



Capital Group

WORK SERVICE

INTERIM CONDENSED HALF-YEAR REPORT for the first HALF of 2018

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

Wrocław, 28 September 2018

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SELECTED CONSOLIDATED FINANCIAL DATA

Work Service Capital Group	01.01.- 30.06.2018	01.01.- 30.06.2017	01.01.- 30.06.2018	01.01.- 30.06.2017
Work Service Capital Group	in thousands PLN	in thousands PLN	in thousands EUR	in thousands EUR
Revenues from sales	1 047 198	1 026 509	247 010	241 679
EBITDA (operating profit + depreciation)	-17 234	9 665	-4 065	2 276
Profit from the sale	-723	8 221	-171	1 936
Profit on operating activities (EBIT)	-23 193	4 600	-5 471	1 083
Gross profit (loss)	-40 463	-13 519	-9 544	-3 183
Net profit (loss) on continued and discontinued operations	-32 207	-70 668	-7 597	-16 638
Net cash flows from operating activities	3 507	-4 172	827	-982
Net cash flows from investing activities	-18 057	54 030	-4 259	12 721
Net cash flows from financing activities	6 294	-49 588	1 485	-11 675
Total net cash flow	-8 256	271	-1 947	64
Number of ordinary shares of the Company for the purposes of calculating earnings per share in pieces	65 094 823	65 094 823	65 094 823	65 094 823
Earnings per share	-0.50	-1.19	-0.12	-0.28
Number of shares diluted for the purpose of calculating diluted earnings per share in pieces	65 836 829	65 836 829	65 836 829	65 836 829
Diluted earnings per share	-0.49	-1.18	-0.12	-0.28
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Assets	1 064 605	1 111 167	244 086	266 409
Liabilities and liability reserves	856 890	878 782	196 462	210 694
Long-term liabilities	50 110	49 821	11 489	11 945
Short-term liabilities	806 780	828 961	184 973	198 749
Equity (Fund)	93 401	144 974	21 414	34 758
Share capital (Fund)	6 509	6 509	1 492	1 561
Supplementary capital (Fund)	112 553	232 874	25 805	55 833

SELECTED SEPARATE FINANCIAL DATA

SPECIFICATION	01.01.2018- 30.06.2018	01.01.2017- 30.06.2017	01.01.2018- 30.06.2018	01.01.2017- 30.06.2017
Work Service SA	in thousands PLN	in thousands PLN	in thousands EUR	in thousands EUR
Revenues from sales	291 475	286 314	68 753	67 409
EBITDA (operating profit + depreciation)	-26 160	-2 655	-6 171	-625
Profit from the sale	-5 706	-5 709	-1 346	-1 344
Profit on operating activities (EBIT)	-29 480	-5 185	-6 954	-1 221
Gross profit (loss)	-40 619	-41 842	-9 581	-9 851
Net profit (loss)	-40 619	-41 842	-9 581	-9 851
Net cash flows from operating activities	6 453	-16 900	1 522	-3 979
Net cash flows from investing activities	-21 915	333 397	-5 169	78 494
Net cash flows from financing activities	15 370	-262 879	3 626	-61 892
Total net cash flow	-92	53 618	-22	12 624
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Assets	832 095	859 668	190 777	206 111
Liabilities and liability reserves	654 505	631 709	150 061	151 456
Long-term liabilities	4 831	3 960	1 108	949
Short-term liabilities	642 263	624 118	147 254	149 636
Equity (Fund)	177 590	227 959	40 717	54 655
Share capital (Fund)	6 509	6 509	1 492	1 561
Supplementary capital (Fund)	211 700	285 679	48 537	68 493

CAPITAL GROUP CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of financial position of the Capital Group

as at 30 June 2018

	as on 30.06.2018	as on 31.12.2017	as on 30.06.2017
FIXED ASSETS	432 472 969.08	440 694 536.63	532 085 932.66
Intangible assets	40 481 307.54	44 887 158.61	48 192 413.77
Goodwill	352 293 160.37	354 334 183.27	399 967 998.42
Tangible fixed assets	14 717 323.68	16 996 932.14	23 924 644.27
Investment real estates	2 690 484.05	2 690 484.05	5 763 123.63
Other financial assets	25 000.00	30 000.00	0.00
Other long-term assets	641 496.37	1 050 669.65	4 234 660.01
Other long-term financial assets	209 728.77	203 559.15	29 542 562.90
Deferred income tax assets	21 355 604.40	20 347 522.35	19 876 751.66
Accruals	58 863.90	154 027.41	583 778.00
CURRENT ASSETS	437 773 088.32	493 203 560.63	619 685 153.24
Inventory	9 653 306.07	16 702 253.41	21 059 657.07
Trade and other receivables	346 998 819.27	385 753 274.22	443 281 028.53
Other financial assets	26 608 273.40	30 812 269.09	26 366 921.82
Other short-term assets	892 660.92	1 238 104.80	6 855 283.79
Cash and cash equivalents	42 837 192.49	50 824 465.96	104 885 431.80
Prepayments	10 782 836.17	7 873 193.15	17 236 830.23
Assets classified as held for sale	194 359 440.42	177 268 716.07	0.00
TOTAL ASSETS	1 064 605 497.82	1 111 166 813.33	1 151 771 085.90
EQUITY	93 400 873.45	144 973 695.34	265 837 106.01
Share capital	6 509 482.30	6 509 482.30	6 509 482.30
Supplementary capital (Fund)	112 552 756.74	232 873 575.60	326 759 291.43
Capital from option valuation	-53 773 718.65	-53 773 718.65	-53 773 718.65
Net profit (loss)	-32 480 472.71	-96 290 167.84	-77 547 023.18
Foreign exchange differences	-15 646 132.20	-15 785 334.10	-9 769 310.61
Equity attributable to non-controlling shareholders	76 238 957.97	71 439 858.03	73 658 384.72
LIABILITIES	856 889 976.81	878 782 002.61	885 933 979.89
Long-term liabilities	50 110 109.39	49 821 367.12	328 684 665.84
Long-term loans and credits	1 526 559.96	930 551.69	195 338 523.60
Deferred income tax liabilities	2 169 402.27	2 265 636.42	4 522 826.83
Liabilities for pension benefits	0.00	0.00	0.00
Provisions for other liabilities and charges	1 750 763.09	1 786 043.76	1 374 734.90
Other liabilities	44 663 384.07	44 839 135.25	127 448 580.51
Short-term liabilities	806 779 867.42	828 960 635.49	557 249 314.05
Trade and other liabilities	504 883 462.33	529 451 401.34	441 037 942.44
Short-term loans and credits	271 345 667.12	271 965 747.21	84 950 806.59
Provisions for other liabilities and charges	30 550 737.97	27 543 486.94	31 260 565.02
Liabilities from assets classified as held for sale	114 314 647.56	87 411 115.38	0.00
TOTAL LIABILITIES	1 064 605 497.82	1 111 166 813.33	1 151 771 085.90

Consolidated Statement of comprehensive income of the Capital Group
for the period of 6 months ended 30 June 2018

CONTINUED OPERATIONS	01.01.2018- 30.06.2018	01.01.2017- 30.06.2017
Revenues	1 047 197 571.11	1 026 508 668.02
Net revenues from sales of products	1 047 524 109.47	1 025 822 501.65
Variation in stocks of products	-326 538.37	686 166.37
Manufacturing cost of products for entity's own purposes	0.00	0.00
Net income on sale of goods and materials	0.00	0.00
Operating costs	1 047 920 792.20	1 018 287 336.68
Depreciation	5 958 923.29	5 065 410.55
Consumption of materials and energy	2 689 610.22	2 953 516.23
Outside services	130 082 681.79	106 472 167.78
Taxes and charges	1 497 837.60	1 251 102.87
Remuneration	733 385 687.09	717 608 144.08
Social insurance and other benefits	162 322 543.56	173 028 126.67
Other generic expenses	11 983 508.64	11 908 868.51
Value of goods and materials sold	0.00	0.00
Profit (loss) on sales	-723 221.09	8 221 331.34
Other operating incomes	15 431 817.39	7 790 548.93
Other operating costs	37 901 945.40	11 412 250.82
Profit (loss) on operating activities	-23 193 349.10	4 599 629.43
Financial incomes	3 303 603.76	6 924 376.95
Financial costs	20 573 092.36	25 043 103.36
Gross profit (loss)	-40 462 837.69	-13 519 096.97
Income tax	6 079 134.33	4 529 430.27
Net profit (loss) from continued operations	-46 541 972.02	-18 048 527.24
DISCONTINUED OPERATIONS		
Net profit (loss) from discontinued operations	14 334 546.17	-52 619 086.51
Net profit (loss)	-32 207 425.86	-70 667 613.74
Measurement of shares by the equity method	0.00	0.00
Minority shareholders profit (loss)	273 046.86	6 879 409.44
Net profit attributable to		
- Shareholders of the parent company	-32 480 472.72	-77 547 023.18
- Non-controlling interests	273 046.86	6 879 409.44

Net profit	-32 207 425.86	-70 667 613.74
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	139 201.90	-4 492 083.05
Other comprehensive income in total	139 201.90	-4 492 083.05
Comprehensive income for the period	-32 068 223.96	-75 159 696.79
- of which attributable to minority interest in equity	259 495.72	4 098 790.74
- of which attributable to shareholders of the parent entity	-32 327 719.68	-79 258 487.53
Profit per share from continuing and discontinued operations attributable to shareholders of the parent entity during the year (in PLN)		
From continuing operations:		
- basic	-0.72	-0.38
- diluted	-0.71	-0.38
From discontinued operations		
- basic	0.22	-0.81
- diluted	0.22	-0.80

Consolidated Statement of cash flows of the Capital Group

for the period of 6 months ended 30 June 2018

	01.01.2018- 30.06.2018	01.01.2017- 30.06.2017
Net profit (loss)	-32 480 472.72	-77 547 023.18
Total adjustment	35 987 850.45	73 375 440.79
Depreciation	9 050 609.47	8 512 624.42
(Profit) loss on foreign exchange differences	0.00	0.00
Interest and participation in profits (dividends)	9 131 265.41	9 742 795.92
(Profit) loss on investing activities	3 324 581.31	-132 072.75
Change in reserves	903 217.65	1 852 350.00
Change in inventory	6 416 390.17	4 189 741.72
Change of receivables with the exception of receivables from income tax	1 909 059.35	-144 293 738.89
Change in short-term liabilities excluding credits and loans and income tax from legal persons	-12 199 927.75	126 202 327.56
Change in accruals	-247 892.71	-6 447 827.81
Other adjustments	9 379 781.48	68 462 961.78
Income tax on profit before tax	10 049 695.84	8 686 657.20
Income tax paid	-1 728 929.78	-3 400 378.36
Net cash flows from operating activities	3 507 377.73	-4 171 582.39
Cash flow on investment activity		
Incomes	2 544 176.37	129 399 401.48
Disposal of intangible and tangible fixed assets	135 146.06	186 634.60
Sale of investment property and intangible assets	0.00	0.00
From financial assets, including:	754 247.15	1 098 527.05
a) in related entities	0.00	0.00
Interest	0.00	0.00
b) in other entities	754 247.15	1 098 527.05
Interest	754 247.15	1 098 527.05
acquisition of financial assets	0.00	0.00
Other investment income	1 654 783.16	128 114 239.83
Expenditures	20 601 140.15	75 369 164.61
Purchase of intangible and tangible fixed assets	6 673 352.15	530 460.82
Investments in real estate and intangible assets	0.00	0.00
For financial assets, including:	13 927 788.00	72 233 106.73
a) in related entities	11 819 388.00	68 275 910.73
acquisition of financial assets	11 819 388.00	68 275 910.73
b) in other entities	2 108 400.00	3 957 196.00
acquisition of financial assets	2 108 400.00	3 957 196.00
Other investment expenses	0.00	2 605 597.06
Cash flow on investment activity	-18 056 963.78	54 030 236.86

Cash flow on financial activity		
Incomes	16 707 900.63	61 332 978.57
Credits and loans	1 103 989.60	60 112 860.11
Issuance of debt securities	15 000 000.00	0.00
Net income from issuance of shares	0.00	0.00
Other financial income	603 911.03	1 220 118.46
Expenditures	10 414 280.16	110 920 991.97
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	0.00	0.00
Redemption of debt securities	0.00	100 000 000.00
Due to other financial liabilities	0.00	0.00
Payment of liabilities on account of financial leasing contracts	183 548.90	254 726.62
Interest	9 885 512.56	10 841 322.97
Other financial expenses	345 218.70	-175 057.62
Net cash flows from financing activities	6 293 620.47	-49 588 013.40
Total net cash flow	-8 255 965.58	270 641.09
Balance sheet change in cash and cash equivalent, including:	-8 255 965.58	270 641.09
change of cash resources due to exchange rate differences	0.00	0.00
Cash resources at the beginning of period	61 115 284.37	104 614 790.71
Cash and cash equivalents at end of period	52 859 318.79	104 885 431.80
Position 'other adjustments' includes		
change of differences from conversions	2 093 733.97	7 977 548.11
change in real estate kept for investment purposes	0.00	-4 148 279.57
other changes in capitals	-466 254.59	-1 206 460.10
managerial programme	456 401.64	456 401.64
change of item other assets	2 518 617.16	2 570 555.38
changes in shares attributable to non-controlling shareholders	4 777 283.30	4 427 983.22
goodwill measurement	0.00	0.00
profit/loss from the sale of ITK Group	0.00	-79 337 186.06
loss on revaluation to fair value of the Proservice Group	0.00	137 722 399.16
	9 379 781.48	68 462 961.78

Consolidated statement of changes in equity of Capital Group

01.01.2018-30.06.2018	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 2017	6 509 482.30	232 873 575.60	-53 773 718.65	-15 785 334.10	-96 290 167.84	73 533 837.31	71 439 858.04	144 973 695.34
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	-32 480 472.71	-32 480 472.71	0.00	-32 480 472.71
Exchange differences on conversion of financial statements of foreign entities	0.00	0.00	0.00	139 201.90	0.00	139 201.90	0.00	139 201.90
Distribution of profit for 2017:	0.00	-96 290 167.84	0.00	0.00	96 290 167.84	0.00	0.00	0.00
Write-down for receivables due to entry into force of IFRS 9	0.00	-24 010 809.75	0.00	0.00	0.00	-24 010 809.75	0.00	-24 010 809.75
Managers programme	0.00	456 401.64	0.00	0.00	0.00	456 401.64	0.00	456 401.64
Minorities result	0.00	0.00	0.00	0.00	0.00	0.00	4 787 191.62	4 787 191.62
Other	0.00	-476 242.91	0.00	0.00	0.00	-476 242.91	11 908.32	-464 334.59
As on 30 June 2018	6 509 482.30	112 552 756.74	-53 773 718.65	-15 646 132.20	-32 480 472.71	17 161 915.48	76 238 957.98	93 400 873.45

Consolidated statement of changes in equity (comparative data)

01.01.2017-31.12.2017	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	330 652 018.76	-53 773 718.65	-5 277 227.57	2 417 610.83	280 528 165.67	76 768 903.19	357 297 068.85
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	-96 290 167.84	-96 290 167.84	0.00	-96 290 167.84
Exchange differences on conversion of financial statements of foreign entities	0.00	0.00	0.00	-10 508 106.54	0.00	-10 508 106.54	0.00	-10 508 106.54
Liability from the purchase of the remaining shares in Prohuman 2004 Kft	0.00	-94 948 356.00	0.00	0.00	0.00	-94 948 356.00	-5 704 819.00	-100 653 175.00
Distribution of profit for 2016:	0.00	2 417 610.83	0.00	0.00	-2 417 610.83	0.00	0.00	0.00
Operations related to transaction with ITK Group	0.00	-5 560 279.72	0.00	0.00	0.00	-5 560 279.72	-10 736 639.27	-16 296 918.99
Managers programme	0.00	912 803.28	0.00	0.00	0.00	912 803.28	0.00	912 803.28
Minorities result	0.00	0.00	0.00	0.00	0.00	0.00	9 557 769.61	9 557 769.61
Other	0.00	668 778.70	0.00	0.00	0.00	668 778.70	1 554 643.51	2 223 422.21
Dividend payment by APT	0.00	-1 269 000.25	0.00	0.00	0.00	-1 269 000.25	0.00	-1 269 000.25
As on 31 December 2017	6 509 482.30	232 873 575.60	-53 773 718.65	-15 785 334.10	-96 290 167.84	73 533 837.31	71 439 858.03	144 973 695.34

01.01.2017-30.06.2017	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	330 652 018.76	-53 773 718.65	-5 277 227.57	2 417 610.83	280 528 165.67	76 768 903.19	357 297 068.85
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	-77 547 023.18	-77 547 023.18	0.00	-77 547 023.18
Exchange differences on conversion of financial statements of foreign entities	0.00	0.00	0.00	- 4 492 083.05	0.00	-4 492 083.05	0.00	-4 492 083.05
Distribution of profit for 2016:	0.00	2 417 610.83	0.00	0.00	-2 417 610.83	0.00	0.00	0.00
Purchasing of the companies from APT Group	0.00	0.00	0.00	0.00	0.00	0.00	746 711.37	746 711.37
Managers programme	0.00	456 401.64	0.00	0.00	0.00	456 401.64	0.00	456 401.64
Minorities result	0.00	0.00	0.00	0.00	0.00	0.00	6 879 409.44	6 879 409.44
Other	0.00	62 540.17	0.00	0.00	0.00	62 540.17	0.00	62 540.17
Operations pertaining to transactions with the ITK Group	0.00	-5 560 279.72	0.00	0.00	0.00	-5 560 279.72	-10 736 639.27	-16 296 918.99
Dividend payment by APT	0.00	-1 269 000.25	0.00	0.00	0.00	-1 269 000.25	0.00	-1 269 000.25
As on 30 June 2017	6 509 482.30	326 759 291.43	-53 773 718.65	-9 769 310.61	-77 547 023.18	192 178 721.28	73 658 384.72	265 837 106.01

ADDITIONAL NOTES TO THE CONDENSED REPORT OF THE CAPITAL GROUP FOR THE FIRST HALF OF 2018

1. Information on the Work Service Capital Group

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 Gwiaździsta 66. The company was established by notarial deed dated 12 December 2000 drawn up 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 customers, 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	www.workservice.pl

Work Service SA operates under Polish law. The bases 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

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.

The individual interim condensed half-year report of the Parent Company and the consolidated financial statements of its Capital Group were drawn up under the assumption that the Parent Company and the Capital Group companies would continue as a going concern in the unchanged form and scope for at least 12 months from the date at which the Financial Statements were made.

In the opinion of the Management Board, the Parent Company and its Capital Group are in a difficult financial situation which is characterised by such features as:

- 1) Relatively high credit, bond and acquisition liabilities a significant part of falls due in the current financial year;
- 2) Ongoing sale of the EXACT Group, the proceeds of which were supposed to partially reduce the Group's debt and facilitate the negotiations concerning the roll-over of the remaining debt and improve the liquidity situation of the Parent Company;
- 3) Operating profit/loss worse than in the corresponding period of 2017 (among others due to negative operating profit/loss in companies operating temporary employment agency on the German market and the Work Express group engaged in cross-border exchange of employees from Poland to western European countries;
- 4) Exceeded values of credit ratios whose limit values have been set forth in the Group's loan agreements;
- 5) The persisting demand for the Group services generates an increase in demand for working capital and, as a result, a worsening of financial liquidity;
- 6) Deterioration of financial liquidity having a direct impact on the revenue structure (limited expansion opportunities and acquisition of new customers, and non-fulfilled criteria for co-financing of disabled employees), as well as running costs and financial costs pertinent to debt servicing.

On the other hand, the Management Board of the Parent Entity of the Capital Group wishes to point out the following positive factors that may affect the assessment of the financial and capital situation and prospects for further development of the Group:

In the area of operating profit/loss of the Capital Group:

- 1) Operation on the rapidly developing market of personnel services in Central and Eastern Europe, which is experiencing the "candidate's market" phase, which directly affects the possibilities of profitability growth and improvement of sales and operating profit/loss;
- 2) Growing demand for high-margin services of cross-border exchange of employees in which the Capital Group is a market leader. Furthermore, in line with the adopted Group strategy, the increase in employment of Ukrainian personnel employed in Poland by the Work Service Group was observed. In the opinion of the Group's Management, this trend is of a lasting nature;
- 3) Permanent and confirmed ability to attract new attractive clients on various geographic markets (the Group has not lost significant customers over the last 12 months);
- 4) The planned second stage of the cost restructuring of the Group (the first stage was implemented over the last six months of 2017) - the Group intends to reduce indirect costs in the current financial year (including through reducing employment in the Parent Company and in some Group companies operating on the Polish market), which will allow monthly expenses to be considerably cut in some entities and, as a consequence, financial liquidity to be improved;
- 5) Restructuring German business and changing the business model of the Work Express group.

The Group Management also wishes to point to historical financial profit/loss being burdened with a number of one-offs and write-downs, and accordingly the profit/loss adjusted for these events may present a different financial picture of the Group.

In the area of asset restructuring of the Capital Group:

- 1) In line with the strategy adopted for the reduction of the Group's liabilities in Q4 2017 by changing the structure of assets, the Management Board decided to conduct the sale process of selected subsidiaries. As at the balance sheet date, the Group is executing share sale transactions in Exact Systems S.A.
- 2) In August 2018 the Group executed the sale of the Proservice group with a deferred payment of PLN 27.5 million with payment due 30 July 2019.
- 3) Moreover, the Parent Company has valuable assets which generate relatively high operating profit/loss, the market value of which - in the opinion of the Management Board - compares favourably to the current indebtedness of the Capital Group.

In the area of roll-over of the Capital Group debt:

- 1) The Management Board of the Parent Company is conducting talks related to the extension and stipulation of new terms of loan contracts with financial institutions and banks. In order to facilitate these talks an agreement was concluded with a financial advisor who supports the Management Board in those talks and examines the financial situation.
- 2) In addition, the Management Board of the Parent Company is conducting talks with minority shareholders of some of the acquired companies, aimed at agreeing on an amendment to the terms of implementation and the formula for financing the "PUT" option regarding minority interests in the entities owned.
- 3) Initial talks are under way with various financial investors, related to plans for the roll-over of a part of the financial debt.

In the opinion of the Management Board of the Parent Entity, all the above examined factors provide sufficient grounds for a possible entrance into effective talks with investors, financial institutions oriented on enabling the Parent Company and its Group to continue its operations and further development, and from the perspective of financial institutions – for the repayment of debt together with the required interest.

At the same time, the Group Management Board is aware that not all factors and the success of further development depend only on the Group Management Board's decision, but endeavour to enable all entities financing the Group's operations a complete and reliable assessment of the situation and the prospects of its improvement.

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 2018 the Management Board of Work Service SA was composed of:

- Maciej Witucki - President
- Paul Andrew Christodoulou - Vice President
- Tomasz Ślęzak - Vice President
- Iwona Szmitkowska - Vice President
- Piotr Ambrozowicz - Vice President

On 23 May 2018, the Issuer received document containing the resignation of Mr. Krzysztof Rewers from the position of the Vice President of the Management Board of Work Service S.A. with effect on 23 May 2018. Mr. Krzysztof Rewers indicated personal reasons as the reason for his resignation.

On 23th May 2018 the Supervisory Board of the Issuer, acting pursuant to §16(2) (b) of the Company's Articles of Association and § 14(2)(b) of the Bye-laws of the Supervisory Board, appointed:

1. Mr Maciej Witucki to perform the duties of President of the Management Board of Work Service S.A. for a new term;
2. Mr Paul Christodoulou to perform the duties of Vice-president of the Management Board of Work Service S.A. for a new term;
3. Mrs Iwona Szmitkowska to perform the duties of Vice-president of the Management Board of Work Service S.A. for a new term;
4. Mr Tomasz Ślęzak to perform the duties of Vice-president of the Management Board of Work Service S.A. for a new term;
5. Mr Piotr Ambrozowicz to perform the duties of Vice-president of the Management Board of Work Service S.A.

Supervisory Board of Work Service S.A. as at 30 June 2018 was composed of:

- 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 half of 2018 there were no changes in the composition of the Supervisory Board of Work Service SA.

As on 30 June 2018 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
WS Support Sp. z o.o. (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.	H-1146 Budapest,Hungaria korut 140-144	21.12.2013	80.22%	80.22%	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	93.01%	93.01%	Full
Work Service Czech s.r.o.	Anglická 140/20, Vinohrady, 120 00 Praha 2	30.01.2004	100.00%	100.00%	Full
Work Service East Lcc	Charków, ul. Sumska 50, Ukraine	03.02.2017	100.00%	100.00%	Full
Work Service Investments Sp. Z o.o.	53-413 Wrocław, ul. Gwiaździsta 66	11.01.2018	100.00%	100.00%	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	Moscow, Office 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, P.O. Box 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, bld. 3A	10.02.2015	100.00%	100.00%	Full
EMG Leasing	191015, Petersburg, Kałużski pereulok, bld. 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
ZAO Work Service Russia	Moskwa, Biuro 45 Olkhovskaya ST, bld.1 105066	20.02.2013	1.00%	1.00%	Full

Companies related by Antal 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
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 Honech 832/16, Hrabová 720 00 Ostrava	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	Khoroshevskoe highway, 32A, bld. 22, Office, 123007 Moscow	21.03.2011	100.00%	100.00%	Full
Exact Systems Kalite Kontrol Ltd. Sti.	Akdeniz Mahallesi Cumhuriyet Bulvari No: 64 Akhan Ishani Kat: 5, Daire: 7 Konak/Izmir	03.04.2012	99.00%	99.00%	Full
Exact Systems s.r.l. Rumunia	27 Unirii Bulevardul, block 15, sc.1, floor 7, apt.1 040103 Bucharest	24.09.2007	99.97%	99.97%	Full
Exact Systems Ltd. (UK)	2.11 Grosvenor House, Central Park TF2 9TW Telford 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.	ul. Portowa 16L, 44-102 Gliwice	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
Exact Systems BV	Julianastraat 1, 6351 GA, Bocholtz	15.05.2018	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 Mahallesi Cumhuriyet Bulvari No: 64 Akhan Ishani Kat: 5, Daire: 7 Konak/Izmir	03.04.2012	1.00%	1.00%	Full
Exact Systems s.r.l. Rumunia	27 Unirii Bulevardul, block 15, sc.1, floor 7, apt.1 040103 Bucharest	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.	H-1146 Budapest, Hungaria korut 140-144	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.	H-1146 Budapest, Hungaria korut 140-144	16.02.2015	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
HR Rent Kft	H-7624 Pecs, Ferencsek utcoja 52	10.12.2015	100.00%	100.00%	Full
Finance Sales Hungary Kft (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 st 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 st 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 st 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 st District, Bucharest, Romania	28.02.2017	80.00%	80.00%	Full

Companies related by Naton kadrovsko svetovanje 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

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 Vienna	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 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	49.00%	49.00%	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 Profield 2008 Kft

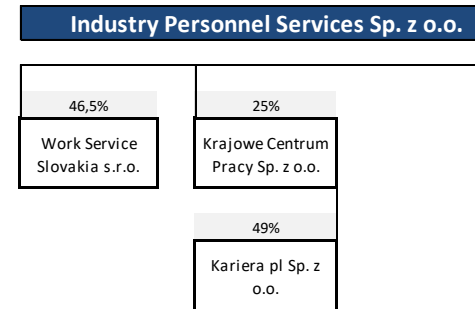
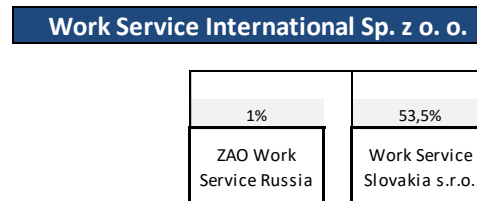
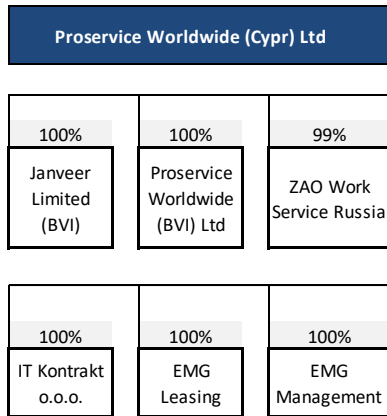
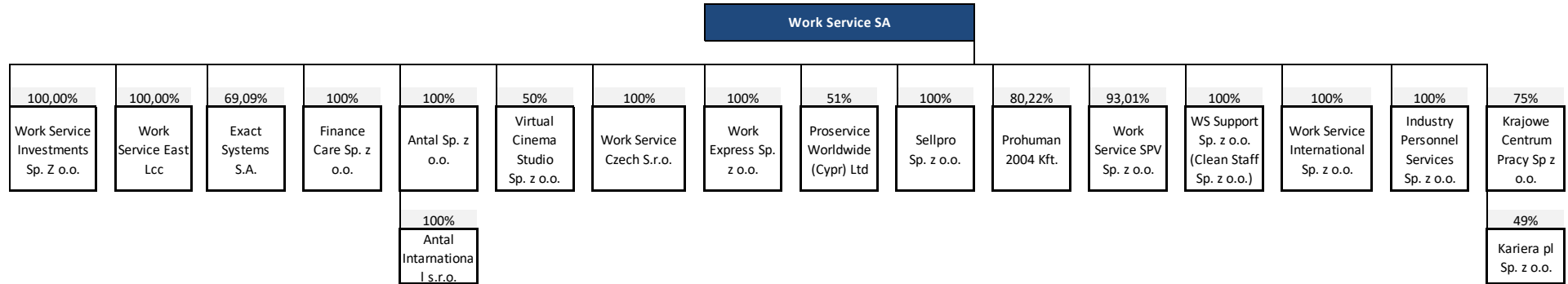
Company name	Registered office	Control acquisition date	Percentage of the subsidiary's share capital	% Share of the subsidiary in the total number of votes at the General Meeting	Method of consolidation
Finance Care Hungary Pénzügyi Tanácsadó Kft	H-1146 Budapest, Hungária krt. 140-144, HU25790722	08.11.2016	100.00%	100.00%	Full

The consolidated statements include all subsidiaries of the Parent Company, i.e. all companies of the Group, except for Virtual Cinema Studio Sp. z o.o.

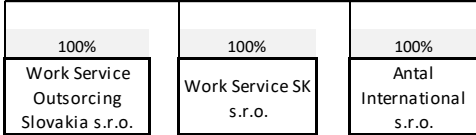
Due to the fact that the Work Service SA does not have the control over the company Virtual Cinema Studio sp. z o.o., understood in accordance with § 19 of IFRS 3, as "the ability to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities", it 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.

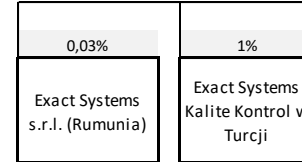
The structure of Work Service SA Capital Group as at 30.06.2018



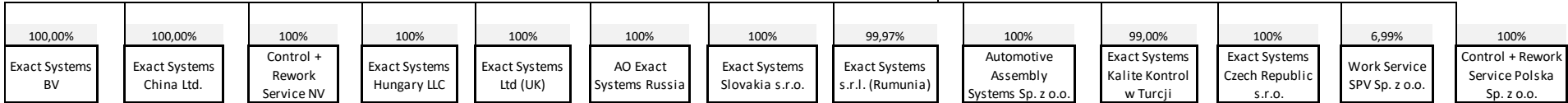
Work Service Slovakia s.r.o.



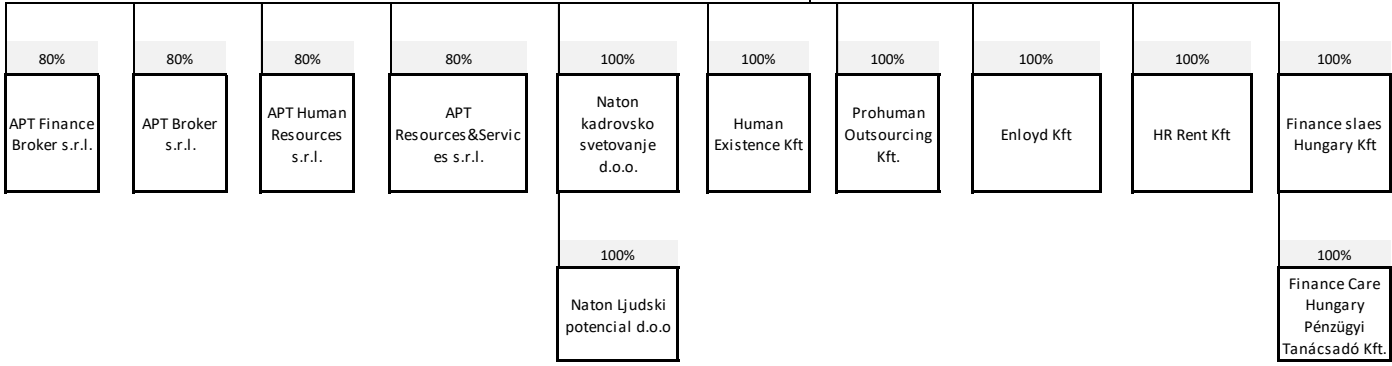
Automotive Assembly Systems Sp. z o.o.

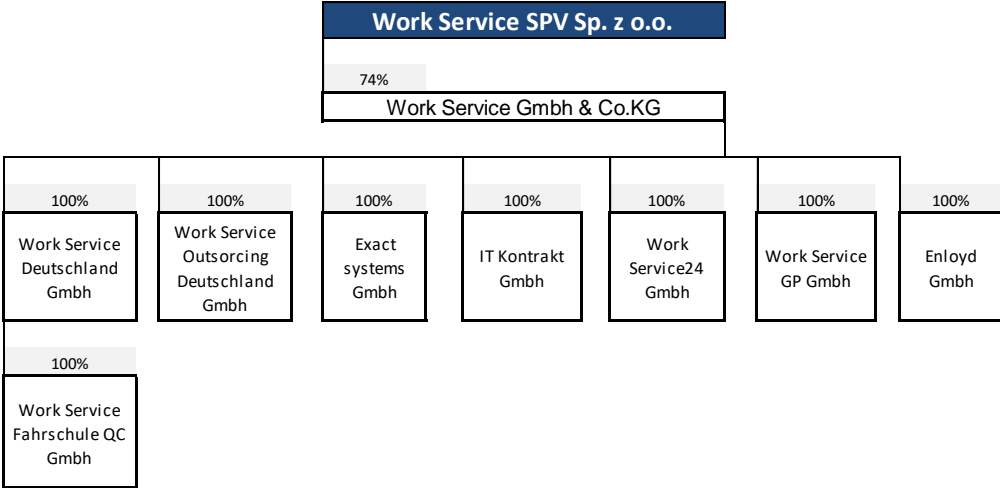
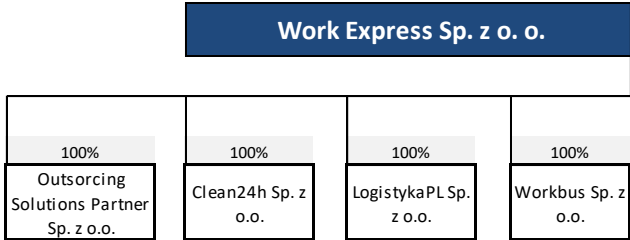


Exact Systems S.A.



Prohuman 2004 Kft





1.3 Scope of activities of Work Service Capital Group companies

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.

Antal 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. The company's activity is also 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.

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.

WS Support Sp. z o.o. (Clean 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 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. and Automotive Assembly Systems Sp. z o.o. 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, and 1% of the shares were acquired by Automotive Assembly Systems Sp. z o.o. (100% subsidiary of company Exact Systems S.A.), 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. 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 China 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 Ltd (UK) - 100% of the shares in the company were acquired by the company Exact Systems S.A. 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 GmbH – indirect subsidiary of Work Service SA. 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.

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.

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 80,22% 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 97.84% is a subsidiary of Work Service SA (directly WSSA has a 93.01% stake, and indirectly through shares of: Exact Systems SA-4.84%.) 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 Sp. z o.o. on the German market. The company's capital 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 Sp. z o.o. on the Hungarian market. The share capital of the company was fully covered by Prohuman 2004 Kft, which is a 75% subsidiary of Work Service SA.

Antal International s.r.o. (Czech Republic) – the company conducts the activity analogous to the activity of Antal Sp. z o.o. on the Czech market. The share capital of the company was fully covered by Antal Sp. Z o.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 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 an indirect subsidiary of Work Service SA.

EMG Leasing - the company based in Pittsburgh, 100 % subsidiary of ZAO Work Service Russia (51% subsidiary of Work Service SA). The company provides services of workers leasing in north-west Russia.

EMG Uprawnienie (EMG Management) - a company based in Pittsburgh, a 100% subsidiary of OAO Work Service Russia (51% 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) (51% 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 100% of company shares is owned by company Prohuman 2004 Kft (80,22% subsidiary of Work Service SA). Company is engaged in leasing of temporary workers and outsourcing. It operates in the north-eastern Hungary.

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 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 74,000 euros, i.e. 74% of capital of Holding Company and the company Fiege Logistik Stiftung & Co. KG, based in Greven, Germany has an equity participation of 26,000 euros, i.e. 26% 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 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).

Finance Sales Hungary Kft (Profield 2008 Kft). - is engaged in the provision of full-scope intermediary services of various financial products, i.e. financial outsourcing services.

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.

Naton ljudski potencijali d.o.o. (Croatia) - the company specializes and covers Croatia with special skills recruitment, mostly in Pharma sector.

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.

Finance Care Hungary Pénzügyi Tanácsadó Kft. - as part of cooperation with insurance companies and banks, the company provides outsourcing services for these entities in the Hungarian market.

APT Resources&Services s.r.l. – The company was established in 1994. It primarily operates in the following sectors: IT, banking and finance, engineering, retail, medical and pharmaceutical. The company provides services related to temporary work, recruitment and selection of employees and HR outsourcing.

APT Human Resources s.r.l. - the core operations of the company include providing temporary work, mostly in the following industries: food production, energy, finance and banking, insurance

APT Broker s.r.l. - the company provides financial intermediation services for the banking sector.

APT Finance Broker s.r.l. - the company provides financial intermediation services for the banking sector.

Work Service East Lcc – the company intermediates in hiring employees abroad.

Work Service Investments Sp. z o.o. - the company was established to organize the investment activity of the Work Service Capital Group, full dependent on Work Service S.A.

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

Kariera.pl Sp. z o.o. – a 51% subsidiary of Krajowe Centrum Pracy Sp. z o.o. The Company is the administrator of “kariera.pl” service, dedicated to premium segment candidates (employees and job offers for middle and senior managers and professionals).

2. Statement of Management Board on the compliance of accounting policies

The Management Board of Work Service SA hereby declares that, to the best knowledge, this half-year 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.

3. 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. 2, dated 24 May 2018, 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 2018 and for the first half of 2019 and to audit the financial report of Work Service SA for the years 2018 and 2019 and the consolidated financial statements of the Work Service Capital Group for the years 2018 and 2019.

The entity selected by the Supervisory Board to carry out the above activity is Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa is registered in the list of entities authorized to audit financial statements, kept by the National Chamber of Statutory Auditors under the number 4055.

The Management Board of Work Service SA declares that the company Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa conducting the review of the separate and consolidated financial statements for the first half of 2018, was selected in accordance with the law and that Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa 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.

4. Accounting principles applied

The basis of preparation of these interim condensed financial statements is the Minister of Finance Regulation of 29 March 2018 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 2018, pos. 757) and it was drawn up in accordance with International Accounting Standard 34 *Interim Financial Reporting* published in the form of European Commission regulations.

Certain Group entities maintain their accounting books in accordance with the policies (rules) specified in the Act on accounting of 29 September 1994 (the "Act") as amended and the regulations issued thereunder ("Polish Accounting Standards"). The consolidated financial statements include adjustments not included in the books of accounts of the Group introduced to make their financial statements compliant with IFRS.

Consolidated financial statements, as on 30 June 2018, was drawn up on 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 2018 and for the period from 1 January 2018 to 30 June 2018. Comparative data are presented as at 31 December 2017 for the consolidated statement of financial position and separate statements of financial position and for the period from 1 January 2017 to 30 June 2017 for the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in an equity and separate statements of comprehensive income, the separate cash flow statement, the separate statement of changes in equity.

Selected financial data in the initial part of the report are presented in EUR in accordance with § 64 of the Regulation of Finance of 29 March 2018 (Journal of Laws 2018 pos.757). 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
01.01-30.06.2018	4.2395	4.3616
01.01-31.12.2017	4.2447	4.1709
01.01-30.06.2017	4.2474	4.2265

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

The accounting principles adopted in these consolidated financial statements were applied on a continuous basis and are compliant with the accounting principles applied in the last audited annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) approved by the European Union for the year ended 31 December 2017, apart from changes described below.

IFRS 9 *Financial Instruments* introduces two methods of valuation of financial instruments:

- valuation at the amortised cost
- valuation at the fair value, the effects of which may be presented in the result or in other comprehensive income, taking into account conditions included in IFRS 9

Assets

- shares in subsidiaries and shares in joint ventures - no impact on the financial statements, the Capital Group remains with valuation at the purchase price, the method of which is consistent with IAS 27 section 10a, decreased by impairment write-offs, if any
- short-term shares intended for sales in subsidiaries are valued at the fair value, sales will be made in the 2nd half of 2018, no impact of IFRS 9 on that item,
- long-term receivables, including those resulting from the granted loans, are valued at the amortised cost, no impact of IFRS 9
- short-term receivables, including those resulting from the granted loans, are valued at the amortised cost - according to the rules of IFRS 9, no impact on the financial statements

Expected loan losses

- short-term receivables - the Capital Group has analysed the expected loan losses on the basis of a simplified method, admitted for application by IFRS 9 section B5.5.35, in relation to short-term trade receivables. The impact of expected losses on the financial statements as of 31 December 2017 due to an additional write-off on account of expected loan losses has been recognised in the financial statements in equity.

Equity and liabilities

- loans and borrowings as well as long-term liabilities - no impact on the financial statements, valuation at the amortised cost according to IFRS 9, the Capital Group has made valuations using the same method also in 2017 and in previous years,
- bonds - no impact on the financial statements, at present the Capital Group already applies the amortised cost method with regard to bonds
- trade liabilities and other short-term liabilities - no impact on the financial statements, valuation is currently made on the basis of the amortised cost,

Hedge accounting

The Company does not apply hedge accounting.

▪ New IFRS 15 "Revenue from Contracts with Customers"

The new standard has replaced previous IAS 11 and IAS 18, ensuring one coherent 5-step model of revenue recognition:

- identification of a contract with a customer,
- identification of obligations resulting from a contract,
- determination of a price
- allocation of a price to obligations,
- recognition of revenue after the entity satisfies an obligation or in the course of it.

The new model makes revenue recognition contingent upon obtaining control over goods or services by a customer.

Moreover, the standard has introduced additional requirements of disclosure of information and guidelines related to several specific issues:

- joining several contracts,
- amendments to a contract,
- methods for measuring the fulfilment of an obligation
- variable price,
- rights of return
- warranties,
- principal versus agent relationship
- options of purchase of subsequent goods or services
- non-refundable upfront fees,
- licences and royalties,
- repurchase agreements,
- consignment agreements,
- sales with suspended delivery,
- financial components built in contracts with customers (deferred payment or prior payment),
- non-pecuniary remuneration,
- contract costs, including contract acquisition costs.

The Group has analysed the impact of IFRS 15 on the financial statements on the representative group of units, including for the parent company. On the basis of the conducted analysis, no significant impact of IFRS 15 "Revenue from Contracts with Customers" on the financial statements of the Group has been found and, therefore, no adjustments due to implementation of IFRS 15 as of 1 January 2018 have been introduced to it.

New IFRS 16 "Leases" will enter into force on 1 January 2019.

The new standard regulating lease contracts (including rent and lease contracts) contains a new definition of lease.

Significant changes refer to lessees: the standard requires lessees to recognise in the report on the financial situation for each lease contract "the right to use an asset" and similar financial liability. Next, the right to use assets is amortised, and the liability is measured in the amortised cost. Simplifications for short-term contracts (up to 12 months) and low value assets have been provided for.

An accounting approach in relation to leases on the part of a lessor is similar to the rules specified in previous IAS 17.

The Group has not yet completed the process of analysis of the impact of the standard on the financial statements.

5. 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 the adjustments of previously published data, except for transformation of the statements from comprehensive income for the period from 1 January 2017 to 30 June 2017 in connection with the recognition of the discontinued operations.

6. 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 2017, was approved by Resolution No. 4/2018 at the meeting of the Ordinary General Meeting of Work Service SA on 29 June 2018. A consolidated financial statement of Work Service SA for the previous financial year, i.e. year 2017, was approved by Resolution No. 7/2018 at the Ordinary General Meeting of Work Service SA on 29 June 2018.

Pursuant to Resolution No. 5/2018 of the Ordinary General Meeting, adopted on 29 June 2018 Work Service S.A. decides to cover a loss generated by the Company in the year 2017 in the amount of PLN 64,229,138.96 with the profits generated in subsequent years.

7. 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	30.06.2018	31.12.2017	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	216 000 000.00	216 000 000.00	0.00
	pledge on assets	1 038 872 741.27	1 013 780 763.57	25 091 977.70
	pledge on receivables	0.00	0.00	0.00
Leasing security	A promissory note along with the bill declaration	5 642 585.70	6 917 928.40	-1 929 156.65
	bill of exchange guarantee	0.00	0.00	0.00
Securing due performance of contracts	warranty	6 143 518.69	9 067 601.51	-3 426 718.69

On 30 March 2018 the Company has concluded an Annex (hereinafter: Annex no. 2) to the loan agreement of 18 November 2015 (hereinafter: 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 (the banks are hereinafter collectively referred to as the Lenders).

Under the concluded annex, PKO BP SA undertook to effectuate the use of Working Capital Loan 5, on a one-off basis, in the amount of 55,000,000 PLN, within 2 working days from the conclusion date of Annex no. 2. The use of the Working Capital Loan 5 was made through making a bank transfer by PKO BP SA of the Working Capital Loan 5 directly to the account on which the debt resulting from the Loan Agreement of PKO BP was recorded (internal reclassification).

The Borrower and PKO BP SA have unanimously agreed that as a result of the total repayment of the financial debt on account of the Loan Agreement of PKO BP, the Loan Agreement of PKO BP shall be terminated upon the total repayment of the financial debt on account of the Loan Agreement of PKO BP. The Borrower shall have no right to reuse the funds under the Loan Agreement PKO BP.

The consequence of the above was the total repayment of the financial debt on account of the Loan Agreement of PKO BP with the interest on account of the Loan Agreement of PKO BP.

The Parties of the Agreement have confirmed that all the Collaterals established on the basis of the Financial Documents, including in particular the Collateral Documents, concluded in connection with Annex no 1, remain in full force and effect, regardless of the amendments to the Loan Agreement introduced by this Annex. Additionally, new collaterals, specified in the current statement no. 7/2018 of March 30th 2018, have been established

The Management Board of Work Service S.A. (the "Issuer" or the "Company"), in reference to current reports no. 77/2016 and 7/2018, infords that on 12 April 2018 it received an information to exempt 75% of the shares with a nominal value of HUF 1,000,000.00 each and the total nominal value of HUF 75,000,000.00 (the "Shares"), representing 75% of the share capital of the Issuer's subsidiary Prohuman 2004 Munkaerő Szolgáltató és Tanácsadó Korlátolt Felelősségű Társaság with its seat in Budapest (the "Prohuman 2004 Kft.") from the pledge established by the Issuer for the benefit of Powszechna Kasa Oszczędności Bank Polski S.A.

The shares were released from the pledge on the basis of the declaration on release of securities submitted by PKO S.A. in connection with the full repayment of Financial Debt under the PKO S.A. Credit Agreement of December 30th, 2016, made by PKO S.A. on April 5th, 2018, which the Issuer informed about in its current report no. 77/2016. On the repayment of Financial Debt under the PKO S.A. Loan Agreement, the Issuer informed in its current report no. 7/2018.

On 29 May 2018 Work Service S.A. has granted a guarantee in order to secure a claim due to the Bondholder from the Issuer's subsidiary - Exact Systems S.A. with its registered office in Częstochowa pursuant to the issue of Bonds, which the Issuer announced in the current report no. 24/2018 dated 29 May 2018 , together with a voluntary submission to enforcement.

The guarantee up to PLN 22,500,000.00 (twenty-two million five hundred thousand) has been granted in favour of the Guarantee Controller - GESSEL TRUST SERVICES spółka z ograniczoną odpowiedzialnością w organizacji sited in Sienna 39 Street, 00-121 Warsaw, where:

1. the guarantee are granted under a guarantee agreement concluded between the Guarantor and the Guarantee Controller who shall act as a Creditor due to the guarantee;
2. the guarantee shall be granted to May 29, 2023;
3. the satisfaction due to the guarantee shall take place against all assets of the Guarantor, who in the event of the Issuer's delay in performance of liability under the Terms and Conditions of Bonds shall be held jointly liable for the Issuer's debt;
4. in order to secure claims under the guarantee, the Guarantor shall submit to enforcement for an amount of up to PLN 22,500,000.00 (twenty-two million five hundred thousand) within the meaning of Art. 777 § (1)(5) of the Civil Procedure Code by making a declaration in the form of a notarial deed on voluntary submission to enforcement in favour of the Guarantee Controller (the "Guarantor's Declaration") as to the Issuer's financial liabilities that will result from the Bonds owned by the Bondholder, in particular receivables due to the redemption of the Bonds and other costs and expenses incurred by the Bondholder in connection with enforcing the performance of financial obligations by the Issuer, including statutory interest for the Issuer's delay in the implementation of the obligations arising from the bonds;
5. the Guarantee Controller shall be entitled to request for the notarial deed, containing the Guarantor's Declaration, to be made enforceable by May 29,2024.

8. 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.

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.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 19.10.2015	Indefinite period	41 800 000.00
2.	Finance Care Sp.z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 19.10.2015	Indefinite period	41 800 000.00
3.	Industry Personnel Services Sp. z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 19.10.2015	Indefinite period	41 800 000.00
4.	Work Service International	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 19.10.2015	Indefinite period	41 800 000.00
5.	Work Express	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex increasing the limit of 19.10.2015	Indefinite period	41 800 000.00
6.	Outsourcing Solutions Partner Sp. z o.o.	BNP PARIBAS Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex to the agreement of 7.11.2016	Indefinite period	41 800 000.00
7.	Industry Personnel Services Sp. z o.o.	BZWBK Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 24.08.2017	31.08.2018	25 500 000.00
8.	Sellpro Sp. z o.o.	BZWBK Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 24.08.2017	31.08.2018	25 500 000.00
9.	Finance Care Sp.z o.o.	BZWBK Factor Sp. z o.o.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 24.08.2017	31.08.2018	25 500 000.00
10.	Industry Personnel Services Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 22.06.2018	30.11.2018	10 000 000.00
11.	Sellpro Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	Annex increasing the limit of 22.06.2018	30.11.2018	10 000 000.00
12.	Finance Care	Bank Millennium S.A.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 22.06.2018	30.11.2018	10 000 000.00
13.	Exact Systems S.A.	Bank Millennium S.A.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 22.06.2018	30.11.2018	10 000 000.00
14.	Automotive Assembly Systems Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 22.06.2018	30.11.2018	10 000 000.00
15.	Logistyka	Bank Millennium S.A.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 22.06.2018	30.11.2018	10 000 000.00
16.	Outsourcing Solutions Partner Sp. z o.o.	Bank Millennium S.A.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 22.06.2018	30.11.2018	10 000 000.00
17.	Work Express	Bank Millennium S.A.	Amount receivable under a factoring agreement	Annex extending the term of the limit of 22.06.2018	30.11.2018	10 000 000.00
18.	Work Express	Raiffeisen Bank Polska SA	Amount receivable under a factoring agreement	Annex increasing the limit of 04.02.2016	09.05.2019	37 000 000.00

On 22 June 2018 Millennium Bank S.A., Issuer and Issuer's Subsidiaries signed the following annexes (dated 22.06.2018) to Factoring Agreements:

1. Work Service S.A. -Annex no 10 to the Factoring Agreement (with customer's policy),
2. Work Service S.A. -Annex no 9 to the Factoring Agreement (without customer's policy),
3. Finance Care Sp. z o.o.- Annex no 10 to the Factoring Agreement (with customer's policy),
4. Industry Personnel Services Sp. z o.o.-Annex no 10 to the Factoring Agreement (with customer's policy),
5. Industry Personnel Services Sp. z o.o.-Annex no 9 to the Factoring Agreement (without customer's policy),
6. Sellpro Sp. z o.o.- Annex no. 11 to the Factoring Agreement (with customer's policy),
7. Sellpro Sp. z o.o.-Annex no. 10 to the Factoring Agreement (without customer's policy).
8. Outsourcing Solutions Partner Sp. z o.o.-Annex no. 5 to the Factoring Agreement (with customer's policy),
9. Outsourcing Solutions Partner Sp. z o.o.-Annex no. 5 to the Factoring Agreement (without customer's policy),
10. Work Express Sp. z o.o.- Annex no 5 to the Factoring Agreement (without customer's policy).

The Subject of the Annexes is the reduction of the maximum financing amount up to 10 000 000 PLN available for Issuer and Issuer's Subsidiaries in terms of concluded Factoring Agreements..

The current security has been maintained.

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

9. Notes on the seasonality or cyclicity of Capital Group activity in the reporting period

The operations of the Work Service Capital Group are subject to certain seasonality. The historical analysis of revenues from core operations shows that revenue generated in first halves of previous years constituted 45–50% of annual totals.

10. Information about significant changes in estimates- including adjustments for provisions- provisions and assets for deferred income tax referred to in the Act on accounting and write-downs of assets.

In the first half of 2018 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, except for the application of IFRS 9 in the scope of recognition of loan losses.

11. Information concerning the issuance, redemption and repayment of non-equity and equity securities

11.1 Issuance of non-equity securities

In the first half of 2018 the Company Work Service SA did not issue non-equity securities.

On May 29, 2018, the Management Board of the subsidiary - Exact Systems S.A. („Exact Systems S.A.”) adopt a resolution no. 1 dated May 29, 2018 on the issue of bonds Series A (the “Issue Resolution”). The Issue Resolution was adopted in execution of Resolution of the Extraordinary Meeting of Shareholders of Exact Systems S.A. of May 23, 2018 on the issue of bonds (the “EMS Resolution”).

The Company's Management has decided to issue pursuant to Art. 33 (2) of the Act of 15 January 2015 on Bonds through making purchase offer to a specified offeree (“Act”), Series A floating rate covered ordinary bearer bonds in a quantity of 15,000 of a nominal value PLN 1,000 (the “Bonds”). The Bonds shall be offered at the issue price equal to the nominal value.

The aim of the issue of bonds is to repay by Exact Systems S.A. the loans specified in the Terms and Conditions of Bonds.

The Company's Management Board has not specified the successful issue threshold.

Interest shall be paid from the issue date every six months on the last day of interest period.

The Bonds shall be issued on 29 May, 2018.

The Bonds shall be allocated to the investor on condition that the Investor submit declaration on acceptance of the bond purchase offer and payment of the Bond issue price with the terms and procedures specified in the Bond purchase offer.

The Bonds shall be redeemed by the Issuer at the nominal value on the maturity date. i.e. 29 May, 2019. The Bondholder shall be entitled to early redemption of all Bonds owned by this Bondholder in accordance with the conditions specified in the Terms and Conditions of Bonds. In addition, the Bonds may be subject to immediate redemption if the events specified in the Act occur and earlier redemption at the Bondholder's request regarding an early redemption of the Bond on the occurrence of an event of default under the Terms and Conditions of Bonds.

The issued Bonds are bearer Bonds, in a certified form.

Series A Bonds shall be secured by civil and registered pledges on the Exact Systems S.A. shares owned by 4 shareholders of Exact Systems S.A., surety granted by the Issuer and assignment of claims for payment of a price for shares of Put Option by 4

shareholders of Exact Systems S.A. In addition, Exact Systems S.A. and 4 other shareholders of Exact Systems S.A. shall make a declaration on submitting to execution up to the maximum amount of PLN 22,500,000.00 under Art. 777 (1)(5) of the Civil Procedure Code .

Bond issue by Exact Systems S.A. is one of the stages of the sale of Exact Systems S.A. about which the Issuer informed in the current report No. 19/2018 of 21 May 2018.

11.2 Issuance of equity securities

In the first half of 2018 no company from the Work Service Group issued capital securities.

12. 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) which 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 on components that are regularly reviewed by the persons 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 such an arrangement, it is analysed by the Management Board of the Parent Company.

The Management Board of Parent Company 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 2017 "Basic 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 following tables present data on the revenues and costs of the Group's business segments for the first half ended: 30 June 2018 and comparative data for the first half ended 30 June 2017.

Continued activity 01.01.2018-30.06.2018

	Temporary work	Other	Unallocated	Total	Exclusions	Operations total
Revenues						
Sales to external customers	969 930 943.33	77 266 627.78		1 047 197 571.11		0.00
Internal sale	58 909 696.07	31 971 873.93		90 881 570.00	-90 881 570.00	0.00
Total segment revenue	1 028 840 639.40	109 238 501.71		1 138 079 141.11	-90 881 570.00	1 047 197 571.11
Costs						
The costs of external suppliers	890 171 820.15	54 292 247.13		944 464 067.29		
The costs form Group suppliers	60 175 871.42	4 145 999.56		64 321 870.98	-64 321 870.98	0.00
Total segment costs	950 347 691.57	58 438 246.69		1 008 785 938.26	-64 321 870.98	944 464 067.29
Result						
Segment profit (loss)	79 759 123.17	22 974 380.65		102 733 503.82		102 733 503.82
Unallocated costs			132 461 659.11	132 461 659.11	-29 004 934.20	103 456 724.91
Other Operating revenue						
Sales to external customers			15 431 817.39	15 431 817.39	0.00	
Internal sale			1 937 177.12	1 937 177.12	-1 937 177.12	0.00
Total segment revenue			17 368 994.51	17 368 994.51	-1 937 177.12	15 431 817.39
Other Operating costs						
The costs of external suppliers			37 901 945.40	37 901 945.40	0.00	
The costs form Group suppliers			6 754 254.31	6 754 254.31	-6 754 254.31	0.00
Total segment costs			44 656 199.70	44 656 199.70	-6 754 254.31	37 901 945.40
Result						
Profit (loss) from operating activities of the segment						-23 193 349.10
Financial income						
Sales to external customers			3 303 603.76	3 303 603.76		0.00
Internal sale			9 318 912.83	9 318 912.83	-9 318 912.83	0.00
Total segment revenue			12 622 516.60	12 622 516.60	-9 318 912.83	3 303 603.76
Financial costs						
The costs of external suppliers			20 573 092.36	20 573 092.36		0.00
The costs form Group suppliers			3 025 869.18	3 025 869.18	-3 025 869.18	0.00
Total segment costs			23 598 961.54	23 598 961.54	-3 025 869.18	20 573 092.36
Result						
Profit (loss) on business activities						-40 462 837.69
Result						
Gross profit (loss)						-40 462 837.69
Tax			6 079 134.33	6 079 134.33		6 079 134.33
Result						
Net profit (loss) of the segment						-46 541 972.02

Continued activity 01.01.2017-30.06.2017

	Temporary work	Other	Unallocated	Total	Exclusions	Operations total
Revenues						
Sales to external customers	934 122 656.03	92 386 012.00		1 026 508 668.02		0.00
Internal sale	68 746 258.72	30 628 428.85		99 374 687.57	-99 374 687.57	0.00
Total segment revenue	1 002 868 914.74	123 014 440.85		1 125 883 355.59	-99 374 687.57	1 026 508 668.02
Costs						
The costs of external suppliers	850 493 667.59	63 824 956.63		914 318 624.22		
The costs form Group suppliers	64 477 499.69	9 343 872.98		73 821 372.67	-73 821 372.67	0.00
Total segment costs	914 971 167.28	73 168 829.61		988 139 996.89	-73 821 372.67	914 318 624.22
Result						
Segment profit (loss)	83 628 988.44	28 561 055.36		112 190 043.80		112 190 043.80
Unallocated costs			131 773 038.26	131 773 038.26	-27 804 325.81	103 968 712.45
Other Operating revenue						
Sales to external customers			7 790 548.93	7 790 548.93	0.00	
Internal sale			7 605 030.89	7 605 030.89	-7 605 030.89	0.00
Total segment revenue			15 395 579.82	15 395 579.82	-7 605 030.89	7 790 548.93
Other Operating costs						
The costs of external suppliers			11 412 250.82	11 412 250.82	0.00	
The costs form Group suppliers			3 950 765.78	3 950 765.78	-3 950 765.78	0.00
Total segment costs			15 363 016.61	15 363 016.61	-3 950 765.78	11 412 250.82
Result						
Profit (loss) from operating activities of the segment						4 599 629.45
Financial income						
Sales to external customers			6 924 376.95	6 924 376.95		0.00
Internal sale			88 888 941.57	88 888 941.57	-88 888 941.57	0.00
Total segment revenue			95 813 318.52	95 813 318.52	-88 888 941.57	6 924 376.95
Financial costs						
The costs of external suppliers			25 043 103.36	25 043 103.36		0.00
The costs form Group suppliers			104 617 206.10	104 617 206.10	-104 617 206.10	0.00
Total segment costs			129 660 309.46	129 660 309.46	-104 617 206.10	25 043 103.36
Result						
Profit (loss) on business activities						-13 519 096.96
Result						
Gross profit (loss)						-13 519 096.96
Tax			4 529 430.27	4 529 430.27		4 529 430.27
Result						
Net profit (loss) of the segment						-18 048 527.23

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

NET REVENUES	2018	[%]	2017	[%]
	1st Half	share	1st Half	share
Poland	267 646 915	51.0%	264 740 820	51.0%
Abroad	779 550 656	49.0%	761 767 848	49.0%
Total	1 047 197 571	100.0%	1 026 508 668	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 jointly, in which the entity maintains its assets. From the Group's point view, 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 geographical foreign markets.

NET REVENUES	2018	[%]	2017	[%]
	1st Half	share	1st Half	share
Poland	534 201 942	51.0%	536 507 103	52.3%
Czech Republic	40 094 159	3.8%	37 526 358	3.7%
Slovakia	21 186 738	2.0%	23 238 302	2.3%
Slovenia	38 529 205	3.7%	38 380 166	3.7%
Croatia	547 114	0.1%	415 796	0.0%
Hungary	278 012 628	26.5%	233 142 933	22.7%
Germany	98 294 676	9.4%	122 745 696	12.0%
Romania	36 331 108	3.5%	34 552 314	3.4%
Total	1 047 197 571	100.0%	1 026 508 668	100.0%

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

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

NET REVENUES	2018 1st Half	[%] share
Automotive	111 504 649	10.6%
Call center	58 301 340	5.6%
Other services	24 776 025	2.4%
Industry and other	17 205 466	1.6%
Automotive	13 653 290	1.3%
Other services	13 512 310	1.3%
Electronics	12 549 701	1.2%
Financial and Insurance Services	12 517 415	1.2%
Electronics	9 138 771	0.9%
Automotive	8 857 386	0.8%

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

The Group identifies no other factors or information that are relevant for the assessment of the personnel, property and financial situation for the first six months of 2018 than the following:

- Management Board changes described in item 1.2. of the Additional information to the condensed interim financial report;
- achievements or failures described in item II of the Report of the Management Board on the activities of Capital Group;
- issuance of Exact bonds in the total amount of PLN 15 million described in item 11 of the Additional information to the condensed interim financial report
- acquisition payments made by Prohuman 2004 Kft, which was included in the Consolidated Cash Flow Statement in the amount of PLN 11.8 million
- one-off events having a material impact on the financial profit/loss and, in particular, on the operational profit/loss described in item 15 of the Additional information to the condensed interim financial report
- violation of credit ratios described below.

The Management Board of Work Service Group monitors parameters such as:

- The debt ratio - calculated as the ratio of net debt to adjusted EBITDA,
- debt coverage ratio - calculated as the ratio of free cash flow to the interest-credit instalments,
- leverage ratio calculated as the ratio of adjusted net debt to net assets,
- debt ratio of obliged entities.

At the end of first half of 2018 these rates were respectively:

- The debt ratio: 12.94 (violated)
- debt coverage ratio: 12.69 (non-violated)
- leverage ratio: 3.30 (violated)
- debt ratio of obliged entities: -15.26 (violated)

The factors impacting the profit/loss positions described in item II of the Report of the Management Board on the activities of Capital Group (including but not limited to the situation in German companies, write-downs of receivables, inventories, intangible assets) had a material effect on the value of the ratios presented above.

Furthermore, as at the balance sheet date, the Group is conducting advanced talks with financial institutions regarding the repayment of part of the Group's debt from proceeds from the planned sale of shares in Exact Systems S.A. which was described in item 14 of the Additional information to the condensed interim financial report. The goal of the Group is to commence talks with financial institutions, once the transaction on the repayment and/or roll-over of the remaining debt has been finalised.

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

Merger of Naton Ljudski potencial d.o.o and HR Global d.o.o.

On 01.01.2018, the merger of Naton Ljudski potencial d.o.o and HR Global d.o.o. took place.

Signature of the preliminary conditional share purchase agreement regarding the sale of shares in Exact Systems S.A.

On 30 March 2018, the Issuer and Mr. Paweł Gos and Mr. Lesław Walaszczyk, as the sellers (the "Sellers"), concluded with Pololi Sp. z o.o. with its registered seat in Warsaw, special purpose vehicle controlled by Cornerstone Partners sp. z o.o. in cooperation with Oaktree Capital Management (UK) LLP, as the purchaser (the "Purchaser"), the preliminary conditional share purchase agreement regarding the acquisition of shares in Exact Systems S.A. with its registered seat in Częstochowa (the "Agreement") (the "Transaction") (the "Company").

Pursuant to the Agreement, the Issuer agreed to sell all of its 7,600,000 shares in the Company, constituting as of the date of the Agreement, 69.09% of the Company's share capital, entitling to 69.09% of the votes at the Company's general shareholders' meeting. The purchase price for the Issuer's shares has been set at PLN 164,700,000. The Agreement also assumes, subject to the satisfaction of the conditions precedent, the sale of Exact Systems GmbH by the Issuer to Exact Systems S.A. for a purchase price consisting of cash consideration of PLN 13,900,000 which will be deferred for 9 months and share consideration of 6,99% of shares in Work Service SPV sp. z o.o.. After completion of both transactions, the total cash consideration for the Issuer will amount to PLN 178,600,000. In addition, upon closing of the Transaction, the Company will repay to the Issuer an outstanding balance of intercompany payables.

The Agreement is conditional upon satisfying the conditions precedent indicated therein. The completion of the Transaction and conclusion of the definitive share purchase agreement should be performed no later than by 29 June 2018.

The Agreement provides for rescission rights for the Sellers and the Purchaser on the terms and conditions indicated therein. Fulfilling the obligations specified in the Agreement is secured by mutual contractual penalties in the amount of PLN 10,000,000. Other terms of the Agreement do not differ from the terms commonly used in the agreements of this type.

On 15 May 2018 the preliminary conditional share purchase agreement regarding the acquisition of shares in Exact Systems S.A. with its registered seat in Częstochowa concluded between the Issuer, Mr. Paweł Gos and Mr. Lesław Walaszczyk, as the sellers and Pololi Sp. z o.o. with its registered seat in Warsaw, special purpose vehicle controlled by Cornerstone Partners sp. z o.o. in cooperation with Oaktree Capital Management, as the purchaser, whose conclusion has been disclosed in current report no 9/2018 dated 30 March 2018, terminated. Termination of the Agreement is a result of non-satisfying by the parties one of the conditions precedent within the term stipulated in the Agreement.

On 21 May 2018 the Issuer concluded with Mr. Paweł Gos, Mr. Lesław Walaszczyk and CVI Dom Maklerski Sp. z o.o. with its registered office in Warsaw a head of terms, regarding framework conditions of conducting a management buy-out of shares of Exact Systems S.A. held by the Issuer by special purpose vehicle established by the Purchasers _the "SPV"_. Pursuant to HoT, the initial purchase price for Issuer's shares in Exact Systems S.A. will be PLN 162,640,000, of which PLN 13,000,000 will be deferred up to 9 months. Additionally, in June 2018, Exact Systems S.A. repayed approximately 50% of inter-company receivables towards the Issuer, for which funds was gained through a bond issue. Remaining inter-company receivables will be settled in the process of closing of the transaction. In parallel, the Issuer negotiates with the Purchasers additional bond financing in the amount of PLN 20.000.000. The Issuer granted Purchasers an exclusivity until 30 June 2018. Parties' intention is to sign until 30 June 2018 a preliminary share purchase agreement regarding Issuer's shares in Exact Systems S.A. to the SPV.

On 14 August 2018 the Issuer concluded with Mr. Paweł Gos, Mr. Lesław Walaszczyk and CVI Dom Maklerski Sp. z o.o. with its registered office in Warsaw (the "Purchasers") annex no. 4 to the head of terms (the "Annex"). Pursuant to the Annex, the exclusivity period has been extended until the 5th business day following fulfilling or waiving, as the case may be, of the last condition precedent included in the preliminary share purchase agreement regarding sale of all Issuer's shares in Exact Systems S.A. with its registered office in Częstochowa (the "PSPA"), (the "Company"), which will be concluded between the Issuer and a special purpose vehicle, whose shares are held by the Purchasers (the "SPV").

Selling of Exact Systems S.A. shares by the Issuer is a consequence of decided by the Management Board strategic options in the range of the future of subsidiary Exact Systems (Current report 79/2017 dated October 23rd 2017) and execution of adopted Development and Restructuring Strategy for the Work Service Group for years 2018-2020 (Current Report 82/2017 dated November 28th 2017). Based on adopted Strategy, the Issuer is planning to vote cash acquired on sales of Exact Systems S.A. for further adjusting Group financial structure by its progressive deleveraging and reduction of acquisitions earn-out liabilities toward minorities in Group subsidiaries.

Signature of an Annex to the Agreement for the purchase of shares in QLS

On 15 March 2018, Exact Systems S.A. with its seat in Częstochowa ("Exact Systems") concluded an Annex to the Agreement for the purchase of 100% of shares in the Portuguese limited liability company under the business name QLS AUTOMOTIVE - SERVIÇOS DE CONTROLO DE QUALIDADE, LDA dated 1 February 2017 ("Portuguese Company") ("Shares") ("Agreement"). The Agreement was concluded with two foreign companies ("Sellers"). The Annex concerns the change of the date of payment for the Shares and the date of their acquisition by Exact Systems, as well as the establishment of a collateral.

The total purchase price of shares will be EUR 9,650,000.00 and shall be paid as follows:

- an advance payment in the amount of EUR 500,000.00 is payable on 16 March 2018. After the payment of the advance payment plus amounts of previous advance payments, in the total amount EUR 2,120,000.00, Exact Systems will own 10% of shares in the Portuguese Company.

- the remaining 90% of shares in the Portuguese Company shall be acquired by Exact Systems after the payment of the remaining amount of EUR 7,030,000.00. The payment of the remaining price for the shares shall be made on 28 June 2018.

As the collateral to the Agreement, Exact Systems has committed to establish two pledges on 10% of shares in the Portuguese Company acquired on 16 March 2018 in favour of the Sellers: one up to the amount of EUR 1,834,000.00 and the other up to the amount of EUR 786,000.00.

If payment of the price for the remaining 90% of shares in the Portuguese Company is not made on 28 June 2018 due to the reasons attributable to Exact Systems, the Sellers may terminate the agreement and satisfy with established pledges.

If payment of the price for the remaining 90% of shares in the Portuguese Company is not made on 28 June 2018 due to the reasons attributable to the Sellers, Exact Systems may terminate the agreement. The termination of the Agreement in this manner shall result in the exercise of call options for 10% of shares acquired by Exact Systems in the Portuguese Company.

Shall the Agreement be infringed (as defined in the agreement for the sale of shares) until 28 June 2018 which will result in the loss of over 20% of the value of shares in the Portuguese Company, each Party may terminate the Agreement. The termination of the Agreement in this manner shall result in the exercise of call options for 10% of shares acquired by Exact Systems in the Portuguese Company.

The Sellers may also terminate the Agreement in case of failure of Exact Systems to deliver the original signed power of attorney for the establishment of shares referred to in above on behalf of the Exact Systems within 15 working days from the date of signing of the Agreement. In this case, the Sellers shall also have the right to hold the amount paid by the Exact Systems for 10% of Shares in the Portuguese Company and to re-transfer 10% of the Shares in the Portuguese Company.

If the payment of the price for the remaining 90% of shares in the Portuguese Company is made on 28 June 2018, the above-mentioned pledges shall expire.

The Agreement provides for the call option for 10% of Shares in the Portuguese Company which may be exercised by the Sellers within ten working days from termination of the Agreement upon payment of EUR 500,000.00 for Exact Systems. The ownership of 10% of Shares in the Portuguese Company shall be transferred to the Sellers upon crediting of the payment on the bank account of Exact Systems. In case the Sellers do not exercise the call options (each one individually) within ten working days from the termination of the Agreement, the above-mentioned pledges shall expire.

In connection with the expiry of the payment date for the remaining 90% of shares, it is planned in the near future to sign an annex extending the date of closing the transaction until 15 October 2018.

Purchase of Antal International s.r.o.

On 15 May 2018, Antal Sp. z o.o. (wholly-owned subsidiary of Work Service S.A.) purchased from Work Service Czech s.r.o. (wholly-owned subsidiary of Work Service S.A.) 100% of shares in the share capital of Antal International s.r.o.

Signature of an Annex to the Agreement for the purchase of shares in Prohuman 2004 Kft

On 29 June 2018 the Issuer, as the purchaser, concluded with Profólió Projekt Tanácsadó Kft. (the "Seller") with its registered seat in Budapest, Hungary, an annex to the purchase agreement of the remaining shares in the share capital of Prohuman 2004 Kft. ("Prohuman") with its registered seat in Budapest, Hungary dated 23 October 2017 (the "Agreement") (the "Annex"). The Issuer informed about the conclusion of the Agreement the Issuer informed in the current report no. 80/2017 dated 23 October 2017.

The annex concerns the postponement of the date of payment of the Second and Third Completion for the purchase of the remaining 19.78% shares in the share capital of Prohuman.

The Issuer, due to postponing the payment of the Second and Third Completion, agreed to pay compensation for the Seller in amount PLN 5,000,000 in two installments: the first installment will be payable on 29 June 2018 in the amount of PLN 2,000,000 and the second on 16 August 2018 in the remaining part.

In connection with the conclusion of the Annex, the provisions of the Agreement on default interest shall not apply by 30 September 2018.

Sales of 2% of shares in Kariera

On April 23, 2018 Krajowe Centrum Pracy Sp. Z o.o. (in 100% subsidiary of Work Service) was signed share sales agreement of 40 shares of the share capital Kariera.pl, representing 2% of all shares of the share capital this company for PLN 57,120.00.

Purchase of shares in Work Service SPV Sp. Z o.o.

On 21 June 2018, Work Service S.A. purchased from Work Service International Sp. z o.o. (in 100% subsidiary of Work Service S.A.) 15.29% of shares in Work Service SPV Sp. z o.o. for the price of PLN 5,360,000.00.

15.Amount and type of items having an impact on the assets, liabilities, equity, net result or cash flows that are unusual because of their type, value or frequency

No other factors having an impact on the assets, liabilities, equity, net result or cash flows were identified In the first six months of 2018, that are unusual because of their type, value or frequency than those provided below:

- write-downs of receivables in the amount of PLN 6.4 million
- impairment losses on intangible assets in the amount of PLN 3.6 million
- inventories write-downs in the amount of PLN 7.3 million
- compensation for extending the payment deadline to Profólió Projekt Tanácsadó Kft in the costs, in the amount of PLN 5 million described in item 14 of the condensed interim financial report

16.Information on inventories write-downs to obtainable net value and reversal of such write-down

In the first half of 2018 the Group recognised - in other operating costs - a write-down for inventories in the amount of PLN 7.3 million, of which 6 million relates to the inventories of the Parent Company and it affected the unit and consolidated financial result.

17. Information on impairment losses on financial assets, tangible fixed assets, intangible assets or other assets, and on reversal of such impairment

In June 2018, the Parent Company wrote off the commenced investments "M&A Project" into intangible assets with a value of PLN 3,586,925.30 due to a low economic usefulness of the project.

The Parent Company also wrote off leased fixed assets under construction for the total value of PLN 472,704.25 due to the abandonment of the conducted projects.

The Parent Company recognised – in other operational costs - the following impairment losses in respect of trade receivables that had an impact on the financial profit/loss:

- receivables from related parties: PLN 5 760 725.03
- receivables from unrelated parties: PLN 5 316 052.60

Total of PLN 11 076 777.63.

Moreover, the effect of applying IFRS 9 in the estimation of loss due to credit risk related to receivables was included:

	As at 01.01.2018 (adjustment of the previous years profit/loss)	As at 30.0.6.2018 (impact on total income)
Individual report	-10 206 367.32	2 654 881.59

	As at 01.01.2018 (adjustment of the previous years profit/loss)	As at 30.06.2018 (impact on total income)
Consolidated report:		
Write-downs made by other companies from the continued Group	-12 223 088.75	-1 010 487.20
Write-downs made by other companies from the abandoned Group	-11 787 721.00	992 832.59
	-24 010 809.75	-17 654.61

18. Information on creation, increase, use and release of provisions

Provisions for other liabilities and charges	31.12.2017	Increase	Use	Reverse	30.06.2018
a) Long-term provisions, including:	1 786 043.76	34 962.79	53 243.46	17 000.00	1 750 763.09
- provision for retirement benefits and similar	447 552.42	20 462.79	0.00	0.00	468 015.21
- other (accruals)	1 338 491.34	0.00	53 243.46	2 500.00	1 282 747.88
b) Short-term provisions, including:	27 543 486.94	14 848 979.17	6 941 746.60	4 899 981.53	30 550 737.97
- of unused annual leave	20 514 774.23	5 736 602.77	6 458 701.94	3 970 434.47	15 822 240.59
- other (accruals)	7 028 712.70	9 112 376.41	483 044.66	929 547.06	14 728 497.39
Total provisions	29 329 530.70	14 883 941.96	6 994 990.06	4 916 981.53	32 301 501.06

Changes in provisions (separate data)	31.12.2017	Increase	Use	Reverse	30.06.2018
Provision for of unused annual leave	1 011 049.60	490 947.91	0.00	0.00	1 501 997.51
Other provisions	1 412 772.23	3 308 980.41	0.00	0.00	4 721 752.64

19. Information on deferred income tax liabilities and deferred income tax assets

In 1h 2018, there were no material changes in provisions and deferred tax assets.

Consolidated data	As on 30.06.2018	As on 31.12.2017
Deferred income tax assets	21 355 604.40	20 347 522.35
Deferred income tax liabilities	2 169 402.27	2 265 636.42

Unit data of Work Service S.A.	As on 30.06.2018	As on 31.12.2017
Deferred income tax assets	11 122 033.02	11 122 033.02
Deferred income tax liabilities	1 187 349.53	1 187 349.53

20. Information on significant transactions of purchase and sales of tangible fixed assets

In 1H 2018, there were no material transactions of acquisition or disposal of any property, plant and equipment.

21. Information on significant liability relating to the purchase of tangible fixed assets

There are no major liabilities arising from the purchase of property, plant and equipment as at June 30, 2018.

22. Information on significant settlements resulting from court proceedings

In the first half of 2018 no significant settlements on account of court cases were made.

23. Indication of the corrections of the errors in previous periods

In the financial statement for 1H 2018, no error adjustment with regard to preceding periods took place.

24. Information on changes in the economic situation and the conditions of conducting business activity, having a significant influence on the fair market value of financial assets and liabilities of the entity.

In 1H 2018, there was no event that might significantly affect the fair value of financial assets and liabilities of the entity occurred.

25. Information on lack of payment of the credit or loan or violating substantive provisions of the credit or loan agreement, towards which no corrective measures were undertaken until the end of the reporting period

The Management Board of Work Service Group monitors parameters such as:

- The debt ratio - calculated as the ratio of net debt to adjusted EBITDA,
- debt coverage ratio - calculated as the ratio of free cash flow to the interest-credit instalments,
- leverage ratio calculated as the ratio of adjusted net debt to net assets,
- debt ratio of obliged entities.

At the end of first half of 2018 these rates were respectively:

- The debt ratio: 12.94 (violated)
- debt coverage ratio: 12.69 (non-violated)
- leverage ratio: 3.30 (violated)
- debt ratio of obliged entities: -15.26 (violated)

The factors impacting the profit/loss positions described in item II of the Report of the Management Board on the activities of Capital Group (including but not limited to the situation in German companies, write-downs on receivables, inventories, intangible assets) had a material effect on the value of the ratios presented above.

Furthermore, as at the balance sheet date, the Group is conducting advanced talks with financial institutions regarding the repayment of part of the Group's debt from proceeds from the planned sale of shares in Exact Systems S.A. which was described in item 14 of the Additional information to the condensed interim financial report.

The goal of the Group is to commence talks with financial institutions, once the transaction on the repayment and/or roll-over of the remaining debt has been finalised

26. 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.

The company did not conclude in the first half of 2018 any transactions with related parties which, individually or collectively would be significant and at the same time were concluded on other than market terms.

The statement of balance between Work Service S.A. and the companies from the Work Service Capital Group is presented in the following table:

	FC	IPS	ANT	WSI	czWS	skWS	rumEXT	EXT	AAS	skEXT
Revenues	794 716.79	3 152 953.88	1 992 556.23	187 310.53	1 110 689.14	49 152.44	0.00	1 497 342.48	5 431 648.19	0.00
Costs	19 470.33	22 976 093.47	112 682.04	2 173 844.13	312 759.36	0.00	0.00	1 713 296.87	0.00	36 332.30
Receivables	661 697.32	0.00	792 895.18	0.00	1 735 377.18	311 786.68	131 274.42	89 338.66	2 729 743.29	0.00
Long term payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short term payables	60 593.54	27 042 476.49	2 798 231.94	5 130 230.54	474 272.80	8 771.22	0.00	45 250 509.94	0.00	18 146.57
Loans granted	2 491 177.94	6 972 000.00	0.00	98 170.84	5 360 122.33	1 601 712.55	0.00	60 303 849.52	0.00	0.00

	czEXT	cyPRO	zaoPRO	bviPRO	SEL	gerEXT	CLEAN	ruEXT	KCP	ger24WS
Revenues	0.00	217 632.74	951 294.06	0.00	18 685 536.26	0.00	230 353.27	0.00	780 268.32	399.99
Costs	39 430.40	192 888.34	954 538.56	0.00	2 119 449.04	0.00	3 180 443.62	0.00	3 849 875.19	0.00
Receivables	0.00	0.00	5 366 047.83	0.00	8 272 729.16	723.50	15 534.17	148.52	0.00	292 213.95
Long term payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short term payables	19 715.20	0.00	0.00	0.00	43 482 193.70	0.00	6 088 427.59	0.00	3 358 002.94	42 333.30
Loans granted	0.00	0.00	15 133 952.17	0.00	0.00	0.00	0.00	0.00	7 612 000.00	22 436.02

	turEXT	ukEXT	presWS	presBUS	presLOG	presCL	presOSP	humPRO	humOUT	fiegSPV
Revenues	0.00	0.00	1 931 473.80	607.94	235 100.57	815.99	994 867.79	500.00	0.00	422 009.17
Costs	0.00	0.00	1 048 472.38	0.00	859 426.73	91 434.01	230 668.20	1 321 701.54	0.00	0.00
Receivables	148.52	148.52	0.00	0.00	0.00	253.36	127 133.34	4 700.00	0.00	56 888.30
Long term payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short term payables	0.00	0.00	6 816 916.97	0.00	539 246.62	42 305.16	0.00	50 679 321.11	0.00	0.00
Loans granted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29 475 455.36

	fiegWS	fiegOUT	fiegKG	antCZ	antGER	antHU	hunEXT	crsPEXT	crsBEXT	natSLV
Revenues	0.00	0.00	59 182.47	500.00	0.00	500.00	0.00	72 262.03	0.00	0.00
Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8 342.40
Receivables	4 200.00	4 200.00	-1 600.80	500.00	4 949.98	500.00	148.52	457.32	148.52	0.00
Long term payables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short term payables	12 042.98	8 400.00	152 085.92	0.00	8 400.00	0.00	0.00	0.00	0.00	0.00
Loans granted	0.00	0.00	6 740 541.45	0.00	0.00	0.00	0.00	3 085 716.16	0.00	0.00

	humHR	chnEXT	skWSK	KAR	ukr2WS	WSInv	Suma
Revenues	0	0.00	479 012.58	160 361.87	148.52	15 057.29	39 454 254.34
Costs	8400	0.00	0.00	61 270.00	680.00	0.00	41 311 498.91
Receivables	0	148.52	1 077 438.11	196 862.84	148.52	15 833.65	21 892 717.08
Long term payables	0	0.00	0.00	0.00	0.00	0.00	0.00
Short term payables	0	0.00	0.00	0.00	680.00	0.00	192 033 304.53
Loans granted	0	0.00	0.00	3 234 966.88		237 174.54	142 369 275.76

Dictionary of companies of the Work Service Capital Group

ABBREVIATION	Company name
WSSA	Work Service S.A.
IPS	Industry Personnel Services Sp. z o.o.
ANT	ANTAL Sp.z o.o.
FC	Finance Care Sp. z o.o.
WSI	Work Service International Sp. z o.o.
SEL	Sellpro Sp. z o.o.
CLEAN	Clean Staff Sp.z o.o.
KCP	Krajowe Centrum Pracy Sp.z o.o.
EXT	Exact Systems S.A.
AAS	Automotive Assembly Systems Sp. z o.o.
skEXT	Exact Systems Słowacja s.r.o.
czEXT	Exact Systems Czech Republic s.r.o.
gerEXT	Exact Systems GmbH
ruEXT	Zao Exact Systems
rumEXT	Exact Systems s.r.l.
turEXT	Exact Systems Kalite Kontrol Ltd. Sti.
skWS	Work Service Slovakia s.r.o.
skoutWS	Work Service Slovakia Outsourcing s.r.o.
czWS	Work Service Czech s.r.o.
ger24WS	Work Service 24 GmbH
cyPRO	Proservice Worldwide Limited
bviPRO	Proservice Worldwide Limited (BVI)
zaoPRO	ZAO Work Service Russia
itKON	IT Kontrakt Sp. Z o.o.
gerKON	IT Kontrakt GmbH
sterKON	Stermedia sp.z o.o.
cyLEXT	Exact Systems Ltd
presWS	WorkExpress Sp.z o.o.
ukEXT	Exact Systems Ltd (UK)
presBUS	Workbus Sp.z o.o.
presLOG	LogistykaPL Sp.z o.o.
presCL	Clean24h Sp.z o.o.
presOSP	Outsourcing Solutions Partner Sp. z o.o.
humPRO	Prohuman 2004 Kft
humOUT	Prohuman Outsourcing Kft
fiegSPV	Work Service SPV Sp. z o.o.

ABBREVIATION	Company name
fiegGP	Work Service GP GmbH
fiegWS	Work Service Deutschland GmbH
fiegOUT	Work Service Outsourcing Deutschland GmbH
fiegKG	Workservice GmbH & Co.KG
humEXI	Human Existence Kft
swissKON	IT Kontrakt AG
antGER	Enloyd GmbH
antCZ	Antal International s.r.o.(Czech Republic)
antSK	Antal International s.r.o. (Slovakia)
antHU	Enloyd Kft
mgtPRO	OOO "EMG-Management"
leasPRO	OOO "EMG-Leasing"
hunEXT	Exact Systems Hungary Kft
trKON	IT Service Sp. z o.o.
janePRO	Janeever
fiegWSF	Work Service Fahrschuhe QC GmbH
crsPEXT	Control+Rework Service Sp. z o. o.
crsBEXT	Control+Rework Service NV
natHR	HR Global d.o.o.
natSLV	Naton kadrovsko-svetanoje d.o.o.
humHR	HR-Rent Kft
humFIE	Profield 2008 Értékesítés Támogató Kft.
itkPRO	IT Kontrakt OOO
chnEXT	Exact Systems China Limited
skWSK	Work Service SK s.r.o.
malkON	It Kontrakt Services Sendirian Berhad
KAR	Kariera.pl Sp.z o.o.
humFC	Finance Care Hungar Kft

27. Information on change in the manner (method) of valuation of financial instruments evaluated in their fair value

In 1H 2018, there was no change of the method of determining fair value of financial instruments evaluated in a fair value occurred.

28. Information on change of classification of financial assets due to a change of the purpose or usage of these assets

In 1Q 2018, there were no changes in financial assets classification that may result from assets' purpose or usage change occurred.

29. Discontinued operations

In 2018, income, costs of the following companies were classified as discontinued operations:

1) Proservice Group, comprising the following companies:

- Proservice Worldwide (Cyprus) Ltd.
- ZAO Work Service Russia,
- ProService Worldwide Limited, British Virgin Islands
- Janveer Limited (BVI)
- EMG Management
- EMG Leasing
- IT Kontrakt o.o.o.

2) Exact Systems S.A. with all its daughter companies and Exact Systems GmbH.

The results of the following companies have been additionally presented in comparative data as discontinued operations:

1) Stermedia Sp. z o.o.

2) ITK Group, comprising the following companies:

- IT Kontrakt Sp. z o.o.
- IT Kontrakt AG
- IT Service Sp. z o.o.
- IT Kontrakt Services SDN. BHD

Profit from discontinued operations is shown in the table below

	01.01-30.06.2018	01.01-30.06.2017
Net revenues from sales	225 971 327.94	314 939 426.85
Other operating income	2 481 166.85	1 778 303.78
Operating costs	201 353 904.70	281 598 108.25
Other operating costs	4 784 051.54	2 959 232.18
Financial income	1 275 844.30	706 640.24
Financial costs	2 388 785.68	3 681 567.85
Gross profit (loss)	21 201 597.18	29 185 462.59
Income tax	3 970 561.51	4 157 226.94
Profit from discontinued operations for the financial year	17 231 035.66	25 028 235.65
Profit from disposal of the ITK Group	0.00	79 337 187.05
Net loss from revaluation to fair value	1 617 655.26	156 984 509.21
Loss on sale of other assets	0.00	0.00
Profit attributable to non-controlling shareholders	4 514 144.76	0.00
Profit from discontinued operations for the financial year	14 334 546.17	-52 619 086.51

Net cash flows from discontinued operations

Net cash flows from discontinued operations	01.01-30.06.2018	01.01-30.06.2017
Net cash flows from operating activities	10 092 073.69	16 840 430.66
Net cash flows from investing activities	-19 560 952.11	26 160 748.74
Net cash flows from financing activities	10 081 642.80	-40 503 631.66
Total net cash flow	612 764.38	2 497 547.73
- net cash flows to the companies. which operations are presented as continued activities.	73 516 681.60	46 448 197.33
- net cash flows from the companies. which operations are presented as continued activities.	56 635 878.08	54 548 851.00

30. 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

Sale of shares Capital Group Exact Systems SA.

On 2 July 2018 Work Service S.A. has been notified about signing by the last Party, the annex dated 29 June 2018 to the agreement head of terms dated 21 May 2018 pursuant to which the exclusivity period has been extended until 20 July 2018. The annex was signed by the Issuer, Mr. Paweł Gos, Mr. Lesław Walaszczyk and CVI Dom Maklerski Sp. z o.o. with its registered office in Warsaw (hereinafter: the Parties).

Parties' intention was to sign until 20 July 2018 a preliminary share purchase agreement regarding Issuer's shares in Exact Systems S.A.

On July 20, 2018 the Issuer concluded with Mr. Paweł Gos, Mr. Lesław Walaszczyk and CVI Dom Maklerski Sp. z o.o. with its registered office in Warsaw an annex no. 2 to the head of terms, pursuant to which the exclusivity period has been extended until 31 July 2018.

On July 31, 2018 the Issuer concluded with Mr. Paweł Gos, Mr. Lesław Walaszczyk and CVI Dom Maklerski Sp. z o.o. with its registered office in Warsaw an annex no. 3 to the head of terms, pursuant to which the exclusivity period has been extended until 14 August 2018.

Pursuant to annex no. 3, the exclusivity period will be automatically extended until 5th business day following obtaining by a special purpose vehicle, whose shares are held by the Purchasers, ("SPV") a final decision of the President of the Office for Competition and Consumer Protection (in Polish: Prezes Urzędu Ochrony Konkurencji i Konsumentów) regarding granting consent for the concentration by acquisition of all Issuer's shares in Exact Systems S.A. with its registered office in Częstochowa, provided that by 14 August 2018:

- the SPV files to the Polish Office for Competition and Consumer Protection (in Polish: Urząd Ochrony Konkurencji i Konsumenta) relevant application for granting consent for concentration by acquisition of all Issuer's shares in the Company; and

- the SPV concludes with the Issuer a preliminary share purchase agreement regarding sale of Issuer's shares in the Company (the "PSPA").

On August 14, 2018 the Issuer concluded with Mr. Paweł Gos, Mr. Lesław Walaszczyk and CVI Dom Maklerski Sp. z o.o. with its registered office in Warsaw an annex no. 4 to the head of terms (the "Annex").

Pursuant to the Annex, the exclusivity period has been extended until the 5th business day following fulfilling or waiving, as the case may be, of the last condition precedent included in the preliminary share purchase agreement regarding sale of all Issuer's shares in Exact Systems S.A. with its registered office in Częstochowa (the "PSPA"), (the "Company"), which will be concluded between the Issuer and a special purpose vehicle, whose shares are held by the Purchasers (the "SPV").

On August 16, 2018 the Issuer received the confirmation about filing by the special purpose vehicle – Remango Investments Sp. z o.o., whose shares are held by Mr. Paweł Gos, Mr. Lesław Walaszczyk and a fund co-managed by CVI Dom Maklerski Sp. z o.o. (the "SPV") to the Polish Office for Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumenta) of the application for granting consent for the concentration by acquisition by SPV of all Issuer's shares in Exact Systems S.A. with its registered office in Częstochowa (the "Company").

On 20 September 2018, the Issuer received a decision no. DKK-167/2018 of the President of the Polish Office for Competition and Consumer Protection (Prezes Urzędu Ochrony Konkurencji i Konsumentów) granting consent for the concentration.

Sale of Proservice Group.

On July 31, 2018 the issuer concluded with PROLOGICS (UK) LLP with its registered office in London, registered under no. OC314997 ("Buyer") an Annex to the Share Purchase Agreement for ProService WorldWide (Cyprus) Limited company - established under the laws of the Republic of Cyprus registered under no. HE 209802, with its registered office in Nicosia ("ProService") ("Annex")

Pursuant to the Annex, the following amendments have been introduced:

- the sale of the Second Tranche of shares, i.e. 3,750 shares representing 51% of the ProService share capital shall take place on 1 August 2018.

- The date of payment of the share purchase price was postponed to 30 July 2019.

- The pledge for the Security Agreement will be established after expiry of the pledge on the Shares, established in favour of the consortium of banks BANK BGŻ BNP PARIBAS SA, BANK MILLENNIUM SA, BANK ZACHODNI WBK SA, RAIFFEISEN BANK POLSKA SA, POWSZECHNA KASA OSZCZĘDNOŚCI BANK POLSKI S.A. under a pledge agreement of 18 November 2015, annexed on 13 April 2017, securing a credit facility with the Issuer as its beneficiary.

The remaining provisions of the Contract shall remain unchanged.

On August 1, 2018, hereby informs that, in the performance of the Share Purchase Agreement for ProService WorldWide (Cyprus) Limited company of 30 July 2017 and the Addendum to the Contract of 31 July 2018, The Issuer transferred ownership of 51% of shares in ProService, to PROLOGICS (UK) LLP with its registered office in London, registered under no. OC314997

Acquisition of own shares for purpose of their redemption

On 28 August 2018 concluded with its subsidiary, i.e. Exact Systems S.A. with its registered seat in Częstochowa (the "Company") and Mr. Tomasz Misiak, Mr. Tomasz Hanczarek, Mrs. Marta Pawłowicz, Mrs. Joanna Paprocka-Gajek, Mrs. Joanna Kotylak, a company Ala Moana Partners LLC, a company Profi Investments S.A., Mr. Wojciech Skrzydeł, Mr. Wojciech Mora, a company Tri Star Investments Sp. z o.o. S.K.A. and Mr. Paweł Gos and Mr. Lesław Walaszczyk (the "Shareholders" and together with the Company and the Issuer – the "Parties") agreement on the acquisition of shares for the purpose of their redemption (the "Agreement").

Pursuant to the Agreement, the Shareholders sold to the Company their series B, BA, BB, BC, BD, BE, BF, BG, BH, C, CA, CB, CC, CD, CE, CF, CG, CH shares in the Company (the "Shares") for the total price amounting to PLN 33,275,023.35. The Shares have been acquired for the purpose of their redemption.

Pursuant to the Agreement, payment for the Shares shall occur on the day of sale of all Issuer's shares in the Company to Remango Investments Sp. z o.o. with its registered office in Warsaw (the "SPV"). The Agreement provides for a rescission right for the Parties which can be executed until 30 November 2018, if the definitive share purchase agreement regarding sale of the Issuer's shares in the Company is not concluded until 1 November 2018.

Pursuant to the Agreement, the investment agreements dated 5 August 2016 and 24 November 2018 concluded between the Parties has been terminated. If the Parties rescind the Agreement, the abovementioned investment agreements shall become valid and enforceable.

SEPARATE FINANCIAL STATEMENTS OF WORK SERVICE SA

Statement of Financial Position of Work Service SA as at 30 June 2018

ASSETS	as at 30.06.2018	as at 31.12.2017	as at 30.06.2017
FIXED ASSETS	599 035 896.18	611 949 308.99	536 243 222.27
Intangible assets	35 251 796.53	39 450 632.65	36 259 715.18
Tangible fixed assets	8 938 869.76	11 053 239.92	11 516 649.05
Investment real estates	2 495 938.00	2 495 938.00	4 051 188.00
Other financial assets	480 023 544.67	487 023 544.67	402 890 516.62
Other long-term assets	302 850.29	674 420.08	4 234 660.00
Other long-term financial assets	60 842 000.00	60 000 000.00	65 012 000.00
Deferred income tax assets	11 122 033.02	11 122 033.02	12 065 856.14
Accruals	58 863.91	129 500.65	212 637.28
CURRENT ASSETS	233 059 051.86	247 718 494.17	271 026 752.99
Inventories	1 835 358.96	6 607 556.70	10 914 326.42
Trade and other receivables	91 945 959.50	113 749 802.02	91 853 854.72
Other financial assets	114 924 114.81	103 113 003.81	107 800 499.02
Other short-term assets	621 037.42	945 601.09	4 830 026.08
Cash and cash equivalents	445 071.24	536 784.50	53 779 388.91
Accruals	2 064 492.98	1 542 729.1	1 848 657.84
Assets for sale	21 223 016.95	21 223 016.95	0.00
TOTAL ASSETS	832 094 948.04	859 667 803.16	807 269 975.26
LIABILITIES			
EQUITY	177 590 139.71	227 959 174.20	249 889 762.51
Share capital	6 509 482.30	6 509 482.30	6 509 482.30
Supplementary capital	211 699 726.22	285 678 830.86	285 222 429.22
Net profit (loss)	-40 619 068.81	-64 229 138.96	-41 842 149.01
LIABILITIES AND RESERVES			
Provisions for liabilities	7 411 099.68	3 611 171.36	4 563 591.00
Deferred income tax provision	1 187 349.53	1 187 349.53	1 888 415.10
Provisions for retirement and similar benefits	1 501 997.51	1 011 049.60	1 063 479.81
Other provisions (short-term)	4 721 752.64	1 412 772.23	1 611 696.09
Long-term liabilities	4 830 897.45	3 959 831.67	208 814 771.74
1. To related entities	0.00	0.00	0.00
2. To other entities	4 830 897.45	3 959 831.67	208 814 771.74
Long-term loans and credits	0.00	0.00	193 584 213.89
Liabilities from issuance of debt securities	0.00	0.00	12 708 871.65
Other financial liabilities	4 830 897.45	3 959 831.67	2 521 686.20
Other liabilities	0.00	0.00	0.00
Short-term liabilities	642 262 811.20	624 118 071.78	344 001 850.01
1. To related entities	192 033 304.53	176 651 724.21	212 563 659.94
2. To other entities	450 229 506.67	447 466 347.57	131 438 190.07
Liabilities from issuance of debt securities	44 889 420.45	44 285 509.42	0.00
Other financial liabilities	3 847 164.96	5 227 443.50	3 451 438.43
Credits and loans	213 331 809.59	216 560 390.34	22 081 928.91
Trade payables	13 680 975.83	10 128 851.11	14 044 142.33
Liabilities for taxes, duties, insurance and other benefits	73 618 166.15	64 787 926.99	72 233 751.47
Liabilities for remuneration	22 056 067.87	21 550 129.43	15 125 260.84
Other liabilities	78 805 901.82	84 926 096.78	4 501 668.09
3. Special funds	0.00	0.00	0.00
Accruals	0.00	19 554.15	0.00
TOTAL LIABILITIES	832 094 948.04	859 667 803.16	807 269 975.26

Statement of comprehensive income of Work Service SA for the period of 6 months ended 30 June 2018

	01.01.2018-30.06.2018	01.01.2017-30.06.2017
Revenues	292 182 210.51	287 349 879.53
Net revenues from sales of products	291 474 715.47	286 313 825.85
Variation in stocks of products	707 495.04	1 036 053.68
Manufacturing cost of products for entity's own purposes	0.00	0.00
Net income on sale of goods and materials	0.00	0.00
Operating costs	297 888 461.47	293 059 188.70
Depreciation	3 319 615.37	2 530 666.77
Consumption of materials and energy	975 603.74	1 310 733.76
Outside services	59 988 299.36	61 056 861.31
Taxes and charges	455 962.98	627 575.59
Remuneration	192 585 667.40	188 212 744.36
Social insurance and other benefits	38 271 757.05	36 774 243.02
Other generic expenses	2 291 555.57	2 546 363.89
Value of goods and materials sold	0.00	0.00
Profit (loss) on sales	-5 706 250.96	-5 709 309.17
Other operating incomes	4 364 645.33	6 148 124.23
Other operating costs	28 137 922.85	5 624 109.65
Profit (loss) on operating activities	-29 479 528.48	-5 185 294.59
Profit from the sale of subsidiary ITK	0.00	68 688 052.34
Loss from the sale of 49% of shares in the subsidiary Proservice gross of impairment losses	0.00	-143 931 751.06
Operating profit (loss) ADJUSTED	-29 479 528.48	-80 428 993.31
Financial incomes	4 074 183.93	59 625 599.13
Financial costs	15 213 724.26	21 038 754.83
Gross profit	-40 619 068.81	-41 842 149.01
Income tax	0.00	0.00
Net profit (loss)	-40 619 068.81	-41 842 149.01
Other comprehensive income	0.00	0.00
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	0.00	0.00
Comprehensive income for the period	-40 619 068.81	-41 842 149.01
Net profit (loss) attributable to shareholders:	-40 619 068.81	-41 842 149.01
Earnings per share from continuing and discontinued operations attributable to shareholders during the year (in PLN)		
From continuing operations:		
- basic	-0.62	-0.64
- diluted	-0.62	-0.64
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 2018

	01.01.2018-30.06.2018	01.01.2017-30.06.2017
A. Cash flow on operating activity		
I. Net profit (loss)	-40 619 068.81	-41 842 149.01
II. Total adjustment	47 072 289.16	24 942 592.24
1. Depreciation	3 319 615.37	2 530 666.77
2. Profit (Loss) due to exchange rate differences	122 260.00	0.00
3. Interest and participation in profits (dividends)	5 494 175.00	-33 721 473.09
4. Profit (loss) on investment activities	5 079 166.00	-7 353 451.44
5. Change in reserves	3 799 928.00	1 355 058.10
6. Change in inventory	5 214 449.00	-1 248 004.41
7. Change in receivables	11 851 358.00	18 562 149.62
8. Change in current liabilities, except for loans and credits	13 056 204.00	9 877 572.07
9. Change in accruals	-470 681.00	48 657.33
10. Other adjustments	-394 185.21	34 891 417.29
III. Net cash flows from operating activities (I+II)	6 453 220.35	-16 899 556.77
B. Cash flow on investment activity		
I. Incomes	214 808 874.00	335 249 047.81
1. Disposal of intangible fixed assets	0.00	0.00
2. Disposal of investment property and intangible assets	-0.00	0.00
3. From financial assets, including:	214 808 874.00	335 249 047.81
a) in related entities	176 271 245.00	254 311 154.49
b) in other entities	38 537 629.00	80 937 893.32
- disposal of financial assets	-0.00	40 102 871.61
- dividends and profit sharing	-0.00	40 825 000.00
- Repayment of long-term loans	37 828 635.00	10 021.71
- interest	708 994.00	0.00
- Other income from financial assets	-0.00	0.00
4. Other investment income	-0.00	0.00
II. Expenditures	236 724 114.61	1 851 811.23
1. Acquisition of intangible and tangible fixed assets	1 185 377.61	1 851 811.23
2. Investments in real estate and intangible assets	-0.00	0.00
3. For financial assets, including:	235 538 737.00	0.00
a) in related entities	202 132 737.00	0.00
b) in other entities	33 406 000.00	0.00
- acquisition of financial assets	-0.00	0.00
- long-term loans granted	33 406 000.00	0.00
4. Other investment expenses	0.00	0.00
III. Net cash flows from investing activities (I-II)	-21 915 240.61	333 397 236.58

C. Cash flow on financial activity		
I. Incomes	118 303 712.00	381 146 441.27
1. Net incomes on issue of shares and other capital instruments and additional payments to capital	0.00	0.00
2. Credits and loans	117 506 863.00	381 146 441.27
3. Issuance of debt securities	0.00	0.00
4. Other financial income	796 849.00	0.00
II. Expenditures	102 933 405.00	644 025 751.73
1. Acquisition of shares (stocks)	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	95 629 813.00	535 722 852.71
5. Redemption of debt securities	0.00	100 000 000.00
6. Due to other financial liabilities	0.00	0.00
7. Payment of liabilities on account of financial leasing contracts	1 704 334.00	0.00
8. Interest	5 599 258.00	7 610 657.22
9. Other financial expenses	0.00	692 241.80
III. Net cash flows from financial activities (I-II)	15 370 307.00	-262 879 310.46
D. Net cash flow total (A.III. + B.III + C.III)	-91 713.26	53 618 369.35
E. Balance sheet change in cash and cash equivalents, including:	-91 713.26	53 618 369.35
- change of cash resources due to exchange rate differences		0.00
F. Cash resources at the beginning of period	536 784.50	161 019.56
G. Cash resources at the end of period, including	445 071.24	53 779 388.91
- with restricted availability	0.00	0.00

Statement of changes in equity of Work Service SA

01.01.2018-30.06.2018	Share capital	Other capital / supplementary capital	Retained earnings	Equity capital
As at 1 January 2018	6 509 482.30	285 678 830.86	-64 229 138.96	227 959 174.20
Net profit (loss) for the financial year	0.00	0.00	-40 619 068.81	-40 619 068.81
Managers programme	0.00	456 401.64	0.00	456 401.64
Distribution of result for 2017 to supplementary capital:	0.00	-64 229 138.96	64 229 138.96	0.00
Allowance against receivables (IFRS 9)	0.00	-10 206 367.32	0.00	-10 206 367.32
As at 30 June 2018	6 509 482.30	211 699 726.22	-40 619 068.81	177 590 139.71

01.01.2017-31.12.2017	Share capital	Other capital / supplementary capital	Retained earnings	Equity
As at 1 January 2017	6 509 482.30	287 458 678.33	-2 692 650.75	291 275 509.88
Net profit (loss) for the financial year	0.00	0.00	-64 229 138.96	-64 229 138.96
Managers programme	0.00	912 803.28	0.00	912 803.28
Distribution of result for 2016 to supplementary capital	0.00	-2 692 650.75	2 692 650.75	0.00
As at 31 December 2017	6 509 482.30	285 678 830.86	-64 229 138.96	227 959 174.20

01.01.2017-30.06.2017	Share capital	Other capital / supplementary capital	Retained earnings	Equity capital
As at 1 January 2017	6 509 482.30	287 458 678.33	-2 692 650.75	291 275 509.88
Net profit (loss) for the financial year	0.00	0.00	-41 842 149.01	-41 842 149.01
Managers programme	0.00	456 401.64	0.00	456 401.64
Distribution of result for 2016 to supplementary capital:	0.00	-2 692 650.75	2 692 650.75	0.00
As at 30 June 2017	6 509 482.30	285 222 429.22	-41 842 149.01	249 889 762.51

The consolidated financial statements disclose the following information about the Company's individual condensed financial statements:

- a) write-down on the value of inventories to net obtainable value and reversal of such write-downs - note 16
- b) recognition of impairment losses on financial assets, property, plant and equipment, intangible assets, assets under agreements with customers or other assets, and reversal of such impairment losses - note 17
- c) information on reserves - note 18,
- d) acquisition and disposal of items of property, plant and equipment - note 20,
- e) commitments made for the purchase of property, plant and equipment - note 21,
- f) settlements from court cases - note 22,
- g) adjustments of errors from previous periods - note 23,
- h) changes in the conditions of business and the economic situation that have an impact on the fair value of financial assets and financial liabilities of the entity, regardless of whether these assets and liabilities are recognised at fair value or at amortised cost - note 24,
- i) failure to pay off the loan or breach of the loan agreement provisions for which no recovery action was undertaken either prior to the balance sheet date or on that date - note 25,
- j) transactions with related entities - note 26
- k) transfers between particular levels of the fair value hierarchy that is used to measure the fair value of financial instruments - none
- l) changes in the classification of financial instruments due to a change in the purpose or use of these assets - none
- m) changes in contingent liabilities and contingent assets - notes 7 and 8.

SIGNATURES:

1. Maciej Witucki President of the Management Board.....
2. Tomasz Ślęzak Vice President
3. Paul Christodoulou Vice President
4. Iwona Szmitkowska Vice President
5. Piotr Ambrozowicz Vice President