



Carpathia Capital

SEMI-ANNUAL REPORT 2017
FOR THE SIX MONTHS ENDED 30 JUNE 2017



For the financial period	1H 2017 (1 January 2017 – 30 June 2017), unaudited
Date of the report	30 August 2017
Name of the company	Carpathia Capital S.A.
Website	www.carpathiacapital.eu
Registered office	Kraśńskiego Street no. 16, 60-830 Poznań
Telephone/Fax number	+48 61 851 86 77
Unique Tax Reference Number	7811897074
LEI Code	259400U3U3EC9MW0FW10
Regulated market on which the issued securities are traded	AeRO Market, administered by the Bucharest Stock Exchange
Subscribed and paid-up share capital	PLN 1.951.381,50
The main characteristics of the securities issued by the trading company	<ul style="list-style-type: none"> • 1.000.000 series A shares with a nominal value of PLN 0,50 • 1.003.666 series B shares with a nominal value of PLN 0,50 • 275.000 series B2 shares with a nominal value of PLN 0,50 • 795.991 series C shares with a nominal value of PLN 0,50 • 711.439 series D shares with a nominal value of PLN 0,50 • 116.667 series B3 shares with a nominal value of PLN 0,50
Ticker	CRPC

SHAREHOLDERS STRUCTURE AS AT 30 JUNE 2017

Ownership structure of share capital at signing of financial statement	No of shares	Share of equity	Share of voting rights	Equity (thś of PLN)
INC S.A.	1 015 891	26,03%	41,12%	508
Own shares held by the Company	172 602	4,42%	3,52%	86
Other shareholders	2 714 270	69,55%	55,36%	1 357
Total	3 902 763	100,00%	100,00%	1 951

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I. ACTIVITY OF CARPATHIA CAPITAL

The Company's investment objective is to achieve long-term capital growth through investing in a diversified portfolio of financial instruments issued by SMEs operating in CEE, mainly listed and to be listed on the AeRO Market of the Bucharest Stock Exchange, the Main Market of the Bucharest Stock Exchange, NewConnect Alternative Trading System, the Main Market of Warsaw Stock Exchange and Catalyst Bond Market of the Warsaw Stock Exchange.

The Company's strategy is based on the following pillars:

- **Outstanding opportunity**

The Management Board believes that lack of patient capital for SMEs in CEE, where the demand for capital from SMEs is high and supply is substantially limited, provides an investment opportunity. Initiative of the Bucharest Stock Exchange to launch AeRO, alternative equity market for SMEs and start-ups in Romania creates additional market space for both entries and exits.

- **Unique portfolio**

The Company portfolio will represent a diversified mix of early-stage and early-growth companies with professional management teams and compelling prospects for development. The returns on capital deployed will not be the only economic benefit. We aim to support the development of knowledge based economy by championing growth of SMEs in CEE.

- **Founders**

INC S.A., a public company listed on the Main Market of the Warsaw Stock Exchange, is the founding shareholder of Carpathia Capital. INC S.A. has built reputation as an advisor and investor to early-growth companies in Poland, acting as WSE IPO Partner raising €255,8m, acting as WSE Authorized Adviser raising €87,5m and bringing tens of companies to listing. In February 2015 INC was designated as an Authorized Adviser for the AeRO market and since then has managed to list two companies in the above mentioned alternative trading system of BVB.

CHARACTERISTICS OF INVESTMENT ACTIVITY

Funds available for investments	Approx. RON 5 152 000
Investment limit for one company	From 200 000 RON to 1 000 000 RON
Company stage of development	Various (start-up, growth, mature)
Industry preferences	No assumed industry preferences
Investment horizon	One to five years
Preferred investment exit route	Listing of shares on the AeRO or the NewConnect market or other viable segment of the capital market

II. IMPORTANT EVENTS

- **Marketing activities**

- On 8 March 2017, Carpathia Capital in co-operation with Polish-Romanian Bilateral Chamber of Commerce and Industry organized meeting with the Minister of Business Environment, Trade and Entrepreneurship of Romania, Mr. Alexandru Petrescu. The meeting was addressed to entrepreneurs interested in developing trade relations and direct investments in Romania. The event was an opportunity for dialogue between the business community and representatives of the Romanian government and economic departments of the Romanian Embassy in Warsaw. During the opening presentation, Minister Petrescu underlined the strategic importance of the Polish-Romanian bilateral economic partnership, which trace Romania wants to follow searching for optimal solutions to improve their business environment. Mr. Petrescu said that as a newly nominated Minister of Economy, he is aware of the need of pragmatic solutions for the entrepreneurs and foreign investors, who contribute to the on-going improvement of the business environment in Romania.

- On 3 April 2017, Bucharest Stock Exchange awarded 15 companies that have been qualified to final stage of Bucharest Stock Exchange's Made in Romania a unique concept aimed at identifying, promoting as well as providing a special mentorship program to Romanian companies with the biggest growth potential. During the selection process 166 nominations have been received, 50 companies have been shortlisted and final 15 companies have entered BVB League.

Bittnet Systems and Ropharma has been awarded with BVB Special Distinction Award and invited to provide expert advice in the project. Piotr Białowas was acting as a Member of the Nomination Committee for "Made in Romania".

Nomination Committee consisted of the following local and foreign market experts including Vlad Andriescu (Start-up.ro), Dumitru Beze (Association of Capital Markets Investors), Vlad Craioveanu (Impact Hub Bucharest), Octavian Molnar (IFB Finwest), Sergiu Negut (Business Angel), Razvan Pasol (Intercapital Invest), Andreia Radu (International Finance Corporation), Dan Rusu (Bank Transilvania) Rene Schob (KPMG), Adrian Tanase (NN Pensii), Virgil Zahan (Goldring).

The Jury, which consisted of the following local and foreign market experts: Lucian Anghel (President, Bucharest Stock Exchange), Razvan Butucaru (Partner, Mazars), Radu Hanga (Executive Director – Head of Group Management, Banca Transilvania), Candace Johnson (President, European Business Angel Network), Dragos Petrescu (Founder and CEO, City Grill), Florin Pogonaru (President, The Businessmen's Association of Romania), Rares Rusu (Marketing Manager, Google), Ludwik Sobolewski (CEO, Bucharest Stock Exchange), Iulian Stanciu (CEO, eMAG), Raluca Tintoiu (CEO, NN Pensii), Kurt Weber (CEO, Horváth & Partners) and Dochita Zenoveiv (Brand Innovator, INOVEO).

We believe that "Made in Romania" will bring several positive developments for entrepreneurs, investors and the ecosystem of Bucharest Stock Exchange.

- On 4 April 2017, Company participated in the first edition of the Bucharest Entrepreneurship Forum at The Ark, in Bucharest. Engaged in workshops, 1-to-1 meetings, networking opportunities and a start-up pitching session. Piotr Białowas delivered presentation on listing perspectives for start-ups and SMEs.
- On 8 August 2017, Company participated in the Summer workshop for entrepreneurs - obtaining financing for development through the Bucharest Stock Exchange. Piotr Białowas delivered presentation "AeRO market: a financing alternative for Romanian start-ups and SMEs".

- **Project sourcing**

Carpathia Capital investigated several projects (start-up, early-stage, early-growth) for its investment portfolio.

Before capital deployment the investment team is obliged to carry out a due diligence to assess the fundamental value of potential portfolio company.

The Company's portfolio is constructed on the basis of an assessment of the fundamental value of individual securities and will not be structured on the basis of sector weightings. The Company's portfolio is expected to be diversified across a number of sectors and, while there are no specific limits placed on exposure to any sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading the investment risk.

The slow progress in building up the investment portfolio is a result of pace of development of the market as well as careful approach to valuation and assessing prospects of development for potential portfolio companies.

- **Securities Registration Certificate**

On 17 March 2017, Carpathia Capital SA informed about submission of the Securities Registration Certificate no. AC-4132-3/01.03.2017 by the Financial Supervision Authority (ASF), certifying registration of the share capital increase of 116.667 B3 series new shares, issued upon the resolution no. 3 of the General Shareholders Meeting of 15th October 2015.

- **Submission of the Application to the Polish Financial Supervision Authority**

On 2 June 2017, Carpathia Capital S.A. submitted application to the Polish Financial Supervision Authority to enter into the Register of the Entities Managing Alternative Investment Companies subject to regulation of the Act on Investment Funds and Management of Alternative Investment Funds.

III. RISK FACTORS

RISK FACTOR	DESCRIPTION
SHORT OPERATING HISTORY	The Company has a short operating history upon which investors can evaluate future performance. There can be no assurance that the Company will achieve its investment objectives or that the strategy applied by the Company will be successful. The Management Board considers that track record of the INC S.A. as the funding shareholder and experience of the managing team with capital delivered by investors provide solid base for development of the investment activity.
MARKET AND ECONOMIC RISKS	The Company and its portfolio companies may be materially affected by market, economic and political conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates and trade barriers. These factors are outside the Company's control and could adversely affect the liquidity and value of its investments and may reduce the ability of the Company to make attractive new investments.
CURRENCY EXCHANGE RATES RISK	The base currency of the Company is Polish zloty (PLN) and as such, the returns to investors will be impacted by currency movements between the Polish zloty (PLN) and other currencies in which the Company holds investments. These currency movements may be advantageous or disadvantageous to Polish zloty (PLN) returns. In addition, an investor must consider its personal effective 'base' currency as any currency movements between the Polish zloty (PLN) and the individual's base currency could result in a loss of capital invested.
OPERATING DEFICITS	The expenses of operating the Company may exceed the Company's income, thereby requiring the difference to be paid out of the Company's capital, reducing the value of the Company's investments and potential for profitability.
RISK OF PORTFOLIO COMPANIES' FAILURE	The Company will generally seek to analyze a target company's historical performance and prospects with a view toward understanding the sustainable margins, strengths and weaknesses in a company's cost structure and analyzing the quality of cash flows of the underlying investment, including capital intensity needed to sustain its asset base, requirements for growth, degrees of flexibility to reduce its cost base if volumes or prices decline, and requirements for debt amortization or other external payments. The Company will also seek to define the market in which a company competes and, in particular, to assess what the company does, including what products and services it provides and to whom; to understand threats it may face for pricing or cost structure; and to identify drivers of market growth or decline, including changes in industry structure, technology or demographics. However any investment may not perform as well as forecast, either because of changes in the economic climate, management errors or otherwise, resulting in the partial or total loss of the Company's investment.
LIQUIDITY RISK	Company is exposed to liquidity risk. Liquidity risk may result from the lack of an active market, the reduced number of market participants, or the reduced capacity of market participants to make a transaction. Issuer with principal investment strategies that involve investments in securities of companies with smaller market capitalizations have the greatest exposure to liquidity risk. Exposure to liquidity risk may be heightened for these companies that are not widely traded, and that may be subject to purchase and sale restrictions. Such risks will include an increased risk of substantially smaller size and lower trading volume of securities for such smaller companies (as compared to equities in larger companies), which may result in a potential lack of liquidity and increased price volatility. The investment team will adopt flexible exit strategies on the markets which cannot be considered liquid due to insufficient number of transactions.

FRONTIER MARKET RISKS	<p>Investment in securities issued by an entity domiciled in Romania will be exposed to a higher level of risk than in cases of developed markets. In particular each of the risks discussed above under the following headings will be specifically relevant to any such investments and may have a greater likelihood of impacting the Company: political and/or regulatory risk, currency risk, accounting, auditing and financial reporting standards and exchange rates risk.</p>
DEVELOPMENT OF THE AeRO MARKET	<p>Because AeRO market is a newly created alternative market there are several risks factors related to its further development. There is no certainty that the AeRO market will attract companies interested in going public and new investors. Lack of new issuers and investor may lead to the lack of possibilities for investment and divestment for the Issuer. Dynamic development of the AeRO market may lead to tightening of admission and trading regulations and indirectly to decline in investor's and potential issuer's interest.</p>

IV. KEY PERFORMANCE INDICATORS

PLN'000	30.06.2017	31.12.2016	30.06.2016
Equity	8 485	8 650	8 625
Cash	4 770	5 416	5 965
Financial assets in other entities	3 642	3 234	3 392
Long-term liabilities	0	0	0
Short-term liabilities	3	18	766

PLN'000	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
Gain (loss) on investments	-162	983	897
- profit from listing	0	0	0
- profit/loss on sales of securities	18	151	-18
- interest and dividend	47	86	41
- revaluation of investment portfolio	-227	727	860
- other profits	0	19	14

COMMENTS FROM THE MANAGEMENT BOARD

In the first six months of 2017, the Company reported PLN 162k loss on investments.

The main contributors to result on investments were:

- revaluation of investment portfolio (- PLN 227k),
- interest and dividend (PLN 47k),
- profit on sales of securities (PLN 18k).

In the second quarter of 2017, the largest negative contribution came from revaluation of investment portfolio subject to one-off event impacting valuation of Bittnet Systems S.A. shares as of 30 June 2017 subject to abstaining from share price fluctuations before registering bonus shares on the accounts of the entitled shareholders. As the process of registering bonus shares of Bittnet Systems S.A. on the brokerage account of Carpathia Capital has been completed in June 2017, the results of the operation will be reflected in the financial statements for the third quarter, covering period from 1 January 2017 to 30 September 2017.

In a period under review, Carpathia Capital recognized administrative expenses of PLN 39k and reported operating loss of PLN 202k.

Cash remains the Company's most significant asset with a share of 56,04% of total assets. However, we expect further deployment of cash in investment projects under review in 3Q-4Q 2017, both in Poland and Romania. Financial assets in other entities constituted the second most important position,

representing 42,79% of total assets. Equity as of 30 June 2017 amounted to PLN 8 485k, with share capital of PLN 1 951k.

The Company remained debt free.

The company's investment objective is to provide long-term capital growth through investing in portfolio of early-stage and early-growth companies operating in Central and Eastern Europe with prospects to become quoted companies as well as already listed high-growth companies.

V. FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

<i>continued operations</i>	Notes	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
Revenue from sales of products and services		0	0	0
- from related parties		0	0	0
Cost of products, goods and materials sold, including	1	0	0	0
- to related parties		0	0	0
Selling and distribution expenses	1	0	0	0
Profit on sales		0	0	0
Other operating revenues	2	0	83	83
Other operating expenses		1	0	0
Gain (loss) on investments	3	-162	983	897
- profit from listing		0	0	0
- profit/loss on sales of securities		18	151	-18
- interest and dividend		47	86	41
- revaluation of investment portfolio		-227	727	860
- other profits		0	19	14
Administrative expenses	1	39	90	40
Operating profit		-202	976	940
Financial expenses	4	1	5	0
- for related parties		0	0	0
Share of profits of associates		0	0	0
Profit before tax		-203	971	940
Income tax	5	-38	185	179
Net profit for the operating period		-165	786	761

STATEMENT OF COMPREHENSIVE INCOME

	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
Net profit for the operating period	-165	786	761
Other comprehensive income:	0	0	0
- valuation of financial assets available for sale	0	0	0
Total comprehensive income	-165	786	761

STATEMENT OF FINANCIAL POSITION

	Notes	30.06.2017	31.12.2016	30.06.2016
A. Non-current assets		74	28	28
Intangible assets		0	0	0
- goodwill		0	0	0
Tangible fixed assets		0	0	0
Long-term financial assets		0	0	0
Deferred income tax assets	6	74	28	28
Long-term receivables		0	0	0
- from related parties		0	0	0
- from other entities		0	0	0
Other long-term assets		0	0	0
B. Current assets		8 437	8 666	9 370
Inventories		0	0	0
Receivables from related parties	7	0	0	0
Receivables from other entities	7	25	16	13
- income tax receivables		0	4	0
Financial assets in related parties	8	0	0	0
Financial assets in other entities	8	3 642	3 234	3 392
Cash and other monetary assets	8	4 770	5 416	5 965
Other short-term assets		0	0	0
Total assets		8 511	8 694	9 398

STATEMENT OF FINANCIAL POSITION

	Notes	30.06.2017	31.12.2016	30.06.2016
A. EQUITY		8 485	8 650	8 625
Share capital	9	1 951	1 951	1 893
Treasury shares (negative value)		-255	-255	-255
Supplementary capital	10	6 954	6 188	6 072
Revaluation reserve		0	0	0
Other reserve capitals	11	0	0	174
Profits (losses) from previous years		0	-20	-20
Net profit (loss)		-165	786	761
B. PROVISIONS	12	23	15	7
Provision for deferred income tax		23	15	7
Other provisions		0	0	0
C. Long-term liabilities		0	0	0
Loans and borrowings		0	0	0
Financial leasing liabilities		0	0	0
D. Short-term liabilities	13	3	18	766
Loans and borrowings		0	0	0
Trade payables		3	2	4
Tax, customs, insurance and other liabilities		0	16	194
- income tax liabilities		0	0	193
Liabilities related to wages and salaries		0	0	0
Financial leasing liabilities		0	0	0
Other liabilities		0	0	568
E. Accruals	14	0	11	0
TOTAL LIABILITIES		8 511	8 694	9 398

STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares	Supplementary capital		Other capitals	Profits from previous years	Result of current period	Total Equity
			Share premium account	Other				
Balance as at 01.01.2017	1 951	-255	6 188	-	-	766	-	8 650
Changes in accounting policies	-	-	-	-	-	-	-	-
Balance as at 01.01.2017 after changes	1 951	-255	6 188	-	-	766	-	8 650
Changes in equity since 01.01.2017 till 30.06.2017								
Issue of shares	-	-	-	-	-	-	-	-
Transfer of financial result to equity	-	-	-	766	-	-766	-	-
Total comprehensive income	-	-	-	-	-	-	-165	-165
Balance as at 30.06.2017	1 951	-255	6 188	766	-	-	-165	8 485

STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares	Supplementary capital		Other capitals	Profits from previous years	Result of current period	Total Equity
			Share premium account	Other				
Balance as at 01.01.2016	1 893	-	6 193	-	-	-141	-	7 945
Changes in accounting policies	-	-	-	-	-	-	-	-
Balance as at 01.01.2016 after changes	1 893	-	6 183	-	-	-141	-	7 945
Changes in equity since 01.01.2016 till 31.12.2016								
Issue of shares	58	-255	116	-	-	-	-	-81
Transfer of financial result to equity	-	-	-121	-	-	121	-	-
Total comprehensive income	-	-	-	-	-	-	786	786
Balance as at 31.12.2016	1 951	-255	6 188	-	-	-20	786	8 650

STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares	Supplementary capital		Other capitals	Profits from previous years	Result of current period	Total Equity
			Share premium account	Other				
Balance as at 01.01.2016	1 893	-	6 193	-	-	-141	-	7 945
Changes in accounting policies	-	-	-	-	-	-	-	-
Balance as at 01.01.2016 after changes	1 893	-	6 193	-	-	-141	-	7 945
Changes in equity since 01.01.2016 till 30.06.2016								
Issue of shares	-	-255	-	-	174	-	-	-81
Transfer of financial result to equity	-	-	-121	-	-	121	-	-
Total comprehensive income	-	-	-	-	-	-	761	761
Balance as at 30.06.2016	1 893	-255	6 072	-	174	-20	761	8 625

STATEMENT OF CASH FLOWS

	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
A. CASH FLOWS FROM OPERATING ACTIVITIES			
I. Profit (loss) before tax	-203	971	940
II. Total adjustments	156	-951	-890
III. Changes in working capital	-7	-9	-4
IV. Income tax paid	-16	-177	-2
V. Net cash flows from operating activities	-70	-166	44
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
I. Inflows	189	697	0
1. Inflows from sale of intangible assets	0	0	0
2. Inflows from sale of tangible fixed assets	0	0	0
3. Inflows from sale of investment properties	0	0	0
4. Net inflows from sale of subsidiaries	0	0	0
5. Inflows from repayment of borrowings granted	0	0	0
6. Inflows from sale of other financial assets	86	347	0
7. Inflows from sale of bonds	100	350	0
8. Inflows from interest received	3	0	0
9. Inflows from dividends received	0	0	0
II. Outflows	764	1 556	526
1. Outflows for acquisition of intangible assets	0	0	0
2. Outflows for acquisition of tangible fixed assets	0	0	0
3. Outflows for acquisition of investment properties	0	0	0
4. Net outflows for acquisition of subsidiaries	0	0	0
5. Outflows for loans granted	0	0	0
6. Outflows for acquisition of other financial assets	764	1 556	526
III. Net cash flows from investment activities	-575	-859	-526
C. CASH FLOWS FROM FINANCIAL ACTIVITIES			
I. Inflows	0	174	174
1. Net inflows from issuance of shares	0	174	174
2. Inflows from loans and borrowings	0	0	0

3. Inflows from issuance of debt securities	0	0	0
4. Other inflows from financial activities	0	0	0
II. Outflows	0	255	255
1. Outflows for acquisition of own shares	0	255	255
2. Redemption of debt securities	0	0	0
3. Repayment of loans and borrowings	0	0	0
4. Payment of liabilities arising from financial leases	0	0	0
5. Outflows for interest paid	0	0	0
6. Outflows for dividends paid	0	0	0
7. Other outflows for financial activities	0	0	0
III. Net cash flows from financial activities	0	-81	-81
Balance sheet change in cash	-645	-1 106	-563
Cash opening balance	5 416	6 527	6 527
- change in cash due to exchange differences	-1	-5	1
Cash closing balance	4 770	5 416	5 965

ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

I. INFORMATION ABOUT CARPATHIA CAPITAL S.A.

CARPATHIA CAPITAL S.A. is an investment joint-stock company. CARPATHIA CAPITAL S.A. concentrates its core activities on acquiring shares of the both public and private companies in order to dispose them.

The issuer is an investment entity within the meaning of IFRS 10 §27.

An investment entity is an entity that:

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

Registered office

CARPATHIA CAPITAL S.A.
Krasińskiego 16 Street
60-830 Poznań

Registration court

District Court Poznań - Nowe Miasto i Wilda, VIII Business Registry Division in Poznań
KRS number 0000511985

The company has been established for an unlimited period of time.

National Business Registry Number: 302762319

Tax Identification Number: 781-189-70-74

Management Board

Composition of the Management Board at the date of the report:

Piotr Białowas – President of the Management Board

Supervisory Board

Composition of the Supervisory Board at the date of the report:

Paweł Śliwiński – President of the Supervisory Board

Justyna Światowiec-Szczepańska – Member of the Supervisory Board

Rafał Śliwiński – Member of the Supervisory Board

Parent Company

INC S.A. is the parent company of CARPATHIA CAPITAL S.A.

2. PRESENTATION PRINCIPLES

Principles of preparation of the financial statements

The basis for preparation of the financial statements is IAS 34 "Interim Financial Reporting".

The reports should be read together with the most recent annual financial statements for the period from 01.01.2016 to 31.12.2016.

The financial statements of the CARPATHIA CAPITAL S.A. have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS).

This financial statements has been prepared in accordance with accounting standards used and issued in EU at the date of this financial statements.

The financial statements prepared by the Company covers the period from 1 January 2017 to 30 June 2017. Comparative data is presented for the period from 1 January 2016 to 31 March 2016 and 1 January 2016 to 31 December 2016.

This financial statements has been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. As at the date of approval of this financial statements for publication, there were no circumstances that would indicate a threat to the Company's ability to continue as a going concern.

3. FINANCIAL STATEMENTS ADJUSTMENTS

Financial statements have not been audited. No adjustments were made in the financial statements for the period for which financial statements is presented.

4. CURRENCY IN WHICH FINANCIAL STATEMENTS HAS BEEN PREPARED AND THE SIZE OF THE UNITS THAT WERE USED FOR THE PRESENTATION OF AMOUNTS IN THE FINANCIAL STATEMENTS

This financial statements have been presented in the Polish zloty ("PLN") which is the reporting currency and the functional currency of the Company and all figures are in PLN thousand.

5. ACCOUNTING POLICIES

The financial statements has been prepared on a historical cost basis, except for the revaluation of financial instruments and investment properties on the basis of the fair value model.

Goodwill

Goodwill in the financial statements is not amortized but it is tested for impairment.

Intangible assets

Expenditures for purchased software and other intangible assets are capitalized and straight-line amortized over the projected useful life.

In the case of impairment of assets classified as intangible assets a revaluation write-down is made.

Intangible assets are recognized at each balance sheet date at acquisition price less any accumulated amortization calculated to the balance sheet date and less any revaluation write-downs.

Tangible fixed assets

Fixed assets are those assets whose projected useful life is more than one year and which are assigned to the operations of the Company or transferred to other entities under lease agreements or other similar agreements. Fixed assets under leases are classified as non-current assets when substantially all the risks and rewards of ownership of the asset will be transferred to the Company. Fixed assets are measured at acquisition price and at cost of production less any depreciation calculated and less impairment losses.

Fixed assets are depreciated over their projected useful life.

Fixed assets of the cost to 3.5 thousand PLN are subject to one-time depreciation. The exception is the computer equipment, depreciated on the basis of the projected useful life.

Borrowing costs directly attributable to the acquisition or production of assets which require a longer period of time to be available for use or sale are capitalized as part of the cost of qualified assets until putting those fixed assets into use.

Depreciation is calculated for all fixed assets, other than land and assets under construction using the straight-line method at the following annual rates of amortization:

- Vehicles 20%;
- Computer equipment 30%;
- Others 18% to 100%.

Non-current assets held for sale

Non-current assets (and groups of net assets held for sale) classified as held for sale are measured at the carrying value or fair value less costs to sell, whichever is lower. The Company classifies an asset (or group) as held for sale if its carrying value will be recovered principally through a sale transaction rather than through continuing use.

Financial assets

Financial assets are recognized at the date of the transaction.

Financial assets at the date of acquisition or origination are classified into the following categories:

- financial assets measured at fair value through profit or loss,
- loans and receivables,
- financial assets held to maturity,
- financial assets available for sale.

Financial asset measured at fair value through profit or loss is an asset or financial liability component, which is assigned for trading and financial assets designated by the Management Board of the Company as measured at fair value through profit or loss.

Assets that are classified as financial assets measured at fair value through profit or loss are measured in accordance with the principles set out below for determining fair value. The effects of the valuation of those financial assets are recognized in the statement of comprehensive income.

Financial assets held to maturity are financial assets with fixed or determinable payments and fixed maturity that an entity has the intention and ability to hold to maturity.

Financial assets that are classified as loans and receivables and financial assets held to maturity are measured at amortized cost.

Financial assets available for sale are non-derivative financial assets that are designated as available for sale and financial assets that are not classified in the other categories.

Financial assets classified as available for sale are measured at fair value. The effects of the valuation are recognized in the revaluation reserve.

At the end of the reporting period, the company assesses the need for revaluation write-downs in financial assets.

Determining the fair value of financial assets

Determining the fair value of financial assets is as follows:

- if they are listed on an active market – it is the market value; active market is a market where homogeneous items are traded, prices are publicly announced, at any time there is a possibility to meet buyers and sellers,
- if they are not listed on an active market - the fair value is determined by using a valuation model for a particular financial instrument or by estimation based on the price of a similar instrument listed on an active market, where:
 - if no more than 12 months have passed from the acquisition of financial assets not listed on an active market to the balance sheet date, then assuming the principle that the transaction price is the best reflection of the fair value of financial asset – at acquisition price,
 - if more than 12 months have passed from the acquisition of financial asset not listed on an active market to the balance sheet date, and the value received as a result of the financial instrument's valuation does not differ by more than 15% of the acquisition price, then the fair value is recognized as the acquisition price,
- if there is no possibility to apply any model because of too much importance of the estimation – at acquisition price.

Classification and valuation of shares and interests in other entities

According to the decision of the Management Board of CARPATHIA CAPITAL SA shares that are taken up or acquired by the Company in preparation for its listing (shares of portfolio companies) are classified as financial assets measured at fair value through profit or loss. The value of shares and interests in other entities is determined in accordance with the above-mentioned principles "Determining the fair value of financial assets"

Shares classified as financial assets measured at fair value through profit or loss are measured at the balance sheet date at fair value, referring valuation effects on the financial result.

Investment properties

As an investment properties are treated properties if they are treated as source of income from rent and/or increase in value over time. Investment properties are measured at the balance sheet date at fair value. Gains and losses arising from changes in fair value of investment properties are recognized in the income statement in the period in which they arise.

The Company may decide about the valuation of investment properties at acquisition price or production cost.

Trade receivables

Receivables are recognized at amount due less any revaluation write-downs. Revaluation write-downs increase other operating expenses.

Inventories

Inventories are measured at the real purchase prices less any impairment losses. Release of inventories is measured using the FIFO method.

Cash and cash equivalents

Cash and cash equivalents are recognized at nominal value. Cash in foreign currencies are translated at the balance sheet date at the closing rate from the balance sheet date.

Prepaid expenses

Prepaid expenses are made in relation to the expenses relating to future reporting periods that meet the definitions of assets in accordance with IFRS. Revaluation write-downs of prepaid expenses are made on the basis of the elapsed time. The time and method of settlement are justified by the nature of the settled expenses.

Equity

Equity excluding treasury shares, are measured in principle at its nominal value. Treasury shares are measured at acquisition price.

Provisions

Provisions are recognized, when:

- an entity has a present obligation (legal or constructive) as a result of past events;
- it is likely that the fulfillment of the obligation will cause an outflow of resources embodying economic benefits and
- the amount of the obligation can be reliably estimated.

If the above conditions are not met, the provisions are not recognized.

Liabilities

Liabilities are recognized at the amount due.

Accruals

Accruals are recognized in the amount of liabilities in the current reporting period.

The Company withdraws from estimating accruals for employee benefits due to the small number of employees and due to the fact that the employee benefits are given to them at the settlement period.

Current and deferred income tax

Compulsory charges on financial result consists of current tax and deferred tax.

Current tax burden is calculated on the basis of income (tax base) for the particular financial year.

Deferred tax is calculated using the balance method on the basis of existing temporary differences between the value of assets and liabilities recognized in the financial statements and their tax bases. In connection with the temporary differences, provisions and assets for deferred income tax are recognized.

The value of assets for deferred income tax is reviewed at each balance sheet date in order to determine whether the projected future taxable profit will be sufficient for their implementation. Otherwise, a revaluation write-down is made. Provisions and assets for deferred income tax are calculated on the basis of the tax rates that will apply in the period when the asset is realized or the

liability is become due. Deferred tax is recognized in the income statement, except when it relates to items recognized directly in equity, in which case the deferred tax is also recognized in equity.

The financial result

The net profit (loss) includes: profit (loss) on sales, profit (loss) on other operating activities, profit (loss) on financial activities, profit (loss) on extraordinary operations and obligatory charges of profit before tax.

Revenue from sales of products and services is the amount due on this account from the customer less VAT payable, discounts and other sales-related taxes (eg. the excise duty). The moment of sale is to give the customer the goods or services and the transition of ownership to the customer.

In the case of the Company, its revenues from sales of products include revenues from the advisory services provided by the Company.

Other operating income and expenses are the expenses and revenues associated with the disposal of tangible fixed assets, creating and realizing provisions and not directly related to the core business but having an impact on the financial result.

Financial income includes income from financial operations while financial expenses include expenses incurred in financial operations. The Company's financial income includes mainly interest earned on bank deposits while financial expenses primarily include interest on loans and borrowings.

In the case of dividend income in the income statement the recognition occurs at the time when the legal right to receive payment for shareholders is established.

Result of extraordinary events is the difference between the realized extraordinary profits and losses incurred as a result of random events.

Impairment

At each balance sheet date, the Company reviews the net value of fixed assets in order to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated (The net selling price or value in use, depending on which one is higher) in order to determine the potential value of impairment loss.

6. SIGNIFICANT VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

Valuation of the financial assets not listed on an active market

The fair value of assets not listed on an active market is determined:

- by using a valuation model for a particular financial instrument or by estimation based on the price of a similar instrument listed on an active market, where:
 - if no more than 12 months have passed from the acquisition of financial assets not listed on an active market to the balance sheet date, than assuming the principle that the transaction price is the best reflection of the fair value of financial asset – at acquisition price,
 - if more than 12 months have passed from the acquisition of financial asset not listed on an active market to the balance sheet date, and the value received as a result of the financial instrument's valuation does not differ by more than 15% of the acquisition price, then the fair value is recognized as the acquisition price,
- if there is no possibility to apply any model because of too much importance of the estimation – at acquisition price.

Provisions

Provisions are recognized, when:

- an entity has a present obligation (legal or constructive) as a result of past events;
- it is likely that the fulfillment of the obligation will cause an outflow of resources embodying economic benefits and
- the amount of the obligation can be reliably estimated.

If the above conditions are not met, the provisions are not recognized.

Impairment

At each balance sheet date, the Company reviews the net value of fixed assets in order to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated (The net selling price or value in use, depending on which one is higher) in order to determine the potential value of impairment loss.

Depreciation of fixed assets and amortization of intangible assets

Depreciation and amortization is calculated for all fixed assets and intangible assets, other than land and assets under construction using the straight-line method at the following annual rates:

- Vehicles 20%;
- Computer equipment 30%;
- Others 18% to 100%.

7. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Note no 1

EXPENSES BY TYPE	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
a) Depreciation of property, plant and equipment and amortization of intangible assets	0	0	0
b) Materials and energy	0	0	0
c) External services	30	51	21
d) Taxes and charges	0	2	2
e) Wages and salaries	8	36	17
f) Social security costs	0	0	0
g) Other expenses by type	1	1	0
Expenses by type	39	90	40
Changes in inventories, products and accruals	0	0	0
Cost of production for internal purposes (negative value)	0	0	0
Selling and distribution expenses (negative value)	0	0	0
Administrative expenses (negative value)	-39	-90	-40
Cost of products sold	0	0	0

Note no 2

OTHER OPERATING INCOME	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
a) provision reversal	0	0	0
b) other, including:	0	83	83
- income from written off liabilities	0	83	83
Total other operating income	0	83	83

Note no 3

FINANCE INCOME FROM DIVIDENDS AND SHARE IN PROFIT	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
a) from related parties	0	0	0
b) from other entities	0	0	0
Total finance income from dividends and share of profit	0	0	0

INTEREST INCOME	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
a) on loans granted	0	0	0
- to related parties	0	0	0

- to other entities	0	0	0
b) other interest income	47	86	41
- from related parties	0	0	0
- from other entities (bank interest, interest on receivables)	47	86	41
Total interest income	47	86	41

OTHER INVESTMENT INCOME	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
a) Foreign exchange gains	0	19	14
- realized	0	19	13
- unrealized	0	0	1
b) reversed provisions	0	0	0
c) other, including:	18	878	860
- gain on disposal of investments	18	151	0
- revaluation of investments	0	727	860
Total other investment income	18	897	874

LOSS ON INVESTMENTS	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
Revaluation of investments	227	0	0
Loss on disposal of investments	0	0	18
Total loss on investments	227	0	18

Note no 4

FINANCIAL COST OF INTEREST	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
a) from credits and loans	0	0	0
- for related parties	0	0	0
- for other parties	0	0	0
b) other interest	0	0	0
- for related parties	0	0	0
- for other parties	0	0	0
Total interest expense	0	0	0

OTHER FINANCIAL COST	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
a) negative exchange rate differences	1	5	0
- realized	0	0	0

- unrealized	1	5	0
b) reserves created	0	0	0
c) others	0	0	0
Other financial expenses, total	1	5	0

Note no 5

CURRENT INCOME TAX	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
1. Profit before tax	-203	971	940
2. Differences between profit (loss) before tax and income tax base (by title)	178	140	183
- expenses that are not deductible	3	79	0
- statistical revenues	1	0	
- revenues that do not constitute income tax revenues	40	0	
- statistical costs	11	0	-11
- revaluation of investments	227	4	194
3. Deducted losses from previous years	0	215	71
4. Income tax base	-25	71	1 052
5. Income tax at the 19% rate	0	1 040	200
6. Tax increases, omissions, exemptions, deductions and reductions	0	198	0
7. Income tax expense reported in the tax return for the period, including:	0	0	200
- reported in the income statement, including:	0	0	200
- flat-rate tax paid on dividends received	0	0	0
- relating to items that decreased or increased equity	0	0	0
- relating to items that decreased or increased goodwill or negative goodwill	0	0	0

DEFERRED INCOME TAX, DISCLOSED IN THE PROFIT AND LOSS STATEMENT:	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
- change relating to the origination and reversal of temporary differences	-38	-13	-21
- change relating to changes in tax rates	0	0	0
- change arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period	0	0	0
- change arising from the write-down, or reversal of a previous write-down, of a deferred tax asset	0	0	0
- other deferred tax (by category)	0	0	0
Total deferred income tax	-38	-13	-21

TOTAL AMOUNT OF DEFERRED TAX	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
- recognized in equity	0	0	0
- recognized in goodwill or negative goodwill	0	0	0

Note no 6

CHANGE IN ASSETS IN CONNECTION WITH DEFERRED INCOME TAX	30.06.2017	31.12.2016	30.06.2016
1. Assets in connection with deferred income tax at the beginning of the period, including:	28	0	0
a) attributed to financial result	28	0	0
b) attributed to equity	0	0	0
c) attributed to goodwill or negative goodwill	0	0	0
2. Increases	47	28	28
a) financial result for the period in connection with negative temporary differences	47	28	28
- impairment loss on investment	47	27	28
- reserve balance - increasing	0	1	0
- creation of reserves	0	0	0
- impairment loss on short-term investments - loans + bonds	0	0	0
- leasing	0	0	0
b) attributed to financial result in connection with tax loss	0	0	0
c) attributed to equity in connection with negative temporary differences	0	0	0
d) attributed to equity in connection with tax loss	0	0	0
e) attributed to goodwill or negative goodwill in connection with negative temporary differences	0	0	0
3. Decreases	1	0	0
a) attributed to financial result in connection with negative temporary differences	0	0	0
- impairment loss on investment	0	0	0
- reserve balance - reducing write-offs of receivables	0	0	0
- use of provisions for costs	1	0	0
- financial leasing	0	0	0
b) attributed to financial result in connection with tax loss	0	0	0
c) attributed to equity in connection with negative temporary differences	0	0	0
d) attributed to equity in connection with tax loss	0	0	0
e) attributed to goodwill or negative goodwill in connection with negative temporary differences	0	0	0
4. Balance of deferred tax assets at the end of the period, including:	74	28	28
a) attributed to financial result	74	28	28

b) attributed to equity	0	0	0
c) attributed to goodwill or negative goodwill	0	0	0

Note no 7

CURRENT RECEIVABLES	30.06.2017	31.12.2016	30.06.2016
a) from related parties	0	0	0
- trade receivables, with a repayment period:	0	0	0
- up to 12 months	0	0	0
- over 12 months	0	0	0
- other	0	0	0
- under litigation	0	0	0
b) from other entities	0	16	13
- trade receivables, with a repayment period:	0	0	0
- up to 12 months	0	0	1
- over 12 months	0	0	0
- related to taxes, subsidies, customs, social and health insurance and other benefits	24	16	12
- other	1	0	0
- including: from the sale of financial assets	0	0	0
- under litigation	0	0	0
Total net current receivables	24	16	13
c) impairment of receivables	0	0	0
Total gross current receivables	25	16	13

GROSS CURRENT RECEIVABLES (CURRENCY STRUCTURE)	30.06.2017	31.12.2016	30.06.2016
a) in polish currency	25	16	13
b) in foreign currencies (by currency and translated to PLN)	0	0	0
Total gross current receivables	25	16	13

Note no 8

CURRENT FINANCIAL ASSETS	30.06.2017	31.12.2016	30.06.2016
a) in subsidiaries	0	0	0
- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
- financial assets held to maturity	0	0	0
- loans granted	0	0	0
- financial assets available for sale	0	0	0
b) in jointly controlled entities	0	0	0
- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
- financial assets held to maturity	0	0	0
- loans granted	0	0	0
- financial assets available for sale	0	0	0
c) in associates	0	0	0
- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
- financial assets held to maturity	0	0	0
- loans granted	0	0	0
- financial assets available for sale	0	0	0
d) in significant investor	0	0	0
- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0
- debt securities	0	0	0
- financial assets held to maturity	0	0	0
- loans granted	0	0	0
- financial assets available for sale	0	0	0
e) in the parent company	0	0	0
- assets held for trading	0	0	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	0

- debt securities	0	0	0
- financial assets held to maturity	0	0	0
- loans granted	0	0	0
- financial assets available for sale	0	0	0
f) in other entities	3 642	3 234	3 392
- assets held for trading	2 273	1 805	1 788
- assets classified by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0	0	517
- debt securities	1 369	1 429	1 087
- financial assets held to maturity	0	0	0
- loans granted	0	0	0
- financial assets available for sale	0	0	0
g) cash and other monetary assets	4 770	5 416	5 965
- cash in hand and at bank	4 770	5 416	5 965
- other cash equivalents	0	0	0
- other monetary assets	0	0	0
Total current financial assets	8 412	8 650	9 357

SECURITIES, SHARES AND OTHER SHORT-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)	30.06.2017	31.12.2016	30.06.2016
a) in polish currency	6 989	7 240	7 711
b) in foreign currencies (according to currencies and translated to PLN)	1 423	1 410	1 646
b1. Unit/currency in thous. RON	1 527	1 446	1 680
After conversion to thous.PLN	1 423	1 410	1 646
Other currencies in thous. PLN	0	0	0
Total securities, shares and sother short-term financial assets	8 412	8 650	9 357

CURRENT FINANCIAL ASSETS (BY MARKETABILITY)	30.06.2017	31.12.2016	30.06.2016
A. With unlimited marketability, exchange listed (carrying value)	2 105	1 682	2 305
a) shares (carrying value):	2 105	1 682	1 788
- fair value	2 105	1 682	1 788
- market value	2 105	1 682	1 788
- value at acquisition price	2 539	1 890	1 968
b) bonds (carrying value):	0	0	0
- fair value	0	0	0

- market value	0	0	0
- value at acquisition price	0	0	0
c) other – by type (carrying value):	0	0	517
c1) Short term WIG futures	0	0	517
- fair value	0	0	517
- market value	0	0	517
- value at acquisition price	0	0	517
B. With unlimited marketability, listed on OTC markets (carrying value)	0	0	0
a) shares (carrying value):	0	0	0
- fair value	0	0	0
- market value	0	0	0
- value at acquisition price	0	0	0
b) bonds (carrying value):	0	0	0
- fair value	0	0	0
- market value	0	0	0
- value at acquisition price	0	0	0
c) other – by type (carrying value):	0	0	0
c1)	0	0	0
- fair value	0	0	0
- market value	0	0	0
- value at acquisition price	0	0	0
C. With unlimited marketability, not listed on a regulated market (carrying value)	6 307	6 968	7 052
a) shares (carrying value):	168	123	0
- fair value	168	123	0
- market value	168	123	0
- value at acquisition price	168	123	0
b) bonds (carrying value):	1 369	1 429	1 087
- fair value	1 369	1 429	1 087
- market value	1 369	1 429	1 087
- value at acquisition price	1 350	1 350	1 050
c) loans granted:	0	0	0
- fair value (with interest)	0	0	0
- value at acquisition price	0	0	0

d) cash in hand and at bank:	4 770	5 416	5 965
- fair value	4 770	5 416	5 965
- market value	4 770	5 416	5 965
- value at acquisition price	4 770	5 416	5 965
D. With limited marketability (carrying value)	0	0	0
a) shares (carrying value):	0	0	0
- fair value	0	0	0
- market value	0	0	0
- value at acquisition price	0	0	0
b) bonds (carrying value):	0	0	0
- fair value	0	0	0
- market value	0	0	0
- value at acquisition price	0	0	0
c) other – by type (carrying value):	0	0	0
c1)	0	0	0
- fair value	0	0	0
- market value	0	0	0
- value at acquisition price	0	0	0
Total value at acquisition price	8 659	8 779	9 500
Total value opening balance	8 650	8 990	8 990
Total revaluation gains/losses	-267	-129	-181
Total carrying value	8 412	8 650	9 357

CASH AND OTHER MONETARY ASSETS (CURRENCY STRUCTURE)	30.06.2017	31.12.2016	30.06.2016
a) in polish currency	4 676	5 386	5 865
b) in foreign currencies (by currency and translated to PLN)	94	30	100
b1. Unit/currency in thous. RON	101	31	103
After conversion to thous.PLN	94	30	100
Other foreign currencies in PLN ths	0	0	0
Total cash and other monetary assets	4 770	5 416	5 965

Note no 9

SHARE CAPITAL (STRUCTURE) as at 30.06.2017								
Share series	Share type	Type of preference	Restrictions on shares	Number of shares	Series/issue nominal value	Coverage of capital (payment manner)	Date of registration	Right to dividend (since)
A	registered	2 voices per share	none	1 000 000	PLN 500 000	cash	26-06-2014	26-06-2014
B	bearer	none	none	1 003 666	PLN 501 833	cash	29-01-2015	01-01-2015
B2	bearer	none	none	275 000	PLN 137 500	cash	14-05-2015	01-01-2015
C	bearer	none	none	795 991	PLN 397 996	cash	14-05-2015	01-01-2015
D	bearer	none	none	711 439	PLN 355 720	cash	30-07-2015	01-01-2015
B3	bearer	none	None	116 667	PLN 58 334	Cash	18-10-2016	01-01-2016
Total number of shares				3 902 763				
Total share capital					1 951 381,50 zł			
Share nominal value = PLN 0.50								

OWNERSHIP STRUCTURE OF SHARE CAPITAL AT SIGNING OF FINANCIAL STATEMENT	No of shares	Share of equity	Share of voting rights	Equity (thś of PLN)
INC S.A.	1 015 891	26,03%	41,12%	508
Own shares held by the Company	172 602	4,42%	3,52%	86
Other shareholders	2 714 270	69,55%	55,36%	1 357
Total	3 902 763	100,00%	100,00%	1 951

Note no 10

SUPPLEMENTARY CAPITAL	30.06.2017	31.12.2016	30.06.2016
a) from the sale of shares above their nominal value net of issue costs and covering the losses from previous years	6 188	6 188	6 072
b) statutory reserve	0	0	0
c) created in accordance with the statute / agreement exceeding the (minimal) statutory reserve value	0	0	0
d) from additional payments from shareholders / partners	0	0	0
e) other (by type)	766	0	0
- value of the series A share issue before the registration of the capital increase	766	0	0
Total reserve capital	6 954	6 188	6 072

Note no 11

RESERVE CAPITAL	30.06.2017	31.12.2016	30.06.2016
a) statutory reserve	0	0	0
b) created in accordance with the statute / agreement	0	0	0
c) other (by type)	0	0	174
- value of the shares issued before the registration of the capital increase	0	0	174
Total reserve capital	0	0	174

Note no 12

CHANGE IN DEFERRED INCOME TAX	30.06.2017	31.12.2016	30.06.2016
1. Provision for deferred income tax at the beginning of the period, including:	15	0	0
a) attributed to financial result	15	0	0
b) attributed to equity	0	0	0
c) attributed to goodwill or negative goodwill	0	0	0
2. Increases	9	15	7
a) financial result for the period in connection with positive temporary differences	9	15	7
- valuation of investment	0	0	0
- differences in the rates of depreciation	0	0	0
- valuation of loans and bonds (interest)	9	15	7
- others	0	0	0
b) attributed to equity in connection with positive temporary differences	0	0	0
- valuation of investment	0	0	0
c) attributed to goodwill or negative goodwill in connection with positive temporary differences	0	0	0
3. Decreases	1	0	0
a) attributed to financial result in connection with positive temporary differences	0	0	0
- valuation of investment	0	0	0
- valuation of loans and bonds (interest)	1	0	0
- others	0	0	0
b) attributed to equity in connection with positive temporary differences	0	0	0
- valuation of investment	0	0	0
c) attributed to goodwill or negative goodwill in connection with positive temporary differences	0	0	0
4. Balance of deferred tax assets at the end of the period, including:	23	15	7
a) attributed to financial result	23	15	7

b) attributed to equity	0	0	0
c) attributed to goodwill or negative goodwill	0	0	0

Note no 13

CURRENT LIABILITIES	30.06.2017	31.12.2016	30.06.2016
a) to subsidiaries	0	0	0
b) to jointly controlled entities	0	0	0
c) to associates	0	0	0
d) to significant investor	0	0	0
e) to parent company	0	0	0
f) to other entities	3	18	765
- loans and borrowings, including:	0	0	0
- long-term during the repayment period	0	0	0
- related to issue of debt securities	0	0	0
- related to dividends	0	0	0
- other financial liabilities, including:	0	0	0
- trade payables, with a repayment period:	3	2	4
- up to 12 months	0	2	4
- over 12 months	0	0	0
- advances received for deliveries	0	0	0
- related to promissory notes	0	0	0
- related to taxes, customs, insurance and other benefits	0	16	193
- related to wages and salaries	0	0	0
- other (by type)	0	0	568
- including: commitment to acquire financial assets	0	0	568
- including: liabilities under finance leases	0	0	0
- including: advances on subsidies	0	0	0
- including: insurance liabilities	0	0	0
g) special funds (by title)	0	0	0
- social benefits fund	0	0	0
Total current liabilities	3	18	765

CURRENT LIABILITIES (CURRENCY STRUCTURE)	30.06.2017	31.12.2016	30.06.2016
a) in polish currency	3	18	765
b) in foreign currencies (by currency and translated to PLN)	0	0	0
Total current liabilities	3	18	765

Note no 14

OTHER PREPAYMENTS AND ACCRUALS	30.06.2017	31.12.2016	30.06.2016
a) accrued expenses	0	11	0
- non-current (by title)	0	0	0
- current (by title)	0	11	0
- provision for costs	0	11	0
Total other prepayments and accruals	0	11	0

Note no 15

CASH FLOWS FROM OPERATING ACTIVITIES	01.01.2017 30.06.2017	01.01.2016 31.12.2016	01.01.2016 30.06.2016
I. Profit before tax	-203	971	940
II. Adjustments to reconcile profit before tax to net cash flows:	156	-951	-890
1. Depreciation and amortisation	0	0	0
2. Net foreign exchange differences	1	5	-1
3. Interest and share of profit (dividends)	-43	-79	-36
4. Gain (loss) on investment activity	209	-877	-842
5. Changes in provisions	0	0	0
6. Changes in prepayments and accruals	-11	0	-11
7. Other adjustments	0	0	0
III. Changes in working capital	-7	-9	-4
IV. Income tax paid	-16	177	2
V. Net cash flows from operating activities	70	-166	44

VI. SIGNATURES

The Management Board of Carpathia Capital S.A. hereby declares, that according to its best knowledge the semi-annual financial statements covering the period from 1 January 2017 to 30 June 2017 and comparative data have been prepared in compliance with the applicable accounting standards and provide true and fair view of the Company's assets, liabilities, financial result and financial position.



Piotr Białowas
CEO/President of the Management Board