liabilities	361 902	241 318	81 777	56 627
Equity (Fund)	301 272	292 368	68 076	68 607
Share capital (Fund)	6 509	6 509	1 471	1 528
Supplementary capital (Fund)	286 918	270 989	64 833	63 590

CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of financial position of the Capital Group as at 30 June 2016

ASSETS	as on 30.06.2016	as on 31.12.2015
FIXED ASSETS	587 563 898.77	588 600 196.16
Intangible assets	60 753 385.04	64 595 513.82
Goodwill	471 138 827.37	466 898 696.63
Tangible fixed assets	33 635 442.19	32 989 464.85
Investment real estates	1 641 949.01	1 606 674.99
Other financial assets	25 000.00	25 000.00
Other long-term assets	4 349 222.51	4 604 944.37
Other long-term financial assets	2 803 058.44	3 329 889.83
Deferred income tax assets	12 055 538.65	11 793 859.41
Accruals	1 161 475.56	2 756 152.26
CURRENT ASSETS	536 527 479.95	531 910 253.19
Inventory	20 538 664.54	17 243 487.17
Trade and other receivables	392 045 014.10	407 958 635.67
Other financial assets	29 253 688.01	16 046 061.93
Other short-term assets	11 652 652.27	8 932 013.95
Cash and cash equivalents	51 253 229.77	57 904 049.27
Prepayments	31 784 231.26	23 826 005.20
TOTAL ASSETS	1 124 091 378.72	1 120 510 449.35
LIABILITIES		
EQUITY	344 052 226.21	329 157 999.52
Share capital	6 509 482.30	6 509 482.30
Supplementary capital (Fund)	341 944 374.58	312 423 026.32
Capital from option valuation	-35 131 379.85	-35 131 379.85
Net profit (loss)	3 052 588.02	27 616 454.29
Foreign exchange differences	-15 567 077.49	-25 785 799.10
Equity attributable to non-controlling shareholders	43 244 238.65	43 526 215.56
LIABILITIES	780 039 152.51	791 352 449.83
Long-term liabilities	257 712 880.12	291 503 758.62
Long-term loans and credits	136 555 962.36	147 725 148.61
Deferred income tax liabilities	2 372 097.97	3 296 062.62
Liabilities for pension benefits	0.00	0.00
Provisions for other liabilities and charges	2 513 909.70	1 475 360.17
other liabilities	116 270 910.09	139 007 187.22
Short-term liabilities	522 326 272.39	499 848 691.21
Trade and other liabilities	419 916 357.85	387 300 396.36
Short-term loans and credits	72 534 903.42	84 030 550.96
Provisions for other liabilities and charges	29 875 011.12	28 517 743.89
TOTAL LIABILITIES	1 124 091 378.72	1 120 510 449.35

**Consolidated Statement of comprehensive income of the Capital Group
for the period of 6 months ended 30 June 2016**

	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Revenues	1 203 168 761.80	977 115 088.92
Net revenues from sales of products	1 203 155 840.52	977 115 088.92
Net income on sale of goods and materials	12 921.28	0.00
Cost of sales	1 074 127 370.19	878 344 316.54
Manufacturing cost of products sold	1 074 127 370.19	878 344 316.54
Value of sold goods and materials	0.00	0.00
Gross profit (loss) on sales	129 041 391.61	98 770 772.38
Cost of sales	23 252 203.65	22 705 000.97
General and administrative expenses	73 795 697.29	47 513 296.87
Profit (loss) on sales	31 993 490.67	28 552 474.54
Other operating incomes	10 803 198.49	12 259 775.13
Other operating costs	10 623 874.86	7 921 959.16
Profit (loss) on operating activities	32 172 814.30	32 890 290.51
Financial incomes	1 583 292.31	1 888 695.00
Financial costs	16 154 087.20	14 312 842.70
Profit	17 602 019.41	20 466 142.81
Result on extraordinary events	0.00	0.00
Gross profit (loss)	17 602 019.41	20 466 142.81
Income tax	9 589 887.08	7 256 181.14
Net profit (loss)	8 012 132.33	13 209 961.67
Valuation of shares using the equity method		
Minority profit (loss)	4 959 544.31	3 209 711.36
Equity attributable to shareholders of parent company	3 052 588.02	10 000 250.31
Net profit	8 012 132.33	13 209 961.67
Exchange differences on conversion of foreign entities	10 218 721.61	14 846 038.25
Total revenue for the period	18 230 853.94	28 055 999.92
- Including attributable to minority capital	11 284 976.86	6 816 951.02
- including attributable to shareholders of parent company	6 945 877.08	21 239 048.91
Net profit	8 012 132.33	13 209 961.67
Other comprehensive income		
Items not to be reclassified to the income statement in future periods:		
- none		
Items that may be reclassified to the income statement in future periods:		
- Foreign exchange differences from translation of foreign operation	10 218 721.61	14 846 038.25
Other comprehensive income in total	10 218 721.61	14 846 038.25

Comprehensive income for the period		
- of which attributable to minority interest in equity	11 284 976.86	6 816 951.02
- of which attributable to shareholders of the parent entity	6 945 877.08	21 239 048.91

Profit per share from continuing and discontinued operations attributable to shareholders of the parent entity during the year (in PLN)

From continuing operations:		
- basic	0.05	0.15
- diluted	0.05	0.15
From discontinued operations:		
- basic	0.00	0.00
- diluted	0.00	0.00

**Consolidated Statement of cash flows of the Capital Group
for the period of 6 months ended 30 June 2016**

	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Net profit (loss)	3 052 588.02	10 000 250.31
Total adjustment	35 138 013.32	18 276 947.23
Depreciation	7 907 745.59	5 615 166.82
(Profit) loss on foreign exchange differences	0.00	0.00
Interest and participation in profits (dividends)	9 864 600.95	6 643 316.83
(Profit) loss on investing activities	-319 032.69	31 307.86
Change in reserves	3 548 918.69	11 289.29
Change in inventory	-3 295 177.37	-2 422 911.84
Change of receivables with the exception of receivables from income tax	8 842 128.07	-12 784 775.58
Change in short-term liabilities excluding credits and loans and income tax from legal persons	4 042 251.53	28 969 288.43
Change in accruals	-7 036 312.09	-7 265 459.42
Other adjustments	6 446 521.94	-4 025 623.18
Income tax on profit before tax	9 589 887.08	7 256 181.14
Income tax paid	-4 453 518.38	-3 750 833.12
Net cash flows from operating activities	38 190 601.34	28 277 197.54
Cash flow on investment activity		
Incomes	753 122.36	10 741 136.23
Disposal of intangible and tangible fixed assets	107 080.34	1 957 175.24
Sale of investment property and intangible assets	0.00	0.00
From financial assets, including:	646 042.02	375 879.19
a) in related entities	0.00	0.00
Interest	0.00	0.00
b) in other entities	646 042.02	375 879.19
Interest	646 042.02	379 741.39
acquisition of financial assets	0.00	-3 862.20
Other investment income	0.00	8 408 081.80
Expenditures	17 926 975.58	146 131 073.85
Purchase of intangible and tangible fixed assets	4 544 846.29	13 194 529.16
Investments in real estate and intangible assets	0.00	0.00
For financial assets, including:	6 312 195.20	129 705 130.39
a) in related entities	6 312 195.20	129 705 130.39
acquisition of financial assets	6 312 195.20	129 705 130.39
b) in other entities	0.00	0.00
acquisition of financial assets	0.00	0.00
Other investment expenses	7 069 934.08	3 231 414.29
Cash flow on investment activity	-17 173 853.22	-135 389 937.62

Cash flow on financial activity		
Incomes	7 200 000.00	102 416 161.61
Credits and loans	0.00	82 416 161.61
Issuance of debt securities	0.00	20 000 000.00
Net income from issuance of shares	0.00	0.00
Other financial income	7 200 000.00	0.00
Expenditures	34 867 567.63	11 424 161.18
Dividends and other expenses for owners	0.00	0.00
Other than payments for owners, expenses related to profit distribution	0.00	0.00
Credits and loans repayments	22 664 833.79	0.00
Redemption of debt securities	0.00	0.00
Due to other financial liabilities	0.00	0.00
Payment of liabilities on account of financial leasing contracts	1 484 810.35	1 367 479.55
Interest	10 510 643.01	7 023 058.23
Other financial expenses	207 280.48	3 033 623.40
Net cash flows from financing activities	-27 667 567.63	90 992 000.43
Total net cash flow	-6 650 819.50	-16 120 739.65
Balance sheet change in cash and cash equivalents, including:	-6 650 819.50	-16 120 739.65
change of cash resources due to exchange rate differences	0.00	0.00
Cash resources at the beginning of period	57 904 049.27	72 487 832.17
Cash and cash equivalents at end of period	51 253 229.77	56 367 092.52

Position 'other adjustments' includes		
change of differences from conversion	10 218 721.61	14 846 038.25
changes in shares attributable to non-controlling shareholders	529 394.21	1 041 635.90
changes in the position "other assets"	-1 164 916.46	0.00
other changes in equity	44 580.72	-92 444.55
Managers programme	1 058 872.60	539 002.62
an increase in goodwill as a result of valuation	-4 240 130.74	-9 953 534.29
The declared dividend	0.00	-10 406 321.12
	6 446 521.94	-4 025 623.18

Consolidated statement of changes in equity of Capital Group

01.01.2016-30.06.2016	Share capital	Other capital/supplementary capital	Capital from option valuation	Other capital/exchange rate differences on conversion of subsidiaries	Net result	Equity attributable to shareholders of parent company	Equity attributable to non-controlling shareholders	Equity with a capital of minority shareholders
As on 31 December 2016	6 509 482.30	312 423 026.32	-35 131 379.85	-25 785 799.10	27 616 454.29	285 631 783.96	43 526 215.57	329 157 999.52
The capital increase	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit (loss) for the financial year	0.00	0.00	0.00	0.00	3 052 588.02	3 052 588.02	0.00	3 052 588.02
Exchange differences on conversion of financial statements of foreign entities	0.00	0.00	0.00	10 218 721.61	0.00	10 218 721.61	0.00	10 218 721.61
Distribution of profit for 2015	0.00	27 616 454.29	0.00	0.00	-27 616 454.29	0.00	0.00	0.00
Purchasing shares from minorities	0.00	811 371.12	0.00	0.00	0.00	811 371.12	-1 063 871.12	-252 500.00
Managers programme	0.00	1 058 872.60	0.00	0.00	0.00	1 058 872.60	0.00	1 058 872.60
Minorities result	0.00	0.00	0.00	0.00	0.00	0.00	4 959 544.31	4 959 544.31
Other	0.00	34 650.25	0.00	0.00	0.00	34 650.25	0.00	34 650.25
Payment of dividend	0.00	0.00		0.00	0.00	0.00	-4 177 650.10	-4 177 650.10
As on 30 June 2016	6 509 482.30	341 944 374.58	-35 131 379.85	-15 567 077.49	3 052 588.02	300 807 987.55	43 244 238.65	344 052 226.21

Consolidated statement of changes in equity (comparative data)

01.01.2015-31.12.2015	Share capital	Other capital/supplementary capital	Capital from option valuation	Other capital/exchange rate differences on conversion of subsidiaries	Net result	Equity attributable to shareholders of parent company	Equity attributable to non-controlling shareholders	Equity with a capital of minority shareholders
As on 31 December 2014	6 503 950.70	299 511 274.16	0.00	-35 192 635.42	36 248 167.42	307 070 756.86	35 708 619.65	342 779 376.51
The capital increase	5 531.60	0.00	0.00	0.00	0.00	5 531.60	0.00	5 531.60
Net profit (loss) for the financial year	0.00	0.00	0.00	0.00	27 616 454.29	27 616 454.29	0.00	27 616 454.29
Exchange differences on conversion of financial statements of foreign entities	0.00	0.00	0.00	9 406 836.32	0.00	9 406 836.32	0.00	9 406 836.32
Distribution of profit for 2014, including:	0.00	36 248 167.42	0.00	0.00	-36 248 167.42	0.00	0.00	0.00
- Transfer to reserve capital	0.00	25 841 846.30	0.00	0.00	0.00	25 841 846.30	0.00	25 841 846.30
- Payment of dividends	0.00	10 406 321.12	0.00	0.00	0.00	10 406 321.12	-2 134 467.98	8 271 853.14
Purchasing shares from minorities	0.00	-14 708 798.43	0.00	0.00	0.00	-14 708 798.43	-3 912 478.22	-18 621 276.66
Managers programme	0.00	1 078 005.25	0.00	0.00	0.00	1 078 005.25	0.00	1 078 005.25
Minorities result	0.00	0.00	0.00	0.00	0.00	0.00	13 809 768.89	13 809 768.89
Other	0.00	700 699.04	0.00	0.00	0.00	700 699.04	54 773.23	755 472.27
Capital from option valuation	0.00	0.00	-35 131 379.85	0.00	0.00	-35 131 379.85	0.00	-35 131 379.85
As on 31 December 2015	6 509 482.30	312 423 026.32	-35 131 379.85	-25 785 799.10	27 616 454.29	285 631 783.95	43 526 215.57	329 157 999.52

01.01.2015-30.06.2015	Share capital	Other capital/supplementary capital	Other capital/exchange rate differences on conversion of subsidiaries	Net result	Equity attributable to shareholders of parent company	Equity attributable to non-controlling shareholders	Equity with a capital of minority shareholders
As on 31 December 2014	6,503,950.70	299,511,274.16	-35,192,635.41	36,248,167.42	307,070,756.86	35,708,619.65	342,779,376.51
The capital increase*	5,531.60	0.00	0.00	0.00	5,531.60	0.00	5,531.60
Net profit (loss) for the financial year	0.00	0.00	0.00	10,000,250.31	10,000,250.31	0.00	10,000,250.31
Payment of dividends	0.00	0.00	0.00	0.00	0.00		0.00
Exchange differences on conversion of financial statements of foreign entities	0.00	0.00	14,846,038.25	0.00	14,846,038.25	0.00	14,846,038.25
Equity option	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Distribution of profit for 2014, including:	0.00	36,248,167.42	0.00	-36,248,167.42	0.00	0.00	0.00
- Transfer to reserve capital	0.00	25,841,846.30	0.00	0.00	25,841,846.30	0.00	25,841,846.30
- Payment of dividends	0.00	10,406,321.12	0.00	0.00	10,406,321.12	-2,134,467.98	8,271,853.14
Purchasing shares from minorities	0.00	-14,246,267.76	0.00	0.00	-14,246,267.76	-4,274,651.50	-18,520,919.26
Managers programme	0.00	539,002.62	0.00	0.00	539,002.62	0.00	539,002.62
Minorities result	0.00	0.00	0.00	0.00	0.00	3,209,711.36	3,209,711.36
Other	0.00	160,093.87	0.00	0.00	160,093.87	54,773.23	214,867.10
As on 30 June 2015	6,503,950.70	311,805,949.19	-20,346,597.16	10,000,250.31	307,963,553.04	32,563,984.76	340,527,537.80

* Increase has not been registered by 30.06.2015.

**ADDITIONAL NOTES
TO THE CONDENSED REPORT
OF THE CAPITAL GROUP FOR THE FIRST HALF OF 2016**

1. Information on the Work Service Capital Group

1.1. The Parent Company

The Parent Company of the Capital Group Work Service is a company Work Service S.A. Parent Company's registered office is located in Wrocław, at Gwiaździsta str. no. 66 The company was established by notarial deed dated 12 December 2000 prepared in a Notary Office in Oleśnica (Files no. A No. 7712/2000). The company is registered in the National Court Register, in Register of Entrepreneurs kept by the District Court for Wrocław - Fabryczna in Wrocław, 6th Commercial Division of the National Court Register under the number KRS 0000083941. The Company was entered into the register of Entrepreneurs of National Court Register on 28 January 2002. Work Service S.A is the successor of Work Service Sp. z o.o.

The core business of the Company according to the Polish Classification of Activities (PKD 7820Z) are activities related to recruitment and provision of personnel.

Work Service SA is an employment agency specialising in employment services, in modern human resource solutions, providing services in the area of recruitment, the provision of skilled workers to clients, consulting and human resource management.

Company name, address and communication numbers:

Company name	Work Service S.A.
Legal form	Joint stock company
address	53-413 Wrocław, Gwiaździsta str. Gwiaździsta 66
Phone	+48 (071) 37 10 900
Fax	+48 (071) 37 10 938
E-mail	work@workservice.pl
Website	www.workservice.pl

Work Service SA operates under Polish law. The basis of the Company's operations are: Commercial Companies Code and the regulations of the General Meeting, the Supervisory Board and Management Board.

1.2. Basic information on the Work Service Capital Group

Introduction to the consolidated financial statements for the first half of 2016 have been prepared on the basis of separate financial statements of the Capital Group and compiled in a way that the Group constituted a single entity.

The basis for preparation of the consolidated report is the report of parent company, prepared in accordance with International Financial Accounting Standards that have been approved by the European Union and restated financial statements of subsidiaries. The consolidated financial statements has been adjusted by the amounts of mutual revenues, expenses, unrealised margins and balances arising from transactions between Group companies. Individual financial statements, constituting the basis for preparation of the consolidated financial statements, have been prepared on assumption of continuation of activities of entities within the Capital Group in the foreseeable future, and the belief that there are no circumstances indicating a threat to the continuation of activities.

The core business of the companies comprising the Capital Group is:

- Temporary work – offering work for temporary employees,
- merchandising and promotions - professional service of the sales process,
- recruitment of employees, personal counselling,
- personnel and payroll services,
- outsourcing.

As of 30 June 2016 the Management Board of Work Service SA was composed of:

- Maciej Witucki - President
- Adam Pawłowicz - Vice President
- Piotr Gajek - Vice President
- Robert Knights - Vice President
- Paul Andrew Christodoulou - Vice President
- Tomasz Ślęzak - Vice President
- Iwona Szmitkowska - Vice President

On 13 April 2016 the Management Board of Work Service SA was notified on the resignation of Mr. Hubert Rozpędek from the position of the Vice-President of the Management Board of Work Service S.A. with effect on 30 April 2016. Mr. Hubert Rozpędek indicated that the resignation was caused by personal reasons.

On 13 April 2016 the Management Board of Work Service SA was notified on the resignation of Mr. Dariusz Rochman from the position of the Vice-President of the Management Board of Work Service S.A. with effect on 17 April 2016. Mr. Dariusz Rochman did not indicate reasons of the resignation.

On 13th April the Supervisory Board of the Issuer, acting pursuant to §17(2) of the Company's Articles of Association and §14(2)(b) of the Bye-laws of the Supervisory Board, appointed Mr. Piotr Gajek to perform the duties of Vice-President of the Management Board of Work Service S.A. as of 1 May 2016.

On 13th April 2016 the Supervisory Board of the Issuer, acting pursuant to §17(2) of the Company's Articles of Association and § 14(2)(b) of the Bye-laws of the Supervisory Board, appointed Mr. Adam Pawłowicz to perform the duties of Vice-President of the Management Board of Work Service S.A. as of 18 April 2016.

Supervisory Board of Work Service S.A. as at 30 June 2016:

- Panagiotis Sofianos – Chairman of Supervisory Board
- Tomasz Misiak – Vice-Chairman of the Supervisory Board
- Krzysztof Kaczmarczyk – Member of the Supervisory Board
- Everett Kamin – Member of the Supervisory Board
- Pierre Mellinger – Member of the Supervisory Board
- Piotr Kamiński – Member of the Supervisory Board
- Robert Ługowski – Member of the Supervisory Board
- Tomasz Hanczarek – Member of the Supervisory Board
- Geza Szephalmi – Member of the Supervisory Board

The Supervisory Board of Work Service SA in the co-option mode appointed Mr Tomasz Hanczarek as the Member of Supervisory Board. The Resolution shall come into force on 10 January 2016.

On 18th May 2016 the Extraordinary General Meeting of the Issuer, acting pursuant to §12(2) of the Company's Articles of Association, approved the appointment of the member of the Supervisory Board Tomasz Hanczarek made by the Supervisory Board.

On 13th May 2016 the Management Board of Work Service SA received a letter dated on 20 April 2016 containing the resignation of Mr Piotr Żabski from the position of the Member of the Supervisory Board of Work Service S.A. with effect on 17 May 2016. Mr Piotr Żabski did not indicate reasons of the resignation.

On 18th May 2016 the Management Board of Work Service SA received a letter dated on 18 May 2016 containing the resignation of Mr Wiesław Skrobowski from the position of the Member of the Supervisory Board of Work Service SA with effect on 18 May 2016. Mr Wiesław Skrobowski did not indicate reasons of the resignation.

On 18th May 2016 the Extraordinary General Meeting of the Issuer, acting pursuant to §12(5) of the Company's Articles of Association, appointed Mr Krzysztof Kaczmarczyk to perform the duties of Member of the Supervisory Board of Work Service S.A. as of 18 May 2016.

On 18th May 2016 the Extraordinary General Meeting of the Issuer, acting pursuant to §12(5) of the Company's Articles of Association, appointed Mr Robert Ługowski to perform the duties of Member of the Supervisory Board of Work Service SA as of 18 May 2016.

As on 30 June 2016 the Work Service Capital Group comprised of the following economic entities:

Companies with share capital of Work Service SA - direct					
Name of the Company	Registered office	Date of acquisition of control	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Finance Care Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.12.2005	100.00%	100.00%	Full
Industry Personnel Services Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.11.2003	100.00%	100.00%	Full
Exact Systems SA	42-200 Częstochowa, ul.Focha 53	24.09.2007	76.00%	76.00%	Full
People Care Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	30.04.2007	100.00%	100.00%	Full
Work Service International Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	06.07.2006	100.00%	100.00%	Full
Proservice Worldwide (Cypr) Ltd.	Nicosia, Agiou Pavlou 15, Ledra House, Agios Andreas P.C.1105	04.04.2008	100.00%	100.00%	Full
Clean Staff Sp. z o.o. (previous name: Medi Staff Sp. z o.o.)	53-413 Wrocław, ul. Gwiaździsta 66	19.02.2010	100.00%	100.00%	Full
Sellpro Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.03.2009	100.00%	100.00%	Full
Virtual Cinema Studio Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	20.12.2002	50.00%	50.00%	Not subject to consolidation
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	16.05.2011	75.00%	75.00%	Full
IT Kontrakt Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	05.04.2012	84.18%	84.18%	Full
Antal International Sp. z o.o.	02-566 Warszawa, ul. Puławska 2	30.09.2013	100.00%	100.00%	Full
Prohuman 2004 Kft.	194 Budapest, Kiss János altábornagy utca 32.	21.12.2013	75.00%	75.00%	Full
Work Express Sp. z o.o.	40-265 Katowice, ul. Murckowska 14	02.01.2014	100.00%	100.00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	76.90%	76.90%	Full
Work Service Finance Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	08.01.2015	100.00%	100.00%	Full
Work Service Czech s.r.o.	Londýnská 730/59, Vinohrady, 120 00 Praha 2	30.01.2004	100.00%	100.00%	Full

Name of the Company	Registered office	Date of acquisition of control	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Companies related by Proservice Worldwide (Cypr) Ltd.					
ZAO Work Service Russia	Moskwa, Biuro 45 Olkhovskaya ST, bld.1 105066	04.04.2008	99.00%	99.00%	Full
ProService Worldwide Limited, British Virgin Islands	British Virgin Islands, Office of Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, skr.poczt.3175, Road Town Tortola	04.04.2008	100.00%	100.00%	Full
Janveer Limited (BVI)	Quijano Chambers, P.O. Box 3159, Road Town, Tortola, BVI	01.04.2015	100.00%	100.00%	Full

Companies related by ZAO Work Service Russia					
EMG Management	191015, Petersburg, Kałużski pereułek, bud 3A	10.02.2015	100.00%	100.00%	Full
EMG Leasing	191015, Petersburg, Kałużski pereułek, bud 3	10.02.2015	100.00%	100.00%	Full
IT Kontrakt o.o.o.	4th floor, bld. 23, 38 A, 2nd Khutorskaya str., Moscow	12.02.2015	100.00%	100.00%	Full

Companies related by Work Service International Sp. z o. o.					
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	04.09.2007	53,5%	53,5%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	15.29%	15.29%	Full
ZAO Work Service Russia	Moskwa, Biuro 45 Olkhovskaya ST, bld.1 105066	20.02.2013	1.00%	1.00%	Full

Companies related by Work Service Czech s.r.o.					
Antal International s.r.o.	Anglicka 140/20, Vinohrady, 120 00 Praha 2	19.09.2014	100.00%	100.00%	Full

Name of the Company	Registered office	Date of acquisition of control	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Companies related by Exact Systems SA					
Automotive Assembly Systems Sp.z o. o.	53-413 Wrocław, ul. Gwiaździsta 66	01.03.2007	100.00%	100.00%	Full
Exact Systems Czech Republik s.r.o.	Štramberská 2976/25, Ostrava - Vitkovice, PSC 703 00	29.01.2007	100.00%	100.00%	Full
Exact Systems Slovakia s.r.o.	010 01 Zilina, Jána Kalinčiaka 22	17.10.2006	100.00%	100.00%	Full
AO Exact Systems Russia	24 Surikova Street, 125080 Moscow	21.03.2011	100.00%	100.00%	Full
Exact Systems Kalite Kontrol Ltd. Sti.	Akdeniz Mah. Vali Kazim Dirik Cad. No: 32/32 Konak Izmir	03.04.2012	99.00%	99.00%	Full
Exact Systems s.r.l. Rumunia	27 Unirii Bulevard, Building 15, sc.1, floor 7, apt.19 District 5, Bucharest Zip code 040103	24.09.2007	99.97%	99.97%	Full
Exact Systems Ltd.	Afroditis, 25 Clarion Business Centre 1060 Nicosia Cyprus	19.12.2012	100.00%	100.00%	Full
Exact Systems Ltd. (UK)	Unit 1, Cottesbrook Park, Heartlands Business Park, Daventry, NN118YL, England	15.11.2013	100.00%	100.00%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	29.01.2014	6.99%	6.99%	Full
Exact Systems Hungary LLC	Hungaria krt.140-144, 1146 Budapest	10.07.2015	100.00%	100.00%	Full
Control + Rework Service NV	Hoogstraat 69 3600 Genk Belgia	15.09.2015	100.00%	100.00%	Full
Control + Rework Service Polska Sp. z o.o.	44-100 Gliwice ul. Wiejska 52	15.09.2015	100.00%	100.00%	Full
Exact Systems Technology (Shanghai) Co.,Ltd.	331 North Caoxi Road, Office no 1750, Xuhui District, Shanghai, 200030, China	19.02.2016	100%	100%	Full

Companies related by Industry Personnel Services Sp. z o.o.					
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.05.2011	46,5%	46,5%	Full
Krajowe Centrum Pracy Sp. z o.o.	53-413 Wrocław, Gwiaździsta 66	28.03.2013	25.00%	25.00%	Full

Companies related by Work Service Slovakia s.r.o.					
Work Service Outsourcing Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.09.2011	100.00%	100.00%	Full
Work Service SK s.r.o.	831 03 Bratislava, Škultétyho 1	01.06.2016	100.00%	100.00%	Full
Antal International s.r.o.	831 03 Bratislava, Škultétyho 1	01.04.2016	100.00%	100.00%	Full

Name of the Company	Registered office	Date of acquisition of control	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Companies related by Automotive Assembly Systems Sp. z o.o.					
Exact Systems Kalite Kontrol Ltd. Sti.	Akdeniz Mah. Vali Kazim Dirik Cad. No: 32/32 Konak Izmir	03.04.2012	1.00%	1.00%	Full
Exact Systems s.r.l. Rumunia	27 Unirii Bulevard, Building 15, sc.1, floor 7, apt.19 District 5, Bucharest Zip code 040103.	24.09.2007	0.03%	0.03%	Full

Companies related by IT Kontrakt Sp. z o.o.					
IT Kontrakt Centrum Kształcenia Sp. z o.o.	53-413 Wrocław, ul. Gwiazdzista 66	05.04.2012	100.00%	100.00%	Full
Stermedia Sp. z o.o.	ul. Nowa 6 50-082 Wrocław	25.07.2012	75.40%	75.40%	Full
Work Service SPV Sp. z o.o.	53-413 Wrocław, ul. Gwiazdzista 66	29.01.2014	0.82%	0.82%	Full
IT Kontrakt AG	Pfaffikon, Churerstrasse 47, Szwajcaria	28.10.2014	100.00%	100.00%	Full
IT Service Sp. z o.o.	Warszawa, ul. Puławska nr 479, lok. 4	30.06.2015	75.00%	75.00%	Full

Companies related by Prohuman 2004 Kft					
Prohuman Outsourcing Kft.	1194 Budapest, Kiss János altábornagy utca 32.	21.12.2013	100.00%	100.00%	Full
Human Existence Kft.	3525 Miskole, Arany Janos ter.1. mfsz 18.	08.07.2014	76.00%	76.00%	Full
Enloyd Kft.	1194 Budapesr, Kiss Janos altabornagy utca 32, Hungary	16.02.2015	100.00%	100.00%	Full
HR GLOBAL d.o.o.	Ljubljana, Cesta 24. Junija 25, 1231 Ljubljana-Crnuce	03.12.2015	100.00%	100.00%	Full
HR Rent Kft	7743 Romonya, Béke utca 51	10.12.2015	100.00%	100.00%	Full
Profield 2008 Kft	2724 Újlengyel, Ady Endre utca 41	17.12.2015	100.00%	100.00%	Full

Name of the Company	Registered office	Date of acquisition of control	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Companies related by HR GLOBAL d.o.o.					
Naton kadrovsko svetovanje d.o.o.	Ljubljana, Cesta 24. Junija 25, 1231 Ljubljana-Crnuce	03.12.2015	100.00%	100.00%	Full

Companies related by Work Express Sp. z o.o.					
Outsourcing Solutions Partner Sp. z o.o.	ul. Murckowska 14, 40-265 Katowice	02.01.2014	100.00%	100.00%	Full
Clean24h Sp. z o.o.	ul. Bankowa 20, 42-320 Niegowa	02.01.2014	100.00%	100.00%	Full
LogistykaPL Sp. z o.o.	ul. Warszawska 1, 42-350 Koziegłowy	02.01.2014	100.00%	100.00%	Full
Workbus Sp. z o.o.	Batalionów Chłopskich 8, 42-425 Kroczyce	02.01.2014	100.00%	100.00%	Full

Companies related by Work Service GmbH & Co.KG					
Exact Systems GmbH Germany	02826 Gorlitz, Emmerichstr.43	12.08.2009	100.00%	100.00%	Full
IT Kontrakt GmbH	An den Treptowers 1 D-12435 Berlin	05.04.2012	100.00%	100.00%	Full
Work Service 24 GmbH	An den Treptowers 1 D-12435 Berlin	23.08.2011	100.00%	100.00%	Full
Work Service Deutschland GmbH	Mainzer Strasse 178, 67547 Worms	26.06.2014	100.00%	100.00%	Full
Work Service Outsourcing Deutschland GmbH	Domhof 8, 48268 Greven	26.06.2014	100.00%	100.00%	Full
Work Service GP GmbH	Gauermannngasse 2 1010 Wiedeń	24.03.2014	100.00%	100.00%	Full
Enloyd GmbH	Berlin, An den Treptowers 1, 12435	21.11.2014	100.00%	100.00%	Full

Companies related by Work Service SPV Sp. z o.o.					
Work Service GmbH & Co.KG	c/o CMS Hasche Sigle, Breite Str. 3, 40213 Düsseldorf	26.06.2014	51.00%	51.00%	Full

Companies related by Work Service Deutschland GmbH					
Work Service Fahrschule GmbH	Domhof 8, 48268 Greven	29.07.2015	100.00%	100.00%	Full

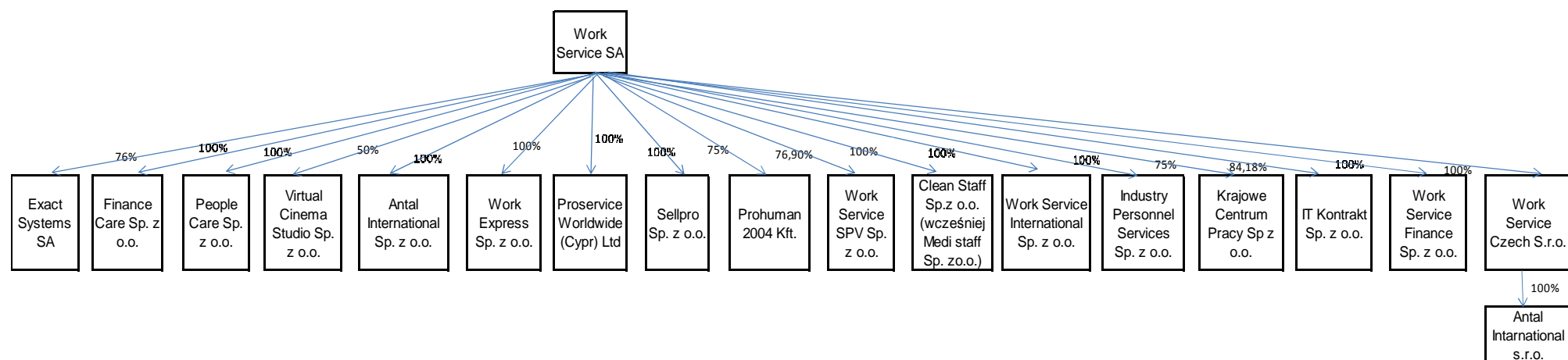
Related entities of the Parent Company are the entities included in the consolidated financial statements, i.e. all Capital Group companies except for the Company Virtual Cinema Studio sp. z o.o.

Due to the fact that the Work Service SA does not have the control over the company Virtual Cinema Studio sp. z o.o., understood in accordance with § 19 of IFRS 3, as "the ability to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities", does not consolidate it by method of acquisition. On the other hand the application of the principle of materiality referred to § 31 of IAS 1, disables this company from consolidation under the equity method as a related entity.

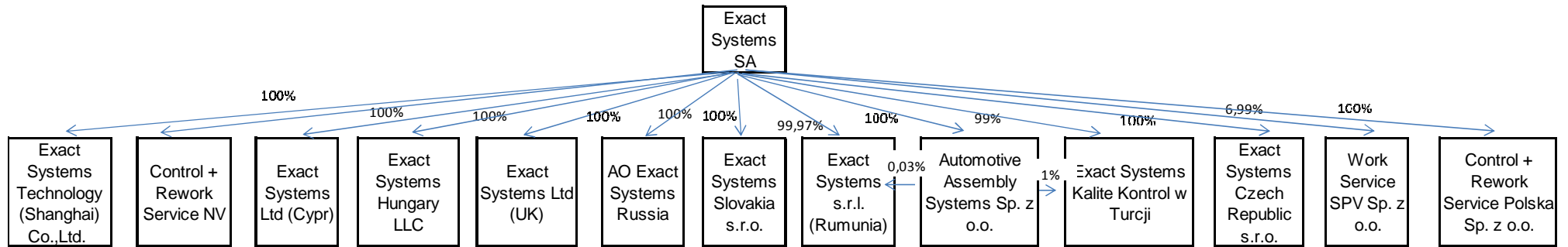
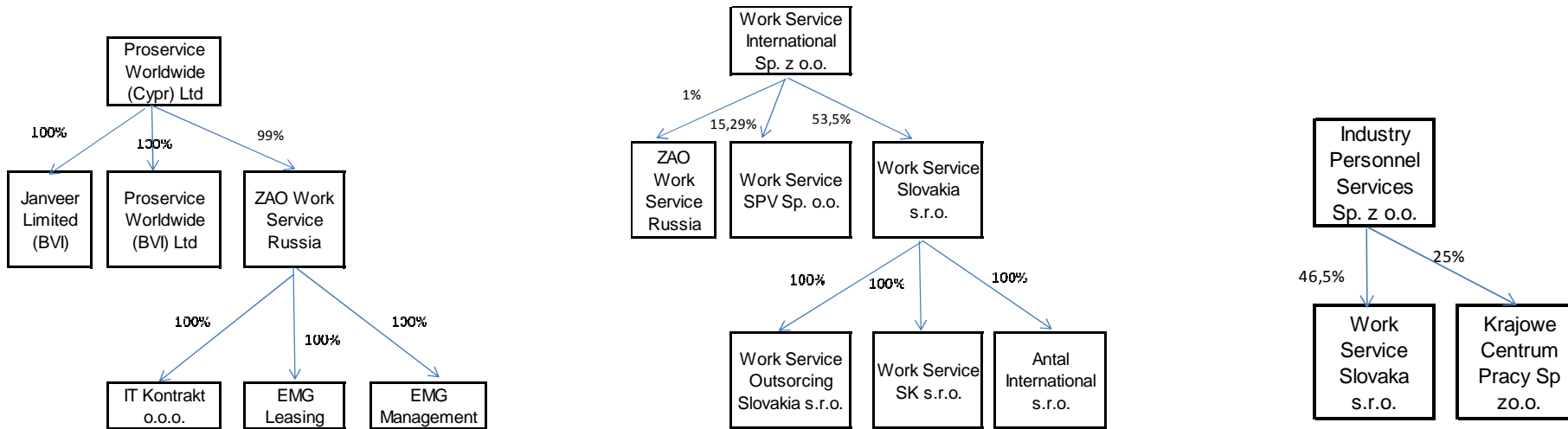
The exclusion of the above mentioned company from consolidation does not affect the economic decisions taken by users on the basis of the financial statements.

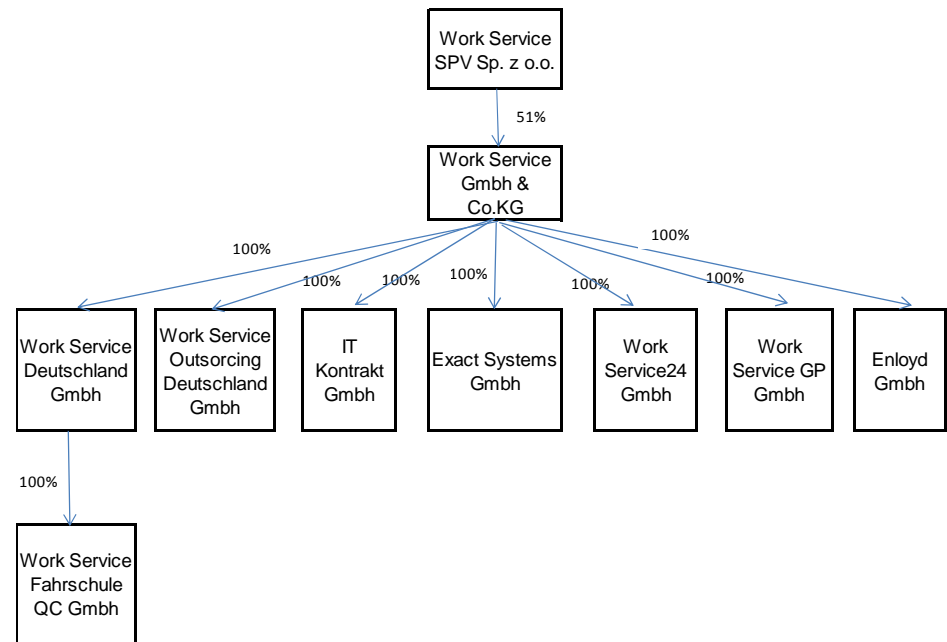
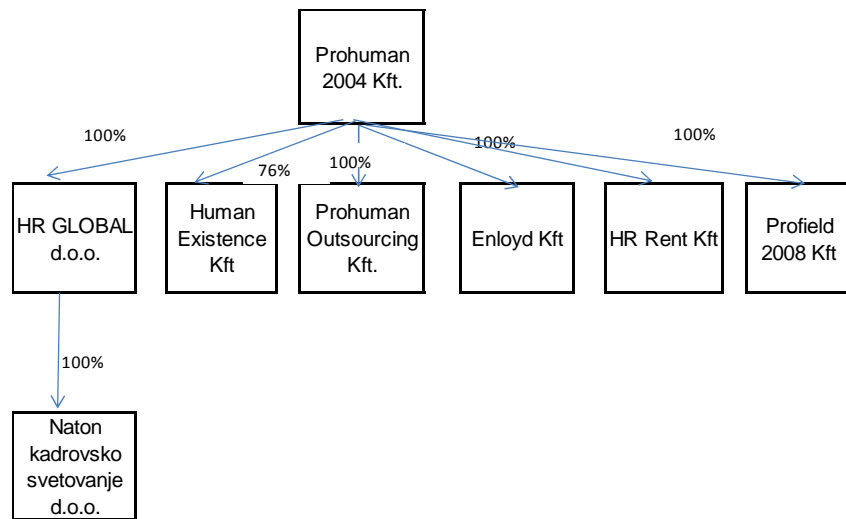
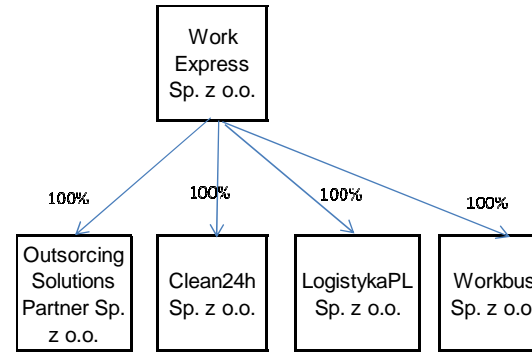
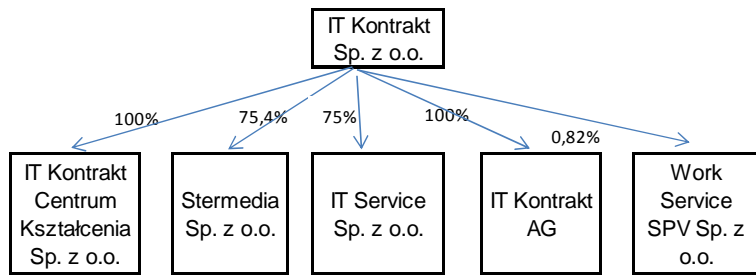
The structure of Work Service SA Capital Group as at 30.06.2016

Direct subsidiaries of Work Service SA



Indirect subsidiaries of Work Service SA





1.3. Scope of activities of companies of Work Service Capital Group

The Work Service Capital Group provides services in the field of human resource management. It specialises in seeking and recruitment of skilled workers, personal consulting, outsourcing functions related to human resources management and auxiliary processes in enterprises and offering solutions based on the use of temporary employment contracts. Capital Group operates throughout the country through regional offices and representative offices as well as abroad, at the territory of Europe and Asia. The business of Work Service Capital Group is based on the ability to integrate the needs of businesses in terms of cost optimisation and structure of employment, with available resources of the labour market, which is the amount of economically active people, with their skills and labour cost.

Work Service SA – This is the Parent Company of the Work Service Group. The company's activity is based on the provision of services: temporary employment, HR consulting, recruitment, competency assessment, outplacement, providing personnel and payroll services.

People Care Sp. z o.o. - the main business of the company are paramedical services, ranging from services to support pregnant women (such as shopping expert, customising the interior to the needs and safety of young children), through the care of newborns, infants and young children. Offered care services are performed by midwives, nannies and governesses.

Finance Care Sp. z o.o. – in cooperation with insurance companies and banks, Care Finance company provides outsourcing services for listed companies.

Industry Personnel Services Sp. z o.o. - carries out tasks related to managing the management projects of separated parts or entire production plants.

Sellpro Sp. z o.o. - merchandising and promotions - professional service of sales process, also performs services related to recruitment and provision of personnel, business consultancy and management, activities related to databases, market research.

Clean Staff Sp. z o.o. (previously Medi Staff Sp. z o.o.) - the Company's business are complex cleaning services of healthcare facilities, other functional buildings and private objects.

Work Service International Sp. z o.o. – provides services related to temporary work and recruiting workers on international markets.

Work Service Czech s.r.o. – provides services related to temporary work, outsourcing and recruitment of employees in Czech Republic.

Work Service Slovakia s.r.o. - indirect subsidiary of Work Service SA, through the company Industry Personnel Services Sp. z o o, which is the majority shareholder and Work Service International Sp. z o.o. (which holds the remaining shares in the Work Service Slovakia s.r.o). The company carries out the range of services analogous to those offered by the Parent Company in the domestic market, but in Slovakia.

Work Service Outsourcing Slovakia s.r.o. - share capital of the company amounts to EUR 5,000 and in whole is covered by Work Service Slovakia s.r.o. Its core business is, among others, HR consultancy, development and sale of research and analysis of labour markets.

Work Service24 GmbH – indirect subsidiary of Work Service SA, which 100% owner is the Work Service GmbH & Co. KG. The registered office of the company is Hoppegarten near Berlin. Its core business is employment services in the labour market (including headhunting services, conducting recruitment), hiring employees (temporary work), the development and sale of research and analysis of labour markets.

Exact Systems S.A. - the company provides specialised services in the field of control, selection and repair of components and assemblies primarily in the automotive industry, but also ICT sector.

Exact Systems s.r.l. – indirect subsidiary of Work Service SA, through the companies Exact Systems S.A. (99.97%) and Automotive Assembly Systems Sp. z o.o. (0.03%). Company dedicated for handling of the Romanian market, providing services in the field of control, selection and repair of components and assemblies primarily in the automotive industry.

Automotive Assembly Systems Sp. z o.o. - the company provides services in the field of sub-assembly, which consists of combining two / three components into one unit constituting a module or ready component, which can then be further assembled in the finished product.

Exact Systems Slovakia s.r.o. - the company dedicated for handling of the Slovak market, providing services within control, selection and repair of components and assemblies primarily in the automotive industry.

Exact Systems Czech Republic s.r.o. - the company dedicated for handling of the Czech market, provides services in the field of control, selection and repair of components and assemblies primarily in the automotive industry.

Exact Systems GmbH - company dedicated for handling of the German market, provides services in the field of control, selection and repair of components and assemblies primarily in the automotive industry.

Exact Systems Kalite Kontrol Lti Sti. - 99% of the shares in the company were acquired by the company Exact Systems SA (in 76% subsidiary of Work Service SA), and 1% of the shares were acquired by Automotive Assembly Systems Sp. z o.o. (100% subsidiary of company Exact Systems S.A., which is 76% dependent on the Parent Company), the Company is dedicated to handle the Turkish market, provides services in the field of control, selection and repair of components and assemblies primarily in the automotive industry.

AO Exact Systems based in Moscow (Russia) – indirect subsidiary of Work Service SA, 100% owner of the company is a company Exact Systems S.A. in 76% subsidiary of Work Service SA). The Company is a provider of solutions for the selection, repair, sorting parts and components and finished products for the automotive companies in the Russian Federation and Ukraine. The recipients of the services provided by the company are, in particular, suppliers and sub-suppliers to the automotive industry and car manufacturers, as well as plants of volume production profile of electronic and household appliances.

Exact Systems Technology (Shanghai) Co.,Ltd - the company dedicated for handling of the Chinese market, providing services within control, selection and repair of components and assemblies primarily in the automotive industry

Exact Systems Limited - A 100% subsidiary of Exact Systems S.A. The main business of the company is financing of Exact Systems Group companies in the form of loans concluded on market terms. Up to 30 December 2014 the scope of activity of the company also included provision of rights to use intellectual property rights

Exact Systems Ltd (UK) - 100% of the shares in the company were acquired by the company Exact Systems S.A., which in 76% is a subsidiary of the Parent Company. The company is dedicated to handling the market in the UK, providing services for the control, selection and repair of components and assemblies primarily in the automotive industry.

Proservice Worldwide (Cyprus) Limited – The statutory objects of the company covers a very wide range of economic activity possible to take within the limits of the requirements arising from the applicable provisions of law, including: commercial activities, management, consulting (including the provision of advisory services to companies belonging to the same group capital), providing support (including financial) to the companies belonging to the same group, business travel and hospitality, as well as conducting and engaging in any other activity and perform any activity deemed advisable by the Management Board for the purposes of the company and that may directly or indirectly increase the company's value or profitability of any business, property or rights of the company. The Company is currently not engaged in operating activities. The Company is currently not engaged in operating activities.

Proservice Worldwide Limited based in the British Virgin Islands – the task of the company is to handle outsourcing personnel - key customer of Proservice groups - outside the Russian Federation.

ZAO Work Service Russia - company engaged in the area of outsourcing in the Russian Federation, provides services in outsourcing of logistics, industrial merchandising and consulting services.

IT Kontrakt Sp. z o.o. - the company is a leader in outsourcing IT staff in Poland. . It provides the best IT professionals for IT projects implemented in key sectors of the economy. It offers comprehensive services in the field of outsourcing IT projects and quality testing of IT systems. The offer of IT Kontrakt covers four areas of outsourcing: outsourcing of IT staff, outsourcing quality testing of IT systems, outsourcing of IT projects, outsourcing of recruitment for IT positions.

IT Kontrakt GmbH – indirect subsidiary of Work Service SA, which is owned in 100% by IT Kontrakt Sp. z o.o. The company dedicated to handle the German market in the range analogous to company IT Kontrakt Sp. z o.o.

IT Kontrakt o.o.o. - indirect subsidiary of Work Service SA, which is owned in 100% by ZAO Work Service Russia. The company dedicated to handle the Russian market in the range analogous to company IT Kontrakt Sp. z o.o.

IT Kontrakt AG - indirect subsidiary of Work Service SA, which is owned in 100% by IT Kontrakt Sp. z o.o. The company dedicated to handle the Switzerland market in the range analogous to company IT Kontrakt Sp. z o.o.

IT Kontrakt Centrum Kształcenia Sp. z o.o. - indirect subsidiary of Work Service SA, which is owned in 100% by IT Kontrakt Sp. z o.o. Its core business is outsourcing of IT professionals for IT projects.

Stermedia Sp. z o.o. - is a company being in 75.4% subsidiary of IT Kontrakt Sp. z o.o. .The main activity of the company is to provide professional assistance in creating dedicated web and mobile applications. The company offers: dedicated applications, IT systems, mobile applications and outsourcing, IT nearshoring.

Krajowe Centrum Pracy Sp. z o.o. with registered office in Wroclaw - the purpose of establishment of the company is to conduct the business offering to customers specialised solutions in the field of both permanent and temporary recruitment of specialists also in foreign markets, outsourcing of common functions for the raw materials and power generation industry.

Antal International Sp. z o.o. – direct subsidiary of Work Service SA, which main activity is personal counselling, particularly in the areas of recruitment, selection and sourcing of employees for specific middle and senior management positions of various industries, in sales and marketing, logistics, IT / computer, production , public relations, legal, human resources, finance and accounting, and banking departments.

Work Express Sp. z o.o. - A direct subsidiary of the Parent Company, in which Work Service SA holds 100% of shares. As a temporary work agency it offers comprehensive organisation of the process of temporary workers employment. The second activity of the company are job placement services and human resource consulting. The third area of business are services of process outsourcing. Using their knowledge and experience gained during servicing companies in the TSL industry in the field of temporary work, the company has created innovative solutions for customers in the following industries: IT, consumer electronics, clothing, food, heavy industry, online stores.

Outsourcing Solutions Partner Sp. z o.o. - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Work Express Sp. z o.o (in 100% subsidiary of Work Service SA).

Clean24h Sp. z o.o. - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Work Express Sp. z o.o (in 100% subsidiary of Work Service SA).

LogistykaPL Sp. z o.o. - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Work Express Sp. z o.o (in 100% subsidiary of Work Service SA).

Workbus Sp. z o.o. - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Work Express Sp. z o.o (in 100% subsidiary of Work Service SA).

Prohuman 2004 Kft - a direct subsidiary of the Parent Company, in which the Work Service SA holds 75% stake. The company is one of the largest recruitment agencies operating on the Hungarian market. Prohuman operates on the Hungarian market of personal services since 2004. The company is a part of the Prohuman Group Capital Group, covering a total of five companies operating in different areas (comprehensive HR services, merchandising, sales promotions, marketing events, telemarketing).

Prohuman Outsourcing Kft. - Indirect subsidiaries of Work Service SA 100% owner of the company is a company Prohuman 2004 Kft (75% subsidiary of Work Service SA).

Work Service SPV Sp. z o.o. - The company in 98.18% is a subsidiary of Work Service SA (directly WSSA has a 76.89% stake, and indirectly through shares of: Exact Systems SA-5.31%, IT Kontrakt Sp. z o.o. – 0.69%, Work Service International Sp. z o.o. – 15.29%). Its establishment is related to the implementation of the provisions of the agreement with Fiege Logistik Stiftung & Co. KG with its registered office in Greven, Germany.

Enloyd Gmbh – the company conducts the activity analogous to the activity of Antal International Sp. z o.o. on the German market. The company's capital amounts to EUR 25,000 and was fully covered by the company Work Service Gmbh & Co. KG The Company was registered on 23.03.2015.

Enloyd Kft – the company conducts the activity analogous to the activity of Antal International Sp. z o.o. on the Hungarian market. The share capital of the company amounts to HUF3.000.000, and was fully covered by Prohuman 2004 Kft, which is a 75% subsidiary of Work Service SA.

Work Service Finance Sp. z o.o. - The share capital of the company amounts to PLN 500,000 and is divided into 5 thousand of shares with a nominal value of PLN 100 each. 100% of the shares in this company were acquired by Work Service SA.

Antal International s.r.o. (Czech Republic) – the company conducts the activity analogous to the activity of Antal International Sp. z o.o. on the Czech market. The share capital of the company was fully covered by Work Service Czech Republik s.r.o, which is a 100% subsidiary of Work Service SA.

Antal International s.r.o. (Slovakia) – the company conducts the activity analogous to the activity of Antal International Sp. z o.o. on the Slovakian market. The share capital of the company was fully covered by Work Service Slovakia s.r.o, which is a indirect subsidiary of Work Service SA.

IT Service Sp. Z o.o. - The company is engaged in IT projects, consulting, IT services, outsourcing of services in Poland. Founded in 2011, core capital of the company is PLN 208,000. The company is 75% subsidiary of IT Kontrakt Sp. Z o.o. (Indirect subsidiaries of Work Service SA)

EMG Leasing - the company based in Pittsburgh, 100 % subsidiary of ZAO Work Service Russia (100% subsidiary of Work Service SA). The company provides services of workers leasing in north-west Russia.

EMG Uprawlienije (EMG Management) - a company based in Pittsburgh, a 100% subsidiary of OAO Work Service Russia (100% subsidiary of Work Service). The company provides recruitment services of employees in north-west Russia.

Janveer Limited (BVI) - the company based in the British Virgin Islands, the 100% subsidiary of Proservice Worldwide Ltd (BVI) (100% subsidiary of Work service SA). The company provides services of employees outsourcing, selection of personnel, personal counselling and temporary work

Control + Rework Service Polska Sp. Z o.o. – the company operates in the outsourcing industry and specialises in quality control for the automotive industry on the Polish market

Control + Rework Service NV – the company operates in the outsourcing industry and specialises in quality control for the automotive industry on the Belgian market

Exact Systems Hungary LLC – the company dedicated to offer services on the Hungarian market, it provides services in terms of control, selection and repair of parts and components mostly in the automotive industry.

Work Service Fahrschule QC GmbH (the former name: Fortuncorona GmbH) – an indirect subsidiary of Work Service SA. Specialised training of workers in the logistics industry constitutes the main object of the company's operations. The company's operations are aimed at improving workers' qualifications by enabling them to obtain additional licences to operate machinery and devices used in the logistics industry. The company also offers category C+E driving courses to its own employees and external clients.

Human Existence Kft. - Indirect subsidiaries of Work Service SA 76% of company shares is owned by company Prohuman 2004 Kft (75% subsidiary of Work Service SA). Company is engaged in leasing of temporary workers and outsourcing. It operates in the north-eastern Hungary.

Work Service GmbH & Co. KG with the seat in Dusseldorf, Germany - a limited partnership under German law (Holding Company), in which the Work Service SPV Sp. z o.o and Fiege Logistik Stiftung & Co. KG with the seat in Greven, Germany is limited partners, and Work Service GP GmbH based in Vienna, is the general partner. The share capital of the Holding Company (fixed capital) amounts to 100,000 euros. On the date of registration of the Holding Company (i.e. as at 4 September 2014) Fiege Logistik Stiftung & Co. KG with the seat in Greven, Germany held a participating interest of 77.000 euro i.e. 77% of the capital of Holding Company, and Work Service SPV Sp. z o.o. held a share of 23,000 euros, i.e. 23% of the capital of Holding Company. The company Work Service SPV Sp. z o.o has an equity participation of 51,000 euros, i.e. 51% of capital of Holding Company and the company Fiege Logistik Stiftung & Co. KG, based in Greven, Germany has an equity participation of EUR49,000, i.e. 49% of the capital of the Holding Company. Work Service GP GmbH, based in Vienna, which is the general partner of Holding Company, has no equity participation in it. The purpose of the Holding Company is the management of shares in other companies.

Work Service Deutschland GmbH- Indirect subsidiaries of Work Service SA The company is involved in intermediation on the labour market, hiring employees (temporary work), mainly in the logistics industry. The company combines the logistics know-how with the knowledge of human resources and implements intelligent staffing solutions for the trade and logistics industry. The company operates in the German market.

Work Service Outsourcing Deutschland GmbH – Indirect subsidiaries of Work Service SA The company offers services related to the outsourcing of processes, with special adjustment for logistics. The company operates in the German market. The uniqueness of the company is based on training and providing staff development according to customer needs. These trainings are held in more than 100 locations of the company or in cooperation with its partners in Germany.

Work Service GP GmbH – a company established and operating under the laws of Austria. The company is the general partner of Work Service GmbH & Co. KG.

HR-Rent Kft. - This company provides temporary employment in Hungary Baranya country and abroad (Austria, Germany).

Profield 2008 Penzugyi Tanacsado Kft. - is engaged in the provision of full-scope intermediary services of various financial products, i.e. financial outsourcing services.

HR Global ltd - a holding company for the subsidiaries.

Naton kadrovsko svetovanje d.o.o.- the oldest HR agency in Slovenia. It holds second to third place according to size and number of agency workers in Slovenia.

Work Service SK s.r.o.- indirect subsidiary of Work Service SA, through the company Work Service Slovakia s.r.o. The company carries out the range of services analogous to those offered by the Parent Company in Slovakia.

Statement of Management Board on the compliance of accounting policies

The Management Board of Work Service SA hereby declares that, to the best of our knowledge, this semi-annual consolidated financial statements and separate statements of Work Service SA and comparative information have been prepared in accordance with the applicable accounting principles, and that the report give a true and fair view of the financial position of the Work Service Capital Group. The Management Board jointly confirm that semi-annual report on Work Service Capital Group activities provides a true view of development and achievements and its situation, including the description of the main hazards and risks.

2. Management Board statement on the appointment of the entity to audit the financial statement

The Management Board of Work Service SA informs that by Resolution no. 5, dated 13 April 2016, the Supervisory Board has chosen the external auditor to review the separate financial statements of Work Service SA and the consolidated financial statements of the Work Service Capital Group for the first half of 2016 and to audit the financial report of Work Service SA for the year 2016 and the consolidated financial statements of the Work Service Capital Group for the year 2016. The entity selected by the Supervisory Board to carry out the above activity is BDO Polska Sp. z o.o with its registered office in Warsaw, at Postępu str. no. 12.

On 21 June 2016 the Supervisory Board by Resolution no. 2 revoked resolution no. 5, dated 13 April 2016. Thereby BDO Sp. z o.o. (in lieu of BDO Polska Sp. z o.o.) was selected to carry out the above activity. The selected company is registered in the list of entities authorized to audit financial statements, kept by the National Chamber of Statutory Auditors under the number 3355

Work Service SA has already used the services of BDO Sp. z o.o which examined the individual and consolidated statements of the Company for the years 2008 - 2015, advised on the conversion of financial data on IAS for the years 2004-2006 for the purposes of the prospectus drawn up in 2008, examined the separate and consolidated financial statements for the years 2004-2006 for the purposes of the prospectus drawn up in 2008., advised on the preparation of a prospectus in 2008, assessed financial forecasts in 2007, 2008, and advised on the preparation of a prospectus in 2011/12, including evaluation of the financial forecasts 2012 auditing pro forma statement for 2011, advising within the scope of consolidation from 2009 to 2010 and accounting in 2010.

The Management Board of Work Service SA declares that the company BDO Sp. z o.o conducting the review of the separate and consolidated financial statements for the first half of 2016, was selected in accordance with the law and that BDO Sp. z o.o and auditors auditing, met the conditions for an unbiased and independent opinion on the consolidated financial statements in accordance with applicable regulations and professional standards.

3. Accounting principles applied

The basis of preparation of these semi-annual condensed financial statements is the Minister of Finance Regulation of 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws of 2009, No. 33, pos. 259) and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the extent not covered by the above

standards in accordance with the requirements of the Act of 29 September 1994 on accounting (Journal of Laws 2013.330 as amended) and the implementing regulations issued thereunder.

Certain Group entities keep their accounts in accordance with the local accounting standards. The consolidated financial statements include adjustments not included in the books of accounts of the Group were made to reconcile their financial statements to comply with IFRS.

Consolidated financial statements at 30 June 2016 was drawn upon the basis of the financial statements of the companies included the Capital Group in accordance with the historical cost principle.

Both the condensed consolidated financial statements and separate financial statements contain data as at 30 June 2016 and for the period from 1 January 2016 to 30 June 2016. Comparative data are presented as of 31 December 2015 for the consolidated report on the financial situation, separate statements on the financial situation, the consolidated statement of changes in equity and the individual statement of changes in equity and for the period from 1 January 2015 to 30 June 2015 for consolidated report on total income, the consolidated cash flow statements, separate statements of total income, the individual cash flow statements, the consolidated statement of changes in equity and the individual statement of changes in equity

Selected financial data in the initial part of the report are presented in EUR in accordance with § 87 section. 7 of the Regulation of Finance of 19 February 2009 (Journal of Laws No. 33 item 259, of 2009). The exchange rate as of the last day was used for balance sheet items and for items from the income statement and statement of cash flows, the average exchange rate during the period was used.

	Average EUR exchange rate in the period	EUR exchange rate on the last day of the period
01.01-30.06.2016	4,3805	4,4255
01.01-31.12.2015	4,1848	4,2615
01.01-30.06.2015	4,1341	4,1944

The effect of the application of new accounting standards and changes in accounting policy

The accounting rules (policy) used to draw up these consolidated financial statements for the 1st half of 2016 are consistent with the ones used to draw up the yearly consolidated financial statements for 2015, except for the amendments described below.

The same rules were applied for the current period and the comparative period. A detailed description of the accounting rules adopted by the Work Service Capital Group was presented in the yearly consolidated financial statements for 2015, issued on March 18th, 2016.

Changes resulting from amendments to IFRS

The following new or amended standards and interpretations issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee have been in force since January 1st, 2016.

- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*
- Amendments to IAS 27: *Equity method in Separate Financial Statements*
- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards (*Annual Improvements 2012-2014*)
- Amendments to IAS 1: *Disclosure Initiative*

Their application did not influence the results of the Group's operations and financial situation, but only resulted in changes to the applied accounting rules or possibly in the extension of indispensable disclosures or a change in the terminology used.

The main consequences of the application of new regulations:

- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 were issued on May 6th, 2014 and are effective for annual periods beginning on or after January 1st, 2016. The objective of the amendments is to present detailed guidelines explaining the method of accounting for acquisitions of interests in joint operations which constitute a business. The amendments require that the rules identical to those applied in the case of business combinations be applied.

The application of the amended standard does not have a significant influence on the Group's financial statements.

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to IFRS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* were issued on May 12th, 2014 and are effective for annual periods beginning on or after January 1st, 2016. The amendment offers additional explanations regarding methods of depreciation and amortization permitted for application. The aim of the amendments is to point out that the method of calculation of depreciation and amortisation of property, plant and equipment and intangible assets based on revenue is not proper, but in the case of intangible assets the method may be applied in specific circumstances.

The application of the amended standard does not have a significant influence on the Group's financial statements.

- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

The amendments to IFRS 16 and 41 were issued on June 30th, 2014 and are effective for annual periods beginning on or after January 1st, 2016. The amendment indicates that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16. Bearer plants should therefore be considered within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants remains within the scope of IAS 41.

The application of the amended standard does not have a significant influence on the Group's financial statement.

- Amendments to IAS 27: *Equity Method in Separate Financial Statements*

The amendments to IAS 27 were issued on August 12th, 2014 and are effective for annual periods beginning on or after January 1st, 2016. The amendments reinstate into IFRS the option to include investments in subsidiaries, joint ventures and associates using the equity method in separate financial statements. If this method is used, it should be applied for every investment as part of a given category.

The application of the amended standard does not have a significant influence on the Group's financial statements.

- Amendments to various standards resulting from the annual review of the International Financial Reporting Standards (*Annual Improvements 2012-2014*)

On September 25th, 2014, due to the IFRS review, minor amendments were introduced to the following 4 standards:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* regarding the reclassification of assets or a disposal group from 'held for sale' to 'held for distribution to owners' and vice versa,
- IFRS 7 *Financial Instruments: Disclosures* with regard to e.g. the application of amendments to IFRS 7 regarding the offsetting of assets and financial liabilities in interim abbreviated financial statements,
- IAS 19 *Employee Benefits* regarding the 'high-quality corporate bonds' currency used to establish a discount rate,
- IAS 34 *Interim Financial Reporting* with regard to the specification of a method of demonstrating that the disclosures required in paragraph 16A of IAS 34 were placed elsewhere in the interim financial statements.

They are effective mostly for annual reports beginning on or after January 1st, 2016. The Group comes to a conclusion that the application of the amended standards does not have a significant influence on the Group's financial statements, except for the amendment to IAS 34 which may result in additional disclosures in the Group's interim financial statements.

- Amendments to IAS 1: *Disclosure Initiative*

On December 18th, 2014, amendments to IAS 1 were issued as part of a big initiative aiming at the improvement of presentation and disclosures in financial statements. The amendments are to serve as further encouragement for entities to use professional judgement on assessing which information to disclose in their financial statements. For example, the amendments clarify that relevancy concerns the whole of financial statements and that including irrelevant information may reduce the utility of strictly financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement when assessing where and in what order to present information in the disclosure of financial data.

The amendments were issued together with the amendments to IAS 7 *Statement of Cash Flows* which increases the requirements for disclosures concerning cash flows from financial activity and funds and their equivalents of an entity (details below).

The Group comes to a conclusion that the application of the amended standard does not have a significant influence on the Group's financial statements.

- **Amendments introduced by the Group on its own**

Variant to the financial statements for 2016:

The Group did not carry out presentational correction of comparative data from 2015 and/or as of December 31st, 2015.

Standards which do not apply (New standards and interpretations)

In these financial statements, the Group has not decided on the application of the issued standards or interpretations before their effective date.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but did not come into force on the balance sheet date:

- *IFRS 9 Financial Instruments*

The new standard was issued on July 24th, 2014 and is effective for annual periods beginning on or after January 1st, 2018. The objective of the standard is to organize the classification of financial assets and to apply uniform rules regarding the approach to the assessment of impairment with respect to all financial instruments. The standard also introduces a new hedge accounting model aimed at the unification of rules for including risk management information in financial statements.

The Group will apply the new standard beginning from January 1st, 2018.

As of the day of drawing up these financial statements, it is not possible to reliably assess the impact of the application of the new standard. The Group has started the analysis of effects of application of the new standard.

- *IFRS 14 Regulatory Deferral Accounts*

The new standard was issued on January 30th, 2014 and is effective for annual periods beginning on or after January 1st, 2016. The new standard is of transitional character due to IASB's work in progress regarding the regulation of the method of account balance in the rate regulation conditions. The standard implements the rules for the recognition of assets and liabilities arisen due to rate-regulated activities when an entity decides to adopt IFRS.

The Group will apply the new standard not earlier than on the day decided by the European Union to be the effective date of the standard. Due to the transitional character of the standard, the European Commission has decided not to start the formal procedure of approving the standard and wait for the final standard.

The application of the new standard will not have an effect on the Group's financial statements.

- *IFRS 15 Revenue from Contracts with Customers*

The new unified standard was issued on May 28th, 2014 and is effective for annual periods beginning on or after January 1st 2018 (originally 2017) and its earlier application is permitted. The standard defines unified frameworks for the recognition of revenue and includes rules which will replace most of detailed guidelines in the scope of the recognition of revenue currently present in IFRS, specifically in IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations. On September 11th, 2015, International Accounting Standards Board issued draft amendments to the adopted standard which postponed the date of coming into force of the standard by a year.

As of the day of drawing up these financial statements, it is not possible to reliably assess the influence of the application of the new standard. The Group has started the analysis of effects of the application of the new standard.

- *IFRS 16 Leases*

The new standard was issued on January 13th, 2016 and is effective for annual periods beginning on or after January 1st, 2019, with earlier application being permitted (provided that IFRS 15 is applied simultaneously). The standard supersedes previous lease regulations (e.g. IAS 17) and considerably changes the approach towards lease contracts of different nature, forcing the lessee to recognize assets and liabilities resulting from the concluded lease contracts in the balance sheet, regardless of their type.

As of the day of drawing up these financial statements, it is not possible to reliably assess the influence of the application of the new standard. The Group has started the analysis of effects of the application of the new standard.

- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*

The amendments to IFRS 10, IFRS 12 and IAS 28 were issued on December 18th, 2014 and are effective for annual periods beginning on or after January 1st, 2016. The objective is to clarify the requirements regarding investment entities accounting.

The Group will apply the amendments to the standards not earlier than on the day decided by the European Union to be the effective date of the standard.

The Group comes to a conclusion that the application of the amended standards will not have an influence on the Group's financial statements.

- Amendments to IFRS 10 and IAS 28: *Sales or Contributions of Assets between the Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 were issued on September 11th, 2014 and are effective for annual periods beginning on or after January 1st, 2016 (the date of entering into force has been currently deferred without indicating the starting date). The amendments clarify the accounting of transactions in which a dominant entity loses control over its subsidiary which does not constitute a "business" according to the definition from IFRS 3 *Business Combinations*, by selling all or part of the shares in that subsidiary to an associate or a joint venture recognised under the equity method.

The Group will apply the amendments to the standards not earlier than on the day decided by the European Union to be the effective date of the standard. Currently, the European Commission has decided to postpone the formal procedure of approving the standard.

As of the day of drawing up these financial statements, it is not possible to reliably assess the influence of the application of the amended standard.

- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments to IAS 12 were issued on January 19th, 2016 and are effective for annual periods beginning on or after January 1st, 2017. The aim is to clarify the requirements regarding the recognition of deferred tax assets regarding debt instruments measured at fair value.

The Group comes to a conclusion that the application of the amended standards will not have a significant influence on the Group's financial statements.

- Amendments to IAS 7: *Disclosure Initiative*

The amendments to IAS 7 were issued on January 29th, 2016 and are effective for annual periods beginning on or after January 1st, 2017. The objective of the amendments was to broaden the range of information conveyed to the recipients of financial statements regarding the entity's financial activity through additional disclosures of changes in carrying amount of liabilities related to the financing of the entity's activity.

The Group comes to a conclusion that the application of the amended standard will not have a significant influence on the Group's financial statements, apart from the change in the range of disclosures presented in the financial statements.

- Clarification of amendments to IFRS 15: *Revenue from Contracts with Customers*

The clarification of amendments to IFRS 15 was issued on April 12th, 2016 and is effective for annual periods beginning on or after January 1st, 2018 (in accordance with the commencement date of the validity of the entire standard). The aim of the amendments to the standard was to clarify doubts occurring during the pre-implementation analyses regarding: the identification of performance obligation, the standard application guidelines regarding the identification of a principal/agent and the revenue from licences regarding intellectual property, or transitional periods in the first application of the new standard.

The Group comes to a conclusion that the application of the amended standard will not have a significant influence on the Group's financial statements.

- Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions*

The amendments to IFRS 2 were issued on June 20th, 2016 and are effective for annual periods beginning on or after January 1st, 2018.

The objective of the amendments to the standard was to clarify the method of recognition of certain types of share-based payment transactions.

The Group comes to a conclusion that the application of the amended standard will not have a significant influence on the Group's financial statements.

IFRS in the shape approved by the European Union do not currently differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments to them, which on the day of approving these financial statements for publication were not yet adopted by the EU for application:

- IFRS 9 *Financial Instruments* issued on July 24th, 2014,
- IFRS 14 *Regulatory Deferral Accounts* issued on January 30th, 2014,
- IFRS 15 *Revenue from Contracts with Customers* issued on May 28th, 2014 (as amended),
- IFRS 16 *Leases* issued on January 13th, 2016,
- Amendments to IFRS 10 and IAS 28: *Sales or Contributions of Assets between the Investor and its Associate or Joint Venture* issued on September 11th, 2014,
- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception* issued on December 18th, 2014,
- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealized Losses* issued on January 19th, 2016,
- Amendments to IAS 7: *Disclosure Initiative* issued on January 29th, 2016,
- Clarification of amendments to IFRS 15: *Revenue from Contracts with Clients* issued on April 12th, 2016,
- Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions* issued on June 20th, 2016.

4. Summary and explanation of differences between the data presented in these condensed consolidated financial statements and the data published in previous financial statements

In these condensed financial statements we did not make adjustments of previously published data.

5. Approval of the financial statements for the previous year and information regarding dividends paid or declared during the period from the beginning of the year

Separate financial statements of Work Service SA for the previous financial year, i.e. year 2015, was approved by Resolution No. 4/2016 at the meeting of the Annual General Meeting of Work Service SA on 27 June 2016. A consolidated financial statement of Work Service SA for the previous financial year, i.e. year 2015, was approved by Resolution No. 7/2016 at the Annual General Meeting of Work Service SA on 27 June 2015.

Pursuant to Resolution No. 5/2016 of the Annual General Meeting, adopted on 27 June 2016 the profit generated by the Company in 2015 in the total amount of PLN 14,869,499.64 shall be fully allocated to the reserve capital.

6. Changes in contingent liabilities or contingent assets that have occurred since the last annual reporting period

Contingent liabilities				
Title of contingent liability	Type of security	30.06.2016	31.12.2015	change
Loan security	transfer of title of subject of the credit	0.00	0.00	0.00
	assignment of receivables	0.00	0.00	0.00
	A promissory note along with the bill declaration	0.00	0.00	0.00
	surety	0.00	0.00	0.00
	bank enforcement title	210 000 000.00	216 000 000.00	6 000 000.00
	pledge on assets	1 016 164 216.85	909 547 918.06	106 616 298.79
	pledge on receivables	0.00	0.00	0.00
Leasing security	A promissory note along with the bill declaration	4 626 589.54	4 878 476.94	-251 887.40
	bill of exchange guarantee	0.00	0.00	0.00
Securing due performance of contracts	warranty	4 801 855.67	4 360 296.87	441 558.80

On 3 February 2016, an entry was made into the register of the registered pledge on 8,418 shares with a nominal value of PLN 50.00 each in the subsidiary IT Kontrakt Sp. z o.o. The entry in the Register of Pledges was made under number 248600.

The registered pledge on the abovementioned shares held by Work Service SA was established on the basis of the Agreement on registered pledge and financial pledges on the shares of "IT Kontrakt" Sp. z o.o. concluded on 18 November 2015 by and between Work Service SA as the pledgor and BGŻBNP Paribas S.A. ("Lender 1" or "Agent"), Bank Millennium S.A. ("Lender 2"), BANK ZACHODNI WBK S.A. ("Lender 3") RAIFFEISEN BANK POLSKA S.A., ("Lender 4"), hereinafter also jointly referred to as: the "Lenders", as pledgees and the Agent as the registered pledge administrator in order to secure the payments of monies resulting from the Credit Line Agreement. The Issuer informed about the conclusion of that Agreement in current report No 43/2015 of 19 November 2015. The value of the liability secured by registered pledge is PLN 128,000,000.

The registered pledge was established up to the highest collateral amount of PLN 277,500,000 on 8,418 shares with a nominal value of PLN 50.00 each, with a total nominal value of PLN 420,900.00, which is 84.18% of the share capital of "IT Kontrakt" Sp. z o.o.

The pledged shares grant 8,418 votes in the General Meeting of the company "IT Kontrakt" Sp. z o.o. The book value of the pledged shares in the book of accounts in PLN 62,195,087.82. These shares are a long-term capital deposit of the Issuer.

There are no links between the Issuer or the persons managing or supervising the Issuer and the pledgees or the persons managing the pledgees.

On 3 February 2016, an entry was made into the register of the registered pledge on 352 shares with a nominal value of PLN 1,000 each in the subsidiary Work Express Sp. z o.o. with its registered office in Katowice. The entry in the Register of Pledges was made under number 2480598.

The registered pledge on the abovementioned shares held by Work Service SA was established on the basis of the Agreement on registered pledge and financial pledges on the shares of "Work Express" Sp. z o.o. concluded on 18 November 2015 by and between Work Service SA as the pledgor and BGŻ BNP Paribas S.A. ("Lender 1" or "Agent"), Bank Millennium S.A. ("Lender 2"), BZ WBK S.A. ("Lender 3") RAIFFEISEN BANK POLSKA S.A., ("Lender 4"), hereinafter also jointly referred to as: the "Lenders", as pledgees and the Agent as the registered pledge administrator in order to secure the payments of monies resulting from the Credit Line Agreement. The Issuer informed about the conclusion of that Agreement in current report No 43/2015 of 19 November 2015. The value of the liability secured by registered pledge is PLN 128,000,000.

The registered pledge was established up to the highest collateral amount of PLN 277,500,000 on 352 shares with a nominal value of PLN 1.000 each, with a total nominal value of PLN 352.000, which is 100% of the share capital of "Work Express" Sp. z o.o.

The pledged shares grant 352 votes in the General Meeting of the company "IT Kontrakt" Sp. z o.o. The book value of the pledged shares in the book of accounts in PLN 67,604,819.00. These shares are a long-term capital deposit of the Issuer.

There are no links between the Issuer or the persons managing or supervising the Issuer and the pledgees or the persons managing the pledgees.

On 24 February 2016, the Issuer concluded the following agreement:

1. Factoring Agreement (with customer policy) and Factoring Agreement (without policy).

The Object of the Agreement is:

1. Financing the Issuer and its subsidiaries (IT Kontrakt Sp. z o.o., Work Express Sp. z o.o.) in the amount of PLN 37,000,000 by Raiffeisen Bank Polska S.A.

The agreement stipulates the establishment of the following collaterals, standard for this kind of agreements, including but not limited to:

1. Assignment of rights to compensation from the policy in respect of receivables of contractors functioning within the framework of the Factoring Agreement.
2. Blank bill of exchange under the Civil Law issued to the Issuer.
3. Power of attorney to the bank accounts.

The Factoring Agreement does not deviate from market standards used in similar factoring agreements. The said Agreement meets the criteria for considering it a material agreement due to the fact that its value exceeds the equivalent of at least 10% of the Issuer's equity.

On 18 May 2016 the following annexes were signed by the Issuer:

1. Annex no 7 to the Factoring Agreement (with customer's policy) and Annex no 6 (without customer's policy).

The Subject of the Annexes is:

1. Extension of the validity period of the factoring limit of the Issuer for definite period.

The current securities have been maintained i.e. transfer of rights to the compensation from the policy regarding the liabilities of the contactors operating under Factoring Agreements. Detailed conditions of the Annexes to the Factoring Agreements do not deviate from market standards used in similar factoring agreements.

On 30 May 2016 the following annexes to the Factoring Agreements concluded for an indefinite period of time were signed between Bank Millennium SA and:

Exact Systems S.A. - Annex no 6 to the Factoring Agreement (with customer's policy) and Annex no 7 (without customer's policy).

Automotive Assembly Systems Sp. z o.o. - Annex no 6 to the Factoring Agreement (with customer's policy) and Annex no 6 (without customer's policy)

The Subject of the Annexes is the extension of the validity period of the factoring limit of the Issuer's Subsidiaries for definite period.

The current securities have been maintained, i.e. Issuer's guarantee pursuant to the Civil Code for the liabilities of the Issuer's Subsidiaries and transfer of rights to the compensation from the policy regarding the receivables of the contactors operating under Factoring Agreements.

Detailed conditions of the Annexes to the Factoring Agreements do not deviate from market standards used in similar factoring agreements.

On 2 June 2016 the following annexes to the Factoring Agreements concluded for an indefinite period of time were signed between Bank Millennium SA and:

Finance Care Sp. z o.o. - Annex no 7 to the Factoring Agreement (with customer's policy) and Annex no 6 (without customer's policy).

The Subject of the Annexes is the extension of the validity period of the factoring limit of the Issuer's Subsidiaries for definite period.

The current securities have been maintained, i.e. Issuer's guarantee pursuant to the Civil Code for the liabilities of the Issuer's Subsidiaries and transfer of rights to the compensation from the policy regarding the receivables of the contactors operating under Factoring Agreements.

Detailed conditions of the Annexes to the Factoring Agreements do not deviate from market standards used in similar factoring agreements.

On 3 June 2016 the following annexes to the Factoring Agreements concluded for an indefinite period of time were signed between Bank Millennium SA and:

Industry Personnel Services Sp. z o.o. - Annex no 7 to the Factoring Agreement (with customer's policy) and Annex no 6 (without customer's policy).

The Subject of the Annexes is the extension of the validity period of the factoring limit of the Issuer's Subsidiaries for definite period.

The current securities have been maintained, i.e. Issuer's guarantee pursuant to the Civil Code for the liabilities of the Issuer's Subsidiaries and transfer of rights to the compensation from the policy regarding the receivables of the contactors operating under Factoring Agreements.

Detailed conditions of the Annexes to the Factoring Agreements do not deviate from market standards used in similar factoring agreements.

On 15 June 2016 the Work Service SA signed Annex no 3 to the Framework Agreement within the scope of concluding treasury transactions in Bank Millennium S.A. together with the agreement on transfer of ownership of monetary amounts no. 4686/13/410/04 of 12.06.2013.

The Subject of the Annex is:

Increasing the Treasury Limits granted to the Issuer,

Establishing collateral for the Framework Agreement in the form of a Notarial Deed,

Introducing changes to the wording of the "Rules for Spot, Futures and Derivative Transactions in Bank Millennium S.A." within the scope of the definitions of Interest Basis, DREF/BREF and the formulas for calculating the interest periods.

Detailed conditions of the Annexes to the Agreement within the scope of concluding treasury transactions do not differ from market standards used in similar agreements.

On 16 June 2016 the following annexes to the Factoring Agreements concluded for an indefinite period of time were signed between Bank Millenium SA and:

Krajowe Centrum Pracy Sp. z o.o. –Annex no 4 to the Factoring Agreement (without customer's policy), Outsourcing Solutions Partner Sp. z o.o.- Annex no 2 to the Factoring Agreement (with customer's policy) and Annex no 2 (without customer's policy),

People Care Sp. z o.o.- Annex no 4 to the Factoring Agreement (without customer's policy),

Work Service International Sp. z o.o.- Annex no 4 to the Factoring Agreement (with customer's policy) and Annex no 4 (without customer's policy).

The Subject of the Annexes is the extension of the validity period of the factoring limit of the Issuer's Subsidiaries for definite period.

The current securities have been maintained, i.e. Issuer's guarantee pursuant to the Civil Code for the liabilities of the Issuer's Subsidiaries and transfer of rights to the compensation from the policy regarding the receivables of the contactors operating under Factoring Agreements.

Detailed conditions of the Annexes to the Factoring Agreements do not deviate from market standards used in similar factoring agreements.

On 23 June 2016 the following annexes to the Factoring Agreements concluded for an indefinite period of time were signed between Bank Millenium SA and:

Logistyka PL Sp. z o.o. - Annex no 2 to the Factoring Agreement (without customer's policy).

The Subject of the Annexes is the extension of the validity period of the factoring limit of the Issuer's Subsidiaries for definite period.

The current securities have been maintained, i.e. Issuer's guarantee pursuant to the Civil Code for the liabilities of the Issuer's Subsidiaries.

Detailed conditions of the Annexes to the Factoring Agreements do not deviate from market standards used in similar factoring agreements.

No.	The surety on behalf of	Promissory note beneficiary	Surety subject	Date of agreement	Date of termination of the agreement	The amount covered by the surety (gross)
1.	Sellpro Sp z o.o.	BNP PARIBAS factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	Annex on limit increase 19.10.2015	Indefinite period	41 800 000,00
2.	Finance Care Sp. z o.o.	BNP PARIBAS factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	Annex on limit increase 19.10.2015	Indefinite period	41 800 000,00
3.	Industry Personnel Services Sp. z o.o.	BNP PARIBAS factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	Annex on limit increase 19.10.2015	Indefinite period	41 800 000,00
4.	Work Service International Sp. z o.o.	BNP PARIBAS factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	Annex on limit increase 19.10.2015	Indefinite period	41 800 000,00
5.	IT Kontrakt Sp.z o.o.	BNP PARIBAS factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	01.10.2014/ commissioning + Annex on limit increase 19.10.2015	Indefinite period	41 800 000,00
6.	Work Express Sp.z o.o.	BNP PARIBAS factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	01.10.2014/ commissioning + Annex on limit increase 19.10.2015	Indefinite period	41 800 000,00
7.	Industry Personnel Services Sp. z o.o.	BZWBK Factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	23.11.2015/ commissioning	30.09.2016	37 500 000,00
8.	Finance Care Sp. z o.o.	BZWBK Factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	23.11.2015 commissioning	30.09.2016	37 500 000,00
9.	Sellpro Sp. z o.o.	BZWBK Factor Sp. z o.o.	Należność z tytułu umowy faktoringowej	23.11.2015 commissioning	30.09.2016	37 500 000,00
10.	Industry Personnel Services Sp. z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 3.06.2016	09.05.2017	41 800 000,00
11.	Sellpro Sp z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit increase 18.08.2015	09.05.2017	41 800 000,00
12.	Finance Care Sp.z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 18.08.2015	09.05.2017	41 800 000,00

13.	Exact Systems S.A.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 30.05.2016	09.05.2017	41 800 000,00
14.	Automotive Assembly Systems Sp. z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 30.05.2016	09.05.2017	41 800 000,00
15.	Work Service International Sp. z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 16.06.2016	09.05.2017	41 800 000,00
16.	People Care Sp. z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 16.06.2016	09.05.2017	10 000 000,00
17.	Krajowe Centrum Pracy Sp. z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 16.06.2016	09.05.2017	10 000 000,00
18.	Logistyka Sp. z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 23.06.2016	09.05.2017	10 000 000,00
19.	Outsourcing Solutions Partner Sp. z o.o.	Bank Millennium S.A.	Należność z tytułu umowy faktoringowej	Annex on limit extension 16.06.2016	09.05.2017	10 000 000,00
20.	IT Kontrakt Sp. z o.o.	Raiffeisen Bank Polska SA	Należność z tytułu umowy faktoringowej	02.09.2014 commissioning+ Annex on limit increase 09.02.2016	09.05.2019	37 000 000,00
21.	Work Express Sp.z o.o.	Raiffeisen Bank Polska SA	Należność z tytułu umowy faktoringowej	02.09.2014 commissioning+ Annex on limit increase 04.02.2016	09.05.2019	37 000 000,00

7. Seasonality or cyclicity of activity in the current period

The activity of Work Service Capital Group is characterised by certain seasonality. The historical analysis of the evolution of the revenues from the core business shows that revenues generated in the first half of previous years accounted for about 40-45% of their annual volume. The Historically increase of income even to a greater extent translate into increases generated margin and other types of financial results.

8. Management Board estimations

In the first half of 2016 there were no significant changes in estimates, including significant adjustments in provisions, provisions and assets due to deferred income tax, referred to in the Act on Accounting and no significant write-downs of assets were made.

9. The issuance, redemption and repayment of non-equity and equity securities

Issuances, repurchase and repayments of debt securities

In the first half of 2016 Work Service SA did not issue any non-equity securities. Neither did the Companies of the Work Service Capital Group.

Issuance of equity securities

On 27 June 2016 the Ordinary General Meeting adopted resolution no. 25/2016 on the issue of up to 123,042 series E registered subscription warrants ("**E Subscription Warrants**").

E Subscription Warrants shall be issued in the form of a document, and may be issued in collective sections.

E Subscription Warrants shall be issued free of charge.

One E Subscription Warrant shall entitle to subscribe for 1 (one) W Series Share (as defined below).

Rights to acquire shares of Series W under E Subscription Warrants can be exercised no earlier than 30 June 2018 and no later than 31 July 2018, with the exception of E Subscription Warrants granted to Entitled Key Managers (as defined below), who have been employed in the company for no less than 18 months during the Management Options Programme (i.e. the period from 1 January 2013 to 31 December 2017). These Warrants shall be transferred to Reserve under the Management Option Programme, for the use at the discretion of Supervisory Board in accordance with § 1, clause III, subclause 2 of Resolution No. 24/2013 of Ordinary General Meeting of Work Service S.A. held on 27 June 2013.

Management Board shall be authorised to issue Series E Subscription Warrants entitling to subscribe for Series W Shares in the period from 30 June 2016 to 31 July 2016. 7. Series E Subscription Warrants, from which the right to acquire shares of Series W has not been exercised within the period specified in § 1 section 5, shall expire.

Series E Subscription Warrants shall be offered for subscription by way of private placement addressed to the Entitled Key Managers of the Company:

Series E Subscription Warrants are non-transferable.

Pursuant to art. 432, 433 § 2, 448 § 1 and 2, item 3 and art. 449 of CCC, the increase in the share capital of Work Service in the amount not higher than PLN 12,304,20 (twelve thousand three hundred and four PLN 20/100) through the issuance of not more than 123.042 (say: one hundred twenty- three thousand and forty two) of ordinary bearer shares of series W, with the nominal value of PLN 0.10 (ten grosz) each ("Series W Shares") is hereby resolved.

The purpose of the conditional increase of share capital is to grant the right to subscribe for Series W Shares to holders of series E Subscription Warrant issued by Work Service pursuant to this Resolution. Acquisition of Series W Shares shall take place within the period specified in § 1 section 5 above.

Series W Shares shall be issued exclusively in exchange for cash contributions to the holders of Series E Subscription Warrants who submit a written statement of acquisition of Series W Shares in accordance with Article 451 § 1 CCC and pay the issue price for Series W Shares.

The issue price of the Series W Shares, issued to the holder of Series E Subscription Warrants, shall be PLN 0.10 (ten grosz) per Series W Share.

Series W Shares shall participate in the dividend starting from distributions of income which is intended for distribution for the financial year 2018, ended 31 December 2018.

Series W Shares shall be issued as securities not having form of a document and shall be subject to dematerialisation within the meaning of appropriate provisions on Trading in Financial Instruments. For

this purpose the Management Board shall be authorised to conclude an appropriate agreement with the National Depository for Securities S.A. ("NDS") on registration (dematerialisation) of Series W Shares in securities depository kept by NDS.

Series W Shares shall be subject of application for admission and introduction to trading on the regulated market operated by the Warsaw Stock Exchange S.A. ("WSE"), which in the first place shall be the primary market of the WSE, if the relevant criteria and the conditions are met -under the relevant laws and regulations of the WSE- allowing the admission of Shares to trading on the primary market.

In the interest of Work Service the existing shareholders of Work Service shall be entirely deprived of the pre-emptive rights to Series E Subscription Warrants and Series W Shares.

10. Revenues and results for individual segments of continuing operations in the period from the beginning of the year

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- b) whose operating results are regularly reviewed by the main body responsible for operating decision in the unit and using the results to decide on the allocation of resources to the segment and when assessing the segment, as well as
- c) in the case of which separate financial information are available.

In accordance with the requirements of IFRS 8, operating segments should be identified on the basis of internal reports about components that are regularly reviewed by the people deciding on the allocation of resources to the segment and assessing its financial performance.

The Capital Group assumes that the basic division into segments is the breakdown by economic activities. Economic activities of the Capital Group are carried out in separate subsidiaries. The vast majority of the Group's business relates to temporary work. In this report, The Capital Group has revealed information on the revenue broken down by industry segments - because in this system, it is analysed by the Management Board of the Parent Company.

Parent's Management Board monitors the operating results of segments to make appropriate business decisions. The basis of assessment is the operating result, which is measured in the same manner as operating profit in the consolidated financial statements after taking into account the elimination of intersegment transactions (as outlined in the attached tables below). Transaction prices used in transactions between operating segments are determined on a commercial basis as transactions with unrelated parties.

The accounting policies used in the preparation of the financial data for the reportable segments are consistent with the Group's accounting policies described in clause 1.1.5 of the additional note to the consolidated financial statements for the year 2015 "Significant accounting policies".

Group financing (including finance costs and finance income), income taxes and share in the profit or loss of entities accounted for using the equity method are monitored at Group level and are not allocated to the segments.

Group does not use asymmetric allocation of costs and revenues for reportable segments.

Group presents the value of the profit or loss for each reportable segment, and does not represent the total assets and liabilities for each reportable segment, as these amounts are not regularly provided to main body responsible for taking operating decisions. The Group does not disclose the allocation of revenue from external customers for specific titles of products and services as the information on this topic are not available and the cost of its obtaining would be excessive.

The Group does not disclose the division of depreciation costs between segments because these data are not relevant to the business and are not submitted for review by the authorities responsible for making decisions.

The Group does not disclose the division of depreciation costs between segments because these data are not relevant to the business and are not submitted for review by the authorities responsible for making decisions.

Revenue from external customers attributed to the country in which the entity is established (Poland) and assigned to all other countries in total in which the entity derives its revenues, are presented in the table below:

NET REVENUES	2016 Six months	[%] share	2015 Six months	[%] share
Poland	657,154,309	54,6%	546,194,446	55.9%
Abroad	546,014,453	45,4%	430,920,643	44.1%
Total	1,203,168,762	100,0%	977,115,089	100.0%

The Group does not identify the distribution of fixed assets located in the country in which the entity is established and located in all other countries together in which the entity maintains its assets. From the point view of the Group such a division is not relevant to the business.

Structure of sale of services of the Work Service Capital Group together with comparative data in a geographical foreign markets.

NET REVENUES	2016 Six months	[%] share	2015 Six months	[%] share
Poland	657 154 309	54,6%	546,194,446	55.9%
Czech republic	42 982 815	3,6%	35,918,881	3.7%
Slovakia	39 529 607	3,3%	32,013,599	3.3%
Germany	149 448 503	12,4%	159,424,717	16.3%
Russia	28 476 572	2,4%	38,065,550	3.9%
Romania	5 088 603	0,4%	1,134,143	0.1%
Turkey	6 372 385	0,5%	3,877,181	0.4%
Hungary	224 372 484	18,6%	158,685,476	16.2%
England	4 132 789	0,3%	1,801,096	0.2%
Belgium	12 649 588	1,1%	0	0%
Slovenia	32 961 106	2,7%	0	0%
Total	1 203 168 762	100,0%	977,115,089	100.0%

Due to the fact that the activity of the Parent Company is homogeneous in terms of the type of services and significant clients and the legal environment, the Company determines its entire activities as temporary employment segment (85% of total services provided). Accordingly, the Company does not identify reportable segments.

The share of the top 10 customers in the total revenues of the Work Service Capital Group.

NET REVENUES	2016 six months	[%] share
Automotive	37 984 624	3,2%
Industry other	35 228 173	2,9%
Call center	24 470 206	2,0%
Industry other	20 377 715	1,7%
Call center	19 920 656	1,7%
Electronics	18 240 990	1,5%
Financial - Insurance Services	14 790 314	1,2%
Financial - Insurance Services	12 097 436	1,0%
Other services	11 165 170	0,9%
Other services	10 980 881	0,9%

The following tables present data on the revenues and costs of the Group's business segments for the half year ended: 30 June 2016 and comparative data for the half year ended 30 June 2015.

Continued activity 01.01.2016-30.06.2016						
	Temporary work	Other	Unallocated	Total	Exclusions	Operations total
Revenues						
Sales to external customers	843,305,351	359,863,410	,	1,203,168,762	,	-
Internal sale	80,830,023	45,650,178	,	126,480,201	-126,480,201	-
Total segment revenue	924,135,375	405,513,588	,	1,329,648,963	-126,480,201	1,203,168,762
Costs	,	,	,	,	,	,
The costs of external suppliers	811,032,678	263,094,692	,	1,074,127,370	,	,
The costs form Group suppliers	76,505,594	20,292,513	,	96,798,106	-96,798,106	-
Total segment costs	887,538,272	283,387,205	,	1,170,925,477	-96,798,106	1,074,127,370
Result	,	,	,	,	,	,
Segment profit (loss)	32,272,673	96,768,718	,	129,041,392	,	129,041,392
Unallocated costs	,	,	119,532,598	119,532,598	-22,484,697	97,047,901
Other Operating revenue	,	,	,	,	,	,
Sales to external customers	,	,	10,803,198	10,803,198	0	,
Internal sale	,	,	11,444,430	11,444,430	-11,444,430	-
Total segment revenue	,	,	22,247,628	22,247,628	-11,444,430	10,803,198
Other Operating costs	,	,	,	,	,	,
The costs of external suppliers	,	,	10,623,875	10,623,875	0	,
The costs form Group suppliers	,	,	41,321	41,321	-41,321	-
Total segment costs	,	,	10,665,195	10,665,195	-41,321	10,623,875
Result	,	,	,	,	,	,
Profit (loss) from operating activities of the segment	,	,	,	,	,	32,172,814
Financial income	,	,	,	,	,	,
Sales to external customers	,	,	1,583,292	1,583,292	,	-
Internal sale	,	,	39,852,036	39,852,036	-39,852,036	-
Total segment revenue	,	,	41,435,328	41,435,328	-39,852,036	1,583,292
Financial costs	,	,	,	,	,	,
The costs of external suppliers	,	,	16,154,087	16,154,087	,	-
The costs form Group suppliers	,	,	8,205,629	8,205,629	-8,205,629	-
Total segment costs	,	,	24,359,717	24,359,717	-8,205,629	16,154,087
Result	,	,	,	,	,	,
Profit (loss) on business activities	,	,	,	,	,	17,602,019
Result	,	,	,	,	,	,
Gross profit (loss)	,	,	,	,	,	17,602,019
Tax	,	,	9,589,887	9,589,887	,	9,589,887
Result	,	,	,	,	,	,
Net profit (loss) of the segment	,	,	,	,	,	8,012,132

Continued activity 01.01.2015-30.06.2015						
	Temporary work	Other	Unallocated	Total	Exclusions	Operations total
Revenues						
Sales to external customers	745,554,330	231,560,759		977,115,089		-
Internal sale	93,893,082	25,469,254		119,362,336	-119,362,336	-
Total segment revenue	839,447,412	257,030,013		1,096,477,425	-119,362,336	977,115,089
Costs						
The costs of external suppliers	715,165,195	163,179,122		878,344,317		
The costs form Group suppliers	92,406,424	11,925,439		104,331,864	-104,331,864	-
Total segment costs	807,571,619	175,104,561		982,676,181	-104,331,864	878,344,317
Result						
Segment profit (loss)	30,389,135	68,381,637		98,770,772		98,770,772
Unallocated costs			81,535,514	81,535,514	-11,317,216	70,218,298
Other Operating revenue						
Sales to external customers			12,259,775	12,259,775	-	
Internal sale			-501,306	-501,306	501,306	-
Total segment revenue			11,758,469	11,758,469	501,306	12,259,775
Other Operating costs						
The costs of external suppliers			7,921,959	7,921,959	-	
The costs form Group suppliers			659,032	659,032	-659,032	-
Total segment costs			8,580,991	8,580,991	-659,032	7,921,959
Result						
Profit (loss) from operating activities of the segment						32,890,291
Financial income						
Sales to external customers			1,888,695	1,888,695		-
Internal sale			32,584,933	32,584,933	-32,584,933	-
Total segment revenue			34,473,628	34,473,628	-32,584,933	1,888,695
Financial costs						
The costs of external suppliers			14,312,843	14,312,843		-
The costs form Group suppliers			10,177,954	10,177,954	-10,177,954	-
Total segment costs			24,490,797	24,490,797	-10,177,954	14,312,843
Result						
Profit (loss) on business activities						20,466,143
Result						
Gross profit (loss)						20,466,143
Tax			7,256,181	7,256,181		7,256,181
Result						
Net profit (loss) of the segment						13,209,962

11. Other information that the Company believes are relevant to the assessment of the personnel, assets, financial position and financial result

In the first half of 2016 the following events resulting in changes in the Capital Group structure took place:

Loss of control over Work Service Acquisition

On 2 January 2016, an agreement was concluded under which Work Service SA temporarily, until the end of 2016 (with possible extension), resigned from its control over Work Service Acquisition Ltd. Control over said company was transferred to a professional external entity in order to improve its efficiency and profitability.

Loss of control over Workport24 GmbH

On 2 January 2016, an agreement was concluded under which Work Service International Sp. z o.o. temporarily, until the end of 2016 (with possible extension), resigned from its control over Workport24 GmbH. Control over said company was transferred to a professional external entity in order to improve its efficiency and profitability.

Loss of control over Naton HR E.O.D.D., Naton Ljudski potencial d.o.o., and Naton zaposljavaenje d.o.o.

On 30 March 2016, an agreement was concluded under which HR Global D.o.o relinquished its control over Naton HR E.O.D.D., Naton Ljudski potencial d.o.o., and Naton zaposljavaenje d.o.o.. Control over said companies was transferred to a professional external entity in order to improve their efficiency and profitability. The agreement became effective as of 1 January 2016.

Closing-down of IP Work Service Cypr. Ltd

On 31 March 2016, IP Work Service Cypr. Ltd, residing in Cyprus, was closed down.

Sales of Work Service Czech Agency s.r.o.

On 31 March 2016, an agreement was concluded under which Work Service International Sp. z o.o. sold 100% of its shares of Work Service Czech Agency s.r.o. for CZK 1,000.

Acquisition of additional shares of Medi Staff Sp. z o.o. and a change of name to Clean Staff Sp. z o.o.

On 22 March 2016, an agreement was concluded under which Work Service SA purchased 32 shares of Medi Staff Sp. z o.o., each with a face value of PLN 10,000, for PLN 250,000. As of 31 March 2016, Work Service SA held 100% of the shares of Medi Staff Sp. z o.o. Payment for said shares took place on 6 April 2016.

On 29 April 2016, Medi Staff Sp. z o.o. changed its name to Clean Staff Sp. z o.o.

Formation of a company in China

On 19 February 2016, Exact Systems Technology (Shanghai) Co.,Ltd was formed. The company's seat in in Shanghai (China) and it is a 100% subsidiary of Exact Systems S.A.

Closing-down of WS Cyprus Ltd and ITK Cyprus Ltd

On 6 April 2016, Cyprus Ltd and ITK Cyprus Ltd, residing in Cyprus, were closed down.

Acquisition of Baywood and a change of name to Work Service SK s.r.o.

On 1 June 2016, Work Service Slovakia s.r.o. purchased 100% of shares of Baywood s.r.o. for EUR 7,000. As at the acquisition date, the company was valued at EUR 23,000.

On 14 June 2016, the company changed its name to Work Service SK s.r.o.

12. Events that occurred after the date on which the condensed consolidated financial statements were prepared, not included in this report, and which may significantly affect the future financial results of the Capital Group

The conclusion of the agreement creating financial and register pledges over substantial assets

On 11 July 2016 an agreement creating financial and register pledge over the shares in Industry Personnel Services Sp. z o.o. (a company that is a wholly owned subsidiary of the Issuer) (“IPS”) was concluded between the Company as the pledger and Bank BGŻ BNP Paribas S.A., Raiffeisen Bank Polska S.A., Bank Zachodni WBK S.A. and Bank Millennium S.A. as the pledgees (the “Banks”, “Pledgees”) (the “Agreement”).

The purpose of the Agreement is to establish a financial pledge by the Issuer over 16,000 newly created shares in IPS to the benefit of the Banks and a register pledge over the shares in IPS to the benefit of Bank BGŻ BNP Paribas S.A. as the administrator of the register pledge for the purpose of securing payments of amounts resulting from the credit line agreement of 18 November 2015, which was concluded between the Issuer and the Banks and which the Company informed about in the current report no. 43/2015 of 19 November 2015.

The register pledge has been established up to the highest sum insured in the amount of PLN 277,500,000 over 16,000 shares of the nominal value of PLN 500,00 each and of the total nominal value of PLN 8,000,000. All the pledged shares give 100 % of the votes at the General Meeting of the Shareholders of IPS. The book value of all the pledged shares in the books of account amounts to PLN 29,042,490,00. The said shares constitute a long-term capital investment of the Issuer. The Company hereby informs that the request for the entry of the register pledge established under the Agreement has been filed to an appropriate registry court. The Issuer shall inform about the entry of the register pledge into the pledge register in a separate current report. There are no connections between the Issuer and the persons managing or supervising the Issuer and the Pledgees.

The conclusion of the Agreement is connected with increasing the share capital of IPS up to the amount of PLN 27,669,000,00 through issuing 16,000 shares and taking up all the newly created shares of IPS by the Issuer. According to the provisions of the credit agreement, in the event of taking up any newly created shares in IPS by the Issuer, the Company is obliged to establish a pledge over the newly created shares to the benefit of the Pledgees.

Change in significant conditions of factoring agreement by the Issuer’s Subsidiary

On 18 July 2016, the following annexes were signed by the Issuer’s Subsidiary:

1. Sellpro Sp. z o. o. –Annex no 7 to the Factoring Agreement (without customer's policy),
2. Sellpro Sp. z o. o. –Annex no 8 to the Factoring Agreement (with customer's policy).
3. Work Express Sp. z o. o. –Annex no 2 to the Factoring Agreement (without customer's policy)

The Subject of the Annexes is extension of the validity period of the factoring limit of the Issuer’s Subsidiary for definite period.

The current security has been maintained, i.e. Issuer’s guarantee pursuant to the Civil Code for the liabilities of the Issuer’s Subsidiary.

Detailed conditions of the Annexes to the Factoring Agreements do not deviate from market standards used in similar factoring agreements.

Execution of the term sheet for the acquisition transaction by a subsidiary

On 15 July 2016 the subsidiary of the Issuer, i.e. Exact Systems S.A. with its registered office in Częstochowa ("Subsidiary") signed the "term sheet" document ("Term Sheet"), concerning to the operations relating to the future acquisition transaction, involving acquisition of 100% of the existing shares of the French limited liability company, acquisition of 100% of the existing shares in the Romanian limited liability company, acquisition of 100% of the existing shares in the Turkish limited liability company and acquisition of 100% of the existing shares in the Moroccan limited liability company ("Target Companies"), operating in the outsourcing industry and specializing in quality control for the automotive industry ("Potential Transaction"), while the Potential Transaction assumes - in the first place - the acquisition of 75% of the existing shares in the Target Companies ("First Stage of Potential Transaction"), followed by the acquisition by the Subsidiary, by means of Call Option or by the current shareholders of the Target Companies by means of Put Option under the terms of the Term Sheet, of the remaining 25% of the existing shares in the Target Companies ("Second Stage of Potential Transaction").

Based on the Term Sheet, the parties agreed to conduct negotiations and due diligence examination to agree on the final terms of the Potential Transaction.

The total price of the First Stage of Potential Transaction relating to the Target Companies was established in the amount of EUR 8,000,000 (the "Basic Price of the First Stage of Potential Transaction") with the earn - out mechanism provided for in the Term Sheet which is 75% x 5.15x EBITDA indicator of the Target Companies for the financial year ending on December 31, 2016 decreased by EUR 8,000,000, while EBITDA is to be defined by the Parties to the Potential Transaction in the preliminary contract of sale of shares.

The Parties to the Potential Transaction envisage also correcting mechanisms to the price of the First Stage of Potential Transaction.

The Preliminary Contract for the sale of shares in the Target Companies will be concluded by October 14, 2016. Contracts for the sale of shares in the Target Companies will be concluded no later than on December 31, 2016.

Execution of the Call Option by the Subsidiary, as provided for in the Second Stage of the Potential Transaction will be guaranteed and it will be possible to execute it by December 31, 2021.

Execution of the Put Option provided for in the Second Stage of the Potential Transaction by the current shareholders of the Target Companies it will be possible to execute it in the period between March 1, 2019 - December 31, 2021.

The conclusion of the preliminary agreement of sale of shares in the Target Companies is subject to the following conditions: (i) positive outcome of the financial, tax and legal due diligence examination in the Target Companies, (ii) completion of the negotiations on transaction documentation by the Parties, (iii) consent to carry out the Potential Transaction by the Supervisory Board of the Subsidiary.

The fulfilment of the above conditions does not, however bind any of the parties to execute the Potential Transaction.

The final terms and conditions of the Potential Transaction will be included in the preliminary contract of sale of shares in the Target Companies.

The potential Transaction is an element of the acquisition strategy of the Subsidiary.

SEPARATE FINANCIAL STATEMENTS OF WORK SERVICE SA

Statement of Financial Position of Work Service SA
as at 30 June 2016

ASSETS	as at 30.06.2016	as at 31.12.2015
FIXED ASSETS	597 846 282.62	503 601 744.88
Intangible assets	35 929 591.81	34 870 992.09
Tangible fixed assets	13 420 189.31	14 082 402.84
Investment real estates	0.00	0.00
Other financial assets	534 891 696.64	442 709 196.64
Other long-term assets	4 268 195.27	4 571 802.74
Other long-term financial assets	3 075 000.00	0.00
Deferred income tax assets	5 931 967.03	6 736 001.53
Accruals	329 642.56	631 349.04
CURRENT ASSETS	246 134 719.16	240 927 520.84
Inventories	8 255 302.66	7 706 123.08
Trade and other receivables	64 303 777.78	71 952 218.95
Other financial assets	156 378 900.45	144 471 166.00
Other short-term assets	6 545 605.72	7 052 762.89
Cash and cash equivalents	219 972.44	985 588.17
Accruals	10 431 160.11	8 759 661.75
TOTAL ASSETS	843 981 001.78	744 529 265.72
LIABILITIES		
EQUITY	301 271 650.63	292 368 263.39
Share capital	6 509 482.30	6 509 482.30
Supplementary capital	286 917 653.69	270 989 281.45
Net profit (loss)	7 844 514.64	14 869 499.64
LIABILITIES AND RESERVES		
Provisions for liabilities	3 791 942.33	3 206 568.34
Deferred income tax provision	1 456 892.12	1 331 604.41
Provisions for retirement and similar benefits	1 130 005.60	666 149.40
Other provisions (short-term)	1 205 044.61	1 208 814.53
Long-term liabilities	177 015 191.48	207 636 672.78
1. To related entities	0.00	0.00
2. To other entities	177 015 191.48	207 636 672.78
Long-term loans and credits	135 682 729.18	147 144 295.13
Liabilities from issuance of debt securities	37 741 170.62	57 649 945.64
Other financial liabilities	3 418 743.84	2 669 884.17
other liabilities	172 547.84	172 547.84
Short-term liabilities	361 902 217.34	241 317 761.21
1. To related entities	181 117 785.27	84 787 927.91
2. To other entities	180 784 432.07	156 529 801.68
Liabilities from issuance of debt securities	76 200 786.52	54 833 308.89
Other financial liabilities	5 799 798.96	13 676 649.72
Credits and loans	16 648 720.93	15 442 875.76
Trade payables	6 799 929.95	6 689 020.73
Liabilities for taxes, duties, insurance and other benefits	51 051 935.23	41 881 058.91
Liabilities for remuneration	16 811 783.18	16 489 491.71
other liabilities	7 471 477.30	7 517 395.96
3. Special funds	0.00	31.62
Accruals	0.00	0.00
TOTAL LIABILITIES	843 981 001.78	744 529 265.72

**Statement of comprehensive income of Work Service SA
for the period of 6 months ended 30 June 2016**

	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
Revenues	273 958 449.02	216 575 562.79
Net revenues from sales of products	273 958 449.02	216 575 562.79
Net income on sale of goods and materials	0.00	0.00
Cost of sales	254 320 473.27	199 209 655.34
Manufacturing cost of products sold	254 320 473.27	199 209 655.34
Value of sold goods and materials	0.00	0.00
Gross profit (loss) on sales	19 637 975.75	17 365 907.45
Cost of sales	5 813 416.20	5 765 960.75
General and administrative expenses	17 803 071.16	14 687 378.76
<i>Profit (loss) on sales</i>	-3 978 511.61	-3 087 432.06
Other operating incomes	5 351 363.82	4 596 280.85
Other operating costs	4 027 937.71	3 630 910.90
<i>Profit (loss) on operating activities</i>	-2 655 085.50	-2 122 062.11
Financial incomes	26 236 556.13	19 294 263.14
Financial costs	14 807 633.78	18 193 208.70
<i>Gross profit</i>	8 773 836.85	-1 021 007.67
<i>Result on extraordinary events</i>		0.00
	929 322.21	
Income tax		727 115.82
	7 844 514.64	
Net profit (loss)	273 958 449.02	-1 748 123.49

Other comprehensive income

Items that will not be reclassified to profit or loss in subsequent periods:

- none

Items that may be reclassified to profit or loss in subsequent periods :

- none

Total other comprehensive income

Comprehensive income for the period	7 844 514.64	-1 748 123.49
Net profit (loss) attributable to shareholders:		
Earnings per share from continuing and discontinued operations attributable to shareholders during the year (in PLN)	7 844 514.64	-1 748 123.49
From continuing operations:		
- basic	0.12	-0.03
- diluted	0.12	-0.03
From discontinued operations:		
- basic	0.00	0.00
- diluted	0.00	0.00

**Statement of Cash Flows of Work Service SA
for the period of 6 months ended 30 June 2016**

	01.01.2016- 30.06.2016	01.01.2015- 30.06.2015
A. Cash flow on operating activity		
I. Net profit (loss)	7 844 514.64	-1 748 123.49
II. Total adjustment	28 059 311.68	-8 170 638.08
1. Depreciation	2 675 580.58	1 721 572.99
2. Profit (Loss) due to exchange rate differences	-5 991 764.50	3 538 672.74
3. Interest and participation in profits (dividends)	-9 963 722.17	-9 576 404.44
4. Profit (loss) on investment activities	0.00	-1 679 90
5. Change in reserves	792 654.47	1 311 905.07
6. Change in inventory	-583 548.14	-618 641.57
7. Change in receivables	8 161 944.86	-3 966 527.52
8. Change in current liabilities, except for loans and credits	32 475 051.36	13 851 687.21
9. Change in accruals	-565 757.38	-4 563 904.16
10. Other adjustments	1 058 872.60	-9 867 318.50
III. Net cash flows from operating activities (I+II)	35 903 826.32	-9 918 761.57
B. Cash flow on investment activity		
I. Incomes	245 934 349.14	269 970 353.05
1. Disposal of intangible fixed assets	0.00	4 200.00
2. Disposal of investment property and intangible assets	0.00	0.00
3. From financial assets, including:	245 934 349.14	269 966 153.05
a) in related entities	210 207 896.92	242 847 524.29
b) in other entities	35 726 452.22	27 118 628.76
- disposal of financial assets		0.00
- dividends and profit sharing		0.00
- Repayment of long-term loans	35 607 195.40	26 883 068.58
- interest	119 256.82	235 560.18
- Other income from financial assets		0.00
4. Other investment income		
II. Expenditures	334 349 980.31	372 643 123.04
1. Acquisition of intangible and tangible fixed assets	3 071 966.77	6 095 204.11
2. Investments in real estate and intangible assets	0.00	0.00
3. For financial assets, including:	331 278 013.54	363 316 504.63
a) in related entities	289 625 100.38	335 166 191.07
b) in other entities	41 652 913.16	28 150 313.56
- acquisition of financial assets	0.00	0.00
- loans granted	41 652 913.16	28 150 313.56
4. Other investment expenses	0.00	3 231 414.30
III. Net cash flows from investing activities (I-II)	-88 415 631.17	-102 672 769.99

C. Cash flow on financial activity

I. Incomes	68 390 242.32	125 091 381.93
1. Net incomes on issue of shares and other capital instruments and additional payments to capital		
2. Credits and loans	68 390 242.32	105 091 381.93
3. Issuance of debt securities	0.00	20 000 000.00
4. Other financial income		
II. Expenditures	16 644 053.20	12 397 920.75
1. Acquisition of shares	0.00	0.00
2. Dividends and other payments for owners	0.00	0.00
3. Other than payments for owners, expenses related to profit distribution	0.00	0.00
4. Credits and loans repayments	8 550 000.00	5 500 000.00
5. Redemption of debt securities	0.00	0.00
6. Due to other financial liabilities	0.00	0.00
7. Payment of liabilities on account of financial leasing contracts	1 124 267.91	813 047.46
8. Interest	6 396 640.44	4 165 257.18
9. Other financial expenses	573 144.85	1 919 616.11
III. Net cash flows from financial activities (I-II)	51 746 189.12	112 693 461.18
D. Net cash flow total (A.III. + B.III + C.III)	-765 615.73	101 929.62
E. Balance sheet change in cash and cash equivalents, including:	-765 615.73	101 929.62
- change of cash resources due to exchange rate differences	0.00	0.00
F. Cash resources at the beginning of period	985 588.17	583 150.91
G. Cash resources at the end of period, including	219 972.44	685 080.53
- with restricted availability	0.00	0.00

Position 'other adjustments' includes

Dividend declared	0.00	-10 406 321.12
Managers programme	1 058 872.60	539 002.62
Total	1 058 872.60	-9 867 318.50

Statement of changes in equity of Work Service SA

01.01.2016-30.06.2016	Share capital	Other capital / supplementary capital	Retained earnings	Equity
As at 1 January 2016	6 509 482.30	270 989 281.45	14 869 499.64	292 368 263.39
Net profit (loss) for the financial year	0.00	0.00	7 844 514.64	7 844 514.64
Capital increase	0.00	0.00	0.00	0.00
Managers programme	0.00	1 058 872.60	0.00	1 058 872.60
Distribution of result for 2015 to supplementary capital:	0.00	14 869 499.64	-14 869 499.64	0.00
As at 30 June 2016	6 509 482.30	286 917 653.69	7 844 514.64	301 271 650.63

01.01.2015–31.12.2015	Share capital	Other capital / supplementary capital	Retained earnings	Equity
As at 1 January 2015	6 503 950.70	256 800 810.02	23 516 787.30	286 821 548.02
Net profit (loss) for the financial year	0.00	0.00	14 869 499.64	14 869 499.64
Capital increase	5 531.60	0.00	0.00	5 531.60
Managers programme	0.00	1 078 005.25	0.00	1 078 005.25
Distribution of result for 2014 to supplementary capital, of which:	0.00	23 516 787.30	-23 516 787.30	0.00
reclassification to supplementary capital	0.00	13 110 466.18	0.00	13 110 466.18
payment of dividend	0.00	-10 406 321.12	0.00	-10 406 321.12
As at 31 December 2015	6 509 482.30	270 989 281.45	14 869 499.64	292 368 263.39

01.01.2015-30.06.2015	Share capital	Other capital/supplementary capital	Retained earnings	Equity capital
As on 01 January 2015	6 503 950.70	256 800 810.02	23 516 787.30	286 821 548.02
The capital increase*	5 531.60	0.00	0.00	5 531.60
Net profit (loss) for the financial year	0.00	0.00	-1 748 123.49	-1 748 123.49
Managers programme	0.00	539 002.62	0.00	539 002.62
Distribution of profit for 2014, including:	0.00	23 516 787.30	-23 516 787.30	0.00
transfer to reserve capital	0.00	13 110 466.18	0.00	13 110 466.18
Payment of dividend	0.00	-10 406 321.12	0.00	-10 406 321.12
As on 30 June 2015	6 503 950.70	270 450 278.82	-1 748 123.49	275 206 106.03

* The capital increase was not registered until 06.30.2015

All information about the separate financial statements are included in the consolidated financial statements.

SIGNATURES:

- 1. **Maciej Witucki** **President of Management Board**.....
- 2. **Adam Pawłowicz** **Vice President**
- 3. **Piotr Gajek** **Vice President**
- 4. **Robert Knights** **Vice President**
- 5. **Paul Christodoulou** **Vice President**
- 6. **Tomasz Ślęzak** **Vice President**
- 7. **Iwona Szmitkowska** **Vice President**