

ABC Data S.A.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2016**

The logo for ABC Data S.A. features the word "ABC DATA" in a bold, black, sans-serif font. A red diagonal line is positioned to the left of the letter "A", extending from the top left towards the middle of the letter.

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the 3-month period ended 31 March 2016

	<i>Notes</i>	<i>3 months ended 31.03.2016 (unaudited)</i>	<i>3 months ended 31.03.2015 (unaudited)</i>
Revenues		870 890	1 217 886
Cost of sales		(828 304)	(1 164 837)
Gross profit on sales		42 586	53 049
Other operating income	9	7 287	470
Selling expenses		(37 531)	(36 742)
Administrative expenses		(6 237)	(6 210)
Other operating expenses		(63)	(1 607)
Gross profit on operations		6 042	8 960
Financial income		12	7
Financial expenses		(1 644)	(2 007)
Net financial expenses		(1 632)	(2 000)
Profit before tax		4 410	6 960
Income tax	7	(975)	(1 167)
Net profit (loss) for the period		3 435	5 793
Net change in fair value of cash flow hedges	15	4 062	5 377
Income tax on other comprehensive income		(772)	(1 022)
Total other comprehensive income		3 290	4 355
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6 725	10 148
Profit (loss) per share in PLN:			
– basic profit for the reporting period		0,03	0,05
– diluted profit for the reporting period		0,03	0,05

Ilona Weiss <i>President of the Management Board</i>	Juliusz Niemoćko <i>Vice-President of the Management Board</i>	Andrzej Kućniak <i>Vice-President of the Management Board</i>	Maciej Kowalski <i>Vice-President of the Management Board</i>	Paweł Szymański <i>Vice-President of the Management Board</i>	Krystyna Cybulska <i>Chief Accountant</i>
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Warsaw, 12 May 2016

CONDENSED INTERIM BALANCE SHEET

as at 31 March 2016

	Notes	31.03.2016 (unaudited)	31.12.2015	31.03.2015 (unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	8	3 802	4 101	4 372
Intangible assets	8	27 017	27 175	27 301
Long term investments	9	52 697	46 314	36 511
Deferred tax assets		6 410	8 158	8 938
		89 926	85 748	77 122
Current assets				
Inventories	10	445 443	388 403	354 006
Short-term financial assets		582	794	459
Trade and other receivables		337 213	486 690	452 817
Income tax receivables		3 392	1 077	743
Cash and cash equivalents	5	12 360	4 734	1 209
		798 990	881 698	809 234
TOTAL ASSETS		888 916	967 446	886 356
EQUITY AND LIABILITIES				
Equity				
Share capital	14	125 267	125 267	125 267
Share premium		39 825	39 825	39 825
Treasury shares		(10 065)	(10 065)	(10 065)
Other reserve capital		3 307	-	96
Retained profit		109 279	105 844	95 495
		267 613	260 871	250 618
Long-term liabilities				
Provisions for employee benefits		437	437	452
Provisions	11	700	719	694
		1 137	1 156	1 146
Short-term liabilities				
Current portion of interest-bearing borrowings and debt instruments	12	127 812	96 293	172 125
Liabilities due to employee benefits		10 089	9 237	11 687
Other financial liabilities	13	25 398	21 628	203
Trade and other liabilities		453 689	575 007	447 677
Provisions	11	3 178	3 254	2 900
		620 166	705 419	634 592
Total liabilities		621 303	706 575	635 738
TOTAL EQUITY AND LIABILITIES		888 916	967 446	886 356

Ilona Weiss
President of the
Management
Board

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Vice-President of
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Krystyna Cybulska
Chief Accountant

Warsaw, 12 May 2016

CONDENSED INTERIM STATEMENT OF CASH FLOWS for the 3-month period ended 31 March 2016

	<i>Notes</i>	<i>3 months ended 31.03.2016 (unaudited)</i>	<i>3 months ended 31.03.2015 (unaudited)</i>
Cash flow from operating activities			
Gross profit		4 410	6 960
Adjusted by:			
Amortization / Depreciation		506	565
Share base expenses		17	-
(Profit)/loss on investing activities	8	(15)	(52)
(Increase)/ decrease in receivables		149 477	3 206
(Increase)/ decrease in inventories		(57 040)	(21 867)
Increase/ (decrease) in liabilities, except for borrowings		(121 318)	(40 388)
Financial income		(12)	(7)
Financial expenses		1 644	2 007
Increase/(decrease) in liabilities to employees		852	1 589
Change in provisions	11	(95)	755
Income tax paid		(2 315)	(5 986)
Other		(2 109)	4 619
Net cash flow from operating activities		(25 998)	(48 599)
Cash flow from investing activities			
Sales of property, plant and equipment and intangible assets	8	20	233
Acquisition of property, plant and equipment and intangible assets	8	(54)	(162)
Interest received		12	7
Net cash flow from investing activities		(22)	78
Cash flow from financing activities			
Purchase of treasury shares		-	(4 646)
Receipts from borrowings		-	4 500
Change in overdrafts	12	31 519	50 631
Inflows due to cash pooling	13	4 147	-
Interest paid		(2 020)	(2 162)
Net cash flow from financing activities		33 646	48 323
Net increase/(decrease) in cash and cash equivalents		7 626	(198)
Opening balance of cash		4 734	1 407
Closing balance of cash	5	12 360	1 209

Ilona Weiss	Juliusz Niemotko	Andrzej Kuźniak	Maciej Kowalski	Paweł Szymański	Krystyna Cybulska
<i>President of the Management Board</i>	<i>Vice-President of the Management Board</i>	<i>Vice-President of the Management Board</i>	<i>Vice-President of the Management Board</i>	<i>Vice-President of the Management Board</i>	<i>Chief Accountant</i>

Warsaw, 12 May 2016

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the 3-month period ended 31 March 2016

	<i>Nota</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Other reserve capital</i>	<i>Retained profit</i>	<i>Net profit</i>	<i>Total equity</i>
3 months 2016								
As at 1 January 2016		125 267	39 825	(10 065)	-	105 844	-	260 871
Net profit for the period		-	-	-	-	-	3 435	3 435
Other net comprehensive income for the period		-	-	-	3 290	-	-	3 290
Comprehensive income for the period		-	-	-	3 290	-	3 435	6 725
Share based payments		-	-	-	17	-	-	17
As at 31 March 2016		125 267	39 825	(10 065)	3 307	105 844	3 435	267 613
12 months 2015								
As at 1 January 2015		125 267	39 825	(5 419)	(4 259)	89 702	-	245 116
Other net comprehensive income for the period		-	-	-	-	-	60 276	60 276
Comprehensive income for the period		-	-	-	4 235	-	-	4 235
Purchase of treasury shares		-	-	(4 646)	-	-	-	(4 646)
Share based payments		-	-	-	24	-	-	24
Dividend paid	6	-	-	-	-	(44 134)	-	(44 134)
As at 31 December 2015		125 267	39 825	(10 065)	-	45 568	60 276	260 871

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Warsaw, 12 May 2016

NOTES

1. Background

ABC Data S.A. (the "Company") is a publicly traded joint-stock company with its registered office in Warsaw. Its interim condensed separate financial statements cover the three months ended 31 March 2016. The statement of comprehensive income with notes thereto and the statement of cash flows cover the three months ended 31 March 2016 and comparative data for the three months ended 31 March 2015. Comparative data presented in the balance sheet include a balance as at 31 December 2015 and 31 March 2015. Comparative data presented in the statement of changes in equity cover the entire 2015.

The Company was incorporated by a notarized deed of 25 July 2007 under the name of ABC Data Holding S.A. It has been operating under the name of ABC Data S.A. since 4 January 2010.

The Company is registered in the Register of Entrepreneurs of the National Court Register kept by the District Court, XIII Economic Division of the National Court Register, under KRS no. 0000287132. The statistical (REGON) number assigned to it is 141054682.

The duration of the Company is unlimited.

The Company's core business includes:

- wholesale of computers, peripherals and software;
- wholesale of electronic and telecommunication equipment;
- manufacture of computers and peripherals;
- software-related activities;
- data processing, hosting and similar activities;
- repair and maintenance of computers and peripherals;
- other IT and computer services;
- IT equipment administration;
- other non-school forms of education.

On 12 May 2016, the separate interim financial statements of the Company for the three months ended 31 March 2016 were approved for publication by the Management Board.

The Company prepared also condensed interim consolidated financial statements for the three months ended 31 March 2016, which were approved for publication by the Management Board on 12 May 2016.

2. Basis for preparation of the condensed interim financial statements

These condensed interim financial statements have been prepared in line with International Financial Reporting Standards ("IFRS"), in particular International Accounting Standard 34 and the relevant IFRS as endorsed by the European Union. As at the date of approval of these financial statements for publication, considering the IFRS implementation process taking place in the EU and the activities undertaken by the Company, as regards the accounting principles applied by the Company, IFRS which came into force do not differ from those endorsed by the EU.

IFRS consist of standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been presented in Polish zlotys (PLN) and all figures are in PLN thousand, unless stated otherwise.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern. As at the date of approval of these financial statements, there were no circumstances that would indicate a risk to the Company's ability to continue as a going concern.

The condensed interim financial statements do not include all the information and disclosures required for annual financial statements and they should be read together with the Company's financial statements for the year ended 31 December 2015.

The interim profit/loss may not fully reflect the realizable profit/loss for the financial year.

3. Summary of significant accounting policies

The accounting principles (policy) adopted for the preparation of these financial statements are consistent with those used for the preparation of the financial statements of the Company for the year ended 31 December 2015, except for the following amendments to standards and new interpretations applicable to annual periods beginning on 1 January 2016:

- **Revised IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations – endorsed by the EU on 24 November 2015;
- **Revised IAS 1 “Presentation of Financial Statements”** – Disclosure Initiative – endorsed by the EU on 18 December 2015;
- **Revised IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** – Clarification of Acceptable Methods of Depreciation and Amortization – endorsed by the EU on 2 December 2015;
- **Revised IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** – Bearer Plants – endorsed by the EU on 23 November 2015;
- **Revised IAS 19 “Employee Benefits”** – Defined Benefit Plans: Employee Contributions, endorsed by the EU on 17 December 2014;
- **Revised IAS 27 “Separate Financial Statements”** – Equity Method in Separate Financial Statements – endorsed by the EU on 18 December 2015;
- **Amendments to various standards “Amendments to IFRS (2010-2012)”** - endorsed by the EU on 17 December 2014;
- **Amendments to various standards “Amendments to IFRS (2012-2014)”** - endorsed by the EU on 15 December 2015.

The amendments had no effect on the presented financial position and the performance of the Company.

The Company decided not to apply early any standard, interpretation or amendment which has been published but is not yet effective.

4. Seasonal nature of business

Sales of computers and electronic appliances are subject to seasonal changes. Higher revenue and operating profit is usually generated in the second half of the year. The sales level is the highest is in November and December. This cycle directly translates into trade receivable amounts and the use of bank loans and credit facilities.

5. Cash and cash equivalents

For the purpose of the condensed interim statement of cash flows, cash and cash equivalents include:

	<i>31.03.2016</i> <i>(unaudited)</i>	<i>31.03.2015</i> <i>(unaudited)</i>
Cash at bank and in hand	10 398	860
Other cash	1 962	349
	12 360	1 209

6. Dividends paid and proposed

The Management Board proposes to pay dividend for 2015 in the amount of PLN 0.39 per share.

Dividend from ordinary shares for 2014 was paid on 8 July 2015 and amounted to PLN 44 134 thousand. The dividend per share for 2014 was PLN 0.36.

7. Income tax

Key tax charge components presented in the income statement:

	<i>3 months</i> <i>ended</i> <i>31.03.2016</i> <i>(unaudited)</i>	<i>3 months</i> <i>ended</i> <i>31.03.2015</i> <i>(unaudited)</i>
Current income tax charge	-	(1 793)
Deferred income tax	(975)	626
Income tax charged to net profit for the current period	(975)	(1 167)

8. Property, plant and equipment and intangible assets

8.1. Purchases and sales of property, plant and equipment

During the three months ended 31 March 2016, the Company acquired property, plant and equipment of PLN 37 thousand (during the three months ended 31 March 2015: PLN 149 thousand).

During the three months ended 31 March 2016, the Company sold property, plant and equipment in the net amount of PLN 5 thousand (during the three months ended 31 March 2015: PLN 181 thousand).

8.2. Purchases and sales of intangible assets

During the three months ended 31 March 2016, the Company acquired intangible assets of PLN 17 thousand (during the three months ended 31 March 2015: PLN 13 thousand).

During the 3 months ended 31 March 2016, the Company contributed fully amortized intangible assets in exchange for shares. During the 3 months ended 31 March 2015, the Company did not sell any intangible assets.

9. Long-term investments

	31.03.2016 (unaudited)	31.12.2015	31.03.2015 (unaudited)
Investments in subsidiaries	46 314	46 314	36 511
Investments in other entities	6 383	-	-
Total	52 697	46 314	36 511

During the 3 months ended 31 March 2016, the Company took up 19.9% of shares in BizneslinkCO Sp. z o.o., an entity related to the key shareholder of ABC Data. The shares were taken up in exchange for a contribution in the form of an Internet domain and the *bizneslink* trademark. The Company classified the transaction involving a transfer of the said Internet domain and the trademark as an asset exchange transaction, which was measured based on the fair value of the transferred set of assets of PLN 6 383 thousand, in accordance with an independent valuation.

A gain of PLN 6 367 thousand resulting from the measurement of the aforesaid assets and the accounting for the transaction costs was recognized in other operating revenue.

10. Inventories

As at 31 March 2016, an impairment loss on inventories reducing their value to the net realizable value totaled PLN 13 799 thousand (vs. PLN 13 954 thousand as at 31 December 2015 and PLN 18 767 thousand as at 31 March 2015). Changes in the impairment loss are recognized as "Cost of sales".

11. Provisions

<i>(unaudited)</i>	<i>Guarantee costs</i>	<i>Onerous contracts</i>	<i>Total</i>
Amount as at 1 January 2016	3 593	380	3 973
Recognized	-	-	-
Derecognized	(95)	-	(95)
Amount as at 31 March 2016	3 498	380	3 878
Long-term portion	700	-	700
Short-term portion	2 798	380	3 178

<i>(unaudited)</i>	<i>Guarantee costs</i>	<i>Onerous contracts</i>	<i>Total</i>
Amount as at 1 January 2015	2 716	123	2 839
Recognized	755	-	755
Derecognized	-	-	-
Amount as at 31 March 2015	3 471	123	3 594
Long-term portion	694	-	694
Short-term portion	2 777	123	2 900

Warranty costs

The Company recognizes a provision for costs of complaints related to warranties and guarantees given with regard to goods sold. The provision is estimated based on the sales volume, length of warranty periods, historical data regarding faulty goods and the related losses and current operating costs of the service department. According to the Company, a provision of PLN 2 798 thousand will be used in the period of 12 months ended 31 March 2017, while the remaining part after 31 March 2017.

Onerous contracts

Additionally, the Company recognizes a provision related to goods purchase orders pending as at the end of the reporting period, which will be fulfilled at prices higher than the net realizable value. The provision is estimated on the basis of a detailed analysis of goods sales price trends after the end of the reporting period. Both recognition and derecognition of the said provision affect other operating expenses. It is expected that the total balance will be used in 2016.

12. Interest-bearing bank loans and credit facilities

Information on loans and changes in their balances (by banks):

in thousand PLN	Currency	Interest	Maturity date	31.03.2016	31.12.2015	31.03.2015
Overdraft facility - Bank Polska Kasa Opieki S.A.	PLN	Wibor 1M+margin	15.12.2017	9 349	11 910	6 663
Overdraft facility - Bank Polska Kasa Opieki S.A.	EUR	Euribor 1M+margin	15.12.2017	14 848	1 227	10 239
Overdraft facility - Bank Polska Kasa Opieki S.A.	USD	Libor 1M+margin	15.12.2017	599	1 438	6 668
Overdraft facility - Bank Millennium S.A.	PLN	Wibor 1M+margin	28.04.2017	8 359	30 099	22 660
Overdraft facility - Bank Millennium S.A.	EUR	Euribor 1M+margin	28.04.2017	17 535	408	16 709
Overdraft facility - Bank Millennium S.A.	USD	Libor 1M+margin	28.04.2017	205	430	7 181
Overdraft facility - Bank ING Bank Śląski S.A.	PLN	Wibor 1M+margin	09.10.2025	-	-	15 168
Credit facility - cash pool account -Bank ING Bank Śląski S.A.	PLN	Wibor 1M+margin	09.10.2025	2 357	7 844	-
Overdraft facility - Bank ING Bank Śląski S.A.	EUR	Euribor 1M+margin	09.10.2025	17 772	114	7 993
Overdraft facility - Bank ING Bank Śląski S.A.	USD	Libor 1M+margin	09.10.2025	-	6 064	4 138
Overdraft facility - Bank ING Bank Śląski S.A.	CZK	Pribor 1M+margin	09.10.2025	5 228	1 460	4 922
Overdraft facility -Societe General SA	PLN	Wibor 1M+margin	23.09.2019	3 365	23 754	5 215
Overdraft facility -Societe General SA	EUR	Euribor 1M+margin	23.09.2019	26 972	11 438	17 269
Overdraft facility -Societe General SA	USD	Libor 1M+margin	23.09.2019	40	107	3 813
Overdraft facility - Raiffeisen Bank Polska S.A.	PLN	n/a	n/a	-	-	149
Overdraft facility - Bank Handlowy w Warszawie S.A.	PLN	Wibor 1M+margin	29.07.2016	-	-	36
Overdraft facility - Bank Handlowy w Warszawie S.A.	EUR	Euribor 1M+margin	01.12.2025	5 338	-	1 974
Overdraft facility - Bank Handlowy w Warszawie S.A.	USD	Euribor 1M+margin	01.12.2025	15 806	-	428
Overdraft facility -BGŻ BNP Paribas	PLN	Wibor 1M+margin	n/d	-	-	-
Overdraft facility -BGŻ BNP Paribas	EUR	Euribor 1M+margin	0	127 812	-	-
Overdraft facility -BGŻ BNP Paribas	USD	Libor 1M+margin	0	-	-	-
Borrowings from subsidiary	PLN	n/d	0	-	-	40 900
Total				255 585	96 293	172 125

Bank loans have been collateralized by means of a written declaration of submission to enforcement under Article 97.1-2 of the Banking Law, along with an authorization for the banks to issue enforced collection orders, or a declaration of submission to enforcement, made in the form of a notarized deed under Article 777.1.5 of the Code of Civil Procedure.

Interest liabilities are usually paid in monthly periods during the entire financial year.

13. Other financial liabilities

	31.03.2016 <i>(unaudited)</i>	31.12.2015	31.03.2015 <i>(unaudited)</i>
Cash pooling liability	25 268	21 121	-
Accrued interest on factoring	130	507	203
Total	25 398	21 628	203

14. Equity

Share capital

As at 31 March 2016, the shareholding structure was as follows:

	Number of shares	Number of votes at GSM	Percentage of votes held
MCI Venture Projects sp. z o.o. VI S.K.A.	77 060 378	77 060 378	61,52%
OFE PZU "Złota Jesień"	11 624 678	11 624 678	9,28%
Aviva OFE Aviva BZ WBK	8 741 426	8 741 426	6,98%
Other shareholders	27 840 417	27 840 417	22,22%
Total	125 266 899	125 266 899	100%

15. Hedge accounting

The Company hedges currency risk related to sales indexed to EUR and USD exchange rates and denominated in these currencies with foreign currency monetary items, i.e. trade liabilities reduced by trade receivables and cash, and increased/reduced by the notional value of FX forwards and FX swaps regarding currency sales/purchases. The Company designates certain foreign currency monetary items as hedging instruments under the cash flow hedge model and recognizes them in line with the hedge accounting principles.

The following tables present the key parameters of foreign currency monetary items designated as hedges, including periods when cash flows will occur arising from the cash flow hedges and when they will have an effect on the profit/loss, as well as their fair value in PLN thousand as at 31 March 2016.

Hedging instruments – EUR

Instrument type	Nominal amount		Fair value*		Expected maturity of hedged position	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Trade liabilities	(189 740)	(144 151)	(189 740)	(144 151)	april/may 2016	april/may 2015
Trade receivables	74 335	69 828	74 335	69 828	april/may 2016	april/may 2015
Cash	(90 435)	(59 977)	(90 435)	(59 977)	april/may 2016	april/may 2015
FX Forward EUR	-	(4 089)	-	83	april/may 2016	april/may 2015
Total monetary items:	(205 840)	(138 389)	(205 840)	(134 217)		

Hedging instruments – USD

Instrument type	Nominal amount		Fair value*		Expected maturity of hedged position	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2016
Trade liabilities	(70 410)	(73 717)	(70 410)	(73 717)	april/may 2016	april/may 2015
Trade receivables	10 952	9 535	10 952	9 535	april/may 2016	april/may 2015
Cash	4 493	102	4 493	102	april/may 2016	april/may 2015
FX Forward EUR	7 518	-	(11)	-	april/may 2016	april/may 2015
Total monetary items:	(47 447)	(64 080)	(54 976)	(64 080)		

* For items other than FX forward transactions, the carrying amount has been presented. According to the Company, the carrying amount of these items does not materially differ from their fair value.

Changes in the fair value of cash flow hedges charged to equity are presented below.

	3 months ended 31.03.2016	3 months ended 31.03.2015
Opening balance	(71)	(5 299)
Effective portion of profit/loss on the hedging instrument	3 348	176
Amounts charged to profit or loss, including:		
- Adjustment of sales revenue	(714)	(5 201)
- Adjustment arising from hedge ineffectiveness	-	-
Closing balance	3 991	78

16. Capital management

The key objective of the Management Board is to maintain a capital structure that would enable the Company's growth, guarantee return on investment for the shareholders, and ensure that the lenders' opinion on the Company is positive.

The capital structure is monitored on the basis of the net debt to EBITDA ratio.

Net debt includes liabilities arising from loans and debt instruments, less cash and cash equivalents. EBITDA is defined as the net profit/loss determined in line with IFRS-EU, increased by amortization/depreciation, impairment losses on property, plant and equipment and on intangible assets, net financial expenses and income tax.

As at 31 March 2016, the above ratio was as follows:

	31.03.2016 <i>(unaudited)</i>	31.03.2015 <i>(unaudited)</i>
Net debt	140 720	170 916
EBITDA *	37 874	51 372
Net debt ratio	3,7	3,3

**/EBITDA for the 12 months ended 31 March 2016 and 31 March 2015*

The Company aims to maintain the ratio at a level of up to 4.

The Management Board shapes the ratio pro-actively through implementing and executing procedures optimizing the demand for working capital financing.

Additionally, pursuant to the Code of Commercial Companies, the Company is obliged to create supplementary capital by appropriating at least 8% of profit for each financial year, until its balance corresponds to at least one-third of the share capital value.

17. Contingent liabilities

On 16 March 2015, the Company entered into a tripartite loan agreement with ING Bank Śląski and its subsidiary, iSource S.A., whereby the Company and iSource assume joint and several liability for the payment of the amounts due to the bank.

On 30 September 2015, the Company concluded a cash pool agreement with ING Bank Śląski (the Bank) and its subsidiaries, ABC Data Marketing Sp. z o.o. and iSource S.A. Pursuant to the agreement, each Participant commits to repay any debt arising from non-payment of the daily limit by any of the Participants.

ABC Data S.A. issued guarantees and sureties for the liabilities of its subsidiaries to their suppliers and financial institutions: USD 15 000 thousand for iSource S.A., USD 4 500 thousand, EUR 2 400 thousand and RON 600 thousand for ABC Data Distributie SRL, and CZK 364 455 thousand for ABC Data s.r.o in the Czech Republic.

Furthermore, at the request of ABC Data S.A., Bank Handlowy w Warszawie S.A. issued a letter of credit of USD 300 thousand to secure foreign currency transactions of ABC Data Distributie SRL.

Pursuant to the Act on copyright and the neighboring rights of 4 February 1994, the Company, as an importer of copiers, scanners and similar devices for making copies of works published, as well as blank data carriers for recording the said works for personal use, pays charges to organizations managing copyrights and/or the neighboring rights. Following an inspection carried out by an auditor appointed by these organizations, they have claimed significant additional amounts from the Company. According to the Company, the auditor's calculations include a number of errors, and the resulting claims are groundless. At present, a dispute with one

of the organizations is pending. Due to doubts regarding the interpretation of legal regulations and differences in court decisions, the Company has recognized a provision for the amount which, in its opinion, fully covers the risk related to a possibility of an unfavorable ruling.

In the current period, a collective copyright management organization filed claims against the Company for the payment of PLN 19 206 thousand in relation to amounts due allegedly for the Company's sale of devices and blank data carriers. According to the Company and a third-party legal adviser, the calculation methodology used in the suit contains numerous errors and the related claims are baseless.

Tax returns

Tax returns and other regulated (such as customs or foreign exchange) issues may be audited by administrative authorities, which are authorized to impose considerable penalties and sanctions. A lack of reference to established legal regulations in Poland results in the applicable laws being inconsistent and ambiguous. Frequent differences in opinion as to the interpretation of tax provisions, both within state authorities and between state authorities and entrepreneurs lead to uncertainties and conflicts. Therefore, the tax risk in Poland is much higher than in countries with a more mature tax system.

Tax returns may be audited within five years of the end of the year in which the tax was paid. Consequently, additional tax liabilities may be assessed for the Company.

18. Related-entities transactions

The following table presents total amounts of transactions concluded with related entities during the three months ended 31 March 2016 and 31 March 2015, respectively.

<i>Related party</i>		<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Receivables from related parties</i>	<i>Liabilities to related parties</i>
<u>MCI Management S.A. Group companies</u>					
MCI Management S.A.	<i>2016</i>	-	-	-	-
Morele Net Sp. z o.o.	<i>2016</i>	16 797	1 697	7 653	679
MCI Management S.A.	<i>2015</i>	10	-	3	-
Morele Net Sp. z o.o.	<i>2015</i>	41 577	2 570	3 693	349

<i>Related party</i>		<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Receivables from related parties</i>	<i>Liabilities to related parties</i>
<u>Subsidiaries</u>					
ABC Data Marketing Sp. z o.o.	2016	106	6032	13	3486
ABC Data s.r.o. - Czechy	2016	49 315	2 961	32 227	526
ABC Data s.r.o. - Slowacja	2016	62 186	367	14 877	4
UAB ABC Data Lietuva - Litwa	2016	51 500	-	7 147	-
ABC Data Hungary Kft.	2016	21 961	497	13 910	375
ABC Data Distributie SRL	2016	45 026	3	28 343	3
ABC Data GmbH - Niemcy	2016	(3)	-	2 479	-
iSource S.A.	2016	183	-	54	-
ABC Data Finanse Sp. z o.o.	2016	5	-	-	-
ABC Data Marketing Sp. z o.o.	2015	114	6 864	32	2 624
ABC Data s.r.o. - Czechy	2015	74 678	2 500	39 673	1 270
ABC Data s.r.o. - Slowacja	2015	18 542	21	9 187	18
UAB ABC Data Lietuva - Litwa	2015	93 862	-	7 194	-
ABC Data Hungary Kft.	2015	18 766	374	10 123	163
ABC Data Distributie SRL	2015	29 832	-	15 474	-
ABC Data GmbH - Niemcy	2015	43 888	-	7 844	-
iSource S.A.	2015	215	4	78	-
ABC Data Finanse Sp. z o.o.	2015	-	-	-	-

Cash pool transactions

<i>related party</i>		<i>Interest expenses</i>	<i>Interest revenues</i>	<i>Receivables</i>	<i>Liabilities</i>
<u>Subsidiaries</u>					
ABC Data Marketing Sp. z o.o.	2016	62	-	-	23 971
iSource S.A.	2016	1	7	-	1 296
ABC Data Marketing Sp. z o.o.	2015	-	-	-	-
iSource S.A.	2015	-	-	-	-

Loans from a subsidiary – ABC Data Marketing Sp. z o.o.

		<i>Receipts from borrowings</i>	<i>Repaid borrowings</i>	<i>Borrowings as at 31 March 2015</i>	<i>Interest paid</i>
ABC Data Marketing Sp. Z o.o.	2016	-	-	-	-
ABC Data Marketing Sp. Z o.o.	2015	4 500	-	40 900	282

Remuneration paid to the Management and Supervisory Board members

	<i>3 months ended 31.03.2016 (unaudited)</i>	<i>3 months ended 31.03.2015 (unaudited)</i>
Management Board		
Short-term employee benefits (payroll and payroll charges)	480	339
Supervisory Board		
Short-term employee benefits (payroll and payroll charges)	92	70
	572	409

19. Events after the end of the reporting period

No events that would have a material effect on these financial statements but have not been included herein occurred after the end of the reporting period.

Ilona Weiss <i>President of the Management Board</i>	Juliusz Niemotko <i>Vice-President of the Management Board</i>	Andrzej Kuźniak <i>Vice-President of the Management Board</i>	Maciej Kowalski <i>Vice-President of the Management Board</i>	Paweł Szymański <i>Vice-President of the Management Board</i>	Krystyna Cybulska <i>Chief Accountant</i>
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Warsaw, 12 May 2016