

# MCI Capital S.A.

Condensed interim standalone financial statements  
for the period from 1 January to 30 June 2018

*Translation from the Polish original*

**MCI Capital S.A.**  
**Condensed interim standalone financial statements**  
**for the 6-months period ended on 30 June 2018**



For the shareholders of MCI Capital S.A.

In accordance with the Regulation of the Minister of Finance of 29 March 2018 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 (Journals of Laws of 2018, No. 757), 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 2018 and from 1 April to 30 June 2018.

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

Name	Position	Signature
<b>Tomasz Czechowicz</b>	President of the Management Board	
<b>Ewa Ogryczak</b>	Vice-president of the Management Board	
<b>Paweł Kapica</b>	Member of the Management Board	

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

**Warsaw, 3 September 2018**

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**SELECTED FINANCIAL DATA**

	<b>For the period: from 01.01.2018 to 30.06.2018</b>	<b>For the period: from 01.01.2017 to 31.12.2017</b>	<b>For the period: from 01.01.2017 to 30.06.2017</b>	<b>For the period: from 01.01.2018 to 30.06.2018</b>	<b>For the period: from 01.01.2017 to 31.12.2017</b>	<b>For the period: from 01.01.2017 to 30.06.2017</b>
	<b>PLN'000</b>	<b>PLN'000</b>	<b>PLN'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
Investment profits	80 042	123 517	56 029	18 880	29 099	13 191
Profit on operating activities	77 960	118 971	54 425	18 389	28 028	12 814
Profit before taxation	72 044	107 623	48 396	16 994	25 355	11 394
Net profit	71 381	104 686	47 366	16 837	24 663	11 152
Net cash from operating activities	(3 056)	16 408	(2 072)	(721)	3 866	(488)
Net cash from investment activities	(214)	28 711	1 023	(50)	6 764	241
Net cash from financial activities	(20 980)	(101 151)	(61 786)	(4 949)	(23 830)	(14 547)
Net increase/(decrease) of cash and cash equivalents	(24 250)	(56 032)	(62 835)	(5 720)	(13 200)	(14 794)
	<b>Balance as at 30.06.2018</b>	<b>Balance as at 31.12.2017</b>	<b>Balance as at 30.06.2017</b>	<b>Balance as at 30.06.2018</b>	<b>Balance as at 31.12.2017</b>	<b>Balance as at 30.06.2017</b>
	<b>PLN'000</b>	<b>PLN'000</b>	<b>PLN'000</b>	<b>EUR'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
Total assets	1 419 105	1 361 499	1 334 762	325 363	326 428	315 808
Non-current liabilities	117 326	134 039	193 734	26 900	32 137	45 838
Current liabilities	140 148	137 393	108 497	32 132	32 941	25 671
Equity	1 161 631	1 090 067	1 032 531	266 331	261 351	244 299
Share capital	52 887	52 887	52 853	12 126	12 680	12 505
No of shares (in items)	52 886 596	52 886 596	52 853 114	52 886 596	52 886 596	52 853 114
Weighted average no of shares for period (in items)	52 886 596	55 652 879	58 491 465	52 886 596	55 652 879	58 491 465
Profit (loss) per one weighted average ordinary share (in PLN / EUR)	1.35	1.88	0.81	0.32	0.44	0.19
Book value per one share (in PLN / EUR)	21.96	20.61	19.54	5.04	4.94	4.62

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 items of 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 2018 – 4.3616, as at 31 December 2017 – 4.1709, as at 30 June 2017 – 4.2265;
- 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 2018 – 4.2395, from 1 January to 31 December 2017 – 4.2447 and from 1 January to 30 June 2017 – 4.2474.

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**CONDSED INTERIM STANDALONE STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME**  
**for the period from 1 January to 30 June 2018**

		For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	NOTES	PLN'000	PLN'000	PLN'000	PLN'000
Revaluation and realised profit on shares	1a	83 080	11 094	52 321	41 400
Profit on investment certificates	1b	(3 070)	(3 639)	5 618	773
Revaluation of derivative financial instruments	1c	32	32	(1 910)	(800)
<b>Investment profits (loss)</b>		<b>80 042</b>	<b>7 487</b>	<b>56 029</b>	<b>41 373</b>
Operating expenses	2	(2 031)	(1 148)	(1 812)	(870)
Other operating revenues		120	75	208	2
Other operating expenses		(171)	(169)	-	-
<b>Profit (loss) on operating activities</b>		<b>77 960</b>	<b>6 245</b>	<b>54 425</b>	<b>40 505</b>
Financial income	3	2 464	1 252	2 855	1 297
Financial costs	3	(8 380)	(3 958)	(8 884)	(4 358)
<b>Profit (loss) before taxation</b>		<b>72 044</b>	<b>3 539</b>	<b>48 396</b>	<b>37 444</b>
Income tax	4	(663)	227	(1 030)	(732)
<b>Net profit (loss)</b>		<b>71 381</b>	<b>3 766</b>	<b>47 366</b>	<b>36 712</b>
Other net comprehensive income		-	-	-	-
<b>Other comprehensive income</b>		<b>71 381</b>	<b>3 766</b>	<b>47 366</b>	<b>36 712</b>
<b>Earnings (loss) per share</b>					
Basic	5	1.35	0.07	0.81	0.63
Diluted	5	1.35	0.07	0.78	0.60

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 41.

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**CONDENSED INTERIM STANDALONE STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2018**

	NOTES	Balance as at 30.06.2018 PLN'000	Balance as at 31.12.2017 PLN'000	Balance as at 30.06.2017 PLN'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible fixed assets		833	545	607
Investment certificates	6	98 429	80 999	98 267
Investments in subsidiaries	7	1 293 229	1 207 174	1 139 690
Investments in associates	8	13 153	15 078	17 735
Investments in other entities		7	7	7
Trade and other receivables	9	431	412	437
Deferred income tax assets	4	6 164	7 134	6 805
Derivatives	1d	232	200	200
		<b>1 412 478</b>	<b>1 311 549</b>	<b>1 263 748</b>
<b>Current assets</b>				
Trade and other receivables	9	5 646	24 720	26 009
Receivables from bills of exchange	10	-	-	25 470
Loans granted		-	-	1 108
Cash and cash equivalents	11	981	25 230	18 427
		<b>6 627</b>	<b>49 950</b>	<b>71 014</b>
<b>Total assets</b>		<b>1 419 105</b>	<b>1 361 499</b>	<b>1 334 762</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	13	52 887	52 887	52 853
Reserve capital	13	991 373	886 686	886 686
Other reserve capital		44 319	44 137	43 955
Retained earnings		1 671	1 671	1 671
Net profit/loss		71 381	104 686	47 366
		<b>1 161 631</b>	<b>1 090 067</b>	<b>1 032 531</b>
<b>Non-current liabilities</b>				
Liabilities on bonds	15	116 482	133 001	192 821
Trade and other payables	16	844	1 038	913
		<b>117 326</b>	<b>134 039</b>	<b>193 734</b>
<b>Current liabilities</b>				
Trade and other payables	16	2 447	2 811	3 177
Liabilities on bonds	15	125 776	122 729	93 638
Provisions	17	11 925	11 853	11 682
		<b>140 148</b>	<b>137 393</b>	<b>108 497</b>
<b>Total Equity and Liabilities</b>		<b>1 419 105</b>	<b>1 361 499</b>	<b>1 334 762</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 41.

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**CONDENSED INTERIM STANDALONE STATEMENT OF CHANGES IN EQUITY**  
**for the period from 1 January to 30 June 2018**

PLN'000	Share capital	Reserve capital			Other reserve capital		Retained earnings	Net profit/loss	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 01.01.2017</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>1 042 665</b>
Cover of loss for 2016	-	-	-	-	(82 243)	-	-	-	82 243	-
Redemption of own shares	(5 899)	-	-	-	(51 783)	-	-	-	-	(57 682)
Share based payments	-	-	-	-	-	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>1 032 531</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>1 042 665</b>
Cover of loss for 2016	-	-	-	-	(82 243)	-	-	-	82 243	-
Redemption of own shares	(5 899)	-	-	-	(51 783)	-	-	-	-	(57 682)
Share based payments	34	-	-	-	-	364	-	-	-	398
Profit/loss for the period	-	-	-	-	-	-	-	-	104 686	104 686
<b>As at 31.12.2017</b>	<b>52 887</b>	<b>28 175</b>	<b>2 792</b>	<b>106 440</b>	<b>749 279</b>	<b>38 742</b>	<b>5 395</b>	<b>1 671</b>	<b>104 686</b>	<b>1 090 067</b>
<b>As at 01.01.2018</b>	<b>52 887</b>	<b>28 175</b>	<b>2 792</b>	<b>106 440</b>	<b>749 279</b>	<b>38 742</b>	<b>5 395</b>	<b>1 671</b>	<b>104 686</b>	<b>1 090 067</b>
Distribution of profit/(loss)	-	-	-	-	104 686	-	-	-	(104 686)	-
Share based payments	-	-	-	-	-	182	-	-	-	182
Profit/(loss) for the period	-	-	-	-	-	-	-	-	71 381	71 381
<b>As at 30.06.2018</b>	<b>52 887</b>	<b>28 175</b>	<b>2 792</b>	<b>106 440</b>	<b>853 966</b>	<b>38 924</b>	<b>5 395</b>	<b>1 671</b>	<b>71 381</b>	<b>1 161 631</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 41.

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**CONDENSED INTERIM STANDALONE STATEMENT OF CASH FLOWS**  
**for the period from 1 January to 30 June 2018**

	For the period: from 01.01.2018 to 30.06.2018 PLN'000	For the period: from 01.01.2017 to 30.06.2017 PLN'000
<b>Cash flows from operating activities</b>		
<b>Net profit for the reporting period</b>	<b>71 381</b>	<b>47 366</b>
Adjustments:		
Depreciation of tangible fixed assets	72	115
Revaluation of shares, certificates and derivatives	(80 042)	(56 029)
Share-based incentive programmes	182	182
Outflows for purchase of investment certificates	(20 500)	(24 900)
Inflows from redemption/sale of investment certificates	-	46 196
Costs of issue of bonds - paid	(654)	(268)
Financial income and costs	8 001	8 034
Income tax paid	(2 763)	(1 232)
Other adjustments	1 726	1 511
Change in provisions	72	(175)
Change in trade and other receivables	19 055	(24 049)
Change in trade and other payables	(558)	(18)
Change in deferred tax assets and liabilities	970	1 195
<b>Net cash from operating activities</b>	<b>(3 056)</b>	<b>(2 072)</b>
<b>Cash flows from investment activities</b>		
Proceeds from sale and repayment of bills of exchange	-	20 067
Proceeds from sale of subsidiaries	-	122
Proceeds from sale of fixed assets	992	106
Proceeds from repurchase of participation units by Quercus	209	-
Outflows for the purchase of bills of exchange	-	(19 000)
Outflows for the purchase of shares of subsidiaries	(1 053)	-
Outflows for the purchase of fixed assets	(362)	(272)
<b>Net cash from investment activities</b>	<b>(214)</b>	<b>1 023</b>
<b>Cash flows from financial activities</b>		
Outflows for the purchase of own shares	-	(57 682)
Issue of bonds	36 482	20 000
Repayment of bills of exchange with interests	-	(16 188)
Repayment of loans with interests	-	(150)
Redemption of bonds	(50 000)	-
Interests paid on bonds	(7 462)	(7 766)
<b>Net cash from financial activities</b>	<b>(20 980)</b>	<b>(61 786)</b>
<b>Net increase/(decrease) of cash and cash equivalents</b>	<b>(24 250)</b>	<b>(62 835)</b>
Opening balance of cash and cash equivalents	25 230	81 262
Change in cash due to exchange rate differences	1	-
<b>Closing balance of cash and cash equivalents</b>	<b>981</b>	<b>18 427</b>

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 41.



## **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 preparation 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 2017.

Accordingly, these condensed interim financial statements should be read in conjunction with the audited standalone financial statements of the Company prepared in accordance with IFRS EU for the financial year ended 31 December 2017.

The following financial data presented on a quarterly basis:

- for the period from 01/04/2018 to 30/06/2018,
  - for the period from 01/04/2017 to 30/06/2017,
- were not the subject of a separate review or audit by an independent auditor.

### **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;
- 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 sole 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

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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 these interim condensed financial statements**

These interim condensed financial statements were approved by the Management Board of the Company on 3 September 2018.

**Going concern assumptions**

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 2018. 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 the 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 9, "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.

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**Accounting Policy**

Accounting Policies applied in these condensed financial statements are the same as applied in financial statements for the year ended 31 December 2017 with the exception of changes to accounting standards and new interpretations mandatory for reporting periods beginning on or after 1 January 2018 (IFRS 9 Financial Instruments and IFRS 15 Revenues from contracts with customers).

In accordance with IFRS 9, financial assets as of initial recognition are classified to the following categories:

1. Financial assets measured at amortised cost,
2. Financial assets measured at fair value through other comprehensive income,
3. Financial assets measured at fair value through profit or loss.

Classification is made upon initial recognition and dependent on model of management of financial assets adopted by the company, as well as on characteristics on cash flows from these instruments.

The Company measures all significant items of financial assets, i.e. investment certificates and investments in subsidiaries and associates, at fair value through profit or loss.

<b>Item in the financial statements</b>	<b>Measurement under IAS 39</b>	<b>Measurement under IFRS 9</b>
Trade and other receivables	Measured at amortised cost	Measured at amortised cost
Investment certificates	Measured at fair value through profit or loss	Measured at fair value through profit or loss
Derivatives	Measured at fair value through profit or loss	Measured at fair value through profit or loss
Trade and other payables	Measured at amortised cost	Measured at amortised cost
Liabilities on bonds	Measured at amortised cost	Measured at amortised cost

Applying new standard did not implicate change of measurement method of financial instruments held as at 1 January 2018.

IFRS 9 replaces existing impairment model described in IAS 39 as model of "incurred loss" with new model based on "expected credit loss"

In accordance with IFRS 9 financial assets are classified into following categories:

- Basket 1 – exposures with no impairment, for which 12-months expected loss is estimated;
- Basket 2 – exposures with significant increase in risk since the moment of initial recognition, but for which no impairment has been identified as of the reporting day. For these exposures expected credit loss is estimated for the lifetime of the exposure;
- Basket 3 – impaired exposures.

Main category of assets for which expected credit loss from applying model required under IFRS 9 may occur are investment certificates. These certificates are subject to credit risk. Credit risk arises as a result of the inability of the other party to pay, and the maximum exposure to this risk equals the carrying amount of financial assets (Investment certificates). Credit risk, which is burdened with Investment certificates, is associated with the risk of non-solvency of funds that issue these certificates, resulting from investments in limited liquidity portfolio companies. The Company measures investment certificates at fair value through profit or loss. All risk factors are reflected in the fair value of Investment Certificates, therefore the Management Board of the Company waives the estimation of the expected credit loss

Another category of assets for which expected credit loss may occur are trade receivables and others. The main component of these receivables are receivables from related parties. MCI has full information about financial performance of these related entities and does not identify risk related to insolvency of these parties in the future. Another component of these assets are receivables from the Tax Office related to overpayment of corporate tax, which are not subject to credit risk. Last significant component of these assets are accruals, for which calculating expected credit loss is not applicable.

Changes implemented by IFRS 15 concern all agreements that lead to recognize revenue. Fundamental principle of new standard is recognizing all revenues in the moment of transfer of control over goods or services for the client, in the amount of transaction price. All goods or services sold in packages, which may be extracted from the package, should be recognized separately, moreover all discounts concerning the transaction price should have been allocated to particular components of the package. In case, when the amount of revenue is variable, according to new standard, variable amounts are classified to revenue, if there is high probability that in the future there will be no reverse of recognized revenue as a result of revaluation.

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Depending on meeting particular criteria, revenues connected with separated provisions are:

- Settled over time in the manner described in the agreement, or
- Recognized as single shot in the moment when control over goods or services is transferred for the client.

Moreover, in according with IFRS 15, costs incurred in order to acquire and secure contract with customer, should have been activated and settled over time of consuming benefits from this contract.

The Company has implemented IFRS 15 as of 1 January 2018. The main source of revenues generated in the Company is revaluation of investment certificates and subsidiaries or associates, for which IFRS 15 is not applicable. Moreover, the Company generates financial revenues from guarantees granted, which are settled over time. The method of recognising revenues hitherto applied in the Company meets all requirements of IFRS 15, therefore no changes were required by implementing IFRS 15.

**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 CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS**  
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**1. Investment profit**

The item of gains and losses arising from changes in the fair value includes 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 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
<b>Revaluation of subsidiaries</b>				
MCI Fund Management Sp. z o.o.*	86 058	12 880	41 445	27 684
MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A.**	-	-	11 685	12 362
MCI Fund Management Sp. z o.o. IV MCI.PrivateVentures S.K.A.**	-	-	2 723	2 519
	<b>86 058</b>	<b>12 880</b>	<b>55 853</b>	<b>42 565</b>
<b>Revaluation of associates</b>				
Private Equity Managers S.A.	(2 978)	(1 786)	(3 654)	(1 287)
	<b>(2 978)</b>	<b>(1 786)</b>	<b>(3 654)</b>	<b>(1 287)</b>
<b>Realised profit on sale of shares of other entities</b>				
Digital Avenue S.A.	-	-	122	122
	<b>-</b>	<b>-</b>	<b>122</b>	<b>122</b>
<b>Revaluation of shares, total</b>	<b>83 080</b>	<b>11 094</b>	<b>52 321</b>	<b>41 400</b>

\* The value of assets of MCI Fund Management Sp. z o.o. in 99.7% 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 revaluation of the investment certificates of the abovementioned subfunds, to the amount of PLN 88,981 thousand, of which PLN 88,733 thousand is unrealised profit on revaluation of investment certificates and PLN 248 thousand is realised profit.

\*\*On 29 December 2017, as part of the plan of simplification of the Group structures, the merger of MCI Fund Management Sp. z o.o. (the acquiring company) and 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. and MCI Fund Management II Sp. z o.o. (the company transformed from MCI Fund Management Sp. z o.o. Sp. j.) has been registered.

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

In 2017 MCI Capital S.A. disposed of Digital Avenue S.A., on which realised profit amounted to PLN 122 thousand.

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

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**1b. Profit on investment certificates**

	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Investment certificates of Helix Ventures Partners FIZ	(3 666)	(3 718)	(231)	(201)
Investment certificates of Internet Ventures FIZ	(2 224)	(2 018)	1 829	(1 331)
Investment certificates of MCI.EuroVentures 1.0.	554	554	-	-
Investment certificates of MCI.CreditVentures 2.0 FIZ	2 266	1 543	3 069	1 795
<b>Unrealised profit on revaluation of investment certificates</b>	<b>(3 070)</b>	<b>(3 639)</b>	<b>4 667</b>	<b>263</b>
	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Investment certificates of Helix Ventures Partners FIZ	-	-	(26)	(19)
Investment certificates of MCI.CreditVentures 2.0 FIZ	-	-	977	529
<b>Realised profit on redemption of investment certificates</b>	<b>-</b>	<b>-</b>	<b>951</b>	<b>510</b>
<b>Profit on investment certificates</b>	<b>(3 070)</b>	<b>(3 639)</b>	<b>5 618</b>	<b>773</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. In the first half of 2018 the Company did not redeem certificates.

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 6 "Investment certificates"**.

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

	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Embedded derivative on investment certificates Internet Ventures FIZ	32	32	(1 110)	-
Embedded derivative on investment certificates Helix Ventures Partners FIZ	-	-	(800)	(800)
	<b>32</b>	<b>32</b>	<b>(1 910)</b>	<b>(800)</b>

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**1d. Carrying amount of derivative financial instruments**

	Balance as at 30.06.2018 PLN'000	Balance as at 31.12.2017 PLN'000	Balance as at 30.06.2017 PLN'000
Embedded derivative on investment certificates Internet Ventures FIZ	32	-	-
Embedded derivative on investment certificates Helix Ventures Partners FIZ	200	200	200
	<b>232</b>	<b>200</b>	<b>200</b>

As at 30 June 2018 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

**2. General administrative expenses**

	For the period: from 01.01.2018 to 30.06.2018 PLN'000	For the period: from 01.04.2018 to 30.06.2018 PLN'000	For the period: from 01.01.2017 to 30.06.2017 PLN'000	For the period: from 01.04.2017 to 30.06.2017 PLN'000
Depreciation of fixed assets and amortization of intangible assets	(72)	(38)	(115)	(48)
Consumption of materials and energy	(29)	(17)	(32)	(19)
Outsourced services	(856)	(487)	(794)	(399)
Taxes and fees	(5)	(3)	(28)	(14)
Wages and salaries	(961)	(544)	(707)	(334)
Employee benefits	(12)	(6)	(29)	(15)
Social insurance	(16)	(10)	(21)	(10)
Other costs	(80)	(43)	(86)	(31)
	<b>(2 031)</b>	<b>(1 148)</b>	<b>(1 812)</b>	<b>(870)</b>

**3. Financial income and expenses**

**Financial income**

	For the period: from 01.01.2018 to 30.06.2018 PLN'000	For the period: from 01.04.2018 to 30.06.2018 PLN'000	For the period: from 01.01.2017 to 30.06.2017 PLN'000	For the period: from 01.04.2017 to 30.06.2017 PLN'000
Interests on short-term bank deposits	94	44	40	10
Fee and commission income - guarantees*	2 145	1 124	2 023	999
Interest income on purchased bills of exchange	-	-	473	255
Interest income on loans	-	-	33	16
Income on revaluation or realisation of participation units	205	68	286	-
Other financial income	20	16	-	17
	<b>2 464</b>	<b>1 252</b>	<b>2 855</b>	<b>1 297</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 maximize 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 expenses**

	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Interests costs on:				
Issued bills of exchange	-	-	(157)	-
Bank loans	-	-	(2)	-
Issued bonds	(7 997)	(3 754)	(8 382)	(4 183)
Other*	(383)	(204)	(343)	(175)
	<b>(8 380)</b>	<b>(3 958)</b>	<b>(8 884)</b>	<b>(4 358)</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.

**4. Income tax**

**Income tax recognized in the statement of profit or loss and other comprehensive income**

	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Income tax - current part	307	1 380	166	(51)
Income tax - deferred part	(970)	(1 153)	(1 196)	(681)
	<b>(663)</b>	<b>227</b>	<b>(1 030)</b>	<b>(732)</b>

**Reconciliation of income tax**

	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Profit before taxation	72 044	3 539	48 396	37 444
Income tax recognized in the financial result*	663	(227)	1 030	732
Effective tax rate	0,9%	(3,9%)	2,1%	2,0%
<i>Non-taxable income (-)**</i>	(90 622)	(15 646)	(62 569)	(43 756)
<i>Taxable income not recognised in the income statement (+)***</i>	1 292	1 006	1 263	783
<i>Non-taxable costs recognised in the income statement (+)****</i>	17 006	11 307	12 306	4 427
<i>Tax costs not recognised in the income statement (-)*****</i>	(8 472)	(6 490)	(8 261)	(6 582)
	<b>(80 796)</b>	<b>(9 823)</b>	<b>(57 261)</b>	<b>(45 128)</b>
Taxable amount MCI Capital S.A..	(8 752)	(6 284)	(8 865)	(7 684)
Taxable amount MCI Fund Management Sp. z o.o.	7 135	(977)	7 993	7 953
Taxable amount MCI Tax Group	(1 617)	(7 261)	(872)	269
Current income tax	<b>(307)</b>	<b>(1 380)</b>	<b>(166)</b>	<b>51</b>

\*Income tax recognised in the financial result consists of current income tax of the Tax Group.

\*\*Non-taxable income consists mainly of revaluation of investment certificates and revaluation of shares.

\*\*\*Taxable income recognised in the income statement consists mainly of financial revenues related to guarantees (taxable income of the last settlement period).



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\*\*\*\*Non-taxable costs recognised in the income statement consist mainly of revaluation of investment certificates, revaluation of shares or accrued interests on bonds.

\*\*\*\*\*Tax costs not recognised in the income statement consist of paid interests on bonds.

The above reconciliation does is not an effective tax rate reconciliation, it is a transition from profit before taxation to taxable amount of the Tax Group and abovementioned items include both, temporary and permanent differences.

**Tax losses**

Incurring in year	Incurring at 000'PLN	Utilised at 000'PLN	To be utilised at 000'PLN	To be utilised until year
2012*	2 358	-	-	-
2013*	9 590	-	4 795	2 years after leaving Tax Group
2014	3 528	-	3 528	3 years after leaving Tax Group
2015	9 128	-	9 128	4 years after leaving Tax Group
2016	2 890	-	2 890	5 years after leaving Tax Group
	<b>27 494</b>	<b>-</b>	<b>20 341</b>	

\*In the second quarter of 2018 the Management Board of the Company decided to write-off part of deferred tax assets representing the tax loss incurred in 2012 and in the first half of 2013 due to low possibility of utilising these losses for the abovementioned periods after leaving the Tax Group.

**Deferred tax**

	Balance as at 30.06.2018 PLN'000	Balance as at 31.12.2017 PLN'000	Balance as at 30.06.2017 PLN'000
<b>Deferred tax assets:</b>			
Due for settlement after 12 months	3 865	5 224	5 672
Due for settlement within 12 months	4 675	3 639	3 969
	<b>8 540</b>	<b>8 863</b>	<b>9 641</b>
<b>Deferred tax liabilities:</b>			
Due for settlement after 12 months	-	-	-
Due for settlement within 12 months	2 376	1 729	2 836
	<b>2 376</b>	<b>1 729</b>	<b>2 836</b>

**Deferred tax assets**

	Tax losses which can be deducted 000' PLN	Interest and premium on bonds 000' PLN	Other assets* 000' PLN	Total 000' PLN
<b>As at 30 June 2017</b>	<b>5 672</b>	<b>-</b>	<b>3 969</b>	<b>9 641</b>
Impact on profit or loss	(448)	-	(330)	(778)
Impact on equity	-	-	-	-
<b>As at 31 December 2017</b>	<b>5 224</b>	<b>-</b>	<b>3 639</b>	<b>8 863</b>
Impact on profit or loss	(1 359)	39	997	(323)
Impact on equity	-	-	-	-
<b>As at 30 June 2018</b>	<b>3 865</b>	<b>39</b>	<b>4 636</b>	<b>8 540</b>

\*this item consists mainly of provisions for legal services

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**Deferred tax liabilities**

	Revaluation of portfolio companies	Interest	Other liabilities*	Total
	000' PLN	000' PLN	000' PLN	000' PLN
<b>As at 30 June 2017</b>	<b>1</b>	<b>180</b>	<b>2 655</b>	<b>2 836</b>
Impact on profit or loss	-	(180)	(927)	(1 107)
Impact on equity	-	-	-	-
<b>As at 31 December 2017</b>	<b>1</b>	<b>-</b>	<b>1 728</b>	<b>1 729</b>
Impact on profit or loss	-	-	647	647
Impact on equity	-	-	-	-
<b>As at 30 June 2018</b>	<b>1</b>	<b>-</b>	<b>2 375</b>	<b>2 376</b>

\*this item consists mainly of revaluation of investment certificates.

As of 30 June 2018, the Company did not recognise deferred tax liability arising from positive temporary differences related to investments in subsidiaries, nor did it recognise deferred tax asset arising from negative temporary differences related to investments in associates, because criteria defined in IAS 12.39 have been met.

**Deferred tax net assets**

<b>As at 30 June 2018</b>	<b>6 164</b>
<b>As at 31 December 2017</b>	<b>7 134</b>
<b>As at 30 June 2017</b>	<b>6 805</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. This reporting period has been the second year of operation of the PGK. 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 2 years 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: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Earnings (loss) attributable to shareholders of the Company	71 381	3 766	47 366	36 712
Weighted average no of ordinary shares (in 000s)	52 887	52 887	58 491	58 234
<b>Basic earnings per share (in PLN per one share)</b>	<b>1.35</b>	<b>0.07</b>	<b>0.81</b>	<b>0.63</b>

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**Diluted earnings (loss) per share**

	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Earnings (loss) attributable to shareholders of the Company	71 381	3 766	47 366	36 712
Earnings (loss) applied when determining diluted earnings per share	71 381	3 766	48 664	37 362
Cost of interest on bonds (PLN 000s)	-	-	1 602	803
Net cost of interest on bonds (PLN 000s)	-	-	1 298	650
Weighted average no of ordinary shares (in 000s)	52 887	52 887	58 491	58 234
Adjustments related to:				
share-based incentive programme (in 000s)	50	50	50	50
bonds convertible into shares (000s)	-	-	3 534	3 534
Weighted average number of ordinary shares for purposes of diluted earnings per share (000s)	52 937	52 937	62 075	61 818
<b>Diluted earnings per share (in PLN per one share)</b>	<b>1,35</b>	<b>0,07</b>	<b>0,78</b>	<b>0,60</b>

**6. Investment certificates**

	Balance as at 30.06.2018	Balance as at 31.12.2017	Balance as at 30.06.2017
	PLN'000	PLN'000	PLN'000
Investment certificates of Helix Ventures Partners FIZ*	-	3 666	3 730
Investment certificates of Internet Ventures FIZ	23 956	26 179	24 831
Investment certificates of MCI.EuroVentures 1.0.	21 053	-	-
Investment certificates of MCI.CreditVentures FIZ 2.0	53 420	51 154	69 706
	<b>98 429</b>	<b>80 999</b>	<b>98 267</b>

\*As a result of analysis of recoverability of invested funds from Helix Ventures Partners FIZ conducted in the second quarter of 2018 based on agreements with other participants of the fund, the Management Board of the Company decided to write-off the value of these certificates as of the balance sheet date due to low possibility to withdraw invested funds at present valuation of the fund.

**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	-	-
Investment certificates of Internet Ventures FIZ	26 352	21 560
Investment certificates of MCI.EuroVentures 1.0.	23 158	18 948
Investment certificates of MCI.CreditVentures FIZ 2.0	58 762	48 078
	<b>108 272</b>	<b>88 586</b>

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**7. Investments in subsidiaries**

	Balance as at 30.06.2018 PLN'000	Balance as at 31.12.2017 PLN'000	Balance as at 30.06.2017 PLN'000
MCI Fund Management Sp. z o.o.*	1 293 229	1 207 171	191 249
MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A.*	-	-	750 138
MCI Fund Management Sp. z o.o. IV MCI.PrivateVentures S.K.A.*	-	-	198 303
Energy Mobility Partners Sp. z o.o.**	-	3	-
	<b>1 293 229</b>	<b>1 207 174</b>	<b>1 139 690</b>

\*On 29 December 2017, as part of the simplification of structures of the Group, the merger within the Group of MCI Fund Management Sp. z o.o. (the acquiring company) and MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A., MCI Fund Management II Sp. z o.o. (the companies being acquired) has been registered.

\*\*On 20 June 2018 the Company sold all shares held (51% of shares) in Energy Mobility Partners Sp. z o.o. for PLN 2.5 thousand. The shares were purchased by Private Equity Managers S.A. Energy Mobility Partners Sp. z o.o. has not conducted operations.

**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.

MCI Fund Management Sp. z o.o. does not provide services related to investment activities of the Company.

The Company holds 100% of shares in MCI Fund Management Sp. z o.o.

**Measurement of shares in subsidiaries**

Shares in MCI Fund Management Sp. z o.o. 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 subsidiary and the value of investment certificates is affected by:

- Balance of trade receivables, bills of exchange, other assets and liabilities in the amount of PLN 2 million.

The fair value of investment certificates in MCI Fund Management Sp. z o.o. 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 MCI Capital TFI S.A.

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

Subsidiary	+10%	-10%
MCI Fund Management Sp. z o.o.*	1 422 374	1 164 084
	<b>1 422 374</b>	<b>1 164 084</b>

\* The value of investment certificates subject to simulation as of 30 June 2018 amounts to PLN 1,291,454 thousand.

Below we presented the reconciliation between investment certificates held by the Company directly or indirectly through the subsidiary and valuation of this subsidiary as of 30 June 2018 presented in the balance sheet of the Company.

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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 2018:**

Fund	Held &	NAV as of 30.06.2018 attributable to MCI Group	NAV as of 30.06.2018	NAV as of 31.12.2017	Change in NAV
MCI.TechVentures 1.0.	51,39%	425 348	827 715	864 301	(36 586)
MCI.EuroVentures 1.0.	95,22%	887 159	931 727	842 271	89 456
MCI.CreditVentures 2.0 FIZ	26,15%	53 420	204 257	201 559	2 698
Internet Ventures FIZ	47,21%	23 956	50 742	55 452	(4 710)
Helix Ventures Partners FIZ	45,28%	3 656	8 073	8 100	(27)
<b>Total FIZ assets</b>		<b>1 393 539</b>	<b>2 022 514</b>	<b>1 971 683</b>	<b>50 831</b>

Fund	(a) New issues	(b) Redemptions	(c) Distribution of profits	(d) Operating results	Total (a+b+c+d)
MCI.TechVentures 1.0.	-	(89 891)	-	53 305	(36 586)
MCI.EuroVentures 1.0.	39 596	(16 619)	-	66 479	89 456
MCI.CreditVentures 2.0 FIZ	13 971	(20 041)	(266)	9 034	2 698
Internet Ventures FIZ	-	-	-	(4 710)	(4 710)
Helix Ventures Partners FIZ	-	-	-	(27)	(27)
<b>Total FIZ assets</b>	<b>53 567</b>	<b>(126 551)</b>	<b>(266)</b>	<b>124 081</b>	<b>50 831</b>

Investment certificates held by companies from MCI Group	1 393 539
Net settlements of subsidiaries	1 775
Investment certificates of Helix Ventures Partners FIZ written-off (Note 6)	(3 656)
<b>Investments in subsidiaries and investment certificates presented in MCI balance sheet (Notes 6 and 7)</b>	<b>1 391 658</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 2017:**

Fund	Held %	NAV as at 31.12.2017 attributable to MCI Group	NAV as at 31.12.2017	NAV as at 31.12.2016	Change in NAV
MCI.TechVentures 1.0.	51,23%	442 797	864 301	990 248	(125 947)
MCI.EuroVentures 1.0.	93,34%	786 218	842 271	789 807	52 464
MCI.CreditVentures 2.0 FIZ	25,38%	51 154	201 559	185 894	15 665
Internet Ventures FIZ	47,21%	26 180	55 452	47 898	7 554
Helix Ventures Partners FIZ	45,28%	3 668	8 100	9 574	(1 474)
<b>Total FIZ assets</b>		<b>1 310 017</b>	<b>1 971 683</b>	<b>2 023 421</b>	<b>(51 738)</b>

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Fund	(a) New issues	(b) Redemptions	(c) Distribution of profits	(d) Operating results	Total (a+b+c+d)
MCI.TechVentures 1.0.	99 550	(280 923)	-	55 426	(125 947)
MCI.EuroVentures 1.0.	3 918	(53 448)	-	101 994	52 464
MCI.CreditVentures 2.0 FIZ	110 254	(107 917)	-	13 328	15 665
Internet Ventures FIZ	1 486	(867)	-	6 935	7 554
Helix Ventures Partners FIZ	-	(800)	-	-674	(1 474)
<b>Total FIZ assets</b>	<b>215 208</b>	<b>(443 955)</b>	<b>-</b>	<b>177 009</b>	<b>(51 738)</b>
Investment certificates held by companies from MCI Group					1 310 017
Liabilities of subsidiaries of MCI					(21 844)
<b>Investments in subsidiaries and investment certificates presented in MCI balance sheet (Note 6 &amp; 7)</b>					<b>1 288 173</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 2017:**

Fund	Held &	NAV as of 30.06.2017 attributable to MCI Group	NAV as of 30.06.2017	NAV as of 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	(53 979)
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 (Notes 6 &amp; 7)</b>	<b>1 237 957</b>

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**8. Investments in associates**

	Balance as at 30.06.2018	Balance as at 31.12.2017	Balance as at 30.06.2017
	PLN'000	PLN'000	PLN'000
Private Equity Managers S.A.	13 153	15 078	17 735
	<b>13 153</b>	<b>15 078</b>	<b>17 735</b>

**Measurement of shares in the associate**

	Balance as at 30.06.2018	Balance as at 31.12.2017	Balance as at 30.06.2017
Number of shares of Private Equity Managers S.A. owned by MCI Capital S.A.	379 043	350 641	350 641
Share price (PLN/share)	34.70	43.00	50.58
<b>Investment value</b>	<b>13 153</b>	<b>15 078</b>	<b>17 735</b>

As of 30 June 2018, the Company holds directly 11.07% 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 34.70 per share, i.e. closing price of PEM shares at the session of the Warsaw Stock Exchange on 30 June 2018, and the change of their measurement was posted to the financial result.

**9. Trade and other receivables**

	Balance as at 30.06.2018	Balance as at 31.12.2017	Balance as at 30.06.2017
	PLN'000	PLN'000	PLN'000
Trade receivables	7	86	184
Receivables from related entities*	2 855	23 617	25 194
Tax / budget receivables	1 578	90	216
Accruals	1 194	914	240
Other receivables	12	13	175
	<b>5 646</b>	<b>24 720</b>	<b>26 009</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.

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 30.06.2018 PLN'000	Balance as at 31.12.2017 PLN'000	Balance as at 30.06.2017 PLN'000
MCI.PrivateVentures FIZ*	2 097	818	1 951
MCI Venture Projects Sp. z o.o. VI S.K.A.*	-	721	865
MCI.CreditVentures 2.0 FIZ	152	19 887	20 462
Private Equity Managers S.A.**	472	2 081	1 591
MCI Capital TFI S.A.	50	39	11
PEM Asset Management Sp. z o.o.	73	55	122
Other	11	16	192
	<b>2 855</b>	<b>23 617</b>	<b>25 194</b>

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

\*\*The item consists of mobile overheads and taxis.

**Long-term receivables**

The balance of trade and other receivables presented as long-term receivables of PLN 431 thousand as at 30 June 2018 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.

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

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

**As of 30.06.2018 and 31.12.2017 the Company did not have receivables related to bills of exchange.**

**As of 30.06.2017 the Company had following receivables related to bills of exchange:**

	Nominal PLN'000	Interest PLN'000	Interest rate % per annum	Total 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>

**11. Cash and cash equivalents**

As at the balance sheet date the balance of cash and cash equivalents of PLN 981 thousand (as at 31 December 2017: PLN 25,230 thousand, as at 30 June 2017 PLN 18,427 thousand) comprised primarily cash in bank and bank deposits measured at nominal value.

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

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

As at 30 June 2018, the Company held

- 47.21% of investment certificates of Internet Ventures FIZ.
- 45.28% of investment certificates of Helix Ventures Partners FIZ.
- 26.15% of investment certificates of MCI.CreditVentures 2.0 FIZ
- 2.26% of investment certificates of Subfund MCI.EuroVentures 1.0. separated within MCI.PrivateVentures FIZ



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In addition, a direct subsidiary of MCI, 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 2018 MCI FM held:

- 92.96% of investment certificates of Subfund MCI.EuroVentures 1.0. separated within MCI.PrivateVentures FIZ. and
- 51.39% of investment certificates of Subfund MCI.TechVentures 1.0. 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 2018, 31 December 2017 and 30 June 2017 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
	30.06.2018	MCI share	30.06.2018	MCI share	30.06.2018	MCI share	30.06.2018	MCI share	30.06.2018	MCI share	30.06.2018	MCI/FM share
	100.00%	26.15%	100.00%	47.21%	100.00%	45.28%	100.00%	95.22%	100.00%	51.39%	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:	204 257	53 420	50 742	23 956	8 073	3 656	931 727	887 159	827 715	425 348	2 022 514	1 393 539
- Public companies	-	-	-	-	-	-	-	-	26 155	13 441	26 155	13 441
- Non-public companies*	191 610	50 106	50 308	23 750	7 881	3 569	1 042 011	992 202	991 306	509 432	2 283 116	1 579 059
- Cash, including deposits	20 354	5 323	3 192	1 507	224	101	42 343	40 319	15 879	8 160	81 992	55 410
- Other assets	275	80	84	41	32	15	270	227	4 669	2 384	5 330	2 747
- Liabilities	7 982	2 087	2 842	1 342	64	29	152 897	145 589	210 294	108 070	374 079	257 117
Net investment income	3 975	1 039	(1 065)	(503)	(55)	(25)	(13 963)	(13 296)	(17 659)	(9 075)	(28 767)	(21 858)
Realized and unrealized profit / loss	5 059	1 323	(3 645)	(1 721)	28	13	80 442	76 597	70 964	36 468	152 848	112 682
Result from operations for the period	9 034	2 362	(4 710)	(2 224)	(27)	(12)	66 479	63 301	53 305	27 393	124 081	90 821

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

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
	31.12.2017	MCI share	31.12.2017	MCI share	31.12.2017	MCI share	31.12.2017	MCI share	31.12.2017	MCI share	31.12.2017	MCI/FM share
	100.00%	25.38%	100.00%	47.21%	100.00%	45.28%	100.00%	93.34%	100.00%	51.23%	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:	201 559	51 154	55 452	26 180	8 100	3 668	842 271	786 218	864 301	442 797	1 971 683	1 310 017
- Public companies	-	-	-	-	-	-	6 709	6 262	35 490	18 182	42 199	24 444
- Non-public companies*	202 648	51 430	56 571	26 708	7 853	3 556	771 018	719 710	854 515	437 784	1 892 605	1 239 188
- Cash, including deposits	20 597	5 228	356	168	261	118	64 410	60 120	30 524	15 637	116 148	81 271
- Other assets	254	64	12	6	35	16	225 124	210 131	1 299	665	226 724	210 882
- Liabilities	21 940	5 568	1 487	702	49	22	224 990	210 006	57 527	29 471	305 993	245 769
Net investment income	8 448	2 144	(2 581)	(1 218)	(76)	(34)	28 578	26 675	(26 787)	(13 723)	7 582	13 844
Realized and unrealized profit / loss	4 880	1 239	9 516	4 493	(598)	(271)	73 416	68 526	82 213	42 118	169 427	116 105
Result from operations for the period	13 328	3 383	6 935	3 274	(674)	(305)	101 994	95 201	55 426	28 395	177 009	129 948

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

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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/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
NAV structure:	176 728	69 719	51 707	24 830	8 238	3 730	819 176	763 554	917 784	508 911	1 973 633	1 370 744
- 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)	14 776	16 307
Realized and unrealized profit / loss	3 619	1 428	5 095	2 447	(481)	(218)	21 719	20 244	42 538	23 587	72 490	47 488
Result from operations for the period	8 480	3 345	3 809	1 829	(536)	(243)	44 999	41 944	30 514	16 920	87 266	63 795

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

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**13. Equity**

**Share capital**

	<b>Balance as at</b>	<b>Balance as at</b>	<b>Balance as at</b>
	<b>30.06.2018</b>	<b>31.12.2017</b>	<b>30.06.2017</b>
Share capital issued and paid (PLN 000s)	52 887	52 887	52 853
Number of shares	52 886 596	52 886 596	52 853 114
Nominal value per share (PLN)	1.00	1.00	1.00
<b>Nominal value of all shares (PLN 000s)</b>	<b>52 887</b>	<b>52 887</b>	<b>52 853</b>

**Reserve capital**

	<b>Balance as at</b>	<b>Balance as at</b>	<b>Balance as at</b>
	<b>30.06.2018</b>	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>PLN'000</b>	<b>PLN'000</b>	<b>PLN'000</b>
<b>Balance at the beginning of period</b>	<b>886 686</b>	<b>1 020 712</b>	<b>1 020 712</b>
Decrease due to redemption of shares	-	(51 783)	(51 783)
Transfer of previous year profit to the reserve capital	104 687	-	-
Coverage of loss for 2016 with reserve capital	-	(82 243)	(82 243)
<b>Balance at the end of period</b>	<b>991 373</b>	<b>886 686</b>	<b>886 686</b>

**Own shares**

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 thousand Shares were redeemed in June 2017, as a result the Company's share capital decreased by PLN 5.899 thousand from PLN 58,752 thousand, whereas reserve capital decreased by PLN 51,783 thousand.

In the first half of 2018 the Company did not purchase own shares within the Repurchase Program.

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>30.06.2018</b>	<b>31.12.2017</b>	<b>30.06.2017</b>
	<b>PLN'000</b>	<b>PLN'000</b>	<b>PLN'000</b>
<b>Balance at the beginning of period</b>	-	-	-
Purchase of own shares	-	(57 682)	(57 682)
Redemption of own shares	-	57 682	57 682
<b>Balance at the end of period</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**14. Shareholding structure**

**Major shareholders of the Company as at 30 June 2018**

	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	345 482	0.65%	345 482	0.65%
MCI Management Sp. z o.o.*	33 537 126	63.41%	33 537 126	63.41%
Other	19 003 988	35.94%	19 003 988	35.94%
	<b>52 886 596</b>	<b>100.00%</b>	<b>52 886 596</b>	<b>100.00%</b>

\*Company controlled by Tomasz Czechowicz

**Major shareholders of the Company as at 31 December 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	345 482	0.65%	345 482	0.65%
MCI Management Sp. z o.o.*	33 537 126	63.41%	33 537 126	63.41%
Other	19 003 988	35.94%	19 003 988	35.94%
	<b>52 886 596</b>	<b>100.00%</b>	<b>52 886 596</b>	<b>100.00%</b>

\*Company controlled by Tomasz Czechowicz

**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

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**15. Liabilities related to bonds**

	Balance as at 30.06.2018 PLN'000	Balance as at 31.12.2017 PLN'000	Balance as at 30.06.2017 PLN'000
The value of the liability at the date of issue at face value	293 150	287 150	371 950
The value of costs related to the issue	(4 854)	(4 267)	(5 517)
<b>Carrying value of liability as at issue date</b>	<b>288 296</b>	<b>282 883</b>	<b>366 433</b>
Equity component (without deferred tax)*	(578)	(578)	(578)
<b>Liability component as at issue date</b>	<b>287 718</b>	<b>282 305</b>	<b>365 855</b>
Interest accrued - costs YTD	39 172	36 911	46 781
Interest paid - costs YTD	(34 632)	(32 486)	(41 377)
Repayment	(50 000)	(31 000)	(84 800)
<b>Carrying value of liability as at balance sheet date</b>	<b>242 258</b>	<b>255 730</b>	<b>286 459</b>
Non-current part:	116 482	133 001	192 821
Current part:	125 776	122 729	93 638
	<b>242 258</b>	<b>255 730</b>	<b>286 459</b>

\*applies to series G1 shares redeemed on 21 March 2018

**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 2018.

Series of bonds	Date of allocation	Date of redemption	Number of bonds	Interest	Nominal value of bonds 000' PLN	Interest paid for 2018 000' PLN	Interest paid until 31.12.2017 000' PLN
G1 Series*	21.03.2014	21.03.2018	50 000	WIBOR.6M + 3,9%	50 000	1 416	10 344
J1 Series	11.12.2015	11.12.2018	66 000	WIBOR.6M + 3,9%	66 000	1 879	7 511
K Series	24.06.2016	24.06.2019	54 500	WIBOR.6M + 3,9%	54 500	1 552	4 641
M Series	23.12.2016	20.12.2019	25 000	WIBOR.6M + 3,9%	20 650	588	1 176
N Series	29.12.2016	29.12.2021	45 000	fixed 6,5%	45 000	1 458	2 925
O Series	20.06.2017	19.06.2020	20 000	WIBOR.6M + 3,9%	20 000	569	573
P Series	02.03.2018	01.03.2021	37 000	WIBOR.6M + 4.0%	37 000	-	-
					<b>293 150</b>	<b>7 462</b>	<b>27 170</b>

\*The series of convertible bonds of MCI Capital S.A. redeemed on 21 March 2018.

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**16. Trade and other payables**

	Balance as at 30.06.2018 PLN'000	Balance as at 31.12.2017 PLN'000	Balance as at 30.06.2017 PLN'000
Trade payables	646	528	460
Payables to related entities	604	158	907
Tax liabilities	11	1 696	-
Social security and other burdens liabilities	17	38	36
Deferred income*	2 010	1 428	1 913
Other liabilities	3	1	774
	<b>3 291</b>	<b>3 849</b>	<b>4 090</b>
Including:			
Non-current part:	844	1 038	913
Current part:	2 447	2 811	3 177
	<b>3 291</b>	<b>3 849</b>	<b>4 090</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).

**17. Provisions**

	Balance as at 30.06.2018 PLN'000	Balance as at 31.12.2017 PLN'000	Balance as at 30.06.2017 PLN'000
Provisions for the costs of litigations*	11 466	11 466	11 466
Provisions for bonuses and holidays	297	216	55
Other provisions	162	171	161
	<b>11 925</b>	<b>11 853</b>	<b>11 682</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 23 „Contingent assets and liabilities”**.

Provision breakdown	Value as at 01.01.2018 PLN'000	Increase of provisions PLN'000	Release of provisions PLN'000	Use of provisions PLN'000	Value as at 30.06.2018 PLN'000
Provisions for the costs of litigations	11 466	-	-	-	11 466
Provisions for bonuses and holidays	216	136	15	40	297
Other provisions	171	162	-	171	162
<b>Total provisions</b>	<b>11 853</b>	<b>298</b>	<b>15</b>	<b>211</b>	<b>11 925</b>

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**18. Employee benefits**

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

	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
Short-term employee benefits	779	453	525	243
Social security	16	10	21	9
Remuneration paid in shares and option programmes	182	91	182	91
Other employee benefits	12	6	28	14
	<b>989</b>	<b>560</b>	<b>757</b>	<b>358</b>

**Remuneration for key personnel**

	For the period: from 01.01.2018 to 30.06.2018	For the period: from 01.04.2018 to 30.06.2018	For the period: from 01.01.2017 to 30.06.2017	For the period: from 01.04.2017 to 30.06.2017
	PLN'000	PLN'000	PLN'000	PLN'000
<b>Management Board</b>				
Short-term employee benefits	524	337	308	154
Remuneration paid in shares	182	91	182	91
Lump-sum for the use of cars	8	2	27	13
	<b>714</b>	<b>430</b>	<b>517</b>	<b>258</b>
<b>Supervisory Board</b>				
Short-term employee benefits	19	19	38	6
	<b>19</b>	<b>19</b>	<b>38</b>	<b>6</b>

**Employment / function**

	Balance as at 30.06.2018	Balance as at 31.12.2017	Balance as at 30.06.2017
	Number of employees	Number of employees	Number of employees
Management Board	3	4	4
Supervisory Board	5	5	5
Operational staff	7	8	7
	<b>15</b>	<b>17</b>	<b>16</b>

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

The Company did not pay advances to members of the Management Board in 2018 and 2017.

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

The Company did not pay loans to members of the Management Board in 2018 and 2017.

**19. Financial assets and liabilities measured at fair value**

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



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**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 30.06.2018		Balance as at 31.12.2017		Balance as at 30.06.2017	
	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. 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
Energy Mobility Partners Sp. z o.o.	-	-	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 of Helix Ventures Partners FIZ	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates of Internet Ventures FIZ	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates of MCI.CreditVentures 2.0 FIZ	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates of MCI.EuroVentures 1.0. separated within MCI.PrivateVentures FIZ	3	Net Asset Value (NAV)	-	-	-	-

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<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)
Embedded derivative on investment certificates Helix Ventures Partners 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.

Applying IFRS 9 did not result in transfers between fair value levels.

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

<b>Type of the financial instrument</b>	<b>Method of measurement of the financial instrument</b>	<b>Balance as at</b>	<b>Balance as at</b>	<b>Balance as at</b>
		<b>30.06.2018</b>	<b>31.12.2017</b>	<b>30.06.2017</b>
		<b>PLN'000</b>	<b>PLN'000</b>	<b>PLN'000</b>
<b>Non-current assets</b>				
Investment certificates	Measured at fair value through profit/loss	98 429	80 999	98 267
Investments in subsidiaries	Measured at fair value through profit/loss	1 293 229	1 207 174	1 139 690
Investments in associates	Measured at fair value through profit/loss	13 153	15 078	17 735
Investments in other entities	Measured at fair value through profit/loss	7	7	7
Derivatives	Measured at fair value through profit/loss	232	200	200

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

<b>Type of the financial instrument</b>	<b>Method of measurement of the financial instrument</b>	<b>Balance as at</b>	<b>Balance as at</b>	<b>Balance as at</b>
		<b>30.06.2018</b>	<b>31.12.2017</b>	<b>30.06.2017</b>
		<b>PLN'000</b>	<b>PLN'000</b>	<b>PLN'000</b>
<b>Non-current assets</b>				
Trade and other receivables	Measured at amortised cost	431	412	437
<b>Current assets</b>				
Trade and other receivables	Measured at amortised cost	5 646	24 720	26 009
Receivables from bills of exchange	Measured at amortised cost	-	-	25 470
Loans granted	Measured at amortised cost	-	-	1 108
<b>Non-current liabilities</b>				

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Trade and other payables	Measured at nominal value	844	1 038	913
Liabilities on bonds	Measured at amortised cost	116 482	133 001	192 821

**Short-term liabilities**

Trade and other payables	Measured at nominal value	2 447	2 811	3 177
Liabilities on bonds	Measured at amortised cost	125 776	122 729	93 638

The Company assumes 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.

**20. Related entities**

**Information on transactions with related entities as at 30 June 2018 and for the period from 1 January to 30 June 2018**

	Ultimate controlling entity*	Subsidiaries	Associates	Other related entities**	Total
<b>Investments:</b>					
Investments in subsidiaries	-	1 293 229	-	-	1 293 229
Investments in associates	-	-	13 153	-	13 153
Investment certificates	-	-	-	98 429	98 429
Derivatives	-	-	-	232	232
<b>Receivables:</b>					
Trade and other receivables	-	1	472	2 382	2 855
<b>Liabilities:</b>					
Trade and other payables	-	598	2	4	604
<b>Income and expenses:</b>					
Revaluation of shares	-	86 058	(2 978)	-	83 080
Revaluation of investment certificates	-	-	-	(3 070)	(3 070)
Revaluation of derivative financial instruments	-	-	-	32	32
Operating expenses	-	-	-	(6)	(6)
Financial income	-	-	-	2 145	2 145
Financial expenses	(274)	(385)	-	-	(659)

\*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 31 December 2017 and for the period from 1 January to 31 December 2017**

	Ultimate controlling entity*	Subsidiaries	Associates	Other related entities**	Total
<b>Investments:</b>					
Investments in subsidiaries	-	1 207 174	-	-	1 207 174
Investments in associates	-	-	15 078	-	15 078
Investment certificates	-	-	-	80 999	80 999
Derivatives	-	-	-	200	200
<b>Receivables:</b>					

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Trade and other receivables	-	3	2 081	21 533	23 617
<b>Liabilities:</b>					
Trade and other payables	-	154	4	-	158
Liabilities on bonds	19 265	-	-	-	19 265
<b>Income and expenses:</b>					
Revaluation of shares	-	123 334	(6 312)	-	117 022
Revaluation of investment certificates	-	-	-	8 283	8 283
Revaluation of derivative financial instruments	-	-	-	(1 910)	(1 910)
Operating expenses	-	-	(1)	-	(1)
Revenues from dividends received	-	-	1 027	-	1 027
Financial income	-	841	56	4 134	5 031
Financial expenses	(1 230)	(675)	-	(157)	(2 062)

\*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 2017 and for the period from 1 January to 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
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>Income 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)

\*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.

**21. Dividend**

In 2017 the Company has generated profit in the amount of PLN 104,686 thousand. General Shareholders Meeting has taken a resolution on 21 June 2018 to transfer entire profit to reserve capital of the Company, consequently no resolution on dividend payout was taken.

## **22. Share-based incentive programmes**

### **Share-based incentive programmes**

The Company did not take a resolution on Share-based incentive programmes for Members of the Management Board and Key Personnel for 2018.

#### **The incentive program for the President of the Management Board**

On 28 June 2016, the Ordinary General Meeting of the Company decided to issue subscription warrants dedicated to Mr. Tomasz Czechowicz in connection with execution of the remuneration program adopted by the Company's Supervisory Board by Resolution No. 1 of 25 May 2016 (the "Remuneration Program").

Within the Remuneration Program, the Company will issue no more than 100,446 registered C-series subscription warrants with the right to subscribe for no more than 100,446 ordinary shares of series A1 issued by the Company. The proposed purchase of warrants will be addressed exclusively to Mr. Tomasz Czechowicz („entitled person”), while the issue of warrants will be in accordance with the Remuneration Program. Each subscription warrant will entitle to take 1 share. The issue price of shares acquired by the exercise of warrants will amount to PLN 1.00 per share. Mr. Tomasz Czechowicz will be able to acquire shares by 31 December 2020, on condition that he remains on the position of the member of the Management Board of the Company for the period of acquiring the right to take up the warrants. The first period of acquiring rights means the period from 1 January 2016 to 31 December 2016, during which the entitled person acquires the right to 33,482 subscription warrants. The second vesting period is the period from 1 January 2017 to 31 December 2017, during which the entitled person acquires the right to 33,482 subscription warrants. Third period of acquiring rights means the period from 1 January 2018 to 31 December 2018, during which the entitled person acquires the right to 33,482 subscription warrants (a total of 100,446 warrants). The cost of PLN 182 thousand was recognised in the first half of 2018. Analogous cost was recognised in the first half of 2017.

On 21 November 2017 Mr. Tomasz Czechowicz executed his rights to take subscription warrants acquired within the first vesting period and converted the warrants into shares.

## **23. 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 favorable 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.

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. On 4 March 2016, the experts informed the Court that the issue of the opinion would require the involvement of a panel of experts close to that of the first opinion, i.e. at the stage of the first instance court, and that the issue of the opinion would need the proceedings to be re-examined. In January 2017, the court addressed to the experts a letter urging them to submit an opinion. In response, the experts issued supplementary opinion on 6 March 2017, which supported the existing arrangements. The letter responding to the opinion has been submitted. Moreover, the State Treasury filed charges to the opinion. At current stage the court will be recognizing applications of each party concerning complementing the evidence. At the same time, the State Treasury filed to issue another supplementary opinion.

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

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In connection with litigation costs concerning JTT damage, the Company maintains provision. Detailed information can be found in the **Note 17 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 Voivodship Administrative Court against the interpretation. In its judgment of 12 November 2012, the Voivodship 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 26 April 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 the Company applied to the Head of First Masovian Tax Office in Warsaw for a statement of excess payment in corporate income tax for 2011. In correction of CIT-8 tax return for 2011, the Company indicated excess payment in the amount of PLN 5.3 million.

On 13 April 2017 the Company received notification from the Head of First Masovian Tax Office in Warsaw that the case regarding excess payment of corporate income tax for 2011 was forwarded to Second Masovian Tax Office in Warsaw.

On 8 June 2017 the Company received from Second Masovian Tax Office in Warsaw refusal to state the excess payment. The Company filed cancellation on 22 June 2017 to the appeal body, i.e. Director of Tax Administration Chamber in Warsaw. On 13 September 2017 the Company received a decision from the appeal body, which maintained the decision of first instance body, i.e. Head of Second Masovian Tax Office in Warsaw.

On 13 October 2017, the Company filed complaint to another appeal body, i.e. Provincial Administrative Court in Warsaw. Director of Tax Administrative Chamber in Warsaw filed to dismiss the complaint on 15 November 2017.

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 29 July 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 has received the decision from Financial Supervision Authority of 29 August 2017, in which the KNF imposed a penalty on the Company and on the physical person in the amount of PLN 100 thousand for each party of the proceeding. The Company and the physical person act in the proceeding at the same side. Due to the fact that the physical person filed an application to re-examine the case, the decision issued by the KNF is not definitive. As at 30 June 2018 the Company had provision for this case in the amount of PLN 100 thousand.

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## **24. Suretyship and guarantees**

### **Sureties granted to MCI.CreditVentures 2.0 FIZ**

#### **- Surety of 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 FIZ. The guarantee covers liabilities of MCI.CreditVentures 2.0 FIZ related to the loan agreement of 19 June 2015 if MCI CreditVentures 2.0 failed to repay such liabilities when due.

On 25 May 2018 the revolving loan was increased to PLN 8,000,000 and extended until 6 March 2019, while surety was decreased to PLN 500,000.

#### **- Surety of 13 February 2017**

On 13 February 2017, Private Equity Managers S.A. granted a surety for loan liabilities in the amount of PLN 15,300 thousand granted under the Loan Agreement for a revolving loan in a loan account dated 13 February 2017 by Alior Bank S.A. with headquarters in Warsaw for the benefit of MCI.CreditVentures 2.0 FIZ. The surety covers the Borrower's liabilities under the aforementioned Loan in the event that the Borrower fails to perform these obligations within the set time limit. The final repayment date is 14 November 2019.

On 11 May 2017, based on the Annex to the Loan Agreement, a revolving loan in the loan account dated 13 February 2017 changed the loan surety granted to MCI.CreditVentures 2.0 FIZ from Private Equity Managers SA. at MCI Capital S.A. The guarantee of Private Equity Managers S.A. expired, and MCI Capital S.A. it has become a new guarantor of the loan. The surety was granted up to PLN 30,600 thousand.

### **Sureties granted to MCI.PrivateVentures FIZ**

#### **- Surety of 11 September 2014 – MCI.EuroVentures 1.0 subfund**

On 31 July 2015, MCI Capital S.A. granted a surety for liabilities under a loan granted by Alior Bank S.A. a revolving loan agreement in the credit account dated 11 September 2014 as amended by annex No. 1 dated 1 October 2014 and annex No. 2 dated 29 July 2015 in the amount of PLN 41,000 PLN for MCI.PrivateVentures FIZ with a separate MCI.EuroVentures 1.0 subfund. On 7 March 2016, the Company signed a statement on the establishment of an enforcement title pursuant to art. 777 § 1 point 5 of the Civil Code up to a maximum amount of PLN 82,000 thousand. The bank is entitled to give the act the enforceability clause by 19 September 2020.

On 2 November 2016, an annex to the loan agreement was signed, based on which the maximum loan value was reduced from PLN 41,000 to PLN 30,000 thousand. On this basis, the maximum surety amount is also reduced from PLN 82,000 thousand to PLN 60,000 thousand.

On 11 September 2014, MCI Capital S.A. granted a surety, subsequently amended annex no. 1 to the surety of 31 July 2015 and annex no. 2 for surety from 8 November 2017. for loan liabilities granted by Alior Bank S.A. a revolving loan agreement in the loan account of 11 September 2014 with subsequent annexes of 1 October 2014; 29 July 2015; 7 January 2016; 2 November 2016; 8 September 2017; 6 October 2017 and 8 November 2017. in the amount of PLN 30,000 thousand to MCI.PrivateVentures FIZ with a separate MCI.EuroVentures 1.0 subfund. The company signed a statement on the establishment of an enforcement title pursuant to art. 777 § 1 point 5 of the Civil Code up to a maximum amount of PLN 60,000 thousand. The bank is entitled to give the act the enforcement clause by 6 November 2023.

#### **- Surety of 31 July 2015 – subfund MCI.EuroVentures 1.0.**

On 31 July 2015, MCI Capital S.A. granted a surety for a loan granted by Alior Bank S.A. for the benefit of MCI.PrivateVentures FIZ with a separate subfund MCI.EuroVentures 1.0 for liabilities under a Credit Facility for a revolving loan in a loan account of EUR 10,000 thousand. On 31 July 2015, the Company signed a statement on the establishment of an enforcement title pursuant to art. 777 § 1 point 5 of the Civil Code up to a maximum amount of EUR 20,000 thousand. The bank is entitled to give the act the enforceability clause by 28 July 2021.

#### **- Surety of 31 July 2015 – subfund MCI.TechVentures 1.0.**

On 31 July 2015, MCI Capital S.A. granted a surety for a loan granted by Alior Bank S.A. for the benefit of MCI.PrivateVentures FIZ with a separated MCI.TechVentures 1.0 sub-fund for liabilities under a Loan Agreement for a revolving loan in the loan's credit facility in the amount of EUR 10,000 thousand. On 31 July 2015, the Company signed a



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statement on the establishment of an enforcement title pursuant to art. 777 § 1 point 5 of the Civil Code up to a maximum amount of EUR 20,000 thousand. The bank is entitled to give the act the enforceability clause by 28 July 2021.

On 12 April 2017, the Annex to the aforementioned credit agreement granted by Alior to MCI.PrivateVentures FIZ with a separate sub-fund MCI.TechVentures 1.0. On the basis of the Annex, the loan amount has been reduced to EUR 3,000 thousand. On this basis, the maximum surety amount is reduced from EUR 20,000 thousand to EUR 6,000 thousand.

**- Surety of 12 April 2017 - subfund MCI.TechVentures 1.0.**

On 12 April 2017, MCI Capital S.A. granted a surety for a loan granted by Alior Bank S.A. for the benefit of MCI.PrivateVentures FIZ with a separate sub-fund MCI.TechVentures 1.0 for liabilities under a Credit Facility for a revolving loan in the credit loan account in the amount of PLN 30,000 thousand. The surety covers the Borrower's liabilities under the aforementioned Loan in the event that the Borrower fails to perform these obligations within the set time limit. On 12 April 2017, the Company signed a statement on the establishment of an enforcement title pursuant to art. 777 § 1 point 5 of the Civil Code up to a maximum amount of PLN 60,000 thousand.

**Financial guarantee for liabilities under bonds issued by MCI Venture Projects Sp. z o.o. VI SKA**

On 10 March 2016, the Company granted a financial guarantee in connection with the issue of bonds by MCI Venture Projects Spółka z o.o. VI Limited joint-stock partnership. The guarantee was granted on Czech law. The guarantee secures the following obligations of the Issuer:

- to pay the nominal value and interest on the Bonds;
- due to unjust enrichment towards a given holder of the Bonds caused by the invalidity or annulment of the Bonds;
- for sanctions caused by improper or late payment of Bonds.

In connection with the additional issue of the Bonds on 11 October 2016, the total nominal value of the Bonds is CZK 699,000,000 (about PLN 110,651,700 using the CZK/PLN exchange rate of 11 October 2016, i.e. 0.1583). The value of interest on the Bonds determines the terms of issue of the Bonds. The interest is calculated on the basis of a variable interest rate, depending on the value of the 6M PRIBOR reference rate and increased by a margin of 3.8% per annum. The guarantee secures the above-mentioned liabilities up to an amount not higher than 130% of the total nominal value of the issued Bonds, created up to 8 April 2021. The maximum value of the above liabilities to be repaid by the Company under the Guarantee (after the issue of 11 October 2016) will not exceed 908,700,000 Czech crowns (about 143,847,210 PLN assuming that 1 Czech crown corresponds to 0.1583).

The guarantee was granted until the day on which the obligations covered by the Guarantee are fully met, but no longer than until 8 April 2022.

Due to the granted financial guarantee, the Company claims a remuneration of 1% per annum from the value of collateral, which is approximately PLN 1.4 million per year.

**Financial guarantee for liabilities under bonds issued by AAW X Sp. z o.o.**

On 16 March 2018 the Company granted a financial guarantee in connection with the issue of bonds by AAW X Sp. z o.o. on the Czech market. The guarantee was granted on Czech law. The guarantee secures liabilities up to an amount not higher than 130% of the total nominal value of the issued Bonds, i.e. CZK 222,300,000. The guarantee was granted until the date on which the obligations covered by the Guarantee are fully met, but no longer than until 29 March 2024.

**25. Lease agreements**

As at the balance sheet date, the Company does not use any fixed assets under an operating or financial lease agreement.

**26. Operating segments**

The company does not separate operating or geographical segments.

**27. Liquidity risk**

The Company manages liquidity risk by monitoring payment dates and demand for cash required for liquidity management. The Company manages liquidity by issue of bonds or redeeming investment certificates.



## **28. Major events in first half of 2018**

### **Issue of P series bonds**

On 2 March 2018, the Company issued 37,000 bearer bonds of P series with nominal value PLN 1,000 each, with total nominal value of PLN 37,000,000. Bonds were issued with 98.6% discount. Redemption date was set to 1 March 2021. Interest rate of the bonds amounts to WIBOR 6M + 4.00%. Bonds are secured on 135,680 investment certificates of subfund MCI.TechVentures 1.0 separated from MCI.PrivateVentures FIZ.

According to decision of the District Court for Warsaw in Warsaw of 27 February 2018, the pledge of 135,680 investment certificates of subfund MCI.TechVentures 1.0. separated from MCI.PrivateVentures FIZ belonging to subsidiary – MCI Fund Management Sp. z o.o. has been registered to secure the bonds.

### **Resignation from the Management Board and appointment to the Management Board**

On 17 May 2018 the Company has received a resignation from Mr. Tomasz Masiarz from being a member of the Management Board. Mr. Masiarz did not indicate the reason for his resignation.

At the same time, on 17 May 2018, the Supervisory Board of the Company has appointed Mr. Pawel Kapica to be the member of the Management Board.

On 28 June 2018 the Company received a resignation from Mr. Krzysztof Stupnicki from being a Vice-President of the Management Board Mr. Stupnicki did not indicate the reason for his resignation.

### **Call on shares of the Company**

On 12 June 2018 MCI Management Sp. z o.o, controlled by Tomasz Czechowicz, has announced call on shares of MCI Capital S.A. The call related to 19,003,988 ordinary shares of MCI Capital S.A. The price of shares on call amounts to PLN 9.80.

### **Authorisation to purchase own shares and to use share capital**

On 21 June 2018 Ordinary General Shareholders Meeting has authorised the Company to purchase max. 6,250,000 own shares for the price not lower than PLN 8.00 each and not higher than PLN 11.00 each. Shares may be purchased on regulated market conducted by Warsaw Stock Exchange as well as outside of regulated market. The Company has been authorised to use share capital for this purpose in the amount up to PLN 50,000,000. Authorisation has been granted until 31 December 2018.

### **Transfer of profit to reserve capital.**

General Shareholders Meeting has taken a resolution on 21 June 2018 to transfer entire profit of PLN 104,686 thousand generated in 2017 to reserve capital.

## **29. Subsequent events**

On 25 July 2018 MCI Management Sp. z o.o. controlled by Tomasz Czechowicz has raised the price of shares on call for shares of MCI Capital S.A. described in the Note 28 from PLN 9.80 to PLN 10.20. MCI Management eventually purchased 4,033,598 of shares which represented 7.63% of the share capital of the Company. As a result of call, Tomasz Czechowicz directly and indirectly achieved 71.7% share in MCI Capital S.A.