



**MANAGEMENT BOARD'S REPORT
ON THE ACTIVITIES OF
BENEFIT SYSTEMS GROUP
FOR THE 12 MONTH PERIOD ENDING
31ST DECEMBER, 2015**

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LETTER OF THE MANAGEMENT BOARD

Dear Shareholders,

We are pleased to present the financial results for 2015, which was one of the best years in the history of the Benefit Systems Group. We recorded a dynamic growth in our financial results, the number of sports cards exceeded 600,000 and we successfully completed an issue of bonds for 50 million PLN.

Last year the number of sports cards increased by 86,000 to over 613,000. We are pleased with the continued growth in sales of cards, because it is a clear signal that we offer an attractive product. Sports cards are the ideal response to the growing trend of an active and healthy lifestyle - now almost one third of adult Poles regularly take part in a sport or other physical activity, exercising at least three times a week.

In 2015, we continued our investment activities in fitness clubs, aimed at further development of the sports and recreation facilities offered by us to holders of sports cards. Our investment partners - Calypso Fitness, Fabryka Formy, Fitness Academy and Zdrofit – opened 19 new facilities, which increased the total number of open clubs to 66.

As part of its international expansion, the Group commenced operations on the Slovak and Bulgarian markets, where we are witnessing a very favourable reception from local employers. The Czech company recorded a high (50%) rate of growth in the number of sports cards - at the end of December, 2015, there were over 24,000 active cards.

In the Cafeteria segment last year the Group focused on streamlining its product portfolio and the development of its cafeteria platforms, which had over 178,000 users in 2015. During this time, revenue from these platforms increased significantly, especially in key categories related to sport, culture and entertainment and the rapidly growing tourism category.

We would like to thank you for your interest and the trust bestowed on us last year. We also wish to express our gratitude to our employees, associates and partners, because it is their commitment and good work that influences the development of the company.

We believe that this year will be another successful year for our Group as a result of an effective strategy, commitment and positive market trends, including increasing physical activity of Poles and the continuing popularity of sports cards.

The Management Board for Benefit Systems S.A.

SELECTED FINANCIAL DATA FOR THE YEAR 2015

Table 1: Selected financial data for the Benefit Systems Group for 2015

In thousands of PLN	12 MONTHS OF 2015	12 MONTHS OF 2014
Sales revenue	581,456	452,340
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	70,770	55,225
Earnings before interest, taxes, depreciation and amortisation (EBITDA) excluding the Incentive Programme costs	77,188	60,719
Earnings before interest, tax (EBIT)	54,900	49,786
Profit before tax	62,924	49,647
Net profit attributable to shareholders of the parent company	49,092	38,563
Net profit attributable to non-controlling entities	(433)	(16)
Net profit from continuing operations	48,659	38,547
Net cash flows from operating activities	71,557	56,180
Net cash flows from investment activities	(42,927)	(52,061)
Net cash flows from financing activities	(11,477)	(4,838)
Total net cash flow	17,152	(718)
Net income per share attributable to shareholders of the parent company (in PLN per share)	19.22	15.41

In thousands of PLN	31 st DECEMBER, 2015	31 st DECEMBER, 2014
Non-current assets	284,613	181,575
Current assets	104,130	67,586
Total assets	388,743	249,161
Non-current liabilities	88,054	7,860
Current liabilities	109,427	88,302
Equity	191,262	152,999
Equity attributable to shareholders of the parent company	185,558	152,999
Share capital	2,555	2,555
Number of shares	2,554,842	2,554,842
Book value per share attributable to shareholders of the parent company (in PLN per share)	72.63	59.89

All data in the report (unless otherwise stated) covers the period January - December, 2015, and the comparative data presents the same period of 2014. All figures are presented in thousands of zloty, unless stated otherwise.

FACTORS CONTRIBUTING TO THE GROWTH OF THE BENEFIT SYSTEMS GROUP

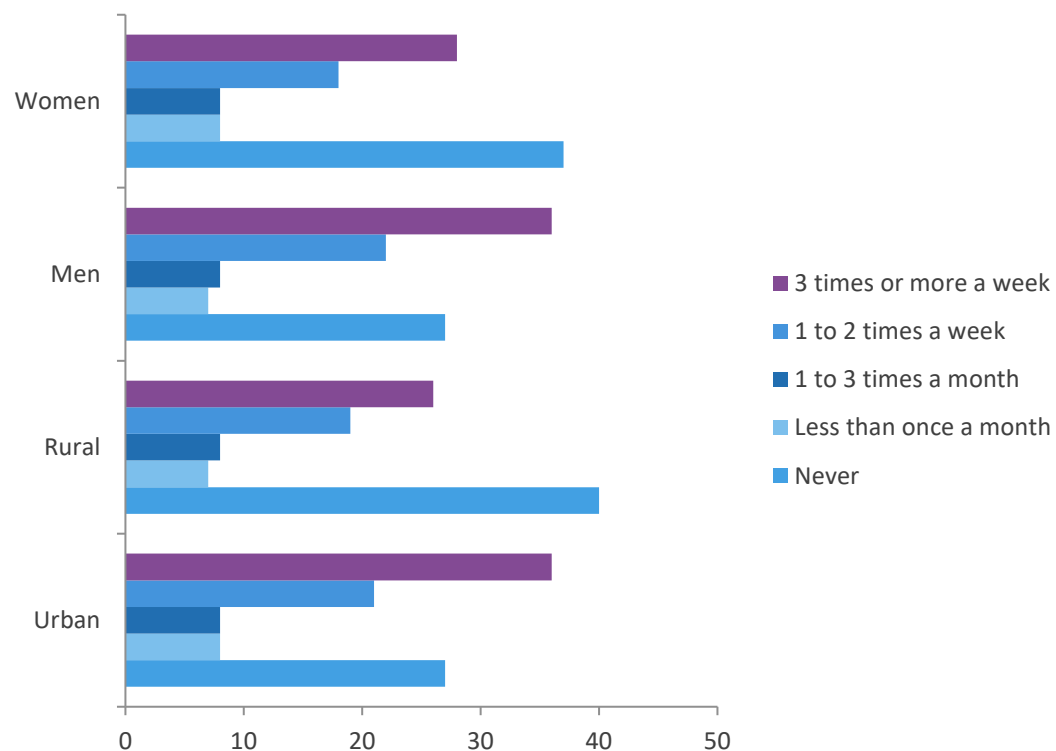
The growth potential of the Benefit Systems Group results from a number of internal and external factors, which clearly indicate the potential of the Group to continue the growth of its activities in subsequent years. The Group focuses on selling sports cards, investing in sports facilities, developing cafeteria platforms and expanding into foreign markets.

The physical activity of Poles

The Group regularly analyses the changes in areas related to an active lifestyle and recognizes the growing popularity of physical exercise, the increasing awareness and the growing demand for an appropriate range of sports and recreation products as positive factors that significantly affect the continued interest in solutions relating to sport and recreation. These trends should have a positive impact on sales of sports cards in subsequent periods.

Poland recorded the lowest level of physical inactivity in the group of states studied by the World Health Organisation - more than three-quarters of the adult population (76 percent) meet the recommended level of weekly physical activity (according to the World Health Organisation).

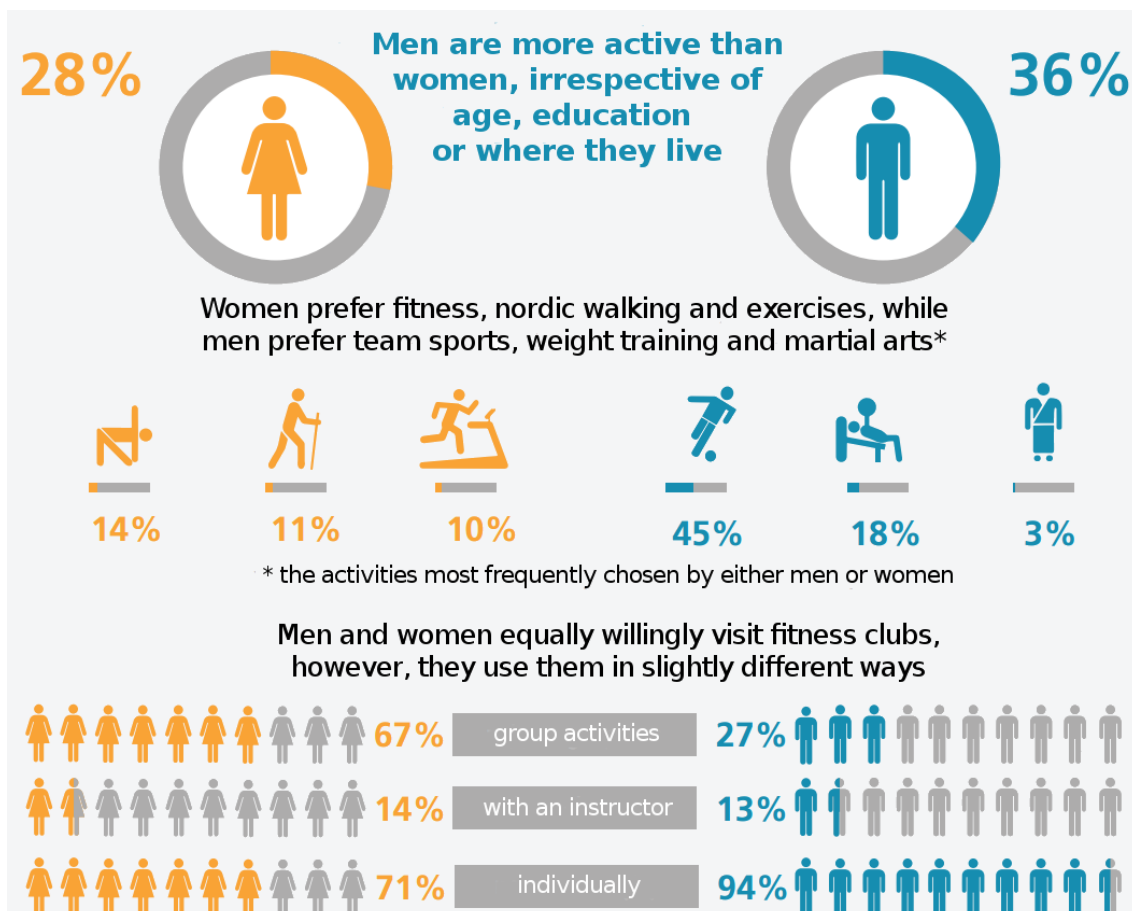
Physical activity among men and women, and among the residents of urban and rural areas.



Source: *The Sports Activities of Poles, TNS 2015.*

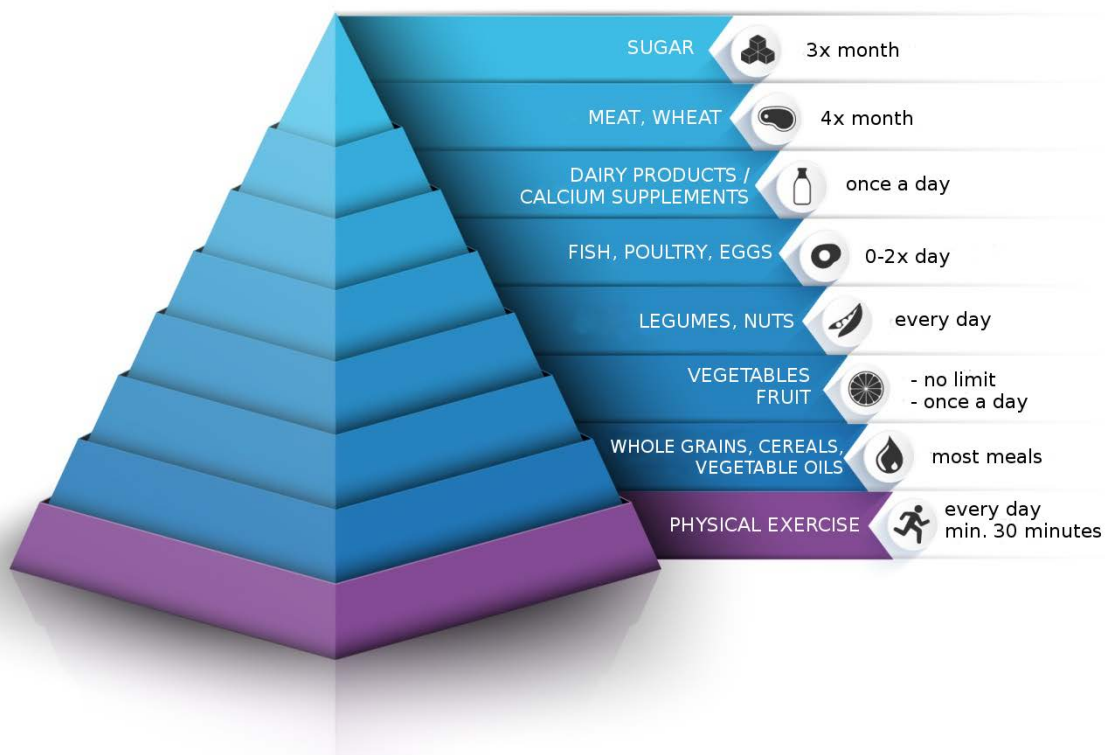
Poles love of exercise is also shown in the research project "The Sports Activities of Poles", carried out by TNS Polska at the end of 2015. Almost a third of Poles participate in sport or other physical activity on a regular basis (at least 3 times a week). The most popular forms of physical activity are: cycling (53 percent of physically active people), running (33 percent) and swimming (29 percent). Women and men are equally willing to use the services of fitness clubs (respectively 20 percent and 22 percent of physically active people). However, the usage of these places differs. Women prefer group activities, while men - individual exercises, including gym and martial arts. Fitness and Nordic walking are disciplines most willingly cultivated by women.

The most popular forms of physical activity among the physically active



Source: The Sports Activities of Poles, TNS 2015.

Movement and activity in the healthy eating pyramid



Source: Own material on the basis of the nutrition pyramid published by the Institute of Food and Nutrition, 2016

The new nutrition pyramid, presented at the beginning of 2016 by the Institute of Food and Nutrition, which is consistent with the current recommendations of the World Health Organisation, should also be mentioned. The base of the pyramid consists of different kinds of physical activity, and not specific foods. This is a change, which further supports the promotion of an active and healthy lifestyle among Poles.

The sports club market

Based on the second edition of the report entitled "The European Health & Fitness Market 2015" prepared by the consulting firm Deloitte with the EuropeActive organisation, Poland remains an important point on the European fitness market, which is currently worth almost 27 billion EUR. Alongside Turkey, we belong to the fastest growing market segment in Europe. In terms of the number of club members we already hold sixth place on the continent. In terms of the revenues from clubs - ninth place.

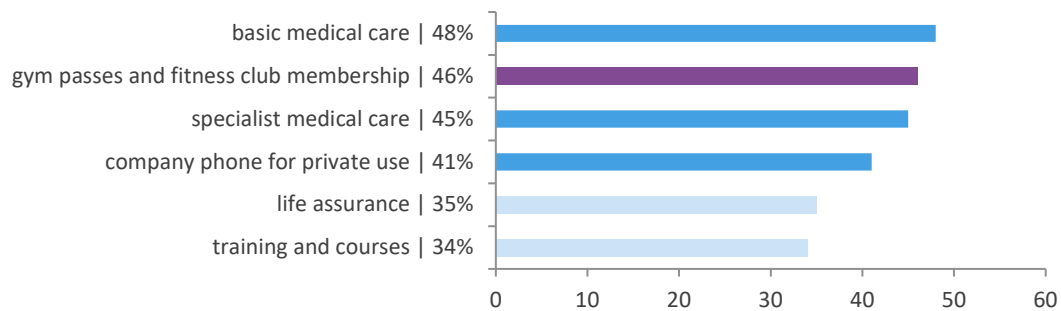
Almost 3 million Poles visit fitness clubs and there were 2500 fitness clubs in Poland at the end of last year, The total revenue of fitness clubs in Poland amounted to 3.6 billion PLN. The average monthly membership fee in Poland is 29.4 EUR, or about 120 PLN.

According to data from "The European Health & Fitness Market 2015", most clubs are privately owned and market fragmentation is high (the 8 largest operators have a 4.8% market share). The authors of the report noted that in Poland, "employee programmes are very popular and Benefit Systems Group, with an estimated 500,000 users is the market leader".

The non-monetary employee benefits market

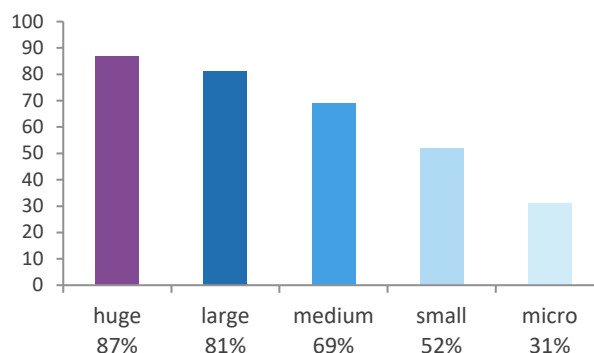
Sports passes are still one of the three most popular non-monetary employee benefits in Poland, as confirmed by a study conducted by Sedlak & Sedlak in 2015, and has held second place for two consecutive years. Nearly half of employees (48 percent) said that they had access to basic medical care, 46 percent used gyms and fitness club passes, 45 percent had access to specialist health care, 41 percent had access to specialist health care, and 41 percent had a company phone.

The popularity of benefits in companies of various sizes



Source: Rzeczpospolita (by Sedlak & Sedlak), December, 2015

The popularity of benefits in companies of various sizes



Source: *Rzeczpospolita* (by Sedlak & Sedlak), December, 2015

The data from Sedlak & Sedlak also shows that the proportion of employees receiving non-monetary benefits varies significantly depending on the size of the company - from 31 percent in micro-enterprises, through 81 percent in large companies, up to 87 percent in large corporations. According to Sedlak & Sedlak, the largest proportion of employees (49 percent) receive benefits with a value not exceeding 200 PLN per month. In the case of 24 percent of respondents, the benefits were between 201 PLN and 400 PLN and 12% of employees received benefits with a monthly monetary value exceeding 800 PLN.

Cafeteria programmes have also gained popularity with employers and employees. In Poland in 2013, 28.6 percent of companies offered them to their employees, and 9.2 percent of companies, which hitherto had no plans for benefits, were planning to introduce a cafeteria programme by the end of 2013 (Additional benefits policy in 2013, Sedlak & Sedlak).

The percentage of companies offering non-monetary employee benefits will continue to grow. According to the report entitled "Employee Benefits and Trends Survey 2015" by AON, the most important reason for a company to introduce non-monetary employee benefits is the need to meet market standards. This reason was indicated by 30 percent of the companies, which participated in the survey from around the world. In 2014, this percentage was two times lower and amounted to just 15 percent, holding fourth place.

The increasing popularity of physical activity, the dynamic development of the fitness industry, decreasing unemployment in the country and the steadily increasing funds allocated by companies on the provision of non-monetary employee benefits clearly show that the Group has the potential to continue growing in the coming years.

1. BASIC INFORMATION ABOUT BENEFIT SYSTEMS GROUP

1.1. General information and composition of Benefit Systems Group

Benefit Systems Group includes Benefit Systems S.A., which is responsible for the sale of sports cards, as well as entities operating in the non-monetary employee benefits market and in the sports market. Currently the Group's clients include more than 9.3 thousand companies and institutions employing more than 2 million employees.

Benefit Systems S.A. has been listed on the Warsaw Stock Exchange since April, 2011. The Group's flagship product is the MultiSport programme, which provides almost unlimited access to the best and most popular sports facilities in Poland. The Group also offers other Sports Cards - for example, the FitProfit card. In total there are over 613,000 users of the Group's sports products. The MultiSport programme is one of the most popular non-monetary employee benefits in Poland, which enables the holder to lead an active, and thus a healthy lifestyle, by providing access to nearly 4,000 sports and recreation facilities in approximately 650 Polish towns and cities.

The Benefit Systems Group also offers the MyBenefit and MultiKafeteria products, which allow employees to choose any non-monetary benefit from a list approved by the employer. Cafeteria systems include the Group's own products, such as the MultiBilet cultural and entertainment programme, allowing users to watch their favourite films in hundreds of cinemas throughout the country, the MultiTeatr programme offering tickets to the most popular theatrical performances, as well as the BenefitLunch programme with its dining offer for employees.

One of the Group's strategic goals is to invest in the fitness market, aimed at strengthening and increasing the attractiveness of the Group's flagship product - the MultiSport programme. Thanks to investments in a network of fitness clubs, the Group provides the sports cards holders with the opportunity to use modern, well-equipped clubs, offering a wide range of professional services.

The potential of the MultiSport Programme supports foreign expansion. Since 2011, the Group has operated on the Czech market, and since early 2015, in Slovakia and Bulgaria.

[A list of subsidiaries and associates](#)

Companies in the Sports Card segment

FitSport Polska S.A. offers sports cards to small and medium-sized enterprises and is also a distributor of products from Benefit Systems S.A.

Vanity Style Sp. z o.o. specializes in providing sport and recreation solutions. The company provides large and medium-sized businesses with FitProfit cards that have similar characteristics to the products of Benefit Systems S.A., but with a narrower range of services offered, fewer partners and, in principle, a product positioned as less expensive. To supplement the basic products and services offered by Vanity Style Sp. z o.o., the Prestige card, providing access to the most prestigious locations and sports facilities of the highest standard, was added in 2012. Furthermore, the company has enhanced the sports cards offered with a programme for access to cinema chains, called Bilet CinemaProfit.

Companies in the Fitness segment

Fit Invest Sp. z o.o. is the entity responsible for managing the investments by the Benefit Systems Group in the Fitness segment. The company holds shares in Fitness Academy Sp. z o.o. SK, Fabryka Formy S.A. and Calypso Fitness S.A., as well as shares in Zdrofit Sp. z o.o. SK and Benefit Partners Sp. z o.o.

Fitness Academy Sp. z o. o. SKA operates a network of ten fitness clubs in Wrocław, Katowice and Kraków. The general partner in the company is Fitness Academy Sp. z o.o.

Fabryka Formy S.A. operates a network of thirteen fitness clubs, including four in Poznań and its surroundings.

Benefit Partners Sp. z o.o. implements a programme to support the Group's partners through capital investments and the development of infrastructure in the facilities of partners - in particular a programme for the lease of equipment.

Companies in the Cafeteria segment

MyBenefit Sp. z o.o. develops and sells products that can be used by companies to motivate and reward employees or business partners. Currently, the company has in its portfolio, among others, a cafeteria system, tourism vouchers and a recreation funding system.

MultiBenefit Sp. z o.o. SK conducts activities related to non-monetary employee benefits, including, among others: MultiKafeteria, MultiBilet. The general partner is MultiBenefit Sp. z o.o.

Companies from the Foreign segment

Benefit Systems International Sp. z o.o. is the entity through which the Benefit Systems Group conducts operations abroad. Benefit Systems International Sp. z o.o. is the owner of the Group's shares in the following foreign companies: MultiSport Benefit S.R.O. (the Czech Republic), Benefit Systems Slovakia S.R.O. (Slovakia), Benefit Systems Bulgaria EOOD (Bulgaria).

Other companies

Benefit IP Sp. z o.o. SK manages the marketing activities of Benefit Systems Group and all trademarks and industrial property rights owned by the companies of the Benefit Systems Group (granting licenses for the use of trademarks) in order to implement the centralized management of marketing activities and industrial property in the Group. The general partner and minority shareholder of the company is Benefit IP Sp. z o.o.

The share in the total number of votes held by the Group in subsidiaries is equal to the Group's holding in the capital of these entities. The companies listed above are consolidated using the acquisition method.

Table 2: Table of subsidiaries

OPERATING SEGMENT	NAME OF THE SUBSIDIARY	REGISTERED OFFICE	THE GROUP'S SHARE IN THE CAPITAL	
			31/12/2015	31/12/2014
SPORTS CARD SEGMENT	Vanity Style Sp. z o.o.	ul. Jasna 24, 00-054 Warsaw	100%	100%
	FitSport Polska S.A.	Pl. Europejski 2, 00-844 Warsaw	100%	100%
	Benefit IP Sp. z o.o.	Pl. Europejski 2, 00-844 Warsaw	100%	100%
	Benefit IP Sp. z o.o. SK	Pl. Europejski 2, 00-844 Warsaw	100%	100%
	Benefit Development Sp. z o.o.	Pl. Europejski 2, 00-844 Warsaw	100%	45%
CAFETERIA SEGMENT	MyBenefit Sp. z o.o.	ul. Powstańców Śląskich 28/30 53-333 Wrocław	100%	48.97%
	MultiBenefit Sp. z o.o.	Pl. Europejski 2, 00-844 Warsaw	100%	100%
	MultiBenefit Sp. z o.o. SK	ul. Fredry 6, 00-097 Warsaw	100%	100%
	Nowe Benefit Sp. z o.o.	Pl. Europejski 2, 00-844 Warsaw	100%	30%
FOREIGN SEGMENT	Benefit Systems International Sp. z o.o.	Pl. Europejski 2, 00-844 Warsaw	100%	0
	MultiSport Benefit S.R.O.	Zeleny Pruh 95/97, 14000 Prague 4	74%	21%
	Benefit Systems Slovakia S.R.O.	Karadzicova 8/A, 821 08 Bratislava	100%	0
	Benefit Systems Bulgaria EOOD	58 Bulgaria Blvd, Sofia 1680	100%	0
	Fit Invest Sp. z o.o.	Pl. Europejski 2, 00-844 Warsaw	100%	100%
	Benefit Partners Sp. z o.o.	Pl. Europejski 2, 00-844 Warsaw	100%	100%
	Fabryka Formy S.A.	ul. Bolesława Krzywoustego 72 61-144 Poznań	66.06%	43.05%
	Fitness Academy Sp. z o.o.	Pl. Europejski 2, 00-844 Warsaw	100%	0
	Fitness Academy Sp. z o.o. SKA	ul. Powstańców Śląskich 95, 53-332	100%	19.17%

		Wrocław		
FITNESS SEGMENT	AM Classic Sp. z o.o.	Pl. Dominikański 3, 53-209 Wrocław	100%	0
	Jupiter Sport Sp. z o.o.	ul. Żegiestowska 11, 50-542 Wrocław	100%	0
	Fitness za Rogiem Sp. z o.o.	ul. Skrajna 1, 62-080 Sierosław	66.06%	0
	Form Factory S.R.O.	Jablunkovská 406, Staré Město, 739 61 Třinec	66.06%	0

Table 3: Table of associates

OPERATING SEGMENT	NAME OF ASSOCIATE	REGISTERED OFFICE OF THE ASSOCIATE	SHARE IN THE SHARE CAPITAL / PROFIT OR LOSS	31/12/2015 BALANCE SHEET VALUE
FITNESS SEGMENT	Baltic Fitness Center Sp. z o.o.	ul. Puławska 427 02-801 Warsaw	49.95%	0
	Calypso Fitness S.A.	ul. Puławska 427 02-801 Warsaw	33.33%	15,782
	Get Fit Katowice II Sp. z o.o.	ul. Uniwersytecka 13 40-007 Katowice	20%	0
	Instytut Rozwoju Fitness Sp. z o.o.	ul. Puławska 427 02-801 Warsaw	48.10%	1,441
	Zdrofit Sp. z o.o.	ul. Mangalia 4 02-758 Warsaw	26.69%	3
	Zdrofit Spółka z ograniczoną odpowiedzialnością SKA	ul. Mangalia 4 02-758 Warsaw	28.38%	3,138
CAFETERIA SEGMENT	LangMedia Sp. z o.o.	ul. Skwierzyńska 25/3 53-521 Wrocław	24.50%	2,970
OTHER COMPANIES	X-code Sp. z o.o.	ul. Klaudyń 21/4 01-684 Warsaw	46.15%	2,807
	Notatek.pl Sp. z o.o.	ul. Kielecka 28/2 31-532 Kraków	12.00%	981

1.2. Financial Results

Table 4: Financial results of Benefit Systems Group for 2015

In thousands of PLN	2015	2014	Change %
Sales revenue	581,456	452,340	28.5%
Revenues from sales of products	0	11	n/a
Revenues from sales of services	574,119	452,321	27.0%
Revenues from sales of goods and materials	7,337	8	91,613.0%
Costs of sales	(431,291)	(345,404)	24.9%
Cost of products sold	(83)	0	n/a
Cost of services rendered	(424,862)	(345,399)	23.0%
Cost of goods and materials sold	(6,347)	(5)	126,840.0%
Gross profit	150,165	106,936	40.4%
Selling expenses	(35,269)	(24,491)	44.0%
General and administrative expenses	(51,261)	(32,673)	56.9%

In thousands of PLN	2015	2014	Change %
Other operating income	2,863	1,207	137.2%
Other operating costs	(11,598)	(1,193)	872.2%
Operating profit	54,900	49,786	10.3%
Financial income	3,726	5,161	27.8%
Financial expense	(4,034)	(1,671)	141.4%
Share of profits of associates accounted for using the equity method	8,332	(3,629)	292.0%
Profit before tax	62,924	49,647	24.0%
Income tax charge	(14,265)	(11,100)	28.5%
Net profit	48,659	38,547	26.2%
Gross margin %	25.8	23.6	+2.2p.p.

1.3. Prospects

The Benefit Systems Group does not publish its annual budget or short-term financial forecasts. According to the Group's assessment, the current financial position supports implementation of investment projects using its own resources and externally available funding.

2. THE RESULTS FOR THE YEAR 2015 BY OPERATING SEGMENTS OF THE BENEFIT SYSTEMS GROUP

Benefit Systems Group has disclosed information about operating segments since 2014. The results presented in the report include comparative data. Based on the thresholds defined in IFRS 8, Benefit Systems Group has an obligation to separately disclose only the results of the "Sports Card" segment. However, the Group has decided to present results by segment as it is expected that the threshold will be exceeded in the following reporting periods. The presentation of operating segments also increases the transparency of data and improves the quality of information.

Since the first quarter of 2015, the operations of Benefit Systems Group have been divided into the following operating segments:

- Sports cards
- Cafeteria (formerly "New products")
- Fitness
- Foreign
- Other activities and arrangements.

"Other activities and arrangements" includes activities related to management, administration and the strategic activities of the Group. It includes items that are not allocated to other operating segments and exclude intercompany transactions.

Segment revenue includes both sales to external customers and intersegment sales or transfers which can be directly allocated to an identified segment.

Segment costs are the costs related to sales to external customers and costs of intersegment transactions. They are directly related to the operations of the segment. They include the relevant part of the Group's costs, which, based on reasonable assumptions, can be attributed to the segment.

The costs of an operating segment do not include the costs of income tax. It also does not include other costs arising at the level of the Group as a whole, unless these costs relate to the operating segment and, based on a reasonable assumption, can be directly attributed or allocated to the segment. The segment result is determined at the level of gross profit.

Table 5: Selected financial data for operating segments for 2015

In thousands of PLN	Sports cards	Cafeteria	Fitness	Foreign	Arrangements	Total
Sales revenues	507,354	34,263	43,684	14,309	(18,153)	581,456
Costs of sales	(373,065)	(33,305)	(33,552)	(9 594)	18,224	(431,291)
Gross profit	134,289	958	10,132	4,715	71	150,165
Selling expenses	(22,612)	(3,255)	(8,213)	(1,190)	0	(35,269)
General and administrative expenses	(27,064)	(5,660)	(4,870)	(3,633)	(10,033)	(51,261)
<i>Including the Incentive Programme</i>					(6,418)	(6,418)
Other income and operating expenses	(1,143)	(2,932)	(2,283)	(182)	(2,193)	(8,735)
Profit (loss) from operations	83,470	(10,889)	(5,234)	(290)	(12,155)	54,900
Financial income and expenses	0	(29)	(2,413)	(57)	2,192	(308)
Share of profits of associates accounted for using the equity method	0	283	7,290	755	3	8,332
Gross profit (loss)	83,470	(10,635)	(357)	408	(9,961)	62,924

2.1. The definitions of operating segments and financial results

2.1.1. Sports cards

The "Sports card" segments includes sports cards that are offered to customers (employers) on the Polish market. The segment includes cards distributed by the following companies: Benefit Systems S.A., FitSport Polska S.A. and Vanity Style Sp. z o.o. The following cards are available on the market:

<i>MultiSport Plus</i>	This card allows the unlimited use of nearly 4000 sports and recreational facilities throughout Poland, providing access to over 25 different sports.
<i>MultiSport Classic</i>	This card can be used once a day at nearly 2000 sports facilities providing access to almost 25 different sports.
<i>MultiActive</i>	This card provides access to over 1700 sports facilities and over 20 different sports up to the prepaid limit stored on the card.
<i>MultiSport Kids</i>	This card gives children access to activities such as martial arts, dance classes, and entrance to swimming pools, salt caves or ice rinks.
<i>MultiSport Dziecko</i>	Allows entry to selected swimming pools honouring this type of MultiSport card.
<i>FitSport</i>	This card gives access to many sports services, such as fitness, gym, sauna, and swimming pool within the specified limit of permitted entrances - 8, 10, 12 entrances per month.
<i>FitProfit</i>	This card allows the use of services from facilities cooperating with Vanity Style, i.e. with more than 3300 facilities in 530 towns and cities in Poland.

Sports cards are one of the most popular benefits in Poland, which help employees take care of the physical condition and health of their employees. Card users can take advantage of numerous sports and recreation centres throughout Poland. A sports card with the holder's name is a great way to improve physical activity among employees, improve health and thereby lower absenteeism resulting from health problems, and thus increasing productivity.

The year 2015 was a record year for the Sports Card segment. At the end of the year, the Group recorded an increase in the number of sports cards to 613,508, an increase of 16.2% year on year. This good result for the segment is the result of intensive work to strengthen the sale of sports cards. As part of the activities undertaken the Group has focused on improving and automating processes. Systematic and detailed studies have been initiated to assess the level of satisfaction and willingness to recommend the brand among customers. The results of these assessments were subsequently used to improve processes in the parent company. In addition, changes have been implemented in the departments responsible for sales and customer service, aiming at enhancing the effectiveness of comprehensive customer service and streamlining the processes for card sales.

In the period under review, the Inspector General for the Protection of Personal Data, as a result of administrative proceedings, imposed an obligation on the Company to obtain consent from users of MultiSport cards for the processing of personal data as defined in the act of 29th August, 1997, on the protection of personal data (11/09/2015, DIS/DEC-749/15/83430). Within the Sports Card segment, the Group implemented a range of actions aimed at obtaining consents from sports card users, including the dedicated website www.kartaspportowa.pl, online campaigns, dedicated campaigns in the sports and recreational facilities of partners, events at the premises of customers, where users could give their consent to the processing of personal data, as well as numerous activities related to product marketing. At the end of the period the Group had collected over 77% of the consents, which is considered to be an exceptionally good result taking into account the scale of the project. In 2016 the Group will continue its activities aimed at obtaining consents to the processing of personal data from all users of sports cards.

Table 6: Selected financial data from the Sports Card segment

In thousands of PLN	2015	2014	Change %
Sales revenue	507,354	433,840	16.9%
Costs of sales	(373,065)	(319,718)	16.7%
Gross profit	134,289	114,122	17.7%
Selling expenses	(22,612)	(17,625)	28.3%
General and administrative expenses	(27,064)	(19,984)	35.4%
Other income and operating expenses	(1,143)	0	n/a
Operating profit	83,470	76,513	9.1%
Gross margin	26.5%	26.3%	0.2 p.p.

Sales revenue from the sports cards segment increased by 17% y/y, which is primarily driven by the increased sales of sports cards. The number of sports cards increased by 86 thousand year on year (16.2%) to 613 thousand cards at the end of the 4th quarter of 2015, and the gross margin on sales amounted to 134.3 million PLN (26.5%). The increase in cost of sales was associated with the increase in the scale of operations and increased activity of the sales team in selling sports cards. The larger scale of operation increased general overhead costs, primarily in the areas of IT, analysis, finance and HR. Expenditures on the purchase of licenses, implementation of new technological and organisational solutions, including the streamlining of internal processes, were about 3.4 million PLN higher than in the previous year. The Group also invested in the management team. The personnel costs of developing the support departments and training costs were about 1.6 million PLN higher than in 2014. The costs of core activities included costs associated with the Personal Data Protection project. The other operating income and expenses included a write-down of inactive sports cards. Operating profit recorded a 9% increase compared to the same period of 2014.

The costs of free of charge access to the MultiBenefit programme for registered MultiSport cardholders, adjusted the costs of sales of the Sports Cards Segment and the revenues of the Cafeteria Segment, by allocating the appropriate portion of the cost from the Cafeteria segment to the Sports Cards segment. The value of this adjustment for 2015 amounted to 3.7 million PLN.

The results of the Sports Cards segment are affected by the seasonal activity of the holders of such cards as MultiSport Plus and FitSport. 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 seasonality of results may also be affected by the weather (especially in summer) or the number of free days in a given year.

2.1.2. Cafeteria segment

The Cafeteria segment (formerly the New Products segment - a change made in 2015 due to the reorganisation of the segment and focus on the development of cafeteria platforms) is responsible for the development of the MyBenefit and MultiKafeteria platforms, which offer a wide range of products and services, including the Group's own products in the area of culture and entertainment.

The MyBenefit and MultiKafeteria cafeteria platforms

These products give employees the choice of any non-monetary benefits within a budget specified by the employer, as well as the scope of these benefits. The client (employer) chooses the benefits from a tailor-made offer. The benefits can be selected using the internet platform, accessible only by authorised personnel.

The programme offers products and services in the area of sport, health, tourism, culture and shopping vouchers, which can be used at the retail chains of famous brands in Poland. In 2015, the Group focused primarily on the development of the MyBenefit platform and its offer related to culture and the rapidly growing tourism products and services. In addition, at this time some of the customers of the MultiKafeteria platform were transferred to the MyBenefit platform.

The Group's own products and services

MultiBilet is the main pillar of the cultural and entertainment programme offered by the Group. The MultiBilet coupon entitles the holder to a single entry to more than 145 cinemas in over 100 Polish towns and cities. As a way to develop and improve its products and services, the Group introduced the MultiBilet Plus coupon, which also gives access to the Multikino repertoire. With the Cinema MultiBilet Programme, the Group offers its customers tickets to a comprehensive list of over 200 renowned partner cinemas throughout Poland (including the Cinema City, Helios and Multikino chains).

MultiTeatr is a selected offer of tickets for hundreds of theatrical performances, acclaimed by both critics and audiences alike. The programme includes popular theatres in major Polish towns and cities. As part of the purchased code, the customer is guaranteed a reservation and a specific place for a specific show. The programme offer is constantly updated with new performances and theatres.

BenefitLunch offers a subscription or pass access for lunch in nearly a thousand premises in dozens of Polish towns and cities. An employer can choose the type of benefit, which they want to offer to their employees.

In 2015, the Group reorganised its product portfolio - in the middle of the year a decision was made to terminate the development of the MultiWypoczynek programme offer, to reduce costs and continue the development of the tourism offer in the MyBenefit company, and at the end of the year support for the MultiBenefit programme was discontinued. At the same time, in the period under discussion the Group pursued activities connected with the development of the cafeteria platforms - primarily the MyBenefit platform and its offer in key areas, including the rapidly growing tourism products and services.

In 2015, the segment recorded an increase in revenues to a level of 141% compared to the previous year. The increase was mainly driven by recognition of revenues from the MyBenefit company commencing in April and commissions from Benefit Systems S.A. for the sale of MultiSport cards on the MyBenefit and MultiKafeteria platforms. At the end of this period the number of users of both platforms reached 178,401 (an increase of 9.1% year on year), and the turnover increased by approximately 80%. The financial results of the Cafeteria segment were significantly affected by other operating costs, with the main component being write-downs of the MultiBenefit platform to the amount of 2.3 million PLN and the write-down of other intangible assets.

Table 7: Selected financial data of the Cafeteria segment

In thousands of PLN	2015	2014	Change %
Sales revenues	34,263	14,207	141.2%
Costs of sales	(33,305)	(21,678)	53.6%
Gross profit	958	(7,471)	112.8%
Selling expenses	(3,255)	(6,061)	(46.3%)
General and administrative expenses	(5,660)	(5,758)	(1.7%)
Other operating income and expenses	(2,932)	0	n/a
Operating profit	(10,889)	(19,290)	43.6%
Financial income and expenses	(29)	0	n/a
Share of profits of associates accounted for using the equity method	283	0	n/a
Profit before tax	(10,635)	(19,290)	44.9%
Gross margin	2.8%	(52.6%)	55.4 p.p.
Turnover*	148.5	83.2	78.4%

* On the basis of notes, invoices and bills

The Cafeteria segment includes the results of fully consolidated subsidiaries: MultiBenefit from March and MyBenefit from April, 2015 (consolidated in January-March using the equity method), as well as the results of the cinema part of Vanity Style.

2.1.3. Fitness segment

The Fitness segment is made up of subsidiaries - Fitness Academy, Fabryka Formy, and associates - Calypso Fitness, Zdrofit, Get Fit Katowice II and Baltic Fitness Center, which operate fitness clubs throughout the country. In addition, the segment includes subsidiaries conducting investment activities - the Fit Invest company is engaged in investment management and Benefit Partners is responsible for the lease of equipment for fitness clubs.

These chains of fitness clubs at the end of the year operated 66 clubs with over 78,000 m² of floor space, of which 19 clubs are new facilities opened last year (Calypso Fitness Club - 9, Fabryka Formy – 3, Fitness Academy - 5, Zdrofit - 2).



The investments implemented in the fitness segment are intended to supplement the Multisport programme offer with regards to fitness and gym facilities, and thus build up the loyalty and stability of Sports Card users. The Benefit Systems Group believes that a comprehensive and interesting offer of sports and recreation facilities is essential for the sale of Sports Cards and stabilizes margins.

The Fitness segment includes the results of the following fully consolidated subsidiaries:

- Benefit Partners from January, 2015,
- Fitness Academy from March, 2015,
- Fabryka Formy from April, 2015.

The remaining companies are consolidated using the equity method.

The results of the fitness segment are characterized by seasonality, which means that the best financial results are generally achieved in the first quarter of the year, while the lowest occur in the third quarter, which is associated with the period of the holiday season.

Table 8: Selected financial data for the Fitness Segment

In thousands of PLN	2015	2014*	Change %
Sales revenues	43,684	29,713	47.0%
Costs of sales	(33,552)	(26,755)	25.4%
Gross profit	10,132	2,958	242.5%
Selling expenses	(8,213)	(5,530)	48.5%
General and administrative expenses	(4,870)	(3,382)	44.0%
Other operating income and expenses	(2,283)	(648)	252.2%
Profit (loss) from operations	(5,234)	(6,602)	20.7%
Financial income and expenses	(2,413)	(3,386)	(28.7%)
Share of profits of associates accounted for using the equity method	7,290	(1,734)	520.4%
Profit before tax	(357)	(11,772)	97.0%
Gross margin	23.2%	10.0%	+13.2 p.p.

In thousands of PLN	2015	2014*	Change %
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* Comparative data for companies consolidated in 2015. The Fitness segment includes the results of: Benefit Partners from January, 2015, Fitness Academy from March, 2015, Fabryka Formy from April, 2015, which are fully consolidated. The remaining companies are consolidated using the equity method.

During this period, the sales revenues from the Fitness segment increased by 47% compared to the same period of 2014, mainly due to the opening of 8 new clubs (facilities opened by Fitness Academy and Fabryka Formy). The main reason for such a significant increase in gross profit and the improved profitability was the restructuring of the activities of Fitness Academy Sp. z o.o. SKA after the take-over of control over the company, as well as the effective management of clubs. Other operating income and operating expenses include a provision for possible losses in the Fitness Academy network and the legal and accounting costs related to the fitness companies acquired. The one-off profit of 4 million PLN related to the contribution of the Fitness segment companies to Fit Invest Sp. z o.o. had a significant impact on the share of the profit of associates accounted for using the equity method. Leaseback costs of fitness equipment also had a significant impact on the segment's results.

2.1.4. Foreign segment

The Foreign segment includes all activities of the Benefit Systems Group undertaken outside the Polish market. Benefit Systems International Sp. z o.o. is responsible for the Group's foreign expansion and supervises the development of the MultiSport Programme on the Czech, Slovak and Bulgarian markets.

In the first half of 2015 the Benefit Systems Group began operating on the Bulgarian and Slovakia market. The newly established companies Benefit Systems Slovakia S.R.O. and Benefit Systems Bulgaria EOOD are responsible for developing sales and the partner network of clubs. In the period under discussion the companies focused primarily on operations related to the development of sales structures and acquisition of partners in Sofia and Bratislava. Additionally, these companies started to expand the Multisport programme by including sports and recreation facilities located outside capital cities.

The Czech company MultiSport Benefit S.R.O., which has operated in the Czech Republic since 2010, recorded a dynamic growth in sales of sports cards in 2015 by 50% year on year. At the end of the year there were 24.3 thousand active sports cards. This result is the effect, among others, of the investment in sales structures, which had a positive impact on the effectiveness of the commercial representatives in Prague. During this time MultiSport Benefit S.R.O. also carried out activities outside the capital, where sales structures are being built up and the network of partner clubs is being expanded.

Table 9: Selected financial data for the Foreign segment

Selected data	2015	2014 *	Change %
Sales revenues	14,309	9,079	57.6%
Costs of sales	(9,594)	(6,457)	48.5%
Gross profit	4,715	2,622	79.8%
Selling expenses	(1,190)	0.00	(100.0%)
General and administrative expenses	(3,633)	(1,776)	104.5%
Other operating income and expenses	(182)	0	n/a
Profit (loss) from operations	(290)	845	(134.3%)
Financial income and expenses	(57)	0	n/a
Share of profits of associates accounted for using the equity method	755	16	4,618.7%

Selected data	2015	2014 *	Change %
Profit before tax	408	804	(49.2%)
Gross margin	33%	29%	+4.0 p.p.

* Comparative data for companies consolidated in 2015. The Foreign segment includes the results of: Benefit Systems International since January, 2015, MultiSport Benefit s.r.o. since April, 2015, fully consolidated (in the period of January - March, 2015, using the equity method), Benefit Systems Slovakia S.R.O. and Benefit Systems Bulgaria EOOD, which are fully consolidated.

2.1.5. Other activities and arrangements

Other activities and arrangements include revenues other than from the sale of non-monetary incentive products and indirect costs that are not allocated to these revenues. Revenues primarily include the elimination of transactions between segments. The costs are associated with management and administration activities, strategic activities of the Group and the cost of the Incentive Programme, support functions and other activities not allocated to individual separate operating segments. The increase in costs in 2015 was related mainly to the increase in general overhead costs resulting from the development of support functions and an increase in the cost of the Incentive Programme.

The change in the sales revenues and cost of sales compared to 2014 relates to the elimination of intercompany transactions between operating segments, i.e. mainly revenues from the fitness network related to the Multisport programme, as well as leases of sports equipment.

Table 10: Reconciling items

In thousands of PLN	2015	2014	Change %
Sales revenues	(18,153)	4,293	(522.9%)
Costs of sales	18,224	(4,008)	554,7%
Gross profit	71	285	(75.3%)
Selling expenses	0	(805)	n/a
General and administrative expenses	(10,033)	(6,931)	44.8%
Other operating income and expenses	(2,193)	14	(15,564.3%)
Profit (loss) from operations	(12,155)	(7,436)	(63.5%)
Financial income and expenses	2,192	3,490	(37.2%)
Share of profits of associates accounted for using the equity method	41	(3,629)	101.1%
Profit before tax	(9,922)	(7,576)	(31.0%)

The increase in general and administrative expenses is related primarily to the increase in costs of the Incentive Programme (1.3 million PLN), as well as the development of corporate activities and PR (1.5 million PLN).

The increase in other operating expenses is primarily the result of only accounting for those costs in the respective operating segments from the second half of the year. This position shows write-downs on receivables and donations.

2.2. Financial income and expenses

Table 11: Financial income and expenses of Benefit Systems Group

In thousands of PLN	2015	2014	Change %
Financial income	3,726	5,161	(27.8%)
Financial expense	4,034	1,671	141.4%
Share of profits of associates accounted for using the equity method	8,332	(3,629)	436.0%

The result of financial activities for the Group in 2015 was influenced mainly by revenues from loans granted to affiliates and strategic partners of the Group. The costs of commissions and interest related bonds, the current account overdraft facility and finance lease liabilities (lease back for fitness equipment - the details of the transaction are described later in this report in "Significant events in the Group during the reporting period") were also significant.

At the reporting date the parent company Benefit Systems S.A. granted loans of 146.1 million PLN (31st December, 2014: 117.5 million PLN). The primary objective of such debt financing, is to support companies operating in the fitness industry (79%), and to a lesser extent (about 10%) to provide ongoing liquidity in associated companies developing new products. More than 78% of this debt is long-term.

The vast majority of the loans granted (i.e. 99%) bear interest at a variable rate, based on WIBOR 3M or WIBOR 1M. Such an interest structure reduces the lender's risk in the event of an unfavourable change in interest rates. All loan agreements were signed on arm's length conditions.

The decrease in the Group's financial income is driven by the full consolidation of companies allocated to the Fitness segment (Fabryka Formy S.A. and Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA), which received and intercompany loans of 1.6 million PLN for 2015.

At the reporting date, the Group had debt from the issue of 3-year bonds of 50.1 million PLN, loans of 5.9 million PLN and finance leases of 25.2 million PLN. The increase in financial expense consists primarily of interest costs of 0.8 million PLN, paid on the outstanding bonds and additional interest costs on loans, including those advanced to the affiliates of Benefit Development (a subsidiary since 31st December, 2015) and Calypso Fitness, the costs of leasing fitness equipment, and write-downs made on loans.

The consolidated share of profits of associates accounted for using the equity method increased in 2015 due to the results of companies in the fitness segment and a one-off re-measurement of the equity stake in Fitness Academy Spółka z ograniczoną odpowiedzialnością SKA and Fabryka Formy S.A.

2.3. Statement of financial position for the Benefit Systems Group

Table 12: Statement of financial position

In thousands of PLN	2015	2014	Change %
Non-current assets	284,613	181,575	56.8%
Share in balance sheet total	73.2%	72.9%	0.3 p.p.
Current assets	104,130	67,586	54.1%
Share in balance sheet total	26.8%	27.1%	(0.3 p.p.)
Total assets	388,743	249,161	56.0%
Capital equity of the shareholders in the parent company	185,558	152,999	21.3%
Share in balance sheet total	47.7%	61.4%	(13.7 p.p.)
Non-controlling interests	5,704	0	-
Share in balance sheet total	1.5%	0.0%	1.5 p.p.
Long-term provisions and liabilities	88,054	7,860	1,020.3%
Share in balance sheet total	22.7%	3.2%	19.6 p.p.
Short-term provisions and liabilities	109,427	88,302	23.9%
Share in balance sheet total	28.1%	35.4%	(7.3 p.p.)
Total liabilities	388,743	249,161	56.0%

Non-current assets

The fixed assets of Benefit Systems Group increased compared to the comparative periods. This is due to the increase in goodwill of 91.5 million PLN arising on the acquisition of shares in companies from the fitness segment, the Czech company and the companies MyBenefit Sp. z o.o. and Benefit Development Sp. z o.o. The full consolidation of new subsidiaries also caused an increase in tangible fixed assets of 62.0 million PLN and a decrease in long-term receivables from loans of 39.2 million PLN.

Current assets

Total current assets also increased as result of the full consolidation of new subsidiaries. Thus, receivables for deliveries and services increased by 23.7 million PLN. The decrease in the carrying amounts of loans of 18.4 million PLN was driven mainly by the inclusion in full consolidation of the companies from the fitness segment. In 2015, the level of cash increased by 17.2 million PLN, which is associated with the 50 million PLN bond issue, the repayment of loans of 31.5 million PLN, the payment of dividends of 23 million PLN in August, 2015, and about 15.4 million PLN higher cash flows from operating activities.

Long-term provisions and liabilities

Liabilities increased in the comparative periods, mainly due to the completion of the lease-back agreement for sports equipment by Benefit Partners Sp. z o.o., and the full consolidation of companies in the Fitness segment (lease liabilities totalling 5.0 million PLN). The Group's debt related to long-term loans increased by 6.0 million PLN. An increase of 50 million PLN is driven by the aforementioned bond issue.

Short-term provisions and liabilities

There was an increase in liabilities at the end of 2015 of 21 million PLN. This is primarily related to the newly consolidated companies such as MyBenefit Sp. z o.o. (13.9 million PLN), Fitness Academy Sp. z o.o. SKA (15.8 million PLN), Benefit Development Sp. z o.o. (9.7 million PLN), Fabryka Formy S.A. (7.4 million PLN). The significant decrease in short-term liabilities in the Benefit Systems Group is related to the conversion of short-term debt into bonds.

Table 13: Cash flows for the Benefit Systems Group

Cash flows	2015	2014	Change
Net cash flows from operating activities	71,557	56,179	15,378
Net cash flows from investment activities	(42 927)	(52 060)	9,133
Net cash flows from financing activities	(11 477)	(4 837)	(6 640)
Net cash flow, total	17,152	(718)	17,870
Cash and cash equivalents at end of period	23,977	6,825	17,870

On 31st December, 2015, the Group had cash and cash equivalents of 24.0 million PLN. These funds were accumulated mainly in the account of the subsidiaries MyBenefit Sp. z o.o. (8.5 million PLN), Vanity Style Sp. z o.o. (2.3 million PLN) and Fitness Academy Sp. z o.o. SKA (3.6 million PLN). A total of 2.0 million PLN was kept in the account of the parent company, Benefit Systems S.A.

The Benefit Systems Group has not been involved in any foreign currency options or any other derivative instruments used for hedging or for speculative purposes.

On the date of this report, taking into account the cash position and available credit lines, the Group does not anticipate any liquidity constraints in connection with the implementation of its investment plans (including capital investments).

Operating activities

Cash flow from operating activities in 2015 amounted to 71.6 million PLN and was approx. 15.4 million PLN higher than in the same period of 2014, which was driven, among others, by a higher net result, negative adjustments and a positive change in working capital.

Investment activities

Net cash flow from investment activities in 2015 amounted to -42.9 million PLN. It was driven, among others, by repayments of borrowings (5.6 million PLN), capital expenditures (27.7 million PLN) including fitness equipment (25.0 million PLN) and the acquisition of shares in subsidiaries (16.7 million PLN). Expenses related to the consolidation of the fitness assets in Fit Invest Sp. z o.o.: 3.7 million PLN on the purchase of shares in AM Classic Sp. z o.o., 2.4 million PLN on the purchase of shares in Fabryka Formy S.A., 0.4 million PLN for the shares in Fitness Academy Sp. z o.o. SKA and 3.1 million PLN for the shares in Jupiter Sport Sp. z o.o. The expenditure on the purchase of the company MyBenefit Sp. z o.o. in 2015 amounted to 7 million PLN, and expenditure on the acquisition of shares in associates, i.e. 1.8 million PLN for LangMedia Sp. z o.o. and 0.2 million PLN for Instytut Rozwoju Fitness Sp. z o.o. The proceeds from investment activities amounting to 13.6 million PLN were mainly related to the sale of fitness equipment to partners (13.3 million PLN).

Financing activities

Net cash flows from financing activities in 2015 were mainly influenced by the issue of bonds to the amount of 50 million PLN, repayment of loans and borrowings (31.5 million PLN), dividends paid (23 million PLN) and the repayment of finance lease liabilities of 7.5 million PLN.

2.4. Selected financial indicators

Table 14: Financial indicators

Profitability ratios	2015	2014	Change %
Gross return on sales	25.8%	23.6%	9.2%
EBITDA	10.3%	11.8%	(12.4%)
Return on operations (EBIT)	9.4%	11.0%	(14.2%)
Gross profitability	11.5%	7.9%	45.6%
Net profitability	8.3%	8.4%	(1.5%)
Return on equity (ROE)	25.4%	25.2%	0.8%
Return on assets (ROA)	12.5%	15.5%	(19.3%)
Liquidity ratios	2015	2014	Change %
Current liquidity	0.95	0.77	23.4%
Quick ratio	0.92	0.74	24.3%

- *gross profitability on sales: gross profit from sales / revenues from sales,*
- *profitability on EBITDA: EBITDA / revenues from sales,*
- *profitability from operations: operating profit (EBIT) / revenues from sales,*
- *net profitability of sales: net profit / revenues from sales,*
- *return on equity (ROE): net profit / equity (end of period),*
- *return on assets (ROA): net profit / total assets (end of period),*
- *current ratio: current assets / current liabilities,*
- *quick ratio: (current assets - inventory - short-term prepayments) / current liabilities.*

2.5. Employment

As at 31st December, 2015, the Group recorded an increase in employment from 551 to 664 employees, which translates into a change of more than 20% year on year. The increase in employment is mainly due to the growing scale of the Group's activities, including operations in new markets, as well as the need for the specialisation of functions supporting these activities.

Due to the specific nature of Benefit Systems Group activities, great importance is placed on the education of employees, which is why more than 80% of the Group's employees are employees with higher education.

2.6. ADDITIONAL INFORMATION

2.6.1. An assessment of the feasibility of investment plans, including capital investments, compared to the available resources, taking into account possible changes in the financing structure for this activity

In the Group's assessment the implementation of investment plans connected with the described directions of the Group's development is possible based on the available financial resources and external financing.

2.6.2. Significant events in the Group during the reporting period

In the period covered by the financial statements, the following significant events and transactions occurred:

The reorganisation of Benefit Systems Group

Non-cash contribution to the company Travel Benefits sp. z o.o. Sp.K.

On 15th January, 2015 (with effect from 1st March, 2015), Benefit Systems S.A. contributed to the subsidiary Travel Benefits Sp. z o.o. Sp. k. (a change in the company's business name to MultiBenefit Sp. z o.o. Sp. k.) an in-kind contribution in the form of assets connected with the products MultiBilet, MultiTeatr and MultiKafeteria, including, in particular, fixed assets, intangible assets attributed to the New Products segment (including the products mentioned above) and contracts with trading partners. The value of the in-kind contribution was 3,504,554.60 PLN as at 28/02/2015. In return for the contribution the parent company increased its equity stake in the equity of Travel Benefits sp. z o.o. Sp. k. (the name is changed to MultiBenefit Sp. z o.o. Sp. k.).

Disposal of assets of significant value

On 12th February, 2015, the company Fit Invest Sp. z o.o. with its registered office in Warsaw, a wholly-owned subsidiary of the issuer, adopted resolutions, on the basis of which the company increased its equity from 5,100 PLN to PLN 42,253,914 PLN through the issue of 84,508 new shares. The increase in the share capital of Fit Invest is related to the implementation of the project to consolidate fitness activities in one company.

Transfer of shares in the company MultiSport Benefit s.r.o.

On 31st March, 2015, an agreement was concluded to transfer the shares in the company MultiSport Benefit s.r.o., operating in the Czech Republic, to Benefit Systems S.A. As a result of this transaction, the share of Benefit Systems S.A. in the share capital of the Company increased from 21% to 74%. On 28th April, 2015, the shares were transferred to the subsidiary Benefit Systems International Sp. z o.o. to increase its share capital. The above transaction is a continuation of the Group's activities in terms of foreign expansion.

Acquisition of shares in MyBenefit sp. z o.o.

On 3rd April, 2015, Benefit Systems S.A. bought the shares in MyBenefit Sp. z o.o., with its registered office in Wrocław, from the previous owners. At the same time, the Company acquired all the shares in the company MyBenefit Sp. z o.o. owned by the affiliate Benefit Development Sp. z o.o. As a result of the transaction, the Company holds 100% of the share capital in the company MyBenefit Sp. z o.o. and the same share in votes at the General Meeting of Shareholders.

On 9th December, 2015, the parent company signed with Mr Witold Szlachta and Mr Łukasz Bartoszewicz an amendment to the contracts for the sale of the shares in MyBenefit sp. z o.o. with its registered office in Wrocław. On the basis of these amendments, the clauses relating to certain conditions, which result from the reorganisation of the cafeteria platform segment, were changed. The changes consist of replacing the conditions relating to the valuation of the companies MyBenefit and MultiBenefit - with conditions on an increase in the number of users and an increase in the gross margin of the company MyBenefit in the years 2016-2017, and other factors associated with the development of the cafeteria platform segment. In accordance with these annexes a change was

also made to the payment period for bonuses, which is currently: 1st January, 2017 - 31st December, 2020. Other terms of payment for the bonus and the maximum total amount of the bonus remained unchanged.

An increase in the shareholding in the company LangMedia sp. z o.o.

On 29th June, 2015, the parent company signed an annex to an investment agreement with the shareholders of LangMedia Sp. z o.o. (the operator of the eTutor.pl website) with its registered office in Wrocław, the subject of which is the potential sales agreements with the partners of LangMedia Sp. z o.o., under which on 30th June, 2015, the Company became the owner of an additional 12% holding in the share capital of the company LangMedia Sp. z o.o. for the amount of 1,800,000.00 PLN. In connection with the above, on 30th June, 2015, the parent company held a total of 24.5% in the share capital of the company LangMedia Sp. z o.o., corresponding to 24.5% of the votes at the general meeting of shareholders for this company.

Acquisition of shares and in-kind contribution

On 18th December, 2015, the Extraordinary General Meeting of Shareholders for Benefit Development Sp. z o.o. with its registered office in Warsaw, adopted a resolution to increase the share capital of Benefit Development Sp. z o.o. from 5,000 PLN to the amount of 50,000 PLN, i.e. by the amount of 45,000 PLN, through the issuance of 900 new shares with a nominal value of 50 (fifty) PLN each and a total nominal value of 45,000 PLN. Benefit Development led investment activities, among others, in companies from the fitness industry, which as a result of the previous reorganisation measures were transferred to another subsidiary of the Issuer, Fit Invest Sp. z o.o. All the shares were to be acquired by the Issuer in exchange for an in-kind contribution in the form of 17,526,447 shares in the share capital of the company FitSport Polska S.A. with its registered office in Warsaw, constituting 100% of the share capital in the company, valued at 19,700,000 PLN. FitSport Polska S.A. sells the MultiSport cards.

Other events in the Group

Conclusion of a significant agreement

On 23rd January, 2015, Benefit System S.A. was awarded a contract to provide unlimited access to sports and recreation services for the employees of Poczta Polska S.A. and their families under the MultiSport programme. The contract was signed as a result of a tender under a public procurement contract. Under the contract, access to the MultiSport programme will be given to the customer's employees in 15 provinces. The Issuer's remuneration amounts to over 12,996,677.44 PLN gross. The contract was concluded for the period from 1st February, 2015, to 31st March, 2016. The contract is a continuation of the previous annual contract with Poczta Polska S.A.

Bond issue

During the reporting period, the parent company issued bonds worth 50 million PLN. On 31st March, 2015, the Company's Supervisory Board adopted a resolution giving consent to the adoption by the parent company of a bond programme of no less than 30 million PLN and no more than 50 million PLN.

The bond issue programme was established on 27th April, 2015. Under the Programme, the Company may make multiple bond issues to a maximum aggregate nominal value of issued and outstanding bonds of 50,000,000 PLN at a time. The bonds issued as unsecured bearer securities, in a non-documentary form, are subject to introduction in the Catalyst alternative trading system. The bonds were offered in a public offering within the meaning of the act of 29th July, 2005, on public offers and the conditions for introducing financial instruments into an organised trading system and on public companies.

The bonds were issued on 2nd June, 2015:

- the total nominal value of the bonds amounted to 50,000,000 PLN (fifty million zloty),
- the nominal value and issue price of one bond amounted to 1,000 PLN (one thousand zloty),
- the interest rate on the bonds is calculated on the nominal value and paid semi-annually calculated from the date of issue to the date of redemption,
- the interest rate is variable, equal to WIBOR 6M plus a margin of 1.35% per annum,

- the redemption of the bonds will be made in cash settled on the redemption date, i.e. 1st June, 2018, according to the nominal value of the bonds.

On 25th August, 2015, the Management Board of the Warsaw Stock Exchange adopted resolution No. 861/2015 on the designation of 28th August, 2015, as the first day of trading in the Catalyst alternative trading system for 50,000 series A bonds issued on 2nd June, 2015, by the parent company. The bonds were introduced to the Catalyst alternative trading system on the basis of the Stock Exchange's resolution No. 771/2015 from 29th July, 2015.

The decision of the Inspector General for the Protection of Personal Data

In the first half of 2015 the Inspector General for the Protection of Personal Data instituted proceedings intended to determine whether the parent company has the status of the administrator of personal data in connection with the MultiSport programme or the processing of data for MultiSport card users on the principle of being entrusting with the data. After an analysis of the of the Inspector General's position, on 4th May, 2015, the Inspector General for the Protection of Personal Data was presented with the general position of the parent company, justifying the correct activities of the parent company as the entity entrusted with processing the data of MultiSport card users.

On 17th July, 2015, the parent company received the decision of the Inspector General for the Protection of Personal Data, which pointed out that the company has the status of the administrator of personal data within the meaning of the act of 29th August, 1997, on the protection of personal data in relation to the personal data of MultiSport cardholders and, therefore, it should process these data on the basis of the consent of these cardholders. The appropriate consent should be obtained within two months of the date on which the decision becomes final. At the same time, the Inspector General for the Protection of Personal Data has not challenged the security of the personal data of MultiSport cardholders processed by the parent company, or the legitimacy of their processing to an extent that is adequate to the purpose of implementing the MultiSport programme.

The Inspector General for the Protection of Personal Data on 11th September, 2015, issued a final decision, which imposed an obligation on the parent company to obtain consents from sports cards users within six months of the date on which the decision becomes final.

The Company works closely with the Inspector General to develop satisfactory solutions taking into account the specific nature of the Company's operations. Within the Sports Card segment a number of activities were implemented to collect consents from sports card holders, including the special www.kartasportowa.pl website, online campaigns, dedicated campaigns in the sports and recreational facilities of partners, events at the premises of customers, where users can express their consent to the processing of personal data, as well as numerous activities related to product marketing. At the end of the period the Group had collected over 77% of the consents, which is considered to be an exceptionally good result considering the scale of the project.

After the balance sheet date, the Group received information from the Inspector General on a change in the deadline for obtaining consents from sports card users, extending it from six months to ten months from the date on which the decision becomes final (11th July, 2016). In 2016, the Group is continuing its activities aimed at obtaining consents to the processing of personal data from all users of sports cards.

Lease agreement for office space

On 23rd January, 2015, the parent company signed a lease agreement with Ghelamco Warsaw Spire Sp. z o.o., the subject of which was the rental of the office building located in Warsaw at Plac Europejski. The annual value of the agreement, estimated by the Company's Management Board, amounts to approximately 7,500,000.00 PLN net.

Credit agreement

In 2015, the parent company signed an annex to the agreement for a multi-purpose and multi-currency credit line with Bank Zachodni WBK S.A. with its registered office in Wrocław. The annex changed the existing conditions of the contract in respect of its maturity (extending the deadline until 30th January, 2016, provided that the warranties can be granted for the period up to 30th July, 2016).

Changes in the Management Board of Benefit Systems S.A.

On 13th February, 2015, Mr Tomasz Józefacki resigned from his position as Chairman of the Board for Benefit Systems S.A.

2.6.3. Significant events after the balance sheet date

A new policy for the distribution of profits of Benefit Systems S.A.

On 10th February, 2016, the Management Board for the parent company adopted a Shareholder Profit Distribution Policy for the years 2016-2019, which was subsequently approved by the Supervisory Board on 10th February, 2016, with the following content:

After obtaining the appropriate approval of the Supervisory Board, the Management Board will recommend to the General Assembly the implementation of a share buyback at a level of at least 50% of the company's net profit for the previous financial year in each year of the Shareholder Profit Distribution Policy, taking into account the financial situation and investment needs of the Company and the Group, including those related to the implementation of investment agreements, as well as the demand for liquid cash.

The Profit Distribution Policy is effective and applicable for the distribution of net profit for the fiscal year, ending 31st December, 2015, and constitutes a continuation of the Dividend Policy from 25th September, 2012.

Adoption of the assumptions for the incentive programme for the period 2017-2020

On 10th February, 2016, the Supervisory Board adopted a proposal for the next edition of the Incentive Programme, which the parent company has offered to key employees for several years. The aim of the Programme for the period 2017-2020 is to create an incentive system for the selected group of employees considered important for the parent company that will promote efficient and local 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, participants will be able to receive a maximum of 100,000 subscription warrants (which, after conversion, into shares will represent 3.91% of the company's capital), which will entitle them to subscribe to a specific number of shares with a nominal value in four equal tranches.

The assumptions for the Incentive Programme will be presented in the form of a resolution and put to the vote at the Annual General Meeting for the year 2015.

Change in the composition of the Management Board for Benefit Systems S.A.

On 10th February, 2016, the Supervisory Board of the parent company appointed Mr Grzegorz Mędza to the Management Board, entrusting him with the position of member of the Management Board. Mr Grzegorz Mędza will be responsible for strategy, communications and employee affairs.

Annex to an important loan agreement with Bank Zachodni WBK S.A.

On 23rd February, 2016, the parent company received an annex to the multi-purpose and multi-currency credit line agreement signed with Bank Zachodni WBK S.A. The annex extends the repayment date until 30th April, 2016, with the reservation that the effectiveness of the guarantees given shall not exceed 30th October, 2017. The annex did not change the existing provisions of the agreement in any other respect.

The signing of new contracts for financial leasing

On 28th January, 2016, the parent company signed a lease agreement for the equipment and furniture at the new offices for the Group. The agreement was concluded for a period of 3 years and the value of the lease agreement amounts to 1,951,000 PLN. In addition, on 1st February, 2016, the parent company signed a 5 year contract with Peko Leasing for the leasing of fitness equipment with a value of 4,475,000 PLN.

2.6.4. A description of the factors and events, especially of an unusual nature, affecting the financial results achieved

There were no extraordinary events in the reporting period having a significant impact on the parent company's financial results.

2.6.5. Explanation of seasonal or cyclical activities in the reporting period

A characteristic feature of the industry in which the Group operates is the seasonal activity of sports cardholders. Traditionally, in the third quarter of the calendar year (the third quarter of the financial year for the Group) the activity of cardholders is lower than in the first, second and fourth quarters of the financial year.

2.6.6. Sales and suppliers markets, and dependence on customers and suppliers

In 2015, the Group generated its revenues primarily on the domestic market. The parent company's customers are companies and institutions from all sectors. No customer of the Benefit Systems Group has a share exceeding 3% in this period. Therefore, in the Group's opinion, it is not dependent on any of the customers of its services. The main suppliers of the Group include companies that provide access to facilities and sports activities, which the Benefit Systems Group offers to its customers in the framework of its sports programmes, such as MultiSport. On the reporting date, the Group is not dependent on the services provided by any of its partners.

2.6.7. Information on impairment write-downs of financial assets, tangible assets, intangible assets, or other assets, and the reversal of such impairment write-downs

In 2015, Benefit Systems S.A. made a reversal of impairment write-downs for the investment in the associate Fitness Academy SKA to the amount of 2,032,000 PLN. In connection with the acquisition of 100% of the shares in Fitness Academy by the parent company, it will be fully consolidated. The reversal of impairment does not affect the consolidated result.

2.6.8. Information on the development of economic and business conditions, which have a significant impact on the fair value of financial assets and financial liabilities

In 2015, there were no significant changes in the economic and business environment, which would have a significant impact on the fair value of the Group's financial assets.

2.6.9. Information about the non-payment of bank loans or loans or a breach of the material provisions of a bank loan or loan agreement, for which there were no corrective actions by the end of the reporting period

As at 31st December, 2015, and the date of preparing the financial statements, none of the companies in the Benefit Systems Group had infringed provisions of bank loans or loan agreements.

2.6.10. Information on significant transactions to acquire or sell property, plant and equipment assets

In 2015, the parent company and Benefit Partners Sp. z o.o. signed leasing agreements with Millennium Leasing Sp. z o.o. They amounted to a total amount of 16,313,000 PLN gross (13,262,000 PLN). The lease was signed for 60 months. The equipment sold was transferred for use by the companies on the basis of the leasing agreements concluded with Millennium Leasing Sp. z o.o. Six agreements were concluded in the period under review.

In addition, in 2015 the company purchased fitness equipment outside the lease agreements for a total of 10,155,000 PLN, including fitness equipment with a value of 4,697,000 PLN directly from Benefit Partners Sp. z o.o. (a subsidiary of the Group).

2.6.11. Information about a significant commitment in respect of the purchase of property, plant and equipment

In 2015, there were no significant commitments for the purchase of property, plant and equipment in the Group.

2.6.12. Information about inventories impairment write-downs to the net recoverable value and reversal of write-downs for this

In 2015, the Group made inventory impairment write-downs to the amount of 45,000 PLN.

2.6.13. Information on changes in the classification of financial assets as a result of changes to, or use of, those assets

In 2015, the Group did not change the classification of financial assets.

2.6.14. Information about a change in the valuation method for financial instruments measured at fair value

In 2015, the Group did not change the valuation of financial instruments.

2.6.15. Information on the issue, redemption and repayment of debt and equity securities

Incentive programme

On the basis of resolutions of the General Meeting of Shareholders and the Supervisory Board, an incentive programme functions at Benefit Systems S.A., which is aimed at the senior and middle management of the Company and the subsidiaries of Benefit Systems Group, with whom the parent company has entered into appropriate agreements.

On 31st May, 2012, the incentive programme was adopted for the years 2014-2016, 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 to senior and middle management of the parent company and its subsidiaries for the results achieved in 2014, which entitle their holders to subscribe to ordinary bearer shares from series D shares.

The warrants were issued free of charge and give the right to subscribe in the period from:

- 1st September, 2015, until 30th September, 2015,
- 1st September, 2016, until 30th September, 2016,
- 1st September, 2017, until 30th September, 2017,

For series D shares at the issue price set out in Resolution No. 20/31.05.2012 of the Ordinary General Meeting of 31st May, 2012, amended by Resolution No. 23/25.06.2014 of the Ordinary General Meeting of 25th June, 2014.

In the period from 1st September, 2015, to 30th September, 2015, none of the entitled persons exercised their right to subscribe to shares. The provision for the costs of the Incentive Programme for the results achieved in 2015 was recognized in current operating costs and amounted to 6,418,000 for the 12 month period of 2015 (assuming 100% realisation of thresholds). The number of warrants granted depends on the fulfilment of EBITDA thresholds in the Group (adjusted for the cost of the programme). By virtue of resolution No. 20 of 12th June, 2015, of the Annual General Meeting of the Company, the EBITDA thresholds were increased to implement the Incentive Programme, as follows:

Table 15: Incentive Programme - the change in thresholds

EBITDA thresholds in millions of PLN

The maximum number of warrants	40,000	40,000
Percentage of allocated warrants	EBITDA for 2015.	EBITDA for 2015. before the change
100%	75	70
75%	65,625	61.25
50%	56.25	52.5

2.6.16. Information on the dividend paid out or declared, in total and per share, divided into ordinary and preference shares

As a result of the adoption by the Annual General Meeting on 12th June, 2015, of a resolution on the distribution of the net profit of the company for 2014, the following was established:

- 1) The amount of profit for 2014 allocated on the payment of a dividend: 22,993,578.00 PLN
- 2) The amount of the dividend per share: 9.00 PLN
- 3) The dividend date: 24th July, 2015
- 4) Dividend payment date: 14th August, 2015.

On 10th February, 2016, the Management Board adopted its Shareholder Profit Distribution Policy for the years 2016 to 2019, which was subsequently approved by the Supervisory Board on 10th February, 2016, and is as follows:

After obtaining the appropriate approval of the Supervisory Board, the Management Board will recommend to the General Assembly the implementation in each year of the Shareholder Profit Distribution Policy of a share buy-back at a level of at least 50% of the company's net profit for the previous financial year, taking into account the financial situation and investment needs of the company and the Group, including those related to the implementation of investment agreements, as well as the demand at the companies for liquid cash.

The Profit Distribution Policy is effective and applicable for the distribution of net profit for the fiscal year, ending 31st December, 2015, and constitutes a continuation of the Dividend Policy from 25th September, 2012.

Events that occurred after the date of preparing the report having an impact on future financial results

On 2016, the parent company concluded an annex to the agreement for a multi-purpose and multi-currency credit line with Bank Zachodni WBK S.A. with its registered office in Wrocław. The subject of the annex was to change the existing conditions of the contract in the sections concerning: the repayment date (extending the period to 30th April, 2016, provided that the duration of the guarantees granted will not exceed 30th October, 2017). In addition, in point 2.6.3. *Significant events after the balance sheet date*, which occurred between balance sheet date and the date of this report, there is description of the new policy for the distribution of profits by Benefit Systems S.A. and the adoption of the principles for the incentive programme at Benefit Systems for the period 2017-2020.

2.6.17. A description of transactions with related entities, if individually or jointly they are significant and were concluded on other than market terms.

The Benefit Systems Group did not conclude such transactions in the reporting period. Transactions with related parties are presented in detail in the Consolidated Financial Statements for the period from 1st January, 2015, to 31st December, 2015.

2.6.18. Agreements with the entity authorised to audit financial statements

The audit company appointed to audit and review financial statements is the company Grant Thornton Frackowiak Sp. z o.o. Sp. K.

2.6.19. Information on loans taken, agreements on loans and guarantees granted, and sureties

On 26th January, 2015, the Company signed an annex to the agreement for a multi-purpose and multi-currency bank loan line dated 18th July, 2012, with subsequent amendments, which changed the period of its availability until 30th January, 2016, and stipulated the date for the repayment obligation under this agreement as 30th July, 2017. The line is for the amount of 35 million PLN, increased in the annex dated 20th May, 2014, from 25 to 35 million PLN.

On 29th July, 2015, Benefit Systems S.A. signed an agreement for an overdraft facility in its current account to the amount of 35 million PLN intended to finance current operations. The maturity date for the credit line is 29th July, 2016. The loan is secured with a blank promissory note with a bill of exchange declaration from 29th July, 2015, together with a declaration of voluntary submission to enforcement for up to 52.5 million PLN until 29th July, 2017.

2.6.20. Information on loans granted, taking into account their maturity, as well as sureties and guarantees

Table 16: Liabilities

Contingent liabilities in thousands of PLN	Status on the date of submitting the report for 2015	Status on the date of submitting the report for 2014	Change in status
Sureties and guarantees	25,991	23,452	10.1%

These specified contingent liabilities relate to the capital support of strategic partners of the company and constitute the implementation of the provisions of investment agreements - they primarily deal with lease payments for fitness equipment and rental guarantees. A detailed list of the loans granted is presented in a note on the Consolidated Financial Statements for Benefit Systems Group for 2015.

2.6.21. Use of proceeds from share issuance

In 2015, the parent company did not issue any shares.

2.6.22. Corrections of errors in prior periods

Benefit Systems Group did not make any corrections to errors from prior periods in the reported period.

2.6.23. The Management Board's position regarding the implementation of the forecast results for 2015

The Benefit Systems Group has not presented a forecast of results for 2015.

2.6.24. Information about agreements known to Benefit Systems S.A., which may result in future changes in the proportions of shares held by existing shareholders

The Benefit Systems Group is not aware of the existence of such agreements.

2.6.25. Information about shareholders holding at least 5% of the votes at the general shareholders' meeting of Benefit Systems S.A., together with changes in the ownership structure of significant share packages in the parent company in the period from the previous quarterly report

The percentage of the share capital and voting rights takes into account the share capital increase made under the conditional capital issuance. Series C shares were acquired as part of the conditional share capital issuance by the holders of subscription warrants for series A, B and C, granted by the Company in accordance with the provisions of the Incentive Programme for 2011-2013.

Table 17: Shareholder structure

Shareholder	Status on the date of submitting the report for 2015		Status on the date of submitting the report for the 3 rd quarter of 2015		Change
	Number of shares	Share in the total number of votes at General Meeting of Shareholders	Number of shares	Share in the total number of votes at a General Meeting of Shareholders	
James Van Bergh	618,180	24.20%	618,180	24.20%	0
Benefit Invest Ltd.	593,784	23.24%	593,784	23.24%	0
MetLife DFE (formerly Amplico OFE and DFE)	330,000	12.92%	330,000	12.92%	0
Marek Kamola	267,878	10.49%	267,878	10.49%	0
Nationale-Nederlanden (formerly ING OFE)	240,000	9.39%	240,000	9.39%	0
Others	505,000	19.77%	505,000	19.77%	0
TOTAL	2,554,842	100.00%	2,554,842	100.00%	-

The parent company's share capital amounts to 2,554,842 PLN. The number of shares in the share capital amounts to: 2,554,842 shares, including 2,204,842 shares of series A, 200,000 shares of series B and 150,000 shares of series C - the shares have a nominal value of 1 PLN each. The total number of votes resulting from all issued shares is 2,554,842. The shares give participation in the share capital of Benefit Systems S.A. equal to the share in the total number of votes at the General Shareholders' Meeting.

2.6.25. *Table of changes in the ownership structure of shares held by management or supervisory board members*

The number of shares of Benefit Systems S.A. held by the members of the Management Board and the Supervisory Board at the date of this report is as follows:

Table 18: Shares held by members of the Management Board of Benefit Systems S.A.

Management Board	Status on the date of submitting the report for 2015		Status on the date of submitting the report for the 3 rd quarter of 2015		Change in status
	Number of shares	Percentage of share capital	Number of shares	Percentage of share capital	
Izabela Walczewska-Schneyder	1,000	0.04%	1,000	0.04%	-
Adam Kędzierski	7,000	0.27%	7,000	0.27%	-
Paweł Markowski	0	0.00%	0	0.00%	-
Total	8,000	0.31%	8,000	0.31%	-

Table 19: Shares held by members of the Supervisory Board of Benefit Systems S.A.

Supervisory Board	Status on the date of submitting the report for 2015		Status on the date of submitting the report for the 3 rd quarter of 2015		Change in status
	Number of shares	Percentage of share capital	Number of shares	Percentage of share capital	
James van Bergh*	618,180	24.2%	618,180	24.2%	-
Przemysław Gacek	0	0.0%		0.0%	-
Michael Sanderson	0	0.0%		0.0%	-
Artur Osuchowski	0	0.0%		0.0%	-
Marcin Marczuk	0	0.0%		0.0%	-
Total	618,180	24.2%	618,180	24.2%	-

* *Direct share; additionally a person close to the Chairman of the Supervisory Board (within the meaning of article 160, paragraph 2, point 1 of the act on trading) controls Benefit Invest Ltd. as a shareholder with a holding of 93.3%, where this company holds shares in Benefit Systems in the amount of 593,784 representing 23.88% of its share capital and in the total number of votes (on the date of submitting the report for 2015).*

The members of the Management Board and Supervisory Board of the parent company do not hold interests in subsidiaries.

2.6.26. Any agreements between the company and management providing for compensation in the event of their resignation or dismissal from their position without a valid reason or if their removal or dismissal is due to the merger of the Company by acquisition

In the event of the termination of an employment contract with a member of the Management Board by the Employer (after 12 months of the contract of employment), the Employer guarantees the Employee a severance payment of three times the average monthly salary of the Employee's gross salary for the last 12 months in two equal instalments: the first payable on the date of the termination of the contract, the second 90 days later.

2.6.27. The value of remuneration, rewards or perks, including those resulting from incentive or bonus programmes based on the equity instrument of Benefit Systems S.A., including programmes based on convertible bonds with a pre-emptive right, subscription warrants, paid, due or potentially due separately for each supervising and managing person

Table 20: Remuneration of the Management Board for the period from 1st January to 31st December, 2015, in Benefit Systems S.A. (no remuneration from subsidiaries)

Member of the Management Board	Remuneration	Other payments	Total
Izabela Walczewska-Schneyder	511	6	517
Adam Kędzierski	531	8	539
Paweł Markowski	479	7	486
Total	1,521	21	1,542

Table 21: Benefits for members of the Management Board in the form of outstanding and potentially outstanding warrants of series D and E, as at the end of 2015.

Member of the Management Board	Warrants of Series D covered in 2015 for 2014	The number of conditionally granted warrants of series E for 2015.	Total	Value*
Izabela Walczewska-Schneyder	3,500	4,000	7,500	1,097,815
Adam Kędzierski	5,500	5,500	11,000	1,599,070
Paweł Markowski	n/a	3,000	3,000	481,350
Tomasz Józefacki (Chairman of the Board until 13/2/2015)	8,000	3,500	11,500	1,603,895
Total	17,000	16,000	33,000	4,782,130

* The value of the benefits from the subscription warrants granted is the difference between the exercise price and the share market price on the date of valuation. The valuation of series D warrants was based on the prices and conditions from 2014 (130.29 PLN), while the valuation of series E warrants was based on the prices and conditions from 2015 (160.45 PLN).

Table 22: Remuneration of Supervisory Board Members of the parent company Benefit Systems S.A. for the period from 1st January, 2015, to 31st December, 2015 (no remuneration from subsidiaries)

Supervisory Board	Remuneration	Other benefits	Total
James van Bergh*	120	0	120
Przemysław Gacek	42	0	42
Michael Sanderson	24	0	24
Artur Osuchowski	24	0	24
Marcin Marczuk	24	0	24
Total	234	0	234

2.6.28. The control system for employee share schemes

Described in section 2.6.15. Information on the issuance, redemption and repayment of debt and equity securities.

2.6.29. Information about proceedings instituted before a court or administrative authority and information about significant settlements of litigation

In the period covered by the report, administrative proceedings were conducted, initiated by the Inspector General for the Protection of Personal Data, in order to determine whether the Company has the status of the administrator of personal data in connection with the MultiSport programme or processing of the data of MultiSport cardholders on the principle of being the party entrusted with the data. Information concerning the administrative proceedings is described in section 2.6.2. Significant events in the Group during the reporting period.

2.6.30. Information on the conclusion by Benefit Systems S.A. or its subsidiary of one or more transactions with related parties

In 2015, there were no significant transactions with related parties on other than those concluded on market terms.

2.6.31. Information about sureties, loans, borrowings or guarantees granted by the parent company or its subsidiaries - jointly to one entity - if the value of the guarantee or sureties is equivalent to at least 10% of equity

In 2015, the Group did not grant any sureties for bank loans, borrowings or guarantees with a value exceeding 10% of equity.

2.6.32. Factors which, in the assessment of Benefit Systems Group, will affect its results over at least the next quarter.

Benefit Systems Group does not expect significant changes in the functioning of the Group in the next quarter.

The risk of changes to the macroeconomic situation and demographics of Poland and other countries where the Benefit Systems Group operates

The overall macroeconomic situation of Poland, including factors such as GDP growth, inflation and interest rates, the level of investment in the economy and unemployment, have a direct influence on the decisions of companies with respect to costs, including those on employee benefits. These factors affect the demand for products offered by the Company and may affect its financial position. One cannot preclude that in the future the impact of the economic downturn may significantly affect the financial results achieved by the Company. In the long term, the Group's operations may also be affected by a change in the demographic structure of Poland, in particular an aging population. One cannot preclude that with this phenomenon and the consequent decrease in the target group (professionally active people) the products currently offered by the Group may fail to enjoy the same interest, which could adversely affect the long-term perspective of its financial results. In the opinion of Benefit Systems Group, the effect of this risk will, however, be limited by the fact that, like the developed countries of Western Europe, Poland has also observed an increase in physical activity among older age groups, which may provide the potential for entry into a new market segment.

The risk associated with changes in the legal environment and interpretation of tax regulations

An unfavourable factor for the activities of the Benefit Systems Group may be changes in the law or differences in its interpretation. The Polish legal system is characterized by frequent changes in tax laws, therefore, the most important consequences for the Group may result from changes in this very matter of law. Much of the existing legislation has also not been formulated clearly enough and often lacks an unambiguous interpretation. Interpretations of tax laws change frequently. Neither the practice of tax authorities nor judicial decisions concerning taxation are uniform. As a result of such divergent interpretations of tax regulations in the case of a company operating in Poland there is a greater risk than for a company operating in more stable tax systems. In the event of the acceptance by the tax authorities of a different interpretation of tax regulations from that being the basis for calculating the tax liability and applied by the Group, this may have a material impact on the Group's operations, both in terms of its financial situation and its development prospects.

The risk of changes in the law regarding company social benefits funds

The Benefit Systems Group estimates that about 35% of the revenue generated by it from the sales of MultiSport Plus cards and the majority of its revenues from the sale of cafeteria programmes and similar products of the Group are financed by customers from a company social benefits fund, the establishment of which is regulated in the act of 4th March, 1994, on company social benefits funds. The abolishment or amendment of the requirement to establish such a fund by employers could potentially have a negative impact on the financial position of the Group. The Group is observing a moderate decrease in the tendency to finance the purchase of MultiSport Plus cards from funds from company social benefits funds, which results, among others, from the ever increasing co-financing of MultiSport card purchases by the same end users, as well as from offering the programme to companies that are not obliged by law to create a social benefits fund.

The risk of the emergence of major new competitors

The Benefit Systems Group acknowledges the risk of the emergence of new competitors in the area of operations of the parent company and its subsidiaries. This may occur from organised fitness networks, through the creation of an entity operating on the same basis as the model used by the Benefit Systems Group's parent company, or by the entry onto the market of large domestic or foreign entities hitherto absent from the market with an offer of fitness services for corporate customers. The Group sees a similar risk in relation to new products, which as innovative solutions on the market, may be replicated by competitors in the future. In responding to this threat, the Company takes appropriate action to ensure its competitive advantages - distribution platforms and investment clubs.

The risk associated with the consolidation of fitness networks

The Group acknowledges the risk of potential consolidation in the fitness market. A large network of fitness clubs, which would have the ability to compete with the products of the company by offering corporate customers their own passes, ensuring a relatively high availability of fitness facilities, could create downward pressure on prices for the Company's services or result in the take-over of some of its revenue. Since 2013, Benefit Systems S.A., in striving to address this risk, has initiated a process of consolidation of the market by establishing a new entity based on the assets and experience of the largest fitness networks in Poland, which are the main partners of the Company.

The risk of underestimating the price of the main product - MultiSport cards and related products

In determining the price of the MultiSport card, the Benefit Systems Group follows its own estimates of the frequency of visits by cardholders to sports clubs. The Group's main cost are payments to partners for visits by MultiSport cardholders. The Group is exposed to the risk of underestimating the number of visits, which may lower the expected profitability of individual contracts.

The impact of this risk is limited by the Group signing contracts with a one month's period of notice (about 98% of all signed agreements) and a process for renegotiating unprofitable contracts, and ultimately a decision to terminate a contract.

The risk of increased activity by MultiSport, FitProfit and FitSport cardholders

The Benefit Systems Group can see the gradually increasing physical activity of Poles, confirmed by independent research by the Central Statistical Office, which directly affects the observed increased activity of cardholders of MultiSport type cards. It may present a risk of a temporary reduction in profit margins on this product. The Group has the ability to change or terminate unprofitable contracts.

The risk associated with conducting operations outside Poland

In 2010, as part of its strategy to expand the scale of operations, not only in terms of products, but also geographically, the Group started operations in the Czech Republic (MultiSport Benefit s.r.o.), and as of 2015 it also operates on the Slovak and Bulgarian markets. On the Czech market the Company achieved profitability and is growing rapidly, and on the other markets it continues to build up its business.

It is uncertain whether the business model of Benefit Systems S.A., which has proven itself in Poland, will be well received on the new markets, where there are differences in the law on non-wage employee benefits, cultural differences, differences in the level of sporting activity or the traditional ways in which non-wage based incentives are provided, which may significantly affect the development of business. Failure to implement the plans on any of the new markets may have a negative impact on the financial results of the Benefit Systems Group. It should be noted, however, that the Group, before deciding to enter a given market, examines its potential together with an analysis of potential threats. Additionally, the Group has adopted a strategy of gradually incurring capital expenditure to take into account the current market situation and the observed increase in business in a given country, which reduces the size of potential losses in the event of the failure of the investment.

Operational risk

The Group believes that its financial results may also be affected by potential losses related to processes, technology, infrastructure, human resources (described in detail in the section on risks associated with human resources) and external factors resulting from the Group's activities. The Group strives to maintain operational efficiency at an appropriate level while minimizing potential financial losses in this area. Issues related to operational risk are overseen by the Group's managers and directors responsible for the various areas of the Group's activities. The Group supports these activities through the ongoing development of general standards of operational risk management, including compliance with legal requirements and other regulations, implementation and optimisation of relevant processes, training, as well as through education and maintaining appropriate ethical and business standards.

The risk related to human resources

The standard of work and key skills of the Group's highly skilled workers, including its managerial staff, are key factors affecting the operations of the Benefit Systems Group. The Management Board for Benefit Systems S.A. believes that the rate of growth of the Benefit Systems Group in the future will depend on the ability to recruit and retain highly qualified management staff and key employees, and the loss of a substantial number of these people would have a negative impact on the Group's operations. The Group successfully acquires appropriate staff, which is supported by its position as a valued employer and work atmosphere prevailing in the organisation. The Group has adopted a strategy of additional motivation for the most valuable human resources through an incentive programme for management and key employees. The risk factors associated with the human resources of Benefit Systems Group also includes changes in the labour market leading to increased expectations and pressure on employee wages, which may have an impact on an increase in operating expenses incurred by the Group on wages.

3. CONSOLIDATED FINANCIAL STATEMENTS OF BENEFIT SYSTEMS GROUP AS AT 31ST DECEMBER, 2015, AND FOR THE 12 MONTHS ENDED 31ST DECEMBER, 2015

3.1. Selected financial data for Benefit Systems Group

Table 23: Financial data of the Group for 2015

	From 1/01 to 31/12/2015 in thousands of PLN	From 1/01 to 31/12/2014 in thousands of PLN	From 1/01 up to 31/12/2015 in thousands of EUR	From 1/01 up to 31/12/2014 in thousands of EUR
Sales revenues from sales	581,456	452,340	138,945	107,975
Operating profit	54,900	49,786	13,119	11,884
Profit before tax	62,924	49,647	15,036	11,851
Net profit from continuing operations	48,659	38,547	11,628	9,201
Net profit attributable to shareholders of the parent company	49,092	38,563	11,731	9,205
Net cash from operating activities	71,557	56,180	17,099	13,410
Net cash from investment activities	(42,927)	(52,061)	(10,258)	(12,427)
Net cash from financial activities	(11,477)	(4,838)	(2,743)	(1,155)
Net change in cash and cash equivalents	17,152	(718)	4,099	(171)
Weighted average number of ordinary shares	2,554,842	2,503,067	2,554,842	2,503,067
Diluted weighted average number of ordinary shares	2,629,374	2,521,141	2,629,374	2,521,141
Earnings per ordinary share attributable to shareholders of the parent (in PLN / EUR)	19.22	15.41	4.59	3.68
Diluted earnings per ordinary share attributable to shareholders of the parent company (in PLN / EUR)	18.67	15.30	4.46	3.65

	As at 31/12/2015 in thousands of PLN	As at 31/12/2014 in thousands of PLN	As at 31/12/2015 in thousands of EUR	As at 31/12/2014 in thousands of EUR
Non-current assets	284,613	181,575	66,787	42,600
Current assets	104,130	67,586	24,435	15,857
Total assets	388,743	249,161	91,222	58,457
Long-term liabilities	88,054	7,860	20,663	1,844
Short-term (current) liabilities	109,427	88,302	25,678	20,717
Equity	191,262	152,999	44,881	35,896
Equity attributable to shareholders of the parent company	185,558	152,999	43,543	35,896
Share capital	2,555	2,555	600	599
Number of ordinary shares	2,554,842	2,554,842	2,554,842	2,554,842
Book value per share attributable to share- holders of the parent company (in PLN per share)	72.63	59.89	17.04	14.05

In the periods covered by the financial statements, the following average exchange rates for the zloty against the euro, established by the National Bank of Poland, were adopted for the conversion of selected financial data:

- the rate applicable on the last day of the reporting period: on 31/12/2015 - 4.2615 PLN/EUR, on 31/12/2014 - 4.2623 PLN/EUR, on 31/12/2013 - 4.1472 PLN/EUR,
- the average exchange rate in the period, calculated as the arithmetic average of the rates prevailing on the last day of each month in the period: 01/01-31/12/2015 - 4.1848 PLN/EUR, 01/01-31/12/2014 - 4.1893 PLN/EUR.

The highest rate applicable in each period was as follows: 01/01-31/12/2015 - 4.2652 PLN/EUR, 01/01-31/12/2014 - 4.3138 PLN/EUR.

The lowest rate applicable in each period was as follows: 01/01-31/12/2015 - 4.0337 PLN/EUR, 01/01-31/12/2014 - 4.0988 PLN/EUR.

3.2. Consolidated income statement

Table 24: Consolidated income statement of Benefit Systems Group

In thousands of PLN	The period from 01/01 to 31/12/2015	The period from 01/01 to 31/12/2014
Continuing operations		
Sales revenue	581,456	452,340
Revenues from sales of products	0	11
Revenues from sales of services	574,119	452,321
Revenues from sales of goods and materials	7,337	8
Costs of sales	431,291	345,404
Cost of products sold	83	0
Cost of services rendered	424,862	345,399
Cost of goods and materials sold	6,347	5
Gross profit on sales	150,165	106,936
Selling expenses	35,269	24,491
General and administrative expenses	51,261	32,673
Other operating income	2,863	1,207
Other operating costs	11,598	1,193
Operating profit	54,900	49,786
Financial income	3,726	5,161
Financial costs	4,034	1,671
Share of profits of associates accounted for using the equity method	8,332	(3,629)
Profit before tax	62,924	49,647
Income tax charge	14,265	11,100
Net profit from continuing operations	48,659	38,547
Discontinued operations		
Net profit from discontinued operations	0	0
Net profit	48,659	38,547
Net profit (loss) attributable to:		
- shareholders of the parent company	49,092	38,563
- non-controlling interests	(433)	(16)

3.3. Consolidated statement of financial position

Table 25: Assets

ASSETS (in thousands of PLN)	As at 31/12/2015	As at 31/12/2014
<i>Non-current assets</i>		
Goodwill	99,569	8,097
Intangible assets	10,191	9,399
Property, plant and equipment	100,714	26,196
Investments in associates accounted for using the equity method	27,122	37,330
Long-term loans and receivables	36,023	91,794
Other long-term financial assets	110	0
Long-term prepayments	945	0
Deferred tax assets	9,939	8,759
Non-current assets	284,613	181,575
<i>Current assets</i>		
Inventories	5,065	1,329
Trade and other receivables	58,921	31,286
Income tax receivable	24	0
Loans	8,776	27,166
Short-term prepayments	7,366	980
Cash and cash equivalents	23,977	6,825
Current assets	104,130	67,586
Total assets	388,743	249,161

Table 26: Liabilities

EQUITY AND LIABILITIES (in thousands of PLN)	As at 31/12/2015	As at 31/12/2014
Equity		
<i>Equity attributable to shareholders of the parent company:</i>		
Share capital	2,555	2,555
Reserve capital	30,500	0
Share premium	41,458	35,040
Exchange differences on translation of foreign operations	(38)	0
Other capital	48,956	68,746
Retained earnings:	62,128	46,658
- accumulated earnings for the previous reporting periods	13,035	8,095
- net profit attributable to shareholders of the parent company for the reporting period	49,092	38,563
Equity attributable to shareholders of the parent Company	185,558	152,999
Non-controlling interests	5,703	0
Total equity	191,262	152,999
LIABILITIES		
Non-current liabilities		
Interest-bearing bank loans, borrowings and debt securities	57,847	1,717
Long-term finance lease liabilities	16,515	4,246
Other liabilities	8,093	0
Deferred tax liabilities	5,161	1,897
Other long-term provisions	438	0
Non-current liabilities	88,054	7,860
Short-term (current) liabilities		
Trade payables and other liabilities	35,413	10,486
Income tax payable	3,214	1,895
Interest-bearing bank loans, borrowings and debt securities	9,608	36,305
Finance lease liabilities	8,725	3,150
Liabilities and provisions for employee benefits	9,676	5,032
Other short-term provisions	2,874	306
Accruals	39,917	31,128
Current liabilities	109,427	88,302
Total liabilities	197,481	96,162
Total equity and liabilities	388,743	249,161

3.4. Consolidated statement of changes in equity

Table 27: Consolidated statement of changes in equity

In thousands of PLN	Equity attributable to shareholders of the parent company								Total equity
	Share capital	Share premium	Exchange differences on translation of foreign operations	Reserve capital	Other capital	Retained earnings	Total	Non-controlling interests	
As at 01/01/2015	2,555	35,040	0	0	68,746	46,658	152,999	0	152,999
Changes in equity in the period from 01/01 to 31/12/2015									
Share-base payment (valuation)		6,418					6,418		6,418
Transactions with non-controlling interests						17	17	6,136	6,153
Dividends						(22,994)	(22,994)		(22,994)
Foreign currency translation differences			(38)				(38)		(38)
Transfer of net profit to other capital				30,500	(30,500)				0
Transfer of supplementary to reserve capital					10,646	(10,646)			0
Total transactions with owners		6,418	(38)	30,500	(19,854)	(33,623)	(16,597)	6,136	(10,461)
Net profit (loss) for the year ended 31/12/2015						49,092	49,092	(433)	48,659
Other comprehensive income for the year ended 31/12/2015					64		64		64
Total other comprehensive income					64	49,092	49,156	(433)	48,723
As at 31/12/2015	2,555	41,458	(38)	30,500	48,956	62,128	185,558	5,703	191,262

Table 28: Consolidated statement of changes in equity (cont.)

	<u>Equity attributable to shareholders of the parent company</u>						
	Share capital	Share premium	Other capital	Retained earnings	Total	Non-controlling interests	Total equity
As at 01/01/2014	2,486	28,510	59,961	32,061	123,018	(561)	122,457
<i>Changes in equity in the period from 01/01 to 31/12/2014</i>							
Shares' issuance (execution of share-based payment programme)	69	6,530			6,599		6,599
Share-base payment (valuation)			5,496		5,496		5,496
Transactions with non-controlling interests				(577)	(577)	577	
Dividends				(19,889)	(19,889)		(19,889)
Transfer of net profit to other capital			3,500	(3 500)			
Total transactions with owners	69	6,530	8,996	(23,967)	(8,372)	577	(7,795)
Net profit (loss) for the year ended 31/12/2014				38,563	38,563	(16)	38,547
Other comprehensive income for the year ended 31/12/2014			(211)		(211)		(211)
Total other comprehensive income			(211)	38,563	38,352	(16)	38,336
As at 31/12/2014	2,555	35,040	68,746	46,658	152,999	0	152,999

3.5. Consolidated statement of cash flows

Table 29: Consolidated statement of cash flows

	From 01/01 to 31/12/2015	From 01/01 to 31/12/2014
<i>Cash flows from operating activities</i>		
Profit before tax	62,924	49,647
<i>Adjustments:</i>		
Depreciation and impairment write-downs of property, plant and equipment	13,253	4,428
Amortization and impairment write-downs of intangible assets	2,291	1,011
Profit on financial instruments valued at fair value through profit or loss	593	0
Profit on sale of property, plant and equipment	82	(360)
Loss on sale of financial assets (other than derivatives)	(60)	0
Gains (losses) on foreign exchange differences	49	(1)
Interest expense	2,367	1,601
Interest and dividends received	(3,415)	(4,809)
Share based payment (incentive programmes)	6,418	5,496
Share in profits (losses) of associates	(8,332)	3,629
Other adjustments	(178)	(33)
Total adjustments	13,067	10,962
Change in inventories	(2,382)	(238)
Change in receivables	(21,468)	(3,795)
Change in liabilities	21,849	(16,133)
Change in prepayments and accruals	6,261	24,120
Changes in working capital	4,261	3,955
Interest paid	(6)	(9)
Income tax paid	(8,689)	(8,375)
Net cash from operating activities	71,557	56,180
<i>Cash flows from investment activities</i>		
Purchase of intangible assets	(6,397)	(9,780)
Purchase of property, plant and equipment	(27,651)	(10,229)
Proceeds from the sale of property, plant and equipment	13,595	10,355
Acquisition of subsidiaries, net of cash acquired	(16 708)	(23)
Loans collected	3,258	2,421
Loans granted	(8,210)	(41,581)
Purchase of other financial assets	(2,202)	(3,477)
Proceeds from the sale of other financial assets	243	0
Interest received	640	237
Dividends received	504	17

	From 01/01 to 31/12/2015	From 01/01 to 31/12/2014
Net cash from investment activities	(42,927)	(52,061)
<i>Cash flows from financing activities</i>		
Net proceeds from the issuance of shares	1,200	6,614
Proceeds from the issuance of debt securities	50,000	0
Proceeds from loans and borrowings	1,741	14,967
Repayment of borrowings	(31,507)	(300)
Lease payments	(7,536)	(4,913)
Interest paid	(2,381)	(1,316)
Dividends paid	(22,994)	(19,889)
Net cash from financing activities	(11,477)	(4,838)
Net change in cash and cash equivalents	17,152	(718)
Cash and cash equivalents at beginning of period	6,825	7,543
Cash and cash equivalents at end of period	23,977	6,825

APPROVAL FOR PUBLICATION

The consolidated financial statements of the Benefit Systems Group for the period of 12 months ended 31/12/2015 (together with comparative data) was approved for publication by the Company's Management Board on 7th March, 2016.

Date	Forename and surname	Position	Signature
7 th March, 2016	Izabela Walczevska-Schneyder	Member of the Management Board	
7 th March, 2016	Adam Kędzierski	Member of the Management Board	
7 th March, 2016	Paweł Markowski	Member of the Management Board	
7 th March, 2016	Grzegorz Mędza	Member of the Management Board	

ANNEX NO. 1

CORPORATE GOVERNANCE STATEMENT OF BENEFIT SYSTEMS S.A. FOR 2015, CONSTITUTING AN ANNEX TO THE REPORT ON THE OPERATIONS OF BENEFIT SYSTEMS GROUP IN 2015

1. An indication of corporate governance principles applicable to the Company and the location where these principles are publicly available.

Since the first quotation of the Company's shares on the parallel market of the Warsaw Stock Exchange, i.e. from 21st April, 2011, the Company has been subject to the rules of corporate governance resulting from the "Best Practices of WSE Listed Companies" as defined in the Annex to Resolution No. 12/1170/2007 of the WSE Supervisory Board of 4th July, 2007, as amended. The text of the Best Practices of WSE Listed Companies, which the Company was subject to in 2015, is publicly available on the website of the Warsaw Stock Exchange (www.gpw.pl/dobre_praktyki_spolek_regulacje).

Starting from 1st January, 2016, the Company is subject to corporate governance rules as set out in the document "Best Practices of WSE Listed Companies 2016" introduced by Resolution No. 26/413/2015 of WSE Supervisory Board, dated 13th October, 2015. The text of this document is available on the Company's website at: <http://www.benefitsystems.pl/relacje-inwestorskie/spolka/lad-korporacyjny>.

Within the scope of this document, the Company on 12th January, 2016, issued report 01/2016 (EIB).

2. An indication of the extent to which the Company has departed from the provisions of the Code of Best Practice for WSE Listed Companies together with an indication of the provisions and explanation of the reasons for the departures.

In terms of the recommendations contained in Section I - Recommendations for Best Practice for Listed Companies - the Company will not apply the recommendations resulting from point I. 5.

Reason: The solutions adopted by the Company for the remuneration of executive directors include a substantial part of the recommendations of the European Commission of 30th April, 2009, on the regime for the remuneration of directors of companies listed on a regulated market (2009/913/EC).

With respect to the other provisions, the Company's Management Board decided not to apply the rules to ensure confidentiality of remuneration and the bonus system for executive directors.

In terms of the recommendations contained in Section I - Recommendations for Best Practice for Listed Companies - the Company will not apply the recommendations resulting from point 12.

Reason: The Company's Management Board allows shareholders or proxy holders to exercise the right to vote during a general meeting in person or by proxy, excluding the possibility of using electronic communication for this.

Due to the relatively low number of shareholders in the Company the introduction of arrangements for exercising the right to vote in person or by proxy using electronic communication channels would be too expensive and too complicated for the Company compared to the actual benefits of such solutions by the Company's shareholders.

In terms of the recommendations contained in point II - Best Practice for the management boards of listed companies - the Company will not use the recommendations resulting from the point II.1, sub-point 9a.

Reason: The Company's Management Board will not publish the proceedings of its General Meetings on its website. However, it will publish the resolutions adopted by the General Assembly in the form of current reports available on the Company's website and will provide access to the minutes of General Meetings at the Company's registered office.

In terms of the recommendations contained in point II - Best practice for management boards for listed companies - the Company will not apply the recommendations resulting from point II.1 in connection with point II 2.

Reason: Given the small share of "free float" in the Company's share capital and the fact that the Company's offer was addressed to domestic investors and the high cost of translating corporate documents, the Company has decided not to publish corporate documents in English for the time being.

In terms of the recommendations contained in point III - Best practices applied by members of supervisory boards - the Company will not apply the recommendations resulting from point III.8.

III.8 - Reason: No committees operate within the Supervisory Board. If the Supervisory Board appoints committees, the Company will endeavour to ensure they operate in accordance with Annex I to the Commission Recommendation of 15th February, 2005, on the role of non-executive directors (...).

In terms of the recommendations contained in point IV - Best practices applied by shareholders - the Company will not apply the recommendations contained in point IV.1.

IV.1 - Reason: According to information held by the company, the shareholders do not wish the presence of the media during General Meetings.

In terms of the recommendations contained in point IV - Best practices applied by shareholders - the Company will not apply the recommendations contained in point IV.10.

Reason: The Company's Management Board does not transmit the proceedings of a General Meeting on its website. However, it publishes the resolutions adopted by the General Assembly in the form of current reports available on the Company's website and provides access to the minutes of General Meetings at the Company's registered office.

Due to the relatively small number of shareholders in the Company, the introduction of electronic communication solutions enabling two-way communication in real time during General Meetings would be too expensive and too complicated for the Company compared to the actual benefits of such solutions by the Company's shareholders.

3. Main features of internal control and risk management in relating to preparation of the financial statements and consolidated financial statements.

As part of the management system Benefit Systems has a system of internal control covering:

- 1) internal functional and process controls,
- 2) internal institutional and departmental controls.

The Department of Finance and Accounting is responsible for internal control. The Department of Finance and Accounting is administratively answerable to a member of the Management Board and reports to him. The principle of operational independence of control and monitoring activities is maintained.

The main functions of the Department of Finance and Accounting in the area of internal control include:

- 1) establishing the principles for the internal control of processes at the Company, and the evaluation of risk management and consultancy in this respect,
- 2) advanced reporting - multidimensional management information,
- 3) monitoring of risk management processes,
- 4) improving the control mechanisms in management systems,
- 5) implementing control activities, scheduled and ad hoc, with regard to individual products of the Company, the Company's areas of operations, and its subsidiaries,

6) cooperation with the external auditor.

In its advisory role the Department of Finance and Accounting moderates internal resolutions and procedures for the Company's operating activities with respect to internal control and risk.

Separate risk management procedures operate in the Company. They govern the procedure for identifying legal risks, financial risks, foreign exchange risk, and the improper implementation of the Company's internal projects. The processes associated with risk management also apply to the formal limits of risk in the Company and include the organisational structure, size and financial capabilities of the Company considered in terms of the amount of the risk incurred.

The Company also applies internal control in the process of preparing its financial statements. The process of preparing financial information for reporting purposes is automated and based on the Symfonia IT system. The preparation of data in source systems is subject to formalized operational and acceptance procedures. Manual adjustments are subject to special control.

The financial statements are prepared by the Department of Finance and Accounting, which is a separate organisational unit reporting directly to the appropriate member of the Board. Substantive and organisational supervision over the audit of the financial statements is exercised by the Chief Accountant. The financial statements are then submitted to the Board for verification. The annual and semi-annual financial statements of the Company are also subject to an independent audit and review by an auditor.

The Company also manages the risk in relation to the financial reporting process by tracking changes in external legislation and regulations relating to the reporting requirements and preparing for their implementation well in advance. The Company also constantly updates its accounting standards used to prepare the financial statements. The Company performs control functions through its representatives in the supervisory boards of subsidiaries that are consolidated for the purpose of preparing the financial statements of the Group.

The Company has a set of rules regarding the management of confidential information and circulation of documents, through which it ensures appropriate protection against the uncontrolled outflow of information from the Company.

4. Information about shareholders holding at least 5% of the votes at the general shareholders' meeting of Benefit Systems S.A., together with changes in the ownership structure of significant share packages in the parent company in the period from the previous quarterly report

The percentage of the share capital and voting rights takes into account the increase in share capital made under the conditional capital issuance. Series C shares were acquired as part of the conditional share capital issuance by the holders of subscription warrants for series A, B and C, granted by the Company in accordance with the provisions of the Incentive Programme for 2011-2013.

The shareholder structure of Benefit Systems S.A. as at the date of this report for 2016 is as follows:

Shareholder	Status on the date of submitting the report for 2015		Status on the date of submitting the report for the 3 rd quarter of 2015		Change
	Number of shares	Share in the total number of votes at a General Shareholders' Meeting	Number of shares	Share in the total number of votes at a General Shareholders' Meeting	
James Van Bergh	618,180	24.20%	618,180	24.20%	0
Benefit Invest Ltd.	593,784	23.24%	593,784	23.24%	0
MetLife DFE (formerly Amplico OFE and DFE)	330,000	12.92%	330,000	12.92%	0
Marek Kamola	267,878	10.49%	267,878	10.49%	0
Nationale-Nederlanden (formerly ING OFE)	240,000	9.39%	240,000	9.39%	0
Others	505,000	19.77%	505,000	19.77%	0
TOTAL	2,554,842	100.00%	2,554,842	100.00%	-

The parent company's share capital amounts to 2,554,842 PLN. The number of shares in the share capital amounts to 2,554,842 shares, including 2,204,842 shares of series A, 200,000 shares of series B and 150,000 shares of series C - the shares have a nominal value of 1 PLN each. The total number of votes resulting from issued shares is 2,554,842 - the shares give participation in the share capital of Benefit Systems S.A. equal to the share in the total number of votes at the General Shareholders' Meeting.

5. The holders of any securities giving special control rights and a description of such rights.

The Group is not aware of any holders of securities with special powers. The Company's statute does not confer special powers to any shareholders or holders of other securities.

6. Restrictions on voting rights, such as a limitation in the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights or provisions according to which, with the cooperation of the Company, the equity rights related to securities are separated from holding securities.

According to information held by the Company, in 2015 there was no restriction on voting rights for shares issued by the Company.

7. Restrictions on the transfer of ownership to the Company's securities.

From information held by the Company, in 2015 there were no restrictions on the transfer of ownership to the Company's securities, as none of the persons entitled to convert the warrants of series D into series D shares under a conditional increase in share capital, exercised this option during 2015.

8. The rules governing the appointment and dismissal of member of managing bodies and their rights, including the right to decide on the issue or redemption of shares.

The Management Board for the Company and each of the members of the Board is appointed for a joint four-year term and dismissed on the basis of a resolution of the Supervisory Board. The Supervisory Board adopts resolutions with a majority of 3/5 of votes in the presence of at least half of the members of the Supervisory Board. In the case of a tied vote, the Chairman of the Supervisory Board holds the casting vote. All members of the Supervisory Board must be invited to a session for the validity of the Supervisory Board's resolutions.

Members of the Management Board may be reappointed for successive terms.

The Board is entitled to manage the Company's affairs to the extent specified in the in the Company's statute and unrestricted to other authorities of the Company pursuant to the Company's statute and the provisions of current law.

9. Amendments to the Company's statute or articles of association.

A change in the Company's statute is within the competence of the General Assembly and requires a resolution by the General Shareholders' Meeting of the Company passed with an absolute majority of votes, while maintaining the specific requirements of the provisions of current law.

In accordance with the provisions of the Code for Commercial Companies, in the case of an intended amendment to the statute contained in the notice convening the General Meeting, which is published on the website of the Company and in accordance with the principles of providing current and periodic information, all the existing provisions and the proposed changes are included in the notice.

Following the adoption by the General Assembly of a resolution to amend the Company's statute, the Management Board shall notify the court of registration of this fact. A change made in the statute is in force from the time of its registration by the court.

Subsequently, the Supervisory Board specifies the uniform text of the statute taking into account the changes, if the General Assembly authorises the Supervisory Board in this regard.

10. The modus operandi for a general shareholder's meeting, its key powers, and a description of shareholders' rights and their execution, in particular the principles arising from the regulations for the general shareholders' meeting.

The General Meeting of the company operates on the basis of:

- 1) the Company's statute,
- 2) the regulations of the Company's General Meeting – the resolution of the Extraordinary General Shareholder's Meeting from 24th November, 2010, which sets the rules for participation in General Meetings and the exercise of voting rights and the procedure for convening and cancelling the General Assembly, its opening and proceedings, as well as the procedure for election of Supervisory Board Members.

The General Assembly, held at the registered office of the Company, is convened by the Company's Management Board in the cases provided for in the statute or the Code of Commercial Companies. However, a General Meeting should be held no later than six months after the end of the financial year.

The right to convene the Annual General Meeting is also held by the Supervisory Board, if the Management Board does not convene it within the aforementioned time, and in the case of an Extraordinary General Meeting, if the Supervisory Board deems it necessary to convene an extraordinary meeting.

The Extraordinary General Meeting is convened by the Company's Management Board on its own initiative, at the request of the Supervisory Board or at the request of any member of the Supervisory Board and in the cases specified in the statute and mandatory provisions of law.

The request to convene a general meeting and include certain issues on its agenda, as well as a request to remove an issue from the agenda submitted by authorised parties, should be submitted to the Management Board in writing or in electronic form and justified in a manner enabling the adoption of resolutions with due discernment. Draft resolutions to be adopted by the General Assembly and other relevant documents should be presented to the shareholders together with a justification and the opinion of the Supervisory Board, if the Supervisory Board considers an opinion to be justified before the General Assembly, in sufficient time to read them and evaluate them with regard to the provisions of the Code for Commercial Companies.

The General Assembly is convened by an announcement on the Company's website and in accordance with the principles of providing current and periodic information.

Holders of registered shares, temporary certificates, pledgees and users who are entitled to vote, are allowed to participate in the General Meeting if they are entered in the share register on the date of registering the participation in the General Meeting.

Holders of bearer shares in the form of a document are entitled to participate in General Meetings, if the share documents are submitted to the Company no later than on the date of registration of participation in the General Meeting and are not collected before the end of the day. Certificates issued as proof of depositing shares with a notary, a bank or an investment company with its registered office or a branch established in the territory of the European Union or a state, which is party to the Agreement on the European Economic Area, may be submitted instead. The certificate should list the number of share documents and state that the shares will not be released before the end of the General Meeting.

In order to participate in a General Meeting, holders of dematerialized bearer shares have the right to demand from the entity managing their securities account the issue of a personal certificate of entitlement to participate in a General Meeting. This request must be submitted no earlier than after the notice convening the General Meeting and no later than the first business day after the registration for participation in the General Meeting.

The General Meeting should be attended by members of the Management Board and the Supervisory Board with a representation enabling them to provide substantive answers to questions asked during the General Meeting and in a General Meeting, where the agenda includes the Company's financial matters, the auditor performing the audit of the financial statements of the Company and the chief accountant of the Company should also participate.

The General Meeting may be attended by experts and other persons invited by the body convening the General Meeting. The members of the Supervisory Board and the Management Board and invited experts should, within the limits of their powers and to the extent necessary to settle issues discussed by the Assembly, provide the participants of the meeting with explanations and information concerning the Company.

In addition to the matters specified in the Code for Commercial Companies and the Statute, resolutions of the General Meeting shall be required:

- 1) to determine the date and dividend payment date,
- 2) to consider points lodged by the Supervisory Board, the Management Board or by shareholders,
- 3) to appoint members of the Supervisory Board on the terms described in the Statute,
- 4) to determine the remuneration of the members of the Supervisory Board.

A shareholder who is a non-corporate shareholder may participate in a General Meeting and exercise their right to vote in person or by proxy.

A shareholder who is not a non-corporate shareholder may participate in a General Meeting and exercise their right to vote through a person authorised to represent it or by proxy.

The power of attorney shall be prepared in writing under pain of invalidity or granted in electronic form and attached to the minutes of the General Meeting.

A power of attorney in electronic form should be notified to the Company at the address indicated in the notice convening the General Meeting in the form of an email, whilst making all efforts to ensure the effective verification of the validity of the power of attorney. Along with information on the power of attorney, the principal sends a scan of the power of attorney and a scan of the ID card, passport or driving license of the shareholder as the principal and the appointed proxy. If the power of attorney is granted by a legal person or entity referred to in article 33¹ of the Civil Code, the principal sends a scanned copy of the register in which the principal is registered. Documents sent electronically should be translated into Polish by a sworn translator. A shareholder sending notice of a power of attorney being granted simultaneously sends it to the Company's email address and the telephone number of the shareholder and proxy, which the Company will be able to use to communicate with the shareholder and their proxy. Electronic submission of the above documents does not provide the proxy with exemption from presenting the identification documents when drawing up the list of persons entitled to participate in the General Meeting.

The Company shall take appropriate action to identify the shareholder and the proxy in order to verify the validity of the power of attorney granted in electronic form. This verification may consist of, among other things, a return question sent by mail or telephone to the shareholder and the proxy in order to confirm the granting of the power of attorney.

The rules concerning the identification of the shareholder and the proxy shall apply accordingly in the event of the cancellation of the power of attorney. The notification of the granting or revoking of a power of attorney without observing the procedure described above, shall have no legal effect for the Company.

Members of the Management Board or employees of the Company cannot be proxies of a shareholder at a General Meeting, with the reservation that this restriction does not apply to a public company.

The Company provides a form on its website allowing the exercise of a vote by a proxy.

A shareholder may vote differently for each share owned.

Voting on resolutions is open, with the exception of the following issues:

The Chairman of the General Shareholders' Meeting shall order a secret ballot for appointments or dismissals of members of the Company's bodies or liquidators, for calling them to account, as well as in personal matters. In addition, the Chairman of the General Meeting shall order a secret ballot at the request of at least one of the shareholders present or represented at the General Shareholders' Meeting.

The General Assembly may adopt a resolution to waive the secrecy of voting on issues relating to the election of the Returning Committee. For this purpose, before adopting a resolution on the election of the Returning Committee, the General Assembly must each time adopt a resolution to waive the secrecy of the vote on the resolution to elect the Returning Committee.

Resolutions relating to a significant change in the Company's activities are passed in an open vote by roll call and should be made public.

Voting can take place using electronic means, but this does not mean there is the possibility of participating in the General Meeting by means of electronic communication provided for in article 406⁵ of the Code for Commercial Companies.

A shareholder may not, either personally or by proxy or as a proxy of another person, vote on resolutions concerning his liability towards the Company for any reason, including discharge, release from obligations to the Company and a dispute between him/her and the Company. In the event the Company obtains the status of a public company, a shareholder may vote as a proxy when making resolutions concerning his/her person.

Resolutions on the election of bodies or committees are held by voting for each candidate separately in alphabetical order. If the number of candidates is not greater than the number of seats, the Chairman of the General Meeting may order a joint vote on the list of candidates, if none of the shareholders object to this.

If the candidates receive an equal number of votes, the Chairman of the General Shareholders' Meeting shall order a re-vote with the participation of these candidates, if it is necessary to determine the persons to be selected.

With the reservation of § 8, paragraph 2 of the Rules, the Chairman of the General Shareholders' Meeting shall announce the result of voting and state that a resolution was adopted or that a resolution was not adopted due to failing to obtain the required majority of votes. The Chairman reads out the contents of the adopted resolution.

Objectors to a resolution must have the opportunity to concisely present the reasons for their objections.

Resolutions of the General Meeting shall be passed with an absolute majority of votes unless the Statute or the Code for Commercial Companies Code provide otherwise.

The resolutions of the General Meeting are placed in the minutes drawn up by a notary, on pain of nullity.

The minutes state the correctness of convening the General Meeting, its ability to adopt resolutions and the resolutions adopted, and for each resolution the number of shares for which valid votes were cast, the percentage of share capital, the total number of valid votes, the number of votes "for" "against" and "abstained" and the objections raised. The attendance list signed by the participants of the General Assembly is attached to the minutes. The evidence of convening the General Meeting shall be placed in the ledger of minutes.

An extract from the minutes, together with the evidence of convening the General Meeting and the powers of attorney granted by shareholders, is attached by the Management Board to the ledger of minutes.

Shareholders may view the ledger of minutes and request the issue of copies of resolutions certified by the Management Board.

Within a week of the end of the General Meeting, the Company shall disclose on its website the results of voting to the extent specified in paragraph 2. The results of voting should be available until the deadline to appeal against the resolution of the General Meeting.

At the request of a participant the General Meeting shall include in the minutes a declaration of the participant submitted in writing.

11. Supervisory Board and Management Board composition and changes that have taken place in the bodies of the Company.

As at 31/12/2015, the Company's Management Board consisted of the following persons:

- 1) Izabela Walczewska-Schneyder - member of the Management Board,
- 2) Adam Kędzierski - member of the Management Board,
- 3) Paweł Markowski - member of the Management Board.

The following persons were members of the Supervisory Board for the Company in 2015:

- 1) James Van Bergh - Chairman of the Supervisory Board
- 2) Przemysław Gacek - Deputy Chairman of the Supervisory Board
- 3) Marcin Marczuk - Member of the Supervisory Board
- 4) Artur Osuchowski - Member of the Supervisory Board
- 5) Michael Sanderson - Member of the Supervisory Board

The Company's Management Board operates on the basis of the Regulations of the Management Board. The Company's Supervisory Board acts on the basis of the Regulations of the Supervisory Board.

On 13th February, 2015, Mr Tomasz Józefacki resigned from the position of Chairman of the Board with immediate effect.

No committee operated in the Supervisory Board in 2015. The functions of the Audit Committee and the Remuneration Committee were performed by the Supervisory Board.

Date	Forename and surname	Position	Signature
7 th March, 2016	Izabela Walczewska-Schneyder	Member of the Management Board	
7 th March, 2016	Adam Kędzierski	Member of the Management Board	
7 th March, 2016	Paweł Markowski	Member of the Management Board	
7 th March, 2016	Grzegorz Mędza	Member of the Management Board	