

# MCI Capital S.A.

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

*Translation from the Polish original*

**MCI Capital S.A.**  
**Condensed Interim Financial Statements**  
**for the period from 1 January to 30 September 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 September 2017 and from 1 July to 30 September 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 Warszawa, ul. Piękna 18

**Warsaw, 6 November 2017**

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



**SELECTED FINANCIAL DATA**

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000	EUR'000	EUR'000	EUR'000	EUR'000
Investment profits	102,062	46,033	(27,222)	(76,366)	23,977	10,768	(6,231)	(17,574)
Profit on operating activities	99,548	45,123	(30,842)	(77,284)	23,387	10,555	(7,060)	(17,786)
Profit before taxation	91,089	42,693	(33,560)	(79,869)	21,399	9,986	(7,682)	(18,381)
Net profit	90,141	42,775	(32,003)	(80,163)	21,177	10,006	(7,325)	(18,448)
Net cash from operating activities	15,567	17,639	51,629	6,461	3,657	4,126	11,818	1,487
Net cash from investment activities	1,011	(12)	(38,023)	(5,754)	238	(3)	(8,703)	(1,324)
Net cash from financial activities	(63,225)	(1,439)	(18,579)	(1,434)	(14,853)	(337)	(4,253)	(330)
Net increase/(decrease) of cash and cash equivalents	(46,647)	16,188	(4,973)	(727)	(10,959)	3,787	(1,138)	(167)
	<b>Balance as at 30.09.2017</b>	<b>Balance as at 30.06.2017</b>	<b>Balance as at 31.12.2016</b>	<b>Balance as at 30.09.2016</b>	<b>Balance as at 30.09.2017</b>	<b>Balance as at 30.06.2017</b>	<b>Balance as at 31.12.2016</b>	<b>Balance as at 30.09.2016</b>
	PLN'000	PLN'000	PLN'000	PLN'000	EUR'000	EUR'000	EUR'000	EUR'000
Total assets	1,379,049	1,334,762	1,340,871	1,358,869	320,032	315,808	303,090	315,137
Non-current liabilities	197,098	193,734	221,422	190,617	45,740	45,838	50,050	44,206
Current liabilities	106,554	108,497	76,784	55,372	24,728	25,671	17,356	12,841
Equity	1,075,397	1,032,531	1,042,665	1,112,880	249,564	244,299	235,684	258,089
Share capital	52,853	52,853	58,752	61,780	12,265	12,505	13,280	14,327
No of shares (in items)	52,853,114	52,853,114	58,752,198	61,779,619	52,853,114	52,853,114	58,752,198	61,779,619
Weighted average no of shares for period (in items)	56,591,361	58,491,465	61,527,334	61,779,619	56,591,361	58,491,465	61,527,334	61,779,619
Profit (loss) per one weighted average ordinary share (in PLN / EUR)	1.59	0.81	(1.34)	(0.52)	0.37	0.19	(0.31)	(0.12)
Book value per one share (in PLN / EUR)	20.35	19.54	17.75	18.01	4.72	4.62	4.01	4.18

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

- 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 September 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 September 2017 – 4.2566; from 1 July to 30 September 2017 – 4.2751; from 1 January to 30 September 2016 – 4.3688; from 1 July to 30 September 2016 – 4.3453;
- 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 September 2017 – 4.3091, as at 30 June 2017 – 4.2265; as at 31 December 2016 – 4.4240, as at 30 September 2016 – 4.3120.

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



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

		For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	NOTES	PLN'000	PLN'000	PLN'000	PLN'000
Revaluation of shares	1a	97,834	45,513	(29,299)	(76,947)
Profit on investment certificates	1b	6,138	520	(366)	1,014
Revaluation of derivative financial instruments	1c	(1,910)	-	2,443	(433)
<b>Investment profits (loss)</b>		<b>102,062</b>	<b>46,033</b>	<b>(27,222)</b>	<b>(76,366)</b>
Operating expenses	2	(2,627)	(815)	(3,677)	(929)
Other operating income		216	8	59	13
Other operating expenses		(103)	(103)	(2)	(2)
<b>Profit (loss) on operating activities</b>		<b>99,548</b>	<b>45,123</b>	<b>(30,842)</b>	<b>(77,284)</b>
Revenues from dividends received	3	1,027	1,027	5,053	-
Financial income	4	4,250	1,395	3,682	1,363
Financial expenses	4	(13,736)	(4,852)	(11,453)	(3,948)
<b>Profit (loss) before taxation</b>		<b>91,089</b>	<b>42,693</b>	<b>(33,560)</b>	<b>(79,869)</b>
Income tax		(948)	82	1,557	(294)
<b>Net profit (loss)</b>		<b>90,141</b>	<b>42,775</b>	<b>(32,003)</b>	<b>(80,163)</b>
Other net comprehensive income		-	-	-	-
<b>Other comprehensive income</b>		<b>90,141</b>	<b>42,775</b>	<b>(32,003)</b>	<b>(80,163)</b>
<b>Earnings (loss) per share</b>					
Basic	5	1.59	0.81	(0.52)	(1.30)
Diluted	5	1.53	0.77	(0.47)	(1.22)

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 35.

**MCI Capital S.A.**  
**Condensed Interim Financial Statements**  
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**STATEMENT OF FINANCIAL POSITION**  
**as at 30 September 2017**

	NOTES	Balance as at 30.09.2017 PLN'000	Balance as at 30.06.2017 PLN'000	Balance as at 31.12.2016 PLN'000	Balance as at 30.09.2016 PLN'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible fixed assets		580	607	784	622
Investment certificates	8	98,788	98,267	113,945	134,082
Investments in subsidiaries	6	1,186,288	1,139,690	1,083,838	1,126,516
Investments in associates	7	16,652	17,735	21,389	25,807
Investments in other entities		7	7	7	7
Loans granted	9	-	-	205	203
Trade and other receivables	11	426	437	437	415
Deferred tax assets		7,058	6,805	8,000	5,275
Derivatives	1d	200	200	2,110	4,227
		<b>1,309,999</b>	<b>1,263,748</b>	<b>1,230,715</b>	<b>1,297,154</b>
<b>Current assets</b>					
Trade and other receivables	10	7,626	26,009	1,960	641
Receivables from bills of exchange	12	25,684	25,470	26,063	4,860
Loans granted	9	1,125	1,108	871	861
Cash and cash equivalents	13	34,615	18,427	81,262	55,353
		<b>69,050</b>	<b>71,014</b>	<b>110,156</b>	<b>61,715</b>
<b>Total assets</b>		<b>1,379,049</b>	<b>1,334,762</b>	<b>1,340,871</b>	<b>1,358,869</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	14	52,853	52,853	58,752	61,780
Reserve capital	14	886,686	886,686	1,020,712	1,047,672
Other reserve capital		44,046	43,955	43,773	43,682
Retained earnings		1,671	1,671	1,671	1,671
Net profit/loss		90,141	47,366	(82,243)	(32,003)
Own shares	14	-	-	-	(9,922)
		<b>1,075,397</b>	<b>1,032,531</b>	<b>1,042,665</b>	<b>1,112,880</b>
<b>Non-current liabilities</b>					
Received loans		-	-	107	114
Liabilities on bonds	16	195,962	192,821	221,315	190,503
Trade and other payables	17	1,136	913	-	-
		<b>197,098</b>	<b>193,734</b>	<b>221,422</b>	<b>190,617</b>
<b>Current liabilities</b>					
Trade and other payables	17	1,106	3,177	4,108	2,091
Liabilities on bonds	16	93,698	93,638	44,747	41,640
Liabilities on bills of exchange		-	-	16,031	-
Received loans		-	-	41	41
Provisions	18	11,750	11,682	11,857	11,600
		<b>106,554</b>	<b>108,497</b>	<b>76,784</b>	<b>55,372</b>
<b>Total Equity and Liabilities</b>		<b>1,379,049</b>	<b>1,334,762</b>	<b>1,340,871</b>	<b>1,358,869</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 35.

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

PLN'000	Share capital	Reserve capital				Other reserve capital		Retained earnings	Net profit	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>Balance 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	-	-	-	-	-	116	-	-	-	150	266
Settlement of option programmes	-	-	-	-	-	(78)	-	-	-	-	(78)
Profit/loss for the period	-	-	-	-	-	-	-	-	(32,003)	-	(32,003)
<b>Balance as at 30.09.2016</b>	<b>61,780</b>	<b>28,175</b>	<b>2,792</b>	<b>106,440</b>	<b>910,265</b>	<b>38,287</b>	<b>5,395</b>	<b>1,671</b>	<b>(32,003)</b>	<b>(9,922)</b>	<b>1,112,880</b>
<b>Balance 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>Balance 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>Balance 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	-	-	-	-	-	273	-	-	-	-	273
Profit/loss for the period	-	-	-	-	-	-	-	-	90,141	-	90,141
<b>Balance as at 30.09.2017</b>	<b>52,853</b>	<b>28,175</b>	<b>2,792</b>	<b>106,440</b>	<b>749,279</b>	<b>38,651</b>	<b>5,395</b>	<b>1,671</b>	<b>90,141</b>	<b>-</b>	<b>1,075,397</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 35.

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

	For the period: from 01.01.2017 to 30.09.2017 PLN'000	For the period: from 01.07.2017 to 30.09.2017 PLN'000	For the period:* from 01.01.2016 to 30.09.2016 PLN'000	For the period:* from 01.07.2016 to 30.09.2016 PLN'000
<b>Cash flows from operating activities</b>				
<b>Net profit for the reporting period</b>	<b>90,141</b>	<b>42,775</b>	<b>(32,003)</b>	<b>(80,163)</b>
Adjustments:				
Depreciation of tangible fixed assets	151	36	122	41
Revaluation of shares, certificates and derivatives	(102,062)	(46,033)	27,295	76,439
Share-based incentive programmes	273	91	266	91
Change in certificates	21,296	-	50,997	8,287
Costs of issue of bonds - paid	(464)	(196)	(897)	-
Bails paid	-	-	(421)	(421)
Financial income and expenses	12,985	4,951	6,079	3,878
Income tax paid	(1,780)	(548)	(3)	(3)
Other adjustments	1,713	202	23	187
Change in provisions	(107)	68	(150)	(162)
Change in trade and other receivables	(4,628)	19,421	501	4,533
Change in dividends	(1,027)	(1,027)	-	(5,053)
Change in trade and other payables	(1,866)	(1,848)	1,492	(1,372)
Change in deferred tax assets and liabilities	942	(253)	(1,672)	179
<b>Net cash from operating activities</b>	<b>15,567</b>	<b>17,639</b>	<b>51,629</b>	<b>6,461</b>
<b>Cash flows from investment activities</b>				
Dividends received	-	-	5,053	5,053
Proceeds from sale and repayment of bills of exchange	20,067	-	12,110	-
Proceeds from granted loans	-	-	1,377	67
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	-	-	(43,975)	(10,501)
Outflows for the purchase of fixed assets	(284)	(12)	(388)	(373)
<b>Net cash from investment activities</b>	<b>1,011</b>	<b>(12)</b>	<b>(38,023)</b>	<b>(5,754)</b>
<b>Cash flows from financial activities</b>				
Outflows for the purchase of own shares	(57,682)	-	(9,922)	-
Issue of bonds	20,000	-	54,500	-
Repayment of bills of exchange with interests	(16,188)	-	-	-
Repayment of loans with interests	(150)	-	(33)	(12)
Repayment of bonds	-	-	(54,800)	-
Interests paid on bonds	(9,205)	(1,439)	(8,324)	(1,422)
<b>Net cash from financial activities</b>	<b>(63,225)</b>	<b>(1,439)</b>	<b>(18,579)</b>	<b>(1,434)</b>
<b>Net increase/(decrease) of cash and cash equivalents</b>	<b>(46,647)</b>	<b>16,188</b>	<b>(4,973)</b>	<b>(727)</b>
Opening balance of cash and cash equivalents	81,262	18,427	60,326	56,080
Change in cash due to exchange rate differences	-	-	-	-
<b>Closing balance of cash and cash equivalents</b>	<b>34,615</b>	<b>34,615</b>	<b>55,353</b>	<b>55,353</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 to 35.

## **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 Company 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 financial statements of the Company 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 01/07/2017 to 30/09/2017,
  - for the period from 01/07/2016 to 30/09/2016,
- 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 IFRS 10.27, 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;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

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- 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 IFRS 10.27 *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 condensed interim financial statements of MCI Capital S.A. are the only financial statements prepared by MCI Capital S.A.

**Date of approval of the condensed interim financial**

The condensed interim financial statements were approved by the Management Board of the Company on 6 November 2017.

**Functional currency and presentation currency**

The items included in the condensed interim 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 condensed interim financial statements are presented in thousands of Polish zloty, unless stated otherwise.

**Judgements and estimates**

The preparation of the condensed interim 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 condensed interim financial statements. Actual values may differ from those estimates.

All judgements, assumptions and estimates which have been made for the purposes of these condensed interim financial statements are presented in the required disclosures relating to individual items of these financial statements, in the supplementary notes to the condensed interim 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 6 "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 10.27.

The Company meets the criteria for classification as an investment entity as defined in IFRS 10.27, 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. Investment profits**

The item of investment profits includes gains and losses on revaluation 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 shares**

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
<b>Measurement of subsidiaries</b>				
MCI Fund Management Sp. z o.o.*	79,128	37,683	(12,221)	(68,711)
MCI Fund Management Sp. z o.o. II	18,053	6,368	(2,493)	(787)
MCI.PrivateVentures S.K.A.				
MCI Fund Management Sp. z o.o. IV	5,268	2,545	1,334	405
MCI.PrivateVentures S.K.A.				
	<b>102,449</b>	<b>46,596</b>	<b>(13,380)</b>	<b>(69,093)</b>
<b>Measurement of affiliates</b>				
Private Equity Managers S.A.	(4,737)	(1,083)	(15,919)	(7,854)
	<b>(4,737)</b>	<b>(1,083)</b>	<b>(15,919)</b>	<b>(7,854)</b>
<b>Realised profit on sale of other entities</b>				
Digital Avenue S.A.	122	-	-	-
	<b>122</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revaluation of shares and realised profit on sale of other entities</b>	<b>97,834</b>	<b>45,513</b>	<b>(29,299)</b>	<b>(76,947)</b>

\*The value of assets of MCI Fund Management Sp. z o.o. in 99.8% represents the value of investment certificates of MCI.TechVentures 1.0 and MCI.EuroVentures 1.0 subfunds, separated from MCI.PrivateVentures FIZ. This implicates that directly 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 103,454 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 6, "Investments in subsidiaries"** and in **Note 7, "Investments in associates"**.

**1b. Profit (loss) on investment certificates**

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Investment certificates of Helix Ventures Partners FIZ	(188)	43	124	(46)
Investment certificates of Internet Ventures FIZ	1,410	(419)	(2,936)	148
Investment certificates of MCI.CreditVentures FIZ 2.0	3,965	896	2,891	839
<b>Unrealised profit (loss) on revaluation of investment certificates</b>	<b>5,187</b>	<b>520</b>	<b>79</b>	<b>941</b>

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	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Investment certificates of Helix Ventures Partners FIZ	(26)	-	-	-
Investment certificates of Internet Ventures FIZ	-	-	(1,519)	-
Investment certificates of MCI.CreditVentures FIZ 2.0	977	-	1,074	73
<b>Realised profit (loss) on redemption of investment certificates</b>	<b>951</b>	<b>-</b>	<b>(445)</b>	<b>73</b>
<b>Profit (loss) on investment certificates</b>	<b>6,138</b>	<b>520</b>	<b>(366)</b>	<b>1,014</b>

The realised 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 three quarters of 2017, or as at 30 June 2017 with respect to data for the third quarter of 2017.

Unrealised 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: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Embedded derivative on investment certificates Internet Ventures FIZ	(1,110)	-	2,236	(479)
Embedded derivative on investment certificates Helix Ventures Partners FIZ	(800)	-	207	46
	<b>(1,910)</b>	<b>-</b>	<b>2,443</b>	<b>(433)</b>

**1d. The carrying amount of derivative financial instruments**

	Balance as at 30.09.2017	Balance as at 30.06.2017	Balance as at 31.12.2016	Balance as at 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Embedded derivative on investment certificates Internet Ventures FIZ	-	-	1,110	2,567
Embedded derivative on investment certificates Helix Ventures Partners FIZ	200	200	1,000	1,660
	<b>200</b>	<b>200</b>	<b>2,110</b>	<b>4,227</b>

As at 30 September 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: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Depreciation of fixed assets and amortization of intangible assets	(151)	(36)	(122)	(41)
Consumption of materials and energy	(45)	(13)	(88)	(63)
Outsourced services	(999)	(205)	(2,062)	(483)
Taxes and fees	(56)	(28)	(21)	(7)
Wages and salaries	(1,182)	(475)	(1,229)	(289)
Employee benefits	(42)	(13)	(50)	(18)
Social insurance	(36)	(15)	(25)	(4)
Other costs	(116)	(30)	(80)	(24)
	<b>(2,627)</b>	<b>(815)</b>	<b>(3,677)</b>	<b>(929)</b>

**3. Revenues from dividends received**

Revenues from dividends received by the Company in the amount of PLN 1,027,378.13 concern the dividend from Private Equity Managers S.A. from the profit generated for 2016. The Company possessed 350,641 shares entitled to the dividend. The dividend date was fixed on 8 September 2017. The payment of the dividend is fixed on 16 November 2017. The dividend per share amounts to PLN 2.93.

In 2016, the Company received a dividend from Private Equity Managers S.A. from the profit generated for 2015 in the total amount of PLN 5,052,736.81. The Company possessed 350,641 shares entitled to the dividend. The dividend date was fixed on 29 June 2016. The payments were made in two instalments: the first instalment payable on July 15, 2016 in the amount of PLN 8.00 for 1 share (PLN 2,805,128.00 in total) and the second instalment payable on September 30, 2016 in the amount of PLN 6.41 per 1 share (PLN 2,247,608.81 in total).

**4. Financial income and expenses**

**Financial income**

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Interests on short-term bank deposits	74	34	181	75
Fee and commission income - guarantees*	3,065	1,042	3,113	1,150
Interest income on purchased bills of exchange	688	215	266	54
Interest income on loans	50	17	55	17
Income on value adjustment/realisation of units	373	87	-	-
Other financial income	-	-	67	67
	<b>4,250</b>	<b>1,395</b>	<b>3,682</b>	<b>1,363</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.

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**Financial expense**

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Interests costs on:				
Issued bills of exchange	(157)	-	-	-
Bank loans	(2)	-	(3)	(2)
Loans receives	-	-	(2)	-
Issued bonds	(13,023)	(4,641)	(10,869)	(3,729)
Budgetary interest or other interest	(1)	-	-	-
Net profit (loss) on exchange rate differences	(12)	(12)	(8)	(8)
Inne*	(541)	(199)	(571)	(209)
	<b>(13,736)</b>	<b>(4,852)</b>	<b>(11,453)</b>	<b>(3,948)</b>

\*This item includes the remuneration for the subsidiary of MCI Capital S.A., i.e. 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.

**5. Earnings per share**

**Basic earnings (loss) per share**

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Earnings (loss) attributable to shareholders of the Company	90,141	42,775	(32,003)	(80,163)
Weighted average no of ordinary shares (in 000s)	56,591	52,853	61,780	61,780
<b>Basic earnings per share (in PLN per one share)</b>	<b>1.59</b>	<b>0.81</b>	<b>(0.52)</b>	<b>(1.30)</b>

**Diluted earnings (loss) per share**

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Earnings (loss) attributable to shareholders of the Company	90,141	42,775	(32,003)	(80,163)
Earnings (loss) applied when determining diluted earnings per share	92,104	43,440	(31,250)	(80,657)
Cost of interest on bonds (PLN 000s)	2,423	821	930	(610)
Net cost of interest on bonds (PLN 000s)	1,963	665	753	(494)
Weighted average no of ordinary shares (in 000s)	56,591	52,853	61,780	61,780
Adjustments related to:				
remuneration program based on issuance of shares (000s)	59	9	25	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)	60,184	56,396	65,972	65,955
<b>Diluted earnings per share (in PLN per one share)</b>	<b>1.53</b>	<b>0.77</b>	<b>(0.47)</b>	<b>(1.22)</b>

## 6. Investments in subsidiaries

	Balance as at 30.09.2017	Balance as at 30.06.2017	Balance as at 31.12.2016	Balance as at 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
MCI Fund Management Sp. z o. o.	228,933	191,249	149,805	192,349
MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.	756,507	750,138	738,453	739,089
MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.	200,848	198,303	195,580	195,078
	<b>1,186,288</b>	<b>1,139,690</b>	<b>1,083,838</b>	<b>1,126,516</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.

As part of the process of simplification of the Group structure, currently the transformation of MCI Fund Management Sp. z o.o. Spółka Jawna into the limited company is processing in the National Registry Court. In the next step of securitisation, a merger of MCI Fund Management Sp. z o.o., MCI Fund Management II Sp. z o.o., MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A. and MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A. will take place. The merger will be conducted in accordance with article 492 paragraph 1 point 1 of the Commercial Code by transferring all the assets of each acquired company to the acquiring company, for the shares of acquiring company. The acquiring company will be MCI Fund Management Sp. z o.o.

#### - 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 79 million,
- balance of granted and received borrowings, bills of exchange of PLN 53 million.

The fair value of investment certificates in subsidiaries is settled on the basis of published financial statements of the 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 MCI Capital TFI S.A.

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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.*	360,728	97,137
MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.**	756,507	756,507
MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.**	200,848	200,848
	<b>1,318,083</b>	<b>1,054,492</b>

\* The value of investment certificates subject to simulation as of 30 September 2017 r. is PLN 1,317,957 ths.

\*\* Increase or decrease of investment certificates value does not affect the value of these subsidiaries, since as at 30 September 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.

## 7. Investments in associated entities

	<b>Balance as at 30.09.2017 PLN'000</b>	<b>Balance as at 30.06.2017 PLN'000</b>	<b>Balance as at 31.12.2016 PLN'000</b>	<b>Balance as at 30.09.2016 PLN'000</b>
Private Equity Managers S.A.	16,652	17,735	21,389	25,807
	<b>16,652</b>	<b>17,735</b>	<b>21,389</b>	<b>25,807</b>

### Measurement of shares in the associate

	<b>Balance as at 30.09.2017</b>	<b>Balance as at 30.06.2017</b>	<b>Balance as at 31.12.2016</b>	<b>Balance as at 30.09.2016</b>
Number of shares of Private Equity Managers S.A. owned by MCI Capital S.A. (in 000s)	350,641	350,641	350,641	350,641
Share price (PLN/share)	47.49	50.58	61.00	73.60
<b>Investment value</b>	<b>16,652</b>	<b>17,735</b>	<b>21,389</b>	<b>25,807</b>

As at 30 September 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.

Shares of Private Equity Managers S.A. were priced at PLN 47.49 per share, i.e. closing price of PEM shares at the session of the Warsaw Stock Exchange on 29 September 2017, and the change of their measurement was posted to the financial result.

## 8. Investment certificates

	<b>Balance as at 30.09.2017 PLN'000</b>	<b>Balance as at 30.06.2017 PLN'000</b>	<b>Balance as at 31.12.2016 PLN'000</b>	<b>Balance as at 30.09.2016 PLN'000</b>
Investment certificates of Helix Ventures Partners FIZ	3,773	3,730	4,787	11,420
Investment certificates of Internet Ventures FIZ	24,412	24,831	23,002	20,434
Investment certificates of MCI.CreditVentures FIZ 2.0	70,603	69,706	86,156	102,228
	<b>98,788</b>	<b>98,267</b>	<b>113,945</b>	<b>134,082</b>

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**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	4,150	3,396
Investment certificates of Internet Ventures FIZ	26,853	21,971
Investment certificates of MCI.CreditVentures FIZ 2.0	77,663	63,543
	<b>108,667</b>	<b>88,909</b>

**9. Loans granted**

	<b>Balance as at 30.09.2017 PLN'000</b>	<b>Balance as at 30.06.2017 PLN'000</b>	<b>Balance as at 31.12.2016 PLN'000</b>	<b>Balance as at 30.09.2016 PLN'000</b>
Loans granted to related entities	558	549	533	530
Loans granted to other entities	567	559	543	534
	<b>1,125</b>	<b>1,108</b>	<b>1,076</b>	<b>1,064</b>
Including:				
Non-current part:	-	-	205	203
Current part:	1,125	1,108	871	861
	<b>1,125</b>	<b>1,108</b>	<b>1,076</b>	<b>1,064</b>

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

**Loans granted to related entities**

	<b>Balance as at 30.09.2017 PLN'000</b>	<b>Balance as at 30.06.2017 PLN'000</b>	<b>Balance as at 31.12.2016 PLN'000</b>	<b>Balance as at 30.09.2016 PLN'000</b>
MCI VentureProjects Sp. z o.o.	334	328	315	314
MCI Ventures Sp. z o.o.	14	13	13	13
MCI Fund Management Sp. z o.o.	210	208	205	203
	<b>558</b>	<b>549</b>	<b>533</b>	<b>530</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.

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## 10. Trade and other receivables

	Balance as at 30.09.2017 PLN'000	Balance as at 30.06.2017 PLN'000	Balance as at 31.12.2016 PLN'000	Balance as at 30.09.2016 PLN'000
Trade receivables	55	184	38	-
Receivables from related entities*	6,608	25,194	1,150	181
Tax / budget receivables	628	216	8	51
Accruals	173	240	581	208
Other receivables	162	175	183	201
	<b>7,626</b>	<b>26,009</b>	<b>1,960</b>	<b>641</b>

\* Receivables from related parties consist mainly of the dividend from PEM paid from the profit for 2016 (PLN 1,027 ths.), receivables under sureties granted to MCI funds and portfolio companies of these funds. Lesser part of the position consists of 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.

### Receivables from related entities

	Balance as at 30.09.2017 PLN'000	Balance as at 30.06.2017 PLN'000	Balance as at 31.12.2016 PLN'000	Balance as at 30.09.2016 PLN'000
MCI.Private Ventures FIZ*	2,103	1,951	-	-
MCI Venture Projects Sp. z o.o. VI S.K.A.*	1,228	865	-	-
MCI.CreditVentures 2.0 FIZ*	120	20,462	-	-
Private Equity Managers S.A.**	2,863	1,591	994	100
MCI Capital TFI S.A.	41	11	21	32
PEM Asset Management Sp. z o.o.	158	122	41	34
MCI Asset Management Sp. z o.o. Sp.j.	1	-	-	-
Other	94	192	94	15
	<b>6,608</b>	<b>25,194</b>	<b>1,150</b>	<b>181</b>

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

\*\*The item consists of the dividend from the profit generated in 2016 and receivables on mobile phone overheads and taxis, as well as overhead costs associated with arrangement of the new office.

## 11. Long-term receivables

The balance of trade and other receivables presented as long-term receivables of PLN 426 ths. as at 30 September 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.

## 12. Receivables related to bills of exchange

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

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**As at 30.09.2017 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.	22,000	675	3.20%	22,675
MCI Fund Management Sp. z o.o. Sp.J.	2,900	109	4.81%	3,009
	<b>24,900</b>	<b>784</b>	<b>-</b>	<b>25,684</b>

**As at 30.06.2017 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.	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>-</b>	<b>25,470</b>

**As at 31.12.2016 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>
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>-</b>	<b>26,063</b>

**As at 30.09.2016 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	260	4.60%	4,860
	<b>4,600</b>	<b>260</b>	<b>-</b>	<b>4,860</b>

### 13. Cash and cash equivalents

As at the balance sheet date the balance of cash and cash equivalents of PLN 34,615 ths. comprised primarily cash in bank, bank deposits and participation units in Subfund Quercus Ochrony Kapitału separated in Quercus Parasolowy SFIO (PLN 33,087 ths.).

Participation units in Subfund Quercus Ochrony Kapitału the Company treats as cash equivalent, because these are highly liquid assets, i.e. they can be withdrawn from the Fund within 4 days.

As at 30 June 2017 the balance of cash and cash equivalents amounted to PLN 18,427 thousand; as at 31 December 2016 PLN 81,262 thousand; as at 30 September 2016 PLN 55,353 thousand.

### 14. Equity

#### Share capital

	<b>Balance as at</b>	<b>Balance as at</b>	<b>Balance as at</b>	<b>Balance as at</b>
	<b>30.09.2017</b>	<b>30.06.2017</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
Share capital issued and paid (PLN 000s)	52,853	52,853	58,752	61,780
Number of shares	52,853,114	52,853,114	58,752,198	61,779,619
Nominal value per share (PLN)	1.00	1.00	1.00	1.00
<b>Nominal value of all shares (PLN 000s)</b>	<b>52,853</b>	<b>52,853</b>	<b>58,752</b>	<b>61,780</b>

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**Reserve capital**

	Balance as at 30.09.2017 PLN'000	Balance as at 30.06.2017 PLN'000	Balance as at 31.12.2016 PLN'000	Balance as at 30.09.2016 PLN'000
<b>Balance at the beginning of period</b>	<b>1,020,712</b>	<b>1,020,712</b>	<b>926,209</b>	<b>926,209</b>
Decrease due to redemption of shares	(51,783)	(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)	(82,243)	-	-
<b>Balance at the end of period</b>	<b>886,686</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 three quarters 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. to PLN 52,853 ths., whereas reserve capital decreased by PLN 51,783 ths to PLN 749,279 ths. As at 30 September 2017 the Company had no own shares.

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

	Balance as at 30.09.2017 PLN'000	Balance as at 30.06.2017 PLN'000	Balance as at 31.12.2016 PLN'000	Balance as at 30.09.2016 PLN'000
<b>Balance at the beginning of period</b>	-	-	(150)	(150)
Issue of shares as settlement of remuneration in 2015	-	-	150	150
Purchase of own shares	(57 682)	(57 682)	(29 988)	(9 922)
Redemption of own shares	57 682	57 682	29 988	-
<b>Balance at the end of period</b>	-	-	-	<b>(9 922)</b>

**15. Shareholding structure**

**Major shareholders of the Company as at 30 September 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.*	29,927,902	56.625%	29,927,902	56.625%
Other	22,613,212	42.785%	22,613,212	42.785%
	<b>52,853,114</b>	<b>100.00%</b>	<b>52,853,114</b>	<b>100.00%</b>

\*Company controlled by Tomasz Czechowicz

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**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 September 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	0.51%	312,000	0.51%
MCI Management Sp. z o.o.*	33,310,309	53.92%	33,310,309	53.92%
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	22,233,104	35.99%	22,233,104	35.99%
	<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**

	<b>Balance as at 30.09.2017 PLN'000</b>	<b>Balance as at 30.06.2017 PLN'000</b>	<b>Balance as at 31.12.2016 PLN'000</b>	<b>Balance as at 30.09.2016 PLN'000</b>
The value of the liability at the date of issue at face value	287,150	287,150	351,950	231,500
The value of costs related to the issue	(4,267)	(4,267)	(5,297)	(4,261)
<b>Carrying value of liability as at issue date</b>	<b>282,883</b>	<b>282,883</b>	<b>346,653</b>	<b>227,239</b>
Equity component (without deferred tax)*	(578)	(578)	(578)	(578)
<b>Liability component as at issue date</b>	<b>282,305</b>	<b>282,305</b>	<b>346,075</b>	<b>226,661</b>
Interest accrued - accrued costs	32,882	28,241	38,398	22,543
Interest paid - accrued costs	(25,527)	(24,087)	(33,611)	(17,061)
Repayment	-	-	(84,800)	-
<b>Carrying value of liability as at balance sheet date</b>	<b>289,660</b>	<b>286,459</b>	<b>266,062</b>	<b>232,143</b>
Non-current part:	195,962	192,821	221,315	190,503
Current part:	93,698	93,638	44,747	41,640
	<b>289,660</b>	<b>286,459</b>	<b>266,062</b>	<b>232,143</b>

\*applies to G1 series bonds

**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 September 2017.

<b>Series of bonds</b>	<b>Date of allocation</b>	<b>Date of redemption</b>	<b>Number of bonds</b>	<b>Nominal value of bonds 000' PLN</b>	<b>Interest paid 000' PLN</b>
G1 Series*	21.03.2014	21.03.2018	50,000	50,000	10,344
I1 Series	17.10.2014	17.10.2017	31,000	31,000	4,428
J1 Series	11.12.2015	11.12.2018	66,000	66,000	5,622
K Series	24.06.2016	24.06.2019	54,500	54,500	3,090
M Series	23.12.2016	20.12.2019	20,650	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	0
				<b>287,150</b>	<b>25,527</b>

\*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 30.09.2017 PLN'000	Balance as at 30.06.2017 PLN'000	Balance as at 31.12.2016 PLN'000	Balance as at 30.09.2016 PLN'000
Trade payables	98	460	1,215	223
Payables to related entities	120	907	882	296
Tax liabilities	8	-	1,216	115
Social insurance liabilities and other burdens	37	36	55	33
Deferred income*	1,401	1,913	-	-
Other liabilities	578	774	740	1,424
	<b>2,242</b>	<b>4,090</b>	<b>4,108</b>	<b>2,091</b>
Non-current part:	1,136	913	-	-
Current part:	1,106	3,177	4,108	2,091
	<b>2,242</b>	<b>4,090</b>	<b>4,108</b>	<b>2,091</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 30.09.2017 PLN'000	Balance as at 30.06.2017 PLN'000	Balance as at 31.12.2016 PLN'000	Balance as at 30.09.2016 PLN'000
Provisions for the costs of litigations*	11,466	11,466	11,466	11,466
Provisions for bonuses and holidays	56	55	221	126
Other provisions	228	161	170	8
	<b>11,750</b>	<b>11,682</b>	<b>11,857</b>	<b>11,600</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 25 "Contingent assets and liabilities"**.

Provision breakdown	Value as at 01.01.2017 PLN'000	Increase of provisions PLN'000	Release of provisions PLN'000	Use of provisions PLN'000	Value as at 30.09.2017 PLN'000
Provisions for the costs of litigations	11,466	-	-	-	11,466
Provisions for bonuses and holidays	221	56	79	142	56
Other provisions	170	309	-	251	228
<b>Provision</b>	<b>11,857</b>	<b>365</b>	<b>79</b>	<b>393</b>	<b>11,750</b>

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**19. Employee benefits**

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

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
Short-term employee benefits	909	384	913	198
Social insurance	36	15	25	4
Share-based payments and option programmes	273	91	316	91
Other employee benefits	42	14	50	18
	<b>1,260</b>	<b>504</b>	<b>1,304</b>	<b>311</b>

**Remuneration for key personnel:**

	For the period: from 01.01.2017 to 30.09.2017	For the period: from 01.07.2017 to 30.09.2017	For the period: from 01.01.2016 to 30.09.2016	For the period: from 01.07.2016 to 30.09.2016
	PLN'000	PLN'000	PLN'000	PLN'000
<b>Management Board</b>				
Short-term employee benefits	506	198	496	181
Settlement of incentive programmes	-	-	35	-
Share-based payments	273	91	266	91
Lump-sum for the use of cars	36	9	40	18
	<b>815</b>	<b>298</b>	<b>837</b>	<b>290</b>
<b>Supervisory Board</b>				
Short-term employee benefits	97	59	28	-
	<b>97</b>	<b>59</b>	<b>28</b>	<b>-</b>

**Employment / function**

	As at 30.09.2017	As at 30.06.2017	As at 31.12.2016	As at 30.09.2016
	Number of employees	Number of employees	Number of employees	Number of employees
Management Board	4	4	4	4
Supervisory Board	5	5	6	6
Operational staff	9	7	8	4
	<b>18</b>	<b>16</b>	<b>17</b>	<b>14</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 grant loans to members of the Management Board in 2017 and 2016.

## **20. Deferred tax assets**

Net deferred tax assets as at 30 September 2017 amounted to PLN 7,058 ths. (PLN 6,805 ths as at 30 June 2017 and PLN 8,000 ths. as at 31 December 2016).

This position consisted mainly from deferred tax assets for deductible tax losses arisen until 30 June 2016 (i.e. before establishment of the MCI Tax Group) in the amount of PLN 5,223 ths. (PLN 5,672 ths as at 30 June 2017 and PLN 5,672 ths. as at 31 December 2016).

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%.

Tax loss incurred before the establishment of the PGK are not time-barred, which means that the companies comprising the PGK are eligible to settle tax loss incurred before the establishment of the PGK in the following five fiscal years, whilst the duration of the PGK is not taken into consideration at calculating next following fiscal years.

## **21. 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.

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

	As at 30.09.2017		As at 30.06.2017		As at 31.12.2016		As at 30.09.2016	
	Level	Measurement method						
<b>Investments in subsidiaries</b>								
MCI Fund Management Sp. z o. o.	3	Adjusted net assets						
MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.	3	Adjusted net assets						
MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.	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)	1	Price quoted on the active market (WSE)
<b>Investment certificates</b>								
Investment certificates Helix Ventures Partners FIZ	3	Net Asset Value (NAV)						
Investment certificates Internet Ventures FIZ	3	Net Asset Value (NAV)						
Investment certificates MCI.CreditVentures 2.0 FIZ	3	Net Asset Value (NAV)						
<b>Derivatives</b>								
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)	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)	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	Balance as at
		30.09.2017	30.06.2017	31.12.2016	30.09.2016
		PLN'000	PLN'000	PLN'000	PLN'000
<b>Non-current assets</b>					
Investment certificates	Measured at fair value through profit/loss	98,267	98,267	113,945	134,082
Investments in subsidiaries	Measured at fair value through profit/loss	1,139,690	1,139,690	1,083,838	1,126,516
Investments in associates	Measured at fair value through profit/loss	17,735	17,735	21,389	25,807
Investments in other entities	Measured at fair value through profit/loss	7	7	7	7
Derivatives	Measured at fair value through profit/loss	200	200	2,110	4,227

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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	Balance as at
		30.09.2017	30.06.2017	31.12.2016	30.09.2016
		PLN'000	PLN'000	PLN'000	PLN'000
<b>Non-current assets</b>					
Trade and other receivables	Measured at nominal value	426	437	437	415
Loans granted	Measured at amortised cost	-	-	205	203
<b>Current assets</b>					
Trade and other receivables	Measured at nominal value	7,626	26,009	1,960	641
Receivables from bills of exchange	Measured at amortised cost	55	25,470	26,063	4,860
Loans granted	Measured at amortised cost	1,125	1,108	871	861
<b>Non-current liabilities</b>					
Received loans	Measured at amortised cost	-	-	107	114
Liabilities on bonds	Measured at amortised cost	195,962	192,821	221,315	190,503
<b>Current liabilities</b>					
Trade and other payables	Measured at nominal value	1,106	3,177	4,108	2,091
Liabilities on bonds	Measured at amortised cost	93,698	93,638	44,747	41,640
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.

**22. Related entities**

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

	Ultimate controlling entity*	Subsidiaries	Associates	Other related entities**	Total
<b>Investments:***</b>					
Investments in subsidiaries	-	1,186,288	-	-	1,186,288
Investments in associates	-	-	16,652	-	16,652
Investment certificates	-	-	-	98,788	98,788
Derivatives	-	-	-	200	200
<b>Receivables:</b>					
Trade and other receivables	-	-	2,863	3,745	6,608
Receivables from bills of exchange	-	25,684	-	-	25,684
Receivables from dividends	-	-	1,027	-	1,027
Loans granted	-	210	-	348	558
<b>Liabilities:</b>					
Trade and other payables	-	-	-	571	571
Liabilities on bonds	18,955	-	-	-	18,955
<b>Revenues and expenses:</b>					
Revaluation of shares	-	102,449	(4,737)	-	97,712
Revaluation of investment certificates	-	-	-	6,138	6,138

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Revaluation of derivative financial instruments	-	-	-	(1,910)	(1,910)
Income on dividends received	-	-	1,027	-	1,027
Financial income	-	670	24	3,565	4,259
Financial expenses	(921)	(652)	-	(157)	(1,730)

\*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 three quarters of 2017 there were no other transactions with related parties (other changes in investments as at 30 September 2017 in comparison to 31 December 2016 resulted from investments value measurement).

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

	Ultimate controlling entity*	Subsidiaries	Associates	Other related 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
Receivables from dividends	-	-	-	-	-
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)
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).

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

	Ultimate controlling entity*	Subsidiaries	Associates	Other related 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>					
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 September 2016 and for the period from 1 January to 30 September 2016**

	Ultimate controlling entity*	Subsidiaries	Associates	Other related entities**	Total
<b>Investments:</b>					
Investments in subsidiaries	-	1,126,516	-	-	1,126,516
Investments in associates	-	-	25,807	-	25,807
Investment certificates	-	-	-	134,082	134,082
Derivatives	-	-	-	4,227	4,227
<b>Receivables:</b>					
Trade and other receivables	-	-	100	81	181
Receivables from bills of exchange	-	4,860	-	-	4,860
Loans granted	-	203	-	327	530
<b>Liabilities:</b>					
Trade and other payables	-	286	10	-	296
Liabilities on bonds	18,811	-	-	-	18,811
<b>Revenues and expenses:</b>					
Revaluation of shares	-	(13,380)	-	-	(13,380)

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Revaluation of investment certificates	-	-	(15,919)	-	(15,919)
Revaluation of derivative financial instruments	-	-	-	(366)	(366)
Financial income	-	282	-	3,723	4,005
Financial expenses	(914)	(573)	-	-	(1,487)

\*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.

### 23. 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.

### 24. Share-based incentive program

#### 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 three quarters of 2017 the cost of PLN 273 thousand was recognized. The same cost of the Incentive Program was incurred in the first three quarters of 2016.

### 25. 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 first meeting at the Appealing Court took place, where the evidence from supplementary hearing was approved. In March 2015 another meeting at the Appealing Court took place, where the next witnesses were interrogated.

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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 Voivodeship 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, i.e. the Director of the Tax Administration Chamber in Warsaw.

On 13 October 2017, the Company has filed a complaint to the appeal body, i.e. the Voivodeship Administrative Court 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.

On 1 September 2017 the Company received the decision from KNF dated 29 August 2017, under which the KNF has imposed a penalty on the Company and the natural person in the amount of PLN 100 ths. accordingly to each side. The Company and the natural person act as the same side in the proceedings with KNF. The Company and the natural person have submitted an application to review the case, which caused that the decision of KNF is not binding. As at 30 September 2017 the Company has created a provision with the respect to abovementioned case in the amount of PLN 100 ths.

## **26. 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. became 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 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.

## **27. Lease agreements**

At the balance sheet date, the Company does not operate any fixed assets under operating or finance leases. However, the Company incurs expenditures related to rental an office space to maintain its operating activity. Agreements are usually concluded for an indefinite period with 1 to 3 months' notice period.

## **28. Operating segments**

The company does not separate operating or geographical segments

## **29. Subsequent events**

- 1) On 17 October 2017, the Company has repurchased all the bonds of I1 Series, which nominal value amounted to PLN 31 m.
- 2) On 30 September 2017 an Energy Mobility Partners Sp. z o.o. has been established. Share capital of the company amounts to PLN 5,000 and divides into 100 shares with nominal value of PLN 50 each. MCI Capital took 51 shares with total nominal value of PLN 2,550. Other 49 shares at total nominal value of PLN 2,450 was taken by Krios Group Sp. z o.o. The main activity of the company is financial holding. The company has been established for an indefinite period.