TRANSLATION

MCI Capital S.A.

Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2015

The opinion contains 3 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 2015

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 Capital S.A.

Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of *MCI Capital 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 2015, 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 and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance. 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 Capital S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2015 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.

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. Inflancka 4A
00-189 Warsaw

Signed on the Polish original
....
Ewa Józwik
Key Certified Auditor
Registration No. 11154

Signed on the Polish original
....
Stacy Ligas
Member of the Management Board of
KPMG Audyt Sp. z o.o., entity which is the
General Partner of KPMG Audyt Spółka
z ograniczoną odpowiedzialnością sp.k.

21 March 2016

TRANSLATION

MCI Capital S.A.

Supplementary report
on the audit of the separate
financial statements
Financial Year ended
31 December 2015

The supplementary report contains 9 pages

The supplementary report on the audit
of the separate financial statements
for the financial year ended
31 December 2015

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

Contents

1. General

1.1. General information about the Company

1.1.1. Company name

MCI Capital S.A. (formerly: MCI Management S.A.)

The Management Board of MCI Capital S.A. (formerly: MCI Management S.A.), with its registered office in Warsaw, informed in the current report dated 3 December 2015 that the Company was notified on 2 December 2015 by the District Court for the Capital City of Warsaw, XII Commercial Department of the National Court Register about the changes in § 1. 1 and 2, § 7. 1 and § 7. 13 Statutes of the Company, in particular the change of the Company name from "MCI Management Spółka Akcyjna" to "MCI Capital Spółka Akcyjna".

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:	PLN 61 779 619

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2015, the Management Board of the Company was comprised of the following members:

- Tomasz Czechowicz – President,
- Wojciech Marcińczyk – Vice-president,
- Ewa Ogryczak – Vice-president,
- Tomasz Masiarz – Board Member.

The following changes occurred in Management Board during the year 2015:

- On 16 June 2015 Cezary Smorszczewski resigned from the position of a President of the Management Board.
- On 16 June 2015 Supervisory Board appointed Tomasz Czachowicz to the position of a President of the Management Board.
- On 16 June 2015 Supervisory Board appointed Wojciech Marcińczyk to the position of a Vice-president of the Management Board.

- On 16 June 2015 Supervisory Board appointed Ewa Ogryczak to the position of a Vice-president of the Management Board.
- On 16 June 2015 Supervisory Board appointed Tomasz Masiarz to the position of a Vice-president of 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 Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office:	ul. Inflancka 4A, 00-189 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 Audyt 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 2014 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The separate financial statements were approved at the General Meeting on 3 June 2015 where it was resolved to fully allocate the net profit for the prior financial year of PLN 352 281 thousand to reserve capital.

The separate financial statements were submitted to the Registry Court on 12 June 2015.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of MCI Capital 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 2015, 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 17 July 2015 concluded on the basis of the resolution of the Supervisory Board dated 13 March 2015 on the appointment of the auditor.

We conducted our 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") and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance.

We audited the separate financial statements at the Company during the period from 23 November 2015 to 21 March 2016.

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 2015, item 1011 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	**31.12.2015 PLN '000**	**% of total assets**	**31.12.2014 PLN '000**	**% of total assets**
Non-current assets				
Property, plant and equipment	349	0.0	472	0.0
Intangible assets	-	0.0	1	0.0
Investment certificates	185,446	13.3	154,601	12.6
Investments in subsidiaries	1,095,921	78.4	991,861	81.1
Investments in associates	41,726	3.0	34,853	2.8
Investments in other entities	7	0.0	7	0.0
Loans to related parties	1,302	0.1	-	0.0
Deferred tax assets	3,603	0.3	1,862	0.2
Derivatives	1,784	0.1	8,847	0.7
Total non-current assets	**1,330,138**	**95.2**	**1,192,504**	**97.5**
Current assets				
Trade and other receivables	1,558	0.1	1,978	0.2
Receivables from bills of exchange	4,705	0.3	7,000	0.6
Loans to related parties	381	0.0	5,947	0.5
Loans to other entities	603	0.0	748	0.1
Cash and cash equivalents	60,326	4.3	15,278	1.2
Total current assets	**67,573**	**4.8**	**30,951**	**2.5**
TOTAL ASSETS	**1,397,711**	**100.0**	**1,223,455**	**100.0**

EQUITY AND LIABILITIES	**31.12.2015 PLN '000**	**% of total assets**	**31.12.2014 PLN '000**	**% of total assets**
Equity				
Share capital	61,780	4.4	62,732	5.1
Reserve capital	926,209	66.3	577,621	47.2
Other reserve capital	43,644	3.1	43,188	3.5
Treasury shares	(150)	0.0	(5,089)	-0.4
Retained earnings from previous years	1,671	0.1	1,671	0.1
Net profit	121,463	8.7	352,281	28.8
Total equity	**1,154,617**	**82.6**	**1,032,404**	**84.4**
Non-current liabilities				
Received loans and borrowings	148	0.0	186	0.0
Bonds issued	137,240	9.8	162,541	13.3
Total non-current liabilities	**137,388**	**9.8**	**162,727**	**13.3**
Current liabilities				
Trade and other payables	599	0.0	364	0.0
Bonds issued	93,316	6.7	2,872	0.2
Bills of exchange issued	-	0.0	13,430	1.1
Received loans and borrowings	41	0.0	41	0.0
Short-term provisions	11,750	0.8	11,617	0.9
Total current liabilities	**105,706**	**7.6**	**28,324**	**2.3**
Total liabilities	**243,094**	**17.4**	**191,051**	**15.6**
TOTAL EQUITY AND LIABILITIES	**1,397,711**	**100.0**	**1,223,455**	**100.0**

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

	1.01.2015 - 31.12.2015 PLN '000	1.01.2014 - 31.12.2014 PLN '000
Revaluation of shares	110,440	357,843
Revaluation of investment certificates	22,676	1,815
Investment profits	**133,116**	**359,658**
General and administrative expenses	(5,640)	(9,032)
Other operating income	2,651	233
Other operating expenses	(674)	(314)
Results from operating activities	**129,453**	**350,545**
Finance income	8,571	12,452
Finance expenses	(11,241)	(12,086)
Valuation of derivatives	(7,062)	8,847
Profit before tax	**119,721**	**359,758**
Income tax expense	1,742	(7,477)
Net profit	**121,463**	**352,281**
Other comprehensive income	-	-
Total comprehensive income for the period	**121,463**	**352,281**
Earnings per share - continuing operations		
Basic earnings per share (PLN)	1.94	5.63
Diluted earnings per share (PLN)	1.84	5.30

2.2. Selected financial ratios

		2015	2014	2013
1.	**Total assets**	1,397,711	1,223,455	938,973
2.	**Investments in subsidiaries and associates**	1,137,647	1,026,714	744,713
3.	**Investment certificates**	185,446	154,601	30,404
4.	**Equity (not including net profit for the period)**	1,033,154	680,123	636,377
5.	**Profit for the period**	121,463	352,281	118,668
6.	**Return on investments**			
	profit for the period x 100% / investments profit	91.2%	97.9%	88.4%
7.	**Return on equity**			
	profit for the period x 100% / equity - profit for the period	11.8%	51.8%	18.6%
8.	**Debt ratio**			
	total liabilities x 100% / total equity and liabilities	17.4%	15.6%	19.6%
9.	**Current ratio**			
	current assets / current liabilities	0.6	1.1	1.2

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. Inflancka 4A
00-189 Warsaw

Signed on the Polish original	*Signed on the Polish original*
....	....
Ewa Józwik Key Certified Auditor Registration No.11154	Stacy Ligas Member of the Management Board of KPMG Audyt Sp. z o.o., entity which is the General Partner of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

21 March 2016

MCI Capital S.A.

Financial Statements
for the financial year ending on 31 December 2015

For the shareholders of MCI Capital S.A.

In accordance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Journal of Laws of 2014, No 133), the Management Board of the entity is obliged to procure preparation of the financial statements in accordance with governing accounting principles, which presents the true, fair and clear view of the financial and material situation of MCI Capital S.A. for the financial year ending on 31 December 2015 and its financial result for the financial year ending on that day.

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

Name:	Position/Function	Signature
Tomasz Czechowicz	President of the Management Board	
Ewa Ogryczak	Vice-President of the Management Board	
Wojciech Marcińczyk	Vice-President of the Management Board	
Tomasz Masiarz	Board Member	

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

Warsaw, 21 March 2016

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SELECTED FINANCIAL DATA

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s	For the period of: from 1 Jan 2015 to 31 Dec 2015 EUR 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 EUR 000s
Investment profits	133,116	359,658	31,809	85,852
Results from operating activities	129,453	350,545	30,934	83,676
Profit/(loss) before tax	119,721	359,758	28,609	85,875
Net profit	121,463	352,281	29,025	84,091
Net cash from operating activities	1,290	25,082	308	5,987
Net cash from investing activities	2,605	(50,068)	622	(11,951)
Net cash from financing activities	41,153	(2,177)	9,834	(520)
Net increase/decrease in cash and cash equivalents	45,048	(27,163)	10,765	(6,484)

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s	As of 31 Dec 2015 EUR 000s	As of 31 Dec 2014 EUR 000s
Total assets	1,397,711	1,223,455	327,986	287,041
Non-current liabilities	137,388	162,727	32,239	38,178
Current liabilities	105,706	28,324	24,805	6,645
Share capital	1,154,617	1,032,404	270,941	242,218
Reserve capital	61,780	62,732	14,497	14,718
Number of shares	61,779,619	62,732,377	61,779,619	62,732,377
Average weighted number of shares	62,654,068	62,522,566	62,654,068	62,522,566
Profit (loss) per one ordinary average weighted share (in PLN / EUR)	1.94	5.63	0.46	1.34
Book value per one share (in PLN / EUR)	18.69	16.46	4.39	3.86

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

- individual assets and liabilities as at the balance sheet date - according to the average exchange rate prevailing as at the balance sheet date, announced by the National Bank of Poland; respectively as at 31 December 2015 - 4.2615, and as at 31 December 2014 - 4.2623;
- individual items in the statement of profit and loss and other comprehensive income and the statement of cash flows for the period from 1 January to 31 December of the given year - at the average rate, calculated as the arithmetic average of exchange rates published by National Bank of Poland on the last day of the month during the period; respectively for the period from 1 January to 31 December 2015 – 4.1848 and from 1 January to 31 December 2014 - 4.1893.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ending on 31 December 2015

	NOTES	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Revaluation of shares	1	110,440	357,843
Revaluation of investment certificates	1	22,676	1,815
Investment profits		**133,116**	**359,658**
General and administrative expenses	2	(5,640)	(9,032)
Other operating income	3	2,651	233
Other operating expenses	3	(674)	(314)
Profit on operations		**129,453**	**350,545**
Finance income	4	8,571	12,452
Finance costs	4	(11,241)	(12,086)
Valuation of derivatives	1	(7,062)	8,847
Profit/(loss) before tax		**119,721**	**359,758**
Income tax expense	5	1,742	(7,477)
Net profit		**121,463**	**352,281**
Total other comprehensive income		**-**	**-**
Total comprehensive income for the period		**121,463**	**352,281**
Earnings per share			
Basic earnings per share (PLN)	6	1.94	5.63
Diluted earnings per share (PLN)	6	1.84	5.30

The statement on profit or loss and other comprehensive income should be read in conjunction with selected explanatory notes and the notes to the financial statements on pages 11 to 45.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2015.

	NOTES	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Fixed assets			
Property, plant and equipment		349	472
Intangible assets		-	1
Investment certificates	9	185,446	154,601
Investments in subsidiaries	7	1,095,921	991,861
Investments in associates	8	41,726	34,853
Investments in other entities		7	7
Loans to related parties	13	1,302	-
Deferred tax assets	5	3,603	1,862
Derivatives	1	1,784	8,847
		1,330,138	**1,192,504**
Current assets			
Trade and other receivables	11	1,558	1,978
Other financial assets - bills of exchange	12	4,705	7,000
Loans to related parties	13	381	5,947
Loans to other entities	13	603	748
Cash and cash equivalents	14	60,326	15,278
		67,573	**30,951**
Total assets		**1,397,711**	**1,223,455**
Owners' equity			
Reserve capital	16	61,780	62,732
Other reserve capital	16	926,209	577,621
Other comprehensive income		43,644	43,188
Treasury shares	16	(150)	(5,089)
Retained earnings		1,671	1,671
Current net profit		121,463	352,281
		1,154,617	**1,032,404**
Long-term liability			
Received loans		148	186
Debt securities	18	137,240	162,541
		137,388	**162,727**
Short-term liabilities			
Trade and other payables	17	599	364
Debt securities	18	93,316	2,872
Bills of exchange		-	13,430
Received loans		41	41
Provisions	19	11,750	11,617
		105,706	**28,324**
Total liabilities		**1,397,711**	**1,223,455**

The statement of financial position should be read in conjunction with selected explanatory notes and the notes to the financial statements on pages 11 to 45.

STATEMENT OF CHANGES IN EQUITY
for the period from 1 January to 31 December 2015.

PLN 000s	Reserve capital	Reserve capital				Other reserve capital			Treasury shares	Retained earnings	Current net profit	Other comprehensive income	Total equity
		Issue of shares as part of conversion of convertible bonds	Issue of shares - implementation of the management options programme	Issue of shares above their nominal value	Distribution of profits	Management options programme and other share-based payments	Measurement of the equity component of bonds	Unregistered increase in the share capital				Revaluation of financial assets available for sale	
As of 1 Jan 2014	**62,347**	**28,175**	**1,641**	**106,440**	**321,547**	**39,573**	**4,817**	**100**	**(8,959)**	**1,671**	**118,668**	**79,025**	**755,045**
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 result	-	-	-	-	118,667	-	-	-	-	-	(118,668)	-	(1)
Result of the period	-	-	-	-	-	-	-	-	-	-	352,281	-	352,281
As of 31 Dec 2014	**62,732**	**28,175**	**2,792**	**106,440**	**440,214**	**37,793**	**5,395**	**-**	**(5,089)**	**1,671**	**352,281**	**-**	**1,032,404**
													-
As of 1 Jan 2015	**62,732**	**28,175**	**2,792**	**106,440**	**440,214**	**37,793**	**5,395**	**-**	**(5,089)**	**1,671**	**352,281**	**-**	**1,032,404**
Incentive programmes from own shares	-	-	-	-	-	78	-	-	-	-	-	-	78
Redemption of own shares	(952)	-	-	-	(3,693)	-	-	-	4,645	-	-	-	-
Remuneration in the form of shares	-	-	-	-	-	636	-	-	101	-	-	-	737
Settlement of option programmes	-	-	-	-	-	(258)	-	-	193	-	-	-	(65)
Transfer of result	-	-	-	-	352,281	-	-	-	-	-	(352,281)	-	-
Result of the period	-	-	-	-	-	-	-	-	-	-	121,463	-	121,463
As of 31 Dec 2015	**61,780**	**28,175**	**2,792**	**106,440**	**788,802**	**38,249**	**5,395**	**-**	**(150)**	**1,671**	**121,463**	**-**	**1,154,617**

The statement of changes in equity should be read in conjunction with selected explanatory notes and the notes to the financial statements on pages 11 to 45.

STATEMENT OF CASH FLOWS
for the period from 1 January to 31 December 2015.

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Cash flows from operating activity		
Net profit for the financial year	**121,463**	**352,281**
Adjustments:		
Depreciation of tangible fixed assets	165	128
Revaluation of shares, certificates and derivatives	(126,054)	(359,658)
Measurement of management warrants / options	1,124	2,299
Costs of purchasing affiliates	-	(40,000)
Expenditure on the acquisition of subsidiaries	-	(11,484)
Costs of issue of bonds deducted by ERSTE	1,531	-
Costs of bonds issue paid	(1,867)	(1,267)
Financial revenue and expenses	3,088	(8,769)
Proceeds from sureties / guarantees	2,686	-
Flat-rate income tax collected	(6)	827
Reclassification of deferred tax from equity	-	8,480
Other adjustments	114	1,283
Change in deferred income tax	(1,742)	1,830
Change in receivables from certificates	-	(31,000)
Change in liabilities from certificates	-	37,987
Change in trade and other receivables	420	70,439
Change in trade and other payables	235	59
Change in loans granted	-	2,150
Increase/decrease in provisions	133	(503)
Net cash from operating activities	**1,290**	**25,082**
Cash flows from investment activity		
Dividends received	4,117	-
Proceeds from sale and repayment of promissory notes	7,130	19,229
Proceeds from loans granted	5,961	-
Proceeds from bonds	-	42,665
Proceeds from acquisition of subsidiaries	7	-
Expenditure on the purchase of tangible fixed assets	(41)	(322)
Expenditure on the purchase of promissory notes	(4,600)	(151,640)
Expenditure on loans granted	(1,300)	-
Expenditure on the purchase of certificates	(8,169)	-
Expenditure on the purchase of subsidiaries	(500)	-
Other investment income and expenses	-	40,000
Net cash from investing activities	**2,605**	**(50,068)**
Cash flows from financial activities		
Net proceeds from issue of shares and other instruments, equity and capital contributions	-	1,226
Issue of promissory notes	-	52,000
Issue of bonds	64,469	79,884
Repayment of credit with interest	(36)	(54)
Repayment of loans with interest	-	(1,860)
Repayment of promissory notes	(13,095)	(89,056)
Repayment of bonds	-	(35,350)
Interest paid on bonds	(10,185)	(8,967)
Net cash from financial activities	**41,153**	**(2,177)**
Net decrease in cash and cash equivalents	**45,048**	**(27,163)**
Opening balance of cash and cash equivalents	15,278	42,441
Closing balance of cash and cash equivalents	**60,326**	**15,278**

The statement of cash flows should be read in conjunction with selected explanatory notes and the notes to the financial statements on pages 11 to 45.

SELECTED EXPLANATORY INFORMATION

General information

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

- Statistical Number REGON: 932038308,
- NIP (tax ID): 899-22-96-521,
- The registered office of the Company is located at ul. Emilii Plater 53 in Warsaw,
- The life of the Company is unlimited

On 17 November 2015 the Company changed its name from "MCI Management S.A." to "MCI Capital S.A.". Detailed information is entered into current report RB 45/2015.

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

Basis for the drafting of the Financial Statements

These financial statements were prepared in accordance with the International Financial Reporting Standards as approved by the European Union (IFRS). The IFRS include standards and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") and incorporated into European Union law ("EU") in the form of implementing regulations of the European Commission.

Information concerning the preparation of the consolidated financial statements

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

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

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

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

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

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

The financial statements were approved by the Management Board of the Company on 21 March 2016.

Date of approval of the financial statements for the previous financial year

The financial statements were approved by the Management Board of the Company on 9 March 2015.

Functional currency and presentation currency

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

Judgements and estimates

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

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

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

Fair Value of Financial Instruments

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

Share-based payments

Determination of the value of individual programmes of share-based payments is based on estimates of the Company adopted for the fair value measurement of equity instruments granted, including: the actual strike price of shares of MCI Capital S.A. on the grant date, the estimate of historical volatility, risk-free interest rate, the expected dividend yield, the period in which the holder may exercise rights under the programme and accepted model of measurement. More information is included in **Note 21 *"Employee Benefits"***.

Accounting Policy

The accounting principles used in these financial statements are the same as those applied by the Company for the financial statements as at the date and for the year ended on 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS
for the period from 1 January to 31 December 2015.

1. Investment profits

The item of gains and losses arising from changes in the fair value includes revaluation of financial assets:
- shares and interests in subsidiaries, associates and other entities,
- investment certificates of closed-end investment funds ("FIZ") which belong to MCI,
- derivative instruments.

Revaluation of shares

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Measurement of subsidiaries		
MCI Fund Management Sp. z o.o.	106,716	53,806
MCI Ventures Sp. z o.o.	2	(2)
MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A.	(4,055)	107,607
MCI Fund Management Sp. z o.o. IV MCI.PrivateVentures S.K.A.	1,403	126,181
	104,066	**287,592**
Measurement of affiliates		
Private Equity Managers S.A.	6,374	70,429
	6,374	**70,429**
Measurement of other entities		
Digital Avenue S.A.	-	(178)
	-	**(178)**
	110,440	**357,843**

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

Revaluation of investment certificates

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Investment certificates of Helix Ventures Partners FIZ	746	1,254
Investment certificates of Internet Ventures FIZ	12,569	(1,104)
Investment certificates of MCI.CreditVentures FIZ	-	166
Investment certificates of MCI.CreditVentures FIZ 2.0	9,361	1,499
	22,676	**1,815**

Information on the measurement of the above items is presented in **Note 9 *"Investment certificates"***.

Revaluation of derivative financial instruments

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Embedded derivative on investment certificates Internet Ventures FIZ	(6,317)	6,317
Embedded derivative on investment certificates Helix Ventures Partners FIZ	(746)	2,530
	(7,062)	**8,847**

Carrying value of derivative financial instruments

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Embedded derivative on investment certificates Internet Ventures FIZ	-	6,317
Embedded derivative on investment certificates Helix Ventures Partners FIZ	1,784	2,530
	1,784	**8,847**

As at 31 December 2015 the embedded financial instrument, namely the mechanism of privileged distribution of funds invested in investments made by Ventures FIZ and Helix Ventures Partners FIZ, was measured. The company has a priority of return from invested funds in the event of the exit from the investment. As at 31 December 2015 measurement of the embedded derivative on investment certificates of Internet Ventures FIZ was PLN 0, since the funds earned to date from the sales of the Fund assets returned the entire commercial value of contributions to the Fund.

2. General and administrative expenses

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Depreciation of fixed assets and amortization of intangible assets	(165)	(128)
Consumption of materials and energy	(57)	(107)
Outsourced services	(2,269)	(3,571)
Taxes and fees	(18)	(152)
Wages and salaries	(2,856)	(4,221)
Employee benefits and social insurance	(103)	(76)
Other costs	(172)	(777)
	(5,640)	**(9,032)**

3. Other revenue and operating expenses

Other operating revenues

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
VAT refund*	2,048	-
Dissolution of unused incentive programs for 2014	450	-
Re-invoiced revenues	-	88
Other operating revenues	153	145
	2,651	**233**

*With the decision of the Tax Chamber in Warsaw, in the financial year of 2015 the Tax Office returned the VAT to the account of MCI Capital S.A. with interest due at PLN 2,048,000.

Other operating expenses

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Re-invoiced costs	-	(88)
Impairment write-downs on receivables and written off receivables	(664)	(41)
Annual adjustment of the VAT related to the structure	-	(4)
Other operating expenses	(10)	(181)
	(674)	**(314)**

4. Financial revenue and expenses

Financial revenues

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Revenues from dividends received*	4,117	4,350
Fee and commission income - fiduciary transactions, guarantees**	3,551	815
Revenues from interest on bonds	-	2,574
Revenues from interest on loans	147	434
Revenues from interest on bills of exchange	234	4,032
Profits and losses on exchange rate differences	353	-
Interest on short-term bank deposits	81	229
Other financial income	88	18
	8,571	**12,452**

*dividend received from Private Equity Managers S.A.

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

Financial expenses

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Cost of interest from:		
Bonds issued	(11,205)	(10,279)
Bills of exchange issued	(20)	(952)
Bank loans	(14)	(15)
Loans received	-	(89)
Budgetary interest or other interest	(2)	-
Profits and losses on exchange rate differences	-	(362)
Other	-	(389)
	(11,241)	**(12,086)**

5. Income tax

Income tax recognized in the statement of comprehensive income

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Income tax - current part	-	-
Flat-rate tax	-	(827)
Income tax - deferred part	1,742	(6,650)
	1,742	**(7,477)**

Reconciliation of income tax

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Profit/(loss) before tax	**119,721**	**359,758**
Income tax recognized in the financial result	(1,742)	7,477
Effective tax rate	(1.5%)	2.1%
Revenues which do not constitute tax revenues (-)	(162,303)	(382,642)
Income tax not included in the income statement (+)	4,029	210
Non-deductible cots included in the income statement	41,873	34,011
Tax costs not included in the income statement (-)	(12,448)	(15,181)
	(128,849)	**(363,602)**

Taxable amount	**(9,128)**	**(3,844)**
Current income tax	**-**	**-**

Tax losses

Incurred in	Incurred at	Utilised at	To be utilised at	To be utilised until
year	**PLN 000s**	**PLN 000s**	**PLN 000s**	**year**
2012	4,715	-	4,715	2017
2013	9,590	-	9,590	2018
2014	3,528	-	3,528	2019
2015	9,128	-	9,128	2020
	26,961	**-**	**26,961**	

Deferred Income Tax

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Deferred income tax assets:		
Due for realisation after 12 months	5,123	1,742
Due for realisation within 12 months	2,534	6,411
	7,657	**8,153**
Deferred tax liabilities		
Due for settlement after 12 months	-	-
Due for settlement within 12 months	4,054	6,291
	4,054	**6,291**

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

Deferred income tax assets

	Tax losses which can be deducted	Interest and premium on bonds	Other assets*	Total
	PLN 000s	**PLN 000s**	**PLN 000s**	**PLN 000s**
As at 31 Dec 2013	**4,076**	**81**	**4,632**	**8,789**
Effect on profit or loss	503	(81)	(1,058)	(636)
Effect on equity	-	-	-	-
As at 31 Dec 2014	**4,579**	**-**	**3,574**	**8,153**
Effect on profit or loss	544	-	(1,040)	(496)
Effect on equity	-	-	-	-
As at 31 Dec 2015	**5,123**	**-**	**2,534**	**7,657**

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

Deferred tax liabilities

	Revaluation of the value of portfolio companies	Interest	Other titles*	Total
	PLN 000s	PLN 000s	PLN 000s	PLN 000s
As at 31 Dec 2013	**8,479**	**17**	**261**	**8,757**
Effect on profit or loss	4,224	58	1,730	6,012
Effect on equity	(8,478)	-	-	(8,478)
As at 31 Dec 2014	**4,225**	**75**	**1,991**	**6,291**
Effect on profit or loss	(4,224)	71	1,916	(2,237)
Effect on equity	-	-	-	-
As at 31 Dec 2015	**1**	**146**	**3,907**	**4,054**

*the item relates mainly to revaluation of investment certificates

Deferred income tax net assets

As at 31 Dec 2014	**1,862**
As at 31 Dec 2015	**3,603**

1. Earnings per share

Earnings per share

	For the period of: from 1 Jan 2015 to 31 Dec 2015	For the period of: from 1 Jan 2014 to 31 Dec 2014
	PLN 000s	PLN 000s
Earnings attributable to shareholders of the Company	121,463	352,281
Weighted average number of ordinary shares (in 000s)	62,654	62,523
Basic earnings per share (in PLN per one share)	**1.94**	**5.63**

Diluted earnings per share

	For the period of: from 1 Jan 2015 to 31 Dec 2015	For the period of: from 1 Jan 2014 to 31 Dec 2014
	PLN 000s	PLN 000s
Earnings attributable to shareholders of the Company	121,463	352,281
Earnings applied when determining diluted earnings per share	122,680	353,288
Cost of interest on bonds (PLN 000s)	1,367	1,108
Net cost of interest on bonds (PLN 000s)	1,217	1,007
Weighted average number of ordinary shares (in 000s)	62,654	62,523
Adjustments related to:		
bonds convertible into shares (000s) **(Note 18)**	4,167	4,167
Weighted average number of ordinary shares for purposes of diluted earnings per share (000s)	66,821	66,690

Diluted earnings per share (in PLN per share)	**1.84**	**5.30**

2. Investments in subsidiaries

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
MCI Fund Management Sp. z o. o.	160,595	53,878
MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.	741,581	745,636
MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.	193,745	192,342
MCI Ventures Sp. z o. o.	-	5
	1,095,921	**991,861**

Characteristics of subsidiaries:

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

A company with a registered office in Poland which holds certificates of (direct subsidiary of):
  - MCI.TechVentures 1.0 Sub-fund separated within MCI.PrivateVentures FIZ,
  - MCI.EuroVentures 1.0 Sub-fund separated within MCI.PrivateVentures FIZ.

Shareholder in MCI Fund Management Sp. z o. o. Spółka Jawna and general partner in:
  - MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.,
  - MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.

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

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

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

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

- **MCI Ventures Sp. z o. o.**

On 23 September 2015 MCI Capital S.A. sold shares in MCI Ventures Sp. z o.o. to MCI.PrivateVentures FIZ acting for Sub-fund MCI.TechVentures 1.0 (indirect subsidiary).

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

Measurement of shares in subsidiaries

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

The difference between the valuation of subsidiaries and the value of investment certificates is affected by:
- unpaid amount of taken up issued A1 series investment certificates in MCI.TechVentures 1.0 FIZ sub-fund for PLN 96m,
- balance of granted and received borrowings, bills of exchange of PLN 133m.

The fair value of investment certificates in subsidiaries is settled on the basis of 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 Management Board of the Company.

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

Subsidiary	10%	-10%
MCI Fund Management Sp. z o. o.	293,100	28,091
MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.*	741,581	741,581
MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.*	193,745	193,745
MCI Ventures Sp. z o. o.*	-	-
	1,228,426	**963,417**

*Increase or decrease of investment certificates value does not affect the value of these subsidiaries, since as at 31 December 2015 these companies do not hold investment certificates, but only receivables from the sales of such certificates to MCI Fund Management Sp. z o.o.

3. Investments in associated entities

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Private Equity Managers S.A.	41,726	34,853
	41,726	**34,853**

Measurement of shares in the associate

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
The number of shares of Private Equity Managers S.A. owned by MCI Capital S.A. (in 000s)	350,641	341,961
Price of shares (PLN/share)	119.00	101.92
Investment value	**41,726**	**34,853**

As at 31 December 2015 the company holds directly 10.51% of shares of Private Equity Managers S.A. (hereinafter: “PEM”). PEM is treated as an affiliate since the Company owns a package of shares and has personal relations.

Since 9 April 2015 shares of the Company have been listed on the Warsaw Stock Exchange. Shares of Private Equity Managers S.A. were priced at PLN 119.00 per share, i.e. closing price of PEM shares at the session of the Warsaw Stock Exchange on 31 December 2015, and the change of their measurement was posted to the financial result. As at 31 December 2014 shares of PEM were measured at PLN 101.92 per share. On 24 July 2015 Private Equity Managers S.A. paid the dividends from the consolidated profit after tax earned in 2014 at PLN 12.04 per share. MCI Capital S.A. received PLN 4,117,000 of dividends.

4. Investment certificates

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Investment certificates of Helix Ventures Partners FIZ	10,973	9,951
Investment certificates of Internet Ventures FIZ	34,184	13,722
Investment certificates of MCI.CreditVentures FIZ 2.0	140,289	130,928
	185,446	**154,601**

Measurement of certificates investment

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

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

Investment certificates	10%	-10%
Investment certificates of Helix Ventures Partners FIZ	12,070	9,876
Investment certificates of Internet Ventures FIZ	37,602	30,766
Investment certificates of MCI.CreditVentures 2.0 FIZ	154,318	126,260
	203,991	**166,901**

5. Financial assets and liabilities measured at fair value

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

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

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

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

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

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

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

	As of 31 Dec 2015		As of 31 Dec 2014	
	Level	**Methods of measurement**	**Level**	**Methods of measurement**
Investments in subsidiaries				
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 S.K.A.	3	Adjusted net assets	3	Adjusted net assets
MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.	3	Adjusted net assets	3	Adjusted net assets
Investments in associated entities				

Private Equity Managers S.A.*	1	Price quoted on the active market (WSE)	3	Observable price of the most representative transaction (pre-IPO)
Investment certificates				
Investment certificates Helix Ventures Partners FIZ	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates Internet Ventures FIZ	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)
Investment certificates MCI.CreditVentures 2.0 FIZ**	3	Net Asset Value (NAV)	3	Net Asset Value (NAV)

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

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

*On 9 April 2015 PEM shares made their debut on the primary market of the Warsaw Stock Exchange and since then have been measured based on the closing prices listed on that market. Therefore, in the second quarter of 2015 there was a change in the level of the fair value hierarchy from level 3 to level 1.

*In the first half of 2014, the company lost control over a subsidiary, Private Equity Managers S.A., which as at 31 December 2014 is an associate. Pursuant to IAS 27 paragraph 11 its measurement was reclassified to fair value through profit or loss from the valuation through other comprehensive income.

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

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

Type of the financial instrument	Method of measurement of the financial instrument	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Fixed assets			
Investments in subsidiaries	Measured at fair value through profit/loss	1,095,921	991,861
Investments in associates	Measured at fair value through profit/loss	41,726	34,853
Investments in other entities	Measured at fair value through profit/loss	7	7
Derivatives	Measured at fair value through profit/loss	1,784	8,847
Investment certificates	Measured at fair value through profit/loss	185,446	154,601

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

Type of the financial instrument	Method of measurement of the financial instrument	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Current assets			
Trade and other receivables	Measured through amortised cost	1,558	1,978
Other financial assets - bills of exchange	Measured through amortised cost	4,705	7,000
Loans to related parties	Measured through amortised cost	1,683	6,224
Loans to other entities	Measured through amortised cost	603	471
Cash and cash equivalents	Measured at face value	60,326	15,278
Long-term liabilities			
Received loans	Measured through amortised cost	148	186
Bonds	Measured through amortised cost	137,240	162,541
Short-term liabilities			
Trade and other payables	Measured through amortised cost	599	364
Bonds	Measured through amortised cost	93,316	2,872
Short-term payables on bills of exchange	Measured through amortised cost	-	13,430
Short-term bank loans and borrowings	Measured through amortised cost	41	41

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

6. Trade and other receivables

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Trade receivables	42	101
Receivables from related entities	1,081	7
Tax / budget receivables	12	12
Accruals	78	228
Other receivables	345	1,630
	1,558	**1,978**

Due to the short-term nature of these receivables the carrying value is the best approximation of fair value.

Receivables from related entities

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
MCI.Private Ventures FIZ	593	-
MCI Venture Projects Sp. z o.o. VI S.K.A.	406	-
Private Equity Managers S.A.	64	3
MCI Capital TFI S.A.	7	3
PEM Asset Management Sp. z o.o.	5	-
MCI Asset Management Sp. z o.o. Sp.j.	5	4
	1,080	**10**

7. Receivables related to bills of exchange

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

As at 31 December 2015, the Company had receivables resulting from bills of exchange from the following entities:

	Nominal PLN 000s	Interest PLN 000s	Interest rate % a year	Total PLN 000s
MCI Fund Management Sp. z o.o. Sp.J.*	4,600	105	4.60%	4,705

*A subsidiary of MCI Capital S.A.

As at 31 December 2014, the Company had receivables resulting from bills of exchange from the following entities:

	Nominal PLN 000s	Interest PLN 000s	Interest rate % a year	Total PLN 000s
MCI Fund Management Sp. z o.o. Sp.J.*	7,000	-	3.70%	7,000

*A subsidiary of MCI Capital S.A.

8. Loans granted

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Loans granted to related entities	1,683	5,947
Loans granted to other entities	603	748
	2,286	**6,695**

Due to the short-term nature of these receivables from loans granted the carrying value is the best approximation of fair value.

Loans granted to related entities

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
MCI VentureProjects Sp. z o.o.	300	-
MCI Ventures Sp. z o.o.	12	-
MCI Fund Management Sp. z o.o.	1,371	65
MCI Fund Management Sp. z o.o. Sp.J.	-	5,882
	1,683	**5,947**

9. Cash

As at the balance sheet date the balance of cash and cash equivalents of PLN 60,326,000 (in December 2014: PLN 15,278,000) comprised primarily cash in bank and bank deposits measured at nominal value.

10. Abbreviated financial information on the MCI investment funds

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

As at 31 December 2015, the Company held:
- 100.00% of investment certificates of MCI.CreditVentures FIZ 2.0,
- 58.04% investment certificates of Internet Ventures FIZ, and
- 50.00% of investment certificates of Helix Ventures Partners FIZ.

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

As at 31 December 2015, the Company held:
- 93.27% of investment certificates of MCI.EuroVentures 1.0 Subfund separated within MCI.PrivateVentures FIZ, and
- 63.77% of certificates investment of MCI.TechVentures 1.0 Subfund separated within MCI.PrivateVentures FIZ.

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

Below is condensed financial information as at 31 December 2015 concerning investment funds in which MCI and MCI FM have investment certificates (based on reporting measurements of the funds):

	Credit Ventures FIZ		Internet Ventures FIZ		Helix Ventures Partners FIZ		Sub-fund MCI.EuroVentures 1.0		Sub-fund MCI.TechVentures 1.0		Total	Total
Item	2015 (100.00%)	Share of MCI (98.41%)	2015 (100.00%)	Share of MCI (58.04%)	2015 (100.00%)	Share of MCI (50.00%)	2015 (100.00%)	Share of MCI FM (93.27%)	2015 (100.00%)	Share of MCI FM (63.77%)	2015 (100.00%)	Share of MCI/ MCI FM
NAV structure:	184,489	181,556	58,897	34,184	21,946	10,973	823,761	768,322	939,936	599,397	**2,029,030**	**1,594,432**
- Public companies	8,232	8,101	-	-	-	-	482,418	449,951	61,074	38,947	551,724	496,999
*- Non-public companies***	158,485	155,965	35,695	20,717	7,595	3,798	289,831	270,325	828,698	528,461	1,320,304	979,266
- Cash, including deposits	18,282	17,991	16,231	9,421	11,739	5,870	97,748	91,169	29,463*	18,788	173,463	143,239
- Other assets	726	715	16,236	9,423	2,686	1,343	1,310	1,222	100,394	64,021	121,352	76,724
- Liabilities	1,236	1,216	9,265	5,377	74	37	47,545	44,345	79,693	50,820	137,813	101,796
Net investment income	2,419	2,380	(1,284)	(745)	5,334	2,667	(33,767)	(31,494)	(50,191)	(32,007)	**(77,489)**	**(59,199)**
Realized and unrealized profit / loss	9,022	8,879	24,039	13,952	(3,843)	(1,921)	80,930	75,483	157,210	100,253	**267,359**	**196,646**
Result from operations for the period	11,441	11,259	22,755	13,207	1,491	745	47,163	43,989	107,019	68,246	**189,869**	**137,447**

*On 10 March 2016 MCI.PrivateVentures Closed-End Investment Fund with a separated sub-fund MCI.TechVentures 1.0 concluded a transaction of sale of the entire package of shares of Invia.cz, a.s, namely 83.28% (984,566 shares). The value of this transaction was EUR 55.9, an equivalent of PLN 241.1m.

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

11. Equities

Share capital

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Share capital issued and paid (PLN 000s)	61,780	62,732
Number of shares	61,780	62,732
Nominal value per share (PLN)	1.00	1.00
Nominal value of all shares (PLN 000s)	**61,780**	**62,732**

Reserve capital

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Balance at the beginning of period	577,621	457,803
Share premium from implementation of incentive programmes	-	1,151
Redemption of shares	(3,692)	-
Transfer to profit for the previous year to share premium	352,281	118,667
Balance at the end of period	**926,209**	**577,621**

Own shares

As at 31 December 2014 MCI Capital S.A. had 1,043,856 own shares with the value of PLN 5,089,000. Own shares came from repurchase made in 2010-2011. The average repurchase price was PLN 4,875 per share. In 2015 the Company issued own shares to settle the option programme of 2014 (39,544 shares), as part of payment of additional remuneration for 2015 (20,766 shares). Part of shares , namely 952,758, was redeemed pursuant to Resolutions of the Extraordinary Meeting of Shareholders of 17 November 2015. Own shares which remained in the balance as at 31 December 2015 (30,788 worth PLN 150,000) will be appropriated to settle remuneration for 2015 for President of the Company, Mr Tomasz Czechowicz, in accordance with Resolution 4 of the Supervisory Board of the Company of 24 September 2015. Below are movements of own shares in 2015:

	number of shares	average price	value in PLN 000s
Own shares as at 31 Dec 2014	**1,043,856**	**4.875**	**(5,089)**
Issue of shares as settlement of remuneration in 2015	(20,766)	4.875	101
Issue of shares as settlement of options remuneration in 2014	(39,544)	4.875	193
Redemption of own shares	(952,758)	4.875	4,645
Own shares as at 31 Dec 2015	**30,788**	**4.875**	**(150)**

12. Trade and other payables

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
Trade liabilities	443	303
Liabilities to related entities	94	25
Tax liabilities	5	15
Liabilities related to social security and other burdens	23	17
Other liabilities	34	4
	599	**364**

13. Liabilities related to bonds

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
The value of the liability at the date of issue at face value	231,800	201,150
The value of costs related to the issue	(4,385)	(2,949)
The carrying amount of the liability on the issue date	**227,415**	**198,201**
Equity element (excluding deferred tax)*	(578)	(578)
Liability element on the date of issue	**226,837**	**197,623**
Interest accrued - costs YTD	23,788	21,734
Interest paid	(20,069)	(18,594)
Repayment	-	(35,350)
	230,556	**165,413**
Long-term part	137,240	162,541
Short-term part	93,316	2,872
	230,556	**165,413**

*applies to series G1 shares

Bonds issued by MCI Capital S.A.

The following tables show the status of liabilities from the issue of bonds, the date of redemption and the balance of interest paid on 31 December 2015.

Series of bonds	Date of allocation	Date of redemption	Number of bonds	Value of bonds PLN 000s	Interest paid PLN 000s
H1 series	3 Apr 2013	11 Apr 2016	36,000	36,000	6,332
H2 series	26 Jun 2013	28 Jun 2016	18,800	18,800	3,221
H3 series	19 Dec 2013	19 Dec 2016	30,000	30,000	4,081
G1 series*	21 Mar 2013	21 Mar 2018	50,000	50,000	4,652
I1 series	17 Oct 2014	17 Oct 2017	31,000	31,000	1,783
J1 series	11 Dec 2015	11 Dec 2018	66,000	66,000	-
				231,800	**20,069**

*The series of convertible bonds of MCI Capital S.A. The conversion price is PLN 12.

14. Provisions

	As of 31 Dec 2015 PLN 000s	As of 31 Dec 2014 PLN 000s
For the costs of litigations*	11,466	11,466
For bonuses and holidays	96	5
For other costs	188	146
	11,750	**11,617**

*The provision was set up in connection with the cost of the litigation concerning damages for the bankruptcy of JTT. For details, see **Note 23 *"Contingent assets and liabilities"***.

15. Share-based incentive programmes

The incentive program for members of the Management Board and Key Executives for 2015

With resolution of the Supervisory Board of 24 September 2015 and resolution of the Management Board of 26 October 2015 MCI Capital S.A. adopted Option Programme for Members of the Management Board and Key Executive ("eligible persons") for 2015. The Option Programme is available to persons authorized by law to receive additional remuneration in the form of the right to purchase subscription warrants from the Company to purchase shares of the Company in the number and subject to the conditions specified in the resolution of the Supervisory Board / Management Board.

The condition for eligible persons to acquire the allotment certificates as additional remuneration is , for Members of the Management Board to remain in the Management Board of the Company, or for Key Executives to remain members of the key personnel of the Company on the day the right is acquired, which is understood as the final day of the Ordinary General Meeting of Shareholders of the Company the agenda of which includes in particular approval of the financial statements for the financial year ending on 31 December 2015 and fulfilment of at least 75% of priorities set for 2015 by the entitled persons, as evaluated by the Supervisory Board / Management Board.

The issue of subscription warrants may take place by the end of 2016, while the right under the warrant to take up shares may be exercised when the General Meeting of Shareholders approves the financial statements of the Company for 2015, no later than by 31 August 2017. Subscription warrants will be issued as registered warrants. Each warrant will entitle its holder to subscribe for one share of the Company.

The value of the entitlement for persons entitled will be determined by the Supervisory Board / Management Board on the closing date of the programme, in accordance with the principles set out in the resolutions. The value of the entitlement must not exceed the base value, i.e. PLN 100,000 or PLN 200,000 – the fundamental base value is determined individually for the entitled persons in the resolution.

The incentive programme (in the form of subscription warrants which give the right to take up shares of the Company) addressed to Members of the Management Board of MCI Management Joint-Stock Company has been measured using the Black–Scholes–Merton model.

In connection with the incentive programme addressed to entitled persons, PLN 78,000 was recognized in 2015, including PLN 71,000 for Members of the Management Board and PLN 7,000 for Key Executives.

16. Employee Benefits

As regards employee benefits, the statement of comprehensive income includes the following amounts:

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Employment costs	1,656	1,781
Costs of social insurance	35	76
Remuneration paid in shares and option programmes*	1,200	2,299
Other employee benefits	68	141
	2,959	**4,297**

*This item includes:
- remuneration paid in shares: PLN 636,000,
- incentive program for 2015: PLN 78,000,
- settlement of the incentive programme for 2014: PLN 486,000**

**Since economic conditions which determined purchase of shares in the share capital of the Company by Tomasz Czechowicz, Ewa Ogryczak and Cezary Smorszczewski in accordance with provisions of the Option Programme adopted with Resolution 15 of the Supervisory Board of the Company of 30 May 2014 were not fulfilled, the number of shares which the aforementioned members of the Management Board were entitled to was 0.

Since the Company wished to remunerate the aforementioned Members of the Management Board for their effort in connection with the development and increase in the goodwill of the Company and excellent results for 2014, with Resolutions 4, 5 and 6 of 16 April 2015 the Supervisory Board awarded a discretionary bonus in shares of MCI Capital S.A. to all of the aforementioned persons. Bonuses were awarded to the aforementioned Members of the Management Board in the form of own shares of the Company.

In connection therewith, on 8 July 2015 the Company transferred to:
- Tomasz Czechowicz – 4,394 shares in the share capital of the Company,
- Ewa Ogryczak – 17,575 shares in the share capital of the Company,
- Cezary Smorszczewski – 30,910 shares in the share capital of the Company, out of which 17,575 were awarded as part of additional share-based payment (remuneration under “share-based payment” position – subparagraph one above).

As regards settlement of the incentive program for 2014, the following amounts were posted to equities of the Company:
- PLN 216,000 - related to settlement of the incentive programme dedicated to Ewa Ogryczak,
- PLN 216,000 - related to settlement of the incentive programme dedicated to Cezary Smorszczewski,
- PLN 54,000 - related to settlement of the incentive programme dedicated to Tomasz Czechowicz.

Remuneration of key personnel

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Management Board		
Short-term employee benefits	769	1,195
Measurement of incentive programmes	71	1,986
Remuneration paid in shares	1,025	-

Lump-sum for the use of cars	24	56
	1,888	**3,237**

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Supervisory Board		
Short-term employee benefits	159	80
Measurement of incentive programmes	-	201
	159	**281**

Employment / function

	As of 31 Dec 2015 Number of employees	As of 31 Dec 2014 Number of employees
Management Board	4	3
Supervisory Board	6	5
Operational staff	7	9
	17	**17**

Advances paid to the members of the Management Board

The Company did not pay advances to members of the Management Board in 2015 and 2014.

Loans granted to members of the Management Board

The Company did not pay loans to members of the Management Board in 2015 and 2014.

17. Dividend

The Management Board did not adopt a resolution to pay a dividend for 2014.

In accordance with Resolution 6 of 13 March 2015, the Management Board of the Company decided to appropriate the profit after tax earned in 2014 at PLN 352,281,000 to the share premium of the Company in full.

At present, because of the bond covenants (in connection with the issue of series I1 bonds) it is not possible to pay out the dividend until 17 March 2017. For this reason, currently and in 2016 the Company will enforce the buy back dividend policy.

18. Contingent assets and liabilities

JTT damages

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

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

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

At the moment of preparing these financial statements, the proceedings are pending and the case is being reviewed by the Court of Appeal. The court obtained evidence from personal evidence, then asked the team of experts to prepare a supplementary written opinion from a hearing of the expert and specify the dates for that opinion. The experts expressed their readiness to draw up a supplementary opinion. Until the date of these financial statements, the case file had not been yet delivered to the experts and the court had not issued a decision on the admission of evidence from supplementary expert opinions.

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

Corporate income tax – JTT compensation

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

After the hearing on 9 April 2015 the Supreme Administrative Court issued a judgment which dismissed the cassation appeal. The ruling is final. After receiving written justification for the judgment of the Supreme Administrative Court, a decision was made to bring an appeal complaint to the Constitutional Court on the unconstitutional nature of taxation of compensation obtained from the State Treasury. The constitutional appeal was lodged on 3 November 2015 and as at the date of signing these financial statements the appeal is pending review.

Counterclaim – claims for compensation Anna Hejka / MCI

On 2 April 2011 Anna Hejka demanded that the Company pays PLN 30m to her as the claim for compensation related to the services provided by Anna Hejka in connection with the Issuer's investment in ABC Data S.A. Anna Hejka bases her claims against the Company on the contractual obligations not fulfilled by the Issuer and the tort (unlawful) actions, which according to her letter, resulted in forfeiture of her success fee.

On 31 August 2011 the Company brought an action for payment of PLN 250,524.00 with statutory interest on the amounts and dates stated in the statement of claim by Anna Hejka. The amount claimed in the statement of claim consists of:

- PLN 107,348.83 of the advance payment towards remuneration and expenses, never returned to the Company and never settled,
- PLN 143,127.60 of a contractual penalty payable to the Company under the agreement of 2006 for the shares passed to her as an advance payment and not returned.

On 31 August 2011 the Company filed an action for obligating Anna Hejka to submit a statement of will and a motion to secure the non-pecuniary claim before commencing the proceedings. The statement of will required from Anna Hejka was to include her commitment to transfer 46,470 of series "H" shares of the Issuer to Alternative Investment Partners Sp. z o.o. The subject of securing the claim was to be the decision of the court prohibiting Anna Hejka to transfer or encumber 46,470 of series "H" shares entered into her securities account.

On 10 February 2012 Anna Hejka filed a counterclaim to the Circuit Court in Płock for adjudicating PLN 15,803,295 in her favour from MCI Capital S.A. as compensation claims concerning the bonus, performance of the function of the Member of the Management Board, incentive programmes and other issues related to the contract between the parties; in the further course of the proceedings, the amount of the counterclaim against the Company was limited to PLN 12,163,470.

On 9 July 2015 the Circuit Court in Płock issued a judgment in which the Court:
- dismissed the proceedings under the main action for the amount of PLN 143,127.60 including statutory interest,
- adjudicated that Anna Hejka pays PLN 107,348.83 including statutory interest to the Company,
- dismissed the action in the remaining scope,
- adjudicated that the Company pays to Anna Hejka PLN 3,617 of the court fees resulting from the main action,
- adjudicated that Anna Hejka pays to the Company PLN 9,427.25 of the court fees resulting from the main action,
- dismissed the proceedings from the counterclaim over the amount of PLN 12,163.470,
- dismissed the counterclaim in the remaining scope,
- adjudicated that Anna Hejka pays to the Company PLN 21,617 of the court fees resulting from the counterclaim.

Anna Hejka appealed against the judgment in the part which dismissed the counterclaim at PLN 1,007,400. The Company appealed against judgment in the part which dismissed the main action with regard to interest (PLN 2,537) and the ruling on the litigation costs resulting from the main action.

Consequently, until preparation of these financial statements, the judgment is valid for points 1, 2 and 6, and with regard to point 7 it is valid for dismissal of the counterclaim in the amount of PLN 11,156,070 (the difference between PLN 12,163,470 and PLN 1,007,400). The case is at the stage of appeals proceedings. The appeal date is set to take place on 18 March 2016.

19. Suretyship and guarantees

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

On 15 May 2014 MCI Capital S.A. guaranteed a loan granted by Alior Bank S.A. for the benefit of MCI CreditVentures 2.0, by signing the "Declaration on submission to enforcement based on the bank writ of enforcement" as a guarantee of a loan of PLN 15,300,000 granted for the benefit of MCI CreditVentures 2.0. The bank may proceed to enforcement up to PLN 30,600,000 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 2 April 2015 MCI Capital S.A. guaranteed a loan of PLN 30,000,000 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 PLN 45,000,000. The guarantee is valid until 1 October 2018.

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

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

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

On 31 July 2015r. MCI Capital S.A. guaranteed a loan granted under the revolving loan agreement in the loan account of 11 September 2014 amended with Annex 1 of 1 October 2014 and Annex 2 of 29 July 2015 for PLN 41,000,000 to MCI MCI PrivateVentures Closed-End Investment Fund with the separated EuroVentures 1.0 sub-fund.
On 7 March 2016 the Company signed the declaration on establishing a writ of execution pursuant to

Art. 777 § 1 (5) of the Civil Code up to PLN 82,000,000. The bank may request that the declaration be made enforceable by 19 September 2020.

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

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

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

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

20. Remuneration of the entity authorised to audit financial statements (gross)

	For the period of: from 1 Jan 2015 to 31 Dec 2015 PLN 000s	For the period of: from 1 Jan 2014 to 31 Dec 2014 PLN 000s
Audit of annual financial statements	166	166
Audit of interim annual financial statements	80	80
Other services	1	37
	247	**283**

21. Major events after the balance sheet date

New Trilateral Agreement

On 29 January 2016 the trilateral agreement (“New Trilateral Agreement”) concluded on 23 December 2014 among PEM, MCI Capital Towarzystwo Funduszy Inwestycyjnych S.A. (“TFI”) and MCI Capital S.A. (formerly MCI Management S.A.) came into force and governs rules of cooperation among the parties to the Agreement on the subject of the Agreement. Thus, under the agreement of 23 December 2014 concluded among PEM, MCI and TFI, from the effective date of the New Trilateral Agreement the trilateral agreement of 12 November 2013 among PEM, MCI and TFI was terminated (“Existing Trilateral Agreement”).

The subject of the New Trilateral Agreement is as follows:

1. maintain, for the duration of the New Trilateral Agreement, the total investment by MCI and MCI’s subsidiaries (as defined in the “Act on the Offering”) in the investment certificates of investment funds managed by TFI (“Fund”), existing as at the execution date of the New Trilateral Agreement,

2. procure that for the duration of the New Trilateral Agreement the investment portfolio of the Funds is managed solely by PEM, MCI Asset Management Spółka z ograniczoną odpowiedzialnością Spółka jawna or other PEM’s subsidiaries as defined in the “Act on the Offering”,

3. commitment of MCI that for the duration of the New Trilateral Agreement, MCI and MCI's Subsidiaries shall vote, as the participant(s) of the meeting of investors or member(s) of the investor board of each of the Funds (as long as this lies within competencies of the meeting of investors or the investor board of the Fund) against:

   a. changes to by-laws of the Funds resulting in decrease in the TFI's remuneration for portfolio management of the MCI.PrivateVentures Closed-End Investment Fund and MCI.CreditVentures 2.0 Closed-End Investment Fund that is charged by TFI on the net asset value of the aforementioned Funds ("Remuneration") in the manner which prevents charging the Remuneration in the amount specified in the New Trilateral Agreement,
   b. merger, conversion and liquidation of the aforementioned Funds, as well as changes in by-laws of the Funds resulting in the take-over of management of such Funds by another investment funds unless such a merger, conversion or liquidation or a change in by-laws does not lead to a reduction in the remuneration in the manner which prevents charging of Remuneration in the amount specified in the New Trilateral Agreement or replacement of PEM, MCI Sp. j. or other PEM's Subsidiaries with another entity as the manager of the Fund's investment portfolio. In the New Trilateral Agreement, the parties agreed in detail on the method of calculating the Remuneration. The amount of fixed remuneration for management of the investment funds, in accordance with the New Trilateral Agreement, shall be fixed at least at the following level:
      i. for MCI.EuroVentures 1.0 Sub-fund: 2% of the net asset value of that sub-fund per annum,
      ii. for MCI.TechVentures 1.0 Sub-fund: 2.75% of the net asset value of that sub-fund per annum,
      iii. for MCI.CreditVentures 2.0. FIZ fund: 1% of the net asset value of that fund per annum.

      The amount of variable remuneration for management of the investment funds, in accordance with the New Trilateral Agreement, will depend on the increase in the net asset value of the investment fund or sub-fund respectively, taking into account the payments of the income and revenues.

4. commitment of the parties to the New Trilateral Agreement that after 31 October 2018 they shall negotiate in good faith and procure to agree on the new rules of determining the remuneration for management of MCI.PrivateVentures Closed-End Investment Fund and MCI.CreditVentures 2.0 Closed-End Investment Fund,

5. MCI is guaranteed the right for MCI or another entity nominated by MCI to take up 50% of investment certificates of the first issue, issued by each investment funds established by TFI after the effective date of the New Trilateral Agreement.

The Company published details of the "New Trilateral Agreement" in *Current Report No 8/2016*.

In connection with implementation of the New Trilateral Agreement, the following agreements of additional services were signed for major investors of the Fund, i.e.:

1. The agreement between MCI Capital TFI S.A. and MCI Fund Management Sp. z o.o. (subsidiary of MCI)
   – a participant of MCI.EuroVentures 1.0 sub-fund separated within MCI.PrivateVentures FIZ concluded on 29 January 2016.

Under the agreement, MCI Fund Management Sp. z o.o. is entitled to receive an additional payment provided that in a given calendar year it holds such a number of investment certificates that the average net asset value of the Sub-Fund attributable to the investment certificates held by the company in that period is not lower than PLN 500m.

2. The agreement between MCI Capital TFI S.A. and MCI Fund Management Sp. z o.o. – a participant of MCI.TechVentures 1.0 sub-fund separated within MCI.PrivateVentures FIZ concluded on 29 January 2016.

Under the agreement, MCI Fund Management Sp. z o.o. is entitled to receive an additional payment provided that in a given calendar year it holds such a number of investment certificates that the average net asset value of the Sub-Fund attributable to the investment certificates held by the company in that period is not lower than PLN 300m.

3. The agreement between MCI Capital TFI S.A. and MCI Capital S.A – a participant of MCI.CreditVentures 2.0 concluded on 29 January 2016.

Under the agreement, MCI is entitled to receive an additional payment provided that in a given calendar year MCI holds such a number of investment certificates that the average net asset value of the Fund attributable to the investment certificates held by the Company in that period is not lower than PLN 70m.

Under the agreements of additional payments to the aforementioned Fund Participants, Participants are entitled to:

a) an additional payment in the amount of the difference between the fee currently charged by MCI Capital TFI S.A. for managing the Funds and the rate of 1.08% p.a. for all new series of investment certificates to be taken up by MCI Capital S.A. or MCI Fund Management Sp. z o.o. in MCI.PrivateVentures FIZ and MCI.CreditVentures FIZ above the threshold that is the equivalent of PLN 1,154m,
b) an additional payment in the amount of the difference between the fee currently charged by MCI Capital TFI S.A. for managing the Funds and the rate of 1.08% p.a. on the number of existing surplus investment certificates of a given series of MCI.PrivateVentures FIZ and MCI.CreditVentures FIZ certificates over the thresholds specified in the Trilateral Agreement attributable to investment certificates held by MCI (for MCI.CreditVentures FIZ) and Fund Management Sp. z o.o. (for MCI.TechVentures 1.9 and MCI.EuroVentures 1.0 Sub-Funds). The Additional Payment attributable to the existing surplus investment certificates is payable for those days in each settlement period where the total net asset value (with regard to investment certificates which have been paid for in full) of the following investment funds: MCI.PrivateVentures FIZ and MCI.CreditVentures 2.0 FIZ Funds (regardless of the proportion of the net asset value of such investment funds) less the surplus within the meaning of subparagraph 6 exceeds, in a given year, the amount specified for that year in § 4.4 points 1) – 4) of the Trilateral Agreement concluded on 23 December 2014 among the Investment Fund Company, MCI Capital S.A. (formerly known as MCI Management S.A.) and Private Equity Managers S.A.

Additional payments shall be made by the Investment Fund Company from own funds of the Investment Fund Company, including the remuneration charged by the Investment Fund Company for asset management.

Own share repurchase programme

In January and February 2016 the Company carried out the Own Share Repurchase Programme with the aim of share redemption. The legal basis for the purchase of own shares of the Company is resolution 5 of the Extraordinary General Meeting of Shareholders of MCI Capital S.A. of 17 November 2015 authorising the Company to purchase own shares and using the share premium. As part of the Repurchase Programme, the Company was authorised to purchase no more than 3,136,618 own shares with the face of PLN 1.00 each, in total accounting for no more than 5% of the share capital of the Company. The authorisation to purchase the shares was granted for the period until 31 December 2016.

As part of the Repurchase Programme, the Company purchased the following shares for redemption:
- On 21 January 2016: 30,278 of own shares, which accounted for 0.05% of the share capital of the Company (average unit price of PLN 10.41);
- On 22 January 2016: 29,722 of own shares, which accounted for 0.05% of the share capital of the Company (average unit price of PLN 10.23);
- On 25 January 2016: 33,000 of own shares, which accounted for 0.05% of the share capital of the Company (average unit price of PLN 10.07);
- On 26 January 2016: 492,000 of own shares, which accounted for 0.80% of the share capital of the Company (average unit price of PLN 10.66);
- On 29 January 2016: 8,123 of own shares, which accounted for 0.01% of the share capital of the Company (average unit price of PLN 10.05);
- On 1 February 2016: 14,433 of own shares, which accounted for 0.02% of the share capital of the Company (average unit price of PLN 10.20);
- On 2 February 2016: 25,444 of own shares, which accounted for 0.04% of the share capital of the Company (average unit price of PLN 10.31).

Financial guarantee granted

On 10 March 2016 the Company granted a financial guarantee in connection with planned issue of bonds by MCI.Venture Projects Spółka z o.o. VI Spółka komandytowo-akcyjna (*limited joint-stock partnership*). The guarantee was granted in accordance with the Czech law. The guarantee will secure the following obligations of the Issuer:

- payment of the face value and interest on the Bonds;
- related to unjust enrichment in relation to the holder of the Bonds due to the invalidity or cancellation of the Bonds;
- resulting from sanctions caused by improper or untimely making of payments on the Bonds.

The guarantee was granted to each bondholder, i.e. to entities to which the Bonds will be registered in the relevant register or account. The expected total face value of the Bonds should not exceed 351,000,000 Czech korunas (approx. PLN 56,160,000), where the Issuer is entitled to issue Bonds with a higher total face value of the Bonds, which will not exceed 699,000,000 Czech korunas (approx. PLN 111,840,000). The value of interest on the Bonds will be determined in the terms and conditions of the issue. Interest will be calculated on the basis of variable interest rate to depend on the the 6M PRIBOR reference rate increased by a margin of 3.8% p.a. The guarantee secures the aforementioned liabilities to the amount not higher than 130% of the total face value of actually issued Bonds and arising until 8 April 2021. The maximum value of the aforementioned liabilities which the Company may be obliged to repay under the Guarantee will not exceed 908,700,000 Czech korunas (approx. PLN 145,392,000).

The guarantee was granted until the day on which all liabilities secured with the Guarantee are repaid in full, not longer than by 8 April 2022. As at the date of preparation of these financial statements, neither the Company nor any subsidiary of the Company receives any remuneration in connection with the Guarantee.

Creation of the Tax Group

On 15 February 2016 MCI Capital S.A. and MCI Fund Management Spółka z o.o. entered into an agreement establishing the Tax Group ("PGK"). The Parties agreed that MCI Capital S.A. would be the dominant entity in the PGK. The financial year of the PGK will be the period from 1 July to 30 June. The first tax year will be the period from 1 July 2016 to 30 June 2017. The agreement was concluded for a period of three consecutive tax years, i.e. from 1 July 2016 to 30 June 2019. Companies which are members of the PGK bear joint and several liability for corporate income tax payable for the duration of the agreement.

Resignation from the function of a Member of the Supervisory Board

On 19 March 2016 the Company received resignation of Mr Stanisław Kluza from membership in the Supervisory Board of MCI Capital S.A.

22. Shareholding structure

Major shareholders of the Company as at 31 December 2015

	Participation in the share capital		Participation in the total number of votes at the General Meeting	
	Number of shares	**Participation in the share capital**	**Number of votes at the General Meeting**	**Share in the overall number of votes at the General Meeting**
Tomasz Czechowicz	1,429,486	2.31%	1,429,486	2.31%
Alternative Investment Partners Sp. z o.o.*	31,455,196	50.92%	31,455,196	50.92%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A.	3,632,016	5.88%	3,632,016	5.88%
BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.	2,730,000	4.42%	2,730,000	4.42%

Other	22,532,92 1	36.4 7%	22,532,921	36.47%
	61,779,61 9	**100. 00%**	**61,779,619**	**100.00%**

*Company controlled by Tomasz Czechowicz.

Major shareholders of the Company as at 31 December 2014

	Participation in the share capital		Participation in the total number of votes at the General Meeting	
	Number of shares	**Participation in the share capital**	**Number of votes at the General Meeting**	**Share in the overall number of votes at the General Meeting**
Tomasz Czechowicz	1,425,092	2.27%	1,425,092	2.27%
Alternative Investment Partners Sp. z o.o.*	31,132,954	49.63%	31,132,954	49.63%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A.	4,529,218	7.22%	4,529,218	7.22%
BZ WBK Towarzystwo Funduszy Inwestycyjnych S.A.	3,156,487	5.03%	3,156,487	5.03%
Other	22,488,626	35.85%	22,488,626	35.85%
	62,732,377	**100.00 %**	**62,732,377**	**100.00%**

*Company controlled by Tomasz Czechowicz.

23. Related entities

Information on transactions with related entities as at 31 December 2015

	Ultimate controlling entity	Subsidiaries	Associates	Other related entities	Total
Investments:					
Investments in subsidiaries	-	1,095,921	-	-	1,095,921
Investments in associates	-	-	41,726	-	41,726
Investment certificates	-	-	-	185,446	185,446
Derivatives	-	-	-	1,784	1,784
Receivables:					
Trade receivables	-	406	64	610	1,080
Other financial assets - bills of exchange	-	4,705	-	-	4,705
Loans granted	-	1,683	-	-	1,683
Liabilities:					
Trade liabilities	-	-	20	74	94
Revenues and expenses:					
Revaluation of shares	-	104,066	6,374	-	110,440
Revaluation of investment certificates	-	-	-	22,676	22,676
Costs of embedded derivatives	-	-	-	(7,062)	(7,062)
Finance income	-	750	-	3,146	3,896
Dividend income	-	-	4,117	-	4,117
Financial costs	-	-	-	(20)	(20)

Information on transactions with related entities as at 31 December 2014

	Ultimate controlling entity	Subsidiaries	Associates	Other related entities	Total
Investments:					
Investments in subsidiaries	-	991,861	-	-	991,861
Investments in associates	-	-	34,853		34,853
Investment certificates	-	-	-	154,601	154,601
Derivatives	-	-	-	8,847	8,847
Receivables:					
Trade receivables	4	-	3		7
Other financial assets - bills of exchange	-	7,000	-	-	7,000
Loans granted	-	5,947	-	-	5,947
Liabilities:					
Liabilities related to bills of exchange	-	-	-	13,430	13,430

Trade liabilities	-	-	25		25
Revenues and expenses:					
Revaluation of shares	-	287,592	-	70,429	358,021
Revaluation of investment certificates	-	-	-	1,815	1,815
Costs of embedded derivatives	-	-	-	8,847	8,847
Finance income	-	4,276	2,600		6,876
Dividend income	-	-	4,350		4,350
Financial costs	-	(294)	(25)	(366)	(685)
Other operating expenses	-	-	-	(3)	(3)
Other operating revenues	4	-	-	22	26
General and administrative expenses	(1)	-	-	-	(1)
Income from guarantees	-	-	-	600	600

24. Operating lease agreements

At the balance sheet date, the Company does not operate any fixed assets under operating leases. However, the Company incurs expenses related to leasing space to conduct business. Agreements are usually concluded for an indefinite period with a notice period of 1 to 3 months. The cost of letting incurred by the Company totalled PLN 148,000 in 2015 and PLN 121,000 in 2014.

25. Operating segments

The company does not separate operating or geographical segments.

26. Description of material accounting policies

Material accounting policies applied while preparing these financial statements are presented below.

Comparative data

For comparative data presented in the financial statements, the accounting principles identical to information as at and for the twelve months ended 31 December 2015 were adopted.

Going concern

The financial statements of the Company were prepared on the assumption that the Company would continue as a going concern in the foreseeable future comprising a period not shorter than 12 months after the balance sheet date, i.e., after 31 December 2015. As at the date the financial statements are approved, the Management Board of the Company is aware of no facts or circumstances that would pose a threat to the going concern by the Company during 12 months after the balance sheet date as a result of intended or forced discontinuation or material restriction of the existing activities by the Company.

Investment entity

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

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

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

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

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

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

Investments in subsidiaries

Investments in subsidiaries are measured at fair value through profit or loss and recognised in the financial result for the period in accordance with IAS 27.10. The fair value of investments in subsidiaries (which do not carry on investment activities) is calculated on the basis of adjusted net asset value of each of the subsidiaries at the balance sheet date. The adjusted net asset value is determined on the basis of measurement of net asset value of the funds which issue investment certificates in which the subsidiaries invest.

The value of investment certificates of these funds, in turn, is based on the fair value measurement of investments in portfolio companies, adjusted for liabilities of the funds.

Investments in associated entities

An associate is an entity over which the investor has significant influence. A significant influence is the ability to participate in decision-making on financial and operating matters of the entity in which the investment was made, but at the same time it does not imply maintaining control or joint control over the policy.

In line with IFRS 28.18 MCI measures its investments in associated entities or joint ventures at fair value through profit and loss by the financial result in line with IFRS 9.

Measurement of investments in associated entities at fair value is disclosed in the 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:
  a) at fair value of net assets of an associated entity as at the balance sheet date or,
  b) 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 assets and liabilities when changes of fair value are disclosed directly in equity.

General and administrative expenses

General and administrative expenses are the administrative and economic costs connected with the maintenance of the Company and ensuring of its proper functioning. General and administrative expenses include, among others:

- salaries and employee benefits, as well as the costs of social security (this applies to persons employed under an employment contract, mandate contracts or contracts for a specific work),
- costs of third party services,
- depreciation of fixed assets and amortization of intangible assets,
- consumption of materials and energy,
- taxes and fees,
- other costs.

Employee benefits

Amounts of short-term employee benefits, other than those on account of employment termination and capital 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 is to 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 the value of which 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 on the basis of the fair value of granted options, with exclusion of the effect of potential non-market conditions of obtaining entitlements (e.g. goals to be achieved as regards profitability and sales increase).

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

Tax

Compulsory charges on the financial result include: the current tax and the deferred tax. The current tax liability is calculated on the basis of the tax result (taxation base) for a given financial year. Tax profit (loss) differs from net accounting profit (loss) due to exclusion of taxable revenues and tax deductible costs in the following periods, as well as items of revenues and expenses which are never subject to taxation. The tax liability is calculated on the basis of tax rates valid in the given financial year.

The deferred tax is calculated using the balance sheet method as the tax to be paid or returned in the future on the differences between the carrying value of assets and liabilities and the corresponding tax values used to calculate the taxation base.

The deferred tax provision is set up on all positive taxable transitional differences, while the deferred tax asset is recognized to the likely value of reducing future taxable profits by recognized negative transitional differences.

No tax asset or liability occurs if the transitional difference occurs as a result of the goodwill or primary recognition of another asset or liability in the transaction which does not affect the tax result or accounting result.

The value of the deferred tax asset is analysed on each balance sheet date. If the expected future tax profits are insufficient to realise the asset or part of that asset, it is written down.

The deferred tax is calculated with tax rates valid when the asset is realised or the liability matures.

The deferred tax is recognised in the income statement, except when it refers to items directly recognised in equity. In the latter case, the deferred tax is also settled directly into equities.

Financial instruments

Assets and financial liabilities are disclosed in the 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

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, 28 and 27. 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 on the basis of measurement techniques commonly applied by market participants. The presumptions of measurement techniques are not based on information coming from the active market, but indicate best the fair value of these entities.

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

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

Changes in fair value of these assets are disclosed in the income statement. Financial assets are disclosed under the following items of the balance sheet:

- investments in subsidiaries,
- investments in associated entities;
- investment certificates,
- derivatives
- cash and cash equivalents,
- trade receivables,
- other financial assets - bills of exchange,
- loans granted.

Financial revenue and expenses

Financial revenue and expenses include interest generated by the particular financial asset or liability and are recognised on the accruals basis, i.e. in the financial year which these relate to.

Impairment of financial assets

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 is incurred, the amount of the impairment loss 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 income statement.

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 includes 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 which was tested individually, regardless of its being material or immaterial, the Company includes this asset 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 loss is recognised, or for which it has been decided that the current loss would not be changed, are not considered for combined evaluation of a group of assets for impairment. If the impairment loss decreases in the following period and this decrease is objectively connected with an event taking place after the recognition of the loss, the loss recognised previously is reversed. The reversal of the impairment loss is disclosed in the income statement in the amount in which the carrying value of the asset did not exceed its depreciated cost/ recoverable amount as at the reversal date.

Cash and cash equivalents

Cash and short-term deposits reported on the balance sheet include cash in bank and cash at hand and short-term deposits with the initial maturity 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 income statement under financial income and expenses.

Bonds convertible into shares

The Company issued convertible bonds, which are classified as financial liabilities. Convertible bonds at the time of issue are the obligation of the issuer and are recognized in accordance with the rules provided for financial liabilities. Convertible bonds are an instrument of complex – commitment, but also an equity instrument, containing a conversion option into shares of the parent company. Upon initial recognition of the bond, the liability component and the equity component must be individually separated. The sum of the carrying amounts of: the liability and equity components is equal to the fair value that would be ascribed to the instrument as a whole. Upon initial recognition, first place the carrying value of the liability component is determined by measuring the fair value of a similar liability that does not have an associated equity component. The carrying amount of the equity component is then determined by deducting the fair value of the financial liability from the fair value of the complex financial instrument as a whole. Due to the fact that the market in which the transaction took place is not significantly different from the main market, it should be considered that the transaction price reliably determines the fair value of convertible bonds. Convertible bonds have been valued as the sum of the value of the variable bond and the option of conversion of the bond into shares of the parent company. The ordinary bond component was measured separately from the possibility of converting the instrument into shares, by measuring the discounted cash flows from interest (from the point of view of the bondholder), whereby the discount rate is the interest rate that the Company would pay for the bonds without the right to convert the bonds into shares. The value of the equity component was calculated according to provisions of IAS 32.32, by subtracting the liability component from the fair value of the convertible bond. The liability component is presented under liabilities on the balance sheet, while the equity component is presented as a component of equities.

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 provisioned costs can be reimbursed, for example under an insurance contract, then the refund is posted as a separate asset, only when it is basically certain that the refund is to actually take place. Costs of a provision are posted to the income statement, decreased by all the refunds. Provisions for future operating losses are not established.

Functional currency. Disclosure of figures in the financial statements

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

Change in standards

The following amendments to existing standards published by the International Accounting Standards Board and adopted by the EU came into force in 2015:

- **Amendments to various standards "Improvements to IFRS (cycle 2011-2013)"** - changes in the procedures for annual amendments to IFRS (IFRS 3, IFRS 13 and IAS 40) focused primarily on resolving inconsistencies and clarifying wording - approved by the EU on 18 December 2014 (effective for annual periods beginning on or after 1 January 2015),

- **IFRIC Interpretation 21 "Levies"** - adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 July 2014).

The aforementioned changes to existing standards and interpretations did not have a material impact on the financial statements of the entity for 2015.

Standards and interpretations which have already been published and adopted by the EU as at 21 March 2016 but have not yet entered into force:

- **Amendments to IFRS 11 "Joint Arrangements"** - Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment"** and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment"** - Agriculture: Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016).

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 July 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to various standards "Improvements to IFRS (cycle 2010-2012)"** - changes in the procedures for annual amendments to IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) focused primarily on resolving inconsistencies and clarifying wording - adopted by the

EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

- **Amendments to various standards "Improvements to IFRS (cycle 2012-2014)"** - changes in the procedures for annual amendments to IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) focused primarily on resolving inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (effective for annual periods beginning on or after 1 January 2016).

In addition, standards and interpretations which have already been adopted by the IASB but not yet adopted by the EU as at 21 March 2016:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission decided not to commence the process of adopting the provisional standard to be applied in the EU until the final version of the IFRS 14 is issued,
- **IFRS 15 "Revenue from Contracts with Customers" and subsequent amendments** (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments (effective date postponed until the end of study work on the equity method),
- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017).

The Company is currently analysing the impact of published standards that have not entered into force yet and believes that beyond the additional disclosures, they should not have a material impact on the financial statements.

27. Financial risk management

Risks to which the Company is exposed:
- market risk
- investment risk,
- credit risk.

Below the most significant risks to which the Company is exposed are presented.

MARKET RISK

The Company is exposed to market risk, including the risk of changes in interest rates. The Company's exposure to market risk resulting from changes in interest rates relates primarily to bank deposits, loans borrowed and bills and bonds issued.

The Company does not hedge its investment portfolio with derivative financial instruments. For the measurement of interest rate risk, the Company uses sensitivity analysis.

The risk of changes in measurement of financial assets

The risk associated with a decrease in the value of financial instruments - shares. Subsidiaries are measured to the fair value of assets held at least once a quarter. Hence changes in the fair value are reflected in the financial statements on the ongoing basis. The measurement methods are described in **Note 7, "Investments in subsidiaries"**.

Interest rate risk

The Company's exposure to market risk resulting from changes in interest rates relates primarily to bank deposits, loans borrowed and own securities issued (bill of exchange and bonds).

The Company does not hedge the interest rate risk with derivative financial instruments. For the measurement of interest rate risk, the Company uses sensitivity analysis.

Interest rate risk management is focused on minimizing fluctuations in interest cash flows on financial assets and liabilities which bear interest at variable interest rates.

Liquidity risk

The nature of transactions and financial assets means that financial liquidity risk is low. The Company manages liquidity risk by monitoring payment dates and demand for cash required for payments (current transactions monitored on a weekly basis) and the demand for cash. The demand for cash is compared with the available sources of funding (including in particular by assessing the ability to obtain financing in the form of loans, borrowings and bonds) and is compared to investments with available funds.

The Company manages the risk by monitoring the liquidity ratios based on balance sheet items, analysis of the level of liquid assets in relation to cash flows and maintaining access to various sources of financing (including the reserve credit facilities).

The liquidity management process is optimised by way of centralised management of funds within the MCI Group, where liquid surplus of cash generated by individual companies which are part of the Group is invested in loans and other instruments issued by entities which belong to the group (lower credit risk). Company's cash surplus is invested in short-term liquid financial instruments, such as bank deposits.

One of the methods of liquidity risk management is maintaining open and unused credit lines. They create a liquidity reserve.

FX risk

In the period from 1 January to 31 December 2015 the Company did not conclude transactions that would expose it to currency risk. In addition, the Funds make investments in currencies other than the zloty. In view of the above, fluctuations in exchange rates will have an effect on the reported value of the investment, which will go down in the case of appreciation of the zloty against the currencies in which individual investments in the investment period are carried out. Fluctuations in investment rates, by means of decline in measurement or value of revenues earned from the sale of the investment, may affect the drop in value of the fund's assets, and consequently, the drop in the value of investment certificates held by MCI. Whenever possible, the management company enforces the policy of hedging the foreign exchange risk by matching foreign currency funding in relation to the original investment currency.

INVESTMENT RISK

The essence of venture capital investments is the ability to achieve higher returns by investing in projects with higher levels of risk.
Before making venture capital investments, the investment teams conduct an in-depth analysis of the business plan, which does not ensure that the development project will be consistent with the assumptions. In particular, this is true for the technological innovations which have no application on the market yet, and thus are difficult to assess. If the business model of a company does not succeed, this may adversely affect the value of their investment and result in losses. As a result, this may translate into negative financial results of the Company by a decline in the value of investment certificates.

The risk related to the measurement of managed companies which affects the value of assets being managed

Once a quarter, MCI measures the fair value of assets held in funds, and the measurement value translates to the value of assets being managed and the level of remuneration received. Funds the certificates of which are held by MCI and subsidiaries of MCI invest capital for a period from 5 to 10 years. Usually, entities the securities of which are not listed on the stock exchange are subsidized. Thus, liquidity of such investments is limited, and the profit is earned by selling - usually to industry or financial investors - of shares of the company. There is no assurance that in future the funds will find potential buyers for their investment and will be able to exit the investments with assumed rates of return. The risk of economic and stock market downturn may also hinder the possibility of the exit or significantly limit the realizable rate of return. This may adversely affect the financial results of MCI.

Competition risk associated with acquisition of new investment projects

Development of MCI is closely related to the potential to make new investments in promising and technologically advanced economic projects. The market has seen an increase in competition from other funds (venture capital, private equity) and business angels also interested in investing in companies dealing with modern technologies. The Management Board of MCI addresses this risk by geographical expansion to new, promising markets, where competition is smaller. A major competitive leverage of MCI Capital S.A. is its recognizability in Poland and abroad, which allows the Company to win new projects.

The risk associated with the structure of the investment portfolio of funds

In the creation of the portfolio, the appropriate diversification of the portfolio is crucial, as it aims to reduce investment risk. Funds the certificates of which MCI holds try to reduce the risk by limiting capital exposure in a single project.

CREDIT RISK

Credit risk arises from default of the other party to make payment and the maximum exposure to this risk is equal to the carrying amount of financial assets which the credit risk of the Company is related to. These include: trade receivables and due bills, loans, cash, derivatives and investments in shares and investment certificates. A significant part of the Company's financial assets are receivables and investments in affiliates. Through loans, receivables from bills of exchange and trade receivables from related parties, the Company optimizes liquidity management.
The Company regularly monitors receivables. Credit risk associated with investments in subsidiaries and associates, investment certificates and derivatives is based on the results of companies and funds, and is reflected in the measurement of these investments to their fair value.
With respect to cash, in order to improve the current liquidity, the Company enters into agreements of bank deposits with entities of high creditworthiness, and invests funds for short periods. There are no major concentrations of credit risk in the Company.