

Report on Review of the Condensed Half-year Consolidated Financial Statements

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For the Shareholders of Work Service S.A.

Introduction

We were engaged to review the accompanying condensed half-year consolidated financial statements of a Group (the Group), in which the parent entity is Work Service S.A. (the Parent) with its registered office in Wrocław, 66 Gwiazdzista Street, which comprise consolidated report from the financial standing as of June 30, 2019, consolidated total income statement, consolidated statement of changes in equity, condensed consolidated cash flow statement for the period from January 1, 2019 to June 30, 2019 and selected explanatory notes.

The Management Board of the Parent is responsible for the preparation and presentation of these condensed half-year consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Our responsibility is to express a conclusion on these condensed half-year consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with National Standard on Review Engagements 2410 consistent with International Standard on Review Engagements 2410 *Review of Interim Information Performed by the Independent Auditor of the Entity* adopted by the National Council of Statutory Auditors' resolution No. 3436/52e/2019 of April 8, 2019. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with National Standards on Auditing consistent with International Standards on Auditing adopted by the National Council of Statutory Auditors' resolution No. 3430/52a/2019 of March 21, 2019, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Basis for Disclaimer of Conclusion

The condensed consolidated financial statements as at June 30, 2019 have been prepared on the going concern basis. In note 1.2 to these financial statements, the Management Board of the Parent disclosed the circumstances affecting the assumption the Group's ability to continue as a going concern, including the arrangement concluded with the Social Insurance Institution (ZUS), the divestment process involving the sale of subsidiaries and plans for obtaining additional financing. In the opinion of the Management Board of the Parent, all these activities, together with restoring the profitability of operations, are to ensure the working capital level necessary to continue as a going concern as well as sufficient funds to repay significant liabilities to banks and bondholders. The cash flow forecast presented to us assumes obtaining significant funds for repayment of debt as part of the issue of financial instruments that will be the subject of the Extraordinary Meeting of Shareholders scheduled for October 8, 2019 and the lack of collection of outstanding obligations by tax authorities. In the opinion of the Management Board of the Parent, these assumptions will be realized, but there is no such certainty.

Considering that the implementation of cash flow forecasts largely depends on factors not controlled by the Management Board of the Parent, the assessment of the ability to continue as a going concern adopted by the Management Board of the Parent in preparing the condensed consolidated financial statements is subject to material uncertainty. If the condensed half-year consolidated financial statements were not prepared on a going concern basis, the recognition and measurement of assets, liabilities and performance could be different and we are not able to assess the impact of the change in measurement and recognition principles on the presented condensed consolidated financial statements.

In the statement of financial situation the deferred income tax assets in the amount of PLN 35.863 thousand and goodwill in the amount of PLN 80.041 thousand are presented. Recoverability analysis conducted for deferred income tax assets and impairment tests performed for goodwill are based on the financial plans and assumptions that take into account the success of the Parent's restructuring process, which depends on future events and is difficult to predict.

Deferred tax asset in the amount of PLN 9.131 thousand concerns Work Service Deutschland GmbH (the Subsidiary). The Management Board of the Subsidiary did not provide us with a financial forecast confirming the recoverability of the deferred tax assets and relevant explanations. Without this information, we are unable to assess whether future taxable profit will allow the deferred tax asset to be recovered.

The consolidated statement of financial position shows a receivable from PROLOGICS (UK) LLP with a total value of PLN 23.676 thousand resulting from the sale agreement of 100% shares in the company ProService Worldwide (Cyprus) Limited, of which PLN 7.000 thousand is the sale price of shares and PLN 16.676 thousand is a receivable due to a guarantee of debt for ZAO Work Service. The due date for the receivable expired on July 30, 2019 and it has not been settled by the date of the review. Due to the ongoing negotiations and the analysis of the legal possibilities of recovery, this amount was presented at nominal value. In our opinion, this receivable should be measured taking into account the risk associated with it at a significantly lower amount. If such an impairment loss was recognized as at June 30, 2019, the loss would increase by a maximum amount of PLN 23.676 thousand, the value of short-term other financial assets would decrease by a maximum of PLN 7.000 thousand, and the value of short-term trade and other receivables would decrease by a maximum for the amount of PLN 16.676 thousand.



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Disclaimer of Conclusion

Due to the existence of multiple material uncertainties significant for the condensed consolidated financial statements as a whole that are described in the *Basis for Disclaimer of Conclusion* paragraph, we were not able to express the conclusion based on our review whether nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Jan Letkiewicz

Statutory Auditor No. 9530

Key Audit Partner performing the review on behalf of

Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością sp. k.,
Poznań, ul. Abpa Antoniego Baraniaka 88 E, Audit Firm No. 4055

Poznań, September 30, 2019.

THIS IS TRANSLATION ONLY. The Polish language version of the report is the only valid and legally binding version. This translation into English is provided to facilitate understanding of the report.