

CONDENSED INTERIM FINANCIAL STATEMENTS OF BENEFIT SYSTEMS S.A.

FOR THE PERIOD OF 6
MONTHS ENDED 30TH
JUNE 2017



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1. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	30/06/2017	31/12/2016 Restated	31/12/2015 Restated
<i>Non-current assets</i>			
Goodwill	153,424	146,252	99,569
Intangible assets	18,586	17,064	10,191
Property, plant and equipment	171,252	147,823	100,714
Investments in associates	35,343	27,696	27,122
Loans and receivables	51,519	42,747	36,023
Other long-term financial assets	431	431	110
Long-term prepayments	606	702	945
Deferred tax assets	18,299	9,083	9,939
Non-current assets	449,460	391,798	284,613
<i>Current assets</i>			
Inventories	5,574	12	5,065
Trade and other receivables	112,309	95,267	58,921
Income tax receivable	1,254	402	24
Loans	19,095	15,431	8,776
Other short-term financial assets	187	242	0
Accruals	13,801	8,668	10,184
Cash and cash equivalents	47,173	65,195	23,977
Fixed assets classified as held for sale	750	750	0
Current assets	200,143	198,842	106,947
Total assets	649,603	590,640	391,560

LIABILITIES	30/06/2017	31/12/2016 Restated	31/12/2015 Restated
Equity			
<i>Equity attributable to shareholders of the parent company:</i>			
Share capital	2,600	2	2,555
Own shares	(57,594)	(57,594)	0
Reserve capital	(50,951)	(50,951)	5,400
Share premium	54,872	51,444	41,458
Exchange differences on translation of foreign operations	97	(131)	(38)
Other capital	204,775	131,347	48,956
Retained earnings:	47,524	83,718	60,718
- accumulated earnings for the previous reporting periods	10,291	3,199	13
- net profit attributable to shareholders of the parent company	37,233	80,519	47,683
Equity attributable to shareholders of the parent company	201,323	160,433	159,049
Non-controlling interests	16,015	17,251	5
Equity	217,338	177,684	164,752
Liabilities			
Non-current liabilities			
Interest-bearing bank loans, borrowings and debt securities	75,379	125,777	57,847
Finance lease liabilities	19,631	27,355	16,515
Other liabilities	47,064	76,411	37,420
Deferred tax liabilities	7,750	5,907	5,161
Other long-term provisions	0	0	438
Long-term prepayments	9,053	899	0
Non-current liabilities	158,877	236,349	117,381
Current liabilities			
Trade payables and other liabilities	105,997	74,984	35,413
Income tax payable	12,810	14,220	3,214
Interest-bearing bank loans, borrowings and debt securities	53,478	4,093	9,608
Finance lease liabilities	9,042	10,397	8,725
Liabilities to employees and provisions for employee benefits	13,259	11,619	9,676
Other short-term provisions	4,856	2,637	2,874
Accruals	73,946	58,657	39,917
Current liabilities	273,388	176,607	109,427
Total commitments	432,265	412,956	226,808
Total liabilities	649,603	590,640	391,560

2. CONDENSED CONSOLIDATED INCOME STATEMENT

	from 01/01 to 30/06/2017	from 01/04 to 30/06/2017 Restated*	from 01/01 to 30/06/2016 Restated	from 01/04 to 30/06/2016 Restated*
Continuing operations				
Sales revenues	457,643	235,377	356,365	184,284
Revenues from sales of services	455,002	232,736	353,089	181,008
Revenues from sales of goods and materials	2,641	2,641	3,276	3,276
Costs of sales	(341,600)	(166,995)	(275,705)	(135,462)
Cost of services rendered	(339,880)	(165,275)	(272,538)	(134,880)
Cost of goods and materials sold	(1,720)	(1,720)	(3,167)	(582)
Gross profit on sales	116,043	68,382	80,660	48,822
Selling expenses	(28,147)	(15,593)	(19,749)	(10,750)
General and administrative expenses	(38,898)	(22,868)	(27,588)	(14,842)
Other operating income	2,989	978	1,590	1,076
Other operating costs	(4,699)	(2,043)	(2,200)	(1,345)
Operating profit	47,288	28,856	32,713	22,961
Financial income	1,588	942	1,759	1,072
Financial costs	(4,717)	(2,637)	(2,443)	(1,341)
Share in profit or loss of entities accounted for using the equity method (+/-)	1,785	1,182	1,381	553
Profit before tax	45,944	28,343	33,410	23,245
Income tax charge	(9,617)	(5,940)	(8,406)	(6,087)
Net profit from continuing operations	36,327	22,403	25,004	17,158
Net profit	36,327	22,403	25,004	17,158
Net profit attributable to:				
- shareholders of the parent company	37,233	23,141	26,070	17,920
- non-controlling interests	(906)	(738)	(1,066)	(762)

* The data for this period were not subject to review

EARNINGS PER SHARE (PLN)

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016 Restated
<i>from continuing operations</i>		
- basic	14.32	10.20
- diluted	13.96	9.67

3. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	from 01/01 to 30/06/2017	from 01/04 to 30/06/2017 Restated*	from 01/01 to 30/06/2016 Restated	from 01/04 to 30/06/2016 Restated*
Net profit	36,327	22,403	25,004	17,158
<i>Other comprehensive income</i>	0	0	0	0
<i>Items not transferred to the financial result</i>	0	0	0	0
<i>Items transferred to the financial result</i>	0	0	0	0
Comprehensive income	36,327	22,403	25,004	17,158
Total comprehensive income attributable to:				
- shareholders of the parent company	37,233	23,141	26,070	17,920
- non-controlling interests	(906)	(738)	(1,066)	(762)

* The data for this period were not subject to review

4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the parent company								Non-controlling interests	Total equity
	Share capital	Own shares	Share premium	Exchange differences on translation of foreign operations	Reserve capital	Other capital	Retained earnings	Total		
Balance as at 01/01/2017	2,600	(57,594)	51,444	(131)	(50,951)	131,347	83,718	160,433	17,251	177,684
<i>Changes in equity in the period from 01/01 to 30/06/2017</i>										
Valuation of options (share-based payment programme)	0	0	3,428	0	0	0	0	3,428	0	3,428
Foreign currency translation differences	0	0	0	228	0	0	0	228	(23)	205
Dividends	0	0	0	0	0	0	0	0	(307)	(307)
Transfer of net profit to capital	0	0	0	0	0	73,428	(73,428)	0	0	0
Total transactions with owners	0	0	3,428	228	0	73,428	(73,428)	3,656	(330)	3,326
Net profit for the period 01/01 to 30/06/2017	0	0	0	0	0	0	37,233	37,233	(906)	36,327
Total comprehensive income	0	0	0	0	0	0	37,233	37,233	(906)	36,327
Balance as at 30/06/2017	2,600	(57,594)	54,872	97	(50,951)	204,775	47,524	201,323	16,015	217,338

CONTINUED...

	Equity attributable to shareholders of the parent company							Non-controlling interests	Total equity
	Share capital	Share premium	Exchange differences on translation of foreign operations	Reserve capital	Other capital	Retained earnings	Total		
Balance as at 01/01/2016 (restated)	2	41,458	(38)	5,400	48,956	60,718	159	5,703	164,752
Changes in equity in the period from 01/01 to 30/06/2016 (restated)									
Shares' issuance in connection with the execution of options (share-based payment programme)	0	3	0	0	0	0	3	0	3,746
Foreign currency translation differences	0	0	(50)	0	0	0	(50)	0	(50)
Change in the structure of the group (transactions with non-controlling interests)	0	0	0	0	0	0	0	1,609	1,609
Initial recognition of put options to buy out non-controlling interests	0	0	0	(35,757)	0	0	(35,757)	0	(35,757)
Transfer of net profit to capital	0	0	0	0	54,082	(54,082)	0	0	0
Total transactions with owners	0	3,746	(50)	(35,757)	54	(54,082)	(32,061)	1,609	(30,452)
Net profit (loss) for the period from 01/01 to 30/06/2016	0	0	0	0	0	26,070	26,070	(1,066)	25,004
Total comprehensive income	0	0	0	0	0	26,070	26,070	(1,066)	25,004
Balance as at 30/06/2016 restated	2	45,204	(88)	(30,357)	103,038	32,706	153,058	6,246	159,304

5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016 Restated	from 01/01 to 31/12/2016 Restated
Cash flows from operating activities			
Profit before tax	45,944	33,410	98,839
Adjustments:			
Depreciation and impairment allowances of property, plant and equipment	14,240	10,044	21,527
Depreciation and impairment allowances of intangible assets	1,621	1	2,165
Change in fair value of financial assets (liabilities) valued through profit and loss account	(7)	178	179
Impairment allowances of financial assets	255	0	1,122
Profit from the sale of property, plant, equipment	236	125	396
Profit (loss) on sale of financial assets (other than derivatives)	306	0	(13)
Gains from exchange differences on translation of foreign operations	896	23	199
Interest costs	6,975	772	4,405
Revenues from interest and dividends	(5,474)	(247)	(2,154)
Cost of share-based payments (incentive programme)	3,428	3	9,984
Share of profits (or losses of associates)	(1,785)	(1,381)	(9,575)
Other adjustments	(2,877)	57	1,022
Total adjustments	17,814	14,461	29,257
Stock change	7,256	(671)	(7,346)
Change in receivables	(25,036)	(22,855)	(33,056)
Change in liabilities	62	10	28,118
Change in provisions and accruals	25,168	14	16,638
Changes in working capital	7,450	1	4,354
Income tax paid	(16,963)	(7,318)	(11,839)
Net cash from operating activities	54,245	41,570	120,611

Continued ...

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016 Restated	from 01/01 to 31/12/2016 Restated
<i>Cash flows from investment activities</i>			
Expenditures on the acquisition of intangible assets	(7,548)	(2,806)	(10,091)
Proceeds from the sale of intangible assets	0	0	88
Expenditure on the acquisition of property, plant and equipment	(29,940)	(12,400)	(29,930)
Proceeds from the sale of property, plant, equipment	361	7,884	8,004
Net expenses on acquisition of subsidiaries	(13,334)	(5,332)	(13,961)
Loans collected	2,826	493	2,792
Loans granted	(9,909)	(6,954)	(18,888)
Expenditure on the acquisition of other financial assets	(5,928)	(8,522)	(8,177)
Proceeds from the sale of other financial assets	501	145	294
Interest received	449	228	649
Dividends received	0	475	477
Net cash from investment activities	(62,522)	(26,789)	(68,743)
<i>Cash flows from financing activities</i>			
Net proceeds from share issuance	0	0	7,615
Share buyback	0	0	(57,594)
Proceeds from the issue of debt securities	0	70,000	70,000
Proceeds from loans and borrowings	1,792	20,594	1,352
Repayment of borrowings	(2,916)	(5,578)	(12,595)
Repayment of finance leases	(5,471)	(5,704)	(11,740)
Interest paid	(3,150)	(3,323)	(6,123)
Dividends paid	0	0	(1,565)
Net cash from financial activities	(9,745)	75,989	(10,650)
Net change in cash and cash equivalents	(18,022)	90,770	41,218
Cash and cash equivalents at beginning of period	65,195	23,977	23,977
Cash and cash equivalents at end of period	47,173	114,747	65,195

6. ADDITIONAL INFORMATION TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6.1. General information

Benefit Systems S.A. (hereinafter referred to as "the parent company") is the parent company of Benefit Systems Group (hereinafter referred to as "the Group"). The Group is not part of any other capital group.

The parent company was formed from the transformation of a limited liability company into a joint stock company. The transformation took place on the basis of resolution 2/2010 of the General Meeting of Shareholders of 3rd November, 2010. The parent company is registered in the Register of Entrepreneurs of the National Court Register in the District Court for the capital city of Warsaw - XII Commercial Division as number KRS 0000254017. The parent company was given the REGON statistical number 750721670. Shares of the parent company are listed on the Warsaw Stock Exchange.

The registered office of the parent company is in Warsaw at ulica Plac Europejski 2, 00-844 Warsaw. The parent company's registered office is also the principal place of business of the Group.

Benefit Systems Group is a provider of solutions with respect to non-monetary employee benefits in the area of sports and recreation (the MultiSport and MultiSport Kids cards and fitness networks), as well as culture and entertainment (Cinema Programme and MultiTeatr). The Group has unique Cafeteria products, which allow employees to choose any non-wage benefit from a list approved by their employer.

The core business of the parent company according to the Polish Classification of Activities is: Other activities not classified elsewhere (PKD 2007) 9609Z.

The parent company and following subsidiaries are included in the condensed consolidated interim financial statements:

Operating segment	Name of the subsidiary	Place of business	Group's share in equity:		
			30/06/2017	30/06/2016	31/12/2016
Sports Cards segment	VanityStyle Sp. z o.o.	ul. Jasna 24 00-054 Warsaw Poland	100.00%	100.00%	100.00%
	FitSport Polska Sp. z o.o.	ul. Plac Europejski 2 00-844 Warsaw Poland	100.00%	100.00%	100.00%
	Benefit IP Sp. z o.o.	ul. Plac Europejski 2 00-844 Warsaw Poland	100.00%	100.00%	100.00%
	Benefit IP Spółka z ograniczoną odpowiedzialnością sp.k.	ul. Plac Europejski 2 00-844 Warsaw Poland	100.00%	100.00%	100.00%
Fitness segment	Fit Invest Sp. z o.o.	ul. Plac Europejski 2 00-844 Warsaw Poland	100.00%	100.00%	100.00%
	Fabryka Formy S.A.	ul. Bolesława Krzywoustego 72 61-144 Poznań Poland	66.06%	66.06%	66.06%
	Fitness Academy	ul. Plac Europejski 2	100.00%	100.00%	100.00%

Operating segment	Name of the subsidiary	Place of business	Group's share in equity:		
			30/06/2017	30/06/2016	31/12/2016
	Sp. z o.o.	00-844 Warsaw Poland			
	Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA	ul. Powstańców Śląskich 95 53-332 Wrocław Poland	100.00%	100.00%	100.00%
	AM Classic Sp. z o.o.	Pl. Dominikański 3 50-159 Wrocław Poland	100.00%	100.00%	100.00%
	Jupiter Sport Sp. z o.o.	ul. Żegiestowska 11 50-542 Wrocław Poland	100.00%	100.00%	100.00%
	Fitness za Rogiem Sp. z o.o.	ul. Skrajna 1 62-080 Sierosław Poland	66.06%	66.06%	66.06%
	Form Factory S.R.O.	Jablunkovská 406 Staré Město 739 61 Třinec The Czech Republic	66.06%	66.06%	66.06%
	Zdrofit Sp. z o.o.	ul. Mangalia 4 02-758 Warsaw Poland	55.03%	28.38%	55.03%
	Tiger Sp. z o.o.*	Aleja Grunwaldzka 82 80-244 Gdańsk Poland	30.00%	30.00%	30.00%
	Fitness Place S.R.O.	Pobřežní 394/12 186 00 Praha 8 The Czech Republic	100.00%	-	-
	Fit Invest Bulgaria EOOD	8 Tsar Kaloyan Str. 2 nd floor, Sofia 1000 Bulgaria	100.00%	-	-
	Fitness Place Sp. z o.o.	Plac Europejski 3 00-844 Warsaw Poland	100.00%	-	-
	Wesolandia Sp. z o.o.	ul. Wspólna 4 05-075 Warsaw Poland	100.00%	-	-
Foreign segment	Benefit Systems International Sp. z o.o.	ul. Plac Europejski 2 00-844 Warsaw Poland	100.00%	100.00%	100.00%
	MultiSport Benefit S.R.O.	Zeleny Pruh 95/98 14000 Praha 4 The Czech Republic	74.00%	74.00%	74.00%
	Benefit Systems Slovakia S.R.O.	Karadzicova 8/A 821 08 Bratislava Slovakia	93.00%	100.00%	93.00%
	Benefit Systems Bulgaria EOOD	58 Bulgaria Blvd Sofia 1680 Bulgaria	100.00%	100.00%	100.00%
Cafeteria segment	MyBenefit Sp. z o.o.	ul. Powstańców Śląskich 28/30 53-333 Wrocław Poland	100.00%	100.00%	100.00%
	MultiBenefit Sp. z o.o.	ul. Plac Europejski 2 00-844 Warsaw Poland	100.00%	100.00%	100.00%

* The Group's share in the equity of Tiger Sp. z o.o. is 30%. However, due to the options held to purchase the remaining 70% of non-controlling interests with effect from 22nd June, 2016, the company is consolidated using the full method, assuming a 100% share by the Group in the equity of this company.

The basic financial data of subsidiaries that have non-controlling interests are as follows:

	Assets	Liabilities	Equity attributable to shareholders of the parent company	Non-controlling interests	Net profit (loss) attributable to shareholders of the parent company	Net profit (loss) attributable to non-controlling interests	Sales revenues
Fabryka Formy S.A.	45,868	54,349	(14,367)	(870)	(2,338)	(1,201)	17,902
MultiSport Benefit S.R.O.	9,552	7,487	2	1,918	468	165	24,197
Benefit Systems Slovakia S.R.O.	510	3,218	(2,551)	(190)	(917)	(69)	1,968
Zdrofit Sp. z o.o.	12,282	7,593	7,153	16,479	586	479	16,451
Form Factory S.R.O.	3,947	6,359	(2,014)	(819)	(974)	(501)	272
Fitness za Rogiem Sp. z o.o.	4,335	5,816	(792)	(503)	431	221	4,267
Total	76,494	84,822	(10,329)	16,015	(2,744)	(906)	65,057

In the condensed consolidated interim financial statements prepared as at 30th June, 2017, the shares in the nine associated companies were valued using the equity method.

Operating segment	Name of associate	Place of business	Share in equity / profit or loss	30/06/2017
				Balance sheet value
Fitness segment	Baltic Fitness Center Sp. z o.o.	ul. Puławska 427, 02-801 Warsaw	49.95%	59
	Instytut Rozwoju Fitness Sp. z o.o.	ul. Puławska 427, 02-801 Warsaw	48.10%	2,631
	Benefit Partners Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw	47.51%	2,504
	Calypso Fitness S.A.	ul. Puławska 427, 02-801 Warsaw	33.33%	19,010
	Fit Fabric Sp. z o.o.	ul. 1go Maja 119/121, 90-766 Łódź	30.00%	3,863
	Zdrofit Sport Sp. z o.o.	ul. Mangalia 4, 02-758 Warsaw	26.69%	0
	Get Fit Katowice II Sp. z o.o.	ul. Uniwersytecka 13, Katowice 40-007	20.00%	0
Other companies	LangMedia Sp. z o.o.	ul. Skwierzyńska 25/3, 53-521 Wrocław	37.00%	4,705
	X-code Sp. z o.o.	ul. Kludyny 21/4, 01-684 Warsaw	31.15%	2,571
Total carrying amount				35,343

The basic financial data of associates as at 30th June, 2017, are as follows:

	Assets	Liabilities	Equity	Net financial result	Sales revenues
Baltic Fitness Center Sp. z o.o.	1,631	1,940	(309)	118	1,420
Instytut Rozwoju Fitness Sp. z o.o.	17,608	12,275	5,333	1,091	15,244
Calypso Fitness S.A.	86,786	45,406	41,380	3,450	49,743
Zdrofit Sport Sp. z o.o.	7	0	7	0	0
Get Fit Katowice II Sp. z o.o.	740	1,732	(992)	(212)	1,361
X-code Sp. z o.o.	3,719	396	0	109	3,274
LangMedia Sp. z o.o.	2,550	537	2,013	372	2,217
Fit Fabric Sp. z o.o.	10,488	8,784	1,704	743	11,002
Benefit Partners Sp. z o.o.	21,422	16,177	5,245	89	2,088
Total	144,951	87,247	54,381	5,760	86,349

These condensed consolidated interim financial statements were approved for publication by the Management Board of the parent company on 23rd August, 2017.

6.2. Basis for the preparation of the condensed consolidated statements and accounting policies

6.2.1. Basis for preparation

The condensed consolidated interim financial statements of Benefit Systems Group for the six month period ended 30/06/2017 were prepared in accordance with IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include all the information that is disclosed in the consolidated annual financial statements prepared in accordance with IFRS. These condensed consolidated interim financial statements should be read together with the Group's consolidated financial statements for 2016.

The reporting currency of these condensed consolidated interim financial statements is Polish zloty, and all amounts are expressed in thousands of Polish zloty (unless indicated otherwise).

The condensed consolidated interim financial statements have been prepared on the assumption that the Group's companies will continue to operate in the foreseeable future. As at the date of the approval of these condensed consolidated financial statements for publication, there are no circumstances indicating a risk to the continued operations by the Group's companies.

6.2.2. Accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies, which were presented in the last consolidated financial statements for the Group for the year ending 31st December, 2016.

6.2.3. Uncertainty of estimates

In preparing the condensed consolidated interim financial statements, the parent company's Management Board based itself on its own judgement when making the numerous estimates and assumptions affecting the accounting policies and presentation of assets, liabilities, income and expenses. The actual values may differ from the estimates made by the Management Board.

Information on the estimates and assumptions that are significant for the consolidated financial statements are presented in the consolidated financial statements for 2016. Furthermore, the Group has presented the impact of the Management Board's assumptions on the estimate of provisions in the condensed consolidated interim financial statements (see Note No. 6.18).

6.2.4. Error correction and changes in accounting policies

In 2017 there were no changes in the accounting policies. However, the following corrections of errors were made that affected the financial data presented for comparable periods:

- The valuation of put options obliging the Group to purchase non-controlling interests in Zdrofit Sp. z o.o. and Multisport Benefit S.R.O. has not been included in the opening balance sheet of the parent company. The correction relates to non-current liabilities in the amounts respectively of 35.8 million PLN and 25.1 million PLN and reserve capital in the amount of 60.9 million PLN.

The valuation of these options was made using a mathematical formula based on the Group's estimates for the results of these companies: for 2017 for the options in Multisport Benefit S.R.O. and for 2018 for the options in Zdrofit Sp. z o.o. The forecast date for exercising the options accepted in the calculation of the estimate is Q1 of 2018 for Multisport Benefit S.R.O. and Q1 of 2019 for Zdrofit Sp. z o.o.

- The valuation of supplementary remuneration II from the agreement to purchase shares in MyBenefit Sp. z o.o. has not been included in the books of the year. The correction relates to a decrease in profit for past years of 3.3 million PLN and the payroll expenses of 0.9 million PLN in the current year.
- As a result of the call option for the acquisition of the remaining shares in Tiger Sp. z o.o. being in effect from the date of the sale agreement, i.e. from 22nd June, 2016, the company should be fully consolidated with a 100% holding in the share capital of Tiger Sp. z o.o. instead of the equity method. The correction relates to all items of the Group's financial statements for 2016.

Due to the full consolidation of Tiger, it is necessary to recognize the valuation of the put options obliging the Group to acquire the remaining shares of Tiger Sp. z o.o. The correction relates to goodwill of 9.6 million PLN, to non-controlling interests of 1.6 million PLN and to other liabilities of 11.3 million PLN.

The valuation of put options was made using the mathematical formula contained in the agreement, consisting of a fixed price less net debt increased by the cash balance. The forecast date for exercising the options assumed in the calculation of the valuation is Q2 of 2018.

The parent company also made a presentation correction in the comparative period of 2016. In the financial statements for this period, all costs of assets under construction, including intangible assets and fixed assets, were presented in one item: intangible assets during production. The company has identified fixed assets under construction and presented them in a separate item: property, plant and equipment under construction. The presentation adjustment relates to the opening balance of intangible assets and property, plant and equipment of 810,000 PLN.

The corrections introduced to the consolidated financial statements presented in the preceding periods are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

As at 31/12/2016

	Before	Correction	After
Non-current assets			
Goodwill	131,320	14,932	146,252
Intangible assets	17,874	(810)	17,064
Property, plant and equipment	135,211	12,612	147,823
Investments in associates	33,731	(6,035)	27,696
Loans and receivables	45,602	(2,855)	42,747
Other long-term financial assets	97	334	431
Non-current assets	373,619	18,179	391,798
Current assets			
Inventories	12,850	37	12,887
Trade and other receivables	93,918	1,349	95,267
Income tax receivable	206	196	402
Accruals	7,463	1,205	8,668
Cash and cash equivalents	64,920	275	65,195
Current assets	195,780	3,062	198,842
Total assets	569,399	21,241	590,640

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – LIABILITIES

	As at 31/12/2016		
	Before	Correction	After
Equity			
<i>Equity attributable to shareholders of the parent company:</i>			
Reserve capital	9,906	(60,857)	(50,951)
Retained earnings:	87,334	(3,616)	83,718
- accumulated earnings for the previous reporting periods	4,608	(1,409)	3,199
- net profit attributable to shareholders of the parent company	82,726	(2,207)	80,519
Equity attributable to shareholders of the parent company	224,906	(64,473)	160,433
Non-controlling interests	17,251	0	17,251
Equity	242,157	(64,473)	177,684
Liabilities			
Non-current liabilities			
Interest-bearing bank loans, borrowings and debt securities	121	4,332	125,777
Other liabilities	4,255	72,156	76,411
Non-current liabilities	159,861	76,488	236,349
Current liabilities			
Trade payables and other liabilities	67,512	7,472	74,984
Interest-bearing bank loans, borrowings and debt securities	2,505	1,588	4,093
Other short-term provisions	2,621	16	2,637
Accruals	58,507	150	58,657
Current liabilities	167,381	9,226	176,607
Total liabilities	327,242	85,714	412,956
Total liabilities	569,399	21,241	590,640

CONSOLIDATED INCOME STATEMENT

	from 01/01 to 30/06/2016		
	Before	Correction	After
Continuing operations			
Gross profit (loss) on sales	80,660	0	80,660

General and administrative expenses	(26,649)	(939)	(27,588)
Operating profit (loss)	33,652	(939)	32,713
Gross profit (loss) before tax	34,349	(939)	33,410
Net profit (loss) from continuing operations	25,943	(939)	25,004
Net profit	25,943	(939)	25,004

In addition, the following corrections were made up to 2015 in the following items:

- increased general and administrative expenses and reduced profit of 1,409,000 PLN, increased accruals of 2,817,000 PLN and other liabilities of 4,226,000 PLN, in connection with the valuation of supplementary remuneration II from the agreement to purchase shares in MyBenefit Sp. z o.o.
- increased other non-current liabilities and decreased reserve capital of 25,100,000 PLN in connection with the put options obliging the Group to purchase non-controlling interests in Multisport Benefit S.R.O.

The impact of the corrections on other financial statements was insignificant.

6.3. Significant events and transactions

In the period covered by the condensed consolidated interim financial statements the following significant events and transactions occurred:

Conclusion of an annex to an investment agreement and the acquisition of shares in Fit Fabric Sp. z o.o.

On 12th January, 2017, the Issuer's subsidiaries: Fabryka Formy S.A. and Fit Invest Sp. z o.o. concluded an annex to the investment agreement, dated 30th June, 2016, with Marcin Warzycki, Katarzyna Zgierska, Tomasz Nowiński and Grzegorz Zgierski, relating to the investment in Fit Fabric Sp. z o.o. On the basis of the annex, Fabryka Formy S.A. transferred all the rights and duties held by it arising from the agreement with Fit Invest Sp. z o.o., as a consequence of which on 12th January, 2017, sale agreements were concluded between Fit Invest Sp. z o.o. and Marcin Wawrzycki, Katarzyna Zgierska and Tomasz Nowiński, for 30% of the shares in the share capital of Fit Fabric Sp. z o.o. for the price of 3.6 million PLN. In addition, from 2020 Fit Invest Sp. z o.o. will be entitled to acquire the remaining shares in the share capital of Fit Fabric Sp. z o.o., for a price, which according to the Issuer's estimates will amount to approximately 18 million PLN, wherein the final price shall be determined based on the financial results of Fit Fabric Sp. z o.o.

Conclusion of an annex to an investment agreement relating to Fabryka Formy S.A.

On 27th April, 2017, an annex was signed between Benefit Systems S.A. and Mr Ireneusz Sęk, a shareholder of Fabryka Formy S.A., regarding the investment agreement of 16th March, 2012. In accordance with the annex, the scope of investment support related to the further development of the network of clubs belonging to Fabryka Formy S.A. was updated as follows:

- granting sureties with a total value not exceeding 10 million PLN (previously: 15 million PLN),
- granting loans to a total value not exceeding 46.5 million PLN (previously: 41.5 million PLN);
- conclusion of lease agreements for fitness equipment with a total value not exceeding 21.5 million PLN (unchanged).

The remaining significant provisions of the investment agreement are unchanged. Simultaneously, together with the annex concluded, the Issuer concluded an annex to the loan agreement with Fabryka Formy S.A., taking into account the aforementioned provisions. The source of financing the investment is the Issuer's own funds and loans. The purpose of the changes introduced is to implement the plans of Fabryka Formy S.A. to open further clubs.

Conclusion of an annex to the conditional agreement establishing an obligation to purchase shares in Calypso Fitness S.A.

On 14th June, 2017, Benefit Systems S.A. and the Issuer's subsidiary: Fit Invest Sp. z o.o. concluded an annex with Glastonbury Ventures Limited (Ltd) and Mr Mikołaj Nawacki to the conditional agreement establishing an obligation to sell shares in Calypso Fitness S.A. The agreement relates to the purchase of a block of 79,471 shares in Calypso Fitness S.A. with its registered office in Warsaw from the Seller, i.e. the purchase of 26,898 shares conferring the right to 16.957% of the share capital and the right to the same number of votes at the General Meeting of Shareholders by Fit Invest Sp. z o.o. and the acquisition of 52,573 shares conferring the right to 33.143% of the share capital and the right to the same number of votes at the General Meeting of Shareholders by the Issuer.

On the basis of the Annex, the Agreement was extended until 31st December, 2017, and there was a change in the amount and principles for paying the purchase price for the shares of Calypso Fitness S.A. The suspending condition for the Agreement is the final decision of the President of the Office of Competition and Consumer Protection granting consent for the concentration.

Conclusion of understandings on agreements for the sale of shares in MyBenefit sp. z o.o.

On 20th March, 2017, Benefit Systems S.A. concluded understandings with Mr Witold Szlachta and Mr Łukasz Bartoszewicz amending the agreements for the sale of shares in MyBenefit Sp. z o.o. with its registered office in Wrocław. Under the understandings, certain terms and conditions of bonus payments were modified, which the company informed of in current report No. 17/2015 of 3rd April, 2015, and in current report No. 40/2015 dated 9th December, 2015 (the Bonus). As a consequence of the above arrangements, the remaining part of the Bonus to be paid will be payable by the Company in 2017. The maximum total amount of the Bonus has remained unchanged.

Simultaneously with the signing of the Understandings, Mr Witold Szlachta and Mr Łukasz Bartoszewicz resigned from their positions in the Management Board of MyBenefit Sp. z o.o. with effect from 30th June, 2017. These changes are a manifestation of the strategy consistently pursued by Benefit Systems Group to develop the cafeteria platform segment.

Conclusion of a significant agreement

On 15th March, 2017, the Parent Company signed an agreement with Poczta Polska S.A., in which Poczta Polska employees (and their families) will have access to sports and leisure services. The contract was signed as a result of a tender under a public procurement contract. The maximum remuneration of the parent company for the execution of the contract will

amount to 28,127,804.04 PLN gross. The agreement was concluded for the period from 10/04/2017 to 09/01/2019. The agreement is a continuation of the previous contract with Poczta Polska S.A.

Consent of the Issuer to change the Conditions of Issue for series B bonds

On 9th February, 2017, a Meeting of Bondholders was held at the Issuer's registered office for the series B bonds issued by the Issuer, which adopted a resolution to change the terms of the issue of series B bonds consisting of the adoption of new wording for the definition of Financial Debt contained in the issue terms and conditions and to the extent necessary to grant the bondholders additional remuneration. The Issuer, acting in accordance with article 67, paragraph 2 of the act dated 15th January, 2015, on bonds (Journal of Law from 2015, item 238), agreed to change the Issue Terms and Conditions.

Admission and introduction of series D shares for trading

On 30th March, 2017, the Management Board of Benefit Systems S.A. received information that on 3rd April, 2017, that registration will be made with the National Depository for Securities of 14,700 series D shares of the Parent Company under the ISIN code: PLBNFTS00018. The registration of series D shares relates to the shares issued by the Parent Company in accordance with the Incentive Programme and the years 2014-2016 determined in the resolutions of the General Meeting of Shareholders for the company.

Conclusion of an annex to the loan agreement with Bank Zachodni WBK S.A.

On 26th April, 2017, the Management Board of Benefit Systems S.A. received an annex from Bank Zachodni WBK S.A. to the agreement for a multi-purpose and multi-currency credit line, which takes into account a change of the credit repayment date to 30th April, 2018, and the Bank's obligation to issue a guarantee, based on the Company's order/instruction up to 6 million PLN (within the credit line granted up to 41 million PLN) during the period of availability until 30th April, 2018, for the following types: payment of rent, commercial payments, proper execution of trade agreements; expiring no later than 2 years after the date the Bank's obligation arises.

Conclusion of an investment loan agreement with Bank Zachodni WBK S.A.

On 27th June, 2017, the parent company received an agreement from Bank Zachodni WBK S.A. for investment credit. Interest at WIBOR 1M plus the bank's margin will be charged on the amount of credit used. The loan will be repaid in 25 instalments payable on the last day of each calendar month, wherein:

- 1) 24 equal instalments of 1,25 million PLN shall be payable from 30th June, 2018,
- 2) the last, 25th instalment, of 30 million PLN shall be payable on 27th June, 2020.

The loan repayment is secured by collateral:

- a) a blank promissory note issued by the parent company together with a promissory note declaration;
- b) a statement made by the parent company on submission to enforcement pursuant to article 777, § 1, point 5) of the Code for Civil Proceedings up to the amount of 90 million PLN, wherein, the Bank will be able to apply for a declaration of enforceability for the notary deed up to 27th June, 2025.

In all other aspects, the contract contains provisions typical of such contracts.

Appointment of members of the Management Board for Benefit Systems S.A. for a new joint term

On 10th May, 2017, the Supervisory Board of the parent company, in connection with the expiry on 11th June, 2017, of the current term of office of the joint Management Board of the parent company, determined that starting from 11th June, 2017, the next term of office of the joint Management Board of the parent company shall consist of three members. At the same time, the Supervisory Board appointed:

- Mr Arkadiusz Hanszke,
- Mr Adam Kędzierski, and
- Ms Izabela Walczewska-Schneyder,

to perform the function of members of the Management Board of the parent company for the next joint term of office.

Proposal for the distribution of the parent company's net profit for 2016

On 10th May, 2017, in connection with the parent company's shareholder profit distribution policy for 2016, the Management Board of the parent company adopted a resolution concerning a proposal to the Ordinary General Meeting of Shareholders to allocate the entire profit disclosed in the financial statements of the parent company for 2016, in the amount of 72.3 million PLN, to the reserve capital of the parent company and to recommend to the Ordinary General Meeting of Shareholders that the amount of 42.5 million PLN be allocated on buying back the parent company's own shares. At the same time, the Management Board of the parent company states that on 10th May, 2017, the Supervisory Board of the parent company issued a positive opinion on the aforementioned motion from the parent company's Management Board regarding the distribution of the parent company's profit for 2016.

Notice of a reduction of the shareholding below 10% in the total number of votes

On 17th May, 2017, Benefit Systems S.A. received a notification from MetLife PTE S.A. under article 69, paragraph 1 of the act dated 29th July, 2005, on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies (Journal of Laws No. 05.184.1539, as amended), stating that the fund managed by MetLife Otwarty Fundusz Emerytalny ("OFE") has reduced its holding in the company to below 10% of the votes in the parent company. The decrease in the shareholding was caused by the sale of the parent company's shares on 15th May, 2017. Currently OFE holds 253,891 shares in the parent company, which constitutes 9.77% of the share capital of the parent company and corresponds to 253,891 votes at the General Meeting of Shareholders for the parent company, giving 9.77% of the total votes at the General Meeting of Shareholders for the parent company.

6.4. Seasonal nature of the business

A characteristic feature of the employee benefits sector, which is based on access to sports and leisure facilities, is the seasonal activity of holders of such cards as MultiSport Plus and FitSport. Traditionally, in the first quarter of the calendar year (the first quarter of the Group's financial year) user activity is highest in comparison to other periods of the financial year, which

is reflected in the results of the Group. The seasonal fluctuations may be additionally dependent on the weather, the statutory holidays in a given year and on other factors.

6.5. Earnings per share

Basic earnings per share are calculated using the formula of net profit attributable to the shareholders in the parent company, divided by the weighted average number of ordinary shares during the period.

Diluted earnings per share include the dilutive effect of convertible options on the parent company's shares issued under the incentive programmes implemented by the Group. The calculation of profit per share is presented below:

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016 Restated	from 01/01 to 31/12/2016 Restated
<i>Number of shares used as the denominator in the formula</i>			
Weighted average number of ordinary shares	2,599,642	2,554,842	2,568,609
Diluting effect of stock options	67,654	141,551	58,797
Diluted weighted average number of ordinary shares	2,667,296	2,696,393	2,627,406
<i>Continuing operations</i>			
Net profit from continuing operations	37,233	26,070	80,519
Basic earnings per share (PLN)	14.32	10.20	31.35
Diluted earnings per share (PLN)	13.96	9.67	30.65

6.6. Operating segments

In separating operating segments, the parent company's Management Board is guided by product lines that represent the main services provided by the Group. Each segment is managed separately within a given product line, due to the specific nature of its services, resources and approach to implementation.

The Group divides its activities into the following operating segments:

- Sports Cards,
- Fitness,
- Foreign,
- Cafeteria,
- Other activities and arrangements.

The definitions and financial results of particular operating segments are presented in the Consolidated Report of the Management Board. The results of the operating segments are derived from internal reports reviewed periodically by the Management Board of the parent company (the main decision-making body of the Group). The parent company's Management Board analyses the results of operating segments at the level of gross profit (loss).

In the six months of 2017, there were no changes in the Group's accounting policies regarding the separation of operating segments and the valuation of revenues, results and segment assets that were presented in the Group's most recent consolidated financial statements.

Sales revenue disclosed in the consolidated statement of income does not differ from revenues from operating segments, except for revenues not ascribed to segments and consolidation exclusions relating to inter-segment transactions.

There are no significant dependencies on major external clients in the Group or its subsidiaries.

The table below presents information about revenues, results, significant non-cash items and assets of operating segments.

	Sport cards segment	Fitness segment	Foreign segment	Cafeteria segment	Others	Total
for the period from 01/01 to 30/06/2017						
Revenues from external customers	356,246	77,740	38,596	20,152	0	492,734
Inter-segment sales revenues	0	0	0	0	(35,091)	(35,091)
Total revenues	356,246	77,740	38,596	20,152	(35,091)	457,643
Operating result of segment	58,423	(4,260)	(3,988)	173	(3,060)	47,288
<i>Other information:</i>						
Depreciation	(4,024)	(10,602)	(137)	(619)	(479)	(15,861)
Operating segment assets	459,584	255,857	28,105	81,724	(175,667)	649,603
for the period from 01/01 to 30/06/2016 (restated)						
Revenues from external customers	303,237	35,915	16,621	16,268	0	372,041
Inter-segment sales revenues	0	0	0	0	(15,676)	(15,676)
Total revenues	303,237	35,915	16,621	16,268	(15,676)	356,365
Operating result of segment	42,505	(3,229)	(1,232)	(907)	(4,424)	32,713
<i>Other information:</i>						
Depreciation	(3,065)	(7,170)	(69)	(428)	(457)	(11,188)
Operating segment assets	378,981	226,635	14,403	68,929	(129,341)	559,607

Reconciliation of the total value of revenues, income and assets of operating segments with similar items of the consolidated financial statements of the Group is as follows:

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016 Restated	from 01/01 to 31/12/2016 Restated
Segment revenue			
Total revenue of operating segments	492,734	372,041	777,893
Revenue not attributed to segments	0	0	0
Excluding revenue from intersegment transactions	(35,091)	(15,676)	(38,711)
Sales revenues	457,643	356,365	743
Segment results			
Operating result of segments	47,288	32,713	93
Other operating revenue not attributed to segments	0	0	0
Other costs not attributed to segments (-)	0	0	0
Exclusion of result from intersegment transactions	0	0	0
Operating profit (loss)	47,288	32,713	93
Financial income	1,588	1,759	2,948
Financial costs (-)	(4,717)	(2,443)	(6,859)
Share in profit or loss of entities accounted for using the equity method (+/-)	1,785	1,381	9,575
Gross profit (loss) before tax	45,944	33,410	98,839
Segment assets			
Total assets of operating segments	825,270	688,948	776,477
Assets not allocated to segments	0	0	0
Exclusion of intersegment transactions	(175,667)	(129,341)	(185,837)
Total assets	649,603	559,607	590,640

In the periods covered by the consolidated financial statements, revenues from sales not attributed to operating segments primarily include exclusions of intersegment transactions. The costs are associated with management and administration activities, strategic activities in the Group and the cost of the Incentive Programme, support functions and other activities not allocated to separate operating segments.

6.7. Acquisition and loss of control over subsidiaries

Presented below are the entities acquired by the Group in the first six months of 2017 and the provisional goodwill and profits arising from the acquisitions settled over this period:

	Date of acquisition	Percentage of equity instruments with voting rights acquired	Payment:		Net assets of the entity acquired (fair value)	Goodwill (+) / profit (-)	Gains and losses retained (jointly controlled)
			acquiring party	non-controlling interests			
Fitness Place S.R.O.	08/02/2017	100%	Fit Invest Sp. z o.o.	0%	3,342	3,774	(1,276)
Wesolandia Sp. z o.o.	06/06/2017	100%	Fit Invest Sp. z o.o.	0%	6,603	3,387	(52)

On 6th June, 2017, the Group acquired 100% of the shares in Wesolandia Sp. z o.o. with its registered office in Warsaw - Wesoła, ul. Wspólna 4, which conducts sport and leisure activities within the Fitness segment. The Group made the acquisition for the purpose of strengthening

its position on the fitness services market. The payment made by the Group to the previous owners amounted to 9.9 million PLN and included the purchase price of the shares paid in cash.

In addition, the Group recognises the goodwill resulting from its acquisition in June, 2017, by Fitness Place S.R.O. of an organised part of the enterprise with the business name of Holmes Place, in the amount of 3,774,000 PLN. The Group acquired a network of fitness clubs to build its position on the Czech fitness market. The payment to the sellers was in cash and amounted to 8.94 million PLN.

The goodwill arising from the provisional settlement of the above transactions results from the anticipated synergies arising from the merger of the company's operations with the Group and represents the value of assets that could not be separately recognised in accordance with IAS 38 (Employees and their knowledge). Goodwill has been allocated to cash-generating units and is attributed to the Fitness segment.

On 15th May, 2017, an increase in capital was made at Benefit Partners Sp. z o.o. with its registered office in Warsaw, ul. Plac Europejski 2, without a transfer of payment to Fit Invest Sp. z o.o. holding 100% of the shares in Benefit Partners Sp. z o.o. on this date. Fit Invest Sp. z o.o. did not participate in the capital increase and as a result the Group lost control over Benefit Partners Sp. z o.o., which from that moment as an associate company is consolidated using the equity method. The Group did not report the result of this transaction because, according to the Group, the valuation of goodwill for the investment in this subsidiary was equal to its net carrying value at the time of increasing the capital.

6.8. Goodwill

The table below presents changes in goodwill in the specific reporting periods:

	30/06/2017	31/12/2016 Restated	31/12/2015 Restated
Gross value			
Balance at the beginning of the period	146,252	99,569	8,097
Acquisition of business entities	7,172	46,683	91,472
Gross value at the end of the period	153,424	146,252	99,569
Impairment allowances			
Impairment allowances at the end of the period	0	0	0
Goodwill - carrying amount at the end of the period	153,424	146,252	99,569

Goodwill arising from the settlement of business combinations does not affect the determination of the basis for income tax.

6.9. Property, plant and equipment

As at 30th June, 2017, the net carrying amount of property, plant and equipment was 171.3 million PLN. The increase in the value of property, plant and equipment as compared to the end of 2016 results from the consolidation of subsidiaries: Fitness Place S.R.O. (6.7 million PLN), Fit Invest Bulgaria EOOD (3.1 million PLN), Wesolandia Sp. z o.o. (6.2 million PLN) and purchase of fitness equipment by other subsidiaries.

6.10. Fair value of financial instruments

IAS 34 requires the inclusion in the condensed interim financial statements of selected disclosures from IFRS 7 *Financial instruments: Disclosures* and IFRS 13 *Determination of Fair Value*. These disclosures concern the fair value of financial instruments by class and by fair value.

During the reporting period, there were no significant transfers between Level 1 and Level 2 of fair value of instruments.

The method for determining fair value for individual classes of financial instruments was as follows:

The group qualified the conditional payment for the acquisition of MyBenefit Sp. z o.o. to level 3. The fair value of the liability for the conditional payment of Supplementary Remuneration I amounting to 4,227,000 PLN net, recognised on the date of the acquisition, reflects the Group's estimated present value of cash flows weighted by the degree of probability. To determine the fair value, the Management Board of the parent company assumed a 100% probability that the assumed pre-requisite conditions would be met.

In addition, in June, 2017, the Group recognised the amount due for conditional payment of Supplementary Remuneration II, i.e. 4,267,000 PLN as a provision for liabilities, of which 939,000 PLN was recognised in the current year's result.

The group qualified the put options for the purchase of non-controlling interests in Multisport Benefit SRO, Zdrofit Sp. z o.o. and Tiger Sp. z o.o. to level 3. The fair value of the liability for exercising the put options amounting to 72,156,000 PLN net, recognised on the date of the acquisition, reflects the Group's estimated present value of cash flows weighted by the degree of probability. To determine the fair value, the Management Board of the parent company assumed a 100% probability that the assumed pre-requisite conditions would be met.

The valuation of fair value of other financial instruments is as follows:

	Current liabilities		Non-current liabilities	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
Loans in the credit account	506	506	5,471	5,723
Overdrafts	2,782	3,453	0	0
Loans	65	134	0	0
Debt securities (bonds)	50,125	0	69,908	120,054
Total	53,478	4,093	75,379	125,777

6.11. Impairment allowances on assets

Impairment allowances of receivables and loans:

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016 Restated	from 01/01 to 31/12/2016 Restated
As at the beginning of the period	4,793	1,838	1,838
Write-downs recognized as expense in the period	2,315	653	3,893
Reversals recognised as revenue in the period (-)	(1,986)	(112)	(2,109)
Allowances used (-)	(139)	0	422
Other changes	49	627	749
As at the end of the period	5,032	3,006	4,793

6.12. Accruals

The largest positions in accruals are uninvoiced settlements of the parent company for sports cards (2.8 million PLN) and the reserve for the allocation of revenues from the Sports Card segment to the Fitness segment (1.8 million PLN). Other prepayments and accrued expenses of the Group's companies are also presented here.

6.13. Share capital

During the six months of 2017, the parent company did not issue shares for the purpose of exercising the options granted to employees under the Incentive Programme.

Share capital as at the balance sheet date was as follows:

	30/06/2017	30/06/2016	31/12/2016
Number of shares	2,599,642	2,554,842	2,599,642
Nominal value of shares (PLN)	1	1	1
Share capital	2,599,642	2,554,842	2,599,642

6.14. Long-term prepayments

As at 30th June, 2017, the Group discloses long-term prepayments of 9,053,000 PLN. They consist of grants received by Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA in the amount of 4,467,000 PLN, the settlement of the fit-out and holidays rentals at Zdrofit Sp. z o.o. of 3,734,000 PLN and long-term accruals of other subsidiaries.

6.15. Share-based payment programmes

The Incentive Programme (hereinafter the Programme or IP) is aimed at senior and middle management of the company and the subsidiaries of Benefit Systems Group, with which the parent company has entered into appropriate agreements. Under this Programme, eligible employees receive subscription warrants, which are convertible into shares of the parent company.

Specified employees, both senior executives and employees from middle management, can participate in the Incentive Programme. An obligatory condition for starting the incentive

programme in a given year is the attainment of a specific level of EBITDA adjusted for the book cost of the programme attributable to the financial year.

On 31st May, 2012, the Incentive Programme was adopted for the years 2014-2016, in which a total of 99 employees participate and in which it was planned to issue up to 120,000 shares of a new issue of Series D. On the basis of the resolution of the Supervisory Board dated 12th July, 2015, the parent company allotted 40,000 subscription warrants from series D for the year 2014, which entitle their holders to subscribe to ordinary bearer shares from series D shares.

On the basis of a resolution of the Supervisory Board dated 20th July, 2016, the Management Board for the parent company allotted 40,000 subscription warrants from series E for 2015 to authorised parties, which entitle their holders to subscribe to ordinary bearer shares from series D shares. On 19th July, 2017, the Management Board of the parent company, based on a resolution of the Supervisory Board of the parent company, allocated 40,000 series F warrants for 2016 to entitled persons giving their holders the right to take up series D ordinary bearer shares in the parent company.

On 1st September, 2016, in accordance with the applicable rules of the Incentive Programme for the years 2014-2016, 30,100 series D subscription warrants were converted into shares of series D, while on 27th September, 2016, 14,700 series E warrants were converted into shares of series D.

On 10th February, 2016, the Supervisory Board of the parent company adopted a proposal for the next edition of the Incentive Programme for the period 2017-2020. The aim of the programme is to create an incentive system that will promote efficient and loyal work aimed at achieving high financial results and a long-term increase in the value of the parent company. During the Incentive Programme for the period 2017-2020 its participants (at most 149 people) will be able to receive a maximum of 100,000 subscription warrants (which after conversion into shares will represent 3.91% of the share capital of the parent company), which will give an entitlement to subscribe to the specific number of shares of the parent company in four equal tranches. The options granted may be exercised up to 30th September, 2021.

The assumptions of the Incentive Programme for the period 2017-2020 were adopted in the form of a resolution at the Annual General Meeting on 15th June, 2016. The thresholds are presented in the table below:

	Share in the maximum number of warrants for the year		Level of adjusted gross profit (in millions of PLN)			
			2017	2018	2019	2020
Thresholds in millions of PLN - adjusted gross profit (excluding Incentive Programme expenditures)	100%	25,000	90	105.0	120	140
	75%	18,750	85	97.5	110	130
	50%	12,500	80	91.0	106	121

The Programme's evaluation for 2017 was based on the following assumptions:

Valuation of the Incentive Programme - Black and Scholes model	
Data	2017
X (t) - quotation of shares at the valuation date (PLN)	849.1
P - option exercise price (PLN)	491.93
r - risk-free rate for PLN	1.50%
T - date of expiration	2017-12-31
t - current day (for pricing)	2017-02-15
Sigma - daily variation	31.48%

According to the above, the date for allocating 9,375 subscription warrants was 15th February, 2017. The cost of the annual Programme is 6,856,000 PLN.

6.16. Dividend

On 10th February, 2016, the Management Board for the parent company adopted its Shareholder Profit Distribution Policy for the years 2016 to 2019, which was subsequently approved by the Supervisory Board and Annual General Meeting of the parent company. In each year of the Profit Distribution Policy the buyback of shares will be carried out for at least 50% of the net profit of the parent company for the previous financial year. The policy takes into account the financial situation and investment requirements of the parent company and Group's companies, including those related to the implementation of investment agreements, as well as the demand for liquid cash with companies. The Profit Distribution Policy is in force and applied commencing with the distribution of net profit of the parent company for the year ended 31st December, 2015, and constitutes a continuation of the Dividend Policy of 25th September, 2012. On 15th June, 2016, the Annual General Meeting of the parent company adopted a resolution regarding the allocation of net profit for 2015. Given the plans of the parent company's Management Board regarding the share buyback, in accordance with the Profit Distribution Policy for the years 2016-2019, it was decided to allocate the net profit of 54.08 million PLN entirely to supplementary capital.

As part of the share buyback conducted in September, 2016, in accordance with the dividend policy, Benefit Systems S.A. spent 27.4 million PLN on the purchase of a total of 39,730 of its own shares. In addition, on 23rd September, 2016, the company acquired a total of 45,000 of its own shares for a total amount of 30.1 million PLN.

On 10th May, 2017, the Supervisory Board of the parent company gave its approval to the Management Board's motion, sent to the Ordinary General Meeting of Shareholders, for the proposed allocation of profit reported in the financial statements for the parent company for 2016 in the amount of 72.27 million PLN in total to the reserve capital of the parent company and to recommend to the Ordinary General Meeting of Shareholders that the amount of 42.5 million PLN be allocated on buying back the parent company's own shares. On 20th June, 2017, the Annual General Meeting of the parent company adopted a resolution regarding the allocation of net profit for 2016. Given the plans of the parent company's Management Board regarding the share buyback, in accordance with the Profit Distribution Policy for the years 2016-2019, it was decided to allocate the net profit of 72.27 million PLN entirely to supplementary capital.

6.17. Issue and redemption of debt securities

During the six months of 2017, neither the parent company nor its subsidiaries issued or redeemed any debt instruments.

6.18. Breaches in contractual provisions (loans and borrowings)

During the six months of 2017, the Group did not violate any of its loan or borrowing agreements.

6.19. Provisions

The value of provisions recognised in the condensed consolidated financial statements and their changes in particular periods are as follows:

	Short-term provisions and liabilities		
	30/06/2017	30/06/2016 Restated	31/12/2016 Restated
Short-term employee benefits:			
Liabilities for remuneration	3,923	2,629	2,936
Social insurance liabilities	2,872	2,262	3,195
Provisions for unused holidays	6,464	4,345	5,488
Total liabilities and provisions for employee benefits	13,259	9,236	11,619
Other short-term provisions:			
Provisions for court cases	0	0	0
Other reserves	4,856	3,690	2,637
Total short-term provisions	4,856	3,690	2,637

6.20. Contingent liabilities

Contingent liabilities at the end of each period (including related parties) are as follows:

	30/06/2017	30/06/2016	31/12/2016
To associates:			
Surety repayment obligations	0	0	15,556
Total associates	0	0	15,556
To other entities:			
Surety repayment obligations	0	1,241	0
Guarantees granted	18,014	16,403	3,013
Other units in total	18,014	17,644	3,013
Total contingent liabilities	18,014	17,644	18,568

During the six months of 2017, the Group was not a party to any significant court proceedings.

6.21. Discontinued operations

During the six months of 2017, the Group did not discontinue any type of activity.

6.22. Transactions with related parties

Transactions concluded between the Group's companies, which have been eliminated in the process of consolidation, are presented in the separate financial statements of the companies.

Presented below are the transactions with related parties recognised in the condensed consolidated financial statements of the Group:

	Revenues from operating activities			Receivables		
	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2015	30/06/2017	30/06/2016	31/12/2015
Sales to:						
Associates	2,519	467	564	447	213	254
Other related entities	2	2	16	(0)	1	0
Total	2,521	469	580	447	214	254

	Purchase (costs, assets)			Liabilities		
	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2015	30/06/2017	30/06/2016	31/12/2015
Purchase from:						
Associates	16,098	17,177	20	4,942	131	64
Other related entities	0	48	1	0	10	1
Total	16,098	17	21,520	4,942	141	65

	from 01/01 to 30/06/2017		From 01/01 to 30/06/2016		from 01/01 to 31/12/2015	
	Granted in the period	Cumulative balance	Granted in the period	Cumulative balance	Granted in the period	Cumulative balance
Loans granted:						
Associates	0	48,683	850	30,772	2,000	27
Other related entities	0	0	0	0	217	217
Total	0	48,683	850	30,772	2,217	27,945

6.23. Events after the balance sheet date

After 30th June, 2017, the following events took place requiring inclusion in the condensed consolidated interim financial statements for the period of the first 6 months of 2017:

Appointment of the Audit Committee by the Supervisory Board of Benefit Systems S.A.

On 13th July, 2017, the Supervisory Board of Benefit Systems S.A. appointed an Audit Committee with the following composition:

- Mr Marcin Marczuk - Chairman of the Audit Committee,
- Mr James Van Bergh - Member of the Audit Committee,
- Mr Artur Osuchowski - Member of the Audit Committee.

Hitherto, the tasks of the Audit Committee were performed by the Supervisory Board of the parent company. The composition of the Audit Committee takes into account the independence criteria and other requirements specified in article 129, paragraphs 1, 3, 5 and 6 of the act dated 11th May, 2017, on statutory auditors, audit firms and public supervision (Journal of Laws of 2017, item 1089).

Implementation of the Incentive Programme

On 19th July, 2017, the Management Board of the parent company, based on a resolution of the Supervisory Board of the parent company, allocated 40,000 series F warrants to entitled persons giving their holders the right to take up series D ordinary bearer shares in the parent company. Subscription warrants are issued on the terms and for the purpose of implementing the Incentive Programme, whose assumptions were adopted on the basis of the aforementioned resolutions. The warrants were issued free of charge and entitle the holders to take up series D shares of the parent company from 1st September to 30th September, 2017, at the issue price specified in resolution No. 20/31.05.2012 of the company's Ordinary General Meeting of Shareholders on 31st May, 2012, as amended by Resolution No. 23/25.06.2014 of the Ordinary General Meeting of Shareholders of the parent company of 25th June, 2014.

Conclusion of an agreement for the purchase of fitness clubs

On 20th July, 2017, the Issuer's subsidiaries, i.e. Fitness Place Sp. z o.o. with its registered office in Warsaw ("the Buyer") and Fit Invest Sp. z o.o. with its registered office in Warsaw ("the Buyer's Guarantor") concluded a conditional agreement for the sale of organised parts of the company with Platinum Wellness Sp. z o.o. with its registered office in Kraków. Based on the agreement, Fitness Place Sp. z o.o. will acquire 9 fitness clubs, including:

- five fitness clubs in the Małopolskie Voivodeship operating under the brand "Fitness Platinum";
- four fitness clubs in the Silesian and Opolskie Voivodships operating under the "Smart Gym" brand;

for a total price not exceeding 38,568,124.91 PLN. The agreement sets out a number of conditions precedent with regard to the effectiveness of transferring the fitness clubs to the Buyer. Under the agreement, the Buyer's Guarantor granted a surety for all the Buyer's liabilities under this agreement up to the amount of 38,568,124.91 PLN. The agreement on the acquisition of the remaining 3 fitness clubs mentioned in the letter of intent signed on 17th February, 2017, will be concluded later.

The purpose of purchasing fitness clubs is to provide a suitable training base for MultiSport sports card users, the flagship product of Benefit Systems Group.

Changes in the Management Board of Benefit Systems S.A. and Benefit Systems International Sp. z o.o.

On 10th August, 2017, the Supervisory Board of Benefit Systems S.A. accepted changes in the composition of the Management Board of Benefit Systems S.A. Three new members were added to the Management Board of the parent company:

- Grzegorz Haftarczyk, who will supervise foreign operations and the Fitness segment,
- Adam Radzki, managing the Analysis Division and Project Management Office, and
- Emilia Rogalewicz responsible for sales and relations with Clients and Partners.

In connection with the plans for dynamic development on foreign markets, on 10th August, 2017, Adam Kędzierski resigned from his position as a member of the Management Board of Benefit Systems S.A. and was appointed President of Benefit Systems International Sp. z o.o., a 100% subsidiary of the parent company.

Conclusion of a multi-purpose credit limit agreement with Powszechna Kasa Oszczędności Bank Polski S.A.

On 22nd August, 2017, Benefit Systems S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw (the Bank), concluded an agreement for a multi-purpose credit limit. The subject of the agreement is the granting of a 50 million PLN overdraft limit to the parent company by the Bank, which may be used by the company to finance current liabilities resulting from its activities. Interest at WIBOR 1M plus the bank's margin will be charged on the amount of credit used. The overdraft limit is granted for the period from 22nd August, 2017 to 22nd August, 2020.

The loan repayment is secured by collateral:

- (a) a blank promissory note issued by the parent company together with a promissory note declaration;
- b) a statement made by the parent company on submission to enforcement pursuant to article 777, § 1 point 5) of the Code of Civil Proceedings up to the amount of 75 million PLN, wherein the Bank will be able to apply for a declaration of enforceability for the notary deed up to 21st August, 2022.

In all other aspects, the contract contains provisions typical of such contracts.

Conclusion of a preliminary sale agreement for the company Fitness Club S4 Spółka z ograniczoną odpowiedzialnością sp.k.

On 22nd August, 2017, an understanding was concluded between Fit Invest Sp. z o.o. and the company Fitness Club S4 Sp. z o.o. (the Company), B.J. Kowalczyk, R. Woźniak and U. Borawska-Kowalczyk, on the basis of which on 22nd August, 2017, the termination took place, on the understanding of the parties, of the investment agreement concluded between these entities on 22nd June, 2016, concerning the Company.

According to the agreement, Fit Invest, after transforming the Company into a limited liability company, was entitled to purchase 30% of the share capital of this company for the price of 6.8 million PLN. Following this, up to 30th June, 2019, Fit Invest or the entity designated by it was entitled to purchase the remaining shares in the share capital of the transformed company for a price which, according to the Issuer's estimates, was to amount to approximately 16 million PLN, ultimately determined on the basis of the financial results of the transformed company.

Due to the failure to fulfil the precedent condition foreseen in the agreement within the specified deadline, the parties to the agreement commenced discussions during which they agreed that the investment of Fit Invest Sp. z o.o. will not be executed according to the scheme specified in the agreement and they have developed a new scheme allowing the execution of the investment in Fit Invest Sp. z o.o., wherein it provides for the termination of the agreement, and the signing of an agreement between the Company and Fit Invest Sp. z o.o. foreseeing the implementation of the investment through the sale by the Company to Fit Invest Sp. z o.o. of the Company's business undertaking.

At the same time, on 22nd August, 2017, Fit Invest Sp. z o.o. and the Company concluded a preliminary sale agreement for the Company's business undertaking. On the basis of this agreement, Fitness Club S4 Sp. z o.o. and Fit Invest Sp. z o.o. undertook to conclude a promised sale agreement for the Company's business undertaking in the form of a network of fitness clubs, consisting of 15 fitness clubs located mostly in Warsaw, by 30th July, 2018, for a total price not exceeding 23,827,684.40 PLN. The preliminary agreement sets out a number of conditions precedent for the conclusion of the promised sale agreement of the Company's business undertaking. The parties agreed that the promised agreement may be concluded by another entity than Fit Invest Sp. z o.o., belonging to the group Fit Invest group.

6.24. Other information required by law (selected financial data converted into euro)

In the periods covered by these condensed consolidated interim financial statements, the following average PLN/EUR exchange rates, as determined by the National Bank of Poland, were applied to convert selected financial data:

- the exchange rate in effect on the last day of the reporting period:
 - 30/06/2017: 4.2265 PLN/EUR,
 - 31/12/2016: 4.4240 PLN/EUR,
 - 31/12/2015: 4.2615 PLN/EUR.
- the average exchange rate in the period, calculated as the arithmetic mean of the exchange rates in effect on the last day of each month in a given period:
 - 01/01–30/06/2017: 4.2474 PLN/EUR,
 - 01/01–30/06/2016: 4.3805 PLN/EUR,
 - 01/01–31/12/2016: 4.3757 PLN/EUR.

The main items of the consolidated statement of financial position, the consolidated statement of profit and the consolidated statement of cash flows, converted into euro are presented in the table below (data restated for comparative periods):

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
	1000s PLN			1000s EUR		
Statement of profit						
Sales revenues	457,643	356,365	743,818	107,747	81,352	169,989
Operating profit	47,288	32,713	93,175	11,133	7,468	21,294
Profit before tax	45,944	33,410	98,839	10,817	7,627	22,588
Net profit	36,327	25,004	75,593	8,553	5,708	17,276
Net profit attributable to shareholders of the parent company	37,233	26,070	80,767	8,766	5,951	18,458
Earnings per share (PLN/EUR)	14.32	10.20	31.44	3.37	2.33	7.18
Diluted earnings per share (PLN; EUR)	13.96	9.67	30.74	3.29	2.21	7.02
Average PLN/EUR exchange rate in the period	-	-	-	4.2474	4.3805	4.3757
Cash flow statement						
Net cash from operating activities	54,245	41,570	120,611	12,771	9,490	27,564

	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016	from 01/01 to 30/06/2017	from 01/01 to 30/06/2016	from 01/01 to 31/12/2016
	1000s PLN			1000s EUR		
Net cash from investment activities	(62,522)	(26,789)	(68,743)	(14,720)	(6,115)	(15,710)
Net cash from financial activities	(9,745)	75,989	(10,650)	(2,294)	17,347	(2,434)
Net change in cash and cash equivalents	(18,022)	90,770	41,218	(4,243)	20,721	9,420
Average PLN/EUR exchange rate in the period	-	-	-	4.2474	4.3805	3.3757

	from 01/01 to 30/06/2017	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015	from 01/01 to 30/06/2017	from 01/01 to 31/12/2016	from 01/01 to 31/12/2015
	1000s PLN			1000s EUR		
Statement of financial position						
Assets	649,603	590,640	391,560	153,698	133,508	91,883
Non-current liabilities	158,877	236,349	117,381	37,591	53,424	27,545
Current liabilities	273,388	176,607	109,427	64,684	39,920	25,678
Equity	217,338	177,684	164,752	51,423	40,164	38,661
Equity attributable to shareholders of the parent company	201,323	160,433	159,049	47,634	36,264	37,322
PLN/EUR exchange rate at the end of the period	-	-	-	4.2265	4.4240	4.2615

6.25. Approval for publication

These condensed consolidated interim financial statements prepared for the 6 month period ending 30th June, 2017, (with comparative data) were approved for publication by the parent company's Management Board on 23rd August, 2017.

Signatures of all the Members of the Management Board

Date	Forename and surname	Position	Signature
23 rd August, 2017	Izabela Walczewska-Schneyder	Member of the Management Board	
23 rd August, 2017	Grzegorz Haftarczyk	Member of the Management Board	
23 rd August, 2017	Arkadiusz Hanszke	Member of the Management Board	
23 rd August, 2017	Adam Radzki	Member of the Management Board	
23 rd August, 2017	Emilia Rogalewicz	Member of the Management Board	

Signature of the person responsible for preparing the condense consolidated interim financial statements

Date	Forename and surname	Position	Signature
23 rd August, 2017	Arkadiusz Szczygielski	Finance Director	