

The ABC Data S.A. Corporate Group

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



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**CONDENSED INTERIM CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME**
for the 3-month period ended 31 March 2016

	Notes	3 months ended 31.03.2016 (unaudited)	3 months ended 31.03.2015 (unaudited)		
Revenues	5	1 036 387	1 346 474		
Cost of sales		(980 885)	(1 281 114)		
Gross profit on sales		55 502	65 360		
Other operating income	10	7 389	679		
Selling expenses		(42 433)	(37 804)		
Administrative expenses		(8 726)	(8 857)		
Other operating expenses		(278)	(1 663)		
Gross profit on operations		11 454	17 715		
Financial income		5	17		
Financial expenses		(1 897)	(1 912)		
Net financial expenses		(1 892)	(1 895)		
Profit before tax		9 562	15 820		
Income tax	8	(2 264)	(2 903)		
Profit for the period		7 298	12 917		
Net profit for the period, attributed to:					
Parent shareholders		7 298	12 917		
Exchange differences on foreign operations translation		22	(602)		
Net change in fair value of cash flow hedges	14	4 062	5 377		
Income tax on other comprehensive income		(772)	(1 022)		
Other total comprehensive income		3 312	3 753		
COMPREHENSIVE INCOME FOR THE PERIOD		10 610	16 670		
Comprehensive income for the period, attributed to:					
Parent shareholders		10 610	16 670		
Profit per share in PLN:					
– basic profit for the reporting period		0,06	0,10		
– diluted profit for the reporting period		0,06	0,10		
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 CONSOLIDATED 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	9	4 443	4 759	5 092
Intangible assets	9	46 058	46 205	45 412
Long term investments	10	6 383	-	-
Deferred tax assets		19 788	22 172	24 691
		76 672	73 136	75 195
Aktywa obrotowe				
Inventories	11	505 364	422 035	374 978
Short-term financial assets		582	794	459
Income tax receivables		6 317	2 669	1 292
Trade and other receivables		356 626	537 651	476 985
Cash and cash equivalents	6	32 492	32 052	27 833
		901 381	995 201	881 547
TOTAL ASSETS		978 053	1 068 337	956 742

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

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET as at 31 March 2016

		31.03.2016 (niebadane)	31.12.2015	31.03.2015 (niebadane)
EQUITY AND LIABILITIES				
Equity (attributable to parent shareholders)				
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
Exchange differences on translation of foreign operations		1 320	1 298	378
Retained profit		152 197	144 899	155 112
		311 851	301 224	310 613
Long-term liabilities				
Provisions for employee benefits		446	446	460
Other financial liabilities		79	89	111
Provisions	12	792	810	870
		1 317	1 345	1 441
Short-term liabilities				
Current portion of interest-bearing borrowings and debt instruments	13	127 812	96 293	131 225
Liabilities due to employee benefits		12 436	12 188	13 667
Other financial liabilities		167	543	235
Income tax liabilities		318	214	990
Trade and other liabilities		520 594	652 755	494 250
Provisions	12	3 558	3 775	4 321
		664 885	765 768	644 688
Total liabilities		666 202	767 113	646 129
TOTAL EQUITY AND LIABILITIES		978 053	1 068 337	956 742

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Warsaw, 12 May 2016

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

for the 3-month period ended 31 March 2016

	<i>Noty</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 from continuing operations		9 562	15 820
Gross loss from discontinued operations		-	-
Adjusted by:			
Amortization / Depreciation		601	651
Share based payments		17	-
(Profit)/loss on investing activities		(16)	(59)
(Increase)/ decrease in receivables		181 025	11 741
(Increase)/ decrease in inventories		(83 329)	(26 914)
Increase/ (decrease) in liabilities, except for borrowings		(132 161)	(51 705)
Financial income		(5)	(17)
Financial expenses		1 897	1 912
Increase/(decrease) in liabilities to employees		248	729
Change in provisions	12	(235)	693
Income tax paid		(4 207)	(7 473)
Other		(2 091)	4 566
Net cash flow from operating activities		(28 694)	(50 056)
Cash flow from investing activities			
Sales of property, plant and equipment and intangible assets	9	22	243
Acquisition of property, plant and equipment and intangible assets	9	(129)	(195)
Interest received		5	17
Net cash flow from investing activities		(102)	65
Cash flow from financing activities			
Receipts from shares issue		-	-
Purchase of treasury shares		-	(4 646)
Repaid finance lease liabilities		(10)	(10)
Receipts from borrowings		-	-
Change in overdrafts	13	31 519	50 631
Interest paid		(2 273)	(2 067)
Net cash flow from financing activities		29 236	43 908
Net increase/(decrease) in cash and cash equivalents		440	(6 083)
Opening balance of cash		32 052	33 916
Closing balance of cash	6	32 492	27 833

Ilona Weiss	Juliusz Niemoćko	Andrzej Kućniak	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 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 3-month period ended 31 March 2016

	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Exchange differences on foreign operations translation</i>	<i>Other reserve capital</i>	<i>Retained profit</i>	<i>Net profit</i>	<i>Total</i>	<i>NCI</i>	<i>Total equity</i>
3 months 2016										
As at 1 January 2016	125 267	39 825	(10 065)	1 298	-	144 899		301 224	-	301 224
Net profit for the period	-	-	-	-	-	-	7 298	7 298	-	7 298
Other net comprehensive income for the period	-	-	-	22	3 290	-	-	3 312	-	3 312
Comprehensive income for the period	-	-	-	22	3 290	-	7 298	10 610	-	10 610
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	17	-	-	17	-	17
Dividend paid	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016	125 267	39 825	(10 065)	1 320	3 307	144 899	7 298	311 851	-	311 851
12 months 2015										
As at 1 January 2015	125 267	39 825	(5 419)	980	(4 259)	142 195		298 589	-	298 589
Net profit for the period	-	-	-	-	-	-	46 838	46 838	-	46 838
Other net comprehensive income for the period	-	-	-	318	4 235	-	-	4 553	-	4 553
Comprehensive income for the period	-	-	-	318	4 235	-	46 838	51 391	-	51 391
Purchase of treasury shares	-	-	(4 646)	-	-	-	-	(4 646)	-	(4 646)
Share-based payments	-	-	-	-	24	-	-	24	-	24
Dividend paid	-	-	-	-	-	(44 134)	-	(44 134)	-	(44 134)
As at 31 December 2015	125 267	39 825	(10 065)	1 298	-	98 061	46 838	301 224	-	301 224

Ilona Weiss Juliusz Niemotko Andrzej Kuźniak Maciej Kowalski Paweł Szymański Krystyna Cybulska

The notes to the condensed interim financial statements on pages 8-18 form their integral part

President of the Management Board *Vice-President of the Management Board* *Vice-President of the Management Board* *Vice-President of the Management Board* *Vice-President of the Management Board* *Chief Accountant*

Warsaw, 12 May 2016

NOTES

1. Background

The ABC Data S.A. Corporate Group (the “Group”) comprises ABC Data S.A. (the “Parent”, the “Company”) and its subsidiaries. The condensed interim financial statements of the Group cover the period of 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 Parent 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 Business Division of the National Court Register, under number KRS 0000287132. The statistical (REGON) number assigned to it is 141054682.

The duration of the Parent and the companies in the Corporate Group is unlimited.

The Group’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.

MCI Management S.A. is the top level parent of the ABC Data S.A. Capital Group and it controls the Group through its subsidiary: MCI Venture Projects Spółka z ograniczoną odpowiedzialnością VI Spółka komandytowo – akcyjna.

On 12 May 2016, these condensed interim consolidated financial statements of the Group for the three months ended 31 March 2016 were approved for publication by the Management Board.

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

2. Basis for preparation of the condensed interim financial statements

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

These condensed interim consolidated financial statements have been prepared on the going concern basis. As at the date of approval of these financial statements, there were no circumstances that would indicate a risk to the Group companies’ ability to operate as a going concern.

The condensed interim consolidated financial statements do not include all information and disclosures as required for annual consolidated financial statements and they should be read together with the Group’s consolidated

financial statements for the year ended 31 December 2015, which were approved for publication on 17 March 2016.

3. Summary of significant accounting policies

The accounting principles (policy) adopted for the preparation of these financial statements are consistent with those adopted for the preparation of the financial statements of the Group for the year ended 31 December 2015, except changes to the following 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 Group.

The Group has not decided to adopt early any standards, interpretations or amendments which have been published but not entered into force yet.

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 in November and December. This cycle directly translates into trade receivable amounts and the use of bank loans and credit facilities.

5. Operating segments

The Group's operating segments include the Parent and its subsidiaries performing distribution activities in the Czech Republic, Slovakia, Lithuania, Romania, Germany and Hungary. These segments meet the consolidation criteria as determined in IFRS 8.12, i.e. have similar economic characteristics, and are similar with respect to the nature of offered goods, the type or class of customer and the methods used to distribute their products and services. Furthermore, the Group has identified a separate operating segment consisting of iSource S.A., which offers products of just one manufacturer. The segment does not meet the quantity thresholds defined in IFRS 8.13. Therefore, just one operating segment has been defined in the Group.

Information about geographical areas

Sales revenue by client's country of residence:

	<i>3 months ended 31.03.2016 (unaudited)</i>	<i>3 months ended 31.03.2015 (unaudited)</i>
Poland	618 328	613 550
Sales markets	274 946	348 578
Other EU Member States	103 002	182 785
Other countries	40 111	201 561
	<u>1 036 387</u>	<u>1 346 474</u>

6. Cash and cash equivalents

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

	<i>31.03.2016 (unaudited)</i>	<i>31.03.2015 (unaudited)</i>
Cash at bank and in hand	30 530	22 691
Short term deposit	-	4 793
Other cash	1 962	349
	<u>32 492</u>	<u>27 833</u>

7. 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.

8. Income tax

Key tax charge components presented in the income statement:

	<i>3 months ended 31.03.2016 (unaudited)</i>	<i>3 months ended 31.03.2015 (unaudited)</i>
Current income tax	(650)	(3 065)
Deferred income tax	(1 614)	162
Income tax recognized in net profit for the current period	(2 264)	(2 903)

9. Property, plant and equipment and intangible assets

9.1. Purchases and sales of property, plant and equipment

During the three months ended 31 March 2016, the Group acquired property, plant and equipment of PLN 102 thousand (during the three months ended 31 March 2015: PLN 180 thousand).

During the three months ended 31 March 2016, the Group sold property, plant and equipment with a net value of PLN 5 thousand. During the three months ended 31 March 2015, the Group sold property, plant and equipment with a net value of PLN 183 thousand.

9.2. Purchases and sales of intangible assets

During the three months ended 31 March 2016, the Group acquired intangible assets of PLN 27 thousand (during the three months ended 31 March 2015: PLN 15 thousand). During the three months ended 31 March 2016, the Group contributed fully amortized intangible assets in exchange for shares. During the three months ended 31 March 2015, the Group did not sell any intangible assets.

9.3. Finance leases

The Group did not enter into any new finance lease agreements during the three months ended 31 March 2016 or during the three months ended 31 March 2015.

10. Long-term investments

During the three months ended 31 March 2016, the Parent 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.

11. Inventories

As at 31 March 2016, an impairment loss on inventories reducing their value to the net realizable value was PLN 13 908 thousand (PLN 13 971 thousand as at 31 December 2015 and PLN 18 787 thousand as at 31 March 2015). Changes in the impairment loss are recognized as "Cost of sales".

12. Provisions

	<i>Guarantee costs</i>	<i>Onerous contracts</i>	<i>Other provisions</i>	<i>Total</i>
Amount as at 1 January 2016	4 063	380	142	4 585
Recognized	-	-	(145)	(145)
Derecognized	(96)	-	-	(96)
<u>Exchange differences on translation</u>	<u>3</u>	<u>-</u>	<u>3</u>	<u>6</u>
Amount as at 31 March 2016	3 970	380	0	4 350
Long-term portion	792	-	-	792
<u>Short-term portion</u>	<u>3 178</u>	<u>380</u>	<u>-</u>	<u>3 558</u>

	<i>Guarantee costs</i>	<i>Onerous contracts</i>	<i>Other provisions</i>	<i>Total</i>
Amount as at 1 January 2015	3 325	123	1 050	4 498
Recognized	755	-	-	755
Derecognized	-	-	-	-
<u>Exchange differences on translation</u>	<u>(19)</u>	<u>-</u>	<u>(43)</u>	<u>(62)</u>
Amount as at 31 March 2015	4 061	123	1 007	5 191
Long-term portion	870	-	-	870
<u>Short-term portion</u>	<u>3 191</u>	<u>123</u>	<u>1 007</u>	<u>4 321</u>

Warranty costs

The Group 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 Group, a provision of PLN 3 191 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 Group 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.

13. 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	-	-	1 974
Overdraft facility - Bank Handlowy w Warszawie S.A.	USD	Euribor 1M+margin	01.12.2025	-	-	428
Overdraft facility -BGŻ BNP Paribas	PLN	Wibor 1M+margin	01.12.2025	5 338	-	-
Overdraft facility -BGŻ BNP Paribas	EUR	Euribor 1M+margin	01.12.2025	15 806	-	-
Overdraft facility -BGŻ BNP Paribas	USD	Libor 1M+margin	01.12.2025	39	-	-
Total				127 812	96 293	131 225

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.

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	22,23%
Total	125 266 899	125 266 899	100%

15. Hedge accounting

The Group 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 Group 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 December 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	31.03.2015
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:	(714)	(5 201)
- 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 Group's growth, guarantee return on investment for the shareholders, and ensure that the lenders' opinion on the Group 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 (unaudited)	31.03.2015 (unaudited)
Net debt		
EBITDA/*	95 320	103 392
Net debt ratio	62 714	68 359
	1,52	1,51

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

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

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 Group.

18. Related-party transactions

The following table presents total amounts of transactions concluded with related parties 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.	2016	-	-	-	-
Morele Net Sp. z o.o.	2016	16 797	1 697	7 653	679
MCI Management S.A.	2015	10	-	3	-
Morele Net Sp. z o.o.	2015	41 577	2 570	3 693	349

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 of the Parent Company Short-term employee benefits	480	339
Supervisory Board of the Parent Company Short-term employee benefits	<u>92</u>	<u>70</u>
	572	409
Management Boards of subsidiaries Short-term employee benefits	<u>972</u>	<u>1 260</u>
Total	1 544	1 669

19. Change in comparative data presentation

In 2015, effective from the financial statements for the 6-month period ended 30 June 2015, the Group modified the method of eliminating intra-group transaction balances resulting from services provided by one of the Group companies. Application of the aforesaid adjustment to the figures for the three months ended 31 March 2015 changed the cost structure, resulting in a reduction of the cost of sales by PLN 1 123 thousand and an increase in selling expenses by PLN 1 123 thousand.

20. 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