

# MCI Capital S.A.

## Condensed Interim Financial Statements for the period from 1 January to 30 June 2017

*Translation from the Polish original*

**MCI Capital S.A.**  
**Condensed Interim Financial Statements**  
**for the period from 1 January to 30 June 2017**



For the shareholders of MCI Capital S.A.

In accordance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Journal of Laws of 2014, No 133), the Management Board of the entity is obliged to provide preparation of the financial statements in accordance with applicable accounting principles giving a fair and true view of the financial and material situation of MCI Capital S.A. for the reporting period from 1 January to 30 June 2017 and from 1 April to 30 June 2017.

These condensed interim financial statements were approved for publication and signed by the Management Board of the Company.

| Name                       | Position/Function                      | Signature |
|----------------------------|--|-----------|
| <b>Tomasz Czechowicz</b>   | President of the Management Board      |           |
| <b>Ewa Ogryczak</b>        | Vice-President of the Management Board |           |
| <b>Krzysztof Stupnicki</b> | Vice-President of the Management Board |           |
| <b>Tomasz Masiarz</b>      | Board Member                           |           |

Keeping the Books of Account  
Mazars Polska Sp. z o.o.  
00-549 Warsaw, ul. Piękna 18

**Warsaw, 18 August 2017 r.**

**MCI Capital S.A.**  
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**for the period from 1 January to 30 June 2017**



**SPIS TREŚCI**

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**MCI Capital S.A.**  
**Condensed Interim Financial Statements**  
**for the period from 1 January to 30 June 2017**



**SELECTED FINANCIAL DATA**

|  | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 31.12.2016 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 31.12.2016 | For the period:<br>from 01.01.2016<br>to 30.06.2016 |
|--|---|---|---|---|---|---|
|  | PLN'000   | PLN'000   | PLN'000   | EUR'000   | EUR'000   | EUR'000   |
| Investment profits   | 56 029  | (74 948)  | 49 144  | 13 120  | (17 128)  | 11 219  |
| Profit on operating activities                                       | 54 425  | (80 146)  | 46 442  | 12 744  | (18 316)  | 10 602  |
| Profit before taxation   | 48 396  | (85 313)  | 46 309  | 11 332  | (19 497)  | 10 572  |
| Net profit   | 47 366  | (82 243)  | 48 160  | 11 091  | (18 795)  | 10 994  |
| Net cash from operating activities                                   | (2 072)   | 72 404  | 45 168  | (485)   | 16 547  | 10 311  |
| Net cash from investment activities                                  | 1 023   | (59 286)  | (32 269)  | 240   | (13 549)  | (7 367)   |
| Net cash from financial activities                                   | (61 786)  | 7 818   | (17 145)  | (14 468)  | 1 787   | (3 914)   |
| Net increase/(decrease) of cash and cash equivalents                 | (62 835)  | 20 936  | (4 246)   | (14 713)  | 4 785   | (969)   |
|  | <b>Balance as at<br/>30.06.2017</b>                 | <b>Balance as at<br/>31.12.2016</b>                 | <b>Balance as at<br/>30.06.2016</b>                 | <b>Balance as at<br/>30.06.2017</b>                 | <b>Balance as at<br/>31.12.2016</b>                 | <b>Balance as at<br/>30.06.2016</b>                 |
|  | PLN'000   | PLN'000   | PLN'000   | EUR'000   | EUR'000   | EUR'000   |
| Total assets   | 1 334 762   | 1 340 871   | 1 438 176   | 315 808   | 303 090   | 324 975   |
| Non-current liabilities  | 193 734   | 221 422   | 188 948   | 45 838  | 50 050  | 42 695  |
| Current liabilities  | 108 497   | 76 784  | 56 276  | 25 671  | 17 356  | 12 716  |
| Equity   | 1 032 531   | 1 042 665   | 1 192 952   | 244 299   | 235 684   | 269 563   |
| Share capital  | 52 853  | 58 752  | 61 780  | 12 505  | 13 280  | 13 960  |
| No of shares (in items)  | 52 853 114  | 58 752 198  | 61 779 619  | 52 853 114  | 58 752 198  | 61 779 619  |
| Weighted average no of shares for period (in items)                  | 58 491 465  | 61 527 334  | 61 779 619  | 58 491 465  | 61 527 334  | 61 779 619  |
| Profit (loss) per one weighted average ordinary share (in PLN / EUR) | 0.81  | (1.34)  | 0.78  | 0.19  | (0.31)  | 0.18  |
| Book value per one share (in PLN / EUR)                              | 19.54   | 17.75   | 19.31   | 4.62  | 4.01  | 4.36  |

The above selected financial data are in addition to the financial statements prepared in accordance with the IAS 34 and have been converted into EUR according to the following principles:

- individual assets and liabilities as at the balance sheet date - according to the average exchange rate prevailing as at the balance sheet date, announced by the National Bank of Poland; respectively as at 30 June 2017 – 4.2265, as at 31 December 2016 – 4.4240, as at 30 June 2016 – 4.4255;
- individual items in the statement of profit and loss and other comprehensive income and the statement of cash flows for the period from 1 January to 30 June of the given year - at the average rate, calculated as the arithmetic average of exchange rates published by National Bank of Poland on the last day of the month during the period; respectively for the period from 1 January to 30 June 2017 – 4.2474; from 1 January to 31 December 2016 – 4.3757 and from 1 January to 30 June 2016 – 4.3805.

**MCI Capital S.A.**  
**Condensed Interim Financial Statements**  
**for the period from 1 January to 30 June 2017**



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the period from 1 January to 30 June 2017**

|   |       | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|---|-------|---|---|---|---|
|   | NOTES | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Revaluation and realised profit on shares       | 1a    | 52 321  | 41 400  | 47 648  | (18 969)  |
| Profit on investment certificates               | 1b    | 5 618   | 773   | (1 380)   | (2 293)   |
| Revaluation of derivative financial instruments | 1c    | (1 910)   | (800)   | 2 876   | 2 782   |
| <b>Investment profits (loss)</b>                |       | <b>56 029</b>                                       | <b>41 373</b>                                       | <b>49 144</b>                                       | <b>(18 480)</b>                                     |
| Operating expenses                              | 2     | (1 812)   | (870)   | (2 748)   | (1 729)   |
| Other operating income                          |       | 208   | 2   | 46  | 12  |
| Other operating expenses                        |       | -   | -   | -   | -   |
| <b>Profit (loss) on operating activities</b>    |       | <b>54 425</b>                                       | <b>40 505</b>                                       | <b>46 442</b>                                       | <b>(20 197)</b>                                     |
| Revenues from dividends received                |       | -   | -   | 5 054   | 5 054   |
| Finance income                                  | 3     | 2 855   | 1 297   | 2 318   | 1 275   |
| Finance expenses                                | 3     | (8 884)   | (4 358)   | (7 505)   | (3 491)   |
| <b>Profit (loss) before taxation</b>            |       | <b>48 396</b>                                       | <b>37 444</b>                                       | <b>46 309</b>                                       | <b>(17 359)</b>                                     |
| Income tax                                      | 4     | (1 030)   | (732)   | 1 851   | 1 119   |
| <b>Net profit (loss)</b>                        |       | <b>47 366</b>                                       | <b>36 712</b>                                       | <b>48 160</b>                                       | <b>(16 240)</b>                                     |
| Other net comprehensive income                  |       | -   | -   | -   | -   |
| <b>Other comprehensive income</b>               |       | <b>47 366</b>                                       | <b>36 712</b>                                       | <b>48 160</b>                                       | <b>(16 240)</b>                                     |
| <b>Earnings (loss) per share</b>                |       |   |   |   |   |
| Basic   | 5     | 0.81  | 0.63  | 0.78  | (0.26)  |
| Diluted   | 5     | 0.78  | 0.60  | 0.75  | (0.23)  |

The statement on profit or loss and other comprehensive income should be read in conjunction with selected explanatory notes and the notes to the condensed interim financial statements on pages 9 to 42.

**MCI Capital S.A.**  
**Condensed Interim Financial Statements**  
**for the period from 1 January to 30 June 2017**



**STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2017**

|                                     | NOTES | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|-------------------------------------|-------|--|--|--|
| <b>ASSETS</b>                       |       |  |  |  |
| <b>Non-current assets</b>           |       |  |  |  |
| Tangible fixed assets               |       | 607                                    | 784                                    | 335                                    |
| Investment certificates             | 6     | 98 267                                 | 113 945                                | 141 356                                |
| Investments in subsidiaries         | 7     | 1 139 690                              | 1 083 838                              | 1 185 107                              |
| Investments in associates           | 8     | 17 735                                 | 21 389                                 | 33 662                                 |
| Investments in other entities       |       | 7                                      | 7                                      | 7                                      |
| Loans granted                       | 9     | -                                      | 205                                    | 202                                    |
| Trade and other receivables         | 10    | 437                                    | 437                                    | -                                      |
| Deferred income tax assets          | 4     | 6 805                                  | 8 000                                  | 5 454                                  |
| Derivatives                         | 1d    | 200                                    | 2 110                                  | 4 660                                  |
|                                     |       | <b>1 263 748</b>                       | <b>1 230 715</b>                       | <b>1 370 783</b>                       |
| <b>Current assets</b>               |       |  |  |  |
| Trade and other receivables         | 10    | 26 009                                 | 1 960                                  | 5 589                                  |
| Receivables from bills of exchange  | 11    | 25 470                                 | 26 063                                 | 4 807                                  |
| Loans granted                       | 9     | 1 108                                  | 871                                    | 917                                    |
| Cash and cash equivalents           | 12    | 18 427                                 | 81 262                                 | 56 080                                 |
|                                     |       | <b>71 014</b>                          | <b>110 156</b>                         | <b>67 393</b>                          |
| <b>Total assets</b>                 |       | <b>1 334 762</b>                       | <b>1 340 871</b>                       | <b>1 438 176</b>                       |
| <b>EQUITY AND LIABILITIES</b>       |       |  |  |  |
| <b>Equity</b>                       |       |  |  |  |
| Share capital                       | 14    | 52 853                                 | 58 752                                 | 61 780                                 |
| Reserve capital                     | 14    | 886 686                                | 1 020 712                              | 1 047 672                              |
| Other reserve capital               |       | 43 955                                 | 43 773                                 | 43 591                                 |
| Retained earnings                   |       | 1 671                                  | 1 671                                  | 1 671                                  |
| Net profit/loss                     |       | 47 366                                 | (82 243)                               | 48 160                                 |
| Own shares                          | 14    | -                                      | -                                      | (9 922)                                |
|                                     |       | <b>1 032 531</b>                       | <b>1 042 665</b>                       | <b>1 192 952</b>                       |
| <b>Non-current liabilities</b>      |       |  |  |  |
| Received loans                      |       | -                                      | 107                                    | 124                                    |
| Liabilities on bonds                | 16    | 192 821                                | 221 315                                | 188 824                                |
| Trade and other payables            | 17    | 913                                    | -                                      | -                                      |
|                                     |       | <b>193 734</b>                         | <b>221 422</b>                         | <b>188 948</b>                         |
| <b>Current liabilities</b>          |       |  |  |  |
| Trade and other payables            | 17    | 3 177                                  | 4 108                                  | 3 463                                  |
| Liabilities on bonds                | 16    | 93 638                                 | 44 747                                 | 41 010                                 |
| Bills of exchange                   |       | -                                      | 16 031                                 | -                                      |
| Received loans                      |       | -                                      | 41                                     | 41                                     |
| Provisions                          | 18    | 11 682                                 | 11 857                                 | 11 762                                 |
|                                     |       | <b>108 497</b>                         | <b>76 784</b>                          | <b>56 276</b>                          |
| <b>Total Equity and Liabilities</b> |       | <b>1 334 762</b>                       | <b>1 340 871</b>                       | <b>1 438 176</b>                       |

The statement of financial position should be read in conjunction with selected explanatory notes and the notes to the condensed interim financial statements on pages 9 to 42.

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**STATEMENT OF CHANGES IN EQUITY**  
**for the period from 1 January to 30 June 2017**

| PLN'000                            | Share capital | Reserve capital  |  |   |                         | Other reserve capital                                       |  | Retained earnings | Net profit/loss | Own shares     | Total equity     |
|------------------------------------|---------------|--|--|---|-------------------------|---|--|-------------------|-----------------|----------------|------------------|
|                                    |               | Issue of shares as part of conversion of convertible bonds | Issue of shares - implementation of the management options programme | Issue of shares above their nominal value | Distribution of profits | Management options programme and other share-based payments | Measurement of the equity component of bonds |                   |                 |                |                  |
| <b>As at 01.01.2016</b>            | <b>61 780</b> | <b>28 175</b>  | <b>2 792</b>   | <b>106 440</b>                            | <b>788 802</b>          | <b>38 249</b>   | <b>5 395</b>                                 | <b>1 671</b>      | <b>121 463</b>  | <b>(150)</b>   | <b>1 154 617</b> |
| Transfer of profit/loss            | -             | -  | -  | -   | 121 463                 | -   | -  | -                 | (121 463)       | -              | -                |
| Redemption of own shares           | -             | -  | -  | -   | -                       | -   | -  | -                 | -               | (9 922)        | (9 922)          |
| Remuneration in the form of shares | -             | -  | -  | -   | -                       | 25  | -  | -                 | -               | 150            | 175              |
| Settlement of option programmes    | -             | -  | -  | -   | -                       | (78)  | -  | -                 | -               | -              | (78)             |
| Profit/loss for the period         | -             | -  | -  | -   | -                       | -   | -  | -                 | 48 160          | -              | 48 160           |
| <b>As at 30.06.2016</b>            | <b>61 780</b> | <b>28 175</b>  | <b>2 792</b>   | <b>106 440</b>                            | <b>910 265</b>          | <b>38 196</b>   | <b>5 395</b>                                 | <b>1 671</b>      | <b>48 160</b>   | <b>(9 922)</b> | <b>1 192 952</b> |
| <b>As at 01.01.2016</b>            | <b>61 780</b> | <b>28 175</b>  | <b>2 792</b>   | <b>106 440</b>                            | <b>788 802</b>          | <b>38 249</b>   | <b>5 395</b>                                 | <b>1 671</b>      | <b>121 463</b>  | <b>(150)</b>   | <b>1 154 617</b> |
| Transfer of profit/loss            | -             | -  | -  | -   | 121 463                 | -   | -  | -                 | (121 463)       | -              | -                |
| Redemption of own shares           | (3 028)       | -  | -  | -   | (26 960)                | -   | -  | -                 | -               | -              | (29 988)         |
| Remuneration in the form of shares | -             | -  | -  | -   | -                       | 207   | -  | -                 | -               | 150            | 357              |
| Settlement of option programmes    | -             | -  | -  | -   | -                       | (78)  | -  | -                 | -               | -              | (78)             |
| Profit/loss for the period         | -             | -  | -  | -   | -                       | -   | -  | -                 | (82 243)        | -              | (82 243)         |
| <b>As at 31.12.2016</b>            | <b>58 752</b> | <b>28 175</b>  | <b>2 792</b>   | <b>106 440</b>                            | <b>883 305</b>          | <b>38 378</b>   | <b>5 395</b>                                 | <b>1 671</b>      | <b>(82 243)</b> | <b>-</b>       | <b>1 042 665</b> |
| <b>As at 01.01.2017</b>            | <b>58 752</b> | <b>28 175</b>  | <b>2 792</b>   | <b>106 440</b>                            | <b>883 305</b>          | <b>38 378</b>   | <b>5 395</b>                                 | <b>1 671</b>      | <b>(82 243)</b> | <b>-</b>       | <b>1 042 665</b> |
| Transfer of profit/loss            | -             | -  | -  | -   | (82 243)                | -   | -  | -                 | 82 243          | -              | -                |
| Redemption of own shares           | (5 899)       | -  | -  | -   | (51 783)                | -   | -  | -                 | -               | -              | (57 682)         |
| Remuneration in the form of shares | -             | -  | -  | -   | -                       | 182   | -  | -                 | -               | -              | 182              |
| Profit/loss for the period         | -             | -  | -  | -   | -                       | -   | -  | -                 | 47 366          | -              | 47 366           |
| <b>As at 30.06.2017</b>            | <b>52 853</b> | <b>28 175</b>  | <b>2 792</b>   | <b>106 440</b>                            | <b>749 279</b>          | <b>38 560</b>   | <b>5 395</b>                                 | <b>1 671</b>      | <b>47 366</b>   | <b>-</b>       | <b>1 032 531</b> |

The statement of changes in equity should be read in conjunction with selected explanatory notes and the notes to the condensed interim financial statements on pages 9 to 42.

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**STATEMENT OF CASH FLOWS**  
**for the period from 1 January to 30 June 2017**

|   | For the period:<br>from 01.01.2017<br>to 30.06.2017<br>PLN'000 | For the period: *<br>from 01.01.2016<br>to 30.06.2016<br>PLN'000 |
|---|--|--|
| <b>Cash flows from operating activities</b>                 |  |  |
| <b>Net profit for the reporting period</b>                  | <b>47 366</b>  | <b>48 160</b>  |
| Adjustments:  |  |  |
| Depreciation of tangible fixed assets                       | 115  | 81   |
| Revaluation of shares, certificates and derivatives         | (56 029)   | (49 144)   |
| Share-based incentive programmes                            | 182  | 175  |
| Change in certificates                                      | 21 296   | 42 710   |
| Costs of issue of bonds - paid                              | (268)  | (897)  |
| Finance income and expenses                                 | 8 034  | 7 254  |
| Flat-rate income tax collected                              | (1 232)  | -  |
| Other adjustments   | 1 511  | (164)  |
| Change in provisions  | (175)  | 12   |
| Change in trade and other receivables                       | (24 049)   | (4 032)  |
| Change in trade and other payables                          | (18)   | 2 864  |
| Change in deferred tax assets and liabilities               | 1 195  | (1 851)  |
| <b>Net cash from operating activities</b>                   | <b>(2 072)</b>   | <b>45 168</b>  |
| <b>Cash flows from investment activities</b>                |  |  |
| Proceeds from sale and repayment of bills of exchange       | 20 067   | 12 110   |
| Proceeds from granted loans                                 | -  | 1 310  |
| Proceeds from sale of subsidiaries                          | 122  | -  |
| Proceeds from sale of fixed assets                          | 106  | -  |
| Expenditure on granted loans                                | -  | (200)  |
| Outflows for the purchase of bills of exchange              | (19 000)   | (12 000)   |
| Outflows for the purchase of shares of subsidiaries         | -  | (33 474)   |
| Outflows for the purchase of fixed assets                   | (272)  | (15)   |
| <b>Net cash from investment activities</b>                  | <b>1 023</b>   | <b>(32 269)</b>  |
| <b>Cash flows from financial activities</b>                 |  |  |
| Outflows for the purchase of own shares                     | (57 682)   | (9 922)  |
| Repayment of bills of exchange with interests               | (16 188)   | -  |
| Issue of bonds  | 20 000   | 54 500   |
| Repayment of loans with interests                           | (150)  | (21)   |
| Repayment of bonds  | -  | (54 800)   |
| Interests paid on bonds                                     | (7 766)  | (6 902)  |
| <b>Net cash from financial activities</b>                   | <b>(61 786)</b>  | <b>(17 145)</b>  |
| <b>Net increase/(decrease) of cash and cash equivalents</b> | <b>(62 835)</b>  | <b>(4 246)</b>   |
| Opening balance of cash and cash equivalents                | 81 262   | 60 326   |
| Change in cash due to exchange rate differences             | -  | -  |
| <b>Closing balance of cash and cash equivalents</b>         | <b>18 427</b>  | <b>56 080</b>  |

\*Change in presentation of comparable data on income on redemption of investment certificates and expense on purchase of investment certificates.

The statement of cash flows should be read in conjunction with selected explanatory notes and the notes to the condensed interim financial statements on pages 9 do 42.



## **SELECTED EXPLANATORY INFORMATION**

### **General information**

With a decision of the District Court for the city of Wrocław-Fabryczna of 21 July 1999, MCI Capital S.A. (hereinafter referred to as the "Company" or "MCI") was entered into the Commercial Register under RHB No 8752. With a decision of the District Court for Wrocław-Fabryczna in Wrocław, 6<sup>th</sup> Commercial Division of the National Court Register of 28 March 2001, the Company was entered into the National Court Register under No 0000004542. The Company was assigned:

- Statistical Number REGON: 932038308,
- NIP (tax ID): 899-22-96-521,
- The registered office of the Company is located at Plac Europejski 1 in Warsaw,
- The life of the Company is unlimited

MCI carries on direct investment activities of the private equity / venture capital type and invests its assets through 5 investment funds of diversified investment strategy. The funds invest entrusted funds in investment assets in accordance with their investment strategy. From large buyout and growth investment (MCI.EuroVentures 1.0 FIZ and MCI.TechVentures 1.0 FIZ) to investments in start-ups and small technology companies (Helix Ventures FIZ and Internet Ventures FIZ) to debt instruments and property (MCI.CreditVentures 2.0 FIZ). Investments in portfolio companies are made in the horizon of several years, during which management actively supports development of companies and supervises execution of business strategy by them, and then looks for opportunities to sell. The most important assets are shares in companies and other financial instruments, such as: bonds, investment certificates, bills of exchange, loans and deposits.

### **Basis for the drafting of the Financial Statements**

These condensed interim financial statements have been prepared in line with the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union ("IAS 34").

This report does not contain all the information required by International Standards Financial Reporting approved by the EU ("IFRS") for complete financial statements. However, it contains selected explanatory notes to clarify the events and transactions that are relevant for understanding changes in financial position and results of operations of the Group since the date of its most recent annual financial statements as at and for the year ended 31 December 2016.

Accordingly, these condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group prepared in accordance with IFRS EU for the financial year ended 31 December 2016.

The following financial data presented on a quarterly basis:

- for the period from 01/04/2017 to 30/06/2017,
  - for the period from 01/04/2016 to 30/06/2016,
- was not the subject of a separate review or audit by an independent auditor.

### **Amendments in the published Standards and Interpretations, that entered into force since 1 January 2017**

Changes introduced by Standards and Interpretations, which entered into force since 1 January 2017 have no effect on the Company.

### **Standards and Interpretations published and adopted by the EU that are not yet effective**

The Company analyses the effect of the published Standards and Interpretations, including IFRS 15 and IFRS 9, and assesses that except for additional disclosures they should not materially affect the Financial Statements.

### **Information concerning the preparation of the consolidated financial statements**

In accordance with the criteria of paragraph 27 of IFRS 10, an entity meets the definition of an investment entity if it:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

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- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis, thus it can be classified as an investment entity.

The main goal of MCI in purchasing the investment certificates for funds was to earn benefits by investing in financial assets and earning profit from an increase in the value of net assets of the funds. The company invests funds in order to obtain returns from the increase in the value of investments (investment certificates). The main activity of the Company is to invest funds to five closed-end investment funds and thus obtain a return on the invested capital. The company, as a public company, has many investors for whom the most important issue is the return on the invested capital over the long term. The Management Board analyses and evaluates the performance of the Company's activities through the prism of the increase in the fair value of assets being held, which are portfolio investments of closed-end investment funds, through which the Company conducts its investments. The fair value is the best reflection of the value of assets held by the Company.

The Company meets the criteria for classification as an investment entity as defined in paragraph 27 of IFRS 10 *Consolidated Financial Statements* ("IFRS 10"). The Company does not prepare consolidated financial statements because it does not have subsidiaries which provide services related to investment activities of the Company.

These financial statements of MCI Capital S.A. are the only financial statements prepared by MCI Capital S.A.

**Date of approval of the financial statements for the current financial year**

The financial statements were approved by the Management Board of the Company on 18 August 2017.

**Going concern assumption**

These condensed interim financial statements have been prepared on the assumptions that the company shall continue its operations in the foreseeable future comprising a period not shorter than 12 months after the reporting date, i.e. 30 June 2017. As at the signing date of these financial statements the MCI's directors do not state the existence of any facts and circumstances which would indicate threats to the company's continuation as going concern within 12 months after the reporting date as a result of intentional or forced neglect or material limitation of the company's hitherto activities.

**Functional currency and presentation currency**

The items included in the financial statements relating to the Company are measured and presented using the primary currency of the economic environment in which the Company operates ("the functional currency"), which is the Polish zloty. The data in the financial statements are presented in thousands of Polish zloty, unless stated otherwise.

**Judgements and estimates**

The preparation of the financial statements requires the Management Board of the Company to make judgements, estimates and assumptions that affect the adopted accounting policies and presented amounts reported in the financial statements. Actual values may differ from those estimates.

All judgements, assumptions and estimates which have been made for the purposes of these financial statements are presented in the required disclosures relating to individual items of these financial statements, in the supplementary notes to the financial statements, which form an integral part thereof. Estimates and judgements are subject to ongoing verification. They are based on historical experience, including expectations of future events that are reasonable in a given situation and new information.

Below are the key assumptions concerning the future and other basic reasons for uncertainty of estimates as at the balance sheet date.

## **Fair Value of Financial Instruments**

The model and assumptions adopted for the fair value measurement. Significant risks relate to the fair value of shares in subsidiaries, which are strongly influenced by accepted models of measurement. Main assumptions and judgements are presented in **Note 7 "Investments in subsidiaries"**.

## **Share-based payments**

Determination of the value of individual programmes of share-based payments is based on estimates of the Company adopted for the fair value measurement of equity instruments granted, including: the actual strike price of shares of MCI Capital S.A. on the grant date, the estimate of historical volatility, risk-free interest rate, the expected dividend yield, the period in which the holder may exercise rights under the programme and accepted model of measurement. More information is included in **Note 19 "Employee Benefits"**.

## **Accounting Policy**

The accounting principles used in these financial statements are the same as those applied by the Company for the financial statements as at the date and for the year ended on 31 December 2016.

## **Investment entity**

The Company does not consolidate subsidiaries, because it has the status of an individual investment entity as it fulfils the criteria of IFRS 10 par. 27.

The Company meets the criteria for classification as an investment entity as defined in paragraph 27 of IFRS 10, namely:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis, thus it can be classified as an investment entity.

In accordance with IFRS 10.31, an investment entity does not extend consolidation over its subsidiaries other than the subsidiaries which carry on investment activities. Therefore, investments in subsidiaries which carry on investment activities are fully consolidated. Investments in subsidiaries which do not carry on investment activities are measured at fair value through profit or loss and recognised in the financial result for the period.

The fair value of investments in subsidiaries (which do not carry on investment activities) is calculated on the basis of adjusted net asset value of each of the subsidiaries at the balance sheet date. The adjusted net asset value is determined on the basis of measurement of net asset value of the funds which issue investment certificates in which the subsidiaries invest. The value of investment certificates of these funds, in turn, is based on the fair value measurement of investments in portfolio companies, adjusted for liabilities of the funds.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the period from 1 January to 30 June 2017**

**1. Investment profits**

The item of investment profits includes gains and losses on revaluation of financial assets and realized profit on sale of financial assets:

- shares and interests in subsidiaries, associates and other entities,
- investment certificates of closed-end investment funds ("FIZ") which belong to MCI,
- derivative instruments.

**1a. Revaluation of shares and realised profit on sale of other entities**

|  | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|--|---|---|---|---|
|  | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| <b>Measurement of subsidiaries</b>   |   |   |   |   |
| MCI Fund Management Sp. z o.o.*  | 41 445  | 27 684  | 56 490  | (8 476)   |
| MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A.                     | 11 685  | 12 362  | (1 706)   | (765)   |
| MCI Fund Management Sp. z o.o. IV MCI.PrivateVentures S.K.A.                     | 2 723   | 2 519   | 929   | 476   |
|  | <b>55 853</b>                                       | <b>42 565</b>                                       | <b>55 713</b>                                       | <b>(8 765)</b>                                      |
| <b>Measurement of affiliates</b>   |   |   |   |   |
| Private Equity Managers S.A.   | (3 654)   | (1 287)   | (8 065)   | (10 204)  |
|  | <b>(3 654)</b>                                      | <b>(1 287)</b>                                      | <b>(8 065)</b>                                      | <b>(10 204)</b>                                     |
| <b>Realised profit on sale of other entities</b>                                 |   |   |   |   |
| Digital Avenue S.A.  | 122   | 122   | -   | -   |
|  | <b>122</b>  | <b>122</b>  | <b>-</b>  | <b>-</b>  |
| <b>Total revaluation of shares and realised profit on sale of other entities</b> | <b>52 321</b>                                       | <b>41 400</b>                                       | <b>47 648</b>                                       | <b>(18 969)</b>                                     |

\*The value of assets of MCI Fund Management Sp. z o.o. in 99.6% consists of value of investment certificates of MCI.TechVentures 1.0 and MCI.EuroVentures 1.0 subfunds, separated from MCI.PrivateVentures FIZ. This implicates that indirectly update of the value of MCI Fund Management Sp. z o.o. is a result of new valuation of the investment certificates of subfunds mentioned above, to the amount of PLN 57,884 ths.

Subsidiaries do not provide investment management services or any other services related to MCI's investment activities.

Information on the measurement of these items is presented in **Note 7, "Investments in subsidiaries"** and in **Note 8, "Investments in associates"**.

**1b. Profit on investment certificates**

|  | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|--|---|---|---|---|
|  | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Investment certificates of Helix Ventures Partners FIZ             | (231)   | (201)   | 170   | 341   |
| Investment certificates of Internet Ventures FIZ                   | 1 829   | (1 331)   | (3 231)   | (2 869)   |
| Investment certificates of MCI.CreditVentures FIZ 2.0              | 3 069   | 1 795   | 3 043   | 1 597   |
| <b>Unrealised profit on revaluation of investment certificates</b> | <b>4 667</b>  | <b>263</b>  | <b>(18)</b>   | <b>(931)</b>  |

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|   | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|---|---|---|---|---|
|   | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Investment certificates of Helix Ventures Partners FIZ          | (26)  | (19)  | -   | -   |
| Investment certificates of Internet Ventures FIZ                | -   | -   | (1 372)   | (1 372)   |
| Investment certificates of MCI.CreditVentures FIZ 2.0           | 977   | 529   | 10  | 10  |
| <b>Realised profit on redemption of investment certificates</b> | <b>951</b>  | <b>510</b>  | <b>(1 362)</b>                                      | <b>(1 362)</b>                                      |
| <b>Profit on investment certificates</b>                        | <b>5 618</b>  | <b>773</b>  | <b>(1 380)</b>                                      | <b>(2 293)</b>                                      |

The realized result on redemption of investment certificates is determined by multiplying the number of redeemed certificates by the difference between the redemption price and the price of redeemed certificates as at 31 December 2016 with respect to data for the first half of 2017, or as at 31 March 2017 with respect to data for the second quarter 2017.

Unrealized result is determined as the difference between the valuation of the certificates held for the balance sheet date and the valuation of the certificates on the previous balance sheet date valuation (revaluation of investment certificates) taking into consideration changes in the ownership of certificates (redemption, acquisition of new certificates).

Information on the measurement of the above items is presented in **Note 8 "Investment certificates"**.

**1c. Revaluation of derivative financial instruments**

|  | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|--|---|---|---|---|
|  | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Embedded derivative on investment certificates Internet Ventures FIZ       | (1 110)   | -   | 2 715   | 2 715   |
| Embedded derivative on investment certificates Helix Ventures Partners FIZ | (800)   | (800)   | 161   | 67  |
|  | <b>(1 910)</b>                                      | <b>(800)</b>  | <b>2 876</b>  | <b>2 782</b>  |

**1d. The balance sheet value of derivative financial instruments**

|  | Balance as at<br>30.06.2017 | Balance as at<br>31.12.2016 | Balance as at<br>30.06.2016 |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | PLN'000                     | PLN'000                     | PLN'000                     |
| Embedded derivative on investment certificates Internet Ventures FIZ       | -                           | 1 110                       | 3 046                       |
| Embedded derivative on investment certificates Helix Ventures Partners FIZ | 200                         | 1 000                       | 1 614                       |
|  | <b>200</b>                  | <b>2 110</b>                | <b>4 660</b>                |

As at 30 June 2017 the embedded financial instrument, namely the mechanism of privileged distribution of funds invested in investments made by Ventures FIZ and Helix Ventures Partners FIZ, was measured. The company has a priority of return from invested funds in the event of the exit from the investment.

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**2. Operating expenses**

|  | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|--|---|---|---|---|
|  | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Depreciation of fixed assets and amortization of intangible assets | (115)   | (48)  | (81)  | (41)  |
| Consumption of materials and energy                                | (32)  | (19)  | (25)  | (15)  |
| Outsourced services  | (794)   | (399)   | (1 513)   | (1 083)   |
| Taxes and fees   | (28)  | (14)  | (14)  | (5)   |
| Wages and salaries   | (707)   | (334)   | (1 006)   | (524)   |
| Employee benefits  | (29)  | (15)  | (32)  | (21)  |
| Social insurance   | (21)  | (10)  | (21)  | (9)   |
| Other costs  | (86)  | (31)  | (56)  | (31)  |
|  | <b>(1 812)</b>                                      | <b>(870)</b>  | <b>(2 748)</b>                                      | <b>(1 729)</b>                                      |

**3. Financial income and expenses**

**Financial income**

|   | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|---|---|---|---|---|
|   | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Interests on short-term bank deposits           | 40  | 10  | 106   | 11  |
| Fee and commission income - guarantees*         | 2 023   | 999   | 1 962   | 1 123   |
| Interest income on purchased bills of exchange  | 473   | 255   | 212   | 124   |
| Interest income on loans                        | 33  | 16  | 38  | 17  |
| Income on value adjustment/realisation of units | 286   | -   | -   | -   |
| Other financial income                          | -   | 17  | -   | -   |
|   | <b>2 855</b>  | <b>1 297</b>  | <b>2 318</b>  | <b>1 275</b>  |

\*MCI Capital S.A. provides services related to investments which consist in financial support to the entity in which an investment in the form of suretyship and guarantee was made to maximise returns from investing in investments. This activity does not constitute a separate significant activity or a separate major source of revenue for the investment entity.

**Financial expenses**

|                                      | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|--------------------------------------|---|---|---|---|
|                                      | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Interests costs on:                  |   |   |   |   |
| Issued bills of exchange             | (157)   | -   | -   | -   |
| Bank loans                           | (2)   | -   | (1)   | -   |
| Loans receives                       | -   | -   | (2)   | -   |
| Issued bonds                         | (8 382)   | (4 183)   | (7 140)   | (3 326)   |
| Budgetary interest or other interest | (1)   | (1)   | -   | -   |
| Other*                               | (342)   | (174)   | (362)   | (165)   |
|                                      | <b>(8 884)</b>                                      | <b>(4 358)</b>                                      | <b>(7 505)</b>                                      | <b>(3 491)</b>                                      |

\*This item includes the remuneration for the subsidiary of MCI Capital S.A., ie. MCI Fund Management Sp. z o.o. for making available the investment certificates of MCI.TechVentures 1.0 and MCI.EuroVentures 1.0 subfunds, which are collateral for bonds issued by MCI Capital S.A.

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**4. Income tax**

**Income tax recognized in the statement of comprehensive income**

|                            | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|----------------------------|---|---|---|---|
|                            | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Income tax - current part  | 166   | (51)  | -   | -   |
| Income tax - deferred part | (1 196)   | (681)   | 1 851   | 1 119   |
|                            | <b>(1 030)</b>                                      | <b>(732)</b>  | <b>1 851</b>  | <b>1 119</b>  |

**Reconciliation of income tax**

|  | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|--|---|---|---|---|
|  | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Profit before taxation   | 48 396  | 37 444  | 46 309  | (17 359)  |
| Income tax recognized in the financial result                          | 1 030   | 732   | (1 851)   | (1 119)   |
| Effective tax rate   | 2.1%  | 2.0%  | (4.0%)  | 6.4%  |
| <i>Non-taxable income (-)*</i>   | (62 569)  | (43 756)  | (81 791)  | (12 106)  |
| <i>Income tax not recognised in the income statement (+)**</i>         | 1 263   | 783   | 10  | -   |
| <i>Non-taxable costs recognised in the income statement (+)***</i>     | 12 306  | 4 427   | 40 495  | 39 038  |
| <i>Tax costs not recognised in the income statement (-)****</i>        | (8 261)   | (6 582)   | (7 913)   | (2 119)   |
|  | <b>(57 261)</b>                                     | <b>(45 127)</b>                                     | <b>(49 199)</b>                                     | <b>24 813</b>                                       |
| Taxable amount MCI Capital S.A. (for the period 01.01.2016-30.06.2016) | -   | -   | (2 890)   | 7 454   |
| Taxable amount MCI Capital S.A. (for the period 01.01.2017-30.06.2017) | (8 865)   | (7 683)   | -   | -   |
| Taxable amount MCI Fund Management Sp. z o.o.                          | 7 993   | 7 953   | -   | -   |
| Taxable amount MCI Tax Group   | (872)   | 270   | (2 890)   | 7 454   |
| Current income tax   | <b>(166)</b>  | <b>51</b>   | <b>-</b>  | <b>-</b>  |

\*Non-tax revenue mainly includes income from the revaluation of investment certificates and shares.

\*\*Tax revenues mainly comprise income on guarantees (tax revenue in the last settlement period).

\*\*\*Non-deductible expenses include mainly the costs of revaluation of investment certificates and shares and interest expenses accrued on bonds.

\*\*\*\*Tax costs are primarily paid interest on bonds.

**Tax losses**

| Incurred in<br>year | Incurred at<br>000'PLN | Utilised at<br>000'PLN | To be utilised at<br>000'PLN | To be utilised until<br>rok |
|---------------------|------------------------|------------------------|------------------------------|-----------------------------|
| 2012                | 4 715                  | -                      | 4 715                        | year after leaving PGK      |
| 2013                | 9 590                  | -                      | 9 590                        | 2 years after leaving PGK   |
| 2014                | 3 528                  | -                      | 3 528                        | 3 years after leaving PGK   |
| 2015                | 9 128                  | -                      | 9 128                        | 4 years after leaving PGK   |
| 2016                | 2 890                  | -                      | 2 890                        | 5 years after leaving PGK   |
|                     | <b>29 851</b>          | <b>-</b>               | <b>29 851</b>                |                             |

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**Deferred Income Tax**

|   | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|---|--|--|--|
| <b>Deferred income tax assets:</b>      |  |  |  |
| Due for settlement after 12 months      | 5 672                                  | 5 672                                  | 5 672                                  |
| Due for settlement within 12 months     | 3 969                                  | 4 508                                  | 3 075                                  |
|   | <b>9 641</b>                           | <b>10 180</b>                          | <b>8 747</b>                           |
| <b>Deferred income tax liabilities:</b> |  |  |  |
| Due for settlement after 12 months      | -                                      | -                                      | -                                      |
| Due for settlement within 12 months     | 2 836                                  | 2 180                                  | 3 293                                  |
|   | <b>2 836</b>                           | <b>2 180</b>                           | <b>3 293</b>                           |

**Deferred tax assets**

|                               | Tax losses<br>which can be<br>deducted<br>000' PLN | Interest and<br>premium on<br>bonds<br>000' PLN | Other assets*<br>000' PLN | Total<br>000' PLN |
|-------------------------------|--|---|---------------------------|-------------------|
| <b>As at 30 June 2016</b>     | <b>5 672</b>                                       | <b>50</b>                                       | <b>3 025</b>              | <b>8 747</b>      |
| Effect on profit or loss      | -  | (50)  | 1 483                     | 1 433             |
| Effect on equity              | -  | -   | -                         | -                 |
| <b>As at 31 December 2016</b> | <b>5 672</b>                                       | <b>-</b>  | <b>4 508</b>              | <b>10 180</b>     |
| Effect on profit or loss      | -  | -   | (539)                     | (539)             |
| Effect on equity              | -  | -   | -                         | -                 |
| <b>As at 30 June 2017</b>     | <b>5 672</b>                                       | <b>-</b>  | <b>3 969</b>              | <b>9 641</b>      |

\*The item pertains mainly to the provision for legal costs related to litigations

**Deferred tax liabilities**

|                               | Revaluation of<br>the value of<br>portfolio<br>companies<br>000' PLN | Interests<br>000' PLN | Other<br>liabilities*<br>000' PLN | Total<br>000' PLN |
|-------------------------------|--|-----------------------|-----------------------------------|-------------------|
| <b>As at 30 June 2016</b>     | <b>1</b>   | <b>272</b>            | <b>3 020</b>                      | <b>3 293</b>      |
| Effect on profit or loss      | -  | (148)                 | (965)                             | (1 113)           |
| Effect on equity              | -  | -                     | -                                 | -                 |
| <b>As at 31 December 2016</b> | <b>1</b>   | <b>124</b>            | <b>2 055</b>                      | <b>2 180</b>      |
| Effect on profit or loss      | -  | 56                    | 600                               | 656               |
| Effect on equity              | -  | -                     | -                                 | -                 |
| <b>As at 30 June 2017</b>     | <b>1</b>   | <b>180</b>            | <b>2 655</b>                      | <b>2 836</b>      |



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\*The item relates mainly to revaluation of Credit Ventures FIZ investment certificates

**Deferred income tax net assets**

|                        |              |
|------------------------|--------------|
| As at 30 June 2017     | <b>6 805</b> |
| As at 31 December 2016 | <b>8 000</b> |
| As at 30 June 2016     | <b>5 454</b> |

On 15 February 2016 MCI Capital S.A. and MCI Fund Management Spółka z o.o. entered into an agreement establishing the Tax Group ("PGK"). The Parties agreed that MCI Capital S.A. would be the dominant entity in the PGK. The financial year of the PGK is the period from 1 July to 30 June. The first tax year was the period from 1 July 2016 to 30 June 2017. The agreement was concluded for a period of three consecutive tax years, i.e. from 1 July 2016 to 30 June 2019. Companies which are members of the PGK bear joint and several liability for corporate income tax payable for the duration of the agreement. In the first year of operation PGK fulfilled the conditions for the continued existence of PGK, in particular the condition of keeping the tax profitability (income / tax revenue) at the level of at least 3%.

**5. Earnings (loss) per share**

**Earnings (loss) per share**

|   | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|---|---|---|---|---|
|   | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Earnings (loss) attributable to shareholders of the Company | 47 366  | 36 712  | 48 160  | (16 240)  |
| Weighted average no of ordinary shares (in 000s)            | 58 491  | 58 234  | 61 780  | 62 732  |
| <b>Basic earnings per share (in PLN per one share)</b>      | <b>0.81</b>   | <b>0.63</b>   | <b>0.78</b>   | <b>(0.26)</b>                                       |

**Diluted earnings (loss) per share**

|  | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|--|---|---|---|---|
|  | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Earnings (loss) attributable to shareholders of the Company                                  | 47 366  | 36 712  | 48 160  | (16 240)  |
| Earnings (loss) applied when determining diluted earnings per share                          | 48 663  | 37 363  | 49 407  | (15 602)  |
| Cost of interest on bonds (PLN 000s)   | 1 602   | 803   | 1 540   | 788   |
| Net cost of interest on bonds (PLN 000s)   | 1 298   | 650   | 1 247   | 638   |
| Weighted average no of ordinary shares (in 000s)   | 58 491  | 58 234  | 61 780  | 62 732  |
| Adjustments related to:  |   |   |   |   |
| remuneration program based on issuance of shares (000s)                                      | 50  | 41  | 17  | 8   |
| bonds convertible into shares (000s)   | 3 534   | 3 534   | 4 167   | 4 167   |
| Weighted average number of ordinary shares for purposes of diluted earnings per share (000s) | 62 075  | 61 808  | 65 964  | 66 907  |
| <b>Diluted earnings per share (in PLN per one share)</b>                                     | <b>0.78</b>   | <b>0.60</b>   | <b>0.75</b>   | <b>(0.23)</b>                                       |

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**6. Investment certificates**

|  | <b>Balance as at</b> | <b>Balance as at</b> | <b>Balance as at</b> |
|--|----------------------|----------------------|----------------------|
|  | <b>30.06.2017</b>    | <b>31.12.2016</b>    | <b>30.06.2016</b>    |
|  | <b>PLN'000</b>       | <b>PLN'000</b>       | <b>PLN'000</b>       |
| Investment certificates of Helix Ventures Partners FIZ | 3 730                | 4 787                | 11 143               |
| Investment certificates of Internet Ventures FIZ       | 24 831               | 23 002               | 18 783               |
| Investment certificates of MCI.CreditVentures FIZ 2.0  | 69 706               | 86 156               | 111 430              |
|  | <b>98 267</b>        | <b>113 945</b>       | <b>141 356</b>       |

**Measurement of investment certificates**

The measurement of investment certificates is carried out on a quarterly basis based on the fair value measurement of portfolio companies owned by these funds and other deposits of such funds. Revaluation of certificates to their fair value from quarterly measurements is recognised in MCI's profit or loss at the end of each quarter.

The investment fair value showing the effect of increase and decrease of investment certificates value by 10 percentage points:

| <b>Investment certificates</b>                         | <b>+10%</b>    | <b>-10%</b>   |
|--|----------------|---------------|
| Investment certificates of Helix Ventures Partners FIZ | 4 103          | 3 357         |
| Investment certificates of Internet Ventures FIZ       | 27 314         | 22 348        |
| Investment certificates of MCI.CreditVentures 2.0 FIZ  | 76 677         | 62 735        |
|  | <b>108 094</b> | <b>88 440</b> |

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**7. Investments in subsidiaries**

|   | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|---|--|--|--|
| MCI Fund Management Sp. z o. o.                               | 191 249                                | 149 805                                | 250 560                                |
| MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A. | 750 138                                | 738 453                                | 739 874                                |
| MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A. | 198 303                                | 195 580                                | 194 673                                |
|   | <b>1 139 690</b>                       | <b>1 083 838</b>                       | <b>1 185 107</b>                       |

**Characteristics of subsidiaries**

**- MCI Fund Management Sp. z o. o.**

A company with a registered office in Poland which holds certificates of (direct subsidiary of):

- MCI.TechVentures 1.0 Sub-fund separated within MCI.PrivateVentures FIZ,
- MCI.EuroVentures 1.0 Sub-fund separated within MCI.PrivateVentures FIZ.

Shareholder in MCI Fund Management Sp. z o. o. Spółka Jawna and general partner in:

- MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.,
- MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.

**- MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.**

A company with its registered office in Poland holding shares in MCI Fund Management Sp. z o. o. Spółka Jawna (direct subsidiary).

**- MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.**

The main activity of the company is financial holding activities. Headquartered in Poland.

All the above mentioned subsidiaries do not provide services related to investment activities of the Company.

In all of the aforementioned subsidiaries, MCI holds directly or indirectly 100% of shares and 100% of voting rights.

**Measurement of shares in subsidiaries**

Shares in the above companies are disclosed in fair value based on the adjusted net asset value of a company as at the balance sheet date. Adjusted net asset value is reflected in fair value of investments in subsidiaries - primarily investment certificates of closed-end investment funds.

The difference between the valuation of subsidiaries and the value of investment certificates is affected by:

- unpaid amount of taken up issued A1 series investment certificates in MCI.TechVentures 1.0 FIZ sub-fund for PLN 79m,
- balance of granted and received borrowings, bills of exchange of PLN 54m.

The fair value of investment certificates in subsidiaries is settled on the basis of published measurements of investment funds based on the reporting valuation or official valuation of the investment funds (in the absence of published financial statements of funds). The measurements of the above funds are carried out on a quarterly basis. The measurements are approved of by the Management Board of the Company.

Below we present a reconciliation of the value of investment certificates held by the Company through subsidiaries and investment certificates held by the Company directly with the value of these subsidiaries as at 30 June 2017 and investment certificates in the amount presented in the Company's balance sheet.

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**Reconciliation of investment certificates held by MCI and assets value of subsidiaries and investment certificates presented in the MCI balance sheet as at 30 June 2017:**

| Fund                        | Held % | NAV as at 30.06.2017 attributable to CG MCI | NAV as at 30.06.2017 | NAV as at 31.12.2016 | Change in NAV   |
|-----------------------------|--------|---|----------------------|----------------------|-----------------|
| MCI.TechVentures 1.0        | 55,45% | 508 911                                     | 917 784              | 990 248              | (72 464)        |
| MCI.EuroVentures 1.0        | 93,21% | 763 554                                     | 819 176              | 789 807              | 29 369          |
| MCI.CreditVentures 2.0 FIZ  | 39,45% | 69 719                                      | 176 728              | 185 894              | (9 166)         |
| Internet Ventures FIZ       | 48,02% | 24 830                                      | 51 707               | 47 898               | 3 809           |
| Helix Ventures Partners FIZ | 45,28% | 3 730                                       | 8 238                | 9 574                | (1 336)         |
| <b>Total FIZ assets</b>     |        | <b>1 370 744</b>                            | <b>1 973 633</b>     | <b>2 023 421</b>     | <b>(49 788)</b> |

| Fund                        | (a) New issues | (b) Redemptions  | (c) Distribution of profits | (d) Operating results | Total (a+b+c+d) |
|-----------------------------|----------------|------------------|-----------------------------|-----------------------|-----------------|
| MCI.TechVentures 1.0        | 743            | (103 721)        | -                           | 30 514                | (72 464)        |
| MCI.EuroVentures 1.0        | -              | (15 630)         | -                           | 44 999                | 29 369          |
| MCI.CreditVentures 2.0 FIZ  | 70 461         | (88 107)         | -                           | 8 480                 | (9 166)         |
| Internet Ventures FIZ       | -              | -                | -                           | 3 809                 | 3 809           |
| Helix Ventures Partners FIZ | -              | (800)            | -                           | (536)                 | (1 336)         |
| <b>Total FIZ assets</b>     | <b>71 204</b>  | <b>(208 258)</b> | <b>-</b>                    | <b>87 266</b>         | <b>(49 788)</b> |

|  |                  |
|--|------------------|
| Investment certificates held by companies from MCI Capital Group   | 1 370 744        |
| Liabilities of subsidiaries of MCI   | (53 980)         |
| Liabilities related to unpaid series of issued investment certificates of MCI.TechVentures 1.0                 | (78 808)         |
| <b>Investments in subsidiaries and investment certificates presented in MCI balance sheet (Note 6 &amp; 7)</b> | <b>1 237 957</b> |

**Reconciliation of investment certificates held by MCI and assets value of subsidiaries and investment certificates presented in the MCI balance sheet as at 31 December 2016:**

| Fund                        | Held % | NAV as at 31.12.2016 attributable to CG MCI | NAV as at 31.12.2016 | NAV as at 31.12.2015 | Change in NAV  |
|-----------------------------|--------|---|----------------------|----------------------|----------------|
| MCI.TechVentures 1.0        | 55,44% | 548 993                                     | 990 248              | 939 936              | 50 312         |
| MCI.EuroVentures 1.0        | 91,37% | 721 647                                     | 789 807              | 823 761              | (33 954)       |
| MCI.CreditVentures 2.0 FIZ  | 46,34% | 86 156                                      | 185 894              | 184 489              | 1 405          |
| Internet Ventures FIZ       | 48,02% | 23 001                                      | 47 898               | 54 468               | (6 570)        |
| Helix Ventures Partners FIZ | 50,00% | 4 787                                       | 9 574                | 21 946               | (12 372)       |
| <b>Total FIZ assets</b>     |        | <b>1 384 584</b>                            | <b>2 023 421</b>     | <b>2 024 600</b>     | <b>(1 179)</b> |

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| Fund                        | (a)<br>New issues | (b)<br>Redemptions | (c)<br>Distribution of profits | (d)<br>Operating results | Total<br>(a+b+c+d) |
|-----------------------------|-------------------|--------------------|--------------------------------|--------------------------|--------------------|
| MCI.TechVentures 1.0        | 155 210           | (76 940)           | -                              | (27 958)                 | 50 312             |
| MCI.EuroVentures 1.0        | 33 498            | (14 214)           | -                              | (53 238)                 | (33 954)           |
| MCI.CreditVentures 2.0 FIZ  | 71 238            | (74 046)           | -                              | 4 213                    | 1 405              |
| Internet Ventures FIZ       | 16 125            | (13 093)           | -                              | (9 602)                  | (6 570)            |
| Helix Ventures Partners FIZ | 645               | -                  | (14 614)                       | 1 597                    | (12 372)           |
| <b>Total FIZ assets</b>     | <b>276 716</b>    | <b>(178 293)</b>   | <b>(14 614)</b>                | <b>(84 988)</b>          | <b>(1 179)</b>     |

|  |                  |
|--|------------------|
| Investment certificates held by companies from MCI Capital Group   | 1 384 584        |
| Liabilities of subsidiaries of MCI   | (90 813)         |
| Liabilities related to unpaid series of issued investment certificates of MCI.TechVentures 1.0                 | (95 989)         |
| <b>Investments in subsidiaries and investment certificates presented in MCI balance sheet (Note 6 &amp; 7)</b> | <b>1 197 783</b> |

**Reconciliation of investment certificates held by MCI and assets value of subsidiaries and investment certificates presented in the MCI balance sheet as at 30 June 2016:**

| Fund                        | Held % | NAV as at<br>30.06.2016<br>attributable to<br>CG MCI | NAV as at<br>30.06.2016 | NAV as at<br>31.12.2015 | Change in<br>NAV |
|-----------------------------|--------|--|-------------------------|-------------------------|------------------|
| MCI.TechVentures 1.0        | 56,24% | 581 052  | 1 033 095               | 939 936                 | 93 159           |
| MCI.EuroVentures 1.0        | 90,56% | 801 863  | 885 424                 | 823 761                 | 61 663           |
| MCI.CreditVentures 2.0 FIZ  | 71,07% | 111 430  | 156 799                 | 184 489                 | (27 690)         |
| Internet Ventures FIZ       | 47,19% | 18 453   | 39 100                  | 54 468                  | (15 368)         |
| Helix Ventures Partners FIZ | 50,00% | 11 143   | 22 286                  | 21 946                  | 340              |
| <b>Total FIZ assets</b>     |        | <b>1 523 940</b>                                     | <b>2 136 704</b>        | <b>2 024 600</b>        | <b>112 104</b>   |

| Fund                        | (a)<br>New issues | (b)<br>Redemptions | (c)<br>Distribution of profits | (d)<br>Operating results | Total<br>(a+b+c+d) |
|-----------------------------|-------------------|--------------------|--------------------------------|--------------------------|--------------------|
| MCI.TechVentures 1.0        | 107 557           | (48 288)           | -                              | 33 890                   | 93 159             |
| MCI.EuroVentures 1.0        | 31 148            | (5 196)            | -                              | 35 711                   | 61 663             |
| MCI.CreditVentures 2.0 FIZ  | -                 | (31 912)           | -                              | 4 222                    | (27 690)           |
| Internet Ventures FIZ       | 2 295             | (13 093)           | -                              | (4 570)                  | (15 368)           |
| Helix Ventures Partners FIZ | -                 | -                  | -                              | 340                      | 340                |
| <b>Total FIZ assets</b>     | <b>141 000</b>    | <b>(98 489)</b>    | <b>-</b>                       | <b>69 593</b>            | <b>112 104</b>     |

|  |                  |
|--|------------------|
| Investment certificates held by companies from MCI Capital Group   | 1 523 940        |
| Liabilities of subsidiaries of MCI   | (101 488)        |
| Liabilities related to unpaid series of issued investment certificates of MCI.TechVentures 1.0                 | (95 989)         |
| <b>Investments in subsidiaries and investment certificates presented in MCI balance sheet (Note 6 &amp; 7)</b> | <b>1 326 463</b> |

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In the second half of 2017, the MCI Group started activities related to simplification of the Group's organizational structure. These actions mainly aim at enhancing the transparency of the Group, as well as settlement of mutual settlements (inter-company balances) between individual entities within the Group.

The investment fair value in subsidiaries showing the effect of increase and decrease of investment certificates value by 10 percentage points:

| <b>Subsidiary</b>   | <b>+10%</b>      | <b>-10%</b>      |
|---|------------------|------------------|
| MCI Fund Management Sp. z o. o.*                                | 318 488          | 64 010           |
| MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.** | 750 138          | 750 138          |
| MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.** | 198 303          | 198 303          |
|   | <b>1 266 929</b> | <b>1 012 451</b> |

\*The value of investment certificates subject to simulation as of 31 December 2016 is PLN 1,272,386 ths

\*\*Increase or decrease of investment certificates value does not affect the value of these subsidiaries, since as at 30 June 2017 these companies do not hold investment certificates, but only receivables from the sales of such certificates to MCI Fund Management Sp. z o.o.

**8. Investments in associated entities**

|                              | <b>Balance as at</b> | <b>Balance as at</b> | <b>Balance as at</b> |
|------------------------------|----------------------|----------------------|----------------------|
|                              | <b>30.06.2017</b>    | <b>31.12.2016</b>    | <b>30.06.2016</b>    |
|                              | <b>PLN'000</b>       | <b>PLN'000</b>       | <b>PLN'000</b>       |
| Private Equity Managers S.A. | 17 735               | 21 389               | 33 662               |
|                              | <b>17 735</b>        | <b>21 389</b>        | <b>33 662</b>        |

**Measurement of shares in the associate**

|  | <b>Balance as at</b> | <b>Balance as at</b> | <b>Balance as at</b> |
|--|----------------------|----------------------|----------------------|
|  | <b>30.06.2017</b>    | <b>31.12.2016</b>    | <b>30.06.2016</b>    |
| Number of shares of Private Equity Managers S.A. owned by MCI Capital S.A. (in 000s) | 350 641              | 350 641              | 350 641              |
| Share price (PLN/share)  | 50.58                | 61.00                | 96.00                |
| <b>Investment value</b>  | <b>17 735</b>        | <b>21 389</b>        | <b>33 662</b>        |

As at 30 June 2017 the company holds directly 10.24% of shares of Private Equity Managers S.A. (hereinafter: "PEM"). PEM is treated as an associate in connection with the share and personal ownership of the Company.

Since 9 April 2015 shares of the Company have been listed on the Warsaw Stock Exchange. Shares of Private Equity Managers S.A. were priced at PLN 50.58 per share, i.e. closing price of PEM shares at the session of the Warsaw Stock Exchange on 30 June 2017, and the change of their measurement was posted to the financial result.

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**9. Loans granted**

|                                   | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|-----------------------------------|--|--|--|
| Loans granted to related entities | 549                                    | 533                                    | 593                                    |
| Loans granted to other entities   | 559                                    | 543                                    | 526                                    |
|                                   | <b>1 108</b>                           | <b>1 076</b>                           | <b>1 119</b>                           |
| Including:                        |  |  |  |
| Non-current part:                 | -                                      | 205                                    | 202                                    |
| Current part:                     | 1 108                                  | 871                                    | 917                                    |
|                                   | <b>1 108</b>                           | <b>1 076</b>                           | <b>1 119</b>                           |

The balance sheet value of loans granted is the best approximation of their fair value.

**Loans granted to related entities**

|                                | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|--------------------------------|--|--|--|
| MCI VentureProjects Sp. z o.o. | 328                                    | 315                                    | 308                                    |
| MCI Ventures Sp. z o.o.        | 13                                     | 13                                     | 13                                     |
| MCI Fund Management Sp. z o.o. | 208                                    | 205                                    | 272                                    |
|                                | <b>549</b>                             | <b>533</b>                             | <b>593</b>                             |

MCI Capital S.A. provides investment services involving financial support in the form of loans granted. This activity does not constitute a significant separate business or separate significant source of revenue for the investment entity.

**10. Trade and other receivables**

|                                    | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|------------------------------------|--|--|--|
| Trade receivables                  | 184                                    | 38                                     | 42                                     |
| Receivables from related entities* | 25 194                                 | 1 150                                  | 5 247                                  |
| Tax / budget fees                  | 216                                    | 8                                      | 60                                     |
| Accruals                           | 240                                    | 581                                    | 82                                     |
| Other receivables                  | 175                                    | 183                                    | 158                                    |
|                                    | <b>26 009</b>                          | <b>1 960</b>                           | <b>5 589</b>                           |

\*Receivables from related parties consist mainly of receivables on redemption of investment certificates, receivables under sureties granted and financial guarantees, sublease charges, mobile phone overheads and taxis, as well as overhead costs associated with the arrangement of the new office.

Due to their short term character their balance sheet value is the best approximation of their fair value.

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**Receivables from related entities**

|  | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|--|--|--|--|
| MCI.Private Ventures FIZ*                  | 1 951                                  | -                                      | -                                      |
| MCI Venture Projects Sp. z o.o. VI S.K.A.* | 865                                    | -                                      | -                                      |
| MCI.CreditVentures 2.0 FIZ***              | 20 462                                 | -                                      | -                                      |
| Private Equity Managers S.A.**             | 1 591                                  | 994                                    | 5 078                                  |
| MCI Capital TFI S.A.                       | 11                                     | 21                                     | 48                                     |
| PEM Asset Management Sp. z o.o.            | 122                                    | 41                                     | 8                                      |
| MCI Asset Management Sp. z o.o. Sp.j.      | -                                      | -                                      | 6                                      |
| Other                                      | 192                                    | 94                                     | 107                                    |
|  | <b>25 194</b>                          | <b>1 150</b>                           | <b>5 247</b>                           |

\*The item consists of receivables under sureties granted and financial guarantees.

\*The item consists of receivables on mobile phone overheads and taxis, as well as overhead costs associated with arrangement of the new office.

\*\*\*The item consists of receivables on redemption of investment certificates which took place on 30 June 2017.

**Long-term receivables**

The balance of trade and other receivables presented as long-term receivables of PLN 437 ths. as at 30 June 2017 consisted of the guarantee deposit receivable that the Company paid to the lessor in connection with the lease of space in accordance with the terms of the lease. The guarantee deposit will remain on the tenant's account throughout the lease term plus three months.

**11. Receivables related to bills of exchange**

Bills of exchange are a liquidity management instrument in MCI Capital S.A.

**As at 30 June 2017 the Company had receivables resulting from bills of exchange from the following entities:**

|                                      | Nominal<br>PLN'000 | Interest<br>PLN'000 | Interest rate<br>% per annum | Total<br>PLN'000 |
|--------------------------------------|--------------------|---------------------|------------------------------|------------------|
| MCI Fund Management Sp. z o.o.       | 22 000             | 496                 | 3.20%                        | 22 496           |
| MCI Fund Management Sp. z o.o. Sp.J. | 2 900              | 74                  | 4.81%                        | 2 974            |
|                                      | <b>24 900</b>      | <b>570</b>          |                              | <b>25 470</b>    |

**As at 31 December 2016 the Company had receivables resulting from bills of exchange from the following entities:**

|                                      | Nominal<br>PLN'000 | Interest<br>PLN'000 | Interest rate<br>% per annum | Total<br>PLN'000 |
|--------------------------------------|--------------------|---------------------|------------------------------|------------------|
| Private Equity Managers S.A.         | 1 000              | 9                   | 4.79%                        | 1 009            |
| MCI Fund Management Sp. z o.o.       | 22 000             | 148                 | 3.20%                        | 22 148           |
| MCI Fund Management Sp. z o.o. Sp.J. | 2 900              | 6                   | 4.81%                        | 2 906            |
|                                      | <b>25 900</b>      | <b>163</b>          |                              | <b>26 063</b>    |



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**As at 30 June 2016 the Company had receivables resulting from bills of exchange from the following entities:**

|                                      | <b>Nominal</b> | <b>Interest</b> | <b>Interest rate</b> | <b>Total</b>   |
|--------------------------------------|----------------|-----------------|----------------------|----------------|
|                                      | <b>PLN'000</b> | <b>PLN'000</b>  | <b>% per annum</b>   | <b>PLN'000</b> |
| MCI Fund Management Sp. z o.o. Sp.J. | 4 600          | 207             | 4.60%                | 4 807          |
|                                      | <b>4 600</b>   | <b>207</b>      |                      | <b>4 807</b>   |

**12. Cash and cash equivalents**

As at the balance sheet date the balance of cash and cash equivalents of PLN 18,427 thousand (as at 31 December 2016: PLN 81,262 thousand, as at 30 June 2016 PLN 56,080 thousand) comprised primarily cash in bank and bank deposits measured at nominal value.

**13. Abbreviated financial information on the MCI investment funds**

The subject of MCI investments are closed-end investment funds.

As at 30 June 2017, the Company held:

- 45.44% of investment certificates of MCI.CreditVentures FIZ 2.0,
- 48.02% of investment certificates of Internet Ventures FIZ, and
- 45.28% of investment certificates of Helix Ventures Partners FIZ.

In addition, an MCI direct subsidiary, i.e. MCI Fund Management Sp. z o.o. ("MCI FM") (MCI has 100% of shares in MCI FM) invests in investment certificates of closed-end investment funds.

As at 30 June 2017, the Company held:

- 92.53% of investment certificates of MCI.EuroVentures 1.0 Subfund separated within MCI.PrivateVentures FIZ, and
- 55.45% of certificates investment of MCI.TechVentures 1.0 Subfund separated within MCI.PrivateVentures FIZ.

Investment certificates are measured at fair value. Measurement is based on measurement at fair value of elements of the Fund investments and other assets and liabilities. Any change in the measurement of the aforementioned assets and liabilities is reflected in the net asset value ("NAV") of each of the Funds, which translates directly to the revaluation of investment certificates.

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Below is condensed financial information as at 30 June 2017, 31 December 2016 and 30 June 2016 concerning investment funds in which MCI and MCI FM have investment certificates (based on reporting measurements of the funds):

| Item                                  | Credit Ventures FIZ |           | Internet Ventures FIZ |           | Helix Ventures Partners FIZ |           | Sub-fund MCI.EuroVentures 1.0 |           | Sub-fund MCI.TechVentures 1.0 |           | Total            | Total                |
|---------------------------------------|---------------------|-----------|-----------------------|-----------|-----------------------------|-----------|-------------------------------|-----------|-------------------------------|-----------|------------------|----------------------|
|                                       | 30.06.2017          | MCI share | 30.06.2017            | MCI share | 30.06.2017                  | MCI share | 30.06.2017                    | MCI share | 30.06.2017                    | MCI share | 30.06.2017       | MCI share / FM share |
|                                       | 100.00%             | 39.45%    | 100.00%               | 48.02%    | 100.00%                     | 45.28%    | 100.00%                       | 93.21%    | 100.00%                       | 55.45%    | 100.00%          | PLN'000              |
|                                       | PLN'000             | PLN'000   | PLN'000               | PLN'000   | PLN'000                     | PLN'000   | PLN'000                       | PLN'000   | PLN'000                       | PLN'000   | PLN'000          | PLN'000              |
| NAV structure:                        | 176 728             | 69 719    | 51 707                | 24 830    | 8 238                       | 3 730     | 819 176                       | 763 554   | 917 784                       | 508 911   | <b>1 973 633</b> | <b>1 370 744</b>     |
| - Public companies                    | 9 153               | 3 611     | -                     | -         | -                           | -         | 103 119                       | 96 117    | 64 131                        | 35 561    | 176 403          | 135 289              |
| - Non-public companies*               | 165 497             | 65 289    | 52 986                | 25 444    | 7 970                       | 3 609     | 738 500                       | 688 356   | 821 002                       | 455 246   | 1 785 955        | 1 237 943            |
| - Cash, including deposits            | 24 362              | 9 611     | 290                   | 139       | 292                         | 132       | 124 465                       | 116 014   | 10 488                        | 5 816     | 159 897          | 131 712              |
| - Other assets                        | 289                 | 114       | 49                    | 24        | 38                          | 17        | 530                           | 494       | 82 797                        | 45 911    | 83 703           | 46 560               |
| - Liabilities                         | 22 573              | 8 905     | 1 618                 | 777       | 62                          | 28        | 147 438                       | 137 427   | 60 634                        | 33 622    | 232 325          | 180 759              |
| Net investment income                 | 4 861               | 1 918     | (1 286)               | (618)     | (55)                        | (25)      | 23 280                        | 21 699    | (12 024)                      | (6 667)   | <b>14 776</b>    | <b>16 307</b>        |
| Realized and unrealized profit / loss | 3 619               | 1 428     | 5 095                 | 2 447     | (481)                       | (218)     | 21 719                        | 20 244    | 42 538                        | 23 587    | <b>72 490</b>    | <b>47 488</b>        |
| Result from operations for the period | 8 480               | 3 345     | 3 809                 | 1 829     | (536)                       | (243)     | 44 999                        | 41 944    | 30 514                        | 16 920    | <b>87 266</b>    | <b>63 795</b>        |

\*Negative measurement of derivative instruments is presented in conjunction with measurement of portfolio companies.

| Pozycja                               | Credit Ventures FIZ |           | Internet Ventures FIZ |           | Helix Ventures Partners FIZ |           | Sub-fund MCI.EuroVentures 1.0 |           | Sub-fund MCI.TechVentures 1.0 |           | Total            | Total                |
|---------------------------------------|---------------------|-----------|-----------------------|-----------|-----------------------------|-----------|-------------------------------|-----------|-------------------------------|-----------|------------------|----------------------|
|                                       | 31.12.2016          | MCI share | 31.12.2016            | MCI share | 31.12.2016                  | MCI share | 31.12.2016                    | MCI share | 31.12.2016                    | MCI share | 31.12.2016       | MCI share / FM share |
|                                       | 100.00%             | 46.34%    | 100.00%               | 48.02%    | 100.00%                     | 50.00%    | 100.00%                       | 91.37%    | 100.00%                       | 55.44%    | 100.00%          | PLN'000              |
|                                       | PLN'000             | PLN'000   | PLN'000               | PLN'000   | PLN'000                     | PLN'000   | PLN'000                       | PLN'000   | PLN'000                       | PLN'000   | PLN'000          | PLN'000              |
| NAV structure:                        | 185 894             | 86 156    | 47 898                | 23 000    | 9 574                       | 4 787     | 789 807                       | 721 647   | 990 248                       | 548 993   | <b>2 023 421</b> | <b>1 384 584</b>     |
| - Public companies                    | 7 815               | 3 621     | -                     | -         | -                           | -         | 92 246                        | 84 285    | 55 950                        | 31 019    | 156 011          | 118 925              |
| - Non-public companies*               | 171 291             | 79 376    | 41 272                | 19 819    | 9 251                       | 4 626     | 773 729                       | 706 956   | 825 931                       | 457 896   | 1 821 474        | 1 268 673            |
| - Cash, including deposits            | 7 243               | 3 356     | 261                   | 125       | 341                         | 171       | 94 676                        | 86 505    | 2 120                         | 1 175     | 104 641          | 91 333               |
| - Other assets                        | 127                 | 72        | 6 492                 | 3 117     | 42                          | 21        | 711                           | 650       | 138 364                       | 76 709    | 145 736          | 80 569               |
| - Liabilities                         | 582                 | 270       | 127                   | 61        | 60                          | 30        | 171 555                       | 156 750   | 32 117                        | 17 806    | 204 441          | 174 916              |
| Net investment income                 | 4 931               | 2 285     | (1 633)               | (784)     | (60)                        | (30)      | (24 115)                      | (22 034)  | (32 212)                      | (17 858)  | <b>(53 089)</b>  | <b>(38 421)</b>      |
| Realized and unrealized profit / loss | (718)               | (333)     | (7 969)               | (3 827)   | 1 657                       | 829       | (29 123)                      | (26 610)  | 4 254                         | 2 358     | <b>(31 899)</b>  | <b>(27 582)</b>      |
| Result from operations for the period | 4 213               | 1 952     | (9 602)               | (4 611)   | 1 597                       | 799       | (53 238)                      | (48 644)  | (27 958)                      | (15 500)  | <b>(84 988)</b>  | <b>(66 004)</b>      |

\*Negative measurement of derivative instruments is presented in conjunction with measurement of portfolio companies.

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| Pozycja                               | Credit Ventures FIZ |           | Internet Ventures FIZ |           | Helix Ventures Partners FIZ |           | Sub-fund MCI.EuroVentures 1.0 |           | Sub-fund MCI.TechVentures 1.0 |           | Total            | Total                |
|---------------------------------------|---------------------|-----------|-----------------------|-----------|-----------------------------|-----------|-------------------------------|-----------|-------------------------------|-----------|------------------|----------------------|
|                                       | 30.06.2016          | MCI share | 30.06.2016            | MCI share | 30.06.2016                  | MCI share | 30.06.2016                    | MCI share | 30.06.2016                    | MCI share | 30.06.2016       | MCI share / FM share |
|                                       | 100.00%             | 71.07%    | 100.00%               | 47.19%    | 100.00%                     | 50.00%    | 100.00%                       | 90.56%    | 100.00%                       | 56.24%    | 100.00%          |                      |
|                                       | PLN'000             | PLN'000   | PLN'000               | PLN'000   | PLN'000                     | PLN'000   | PLN'000                       | PLN'000   | PLN'000                       | PLN'000   | PLN'000          | PLN'000              |
| NAV structure:                        | 156 799             | 111 430   | 39 100                | 18 453    | 22 286                      | 11 143    | 885 424                       | 801 863   | 1 033 095                     | 581 052   | <b>2 136 704</b> | <b>1 523 940</b>     |
| - <i>Public companies</i>             | 7 970               | 5 664     | -                     | -         | -                           | -         | 625 144                       | 566 146   | 34 302                        | 19 293    | 667 416          | 591 103              |
| - <i>Non-public companies*</i>        | 139 678             | 99 263    | 37 470                | 17 683    | 7 952                       | 3 976     | 311 258                       | 281 883   | 831 816                       | 467 845   | 1 328 174        | 870 650              |
| - <i>Cash, including deposits</i>     | 10 951              | 7 782     | 1 315                 | 621       | 12 540                      | 6 270     | 18 486                        | 16 741    | 146 970                       | 82 661    | 190 262          | 114 076              |
| - <i>Other assets</i>                 | 935                 | 664       | 1 015                 | 479       | 1 880                       | 940       | 4 342                         | 3 932     | 105 243                       | 59 193    | 113 415          | 65 208               |
| - <i>Liabilities</i>                  | 2 735               | 1 944     | 700                   | 330       | 86                          | 43        | 73 806                        | 66 841    | 85 236                        | 47 940    | 162 563          | 117 098              |
| Net investment income                 | 2 287               | 1 625     | (630)                 | (297)     | (17)                        | (9)       | (12 925)                      | (11 705)  | (20 077)                      | (11 292)  | <b>(31 362)</b>  | <b>(21 678)</b>      |
| Realized and unrealized profit / loss | 1 935               | 1 375     | (3 940)               | (1 859)   | 357                         | 179       | 48 636                        | 44 046    | 53 967                        | 30 353    | <b>100 955</b>   | <b>74 093</b>        |
| Result from operations for the period | 4 222               | 3 000     | (4 570)               | (2 157)   | 340                         | 170       | 35 711                        | 32 341    | 33 890                        | 19 061    | <b>69 593</b>    | <b>52 415</b>        |

\*Negative measurement of derivative instruments is presented in conjunction with measurement of portfolio companies.

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**14. Equity**

**Share capital**

|   | <b>Balance as at</b> | <b>Balance as at</b> | <b>Balance as at</b> |
|---|----------------------|----------------------|----------------------|
|   | <b>30.06.2017</b>    | <b>31.12.2016</b>    | <b>30.06.2016</b>    |
| Share capital issued and paid (PLN 000s)      | 52 853               | 58 752               | 61 780               |
| Number of shares                              | 52 853 114           | 58 752 198           | 61 779 619           |
| Nominal value per share (PLN)                 | 1.00                 | 1.00                 | 1.00                 |
| <b>Nominal value of all shares (PLN 000s)</b> | <b>52 853</b>        | <b>58 752</b>        | <b>61 780</b>        |

**Reserve capital**

|   | <b>Balance as at</b> | <b>Balance as at</b> | <b>Balance as at</b> |
|---|----------------------|----------------------|----------------------|
|   | <b>30.06.2017</b>    | <b>31.12.2016</b>    | <b>30.06.2016</b>    |
|   | <b>PLN'000</b>       | <b>PLN'000</b>       | <b>PLN'000</b>       |
| <b>Balance at the beginning of period</b>               | <b>1 020 712</b>     | <b>926 209</b>       | <b>926 209</b>       |
| Decrease due to redemption of shares                    | (51 783)             | (26 960)             | -                    |
| Transfer of previous year profit to the reserve capital | -                    | 121 463              | 121 463              |
| Coverage of loss for 2016 with reserve capital          | (82 243)             | -                    | -                    |
| <b>Balance at the end of period</b>                     | <b>886 686</b>       | <b>1 020 712</b>     | <b>1 047 672</b>     |

**Own shares**

In 2016 the Company realized Repurchase of Own Shares Program (Repurchase Program) in order to redeem purchased shares pursuant to Resolution No. 5 of the MCI Capital S.A. Extraordinary General Shareholders Meeting dated 17 November 2015 on authorizing the Company to acquire own shares and use of reserve capital.

In 2017 the Company continued Repurchase Program pursuant to Resolution No. 4 of the MCI Capital S.A. Extraordinary General Shareholders Meeting dated 14 November 2016 amending Resolution No. 5 of the MCI Capital S.A. Extraordinary General Shareholders Meeting dated 17 November 2015 on authorizing the Company to acquire own shares and use of reserve capital. Under the Repurchase Program the Company was authorized to purchase up to 10,000,000 their own shares, with a nominal value PLN 1.00 each. The authorization to acquire own shares was granted for the period until 31 December 2017. In the first half of 2017 the Company purchased in total 5,899,084 own shares with average price of PLN 9.75 per share. The total price paid for shares, including brokerage commission, amounted to PLN 57,682 ths. Shares were redeemed in June 2017, as a result the Company's share capital decreased by PLN 5.899 ths. from PLN 58,752 ths., whereas reserve capital decreased by PLN 51,783 ths. As at 30 June 2017 the Company had no own shares.

The specification of the Company's own shares movement below:

|   | <b>Balance as at</b> | <b>Balance as at</b> | <b>Balance as at</b> |
|---|----------------------|----------------------|----------------------|
|   | <b>30.06.2017</b>    | <b>31.12.2016</b>    | <b>30.06.2016</b>    |
|   | <b>PLN'000</b>       | <b>PLN'000</b>       | <b>PLN'000</b>       |
| <b>Balance at the beginning of period</b>             | <b>-</b>             | <b>(150)</b>         | <b>(150)</b>         |
| Issue of shares as settlement of remuneration in 2015 | -                    | 150                  | 150                  |
| Purchase of own shares                                | (57 682)             | (29 988)             | (9 922)              |
| Redemption of own shares                              | 57 682               | 29 988               | -                    |
| <b>Balance at the end of period</b>                   | <b>-</b>             | <b>-</b>             | <b>(9 922)</b>       |

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**15. Shareholding structure**

**Major shareholders of the Company as at 30 June 2017**

|                            | Participation in the share capital |                                    | Participation in the total number of votes at the General Meeting |   |
|----------------------------|------------------------------------|------------------------------------|---|---|
|                            | Number of shares                   | Participation in the share capital | Number of votes at the General Meeting                            | Share in the overall number of votes at the General Meeting |
| Tomasz Czechowicz          | 312 000                            | 0.59%                              | 312 000   | 0.59%   |
| MCI Management Sp. z o.o.* | 29 407 762                         | 55.64%                             | 29 407 762  | 55.64%  |
| Other                      | 23 133 352                         | 43.77%                             | 23 133 352  | 43.77%  |
|                            | <b>52 853 114</b>                  | <b>100.00%</b>                     | <b>52 853 114</b>   | <b>100.00%</b>  |

\*Company controlled by Tomasz Czechowicz

**Major shareholders of the Company as at 31 December 2016**

|   | Participation in the share capital |                                    | Participation in the total number of votes at the General Meeting |   |
|---|------------------------------------|------------------------------------|---|---|
|   | Number of shares                   | Participation in the share capital | Number of votes at the General Meeting                            | Share in the overall number of votes at the General Meeting |
| Tomasz Czechowicz                               | 312 000                            | 0.53%                              | 312 000   | 0.53%   |
| MCI Management Sp. z o.o.*                      | 32 278 974                         | 54.94%                             | 32 278 974  | 54.94%  |
| Quercus Towarzystwo Funduszy Inwestycyjnych S.A | 3 154 209                          | 5.37%                              | 3 154 209   | 5.37%   |
| BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A  | 3 068 411                          | 5.22%                              | 3 068 411   | 5.22%   |
| Other   | 19 938 604                         | 33.94%                             | 19 938 604  | 33.94%  |
|   | <b>58 752 198</b>                  | <b>100.00%</b>                     | <b>58 752 198</b>   | <b>100.00%</b>  |

\*Company controlled by Tomasz Czechowicz

**Major shareholders of the Company as at 30 June 2016**

|   | Participation in the share capital |                                    | Participation in the total number of votes at the General Meeting |   |
|---|------------------------------------|------------------------------------|---|---|
|   | Number of shares                   | Participation in the share capital | Number of votes at the General Meeting                            | Share in the overall number of votes at the General Meeting |
| Tomasz Czechowicz                               | 1 460 276                          | 2.36%                              | 1 460 276   | 2.36%   |
| MCI Management Sp. z o.o.*                      | 31 653 738                         | 51.24%                             | 31 653 738  | 51.24%  |
| Quercus Towarzystwo Funduszy Inwestycyjnych S.A | 3 194 206                          | 5.17%                              | 3 194 206   | 5.17%   |
| BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A  | 2 730 000                          | 4.42%                              | 2 730 000   | 4.42%   |
| Other   | 22 741 399                         | 36.81%                             | 22 741 399  | 36.81%  |
|   | <b>61 779 619</b>                  | <b>100.00%</b>                     | <b>61 779 619</b>   | <b>100.00%</b>  |

\*Company controlled by Tomasz Czechowicz

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**16. Liabilities related to bonds**

|   | Balance as at<br>30.06.2017 | Balance as at<br>31.12.2016 | Balance as at<br>30.06.2016 |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | PLN'000                     | PLN'000                     | PLN'000                     |
| The value of the liability at the date of issue at face value | 371 950                     | 351 950                     | 231 500                     |
| The value of costs related to the issue                       | (5 517)                     | (5 297)                     | (4 261)                     |
| <b>Carrying value of liability as at issue date</b>           | <b>366 433</b>              | <b>346 653</b>              | <b>227 239</b>              |
| Equity component (without deferred tax)*                      | (578)                       | (578)                       | (578)                       |
| <b>Liability component as at issue date</b>                   | <b>365 855</b>              | <b>346 075</b>              | <b>226 661</b>              |
| Interest accrued - costs YTD                                  | 46 781                      | 38 398                      | 18 813                      |
| Interest paid - costs YTD                                     | (41 377)                    | (33 611)                    | (15 640)                    |
| Repayment   | (84 800)                    | (84 800)                    | -                           |
| <b>Carrying value of liability as at balance sheet date</b>   | <b>286 459</b>              | <b>266 062</b>              | <b>229 834</b>              |
| Non-current part:   | 192 821                     | 221 315                     | 188 824                     |
| Current part:   | 93 638                      | 44 747                      | 41 010                      |
|   | <b>286 459</b>              | <b>266 062</b>              | <b>229 834</b>              |

\*applies to series G1 shares

**Bonds issued by MCI Capital S.A.**

The following tables show the status of liabilities from the issue of bonds, the date of redemption and the balance of interest paid as at 30 June 2017.

| Series of bonds | Date of allocation | Date of redemption | Number of bonds | Nominal value of bonds | Interest paid till 30.06.2017 | Interest paid till 31.12.2016 | Interest paid till 30.06.2016 |
|-----------------|--------------------|--------------------|-----------------|------------------------|-------------------------------|-------------------------------|-------------------------------|
|                 |                    |                    |                 | 000' PLN               | 000' PLN                      | 000' PLN                      | 000' PLN                      |
| H1 series*      | 03.04.2013         | 11.04.2016         | 36 000          | -                      | 7 503                         | 7 503                         | -                             |
| H2 series*      | 26.06.2013         | 28.06.2016         | 18 800          | -                      | 3 828                         | 3 828                         | -                             |
| H3 series*      | 19.12.2013         | 19.12.2016         | 30 000          | -                      | 5 958                         | 5 958                         | 5 021                         |
| G1 series**     | 21.03.2014         | 21.03.2018         | 50 000          | 50 000                 | 8 905                         | 7 494                         | 6 073                         |
| I1 series       | 17.10.2014         | 17.10.2017         | 31 000          | 31 000                 | 4 428                         | 3 546                         | 2 670                         |
| J1 series       | 11.12.2015         | 11.12.2018         | 66 000          | 66 000                 | 5 622                         | 3743                          | 1 876                         |
| K series        | 24.06.2016         | 24.06.2019         | 54 500          | 54 500                 | 3 090                         | 1538                          | -                             |
| M series        | 23.12.2016         | 20.12.2019         | 25 000          | 20 650                 | 585                           | -                             | -                             |
| N series        | 29.12.2016         | 29.12.2019         | 45 000          | 45 000                 | 1 458                         | -                             | -                             |
| O series        | 20.06.2017         | 19.06.2020         | 20 000          | 20 000                 | -                             | -                             | -                             |
|                 |                    |                    |                 | <b>287 150</b>         | <b>41 377</b>                 | <b>33 610</b>                 | <b>15 640</b>                 |

\*H1-H3 series bonds were repurchased by MCI Capital S.A. in 2016 according to redemption dates.

\*\*The series of convertible bonds of MCI Capital S.A. The conversion price as at the date of publication of these financial statements amounted to PLN 14.15. MCI Management Sp. z o.o. owns 19,000 of these bonds.

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**17. Trade and other payables**

|   | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|---|--|--|--|
| Trade payables                                | 460                                    | 1 215                                  | 839                                    |
| Payables to related entities                  | 907                                    | 882                                    | 16                                     |
| Tax liabilities                               | -                                      | 1 216                                  | -                                      |
| Social security and other burdens liabilities | 36                                     | 55                                     | 35                                     |
| Deferred income*                              | 1 913                                  | -                                      | 2 300                                  |
| Other liabilities                             | 774                                    | 740                                    | 273                                    |
|   | <b>4 090</b>                           | <b>4 108</b>                           | <b>3 463</b>                           |
| In this:                                      |  |  |  |
| Non-current part:                             | 913                                    | -                                      | -                                      |
| Current part:                                 | 3 177                                  | 4 108                                  | 3 463                                  |
|   | <b>4 090</b>                           | <b>4 108</b>                           | <b>3 463</b>                           |

\*The item consists mainly of deferred income on guarantees granted and income on usage of MCI Capital S.A. logo by lessor of office space for marketing purposes (deferred income).

**18. Provisions**

|  | Balance as at<br>30.06.2017<br>PLN'000 | Balance as at<br>31.12.2016<br>PLN'000 | Balance as at<br>30.06.2016<br>PLN'000 |
|--|--|--|--|
| Provisions for the costs of litigations* | 11 466                                 | 11 466                                 | 11 466                                 |
| Provisions for bonuses and holidays      | 55                                     | 221                                    | 212                                    |
| Other provisions                         | 161                                    | 170                                    | 84                                     |
|  | <b>11 682</b>                          | <b>11 857</b>                          | <b>11 762</b>                          |

\*The provision was set up in connection with the cost of the litigation concerning damages for the bankruptcy of JTT. For details, see **Note 24 „Contingent assets and liabilities”**.

| Provision breakdown                     | Value as at<br>01.01.2017<br>PLN'000 | Increase of<br>provisions<br>PLN'000 | Release of<br>provisions<br>PLN'000 | Use of<br>provisions<br>PLN'000 | Value as at<br>30.06.2017<br>PLN'000 |
|---|--------------------------------------|--------------------------------------|-------------------------------------|---------------------------------|--------------------------------------|
| Provisions for the costs of litigations | 11 466                               | -                                    | -                                   | -                               | 11 466                               |
| Provisions for bonuses and holidays     | 221                                  | 55                                   | 79                                  | 142                             | 55                                   |
| Other provisions                        | 170                                  | 161                                  | -                                   | 170                             | 161                                  |
| <b>Provision</b>                        | <b>11 857</b>                        | <b>216</b>                           | <b>79</b>                           | <b>312</b>                      | <b>11 682</b>                        |

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**19. Employee benefits**

The following employee benefit sums are recognised in the statement of comprehensive income:

|   | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|---|---|---|---|---|
|   | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| Short-term employee benefits                      | 525   | 243   | 781   | 393   |
| Social security                                   | 21  | 9   | 21  | 9   |
| Remuneration paid in shares and option programmes | 182   | 91  | 225   | 131   |
| Other employee benefits                           | 28  | 14  | 32  | 21  |
|   | <b>757</b>  | <b>358</b>  | <b>1 059</b>  | <b>554</b>  |

**Remuneration for key personnel**

|                                     | For the period:<br>from 01.01.2017<br>to 30.06.2017 | For the period:<br>from 01.04.2017<br>to 30.06.2017 | For the period:<br>from 01.01.2016<br>to 30.06.2016 | For the period:<br>from 01.04.2016<br>to 30.06.2016 |
|-------------------------------------|---|---|---|---|
|                                     | PLN'000   | PLN'000   | PLN'000   | PLN'000   |
| <b>Management Board</b>             |   |   |   |   |
| Short-term employee benefits        | 308   | 154   | 315   | 142   |
| Settlement of incentive programmes  | -   | -   | 35  | 35  |
| Remuneration paid in shares         | 182   | 91  | 175   | 81  |
| Lump-sum for the use of cars        | 27  | 13  | 22  | 13  |
|                                     | <b>517</b>  | <b>258</b>  | <b>547</b>  | <b>271</b>  |
| <b>Supervisory Board</b>            |   |   |   |   |
| Short-term employee benefits        | 38  | 6   | 28  | 19  |
| Measurement of incentive programmes | -   | -   | -   | -   |
|                                     | <b>38</b>   | <b>6</b>  | <b>28</b>   | <b>19</b>   |

**Employment / function**

|                   | Balance as at<br>30.06.2017 | Balance as at<br>31.12.2016 | Balance as at<br>30.06.2016 |
|-------------------|-----------------------------|-----------------------------|-----------------------------|
|                   | Number of<br>employees      | Number of<br>employees      | Number of<br>employees      |
| Management Board  | 4                           | 4                           | 4                           |
| Supervisory Board | 5                           | 6                           | 6                           |
| Operational staff | 7                           | 8                           | 7                           |
|                   | <b>16</b>                   | <b>18</b>                   | <b>17</b>                   |

**Advances paid to the members of the Management Board**

The Company did not pay advances to members of the Management Board in 2017 and 2016.

**Loans granted to members of the Management Board**

The Company did not pay loans to members of the Management Board in 2017 and 2016.



## 20. Financial assets and liabilities measured at fair value

The Company discloses at fair value the following components of financial assets and liabilities:

### Financial assets designated as measured at fair value through profit/loss at initial recognition:

Investments in shares in subsidiaries, associated entities and other entities which do not run investment operations, as well as investment certificates of investment funds and derivatives are recognised at fair value at initial recognition with changes in fair value disclosed in profit/loss.

The method of shares measurement depends on the type of available source information used in the measurement. For entities the shares of which are not quoted on the active market, the fair value is determined on the basis of measurement techniques commonly applied by market participants. The presumptions of measurement techniques are not based on information coming from the active market, but indicate best the fair value of these entities.

The Company classifies the principles of fair value measurement using the hierarchy below which reflects the importance of source data applied during measurements:

- **Level I** - financial assets/ liabilities measured directly based on prices quoted on the active market.
- **Level II** - financial assets/ liabilities measured with measurement techniques based on information coming from the active market or market observations.
- **Level III** - financial assets/ liabilities measured with techniques commonly applied by market participants. The presumptions of measurement techniques are not based on information coming from the active market.

The table below presents a classification to the relevant measurement level:

|  | Balance as at<br>30.06.2017 |   | Balance as at<br>31.12.2016 |   | Balance as at<br>30.06.2016 |   |
|--|-----------------------------|---|-----------------------------|---|-----------------------------|---|
|  | Level                       | Measurement method                      | Level                       | Measurement method                      | Level                       | Measurement method                      |
| <b>Investments in subsidiaries</b>                               |                             |   |                             |   |                             |   |
| MCI Fund Management Sp. z o. o.                                  | 3                           | Adjusted net assets                     | 3                           | Adjusted net assets                     | 3                           | Adjusted net assets                     |
| MCI Fund Management Sp. z o. o.<br>II MCI.PrivateVentures S.K.A. | 3                           | Adjusted net assets                     | 3                           | Adjusted net assets                     | 3                           | Adjusted net assets                     |
| MCI Fund Management Sp. z o. o.<br>IV MCI.PrivateVentures S.K.A. | 3                           | Adjusted net assets                     | 3                           | Adjusted net assets                     | 3                           | Adjusted net assets                     |
| <b>Investments in associates</b>                                 |                             |   |                             |   |                             |   |
| Private Equity Managers S.A.                                     | 1                           | Price quoted on the active market (WSE) | 1                           | Price quoted on the active market (WSE) | 1                           | Price quoted on the active market (WSE) |
| <b>Investment certificates</b>                                   |                             |   |                             |   |                             |   |
| Investment certificates Helix Ventures Partners FIZ              | 3                           | Net Asset Value (NAV)                   | 3                           | Net Asset Value (NAV)                   | 3                           | Net Asset Value (NAV)                   |
| Investment certificates Internet Ventures FIZ                    | 3                           | Net Asset Value (NAV)                   | 3                           | Net Asset Value (NAV)                   | 3                           | Net Asset Value (NAV)                   |
| Investment certificates MCI.CreditVentures 2.0 FIZ               | 3                           | Net Asset Value (NAV)                   | 3                           | Net Asset Value (NAV)                   | 3                           | Net Asset Value (NAV)                   |

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**Derivatives**

|  |   |   |   |   |   |   |
|--|---|---|---|---|---|---|
| Embedded derivative on investment certificates Internet Ventures FIZ | 3 | According to the contractual terms (valuation of the option giving the MCI a guarantee of return on the invested funds) | 3 | According to the contractual terms (valuation of the option giving the MCI a guarantee of return on the invested funds) | 3 | According to the contractual terms (valuation of the option giving the MCI a guarantee of return on the invested funds) |
| Embedded derivative on investment certificates Helix Ventures FIZ    | 3 | According to the contractual terms (valuation of the option giving the MCI a guarantee of return on the invested funds) | 3 | According to the contractual terms (valuation of the option giving the MCI a guarantee of return on the invested funds) | 3 | According to the contractual terms (valuation of the option giving the MCI a guarantee of return on the invested funds) |

In the Company's opinion, measurement of investment certificates at the net asset value ("NAV") and measurement of investments in subsidiaries at the value of adjusted net assets is the best reflection of the fair value of these investments.

The Company makes transfers between levels of the fair value hierarchy when the change of conditions results in fulfilment of non-fulfilment of the criteria for classification to a particular level. The Company makes transfers between levels of the fair value hierarchy in the interim period in which the event giving rise to the change of conditions occurred. The Company applies a consistent approach to transfers to and from different levels of the fair value hierarchy.

**Measurement of financial instruments measured at fair value in the statement of financial position**

| Type of the financial instrument | Method of measurement of the financial instrument | Balance as at | Balance as at | Balance as at |
|----------------------------------|---|---------------|---------------|---------------|
|                                  |   | 30.06.2017    | 31.12.2016    | 30.06.2016    |
|                                  |   | PLN'000       | PLN'000       | PLN'000       |
| <b>Non-current assets</b>        |   |               |               |               |
| Investment certificates          | Measured at fair value through profit/loss        | 98 267        | 113 945       | 141 356       |
| Investments in subsidiaries      | Measured at fair value through profit/loss        | 1 139 690     | 1 083 838     | 1 185 107     |
| Investments in associates        | Measured at fair value through profit/loss        | 17 735        | 21 389        | 33 662        |
| Investments in other entities    | Measured at fair value through profit/loss        | 7             | 7             | 7             |
| Derivatives                      | Measured at fair value through profit/loss        | 200           | 2 110         | 4 660         |

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**Measurement of financial instruments which are not measured at fair value in the statement of financial position**

| Type of the financial instrument   | Method of measurement of the financial instrument | Balance as at | Balance as at | Balance as at |
|------------------------------------|---|---------------|---------------|---------------|
|                                    |   | 30.06.2017    | 31.12.2016    | 30.06.2016    |
|                                    |   | PLN'000       | PLN'000       | PLN'000       |
| <b>Non-current assets</b>          |   |               |               |               |
| Loans granted                      | Measured at amortised cost                        | -             | 205           | 202           |
| Trade and other receivables        | Measured at nominal value                         | 437           | 437           | -             |
| <b>Current assets</b>              |   |               |               |               |
| Trade and other receivables        | Measured at nominal value                         | 26 009        | 1 960         | 5 589         |
| Receivables from bills of exchange | Measured at amortised cost                        | 25 470        | 26 063        | 4 807         |
| Loans granted                      | Measured at amortised cost                        | 1 108         | 871           | 917           |
| <b>Non-current liabilities</b>     |   |               |               |               |
| Received loans                     | Measured at amortised cost                        | -             | 107           | 124           |
| Liabilities on bonds               | Measured at amortised cost                        | 192 821       | 221 315       | 188 824       |
| <b>Current liabilities</b>         |   |               |               |               |
| Trade and other payables           | Measured at nominal value                         | 3 177         | 4 108         | 3 463         |
| Liabilities on bonds               | Measured at amortised cost                        | 93 638        | 44 747        | 41 010        |
| Bills of exchange                  | Measured at amortised cost                        | -             | 16 031        | -             |
| Received loans                     | Measured at amortised cost                        | -             | 41            | 41            |

The Company recognizes that for these financial instruments not measured at fair value in the statement of financial position, the fair value of these financial instruments is similar to their book value.

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**21. Related entities**

**Information on transactions with related entities as at 30 June 2017 and for the period from 1 January do 30 June 2017**

|   | Ultimate<br>controlling<br>entity* | Subsidiaries | Associates | Other related<br>entities** | Total     |
|---|------------------------------------|--------------|------------|-----------------------------|-----------|
| <b>Investments:***</b>                          |                                    |              |            |                             |           |
| Investments in subsidiaries                     | -                                  | 1 139 690    | -          | -                           | 1 139 690 |
| Investments in associates                       | -                                  | -            | 17 735     | -                           | 17 735    |
| Investment certificates                         | -                                  | -            | -          | 98 267                      | 98 267    |
| Derivatives                                     | -                                  | -            | -          | 200                         | 200       |
| <b>Receivables:</b>                             |                                    |              |            |                             |           |
| Trade and other receivables                     | -                                  | 100          | 1 591      | 23 503                      | 25 194    |
| Receivables from bills of exchange              | -                                  | 25 470       | -          | -                           | 25 470    |
| Loans granted                                   | -                                  | 208          | -          | 341                         | 549       |
| <b>Liabilities:</b>                             |                                    |              |            |                             |           |
| Trade and other payables                        | -                                  | 783          | 8          | 1 023                       | 1 814     |
| Liabilities on bonds                            | 19 190                             | -            | -          | -                           | 19 190    |
| <b>Revenues and expenses:</b>                   |                                    |              |            |                             |           |
| Revaluation of shares                           | -                                  | 55 975       | (3 654)    | -                           | 52 321    |
| Revaluation of investment certificates          | -                                  | -            | -          | 5 618                       | 5 618     |
| Revaluation of derivative financial instruments | -                                  | -            | -          | (1 910)                     | (1 910)   |
| Other income on investment                      | -                                  | -            | -          | -                           | -         |
| Operating expenses                              | -                                  | -            | -          | (7)                         | (7)       |
| Financial income                                | -                                  | 575          | 24         | 2 036                       | 2 635     |
| Financial expenses                              | (609)                              | (342)        | -          | (157)                       | (1 108)   |

\*The ultimate controlling entity is MCI Management Sp. z o.o.

\*\*As other related entities are presented: all investment funds, portfolio companies under the funds, companies for which PEM is the parent entity, i.e. MCI Capital TFI S.A., PEM Asset Management Sp. z o.o.

\*\*\*Except of MCI.Credit Ventures 2.0 FIZ investment certificates purchase and repurchase transactions in the first half of 2017 there were no other transactions with related parties (other changes in investments as at 30 June 2017 in comparison to 31 December 2016 resulted from investments value measurement).

**Information on transactions with related entities as at 31 December 2016 and for the period from 1 January do 31 December 2016**

|                                    | Ultimate<br>controlling<br>entity* | Subsidiaries | Associates | Other related<br>entities** | Total     |
|------------------------------------|------------------------------------|--------------|------------|-----------------------------|-----------|
| <b>Investments:</b>                |                                    |              |            |                             |           |
| Investments in subsidiaries        | -                                  | 1 083 838    | -          | -                           | 1 083 838 |
| Investments in associates          | -                                  | -            | 21 389     | -                           | 21 389    |
| Investment certificates            | -                                  | -            | -          | 113 945                     | 113 945   |
| Derivatives                        | -                                  | -            | -          | 2 110                       | 2 110     |
| <b>Receivables:</b>                |                                    |              |            |                             |           |
| Trade and other receivables        | -                                  | 357          | 994        | 155                         | 1 506     |
| Receivables from bills of exchange | -                                  | 22 148       | 1 009      | 2 906                       | 26 063    |
| Receivables from dividends         | -                                  | -            | -          | -                           | -         |
| Loans granted                      | -                                  | 205          | -          | 328                         | 533       |
| <b>Liabilities:</b>                |                                    |              |            |                             |           |

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|   |         |          |          |          |          |
|---|---------|----------|----------|----------|----------|
| Trade and other payables                        | -       | 440      | -        | 442      | 882      |
| Liabilities on bonds                            | 19 117  | -        | -        | -        | 19 117   |
| <b>Revenues and expenses:</b>                   |         |          |          |          |          |
| Revaluation of shares                           | -       | (56 058) | (20 337) | -        | (76 395) |
| Revaluation of investment certificates          | -       | -        | -        | (10 959) | (10 959) |
| Revaluation of derivative financial instruments | -       | -        | -        | 326      | 326      |
| Other income on investment                      |         |          |          | 12 080   | 12 080   |
| Operating expenses                              |         |          | (6)      | (3)      | (9)      |
| Revenues from dividends received                | -       | -        | 5 053    | -        | 5 053    |
| Financial income                                | -       | 166      | 9        | 4 401    | 4 576    |
| Financial expenses                              | (1 221) | (768)    | -        | (31)     | (2 020)  |

\*The ultimate controlling entity is MCI Management Sp. z o.o.

\*\*As other related entities are presented: all investment funds, portfolio companies under the funds, companies for which PEM is the parent entity, i.e. MCI Capital TFI S.A., PEM Asset Management Sp. z o.o.

**Information on transactions with related entities as at 30 June 2016 and for the period from 1 January to 30 June 2016**

|   | Ultimate<br>controlling<br>entity* | Subsidiaries | Associates | Other related<br>entities** | Total     |
|---|------------------------------------|--------------|------------|-----------------------------|-----------|
| <b>Investments:</b>                             |                                    |              |            |                             |           |
| Investments in subsidiaries                     | -                                  | 1 185 107    | -          | -                           | 1 185 107 |
| Investments in associates                       | -                                  | -            | 33 662     | -                           | 33 662    |
| Investment certificates                         | -                                  | -            | -          | 141 356                     | 141 356   |
| Derivatives                                     | -                                  | -            | -          | 4 660                       | 4 660     |
| <b>Receivables:</b>                             |                                    |              |            |                             |           |
| Trade and other receivables                     | -                                  | -            | 25         | 169                         | 194       |
| Receivables from bills of exchange              | -                                  | 4 807        | -          | -                           | 4 807     |
| Receivables from dividends                      | -                                  | -            | 5 053      | -                           | 5 053     |
| Loans granted                                   | -                                  | 272          | -          | 321                         | 593       |
| <b>Liabilities:</b>                             |                                    |              |            |                             |           |
| Trade and other payables                        | -                                  | -            | 1          | 7                           | 8         |
| Liabilities on bonds                            | 19 043                             | -            | -          | -                           | 19 043    |
| <b>Revenues and expenses:</b>                   |                                    |              |            |                             |           |
| Revaluation of shares                           | -                                  | 55 713       | (8 065)    | -                           | 47 648    |
| Revaluation of investment certificates          | -                                  | -            | -          | (1 380)                     | (1 380)   |
| Revaluation of derivative financial instruments | -                                  | -            | -          | 2 876                       | 2 876     |
| Other income on investment                      |                                    |              |            |                             | -         |
| Operating expenses                              |                                    |              |            |                             | -         |
| Revenues from dividends received                | -                                  | -            | -          | -                           | -         |
| Financial income                                | -                                  | 224          | 5 053      | 1 970                       | 7 247     |
| Financial expenses                              | (606)                              | (364)        | -          | -                           | (970)     |

\*The ultimate controlling entity is MCI Management Sp. z o.o.

\*\*As other related entities are presented: all investment funds, portfolio companies under the funds, companies for which PEM is the parent entity, i.e. MCI Capital TFI S.A., PEM Asset Management Sp. z o.o.

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## **22. Dividend**

In 2016 the Company incurred loss in the amount of PLN 82,243 ths. The Ordinary General Shareholding Meeting on 28 June 2017 decided to cover loss generated in this period from the Company's reserve capital, at the same time the Ordinary General Shareholding Meeting did not adopt a resolution on dividend payment.

## **23. Share-based incentive program**

### **Share based incentives programs**

The Company has not adopted share based incentives programs for members of the Management Board and Key Executives for 2017.

### **Remuneration Program for the President of the Management Board**

On 28 June 2016 General Shareholders Meeting of the Company decided on the issuance of warrants dedicated for Mr. Tomasz Czechowicz as a realisation of remuneration program adopted by the Supervisory Board Resolution No. 1 of 25 May 2016 ("Remuneration Program").

Under the Remuneration Program the Company will issue no more than 100,446 warrants, C series, registered with the rights to acquire issued by the Company under the conditional increase of the share capital of not more than 100,446 shares, series A1 (bearer shares). Offer to purchase warrants will be addressed only to Mr. Tomasz Czechowicz, while the issuance of warrants will be made in accordance with the Remuneration Program. Each warrant shall entitle its holder to subscribe one share. The issue price of the shares acquired by exercising the rights of the warrants will be PLN 1.00 for each share. The entitled person will be able to acquire shares till 31 December 2020, whereas the condition of exercising the rights of the warrants is to be the Member of the Board of the Company for an uninterrupted period during the time of acquiring the right from the warrants. The first period of entitlement means the period from 1 January 2016 to 31 December 2016. During this period the entitled person acquires rights to 33,482 warrants. The second period of entitlement means the period from 1 January 2017 to 31 December 2017. During this period the entitled person acquires rights to acquire 33,482 warrants. The third period of entitlement means the period from 1 January 2018 to 31 December 2018. During this period the entitled person acquires rights to 33,482 warrants (up to 100,446 warrants in total). In respect of the incentive program in the first half of 2016 the cost of PLN 182 thousand was recognized. The same cost of the Incentive Program was incurred in the first half of 2017.

## **24. Contingent assets and liabilities**

### **JTT damages**

On 2 October 2006 attorneys of MCI Capital S.A. filed an action with the Circuit Court in Wrocław against the State Treasury for PLN 38.5m for the losses incurred and benefits lost by MCI Capital S.A. as the shareholder of JTT Computer S.A., resulting from illegal actions of the tax authorities. Following the binding judgement of the Appellate Court of 31 March 2011, MCI received a compensation of PLN 46.6m (including interest). The Treasury appealed against the judgment of the Court of Appeal and filed a cassation appeal to the Supreme Court. On 26 April 2012 the Supreme Court dismissed the judgment favourable to MCI and referred to case to be reviewed again by the Appellate Court. On 17 January 2013 the Appellate Court upheld the appealed judgment and re-awarded the JTT compensation to MCI.

The State Treasury filed a cassation appeal to the Supreme Court against the second judgment of the Appellate Court in Wrocław of 17 January 2013. Following the cassation appeal, on 26 March 2014 the Supreme Court repealed the judgment of the Appellate Court of 17 January 2013 and referred the case to be reviewed again by the Appellate Court in Wrocław.

In July 2014 the first hearing before the Court of Appeal took place, which allowed evidence of supplementary hearing of witnesses. In March 2015 another hearing before the Court of Appeal took place during which subsequent witnesses were heard.

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At the moment of preparing these financial statements, the proceedings are pending and the case is being reviewed by the Court of Appeal. The court obtained evidence from personal evidence, then asked the team of experts to prepare a supplementary written opinion from a hearing of the expert and specify the dates for that opinion. The experts expressed their readiness to draw up a supplementary opinion. In January 2017, the Court sent a letter to experts urging them to submit an opinion. On 6 March 2017, the experts submitted a supplementary opinion, which supports previous findings of experts. The Company sent letter in which it took an attitude towards the opinion as well as the State Treasury appealed the opinion. At the present stage of the proceedings, the Court will hear the parties' submissions as to complementary evidence. At the same time, the State Treasury asked for a further supplementary opinion.

It should be noted that the final judgment of the common court was issued in this case and the judgment was made.

The provision was set up in connection with the cost of the litigation concerning damages for the bankruptcy of JTT. For details, see **Note 18 "Provisions"**.

**Corporate income tax – JTT compensation**

On 20 June 2011 MCI applied to the Minister of Finance for an interpretation regarding the income tax on the compensation obtained from the State Treasury for the impairment of the JTT shares which belonged to MCI. The Company believes that the compensation obtained from the State Treasury is not taxable income. In the individual interpretation of 14 September 2011, the tax authority found the Company's position invalid, so the Company appealed to the Voivodeship Administrative Court against the interpretation. In its judgment of 12 November 2012, the Voivodeship Administrative Court dismissed the appeal and stated, among others, that compensation granted under provisions of the civil law benefited from the exemption from taxation by the end of 1998, when the provision was deleted. In January 2013 the Company filed a cassation appeal against the judgment of the Voivodship Administrative Court to the Supreme Administrative Court.

After the hearing on 9 April 2015 the Supreme Administrative Court issued a judgment which dismissed the cassation appeal. The ruling is final. After receiving written justification for the judgment of the Supreme Administrative Court, a decision was made to bring an appeal complaint to the Constitutional Court on the unconstitutional nature of taxation of compensation obtained from the State Treasury. The constitutional appeal was lodged on 3 November 2015. On April 26, 2016, the Constitutional Court refused to proceed with a constitutional complaint. As a result, national procedural rules were exhausted and the possibility of questioning the operation of the State Treasury was exhausted.

In the opinion of the Management Board, compensation received from the State Treasury is not a financial increment and therefore does not meet the definition of income under the Corporate Income Tax Act and should therefore not be treated as a taxable revenue. In addition, it should be noted that, in fact, the State Treasury reduced the compensation paid to the Company for the value of the Company's tax paid, whereas the damage suffered should, in the opinion of the Company's Management Board, be repaired entirely.

As a result, the Company decided to file a correction of the CIT declaration in order to claim a refund of the tax paid on the compensation it owed from the State Treasury.

On 30 December 2016 MCI applied to the Head of the First Mazovian Tax Office in Warsaw for the declaration of overpayment in corporate income tax for the tax year 2011. In the correction of the CIT-8 declaration for 2011, the company has shown an overpayment of PLN 5.3 m. As at the date of preparation of this report, the company is awaiting resolution in this case.

On 13 April 2017, the Company received a notice from the Head of the First Mazovian Tax Office in Warsaw that the case for the declaration of overpayment in corporate income tax for the tax year 2011 was submitted to the Second Mazovian Tax Office in Warsaw.

On 8 June 2017, the Company received from the Second Mazovian Tax Office in Warsaw a decision to refuse to confirm the overpayment. From that decision, the Company lodged an appeal on 22 June 2017 to the first instance appeal body. Currently, the Company is awaiting a response to the appeal submitted to the appeal body, ie. the Director of the Tax Administration Chamber in Warsaw.

These financial statements do not include any amounts of overpayments in corporate income tax for the 2011 tax year. This will only occur when the refund requested is practically certain to receive.

### **Administrative proceedings initiated by the Financial Supervision Authority (KNF)**

On 3 November 2016, the Polish Financial Supervision Authority initiated proceedings against MCI concerning the imposition of a fine against the suspicion of breach by the Company of the provisions of the Act of July 29, 2015 on the offer and conditions for introducing financial instruments to organized trading and on public companies. The proceedings were initiated in connection with the acquisition by the Company in 2010 Travelplanet.pl S.A. shares.

Until the date of publication of this report, the Company has not received any information about any penalty that would be imposed on the Company. MCI's Management is not able to reliably estimate the amount of possible penalty, so the Company did not make any provisions for this proceedings in the Company's books in 2016 and in the first half of 2017.

## **25. Suretyships and guaranties**

### **Guarantees granted for the benefit of MCI.CreditVentures 2.0**

#### **- Guarantee granted on 23 June 2015**

On 23 June 2015 MCI Capital S.A. guaranteed a revolving loan of PLN 5,000,000 granted by Alior Bank S.A. to MCI CreditVentures 2.0. The guarantee covers liabilities of MCI CreditVentures 2.0 related to the loan agreement of 19 June 2015 if MCI CreditVentures 2.0 failed to repay such liabilities when due.

#### **- Guarantee granted on 13 February 2017**

On 13 February 2017 Private Equity Managers S.A. guaranteed a loan of PLN 15,300,000 granted by Alior Bank S.A. under the revolving loan agreement dated 13 February 2017 to MCI CreditVentures 2.0. The guarantee covers liabilities of MCI CreditVentures 2.0 related to the loan agreement if MCI CreditVentures 2.0 failed to repay such liabilities when due. The date of final repayment of the loan is 14 November 2019.

On 11 May 2017 based on the Amendment to the revolving loan agreement dated 13 February 2017 took place a change of guarantor from Private Equity Managers S.A. to MCI Capital S.A. Thus guarantee of Private Equity Managers S.A. expired and MCI Capital S.A. become a new guarantor.

### **Guarantees granted for the benefit of MCI.PrivateVentures FIZ**

#### **- Guarantee granted on 31 July 2015 r. – sub-fund EuroVentures 1.0**

On 31 July 2015 MCI Capital S.A. guaranteed a loan granted under the revolving loan agreement in the loan account of 11 September 2014 amended with Annex 1 of 1 October 2014 and Annex 2 of 29 July 2015 for PLN 41,000 ths to MCI MCI PrivateVentures Closed-End Investment Fund with the separated EuroVentures 1.0 sub-fund. On 7 March 2016 the Company signed the declaration on establishing a writ of execution pursuant to Art. 777 § 1 (5) of the Civil Code up to PLN 82,000 ths. The bank may request that the declaration be made enforceable by 19 September 2020.

On November 2, 2016, the annex to the loan agreement was signed, on the basis of which the maximum loan value was reduced from PLN 41,000 ths to PLN 30,000 ths. On this basis, the maximum amount of surety from the level of PLN 82,000 ths was also reduced up to PLN 60,000 ths.

#### **- Guarantee granted on 31 July 2015 r. – sub-fund EuroVentures 1.0**

On 31 July 2015 MCI Capital S.A. guaranteed a loan granted by Alior to MCI PrivateVentures Closed-End Investment Fund with the separated EuroVentures 1.0 sub-fund for liabilities resulting from the loan of EUR 10,000 ths granted under the revolving loan agreement in the loan account. On 31 July 2015 the Company signed the declaration on establishing a writ of execution pursuant to Art. 777 § 1 (5) of the Civil Code up to EUR 20,000 ths. The bank may request that the declaration be made enforceable by 28 July 2021.

#### **- Guarantee granted on 31 July 2015 r. – sub-fund TechVentures 1.0**

On 31 July 2015 MCI Capital S.A. guaranteed a loan granted by Alior to MCI PrivateVentures Closed-End Investment Fund with the separated TechVentures 1.0 sub-fund for liabilities resulting from the loan of EUR 10,000 ths granted



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under the revolving loan agreement in the loan account. On 31 July 2015 the Company signed the declaration on establishing a writ of execution pursuant to Art. 777 § 1 (5) of the Civil Code up to EUR 20,000 ths. The bank may request that the declaration be made enforceable by 28 July 2021.

On 12 April 2017 was signed an Annex to the above mentioned loan agreement granted by Alior to MCI PrivateVentures Closed-End Investment Fund with the separated TechVentures 1.0 sub-fund. Based on this Annex the maximum loan value was reduced to EUR 3,000 ths. On this basis, the maximum amount of surety from the level of EUR 20,000 ths was also reduced up to EUR 6,000 ths.

**- Guarantee granted on 12 April 2017 r. – sub-fund TechVentures 1.0**

On 12 April 2017 MCI Capital S.A. guaranteed a loan granted by Alior to MCI PrivateVentures Closed-End Investment Fund with the separated TechVentures 1.0 sub-fund for liabilities resulting from the loan of PLN 10,000 ths granted under the revolving loan agreement in the loan account. The guarantee covers liabilities of MCI PrivateVentures Closed-End Investment Fund with the separated TechVentures 1.0 sub-fund related to the loan agreement if PrivateVentures Closed-End Investment Fund with the separated TechVentures 1.0 sub-fund failed to repay such liabilities when due. On 12 April 2017 the Company signed the declaration on establishing a writ of execution pursuant to Art. 777 § 1 (5) of the Civil Code up to PLN 60,000 ths.

**Financial guarantee under bonds obligations issued MCI Venture Projects Sp. z o.o. VI SKA**

On March 10, 2016, the Company issued a financial guarantee in connection with the issuance of bonds by MCI.Venture Projects Sp. z o.o. VI SKA. The guarantee has been granted under Czech law. The guarantee secures the following obligations of the Issuer:

- to pay the nominal value and interests relating to bonds;
- for unjust enrichment with respect to the bondholder due to the invalidity or cancellation of bonds;
- for sanctions caused by improper or untimely payment of bonds.

In connection with the additional issue of bonds on October 11, 2016, the total nominal value of the bonds is CZK 699,000,000 (approximately PLN 110,651,700 at the CZK/PLN exchange rate of October 11, 2016, i.e. 0.1583). Interests of bonds is determined by the terms of the bonds issue. Interests are calculated on a variable interest rate based on the 6M PRIBOR reference rate and increased by a margin of 3.8% per annum. The guarantee is a security of the aforementioned commitments up to the amount not exceeded 130% of the total nominal value of the outstanding bonds issued up to April 8, 2021. The maximum value of these obligations to be repaid by the Guarantee (after issue on October 11, 2016) not exceeds CZK 908,700,000 (approximately PLN 143,847,210 assuming that 1 Czech crown equals PLN 0.1583).

The guarantee was granted until the date of full satisfaction of the obligations secured by the Guarantee, but no longer than until April 8, 2022.

Under the granted financial guarantee, the Company receives a remuneration of 1% per annum on the collateral value, which is approximately PLN 1.4 million per annum.

**26. Lease agreements**

At the balance sheet date, the Company does not operate any fixed assets under operating or finance leases.

**27. Operating segments**

The company does not separate operating or geographical segments.

**28. Major events in the first half of 2017**

**Own share repurchase programme**

In 2017 the Company continued Repurchase Program pursuant to Resolution No. 4 of the MCI Capital S.A. Extraordinary General Shareholders Meeting dated 14 November 2016 amending Resolution No. 5 of the MCI

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Capital S.A. Extraordinary General Shareholders Meeting dated 17 November 2015 on authorizing the Company to acquire own shares and use of reserve capital. Under the Repurchase Program the Company was authorized to purchase up to 10,000,000 their own shares, with a nominal value PLN 100 each. The authorization to acquire own shares was granted for the period until 31 December 2017. In the first half of 2017 the Company purchased in total 5,899,084 own shares with average price of 9.75 PLN/share. Shares were redeemed in June 2017. As at 30 June 2017 the Company had no own shares..

**Issue of „O” series bonds**

On 20 June 2017, the Company issued 20,000 "O" series bearer bonds with a nominal value of PLN 1,000 each, with a total par value of PLN 20,000,000 ("Bonds"). The maturity date is 19 June 2020. Bonds entitle only to a monetary payment, consisting in payment, to the bondholders, the amount of the redemption and the amount of interest, and in the cases specified in the terms and conditions of the bond issue, also the amount of early redemption. Interest on the Bonds is 6M WIBOR plus a margin of 3.90%. Bonds pay interest on semi-annual basis and will be introduced to the alternative trading system Catalyst organized by the Warsaw Stock Exchange S.A. and / or BondSpot S.A.

According to the provisions of the District Court for the Capital City of Warsaw of 6 June and 8 June 2017, the issued Bonds were secured on the registered pledge of 71,630 investment certificates of the MCI.PrivateVentures Closed-end Investment Fund with a separate MCI.TechVentures. 1.0 sub-fund and 349 investment certificates of the MCI.PrivateVentures Closed-end Investment Fund with a separate MCI.EuroVentures 1.0. sub-fund owned by a subsidiary - MCI Fund Management Sp. z o.o. with its registered office in Warsaw.

**Resignation from the function of and appointment as a Member of the Supervisory Board**

On 9 March 2017 the Company received resignation of Ms Monika Morali-Majkut from membership in the Supervisory Board of MCI Capital S.A.

On 28 June 2017 the Ordinary General Shareholders Meeting appointed to the Supervisory Board Mr. Mariusz Grendowicz. The resolution of the Ordinary General Shareholders Meeting on appointment of Mr. Mariusz Grendowicz entered into force on the day of its adoption.

On 28 June 2017 the Company received resignation of Ms Dorota Lange-Socha from membership in the Supervisory Board of MCI Capital S.A.

**29. Events after the balance sheet date**

- 1) On 12 July 2017 the Company received resignation of Mr. Wojciech Marcińczyk from membership in the Management Board of MCI Capital S.A. Mr. Wojciech Marcińczyk was the Vice-President of the Management Board on the day of resignation.
- 2) On 12 July 2017 the Supervisory Board of the Company appointed to the Management Board Mr Krzysztof Stupnicki, assigning him the position of Vice-President of the Management Board. The resolution of the Supervisory Board on appointment of Mr. Krzysztof Stupnicki entered into force on the day of its adoption.
- 3) On 14 July 2017, MCI Fund Management Sp. z o.o. Spółka Jawna (indirect subsidiary of MCI Capital S.A.) and MCI Fund Management Sp.z o.o. IV MCI.PrivateVentures S.K.A. (direct subsidiary of MCI Capital S.A.) signed with MCI Fund Management Sp. z o.o. (direct subsidiary of MCI Capital S.A.) agreements of loans and deductions of mutual receivables. Maturity date of loans was set at 30 June 2018. The agreements were signed as a result of restructuring of the MCI Capital S.A. Group structure which is described in Note 7 „Investments in subsidiaries”. Details of transactions were described in current reports of the Company number 59/2017 and 60/2017 from 14 July 2017.