

ABC Data S.A.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 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 three-month and nine-month periods ended 30 September 2016

		3 months ended 30.09.2016	6 months ended 30.09.2016	3 months ended 30.09.2015	6 months ended 30.09.2015
	Notes	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues		922 389	2 797 675	905 911	3 027 955
Cost of sales		(872 722)	(2 656 094)	(862 937)	(2 876 278)
Gross profit on sales		49 667	141 581	42 974	151 677
Other operating income		1 187	9 568	449	1 338
Selling expenses		(43 008)	(122 949)	(33 081)	(104 940)
Administrative expenses		(6 426)	(19 192)	(5 768)	(15 380)
Other operating expenses		(326)	(564)	(681)	(2 497)
Gross profit on operations		1 094	8 444	3 893	30 198
Financial income	5	9	22 486	1	20 371
Financial expenses		(1 981)	(5 394)	(1 404)	(5 235)
Net financial expenses		(1 972)	17 092	(1 403)	15 136
Profit before tax		(878)	25 536	2 490	45 334
Income tax	8	(66)	(1 087)	(582)	(5 013)
		(944)	24 449	1 908	40 321
Items that may be subsequently reclassified to profit or loss					
Net change in fair value of cash flow hedges	16	1 284	1 284	1 628	3 089
Income tax on other comprehensive income		2 823	(244)	(309)	(587)
Total other comprehensive income		4 107	1 040	1 319	2 502
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3 163	25 489	3 227	42 823
Profit (loss) per share in PLN:					
– basic profit for the reporting period		(0,01)	0,20	0,02	0,33
– diluted profit for the reporting period		(0,01)	0,20	0,02	0,33

Ilona Weiss	Juliusz Niemoćko	Andrzej Kućniak	Maciej Kowalski	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>Chief Accountant</i>

Warsaw, 9 November 2016

CONDENSED INTERIM BALANCE SHEET

prepared as at 30 September 2016

	notes	30.09.2016 (unaudited)	30.06.2016 (unaudited)	31.12.2015	30.09.2015 (unaudited)
ASSETS					
Non-current assets					
Property, plant and equipment	9	4 842	3 650	4 101	3 505
Intangible assets	9	28 435	27 584	27 175	27 372
Long term investments	10	10 798	52 697	46 314	38 051
Deferred tax assets		52 697	8 389	8 158	10 518
		96 772	92 320	85 748	79 446
Current assets					
Inventories	11	402 063	411 056	388 403	369 312
Short-term financial assets		237	5 229	794	171
Income tax receivables		3 333	5 262	1 077	-
Trade and other receivables		478 899	437 969	486 690	427 506
Cash and cash equivalents	6	21 731	3 868	4 734	2 400
		906 263	863 384	881 698	799 389
TOTAL ASSETS		1 003 035	955 704	967 446	878 835
EQUITY AND LIABILITIES					
Equity					
Share capital	15	125 267	125 267	125 267	125 267
Share premium		39 825	39 825	39 825	39 825
Treasury shares		(10 065)	(10 065)	(10 065)	(10 065)
Other reserve capital		1 089	(2 454)	-	(1 757)
Retained profit		82 481	83 425	105 844	85 889
		238 597	235 998	260 871	239 159
Long-term liabilities					
Provisions for employee benefits		437	437	437	452
Provisions	12	475	654	719	681
		912	1 091	1 156	1 133
Short-term liabilities					
Current portion of interest-bearing bank and other borrowings	13	153 875	128 572	96 293	172 586
Liabilities due to employee benefits		8 540	8 958	9 237	7 998
Other financial liabilities	14	17 518	63 530	21 628	1 487
Corporate income tax liabilities		-	-	-	518
Trade and other liabilities		581 326	514 571	575 007	452 865
Provisions	12	2 267	2 984	3 254	3 089
		763 526	718 615	705 419	638 543
Total liabilities		764 438	719 706	706 575	639 676
TOTAL EQUITY AND LIABILITIES		1 003 035	955 704	967 446	878 835

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Warsaw, 9 November 2016

CONDENSED INTERIM STATEMENT OF CASH FLOWS for the three-month and nine-month periods ended 30 September 2016

	<i>3 months ended 30.09.2016</i>	<i>9 months ended 30.09.2016</i>	<i>3 months ended 30.09.2015</i>	<i>9 months ended 30.09.2015</i>
<i>Notes</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flow from operating activities				
Gross profit	(878)	25 536	2 490	45 334
Adjusted by:				
Amortization / Depreciation	495	1 497	538	1 634
Share base expenses	19	49	-	-
(Profit)/loss on investing activities	(1)	(21)	(20)	(82)
(Increase)/ decrease in receivables	(40 930)	7 791	(55 702)	28 517
(Increase)/ decrease in inventories	8 993	(13 660)	12 817	(37 173)
Increase/ (decrease) in liabilities, except for borrowings	66 755	6 319	(9 730)	(35 200)
Financial income	(9)	(22 486)	(1)	(20 371)
Financial expenses	1 981	5 394	1 404	5 235
Increase/(decrease) in liabilities to employees	(418)	(697)	(222)	(2 100)
Change in provisions	12 (896)	(1 231)	-	931
Income tax paid	(1 372)	(6 226)	(1 865)	(9 716)
Other/*	3 936	(4 542)	(590)	1 081
Net cash flow from operating activities	37 675	(2 277)	(50 881)	(21 910)

Item "Other" includes changes to fair value of cash flow hedges and changes to fair value of FX contracts. Further, in the period of the nine months ended 30 September 2016, an adjustment arising from measurement of intangible assets transferred in exchange for shares in BiznesLinCO has been recognized, and in the period of the nine months ended 30 September 2015, an adjustment arising from a subsidiary's debt being converted to equity.

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Warsaw, 9 November 2016

CONDENSED INTERIM STATEMENT OF CASH FLOWS for the three-month and nine-month periods ended 30 September 2016

		<i>3 months ended 30.09.2016</i>	<i>9 months ended 30.09.2016</i>	<i>3 months ended 30.09.2015</i>	<i>9 months ended 30.09.2015</i>
	<i>Notes</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flow from investing activities					
Sales of property, plant and equipment and intangible assets	9	2	32	99	599
Acquisition of property, plant and equipment and intangible assets	9	(2 539)	(3 510)	(88)	(772)
Dividends received from subsidiaries	5	5 224	22 457	3 717	20 357
Interest received		9	29	1	14
Net cash flow from investing activities		2 696	19 008	3 729	20 198
Cash flow from financing activities					
Purchase of treasury shares	15	-	-	-	(4 646)
Receipts from borrowings		-	-	5 200	12 200
Re-payment of borrowings		-	-	-	(16 640)
Change in overdrafts	13	25 303	57 582	78 958	60 032
Inflows/(outflows) due to cash pooling		2 054	(3 799)	-	-
Dividend paid	7	(47 812)	(47 812)	(44 134)	(44 134)
Interest paid		(2 053)	(5 705)	(1 406)	(5 461)
Other financial outflows		-	-	1 354	1 354
Net cash flow from financing activities		(22 508)	266	39 972	2 705
Net increase/(decrease) in cash and cash equivalents		17 863	16 997	(7 180)	993
Opening balance of cash		3 868	4 734	9 580	1 407
Closing balance of cash	6	21 731	21 731	2 400	2 400

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Warsaw, 9 November 2016

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the three-month period ended 30 September 2016

	<i>Note</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 July 2016		125 267	39 825	(10 065)	(2 454)	58 032	25 393	235 998
Net profit for the period		-	-	-	-	-	(944)	(944)
Other net comprehensive income for the period		-	-	-	3 524	-	-	3 524
Comprehensive income for the period		-	-	-	3 524	-	(944)	2 580
Purchase of treasury shares		-	-	-	-	-	-	-
Share-based payments		-	-	-	19	-	-	19
Dividend declared		-	-	-	-	-	-	-
As at 30 September 2016		125 267	39 825	(10 065)	1 089	58 032	24 449	238 597

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Warsaw, 9 November 2016				

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the nine-month period ended 30 September 2016

	<i>Note</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>
9 months 2016								
As at 1 January 2015		125 267	39 825	(10 065)	-	105 844	-	260 871
Net profit for the period		-	-	-	-	-	24 449	24 449
Other net comprehensive income for the period		-	-	-	1 040	-	-	1 040
Comprehensive income for the period		-	-	-	1 040	-	24 449	25 489
Purchase of treasury shares		-	-	-	-	-	-	-
Share-based payments		-	-	-	49	-	-	49
Dividend paid	7	-	-	-	-	(47 812)	-	(47 812)
As at 30 September 2016		125 267	39 825	(10 065)	1 089	58 032	24 449	238 597

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Warsaw, 9 November 2016				

Notes to the Condensed Interim Financial Statements on pages 10 to 22 form their integral part

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the 12-month period ended 31 December 2015

	Note	Share capital	Share premium	Treasury shares	Other reserve capital	Retained profit	Net profit	Total equity
12 months 2015								
As at 1 January 2015		125 267	39 825	(5 419)	(4 259)	89 702	-	245 116
Net profit for the period		-	-	-	-	-	60 276	60 276
Other net comprehensive income for the period		-	-	-	4 235	-	-	4 235
Comprehensive income for the period		-	-	-	4 235	-	60 276	64 511
Purchase of treasury shares		-	-	(4 646)	-	-	-	(4 646)
Share-based payments		-	-	-	24	-	-	24
Dividend paid	7	-	-	-	-	(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, 9 November 2016				

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the nine-month period ended 30 September 2015

	Note	Share capital	Share premium	Treasury shares	Other reserve capital	Retained profit	Net profit	Total equity
9 months 2015								
As at 1 January 2015		125 267	39 825	(5 419)	(4 259)	89 702	-	245 116
Net profit for the period		-	-	-	-	-	40 321	40 321
Other net comprehensive income for the period		-	-	-	2 502	-	-	2 502
Comprehensive income for the period		-	-	-	2 502	-	40 321	42 823
Purchase of treasury shares	15	-	-	(4 646)	-	-	-	(4 646)
Share-based payments		-	-	-	-	-	-	-
Dividend paid	7	-	-	-	-	(44 134)	-	(44 134)
As at 30 September 2015		125 267	39 825	(10 065)	(1 757)	45 568	40 321	239 159

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Warsaw, 9 November 2016

NOTES

1. General information

ABC Data S.A. (the “Company”) is a publicly traded joint-stock company with its registered office in Warsaw. The condensed interim financial statements of the Company cover the three-month and nine-month periods ended 30 September 2016. The statement of comprehensive income, the statement of cash flows and notes to the statement of comprehensive income cover data for the three-month and nine-month periods ended 30 September 2016 and comparative data for the three-month and nine-month periods ended 30 September 2015. Comparative data presented in the balance sheet include the balance as at 31 December 2015, 30 September 2015 and 30 June 2016. Comparative data presented in the statement of changes in equity cover the nine-month period ended 30 September 2015 and the whole of 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.

It is registered in the Register of Entrepreneurs of the National Court Register kept by the District Court, 13th Business Division of the National Court Register, under number KRS 0000287132. The Company was assigned the following statistical number REGON: 141054682.

The existence of the Company is perpetual.

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 9 November 2016, these condensed interim financial statements of the Company for the three-month and nine-month periods ended 30 September 2016 were approved for publication by the Management Board.

The Company also prepared the condensed interim consolidated financial statements of the 3-month and 9-month periods ended 30 September 2016, which were approved for publication by the Management Board on 9 November 2016.

2. Basis for preparation of the condensed interim financial statements

These condensed interim financial statements have been prepared in conformity with International Accounting Standard 34, 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 carried out by the Company, as regards the accounting principles applied by the Company, the 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 in the foreseeable future. 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:

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations, endorsed by the EU on 24 November 2015 (applicable to annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Disclosure Initiative, endorsed by the EU on 18 December 2015 (applicable to annual periods beginning on or after 1 January 2016);
- **Amendments to 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 (applicable to annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** – Agriculture: Bearer Plants, endorsed by the EU on 23 November 2015 (applicable to annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 19 "Employee Benefits"** – Defined Benefit Plans: Employee Contributions, endorsed by the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015);
- **Amendments to IAS 27 "Separate Financial Statements"** – Equity Method in Separate Financial Statements, endorsed by the EU on 18 December 2015 (applicable to annual periods beginning on or after 1 January 2016).
- **Amendments to standards "IFRS Improvements (2010-2012)"** – amendments to standards resulting from the annual improvements process (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38), primarily with a view to removing inconsistencies and clarifying wording, endorsed by the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015);
- **Amendments to standards "IFRS Improvements (2012-2014)"** – amendments to standards resulting from the annual improvements process (IFRS 5, IFRS 7, IAS 19 and IAS 34), primarily with a view to removing inconsistencies and clarifying wording, endorsed by the EU on 15 December 2015 (applicable to annual periods beginning on or after 1 January 2016).

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

The Company did not decide to apply early any standard, interpretation or amendment which had been published but was not yet effective.

4. Seasonality of operations

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. Financial revenue

	<i>3 months ended 30.09.2016 (unaudited)</i>	<i>9 months ended 30.09.2016 (unaudited)</i>	<i>3 months ended 30.09.2015 (unaudited)</i>	<i>9 months ended 30.09.2015 (unaudited)</i>
Bank interest income	9	29	1	14
Dividend income from subsidiaries	-	22 457	-	20 307
Profit on exchange of dividends receivables	-	-	-	50
	9	22 486	1	20 371

6. Cash and cash equivalents

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

	<i>30.09.2016 (unaudited)</i>	<i>30.09.2015 (unaudited)</i>
Cash at bank and in hand	21 731	2 400
Other cash	-	-
	21 731	2 400

7. Dividends paid

The dividend from ordinary shares for 2015 was paid on 11 July 2016 and amounted to PLN 47,812 thousand. The dividend per share for 2015 was PLN 0.39.

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 in profit or loss:

	<i>3 months ended 30.09.2016 (unaudited)</i>	<i>9 months ended 30.09.2016 (unaudited)</i>	<i>3 months ended 30.09.2015 (unaudited)</i>	<i>9 months ended 30.09.2015 (unaudited)</i>
Current income tax charge	(3 301)	(3 971)	(1 204)	(6 784)
Deferred income tax	3 235	2 884	622	1 771
Income tax charged to net profit for the current period	(66)	(1 087)	(582)	(5 013)

9. Property, plant and equipment and intangible assets

9.1. Acquisition and sale of property, plant and equipment

During the nine-month period ended 30 September 2016, the Company acquired property, plant and equipment of PLN 1,707 thousand (in the nine-month period ended 30 September 2015: PLN 303 thousand).

During the nine-month period ended 30 September 2016, the Company sold property, plant and equipment with a net value of PLN 11 thousand (in the nine-month period ended 30 September 2015, with a net value of PLN 517 thousand).

9.2. Acquisition and sale of intangible assets

During the 9-month period ended 30 September 2016, the Company acquired intangible assets of PLN 1,803 thousand (during nine months ended 30 September 2015: PLN 469 thousand).

During the nine-month periods ended 30 September 2016 and 30 September 2015, the Company did not sell any intangible assets.

10. Long-term investments

	<i>30.09.2016 (niebadane)</i>	<i>30.06.2016 (niebadane)</i>	<i>31.12.2015</i>	<i>30.09.2015 (niebadane)</i>
Investments in subsidiaries	46 314	46 314	46 314	36 511
Investments in other entities	6 383	6 383	-	-
Total	52 697	52 697	46 314	36 511

Investment in shares in BizneslinkCO Sp. z o.o

In 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.

Investment agreement regarding purchase of a controlling interest in the share capital of S4E S.A.

On 22 August 2016, ABC Data S.A. entered into an investment agreement concerning the Company's purchase of a controlling interest in the share capital of S4E S.A. ("S4E") with its registered office in Kraków, equal to 1,412,423 shares representing 81.3% of the share capital (the "Shares") from Bartosz Stebnicki and Joanna Gawąd – Stebnicka being parties to a joint property of husband and wife arrangement (the "Sellers").

The Company reported its entry into the aforesaid Investment Agreement in Current Report No. 21/2016 of 22 August 2016.

Under the Investment Agreement, the Company will acquire a controlling interest in the share capital of S4E equal to 1,412,423 shares representing 81.3% of the share capital of S4E.

The price agreed by the parties for the 81.3% interest in the share capital of S4E S.A. may range from PLN 19.8 million to PLN 25.4 million, depending on the fulfilment of the business objectives defined in the Agreement by the Sellers and S4E. The price will be paid by the Company in the manner and on the terms specified in the Investment Agreement.

A special purpose vehicle in the form of a limited liability company (the "SPV") has been established for purposes of acquisition of the controlling interest by ABC Data S.A. Under the Agreement, the Sellers assume the obligation to transfer the title to 162,500 Shares onto the SPV and purchase, through the SPV, 1,249,923 Shares from the remaining shareholders that have committed to sell their Shares under separate agreements.

As a result of the Share purchase, the SPV will hold 1,412,423 Shares representing 81.3% of the share capital of S4E. Under the Investment Agreement, the Sellers assumed the obligation to sell all the interest in the share capital of the SPV to ABC Data S.A. Once all the objectives defined in the Agreement have been fulfilled, 81.3% of the share capital of S4E will be held by ABC Data S.A. and the remaining 18.7% will be held by other shareholders.

The Agreement is conditional and numerous conditions precedent are technical. Another condition precedent is the consent of the President of the Office of Competition and Consumer Protection for the transaction. The consent was issued on 27 September 2016.

The right to rescind the Investment Agreement, the liquidated damages and the circumstances when they will become due have been defined in the Investment Agreement. These and the remaining terms of the Investment Agreement do not differ from standard terms of similar agreements.

S4E S.A. is one of the major Polish value added distribution companies (VAD) in the IT hardware segment. It began its operations in 2001. In August 2007, the entity's shares were admitted to trading in the alternative trading system on the NewConnect market.

11. Inventories

As at 30 September 2016, impairment loss on inventories reducing their value to the net realizable value was PLN 13,321 thousand (as at 31 December 2015: PLN 13,954 thousand; as at 30 September 2015: PLN 18,657 thousand). Changes in the impairment loss are recognized in "Costs of goods sold".

12. Provisions

(unaudited)	<i>Guarantee costs</i>	<i>Onerous contracts</i>	<i>Total</i>
Amount as at 1 January 2016	3 593	380	3 973
Recognized	-	-	-
Derecognized	(1 219)	(12)	(1 231)
Amount as at 30 June 2016	2 374	368	2 742
Long-term portion	475	-	475
Short-term portion	1 899	368	2 267
	<i>Guarantee costs</i>	<i>Onerous contracts</i>	<i>Total</i>
Amount as at 1 January 2015	2 716	123	2 839
Recognized	690	241	931
Derecognized	-	-	-
Amount as at 30 June 2015	3 406	364	3 770
Long-term portion	681	-	681
Short-term portion	2 725	364	3 089

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. The Company predicts that a provision of PLN 1,899 thousand will be used during the 12-month period ended 30 September 2017, whereas the remaining balance will be used after 30 September 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.

13. Interest-bearing bank loans and credit facilities

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

in thousand PLN	Currency	Interest	Maturity date	30.09.2016	31.12.2015	30.09.2015
Overdraft facility - Bank Polska Kasa Opieki S.A.	PLN	Wibor 1M+margin	15.12.2017	44 232	11 910	19 103
Overdraft facility - Bank Polska Kasa Opieki S.A.	EUR	Euribor 1M+margin	15.12.2017	6 160	1 227	14 686
Overdraft facility - Bank Polska Kasa Opieki S.A.	USD	Libor 1M+margin	15.12.2017	-	1 438	352
Overdraft facility - Bank Millennium S.A.	PLN	Wibor 1M+margin	28.04.2017	20 876	30 099	18 970
Overdraft facility - Bank Millennium S.A.	EUR	Euribor 1M+margin	28.04.2017	12 613	408	20 821
Overdraft facility - Bank Millennium S.A.	USD	Libor 1M+margin	28.04.2017	483	430	1 486
Overdraft facility - Bank ING Bank Śląski S.A.	PLN	Wibor 1M+margin	09.10.2025	-	-	2 873
Credit facility- cash pool account -Bank ING Bank Śląski S.A.	PLN	Wibor 1M+margin	09.10.2025	1 248	7 844	-
Overdraft facility - Bank ING Bank Śląski S.A.	EUR	Euribor 1M+margin	09.10.2025	3 725	114	19 957
Overdraft facility - Bank ING Bank Śląski S.A.	USD	Libor 1M+margin	09.10.2025	-	6 064	1 768
Overdraft facility - Bank ING Bank Śląski S.A.	CZK	Pribor 1M+margin	09.10.2025	5 989	1 460	6 779
Overdraft facility -Societe General SA	PLN	Wibor 1M+margin	23.09.2019	4 116	23 754	3 571
Overdraft facility -Societe General SA	EUR	Euribor 1M+margin	23.09.2019	30 908	11 438	29 086
Overdraft facility -Societe General SA	USD	Libor 1M+margin	23.09.2019	-	107	121
Overdraft facility -Societe General SA	HUF	Bubor 1M+margin	23.09.2019	2	-	-
Overdraft facility -BGŻ BNP Paribas	PLN	Wibor 1M+margin	01.12.2025	896	-	-
Overdraft facility -BGŻ BNP Paribas	EUR	Euribor 1M+margin	01.12.2025	17 381	-	-
Overdraft facility -BGŻ BNP Paribas	USD	Libor 1M+margin	01.12.2025	201	-	-
Overdraft facility -Bank Handlowy	PLN	Wibor 1M+margin	26.07.2019	1 471	-	-
Overdraft facility -Bank Handlowy	EUR	Euribor 1M+margin	26.07.2019	3 574	-	-
Overdraft facility - Raiffeisen Bank Polska S.A.	PLN	n/d	n/d	-	-	1 053
Borrowings from subsidiary	PLN	n/d	n/d	-	-	31 960
Razem				153 875	96 293	172 586

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. Other financial liabilities

	30.09.2016 (unaudited)	30.06.2016 (unaudited)	31.12.2015	30.09.2015 (unaudited)
Dividend payable	-	47 812	-	-
Cash pooling liability	-	15 268	21 121	-
Currency forward contracts-liabilities	17 322	182	-	1 354
Accrued interest on factoring	196	268	507	133
Total	17 518	63 530	21 628	1 487

15. Equity

Share capital

As at 30 September 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%
Pozostali Akcjonariusze	27 840 417	27 840 417	22,22%
Razem	125 266 899	125 266 899	100%

16. 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 in the cash flow hedge model and recognizes them in line with the hedge accounting principles.

The following tables present 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 affect the financial profit/loss, as well as their fair value in PLN as at 30 September 2016.

Hedging instruments - EUR

Instrument type	nominal amount		Fair value*		Expected maturity of hedged position	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Trade liabilities	(198 775)	(127 351)	(198 775)	(127 351)	October/ November 2016	October/ November 2015
Trade receivables	95 837	90 959	95 837	90 959	October/ November 2016	October/ November 2015
Cash	(74 241)	(84 313)	(74 241)	(84 313)	October/ November 2016	October/ November 2015
FX Forward EUR	6 468	(21 193)	7	19	October/ November 2016	October/ November 2015
Total monetary items:	(170 711)	(141 898)	(177 172)	(120 686)		

Hedging instruments - USD

Instrument type	Nominal amount		Fair value*		Expected maturity of hedged position	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Trade liabilities	(92 331)	(93 320)	(92 331)	(93 320)	October/ November 2016	October/ November 2015
Trade receivables	11 515	12 587	11 515	12 587	October/ November 2016	October/ November 2015
Cash	(27)	(2 561)	(27)	(2 561)	October/ November 2016	October/ November 2015
FX Forward USD	23 135	29 826	7	399	October/ November 2016	October/ November 2015
Total monetary items:	(57 708)	(53 468)	(80 836)	(82 895)		

* For items other than FX forward derivative 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 recognized in equity are presented below.

	9 months ended 30.09.2016	9 months ended 30.09.2015
Opening balance	(71)	(5 299)
Effective portion of profit/loss on the hedging instrument	(1 903)	(7 952)
Amounts charged to profit or loss, including:	(3 188)	(11 042)
- Adjustment of sales revenue	(3 188)	(11 042)
- Adjustment arising from hedge ineffectiveness	-	-
Closing balance	1 214	(2 209)

17. 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 credit facilities, loans and cash pool liabilities 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 30 September 2016, the above ratio was as follows:

	30.09.2016 (unaudited)	30.09.2015 (unaudited)
Net debt	149 466	170 186
EBITDA *	18 960	42 413
Net debt ratio	7.9	4.0

*EBITDA for the 12-month periods ended 30 September 2016 and 30 September 2015

The Company aims to maintain the ratio at the maximum level of 4, calculated based on the consolidated data.

The growth strategy adopted by the ABC Data Capital Group assumes an increase in the scale of regional operations and maintaining the dominant position of the Company in relations with its suppliers. This will allow maximizing benefits arising from the vendor contracts signed by ABC Data SA, supported by local relations if necessary or should an attractive offer occur. Such an approach results in an increased demand for working capital in the Company, which, accompanied with contributions of regional operations, results in a low level of the ratio calculated with the use of consolidated data and complies with the growth strategy adopted by the Group.

The Management Board pro-actively shapes the ratio through the implementation and enforcement of procedures aimed to optimize the demand for working capital financing. Further, the ratio is adjusted by changes in dividend or issue of shares.

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.

18. Contingent liabilities

On 16 March 2015, ABC Data S.A. 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 S.A. (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. has given guarantees and surety bonds to secure the payment of its subsidiaries' liabilities to their suppliers and financial institutions. As at 30 September 2016, the related contingent liabilities amounted to:

- USD 40,000 thousand – relating to the liabilities of iSource S.A.;
- USD 4,550 thousand, EUR 2,400 thousand and RON 600 thousand – relating to the liabilities of ABC Data Distributie SRL;
- CZK 364,455 thousand – relating to the liabilities of ABC Data s.r.o in the Czech Republic;
- USD 3,000 thousand – relating to the liabilities of ABC Data Kft.

Furthermore, at the request of ABC Data S.A., Bank Handlowy w Warszawie S.A. issued a letter of credit of USD 100 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 enabling the copying of published works, as well as blank data carriers enabling the recording of works for personal use, pays charges to organizations managing copyrights and the related rights collectively. 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 provisions 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 first quarter of 2016, 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

Corporate income tax for the 2007/2008 fiscal year

The proceedings were closed with the issue of a decision by the Director of the Tax Chamber in Warsaw on 17 September 2013, whereby the tax loss determined was lower than the loss reported in the Company's tax return by PLN 245 thousand. In its judgment of 25 April 2014, the Regional Administrative Court in Warsaw dismissed the appeal filed by the Company against the said decision of the Director of the Tax Chamber in Warsaw. The Company filed a last resort appeal against the aforementioned judgment with the Supreme Administrative Court in Warsaw and is awaiting a resolution of the matter. The hearing before the Supreme Administrative Court was scheduled for 18 November 2016.

Corporate income tax for the 2010 fiscal year

In 2011, inspection proceedings were instituted by the Director of the Tax Inspection Office in Warsaw against the Company with respect to corporate income tax for 2010. The proceedings were discontinued by a decision of 5 June 2014, which determined the Company's corporate income tax liability for 2010. Despite the Company's appeal, the aforesaid decision was upheld by the Director of the Tax Chamber in Warsaw. The Company appealed against that decision to the Provincial Administrative Court in Warsaw.

In its judgment of 19 April 2016, the Regional Administrative Court in Warsaw repealed the decision appealed against. The judgment is not final. The Company agrees with the resolution of the first-instance court, whereby the decision was repealed. However, it questions the statement of reasons in several respects. Therefore, on 12 July 2016, it filed a last resort appeal with the Supreme Administrative Court. The decision is pending.

Value added tax for September 2012 and for the second quarter of 2014

In October 2014, the Head of the Second Mazovian Tax Office in Warsaw instituted tax proceedings against the Company with respect to value added tax for September 2012, as a continuation of an inspection which began in December 2013. The proceedings were pending as at the date of the financial statements.

In September 2014, inspection proceedings were instituted against the Company on the authorization of the Director of the Tax Inspection Office in Warsaw to examine reliability of the tax bases declared by the Company as well as correctness of calculation of value added tax paid for the second quarter of 2014. The aforesaid proceedings had not been closed by the date of these financial statements.

Several years ago, the Company implemented strict quality control and vendor management procedures aimed to minimize the risk of irregularities in its tax reports. As the procedures are followed with due care, the Management Board is of the opinion that payments of regulatory liabilities are made as appropriate. Therefore, the probability of an unfavorable result of the aforementioned proceedings is considered to be low and it is not necessary to estimate any related provision.

19. Related-party transactions

The following table presents aggregate amounts of transactions concluded with related parties during the nine months ended 30 September 2016 and 30 September 2015, respectively, in addition to the balances of receivables and liabilities as at 30 September 2016 and 31 December 2015, respectively.

Purchases and sales of goods and services

<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 Capital S.A. Group companies</u>					
MCI Capital S.A.	2016	-	-	-	-
Morele Net Sp. z o.o.	2016	58 326	6 503	10 386	597
MCI Capital S.A.	2015	25	-	-	-
Morele Net Sp. z o.o.	2015	39 329	2 929	8 014	674
<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	331	17 438	30	2 409
ABC Data s.r.o. - Czechy	2016	140 215	9 241	37 242	1 431
ABC Data s.r.o. - Słowacja	2016	76 840	805	18 251	58
UAB ABC Data Lietuva - Litwa	2016	154 513	-	18 553	-
ABC Data Hungary Kft.	2016	92 132	661	33 505	78
ABC Data Distributie SRL	2016	124 998	14	40 474	4
ABC Data GmbH - Niemcy	2016	(4)	7	2 065	-
iSource S.A.	2016	406	6	43	-
ABC Data Finanse Sp. z o.o.	2016	15	-	-	-
ABC Data Marketing Sp. z o.o.	2015	572	17 151	32	2 758
ABC Data s.r.o. - Czechy	2015	219 087	8 698	38 787	2 143
ABC Data s.r.o. - Słowacja	2015	51 067	1 484	12 657	716
UAB ABC Data Lietuva - Litwa	2015	181 866	-	9 633	25
ABC Data Hungary Kft.	2015	82 097	1 158	15 485	182
ABC Data Distributie SRL	2015	104 498	23	24 372	1
ABC Data GmbH - Niemcy	2015	49 702	-	3 752	-
iSource S.A.	2015	717	10	121	35

Cash pool transactions

<i>related party</i>		<i>Interest expenses</i>	<i>Interest revenues</i>	<i>Receivables</i>	<i>Liabilities</i>
<u>Spółki zależne</u>					
ABC Data Marketing Sp. z o.o.	2016	139	-	-	14 314
Isorce S.A.	2016	2	15	-	954
ABC Data Marketing Sp. z o.o.	2015	-	-	-	21 073
Isorce S.A.	2015	-	-	-	48

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

		Receipts from borrowings	Repaid borrowings	Borrowings as at balance sheet date	Interest paid
ABC Data Marketing Sp. Z o.o.	2016	-	-	-	-
ABC Data Marketing Sp. Z o.o.	2015	12 200	16 640	31 960	737

Revenue due to dividends to ABC Data S.A. from its subsidiaries

Dividend income from subsidiaries 2016 *w tys. PLN*

ABC Data Marketing Sp. z o.o.	13 729
iSource S.A./*	5 224
UAB "ABC Data" - LT	3 504
Total	22 457

Dividend income from subsidiaries 2015 *w tys. PLN*

ABC Data Marketing Sp. z o.o.	16 640
ABC Data s.r.o - CZ	951
UAB "ABC Data" - LT	2 716
Razem	20 307

Remuneration paid to the Management and Supervisory Board members

	<i>9 months ended 30.09.2016 (unaudited)</i>	<i>9 months ended 30.09.2015 (unaudited)</i>
Management Board		
Short-term employee benefits (payroll and payroll charges)	3 070	1 395
Supervisory Board		
Short-term employee benefits (payroll and payroll charges)	269	287
	3 339	1 682

20. Subsequent events

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	Juliusz Niemoćko	Andrzej Kućniak	Maciej Kowalski	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>Chief Accountant</i>
<i>Warsaw, 9 November 2016</i>				

