TRANSLATION

PKF

OPINION AND REPORT OF INDEPENDENT AUDITOR

on financial statements of

MCI Management S.A.

seated in

Warsaw

for the financial year ended 31.12.2013

The opinion contains 3 pages

Opinion of the independent auditor
on the financial statements
for the financial year ended
31 December 2013

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 Shareholders of MCI Management S.A.

We have audited the accompanying financial statements of MCI Management S.A., seated in Warsaw ("the Company"), which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended and notes to the financial statements, comprising of 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 correctness of the accounting records, the preparation and fair presentation of these financial statements in accordance with in accordance with International Financial Reporting Standards, as adopted by European Union the requirements for issuers of securities admitted to trading on an official stock-exchange listing market and 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 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, based on our audit, is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of

Certified Auditors and in matters not regulated by the national standards on auditing, when determining the detailed methodology for the planning and performing the audit and if in doubt - International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the accounting records from which they are derived are free from material misstatement.

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, 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 financial statements of MCI Management S.A. have been prepared and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards, International Financial Reporting Standards as adopted by the European Union and related bylaws and the requirements for issuers of securities admitted to trading on an official stock-exchange listing market, are in compliance with the respective regulations and the provisions of the Company's Statute that apply to the Company's financial statements and have been prepared from accounting records that, in all material respects, have been properly maintained.

Other Matters

As required under the Accounting Act, we also report that the 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 2009, No 33, item 259) and the information is consistent with the financial statements.

Signed on the Polish original

Ewa Ogryczak
Certified Auditor No. 11577

Key Certified Auditor
On behalf of PKF Consult Sp. z o.o.
registration number 477

6/1B Orzycka Street
02-695 Warsaw

Warsaw, 18 March 2014

MCI MANAGEMENT SA

Directors' Report
for the reporting period
from 1 January to 31 December 2013

Translation from the Polish original

DIRECTORS' REPORT FOR THE REPORTING PERIOD FROM 1 JANUARY TO 31 DECEMBER 2013

1. Characteristics of the operations of Capital Group MCI Management SA

MCI MANAGEMENT S.A. („MCI", „Company") was established in 1999 and is one of the leading *private equity* groups in the CEE region managing a diversified portfolio of *venture capital*, *buy-out/ expansion* investments. MCI Group takes interest in investments in the sector of new technologies related to the Internet, IT distribution and TMT sector.

In 2013 MCI's consolidated net profit was MPLN 186 and attained 33% return on equity as compared to equity levels at the end of 2012. Net assets were MPLN 763.
As at the end of 2013 assets under management were bn PLN 1,1 as compared to MPLN 830 as at the end of 2012 and exceeded bn PLN 1 for the first time in history.

MCI Capital Group has runs its business in two segments – asset management and investments in portfolio assets through dedicated investment funds.

MCI Capital Group's strategic project in 2014 will be to go public with an asset managing company Private Equity Managers (the second segment described below). In 2014 MCI plans to sale a considerable number of this company's shares to external investors (financial and individual ones) and to managers employed in the company. The objective of PEM's IPO is to recognise the value and profit of MCI's asset management segment, obtaining liquidity which will be intended for new investments and objective asset measurement by the market. Connecting key managers with the Company through offering them PE's shares is also one of benefits related to PEM's going public.

Description of both segments of MCI's operations is presented below:

Segment of investments

MCI Group invests its assets through 6 investment funds applying diversified investment strategy. Funds make investments in investment assets in line with their investment strategy, from big *buyout* and *growth* investments (MCI.EuroVentures and MCI.TechVentures) through investments in small technological companies starting their operations (Helix Ventures and Internet Ventures) to debt instruments and property (MCI.CreditVentures).

Investments in portfolio companies are made for several years when a manager actively supports the development of companies and supervises the accomplishment of their business strategy and seeks opportunities for the asset disposal.

The table below presents MCI's biggest investment funds and their share in MCI's Capital Group assets:

Company	Measurement as at 31/12/2013 - according to MCI's share in Fund's assets	Share in assets MCI	Country
ABC Data	331,4	35%	Poland
Invia	79,4	8%	Czech
Indeks	64,8	7%	Turkey
KupiVip.ru	47,3	5%	Russia
Windlen.de	28,5	3%	Germany
Morele.net	27	3%	Poland
Real estates	19,1	2%	Poland
Geewa	15,1	2%	Czech
Frisco	12,5	1%	Poland
Answear	11,9	1%	Poland
total	**636,9**	**68%**	**-**
Cash and cash equivalents	199,2	21%	-
Other net items with Funds and PEM	103,9	11%	-
TOTAL ASSETS	***940***	***100%***	***-***

In the opinion of the Board of Directors MCI's competitive advantage is experience of its investment team composed of 6 Partners who are able to carry out complex investment projects in the field of new technologies. This results from the Company's 15-year experience in carrying out numerous investments. In this period the Company realised 19,7 % IRR on its investment activities.

Asset management segment

Capital Group Private Equity Managers S.A. („PEM”), whose sole direct and indirect shareholder as at the end of 2013 is MCI Management SA, plays a role of a company managing the funds with a capital share of MCI Management S.A. and external investors.

PEM attains cash income from fees for management which depends on the value of assets under management.

Funds under PEM's management invest primarily in fast growing companies from the technological sector in the CEE region and the net asset value grew at a rate of 20%-25% annually. This growth translated into an increased income of PEM's Group with very high profitability (net margin 70%).

In 2012 income from PEM management was circa MPLN 31, and EBITDA circa MPLN 24. In 2013 PEM doubled income from management and EBITDA mainly due to an increase of net asset value in the fund MCI.EuroVentures and, in the first time in PEM's history, due to collecting success fee in the fund MCI.EuroVentures. In 2013 income from management was MPLN 78,2 and EBITDA in this segment was circa MPLN 69.

2. Events materially affecting MCI's operations in 2013

A SUMMARY OF THE MOST IMPORTANT EVENTS IN THE PERIOD JANUARY-DECEMBER 2013 AND IN 2014 UNTIL THE REPORTING DATE

– March - First investment of MCI Group in Turkey through taking up 20% shares of Indeks Bilgisayar. Indeks Bilgisayar operating on the IT distribution market in Turkey since 2001 is undisputed leader in sales of IT equipment on the local market with a share of circa 27% and annual revenues of over M USD 850, i.e. twice as high as its largest competitor. The company is also 8th largest Turkish ICT firm and its objective is to become one of five largest IT firms in Europe. In May 2013 MCI realised a part of profit on the new investment and received circa MPLN 5 as dividends;

- April and June - Issue of ordinary bonds of H1 and H2 series totalling MPLN 55,8. Cash from the sales of debt securities was intended for new investments;

- July - Investment in Answear.com - the largest multibrand Internet clothes store in Poland and ECC offering over 200 most popular global brands of clothing, shoes and accessories in Poland; MCI took up 27% shares in the company;

- September – realisation of a partial exit from Invia.cz, sales of minority shares to Mezzanine Management and dividend payment (proceeds of MPLN 28);

- December – obtaining MPLN 30 from bonds H3 series;

- February 2014 – taking up 20% shares in a company dominant to Wirtualna Polska S.A.

CHANGES TO MCI'S MANAGING TEAM

On 17 March 2014 the most important personnel change took place in MCI - Cezary Smorszczewski was appointed Chairman of the Board of Directors in MCI.

As a result of the new appointment, current Chairman of the Board, Tomasz Czechowicz, by decision of the Company's Supervisory Board, took a position of the Vice Chairman of the Board of Directors. The Supervisory Board's resolution became effective as of the day of its adoption.

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

Tomasz Czechowicz shall remain Member of the Board of Directors and he will perform a key role. The former Chairman will focus on investing activities in the Internet and new technologies sector and in portfolio management of current investments.

3. Events after 31 December 2013 which can materially affect the future profit/ loss

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

4. Anticipated development of MCI Group

In 2014 MCI Directors set ambitious strategic goals for 2014.

Firstly, the Board of Directors intends to continue the dynamic investment operations spending on this purpose at least MPLN 305 as well as attain a comparable return on invested equity (ROE) at a similar level as in 2013 (at least 30%, which will enable to increase asset value per share up to circa PLN 16,5).

Furthermore, the biggest strategic project for 2014 will be PRE-IPO planned at the turn of 1Q and 2Q (presales of shares to managers), and then PEM's IPO on Warsaw Stock Exchange by the end of 2014. The intention of MCI is sales of PEM's majority shares in transactions mentioned above, but remaining owner of PEM S.A.'s material shares as part of portfolio investment of MCI.EuroVentures fund.

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

In 2013 MCI Management S.A. Group attained a consolidated net profit of MPLN 186. In this period its net assets value increased almost to MPLN 763.

The attained net profit resulted from the increase of the value of financial assets - certificates of the funds MCI. EuroVentures and MCI. TechVentures and income from management attained by PEM.

The profit/ loss for 2013 may be divided into the following components:
- Revenue from management - MPLN 78,2
- Increased value of certificates of MCI.EuroVentures - MPLN 119 attained mainly due to a dividend from Indeks and ABC Data and increased value of ABC Data SA's shares
- Increased value of certificates of MCI.TechVentures - MPLN 27
- Operating costs incurred in 2013 - MPLN 28

– and restatement of other figures decreasing the net profit/loss by MPLN 10.

As at the balance sheet date the main Company's figures were as follows:

Ratios			
	2013	2012	Change y/y
MCI's rate	**9,62 PLN**	6,37 PLN	+51%
capitalization	**601 MPLN**	397 MPLN	+51%
Assets under management	**1.087 MPLN**	830 MPLN	+31%
P/BV	**0,79**	0,69	+14%
debt/equity*	**15,7%**	11%	

*Only debt outside the group, bonds and notes extra

Analysis of these ratios show that the Group's financial and economic situation is favourable. Assets (of which 68% financial assets) are financed with equity (debt financing ration is 15,7% of net assets and has remained on a very low level for years).

Net assets per share – a very important ratio showing the value of investment per equity item – was PLN12,2/ share and still remains considerably higher than MCI's share value as at the balance sheet date - PLN 9,62.

6. Directors' information related to the realisation of forecasts of profit/ loss for 2013 and oncoming years

FORECASTS AND ESTIMATES OF PROFIT/ LOSS FOR 2013

On 15 May 2013 the Company announced in its current report No.16/2013 a forecast of a consolidated profit/loss for MCI Management S.A.for the first 6 months of 2013.
The consolidated net profit/loss as at 30 June 2013 was estimated at circa MPLN 90. The forecast was accomplished, Capital Group MCI's net profit/ loss as at 30 June was MPLN 91,2.

On 29 August 2013 the Board of Directors published in its current report a forecast of profit/ loss for the year. The estimates were as follows:
- Consolidated net profit/ loss as at the end of 2013 was estimated at MPLN 170;
- Assets under management as at the end of 2013 were estimated at bn PLN 1,1 and net assets (NAV) at MPLN 740. Revenues from managing investment funds were estimated at MPLN 49;
- Revenues from the sales of assets as at the Financial Statements publication date were estimated at MPLN 100.

The Board of Directors assessed the realisation of forecasts at the end of each quarter based on the revaluation of assets in Capital Group MCI and on assumptions based on which the forecast was prepared. If the estimated net profit/loss materially deviated from forecasts (above 10%) the Board of Directors made a decision on changes/ adjustments to forecasts in current reports.

Having assessed the annual forecast realisation MCI published on 14 January 2014 estimates of annual profit/ loss changing the forecast described above. Estimates published in the report are as follows:
- Consolidated net profit/ loss as at the end of 2013 was estimated at MPLN 170 – final consolidated net profit/ loss as at the end of 2013 was estimated at MPLN 189;
- Assets under management as at the end of 2013 were estimated at bn PLN 1,1 – estimates confirmed this sum, and net assets (NAV) estimated at MPLN 740 were adjusted to MPLN 766.
  Revenues from managing investment funds previously estimated at MPLN 49, attained the value of MPLN 77,3;
- Net asset value per share was estimated at PLN 12,2.

Final profit/ loss attained at the end of 2013 did not materially deviate from estimations above, hence the Board of Directors did not adjust estimates published in January 2014.

FORECASTS OF PROFIT/LOSS FOR 2014

On 18 December 2013 the Directors of MCI Managements S.A. informed about a forecast of consolidated figures which Capital Group MCI intended to attain as at the end of 2014:

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

Forecasts were made based on:

- The forecast was prepared based on an assumption that the realisation of priorities for the Capital Group in 2014 shall be not less than 50% as defined in the plan
- The forecast acknowledges impact which PEM S.A. may have on MCI IPO which is planned for the first half-year of 2014
- The forecasts above base on an assumption of good situation on the stock exchange in 2014 and increase of WIG index by at least 5% as compared to its value as at the date of this forecast and on GDP increase in Poland at least by 2% in 2014.

The Board of Directors of MCI Management is obligated to assess the forecast realisation based on revaluation of assets in Capital Group MCI and of assumptions based on which the forecast was prepared. If the estimated net profit/loss materially deviated from forecasts (above 10%) the Board of Directors made a decision on changes/ adjustments to forecasts in current reports.

7. Description of basic risks and threats

INVESTMENT RISK

Risk of *venture capital* investments

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

Prior to making a venture capital investment, a business plan needs to be thoroughly analysed, which, however, does not always ensure that company development will go as planned. This relates particularly to technology innovations which have yet no use on the market, hence, are difficult to evaluate. If a business model of a company is not successful, it can negatively affect the value of investment, of which also incurring losses. As a result, this could negatively affect the company's profit through decreased value of assets under management.

Risk related to measurement of managed companies affecting the value of assets under management

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

Measurements are confirmed by auditors. Measurement methods are partly based directly on market prices of listed companies or on comparative figures of companies listed on stock exchange in Poland and abroad. Hence, there is a risk of lower results of CG MCI (reflecting changes to measurements mentioned above) if there is downturn on stock exchanges.

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

Competition risk related to acquiring new investment projects

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

Risk related to the structure of funds' investment portfolio

An important aspect of creating the portfolio is its appropriate diversification, which aims at mitigating the investment risk. The Company tries to mitigate this risk through limiting the level of capital invested in one project. However, as at the publication date of the Financial Statements the portfolio of managed investment funds includes one company slightly exceeding this level - ABC Data SA.

Risk related to managers

Achieving dynamic growth of the Company depends on the quality of managers work. Personnel responsible for managing funds and portfolio companies are key to the process of building the value of Group's assets. There is a risk of deteriorating the efficiency of work or resigning of key personnel which can negatively affect the Company's operations. To mitigate this risk MCI runs active personnel policy, seeks new talents and has motivation systems which allow to keep key persons in the company for many years (option programmes).

Foreign exchange risk

Funds make investments also in currencies other that zloty. Such investments constitute circa 30% of the portfolio. Also proceeds from disposal of investments may be in currencies other than zloty. Due to this fact, currency fluctuations will affect the reported investment value which will fall if zloty is appreciate d against other currencies in which particular investments are run. Fluctuations of investment currencies (due to lower measurements or lower income from sales of investments) may lower the value of assets under management and hence lead to a decrease of MCI revenues. The Board of Directors tries to address this risk through fundraising for such investments (e.g. bank loans) in a currency in which investments are made, which allows to secure this risk.

Hedging instruments may be applied only temporarily if the investment time horizon is known, e.g. for planned sales.

RISK FACTORS RLEATED TO ENVIRONMENT IN WHICH MCI GROUP RUNS ITS OPERATIONS

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

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

Risk of downturn in the sector of innovative technologies

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

Political risk

Political and economic situation in some countries where MIC Group's funds invested, or intend to invest in future, may be instable, which may affect portfolio companies and their value. MCI tries to invest in such companies where founding members and other funds present on the market are investment partners who know market specifics.

8. Information on the purchase of own shares

In MCI Management SA

In the current period (2013) the Company did not purchase own shares.

Information on the purchase of own shares of Private Equity Managers SA (PEM SA)

On 18 December 2013 the Extraordinary General Meeting of Shareholders of Private Equity Managers S.A. decided on redemption of 14.010.507 own shares in the company capital. The nominal value of redemption was TPLN 14 011. The redemption was performed through the purchase of own shares by Private Equity Managers S.A. with remuneration totalling TPLN 80 000.

As at the date of these Financial Statements the redemption of own shares was not registered in the National Court Register.

After registering the redemption the Company's share capital will be TPLN 3 335.

To pay for the purchased own shares, PEM SA issued B series bonds of a nominal value of TPLN 40.000 which were taken up by MCI Management S.A. and took a loan in Alior Bank S.A. of TPLN 40 000. The bonds were issued in December 2013 and taken up by MCI Management S.A. Then, the companies agreed to a mutual set-off of receivables.

9. Information on branches of MCI Management SA

In 2013 as well as at the reporting date MCI Management SA did not have any company branches.

10. Information on concluded agreements material for the operations of MCI Management SA

Issue of ordinary bonds of H1, H2 and H3 series

More information in the consolidated Financial Statements for 2013 in note No. 16 „Bonds".

Bill of exchange agreements

More information in the consolidated Financial Statements for 2013 in note No. 20 "Liabilities on bills of exchange".

Loan received in a subsidiary Private Equity Managers S.A.

Under the loan agreement with Alior Bank S.A. on 14 January 2014 the loan of TPLN 40 000 was disbursed. The loan was intended for the purchase of Private Equity Managers S.A. shares from MCI Management SA. (for the purpose of their redemption). The loan was granted by 31 December 2018 and it bears interest based on WIBOR 3M rate increased by the margin. The capital payoff shall be made in 20 equal instalments of TPLN 2 000 each. The agreement interest rate is defined at WIBOR 3M plus 3,8%.

The amount of the received loan was intended for paying off the liabilities of Private Equity Managers S.A. on account of purchasing own shares intended for redemption.

11. Description of important transactions with subsidiaries

Taking up bonds of H1 series by AIP Sp. z o.o.

Alternative Investment Partners Sp. z o.o. took up 7 000 bonds of H1 series issued by MCI Management Sp. z o.o. of a total value of PLN 7 000 000. The bonds bear an interest rate based on a variable rate of WIBOR 6M increased by a 4,5% margin per annum. The bonds shall be redeemed on 11 April 2016. More information on bonds is presented in note No. 33 to the 2013 interim Financial Statements. Information on other transactions concluded between MCI Management S.A. Group and related entities is presented in note No. 48 to the 2013 interim Financial Statements "Transactions with related entities".

Agreement with ABC Data SA

MCI Management S.A. in relation to ABC Data S.A. concluding on 27 June 2013 an agreement with a financial adviser, Jefferies International Limited, headquartered in London (hereinafter referred to as "Financial Adviser"), the object of which is that Financial Adviser analyses strategic opportunities of further development and expansion of ABC Data S.A. and, if justified based on such an analysis, a transaction of obtaining a strategic investor for ABC Data S.A. The transaction may be carried out through a purchase of considerable number of shares of ABC Data S.A. by this investor. On 27 June 2013 MCI concluded an agreement providing that remuneration to Financial Adviser – if relevant variants of a potential transaction are realised, if a decision on Transaction's realisation is made and if MCI is selling its shares, will be paid by MCI Management SA.

Increase of share capital of MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A.

In October 2013 MCI Management S.A. increased share capital in its subsidiary MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A. by TPLN 100 through issuing a hundred thousand ordinary registered shares of a nominal value of PLN 1 per share and an issue price for each share of 676 458 415,00 (six hundred seventy six million four hundred fifty eight thousand four hundred fifteen) Polish zlotys.

Shares in the increased share capital of MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A. were fully taken up by MCI Management S.A. based on shares take up and disposal agreements concluded on 30.10.2013 and fully paid up with a non-cash contribution of 31 088 859 ordinary registered shares (non-preference shares) of series A, B, C, D, E, F and G of a nominal value of PLN 1 per share, i.e. of a total nominal value of PLN 31 088 859,00 MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A. headquartered in Warsaw, in which 100% shares were held by MCI Management S.A. The contribution was measured as at net assets value of a company, whose shares were a subject of the contribution.

Disposal of shares intended for redemption for the benefit of Private Equity Managers SA (PEM)

The agreement on shares disposal (Agreement) was concluded on 20 December 2013 between MCI as seller holding 100% shares in the share capital of PEM and PEM as buyer. Shares sold with the aim of redemption constituted circa 80% in PEM's share capital and authorised to 14 010 507 votes on PEM's general shareholders' meeting. After conclusion of the agreement, excluding shares purchased by PEM for redemption, MCI still holds 100% shares in PEM's share capital authorising to 3 335. votes on PEM's general shareholders' meeting. Selling price per share was PLN 5,71, a total of PLN 79 999 994,97 (Share Price payment deadline was settled as at a date not later than 31 January 2014).

The source of financing of the shares by PEM are bonds of B series issued by PEM on 20 December 2013 and taken up by MCI of a total value of PLN 40 000 000 (Bonds) and a bank loan up to PLN 40 000 000 in Alior Bank S.A.

On 20 December 2013 an offset agreement was concluded between MCI and PEM (Offset Agreement) by the power of which the Parties made an offset of MCI's receivables arising on the sale of shares of PLN 40 000 000 with PEM's receivables to MCI arising on the obligation to pay the Bonds issue price. The Parties agreed that the amount of MCI's not deducted receivables arising on Share Price of PLN 39 999 994,97 shall be paid pursuant to the Agreement.

Bill of exchange agreements

More information in the consolidated Financial Statements for 2013 in note No. 20 "Liabilities on bills of exchange".

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

This information is presented in note No. 17 to the consolidated Financial Statements for 2013 "Bank loans and borrowings" and in note No. 29 "Guarantees and securities".

13. Information on granted loans with their maturity dates, on granted guarantees and securities, particularly on borrowings, guarantees and securities granted to the issuer's subsidiaries

This information is presented in note No. 13 to the consolidated Financial Statements for 2013 "Borrowings granted" and in No. 29 "Guarantees and securities.

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

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

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

JTT Compensation

On 2 October 2006 proxies of MCI Management S.A. filed a lawsuit in the District Court of Wrocław against the State Treasury for payment of compensation of MPLN 38,5 on damages incurred and profits lost by MCI Management S.A., as a shareholder of JTT Computer S.A., which arose due to illegal activities of tax authorities. By the final Court of Appeals order of 31 March 2011 MCI received compensation of MPLN 46,6 (with interests). The State Treasury appealed against the order of the Court of Appeals by filing a cassation to the Supreme Court. On 26 April 2012 the Supreme Court dismissed the judgement favourable to MCI and submitted the case to further examination by the Court of Appeals. On 17 January 2013 the Court of Appeals upheld the judgement under appeal and again awarded MCI damages on account of JTT.

A detailed description of the litigation is presented in the Directors' report for the period from 1 January to 30 June 2013 in note No. 15.

On 17 January 2013 the State Treasury appealed to the Supreme Court against the second judgment of the Court of Appeals in Wrocław. The Supreme Court accepted the file for examination and settled a hearing date for 26 March 2014.

Counterclaim – claims for compensation Anna Hejka/ MCI

On 2 April 2011 Anna Hejka requested the Company to pay her an amount of MPLN 30 as compensation claim for services provided by Anna Hejka in relation to the Issuer's investment in the company ABC Data S.A. Anna Hejka supports her claims against the Company based on Issuer's failing to perform contractual obligations as well as on delict (prohibited) actions as a result of which, as she states, she has been deprived of success fees.

On 31 August 2011 the Company filed against Anna Hejka a suit by writ of payment of PLN 250 525,00 with statutory interest on sums and dates specified in the claim. The sum under the writ of payment includes:

- PLN 107 348,83 as advance on remuneration and expenses which has never been returned to or settled with the Company,
- PLN 143 127,60 as contractual penalty to be paid to the Company in line with the agreement concluded in 2006 for the company's shares which were granted to Anna Hejka as advance payment and never returned.

On 31 August 2011 the Company filed a lawsuit to obligate Anna Hejka to declare her will and it requested to secure non-monetary claim prior to the initiation of the proceedings. Anna Hejka's declaration of will shall include her obligation to sell 46 470 Issuer's shares of the Series "H" to Alternative Investment Partners Sp. z o.o. The subject of the claim security would be a court's order prohibiting Anna Hejka to dispose of or encumber 46 470 series "H" shares registered on her securities account.

On 10 February 2012 Anna Hejka filed a counterclaim to the District Court in Płock for MCI Management SA paying for her benefit a sum of PLN 15 803 295 as compensation for her bonuses, fulfilling a function of a Board Member, for incentive programmes and other contractual matters settled between parties.

A detailed description of the litigation is presented in the Directors' report for the period from 1 January to 30 June 2013 in note No. 15.

As at the publication date of this report there were no changes to the litigations related to Anna Hejka. Further court hearings take place.

Administration proceedings imposing administration penalty on MCI Capital TFI SA

On 24 November 2010 the Polish Financial Supervision Authority with its decision (DPO/A2/476/57/25/09/10/EM) imposed on MCI Capital TFI a penalty of:

- PLN 50 000 for violating the participant interest of MCI.PrivateVentures FIZ;
- PLN 50 000 for violation by MCI.PrivateVentures FIZ of statute provisions.

A detailed description of the litigation is presented in the Directors' report for the period from 1 January to 30 June 2013 in note No. 15.

With a decision of 22 May 2013 the Supreme Administrative Court overruled the decision of the Voivodship Administrative Court in Warsaw of 26 October 2011 dismissing the complaint against the decision of the Polish Financial Supervision Authority of 24 October 2010 and passed the case for a reconsideration to the Voivodship Administrative Court. As at the publication date of this report the litigation date has not been scheduled.

Administration proceedings imposing administration penalty on MCI Capital TFI SA

On 6 August 2012 administrative proceedings on imposing administration penalty on MCI Capital TFI SA commenced.

This related to possible breach by MCI Capital TFI S.A. of regulations relating to periodical reports and current information about company operations and financial standing as regards failing to inform on the commencement of litigation related to instituting by MCI Management S.A. proceedings on determining the non-existence of a legal relationship arising from the agreement concluded on 20 May 2009 on taking up 300 000 registered shares of H series in the increased share capital of MCI Capital TFI S.A.

The reason for filing the complaint was determining the right level of share capital in the National Court Register of MCI Capital TFI S.A. and its nature was formal.

A detailed description of the litigation is presented in the Directors' report for the period from 1 January to 30 June 2013 in note No. 15.

On 15 October 2013 the Polish Financial Supervision Authority annulled the previous decision of 6 November 2012 and imposed on MCI Capital TFI S.A. a penalty of TPLN 250. MCI Capital TFI S.A. paid the penalty.

Corporate income tax – JTT compensation

On 20 June 2011 the Company MCI SA requested the Ministry of Finance for the Ministry's interpretation related to the corporate income tax on the compensation received from the State Treasury for the significant loss on JTT shares held by MCI Management S.A. According to the Company, the compensation received from the State Treasury does not constitute taxable income. Tax authorities in their individual interpretation issued on 14 September 2011 considered the Company's standpoint incorrect, as a result of which the Company filed to the Voivodship Administrative Court against the issued interpretation. The Voivodship Administrative Court in Warsaw decided on 12 November 2012 that the file shall not be examined and stated that exemptions from taxation on compensations awarded based on provisions of the civil law could be used by the end of 1998, but this provision has been deleted. In January 2013 the Company appealed against the order of the Voivodship Administrative Court in Warsaw to the Supreme Administrative Court. As at the date of this report the date of further hearing in the Supreme Administrative Court was not settled.

A detailed description of the litigation is presented in the Directors' report for the period from 1 January to 30 June 2013 in note No. 15.

As at the date of this report there were no material changes relating to this litigation.

Tax liabilities on VAT for December 2007

On 1 August 2013 Director of the Tax Control Office issued a decision indicating an understatement of tax due on account of determined irregularities of PLN 995 634 for December 2007. The decision was made based on control proceedings brought about by the Director of the Tax Control Office in Warsaw of 4 December 2012. The proceedings under consideration comprised reliability and fairness of declared tax bases and correctness of calculating and paying VAT for December 2007.

The Director of the Tax Control Office found irregularities in the calculation of VAT liabilities resulting mainly from failing to issue a VAT invoice for activities performed in 2006-2007 for the benefit of ABC DATA Holding S.A. as well as from the sale of shares held by ABC Data Holding S.A.

On 16 August 2013 the Company appealed against the decision of the Director of the Tax Control Office to the Director of the Tax Chamber in Warsaw, appealing fully against the decision of the Tax Control Office. According to the Company the decision of the Tax Control Office is a breach of material tax law and proceedings. The Director of the Tax Chamber upheld the decision of the Tax Control Office. Toward the end of 2013 the Company paid tax liabilities resulting from the decision of the Tax Control Office with interest and on 3 January 2014 it appealed against the decision of the Tax Control Office to the Voivodship Administrative Court. As at the date of this report the date of further hearing in the Voivodship Administrative Court was not settled.

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

In the reporting period the Company did not issue any new shares.

17. Management of the financial resources

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

18. Realisation of potential investment plans

Due to experience and considerable network of contacts and partners MCI Group has vast access to new investment projects. A very dynamic development of the Internet sector - constituting the main segment of the Group's interest - creates a number of investment opportunities. The Directors assess that with a day-to-day liquidity of MPLN 200 in the Group (cash and pre-approved loans) MCI is privileged as compared to its competitors and will be able to use the market investment potential.

19. Factors and unusual events affecting 2013 profit/ loss of MCI Management SA

No other factors or unusual events which could affect the Company's profit/loss for 2013 occurred in the Company's operations in 2013.

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

The main factors which will affect the Company's 2014 profit/ loss are: stock exchange prices and financial and operating profit/ loss of portfolio companies - this will materially affect the value of the Group's investment assets, the Group's profit/ loss and opportunities of the assets disposal.

The situation on capital markets translates into the situation on debt markets and into opportunities of winning new investments.

21. Changes to main principles of management in MCI Management SA

None reported.

22. Changes among personnel managing and supervising MCI Management SA

Composition of the Board of Directors of MCI Management S.A. in 2013:
- Tomasz Czechowicz: Chairman of the Board (throughout 2013)
- Norbert Biedrzycki: Vice Chairman of the Board (throughout 2013)
- Sylwester Janik: Member of the Board (until 28 June 2013 and from 17 July 2013)
- Magdalena Pasecka: Member of the Board (throughout 2013)
- Wojciech Marcińczyk: Member of the Board (throughout 2013)

Composition of the Supervisory Board of MCI Management S.A. in 2013:
- Hubert Janiszewski: Chairman of the Supervisory Board (throughout 2013)
- Dariusz Adamiuk: Member of the Supervisory Board (throughout 2013)
- Wojciech Siewierski: Member of the Supervisory Board (throughout 2013)
- Piotr Czapski: Member of the Supervisory Board (from 28 June 2013)
- Stanisław Kluza: Member of the Supervisory Board (from 15 July 2013)
- Marek Góra: Member of the Supervisory Board (until 28 June 2013)
- Jarosław Dąbrowski: Member of the Supervisory Board (until 28 June 2013)

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

- On 8 April 2013 the Supervisory Board of MCI Management SA appointed Mr Tomasz Czechowicz for the position of Chairman of the Board of Directors for the next three years term of office.
- On 8 April 2013 the Supervisory Board of MCI Management SA appointed Mr Wojciech Marcińczyk for the position of Board Member.

As at the date of this report the composition of the Board of Directors was as follows:
- Tomasz Czechowicz – Chairman of the Board,
- Norbert Biedrzycki – Vice Chairman of the Board,
- Sylwester Janik – Member of the Board,
- Magdalena Pasecka – Member of the Board,
- Wojciech Marcińczyk – Member of the Board.

As at the beginning of 2013 the composition of the Supervisory Board was as follows:
- Hubert Janiszewski – Chairman of the Supervisory Board,
- Wojciech Siewierski – Member of the Supervisory Board,
- Jarosław Dąbrowski – Member of the Supervisory Board,
- Dariusz Adamiuk – Member of the Supervisory Board,
- Marek Góra – Member of the Supervisory Board.

Changes to the composition of the Supervisory Board from the beginning of the reporting period to the date of this report publication:

- On 28 June 2013 Mr Jarosław Dąbrowski resigned from the position of Member of the Supervisory Board. The resignation was effective as at 28 June 2013 and it did not contain justification.

- On 28 June 2013 the Ordinary General Meeting of MCI Management S.A. appointed Mr Piotr Czapski for the position of Member of the Supervisory Board for an individual term of office for three years.
- On 28 June 2013 Mr Marek Góra completed his three years term of office.

In relation to the above information as at the publication date of this report the composition of the Supervisory Board is as follows:

- Hubert Janiszewski – Chairman of the Supervisory Board,
- Wojciech Siewierski – Member of the Supervisory Board,
- Dariusz Adamiuk – Member of the Supervisory Board,
- Piotr Czapski – Member of the Supervisory Board,
- Stanisław Kluza – Member of the Supervisory Board.

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

Agreements concluded between MCI Management S.A. and the Management in 2013 do not provide for compensations in the case of their resignation or dismissal.

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

In the period from 1 January 2013 to 31 December 2013 net remuneration paid and gross remuneration due to MCI's Members of the Board of Directors and Supervisory Board were:

	Net remuneration paid by the Company in 2013 for 2013 in TPLN	Net remuneration paid by subsidiaries in 2013 for 2013 in TPLN
Board of Directors, of which:		
– Magdalena Pasecka	139	226
– Michał Chyczewski	171	-
– Wojciech Marcińczyk	345	210
– Sylwester Janik	1 188	
Supervisory Board, of which:		
– Adam Niewiński	-	3
– Dariusz Adamiuk	17	3
– Wojciech Siewierski	-	-
– Stanisław Kluza	10	1
– Hubert Janiszewski	28	-
– Piotr Czapski	12	-
– Stanisław Kluza	9	-
– Marek Góra	2	-
– Jarosław Dąbrowski	2	

Information on incentive programmes for the Board of Directors and Supervisory Board is presented in note No. 32 to the consolidated Financial Statements "Incentive Programmes”.

25. Shares held by persons managing and supervising MCI Management SA

According to the knowledge of MCI Management SA, as at 18 March 2014 the number of shares held by persons managing the Company is as follows:

Board of Directors:

	Number of shares held	*Number of shares given under the option programme*
Tomasz Czechowicz	487 909	522 440
Norbert Biedrzycki	-	-
Magdalena Pasecka	9 305	100 000
Sylwester Janik	23 000	-
Wojciech Marcińczyk	-	-

Supervisory Board:

	Number of shares held	*Number of shares given under the option programme*
Hubert Janiszewski	21 467	-
Marek Góra	-	-
Wojciech Siewierski	15 681	-
Piotr Czapski	-	-
Dariusz Adamiuk	8 184	-

26. Majority shareholders

Shareholders	**Share in share capital**		**Share in No. of votes on Shareholders' Meeting**	
	No. of shares	**Share in share capital**	**No. of votes on Shareholders' Meeting**	**Share in No of votes on Shareholders' Meeting**
Alternative Investment Partners Sp. z o.o. (formerly: Immoventures Sp. z o.o.)	30 658 446*	49,10%	30 658 446	50,58%
Fundusze związane z Quercus Towarzystwo Funduszy Inwestycyjnych Spółka Akcyjna	4 287 938**	6,87%	4 287 938	7,00%
MCI Management Spółka Akcyjna	1 837 405*	2,94%		

* as at 12 March 2014
** as at 17 December 2013

The difference between share in share capital and share in No. of votes on Shareholders Meeting results from the fact that voting with own shares held by the Issuer is excluded.

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

On 17 May 2012 the Ordinary Shareholders' Meeting of the company Private Equity Managers SA resolved the Incentive Programme for the Company's Supervisory Board for 2012 and rules of its organisation.

The Incentive Programme is addressed to members of the Supervisory Board through the right to purchase 0,025% of the Company's existing shares (share options), where "the Company's existing shares" means shares registered in the National Court Register as at 31 December 2012.

More information on this programme is presented in note No. 42 to the interim consolidated Financial Statements "Incentive programme based on issue of shares".

As at the date of this report shares (options) were not granted.

– On June 5 2010 the Ordinary Shareholders' Meeting of MCI Management S,A. acknowledging the Resolution No. 1 of the Supervisory Board of 25 April 2012 on the adoption of the Incentive Programme for 2012 for selected Company Board Members, made a resolution No. 19/ZWZ/2012 on issue of subscription warrants of "A" series with the right to take up "I" series shares and on exclusion of the rights to take up "A" series subscription warrants. More information on this programme is presented in note No. 42 of the interim consolidated Financial Statements "Incentive programme based on share issue".

In 2013 the Supervisory Board of MCI Management S.A. in relation to the realisation of priorities for 2012 resolved:

- to grant to the Chairman of the Board 95% of the maximum number of warrants dedicated to the Chairman in the Incentive Programme for 2012, which gives the right to take up 285 750 of the Company's shares - **the shares have not been taken up.** The shares have not been taken up by Tomasz Czechowicz because the consent of the Polish Financial Supervision Authority (KNF) is required for this purpose, which means control gained in an indirect manner of MCI Capital TFI S.A. Tomasz Czechowicz expects KNF's decision in this regard;
- to grant to the Company's CFO 100% of the maximal number of warrants dedicated to the Board Member and CFO in the Incentive programme for 2012, which gives the right to take up 100 000 of the Company's shares – **the shares have been taken up.**

- On 17 September 2012 the Extraordinary Shareholders Meeting of MCI Management S.A. resolved on conditional increase of share capital of MCI Management S.A. The Resolution was made as a consequence of the issue of shares convertible to G series bonds (more information on G series bonds issue is presented on note No. 32 of the interim consolidated Financial Statements for the first half-year of 2013 "G series bonds"). The conditional increase will take place through the issue of no more than 5 555 000 series Z ordinary bearer's shares of a nominal value PLN 1 each, of a total nominal value not higher than PLN 5 555 000. The only entitled to take up shares in the conditionally increased share capital will be bondholders of series G1, G2, G3, G4 and G5 bonds issued based on the resolution of the Company's Shareholders Meeting of 17 September 2012. The shares shall participate in a dividend.

As at the date of this report shares were not given.

More information in the note No. 8 of the Directors' Report for the first half-year of 2013 "Information on the purchase of own shares of MCI Management S.A."

30 356 shares were granted to Mr Sylwester Janik – Board Member of MCI Management SA

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

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

29. Information on the control system of employee shares programmes in MCI Management SA

Information on realised and planned incentive programmes is presented in note No. 32 to 2013 consolidated Financial Statements - "Incentive Programmes".

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

As at the signing date of the consolidated Financial Statements for 2013 there are no restrictions related to transferring the ownership of securities of MCI Management S.A. and executing the voting rights therefrom, apart from own shares coming from the buyout of own shares where the voting right is excluded.

31. Remuneration to auditor carrying out half-year review and annual audit of individual and consolidated Financial Statements of MCI Management SA

Remuneration to auditor of the Financial Statements is presented in note No. 22 "Remuneration paid to auditor of the Financial Statements" in the Company's consolidated Financial Statements as at 31.12.2013.

Chairman of the Board of Directors
Tomasz Czechowicz

Vice Chairman of the Board of Directors
Sylwester Janik

Member of the Board of Directors
Magdalena Pasecka

Member of the Board of Directors
Wojciech Marcińczyk

Member of the Board of Directors
Norbert Biedrzycki

Warsaw, 18 March 2014

MCI Management SA

Financial Statements
for the period from 1 January to 31 December 2013

Translation from the Polish original

MCI Management SA

Financial Statements
for the period from 1 January to 31 December 2013

For the shareholders of MCI Management SA

In line with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities (Journal of Laws No. 33, item 259) the Board of Directors is obligated to provide the preparation of the annual Financial Statements which give a fair and a true view of the Company's assets and financial standing as at the end of 2013, and the profit or loss for the period.

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

The Directors' report is appended to these Financial Statements.

The Financial Statements have been approved of for publication and signed by the Company's Board of Directors

Chairman of the Board of Directors
Tomasz Czechowicz

Vice Chairman of the Board of Directors
Sylwester Janik

Member of the Board of Directors
Magdalena Pasecka

Member of the Board of Directors
Wojciech Marcińczyk

Member of the Board of Directors
Norbert Biedrzycki

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

Warsaw, 18 March 2014

Statement of comprehensive income

	NOTES	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Continuing operations			
Revenues from sales		-	-
Cost of sales		-	-
Gross profit		**-**	**-**
Gains (losses) on investments	1	134 252	28 716
General and administrative costs	2	(10 331)	(5 874)
Other operating income	3	952	261
Other operating expenses	4	(1 977)	(1 334)
Operating profit		**122 896**	**21 769**
Finance income	5	3 043	4 651
Finance costs	6	(11 419)	(8 691)
Profit before tax		**114 520**	**17 729**
Income tax	7	4 148	4 237
Net profit from continuing operations		**118 668**	**21 966**
Profit/ loss from discontinued operations		-	-
Net profit for the period		**118 668**	**21 966**
Other comprehensive income			
Financial assets valued through equity		73 723	321
		192 391	22 287
Earnings per share		1,90	0,35
Diluted earnings per share		1,88	0,41

Statement of financial position

	NOTES	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Non-current assets			
Tangible fixed assets		277	386
Intangible assets		2	117
Investments in subsidiaries	8	744 713	601 717
Other investments in other parties		185	228
Borrowings granted to other parties (long-term)	12	446	423
Deferred tax assets	7	8 789	6 326
Trade and other receivables	11	-	42
Bonds	13	40 091	-
Other financial assets	10	30 404	65 050
		824 907	**674 289**
Current assets			
Trade and other receivables	11	72 417	24 231
Borrowings granted to related entities	12	7 965	47 016
Borrowings granted to other parties	12	-	1 621
Cash and cash equivalents	14	42 441	12 414
		122 823	**85 282**
Total assets		**947 730**	**759 571**
Equity			
Share capital	15	62 347	62 347
Supplementary capital		457 803	435 835
Other reserves capital		44 490	38 742
Other comprehensive income		79 025	5 302
Own shares		(8 959)	(8 958)
Retained profit/ loss from previous periods		1 671	1 671
Net profit for the period		118 668	21 966
Equity attributable to the owners of the parent		**755 045**	**556 905**
Non-controlling interests		-	-
Total equity		**755 045**	**556 905**
Non-current liabilities			
Bank loans and borrowings	17	226	267
Bonds	16	84 800	34 908
Deferred tax liabilities	7	8 757	3 205
		93 783	**38 380**
Current liabilities			
Trade and other payables	19	305	93 938
Bank loans and borrowings	17	1 812	1 675
Bonds	16	35 495	28 390
Current provisions	18	12 120	11 271
Bills of exchange	20	49 170	29 012
		98 902	**164 286**
Total equity and liabilities		**947 730**	**759 571**

Statement of changes in equity

	Share capital	Retained profit/loss from previous periods	Net profit for the period	Capital redemption reserve				Other equity reserves			Other comprehensive income	Own shares	Total equity
				Share issue as part of conversion of convertible bonds	Share issue - execution of the manag. option programme	Share issue above the nominal value	Profit distribution	Fund for Settlement of the Buy Back Programme	Settlement of costs of the Managerial Share Option Programme	Measurement of the equity component of the bonds	Revaluation of financial assets available for sale		
Balance as at 31.12.2012	**62 347**	**1 671**	**21 966**	**28 175**	**1 641**	**106 440**	**299 579**	**22 413**	**11 512**	**4 817**	**5 302**	**(8 958)**	**556 905**
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity	-	-	-	-	-	-	-	409	5 339	-	-	-	5 748
Measurement of financial assets	-	-	-	-	-	-	-	-	-	-	73 723	-	73 723
Transfer of profit/ loss	-	-	(21 968)	-	-	-	21 968	-	-	-	-	-	-
Profit/ loss for the period	-	-	118 668	-	-	-	-	-	-	-	-	-	118 668
Other round-ups			2									(1)	1
Balance as at 31.12.2013	**62 347**	**1 671**	**152 720**	**28 175**	**1 641**	**106 440**	**321 547**	**22 822**	**16 851**	**4 817**	**79 025**	**(8 959)**	**755 045**
Balance as at 31.12.2011	**62 347**	**-**	**19 100**	**28 175**	**1 641**	**106 440**	**280 479**	**22 413**	**11 104**	**4 817**	**4 513**	**(8 623)**	**532 406**
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity	-	(17 429)	-	-	-	-	19 100	335	408	-	7 637	-	10 051
Fund f or Settlement of the Buy-Back Programme								(335)				(335)	(670)
Other comprehensiv e income	-	-	-	-	-	-	-	-	-	-	(6 848)	-	(6 848)
Transfer of profit/ loss	-	19 100	(19 100)	-	-	-	-	-	-	-	-	-	-
Profit/ loss for the period	-	-	21 966	-	-	-	-	-	-	-	-	-	21 966
Balance as at 31.12.2012	**62 347**	**1 671**	**21 966**	**28 175**	**1 641**	**106 440**	**299 579**	**22 413**	**11 512**	**4 817**	**5 302**	**(8 958)**	**556 905**

Statement of cash flows

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Net profit for the reporting period	**118 668**	**21 966**
Adjustments:		
Changes in the level of income tax	(4 148)	1 584
Depreciation and amortisation of tangible fixed assets and intangible assets	209	189
(Gains)/losses on exchange differences	(130)	
Profit on disposal of securities	1 765	22
Gains/(losses) on changes in fair value of other financial assets measured at fair value with gains/(losses) valued through statement of comprehensive income (including loss on sale)	(136 017)	25 144
Interest income	(1 784)	(4 021)
Interest expenses	10 643	8 594
Change in the level of provisions	849	(5 036)
Other adjustments	73 708	1 134
Change in the level of trade and other receivables	(48 144)	(15 580)
Change in the level of trade and other payables	(1 582)	(35 162)
	(138 685)	**(23 132)**
Net proceeds from operating activities	**14 037**	**(1 166)**
Cash flows from investing activities		
Interest received	-	194
Proceeds from sale of subsidiaries	50	-
Cash outflows for acquisition of subsidiaries	(150)	-
Proceeds from bonds	157	-
Cash outflows for purchase of bonds	(150)	-
Cash outflows for purchase of fixed assets	(23)	(46)
Cash outflows for purchase of certificates	(3 521)	(9 683)
Cash outflows for borrowings granted	-	(13 495)
Proceeds from borrowings granted	42 003	12 413
Cash outflows for purchase of bills of exchange	-	(14 600)
Settlements (proceeds) on short-term securities	-	18 678
Other cash flows from investing activities	-	(6 506)
Net cash flows from investment activities	**38 366**	**(13 045)**
Cash flows from financing activities		
Net proceeds from issue of shares and other instruments, capitals and equity contributions	409	-
Issue of own bills of exchange	70 835	29 495
Repayment of own bills of exchange	(50 137)	(1 113)
Repayment of loans	(60)	-
Repayment of taken up borrowings		(11 246)
Issue of bonds	84 350	-
Repayment of issued bonds	(116 414)	(79 500)
Interest paid on bonds	(11 349)	(9 169)
Taking up borrowings	-	16 565
Other	-	60 368
Net cash flows from financing activities	**(22 366)**	**5 400**
Adjustment related to assets intended for liquidation		
Net increase /(decrease) of cash and cash equivalents	30 037	(8 811)
Cash and cash equivalents opening balance	12 402	21 209
Change in the level of cash due to exchange differences	2	16
Cash and cash equivalents closing balance	**42 441**	**12 414**

Selected figures converted into EUR

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000	Period: from 01.01.2013 to 31.12.2013 EUR'000	Period: from 01.01.2012 to 31.12.2012 EUR'000
Revenue from sale	-	-	-	-
Profit (loss) on operating activities	122 896	21 769	29 185	5 216
Profit (loss) before tax	114 520	17 729	27 196	4 248
Net profit/ loss	118 668	21 966	28 181	5 263
Net cash from operating activities	13 468	(1 166)	3 198	(279)
Cash flows from investing activities	38 366	(13 045)	9 111	(3 126)
Cash flows from financing activities	(21 797)	5 400	(5 176)	1 294
Net increase / (decrease) of cash and cash equivalents	30 037	(8 811)	7 133	(2 111)
Assets, total	947 730	759 571	228 523	185 796
Non-current liabilities	93 783	38 380	22 614	9 388
Current liabilities	98 902	164 286	23 848	40 185
Equity	755 045	556 905	182 061	136 223
Share capital	62 347	62 347	15 034	15 250
Number of shares (in units)	62 346 627	62 346 627	62 346 627	62 346 627
Profit (loss) per ordinary share (in PLN / EUR)	1,90	0,35	1,90	0,35
Book value per share (in PLN / EUR)	12,11	8,93	12,11	8,93

The selected figures presented in this report have been converted into EURO in line with the following principles:

- certain items of assets and liabilities as at the reporting date - according to the average exchange rate determined by the National Bank of Poland applicable as at the last reporting date – as at 31 December 2013 – 4,1472, and as at 31 December 2012 – 4,0882 respectively
- certain items of the income statement and the cash flow statement for the period from 1 January to 31 December of a given year – according to the average rate calculated as the arithmetic mean of exchange rates determined by the National Bank of Poland as at the last day of each month in a given year - for the period from 1 January to 31 December 2013 – 4,2110, and for the year 2012 – 4,1736 respectively.

NOTES TO FINANCIAL STATEMENTS

Information about the Company

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

- REGON (statistical number): 932038308
- NIP (tax identification number): 899-22-96-521

- The Company's registered office is in ul. Emilii Plater 53 in Warsaw,
- The Company's lifetime is indefinite.

The Company does not have internal organisational units.

Compliance statement

The Financial Statements of the Company have been prepared in line with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS).

Continuation as going concern

The Company's Financial Statements have been prepared on the assumptions that the company shall continue its operations in the foreseeable future comprising a period not shorter than 12 months after the reporting date. As at the Financial Statement's date the MCI's directors do not state the existence of any facts and circumstances which would indicate threats to the company's continuation as going concern within 12 months after the reporting date as a result of intentional or forced neglect or material limitation of the company's hitherto activities.

Functional and presentation currency

Figures in the Financial Statements are presented in the Polish currency (zloty) after rounding to full thousands. The Polish zloty is the functional currency of the Company.

Comparative data

The accounting policies adopted to comparative data presented in the financial statements is identical to the information as at and for the twelve months period ended 31 December 2013.

There was only a change in presentation of bills of exchange from cash to other financial assets.

Composition of the MCI Management S.A. Capital Group

As at 31 December 2013 the MCI Management SA Capital Group was composed of the following entities:

Parent Company

- **MCI Management SA –** is a firm which manages closed-end investment funds of the private equity and venture capital type

Direct subsidiaries – members of the MCI Management SA Capital Group:

- **MCI Fund Management Sp. z o. o. MCI.PrivateVentures S.K.A.**
- a firm which holds the majority of the MCI Group's financial assets in form of investment certificates managed by MCI Capital TFI

- ***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.**
  A General Partner to MCI Fund Management Sp. z o. o. MCI.PrivateVentures S.K.A.

- **Private Equity Managers SA**

The firm's business operations primarily include activities of holding companies.

Indirect subsidiaries - members of the Private Equity Managers SA Capital Group:

- **Private Equity Managers SA** – a parent company in the PEM SA Capital Group (dominant company of a lower level to MCI Management SA).
- **MCI Capital Towarzystwo Funduszy Inwestycyjnych SA**
  Investment fund company which manages investment funds.
- **PEMSA Holding Limited**
  A firm of a Cypriot law registered in Cyprus which holds certificates of the MCI.Partners FIZ fund.
- **MCI.Partners Fundusz Inwestycyjny Zamknięty**
  A fund which holds in its portfolio shares of the company which manages assets shares of its general partner.
- **MCI Asset Management Sp. z o. o. S.K.A.**
- A company which manages funds: MCI.PrivateVentures FIZ, MCI.BioVentures FIZ, Helix Ventures Partners FIZ , Internet Ventures FIZ.
- ***MCI Asset Management Sp. z o. o. II S.K.A.**
  A company which holds MCI Asset Management Sp. z o.o. S.K.A. in its portfolio.
- ***MCI Asset Management Sp. z o. o. IV S.K.A.**
- **MCI Asset Management Sp. z o. o.**
- General partner of MCI Asset Management Sp. z o.o. S.K.A.
- ****ImmoPartners Sp. z o.o. Asset Management S.K.A.**
  A company which manages the real estate investment trust MCI.CreditVentures FIZ.
- ****ImmoPartners Sp. z o. o.**
  General partner of ImmoPartners Sp. z o.o. Asset Management S.K.A.

* Companies established in 3Q of 2013
** Companies in liquidation since January 2014 – **see Note No. 10 "Goodwill”**

The consolidated entities use the same methods of valuation and Financial Statements preparation.

The companies listed above have been consolidated using the full method.

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

1. Profits and losses on investments

The item "profits and losses on the change of fair value" comprises revaluation of financial assets, primarily of investment certificates of funds from the MCI Group. The funds conduct investing activities in the portfolio companies, of which in the companies presented in the introduction to the Financial Statements and listed on the MCI's Internet website.

Valuation of investment certificates is performed quarterly based on the measurement up to the fair value (market value) of the portfolio companies belonging to these funds.

Revaluation of certificates to their fair value from quarterly valuations is recognised in the Company's profit or loss for the year at the end of each quarter.

Figures relating to the current period are as follows:

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Revaluation of investment certificates		
Investment certificates of Helix Ventures Partners FIZ	(2 563)	916
Investment certificates of Internet Ventures FIZ	(2 567)	136
Investment certificates of MCI.CreditVentures FIZ	(4 278)	4 349
	(9 408)	**5 401**
Revaluation of shares		
MCI Fund Management Sp. z o.o. MCI.PrivateVentures S.K.A.	180 509	32 012
MCI Fund Management Sp. z o.o. II MCI.PrivateVentures S.K.A.	(38 480)	-
MCI Fund Management Sp. z o.o.	(33)	(23)
MCI Venture Project Sp. z o. o.	-	(450)
Digital Avenue S.A.	(49)	(191)
Alternative Investment Partners Sp. z o.o.	6	-
	141 953	**31 348**
Other items	**1 707**	**(8 033)**
	134 252	**28 716**

2. Costs by type

The Company incurred the following operating costs – specification by type:

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Depreciation and amortisation of tangible and intangible fixed assets	(209)	(189)
Materials and energy use	(72)	(60)
External services	(2 118)	(2 221)
Taxes and charges	(94)	(62)
* Remuneration	(7 125)	(2 884)
Employee benefits	(135)	(57)
Social security	(22)	(35)
Other expenses	(556)	(366)
	(10 331)	**(5 874)**

* Higher remuneration in 2013 relates primarily to incentive programmes for Members of the Board of Directors in the MCI S.A. Group – **more information in Note No 33 – Incentive programme**

3. Other operating income

The Company attained the following operating income:

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Damages and reimbursement of court costs	-	1
Income from re-invoicing of costs	118	171
Income from organising seminars and promotional events	148	40
Other operating income	97	49
* Release of provisions	437	-
Sales of debts	97	-
Other	55	-
	952	**261**

* Release of provisons concerns:
- provision for bonuses – TPLN 370
- provisions for legal services – TPLN 60
- provisions for delegations – TPLN 7

4. Other operating expenses

The Company incurred the following operating expenses:

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 do 31.12.2012 PLN'000
Costs of provisions	(248)	(802)
Re-invoiced costs	(101)	(172)
Impairment losses on receivables	(204)	(360)
Revaluation of fixed assets	(69)	-
Write-off due to dividend	(91)	-
Annual adjustment of the VAT structure	(31)	-
*Costs of VAT	(1 108)	-
Other operating expenses	(125)	-
Razem	**(1 977)**	**(1 334)**

***** It is related to the VAT payment arising on the decision of tax authorities after controlling the company's operations for 2007. Interest paid for the period from 2007 to the payment day in 2013 shall be added to this amount. Interest of TPLN 772 have been recognised in the financial expenses in the item below. More information on this subject is presented in Note No.15 „Indication of proceedings before court, arbitrary proceedings before a competent body or a body of public administration" to the Directors' Report for 2013.

5. Financial income

The Company attained the following financial income:

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Interest on short-term bank deposits	277	459
Gains and losses on translation differences	160	14
Commission income – fiduciary transactions, guarantees	1 099	443
Other financial income	-	34
Interest on bonds	98	-

Income from interest on borrowings and bills of exchange	1 409	3 701
	3 043	**4 651**

6. Financial expenses

The Company incurred the following financial expenses:

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Costs of interest on:		
Issued bills of exchange	(1 486)	(630)
Bank loans	(19)	(23)
Received borrowings	(137)	-
* Budget interest	(772)	
Issued bonds	(9 002)	(7 785)
Gains and losses on exchange differences	-	(17)
Other	(3)	(236)
	(11 419)	**(8 691)**

* Budget interest relate primarily to interest on VAT defined in **Note No. 4 "Other operating expenses"**

7. Income tax (current and deferred)

	Period: from 01.01.2013 do 31.12.2013 PLN'000	Period: from 01.01.2012 do 31.12.2012 PLN'000
Current tax	-	-
Deferred tax	4 148	4 237
	4 148	**4 237**

Below please find the the reconciliation of profit before tax to the amount of tax:

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Profit before tax	**114 520**	**17 729**
Positions differing accounting and tax basis		
Taxable revenues not recignised in the income statements (+)	5 883	5 537
Non-taxable revenues recognised in the income statements (-)	(182 377)	(71 679)
Expenses recognised in the income statements; not-deductible (+)	66 494	52 574
Expenses not recognised in the income statements; deductible (-)	(14 303)	(8 811)
Other	-	(65)
	(158 357)	**(22 444)**
Tax base	**(9 783)**	**(4 715)**

Tax losses which can be used in the following periods

Incurred in the year rok	Incurred in the amount of 000'PLN	Used in the amount of 000'PLN	To use in the amount of 000'PLN	To use by year
2009	2 388	1 194	1 194	2014
2010	11 537	5 769	5 768	2015
2012	4 715	-	4 715	2017
2013	9 783	-	9 783	2018
	28 423		**21 460**	

Deferred tax

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Deferred tax assets:		
To be realised after 12 months	1 378	2 741
To be realised within 12 months	7 412	3 585
	8 789	**6 326**
Deferred tax liabilities:		
To be paid after 12 months	-	-
To be paid within 12 months	8 757	3 205
	8 757	**3 205**

Deferred tax assets

	Tax losses possible to deduct 000' PLN	Interest and bonuses on bonds 000' PLN	*Other assets 000' PLN	Total 000' PLN
Balance as at 31 December 2011	**717**	**132**	**2 692**	**3 541**
Effect on profit or loss	2 025	14	746	2 785
Effect on equity	-	-	-	-
Balance as at 31 December 2012	**2 742**	**146**	**3 438**	**6 326**
Effect on profit or loss	1 335	(65)	1 193	2 463
Effect on equity	-	-	-	-
Balance as at 31 December 2013	**4 077**	**81**	**4 631**	**8 789**

*Other deferred tax assets relate primarily to:
- JTT provision – TPLN 2 184
- Incentive programmes for Board Members – TPLN 892
- Valuation of investment certificates of Helix Ventures Partners FIZ – TPLN 590
- Valuation of investment certificates of Internet Ventures FIZ – TPLN 674

Deferred tax liabilities

	Revaluation of portfolio companies 000' PLN	Interest 000' PLN	Other liabilities 000' PLN	Total 000' PLN
Balance as at 31 December 2011	**1 145**	**351**	**2 392**	**3 888**
Effect on profit or loss	98	564	(1 345)	(683)
Effect on equity				-
Balance as at 31 December 2012	**1 243**	**915**	**1 047**	**3 205**
Effect on profit or loss	1	(898)	(786)	(1 683)
Effect on equity	7 235	-	-	7 235
Balance as at 31 December 2013	**8 479**	**17**	**261**	**8 757**

8. Investments in subsidiaries and other entities

List of financial instruments measured at fair value through profit or loss and other comprehensive income comprising fair values recognized in the financial statements of the Company:

Securities not listed on a stock exchange

	Notes	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Financial assets measured at fair value through profit and loss			
MCI Fund Management Sp. z o. o		72	105
MCI Fund Management Sp. z o. o. MCI.PrivateVentures S.K.A.	32	-	495 950
MCI Fund Management Sp. z o. o. MCI.PrivateVentures II S.K.A.	32	638 029	-
Alternative Investment Partners Sp. z o.o.		-	1
		638 101	496 055
Financial assets measured at fair value through other comprehensive income (equity)			
Private Equity Managers S.A.	32	54 348	105 662
MCI Fund Management Sp. z o. o. MCI.PrivateVentures IV S.K.A.	32	52 264	-
		744 713	**601 717**

Summary – assets measured at fair value through profit and loss and other comprehensive income

	Balance as at 31.12.2013 PLN'000	Balane as at 31.12.2012 PLN'000
Securities not listed on a stock exchange		
- measured at fair value through profit and loss	638 101	496 055
- measured at fair value through other comprehensive income	106 612	105 662
	744 713	**601 717**
Securities listed on a stock exchange		
- measured at fair value through profit and loss	185	227
- measured at fair value through other comprehensive income	-	-
	185	**227**
	744 898	**601 944**

9. Assets and liabilities measured at fair value

The Company recognizes following categories of assets and liabilities at fair values:

Financial assets measured at fair value through profit and loss at the initial recognition:

- Shares in subsidiaries, associates and unrelated entities to the Company and companies subject to consolidation. Most of the companies' assets is designated as at fair value through profit and loss at the initial recognition. Method of valuation of shares depends on type of available source data used for valuation. Subsidiaries are eliminated on consolidation. Associates and others are disclosed in the financial statements in accordance with IAS 39.

- Investment certificates. The company possesses investment certificates of closed-end investment funds managed by MCI Capital TFI SA. Investment certificates are the most important asset owned by the Company, directly and through a subsidiary. Value of certificates held depends on the value of investments held by particular funds.

Financial assets available for sale and measured through other comprehensive income:

Some of shares in subsidiaries, associates and unrelated entities to the Company (companies which are subject to consolidation and which are not subject to consolidation) are classified as available for sale. Valuation method of shares depends on type of available source data used for valuation. Subsidiaries are eliminated on consolidation.

The Company classifies fair value measurements using the following fair value hierarchy that reflects the importance of the inputs used for valuation:

- Level 1 – quoted prices (without adjustments) from active markets for identical assets and liabilities; includes securities listed on Warsaw Stock Exchange
- Level 2 - inputs for valuation of assets and liabilities, other than quoted prices included within level 1; observable based on variables from active markets (coming in either directly as prices or indirectly as derived from prices); it includes valuation based on comparative method and the discounted cash flow (DCF)
- Level 3 - inputs for valuation of assets and liabilities not based on variables from active markets; it includes valuation based on the price of the last transaction made on shares/ company's net assets or the adjusted net assets
- valued at cost

The fair value of securities listed on the stock exchange was estimated using the following valuation methods:

	Level	Valuation method
Financial assets measured at fair value through profit and loss	3	Net assets
MCI Fund Management Sp. z o. o	3	Net assets
MCI Fund Management Sp. z o. o. MCI.PrivateVentures S.K.A.	3	Net assets
MCI Fund Management Sp. z o. o. MCI.PrivateVentures II S.K.A.	3	Net assets
MCI Fund Management Sp. z o. o. MCI.PrivateVentures IV S.K.A.	3	Net assets
Alternative Investment Partners Sp. z o.o.	3	Net assets
Digital Avenue S.A.	1	Market price (WSE)
Financial assets measured at fair value through other comprehensive income (equity)		
Private Equity Managers S.A.	3	Net assets

Information on the fair value and the book value of particular assets and liabilities were disclosed in the previous notes relating to these components.

10. Other financial assets

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Investment certificates of Helix Ventures Partners FIZ	8 133	8 820
Investment certificates of MCI.CreditVentures FIZ	21 036	54 549
Investment certificates of Internet Ventures FIZ	1 235	1 681
	30 404	**65 050**

11. Trade and other receivables

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Trade receivables	338	806
Impairment write-off on receivables	(41)	(473)
Net trade receivables	297	333
Receivables from related parties	71 022	19 602
Receivables on share disposal and other financial receivables	-	3 913
Tax/ budget receivables	48	164
Prepayments	218	78
Other receivables	832	183
	72 417	**24 273**
Of which:		
Non-current (long-term):		
Receivables on share disposal and other financial receivables	-	50
Impairment write-off on share disposal	-	(8)
	-	**42**
Current (short-term)	**72 417**	**24 231**

Receivables from related parties

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
*Private Equity Managers S.A.	40 000	27
**MCI Credit Ventures FIZ	31 000	-
MCI.Ventures Projects Sp. z o.o. SKA	1	19 400
Alternative Investment Partners Sp. z o. o.	-	11
Tomasz Czechowicz	18	114
Aleksandra Czechowicz	-	7
MCI Capital TFI SA	1	21
Other	2	22
	71 022	**19 602**

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

On 18 December 2013 Extraordinary General Meeting of Shareholders of Private Equity Managers SA decided on redemption of 14 010 507 shares in its own capital. The nominal value of redemption amounts to TPLN 14 011. The redemption was made by their acquisition by PEM SA for a remuneration of a total amount of TEUR 80 000. Part of the receivables in the amount of TPLN 40 000 was set off with a liability due to acquisition of bond, i.e. B series issued by PEM SA. Till the date of the approval of the financial statements the receivables has been settled.

****** Receivables of TPLN 31 000 from MCI CreditVentures FIZ arise on the purchase of investment certificates by the fund as a result of the liquidation commencement. The certificates were purchased with free cash.

The Company's fair value does not materially differ from the net book value.

12. Borrowings granted

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Borrowings granted to related parties	7 965	47 016
Borrowings granted to other parties	446	2 044
	8 411	**49 060**

Borrowings granted to related parties

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
MCI VentureProjects sp. z o.o.	255	239
MCI Asset Management Sp. z o.o. SKA	2 033	1 885
MCI Fund Management Sp. z o.o.	60	56
MCI Fund Management Sp. z o.o. MCI.PrivateVentures S.K.A.	5 617	44 836
	7 965	**47 016**

All the borrowings (granted to related and other parties) are entered into for one year and in PLN currency. Interest rate on loans granted to related parties equals to 8,92%.

13. Bonds

Bonds issued by Private Equity Managers SA

On 20 December 2013 Private Equity Managers SA issued 40.000 common registered unsecured bonds, B series with a nominal value of one bond amounted to PLN 1 000. Total nominal value of bonds amounted to TPLN 40 000. The bonds are redeemable until 20 December 2018. The bonds were acquired by the parent company – MCI Management SA.

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

The bonds were issued in order to pay liabilities to the Company due to acquisition of own shares by Private Equity Managers SA. Mutual settlement in the amount of TPLN 40 000 have been set off.

Till the balance sheet date there were interest accrued in the amount of TPLN 91.

14. Cash and cash equivalents

Cash and cash equivalents relate to cash deposited in bank accounts. The Company invests its free cash in bank deposits.

15. Equity

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Share capital issued and paid	62 347	62 347
No. of shares	62 347	62 347
Nominal value per share	1	1
Nominal value of all shares	**62 347**	**62 347**

Material Shareholders of the Company:

	Share in share capital		Share in the total No. of votes during Shareholders' Meeting	
	No.of shares in items	Share in share capital	No. of votes during Shareholders' Meeting	Share in the total No. of votes during Shareholders' Meeting
Alternative Investment Partners Sp. z o.o	30 658 446*	49,10%	30 658 446	50,58%
Funds connected with Quercus Towarzystwo Funduszy Inwestycyjnych SA	4 287 938**	6,87%	4 287 938	7,00%
MCI Management SA	1 837 405*	2,94%		

* balance as at 12 March 2014
** balance as at 17 December 2013

The difference between the share in the share capital and the share in the total No. of votes during the Shareholders' Meeting arises from the fact that voting on shares owned by the issuer is excluded.

16. Bonds

Bonds issued by the Company

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Liability as at issue date at nominal value	147 600	142 300
Issue related costs	(2 117)	(1 394)
Carrying value of liability as at issue date	**145 483**	**140 906**
Equity component (without deferred tax)	-	(2 168)
Liability component as at issue date	**145 483**	**138 738**
Accrued interest – cumulative costs	19 521	24 150
Paid interest – all series	(17 259)	(20 090)
Payment of bonds	(27 450)	(79 500)
	120 295	**63 298**
Non-current part (long-term)	84 800	34 908
Current part (short-term)	35 495	28 390
	120 295	**63 298**

The tables below present the balance of liabilities on bond issue, their purchase date and the balance of interest paid as at 31.12.2013.

Bond series	Allotment date	Redemption date	No. of bonds	Value of bonds 000' PLN	Paid interest 000' PLN
Series F	2011-04-01	2014-03-31	35 350	35 350	7 539
Series H1	2013-04-03	2016-04-11	36 000	36 000	1 416
Series H2	2013-06-26	2016-06-28	18 800	18 800	674
Series H3	2013-12-19	2016-12-19	30 000	30 000	-
				120 150	**9 629**

17. Loans and borrowings

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Non-current		
Bank loan - non-current part (long-term)	226	267
	226	**267**
Current		
Bank loan - current part (short-term)	41	41
MCI Asset Management Sp. z o.o. SKA – nominal value	1 600	1 600
MCI Asset Management Sp. z o.o. SKA – interests	171	34
	1 812	**1 675**
Total loans and borrowings	**2 038**	**1 942**

The loan above was taken out to purchase a company car.

Borrowings granted

Lender	Borrower	Interest rate	Liability balance
31.12.2012		%	PLN'000
MCI Asset Management Sp. z o.o. SKA	MCI Management SA	8,92%	1 634

Lender	Borrower	Interest rate	Liability balance
31.12.2013		%	PLN'000
MCI Asset Management Sp. z o.o. SKA	MCI Management SA	8,92%	1 771

18. Current provisions

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
*For court litigation costs and losses	11 492	11 271
For bonuses and holidays	548	-
For other expenses	80	-
	12 120	**11 271**

* The provision was established for legal costs related to court litigation for compensation for bringing the company JTT to liquidation due to wrong decisions of tax officials.

19. Trade and other liabilities

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Trade liabilities	252	136
Liabilities to related parties	-	8
Tax liabilities	15	18
Liabilities on account of social security and other charges	11	7
Accruals	-	1 692
* Other liabilities	27	92 077
	305	**93 938**
Of which:		
Non-current part (long-term)	-	-
* Current part (short-term)	305	93 938
	305	**93 938**

* 2012 balance of liabilities includes primarily liabilities related to the purchase of PEM SA from MCI.EuroVentures FIZ at TPLN 92 048.

The fair value of the Company's liabilities does not differ significantly from their net book value.

Liabilities to related parties

There were no liabilities to related parties as at 31.12.2013.

20. Liabilities due to bills of exchange

For formal reasons the Company does not have cash pool allowing direct management of the Group liquidity. Financial surpluses are deposited in the Group between companies and funds managed with the help of current financial instruments (bills of exchange) on market terms.

As at 31.12 2013 the Company had liabilities on account of bills of exchange to the following parties:

	Nominal EUR'000	Nominal PLN'000	Interest % per year
*MCI Fund Management Sp. z o. o. MCI.PrivateVentures SKA		6 600	3,67%
*MCI.Private Ventures FIZ (subfundusz MCI.TechVentures 1.0)	3 116		1%
*MCI.Private Ventures FIZ (subfundusz MCI.EuroVentures 1.0)		18 500	4,15%
*MCI.Private Ventures FIZ (subfundusz MCI.EuroVentures 1.0)		4 000	4,20%
ABCD Management Sp. z o.o. SKA		7 000	3,65%

* Liabilities to related parties

21. Employee benefits

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Costs of employment	7 125	2 602
Costs of social security	22	35
Share options granted to Members of the Board and employees	62	282
Other employee benefits	73	57
	7 282	**2 976**

The table below presents information on the average employment (including the Board of Directors):

	Balance as at 31.12.2013 No. of employees	Balance as at 31.12.2012 No. of employees
Board of Directors	3	3
Supervisory Board	6	5
Operational staff	8	12
	17	**20**

Remuneration to key personel

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Za okres: from 01.01.2012 to 31.12.2012 PLN'000
Board of Directors		
Current employee benefits on account of appointment	859	798
Share options granted to Members of the Board and incentive programme	5 339	282
Fixed fee for the use of cars	58	38
	6 256	**1 118**
Supervisory Board		
Current employee benefits	95	-
	95	**-**
Other Key Personel		
Current employee benefits	-	82
	-	**82**
	6 351	**1 200**

Loans granted to members of the Board of Directors

There were no loans granted to members of the Board of Directors.

Receivables on account of advances and other receivables from Board Members

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Tomasz Czechowicz	18	24
Sylwester Janik	8	61
Wojciech Marcińczyk	2	-
	28	**85**

22. Remuneration paid to auditor of the Financial Statements

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Audit of annual Financial Statements	55	58
Half-year review of Financial Statements	63	38
Other services	-	10
	118	**106**

23. Earnings per share and diluted earnings per share

Earnings per share

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Earnings attributable to the Company's shareholders	118 668	21 966
Weighted average No. of ordinary shares (in thousands)	62 347	62 347
Basic earnings per share (in PLN per one share)	**1,90**	**0,35**

Diluted earnings per share

	Period: from 01.01.2013 to 31.12.2013 PLN'000	Period: from 01.01.2012 to 31.12.2012 PLN'000
Earnings attributable to the Company's shareholders	118 668	21 966
Costs of interest on convertible bonds (after deducting tax)	-	3 708
Earnings applied when determining diluted earnings per share	118 668	25 674
Weighted average No. of ordinary shares (in thousands)	62 347	62 347
Adjustments for:		
subscription warrants (thousands)	142	347
share options (thousands)	522	-
incentive programme based on the issue of shares (thousands)	22	-
Weighted average No. of ordinary shares for the purposes of diluted earnings per share (thousands)	63 033	62 694
Diluted earnings per share (in PLN per one share)	**1,88**	**0,41**

24. Liabilities due to finance lease

As at 31 December 2013 there were no liabilities due to finance lease.

25. Operating lease

As at the balance sheet date, the Company does not possess any assets under operating lease.

The Company incurs costs related to space rental to conduct its business. Contracts are usually concluded for an indefinite period with a notice period of 1 to 3 months. The average annual rental cost incurred by the Company is TPLN 105.

26. Events after the reporting period (balance sheet date)

Sale of shares of Private Equity Managers SA to another subsidiary

On 5 March 2014 the Company made a contribution in-kind of 45% shares of Private Equity Managers SA to its subsidiary MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures SKA.

27. Dividend payments

Information about dividends for Shareholders of MCI Management SA

On 13 June 2011 the Board of Directors of MCI Management SA passed a resolution on adopting new principles of the dividend policy for 2011 – 2016. In line with the resolution the Company will recommend the profit distribution for the accounting periods 2011 – 2016 and will submit at the Shareholders' Meeting a proposition of dividend payment from the annual net profit of the total amount not higher than 5% of the MCI Capital Group's net assets at the day when the payments have been approved of. The objective of the new dividend policy is to secure the shareholders' participation in the Company's profits through the payment of the dividend depending on circumstances defined in the resolution and after obtaining the approval of the Ordinary Shareholders' Meeting. The Board's application related to the dividend payments in a given accounting year shall depend on the amount of attained profit, financial position, current liabilities (including limitations arising on terms of bond issues), possibilities of using equity reserves and assessment performed by the Board of Directors and the Supervisory Board of the Company's perspective in given market conditions.

By the day of publishing this report no dividends were paid to the shareholders of MCI Management SA.

28. Financial risk management

Terms of financial risk management

The Company is exposed to the following risks:
– market risk including foreign currency risk and interest rate risk,
– credit risk,
– liquidity risk.

The Company does not undertake transactions on financial markets for speculations.

The Company did not formally indicate any derivatives as a hedge of cash flows in line with IAS 39 (hedging derivatives). The most material risks to which the Company is exposed are presented below.

MARKET RISK

From the Company's perspective the major risk relates to share prices/ rates, shares in companies and to investment certificates of closed-end investment funds. Only part of these assets is traded on active markets. The majority of assets is not traded (quoted). The above results from the specificity of business operations run by the Company.

The Company's market position and its professional investment team consistently created mitigate the risk of investing in non-public assets.

Foreign currency risk sensitivity analysis
The majority of transactions in the Company are in the Polish currency. The Group is exposed to foreign currency risk due to international transactions of share sales and purchases which are conducted primarily in EURO. The Company has not taken any loans in foreign currencies. In rare cases the Company concludes contracts denominated in foreign currencies (lease contracts). The Company prefers to define fees in settlements with counterparties in PLN, as a result of which the foreign currency risk is mitigated. There are no material balances of assets and liabilities (mainly trade receivables and liabilities and cash and cash equivalents) in foreign currencies.

The Company does not apply, in general, forward contracts and currency options. If such contracts are concluded in rare cases the amounts paid (purchase) and received (sales) in foreign currency significantly offset the risk.

Interest rate sensitivity analysis

Interest rate risk management is focused on reducing fluctuations of interest flows on account of assets and financial liabilities with a variable interest rate. The Company is exposed to interest rate risk in relation to the following groups of assets and financial liabilities:

- granted borrowings - the risk does not occur because borrowing interest rates are fixed (determined at the date of contract conclusion) except for one borrowing whose interest rate will be dependent on WIBOR as at its repayment date,
- loans, borrowings taken - the risk does not occur because borrowing interest rates are fixed (determined at the date of contract conclusion). At present the Company has loans bearing varying interest rate (WIBOR rate for one-month PLN deposits applicable in the first month in which the loan has been used, and changed on the last working day of each month, determined based on the quotation of two working days before the day when the interest changed, increased by margins of 2,5 percentage points per year,
- finance lease – currently the Company does not have such liabilities;
- own issued debt securities - the Company has largest liabilities with a variable interest rate on account of issue of convertible and ordinary shares.

The Company is not hedged against the interest rate risk using interest rate swaps and cross currency interest rate.

The Company measures the interest rate risk using the sensitivity analysis.
The sensitivity analysis is based on the assumptions that net financial costs include the following elements exposed to the interest rate risk:

- interest risk on debt based on the varying interest rate (not including derivatives which meet the criteria of hedge accounting) and
- change of fair value of derivatives which do not meet the hedge accounting criteria.

The risk of changing the price of financial assets

The risk of changing the price of financial assets - to which net asset value of investments funds translates directly – may be examined in the following areas:

- Risk related to high valuation of companies - potential investments
  The risk related to the loss of potential investments due to lack of possibilities to offer competitive investment terms or due to the increase of investment risk related to higher costs of an investment commencement. When valuations of companies on stock markets and in comparative transactions decrease, this risk also decreases.
- Risk related to a decrease in the value of financial instruments (shares, investment certificates); the Company measure fair value of their assets at least once a quarter. Hence, changes in fair values are reflected in the prepared Financial Statements on an ongoing basis. Valuation methods are partly based on market rates of listed companies or on comparative data of companies listed on the Polish and foreign stock exchanges. There is a risk of deterioration the Company's results (reflecting the changes of valuations mentioned above) in the moment of significant downturn on stock exchanges.

The direct exposure to the risk of changes in prices of financial instruments held by the Company relates to shares quoted on public market. Closed-end investment funds ultimately cannot hold in their portfolio more than 20% of assets in the form of shares of public companies and instruments issued by the State Treasury. The price risk management in the Company involves adequate diversification of investment portfolio, which mitigates the investment risk. MCI tries to mitigate the defined risk through applying the rule of not investing amounts higher than 20% of the whole portfolio of its investments in one investment. However, at the date of publishing the Financial Statements the Company (together with funds managed by MCI) has one company which exceeds this level – ABC Data SA.

CREDIT RISK

The Company monitors client and debtors' outstanding payments on a continuous manner and analyses the credit risk individually or in particular classes of assets defined according to credit risk (resulting e.g. from industry, region or structure of recipients). Additionally, as part of credit risk management the Company concludes transactions with counterparties of confirmed creditworthiness. This relates primarily to the allocation of available funds in the form of borrowings to entities from the MCI Group.
As regards trade receivables the Company is not exposed to credit risk in connection with an individual material counterparty or counterparties of similar characteristics. Based on historically established tendencies of overdue payments, outstanding receivables for which no impairment write-offs have been recognised do not show a material deterioration in quality - the majority of them fall into the "up to 6 months" category and there is no threat to their effective collectability.

The credit risk of cash and cash equivalents, of market securities and financial derivatives is considered immaterial due to high creditworthiness of entities being counterparts to transactions, of which are mostly banks.

LIQUIDITY RISK

The Company may be exposed to liquidity risk, i.e. inability to settle financial liabilities on a timely manner. The Company manages the liquidity risk through monitoring payment dates and demand for cash with regard to the servicing of payments (current transactions are monitored on a weekly basis) and demand for cash. Demand for cash is compared with available sources of funding (of which primarily through the assessment of ability to obtain financing in the form of loans, borrowings, bonds) and is confronted with investments of unallocated funds.

The Company manages the risk through monitoring liquidity ratios based on carrying amounts, analysing the level of liquid assets in relation to cash flows and maintaining access to diverse sources of funding (of which also to credit facilities). The liquidity management process is optimised through centralised management of funds in the MCI Group where liquid excesses of cash generated by individual companies from the Group are invested in borrowings and other instruments issued by companies from the Group (less credit risk). The surpluses of the Company's cash are invested in current liquid financial instruments, e.g. bank deposits. Another liquidity risk management method is also maintaining open and undrawn amounts of credit lines. These are established as provisions for liquidity purposes. The liquidity risk is regularly monitored by the Company using the following measurements: liquidity ratios, analyses of maturity dates of undiscounted contractual cash flows on account of financial liabilities.

The statement of financial position discloses contractual value of liabilities without taking account of the discount in relation to measurement of liabilities at depreciated cost.

Capital management

The Company manages capital to ensure the Company can continue as a going concern and to ensure the expected rate of return to shareholders and other parties interested in the Company's financial standing.

In the period covered in the consolidated Financial Statements the ratios presented above were at the following levels:

	Balance as at 31.12.2013 PLN'000	Balance as at 31.12.2012 PLN'000
Capital:		
Equity	755 045	556 905
Subordinate borrowings received from the owner	-	-
Capital arising on measurement of cash-flow hedging instruments (-)	-	-
Capital	**755 045**	**556 905**
Total funding sources:		
Equity	755 045	556 905
Loans, borrowings, other debt instruments	122 333	65 240
Finance lease	-	-
Total funding sources	**877 378**	**622 145**
Equity ratio to total funding sources	86,06%	89,51%
EBITDA:		
Profit (loss) on operating activities	156 950	21 769
Depreciation	(209)	(189)
EBITDA	**157 159**	**21 958**
Debt:		
Loans, borrowings, other debt instruments	122 333	65 240
Finance lease	-	-
Debt	**122 333**	**65 240**
Debt ratio to EBITDA	77,84%	297,11%

29. Transactions with related parties

Transactions with related parties have been disclosed in the following Notes:
- Trade and other receivables – **Note No. 11**
- Loans granted – **Note No. 12**
- Trade and other liabilities – **Note No. 19**
- Loans and other borrowings granted – **Note No. 17**

- Liabilities due to bills of exchange – **Note No. 20**

30. Bank guarantees

Loan guarantee granted by Alior Bank S.A. for the benefit of MCI.PrivateVentures FIZ

On 28 September 2012 MCI Management S.A. guaranteed security for the loan granted by Alior Bank S.A. for the benefit of MCI.PrivateVentures - closed-end investment fund, by signing "Declaration on submission to enforcement under the bank enforcement order" as loan collateral of TPLN 60 000 granted to the sub-fund MCI.EuroVentures 1.0. The bank may execute the enforcement under the enforcement order within 24 months following the termination date of the loan agreement up to the amount of TPLN 120 000. Remuneration due to MCI for the guaranteed security was determined at the amount of 1% of the loan annually.

Loan guarantee granted by Raiffeisen Bank Polska S.A. for the benefit of Naviexpert Sp. z o.o.

On 25 April 2013 MCI Management S.A. guaranteed security for the loan granted by Raiffeisen Bank Polska S.A. to Naviexpert Sp. z o.o. of TPLN 1 000 by signing "Guarantee for repayment of liabilities ". The Company is obligated under the guarantee to pay the bank any amount up to TPLN 1 000. The guarantee expires on 7 April 2014. Remuneration for the guaranteed security shall be 10% of the Guarantee amount per year until 30 June 2013, and 30% of the Guarantee amount per year from 1 July 2013 until the Guarantee expiration date.

31. Contingent assets and liabilities

Contingent assets

Related to the lawsuit against Anna Hejka

These were presented in Note No.15 „Indication of proceedings before court, arbitrary proceedings before a competent body or a body of public administration" to the Directors' Report for 2013.

Contingent liabilities

Related to Sweetener

Until the end of 2014 Arthur Holding GmbH, former shareholder of ABC Data SA and an entity which sold this company's shares to MCI, is entitled to receive proceeds (amount defined in percentages) from the sales of shares of ABC Data SA held by entities in the MCI Capital Group, granted that the sales price of such a share exceeds the share price of PLN 2.61.

More data on the agreement and the manner of calculating sweetener is disclosed in Note 46 "Contingent liabilities" to the consolidated Financial Statements of the Capital Group for 2011.

The Company did not establish provisions.

Related to claims for compensation – Anna Hejka

These were presented in Note No.15 „Indication of proceedings before court, arbitrary proceedings before a competent body or a body of public administration" to the Directors' Report for 2013.

32. Acquisition and sale of subsidiaries

Establishment of new subsidiaries

In the 3rd quarter of 2013, the Company created two additional companies and acquired 100% of shares:

- 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.

Sale of shares of Private Equity Managers SA to another subsidiary

In the 4th quarter of 2013 the Company made a 49% stake in Private Equity Managers SA in a form of contribution to its subsidiary, i.e. MCI Fund Management Sp. z o. o. IV MCI.PrivateVentures S.K.A.

After the transaction, the Company still indirectly holds 100% of the shares and 100% of voting rights.

The structure as at 31 December 2013 was as follows:
– MCI Management holds directly 51% of the Company's shares
– MCI Fund Management Spółka z ograniczoną odpowiedzialnością IV MCI.PrivateVentures S.K.A. has 49% of the Company's shares (Company is 100% owned by MCI Management SA).

Sale of shares of MCI Fund Management Sp. z o. o. MCI.PrivateVentures S.K.A. to another subsidiary

In the 4th quarter of 2013 the Company made a 100% stake in MCI Fund Management Sp. z o. o. MCI.PrivateVentures S.K.A. in the form of a contribution to its subsidiary, i.e. MCI Fund Management Sp. z o. o. II MCI.PrivateVentures S.K.A.

After the transaction, the Company still indirectly holds 100% of the shares and 100% of voting rights.

The structure as at 31 December 2013 was as follows:
– MCI Fund Management Spółka z ograniczoną odpowiedzialnością II MCI.PrivateVentures S.K.A. has 100% of the Company's shares (Company is 100% owned by MCI Management SA).

33. Incentive programme

Incentive programme for Members of the Board 2012

The incentive programme was resolved on 05 June 2012.
The programme comprises the period from 1 January 2012 to 31 December 2012 and includes:
- Tomasz Czechowicz – Chairman of the Board of Directors,
- Magdalena Pasecka – Member of the Board of Directors.

The participants listed above are authorised to share subscription which will take the form of issuing by the Company subscription warrants in the minimal number of 400.000 items. The subscription warrants will entitle to take up not more than 400.000 bearer shares of the series "I" of a nominal value of PLN 1.00 per each share.

The participants of the programme shall be entitled to take up:
- Chairman of the Board Tomasz Czechowicz – not more than 300.000 shares,
- Member of the Board Magdalena Pasecka – not more than 100.000 shares.

Each warrant gave entitlement to take up 1 share of MCI Management S.A. The criterion of subscribing warrants was the following: 50% of their value – realisation of individual goals for 2012 and the other 50% of the value - remaining in the Company's Board until the Shareholders' Meeting for 2012.

To realise the Incentive Programme, on 5 June 2012 the Ordinary Shareholders' Meeting resolved a Company's conditional share capital increase by an amount not higher than PLN 400,000.00 PLN. The conditional increase is realised by issuing series "I" bearer shares in the number not higher than 400.000 items.

In 2013 the Supervisory Board of MCI Management S.A. in relation to the realisation of priorities for 2012 resolved:
- to grant to the Chairman of the Board 95% of the maximum number of warrants dedicated to the Chairman in the Incentive Programme for 2012, which gives the right to take up 285 750 of the Company's shares – **the shares have not been taken up**. The shares have not been taken up by Tomasz Czechowicz because the consent of the Polish Financial Supervision Authority (KNF) is required for this purpose, which means control gained in an indirect manner of MCI Capital TFI S.A. Tomasz Czechowicz expects KNF's decision in this regard;
- to grant to the Company's CFO 100% of the maximal number of warrants dedicated to the Board Member and CFO in the Incentive Programme for 2012, which gives the right to take up 100 000 of the Company's shares **– the shares have been taken up**.

Incentive programme for Tomasz Czechowicz, Chairman of the Board

The incentive programme was resolved on 8 April 2013.
The programme comprises the period from 1 January 2012 to 31 December 2012 and includes Tomasz Czechowicz – Chairman of the Board of MCI Management S.A.

The object of the programme was a maximum of 560 000 items of bearer ordinary shares which have been purchased by MCI Management S.A. as part of the Buy Back Programme. The criterion of granting shares included conducting the largest asset sales transaction in the history of MCI (exit from Mall.cz).

- In 2013 Mr Tomasz Czechowicz was granted 522 440 shares of MCI Management S.A. – the shares have not been taken up. The shares have not been taken up by Tomasz Czechowicz because the consent of the Polish

Financial Supervision Authority (KNF) is required for this purpose, which means control gained in an indirect manner of MCI Capital TFI S.A. Tomasz Czechowicz expects KNF's decision in this regard.

The cost of the programme was TPLN 3 910 and was recognised in the accounting books at fair value at the day of granting the instrument, i.e. at 28 June 2013.

Incentive Programme for 2013 addressed to Members of the Board of Directors of MCI Management SA

On 28 June 2013 the Supervisory Board in its resolution no. 4 adopted the Incentive Programme for 2013 addressed to Members of the Company's Board of Directors, with the acknowledgement of the resolution no. 21 of the Shareholders' Meeting dated 28 June 2013 on granting entitlements to the Board and the Supervisory Board to dispose of the Company's shares purchased under the Buy Back programme.

The following results from the Incentive Programme:
- The vesting period was scheduled from 1 January 2013 to 31 December 2013
- The law exercise period comprises the period between the conclusion date and 31 July 2014, not shorter that 30 working days after the conclusion date
- The conclusion date is a day when a Shareholders' Meeting is held at which the Company's Financial Statements for the reporting period ending on 31 December 2013 are approved of - The objective of the Incentive Programme is to additionally motivate the Board to achieve priorities and assignments defined for them in the Company's Business Plan resolved on 08 April 2013; and to assure that the Board strives at building values to the Company's shareholders and to provide the Company with the sustained composition of the Board of Directors.
- The price at which any entitled person can take up Company's shares to which he/she is entitled under the Incentive Programme is PLN 0,01 per share.
- A number of shares which each entitled person has the right to take up from the Company will be established by the Supervisory Board at the date of allotment and it will depend on the value of entitlement, on average market price for the share, whereas the value of entitlement will be determined by the Supervisory Board at the date of allotment.
- The principles of determining the value of entitlement shall be defined in line with the following rules:
  - If in the opinion of the Supervisory Board the goals defined in the Business Plan of 8 April 2013 for a given entitled person will not be achieved by this entitled person in 75%, the entitlement value shall be PLN 0.00.
  - If in the opinion of the Supervisory Board the goals defined in the Business Plan for a given entitled person will be achieved by this entitled person in 75% or more, the entitlement value shall depend on the achievement of goals by such Board Member and on the Company's results
  - Maximal entitlement values for Board Members:
    - Chairman of the Board of MCI SA – PLN 360 000,
    - CFO of MCI SA – PLN 300 000,
    - Other Board Members – PLN 180 000.

The costs of this Incentive Programme in 2013 were measured according to IFRS 2 and totalled TPLN 776.

34. Operating segments

As the Company publishes both consolidated financial statements of the parent company under the provisions of IFRS 8, and separate financial statements of the parent company, the presentation of operating segments is included in the consolidated financial statements.

35. Description of the accounting policies

Accounting policies

Significant accounting estimates and judgments

Preparation of the Financial Statements in line with the IFRS/IAS requires making estimates and assumptions which affect figures disclosed in the Financial Statements, as a lot of information contained in the Financial Statements cannot be measured in a precise manner. All judgments, assumptions and estimates which have been made for the purpose of these Financial Statements have been presented in obligatory disclosures related to particular items of these Financial Statements, in the notes to the Financial Statements which are integral part of the consolidated Financial Statements. Estimates and judgments are subject to continuous verification. They result from previous experience, including forecasts as to future events, which are relevant in a given situation, and new information.

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

Estimates and assumptions which carry the material risk include:

Type of disclosed information	
Impairment of cash generating units and of single components of non-current assets and intangible assets	Main assumptions made with the aim of determining the recoverable amount: premises indicating impairment, models, discount rates, growth rates.
Impairment write-offs on account of borrowings granted and own receivables	Methodology adopted with the aim of determining the recoverable amount.
Income tax	Assumptions made with the aim of identifying deferred tax assets.
Fair value of other financial instruments	The model and assumptions adopted for measurement of fair value. Material risks relate to fair value of investment certificates. Their fair value is affected by valuation models adopted to estimate the value of portfolio companies of the MCI funds.
Provisions	Provisions relating to benefits on account of issue costs and introduction of new shares: discount rates and other assumptions. Assumptions adopted to measure provisions for claims and court cases.
Share-based payments	The model and main assumptions adopted to measure the fair value of granted equity instruments: exercised price of equity instruments, historical volatility, risk-free interest rate, expected dividend yield, etc.

Revenue from sales

Revenue from sales is disclosed at fair value of payments received or due and represent receivables on account of products, goods and services provided under the regular business activities, after deducting discounts, VAT and other sales related taxes.

Revenue from the sales of services is disclosed in the period when the services are provided based on progress of specific transaction determined as the ratio of the works actually carried out to all the services to perform.

Revenue under dividends is recognised at the moment of establishing the shareholders' right to receive payment.

Employee benefits

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

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. Balance sheet liabilities on account of long-term employee benefits (jubilee bonuses) equals the value of the current liability on account of benefits defined as at the reporting date. The present value of the liabilities on account of given benefits is determined by discounting estimated future cash outflows using the discount rate.

Profits and losses on account of adjustment of assumptions related to long-term employee benefits increase costs or income in the statement of comprehensive income during an average anticipated staff employment period. Termination benefits are disclosed as liabilities and costs when an employee (or employees) was dismissed before reaching the pensionable age or when the termination benefit was assured as a result of the company encouraging a given employee to a voluntary departure from work.

The equity compensation employee benefits include benefits in such forms as shares, employee own share options and other equity instruments issued by the entity, as well as payments whose amount depends on the future market price of the entity's shares.
The fair value of the work performed by employees in exchange for granting share options increases costs. The total amount charged to costs during the period when employees acquire rights to realise share options is determined based on the fair value of allocated options, excluding effects of possible non -market conditions of acquiring the rights (e.g. objectives to be achieved as regards profitability and sales growth). Non-market conditions of acquiring rights are considered in assumptions related to the estimated number of options which can be realised.

In the case of options whose realisation is based on non-market conditions, the entity verifies its estimates as at each balance sheet date. The effect of possible verification of primary estimates is disclosed in the statement of comprehensive income, corresponding to equity during the remaining vesting period.

Proceeds from the realisation of options (reduced by transaction costs directly related to the realisation) are attributed to share capital (nominal value) and to capital redemption reserve from the sales of shares above their nominal value.

The Company does not offer its employees participation in any programmes related to benefits after the employment period.

The Company has remuneration programmes based on and regulated by shares. The Company adapted its accounting books to the regulations stipulated in IFRS 2.

Programmes of payments with equity instruments are addressed to selected employees from the MCI and MCI Management SA Group. These programmes may have a twofold form of settlement - through the delivery of equity instruments or through cash settlements.

Programmes settled through the delivery of equi ty instruments are measured at fair value at their commencement. Fair value determined in this way is settled in costs during the period from the programme commencement to the moment when the programme's contributors meet all conditions to acquire absolute right to take equity instruments. Fair value charged to costs is adjusted based on assumptions related to the actual possibility of exercising rights to equity instruments.

Fair value is determined by applying foresight models (binomial model) whose selection and detailed implementation depends on programme specificity. The expected period till the moment of instrument realization applied in the model is adjusted based on Directors' best estimates, on the effect of lack of possibility to realise the instrument, limitations in its realisation and behavioural reasons.

In the case of programmes assuming cash settlements, liabilities which equal to part of delivered goods of provided services are recognised at fair value determined at each balance sheet date.

Share-based payments

Share-based payments settled in equity instruments (shares or share options) for the benefit of employees and other persons providing similar services are measured at fair value of equity instruments when these were agreed.

Fair value of share-based payments settled in equity instruments and defined on the day when they were agreed are recognised in costs using the straight-line method during the vesting period based on the Company's estimates related to the equity instruments to which it will eventually acquire rights.

At each reporting date the Company verifies estimates related to the number of equity instruments which are foreseen to grant. Possible effect of the verification of primary estimates is disclosed in the statement of comprehensive income during the remaining period of the grant with a relevant adjustment in the equity reserves for employee benefits settled in equity instruments.

Transactions with other parties related to share-based payments and settled with the equity method are measured at fair value of received goods or services except for situations when this value cannot be reliably measured. In such situations the basis for valuation is fair value of granted equity instruments measured at the day when the entity received goods or services from the supplier. In the case of share -based payments settled with cash, one shall recognise liabilities at a value proportional to the participation in the value of received goods or services. This liability is disclosed in the present fair value determined at each balance sheet date.

Taxes

The obligatory charges to profit include current tax and deferred tax.

Current income tax related to components distinguished directly in equity is identified directly in equity and not in the statement of comprehensive income.

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

Deferred tax provision is established on all positive temporary differences subject to taxation, whereas a component of deferred tax assets is recognised up to the amount in which it is likely to reduce future ta x profits by recognised negative temporary differences. No deferred tax asset or liability is recognised when a temporary difference relates to goodwill or to the initial recognition of another asset or liability in a transaction which affects neither taxable income nor accounting profit.

Deferred tax provisions are recognised for temporary tax differences resulting from investments in subsidiaries and associated entities and joint ventures, unless MCI is able to control the moment of reversal of temporary difference and it is likely that in the foreseeable future the temporary difference will not reverse.

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

Deferred tax is calculated with tax rates which are applicable when the item of assets is realised or a liability becomes due. Deferred tax is recognised in the statement of comprehensive income, except for when it relates to items directly recognised in the equity. In the latter case deferred tax is also charged directly to equity.

Material deferred tax provisions are generated by temporal tax differences arising on revaluation of investments in subsidiaries, associates and joint ventures at fair value. Provisions relate both to investments whose changes to fair value are settled by profit or loss and to revaluation capital.

Value added tax

Income, costs and assets are recognised after reducing by the value added tax, except for:
- situations when the value added tax paid during the purchase of assets or services is not recoverable from tax authorities - then it is disclosed as part of the asset purchase costs or as a cost respectively,
- receivables and payables which are recognised including value added tax.

The net amount of VAT recoverable from or due to tax authorities is recognised in the statement of financial position as part of receivables or payables.

Tangible fixed assets

Tangible fixed assets are initially recognized at cost (purchase price or manufacturing cost) decreased in subsequent periods by depreciation and impairment (if any).

Depreciation is calculated for all fixed assets, excluding land and fixed assets under construction, over their estimated useful lives, using the straight-line method and using annual depreciation rates of 10% -30%.

Intangible assets (exclusive of goodwill)

Acquired computer software licenses are activated at costs incurred to purchase and prepare to use a given piece of computer software.

Software is depreciated with a straight-line method during the economic useful life not longer than 3 years (in justified situations this period may not exceed 5 years).

Impairment

As at each balance sheet date the Company reviews net values of non-current assets to state if there are premises which indicate the possibility of non-current assets impairment. When the existence of such premises was confirmed, one estimates the recoverable amount of a given asset component to establish a possible write - off. In a situation when an asset component does not generate cash flows which to a large extent are independent from cash flows generated by other assets, the analysis is conducted for a group of assets generating cash flows which a given asset component belongs to.

In the case of intangible assets with indefinite useful life the impairment test is conducted annually and, additionally, when there are premises indicating the possibility of impairment.

The recoverable amount is determined as the higher of two values: fair value less costs of sales or the value-in-use. The latter corresponds to the present value of estimates of the future cash flows discounted with the discount rate including the present market value of money in time and the risk specific to a given asset.
If the recoverable amount is lower than net book value of an asset component (or group of assets), the book value is reduced to the value of recoverable amount. The impairment loss is recognised as a cost in the period when it occurred, except for situations when an asset component was recognised in revaluated amount (then the impairment loss is treated as a decrease of the previous revaluation).

When the impairment is then reversed, the net value of the asset component (or group of assets) is increased to the newly estimated recoverable amount, however not higher than the net value of this asset component which would have been estimated if the impairment had not been identified in the previous years. The reversal of impairment is recognised as revenue, granted that the asset component was previously not subject to revaluation - in such case the reversal of impairment is charged to revaluation capital.

Financial instruments

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

Borrowings and receivables

Trade receivables, borrowings and other receivables of fixed or negotiable terms of payment which are not traded on the active market are classified as borrowings and receivables. They are measured at depreciated cost with the effective interest rate method including impairment. Interest income is recognised using the effective interest rate method except for short-term receivables where the recognition of interest would be immaterial.

Trade liabilities

Trade liabilities are not an interest instrument and are recognised in the balance sheet at nominal value.

Investments are recognised on the purchase date and removed from the Financial Statements on the sales date if the contract requires to deliver them in the period determined by a relevant market and their initial value is measured at fair value less transaction costs, except for these assets which are classified as financial assets initially measured at fair value through profit or loss.

Financial assets are classified as: financial assets measured at fair value through profit or loss, held -to-maturity investments, financial assets available for sales and borrowings and receivables. The classification depends on the nature and destination of financial assets and it is defined at the moment of initial recognition.

Financial assets measured at fair value through profit and loss

This group includes financial assets intended for sale or measured at fair value through profit or loss.

The financial asset component is classified as intended for trade, if:
- it was purchased primarily with the aim of resale in the near future; or
- it is part of a specified portfolio of financial instruments which the Company manages together, in line with the present and actual model of generating short-term profits; or
- it is a derivative not classified and not functioning as hedge.

The financial asset component other than intended for trade may be classified as measured at fair value through profit or loss when initially recognised, if:
- such classification eliminates or materially reduces the inconsistency of measurement or recognition taking place in other circumstances; or
- the financial asset component belongs to the group of financial assets or liabilities, or to these both groups being managed, and its profits or losses are measured at fair value in line with the documented strategy or the principles of risk and investment management of the Company where information on the group of assets is passed internally (to key management); or
- the asset component is part of the contract including one or more embedded derivatives, and IAS 39 "Financial instruments: Recognition and measurement" allows to classify the whole contract (asset or liability component) as measured at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are disclosed at fair value, and profits or losses are recognised in the statement of comprehensive income. Net profit or loss recognised in the statement of comprehensive income includes dividends or interest generated by a given financial asset component.

Held-to-maturity investments

Investments and other financial assets, except for derivatives, of fixed or negotiable payment conditions and fixed maturity dates which the Company wants to and can hold to the moment of maturity are classified as held-to-maturity investments. They are disclosed at depreciated costs using the effective interest method, less impairment, whereas income is recognised using the effective income method.

Financial assets available for sale

Shares and redeemable bonds not listed on the stock exchange which are owned by the Company and are traded on the active market are classified as assets available for sale and are recognised at fair value. Profits and losses resulting from changes to fair value are recognised directly in equity, in equity reserves, except for impairment write-offs, interests calculated using the effective interest rate and negative and positive translation differences related to monetary assets which are disclosed directly in the profit and loss account. In the case of disposal of investment or its impairment, the accumulated profit or loss previously recognised as revaluation equity reserves is disclosed in the statement of comprehensive income for the period. Dividends on equity instruments available for sale are recognised in the statement of comprehensive income at the moment when the Company obtains rights to receive them. Fair value of monetary assets available for sale denominated in foreign currencies is determined translating these currencies with the spot exchange rate as at the balance sheet date. A change to fair value of translation differences resulting from the change of the depreciated historic cost of a given asset component is disclosed in the statement of comprehensive income, whereas the remaining changes are recognised in equity.

Loans and receivables

Trade receivables, loans and other receivables with fixed or determinable payment terms that are not quoted on an active market are classified as loans and receivables. They are measured at amortized cost using the effective interest rate less impairment losses (if any). Interest income is recognized using the effective interest rate, except for short-term receivables, where interests are insignificant.

Impairment of financial assets

Financial assets, except for these measured at fair value through the profit or loss, are assessed for impairment at each balance sheet date. Financial assets become impaired when there are objective premises that events which took place after the initial recognition of a given asset component affected the estimated future cash flows related to the asset component in a negative way.

In the case of not-listed shares classified as available for sale, material or long-term impairment of securities fair value below their cost is acknowledged as objective evidence of their impairment.

If some categories of financial assets, e.g. trade receivables, certain assets which have not been impaired, are tested for impairment together. Objective evidence for impairment of receivables portfolio includes the Company's experience in the process of debt collection; increased number of late payments on average above 90 days and noticeable changes to domestic or local economy which are related to instances of late payments.

In the case of financial assets recognised at depreciated cost, the amount of impairment write -off represents the difference between the carrying value of the asset component and the present value of estimated future cash flows discounted based on the original effective interest rate of the financial asset component.

The carrying value of financial assets is reduced with impairment write-off directly for all assets of this type, except for trade receivables whose carrying value is reduced using an account which adjusts their original value. If trade receivables are uncollectible, they are charged to the impairment write-off account. However, if the amounts written-off previously are recovered, the write-off account is appropriately credited. Balance sheet changes in the impairment write-off account are recognised in the statement of comprehensive income as other operating income and costs.

Except for financial instruments available for sale, if in the following accounting period the impairment amount decreases and this decrease can be related to an event which took place after the recognition of the impairment, the impairment write-off recognised previously is reversed in the statement of comprehensive income if the investment value as at the date of the impairment reversal does not exceed the depreciated cost which would arise if the impairment was not recognised.

Impairment write-offs for equity securities intended for sale previously recognised through profit or loss are not subject to reversal through this profit or loss. All increases of fair value taking place after the impairment are recognised directly in equity.

Derecognition of financial assets

The Company derecognises a financial asset component exclusively when contractual rights to generate cash flows by such asset component cease, or when the financial asset component, including all risks and benefits related to its possession, are transferred to another entity. If the Company does not transfer or keep the risk and all benefits related to the possession of the asset component and keeps control of it, the Company recognises the retained interest in this asset component and related liabilities due to potential payments. However, if the Company retains all risks and benefits related to the moved asset component, it still recognises the relevant financial asset component.

Financial liabilities and equity instruments issued by the Company

Debt and equity instruments are classified as financial liabilities or equity, depending on the contractual agreements.

Equity instruments

An equity instrument is each contract which confirms the participation in the entity's assets after deducting all of the entity's liabilities. Equity instruments iss ued by the Company are recognised at cost of received inflows less direct issue costs.

Financial instruments with a disposal option may be represented as equity if, and only if, they meet all of the conditions below:
- their owner has the right to proportional participation in the entity's net assets in the event of its liquidation;
- the instrument belongs to the class of instruments which are the most subordinate and all instruments in this class have identical features;
- the instrument does not have other features which would match the definition of a financial liability; and;
- a total of foreseen cash flows for this instrument during its payment period is based primarily on profit or loss, on changes in recognised net assets or changes in fair value of recognised and unrecognised net assets of the entity (exclusive of any effects of the instrument). Profit or loss or the change in the recognised net assets are measured in line with relevant IFRS. The entity cannot have other instruments which would materially reduce or define a fixed reimbursement amount for the holder of the financial instrument with the possibility to sale.

The classification criteria of instruments as equity requiring to pass to the instrument holder a proportional participation in the entity's net assets in the event of liquidation are based on the same principles as presented above, except for points (c) and (d) which do not apply.

If a subsidiary issues this type of instruments which are in the possession of entities which do not control the subsidiary and were presented as equity in the Financial Statements of this company, they are recognised as liabilities in the consolidated Financial Statements, because this instrument will not be the most subordinate instrument in the capital group.

The costs of shares issue and own shares

External costs directly related to the issue of shares decrease the value of the capital from the issue of shares above their nominal value. Other costs are charged to the income statement when they are incurred.

If MCI or its subsidiaries purchase the Company's equity instruments, the amount paid, with costs directly related to this purchase, decreases the share capital allocated to the Company's shareholders and is represented separately in the statement of financial standing as "Own shares" until the shares are redeemed or reissued. Purchase, disposal, issue or redemption of shares do not cause the recognition of any gains or losses in the Company's profit or loss.

Own shares are recognised as at the date of the transaction settlement.

Liabilities arising from financial guarantee contracts

Liabilities on account of financial guarantee contracts are originally measured at fair value and then at the higher of the two values:
- amount of the contractual liability defined in line with IAS 37 "Provisions, contingent liabilities and contingent assets" and
- originally recognised amount reduced in certain cases by redemption recognised in line with the principles of income recognition.

Financial liabilities

Financial liabilities are classified as measured at fair value through profit or loss or as other financial liabilities.

Financial liabilities measured at fair value through profit and loss

This category contains financial liabilities intended for sale or defined as measured at fair value through profit or loss. A financial liability is classified as intended for sale if:
- it was taken primarily to repurchase in the short term;
- it is part of a defined portfolio of financial instruments which are managed by the Company in line with the present and actual model of generating short-term profits, or
- it is a derivative not classified and not functioning as hedge.

Financial liabilities other than intended for sale may be classified as measured at fair value through profit or loss at the moment of original recognition if:
- such classification eliminates or materially reduces inconsistency of measurement or recognition which would take place under different conditions; or
- a financial asset component belongs to a group of financial assets or liabilities, or to both of these groups being managed, and its profit or loss is measured at fair value in line with the documented strategy of managing the risk and investments of the Company where information on grouping assets is passed internally, or
- it is part of a contract including one or more embedded derivatives and IAS 39 allows to classify the whole contract (asset or liability component) to items measured at fair value through profit or loss.

Financial liabilities measured at fair value through profit and loss are recognised at fair value and resulting profit or loss is recognised in the statement of comprehensive income including interest paid on a given financial liability.

Other financial liabilities

Other financial liabilities, including bank loans and borrowings, are originally measured at fair value, less transaction costs.

Then they are measured at depreciated historic cost using the effective interest rate method and interest costs are recognised with the effective income method.

The effective interest rate method is applied to calculate the cost of the liability and to allocate interest costs in the appropriate period. The effective interest rate actually discounts future cash payments over the intended service life of a given liability or over a shorter period, when necessary.

Derecognition of financial liabilities

The company derecognises financial liabilities only when the Company's relevant liabilities are discharged, cancelled or expired.

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. Provisions for future operating losses are not established.

Changes in the accounting standards

The Company's Financial Statements have been prepared according to International Financial Reporting Standards ("IFRS") approved of by the European Union, applicable as at 31 December 2013.

In 2013 the Company adopted all new and approved standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) and authorised for use in the EU, applicable to the Company's operations and relevant for the accounting period from 1 January 2013. The adoption of new and approved of EU standards and interpretations did not cause changes in the Company's accounting policies affecting the figures disclosed in the Financial Statements for 2013 and 2012.

The Company did not use the possibility to an earlier application of the new Standards and Interpretations which have already been published and approved of by the EU and which will be in force after the balance sheet date.

These principles were applied in all presented periods in a continuous manner.