



**MCI Management S.A.**

**Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2014**

The opinion contains 2 pages  
The supplementary report contains 9 pages  
Opinion of the independent auditor  
and supplementary report on the audit  
of the separate financial statements  
for the financial year ended  
31 December 2014



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*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.*

## **OPINION OF THE INDEPENDENT AUDITOR**

*To the General Meeting of MCI Management S.A.*

### **Opinion on the Separate Financial Statements**

We have audited the accompanying separate financial statements of MCI Management S.A., with its registered office in Warsaw, Emilii Plater 53 ("the Company"), which comprise the separate statement of financial position as at 31 December 2014, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

### *Management's and Supervisory Board's Responsibility for the Financial Statements*

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and with other applicable regulations and preparation of the report on the Company's activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the 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 2013, item 330 with amendments) ("the Accounting Act"), Management of the Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

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 and fair presentation of the financial statements 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 management of the Company, 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.

#### *Opinion*

In our opinion, the accompanying separate financial statements of MCI Management S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2014 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

#### *Other Matters*

The separate financial statements of the Company as at and for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements dated 18 March 2014.

**Specific Comments on Other Legal and Regulatory Requirements***Report on the Company's Activities*

As required under the Accounting Act, we report that the accompanying report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by 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 information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
ul. Chłodna 51  
00-867 Warsaw

*Signed on the Polish original*

.....  
Ewa Józwik  
Key Certified Auditor  
Registration No. 11154

*Signed on the Polish original*

.....  
Stacy Ligas  
Limited Liability Partner  
with power of attorney

9 March 2015

**MCI Management S.A.**

Supplementary report  
on the audit of the separate  
financial statements  
Financial Year ended  
31 December 2014

The supplementary report contains 9 pages  
The supplementary report on the audit  
of the separate financial statements  
for the financial year ended  
31 December 2014



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## **1. General**

### **1.1. General information about the Company**

#### **1.1.1. Company name**

MCI Management S.A.

#### **1.1.2. Registered office**

Emilii Plater 53, 00-113 Warsaw

#### **1.1.3. Registration in the register of entrepreneurs of the National Court Register**

Registration court:	District Court in Warsaw, XII Commercial Department of the National Court Register
Date:	28 March 2001
Registration number:	KRS 0000004542
Share capital as at the end of reporting period:	62 732 000 zloty

#### **1.1.4. Management of the Company**

The Management Board is responsible for management of the Company.

As at 31 December 2014, the Management Board of the Company was comprised of the following members:

- Cezary Smorszczewski – President,
- Tomasz Czechowicz – Vice-president,
- Ewa Ogryczak – Board Member,

The following changes occurred in Management Board during the year 2014:

- On 17 March 2014 Supervisory Board appointed Cezary Smorszczewski to the position of a President of the Management Board.
- On 2 April 2014 Supervisory Board appointed Magdalena Pasecka to the position of a Member of a Management Board.
- On 30 May 2014 Supervisory Board appointed Ewa Ogryczak to the position of a Member of a Management Board.
- On 30 May 2014 Supervisory Board recalled Magdalena Pasecka, Norbert Biedrzycki, Sylwester Janik and Wojciech Marcińczyk from the position of a Member of a Management Board.

### **1.2. Key Certified Auditor and Audit Firm Information**

#### **1.2.1. Key Certified Auditor information**

Name and surname:	Ewa Józwik
Registration number:	11154



### **1.2.2. Audit Firm information**

Name: KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k.  
Address of registered office: ul. Chłodna 51, 00-867 Warsaw  
Registration number: KRS 0000339379  
Registration court: District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register  
NIP number: 527-26-15-362

KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

### **1.3. Prior period financial statements**

The separate financial statements for the financial year ended 31 December 2013 were audited by PKF Consult Sp. z o.o. and received an unmodified opinion.

The separate financial statements were approved at the General Meeting on 28 April 2014 where it was resolved to fully allocate the net profit for the prior financial year of PLN 118,668 thousand to reserve capital.

The separate financial statements were submitted to the Registry Court on 13 May 2014.

### **1.4. Audit scope and responsibilities**

This report was prepared for the General Meeting of MCI Management S.A. with its registered office in Warsaw, Emilii Plater 53 and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2014, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The audited Company prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Management Board dated 17 January 2005.

The separate financial statements were audited in accordance with the contract dated 24 June 2014, concluded on the basis of the resolution of the Supervisory Board dated 27 May 2014 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing.

We audited the separate financial statements at the Company during the period from 1 October 2014 to 2 March 2015.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Company's activities.



Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Company submitted a statement dated as at the same date as this report as to the true and fair presentation of the accompanying separate financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the separate financial statements.

All required statements, explanations and information were provided to us by Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).

## 2. Financial analysis of the Company

### 2.1. Summary analysis of the separate financial statements

#### 2.1.1. Separate statement of financial position

ASSETS	31.12.2014	% of total	31.12.2013*	% of total
	PLN '000	assets	PLN '000	assets
<b>Non-current assets</b>				
Property, plant and equipment	472	0.0	277	0.0
Intangible assets	1	0.0	2	0.0
Investment certificates	154,601	12.6	30,404	3.2
Investments in subsidiaries	991,861	81.1	744,713	79.3
Investments in associates	34,853	2.8	-	0.0
Investments in other entities	7	0.0	185	0.0
Loans to related parties	-	0.0	446	0.0
Deferred tax assets	1,862	0.2	32	0.0
Bonds	-	0.0	40,000	4.3
Derivatives	8,847	0.7	-	0.0
<b>Total non-current assets</b>	<b>1,192,504</b>	<b>97.5</b>	<b>816,059</b>	<b>86.9</b>
<b>Current assets</b>				
Trade and other receivables	1,978	0.2	72,417	7.7
Other financial assets - bills of exchange	7,000	0.6	-	0.0
Bonds	-	0.0	91	0.0
Loans to related parties	6,224	0.5	7,965	0.8
Loans to other entities	471	0.0	-	0.0
Cash and cash equivalents	15,278	1.2	42,441	4.5
<b>Total current assets</b>	<b>30,951</b>	<b>2.5</b>	<b>122,914</b>	<b>13.1</b>
<b>TOTAL ASSETS</b>	<b>1,223,455</b>	<b>100.0</b>	<b>938,973</b>	<b>100.0</b>
<b>EQUITY AND LIABILITIES</b>				
	31.12.2014	% of total	31.12.2013*	% of total
	PLN '000	assets	PLN '000	assets
<b>Equity</b>				
Share capital	62,732	5.1	62,347	6.6
Reserve capital	577,621	47.2	457,803	48.8
Other reserve capital	43,188	3.5	44,490	4.7
Other comprehensive income	-	0.0	79,025	8.4
Treasury shares	(5,089)	-0.4	(8,959)	-1.0
Retained earnings	1,671	0.1	1,671	0.2
Current net profit	352,281	28.8	118,668	12.6
<b>Total equity</b>	<b>1,032,404</b>	<b>84.4</b>	<b>755,045</b>	<b>80.4</b>
<b>Non-current liabilities</b>				
Received loans	186	0.0	226	0.0
Debt securities	162,541	13.3	84,800	9.0
<b>Total non-current liabilities</b>	<b>162,727</b>	<b>13.3</b>	<b>85,026</b>	<b>9.1</b>
<b>Current liabilities</b>				
Trade and other payables	364	0.0	305	0.0
Debt securities	2,872	0.2	35,495	3.8
Bills of exchange	13,430	1.1	49,170	5.2
Interest-bearing loans and borrowings	41	0.0	1,812	0.2
Provisions	11,617	0.9	12,120	1.3
<b>Total current liabilities</b>	<b>28,324</b>	<b>2.3</b>	<b>98,902</b>	<b>10.5</b>
<b>Total liabilities</b>	<b>191,051</b>	<b>15.6</b>	<b>183,928</b>	<b>19.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,223,455</b>	<b>100.0</b>	<b>938,973</b>	<b>100.0</b>

\* - The Company has changed the presentation of comparable financial information



## 2.1.2. Separate statement of profit or loss and other comprehensive income

	<b>1.01.2014 - 31.12.2014 PLN '000</b>	<b>1.01.2013 - 31.12.2013 PLN '000</b>
Revaluation of shares	357,843	141,953
Revaluation of investment certificates	1,815	(7,701)
<b>Investment profits</b>	<b>359,658</b>	<b>134,252</b>
General and administrative expenses	(9,032)	(10,331)
Other operating income	233	952
Other operating expenses	(314)	(1,977)
<b>Results from operating activities</b>	<b>350,545</b>	<b>122,896</b>
Finance income	12,452	3,043
Finance costs	(12,086)	(11,419)
Valuation of derivatives	8,847	-
<b>Net finance income/costs</b>	<b>9,213</b>	<b>(8,376)</b>
<b>Profit/(loss) before tax</b>	<b>359,758</b>	<b>114,520</b>
Income tax expense	(7,477)	4,148
<b>Profit/(loss) from continuing operations</b>	<b>352,281</b>	<b>118,668</b>
<b>Other comprehensive income</b>		
Financial assets measured through equity	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>352,281</b>	<b>118,668</b>
<b>Earnings per share</b>		
Basic earnings per share (PLN)	5.64	1.90
Diluted earnings per share (PLN)	5.30	1.90

## 2.2. Selected financial ratios

	<b>2014</b>	<b>2013*</b>	<b>2012*</b>
1. Total assets	1,223,455	938,973	756,366
2. Investments in subsidiaries and associates	1,026,714	744,713	601,717
3. Investment certificates	154,601	30,404	65,050
4. Equity (not including profit for the period)	680,123	636,377	534,939
5. Profit for the period	352,281	118,668	21,966
<b>6. Return on investments</b>			
<u>profit for the period x 100%</u> profit from investments	97.9%	88.4%	76.5%
<b>7. Return on equity</b>			
<u>profit for the period x 100%</u> equity - profit for the period	51.8%	18.6%	4.1%
<b>8. Debt ratio</b>			
<u>liabilities x 100%</u> equity and liabilities	15.6%	19.6%	26.7%
<b>9. Current ratio</b>			
<u>current assets</u> current liabilities	1.1	1.2	0.5

\* - *The Company has changed the presentation of comparable financial information*

### **3. Detailed report**

#### **3.1. Accounting system**

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the separate financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system, which have not been corrected and that could have a material effect on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act, and reconciled and recorded the result thereof in the accounting records.

#### **3.2. Notes to the separate financial statements**

All information included in the notes to the separate financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the separate financial statements.

#### **3.3. Report on the Company's activities**

The report on the Company's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by 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 information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the separate financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
ul. Chłodna 51  
00-867 Warsaw

*Signed on the Polish original*

.....  
Ewa Józwik  
Key Certified Auditor  
Registration No. 11154

9 March 2015

*Signed on the Polish original*

.....  
Stacy Ligas  
Limited Liability Partner  
with power of attorney

MCI MANAGEMENT S.A.

Directors' Report  
for the reporting period ended on 31 December 2014

*Translation from the Polish original*

## DIRECTORS'S REPORT FOR THE PERIOD ENDED ON 31 DECEMBER 2014

For the shareholders of MCI Management S.A.

Name and Surname	Position/ Function	Signature
<b>Cezary Smorszczewski</b>	Chairman of the Board of Directors	
<b>Tomasz Czechowicz</b>	Vice Chairman of the Board of Directors	
<b>Ewa Ogryczak</b>	Member of the Board of Directors	

The Directors' report is appended to the Financial Statements.

**Warsaw, 9 March 2015**

## **DIRECTORS'S REPORT FOR THE PERIOD ENDED ON 31 DECEMBER 2014**

### **1. Characteristics of the operations of MCI Management S.A.**

MCI MANAGEMENT S.A. („MCI”, „Company”) was established in 1999 and is one of the leading private equity groups in the CEE region. So far MCI has run its business in two areas: (1) in the investment segment and (2) in the asset management segment. In 2014 MCI sold the majority of shares of Private Equity Managers S.A., a company managing assets, to external investors and managers employed in the Company, keeping for itself 10,25% of company shares. Simultaneously, MCI Group takes interest in investments in the sector of new technologies related to the Internet, IT distribution and TMT.

MCI's net profit for 2014 was MPLN 352. The Company's net assets exceeded MPLN 1.000 for the first time in history and were MPLN 1.032. Thus net asset value per share was PLN 16,46 - 61% above the share closing price on the Warsaw Stock Exchange on 31 December 2014.

Specific and additional information can be found in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

### **2. Events materially affecting MCI's operations in 2014**

#### **A SUMMARY OF THE MOST IMPORTANT EVENTS IN THE PERIOD JANUARY-DECEMBER 2014 AND IN 2015 UNTIL THE REPORTING DATE**

On 17 March 2014 the most important personnel change took place. Cezary Smorszczewski was appointed Chairman of MCI. The previous Chairman Tomasz Czechowicz became Vice Chairman of the Board of Directors responsible for investment activities in the Internet and new technologies sector and for the management of current investment portfolio.

The appointment of Cezary Smorszczewski for the position of Chairman strengthened MCI's competences within buyout investments and the Company's position on foreign markets, particularly in Central Eastern Europe. Mr Smorszczewski became also important shareholder of Private Equity Managers S.A. and supports MCI in fundraising and carrying out PEM's IPO.

On 30 May 2014 Mrs Ewa Ogryczak, CFO of MCI Management S.A., was appointed Member of the Board. On the same day Mr Wojciech Marcińczyk, Sylwester Janik and Norbert Biedrzycki resigned from acting as Board Members.

In March and October 2014 MCI issued bonds of MPLN 81 - in March bonds convertible into shares of G1 series of MPLN 50 maturing on 21 March 2018; in October bonds of I1 series of MPLN 31 maturing on 17 October 2017. On 31 March 2014 the Company, according to the timetable, redeemed the series F bonds of MPLN 35,3. The purpose of the issue was to finance current operations.

The strategic project of CG MCI in 2014 was a separation of an asset management company – Private Equity Managers S.A. This operation resulted in obtaining additional equity which was intended to be used for new prospective investments. After the sale of shares MCI holds directly 10,25% shares of PEM. In the sub-fund MCI.EuroVentures 1.0, in which MCI – through its subsidiaries – holds 98,81% investment certificates, remains 12,35% PEM's shares.

### **3. Events after 31 December 2014 which can materially affect the future profit/loss**

In the Directors' opinion by the reporting date of this Directors' report no events which could materially affect the future profit/loss of the company and its figures took place.

### **4. Anticipated development of MCI**

Information about expected direction of development of the Company and all of the MCI Group was presented by Management Board in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

## **5. Current and expected financial standing of MCI Management S.A. and key figures**

In 2014 MCI Management S.A. Group attained a net profit of MPLN 352. In the same time the value of its net assets increased up to almost MPLN 1.032.

Other information was presented in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

## **6. Directors' information related to the realisation of forecasts of profit/ loss for 2014 and oncoming years**

### **FORECASTS AND ESTIMATES OF PROFIT/LOSS FOR 2014**

On 18 December 2013 the Directors of MCI Managements S.A. informed in the Current Report No. 57/2013 about the forecast of consolidated figures which Capital Group MCI intended to attain as at the end of 2014:

- the forecast of net asset value per share as at the end of 2014 was estimated as at PLN 16,50 zł
- the value of new investments realised by funds from the Capital Group MCI shall be not less than MPLN 305 in 2014

The forecast was realised in 99%; the net asset value per share as at 31 December 2014 was PLN 16,46.

Other information was presented in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

## **7. Description of basic risks and threats**

Description of basic risks and threats was presented in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

## **8. Information on the purchase of own shares**

In the 2014 reporting period the Company did not purchase any own shares.

## **9. Information on branches of MCI Management S.A.**

In 2014, as well as at the reporting date MCI Management S.A. did not have any company branches.

## **10. Information on concluded agreements material for the operations of MCI Management S.A.**

Information on concluded agreements material for the operations of MCI Management S.A. was presented in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

## **11. Description of important transactions with related parties**

Information on transactions with related parties are presented in the separate financial statements for year 2014 in Note 24 "Related parties".

### **Bill of exchange agreements**

More information in the consolidated Financial Statements for year 2014 in note No. 13 "Receivables on bills of exchange" and note No. 18 "Liabilities on bills of exchange" in separate Financial Statement for the year 2014.

## **12. Information on received loans, borrowing agreements, together with their maturity dates, on guarantees constituting at least 10% of the issuer's equity**

This information is presented in note No. 19 to the separate Financial Statements for the year 2014 "Bank loans and borrowings" and in note No. 28 "Guarantees and securities".

### **13. Information on granted loans, granted guarantees and securities, particularly on borrowings, guarantees and securities granted to the issuer's subsidiaries**

This information is presented in note No. 14 to the separate Financial Statements for the year 2014 "Borrowings granted" and in No. 28 "Guarantees and securities".

### **14. Information on issuer's organisational and capital relationships with other entities and defining its main domestic and foreign investments (securities, financial instruments, intangible assets and property), including capital investments made outside its subsidiaries and a description of methods of their financing**

Information on organisational and capital relationships and investments in MCI Management S.A. are described in the consolidated Financial Statements.

### **15. Litigations before court, arbitration authority or public administration authority**

Litigations before court, arbitration authority or public administration authority was described in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

### **16. Issue of shares and Issuer's use of proceeds from the issue**

In the reporting period 2014 the Company issued 385 000 items of shares. The issue related to the payment of remuneration for Board Members on account of the incentive programme.

### **17. Management of the financial resources**

Capital Group MCI Management S.A. issues bonds and holds pre-approved loans which give the Company financial security and allow to make new investments. Funds obtained in this way and income from disposing of new investments are used to make further investments. The Company's Directors plan to continue this policy. Free cash is invested in safe financial instruments or bank deposits. The Group aims at working out significant inventories of day-to-day liquidity which allows the Company to react in a flexible way to arising investment opportunities.

### **18. Realisation of investment plans**

Realisation of investment plans was described in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

### **19. Factors and unusual events affecting 2014 profit/ loss of MCI Management S.A.**

No other factors or unusual events which could affect the Company's profit/loss for 2014 occurred in the Company's operations in 2014.

### **20. Factors which in the Company's opinion will affect the Company's profit/ loss for the following period**

Factors which in the Company's opinion will affect the Company's profit/ loss for the following period was described in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

### **21. Changes to main principles of management in MCI Management S.A.**

No changes to the main principles of management in MCI Management S.A. took place in 2014.

### **22. Changes among personnel managing and supervising MCI Management S.A.**

#### **Composition of the Board of Directors of MCI Management S.A. in 2013:**

- Tomasz Czechowicz – Chairman of the Board (throughout 2013)
- Norbert Biedrzycki – Vice Chairman of the Board (throughout 2013)
- Sylwester Janik – Member of the Board (until 28 June 2013 and from 17 July 2013)

- Magdalena Pasecka – Member of the Board (throughout 2013)
- Wojciech Marcińczyk – Member of the Board (throughout 2013)

**Composition of the Supervisory Board of MCI Management S.A. in 2013:**

- Hubert Janiszewski – Chairman of the Supervisory Board (throughout 2013)
- Dariusz Adamiuk – Member of the Supervisory Board (throughout 2013)
- Wojciech Siewierski – Member of the Supervisory Board (throughout 2013)
- Piotr Czapski – Member of the Supervisory Board (from 28 June 2013)
- Stanisław Kluza – Member of the Supervisory Board (from 15 July 2013)
- Marek Góra – Member of the Supervisory Board (until 28 June 2013)
- Jarosław Dąbrowski – Member of the Supervisory Board (until 28 June 2013)

**As at the date of these Financial Statements the composition of the Board of Directors was as follows:**

- Cezary Smorszczewski – Chairman of the Board (from 17 March 2014)
- Tomasz Czechowicz – Vice Chairman of the Board
- Ewa Ogryczak – Member of the Board (from 30 May 2014)

**Changes to the Board of Directors from the beginning of the period until the date of this report:**

- Norbert Biedrzycki – resigned on 30 May 2014
- Sylwester Janik – resigned on 30 May 2014
- Magdalena Pasecka – resigned on 30 May 2014
- Wojciech Marcińczyk – resigned on 30 May 2014

**Composition of the Supervisory Board as at 31 December 2014:**

- Hubert Janiszewski – Chairman of the Supervisory Board,
- Piotr Czapski – Member of the Supervisory Board,
- Stanisław Kluza – Member of the Supervisory Board,
- full professor Phd. Krzysztof Obłój – Member of the Supervisory Board,
- Dorota Lange-Socha – Member of the Supervisory Board.

**23. Agreements concluded between MCI Management S.A. and the Management providing for a compensation in the case of their resignation or dismissal from current positions**

Agreements concluded between MCI Management S.A. and the Management in 2014 do not provide for compensations in the case of their resignation or dismissal.

**24. Information on total remuneration, bonuses or benefits, including these arising on incentive programmes (in cash, in kind or in any other form), paid or due, separately to persons managing and supervising the issuer in the issuer's organisation, regardless of whether they were recognised as costs or arose from profit sharing, and if the parent company is the issuer - separate information on remuneration and bonuses received for performing functions in governing bodies of subsidiaries**

In the period from 1 January 2014 to 31 December 2014 net remuneration paid and gross remuneration due to MCI's Members of the Board of Directors and Supervisory Board were:

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
<b>Board of Directors</b>		
<b>MCI GROUP</b>		
Smorszczewski Cezary	436	-
Ogryczak Ewa	267	-
*Pasecka Magdalena	94	226
*Marcińczyk Wojciech	101	227
*Janik Sylwester	53	1 188
<b>PEM GROUP</b>		
**Chyczewski Michał	-	171
**Pasecka Magdalena	-	139
**Marcińczyk Wojciech	-	329

**Supervisory Board**

<b>MCI GROUP</b>		
Adamiuk Dariusz	7	17
Czapski Piotr	12	-
Janiszewski Hubert	20	-
Kluza Stanisław	10	10
Lange-Socha Dorota	5	-
Oblój Krzysztof	4	-

<b>PEM GROUP</b>		
**Adamiuk Dariusz	-	3
**Kluza Stanisław	-	1
**Niewiński Adam	-	3
**Siewierski Wojciech	-	-

\*Those who made resigned from the Management Board member in 2014

\*\*In June 2014 MCI Group lost control of PEM Group.

Information on incentive programmes for the Board of Directors and Supervisory Board is presented in note No. 30 "Incentive Programmes" to the separate Financial Statements.

## 25. Shares held by persons managing and supervising MCI Management S.A.

According to the knowledge of MCI Management S.A. , as at 9 March 2015 the number of shares held by persons managing the Company is as follows:

### Board of Directors:

	<i>Number of shares held</i>	<i>Number of shares given under the option programme</i>
Cezary Smorszczewski		
Tomasz Czechowicz	*1 425 092	*887 183
Ewa Ogryczak	-	-

\*Nominal value per share is PLN 1

### Supervisory Board:

	<i>Number of shares held</i>	<i>Number of shares given under the option programme</i>
Hubert Janiszewski	*21 467	-
Piotr Czapski	-	-
Stanisław Kluza		
Krzysztof Oblój		-
Dorota Lange-Socha		

\*Nominal value per share is PLN 1

## 26. Majority shareholders

	Share in share capital		Share in No. of votes on Shareholders' Meeting	
	No. of shares in thousands	Share in share capital	No. of votes on Shareholders' Meeting	Share in No of votes on Shareholders' Meeting
Alternative Investment Partners Sp. z o. o.	32 558	51,90%	32 558	51,90%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A.	4 529	7,22%	4 529	7,22%
BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.	3 156	5,03%	3 156	5,03%
Others	22 488	35,85%	22 488	35,85%
	<b>62 731</b>	<b>100,00%</b>	<b>62 731</b>	<b>100,00%</b>

The Company's main shareholder is Alternative Investment Partners Sp. z o. o, which holds 51,90% of shares and votes on the General Shareholders' Meeting.

**27. Information on agreements as a result of which changes in the proportion of shares held by current bond- and shareholders may appear in the future**

Information on agreements as a result of which changes in the proportion of shares held by current bond- and shareholders may appear in the future was described in the Directors' report appended to the consolidated financial statements for the year ended 31 December 2014.

**28. Indication of owners of securities which provide special control rights toward MCI Management S.A., with description of these rights**

In line with §14 section 2 letter a) of the Issuer's Articles of Association as long as the shareholder Alternative Investment Partners Sp. z o.o. holds at least 20% votes on the Shareholders' Meeting - this shareholder appoints and dismisses 1 member of the Supervisory Board.

**29. Information on the control system of employee shares programmes in MCI Management S.A.**

Information on realised and planned incentive programmes is presented in note No. 30 to the separate Financial Statements - "Incentive Programmes".

**30. Indication of any limitations to the transfer of ownership and executing the voting rights from securities of MCI Management S.A.**

As at the signing date of the separate Financial Statements for 2014 there are no restrictions related to transferring the ownership of securities of MCI Management S.A. and executing the voting rights therefrom, apart from own shares coming from the buyout of own shares where the voting right is excluded.

**31. Date of concluding agreement with auditor of the Financial Statements on carrying out audit or review of Financial Statements or consolidated Financial Statements and on the period for which the agreement has been concluded.**

On 24 July 2014 the Company concluded agreement with KPMG Sp. z o.o. sp. k – entity authorised to audit Financial Statements - on carrying out audit of individual and consolidated Financial Statements for the period from 1 January 2014 r. – 31 December 2014. Upon a shareholders' resolution of 27 May 2014 KPMG Sp. z o.o. sp. k was appointed auditor to carry out audit of the Company's 2014 individual and consolidated Financial Statements.

**32. Net remuneration to auditor carrying out half-year review and annual audit of individual and consolidated Financial Statements of MCI Management S.A.**

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 30.06.2013 PLN'000
Audit of annual Financial Statements	126	-
Review of half-year Financial Statements	85	63
Other services	12	38
	<b>223</b>	<b>101</b>

**33. MCI Management S.A. Directors' statement on observing corporate governance**

In line with § 91 section 5 item 4) of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and terms and conditions of approving of information required by law of a non-member state as equivalent (Journal of Laws of 2014, item 133) and in line with § 29 section 5 of the Stock Exchange Rules and with the Resolution No. 1013/2007 of the Board of GPW S.A. (Warsaw Stock Exchange) dated 11 December 2007, Board of Directors of MCI Management S.A. provides a Statement on observing corporate governance in 2014.

Principles of corporate governance, which MCI Management S.A. is subject to, is presented in the document "Good practices of companies listed on the Warsaw Stock Exchange" appended to the Resolution No. 19/1307/2012 of the Stock Exchange Council of 21 October 2012 on adopting amendments to Good practices of companies listed on the Warsaw Stock Exchange. The wording of these principles is publically available on the Stock Exchange website [http://www.gpw.pl/WSE\\_corporate\\_governance](http://www.gpw.pl/WSE_corporate_governance).

A report related to observing corporate governance in MCI Management S.A. in 2014 including a description of rules of appointing and dismissing managing persons and their powers , particularly their right to issue or redeem shares; description of principles of amending the Company's statute or articles of association, the manner of operation of the General Meeting of Shareholders and fundamental powers thereof, particularly principles arising on bylaws of the General Meeting of Shareholders will be presented on the Company's official Internet website.

**34. Directors' Statement in line with § 92 section 1 items 5 and 6 of the Regulation of the Minister of Finance of 19 February 2009**

In relation to § 92 section 1 items 5 and 6 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities we declare that:

- a) to the best of our knowledge the annual consolidated Financial Statements and comparative figures have been prepared in line with applicable accounting principles and they reflect in a fair, true and clear manner the assets and financial standing of the Capital Group MCI Management S.A. and its profit/ loss, and the CG MCI Management S.A. Directors' report presents the true picture of the Capital Group development and achievements, including a description of basic risks and threats.
- b) the entity authorised to audit Financial Statements that audited the annual consolidated Financial Statements have been appointed in compliance with applicable law; the auditing company and its licensed auditors who audited these Financial Statements met conditions of issuing an impartial and independent opinion on the audit in line with applicable regulations and professional standards.

MCI Management S.A.

Financial Statements  
for the reporting period ended on 31 December 2014

*Translation from the Polish original*

Financial Statements for the reporting period ended on 31 December 2014

For the Shareholders of MCI Management S.A.

In line with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities (Journal of Laws No. 33, item 259) the Board of Directors is obligated to provide the preparation of the annual Financial Statements which give a fair and a true view of the Company's assets and financial standing as at the end of 2014, and the profit or loss for the period.

The components of the Financial Statements are presented in this document in the following order:

	<b>Page</b>
Statement of profit or loss and statement of other comprehensive income for the reporting period ended on 31 December 2014	<b>3</b>
Statement of financial position as at 31 December 2014	<b>4</b>
Statement of changes in equity for the reporting period ended on 31 December 2014	<b>5</b>
Statement of cash flows for the reporting period ended on 31 December 2014	<b>6</b>
Selected notes to the Financial Statements	<b>7</b>

The Directors' report is appended to these Financial Statements.

The Financial Statements have been approved of for publication and signed by the Board of Directors of the parent company.

Name and Surname	Position/ Function	Signature
<b>Cezary Smorszczewski</b>	Chairman of the Board of Directors	
<b>Tomasz Czechowicz</b>	Vice Chairman of the Board of Directors	
<b>Ewa Ogryczak</b>	Member of the Board of Directors	

Accounting records kept by:  
Mazars Polska Sp. z o. o.  
00-549 Warszawa, ul. Piękna 18

**Warsaw, 9 March 2015**

**SELECTED FIGURES**

	<b>Period: from 01.01.2014 to 31.12.2014 PLN'000</b>	<b>Period: from 01.01.2013 to 31.12.2013 PLN'000</b>	<b>Period: from 01.01.2014 to 31.12.2014 EUR'000</b>	<b>Period: from 01.01.2013 to 31.12.2013 EUR'000</b>
Return on investments	359 658	134 252	85 852	31 881
Operating profit/ loss	350 545	122 896	83 676	29 185
Profit/ loss before taxation	359 758	114 520	85 875	27 196
Net profit/ loss	352 281	118 668	84 091	28 181
Net cash from operating activities	25 082	52 419	5 987	12 448
Net cash from investing activities	(50 068)	(16)	(11 951)	(4)
Net cash from financing activities	(2 177)	(22 366)	(520)	(5 311)
Net decrease in cash and cash equivalents	(27 163)	30 037	(6 484)	7 133
	<b>As at 31.12.2014 PLN'000</b>	<b>As at 31.12.2013 PLN'000</b>	<b>As at 31.12.2014 EUR'000</b>	<b>As at 31.12.2013 EUR'000</b>
Total assets	1 223 455	938 973	287 041	226 411
Non-current liabilities	162 727	85 026	38 178	20 502
Current liabilities	28 324	98 902	6 645	23 848
Equity	1 032 404	755 045	242 218	182 061
Share capital	62 732	62 347	14 718	15 034
No. of shares	62 732 377	62 346 627	62 732 377	62 346 627
Profit/ loss per one ordinary share (in PLN / EUR)	5,64	1,90	1,34	0,45
Book value per one share (in PLN / EUR)	16,46	12,11	3,86	2,92

The figures presented above are complementary to the Financial Statements prepared in line with IFRS EU and have been converted to EURO according to the following simplified principles:

- individual items of assets and liabilities as at the balance sheet date - according to the average rate determined by the National Bank of Poland applicable as at the last balance sheet date; respectively as at 31 December 2014 – 4,2623, and as at 31 December 2013 – 4,1472,
- individual items of the statement of profit or loss and of the statement of cash flows for the period from 1 January to 31 December of a given year - according to the average rate calculated as the arithmetical average of exchange rates determined by the National Bank of Poland as at the last month in a given period; respectively for the period from 1 January to 31 December 2014 – 4,1893, and for the year 2013 – 4,2110.

**STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME**  
 for the reporting period ended on 31 December 2014

	NOTE	Period: from 01.01.2014 to 31.12.2014 PLN'000	Period: from 01.01.2013 to 31.12.2013 PLN'000
Revaluation of shares	1	357 843	141 953
Revaluation of investment certificates	1	1 815	(7 701)
<b>Profit on investments</b>		<b>359 658</b>	<b>134 252</b>
General administrative expenses	2	(9 032)	(10 331)
Other operating income	3	233	952
Other operating costs	3	(314)	(1 977)
<b>Profit on operating activities</b>		<b>350 545</b>	<b>122 896</b>
Finance income	4	12 452	3 043
Finance expenses	4	(12 086)	(11 419)
Measurement of derivatives	1	8 847	
<b>Profit before taxation</b>		<b>359 758</b>	<b>114 520</b>
Income tax	5	(7 477)	4 148
<b>Net profit for the reporting period</b>		<b>352 281</b>	<b>118 668</b>
<b>Other net comprehensive income</b>			
Financial assets valued by capital		-	-
<b>Total other net comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>352 281</b>	<b>118 668</b>
<b>Earnings per share</b>			
continuing operations	6	5,64	1,90
discontinued operations			-
<b>Diluted earnings per share</b>			
continuing operationsj	6	5,30	1,90
discontinued operations			-

**STATEMENT OF FINANCIAL POSITION**  
 as at 31 December 2014

	NOTE	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
<b>Non-current assets</b>			
Tangible non-current assets		472	277
Intangible assets		1	2
Investment certificates	9	154 601	30 404
Investments in subsidiaries	7	991 861	744 713
Investments in associated entities	8	34 853	-
Investments in other entities		7	185
Loans granted to other entities	14	-	701
*Deferred tax assets	5	1 862	32
Receivables on bonds	11	-	40 000
Derivatives	1	8 847	-
		<b>1 192 504</b>	<b>816 314</b>
<b>Current assets</b>			
Trade and other receivables	12	1 978	72 417
Receivables on bills of exchange	13	7 000	-
Receivables on bonds	11	-	91
Loans granted to related entities	14	5 947	7 710
Loans granted to other entities	14	748	-
Cash and cash equivalents	15	15 278	42 441
		<b>30 951</b>	<b>122 659</b>
<b>Total assets</b>		<b>1 223 455</b>	<b>938 973</b>
<b>Equity</b>			
Share capital	16	62 732	62 347
Capital redemption reserve	16	577 621	457 803
Other equity reserves		43 188	44 490
Other comprehensive income	16	-	79 025
Own shares		(5 089)	(8 959)
Retained profit (loss) from previous periods		1 671	1 671
Net profit for the period		352 281	118 668
<b>Total equity</b>		<b>1 032 404</b>	<b>755 045</b>
<b>Non-current liabilities</b>			
Bank loans and borrowings	19	186	226
Bonds	17	162 541	84 800
		<b>162 727</b>	<b>85 026</b>
<b>Current liabilities</b>			
Trade and other payables		364	305
Bonds	17	2 872	35 495
Bills of exchange	18	13 430	49 170
Bank loans and borrowings	19	41	1 812
Current provisions	20	11 617	12 120
		<b>28 324</b>	<b>98 902</b>
<b>Total equity and liabilities</b>		<b>1 223 455</b>	<b>938 973</b>

\*The Company in the statement of financial position made compensation of deferred tax assets and liabilities showing them in one position.

Deferred tax assets and liabilities were presented separately (gross) in the financial statements for the year 2013. The Company changed the presentation from 1 January 2014. At the same time making the adjustment of comparative information in these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
 for the reporting period ended on 31 December 2014

	Share capital	Capital redemption reserve				Other equity reserves			Other comprehensive income	Own shares	Retained profit from previous periods	Net profit for the reporting period	Equity
		Issue of shares as part of conversion of convertible bonds	Issue of shares - execution of the managerial option programme	Issue of shares above the nominal value	Profit distribution	On account of optional incentive programmes	Measurement of the equity component of bonds	Unregistered increase of share capital	Revaluation of financial assets available for sale				
<b>Balance as at 01.01.2013</b>	<b>62 347</b>	<b>28 175</b>	<b>1 641</b>	<b>106 440</b>	<b>299 579</b>	<b>33 925</b>	<b>4 817</b>	-	<b>5 302</b>	<b>(8 958)</b>	<b>1 671</b>	<b>21 966</b>	<b>556 905</b>
Changes in equity	-	-	-	-	-	5 648	-	100	-	-	-	-	5 748
Measurement of financial assets	-	-	-	-	-	-	-	-	73 723	-	-	-	73 723
Transfer of profit (loss)	-	-	-	-	21 968	-	-	-	-	-	-	(21 968)	-
Other roundings	-	-	-	-	-	-	-	-	-	(1)	-	2	1
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	118 668	118 668
<b>Balance as at 31.12.2013</b>	<b>62 347</b>	<b>28 175</b>	<b>1 641</b>	<b>106 440</b>	<b>321 547</b>	<b>39 573</b>	<b>4 817</b>	<b>100</b>	<b>79 025</b>	<b>(8 959)</b>	<b>1 671</b>	<b>118 668</b>	<b>755 045</b>
<b>Balance as at 01.01.2014</b>	<b>62 347</b>	<b>28 175</b>	<b>1 641</b>	<b>106 440</b>	<b>321 547</b>	<b>39 573</b>	<b>4 817</b>	<b>100</b>	<b>79 025</b>	<b>(8 959)</b>	<b>1 671</b>	<b>118 668</b>	<b>755 045</b>
Capital increase	385	-	1 151	-	-	(492)	-	(100)	-	-	-	-	944
Issue of convertible bonds	-	-	-	-	-	-	578	-	-	-	-	-	578
Incentive programmes from own shares	-	-	-	-	-	(1 288)	-	-	-	3 870	-	-	2 582
Measurement of financial assets	-	-	-	-	-	-	-	-	(79 025)	-	-	-	(79 025)
Transfer of profit (loss)	-	-	-	-	118 667	-	-	-	-	-	-	(118 668)	(1)
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	-	352 281	352 281
<b>Balance as at 31.12.2014</b>	<b>62 732</b>	<b>28 175</b>	<b>2 792</b>	<b>106 440</b>	<b>440 214</b>	<b>37 793</b>	<b>5 395</b>	-	-	<b>(5 089)</b>	<b>1 671</b>	<b>352 281</b>	<b>1 032 404</b>

**STATEMENT OF CASH FLOWS**  
 for the reporting period ended on 31 December 2014

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
<b>Net profit for the reporting period</b>	<b>352 281</b>	<b>118 668</b>
<b>Adjustments for:</b>		
Deferred income tax	1 830	(4 148)
Reclassification of deferred tax from equity	8 480	-
Advanced corporation tax collected	827	-
Depreciation of tangible and intangible assets	128	209
Finance income and expenses	(8 769)	8 860
Revaluation of shares, certificates and derivatives	(359 658)	(134 252)
Change in the level of provisions	(503)	849
Change in the level of trade and other payables	59	(1 582)
Change in the level of trade and other receivables	70 439	(48 186)
Paid costs of bond issue	(1 267)	(941)
Other adjustments	1 283	(1 813)
Payment for the amortisation of PEM shares from the loan	(40 000)	40 000
Change in the level of receivables on certificates	(31 000)	31 000
Measurement of warrants/ managerial options	2 299	5 339
Income tax paid	-	34
Proceeds from disposal of subsidiaries	-	50
Outflows for the purchase of related entities	(11 484)	(150)
Proceeds from disposal of certificates	52 188	-
Outflows for the purchase of certificates	(14 201)	(3 521)
Proceeds from loans granted	2 150	42 003
<b>Net cash from operating activities</b>	<b>25 082</b>	<b>52 419</b>
<b>Cash flows from investing activities</b>		
Proceeds from bonds	42 665	157
Outflows for the purchase of bonds	-	(150)
Outflows for the purchase of fixed assets	(322)	(23)
Proceeds from sale and repayment of bills of exchange	19 229	-
Outflows for the purchase of bills of exchange	(151 640)	-
Other investing proceeds and outflows	40 000	-
<b>Net cash from investing activities</b>	<b>(50 068)</b>	<b>(16)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of shares and other instruments, capitals and equity contributions	1 226	409
Issue of own bills of exchange	52 000	70 835
Repayment of own bills of exchange	(89 056)	(50 137)
Repayment of loans with interest	(54)	(60)
Repayment of borrowings with interest	(1 860)	-
Issue of bonds	79 884	84 350
Repayment of bonds	(35 350)	(116 414)
Interest paid on bonds	(8 967)	(11 349)
<b>Net cash from financing activities</b>	<b>(2 177)</b>	<b>(22 366)</b>
<b>Net increase /(decrease) of cash and cash equivalents</b>	<b>(27 163)</b>	<b>30 037</b>
Cash and cash equivalents opening balance	42 441	12 402
Change in the level of cash due to exchange differences	-	2
<b>Cash and cash equivalents closing balance</b>	<b>15 278</b>	<b>42 441</b>

## **SELECTED NOTES AND INFORMATION**

### **General information**

MCI Management SA (hereinafter referred to as "MCI" or "the Company") was registered in the Commercial Register on 21 July 1999 in the District Court for the city of Wrocław Fabryczna with the number RHB 8752. By decision of the District Court for the city of Wrocław - Fabryczna in Wrocław, VI Commercial Division of the National Court Register, on the day of 28 March 2001 the Company was registered in the National Court Register with the number 0000004542.

- REGON (statistical number): 932038308,
- NIP (tax identification number): 899-22-96-521,
- The Company's registered office is in ul. Emilii Plater 53 in Warsaw,
- The Company's lifetime is indefinite.

The Company does not have internal organisational units.

### **Compliance statement**

These Financial Statements have been prepared in line with the requirements of the International Financial Reporting Standards approved of by the European Union ("IFRS"). The IFRS comprise standards and interpretations of the Council of the International Financial Reporting Standards ("IFRS Council"), International Financial Reporting Standards Interpretation Committee ("IFRS Interpretation Committee") and the European Union ("EU").

Statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 1 January 2014 to 31 December 2014, as well as statement of financial position as at 31 December 2014 together with comparative data have been prepared using the same accounting principles for each of the presented periods.

**These Financial Statements were approved of by the Company's Board of Directors on 9 March 2014.**

### **Approval of the Financial Statements for the previous reporting period**

The Financial Statements for the previous reporting period ended on 31 December 2013 were approved of by the Shareholders' Meeting on 28 April 2014.

On 13 May 2014 the Financial Statements for 2013 were filed to the District Court for the Capital City of Warsaw to update the Company's registration data in the National Court Register.

### **Functional and presentation currency**

Figures presented in the Financial Statements are calculated and presented in a currency applied in the economic environment in which the Company runs its operations ("functional currency"), i.e. Polish zloty. Figures in the financial statements are presented in thousands Polish zlotys (TPLN).

### **Accounting estimates and judgements**

Preparation of the Financial Statements in line with the IFRS/IAS requires the Board of Directors to make estimates and assumptions which affect the application of the adopted accounting principles and presented figures disclosed in the Financial Statements, as a lot of information contained in the Financial Statements cannot be measured in a precise manner.

All judgments, assumptions and estimates which have been made for the purpose of these Financial Statements have been presented in obligatory disclosures related to particular items of these Financial Statements, in the notes to the Financial Statements which are integral part of the Financial Statements. Estimates and judgments are subject to continuous verification. They result from previous experience, including forecasts as to future events, which are relevant in a given situation, and new information. Changes in accounting estimates are recognised prospectively since the period in which changes to estimates were made.

Below are main assumptions related to the future and other principal reasons for uncertainty of estimates as at the balance sheet date, which carry a material risk of the necessity to make important adjustments of the carrying value of assets and liabilities during the consecutive accounting period.

Estimates and assumptions which carry material risk include:

**Fair value of other financial instruments**

The model and assumptions adopted to measure the fair value. Material risks relate to fair value of own shares in subsidiaries. The fair value is affected by the adopted models of measurement.

**Share-based payments**

The model and main assumptions adopted to measure the fair value of equity instruments: price of equity instruments, historical variability, risk-free interest rate, expected dividend yield, etc.

Main assumptions and judgements are presented in **Note No. 7** "Investments in subsidiaries".

**Accounting policies**

The principles adopted by the Company (Accounting Policies) have been presented in **Note No. 35** "Description of most material accounting policies applied by the Company".

**NOTES TO FINANCIAL STATEMENTS**  
 for the reporting period ended on 31 December 2014

**1. Income from investments**

The item of profit (loss) on account of fair value change discloses the revaluation of financial assets:

- shares in subsidiaries, associated and other entities,
- investment certificates of closed-end investment funds held by MCI,
- derivatives.

**Revaluation of shares**

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
<b>Measurement of subsidiaries</b>		
MCI Fund Management Sp. z o.o. Spółka Jawna	-	180 509
MCI Fund Management Sp. z o.o. II MCI.PrivateVentures SKA.	107 607	(38 480)
MCI Fund Management Sp. z o.o. IV MCI.PrivateVentures SKA	126 181	-
MCI Fund Management Sp. z o.o.	53 806	(33)
MCI Venture Sp. z o.o.	(2)	-
	<b>287 592</b>	<b>141 996</b>
<b>Measurement of associated entities</b>		
Private Equity Manager S.A.	<b>70 429</b>	-
<b>Measurement of other entities</b>		
Digital Avenue S.A.	(178)	(49)
Alternative Investment Partners Sp. z o.o.	-	6
	<b>(178)</b>	<b>(43)</b>
	<b>357 843</b>	<b>141 953</b>

Information on measurement of items above is presented in [Note No. 6 "Investments in subsidiaries"](#).

**Revaluation of investment certificates**

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
<b>Revaluation of investment certificates:</b>		
Helix Ventures Partners FIZ	1 254	(2 563)
Internet Ventures FIZ	(1 104)	(2 567)
MCI.CreditVentures FIZ	166	(2 571)
MCI.CreditVentures FIZ 2.0	1 499	-
	<b>1 815</b>	<b>(7 701)</b>

Information on measurement of items above is presented in [Note No. 7 "Investments in associated entities"](#).

## Measurement of derivatives

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Embedded derivative on investment certificates of Internet Ventures FIZ	6 317	-
Embedded derivative on investment certificates of Helix Ventures Partners FIZ	2 530	-
	<b>8 847</b>	<b>-</b>

As at 31 December 2014 there was a measurement of an embedded financial derivative, being a mechanism of privileged distribution of money allocated in investments made by the funds listed above. In the event of disinvestment the Company has the priority of return of the invested capital.

## 2. General and administration costs

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Amortisation/depreciation of non-current and intangibles assets	(128)	(209)
Materials and energy use	(107)	(72)
Bought-in services	(3 571)	(2 118)
Taxes and other fees	(152)	(94)
Remuneration	(4 221)	(7 125)
Employee benefits and social security	(76)	(157)
Other costs	(777)	(556)
	<b>(9 032)</b>	<b>(10 331)</b>

## 3. Other operating income and expenses

### Other operating income

	Period from: od 01.01.2014 do 31.12.2014 PLN'000	Period from: od 01.01.2013 do 31.12.2013 PLN'000
Damages and reimbursement of court costs	-	55
Income from re-invoicing of costs	88	118
Income from organising seminars and promotional events	121	148
Reversed provisions	3	437
Sale of debt	-	97
Other operating income	21	97
	<b>233</b>	<b>952</b>

## Other operating expenses

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Costs of provisions	-	(248)
Re-invoiced costs	(88)	(101)
Impairment losses on receivables	(41)	(204)
Revaluation of non-current assets	-	(69)
Receivables on dividends written-off	-	(91)
Annual VAT adjustment on account of structure	(4)	(31)
Overdue VAT with execution costs in line with decision of tax authorities	-	(1 108)
Other operating expenses	(181)	(125)
	<b>(314)</b>	<b>(1 977)</b>

## 4. Financial income and expenses

### Financial income

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Interest on short-term bank deposits	229	277
Gains and losses on translation differences	-	160
Commission income - fiduciary transactions, guarantees	815	1 099
Other financial income	18	-
*Income from dividends received	4 350	-
**Income from interest on bonds	2 574	98
Income from interest on borrowings	434	1 409
***Income from interest on bills of exchange	4 032	-
	<b>12 452</b>	<b>3 043</b>

\* Dividend received from the company Private Equity Managers SA for the year ended 31 December 2013

\*\*Constitute received interest on bonds taken up by Private Equity Managers S.A.

\*\*\*Constitute primarily calculated or received interest from related entities:

- Interest on borrowings granted to MCI Fund Management Sp. z o.o. Spółka Jawna of TPLN 265
- Interest on borrowings granted to MCI Fund Management Sp. z o.o. of TPLN 5
- Interest on bills of exchange from MCI Fund Management Sp. z o.o. of TPLN 1 373
- Interest on bills of exchange from MCI Fund Management Sp. z o.o. Spółka Jawna of TPLN 2 633
- Interest on bills of exchange from Private Equity Managers S.A. of TPLN 26

## Financial expenses

	From period: 01.01.2014 to 31.12.2014 PLN'000	From period: 01.01.2013 to 31.12.2013 PLN'000
Costs of interest on:		
Issued bills of exchange	(952)	(1 486)
Bank loans	(15)	(19)
Received borrowings	(89)	(137)
Budget interest	-	(772)
*Issued bonds	(10 279)	(9 002)
Gains and losses on translation differences	(362)	-
Other	(389)	(3)
	<b>(12 086)</b>	<b>(11 419)</b>

\* more information in [note No. 17 "Liabilities on bonds"](#)

## 5. Income tax

### Income tax is disclosed in the statement of comprehensive income

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Current tax	-	-
Flat rate tax	(827)	-
Deferred tax	(6 650)	4 148
	<b>(7 477)</b>	<b>4 148</b>

### Reconciliation of profit before taxation to tax amounts

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Profit before taxation	<b>359 758</b>	<b>114 520</b>
Income tax disclosed in profit (loss)	7 477	(4 148)
Effective tax rate	2%	-4%
Taxable income disclosed in statement of profit and loss (+)	210	5 892
Non-taxable income disclosed in statement of profit and loss (-)	(382 642)	(182 377)
Expenses disclosed in statement of profit and loss not being tax deductible costs (+)	34 011	66 494
Expenses disclosed in statement of profit and loss being tax deductible costs (-)	(15 181)	(14 303)
	<b>(363 602)</b>	<b>(124 294)</b>
Taxable base	<b>(3 844)</b>	<b>(9 774)</b>
Current income tax	<b>0</b>	<b>0</b>

## Tax losses

Incurring in years	Incurring in the amount of	Used in the amount of	To use in the amount of	To use by year
year	000'PLN	000'PLN	000'PLN	year
2010	11 537	5 769	5 768	2015
2012	4 715	-	4 715	2017
2013	9 774	-	9 774	2018
2014	3 844	-	3 844	2019
	<b>29 870</b>		<b>24 101</b>	

## Deferred income tax

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
<b>Deferred income tax assets:</b>		
Due for realisation after 12 months	1 742	1 376
Due for realisation within 12 months	6 411	7 413
	<b>8 153</b>	<b>8 789</b>
<b>Deferred income tax liabilities:</b>		
Due for settlement after 12 months	-	-
Due for settlement within 12 months	6 291	8 757
	<b>6 291</b>	<b>8 757</b>

In the statement of financial position the Company compensates deferred tax assets and liabilities by disclosing them under one item.

In the 2013 Financial Statements deferred tax assets and liabilities were disclosed separately (gross). The Company changed their presentation on 1 January 2014 and adjusted the comparative figures in the 2014 Financial Statements.

## Deferred income tax assets

	Tax losses possible to deduct 000' PLN	Interest and bonuses on bonds 000' PLN	Other assets 000' PLN	Total 000' PLN
<b>Balance as at 31 December 2012</b>	<b>2 742</b>	<b>146</b>	<b>3 438</b>	<b>6 326</b>
Effect on profit or loss	1 334	(65)	1 194	2 463
Effect on equity	-	-	-	-
<b>Balance as at 31 December 2013</b>	<b>4 076</b>	<b>81</b>	<b>4 632</b>	<b>8 789</b>
Effect on profit or loss	503	(81)	(1 058)	(636)
Effect on equity	-	-	-	-
<b>Balance as at 31 December 2014</b>	<b>4 579</b>	<b>-</b>	<b>3 574</b>	<b>8 153</b>

Other deferred tax assets relate primarily to:

- JTT provision - more information in [note No. 20 "Provisions"](#)
- measurement of investment certificates (Helix Ventures Partners FIZ, Internet Ventures FIZ)
- measurement of shares of Digital Avenue S.A.

## Deferred income tax liabilities

	Revaluation of related entities 000' PLN	Interest 000' PLN	Other titles 000' PLN	Total 000' PLN
<b>Balance as at 31 December 2012</b>	<b>1 243</b>	<b>915</b>	<b>1 047</b>	<b>3 205</b>
Effect on profit or loss	1	(898)	(786)	(1 683)
Effect on equity	7 235	-	-	7 235
<b>Balance as at 31 December 2013</b>	<b>8 479</b>	<b>17</b>	<b>261</b>	<b>8 757</b>
Effect on profit or loss	4 224	58	1 730	6 012
Effect on equity	(8 478)	-	-	(8 478)
<b>Balance as at 31 December 2014</b>	<b>4 225</b>	<b>75</b>	<b>1 991</b>	<b>6 291</b>

Other deferred tax provisions relate primarily to:

- measurement of investment certificates of MCI.CreditVentures 2.0 FIZ,
- measurement of derivatives,
- measurement of shares of Private Equity Managers S.A.

## 6. Earnings per share

### Earnings per share

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Earnings attributable to Company's Shareholders	352 281	118 668
Weighted average of ordinary shares (in thousands items)	62 502	62 347
<b>Basic earnings per share (in PLN per one share)</b>	<b>5,64</b>	<b>1,90</b>

### Diluted earnings per share

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Net profit for the reporting period	352 281	118 668
Costs of interest on convertible bonds (after deducting tax)	1 007	-
Earnings applied when determining diluted earnings per share	353 288	118 668
Weighted average of ordinary shares (in thousands)	62 502	62 347
Adjustments for:		
- theoretical change of convertible bonds (thousands)	4 167	-
- share options (thousands)	-	142
Weighted average No. of ordinary shares for the purposes of diluted earnings per share (thousands)	66 669	62 489
<b>Diluted earnings per share (in PLN per one share)</b>	<b>5,30</b>	<b>1,90</b>

## 7. Investments in subsidiaries

### Shares in subsidiaries

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
MCI Fund Management Sp. z o. o.	53 878	72
MCI Fund Management Sp. z o. o. II MCI.PrivateVentures SKA.	745 636	638 029
MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA.	192 342	52 264

MCI Ventures Sp. z o. o.	5	-
Private Equity Managers S.A.	-	54 348
	<b>991 861</b>	<b>744 713</b>

#### Characteristics of subsidiaries:

– **MCI Fund Management Sp. z o. o.**

Company with headquarters in Poland holding certificates of:

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

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

- ✓ MCI Fund Management Sp. z o. o. II MCI.PrivateVentures SKA,
- ✓ MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA.

– **MCI Fund Management Sp. z o. o. II MCI.PrivateVentures SKA**

Company with headquarters in Poland holding shares in MCI Fund Management Sp. z o. o. Spółka Jawna.

– **MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA**

Company with headquarters in Poland holding shares in MCI Fund Management Sp. z o. o. Spółka Jawna.

– **MCI Ventures Sp. z o. o.**

Company with headquarters in Poland holding shares in Bizneslinkco Sp. z o.o. (formerly; AWL III Sp. z o. o.)

#### Information about the loss of control of an entity which in 2013 was a subsidiary

In the first half of 2014 the Company lost control of its subsidiary **Private Equity Managers S.A.** which as at 31 December 2014 is an associated entity.

#### Measurement of shares in subsidiaries

**Shares in the above companies** are disclosed in fair value based on the adjusted net asset value of a company as at the balance sheet date.

Adjusted net asset value is reflected in fair value of investments in subsidiaries - primarily investment certificates of closed-end investment funds.

The measurement of subsidiaries is affected by the following components of net assets of these companies:

- Unpaid amount of taken up issued A1 series investment certificates in the sub-fund MCI.TechVentures 1.0 FIZ of TPLN 170.000
- Balance of granted and received borrowings, bills of exchange of TPLN 54.000

The fair value of investment certificates in subsidiaries is settled based on published measurements of investment funds. The measurements of the above funds are carried out on a quarterly basis.

The measurements are approved of by the Company's Board of Directors.

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

<b>Subsidiary</b>	<b>+10%</b>	<b>-10%</b>
MCI Fund Management Sp. z o. o.	59 266	48 490
*MCI Fund Management Sp. z o. o. II MCI.PrivateVentures SKA	745 636	745 636
*MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA	192 342	192 342
*MCI Ventures Sp. z o. o.	5	5
	<b>997 249</b>	<b>986 473</b>

\* Increase or decrease of investment certificates value does not affect the value of these subsidiaries, since as at 31 December 2014 these companies do not hold investment certificates.

## 8. Investments in associated entities

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
Private Equity Managers S.A. current valuation	29 712	-
Private Equity Managers S.A. valuation removed from other comprehensive income	5 141	-
	<b>34 853</b>	<b>-</b>

As at 31 December 2014 the company holds directly 10,25% of shares of Private Equity Managers S.A. The closed-end fund MCI.PrivateVentures acting for the benefit of the sub-fund MCI.EuroVentures FIZ (whose 100% of investment certificates is held by MCI Management S.A.) holds an additional 21,38% of shares of the above company.

Through shares held directly and indirectly the Company materially affects PEM; as a result, the company is treated as an associated entity and measured at fair value through profit or loss.

### Measurement of shares in an associated entity

Shares of Private Equity Managers S.A. were measured at PLN 101,92 PLN per 1 share. The price is based on the most recent transaction compared to the fund Mezzanine Management (AMC III MOON BV) of 15 January 2015, which is not a related entity. The price above reflects the fair value of one share as at 31 December 2014.

Fair value of investments in associated entities showing the effect of increase and decrease of PEM's shares by 10 percentage points:

	10%	-10%
Private Equity Managers S.A.	<b>38 338</b>	<b>31 368</b>

## 9. Investment certificates

Financial assets also comprise investment certificates of investment funds.

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
Investment certificates of Helix Ventures Partners FIZ	9 951	8 133
Investment certificates of Internet Ventures FIZ	13 722	1 235
Investment certificates of MCI.CreditVentures 2.0 FIZ	130 928	-
Investment certificates of MCI.CreditVentures FIZ	-	21 036
	<b>154 601</b>	<b>30 404</b>

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. Revaluation of certificates to their fair value from quarterly measurements is disclosed in MCI's profit or loss at the end of each quarter.

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

	+10%	-10%
Investment certificates of Helix Ventures Partners FIZ	10 946	8 956
Investment certificates of Internet Ventures FIZ	15 094	12 350
Investment certificates of MCI.CreditVentures 2.0 FIZ	144 021	117 835
	<b>170 061</b>	<b>139 141</b>

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

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

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

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

The method of shares measurement depends on the type of available source information used in the measurement. In the case of entities whose shares are not quoted on the active market, the fair value is determined based on 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.

### Financial assets disclosed at fair value through profit/loss

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 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 31.12.2014		Balance as at 31.12.2013	
	Level	Method of measurement	Level	Method of measurement
<b>Investments in subsidiaries</b>				
MCI Fund Management Sp. z o. o.	3	Adjusted net assets	3	Adjusted net assets
MCI Fund Management Sp. z o. o. II MCI.PrivateVentures SKA	3	Adjusted net assets	3	Adjusted net assets
*MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA	3	Adjusted net assets	-	-
MCI Fund Management Sp. z o. o.	3	Adjusted net assets	3	Adjusted net assets
MCI Ventures Sp. z o. o.	3	Adjusted net assets	-	-
<b>Investments in associated entities</b>				
**Private Equity Managers S.A.	3	Observable price of the most representative transaction (pre-IPO)	3	Net asset value
<b>Investment certificates</b>				
Investment certificates of Helix Ventures Partners FIZ	3	Net asset value	3	Net asset value
Investment certificates of MCI.CreditVentures FIZ	3	Net asset value	3	Net asset value
Investment certificates of Internet Ventures FIZ	3	Net asset value	3	Net asset value
***Investment certificates of MCI.CreditVentures 2.0 FIZ	3	Net asset value	-	-

The valuation of the net assets represent the fair value of the particular asset.

In 2014 the valuation method of the company Private Equity Managers S.A. has been changed from the net assets valuation method to the method of observable prices. Changing the valuation method was associated with the transaction of the sale of shares as a part of pre-IPO and therefore the availability of a more representative information to estimate the fair value of the company's shares. In 2015 it is planned to perform Initial Public Offering of PEM stocks on the Warsaw Stock Exchange. Changing the valuation method results in changing of measurement hierarchy level from 3 to 2.

\* As at 31 December 2013 MCI Fund Management Sp. z o. o. MCI.PrivateVentures IV SKA was measured at fair value through other comprehensive income. As at 31 December 2014 the above company was measured at fair value through profit/ loss. Changing of the measurement method has been applied in accordance with paragraph 11A of IAS 27 "Standalone Financial Statements". This change is due to the fact that since 1 January 2014 MCI Management S.A. is an investment entity.

\*\* In the first half of 2014 the Company lost control of a subsidiary Private Equity Managers S.A., which as at 31 December 2014 is an associated entity. In line with IAS 27 paragraph 11 there has been a reclassification of its measurement from measurement through other comprehensive income to measurement at fair value through profit/ loss.

\*\*\* In December 2014 the Company purchased all investment certificates of MCI.CreditVentures 2.0 FIZ from its indirect subsidiary MCI Fund Management Sp. z o. o. Spółka Jawna.

## 11. Bonds

### Bonds of Private Equity Managers S.A.

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
Liability as at issue date at nominal value	40 000	40 000
Interest calculated	2 665	91
Interest paid	(2 073)	-
Payment	(40 592)	-
	<u>-</u>	<u>40 091</u>

On 20 December 2013 Private Equity Managers SA issued 40.000 items of ordinary registered unsecured series "B" bonds of a nominal value of TPLN 40 000. The bonds shall be redeemable by 20 December 2018.

The bonds bear interest based on WIBOR 6M + 5% margin per annum starting on the issue date.

The bonds were issued to pay liabilities to the Company on account of purchase of own shares by Private Equity Managers SA. Mutual settlements of TPLN 40 000 have been deducted.

On 30 September and 31 December 2014 the Company sold the above bonds to MCI Asset Management Sp. z o.o. Spółka Jawna. (this is an indirect subsidiary of Private Equity Managers S.A.)

## 12. Trade and other receivables

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
Trade receivables	101	338
Impairment loss on receivables	-	(41)
Net trade receivables	<u>101</u>	<u>297</u>
Receivables from related entities	7	71 022
Tax/budget receivables	12	48
Prepayments	228	218
Other receivables	1 630	832
	<u><b>1 978</b></u>	<u><b>72 417</b></u>

Due to the short-term character of these receivables the carrying value is the best indicator of the fair value.

### Receivables from related entities

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
MCI.Ventures Projects Sp. z o. o. SKA	-	1
*Private Equity Managers S.A.	3	40 000
MCI Capital TFI S.A.	3	1
**MCI.CreditVentures FIZ	-	31 000
MCI Asset Management Sp. z o. o. Spółka Jawna	4	-
Other	-	2
	<u><b>14</b></u>	<u><b>71 022</b></u>

\*Receivables of TPLN 40 000 arise on acquisition of own shares by the Company by Private Equity Managers SA in order to redemption.

On 18 December 2013 Extraordinary General Meeting of Shareholders of Private Equity Managers S.A. decided on redemption of 14.010.507 shares in its own capital. The nominal value of redemption amounts to TPLN 14.011. The redemption was made by their acquisition by PEM S.A. for a remuneration of a total amount of TEUR 80.000. Part of the receivables in the amount of TPLN 40.000 was set off with a liability due to acquisition of bond, i.e. B series issued by PEM S.A. Till the date of the approval of the financial statements the receivables has been settled.

\*\*Receivables of TPLN 31.000 from MCI CreditVentures FIZ arise on the purchase of investment certificates by the fund as a result of the liquidation commencement. The certificates were purchased with free cash.

## 13. Receivables on bills of exchange

Due to formal reasons the Company does not have cash pool that would allow direct liquidity management in the group. The financial surpluses are deposited in the group among companies and investment funds managed through short-term financial instruments (bills of exchange).

**As at 31 December 2014 the Company had receivables on bills of exchange to the following entities:**

	Interest rate % per annum	Nominal value PLN'000	Interest PLN'000	Total PLN'000
MCI Fund Management Sp. z o. o. Spółka Jawna	3,7%	7 000	-	7 000

Due to the short-term character of the above receivables on bills of exchange the carrying value is the best indicator of the fair value.

As at 31.12.2013. the Company had no receivables on bills of exchange.

#### 14. Borrowings granted

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
Borrowings granted to related entities	5 947	7 710
Borrowings granted to other entities	748	701
	<b>6 695</b>	<b>8 411</b>

#### Borrowings granted to related entities

	Interest rate %	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
* MCI Asset Management Sp. z o. o. Spółka Jawna		-	2 033
MCI Fund Management Sp. z o. o.	8,59%	65	60
MCI Fund Management Sp. z o. o. Spółka Jawna	4,72%	5 882	5 617
		<b>5 947</b>	<b>7 710</b>

\* As at 31 December 2014 the Company is not considered as a related entity because it is an indirect subsidiary for Private Equity Managers S.A. over which the Company during the first half of 2014 lost control.

The borrowings were concluded for the period of 12 months.

Due to the short-term character of the above receivables on granted borrowings the balance sheet value is the best indicator of the fair value.

#### Financial instruments

		As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
<b>Non-current assets</b>	<b>Type of a financial instrument</b>		
Investments in subsidiaries	Measured at fair value through profit/loss	991 861	744 713
Investments in associated entities	Measured at fair value through profit/loss	34 853	-
Borrowings granted to other entities	Measured through amortised cost	-	446
Bonds	Measured through amortised cost	-	40 000
Derivatives	Measured at fair value through profit/loss	8 847	-
Investment certificates	Measured at fair value through profit/loss	154 601	30 404
<b>Current assets</b>			
Trade and other receivables	Measured through amortised cost	1 978	72 417
Other financial assets - bills of exchange	Cash and cash equivalents	7 000	-
Bonds	Measured through amortised cost	-	91
Borrowings granted to related entities	Measured through amortised cost	6 224	7 965
Borrowings granted to other entities	Measured through amortised cost	471	-
Cash and cash equivalents	Cash and cash equivalents	15 278	42 441

<b>Non-current liabilities</b>			
Bank loans and borrowings	Measured through amortised cost	186	226
Bonds	Measured through amortised cost	162 541	84 800
<b>Current liabilities</b>			
Trade and other payables	Measured through amortised cost	364	305
Bonds	Measured through amortised cost	2 872	35 495
Short-term payables on bills of exchange	Measured through amortised cost	13 430	49 170
Short-term bank loans and borrowings	Measured through amortised cost	41	1 812

## 15. Cash and cash equivalents

As at the balance sheet date the balance of cash and cash equivalents of TPLN 15.278 (in 2013: TPLN 42.441) comprised primarily cash at bank and bank deposits measured at nominal value.

## 16. Equity

### Share capital

	<b>As at</b> <b>31.12.2014</b>	<b>As at</b> <b>31.12.2013</b>
	<b>PLN'000</b>	<b>PLN'000</b>
Share capital issued and paid	62 732	62 347
No. of shares	62 732	62 347
Nominal value per share	1	1
Nominal value of all shares	<b>62 732</b>	<b>62 347</b>

The issue of 385 thousand shares was connected with a payment of remuneration for Board Members on account of an incentive programme.

	<b>No. of items</b>
<b>No. of items as at 31.12.2013</b>	62 347
Increase due to the execution of the incentive programme	385
<b>No. of items as at 31.12.2014</b>	<b>62 732</b>

### Capital redemption reserve

	<b>As at</b> <b>31.12.2014</b>	<b>As at</b> <b>31.12.2013</b>
	<b>PLN'000</b>	<b>PLN'000</b>
Balance at beginning of period	457 803	435 835
Execution of incentive programmes	1 151	-
Moved to profit for previous period to capital redemption reserve	118 667	21 968
Balance at end of period	<b>577 621</b>	<b>457 803</b>

### Other comprehensive income

	<b>As at</b> <b>31.12.2014</b>	<b>As at</b> <b>31.12.2013</b>
	<b>PLN'000</b>	<b>PLN'000</b>
<b>Balance at beginning of period</b>	79 025	5 302
Reversal of valuation of Private Equity Managers S.A.	(53 450)	46 905
Reversal of deferred tax on valuation of MCI Fund Management Sp. z o.o. IV		
MCI.PrivateVentures SKA	8 479	(7 236)
Reversal of valuation of MCI Fund Management Sp. z o.o. IV		
MCI.PrivateVentures SKA	(34 054)	34 054
<b>Balance at end of period</b>	<b>-</b>	<b>79 025</b>

## 17. Liabilities on bonds

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
Balance as at the issue date at fair value	201 150	147 600
Costs related to the issue	(2 949)	(2 117)
<b>Balance as at the issue date</b>	<b>198 201</b>	<b>145 483</b>
Equity part (excl. of deferred tax)	(578)	-
<b>Payables part as at the issue date</b>	<b>197 623</b>	<b>145 483</b>
Calculated interest – cumulative costs	21 734	19 521
Paid interest	(18 594)	(17 259)
Repayment	(35 350)	(27 450)
	<b>165 413</b>	<b>120 295</b>
Non-current	162 541	84 800
Current	2 872	35 495
	<b>165 413</b>	<b>120 295</b>

### Bonds issued by the Company MCI Management S.A.

The table below presents payables on issue of bonds, their redemption date and balance of interest paid as at 31 December 2014:

Bond series	Date of distribution	Date of redemption	No. of bonds	Nominal value	Interest paid
				000' PLN	000' PLN
<b>Series H1</b>	2013-04-03	2016-04-11	36 000	36 000	4 017
<b>Series H2</b>	2013-06-26	2016-06-28	18 800	18 800	2 017
<b>Series H3</b>	2013-12-19	2016-12-19	30 000	30 000	2 156
<b>Series G1 (Convert.)</b>	2014-03-21	2018-03-21	50 000	50 000	1 683
<b>Series I1</b>	2014-10-17	2017-10-17	31 000	31 000	-
				<b>165 800</b>	<b>9 873</b>

"Series F" bonds – issued on 1 April 2011 (35.350 items of a total value of MPLN 35,3), on 31 March 2014 the bonds were redeemed with interest.

## 18. Liabilities on bills of exchange

Due to formal reasons the Company does not have cash pool allowing a direct liquidity management in the group. Financial surpluses are deposited in the group between companies and investment funds through short-term financial instruments (bill of exchange).

**As at 31 December 2014 the Company had liabilities on bills of exchange to the following entities:**

	Interest rate % per annum	Nominal value PLN'000	Interest PLN'000	Total PLN'000
*MCI.TechVentures 1.0 FIZ	1,0% EUR	13 413	17	13 430

**As at 31 December 2013 the Company had liabilities on bills of exchange to the following entities:**

Due to the short-term character of the above liabilities on bills of exchange the carrying value is the best indicator of the fair value.

	Interest rate % per annum	Nominal value PLN'000	Interest PLN'000	Total PLN'000
*MCI Fund Management Sp. z o. o. Spółka Jawna (dawniej; MCI Fund Management Sp. z o. o. MCI.PrivateVentures SKA)	3,67%	6 600	33	6 633
*MCI.TechVentures 1.0 FIZ	**1,0%	12 921	16	12 937

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*MCI.EuroVentures 1.0 FIZ	4,15%	18 500	71	18 571
*MCI.EuroVentures 1.0 FIZ	4,20%	4 000	5	4 005
ABCD Management Sp. z o.o. SKA	3,65%	7 000	24	7 024
		<b>49 021</b>	<b>149</b>	<b>49 170</b>

\* liabilities to related entities

\*\* bills of exchange in EURO

## 19. Banks loans and borrowings

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
<b>Non-current</b>		
Bank loan - non-current part	186	226
	<b>186</b>	<b>226</b>
<b>Current</b>		
Bank loan - Current part	41	41
*MCI Asset Management Sp. z o.o. Spółka Jawna – nominal value	-	1 600
*MCI Asset Management Sp. z o.o. Spółka Jawna – interests	-	171
	<b>41</b>	<b>1 812</b>
<b>Total loans and borrowings</b>	<b>227</b>	<b>2 038</b>

\* The loan received from related party

## 20. Provisions

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
*Litigation related costs	11 466	11 492
Bonuses and holidays/leaves	5	548
Other costs	146	80
	<b>11 617</b>	<b>12 120</b>

\*The provision was created due to costs of litigation related to compensation for bringing the company JTT to bankruptcy.

## 21. Information related to paid (or declared) dividend, in total and per one share, divided into ordinary and privileged shares

The Company has not passed a resolution on the dividend payment for 2014 and did not pay dividends for 2013.

### Dividends received

The Company received a dividend for 2013 from the company Private Equity Managers SA of TPLN 4.350 (net).

## 22. Material events after the balance sheet date

On 15 December 2015 the company AMC III MOON B.V., a subsidiary of Accession Mezzanine Capital III L.P., with headquarters in St Helier, Jersey („MM“), purchased 8,33 percent of shares of Private Equity Managers S.A. under the third tranche pre-IPO Private Equity Managers S.A. The purchase price was TPLN 25.000.

### 23. Remuneration to key personnel

The following figures have been disclosed in the statement of comprehensive income as employee benefits:

	As at 31.12.2014 PLN'000	As at 31.12.2013 PLN'000
Cost of current employment	1 781	1 848
Cost of social security	76	22
Share options granted to Board Members and other staff	2 299	5 339
Other employee benefits	141	73
	<b>4 297</b>	<b>7 282</b>

The table below presents information about average remuneration (including Board of Directors)

	As at 31.12.2014 No. of staff	As at 31.12.2013 No. of staff
Board of Directors	3	3
Supervisory Board	5	6
Operational staff	9	8
	<b>17</b>	<b>17</b>

### Remuneration of the Board of Directors and Supervisory Board

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
<b>Board of Directors</b>		
Short-term employee benefits	1 195	859
Incentive programmes - share options	1 986	5 339
Flat fee for using passenger cars	56	58
	<b>3 237</b>	<b>6 256</b>
<b>Supervisory Board</b>		
Short-term employee benefits	80	95
Incentive programmes - share options	201	-
	<b>281</b>	<b>95</b>

### Receivables on advances and other receivables from Board Members

	Period from: 01.01.2014 to 31.12.2014 PLN'000	Period from: 01.01.2013 to 31.12.2013 PLN'000
Tomasz Czechowicz	1	18
*Sylwester Janik	-	8
*Wojciech Marcińczyk	-	2
	<b>1</b>	<b>28</b>

\* On 30 May 2014 resigned from the Board membership.

### Borrowings granted to Members of the Board

The Company did not grant borrowings to Members of the Board.

## 24. Related entities

### Entities which constitute the Capital Group

As at 31 December 2014 MCI Management S.A. Capital Group comprised the following entities:

#### Parent company:

- **MCI Management S.A.**  
 Its scope of operations include primarily investments in closed-end investment funds.

#### Direct subsidiaries:

- **MCI Fund Management Sp. z o. o.**  
 The company holds certificates of:
  - ✓ Sub-fund MCI.TechVentures 1.0 separated within MCI.PrivateVentures FIZ,
  - ✓ Sub-fund MCI.EuroVentures 1.0 separated within MCI.PrivateVentures FIZ.
 The company holds shares and is general partner in the following companies:
  - ✓ \*MCI Fund Management Sp. z o. o. II MCI.PrivateVentures SKA
  - ✓ \*MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA
- **MCI Fund Management Sp. z o. o. II MCI.PrivateVentures SKA**
- **MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA**
- **\*\*MCI Ventures Sp. z o. o.**

#### Indirect subsidiaries:

- **MCI Fund Management Sp. z o. o. Spółka Jawna**
- **\*\* Bizneslinkco Sp. z o.o. (formely: AWL III Sp. z o. o.)**

\*Companies established in 3Q 2013

\*\*Companies purchased in 4Q 2014

In all subsidiaries listed above the Company holds - directly or indirectly - 100% of shares and 100% of votes.

**The final controlling entity is** Alternative Investment Partners Sp. z o.o.

### Equity structure

#### The Company's key shareholders as at 31 December 2014:

	Shares in share capital		Share in total No. of votes during Shareholders' Meeting (SM)	
	No. Shares in thousands	% of share capital	No. of votes during SM	% of total votes during SM
Alternative Investment Partners Sp. z o. o.	32 558	51,90%	32 558	51,90%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A.	4 529	7,22%	4 529	7,22%
BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.	3 156	5,03%	3 156	5,03%
Other	22 488	35,85%	22 488	35,85%
	<b>62 731</b>	<b>100,00%</b>	<b>62 731</b>	<b>100,00%</b>

The Company's main shareholder is Alternative Investment Partners Sp. z o. o with 51,90% of shares and votes during Shareholders' Meetings.

The Company's key shareholders as at 31 December 2013:

	Shares in share capital		Share in total No. of votes during Shareholders' Meeting (SM)	
	No. shares in thousands	% of share capital	No. of votes during SM	% of total votes during SM
Alternative Investment Partners Sp. z o. o Fundusze związane z Quercus Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna	30 658	49,17%	30 658	50,58%
MCI Management Spółka Akcyjna	4 288	6,88%	4 288	7,00%
Other	1 837	2,95%	1 837	2,94%
	25 564	41,00%	25 564	39,48%
	<b>62 347</b>	<b>100%</b>	<b>62 347</b>	<b>100%</b>

Information on transactions with related entities in 2014

	Related to note	Final controlling entity	Subsidiaries	Other related entities	Total
<b>Investments:</b>					
Investments in subsidiaries	1, 7,	7	991 861		991 868
Investments in associated entities	1,8	-	-	34 853	34 853
Investment certificates	1, 9	-	-	154 601	154 601
Derivatives	1	-	-	8 847	8 847
<b>Receivables:</b>					
Granted borrowings	14	-	5 947	-	5 947
Trade receivables	12	4	-	3	7
Other financial assets - receivables on bills of exchange	13	-	7 000	-	7 000
<b>Liabilities:</b>					
Payables on bills of exchange	17	-	-	13 430	13 430
Trade payables	-	-	-	25	25
<b>Income and expenses:</b>					
Gains (losses) on investments - shares		-	287 592	70 429	358 021
Gains (losses) on investments - investment certificates	1	-	-	1 815	1 815
Income from embedded derivatives	1	-	-	8 847	8 847
Finance income	4	-	4 276	2 600	6 876
Dividend income	4, 21	-	-	4 350	4 350
Finance expenses	-	-	(294)	(391)	(685)
Other operating expenses	-	-	-	(3)	(3)
Other operating income	-	4	-	22	26
General and administrative expenses	-	(1)	-	-	(1)
Income from guarantees	-	-	-	600	600

### Information on transactions with related entities in 2013

	Related to note	Final controlling entity	Subsidiaries	Other related entities	Total
<b>Investments:</b>					
Investments in subsidiaries	1, 7	7	744 713	-	744 720
Investment certificates	1, 9	-	-	30 404	30 404
<b>Receivables:</b>					
Granted borrowings	14	-	5 677	2 033	7 710
Trade receivables	12	-	40 001	31 021	71 022
Bonds	11	-	40 091	-	40 091
<b>Liabilities:</b>					
Payables on bills of exchange	17	-	6 633	35 513	42 146
Loans received	18	-	-	1 771	1 771
<b>Income and expenses:</b>					
Gains (losses) on investments - shares	1	6	141 996	-	142 002
Gains (losses) on investments - investment certificates	1	-	-	(7 701)	(7 701)
Finance income	4	-	1 260	73	1 333
Finance expenses	-	-	(32)	(1 534)	(1 566)
Other operating expenses	-	(4)	(20)	(73)	(97)
General and administrative expenses	-	-	-	(110)	(110)
Income from guarantees	-	-	-	733	733

### Board of Directors

Transactions with Members of the Board are presented in [Note 30 "Incentives programme"](#).

### Supervisory Board

Transactions with Supervisory Board are presented in [Note 30 "Incentives programme"](#).

### Members of the Board of MCI Management S.A. who hold functions in subsidiaries

As at 31 December 2014 the following persons from the Board of Directors and Supervisory Board of MCI Management S.A. held a position in subsidiaries:

Subsidiaries/common management with MCI	Members of the Board of Directors		
	Tomasz Czechowicz	Cezary Smorszczewski	Ewa Ogryczak
MCI Fund Management Sp. z o. o.	Yes	No	Yes
MCI Fund Management Sp. z o. o. II	Yes	No	Yes
MCI.PrivateVentures SKA			
MCI Fund Management Sp. z o. o. II	Yes	No	Yes
MCI.PrivateVentures SKA			
MCI Ventures Sp. z o. o.	Yes	No	Yes
MCI Fund Management Sp. z o. o. Spółka Jawna	Yes	No	Yes
Bizneslinkco Sp. z o.o. (formely: AWL III Sp. z o. o.)	Yes	No	Yes

No member of the Supervisory Board holds a position in subsidiaries.

Benefits for Members of the Board and of Supervisory Board are presented in [Note No. 22 "Remuneration of key personnel"](#).

Information on changes in the composition of the Board of Directors and Supervisory Board is presented in the Directors' Report in **Note No. 22**.

## **25. Purchase and disposal of subsidiaries**

### **Purchase of subsidiaries**

In Q4 2014 the Company purchased 100% shares of MCI Ventures Sp. o. o. The purchase price was TPLN 7, whereas the value of purchased net assets of this company was TPLN 5.

In 4Q 2014 the subsidiary MCI Ventures Sp. z o. o. purchased 100% shares of Bizneslinkco Sp. z o.o. (formerly; AWL III Sp. z o. o.). The purchase price was TPLN 11, whereas the value of purchased net assets of this company was TPLN 5.

### **Disposal of subsidiaries**

In 1Q 2014 r. the Company contributed 45% shares of Private Equity Managers S.A. as a contribution in kind to its subsidiary MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA.

In the first half of 2014 shares of Private Equity Managers S.A. held by the subsidiary MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA were disposed of during the pre-IPO (45%).

As a result of the transactions described above the Company lost control of Private Equity Managers S.A. As at 31 December 2014 MCI Management S.A. holds 10,25% shares of PEM. Since 1 July 2014 the company above is an associated entity.

## **26. Purchase of additional shares in the associated entity**

In 4Q 2014 the Company purchased additional 4,25% shares in Private Equity Managers S.A. The purchase price of these shares was TPLN 11.477.

## **27. Operating segments**

**SEGMENT A – INVESTMENTS** – direct investment activity of private equity / venture capital comprises purchasing and disposing of financial assets on the Group's entities own account. Hence, the most significant assets of this segment comprise shares in companies and financial instruments such as bonds, investment certificates, foreign bills of exchange, borrowings and deposits. Currently this is the main segment of the MCI Group.

**SEGMENT B – CAPITAL MANAGEMENT** – foreign investment capital management - comprises assets and liabilities related to external operations of providing capital management services (in particular investment funds).

Currently the segment is fully assigned to the capital group Private Equity Managers SA. On 12 June 2014 the MCI Group lost control of the group mentioned above, thus operations of the segment at the end of the period are run through an associated entity.

All figures were presented in the consolidated financial statements of MCI Management S.A. for the year ended 31 December 2014.

## **28. Loan guarantees**

### **Guarantee of the loan granted by Alior Bank S.A. for the benefit of MCI.PrivateVentures FIZ**

On 28 September 2012 MCI Management S.A. guaranteed a loan granted by Alior Bank S.A. for the benefit of MCI.PrivateVentures closed-end investment fund, by signing "Declaration on submission to enforcement based on the bank writ of enforcement" as a guarantee of a loan of TPLN 60.000 granted for the benefit of

a sub-fund MCI.EuroVentures 1.0. The bank may proceed to enforcement up to TPLN 120.000 based on the writ of enforcement within 24 months following the day of the loan agreement termination.

#### **Guarantee of the loan granted by Alior Bank S.A. for the benefit of MCI.CreditVentures 2.0**

On 15 May 2014 MCI Management S.A. guaranteed a loan granted by Alior Bank S.A. for the benefit of MCI Credit Ventures 2.0 , by signing "Declaration on submission to enforcement based on the bank writ of enforcement" as a guarantee of a loan of TPLN 15.300 granted for the benefit of MCI Credit Ventures 2.0. The bank may proceed to enforcement up to TPLN 30.600 based on the writ of enforcement within 24 months following either the date of the loan agreement termination or the maturity date of total liabilities.

#### **Guarantee of the loan granted by Alior Bank S.A. for the benefit of MCI. PrivateVentures FIZ**

On 11 September 2014 MCI Management S.A. guaranteed a loan granted by Alior Bank S.A. for the benefit of MCI.PrivateVentures closed-end fund by signing "Declaration on submission to enforcement based on the bank writ of enforcement" as a guarantee of a loan of TPLN 65.000 granted for the benefit of sub-fund MCI.EuroVentures 1.0. The bank may proceed to enforcement up to TPLN 130.000 based on the writ of enforcement within 24 months following either the date of the loan agreement termination or the maturity date of total liabilities.

#### **Guarantee of the loan granted by Raiffeisen Bank Polska S.A. for the benefit of MCI Venture Projects Sp. z o.o. VI SKA**

On 16 February 2015 MCI Management S.A. guaranteed a loan of TPLN 30.000 granted by Raiffeisen Bank Polska S.A. for the benefit of MCI Venture Projects Sp. z o.o. SKA by signing "Guarantee repayment of all liabilities". Under the Guarantee the Company is obligated to repay to the bank each amount of up to TPLN 45.000. The guarantee is valid until 1 October 2017.

## **29. Contingent assets and liabilities**

### **Contingent assets**

#### **As regards claim against Anna Hejka**

These are described in **Note No. 15** "*Litigations before court, arbitration authority or public administration authority*" in the Directors' Report for 2014.

### **Contingent liabilities**

#### **As regards claims for compensation – Anna Hejka**

These are described in **Note No. 15** "*Litigations before court, arbitration authority or public administration authority*" in the Directors' Report for 2014.

## **30. Incentive programme**

### **Incentive programme for Members of the Supervisory Board in 2014**

On 28 April 2014 the Shareholders' Meeting of MCI Management S.A. passed a resolution on an incentive programme for the Supervisory Board for 2014.

The programme is addressed to members of the Supervisory Board who incessantly remained members of the Supervisory Board between 30 June 2014 and the termination date (a day on which ends the Shareholders' Meeting during which the Company's Financial Statements for 2014 were approved of).

Members of the Supervisory Board who perform their duties as Supervisory Board members in this time space are entitled to purchase from the Company a number of shares on conditions defined in the resolution

and of a value not exceeding TPLN 100. The members of the Supervisory Board are authorised to dispose of the Company's shares purchased under the realisation of the Buy Back Programme.

Every entitled member of the Supervisory Board shall be obligated to pay the Company a price defined in the resolution for each share purchased from the Company.

The price for all shares purchased by an entitled member of the Supervisory Board shall be paid in full by this entitled member not later than on the day of concluding such agreement, prior to the transfer of shares ownership to the entitled member of the Supervisory Board, unless the Company agrees in the contract to a different manner of settling the price. The Company and the entitled member of the Supervisory Board may agree that the disposal of shares by the Company to the entitled member of the Supervisory Board takes place through an investment company and such transaction shall be settled by the end of 2015.

Entitled members of the Supervisory Board cannot transfer rights acquired under this resolution, unless the Company agrees otherwise.

TPLN 201 were disclosed in 2014 expenses on account of the incentive programme for members of the Supervisory Board for 2014.

There was no incentive programme for members of the Supervisory Board in 2013.

#### **Incentive programme for Members of the Board of Directors in 2014**

On 30 May 2014 the Supervisory Board of MCI Management S.A. passed a resolution on the Option Programme for Board Members in 2014.

The Option Programme is addressed to Board Members who have been given the right to additional remuneration for performing the obligations of Member of the Board of Directors. The Option Programme gives Board Members the right to purchase from the Company a number of shares on conditions defined in the resolution.

The condition of purchasing shares by entitled Board Members as part of additional remuneration is to remain on the position of the Company's Board Member during the whole period of entitlement (including the termination date - this is a date indicated by the Supervisory Board falling not sooner than 15 days and not later than 90 days following the termination date of the Company's Shareholders' Meeting during which the Financial Statements for 2014 were approved of) as well as to execute at least 75% of priorities defined for 2014 in the Company's Business Plan for 2014 approved of by the Supervisory Board on 2 April 2014, or in the contract concluded by the Company with an entitled Member of the Board of Directors.

By 30 April 2015 the Supervisory Board shall determine if the condition defined above has been met and shall decide on a precise termination date.

The number of shares which will be offered to entitled Board Members under the granted right to shares shall be defined by the Supervisory Board on the termination date in line with rules defined in the resolution.

The value of entitlement for the entitled Board Member shall be determined by the Supervisory Board on the termination date in line with rules defined in the resolution. In any case, the value of the entitlement shall not be higher than the base value, which is TPLN 200.

Every entitled member of the Board of Directors shall be obligated to pay the Company a price defined in the resolution for each share purchased from the Company.

The price for all shares purchased by an entitled member of Board of Directors shall be paid in full by this entitled member not later than on the day of concluding such agreement, prior to the transfer of shares ownership to the entitled member of the Board of Directors, unless the Company agrees in the contract to a different manner of settling the price. The Company and the entitled member of the Board of Directors may agree that the disposal of shares by the Company to the entitled member of the Supervisory Board takes place through an investment company and such transaction shall be settled by the end of 2015.

Entitled members of the Board of Directors cannot transfer rights acquired under this resolution, unless the Company agrees otherwise.

TPLN 249 were disclosed in 2014 expenses on account of the incentive programme for members of the Board of Directors for 2014.

TPLN 657 were disclosed in 2013 expenses and TPLN 1.014 were disclosed in 2014 expenses on account of the incentive programme for members of the Board of Directors.

### **Incentive programme for Mr Tomasz Czechowicz**

Under the resolution of the Supervisory Board dated 30 May 2014 due to the fact that Mr Tomasz Czechowicz does not receive remuneration for performing his function as Board Member and in line with the Company's intention to strengthen the relationships and interests with Mr Tomasz Czechowicz, the Supervisory Board granted Mr Tomasz Czechowicz additional remuneration, i.e. the right to purchase the Company's 50.000 shares at the price defined in the resolution.

The incentive programme was executed in 2014.

TPLN 437 were disclosed in 2014 expenses on account of the incentive programme for Tomasz Czechowicz.

There was no additional incentive programme for Tomasz Czechowicz in 2013, apart from the programme for the Board of Directors.

### **31. Remuneration paid to auditor of the Financial Statements (net)**

	<b>Period from: 01.01.2014 to 31.12.2014 PLN'000</b>	<b>Period from: 01.01.2013 to 31.12.2013 PLN'000</b>
Audits of annual Financial Statements	126	129
Half-year reviews of Financial Statements	85	63
Other services	12	-
	<b>223</b>	<b>192</b>

### **32. Operating leasing agreements**

As at the balance sheet date the Company does not utilise any assets under operating leasing agreements. The Company incurs expenses related to the lease of premises on which it operates. The agreements are usually concluded for an indefinite period of time with a notice period of 1-3 months. The annual lease cost incurred by the Company is TPLN 120 (in 2013 - TPLN 105).

### **33. Financial leasing liabilities**

As at 31 December 2014 and 2013 the Company had no liabilities on financial leasing.

### **34. Financial risk management**

#### **INVESTMENT RISK**

The essence of the venture capital investments is the possibility of obtaining higher rates of return through investing in projects of higher risk level.

Prior to making a venture capital investment, a business plan needs to be thoroughly analysed, which, however, does not always ensure that company development will go as planned. This relates particularly to technology investments which have yet no use on the market, hence, are difficult to evaluate. If a business model of a company is not successful, it can negatively affect the value of investment, of which also incurring

losses. As a result, this could negatively affect the company's profit through the measurement of investment certificates held by the company.

#### **Risk related to measurement of managed companies affecting the value of managed assets**

Once a quarter the MCI Group measures the fair value of assets held in funds, and the measurement value translates to the value of managed assets and the level of received remuneration.

Funds whose investment certificates are held by companies from the MCI Capital Group invest their capital for 5 to 10 years. Companies which are not listed on the stock exchange receive financing. Hence, liquidity of such investments is limited and the profit is realised through disposal of a company's shares usually to sector investors or financial investors. It is not certain if the funds find buyers for their investments in future and if they are able to achieve planned rates of return. The risk of economic downturn and downturn on stock exchange may additionally make it more difficult to exit or materially restrict the potential rate of return. As a result, this could negatively affect the Group's profit/loss.

#### **Competition risk related to acquiring new investment projects**

The MCI Group's development is closely linked to possibilities of making new investments in promising and technologically advanced economic projects. The market observes increased competition of other funds (venture capital, Private equity) and business angels interested in making investments in companies from the new technologies sector. The MCI Group's Board of Directors has addressed this risk through geographical expansion to new and perspective markets where the competition is smaller. A material competitive advantage of MCI Management S.A. is its recognition in Poland and abroad, which allows to acquire new projects.

#### **Risk related to the structure of investment funds portfolio**

An important aspect of creating the portfolio is its appropriate diversification, which aims at mitigating the investment risk. The Company tries to mitigate this risk through limiting the level of capital invested in one project. As at the publication date of the report the portfolio of investment funds owned by MCI includes three companies, whose share in net assets of particular funds exceeded 20%, i.e. ABC Data S.A., Netia S.A. (indirectly through portfolio companies) and one non-public company. As at the measurement of 31 December 2014 investments in these companies were 34,9%; 20,1% and 20,5% respectively. The four largest investments constituted 40,1% of the managed assets portfolio.

#### **Foreign exchange risk**

Funds make investments also in currencies other than zloty. As at 31 December 2014 investments in currencies other than zloty constituted 31,3% of the managed assets portfolio. Due to this fact, currency fluctuations will affect the reported investment value which will fall if zloty is appreciated against other currencies in which particular investments are run. Fluctuations of investment currencies (due to lower income from sales of investments) may lower the value of managed assets and hence lead to a decrease of MCI revenues. The managing company (Private Equity Managers S.A) executes a policy of securing the foreign exchange risk through adjusting a proper currency of financing to the original currency of investment.

### **RISK FACTORS RELATED TO ENVIRONMENT IN WHICH THE MCI GROUP RUNS ITS OPERATIONS**

#### **Risk of changes to the legal, tax, regulations and economy system**

In the MCI Group's environment changes to the legal, tax, regulations and economy system may take place. This may result in changes in the economic situation such as increase of interest rates, economic downturn, worsened situation in the industry sector in which the company operates or invests, and other regulatory changes affecting the taxation of revenues obtained by the Company. These elements may negatively affect the Company's profit.

### **Risk of innovative technologies downturn**

The majority of the current investment portfolio of the managed funds, as well as their planned investments, is realised in the sector of innovative technologies. A downturn in this industry sector may materially affect the number and scope of investment projects realised by the funds, as well as their profitability, which in turn, may lead to material decrease of the Company's profit.

### **Political risk**

Political and economic situation in some countries where MIC Group's funds invested, or intend to invest in future, may be instable, which may affect portfolio companies and their value and, in consequence, affect the value of investment certificates held by MCI.

### **CURRENCY RISK**

In the period from 1 January to 31 December 2014 the Company did not make any transactions which could put it to currency risk.

### **LIQUIDITY RISK**

Due to the character of transactions and of financial assets the liquidity risk is small. The Company manages the liquidity risk through monitoring payment deadlines and monies demand for servicing payments (ongoing transactions monitored on a weekly basis) and cash demand. Cash demand is compared against available sources of financing (especially by evaluating the possibilities of obtaining financing in the form of loans, borrowings, bonds) and it is confronted with investments with free monies.

The Company manages the risk through monitoring liquidity ratios based on carrying amounts, analysing the level of liquid assets in relation to cash flows and maintaining access to diverse sources of financing (of which also to credit facilities).

The liquidity management process is optimised through centralised management of funds in the MCI Group where liquid excesses of cash generated by individual companies from the Group are invested in borrowings and other instruments issued by companies from the Group (less credit risk). The surpluses of the Company's cash are invested in current liquid financial instruments, e.g. bank deposits.

### **CREDIT RISK**

The Company's credit risk is primarily related to bank deposits. The maximum amount put to credit risk equals carrying amounts of deposits. The Company concludes bank deposit agreements with entities of high creditworthiness and it deposits its cash for short periods.

## **35. Description of material accounting policies**

Material accounting policies applied while preparing these Financial Statements have been presented below. The policies have been applied in all presented periods in a continuous manner, unless specified otherwise.

### **Continuation as going concern**

The company's 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. 31 December 2014. As at the Financial Statement's date 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.

### **Subsidiaries**

Investments in subsidiaries are measured at fair value through profit or loss and other comprehensive income for the current period in accordance with IAS 27.10.

Fair value of investments in subsidiaries (not running investment activities) is determined based on adjusted net asset value of every subsidiary as at the balance sheet date. The adjusted net asset value is determined based on measurement of net asset value of funds which issue investment certificates in which subsidiaries invest. A value of investment certificates of these funds is, in turn, based on measurement at fair value of investments in portfolio companies. The fair value is adjusted with liabilities of funds.

### **Associated entities**

An associated entity is an entity much affected by an investor who participates in decision-making related to the financial and operational policies of an entity in which investments have been made. However, such investor does not control these policies.

In line with IFRS 28.18 the Group measures its investments in associated entities or joint ventures at fair value through profit/ loss in line with IFRS 9.

Measurement of investments in associated entities at fair value is disclosed in the consolidated financial statements and in the individual financial statements in line with IFRS 27.11.

Measurement of investments in associated entities at fair value is based on:

- for listed companies – quotations of shares on the public market as at the balance sheet date,
- for companies not listed on the public market:
  - at fair value of net assets of an associated entity as at the balance sheet date or,
  - for representative sales transactions of shares of an associated entity in the reporting period – at the value of the share from this sales transaction.

### **Foreign currencies**

As at the balance sheet date financial assets and liabilities denominated in foreign currencies are converted according to the average rate determined by the National Bank of Poland applicable on that day. Profits and losses arising on the currencies translations are disclosed directly in the statement of profit and loss, except for if they arose as a result of measurement of non-monetary assets and liabilities when changes of fair value are disclosed directly in equity.

### **Employee benefits**

Amounts of short-term employee benefits (other than those on account of employment termination and compensation benefits) are recognised as liabilities, after acknowledging all amounts which have already been paid, and at the same time they are posted as costs of the period, unless the benefit shall be recognised as original costs of the asset.

Employee benefits in the form of paid absences are recognised as liabilities and costs at the moment when employees performed work if the work performed causes an increase of possible future paid absences, or at the moment when they occur if there is no connection between work and increase of possible future paid absences.

### **Share-based payments**

Equity compensation plans include shares, share options and other capital instruments issued by an entity, as well as cash payments whose value depends on the future market price of the entity's shares.

The total amount charged to costs during the period, when staff obtains entitlements to realise options, is determined based on fair value of granted options, with exclusion of the effect of potential non-market conditions of obtaining entitlements (e.g. goals to achieve as regards profitability and sales increase).

Proceeds from realisation of options (less transaction costs directly related to the realisation) are disclosed in share capital (nominal value) and share premium account (sales of shares above their nominal value).

### **Taxes**

The obligatory charges to profit include current tax and deferred tax. Current tax is calculated based on tax result (tax base) for the reporting period. Tax profit (loss) differs from accounting profit (loss) due to exclusion of taxable income and tax deductible costs in the following periods, as well as items of income and expenses which shall never be subject to taxation. Tax burden is calculated based on tax rates applicable in a given reporting period.

Deferred tax is calculated using the balance sheet method as tax to be paid or reimbursed in the future on differences between the carrying values of assets and liabilities and the respective tax values applied to calculate the taxable amount.

Deferred tax provision is established on all positive temporary differences subject to taxation, whereas a component of deferred tax assets is recognised up to the amount in which it is likely to reduce future tax profits by recognised negative temporary differences.

An item of assets or a tax liability does not arise if temporary differences arise on goodwill or on initial recognition of a different item of assets or liabilities in a transaction which does not affect either the tax or accounting result.

The value of the deferred tax component is subject to an analysis as at each reporting date and if the expected future tax income is insufficient to realise the component of assets or part thereof, it is written off.

Deferred tax is calculated with tax rates which are applicable when an item of assets is realised or a liability becomes due.

Deferred tax is recognised in the statement of comprehensive income, except for when it relates to items directly recognised in the equity. In the latter case deferred tax is also charged directly to equity.

### **Financial instruments**

Assets and financial liabilities are disclosed in the Company's balance sheet at the moment when the Company becomes a party to a binding agreement.

The Company classifies financial instruments to the following categories: components of financial assets or financial liabilities measured at fair value through profit/loss, held-to-maturity investments, borrowings and receivables, financial assets available for sale.

#### **Financial assets measured at fair value through profit/ loss at initial recognition**

The Company classifies the following components of financial assets at fair value through profit/ loss: investments in subsidiaries and associated entities, investment certificates, derivatives.

Investments in subsidiaries and associated entities are measured at fair value through profit/ loss at initial recognition in line with IFRS 10 and 28. The measurement method at fair value depends on the type of available source information applied during the measurement. For entities whose shares are not quoted on the active market the fair value is determined based on measurement techniques commonly applied by market participants. These measurement techniques are not based on information coming from the active market and are the best indication of fair value of these entities.

The fair value of investment certificates is determined based on net asset value of funds.

The fair value of derivatives is determined based on measurements at fair value with the use of available source information.

Changes in fair value of these assets are disclosed in the income statement under "Profit (loss) on investments".

Financial assets are disclosed under the following items:

- ✓ Investments in subsidiaries,
- ✓ Investments in associated entities;
- ✓ Investment certificates;
- ✓ Derivatives.

### **Financial income**

Financial income includes dividends or interest generated by a component of financial assets.

### **Impairment of financial assets other than measured at fair value through profit/ loss**

As at each balance sheet date the Company evaluates if there is objective evidence for impairment of a financial assets component or a group of financial assets.

For assets disclosed at amortised cost if there is objective evidence that an impairment loss has been incurred, the amount of the impairment write-off equals the difference between the carrying value of a financial assets component and the current value of estimated future cash flows (exclusive of future losses on uncollected receivables which have not yet been incurred), discounted through applying the primary effective interest rate (i.e. interest rate determined at initial recognition). The impairment amount is disclosed in the statement of profit and loss.

In the first place the Company assesses if there is objective evidence for impairment of financial assets components which are material as individual components, as well as evidence for impairment of financial assets which are not material as individual assets. Objective evidence for impairment of financial assets components or of a group of assets include information obtained by a holder of asset components and relating to the following events:

- ✓ the issuer or debtor having material financial difficulties,
- ✓ not keeping terms of an agreement,
- ✓ the lender grants the borrower certain facilities due to the borrower's economic difficulties,
- ✓ high probability of the borrower's bankruptcy or other financial restructuring,
- ✓ disappearance of an active market for a given financial asset due to financial difficulties.

If a conducted analysis reveals that there is no objective evidence for impairment of a financial asset component which was tested individually, regardless of its being material or immaterial, the Company includes this component to a group of financial assets with a similar credit risk and tests it for impairment jointly. Assets which are tested for impairment individually and for which an impairment write-off has been disclosed, or for which it has been decided that the current write-off shall not be changed, are not considered for joint tests for impairment. If the impairment write-off decreases in the following period and this decrease is objectively connected with an event taking place after the recognition of the write-off, the write-off recognised previously is reversed. The reversal of the impairment write-off is disclosed in the statement of profit and loss in the amount in which the carrying value of the asset component did not exceed its amortised cost/ recoverable amount as at the reversal date.

### **Cash and cash equivalents**

Cash and short-term deposits include cash at bank and short-term deposits with an original maturity of up to three months.

### **Financial liabilities**

After the initial recognition the Company measures financial liabilities at amortised cost with the use of the effective interest rate method. Financial liabilities are disclosed under the following items:

- ✓ loans, borrowings,
- ✓ bonds,
- ✓ bills of exchange,
- ✓ trade and other payables.

Profits and losses in measurements of financial liabilities are disclosed in the statement of profit and loss under financial income and expenses.

## **Provisions for liabilities**

Provisions for liabilities are established when the Company is under present obligation (legal or customary) resulting from past events and it is probable that meeting this obligation will cause a reduction of the Company's economic benefits and that one may reliably estimate the liability amount. If the Company expects that costs for which a provision was established will be refunded (e.g. under an insurance agreement), this refund is disclosed as a separate asset component, but only if there is a certainty that this refund will take place. Costs related to a given provision are disclosed in the statement of profit and loss less any refunds. Provisions for future operating losses are not established.

## **Functional currency. Disclosure of figures in the Financial Statements**

Items in the Financial Statements related to the Company are presented in a currency applicable in the economic environment in which the Company operates ("functional currency"), i.e. Polish zloty. Figures in the Financial Statements are presented in thousand zlotys.

## **Changes in the accounting standards**

The Company's Financial Statements have been prepared according to International Financial Reporting Standards ("IFRS") approved of by the European Union, applicable as at 31 December 2014.

In 2014 the Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and authorised for use in the EU, applicable to the Company's operations and relevant for the accounting period from 1 January 2014.

A number of Standards, amendments to Standards and Interpretations do not apply yet or have not been approved of by the European Union for reporting periods ending on 31 December 2014 and these were not applied in the Financial Statements. From among the new Standards, amendments to Standards and Interpretations these presented below shall materially affect the Company's Financial Statements.

## **Standards and Interpretations approved of by the EU which have not yet entered into force for reporting periods ended on 31 December 2014**

### **Changes to IFRS 2010-2012**

#### **IFRS 2**

Share-based payments (applicable since 1 February 2015) explaining the definition of "conditions of obtaining entitlements" from Appendix a to IFRS 2 through a separate definition of terms and conditions which need to be met and terms of providing services.

The Company is evaluating potential effects on the Financial Statements.

### **Standards and Interpretations awaiting the approval by the European**

#### **IFRS 9 Financial Instruments**

The new standard replaces Financial instruments contained in IAS 39: recognition and measurement, classification guidelines, measurement of financial assets, including impairment guidelines. IFRS 9 eliminates from IAS 39 categories of financial assets: held-to-maturity, available for sale and borrowings and receivables.

In line with the new standard financial assets at initial recognition shall be classified to one of three categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value through profit/ loss or;
- financial assets measured at fair value through other comprehensive income.

A component of financial assets is classified to categories measured at initial recognition at amortised cost if the following two conditions are met:

- assets are kept in a business model whose aim is to maintain assets to obtain cash flows arising from the contract; and
- its contractual terms and conditions lead to arising cash flows which only constitute a repayment of equity and interest on the unpaid part of equity.

If the above conditions are not met (as in the case of equity instruments of other entities), the component of financial assets is measured at fair value.

Profits and losses on measurement of financial assets at fair value are disclosed in profit/ loss for current period, except for assets held in a business model whose aim is to keep assets both to obtain cash flows from contracts and their sale - for these assets profits and losses on measurement are disclosed in other comprehensive income.

If an investment in an equity instrument is not intended for trade, IFRS 9 provides a possibility to make an irreversible decision to measure such a financial instrument at initial recognition at fair value through other comprehensive income. This choice can be made separately for each instrument. Amounts disclosed in other comprehensive income in relation to the above measurement cannot be reclassified to the profit/loss for the period in the following periods.

The new standard keeps almost all current requirements of IAS 39 as regards classification and measurement of financial liabilities and exclusion of financial assets and liabilities. However, IFRS 9 requires that the change of fair value related to the change of credit risk of financial liabilities which at initial recognition were measured at fair value through profit/ loss be presented in other comprehensive income. Only the remaining profit/loss on measurement at fair value shall be disclosed in profit/loss for the current period. However, if application of this requirement caused lack of proportionality of income and costs, or if financial liabilities arose on obligations to grant a borrowing or financial guarantees contracts, the whole change of fair value would be disclosed in profit/loss for the current period.

As regards estimates of financial assets impairment IFRS 9 replaces the model of "loss incurred" contained in IAS 39 with a model of "loss expected", which means that an event causing the loss will not need to precede its identification and write-off establishment. The new principles aim at avoiding situations when write-offs for credit losses are established too late and in insufficient values.

In brief, the model of "loss expected" uses two approaches to loss estimation, according to which a loss is determined based on:

- credit loss expected within 12 months, or
- life-time expected loss

The choice which approach will be applied depends on whether there has been a material increase of credit risk for a given asset component since its initial recognition. If the credit risk related to financial assets has not increased materially as compared to its level at initial recognition, impairment write-off of these financial assets shall equal the loss expected within 12 months. However, if there has been a material increase of credit risk, impairment write-off of these financial assets shall equal the expected loss over the whole life-time of this instrument, which will simultaneously increase the value of the recognised write-off. This standard assumes that if there are no counterarguments, a sufficient criterion for identification of a life-time expected loss is a payment outstanding for 30 days.

It is expected that at the moment of application the new standard shall affect the Financial Statements materially. However, prior to its first application, the entity is not able to carry out an analysis of how the standard affects the financial statements. The company has not yet chosen the date of the standard's first application.

### **IAS 27 Separate Financial Statements**

(effective from 1 January 2016) concerns the equity method in the separate financial statements.

Changes introduce the possibility of recognition of investments in subsidiaries, joint ventures and associates in the separate financial statements using the equity method, in addition to currently existing valuation model

at acquisition cost and fair value model. For the periods for which the standard will apply for the first time the unit will take into account possibility of choice the recognition method of investments in subsidiaries, joint ventures and associates.