



**Capital Group**  
**Work Service**

**The Report of Management Board of Work  
Service S.A.  
on the activities of Capital Group for the period  
from 1 January 2017 to 30 June 2017.**

Wrocław, 14 September 2017

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## A. REVIEW OF INTERIM FINANCIAL STATEMENTS

### I. Key financial data of the Capital Group

#### SELECTED ITEMS OF THE PROFIT AND LOSS ACCOUNT

The table below presents the selected items of the profit and loss account, including the profit/loss from continued and discontinued operations (including the ITK Group and Proservice profit/loss) for the period 01.01.2017-30.06.2017 and for the period 01.01.2016-30.06.2016.

Selected items of the profit and loss account (in PLN) from discontinued and continued operations	2017 - 1H	2016 - 1H	Growth 2017/2016
Sales revenue	1 341 448 094.87	1 203 599 239.34	11.45%
Operating expenses	1 299 885 444.93	1 171 605 748.67	10.95%
Sales profit (loss)	41 562 649.94	31 993 490.67	29.91%
Operating profit (loss)	36 760 019.65	32 172 814.30	14.26%
EBITDA	45 272 644.06	40 080 559.89	12.95%
Gross profit (loss)	-61 980 956.54	17 602 019.41	-452.12%
Net profit (loss)	-70 667 613.74	8 012 132.33	-982.01%

Source: Work Service Capital Group

The table below presents the selected items of the profit and loss account from continued operations for the Work Service Capital Group for the period 01.01.2017-30.06.2017 and for the period 01.01.2016-30.06.2016.

Selected items of the profit and loss account (in PLN) from continued operations	2017 - 1H	2016 - 1H	Growth 2017/2016
Sales revenue	1 205 164 813.18	1 087 050 909.47	10.87%
Operating expenses	1 174 142 302.21	1 068 549 498.99	9.88%
Sales profit (loss)	31 022 510.96	18 501 410.48	67.68%
Operating profit (loss)	27 259 004.34	18 563 175.01	46.84%
EBITDA	34 099 496.58	25 140 383.19	35.64%
Gross profit (loss)	6 645 808.71	4 578 804.76	45.14%
Gross profit (loss) from continued operations	-54 952.66	-2 974 131.52	-98.15%

In the first six months of 2017 the Work Service Group posted higher profit/loss than this generated in the corresponding period of 2016. Unlike in previous years, this was mainly due to the robust organic growth of the Group with a limited impact of acquisitions.

In the first six months of 2017, the Work Service Group posted the following profit/loss from continued and discontinued operations:

- Sales revenue of PLN 1,341,448 thousand, as compared to PLN 1,203,599 thousand in 2016, which represents a rapid increase of over 11%. This development is primarily based on solid organic growth, which is 9%, this confirming that the Group not only grows successfully through new acquisitions but also successfully develops business and territorial lines already existing within the Group.
- The increase in the scale of operations also translates into the profit/loss of the Capital Group which buoyantly grew at the level of sales profit and EBIT at 29.9% and 14.3%, respectively.
- The reported loss on the level of net profit is the result of one-off sales transactions of the Proservice Group and the resulting impairment losses on these assets.

## SELECTED BALANCE SHEET ITEMS

The following table presents selected balance sheet items of Work Service Capital Group.

	stan na 30.06.2017	stan na 31.12.2016	Dynamics of 30.06.2017/31.12.2016
<b>FIXED ASSETS</b>	532 085 932.66	669 785 900.39	-20.56%
Intangible assets, including	448 160 412.19	610 770 241.15	-26.62%
Goodwill	399 967 998.42	549 644 468.78	-27.23%
Tangible fixed assets	23 924 644.27	31 206 729.05	-23.33%
Investment real estates	5 763 123.63	1 614 844.06	256.88%
Other long-term assets	4 234 660.01	4 334 062.91	-2.29%
Other long-term financial assets	29 542 562.90	2 892 510.29	921.35%
Deferred income tax assets	19 876 751.66	18 156 629.28	9.47%
Accruals	583 778.00	810 883.65	-28.01%
<b>CURRENT ASSETS</b>	619 685 153.24	631 100 874.41	-1.81%
Inventories	21 059 657.07	28 342 462.32	-25.70%
Trade and other receivables	443 281 028.53	432 902 983.22	2.40%
Other financial assets	26 366 921.82	29 236 323.28	-9.81%
Other short-term assets	6 855 283.79	9 351 436.26	
Cash and cash equivalents	104 885 431.80	104 614 790.71	0.26%
Accruals	17 236 830.23	26 652 878.62	-35.33%
<b>TOTAL ASSETS</b>	<b>1 151 771 085.90</b>	<b>1 300 886 774.80</b>	<b>-11.46%</b>
<b>EQUITY</b>	265 837 106.01	357 297 068.85	-25.60%
Share capital	6 509 482.30	6 509 482.30	0.00%
Supplementary capital (Fund)	326 759 291.43	330 652 018.76	-1.18%
Capital from option valuation	-53 773 718.65	-53 773 718.65	0.00%
Net profit (loss)	-77 547 023.18	2 417 610.83	-3307.59%
Foreign exchange differences	-9 769 310.61	-5 277 227.57	85.12%
Equity attributable to non-controlling shareholders	73 658 384.72	76 768 903.18	-4.05%
<b>LIABILITIES</b>	885 933 979.89	943 589 705.95	-6.11%
Long-term liabilities	328 684 665.84	342 550 843.29	-4.05%
Long-term loans and credits	195 338 523.60	125 543 041.61	55.59%
Deferred income tax liabilities	4 522 826.83	3 033 436.01	49.10%
Liabilities for pension benefits	0.00	0.00	
Provisions for other liabilities and charges	1 374 734.90	1 762 321.65	-21.99%
other liabilities	127 448 580.51	212 212 044.02	-39.94%
Short-term liabilities	557 249 314.05	601 038 862.66	-7.29%
Trade and other liabilities	441 037 942.44	472 498 015.89	-6.66%
Short-term loans and credits	84 950 806.59	96 183 204.57	-11.68%
Provisions for other liabilities and charges	31 260 565.02	32 357 642.20	-3.39%
<b>TOTAL LIABILITIES</b>	<b>1 151 771 085.90</b>	<b>1 300 886 774.80</b>	<b>-11.46%</b>

Source: Work Service Capital Group

As at 30 June 2017 fixed assets amounted to PLN 532,086 thousand and decreased by more than 20% as compared to 31 December 2016.

The main reason for the decline in the amount of fixed assets is the decrease in goodwill which is currently PLN.399,968 thousand, and decreased by over 26% compared to the end of 2016. This decrease results from the sale of shares in IT Kontrakt Sp. z o.o. and the Proservice Group, and follows as a consequence of the recognition of goodwill linked to these assets.

The increase in the amount of real estate kept for investment purposes derives from the acquisition by the Group of selected real estate from Kontrakt, sold IT Company, which will be used to a limited extent in operations.

The current assets amounted to PLN 619,685 thousand, and their amount has not changed significantly (decline by 1.81%).

As at 30 June 2017, the equity amounted to PLN 265,837 thousand, and decreased by over 25% compared to the previous year. At the same time, liabilities and provisions for liabilities decreased by more than 6% and amounted to PLN 885,934 thousand. The fall in the equity is mainly a result of the net loss resulting from the sale of the Proservice Group.

The increase in long-term loans and borrowings is mainly due to the loan taken out at PKO BP for PLN 55 million.

Other long-term liabilities amounted to PLN 127,449 thousand, and decreased by PLN 84,763 thousand as compared to the previous year. This is mainly due to the early repayment of U series bonds in the amount of PLN 80 million.

Net debt calculated as the difference between the level of interest-bearing debt and the level of cash is PLN 212,027 thousand, and decreased by PLN 80,713 thousand as compared to the previous year. The net debt to EBITDA ratio for the 12 months back is 2.51 and has improved by 0.25 as a result of IT kontrakt sales. The debt coverage ratio is 1.64 and the leverage ratio is 0.80. The Management Board examines these indicators in accordance with the liquidity management policy of the Capital Group - in order to maintain financial liquidity and creditworthiness, the Management Board of the Capital Group seeks that:

- debt ratio calculated as the ratio of net debt to EBITDA be maintained at a level not higher than 3.5;
- debt coverage ratio calculated as the ratio of free cash flows to interest and principal loan installments should be kept at the level not lower than 1.6;
- leverage ratio calculated as the ratio of the adjusted net debt to net assets should be maintained at a level not higher than 1.5.

## SELECTED FINANCIAL RATIOS

Selected financial ratios from continued operations of the Capital Group are presented in the following table.

Selected financial ratios	Formula	1H2017	1H2016
<b>Profitability ratios</b>			
Profitability of sales	Profit on sales / revenues from sales	2.57%	1.70%
Profitability of EBIT	Operation activities result / revenues from sales	2.26%	1.71%
Profitability of EBITDA	(Operation activities result + amortisation)/ revenues from sales	2.83%	2.31%
Net profitability	Net financial result/revenues from sales	0.00%	-0.27%
ROA	Net financial result/total assets	0.00%	-0.26%
ROE	Net financial result/share capital at the end of period	-0.02%	-0.86%
<b>Liquidity ratios</b>			
The cash conversion cycle (in days)	Inventories cycle + receivables cycle - liabilities cycle	42	51
<b>Current assets management ratios</b>			
Receivables turnover in (days)	Average balance of receivables from supplies and services / sales revenue) *180	47	54
Liabilities turnover in (days)	(Average balance of liabilities from supplies and services / costs of services sold) *181	8	7

Source: Work Service Capital Group

## II. Information about significant events in the first half of 2017

In the first six months of 2017 the Work Service Group posted higher profit/loss than this generated in the corresponding period of 2016. Unlike in previous years, this was mainly due to the robust organic growth of the Group with a limited impact of acquisitions.

In the first six months of 2017, the Work Service Group posted the following profit/loss from the continued and discontinued operations:

- Sales revenue of PLN 1,341,448 thousand compared to PLN 1,203,599 thousand in 2016, which stands for a rapid increase of over 11%. This development is primarily based on solid organic growth, which is 9%, this confirming that the Group not only grows successfully through new acquisitions but also effectively develops business and territorial lines already existing within the Group.
- The increase in the scale of operations also translates into the profit/loss of the Capital Group which robustly grew at the level of profit on sales and EBIT, that is at 29.9% and 14.3%, respectively.
- The reported loss on the net profit is the result of one-time sales transactions of the Proservice Group and the resulting impairment losses on these assets.

The current figures confirm the rapid growth of the Capital Group - this strategy (including expansion into new markets as well as reaching out for new market segments) will also be implemented in the next periods to achieve a level of development comparable to the largest HR companies in the world.

The first six months of 2017 is also marked by the completed sale of significant assets of the Group such as IT Kontrakt and Proservice Group companies. The sale of assets is part of the Company's long-term strategy aimed at reducing the Group's financial indebtedness. Revenues from the sale of shares in IT Kontrakt exceeded PLN 146 million and generated an above-average profit on this transaction. Revenues from sales were used, for such purposes as early redemption of bonds in the amount of PLN 80 million.

### III. Significant agreements concluded in the first half of 2017

In the first half of 2017 the following significant agreements were concluded:

- On 28 February 2017 Prohuman 2004 Kft acquired control of 4 Hungarian companies. The details of the transaction are described in "Changes in structure of the business entities, including as a result of a business entity mergers, acquisition or disposal of Capital Group entities, long-term investments, division, restructuring and discontinued operations" of this report.
- On 31 March 2017 the Company and SO SPV 118 sp. z o.o. with its registered office in Warsaw, a special purpose vehicle controlled by Cornerstone Partners sp. z o.o. acting jointly with Oaktree Capital Management (UK) LLP (the "Purchaser") entered into a preliminary contingent share sale agreement for the disposal by the Company for the Purchaser of 9.495 shares in IT Kontrakt sp. z o.o. with its registered office in Wrocław ("ITK"), representing 94.95% of its share capital. On 30 June 2017, the Agreement was executed and the transaction was closed. The price paid by the Purchaser amounted to PLN 146,858,174.59.
- On 30 June 2017 the Issuer entered into an agreement with PROLOGICS (UK) LLP, with its registered office in London, registered under number OC314997 (the "Buyer") for the sale of 100% of shares ("Shares") in Pro-Service Worldwide (Cyprus) Limited, established in the jurisdiction of the Republic of Cyprus registered under number HE 209802, with its registered office in Nicosia ("ProService") (the "Agreement"). Detailed description of the transaction can be found under "Changes in structure of the business entities, including as a result of a business entity mergers, acquisition or disposal of Capital Group entities, long-term investments, division, restructuring and discontinued operations" of this report.
- On 30 March 2017 the Company concluded annex (hereinafter referred to as Annex No. 1) to the credit agreement of 18 November 2015 (hereinafter referred to as the Agreement) with Bank BGŻ BNP Paribas S.A., Raiffeisen Bank S.A., Bank Zachodni WBK S.A., Bank Millennium S.A. and Bank PKO BP Bank Polski (banks hereinafter collectively referred to as the Lenders).  
This event was reported in current report No. 43/2015 of 19 November 2015.

### IV. Implementation of issuance targets

Information concerning the implementation of issuance targets is presented in item 7.2 of this report - Issuance, redemption and repayment of debt and equity securities, issuance of equity securities.



## V. Seasonality

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.

## VI. Type and amount of unusual items affecting assets, liabilities, equity, net income or cash flows

The first six months of 2017 saw the finalisation of sale of IT Kontrakt Sp. z o.o. as well as the Proservice Group. Both transactions were of one-off nature and had a significant impact on the profit/loss posted.

As a result of ITK sale, the following profit/loss was posted:

Sales price less sales costs	140 609 935.85
Assets sold net	-19 439 484.13
Undepreciated goodwill	-44 278 758.43
Minority interests	2 445 493.76
<b>Profit on disposal of ITK Group</b>	<b>79 337 187.05</b>

Whereas the agreement was concluded for the sale of 49% of shares in the Proservice group, the impairment loss in respect of the revaluation to fair value was recognised as at 30 June 2017

Sale price	7 000 000.00
Surety for a debt by Prologics	20 500 000.00
Impairment losses on assets net	-17 083 665.47
Goodwill impairment	-97 714 221.40
Write-off for receivables that WSSA posted from the Proservice Group	-69 686 622.34
Net loss from revaluation to fair value	<b>-156 984 509.21</b>

## VII. The issuance, redemption and repayment of debt and equity securities

### 1. Issuances, repurchase and repayments of debt securities

In the first half of 2017 the Company Work Service SA did not issue non-equity securities. Other Companies of Work Service Capital Group also did not make such an issuance.

On 30 March 2017, the Management Board of Work Service S.A., through Krajowy Depozyt Papierów Wartościowych S.A., redeemed bonds S series ISIN number - PLWRKSR0076 (the "Bonds") with a total nominal value of 20,000,000.00 zlotys, thereby the Krajowy Depozyt Papierów Wartościowych S.A. shall deregister bought securities from the accounts of the participants.

On 30 June 2017, through the National Depository for Securities in Poland S.A., it made a total early purchase in order to redeem U series bonds ISIN No. – PLWRKSR00084 in the total nominal value of PLN 80,000,000. According to the above, the National Depository for Securities in Poland S.A. has deregistered the purchased securities from the parties' accounts.

### 2. Issuance of equity securities

On 19 April 2017 the Extraordinary General Meeting of Work Service S.A. in the resolution no 3/2017 increased the share capital of the Company by the amount of PLN 189,618.70 through the issuance in a private placement of 1,896,187 common bearer shares of the X series, with the exclusion of pre-emptive rights of the current shareholders. The issuance of the X Series Shares shall be carried out by private subscription addressed to PROFÓLIÓ PROJEKT TANÁCSADÓ KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG, a company established under the Hungarian law with its registered seat in Budapest.

The total issue price of 1,896,187 Series X Shares has been determined as the amount of 20,538,720,54 Polish zlotys. The subscription opening date has been set for 15 June 2017 and the closing date for subscription – for 30 June 2017.

The shares have failed to be taken up within the prescribed time-frame.

On 13 July 2017 the Extraordinary General Meeting of Work Service S.A. in the resolution no 3/2017 increased the share capital of the Company by the amount of PLN 189,618.70 through the issuance in a private placement of 1,896,187 common bearer shares of the X series, with the exclusion of pre-emptive rights of the current shareholders. The issuance of the X Series Shares shall be carried out by private subscription addressed to PROFÓLIÓ PROJEKT TANÁCSADÓ KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG, a company established under the Hungarian law with its registered seat in Budapest.

The total issue price of 1,896,187 Series X Shares has been determined as the amount of 20,538,720,54 Polish zlotys.

Once the shares have been taken up, the share capital of the Company will amount to PLN 6,699,101.00.

The agreement on taking up X Series Shares should be concluded no later than on 30 October 2017.

#### **VIII. The use of funds received from issuance of debt and equity securities**

The company did not issue debt securities in the first six months of 2017.

#### **IX. Dividend**

Work Service S.A. paid no dividend in 2017.

#### **X. Information about the conclusion by the Company or its subsidiary of one or more transactions between related parties, if individually or collectively they are significant and were concluded on non-market terms.**

Work Service SA as the parent company of the Work Service Capital Group in the first half of 2017 concluded no transactions with related parties, which individually or collectively would be significant and at the same time were concluded on terms other than market

## B. OTHER INFORMATION

### I. Description of the Capital Group organisation

#### 1.1. The Parent Company

The Parent Company of the Work Service Capital Group is a company Work Service S.A. Parent Company's registered office is located in Wrocław, at ul. Gwiaździsta 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, ul. Gwiaździsta 66
Phone	+48 (071) 37 10 900
Fax	+48 (071) 37 10 938
E-mail	work@workservice.pl
Website	<a href="http://www.workservice.pl">www.workservice.pl</a>

Work Service SA operates under Polish law. The basis of the Company's operations are primarily 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 2017 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 on 30 June 2017 the Work Service Capital Group comprised of the following economic entities:

Companies with share capital of Work Service SA - direct					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share 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 S.A.	42-200 Częstochowa, ul. Focha 53	24.09.2007	69.09%	69.09%	Full
Antal 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	51.00%	51.00%	Full
Clean 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
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	77.72%	77.72%	Full
Work Service Czech s.r.o.	Londýnská 730/59, Vinohrady, 120 00 Praha 2	30.01.2004	100.00%	100.00%	Full
Work Service East Lcc	Charków, ul. Sumska 50, rejon charkowski, województwo charkowskie, Ukraina	03.02.2017	100.00%	100.00%	Full
Stermedia Sp. z o.o.	ul. Nowa 6 50-082 Wrocław	25.07.2012	75,40%	75,40%	Full

#### Companies related by Proservice Worldwide (Cypr) Ltd.

Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
ZAO Work Service Russia	Moskwa, Biuro 45 Olkhovskaya ST, bld.1 105066	04.04.2008	99,00%	99,00%	Full
ProService Worldwide Limited, Brytyjskie Wyspy Dziewicze	Brytyjskie Wyspy Dziewicze, 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

Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
EMG Management	191015, Petersburg, Kałużski pereulok, bud 3A	10.02.2015	100,00%	100,00%	Full
EMG Leasing	191015, Petersburg, Kałużski pereulok, 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.

Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	04.09.2007	53,50%	53,50%	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.**

Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Antal International s.r.o.	Anglicka 140/20, Vinohrady, 120 00 Praha 2	19.09.2014	100,00%	100,00%	Full

**Companies related by Exact Systems SA**

Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
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.	Na Honech832/16 Hrabová, 720 00 Ostrava	29.01.2007	100,00%	100,00%	Full
Exact Systems Slovakia s.r.o.	010 01 Zilina, Jána Kaliňáka 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	Blv. Aviatorilor, No. 18, Floor 1, Apt. 3, Bucharest, Romania	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 Belgium	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 China Ltd	3F Qianjiang Tower, 971 Dong Fang Rd. Pudong District, Shanghai PR China 200122	19.02.2016	100,00%	100,00%	Full

Companies related by Industry Personnel Services Sp. z o.o.					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Work Service Slovakia s.r.o.	831 03 Bratislava, Škultétyho 1	05.05.2011	46,50%	46,50%	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.					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
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

Companies related by Automotive Assembly Systems Sp. z o.o.					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
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	Blv. Aviatorilor, No. 18, Floor 1, Apt. 3, Bucharest, Romania	24.09.2007	0,03%	0,03%	Full



Companies related by Prohuman 2004 Kft					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
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	100,00%	100,00%	Full
Enloyd Kft.	1194 Budapest, Kiss Janos altábornagy 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
APT Resources&Services s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1 <sup>st</sup> District, Bucharest, Romania	28.02.2017	80,00%	80,00%	Full
APT Human Resources s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1 <sup>st</sup> District, Bucharest, Romania	28.02.2017	80,00%	80,00%	Full
APT Broker s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1 <sup>st</sup> District, Bucharest, Romania	28.02.2017	80,00%	80,00%	Full
APT Finance Broker s.r.l.	67 Constantin Dobrogeanu Gherea Street, attic floor, office no. 1, 1 <sup>st</sup> District, Bucharest, Romania	28.02.2017	80,00%	80,00%	Full

Companies related by HR GLOBAL d.o.o.					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Naton Ljudski potencial d.o.o.	Zvonimirova 2/III, 100000 Zagreb, Croatia	03.12.2015	100,00%	100,00%	Full
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.					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
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					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Exact Systems GmbH	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.					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Work Service GmbH & Co.KG	c/o CMS Hasche Sigle, Breite Str. 3, 40213 Düsseldorf	26.06.2014	74,00%	74,00%	Full
Companies related by Work Service Deutschland GmbH					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Work Service Fahrschule GmbH	Domhof 8, 48268 Greven	29.07.2015	100,00%	100,00%	Full
Companies related by Krajowe Centrum Pracy Sp. z o.o.					
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Kariera.pl Sp. z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	03.11.2016	51,00%	51,00%	Full
Companies related by Profield 2008 Kft					
Company name	Registered office	Control acquisition date	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 Hungary Pénzügyi Tanácsadó Kft	H-1146 Budapest, Hungária krt. 140-144, HU25790722	08.11.2016	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", it is not consolidated 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.

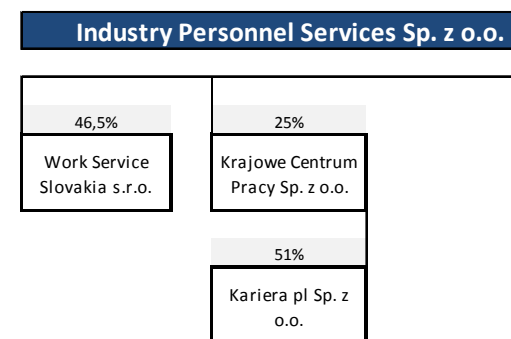
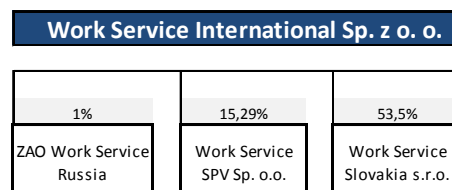
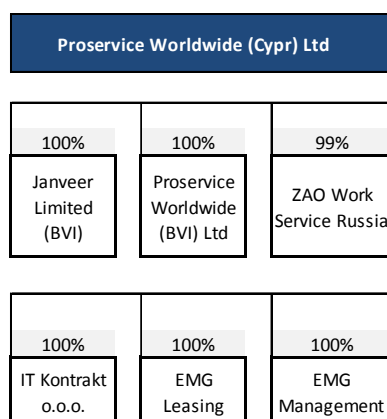
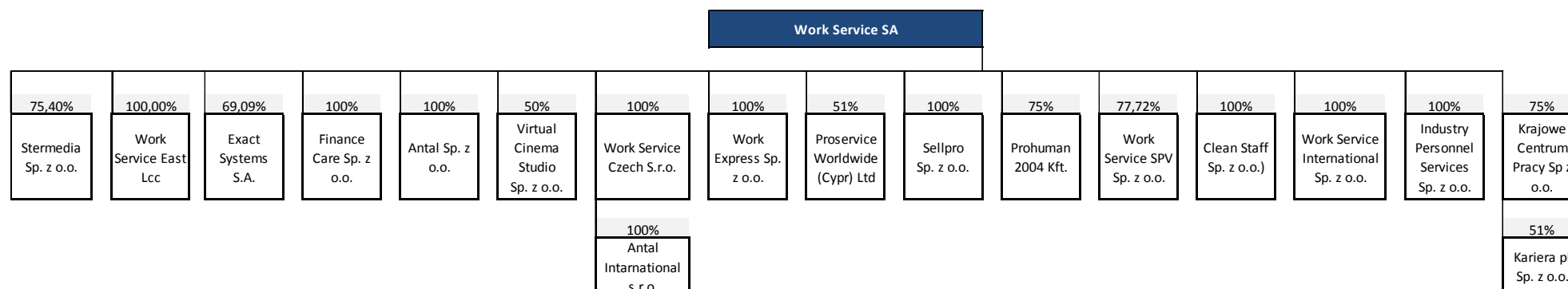
### **1.3. Scope of activities of companies of Work Service Capital Group**

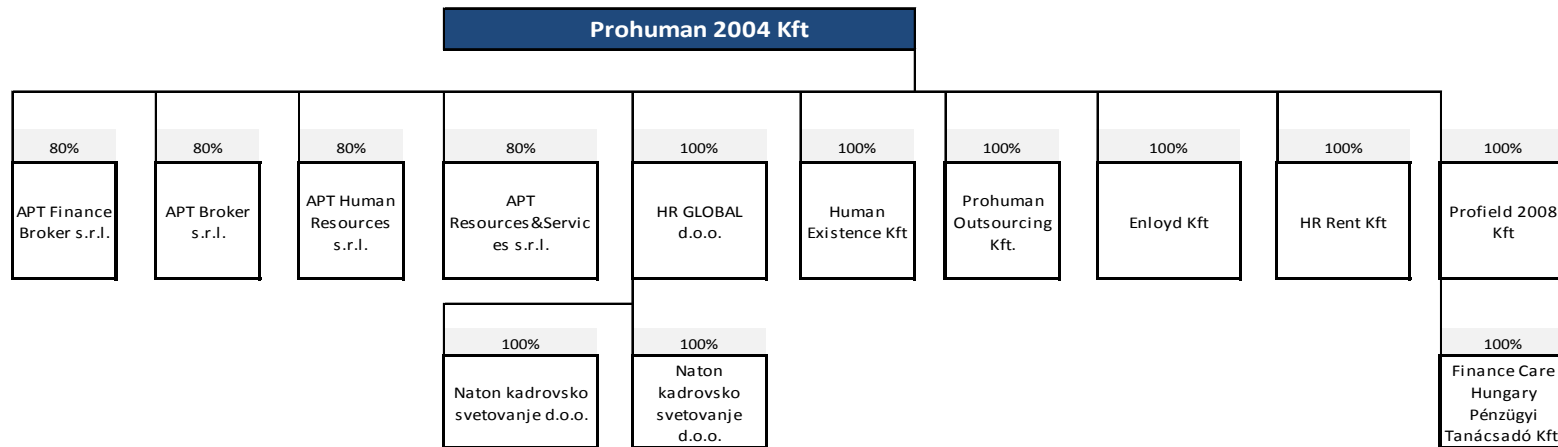
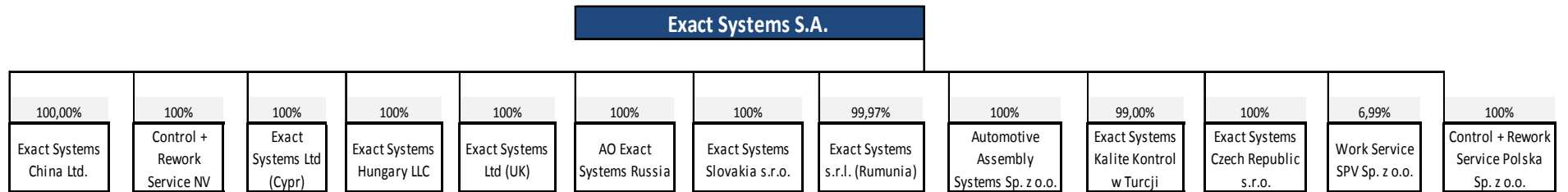
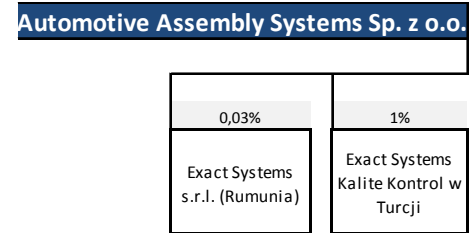
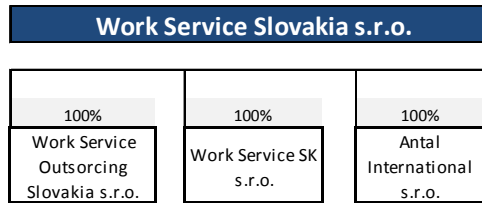
The Work Service Capital Group provides services in the field of human resource management. It specialises in seeking and recruitment of skilled workers, personal consulting, outsourcing functions related to human resources management and auxiliary processes in enterprises and offering solutions based on the use of temporary employment contracts. Capital Group operates throughout the country through regional offices and representative offices as well as abroad in countries 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. Information concerning the scope of the activities of all companies included in the Work Service Capital Group has been presented in the consolidated financial statements of Capital Group for the first half of 2017. – item 1 – General information concerning Work Service Capital Group

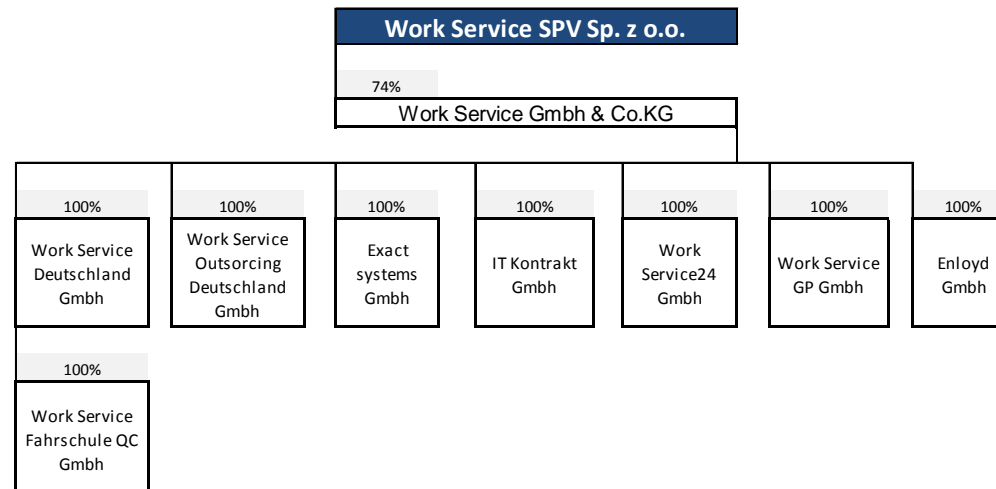
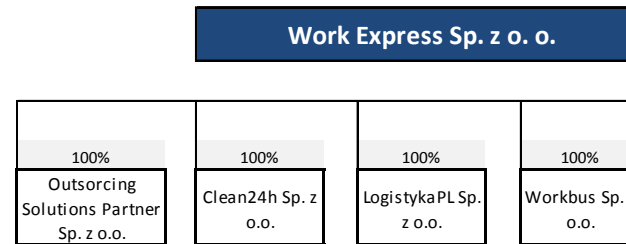
The structure of Work Service Capital Group as at 30.06.2017 is presented in the following diagram.

## The structure of Work Service SA Capital Group as at 30.06.2017

### Direct subsidiaries of Work Service SA







## 2. Changes in structure of the business entities, including as a result of a business entity mergers, acquisition or disposal of Capital Group entities, long-term investments, division, restructuring and discontinued operations.

In the first half of 2017 the following events resulting in changes in the Capital Group structure took place:

### **Dissolution of Work Service Acquisition**

On 31 January 2017 the Management Board of Work Service S.A. (The "Issuer") informed about the dissolution on this day of the Issuer's subsidiary - Work Service Acquisitions Ltd. with its registered office in London, United Kingdom, registration number of entrepreneurs - 06419129 (the "Subsidiary").

The Issuer held 100% of the share capital of the Subsidiary.

Liquidation of the Subsidiary is associated with the implementation of the development strategy of the Issuer providing Consolidating and optimizing the use of existing resources within the Group. Due to the inactive nature of the Subsidiary Company, the Issuer has decided to terminate it.

### **Conclusion of a conditional purchase agreement by Exact Systems S.A.**

On 1 February 2017 Exact Systems S.A. with its registered office in Częstochowa ("Exact Systems") concluded with two foreign companies ("the Seller") a conditional purchase agreement of 100 % of shares in a Portuguese limited liability company under the name QLS AUTOMOTIVE – SERVIÇOS DE CONTROLO DE QUALIDADE E LOGISTICA, LDA. ("The Portuguese Company") ("the Shares") ("the Agreement").

The purchase price for the Shares shall be EUR 9,200,000 and shall be adjusted by the net amount of debt according to the value as at 28 February 2017 ("the Price").

The conclusion of the share purchase agreement by Exact Systems depends on meeting the conditions precedent including: (i) reaching a determined EBITDA level, (ii) no breach of guarantee and warranties made by sellers in the Agreement, that would result in losses or damages of more than 20% of the Price, (iii) obtaining required corporate approvals, (iv) obtaining consents from bodies that finance the Portuguese Company.

The final agreement for the purchase of shares in QLS should be entered into on 30 October 2017.

Sellers' liability for any loss or damage resulting from infringements specified in the Agreement (including untrue guarantees and warranties) is differentiated in terms of time, depending on a breach and limited to the amount of EUR 1,200,000.

The Agreement provides a three-year non-compete clause limited in territory. In case of breach of that clause, Exact Systems is entitled to claim from the Sellers a contractual penalty. Exact Systems is entitled to claim a compensation exceeding a contractual penalty.

The Portuguese Company is the only shareholder of three entities that operate in Portugal and Spain.

The Agreement has been concluded under the Portuguese law.

Other provisions of the Agreement do not differ from commonly applied terms and conditions for this type of agreement. The transaction concerning the purchase of 100% of shares in the Portuguese company is an element of the acquisition strategy of Exact Systems S.A.

### **Signing of an annex to the term-sheet by Exact Systems S.A.**

On 21 March 2017 the Management Board of the Issuer informed that it became aware that the Issuer's subsidiary, i.e. Exact Systems ("Subsidiary"), with its registered office in Częstochowa, concluded the annex to the "term sheet" document of 15 July 2016 on the activities for the acquisition transaction to be executed in the future.

The Parties agreed that the Subsidiary within the acquisition transaction will acquire 100% of existing shares of the French limited liability company ("French Company"), 100% of existing shares of the Romanian limited liability company ("Romanian Company"), 100% of existing shares of the Turkish limited liability company ("Turkish Company") and 100% of existing shares of two Moroccan limited liability companies ("Moroccan Companies") [operating] in the outsourcing industry and specialising in the quality control for the automotive industry ("Potential Transaction"), whereas the

The preliminary purchase agreements of shares of the French, Romanian and Turkish Company and Moroccan Companies shall be concluded until 31 May 2017.

The purchase agreements of shares of the French, Romanian and Turkish Company and Moroccan Companies shall be concluded not later than on 30 June 2017.

Whereas the term sheet has expired, negotiations are underway to renew its validity.



#### Purchase of four companies by Prohuman 2004 Kft

On 28 February 2017, Prohuman 2004 Kft purchased the control over four Hungarian companies:

APT Resources&Services s.r.l.,

APT Human Resources s.r.l.,

APT Broker r.s.l.,

APT Finance Broker s.r.l.

Prohuman 2004 Kft purchased 80% of shares in each of the companies. Due to the fact that Work Service SA holds 75% of shares in the share capital of Prohuman 2004 Kft., the consolidated data of the Work Service Group disclose goodwill calculated as the purchase of 60% of shares in the share capital is of those companies.

Figures converted to PLN are presented in the following table:

Provisional settlement of company purchases converted to PLN	Purchase price	Net asset value	Net fair value of acquired assets	Goodwill on acquisition
APT Human Resources s.r.l.	919.32	-139,358.25	-83,614.95	84,534.28
APT Broker s.r.l.	1,001,671.11	247,359.28	148,415.57	853,255.54
APT Finance Broker s.r.l.	919.32	-176,195.01	-105,717.00	106,636.33
APT Resources&Services s.r.l.	5,954,378.24	1,934,972.40	1,160,983.44	4,793,394.80
<b>TOTAL</b>	<b>6,957,888.00</b>	<b>1,866,778.43</b>	<b>1,120,067.06</b>	<b>5,837,820.94</b>

In 2017 Q2 the acquisitions of APT Group companies were finally accounted for. Figures in PLN are presented in the table below:

Final account for the acquisition of companies in PLN	Purchase price	Net asset value	Net fair value of acquired assets	Goodwill on acquisition
APT Human Resources s.r.l.	891.63	-139 358.25	-83 614.95	84 506.58
APT Broker s.r.l.	1 132 203.27	247 359.28	148 415.57	983 787.70
APT Finance Broker s.r.l.	891.63	-176 195.01	-105 717.00	106 608.64
APT Resources&Services s.r.l.	6 730 319.34	1 934 972.40	1 160 983.44	5 569 335.90
<b>TOTAL</b>	<b>7 864 305.87</b>	<b>1 866 778.43</b>	<b>1 120 067.06</b>	<b>6 744 238.82</b>

#### Conclusion of the agreement on the purchase of shares in Stermedia Sp. z o.o.

On 8 May 2017 Work Service SA acquired 101 shares in the share capital of Stermedia Sp. z o.o. of the nominal value of PLN 50 each, which represent 75.37% of the share capital, for PLN 299,139. Previously, Work Service SA exercised control over this company indirectly through IT Kontrakt Sp. z o.o.

#### Conclusion of the agreement on the purchase of shares in Work Service SPV Sp. z o.o.

On 8 May 2017 Work Service SA acquired 609 shares in the share capital of Work Service SPV Sp. z o.o. of the nominal value of PLN 50 each, which represent 0.82% of the share capital for PLN 281,741.

#### Conclusion of the Heads of terms agreement for the disposal of IT Kontrakt Sp. z o.o.

On 10 February 2017, the Company and Cornerstone Partners sp. z o.o. executed a non-binding Head of terms specifying the terms of the intended Transaction \_as defined below.

On 31 March 2017 the Company and SO SPV 118 sp. z o.o. with its registered office in Warsaw, a special purpose vehicle controlled by Cornerstone Partners sp. z o.o. acting jointly with Oaktree Capital Management UK LLP "Buyer" signed a preliminary conditional share purchase agreement related to the sale by the Company to the Buyer of 9,495 shares in IT Kontrakt sp. z o.o. with its registered office in Wrocław "ITK" "Shares" representing 94,95% of its share capital for the price of PLN 147,572,500 subject to a price adjustment, if any, under the following conditions preliminary: i obtaining bondholders' consent for early repayment of the U series bonds issued by the Company and ii obtaining the approval of the investment committee of Oaktree Capital Management UK LLP together with releasing appropriate letter from the Oaktree funds, iii the Company acquiring 1,077 shares in ITK and iv obtaining approvals of third parties, including the consent of the banks financing the Company and the consent of the President of the Office of

Competition and Consumer Protection "Inside Information" "Transaction". The performance of the share purchase agreement has been secured with mutual contractual penalties up to the maximum amount of PLN 7,000,000.

On 8 June 2017 Work Service SA acquired 1,077 shares in the share capital of IT Kontrakt Sp. z o.o. of the nominal value of PLN 50 each and the total nominal value of PLN 53,850, which represents 10.77% of the share capital of IT Kontrakt sp. z o.o. The sale price was PLN 11,400,000.

On the 8 June 2017 of the last condition precedent set forth in the preliminary conditional share purchase agreement concerning the sale of 94.95% of shares in IT Kontrakt sp. z o.o. with its registered office in Wrocław ("ITK") concluded on 31 March 2017 between the Company and SO SPV 118 sp. z o.o. with its registered office in Warsaw, an SPV controlled by Oaktree Capital Management (UK) LLP acting jointly with Cornerstone Partners sp. z o.o.

On 30th June, 2017 the Agreement was fulfilled

The price paid by the Purchaser was of PLN 146.858.174,59. Transaction costs amounted to PLN 6,248,238.74.

In the day of closing the transaction, the payment of the entire price for the Shares was paid and title to the Shares was transferred.

The profit/loss from the transaction is shown in the table below:

Sale price less sale costs	140 609 935.85
Net assets sold	-19 439 484.13
Undepreciated goodwill	-44 278 758.43
Minority interests	2 445 493.76
<b>Profit on disposal of ITK Group</b>	<b>79 337 187.05</b>

#### **Transaction of sale of shares in ProService Worldwide (Cyprus) Ltd**

On 30 June 2017 the Issuer and PROLOGICS (UK) LLP with the registered office in London, registered under number OC314997 ("Buyer") concluded an Agreement for sale of 100% shares ("Shares") in ProService Worldwide (Cyprus) Limited - established in accordance with the law of the Republic of Cyprus registered under the number HE 209802, based in Nicosia ("ProService") (Agreement").

The sale shall be made in two instalments:

1.The first instalment shall cover 3.430 shares representing 49% in share capital of ProService and shall take place at the date of conclusion of the Agreement, that is on 30 June 2017.

2.The second instalment will cover 3.570 shares representing 51% in share capital of ProService and shall take place on 30 July 2018.

The sales price for Shares shall consist of the amount of PLN 7.000.000 and the price referred to as "Guarantee Price", which is a guarantee of the debt held by ZAO "Work Service" (joint stock company) based in Moscow and ProService, to the amount of the PLN 20.500.000,00

The price for the sale of Shares shall be paid by 30 July 2018.

As a collateral of the Agreement, the Buyer undertakes to establish pledge on 2.250.000 of Issuer's shares ("Shares") held by them. The collateral pledged as security for the Agreement will be established by 30 July 2018 after the release of the pledge on Shares, established for the consortium of banks BANK BGŻ BNP PARIBAS S.A., BANK MILLENNIUM S.A., „BANK ZACHODNI WBK S.A.",RAIFFEISEN BANK POLSKA S.A., POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI S.A. under the pledge agreement of 18 November 2015, annexed on 13 April 2017, securing the loan, to which the Issuer is the beneficiary.

The provisions of the Agreement concerning the pledge on Shares are included provided that the General Meeting of Issuer's Shareholders consents to the pledge on Issuer's own shares.

Within 30 days from the date of entering into the Agreement, PROLOGICS (UK) LLP has pledged to grant to the Issuer a power of attorney to sign on behalf of PROLOGICS (UK) LLP a pledge agreement on Shares under which the Issuer will be able to sign the pledge agreement with or with the consent of Baker McKenzie Krzyżowski i wspólnicy sp. k. by July 30, 2018

A part of the transaction is also the release by the Issuer of ZAO "Work Service" based in Moscow and ProService in the total amount of 3.662.122 PLN, 595.114.159,60 Ruble Russian and 17.304,79 Euro from any debt. The release shall take place on the date of purchase of 100 % Shares by the Buyer in ProService.

As a result, the following loss from revaluation to fair value was recognised as at 30.06.2017

Sales price	7 000 000,00
Surety for a debt by Prologics	20 500 000,00
Impairment losses on assets net	-17 083 665,47
Goodwill impairment	-97 714 221,40
Write-off for receivables that WSSA posted from the Proservice Group	-69 686 622,34
<b>Net loss from revaluation to fair value</b>	<b>-156 984 509,21</b>

The profit/loss from continued and discontinued operations (including the profit/loss of ITK Group and Proservice Group) for the period of 01.01.2017-30.06.2017 and 01.01.2016-30.06.2016 are presented below.

	01.01.2017- 30.06.2017	01.01.2016- 30.06.2016
<b>Revenues</b>	<b>1 341 448 094.87</b>	<b>1 203 599 239.34</b>
Net revenues from sales of products	1 341 281 534.72	1 202 995 557.43
Variation in stocks of products	166 560.15	590 760.63
Manufacturing cost of products for entity's own purposes	0.00	0.00
Net income on sale of goods and materials	0.00	12 921.28
<b>Operating costs</b>	<b>1 299 885 444.93</b>	<b>1 171 605 748.67</b>
Depreciation	8 512 624.42	8 020 303.99
Consumption of materials and energy	9 242 464.94	5 094 349.72
Outside services	212 349 786.87	161 737 769.26
Taxes and charges	2 062 578.00	3 272 243.70
Remuneration	838 905 119.77	784 756 534.34
Social insurance and other benefits	198 371 956.48	190 000 146.93
Other generic expenses	30 440 914.46	18 724 400.74
Value of goods and materials sold	0.00	0.00
<b>Profit (loss) on sales</b>	<b>41 562 649.94</b>	<b>31 993 490.67</b>
<b>Other operating incomes</b>	<b>9 568 852.71</b>	<b>10 803 198.49</b>
<b>Other operating costs</b>	<b>14 371 483.00</b>	<b>10 623 874.86</b>
<b>Profit (loss) on operating activities</b>	<b>36 760 019.65</b>	<b>32 172 814.30</b>
<b>Profit from sale of ITK Group Kontrakt</b>	<b>79 337 187.05</b>	<b>0.00</b>
<b>Net loss from revaluation of the Proservice Group to fair value</b>	<b>-156 984 509.21</b>	<b>0.00</b>
<b>Financial incomes</b>	<b>1 631 017.18</b>	<b>1 583 292.31</b>
<b>Financial costs</b>	<b>22 724 671.21</b>	<b>16 154 087.20</b>
<b>Gross profit (loss)</b>	<b>-61 980 956.54</b>	<b>17 602 019.41</b>
Income tax	8 686 657.20	9 589 887.08
<b>Net profit (loss)</b>	<b>-70 667 613.74</b>	<b>8 012 132.33</b>
Measurement of interests by the equity method	0.00	0.00
Minority shareholders' profit (loss)	6 879 409.44	4 959 544.31
Profit attributable to shareholders of the parent company	-77 547 023.18	3 052 588.02

Profit from discontinued operations is shown in the table below

	<b>01.01.2017- 30.06.2017</b>	<b>01.01.2016- 30.06.2016</b>
Net revenues from sales	136 283 281.69	116 548 329.86
Other operating income	312 493.08	443 244.38
Operating costs	125 743 142.72	103 056 249.68
Other operating costs	1 351 616.75	325 685.29
Financial income	302 618.79	144 961.51
Financial costs	783 077.18	731 386.14
Gross profit (loss)	9 020 556.92	13 023 214.63
Income tax	1 985 895.84	2 036 950.79
Profit from discontinued operations for the financial year	7 034 661.08	10 986 263.83
Profit from disposal of the ITK Group	79 337 187.05	0.00
Net loss from revaluation to fair value	156 984 509.21	0.00
<b>Profit from discontinued operations for the financial year</b>	<b>-70 612 661.09</b>	<b>10 986 263.83</b>

#### **Regaining control of Naton Ljudski potencial d.o.o.**

On 1 April 2017 the agreement was concluded whereby the contract concluded on 30 March 2016 ceased to apply to the Croatian company. Thus HR Global d.o.o has regained control of Naton Ljudski potencial d.o.o.

### 3. Management Board position on the implementation forecasts

On 6 June 2017 Work Service SA in report number 48/2017 published the EBIT forecast for 2017. The anticipated level of consolidated operating profit (before tax) for the Work Service Group (the "Group") for 2017 amounts to PLN 85,351 thousand.

The forecast includes a Group consisting of the Company – being its parent and its subsidiaries. The forecast provides for the closure of the transaction of disposal by the Company of 94.95% of shares in IT Kontrakt Sp. z o.o. with the registered office in Wrocław in the last six months of 2017, and respectively, it solely contains the IT Kontrakt Sp. z o.o.'s profit/loss for the first six months of 2017.

The forecast was not audited by an auditor.

Despite the negative impact of key third party factors resulting from the amendment of the provisions concerning posted employees and from events connected with putting off in the first half of 2017 the entry of Exact Systems into the market (emission targets of Exact System presumed acquisitions of QLS Automotive (Belgium) and acquisitions on the French market whose consolidated result in the current year was included in the forecast), the Management Board – carrying out the analysis of the forecast assumptions and the results of the second half of Work Service SA – upholds the whole year forecast in the scope of the expected level of consolidated operating profit – EBIT.

After the first half of 2017, the Work Service group from continued and discontinued operations posted EBIT profit of nearly PLN 37 million, which means that the annual forecast concerning the group's consolidated operating profit was met in about 43 percent.

### 4. Indicating the Shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting on the date of publication of this report, together with the number shares held by such entities, their percentage share in the share capital, number of votes resulting from them and their percentage share in the total number of votes at the AGM and changes in ownership of large blocks of shares of the issuer in the period from submission of the last annual report

At the date of this report no preferred shares as to voting rights or to dividend were issued. All shares of the Parent Company are ordinary shares. The share capital of Work Service SA amounts to PLN 6,509,482.30 and is divided into:

- 750,000 shares of series A of nominal value of 10 grosz each.
- 5,115,000 shares of series B of nominal value of 10 grosz each.
- 16,655,000 shares of series C of nominal value of 10 grosz each.
- 100,000 shares of series D of nominal value of 10 grosz each,
- 100,000 shares of series E of nominal value of 10 grosz each,
- 7,406,860 shares of series F of nominal value of 10 grosz each.
- 2,258,990 shares of series G of nominal value of 10 grosz each.
- 9,316,000 shares of series H of nominal value of 10 grosz each.
- 1,128,265 shares of series K of nominal value of 10 grosz each.
- 5,117,881 shares of series L of nominal value of 10 grosz each.
- 12,000,000 shares of series N of nominal value of 10 grosz each.
- 91,511 shares of series P of nominal value of 10 grosz each.
- 5,000,000 shares of series S of nominal value of 10 grosz each.
- 55,316 shares of series T of nominal value of 10 grosz each.

The shareholding structure as of the date of this report, taking into account all notice that the company Work Service SA received pursuant to art. 69 section 1 item. 1 of the act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and on Public Companies are presented in the table below.

Shareholder	No. Of shares	Percentage of share capital	Number of votes	Share in the total number of votes
PROLOGICS UK LLP	18 514 621	28.44%	18 514 621	28.44%
WorkSource Investments S.a.r.l.	13 714 286	21.07%	13 714 286	21.07%
Tomasz Misiak	9 534 861	14.65%	9 534 861	14.65%
JPMorgan Asset Management Holdings Inc.	3 593 968	5.52%	3 593 968	5.52%
Tomasz Hanczarek	3 255 000	5.00%	3 255 000	5.00%
MetLife PTE S.A.	3 254 743	5.00%	3 254 743	5.00%
Others	13 227 344.00	20.32%	13 227 344	20.32%
<b>Total</b>	<b>65 094 823</b>	<b>100.00%</b>	<b>65 094 823</b>	<b>100.00%</b>

## 5. Ownership of shares of Work Service SA by persons managing and supervising the Company

	Balance at the date of report for 2017 Q1.	Changes in ownership: acquisition (disposal)	Balance at the date of this report
Tomasz Hanczarek – Member of the Supervisory Board	3 255 000	0	3 255 000
Jarosław Dymitruk – Proxy	1 000	0	1 000
Paul Christodoulou – Vice President of the Management Board	34 680	0	34 680
Tomasz Misiak - Vice President of the Management Board	9 534 861	0	9 534 861
Maciej Witucki – President of the Management Board	950	0	950
Tomasz Ślęzak – Vice President of the Management Board	12 219	0	12 219

## 6. Court proceedings

There are currently no pending litigation, administrative or arbitration proceedings involving the Company, relating to liabilities or receivables of the Company, the value of which individually or collectively represent at least 10% of its equity.

## 7. Information on granting by Company or its subsidiary the surety of credit or loans or guarantees – jointly to one entity or its subsidiary, if the total value of existing sureties or guarantees is equivalent to at least 10% of its equity.

This information is contained in item 8 of the consolidated financial statements for the first half of 2017.

8. Other information that are relevant to the assessment of the personnel, property, financial stand - and their changes - of the Company and its Capital Group, as well as information that is relevant for assessing the feasibility of liabilities by the Company and the Capital Group

### 8.1. The composition of management and supervisory bodies

As of 30 June 2017 the Management Board of Work Service SA was composed of:

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

On 20th April 2017 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 Krzysztof Rewers to perform the duties of Vice-President of the Management Board of Work Service S.A. as of 1 May 2017.

Supervisory Board of Work Service S.A. as at 30 June 2017:

- Panagiotis Sofianos – Chairman of Supervisory Board
- Tomasz Misiak – Deputy 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
- John Leone - Member of the Supervisory Board

In the first quarter of 2017 there were no changes in the composition of the Supervisory Board of Work Service SA.

### 8.2. Significant organisational changes

In the first half of 2017 there were organisational changes resulting in a change in the organizational structure of the Group which are described in Part B of this statement - Other information, item II.

## 9. Factors influencing the achieved results for at least the next six months

### 9.1. Other factors

The first six months of 2017 is the first half-year in which the Group consolidates the results of the companies in the APT Group with the registered office in Romania, which will affect the comparability of data with the year 2016. The first six months is also the period in which the sale transaction of IT Kontrakt Sp. z o.o. was finalised, as well as that of the Proservice Group. Consequently, the profit/loss of future periods in this respect will be incomparable with this of prior periods.

Below follows breakdown of the earnings posted on discontinued operations in the first six months of 2017:

	<b>01.01.2017- 30.06.2017</b>	<b>01.01.2016-30.06.2016</b>
Revenue from the sale of services	136 283 281.69	116 548 329.86
Other operating income	312 493.08	443 244.38
Business costs total	125 743 142.72	103 056 249.68
Other operating costs	1 351 616.75	325 685.29
Financial income	302 618.79	144 961.51
Financial costs	783 077.18	731 386.14
Profit (loss) before tax	9 020 556.92	13 023 214.63
Income tax	1 985 895.84	2 036 950.79
Profit for the financial year from discontinued operations	7 034 661.08	10 986 263.83
Profit from disposal of the ITK Group	79 337 187.05	0
Net loss from revaluation to fair value	156 984 509.21	0
<b>Profit for the financial year from discontinued operations</b>	<b>-70 612 661.09</b>	<b>10 986 263.83</b>

On the other hand, through the aforementioned transactions, the Group has raised considerable funds for example, for the early repayment of bonds in the amount of PLN 80 mio.

## 9.2. Threats and risks related to the remaining months of the financial year

### ⇒ **THE RISK ASSOCIATED WITH THE PROTECTION OF PERSONAL DATA**

The Capital Group due to the nature of the business has an extensive database of candidates' personal data, the size of which exceeds hundreds of thousands of records. According to the Act on personal data protection of 29 August 1997 (consolidated text Journal of Laws of 2002, No. 101 item 926, as amended), information relating to these data are secret and shall not be disclosed to unauthorised persons. Nevertheless, there is a risk of access to databases by unauthorised persons as a result of theft, hacking or forced entry, or other unwanted actions. In such a case, the information stored by Work Service SA could be used to the detriment of the Company and its customers, which would adversely affect the image of the Company, and thus worsened its position in the employment services market. To reduce this risk, the technical infrastructure was created based on a properly secured server, electronic security systems and high-end servers.

### ⇒ **LIQUIDITY RISK**

The Issuer Group hires temporary staff and provides comprehensive training to prepare employees for specific work. This business features a long cycle of receivables turnover vis-à-vis the average observed on the market. Possible significant prolongation of the receivables turnover cycle or difficulties with collection of receivables of the Issuer Group companies may contribute to liquidity problems and consequently to the deterioration of financial condition and implementation of the Issuer Group's development strategy. This business model requires the Issuer to effectively manage its net working capital and is susceptible to the risk of periodic decrease in liquidity. With a view to minimising the risk, the Issuer has concluded contracts for tapping to credit lines on demand, as well as the Issuer Group contracts with counterparties to optimise the foreign capital cost. In order to maintain financial liquidity and creditworthiness of the Issuer, it seeks to maintain debt ratios at levels acceptable to credit, financial, leasing institutions, and bondholders.

### ⇒ **RISKS ASSOCIATED WITH INTEGRATION OF ACQUIRED ENTITIES**

Execution of acquisition transactions involves the risk of integration of acquired entities with the Issuer Group. There prevails a risk of mismatching the Issuer's existing strategy and that of the acquired entity, policy, personnel policy, over-estimation of anticipated synergies, or limiting changes in the acquired company's scope of supply. The above factors may have a material adverse effect on the development prospects, performance and financial position of the Issuer's Group.



In order to minimise the risk involved in the takeover process, the Issuer Group concentrates its takeover activities on companies whose integration can bring expected synergies. Each completed transaction is preceded by information gathering and a deepened due diligence process in the financial and legal area, conducted by specialised auditor and advisor. Acquisition processes involve the identification of additional goodwill assets in the Issuer's consolidated financial statements. The Issuer constantly monitors the recoverable amount of purchased entities and annually conducts an impairment test, which has not yet revealed the need for impairment losses, this confirming the historical accuracy of the decision in the acquisition area

#### ⇒ **RISKS ASSOCIATED WITH SOCIO-ECONOMIC SITUATION IN POLAND AND EUROPE**

Conditions prevailing in Poland and in the Issuer Group's markets. The Issuer's financial results reflect prevailing macroeconomic conditions illustrated by the level of macroeconomic indicators, including the level of enterprise investment which boosts employment, growth of GDP, prices, unemployment, interest rates, and, along with the further globalisation of economies, also foreign direct investment. A significant deterioration of the macroeconomic environment would carry a risk that they will adversely affect the economic and financial condition and the pace of implementation of the assumed development strategy of the EMI Group. The development of the industry in which the Issuer's Group operates to a large extent tracks down to the degree of absorption of funds coming from the European Union budget in Central and Eastern European countries. Should market conditions collapse or decline, the risk arises of reducing the demand for services offered by the Issuer Group.

macroeconomic conditions on an on-going basis and pursues activities aimed at diversifying the consolidated sales revenues and enhancing the competitiveness of the Issuer Groups' delivery. The Issuer also continuously adjusts the size of its operating structure to the level and quantity of operations performed. The risk of macroeconomic situation is also minimized by the low level of temporary employment services in Poland. In other words, whereas the economic downturn limits the possibility of hiring new employees on the one hand, it increases the chances of attracting customers interested in flexible employment, on the other.

#### ⇒ **THE RISK ASSOCIATED WITH THE COMPETITOR'S OPERATION**

Temporary job market in Central and Eastern Europe is attractive and robust, and hence – along with large international players, many new entities operate in this segment offering services competitive to the Issuer Group's service range. Still, the market shows a high level of competition, as a result of which the gross margins it generates stand relatively low. Being the leader on the Polish market, the Issuer Group has gathered the most experience, enjoys a well-known brand, and is able to respond quickly to competition. There appears a risk of losing the market position of the Issuer's Group in the event of inadequate reaction to the changing market environment and competition. On the other hand, while the chances of successful competition with international corporations on foreign markets are limited, smaller companies has not created as extensive recruitment facilities as the Issuer's Group, which positively affects the position of the latter. In addition, the Issuer reduces the risk of losing international clients through effective development of its operations in Central and Eastern Europe.

#### ⇒ **THE RISK ASSOCIATED WITH FLUCTUATIONS IN THE MARKET**

Recent years have witnessed a rapid development of the HR services market, including temporary work and the changing needs of the market. In the perspective of at least the next three years, the customers will most of all need access to the employees showing relevant competence, and thus support the Temporary Employment Agency in managing recruitment and hiring processes. In the age of the employee market, recruitment-based services are gaining importance, with the most vulnerable to regulations issues related to the flexibility of employment becoming less important for customers. The Issuer's Group runs business which is diversified in terms of both geographic exposures and services, where the countries of operation differ significantly in terms of labour market regulations, and a significant part of the Group's services such as outsourcing, ongoing recruitment process or quality check are not covered by the regulations. The Group believes that the introduction of regulations concerning restrictions on delegating employees abroad in the form proposed by the European Commission is unlikely and the proposed amendments in their present form will not affect the business model of the Issuer Group. Both national and the European Union administrations strive to order labour markets by eliminating pathological practices and unequal treatment of employees (minimum

wage, liquidation of the so-called junk job contracts, full scope of social insurance applied with reference to civil law contracts). The Issuer Group not only tracks and anticipates amendments to the legislation but also applies the relevant labour market practices *ex ante*. Good forecasts for the development of the entire HR services sector are reflected in the reports developed by external research companies. In the event of flexible forms of employment, the Issuer Group, being a market leader in Central and Eastern Europe, is equipped with the relevant technical infrastructure, knowledge and a long-time experience, and it monitors changes undergoing in the market. Thanks to a flat structure and field offices, the Issuer Group responds quickly to changing trends by increasing its competitiveness.

#### ⇒ **THE RISK ASSOCIATED WITH CHANGES IN LEGAL REGULATIONS**

A threat to the business of the Issuer Group comes from amendments to the regulations in Poland and in other countries where it operates. The tax system in Poland is subject to an ongoing change with a view to bringing it into line both with buoyant economic growth and the requirements of European Union law. The provisions pertaining to the labour market and the tax system are particularly important here. Amendments to regulations – adverse from the Issuer Group’s perspective - may have a dampening impact on revenue and boost expenses, whereas frequent legislative amendments may yield interpretation problems, inconsistent court ruling, and adverse interpretation adopted by the public administration, which can consequently hinder the implementation of long-term strategic objectives and cause difficulties in assessing the impact of future events or decisions. In addition, the fact that the companies of the Issuer Group operate in the territory of several countries, including the Russian Federation further adds to the risk in this area. The Issuer monitors amendments in tax regulations and makes necessary changes within the Issuer Group with a view to minimising this risk.

#### ⇒ **CREDIT RISK**

Credit risk can be defined as the possibility of contractual default by the other party to the contract, which means that the vulnerable party will not receive its contractual payment within the anticipated time-frame. The amount of trade receivables, loans granted and cash deposits held in financial institutions reflect the maximum burden of credit risk on the Issuer Group.

In the area of credit risk related to trade receivables - in order to minimise it and to maintain the lowest level of working capital - the Issuer Group implemented procedures for grant a trade credit limit and certain forms of its collateral. Receivables from counterparties are subject to monitoring by the financial services from time to time, and where even a slight overdue occurs, the procedure for their recovery through the so-called soft recovery is activated.

SIGNATURES:

1. Maciej Witucki President of the Management Board .....
2. Piotr Gajek Vice President of the Management Board .....
3. Krzysztof Rewers Vice President of the Management Board .....
4. Paul Christodolou Vice President of the Management Board .....
5. Tomasz Ślęzak Vice President of the Management Board .....
6. Iwona Szmitkowska Vice President of the Management Board .....