



Atende S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2016**

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Atende S.A.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is Atende S.A. with its registered office in Warsaw, ul. Ostrobramska 86 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management's and Supervisory Board's Responsibility for the Consolidated Financial Statements

Management of the Parent Entity is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ("the Accounting Act"), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Parent Entity, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of Atende S.A. Group:

- give a true and fair view of the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- comply, in all material respects, with applicable regulations that apply to the consolidated financial statements of the Group.

Other Matters

The comparative figures, excluding the adjustments described in section 10 to the consolidated financial statements, have been derived from the financial statements of the Group as at and for the year ended 31 December 2015, which were audited by another auditor who expressed an unmodified opinion on those financial statements dated 21 March 2016.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

Management of the Parent Entity is responsible for the report on the Group's activities.

Our opinion on the consolidated financial statements does not cover the report on the Group's activities.

As required by the Accounting Act, and the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent of information required by the laws of a non-member state (Official Journal from 2014, item 133 with amendments) (the "Decree") we report that the accompanying report on the Group's activities includes the information required by Art. 49 of the Accounting Act and the Decree and the information is consistent, in all material respects, with the consolidated financial statements. Furthermore, based on our knowledge about the Group and its environment obtained in the audit, we have not identified material misstatements in the report on the Group's activities.

As required by the Accounting Act and the Decree we report that the statement of corporate governance, which is a separate part of the report on the Group's activities, includes the information required by paragraph 91 subparagraph 5 point 4 letter a, b, j and k of the Decree. Furthermore we report that the information identified in paragraph 91 subparagraph 5 point 4

letter c, d, e, f, h and i of the Decree included in the statement of corporate governance, in all material respects:

- has been prepared in accordance with the applicable regulations; and
- is consistent with the information contained in the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

.....
Zbigniew Libera
Key Certified Auditor
Registration No. 90047
Limited Liability Partner with power of attorney

21 March 2017



Atende S.A. Group

**Report on the audit
of the consolidated financial statements**

**Financial Year ended
31 December 2016**



Atende S.A. Group

The report on the audit of the consolidated financial statements
for the financial year ended 31 December 2016

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Atende S.A. Group

The report on the audit of the consolidated financial statements
for the financial year ended 31 December 2016

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1. General

1.1. Identification of the Group

1.1.1. Name of the Group

Atende S.A. Group

1.1.2. Registered office of the Parent Company of the Group

ul. Ostrobramska 86
04-163 Warsaw

1.1.3. Registration of the Parent Entity in the register of entrepreneurs of the National Court Register

Registration court: District Court for the Capital City of Warsaw in Warsaw,
XIII Commercial Department of the National Court Register

Date: 5 November 2009

Registration number: KRS 0000320991

Share capital as at
the end of reporting period: PLN 7,268,668.80

1.1.4. Management of the Parent Entity

The Management Board is responsible for management of the Parent Entity.

As at 31 December 2016, the Management Board of the Parent Entity was comprised of the following members:

- Roman Szwed – President of the Management Board,
- Iwona Bakula – Vice President of the Management Board,
- Jacek Forsyiaak – Vice President of the Management Board,
- Szymon Stępczak – Vice President of the Management Board,
- Jacek Szczepański – Vice President of the Management Board.

From 1 January 2016 to 31 December 2016 there were the following changes in the Management Board:

- According to the resolution of Supervisory Board dated 16 December 2015 Mr. Jacek Szczepański was appointed as Vice President of the Management Board from 11 January 2016.
- According to the resolution of Supervisory Board dated 4 April 2016 Mr. Andrzej Słodczyk was recalled from the position of Vice President of the Management Board and Mr. Jacek Forsyiaak was appointed to this position.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname: Zbigniew Libera
Registration number: 90047



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1.2.2. Audit Firm information

Name:	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office:	ul. Inflancka 4A, 00-189 Warsaw
Registration number:	KRS 0000339379
Registration court:	District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number:	527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.3. Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2015 were audited by PKF Consult Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 11 May 2016.

The consolidated financial statements were submitted to the Registration Court on 6 June 2016.

1.4. Audit scope and responsibilities

The consolidated financial statements were audited in accordance with the contract dated 27 June 2016, concluded on the basis of the resolution of the Supervisory Board dated 11 May 2016 on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ("the Accounting Act") and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance.

We audited the consolidated financial statements at the Group entities during the period from 5 to 9 December 2016 and from 6 to 21 March 2017.

Management of the Parent Entity is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. Management of the Parent Entity is also responsible for the report on the Group's activities.

Our responsibility is to express an opinion and to prepare a report on the audit of the financial statements.

The Management Board of the Parent Entity submitted a statement, dated as at the same date as this report, as to the preparation of the consolidated financial statements that give a true and fair view, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.



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for the financial year ended 31 December 2016

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The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm are independent of the entities within the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' as adopted by the resolution of National Council of Certified Auditors dated 13 June 2011 ("IESBA Code") and the impartiality and independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2016, item 1000 with amendments) and have fulfilled other ethical responsibilities in accordance with these regulations and the IESBA Code.



Atende S.A. Group

The report on the audit of the consolidated financial statements
for the financial year ended 31 December 2016

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2. Financial analysis of the Group

2.1. Summary analysis of the consolidated financial statements

2.1.1. Consolidated statement of financial position

ASSETS	31.12.2016		31.12.2015		01.01.2015	
	PLN '000	% of total	PLN '000 (*)	% of total	PLN '000 (*)	% of total
Non-current assets	76 262	43,3	74 943	37,5	70 489	39,6
Property, plant and equipment	22 692	13,0	23 909	12,0	25 762	14,6
Intangible assets	24 773	14,2	21 495	10,8	18 556	10,5
Goodwill	11 921	6,9	10 986	5,5	10 487	6,0
Other financial assets	58	0,1	1 486	0,7	348	0,3
Contract assets	3 466	2,1	104	0,1	985	0,6
Deferred tax assets	1 705	0,1	3 262	1,6	1 141	0,1
Financial assets available for sale	80	-	80	-	80	-
Other non-current assets	11 567	6,7	13 621	6,8	13 130	7,5
Current assets	99 910	56,7	125 013	62,5	107 547	60,4
Inventories	7 625	4,3	6 965	3,5	8 710	4,9
Contract assets	3 128	1,8	882	0,4	2 156	1,2
Trade receivables	61 426	34,9	53 145	26,6	72 337	40,6
Current income tax receivable	438	0,2	227	0,1	38	0,1
Other receivables	1 204	0,7	325	0,3	959	0,5
Other financial assets	-	-	62	-	-	-
Prepayments	10 219	5,8	11 036	5,5	4 995	2,8
Cash and cash equivalents	15 870	9,0	52 371	26,1	18 352	10,3
TOTAL ASSETS	176 172	100,0	199 956	100,0	178 036	100,0
EQUITY AND LIABILITIES						
	31.12.2016	% of total	31.12.2015	% of total	01.01.2015	% of total
	PLN '000		PLN '000 (*)		PLN '000 (*)	
Equity	74 740	42,4	70 753	35,4	67 149	37,7
Share capital	7 269	4,1	7 269	3,7	7 269	4,1
Share premium	14 753	8,4	14 753	7,4	14 753	8,3
Other capital	34 452	19,6	30 256	15,1	24 809	13,9
Retained earnings	(1 411)	0,8	(139)	0,1	324	0,1
Financial result for the current period	10 593	6,0	9 402	4,7	10 781	6,1
Equity attributable to shareholders of the parent company	65 656	37,3	61 540	30,8	57 936	32,5
Non-controlling interest	9 084	5,2	9 213	4,6	9 213	5,2
Non-current liabilities	24 568	14,0	22 194	11,1	22 526	12,7
Interest-bearing loans and borrowings	6 030	3,4	2 824	1,4	3 546	2,0
Other financial liabilities	1 543	0,9	1 311	0,7	1 951	1,1
Contract liabilities	14 202	8,1	16 511	8,3	16 348	9,2
Other non-current liabilities	7	-	31	-	60	-
Deferred tax liabilities	768	0,5	619	0,3	-	-
Deferred income	1 316	0,7	203	0,1	9	-
Retirement and similar benefits provision	702	0,4	695	0,3	612	0,4
Current liabilities	76 864	43,6	107 009	53,5	88 361	49,6
Interest-bearing loans and borrowings	7 357	4,2	3 054	1,5	3 443	1,9
Other financial liabilities	1 299	0,7	1 536	0,8	2 049	1,2
Contract liabilities	14 248	8,1	15 746	7,9	3 989	2,2
Trade payables	32 583	18,5	47 372	23,7	53 954	30,3
Current income tax liability	411	0,2	3 739	1,9	1 026	0,6
Other liabilities	16 513	9,4	33 080	16,5	23 401	13,1
Deferred income	4 403	2,5	2 432	1,2	449	0,3
Retirement and similar benefits provision	50	-	50	-	50	-
TOTAL EQUITY AND LIABILITIES	176 172	100,0	199 956	100,0	178 036	100,0

(*) restated - refer to section 10 of the accompanying consolidated financial statements



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2.1.2. Consolidated statement of comprehensive income

	1.01.2016 - 31.12.2016 PLN '000	% of total sales	1.01.2015 - 31.12.2015 PLN '000 (*)	% of total sales
CONTINUING OPERATIONS				
Revenue	211 101	100,0	259 701	100,0
Cost of sales	(141 742)	67,2	(197 190)	75,9
Gross profit on sales	69 359	32,8	62 511	24,1
Other operating income	2 477	1,2	4 188	1,6
General and administrative expenses	(56 156)	26,6	(50 105)	19,3
Other operating expenses	(1 094)	0,5	(2 968)	1,2
Profit from operating activities	14 586	6,9	13 626	5,2
Finance income	657	0,3	212	0,1
Finance costs	(2 037)	1,0	(1 608)	0,6
Profit before tax	13 206	6,3	12 230	4,7
Income tax expense	(3 055)	1,4	(2 764)	1,1
Profit from continuing operations	10 151	4,8	9 466	3,6
Net profit	10 151	4,8	9 466	3,6
Profit/(Loss) attributable to non-controlling interest	442	0,2	(64)	-
Net profit attributable to the parent company	10 593	5,0	9 402	3,6
Earnings per share (PLN)				
Basic earnings per share	0,29		0,26	
Diluted earnings per share	0,29		0,26	
Earnings per share from continuing operations (PLN)				
Basic earnings per share	0,29		0,26	
Diluted earnings per share	0,29		0,26	
Net profit	10 151	4,8	9 466	3,6
Total comprehensive income	10 151	4,8	9 466	3,6
Total comprehensive income attributable to non-controlling interest	(442)	0,2	64	-
Total comprehensive income attributable to the parent company	10 593	5,0	9 402	3,6

(*) restated - refer to section 10 of the accompanying consolidated financial statements



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2.2. Selected financial ratios

	2016	2015 (*)
1. Return on sales		
<u>profit for the period x 100%</u> revenue	4,8%	3,6%
2. Return on equity		
<u>profit for the period x 100%</u> equity - profit for the period	15,8%	15,4%
3. Debtors' days		
<u>average trade receivables (gross) x 365 days</u> revenue	101 days	90 days
4. Debt ratio		
<u>liabilities x 100%</u> equity and liabilities	57,6%	64,6%
5. Current ratio		
<u>current assets</u> current liabilities	1,3	1,2

(*) restated - refer to section 10 of the accompanying consolidated financial statements

- Revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, with no deduction made for allowances.



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3. Detailed report

3.1. Accounting principles

The Parent Entity maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Entity.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Entity, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Entity.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Entity.

3.2. Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Atende S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 No. 169, item 1327 with amendments).

3.3. Method of consolidation

The method of consolidation is described in note 7 of the notes to the consolidated financial statements.

3.4. Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in note 7 of the notes to the consolidated financial statements.

3.5. Consolidation of equity and calculation of non-controlling interest

The share capital of the Group is equal to the share capital of the Parent Entity.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Entity's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Entity.

Only equity of subsidiaries arising after the Parent Entity obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' share in the subsidiaries' equity as at the end of the reporting period.



Atende S.A. Group

The report on the audit of the consolidated financial statements
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3.6. Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Atende S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
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Signed on the Polish original

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Zbigniew Libera
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21 March 2017