

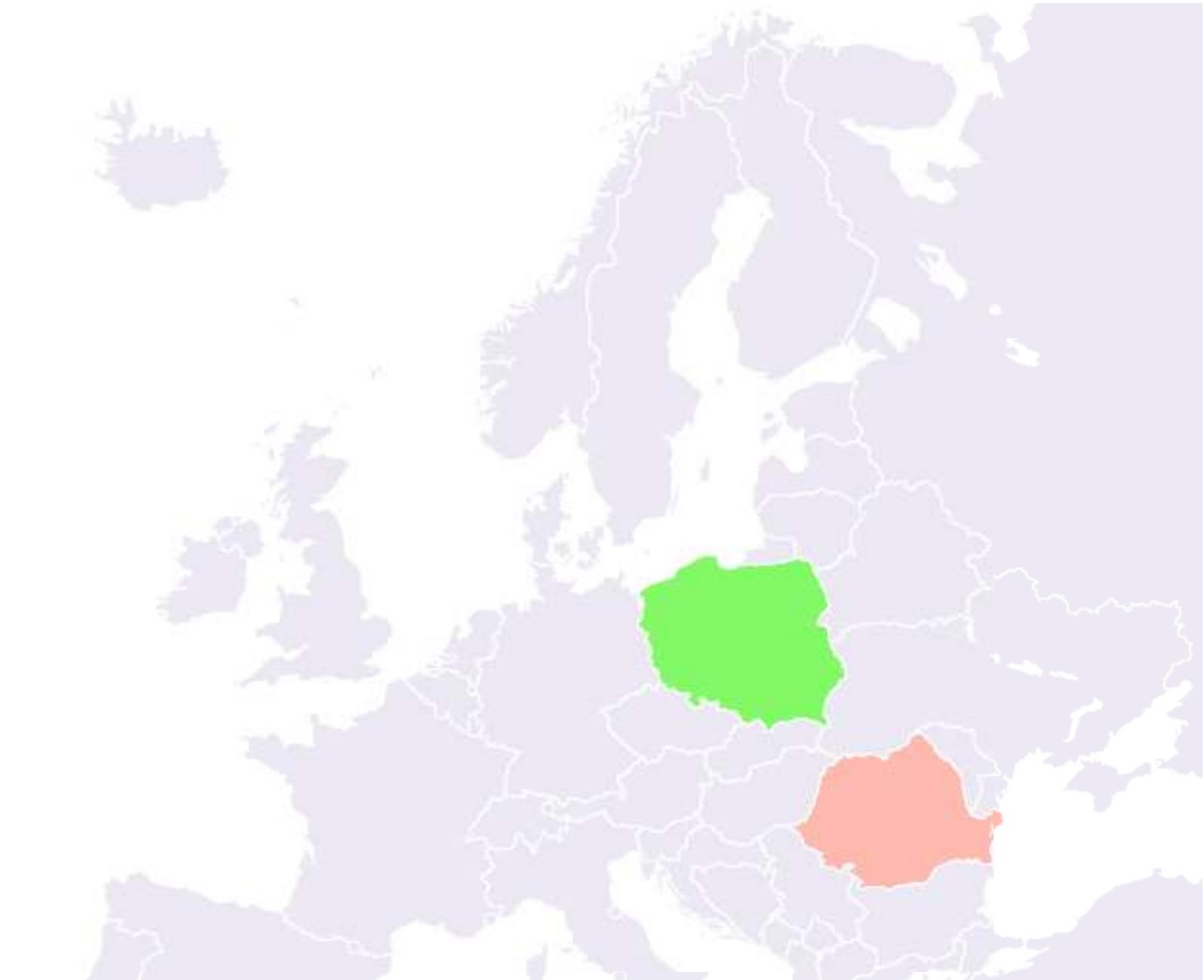


**CARPATHIA CAPITAL**



**ANNUAL REPORT**

**2014**



**DRAWN UP UNDER ARTICLE 1121 OF THE ASF (FINANCIAL SUPERVISORY AUTHORITY) REGULATION NO. 1/2006**

For the financial year	2014
Date of the report	30 April 2015
Name of the company	Carpathia Capital S.A.
Web	<a href="http://www.carpathiacapital.eu">www.carpathiacapital.eu</a>
Registered office	Kraśińskiego Street no. 16, 60-830 Poznań
Telephone/Fax number	+48 61 851 86 77
Unique Tax Reference Number	7811897074
Trade Register number	302762319
Regulated market on which the issued securities are traded	AeRO Market, administered by the Bucharest Stock Exchange
Registered share capital	PLN 1.001.833
The main characteristics of the securities issued by the trading company	1.003.666 series B shares with a nominal value of PLN 0,50
Ticker	CRPC

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# LETTER FROM THE CEO OF CARPATHIA CAPITAL

Dear Shareholders,

For Carpathia Capital S.A., 2014 was a foundation year dedicated for exploring business opportunity in Romania, modelling strategy and raising funds for investments.

Our 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 the 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 of development. The returns on capital deployed will not be the only economic benefits. We aim to support the development of knowledge based economy by championing growth of Romanian SMEs.
- **FOUNDERS** - INC S.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 €242,5m, acting as WSE Authorized Adviser raising €87,5m, bringing tens of companies to listing.



The Company's investment objective is to achieve long-term capital growth through investing in a diversified portfolio of Romanian SMEs, listed and to be listed on the AeRO Market of the Bucharest Stock Exchange.

I am glad to inform that our strategic assumptions laid down in 2014 have been welcomed by investors and the market.

In June 2014 Carpathia Capital S.A. has been registered with the National Court Register in Poland.

In December 2014 the Company closed private placement offer for common shares series B raising PLN 2,6m in Poland. In response to feedback from investors, in December 2014 general shareholders meeting adopted resolution on issuance of up to 400.000 common shares series B2, up to 1.000.000 common shares series C and up to 1.000.000 common shares series D. The private placements for common shares of B2 and C series have been closed in February 2015 bringing PLN 3,16, in cash for the Company.

On 25th of February 2015 Bucharest Stock Exchange launched AeRO market for SMEs and start-ups in Romania. This marks the beginning of a new era for SMEs in Romania and provides framework for investment opportunities for investors across the region. It also opened the room for investment activity of Carpathia Capital.

To fulfill obligation towards shareholders we undergone admission procedure to list Carpathia Capital shares on the AeRO Market. The Company debuted on 25th of February 2015 during the opening of the AeRO Market, being the first foreign issuer on that market.

In March 2015 Carpathia Capital has made the first investment in Bittnet Systems SA, ICT company recognized in Deloitte 2014 Technology Fast 500 Top in EMEA, delivering €150.000 for expansion of sales. In April 2015, Bittnet Systems debuted on the AeRO market as the first Romanian ICT company.

I believe that Carpathia Capital business that comprises acquisitions, development and divestments provides stock market investors with unique investment opportunity.

I look forward with confidence to a year of continued sourcing of potential investments and value creation in portfolio companies.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Pawel Sliwinski', with a long horizontal stroke extending to the right.

Pawel Sliwinski  
*CEO/President of the Management Board*

# ANALYSIS OF THE ACTIVITY OF CARPATHIA CAPITAL



Carpathia Capital activities are focused on the acquisition of shares and other securities issued by small and medium-sized enterprises located in Romania. The Company functions as a venture capital / private equity fund is to carry out capital investments in Romania and other CEE public and private companies with high growth potential. The expected investment horizon is one to five years.

The strategy is aimed at building a diversified portfolio of a several entities within the first two years of operation, which in term of up to three years after the investment would eventually meet the eligibility criteria and be listed on the AeRO market (an Alternative Trading System organized by Bucharest Stock Exchange) or on the NewConnect market (an Alternative Trading System organized by Warsaw Stock Exchange). The activities described are subject to a substantial degree of risk. The Issuer assumes that taking the specified risk is justified by the vast experience of the Management Board in the investment field and will result in above-average returns in the long term.

The Issuer intends to perform capital investments in entities that meet the following criteria:

- hiring high quality executives,
- operating on a growing market,
- growth rate of the business exceeding the industry,
- technological advantage or a superior product or service compared to competitors.

Carpathia Capital does not presuppose industry preferences. The aim is to invest in entities at various stages of development, ie.:

*Carpathia Capital was founded in April 2014 with headquarters in Poznań. The Company is a financial investment of the venture capital/ private equity type. In March 2015, the Company listed in Alternative Trading System (AeRO) administered by the Bucharest Stock Exchange.*

- seed and start-up investments in newly established enterprises,
- investments required for further development in businesses in the growth phase,
- investments in mature companies.

The issuer assumes acquiring minority stakes in share capital of portfolio companies. Due to the initial value of the available capital, single investment will amount up to one million RON. This will also ensure additional diversification of investment risk. The Company plans partial involvement in the development of portfolio companies – representatives of Carpathia Capital will monitor the financial performance of the portfolio companies and their compliance with the approved business plan.

After the completion of the expected increase in value of the investment the Company assumes sale of owned shares. The Issuer will prefer exits through capital market by listing shares on the AeRO market (an Alternative Trading System organized by Bucharest Stock Exchange) or on the NewConnect market (an Alternative Trading System organized by Warsaw Stock Exchange). It is expected to be the most common way to exit an investment, but the Issuer does not exclude the possibility of selling shares to an strategic investor or financial investors as well as exits by MBO or repurchase of shares by previous owners and other investors.

Apart from giving a possibility of divestment, the aim of listing portfolio companies is to:

- enable them to raise additional capital through private placements, pre-IPO, IPO and SPO offers,

- increase their transparency and credibility,
- gain prestigious status of a public company.

The Issuer will apply the following ways to exit an investment using the process of listing shares on the AeRO market (an Alternative Trading System organized by Bucharest Stock Exchange) or on the NewConnect market (an Alternative Trading System organized by Warsaw Stock Exchange):

- offering of shares held by the Issuer in a public offering,
- offering of shares held by the Issuer in a private placement,
- gradual sale of shares held by the Issuer through transactions on AeRO or NewConnect market,
- sale of shares in block transactions to selected strategic or financial investors.

#### CHARACTERISTICS OF INVESTMENT ACTIVITY

Funds available for investments	Approx. RON 6 600 000
2015 target capital base	Approx. RON 9 000 000
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

Carpathia Capital began investment activity in 1Q2015.

## **DESCRIPTION OF ANY SIGNIFICANT MERGER OR REORGANIZATION OF THE COMPANY, ITS BRANCHES OR CONTROLLED COMPANIES, DURING THE FINANCIAL YEAR**

Carpathia Capital with headquarters in Poznań (Poland) was founded in April 2014 by INC S.A. In June 2014 the Company has been registered by the Polish National Court Register. In July 2014 general shareholders meeting adopted the resolution regarding the private placement issuance of up to 1.150.000 series B common shares. In December 2014 the Company ended of the series B common shares private placement offer. Investors subscribed for 1.003.666 shares and the company raised PLN 2,6m. Additionally in December 2014 General

shareholders meeting adopted the resolution regarding the private placement issuance of up to 400.000 series B2 common shares, up to 1.000.000 series C common shares and up to 1.000.000 series D common shares. After the Reporting period in February 2015 Carpathia Capital ended of the series B2 and C and the Company raised PLN 3,16m. Total raised capital amounted to PLN 5,72 m. The Company debuted on 25th of February 2015 during the opening of the AeRO Market, administered by the Bucharest Stock Exchange.

## **DESCRIPTION OF ASSET ACQUISITIONS AND/OR ALIENATION**

In the financial year ended 31 December 2014 the Company focus was on building the organization, raising funds and building the pipe line for 2015.

Carpathia Capital began investment activity in 1Q2015.

According with current report no 1/2015 Carpathia Capital SA informed about its first capital investment. On the March 9th, 2015 the Company signed a sales-purchase contract with SC Bittnet Systems SA headquartered in Bucharest, Romania. According to the contract the Company purchased 450.439 nominative shares, having a nominal value of RON 0,10 each and a total value of RON 45.043,90, representing 10% of SC Bittnet Systems SA

share capital and 10% of the total number of votes at the General Shareholder Meeting. The purchase price for 450 439 shares of SC Bittnet Systems SA amounted to the total value of EUR 150.000 (approximately RON 665.000), that is EUR 0,33 (approximately RON 1,46) per share, and was fully paid with cash. SC Bittnet Systems SA was founded in 2007 and since then it operates in Romanian IT sector. Company's main activity focuses on IT trainings and delivering end – to – end IT infrastructure services and solutions from market leaders like Cisco, Microsoft, Dell, VMware, HP etc. In the April 15<sup>th</sup> 2015 SC Bittnet Systems SA debuted on AeRO, market for equities launched by BVB.

## **DESCRIPTION OF THE MAIN RESULTS OF THE COMPANY'S EVALUATION**

The financial results for eight months of 2014 presented in Annual Report include the first year of the Company's operational activities. In the aforementioned period the Issuer's activities were focused on raising capital necessary for equity investments in Romanian and other CEE small and medium-sized enterprises. The process of raising capital was successful, as

evidenced by the PLN 4,1 m (RON 4,3m) cash amount presented in the balance sheet.

Planned lack of investments in 2014 together with incurred operational expenses contributed to the loss in net profit of PLN 20k (RON 21k).

It should be noted that during the first operational year the Company didn't take any

interest-bearing liabilities. The Company has reported PLN 4,3m (RON 4,5m) in Equity.

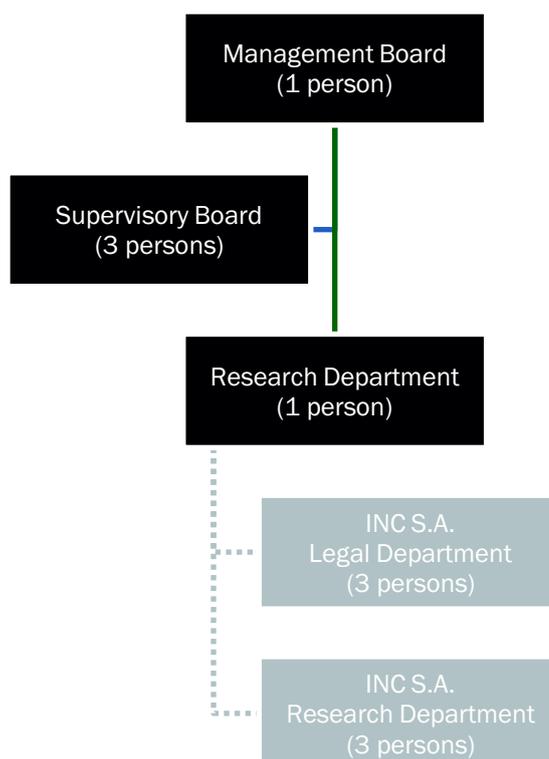
In the opinion of the Management Board financial metrics for 2014 do not provide

adequate framework for the evaluation of the Company.

## EVALUATION OF ISSUES RELATED TO THE COMPANY'S EMPLOYEES/STAFF

	STAFF DECEMBER 31ST, 2014	STAFF DECEMBER 31ST, 2013
Total personnel, of which	5	-
Management Board	1	-
Supervisory Board	3	-
Research Department	1	-

The Company also cooperates with INC S.A Legal and Research Departments.



## EVALUATION OF THE COMPANY'S RISK MANAGEMENT ACTIVITY

### Lack of operating history

The Company is a recently formed entity and has no 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. The Company has not made any equity investments in 2014. However, the value of securities in portfolio since 2015 may fluctuate as a result of changes in valuation on capital market as well as factors specific to an issuer's performance.

### **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.

The Company is going to actively monitor its foreign exchange rate exposure and introduce financial instruments to hedge against currency risk.

### **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.

The Company is ready to adjust its costs structure to financial performance over time.

### **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.

The investment team will apply strict due-diligence regime during assessment of the potential portfolio companies, will build a diversified portfolio of investments, provide supervision and adopt flexible exit strategies.

### **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**

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.

### **Development of the AeRO market**

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.

## **ESTIMATES OF THE COMPANY'S FUTURE ACTIVITY**

The business development plan of Carpathia Capital S.A. assumes that Issuer will operate as a venture capital/private equity fund in the area of Romania and other CEE countries. Investment activities will be focused on innovative small and medium-sized enterprises which fall under the category of growth companies.

Due to the value of capital available the single value of investment made by the Company will be at the level of up to one million Romanian lei. Furthermore the portfolio companies will raise additional capital by conducting pre-IPO offers prior to the debut on an organized market.

The aim of Carpathia Capital is to build up an investment portfolio of several Romanian and CEE entities in the horizon of two upcoming years. After making an investment Carpathia Capital will provide operational and financial support to portfolio companies. Company's investment horizon is from one to five years long with preferable divestment route through listing the portfolio company on the AeRO – the market

for shares operated by Bucharest Stock Exchange or to the NewConnect market, an alternative trading system operated by Warsaw Stock Exchange.

The Issuer will also take a minor position in INC CEE Romania share capital, a subsidiary of INC SA. The INC CEE Romania is actually in organization phase and will provide capital markets advisory services for Romanian small and medium-sized enterprises in the future.

The result from investment activity is strongly influenced by many factors that are beyond the control of the Company. The data which will be reported in annual financial statement for 2015 may differ from the estimation of foreseeable results provided below.

The company does not impose on itself any obligatory minimum investment to be made in 2015 as its number will depend on availability of attractive investment targets as well as on current economic conditions.

Profit and loss account		2015 [RON]
Profits/losses from investment activities		700 000
- Profit from sale of financial instruments		200 000
- Profit from revaluation of investment portfolio		500 000
Administrative costs		100 000
Operational result		600 000
Financial result		600 000
Gross result		600 000
Net result		486 000
Net result per share (lei)*		0,24

Assuming divestment value of 500 000 RON and 40% rate of return

Resulting from 16% increase in investment portfolio of RON 3 million

Related to day-to-day operational activities

After Polish corporate income tax of 19%.

\*Net result / number of shares registered in the Polish National Court Register (2 003 666)

The Issuer has prepared the financial forecast for 2015 basing on following assumptions:

Factors dependent on Company's activities:

- 5 capital investments of total value: 3 000 000 RON
- Operational expenses incurred in relation to the ongoing activities: 100 000 RON
- Divestments: 500 000 RON

Factors beyond the control of the Company:

- Stable economic situation worldwide
- Stable geopolitical situation in Europe
- Positive investment sentiment

## **THE MARKET FOR THE SECURITIES ISSUED BY THE COMPANY**

**THE MARKETS IN ROMANIA AND IN OTHER COUNTRIES WHERE THE SECURITIES ISSUED BY THE COMPANY ARE TRADED.**

The securities issued by the company are traded in AeRO market in Romania.

**DESCRIPTION OF THE COMPANY'S DIVIDEND POLICY. MENTION OF THE DIVIDENDS OWED/PAID/ACCRUED WITHIN THE LAST 3 YEARS AND, IF NECESSARY, THE REASONS FOR A POSSIBLE REDUCTION IN DIVIDENDS DURING THE LAST 3 YEARS.**

General Shareholders Meeting annually adopts the resolution regarding the allocation of profits. However, the Issuer intention is not to pay out the dividends in the next two financial years (from the profits for the 2015 and 2016).

**DESCRIPTION OF ANY ACTIVITY INVOLVING THE COMPANY'S PURCHASING ITS OWN SHARES.**

The Company has not purchased any own shares.

**WHERE THE COMPANY OWNS BRANCHES, MENTION OF THE NUMBER AND THE NOMINAL VALUE OF THE SHARES ISSUED BY THE PARENT COMPANY AND HELD BY THE BRANCHES.**

The Company has not got any branches.

**WHERE THE COMPANY HAS ISSUED BONDS AND/OR OTHER DEBT SECURITIES, PRESENTATION OF THE WAY IN WHICH THE COMPANY FULFILS ITS OBLIGATIONS TOWARDS THE HOLDERS OF SUCH SECURITIES.**

The Company has not issued bonds and/or other debt securities.

# COMPANY ADMINISTRATION

## PRESENTATION OF THE COMPANY'S ADMINISTRATORS AND THE FOLLOWING INFORMATION FOR EACH ADMINISTRATOR

The current management board of Carpathia Capital S.A. was appointed on the day of foundation on 4th of July 2014 (Authenticated deed from 04.04.2014 r., Repertory A no. 2533/2014). The members of the management board were appointed on common term of office, which lasts for five years. The mandates of the members of the management board expire on the date of the general shareholders meeting which approves the financial report for year 2018.

### **Paweł Piotr Śliwiński – CEO/President of the Management Board**

- a) position or functions at the issuer, and term of office expiry date

CEO/President of the Management Board, term of office expiry date: April 4th, 2019

- b) description of qualifications and professional experience

Paweł Śliwiński, Ph.D. in Economics, graduate of Poznań University of Economics, Faculty of International Business; Professor of International Finance at Department of International Finance at Poznań University of Economics. Further studies at Tilburg University, University of Antwerp. Certified investment advisor (license no. 111) and broker in securities (license no. 1094). President of the Management Board of INC S.A. listed on the Main Market of Warsaw Stock. Experience in the capital market field since 1993.

- c) information about activities performed by the person outside the issuer where such activities are significant for the issuer

Member of the management of supervisory bodies of the following legal entities: INC S.A with headquarters in Poznań, Poland – CEO/President of the Management Board Efix Brokerage House S.A. with headquarters in Poznań, Poland – Member of the Supervisory Board INVESTcon Fund Sp. z o.o. with headquarters in Poznań, Poland – CEO/President of the Management Board INC Sp. z o.o. Brokerage House with headquarters in Poznań, Poland – CEO/President of the Management Board.

- d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

2014 – present	INC Brokerage House Sp. z o.o., CEO/President of the Management Board
2014 – present	ING Life S.A., Vice-president of the Supervisory Board
2013 – present	Revolution Media S.A., Member of the Supervisory Board
2013 – present	Efix Brokerage House S.A., Member of the Supervisory Board
2011 – present	Podkarpacki Fundusz Kapitałowy S.A., Member of the Supervisory Board
2010 – present	INVESTcon Fund Sp. z o.o., CEO/President of the Management Board

2010 – 2013	Inwest Consulting S.A., Member of the Supervisory Board
2010 – 2013	Lambdafin Sp. z o.o., CEO/President of the Management Board
2008 – 2012	Sovereign TFI S.A., Member of the Supervisory Board
2008 – present	INC S.A., CEO/President of the Management Board
2007 – 2012	Aleksandria Spa & Wellness Sp. z o.o., Partner

- e) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year,

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

- g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers.

Member of the management of supervisory bodies of the following legal entities:

INC S.A with headquarters in Poznań, Poland – CEO/President of the Management Board Efix Brokerage House S.A. with headquarters in Poznań, Poland – Member of the Supervisory Board INVESTcon Fund Sp. z o.o. with headquarters in Poznań, Poland – CEO/President of the Management Board INC Sp. z o.o. Brokerage House with headquarters in Poznań, Poland – CEO/President of the Management Board

- h) Percent of shares held in the Company

Indicated person does not own shares in the Company.

However, Paweł Śliwiński is a CEO/President of the Management of the Board of INC S.A. with headquarters in Poznań, Poland. INC S.A. holds 1 000 000 series A preferred shares (giving 2 votes per share) of Carpathia Capital S.A., which accounts for 49,91% share in the capital and 66,59% share in the total number of votes. Simultaneously Paweł Śliwiński holds 1 752 720 shares of INC S.A., which accounts for 21,01% share in the share capital and 33,05% share in the total number of votes.

### **The composition of the Supervisory Board:**

- Piotr Białowas – President of the Supervisory Board
- Rafał Piotr Śliwiński – Member of the Supervisory Board
- Justyna Światowiec-Szczepańska – Member of the Supervisory Board

### **Piotr Białowas – President of the Supervisory Board**

- a) position or functions at the issuer, and term of office expiry date

Member of the Supervisory Board, term of office expiry date: April 4th, 2019

- b) description of qualifications and professional experience

Graduated from the faculty of Marketing and Management at Zielona Gora University of Technology and Post-Graduate Association of Managerial Initiatives, Consultant of European Funds. Member of Polish Association for Energy Certification. Member of the Association of Individual Investors. Academic teacher on courses for candidates for members of Supervisory Boards of Companies of the State Treasury. Worked in Brokerage House of Bank Staropolski and Polish Equity Fund.

- c) information about activities performer by the person outside the issuer where such a activities are significant for the issuer

Member of the management of supervisory bodies of the following legal entities:

INC S.A with headquarters in Poznań, Poland – Vice-President of the Management Board

IPO Doradztwo Strategiczne S.A. with headquarters in Warsaw, Poland – Vice-President of the Management Board

- d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

2014 – present	INC Brokerage House Sp. z o.o., Member of the Supervisory Board
2010 – present	INC S.A., Vice-President of the Management Board
2013 – present	IPO Doradztwo Strategiczne S.A., Vice-President of The Management Board
2012 – 2013	IPO Doradztwo Strategiczne S.A., Member of the Supervisory Board
2013 – present	Masala Squad TV Sp. z o.o., Member of the Supervisory Board
2013 – present	Tradebox S.A., Member of the Supervisory Board
2010 – 2013	Inwest Consulting S.A., Vice-President of the Management Board
2010 – 2011	Alkal S.A., Member of the Supervisory Board
2003 – present	Centrum Leasingu i Finansów Clif S.A., Member of the Supervisory Board

- e) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

- g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers.

Member of the management of supervisory bodies of the following legal entities:

INC S.A. with headquarters in Poznań, Poland – Vice-President of the Management Board

IPO Doradztwo Strategiczne S.A. with headquarters in Warsaw, Poland – Vice-President of the Management Board

- h) Percent of shares held in the Company

Indicated person does not own shares in the Company.

However, Piotr Białowąg is a Vice-President of the Management of the Board of INC S.A. with headquarters in Poznań, Poland. INC S.A. holds 1 000 000 series A preferred shares (giving 2 votes per share) of Carpathia Capital S.A., which accounts for 49,91% share in the capital and 66,59% share in the total number of votes. Simultaneously Piotr Białowąg holds 25 000 shares of INC S.A., which accounts for 0,003% share in the share capital and 0,003% share in the total number of votes.

### **Rafał Piotr Śliwiński – Member of the Supervisory Board**

- a) position or functions at the issuer, and term of office expiry date

Member of the Supervisory Board, term of office expiry date: April 4th, 2019

- b) description of qualifications and professional experience

Associate Professor at the University of Economics in Poznan. He specializes in topics related to internationalization and the international competitiveness of enterprises, enterprise strategies in international business, the expansion of Polish companies on international markets and competitiveness policy.

- c) information about activities performer by the person outside the issuer where such a activities are significant for the issuer

Indicated person does not perform activities outside the issuers which are significant for the issuer.

- d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a partner, indicating whether the person still performs functions on such bodies or is still a partner

2012 – present	Fuondation Wygraj Przyszłość, Vice President of the Management Board
2012 – present	Wintec Sp. z o.o., CEO/President of the Management Board, Partner
2008 – present	Flashgate Sp. z o.o., CEO/President of the Management Board, Partner

- e) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

- g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers.

- h) Percent of shares held in the Company

Indicated person does not own shares in the Company.

### **Justyna Światowiec-Szczepańska – Member of the Supervisory Board**

- a) position or functions at the issuer, and term of office expiry date

Member of the Supervisory Board, term of office expiry date: April 4th, 2019

- b) description of qualifications and professional experience

Associate Professor at the University of Economics in Poznan, Doctor in economic sciences, a graduate of the Faculty of Economics at the University of Economics in Krakow, majoring in International Economic Relations. She made an international practice under the auspices of the Association for International Practical Training in MELEX USA Inc. in the United States of America. She acted as a consultant for Polish companies, she conducted training for employees of marketing and commercial departments, among others in marketing or sales or art.

- c) information about activities performer by the person outside the issuer where such a activities are significant for the issuer

Indicated person does not perform activities outside the issuers which are significant for the issuer.

- d) information about all commercial law companies and partnerships in which, within at least the last three years, the person was a member of managing or supervisory board or a

partner, indicating whether the person still performs functions on such bodies or is still a partner

Within the last three years indicated person was not a member of managing or supervisory board or a partner in a commercial law companies and partnerships.

- e) Information about legally valid court decisions condemning the person for the crime of fraud within at least the last five years and indicating whether the person has been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships within at least the last five year

Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.

- f) details of all cases of bankruptcy, compulsory administration or liquidation, within at least the last five years, for entities in which the person was a member of managing or supervisory bodies

Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.

- g) information whether the person performs activities competitive to the activities of the issuer or is a partner in a competitive civil partnership or commercial law company or partnership or a member of a body of a joint-stock company or a member of a body of any competitive legal person

Indicated person does not perform activities competitive to the activities of the issuers.

- h) Percent of shares held in the Company

Indicated person does not own shares in the Company.

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

<i>continued operations</i>	Notes	04.04.2014 31.12.2014
Revenue from sales of products and services		0
- from related parties		0
Cost of products, goods and materials sold, including		0
- to related parties		0
Selling and distribution expenses		0
<b>Profit on sales</b>		<b>0</b>
Other operating revenues		0
Other operating expenses		0
Gain (loss) on investments	<b>2</b>	6
- profit from listing		0
- profit/loss on sales of securities		0
- interest and dividend		6
- revaluation of investment portfolio		0
Administrative expenses	<b>1</b>	26
<b>Operating profit</b>		<b>-20</b>
Financial expenses		0
- for related parties		0
Share of profits of associates		0
<b>Profit before tax</b>		<b>-20</b>
Income tax	<b>3</b>	0
<b>Net profit for the operating period</b>		<b>-20</b>

## STATEMENT OF COMPREHENSIVE INCOME

	04.04.2014 31.12.2014
Net profit for the operating period	-20
Other comprehensive income:	0
- valuation of financial assets available for sale	0
<b>Total comprehensive income</b>	<b>-20</b>

## STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2014
<b>A. Non-current assets</b>		<b>0</b>
Intangible assets		0
- goodwill		0
Tangible fixed assets		0
Non-current financial assets		0
Deferred tax assets		0
Long-term receivables		0
- from related parties		0
- from other entities		0
Other long-term assets		0
<b>B. Current assets</b>		<b>4 257</b>
Inventories		0
Receivables from related parties	4	0
Receivables from other entities	4	186
- income tax receivables		0
Financial assets in related parties	5	0
Financial assets in other entities	5	0
Cash and other monetary assets	5	4 071
Other short-term assets		0
<b>Total assets</b>		<b>4 257</b>

## STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2014
<b>A. EQUITY</b>		<b>4 237</b>
Share capital	6	500
Treasury shares (negative value)		0
Supplementary capital		0
Revaluation reserve		0
Other reserve capitals	7	3 757
Profits (losses) from previous years		0
Net profit (loss)		-20
<b>B. PROVISIONS</b>		<b>0</b>
Provision for deferred income tax		0
Other provisions		0
<b>C. Long-term liabilities</b>		<b>0</b>
Loans and borrowings		0
Financial leasing liabilities		0
<b>D. Short-term liabilities</b>	<b>8</b>	<b>17</b>
Loans and borrowings		0
Trade payables		17
Tax, customs, insurance and other liabilities		0
- income tax liabilities		0
Liabilities related to wages and salaries		0
Financial leasing liabilities		0
Other liabilities		0
<b>E. Accruals</b>	<b>9</b>	<b>3</b>
<b>TOTAL LIABILITIES</b>		<b>4 257</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares	Supplementary capital			Profits from previous years	Result of current period	Total Equity
			Share premium account	Other	Other capitals			
<b>Balance as at 04.04.2014</b>	-	-	-	-	-	-	-	-
Changes in accounting policies	-	-	-	-	-	-	-	-
<b>Balance as at 04.04.2014 after changes</b>	-	-	-	-	-	-	-	-
<b>Changes in equity since 04.04.2014 till 31.12.2014</b>								
Issue of shares	500	-	-	-	3 757	-	-	4 257
Transfer of financial result to equity	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-20	-20	-20
<b>Balance as at 31.12.2014</b>	<b>500</b>	-	-	-	<b>3 757</b>	-	<b>-20</b>	<b>4 237</b>

## STATEMENT OF CASH FLOWS

		04.04.2014 31.12.2014
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
I. Profit (loss) before tax		-20
II. Total adjustments		3
III. Changes in working capital		-169
IV. Income tax paid		0
<b>V. Net cash flows from operating activities</b>		<b>-186</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>I. Inflows</b>		<b>0</b>
1. Inflows from sale of intangible assets		0
2. Inflows from sale of tangible fixed assets		0
3. Inflows from sale of investment properties		0
4. Net inflows from sale of subsidiaries		0
5. Inflows from repayment of borrowings granted		0
6. Inflows from sale of other financial assets		0
7. Inflows from sale of bonds		0
8. Inflows from interest received		0
9. Inflows from dividends received		0
<b>II. Outflows</b>		<b>0</b>
1. Outflows for acquisition of intangible assets		0
2. Outflows for acquisition of tangible fixed assets		0
3. Outflows for acquisition of investment properties		0
4. Net outflows for acquisition of subsidiaries		0
5. Outflows for loans granted		0
6. Outflows for acquisition of other financial assets		0
<b>III. Net cash flows from investment activities</b>		<b>0</b>
<b>C. CASH FLOWS FROM FINANCIAL ACTIVITIES</b>		
<b>I. Inflows</b>		<b>4 257</b>
1. Net inflows from issuance of shares		4 257

2. Inflows from loans and borrowings	0
3. Inflows from issuance of debt securities	0
4. Other inflows from financial activities	0
<b>II. Outflows</b>	<b>0</b>
1. Outflows for acquisition of own shares	0
2. Redemption of debt securities	0
3. Repayment of loans and borrowings	0
4. Payment of liabilities arising from financial leases	0
5. Outflows for interest paid	0
6. Outflows for dividends paid	0
7. Other outflows for financial activities	0
<b>III. Net cash flows from financial activities</b>	<b>4 257</b>
<b>Balance sheet change in cash</b>	<b>4 071</b>
<b>Cash opening balance</b>	<b>0</b>
- change in cash due to exchange differences	0
<b>Cash closing balance</b>	<b>4 071</b>

## **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.  
Kraśińskiego 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:

Paweł Śliwiński – President of the Management Board

### **Supervisory Board**

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

Justyna Światowiec-Szczepańska – Member of the Supervisory Board

Rafał Śliwiński – Member of the Supervisory Board

Piotr Białowąs – 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 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 financial year started on the 4<sup>th</sup> April, 2014 and ended on the 31<sup>st</sup> December, 2014

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**

There was no objections in opinions of entities authorized to audit financial statements for the period for which financial statements are presented. 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, 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.

### **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. THE EFFECT OF THE APPLICATION OF NEW ACCOUNTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations adopted by the EU in 2014 include:

Standard	Date of entry into force of the European Union	Date of application determined by the IASB
• IFRS 10 „Consolidated Financial Statements”	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2013
• IFRS 11 „ Joint Arrangements”	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2013
• IFRS 12 „Disclosure of Interests in Other Entities”	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2013
• IAS 27 (amended in 2011) „Separate Financial Statements”	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2013
• IAS 28 (amended in 2011) „Investments in Associates and Joint Ventures”	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2013
• Amendments to IFRS 10, 11 and 12 concerning the transitional principles	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2013
• Amendments to IFRS 10, 12 and IAS 27 concerning the consolidation of investment entities	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2014
• Amendments to IAS 32 „Financial Instruments: Presentation” concerning offsetting financial assets	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2014

and financial liabilities

Amendment to IAS 36 „Impairment of Assets”		
• concerning the disclosures about the recoverable amount	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2014
Amendment to IAS 39 „Financial Instruments: Recognition and Measurement” concerning the renewal of derivatives and hedge accounting	1 <sup>st</sup> January, 2014	1 <sup>st</sup> January, 2014

### **New standards and interpretations that have been issued but are not entered into force yet**

The following standards, amendments to standards and interpretations that have not been adopted by the European Union, or are not applicable as at January 1<sup>st</sup>, 2014:

<b>Standard</b>	<b>Description of amendments</b>	<b>Date of application in European Union</b>
IFRS 9 Financial Instruments (with updates)	Amendments in classification and valuation - replacing the existing categories of financial instruments into two categories: measured at amortized cost and fair value. Amendments in hedge accounting.	1 <sup>st</sup> January, 2018
IFRS 14 Regulatory Deferral Accounts	The accounting principles and disclosures for regulated deferred items. Standard applies to all contracts entered into with customers, except those that come within the scope of other IFRSs (Leases, insurance and financial instruments).	1 <sup>st</sup> January, 2016
IFRS 15 Revenue from Contracts with Customers	IFRS 15 unifies the requirements for revenue recognition.	1 <sup>st</sup> January, 2017
Amendments to IFRS 11	Additional guidelines related to the recognition of the acquisition as a joint company.	1 <sup>st</sup> January, 2016
Amendments to IFRS 10 and IAS 28	It contains guidelines concerning the sale or contribution of assets by the investor to the associated company or joint venture.	1 <sup>st</sup> January, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Clarification of the regulations concerning recognition of investment entities in the	1 <sup>st</sup> January, 2016
Amendments to IAS 1	Amendments concerning required disclosures in the financial statements.	1 <sup>st</sup> January, 2016
Amendments to IAS 16 and IAS 38	Clarification of standards that amortization methods cannot be relied on revenues that are generated through the use of the particular asset.	1 <sup>st</sup> January, 2016
Amendments to IAS 16 and IAS 41	The accounting principles for production plants.	1 <sup>st</sup> January, 2016
Amendments to IAS 19	Simplification of accounting principles for contributions to defined benefit schemes paid by employees or third parties.	1 <sup>st</sup> February, 2015
Amendments to IAS 27	The application of the equity method in the separate financial statements.	1 <sup>st</sup> January, 2016
Annual amendments to IFRS (2010-2012 cycle)	A set of amendments concerning: - IFRS 2 - the issue of vesting conditions; - IFRS 3 - the issue of contingent consideration; - IFRS 8 – the issue of presentation of operating segments; - IAS 16 / IAS 38 - the issue of disproportionate change in gross value and amortization in the revalued amount model, - IAS 24 - the definition of managerial staff.	1 <sup>st</sup> February, 2015

Annual amendments to IFRS (2011-2013 cycle)	A set of amendments concerning: - IFRS 3 - change the scope for joint ventures; - IFRS 13 – the scope of point 52 (portfolio exceptions); - IAS 40 - clarify the relationship between IFRS 3 and IAS 40 in classifying the property as investment properties or owner-occupied property.	1 <sup>st</sup> January, 2015
Annual amendments to IFRS (2012-2014 cycle)	A set of amendments concerning: - IFRS 5 - amendments in the methods of sale; - IFRS 7 - regulations concerning service contracts and the use of standards in interim financial reports; - IAS 19 discount rate on the regional market; - IAS 34 - additional guidelines on disclosures in the interim financial statements.	1 <sup>st</sup> January, 2016

The Company intends to adopt the above mentioned new standards and amendments to standards and interpretations of IFRS issued by the International Accounting Standards Board but not effective as at the reporting date, in accordance with the date of their entry into force.

### The impact of new regulations on the future reports of the Company

The new IFRS 9 Financial Instruments introduces fundamental amendments in classification, presentation and measurement of financial instruments. These amendments will possibly have significant impact on future financial statements of the Company. At the date of preparation of this financial statements all phases of IFRS 9 have not been published yet and it has not been approved by the European Union. In view of the above analysis of its impact on the Company's future financial statements is not yet complete.

Other standards and their amendments should not have a significant impact on future financial statements of the Company. Amendments in IFRS standards and interpretations, which came into force from the 1<sup>st</sup> January, 2014 to the date of approval and publication of this separate financial statements had no significant impact on this separate financial statements.

## 8. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

### Note no 1

EXPENSES BY TYPE	04.04.2014
	31.12.2014
a) Depreciation of property, plant and equipment and amortization of intangible assets	0
b) Materials and energy	0
c) External services	15
d) Taxes and charges	11
e) Wages and salaries	0
f) Social security costs	0
g) Other expenses by type	0
Expenses by type	26
Changes in inventories, products and accruals	0

Cost of production for internal purposes (negative value)	0
Selling and distribution expenses (negative value)	0
Administrative expenses (negative value)	-26
Cost of products sold	0

**Note no 2**

FINANCE INCOME FROM DIVIDENDS AND SHARE IN PROFIT	04.04.2014 31.12.2014
a) from related parties	0
b) from other entities	0
<b>Total finance income from dividends and share of profit</b>	<b>0</b>

INTEREST INCOME	04.04.2014 31.12.2014
a) on loans granted	0
- to related parties	0
- to other entities	0
b) other interest income	6
- from related parties	0
- from other entities (bank interest, interest on receivables)	6
<b>Total interest income</b>	<b>6</b>

OTHER INVESTMENT INCOME	04.04.2014 31.12.2014
a) Foreign exchange gains	0
- realized	0
- unrealized	0
b) reversed provisions	0
c) other, including:	0
- gain on disposal of investments	0
- revaluation of investments	0
- other	0
<b>Total other investment income</b>	<b>0</b>

**Note no 3**

CURRENT INCOME TAX	04.04.2014 31.12.2014
1. Profit before tax	-20
2. Differences between profit (loss) before tax and income tax base (by title)	3
- expenses that are not deductible	3
- statistical revenues	0
- revenues that do not constitute income tax revenues	0
- statistical costs	0
- revaluation of investments	0
3. Deducted losses from previous years	0
4. Income tax base	-17
5. Income tax at the 19% rate	0
6. Tax increases, omissions, exemptions, deductions and reductions	0
7. Income tax expense reported in the tax return for the period, including:	0
- reported in the income statement, including:	0
- flat-rate tax paid on dividends received	0
- relating to items that decreased or increased equity	0
- relating to items that decreased or increased goodwill or negative goodwill	0

**Note no 4**

CURRENT RECEIVABLES	31.12.2014
a) from related parties	0
- trade receivables, with a repayment period:	0
- up to 12 months	0
- over 12 months	0
- other	0
- under litigation	0
b) from other entities	186
- trade receivables, with a repayment period:	0
- up to 12 months	0
- over 12 months	0
- related to taxes, subsidies, customs, social and health insurance and other benefits	19
- other	167

- including: from the sale of financial assets	0
- under litigation	0
Total net current receivables	0
c) impairment of receivables	0
<b>Total gross current receivables</b>	<b>186</b>

<b>GROSS CURRENT RECEIVABLES (CURRENCY STRUCTURE)</b>	<b>31.12.2014</b>
a) in Polish currency	186
b) in foreign currencies (according to currencies and translated to PLN)	0
<b>Total gross current receivables</b>	<b>186</b>

#### Note no 5

<b>CURRENT FINANCIAL ASSETS</b>	<b>31.12.2014</b>
a) in subsidiaries	0
- assets held for trading	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0
- debt securities	0
- financial assets held to maturity	0
- loans granted	0
- financial assets available for sale	0
b) in jointly controlled entities	0
- assets held for trading	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0
- debt securities	0
- financial assets held to maturity	0
- loans granted	0
- financial assets available for sale	0
c) in associates	0
- assets held for trading	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0
- debt securities	0
- financial assets held to maturity	0

- loans granted	0
- financial assets available for sale	0
d) in significant investor	0
- assets held for trading	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0
- debt securities	0
- financial assets held to maturity	0
- loans granted	0
- financial assets available for sale	0
e) in the parent company	0
- assets held for trading	0
- assets designated by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0
- debt securities	0
- financial assets held to maturity	0
- loans granted	0
- financial assets available for sale	0
f) in other entities	0
- assets held for trading	0
- assets classified by the entity upon initial recognition as financial assets measured at fair value through profit or loss	0
- debt securities	0
- financial assets held to maturity	0
- loans granted	0
- financial assets available for sale	0
g) cash and other monetary assets	4 071
- cash in hand and at bank	4 071
- other cash equivalents	0
- other monetary assets	0
<b>Total current financial assets</b>	<b>4 071</b>

<b>CASH AND OTHER MONETARY ASSETS (CURRENCY STRUCTURE)</b>		<b>31.12.2014</b>
a) in Polish currency		4 071
b) in foreign currencies (according to currencies and translated to PLN)		0
<b>Total cash and other monetary assets</b>		<b>4 071</b>

**Note no 6**

<b>SHARE CAPITAL (STRUCTURE) as at 31.12.2014</b>								
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>Total number of shares</b>				<b>1 000 000</b>				
<b>Total share capital</b>					<b>PLN 500 000,00</b>			
<b>Share nominal value = PLN 0,50</b>								

<b>OWNERSHIP STRUCTURE OF SHARE CAPITAL AT SIGNING OF FINANCIAL STATEMENT</b>	<b>No of shares</b>	<b>Share of equity</b>	<b>Share of voting rights</b>	<b>Equity (ths of PLN)</b>
INC S.A.	1 000 000	100,00%	100,00%	500
<b>Total</b>	<b>1 000 000</b>	<b>100,000%</b>	<b>100,000%</b>	<b>500</b>

**Note no 7**

<b>RESERVE CAPITAL</b>	<b>31.12.2014</b>
a) statutory reserve	0
b) created in accordance with the statute / agreement	0
c) other (by type)	3 757
- value of the series A share issue before the registration of the capital increase	3 757
<b>Total reserve capital</b>	<b>3 757</b>

**Note no 8**

<b>CURRENT LIABILITIES</b>	<b>31.12.2014</b>
a) to subsidiaries	0
b) to jointly controlled entities	0
c) to associates	0
d) to significant investor	0
e) to parent company	0
f) to other entities	17
- loans and borrowings, including:	0

- long-term during the repayment period	0
- related to issue of debt securities	0
- related to dividends	0
- other financial liabilities, including:	0
- trade payables, with a repayment period:	17
- up to 12 months	17
- over 12 months	0
- advances received for deliveries	0
- related to promissory notes	0
- related to taxes, customs, insurance and other benefits	0
- related to wages and salaries	0
- other (by type)	0
- including: liabilities to acquire financial assets	0
- including: liabilities under finance leases	0
- including: advances on subsidies	0
- including: insurance liabilities	0
g) special funds (by title)	0
- social benefits fund	0
<b>Total current liabilities</b>	<b>17</b>

<b>CURRENT LIABILITIES (CURRENCY STRUCTURE)</b>	<b>31.12.2014</b>
a) in Polish currency	17
b) in foreign currencies (according to currencies and translated to PLN)	0
<b>Total current liabilities</b>	<b>17</b>

#### Note no 9

<b>OTHER PREPAYMENTS AND ACCRUALS</b>	<b>31.12.2014</b>
a) accrued expenses	3
- non-current (by title)	0
- current (by title)	3
- provision for costs	3
<b>Total other prepayments and accruals</b>	<b>3</b>

**Note no 11**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>04.04.2014</b>
		<b>31.12.2014</b>
<b>I. Profit before tax</b>		<b>-20</b>
<b>II. Adjustments to reconcile profit before tax to net cash flows:</b>		<b>3</b>
1. Depreciation and amortization		0
2. Net foreign exchange differences		0
3. Interest and share of profit (dividends)		0
4. Gain (loss) on investment activity		0
5. Changes in provisions		0
6. Changes in prepayments and accruals		3
7. Other adjustments		0
<b>III. Changes in working capital</b>		<b>-169</b>
<b>IV. Income tax paid</b>		<b>0</b>
<b>V. Net cash flows from operating activities</b>		<b>-186</b>

# AUDITORS REPORT



## INDEPENDENT AUDITOR'S OPINION ON AUDIT OF THE FINANCIAL STATEMENTS

*To the Meeting of Shareholders*

### Opinion on audit of financial statements

We have audited the attached annual financial statements of Carpathia Capital S.A. having its registered office in Poznań, these statements comprising the balance sheet as at 31.12.2014, the profit and loss account, statement of changes in equity and cash flows for the year then ended, introduction to financial statement and other explanatory information.

### *Responsibility of the Management Board and the Supervisory Board*

The entity's manager is responsible for the preparation of the financial statements and the management report on business activity in accordance with regulations in force.

The entity's manager and the members of the Supervisory Board or other entity's supervisory body are obliged to ensure that the financial statements and the management report on business activity comply with the requirements stipulated in the (Polish) Accounting Act of 29 September 1994 (Journal of Laws of 2013, Item 330, as amended), hereinafter referred to as "the (Polish) Accounting Act".

### *Auditor's Responsibility*

Our responsibility was to examine the annual financial statements and to submit our opinion on the compliance with requiring the application accounting principles (policy) of these financial statements and on whether these financial statements reliably and clearly present, in all significant aspects, the net assets and financial position, as well as the entity's financial result and on the correctness of the book-keeping records on which the financial statements are based.

The audit of the annual financial statements was conducted in compliance with:

1. Section 7 of the (Polish) Accounting Act;
2. National Standards on Auditing issued by The National Chamber of Statutory Auditors in Poland.

We planned and performed our audit in such manner that we can exclude material errors in the annual financial statements with reasonable assurance. This provides the basis for our official opinion. Our brief for the audit of the annual financial statements included in particular assessing the correctness of the accounting principles used by the company and significant estimates through an examination – in the main on a test basis – of entries and the documents relating to these entries from which the information and figures contained in the annual financial statements were derived and also of a general assessment of the annual financial statements.

We hereby certify that the audit of the financial statements has provided sufficient basis for expressing an opinion.

**Opinion**

In our opinion the examined financial statements, in all significant aspects:

1. present reliably and clearly all the information of decisive importance for an assessment of the net assets and financial position of the entity examined as at 31.12.2014 and of the consolidated results of its operations for the financial year from 04.04.2014 to 31.12.2014;
2. have been drawn up in all significant aspects in accordance with the accounting policy specified in the act stated hereinabove and on the basis of the properly kept accounting books;
3. comply with the rules of law that have influence on the contents of the financial statements and with the provisions of the articles of association of the entity.

**Detailed explanations of the other requirements of law and regulation**

**Report on the activities of the Company**

The management report on business activity may be regarded as complete in the spirit of Art. 49, Para. 2 of the (Polish) Accounting Act and the details contained therein are consistent with the data contained in the annual financial statements audited.

\_\_\_\_\_  
Piotr Woźniak  
Key Auditor (PL)  
Licence No. 11625  
conducting the audit in the name of  
ECA Sreedyński i Wspólnicy  
Spółka z ograniczoną odpowiedzialnością Sp.k.  
No. 3115

Poznań, 28.04.2015





**Carpathia Capital S.A.**  
**REPORT**  
**TO THE OPINION ON AUDIT OF THE**  
**FINANCIAL STATEMENTS**  
**AS OF 31.12.2014**

Report to the opinion on audit

1

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## GENERAL INFORMATION

## 1.1 General information on the Company

### 1.1.1 Business name, legal form, commercial register

The Company is registered under the business name:

**Carpathia Capital S.A.**

in the National Court Register kept by the District Court for Poznań, under the number KRS 0000511985. We were provided with an extract from the register dated 17.04.2015, with the last record dated 15.03.2015.

In accordance with the information provided by the Company Management there have been no subsequent events requiring to be entered into the register.

### 1.1.2 Registered office of the Company

The registered office of the Company is: Poznań, 60-830, Krasieńskiego Street 16

### 1.1.3 Company Deed

The Company conducts its activity on the basis of Company Deed dated 04.04.2014, drawn up before the notary Wojciech Kwarciński in the notary office in Poznań, Mickiewicz Street 18/3 and entered into the records under the number A 2533/2014, as amended.

The Company's period of operation is unlimited.

### 1.1.4 Statistical number (REGON)

The following statistical identification number:

**302762319**

was given to the Company by the Provincial Statistical Office in Poznań.

### 1.1.5 Tax identification number (NIP)

The following tax identification number:

**781-189-70-74**

was given to the Company by the Tax Office in Poznań.

### 1.1.6 Business activity

The business activity consists of consulting in business activity and management.

The actual area of the Company's operations is consistent with the registered scope of operations.

### 1.1.7 Financial year

The financial year is a calendar year.

### 1.1.8 Share capital

The Company share capital has not been subject to any changes in the audited period and equals PLN 500.000,00. It is divided into 1.000.000 shares with a nominal value of PLN 0,50 each share.

The stocks in the Company are held by:	Number of stocks	Nominal value of stocks	%
INC S.A.	1.000.000	500.000,00	100,00

After the balance sheet day till the day of opinion's issuance the shareholders of the Company did not change.

The issuance of shares of series B took place after the balance sheet day. This issuance consisted of 1.003.666 shares about the nominal value amounting to 0,50 PLN for every share. The amount of the share capital of the Company increased up to 1.001.833,00 PLN.

### 1.1.9 List of related parties

The Company belongs to the INC Capital Group.

## 1.2 Company authorities and resolutions

### 1.2.1 Management Board and representation

During the audited period the Company was managed by:

Mr Paweł Piotr Śliwiński - President of the Board

After the balance sheet day, up to the day of giving an opinion, any changes in the Management Board of the Company didn't appear.

### 1.2.2 Supervisory Board

Mr Rafał Piotr Śliwiński - Member of Supervisory Board

Mrs Justyna Maria Światowiec Szczepańska - Member of Supervisory Board

Mr Piotr Białowąs - Member of Supervisory Board

### 1.2.3 Procuration

During the period audited, no procuration was granted.

#### 1.2.4 Meeting of Shareholders

In the audited period, no resolutions were passed.

#### 1.3 Tax controls

Fiscal audits and tax audits didn't appear in the audited financial year.

#### 1.4 Employment

In 2014, the Company didn't recruit employees.

#### 1.5 Identification data of the entity authorised to audit the financial statements

The audit was conducted by ECA Seredyński i Wspólnicy Spółka z ograniczoną odpowiedzialnością Sp.k., with its registered office in Cracow, Moniuszki Street 50, entered onto the list of certified auditors under the number 3115.

The statutory auditor was chosen as the auditor of Carpathia Capital S.A. with resolution of the Supervisory Board from 19.02.2015.

The certified auditor entitled to audit financial statements and managing the audit is Piotr Woźniak, licence No. 11625.

We declare that both the authorised entity, that is ECA Seredyński i Wspólnicy Spółka z ograniczoną odpowiedzialnością Sp.k. [en. ECA Seredyński and Partners limited liability company, limited liability partnership] as well as the statutory auditor, fulfill the legal conditions for issuing an independent and unbiased opinion on this financial report. The fact of impartiality was confirmed in writing.

The audit was conducted in March 2015 and finished on 28.04.2015.

#### 1.6 Availability of data and Company declarations

There were no restrictions as to the scope of the audit.

The auditors were provided with all required information and explanations.

On 28.04.2015 the Management Board of the Company confirmed in writing the completeness of the prepared financial statements as well as accounted for all contingent liabilities and post balance sheet events occurring up to the date of the confirmation.



## FINANCIAL ANALYSIS

## 2. FINANCIAL ANALYSIS

### 2.1 General analysis of the financial statement

ASSETS	31.12.2014	
	TPLN	%
Intangible assets	0,0	0,0
Property, plant and Non-current receivables	0,0	0,0
Non-current Non-current prepayments	0,0	0,0
<b>Non-current assets</b>	<b>0,0</b>	<b>0,0</b>
Inventories	0,0	0,0
Current receivables	186,4	4,4
Current investments	4.070,9	95,6
Current prepayments	0,0	0,0
<b>Current assets</b>	<b>4.257,3</b>	<b>100,0</b>
<b>ASSETS</b>	<b>4.257,3</b>	<b>100,0</b>
Equity and Liabilities	31.12.2014	
	TPLN	%
Issued share capital	500,0	11,7
Pozostate kapitaly	3.756,8	88,2
Net profit (loss) for the <b>Owners' equity</b>	<b>-19,8</b>	<b>-0,5</b>
	<b>4.237,0</b>	<b>99,5</b>
Provisions for liabilities	0,0	0,0
Non-current liabilities	0,0	0,0
Current liabilities	17,3	0,4
Accruals	3,0	0,1
<b>Liabilities and provisions for liabilities</b>	<b>20,3</b>	<b>0,5</b>
<b>Equity and Liabilities</b>	<b>4.257,3</b>	<b>100,0</b>

**Relative changes in the income statement in current prices**

	2014 TPLN
Sales revenue and sales equivalents	0,0
Costs of operating activities	25,8
<b>Profit (loss) from sales</b>	<b>-25,8</b>
Other operating income	0,0
Other operating expenses	0,0
<b>Profit (loss) from sales</b>	<b>-25,8</b>
Financial revenue	6,0
Financial expenses	0,0
<b>Profit (loss) before tax</b>	<b>-19,8</b>
Income taxes	0,0
<b>Net profit for the period</b>	<b>-19,8</b>

## 2.2 Selected financial ratios

		2014
<b>Balance sheet total</b>	TPLN	4.257,3
<b>Net financial result</b>	TPLN	-19,9

### PROFITABILITY RATIOS

#### Return on assets ROA

$\frac{\text{Net financial result}}{\text{Total assets (average)}}$	%	-0,47
---	---	-------

#### Return on equity ROE

$\frac{\text{Net financial result}}{\text{Owners' equity (average)}}$	%	-0,47
---	---	-------

### LIQUIDITY RATIOS

#### Liquidity Current ratio

$\frac{\text{Current assets}}{\text{Current liabilities}}$	244,94
--	--------

#### Liquidity Quick ratio

$\frac{\text{Current assets - Inventories}}{\text{Current liabilities}}$	244,94
--	--------

#### Liquidity Cash ratio

$\frac{\text{Current investments}}{\text{Current liabilities}}$	234,21
---	--------

**INDEBTEDNESS RATIOS**
**General level of indebtedness**

<u>Liabilities and provisions for liabilities</u>	%	0,48
Total Equity and Liabilities		

**Payment of liabilities**

<u>Trade payables (average)</u>	day	245
Costs of operating activities		

**Stability of the capital structure**

<u>Owners' equity + Non-current provisions and liabilities</u>	%	99,52
Total Equity and Liabilities		

**2.3 Interpretation of selected financial ratios**

The audited financial year is the first year of operations of the Company. The comparative analysis and interpretation of described analytical indicators were abandoned.



## EXPLANATORY PART



### 3. EXPLANATORY PART

#### 3.1 Accounting books and internal control

The Company has got the Company accounting policy approved by the Management Board. The Company accounting policy is justified and applied in a consistent manner.

The business transactions are properly documented and the accounting documents fulfil the requirements of Article 21 of the Accounting Act. The records in the accounting books are complete, correct and properly connected with invoices or other source documents.

The books are kept in a reliable, faultless and verifiable manner, as computer records (Sage Symfonia ERP Finanse i Księgowość 2015 finance and accounting software). The data access protection methods and data processing system used by the Company are sufficient.

The books are kept and stored at the registered office of the Company in compliance with the provisions stipulated in Section 8 of the Accounting Act.

Books of account of the Company are kept with the use of services, by properly authorized entity, Jadwiga Krajewska Kancelaria Biegłego Rewidenta [en. Jadwiga Krajewska, Office of Statutory Auditor] with the registered office in Poznań.

### 3.2 Other components of the financial statements as well as the management report on the business activity

#### **Introduction to the financial statements**

The introduction to the financial statements being an integral part of these statements was prepared in compliance with the provisions stipulated in Article 48 of the Accounting Act.

#### **Statement of changes in equity**

The statement of changes in equity was prepared correctly, in conformity with the provisions stipulated in Article 48a of the Accounting Act.

#### **Cash flow statement**

The cash flow statement was prepared correctly, in conformity with the balance sheet, the income statement as well as the accounting books.

#### **Appendix and explanatory notes**

The appendix and explanatory notes, being an integral part of these statements, were prepared in compliance with the provisions stipulated in Article 48 of the Accounting Act.

#### **Management report on business activity**

The management report on business activity in the financial year corresponds with the disclosed financial statements and includes information required under Article 49 of the Accounting Act.

### 3.3 Post-balance sheet events

The issuance of shares of series B took place after the balance sheet day. This issuance consisted of 1.003.666 shares about the nominal value amounting to 0,50 PLN for every share. The amount of the share capital of the Company increased up to 1.001.833,00 PLN.

### 3.4 Conclusions upon the performed audit

Having audited the accounting books of Carpathia Capital S.A., with its registered office in Poznań we hereby confirm that:

1. The financial statements for the year ended 31.12.2014 were prepared properly, information disclosed in the financial statements corresponds with the respective balances and turnovers recorded in the accounting books;
2. The principle of continuity and sequence in the balance sheet was complied with;
3. The financial statements were signed by entitled person;
4. No events indicating violation of the binding law occurred.

The result of auditing the financial statements of Carpathia Capital S.A. for the financial year of 2014 is enclosed in the auditor's opinion.

The financial statements were given an unqualified opinion.

The present report contains 15 pages, which are signed by the auditor.

\_\_\_\_\_  
Piotr Woźniak  
Key Auditor (PL)  
Licence No. 11625  
conducting the audit in the name of  
ECA Seredyński i Wspólnicy  
Spółka z ograniczoną odpowiedzialnością Sp.k.  
No. 3115

Poznań, 28.04.2015



Poznań, 28.04.2015

**Carpathia Capital S.A.**  
**Poznań, Polska**

Opinia niezależnego biegłego rewidenta  
wraz z raportem  
z badania sprawozdania finansowego  
na dzień 31.12.2014

ECA Sreedyński i Wspólnicy Spółka z ograniczoną odpowiedzialnością Sp. k.  
ul. Moniuszki 50, 31-523 Kraków | tel.: +48 12 417 78 00, e-mail: [biuro@ecagroup.pl](mailto:biuro@ecagroup.pl)  
NIP: 677-227-28-88 | REGON: 120265794 | KRS: 0000418856  
Sąd Rejonowy dla Krakowa-Śródmieście w Krakowie XII Wydział Gospodarczy KRS  
Nr konta: ING Bank Śląski S.A. 26 1050 1285 1000 0023 0507 7606

Biuro w Poznaniu | ul. Noskowskiego 2/3a, 61-704 Poznań  
Biuro w Warszawie | ul. Gdańska 45a, 01-633 Warszawa  
Biuro we Wrocławiu | ul. W. Jagiły 3/5A, 50-201 Wrocław  
Biuro w Zabrzu | ul. B. Hegera 41, 41-800 Zabrze  
[www.ecagroup.pl](http://www.ecagroup.pl)

**Carpathia Capital S.A.**

**OPINIA NIEZALEŻNEGO  
BIEGŁEGO REWIDENTA Z BADANIA  
SPRAWOZDANIA FINANSOWEGO**

**OPINIA NIEZALEŻNEGO  
BIEGŁEGO REWIDENTA Z BADANIA  
SPRAWOZDANIA FINANSOWEGO**

*Dla Zgromadzenia Akcjonariuszy*

**Opinia o sprawozdaniu finansowym**

Przeprowadziliśmy badanie załączonego sprawozdania finansowego firmy Carpathia Capital S.A., z siedzibą w Poznaniu, na które składa się bilans sporządzony na dzień 31.12.2014 r., rachunek zysków i strat, zestawienie zmian w kapitale własnym oraz rachunek przepływów pieniężnych za rok obrotowy kończący się tego dnia, wprowadzenie do sprawozdania finansowego oraz dodatkowe informacje i objaśnienia.

*Odpowiedzialność Zarządu oraz Rady Nadzorczej*

Za sporządzenie zgodnego z obowiązującymi przepisami sprawozdania finansowego oraz sprawozdania z działalności odpowiedzialny jest Zarząd Spółki.

Zarząd Spółki oraz członkowie Rady Nadzorczej są zobowiązani do zapewnienia, aby sprawozdanie finansowe oraz sprawozdanie z działalności spełniały wymagania przewidziane w ustawie z dnia 29 września 1994 r. o rachunkowości (Dz.U. z 2013 r., poz.330, z późn. zm.), zwanej dalej "ustawą o rachunkowości".

*Odpowiedzialność Biegłego Rewidenta*

Naszym zadaniem było zbadanie i wyrażenie opinii o zgodności z wymagającymi zastosowania zasadami (polityką) rachunkowości tego sprawozdania finansowego oraz czy rzetelnie i jasno przedstawia ono, we wszystkich istotnych aspektach, sytuację majątkową i finansową, jak też wynik finansowy jednostki oraz o prawidłowości ksiąg rachunkowych stanowiących podstawę jego sporządzenia.

Badanie przeprowadziliśmy stosownie do postanowień:

1. rozdziału 7 ustawy o rachunkowości;
2. krajowych standardów rewizji finansowej, wydanych przez Krajową Radę Biegłych Rewidentów w Polsce.

Badanie sprawozdania finansowego zaplanowaliśmy i przeprowadziliśmy w taki sposób, aby uzyskać racjonalną pewność, pozwalającą na wyrażenie opinii o sprawozdaniu. W szczególności badanie obejmowało sprawdzenie poprawności zastosowanych przez jednostkę zasad (polityki) rachunkowości i znaczących szacunków, sprawdzenie - w przeważającej mierze w sposób wyrywkowy - dowodów i zapisów księgowych, z których wynikają liczby i informacje zawarte w sprawozdaniu finansowym, jak i całościową ocenę sprawozdania finansowego.

Uważamy, że badanie dostarczyło wystarczającej podstawy do wyrażenia opinii.

#### Opinia

Naszym zdaniem, zbadane sprawozdanie finansowe, we wszystkich istotnych aspektach:

1. przedstawia rzetelnie i jasno wszystkie informacje istotne dla oceny sytuacji majątkowej i finansowej badanej jednostki na dzień 31.12.2014, jak też jej wyniku finansowego za rok obrotowy od 04.04.2014 do 31.12.2014;
2. sporządzone zostało, we wszystkich istotnych aspektach, zgodnie z określoną w powołanej wyżej ustawie polityką rachunkowości oraz na podstawie prawidłowo prowadzonych ksiąg rachunkowych;
3. jest zgodne z wpływającymi na treść sprawozdania finansowego przepisami prawa i postanowieniami statutu jednostki.

#### Szczegółne objaśnienia na temat innych wymogów prawa i regulacji

##### Sprawozdanie z działalności Spółki

Sprawozdanie z działalności jednostki jest kompletne w rozumieniu art. 49 ust. 2 ustawy o rachunkowości, a zawarte w nim informacje, pochodzące ze zbadanego sprawozdania finansowego, są z nim zgodne.

*Wozniak*

Piotr Woźniak  
Kluczowy Biegły rewident  
Nr ewidencyjny 11625  
przeprowadzający badanie w imieniu  
ECA Serechyński i Wspólnicy  
Spółka z ograniczoną odpowiedzialnością Sp.k.  
Nr 3115



Poznań, 28.04.2015

Opinia niezależnego biegłego rewidenta

*W*

2/2



**Carpathia Capital S.A.**

**RAPORT Z BADANIA SPRAWOZDANIA  
FINANSOWEGO NA DZIEŃ 31.12.2014**

Raport z badania sprawozdania finansowego 

1/15

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## CZĘŚĆ OGÓLNA

## 1.1 Dane identyfikujące Spółkę

### 1.1.1 Firma, forma prawna, krajowy rejestr sądowy

Spółka jest zarejestrowana pod firmą:

**Carpathia Capital S.A.**

w Rejestrze Przedsiębiorców Krajowego Rejestru Sądowego prowadzonym przez Sąd Rejonowy w Poznaniu - Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego, numer KRS 0000511985. Rejestracji dokonano dnia 26.06.2014. Przedłożono nam wyciąg z rejestru z dnia 17.04.2015 z ostatnim wpisem z dnia 15.03.2015.

Zgodnie z informacją Zarządu nie nastąpiły kolejne zdarzenia wymagające wpisu.

### 1.1.2 Siedziba Spółki

Siedzibą Spółki jest Poznań, 60-830, Krasieńskiego 16.

### 1.1.3 Statut

Podstawą działalności Spółki jest statut Spółki z dnia 04.04.2014, zawarta przed notariuszem Wojciechem Kwarcińskim w kancelarii notarialnej w Poznaniu, ul. Mickiewicza 18/3, pod sygnaturą akt Repertorium A 2533/2014, z późniejszymi zmianami.

Okres działalności Spółki został ustalony na czas nieograniczony.

### 1.1.4 Numer statystyczny (REGON)

Urząd Statystyczny w Poznaniu nadał Spółce statystyczny numer identyfikacyjny:

**302762319**

### 1.1.5 Numer identyfikacji podatkowej (NIP)

Urząd Skarbowy w Poznaniu nadał Spółce numer identyfikacji podatkowej:

**781-189-70-74**

### 1.1.6 Przedmiot działalności jednostki

Zasadniczym przedmiotem działalności jednostki jest:

- doradztwo w zakresie prowadzenia działalności gospodarczej i zarządzania.

Rzeczywisty przedmiot działalności jest zgodny z zarejestrowanym przedmiotem działalności.

### 1.1.7 Rok obrotowy

Rokiem obrotowym jest rok kalendarzowy.

### 1.1.8 Kapitał zakładowy

Kapitał zakładowy Spółki nie uległ w badanym okresie zmianom i wynosi PLN 500.000,00. Składa się z 1.000.000 akcji o wartości nominalnej PLN 0,50 każda.

Akcje w Spółce posiadają	ilość akcji	wartość nominalna akcji	%
INC S.A.	1 000 000	500 000,00	100,00

Po dniu bilansowym do dnia wydania opinii nie wystąpiły zmiany w strukturze akcjonariuszy Spółki.

Po dniu bilansowym nastąpiła rejestracja przez sąd emisji akcji serii B. Emisja składała się z 1.003.666 akcji o wartości nominalnej PLN 0,5 każda. Wysokość kapitał zakładowego Spółki wzrosła do PLN 1.001.833,00.

### 1.1.9 Lista podmiotów powiązanych

Spółka należy do Grupy Kapitałowej INC.

## 1.2 Organy i uchwały Spółki

### 1.2.1 Zarząd i przedstawicielstwo

W badanym okresie Zarząd sprawował:

Pan Paweł Piotr Śliwiński - Prezes Zarządu

Prezes Zarządu ma prawo do samodzielnej reprezentacji Spółki.

Po dniu bilansowym do dnia wydania opinii nie wystąpiły zmiany w Zarządzie Spółki.

### 1.2.2 Rada Nadzorcza

Pan Rafał Piotr Śliwiński - Członek Rady Nadzorczej

Pani Justyna Maria Świątowiec Szczepańska - Członek Rady Nadzorczej

Pan Piotr Białowąg - Członek Rady Nadzorczej

### 1.2.3 Prokura

W badanym okresie nie udzielono prokury.

#### 1.2.4 Zgromadzenie Akcjonariuszy

W badanym okresie nie podjęto żadnych uchwał.

#### 1.3 Kontrole podatkowe

W badanym roku obrotowym nie wystąpiły kontrole skarbowe i podatkowe.

#### 1.4 Zatrudnienie

Spółka zatrudniała w roku 2014 nie zatrudniała pracowników.

#### 1.5 Dane identyfikujące podmiot uprawniony do badania sprawozdania finansowego

Badanie zostało przeprowadzone przez ECA Seredyński i Wspólnicy Spółka z ograniczoną odpowiedzialnością Sp.k. z siedzibą w Krakowie, ul. Moniuszki 50, wpisaną na listę podmiotów uprawnionych do badania sprawozdań finansowych pod numerem 3115.

Biegły rewident został wybrany na audytora Carpathia Capital S.A. uchwałą Rady Nadzorczej z dnia 19.02.2015.

Biegłym rewidentem, reprezentującym podmiot oraz kierującym badaniem jest Piotr Woźniak, numer ewidencyjny 11625.

Oświadczamy, iż zarówno podmiot uprawniony ECA Seredyński i Wspólnicy Spółka z ograniczoną odpowiedzialnością Sp.k. jak i biegły rewident spełniają warunki do wyrażenia bezstronnej i niezależnej opinii o tym sprawozdaniu. Fakt bezstronności został potwierdzony pisemnie.

Badanie przeprowadzono w miesiącu marcu 2015 i zakończono w dniu 18.03.2015.

#### 1.6 Dostępność danych i oświadczenia Spółki

Nie stwierdzono ograniczeń zakresu badania.

Badający uzyskali wszelkie żądane informacje i wyjaśnienia.

Dnia 28.04.2015 Zarząd Spółki potwierdził pisemnie kompletność sporządzonego sprawozdania finansowego oraz wykazanie wszelkich zobowiązań warunkowych oraz poinformował o istotnych zdarzeniach, które nastąpiły po dacie 31.12.2014 do dnia złożenia oświadczenia.

## ANALIZA FINANSOWA

## 2. ANALIZA FINANSOWA

### 2.1 Ogólna analiza sprawozdania finansowego

Aktywa	31.12.2014 T PLN	%
Wartości niematerialne i prawne	0,0	0,0
Rzeczowe aktywa trwałe	0,0	0,0
Należności długoterminowe	0,0	0,0
Inwestycje długoterminowe	0,0	0,0
Długoterminowe rozliczenia międzyokresowe	0,0	0,0
<b>Aktywa trwałe</b>	<b>0,0</b>	<b>0,0</b>
Zapasy	0,0	0,0
Należności krótkoterminowe	186,4	4,4
Inwestycje krótkoterminowe	4 070,9	95,6
Krótkoterminowe rozliczenia międzyokresowe	0,0	0,0
<b>Aktywa obrotowe</b>	<b>4 257,3</b>	<b>100,0</b>
<b>Aktywa</b>	<b>4 257,3</b>	<b>100,0</b>
Pasywa	31.12.2014 T PLN	%
Kapitał podstawowy	500,0	11,7
Pozostałe kapitały	3 756,8	88,2
Strata netto	-19,8	-0,5
<b>Kapitał własny</b>	<b>4 237,0</b>	<b>99,5</b>
Rezerwy na zobowiązania	0,0	0,0
Zobowiązania długoterminowe	0,0	0,0
Zobowiązania krótkoterminowe	17,3	0,4
Rozliczenia międzyokresowe	3,0	0,1
<b>Zobowiązania i rezerwy na zobowiązania</b>	<b>20,3</b>	<b>0,5</b>
<b>Pasywa</b>	<b>4 257,3</b>	<b>100,0</b>

**Kluczowe wielkości rachunku zysków i strat w cenach bieżących**

	2014 TPLN
Przychody netto ze sprzedaży i zrównane z nimi	0,0
Koszty działalności operacyjnej	25,8
<b>Wynik ze sprzedaży</b>	<b>-25,8</b>
Pozostałe przychody operacyjne	0,0
Pozostałe koszty operacyjne	0,0
<b>Wynik na działalności operacyjnej</b>	<b>-25,8</b>
Przychody finansowe	6,0
Koszty finansowe	0,0
<b>Wynik brutto</b>	<b>-19,8</b>
Podatek dochodowy	0,0
<b>Wynik netto</b>	<b>-19,8</b>

**2.2 Wybrane wskaźniki finansowe**

		2014
Suma bilansowa	TPLN	4 257,3
Wynik finansowy netto	TPLN	-19,9

**WSKAŹNIKI RENTOWNOŚCI**
**Rentowność majątku ROA**

$\frac{\text{Wynik finansowy netto}}{\text{Suma aktywów}}$	%	-0,47
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**Rentowność kapitału własnego ROE**

$\frac{\text{Wynik finansowy netto}}{\text{Kapitał własny}}$	%	-0,47
--	---	-------

**WSKAŹNIKI PŁYNNOŚCI**
**Płynność I stopnia**

$\frac{\text{Aktywa obrotowe}}{\text{Zobowiązania krótkoterminowe}}$		244,94
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**Płynność II stopnia**

$\frac{\text{Aktywa obrotowe - Zapasy}}{\text{Zobowiązania krótkoterminowe}}$		244,94
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**Płynność III stopnia**

$\frac{\text{Inwestycje krótkoterminowe}}{\text{Zobowiązania krótkoterminowe}}$		234,21
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**WSKAŹNIKI ZADŁUŻENIA**
**Ogólny poziom zadłużenia**

$\frac{\text{Zobowiązania i rezerwy na zobowiązania}}{\text{Suma pasywów}}$	%	0,48
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**Szybkość obrotu zobowiązaniami**

$\frac{\text{Zobowiązania z dostaw i usług}}{\text{Koszty działalności operacyjnej}}$	dni	245
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**Trwałość struktury finansowania**

$\frac{\text{Kapitał własny + Rezerwy i zobowiązania długoterminowe}}{\text{Suma pasywów}}$	%	99,52
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**2.3 Interpretacja wybranych wskaźników finansowych**

Badany rok obrotowy jest pierwszym rokiem działalności Spółki. Odstąpiono od analizy porównawczej i interpretacji przedstawionych wskaźników analitycznych.



## CZĘŚĆ SZCZEGÓŁOWA RAPORTU

Raport z badania sprawozdania finansowego *Wg*

12/15

### 3. CZĘŚĆ SZCZEGÓŁOWA RAPORTU

#### 3.1 Prowadzenie ksiąg rachunkowych i kontrola wewnętrzna

Spółka posiada opracowaną politykę rachunkowości zatwierdzoną przez Zarząd. Polityka rachunkowości uwzględnia charakter prowadzonej działalności i jest stosowana w sposób ciągły.

Zapisy w księgach dokonywane są w sposób trwały. Sposób ewidencji zdarzeń gospodarczych w księgach rachunkowych pozwala na identyfikację daty dokonania operacji gospodarczej, dokumentu źródłowego, a także kwoty oraz oznaczenia kont księgowych, na których dana operacja została ujęta. Zapisy w księgach rachunkowych są kompletne, prawidłowe i odpowiednio powiązane z fakturami bądź innymi dokumentami źródłowymi.

Księgi rachunkowe prowadzone są w sposób rzetelny, bezbłędny i sprawdzalny, przy zastosowaniu komputerowego systemu finansowo - księgowego Sage Symfonia ERP Finanse i Księgowość 2015. Stosowane przez Spółkę metody zabezpieczenia dostępu do danych i system ich przetwarzania są wystarczające.

Księgi są prowadzone i przechowywane w siedzibie Spółki z zachowaniem przepisów rozdziału 8 ustawy.

Księgi rachunkowe Spółki prowadzone są usługowo przez podmiot do tego uprawniony, Jadwigę Krajewską Kancelarią Biegłego Rewidenta z siedzibą w Poznaniu.

### 3.2 Pozostałe elementy sprawozdania finansowego oraz sprawozdanie z działalności jednostki

#### Wprowadzenie do sprawozdania finansowego

Wprowadzenie do sprawozdania finansowego stanowiące integralną składową część sprawozdania finansowego zostało opracowane zgodnie z postanowieniami art. 48 ustawy o rachunkowości.

#### Zestawienie zmian w kapitale własnym

Zestawienie zmian w kapitale własnym zostało sporządzone prawidłowo, zgodnie z postanowieniami art. 48a ustawy o rachunkowości.

#### Rachunek przepływów pieniężnych

Rachunek przepływów pieniężnych został sporządzony prawidłowo. Stwierdzono jego powiązanie z bilansem, rachunkiem zysków i strat oraz księgami rachunkowymi.

#### Dodatkowe informacje i objaśnienia

Dodatkowe informacje i objaśnienia stanowiące integralną składową część sprawozdania finansowego zostały opracowane zgodnie z postanowieniami art. 48 ustawy o rachunkowości.

#### Sprawozdanie Zarządu z działalności jednostki

Sprawozdanie z działalności jednostki jest kompletne w rozumieniu art. 49 ust. 2 ustawy o rachunkowości, a zawarte w nim informacje, pochodzące ze zbadanego sprawozdania finansowego, są z nim zgodne.

### 3.3 Zdarzenia po dniu bilansowym

Po dniu bilansowym nastąpiła rejestracja przez sąd emisji akcji serii B. Emisja składała się z 1.003.666 akcji o wartości nominalnej PLN 0,5 każda. Wysokość kapitału zakładowego Spółki wzrosła do PLN 1.001.833,00.

### 3.4 Wnioski z przeprowadzonego badania

Na podstawie przeprowadzonego badania ksiąg rachunkowych firmy Carpathia Capital S.A., z siedzibą w Poznaniu stwierdza się, że:

1. sprawozdanie finansowe za rok obrotowy 2014 zostało sporządzone prawidłowo, dane zawarte w sprawozdaniu finansowym są zgodne z odpowiednimi saldami i obrotami w księgach rachunkowych,
2. została zachowana zasada ciągłości bilansowej,
3. sprawozdanie finansowe zostało podpisane przez upoważnione osoby,
4. nie wystąpiły zjawiska i zdarzenia wskazujące na naruszenie obowiązującego prawa.

Wynik badania sprawozdania finansowego firmy Carpathia Capital S.A. za rok obrotowy 2014 biegły rewident przedstawił w swojej opinii.

Wydano opinię bez zastrzeżeń.

Raport zawiera 15 stron podpisanych przez biegłego rewidenta.

*Wozniak*

Piotr Wozniak  
Kluczowy Biegły rewident  
Nr ewidencyjny 11625  
przeprowadzający badanie w imieniu  
ECA Seredyński i Wspólnicy Spółka z ograniczoną odpowiedzialnością Sp.k.  
Nr 3115



Poznań, 28.04.2015

# ARTICLES OF ASSOCIATION OF THE COMPANY

## ARTICLES OF ASSOCIATION OF CARPATHIA CAPITAL SPÓŁKA AKCYJNA WITH REGISTERED OFFICE IN POZNAŃ

### GENERAL PROVISIONS

#### § 1.

1. The business name of the Company shall be: CARPATHIA CAPITAL Spółka Akcyjna.
2. The Company may use the abbreviated name: CARPATHIA CAPITAL S.A.
3. The Company's registered office is in Poznań.
4. The Company shall run its business in the Republic of Poland and abroad.
5. The Company may create divisions, branches, and offices in the Republic of Poland and abroad.
6. The Company is formed for an indefinite period of time.
7. The Company is founded by the Company under the business name of: INC S.A. with its registered office in Poznań.

### OBJECTS OF THE COMPANY

#### § 2.

The Company's objects are as follows:

- 1) Business and management consultancy activities – PKD 70.22.Z,
- 2) Activities of head office and holding companies, excluding financial holding companies – PKD 70.10.Z,
- 3) Activities of holding companies – PKD 64.20.Z,
- 4) Trusts, funds and similar financial entities – PKD 64.30.Z,
- 5) Other credit granting – PKD 64.92.Z,
- 6) Other financial service activities, except insurance and pension funding not elsewhere classified – PKD 64.99.Z,
- 7) Buying and selling of own real estate – PKD 68.10.Z,
- 8) Renting and operating of own or leased real estate – PKD 68.20.Z.

### SHARE CAPITAL AND SHARES

#### § 3.

1. The share capital of the Company shall amount to PLN 1,101,833.00 (one million one hundred and one thousand eight hundred and thirty three zlotys) and shall be divided into:
  - a) 1,000,000 (one million) of series A registered preference shares with one share carrying two votes, with a nominal per-share value of PLN 0.50 (50/100 zlotys), paid up in cash.

- b) 1,003,666 (one million three thousand six hundred and sixty six) of series B ordinary bearer shares with a nominal per-share value of PLN 0.50 (50/100 zlotys), paid up in cash.

2. A series registered shares are preference shares in terms of voting rights; each share carries two votes.
3. A series registered shares may be converted into bearer shares, however not earlier than after 01-01-2016 (the first of January twenty sixteen). If they are converted to bearer shares, they lose their preference. Conversion of registered shares to bearer shares must be approved by the Supervisory Board, and the shareholder demanding conversion of registered shares to bearer shares shall pay the Company the amount being the difference between the issue price at which he had taken up A series shares and the issue price of another series if such has been issued by the Company.
4. The Company may increase share capital through issue of new shares (registered or bearer shares) issued for cash or non-cash contributions or through increase of nominal value of all the previously issued shares. On terms stipulated in the Code of Commercial Companies, the share capital may be increased from the Company's funds. Shares issued for cash contribution should be paid up in full before the share capital increase is registered.
5. Shares may be redeemed with the shareholder's consent, through acquisition thereof by the Company (voluntary redemption).
6. The Company may issue convertible bonds or bonds with a priority right.

#### § 4.

1. By 31-03-2017 (the thirty first of March twenty seventeen), the Management Board shall be authorised to increase the Company's share capital by up to PLN 375,000.00 (three hundred seventy five thousand zlotys) (authorised capital).
2. Within the authorised capital, the Management Board shall be authorised to further increase the Company's share capital through further issues of shares, in private or public offering.
3. The Management Board may issue shares only in return for contributions in cash.
4. The issue price for shares in authorised capital must not be lower than arithmetic mean

weighted with the volume of the price of shares in public trading for the period of 6 (six) months preceding the resolution to issue shares within the authorised capital, however never lower than the highest issue prices of shares in any private or public offering preceding the resolution to issue shares within the authorised capital. If the Company's shares are not publicly traded, the issue price must not be lower than the highest issue prices of shares in any private or public offering preceding the resolution to issue shares within the authorised capital, and in the lack of other issues of shares – than the nominal value.

5. Resolution of the Management Board to issue shares within the authorised capital shall require a prior resolution of the Supervisory Board to approve this issue and the issue price of shares.
6. Upon consent of the Supervisory Board, the Management Board may exclude entirely or partly the subscription right for each increase of the share capital within the authorised capital.

#### § 5.

1. The Shareholder – a Company under the business name of: INC S.A. with registered office in Poznań ("Authorised Shareholder"), as long as it holds at least one share in the Company, shall be authorised to personally appoint and dismiss more than half of the members of the Supervisory Board, that is in particular:
  - b. 2 (two) members of the Supervisory Board in a Supervisory Board consisting of three members,
  - c. 3 (three) members of the Supervisory Board in a Supervisory Board consisting of four or five members,
3. and to appoint the Chairperson of the Supervisory Board from among the appointed members of the Supervisory Board.
  1. Appointment or dismissal of a member of the Supervisory Board as well as appointment of its Chairperson shall be made in writing with a signature confirmed by a notary. The right to dismiss a member of the Supervisory Board shall only apply to a member of the Supervisory Board previously appointed in the manner indicated above.
  2. Members can be appointed or dismissed any number of times during one term of office.
  3. If in a given term of office there are no persons appointed by the Authorised Shareholder in the number defined in item 1 of this section, this term of office of the Supervisory Board shall end on the date when the Authorised Shareholder exercises their right.
4. The Shareholder – a Company under the business name of: INC S.A. with registered office in Poznań ("Authorised Shareholder"), as long as it holds at least one share in the

Company, shall also be authorised to personally appoint and dismiss the President of the Management Board. The manner of appointment and dismissal shall be subject to the above provisions.

### THE COMPANY'S CORPORATE BODIES

#### § 6.

The Company's corporate bodies shall include:

- the Management Board,
- the Supervisory Board,
- the General Meeting of Shareholders.

#### A. The Management Board

#### § 7.

1. The Company's Management Board shall be composed of one to three members.
2. Members of the Management Board shall be appointed and dismissed by the Supervisory Board, subject to section 5.5 hereof. Appointing the Management Board, the Supervisory Board shall determine the number and functions of the members.
3. In relations with members of the Management Board, including conclusion of agreements, the Company shall be represented by the Chairperson of the Supervisory Board or another member of the Supervisory Board indicated by the Supervisory Board.
4. The Management Board's term of office shall be 5 (five) years. In the case of a Management Board comprising more than one member, the members shall share the term of office.
5. The mandates of the Management Board members shall expire on the day of the General Meeting of Shareholders approving the Management Board's report on the Company's operations and financial statement for the last year in their term of office.
6. Members of the Management Board may be re-elected for further terms.

#### § 8.

1. The Management Board manages the Company's affairs and represents the Company.
2. Works of the Management Board shall be managed by the President of the Management Board
3. Working arrangements of the Company's Management Board and remuneration policy applicable to members of the Management Board are defined in the By-laws adopted by the Supervisory Board.

#### § 9.

Each member of the Management Board shall be authorised for sole representation of the Company.

#### § 10.

Members of the Management Board may not, without the consent of the Supervisory Board deal in competitive businesses or participate in a competitive company as a partner in a civil partnership, partnership or as a member of authorities of a capital company, or participate in any another competitive legal entity as a member of its authorities. This non-competition clause shall apply also to holding shares in a competitive capital company if the member of the Management Board holds at least 10% of shares in such a company or the right to appoint at least one member of the Management Board.

## B. Supervisory Board

### § 11.

1. The task of the Supervisory Board is to supervise the business of the joint-stock company on an on-going basis.
2. The Supervisory Board operates pursuant to the Code of Commercial Companies and the Articles of Association which stipulate in particular its composition and competences, and pursuant to the By-Laws adopted by the General Meeting of Shareholders, stipulating the organisation and manner of operation of the Supervisory Board.
3. The Supervisory Board shall be composed of 3 (three) to 5 (five) members appointed by the General Meeting of Shareholders, subject to section 5.1 of the Articles of Association.
4. The Supervisory Board's term of office shall be 5 (five) years
5. Members of the Supervisory Board shall be appointed for the common term of office.
6. The mandates of the Supervisory Board members expire on the day of the General Meeting approving financial statements of the last financial year covered by the Supervisory Board's term of office and in other circumstances defined in the Code of Commercial Companies.
7. Members of the Supervisory Board may be re-elected for further terms.

### § 12.

1. Members of the Supervisory Board shall execute their rights and carry out their duties in person and jointly.
2. Remuneration of the Supervisory Board members for a given year shall be determined by the General Meeting of Shareholders.

### § 13.

1. The Supervisory Board shall exercise permanent supervision over the company operations in all aspects of its activity. First and foremost, each member of the Supervisory Board should bear in mind the interests of the Company.

2. Competences of the Supervisory Board include:
  - consenting to acquisition or sale of real property, perpetual usufruct rights or interest in real property by the Company;
  - appointing an auditor to review the Company's financial statements; when choosing the auditor, the Supervisory Board should take into account any circumstances limiting his/her impartiality in performance of the tasks; the auditor should be replaced at least every 5 (five) years, and replacement of the auditor shall be understood also as replacement of the person performing the audit; moreover, over a longer period, the Company should not use the services of the same auditing entity;
  - appointment and dismissal of the Company's Management Board;
  - concluding agreements with members of the Management Board;
  - representing the Company in disputes with members of the Management Board;
  - determination of remuneration for the Management Board members;
  - suspension, for valid reasons, individual or all members of the Company's Management Board;
  - delegating members of the Supervisory Board to perform duties of the Management Board members on a temporary basis, where a member of the Management Board is unable to perform his/her duties;
  - approving by-laws of the Company's Management Board;
  - requesting the Company's Management Board to convene the General Meeting of Shareholders;
  - convening the Annual General Meeting of Shareholders where it is not convened by the Management Board within the prescribed period;
  - convening the Extraordinary General Meeting of Shareholders if they deem it advisable.

### § 14.

1. Meeting of the Supervisory Board shall be convened as appropriate but at least 3 (three) times a year.
2. Meetings of the Supervisory Board shall be held at the Company's registered office, unless other venue is specified in the notice convening the meeting.
3. A Supervisory Board meeting may be held without a formal notice referred to above if all Supervisory Board members give their consent thereto and none of them objects to the meeting agenda.

4. Meetings are presided over by the Chairperson of the Supervisory Board or, in his/her absence, by the Deputy Chairperson. Where both the Chairperson and Deputy Chairperson are absent, the Chairperson shall be elected by the Supervisory Board.
5. The Supervisory Board shall be capable of making resolutions if at least half of the members are present and all the members have been invited. Resolutions shall be passed by an absolute majority of votes, unless the Company's Articles or the By-Laws of the Supervisory Board stipulate otherwise.
6. The Supervisory Board may adopt resolutions in writing or using means of direct telecommunication. The resolution shall be valid if all Supervisory Board members have been notified about the contents of the draft resolution and were able to vote on it.
7. Members of the Supervisory Board may participate in the process of adopting resolutions by casting their votes in writing through the agency of another member of the Supervisory Board.

### C. General Meeting of Shareholders

#### § 15.

1. A General Meeting of Shareholders may be either Annual or Extraordinary.
2. Extraordinary General Meeting shall be convened by the Company's Management Board of its own initiative or upon a request of shareholders representing at least 1/20 (one twentieth) of the share capital. Extraordinary General Meeting may also be convened by the Supervisory Board or shareholders representing at least 1/2 (one-second) of the share capital or at least 1/2 (half) of all the votes in the Company.
3. Extraordinary General Meeting of Shareholders shall be convened within 2 (two) weeks after the said request is submitted.

#### § 16.

Meetings shall be held at the Company's registered office or in another location within the territory of the Republic of Poland indicated by the Management Board.

#### § 17.

Each bearer share carries one vote at the General Meeting of Shareholders. A series registered shares carry two votes at the General Meeting of Shareholders .

#### § 18.

1. Resolutions of the General Meeting of Shareholders shall be passed by a ordinary majority of votes cast, unless provisions of the Code of Commercial Companies or the Articles of Association stipulate otherwise.
2. In the case referred to in Art. 397 of the Code of Commercial Companies, a resolution to dissolve the Company requires the majority of 3/4 (three-quarters) of votes cast.
3. Voting shall be an open ballot. A secret ballot shall be ordered upon request of at least one attendants entitled to vote.

#### § 19.

1. The General Meeting of Shareholders shall be opened by the Chairperson of the Supervisory Board, in the event of his/her absence, by another member of the Supervisory Board, after which the Chairperson shall be elected from among the persons entitled to vote. If these persons are absent, the General Meeting of Shareholders shall be opened by the President of the Management Board or a person appointed by the Management Board.
2. The General Meeting shall adopt its own rules specifying in detail its procedure.

#### § 20.

1. The General Meeting of Shareholders shall take decisions on the following matters:
  - examination and approval of the Management Board's report on the Company's operations and the financial statements for the previous financial year;
  - adoption of a resolution on the distribution of profit or offset of losses
  - granting a vote of acceptance to members of corporate bodies confirming the discharge of their duties,
  - all decisions in respect of claims for repairing damage suffered through the formation of the Company or exercise of management or supervision,
  - disposal or lease of the enterprise and establishment of a right of use thereon,
  - issue of convertible bonds or bonds with priority right, and issue of subscription warrants referred to in Article 453 § 2 of the Code of Commercial Companies, as well as decrease or redemption of the share capital,
  - dissolution of the Company,
  - adoption of the by-laws of the General Meeting of Shareholders ,
  - appointment and dismissal of members of the Supervisory Board and determination of their remuneration,
  - adoption of the by-laws of the Supervisory Board,

- examination and resolution of requests submitted by the Supervisory Board or the Management Board,
  - other matters stipulated in the Code of Commercial Companies or in these Articles.
2. Purchase or sale of real property, perpetual usufruct rights or interest in real property shall not require a resolution of the General Meeting of Shareholders.

### THE COMPANY'S ACCOUNTS

#### § 21.

The Company's financial year shall be a calendar year.

#### § 22.

The Company shall create:

- share capital;
- supplementary capital;
- other funds or capital permitted or required by the law.

#### § 23.

1. At least eight per cent of profit for the financial year shall be transferred to supplementary capital.
2. Write-off for supplementary capital can be omitted when the capital reaches the value of 1/3 (one-third) of share capital.
3. The General Meeting of Shareholders shall decide on allocation of the supplementary capital; however, that part of the supplementary

capital which equals 1/3 (one-third) of the share capital may be used only to cover balance sheet losses.

#### § 24.

The profit left after obligatory write-offs shall be allocated to:

- offset of losses from previous years,
- dividend for shareholders, in the amount determined every year by the General Meeting of Shareholders,
- other purposes determined by resolutions of the General Meeting of Shareholders.

#### § 25.

1. Payment of dividend shall be made in times determined by the General Meeting of Shareholders .
2. The General Meeting of Shareholders shall define the date as of which the list of shareholders entitled to receive a dividend for a given financial year is determined.
3. The Management Board may make advance payments towards the dividend to the extent defined in the Code of Commercial Companies.

### FINAL PROVISIONS

#### § 26.

The Company shall place its announcements in the Court and Commercial Gazette published by the Ministry of Justice.

## **CORPORATE GOVERNANCE PRINCIPLES**

Carpathia Capital became a public company listed on the AeRO Market administered by the Bucharest Stock Exchange on 25 February 2015.

The intention of the Management Board is to gradually implement all recommendations set out in Corporate Governance Principles for the companies admitted to trading on the AeRO – BVB Market for Equities. Substantial part of the principles of the principles has been adopted since 25 February 2015.



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