



MCI Capital S.A.

Independent Auditor's Report

Financial Year ended

31 December 2017

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

INDEPENDENT AUDITOR'S REPORT

To the General Shareholders' Meeting of MCI Capital S.A.

Report on the Audit of the Annual Financial Statements

We have audited the accompanying annual financial statements of MCI Capital S.A., with its registered office in Warsaw, Plac Europejski 1 (the "Entity"), which comprise the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information (the financial statements").

Responsibility of the Management Board and Supervisory Board of the Entity for the financial statements

The Management Board of the Entity is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS EU") and other applicable laws. The Management Board of the Entity is also responsible for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

According to the accounting act dated 29 September 1994 (Official Journal from 2018, item 395 with amendments) (the "Accounting Act"), the Management Board and members of the Supervisory Board of the Entity are required to ensure that the financial statements are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility for the audit of the financial statements

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with:

- the act on certified auditors, audit firms and public oversight dated 11 May 2017 (Official Journal from 2017, item 1089) (the „Act on certified auditors”);
- International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance; and

- Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-listed entities and repealing Commission Decision 2005/909/EC (Official Journal of the European Union L 158 from 27.05.2014, page 77 and Official Journal of the European Union L 170 from 11.06.2014, page 66) (the “EU Regulation”).

Those regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulations mentioned above will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from error because fraud may involve collusion, forgery, deliberate omission, intentional misrepresentations or override of internal controls.

The scope of audit does not include assurance on the future viability of the Entity or on the efficiency or effectiveness with which the Management Board has conducted or will conduct the affairs of the Entity.

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

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

The most significant assessed risks of material misstatements

During our audit we identified the most significant assessed risks of material misstatements (the “key audit matters”), including those due to fraud, described below and we performed appropriate audit procedures to address these matters. Key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following key audit matter.

Key audit matters	Our procedures
<i>Measurement of investments in subsidiaries, associates and investment certificates at fair value</i>	
<p>The carrying value of investments in subsidiaries, associates and investment certificates measured at fair value amounted to PLN 1 303 251 thousand as at 31 December 2017 and to PLN 1 219 172 thousand as at 31 December 2016.</p> <p>In 2017 the Entity recognized profit from revaluation of investments in subsidiaries, associates and profit on investment certificates in the amount of 125 427 thousand and loss in 2016 in the amount of 87 354 thousand.</p> <p>References to separate financial statements: Note 1 "Investment profit", Note 8 "Investment certificates" Note 9 "Investments in subsidiaries" Note 10 "Investments in associates" Note 34 "Description of material accounting policies" points "Investments in subsidiaries", "Investments in associated entities" and "Financial assets"</p>	
Key audit matter	Our procedures
<p>The Entity measures investments in subsidiaries, associates and investment certificates at fair value, in accordance with relevant financial reporting standards and considering the status of an investment entity, as described in note 34.</p> <p>Investments constitute significant part of Entity's assets - the carrying value of investments represented 96% of the Entity's assets as at December 31, 2017 and 91% as at December 31, 2016. Profit from revaluation of investments in subsidiaries, associates and profit on investment certificates are major part of the Entity's revenues.</p> <p>Investments in subsidiaries are measured at fair value calculated on the basis of adjusted net asset value at the balance sheet date. The adjusted net asset value is reflected in fair value of investments in subsidiaries - primarily investment certificates of closed-end investment funds. The value of investment certificates is based on the fair value measurement of portfolio</p>	<p>Our audit procedures included among others:</p> <ul style="list-style-type: none"> • assessment of compliance of the accounting policy adopted by the Entity with regard to measurement of investments in subsidiaries, associates and investment certificates with the requirements of the appropriate financial reporting standards; • evaluation of design and implementation of internal controls relevant to verification and acceptance of measurement of investments in subsidiaries, associates and investment certificates; • tests of details including the assessment of the correctness of the valuation of investments in subsidiaries, associates and investment certificates, including: <ul style="list-style-type: none"> ○ reconciliation of financial data of subsidiaries to their most current accounting data, reconciliation of quotation of shares adopted for the valuation of the associate as at the balance sheet date to the quoted market price and and

companies, constituting the investments of these funds.

Measurement of investments in associates at fair value, for listed companies, is based on quotations of shares on the public market as at the balance sheet date,

Adoption of incorrect valuation methods by funds, including models and/or parameters, for the unquoted investments, as well as improper valuation rates for investments quoted on active market, may lead to significant misstatement of investment valuation in financial statements of the fund and to misstatement of the investment valuation in financial statements of the Entity.

Due to the above the incorrect measurement of investments in subsidiaries, associates and investment certificates at fair value resulting from adoption of incorrect valuation methods or input data may result in significant misstatement of the financial statements.

Due to the above reasons this area has been recognized by us as a key audit matter.

reconciliation of the Entity's percentage share in the equity of subsidiaries and associates,

- reconciliation of the valuation of the investment certificates to the audited financial statements of funds;
 - evaluation of mathematical accuracy of the calculation of the value of investments in subsidiaries and associates and the value of investment certificates;
 - analysis of financial situation of funds' portfolio companies, in terms of occurrence of impairment triggers of individual investments and other events that should be reflected in the valuation of the net assets of funds;
- assessment of the accuracy and completeness of the disclosures included in the financial statements regarding the investments in subsidiaries, associates and investment certificates required by the relevant financial reporting standards.

Opinion

In our opinion, the accompanying financial statements of MCI Capital S.A.:

- give a true and fair view of the financial position of the Entity as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with IFRS EU and the adopted accounting policy;
- have been prepared, in all material respects, on the basis of properly maintained accounting records; and
- comply, in all material respects, with regard to form and content, with applicable laws and the provisions of the Entity's articles of association.

Report on other legal and regulatory requirements

Report on the Entity's activities

Our opinion on the financial statements does not cover the report on the Entity's activities (the "report on activities").

The Management Board of the Entity is responsible for the preparation of the report on activities in accordance with the requirements of the Accounting Act and other applicable laws. Furthermore, the Management Board and members of the Supervisory Board of the Entity are also required to ensure that the report on activities is in compliance with the requirements set forth in the Accounting Act.

In accordance with the Act on certified auditors our responsibility was to determine if the report on activities was prepared in accordance with applicable laws and the information given in the report on activities is consistent with the financial statements. Our responsibility was also to state, if based on our knowledge about the Entity and its environment obtained in the audit, we have identified material misstatements in the report on the activities and describe the nature of each material misstatement.

Based on the work undertaken in the course of our audit of the financial statements, in our opinion, the accompanying report on activities, in all material respects:

- has been prepared in accordance with applicable laws, and
- is consistent with the financial statements.

Furthermore, based on our knowledge about the Entity and its environment obtained in the audit, we have not identified material misstatements in the report on activities.

Opinion on corporate governance statement

The Management Board and members of the Supervisory Board of the Entity are responsible for preparation of the corporate governance statement in accordance with the applicable laws.

In connection with the audit of the financial statements, our responsibility in accordance with the requirements of the Act on certified auditors was to report whether the issuer of securities obliged to prepare a corporate governance statement, constituting a separate part of the report on activities, included information required by the applicable laws and regulations, and in relation to specific information indicated in these laws or regulations, to determine whether it complies with the applicable laws and whether it is consistent with the financial statements.

In our opinion the corporate governance statement, which is a separate part of the report on the Entity's activities, includes the information required by paragraph 91 subparagraph 5 point 4

letter a, b, g, j, k and letter l of the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent of information required by the laws of a non-member state (Official Journal from 2014, item 133 with amendments) (the “decree”).

Furthermore, in our opinion the information identified in paragraph 91 subparagraph 5 point 4 letter c-f, h and letter i of the decree included in the corporate governance statement, in all material respects:

- has been prepared in accordance with the applicable laws; and
- is consistent with the financial statements.

Independence and the appointment of the audit firm

Our opinion on the audit of financial statements is consistent with our report to the Audit Committee.

During our audit the key certified auditors and the audit firm remained independent of the Entity in accordance with requirements of the Act on certified auditors, the EU Regulation and the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants’ (IFAC) as adopted by the resolutions of National Council of Certified Auditors.

We declare that, to the best of our knowledge and belief, we did not provide prohibited non-audit services referred to in art. 5 paragraph 1 second subparagraph of the EU Regulation and art. 136 including transitional provisions in art. 285 of the act on certified auditors.

We have been appointed for the first time to audit of financial statements by resolution of Supervisory Board dated 27 May 2014.

Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 December 2014 to 31 December 2017.

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

Signed on the Polish original

.....
Justyna Zań
Key Certified Auditor
Registration No. 12750
Limited Liability Partner with power of attorney

Signed on the Polish original

.....
Marta Maciejewska-Żmuda
Key Certified Auditor
Registration No. 12130

27 April 2018