



**Consolidated annual Financial Statements of  
Quantum software S.A. Capital Group  
for the period from 01.01.2016 to 31.12.2016**

Krakow, 20 April 2017

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## **1. Introduction to the consolidated financial statements of Quantum software S.A.'s Capital Group for 2016**

### **1.1 Business activity:**

Quantum software Spółka Akcyjna; 30-633 Krakow, ul. Walerego Sławka 3A. Quantum software S.A. was entered into the Register of Entrepreneurs of the National Court Register Krakow – Śródmieście, 11<sup>th</sup> Commercial Department, on 30 October 2002, under KRS No. 0000136768; PKD 62.01Z (Polish Classification of Activities) "Software business". As of 25 July 2014, in connection with the transfer of business operations to the subsidiary Quantum Qguar sp. z o.o., the Issuer's core business consists mainly in acting as a holding company.

### **1.2. Duration of the Issuer**

The duration of the parent company and of the members of the Capital Group is indefinite.

### **1.3. Composition of the parent company's Management Board and Supervisory Board:**

As of 31 December 2016, the parent company's Management Board and Supervisory Board were composed of the following persons:

#### **Management Board:**

Tomasz Hatala – President of the Management Board  
Bogusław Ożóg – Vice-President of the Management Board  
Marek Jędra – Vice-President of the Management Board  
Tomasz Mnich – Member of the Management Board

#### **Supervisory Board:**

Leopold Kutyla – Chairman of the Supervisory Board  
Tomasz Polończyk – Vice-Chairman of the Supervisory Board  
Marcin Buczkowski – Member of the Supervisory Board  
Andrzej Ruciński – Member of the Supervisory Board  
Henryk Gaertner – Member of the Supervisory Board

#### **1.4. Organisational structure of the Capital Group as of 31.12.2016:**

##### **1. 1) Company's business name: Quantum East Sp. z o.o. – subsidiary**

Registered office: Krakow  
Address: Walerego Sławka 3a  
National Court Register (KRS): 0000294284  
Shareholders: 63.74% of interests held by Quantum Qguar sp. z o.o.  
Share capital fully paid up: PLN 282,500.00

##### **2. Company's name: Quantum International Sp. z .o.o. – subsidiary in Ukraine**

Registered office: Kiev  
Address: Prospect Moskovskij  
certificate no. 100107724  
Shareholders: 100% of interests held by Quantum East  
Share capital fully paid up: USD 76,200

##### **3. Company's name: Quantum International Sp. z .o.o. – subsidiary in Russia**

Registered office: Moscow  
Address: Letnikovskaja 10, building no. 11  
certificate no. 1117746038035  
Shareholders: 99% of interests held by Quantum East  
Share capital: 1,200,000.00 roubles, fully paid

##### **4. Company's name: Quantum I - Services Sp. z o.o. – subsidiary**

Registered office: Krakow  
Address: Walerego Sławka 3A  
National Court Register (KRS): 0000331050  
Shareholders: 100% of interests held by Quantum Qguar sp. z o.o.  
Share capital fully covered by a contribution in kind: PLN 1,500,000.00

##### **5. Company's name: Edisonda Sp. z o.o. – subsidiary**

Registered office: Krakow  
Address: Walerego Sławka 3A  
National Court Register (KRS): 0000335987  
Shareholders: 59.20% of interests held by Quantum software S.A.  
Share capital fully paid up: PLN 190,000.00

##### **6. Company's name: Quantum Mobile Solutions Sp. z o.o. – subsidiary**

Registered office: Krakow  
Address: Walerego Sławka 3a  
National Court Register (KRS): 0000297249  
Shareholders: 100% of interests held by Quantum I - Services Sp. z o.o.  
Share capital fully paid up: PLN 6,000.00

**7. Company's name: Quantum Brasil Engenharia Em Software Ltda- ME. – subsidiary**

Registered office: Brasilia/DF  
Address: Condomínio Jardim Botânico, Etapa 01, quadra 02. Rua 01 lote 112 – loja 12, Lago Sul - Brasilia - DF - CEP 71.680-362  
Register: 11.795.637/0001-38 and NIRE No. 53201627870  
Shareholders: 85% of interests held by Quantum Qguar sp. z o.o.  
Share capital fully paid up: BRL 340,000.00

**8. Company's name: EQ System East – associate**

Registered office: Krakow  
Address: Walerego Sławka 3A  
National Court Register (KRS): 0000486510  
Shareholders: 48% of interests held by Quantum software S.A.  
Share capital fully paid up: PLN 53,500.00

**9. Company's name: Quantum Qguar sp. z o.o. – subsidiary**

Registered office: Krakow  
Address: Walerego Sławka 3A  
National Court Register (KRS): 0000516717  
Shareholders: 100% of interests held by Quantum software S.A.  
Share capital paid for with a contribution in kind in the amount of PLN 3,995,000.00, and with a contribution in cash in the amount of PLN 5,000.00.

### **1.5. Accounting principles (policy) applied for preparing the financial statements of Quantum software S.A. Capital Group for 2016 and compliance statement**

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union, and to the extent not regulated by the said standards, in accordance with the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330) and secondary legislation issued based on the Act, and according to the Ordinance of the Minister of Finance of 19 February 2009 on current and interim information to be submitted by issuers of securities (Journal of Laws of 2009, No. 33, item 259).

The IFRS include standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The Management Board approves the consolidated financial statements for publication as of the date when the statements are signed by all members of the company's Management Board, i.e. 20 April 2017.

For a full picture of the financial situation and the performance of the parent company Quantum software S.A. and of the Capital Group, the consolidated financial statements should be read together with the separate financial statements. The parent company prepares the consolidated financial statements of its Capital Group as of the date and for the period ended on 31 December 2016 according to the International Financial Reporting Standards (IFRS) approved by the European Union and effective as of the date of the financial statements. The separate and consolidated financial statements have been presented in the separate and consolidated report, and are available on the website [www.quantum-software.com](http://www.quantum-software.com)

The Capital Group sells to the Polish market and to foreign markets. Information about sales revenue, broken down into the offered products and into sales markets, is presented in the Capital Group's Management Report for 2016.

The data included in the report was prepared in line with the principles for measurement of assets, equity and liabilities, and the measurement of net income specified as of the balance sheet date, in line with the materiality principle. The consolidated financial statements of the capital group for FY 2016 have been prepared under the going concern assumption.

The consolidated financial statements for 2016 have been prepared in Polish zloty and rounded to full thousands.

Postings follow the historical cost principle. The company did not make any adjustments that would reflect the influence of inflation on the individual items of the balance sheet or of the profit and loss account. The company prepares a profit and loss account in the multiple-step variant. The cash flow statement uses the indirect method.

The IFRS approved by the EU do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following items, which are pending the European Union's approval.

### **New standards, interpretations and amendments to existing standards effective in 2016**

The Group analyses all amendments to the IFRS for their effect on its business and revises its accounting principles (policy) accordingly. In 2016, the following amendments to the standards and new interpretations effective for annual periods beginning on 1 January 2016 were applied:

- **Improvements to IFRS (2010-2012 cycle), effective for annual periods beginning on or after 1 July 2014**

The annual improvements to IFRS 2010-2012 cycle include a number of modifications of IFRS.

Applying those amendments did not affect the Group's financial position or business result.

- **IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)**

The purpose of the standard is to specify the financial reporting requirements for regulatory deferral accounts of enterprises which deliver goods or provide services to customers based on regulated rates.

Applying those amendments did not affect the Group's financial position or business result.

- **Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)**

The amendment is intended to clear discrepancies between the requirements of IAS 28 and IFRS 10, and to explain that the recognition of a profit or a loss in transactions involving an associate or a joint venture depends on whether the assets sold or contributed constitute a venture.

In the opinion of the Management Board of the Group companies, applying those amendments will not significantly affect the amounts disclosed in the Group's financial statements.

- **Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)**

According to IFRS 10 Consolidated Financial Statements, certain entities which meet the definition of an investment entity measure their investments at fair value in place of consolidation. There was uncertainty whether the subsidiaries of such entities can use the consolidation exemption with respect to their subsidiaries as well as other interpretation uncertainties concerning groups of entities which meet the definition of an investment entity, necessitating amendments to the standards.

In the opinion of the Management Board of the Group, applying those amendments will not significantly affect the amounts disclosed in the Group's financial statements.

- **Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)**

The amended version of IFRS 11 contains guidelines on accounting for acquisitions of interests in joint operations which constitute a business, as defined by IFRS 3 Business

Combinations. In particular, the amended standard introduces the obligation to apply the rules of accounting for business combinations specified in IFRS 3 and in other standards. In the opinion of the Management Board of the Group companies, applying those amendments will not significantly affect the amounts disclosed in the Group's financial statements.

- **Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, and amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)**

- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016)**

In the opinion of the Company's Management Board, applying the modified version of IAS 16 and IAS 41 will not significantly affect the Company's financial statements because it does not operate an agricultural business.

- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)**

According to the Group's Management Board, applying the modified version of IAS 19 does not significantly affect the Group's financial statements.

- **Amendments to IAS 27 Financial Statements – application of the equity method in separate financial statements (effective for annual periods beginning on 1 January 2016)**

According to the Group's Management Board, applying the modified version of IAS 27 does not significantly affect the Group's financial statements.

- **Improvements to IFRS (2010-2012 cycle), effective for annual periods beginning on or after 1 July 2014**

In the opinion of the Group's Management Board, applying those improvements does not significantly affect the Group's financial statements.

- **Improvements to IFRS (2012-2014 cycle), effective for annual periods beginning on 1 January 2016**

In the opinion of the Parent Company's Management Board, applying those improvements does not significantly affect the Group's financial statements.

## **BASIC RULES AND RISKS**

To the best of the Management Board's knowledge, based on the Company's documents, the consolidated financial statements for FY 2015 have been prepared in compliance with the applicable accounting principles. The statements present an accurate picture of the Company's growth and achievements, and the description of the main risks and threats.



### **Accounting principles**

The Company's financial statements have been prepared in thousands of PLN (unless specified otherwise), pursuant to entries made in the Company's accounting books maintained in accordance with the basic accounting principles:

- 1) reliability,
- 2) correctness,
- 3) going concern,
- 4) completeness,
- 5) comparability,
- 6) income and cost matching,
- 7) consistency of accounting principles.

### **Intangible assets, and Property, plant and equipment**

Methods for measuring intangible assets and PP&E: Intangible assets and PP&E are measured according to the going concern principle, as specified in the International Accounting Standards. However:

- 1) Intangible assets are recognised at their purchase price, including their accumulated amortisation. The Company recognises amortisation/depreciation using the straight line method, and adopts the following accumulated amortisation/depreciation periods (useful lives):
  - a) computer software: 2 years,
  - b) licences: 2 years,
  - c) copyrights: 2 years,
  - d) R&D expenses: 5 years,
  - e) the company does not hold any intangible assets with indefinite useful life.
- 2) Tangible assets are measured at their purchase prices or manufacturing costs, less depreciation, proportionally to their periods of use. Tangible assets are depreciated throughout their useful economic life. Tangible assets, despite being used for more than one year, do not include items of low initial unit value up to PLN 3,500.00, except for tangible assets classified under group 4 (machines and equipment). When these items are purchased, they are reported on a single basis as tax-deductible expenses in the month when they were purchased or in the following month. These items are not subject to recognition in the balance sheet. Cars are depreciated on a straight-line basis for 5 years based on their initial value, less their residual value in the amount of 20% of the initial value. All equipment included in group 4, regardless of its initial value, is depreciated on a straight-line basis as per individual rates defined in accordance with their expected useful lives, i.e.
  - a) desktop computers: 4 years,
  - b) laptops: 3 years,
  - c) servers, printers, projectors, UPS, routers, switches, computer networks: 5 years,
  - d) UPS batteries: 2 years.

The company verifies the adopted useful lives of intangible assets and PP&E every year.

## **Financial instruments**

Methods of measuring financial instruments: Financial instruments are measured in accordance with the going concern principle, in the manner defined in the International Accounting Standards; however:

Receivables are recognised in the books at their nominal value as of their accrual date, and at the payable amount as of the balance sheet date. For mark-to-market purposes, receivables are decreased by write-downs on doubtful receivables. Receivables in foreign currencies are measured as of the balance sheet date according to the average exchange rate of the National Bank of Poland (NBP), and the foreign exchange gains/losses are recognised in financial revenues or expenses.

Interests are measured at their purchase prices, less impairment losses.

Financial assets are measured at the lower of their purchase price or market value.

Cash in hand and cash in bank as well as interest on financial assets calculated on an accrual basis are measured at their nominal value, while cash in foreign currencies is measured at the bank's buying and selling exchange rates, and for the balance sheet measurement it is measured at the average NBP exchange rate.

Liabilities are recognised in the books at their nominal value on the day when they arise, and at the payable amount as of the balance sheet date. Liabilities in foreign currencies are measured according to the average NBP exchange rate.

Main types of financial instruments:

- standard financial instruments, such as trade receivables and liabilities, are measured at the purchase price (according to par. 29 IFRS 7, section a), taking account of impairment losses and unrecoverability (according to par. 58 IAS 39),
- cash is measured at the purchase price, according to par. 29 IFRS 7, section a,
- borrowings, loans and lease: measurement at amortised cost is required but, in the opinion of the Management Board, the company presents these items at the purchase price (at the payable amount) because such measurement does not affect the company's financial situation.

## **Investments**

The Company classifies its investments into the following categories:

- Interests in subsidiaries.

Interests in subsidiaries include interests in consolidated companies. Interests in subsidiaries are measured at the purchase price adjusted for impairment losses. Impairment losses on interests in subsidiaries are disclosed in the statement of comprehensive income as financial expenses.

## **Write-downs on non-current assets**

PP&E, intangible assets and financial assets are tested for impairment if certain events and changes take place which may cause impairment.

Impairment losses are recognised in other operating expenses in the periods in which such losses are made.

## **Inventory**

Inventory includes goods which are measured, as of the balance sheet date, at the purchase price in accordance with the prudence principle, less write-downs.

**Trade and other receivables**

Trade receivables are recognised in the amount payable, less write-downs on doubtful receivables. Write-downs are estimated based on the recoverability of receivables, once the recovery of the full amount of receivables becomes unlikely.

**Cash and cash equivalents**

Cash in the balance sheet includes cash in hand and cash in bank.

**Provision for retirement and similar benefits**

The Company creates provisions for employee benefits. The provisions are measured not less frequently than on each balance sheet date at the credibly estimated value. The provisions for employee benefits include retirement benefits. As of the balance sheet date, the Company creates a provision for the current value of retirement benefits to which the employees became entitled by that date, with classification into short-term and long-term provision, using the actuarial method. The provision is recognised in other operating expenses. The provisions are released at the end of each reporting period based on the payments made, in correspondence to liabilities.

**Provisions**

The Company creates provisions if, as a result of economic events, certain or highly probable liabilities occur whose value can be credibly determined.

**Accruals**

To observe the cost and income matching principle, the Company recognises prepayments, accruals and deferred revenue.

The Company maintains prepayments, which are the costs attributable to the following reporting period.

The Company's accruals is the amount of liabilities attributable to the current period based on services provided to the Company.

Deferred revenue includes in particular the amount of invoiced services to be performed in the following periods.

**Revenue from the sale of products, services, materials and goods**

Net sales revenue includes economic benefits in the course of the reporting period which occurred as a result of the company's business operations and have a credibly determined value, resulting in an increase in equity through an increase in or a decrease in liabilities in a manner other than contribution of funds by the shareholders. In particular, this includes revenue from the sale of products, services, goods and materials.

Revenue includes amounts due for the sold products and services performed as part of the core and auxiliary business, and for the sold materials and goods, determined based on the net price and adjusted for discounts and reductions granted.

The adjustments of sales revenue are recognised in the period in which they are made.

### **Other operating revenue**

Other operating revenue is revenue related to the company's operating activities. They include:

- 1) profit on tangible assets and intangible assets,
- 2) profit on liquidation of tangible assets,
- 3) received damages,
- 4) release of provisions which encumbered operating expenses at the time of creation,
- 5) written-off, expired and remitted liabilities.

### **Financial revenue**

Revenue from interest calculated on counterparties is recognised at the date when the counterparty makes the payment.

Revenue from interest on cash on bank accounts is recognised when the bank credits the account.

### **Operating expenses**

All sales, marketing, administrative and management expenses incurred during the reporting period. Value of goods and materials sold during the reporting periods at the purchase price.

### **Other operating expenses**

Other operating expenses include expenses related to the company's operating activities.

They include:

- 1) loss on tangible assets and intangible assets,
- 2) penalties and damages paid,
- 3) created provisions,
- 4) court fees.

### **Financial expenses**

The expenses of interest paid are recognised directly in the profit and loss account for the period in which they were incurred.

### **Income tax**

Statutory appropriations of the result include:

- 1) CIT,
- 2) deferred tax.

The current tax burden is calculated based on the tax result (tax base) for a given financial year. The tax profit (loss) differs from the booked profit (loss) due to the exclusion of non-taxable revenue and expenses. The tax burden on the result is calculated based on tax rates applicable in a given tax year.

### **Deferred income tax**

The company establishes deferred income tax provisions and assets in connection with temporary positive differences between the value of assets, equity and liabilities disclosed in the accounting books and their tax value. Deferred income tax assets are recognised when it is likely that the taxable income to be generated in the future will allow for the use of temporary differences. Deferred income tax assets are also disclosed with respect to tax

losses which may be deducted in subsequent year, but only when it is probable that taxable income will be generated in the future which would allow for using these tax losses. The company does not create deferred income tax assets if there is doubt concerning the possibility of their use in subsequent periods.

### **Earnings per share**

Net earnings per share are calculated by dividing profit attributable to the shareholders by the weighted average number of ordinary shares.

### **Foreign currency transactions**

Business transactions denominated in foreign currencies that result in liabilities and receivables are recognised in the accounting books according to the average exchange rate published for a given currency by the National Bank of Poland.

As of the balance sheet date, receivables and liabilities in foreign currencies are measured according to the average exchange rate published for a given currency by the National Bank of Poland.

Foreign exchange gains/losses related to settlements in foreign currencies which occurred at the date of measurement or at the payment date of receivables and liabilities are recognised in financial expenses or revenue.

### **Lease**

Property, plant and equipment used based on finance lease agreements under which all benefits and risks of using such PP&E is transferred to the Company are disclosed in the Company's balance sheet according to the present value of prospective minimum lease fees. The lease fees are distributed for the reduction of unpaid liabilities and financial expenses posted directly in the financial result.

## **1.6 Material figures based on professional judgment and estimates**

In the application of the accounting principles (policy) to the issues discussed below, the most important aspect, apart from the accounting estimates, is the professional judgment of the management.

Discussed below are the key assumptions concerning the future and other key sources of uncertainty as of the balance sheet date that bear a significant risk of a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

### ***Write-downs on receivables and borrowings granted***

The Management Board analyses all circumstances regarding the recoverability of overdue receivables and borrowings, and, in the case of bad debts, it decides to recognise a write-down on specific receivables. Details on changes in the write-downs on receivables are presented in note 7.

### ***Measurement of employee benefit provisions***

The employee benefit provisions have been estimated using actuarial methods. The assumptions adopted for this purpose are presented in note 15.

***Deferred tax assets***

The Company recognises deferred tax assets based on the assumption that tax profit will be generated in the future, allowing the assets to be used. However, a deterioration of the generated tax results in the future may deem this assumption invalid.

The financial plan for 2017 prepared by the Management Board as well as the forecast results and income for the years to come assume a positive financial result. There are no threats to the company's going concern status and the planned result will allow for the realistic assumption of a tax loss.

***Recognition of revenue***

The company recognises revenue from long-term contracts for the implementation of IT systems proportionately to the progress of the service, which is measured by the share of already incurred costs to the estimated total costs (contract budget). The budgets of individual long-term contracts are updated at least on every balance sheet date. If there are circumstances affecting the expected result of a contract during the period between the balance sheet dates, the update is performed earlier. The Management Board also examines the possibility to recover receivables from the measurement of uncompleted contracts on a regular basis. Information on the measurement of contracts is included in note 27.

***Amortisation and depreciation rates***

The amortisation and depreciation rates are based on the expected economic useful life of property, plant and equipment and intangible assets. Every year, the Company verifies the adopted economic useful lives based on current estimates.

## 2. Consolidated statement of financial position

Consolidated statement of financial position	Note	As of 31.12.2016	As of 31.12.2015
<b>ASSETS</b>			
Non-current assets		<b>2,350</b>	<b>2,679</b>
Property, plant and equipment	1	<b>1,400</b>	<b>1,520</b>
Investment real property		-	-
Biological assets		-	-
Goodwill of subordinates		-	-
Intangible assets	2	335	845
Investments in associates measured with equity method	3	18	20
Financial assets available for sale		-	-
Borrowings granted	4	224	-
Other financial assets		-	-
Deferred income tax assets		368	292
Other long-term receivables and prepayments	5	5	2
<b>Current assets</b>		<b>14,265</b>	<b>13,615</b>
Inventory	6	893	126
Trade receivables	7	4,985	4,016
Other short-term receivables and prepayments	5	1,098	2,547
Income tax receivables		2	-
Financial assets measured at fair value through the financial result		-	-
Financial assets available for sale		-	-
Borrowings granted	4	90	546
Other financial assets		-	-
FX futures		-	-
Cash and cash equivalents	9	7,197	6,380
Non-current assets classified as held for sale		-	-
<b>Total Assets</b>		<b>16,615</b>	<b>16,294</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>13,018</b>	<b>12,692</b>
<b>Equity attributable to shareholders of the parent</b>		<b>12,928</b>	<b>12,672</b>
Share capital	10	740	740
Share premium	13	9,341	9,677
Equity shares	12	-1,211	-102
Reserve and supplementary capital	13	447	51

Revaluation reserve	13	-	-
Amounts recognised directly in equity and related to assets classified as held for sale	13	-	-
Foreign exchange gains/losses on translation	13	-162	66
Profit/loss on sale of subsidiary		-	-
Profit (loss) brought forward		2,071	777
<b>Profit (loss) in current year</b>		<b>1,702</b>	<b>1,463</b>
<b>Non-controlling interests</b>		<b>90</b>	<b>20</b>
<b>LIABILITIES</b>		<b>3,597</b>	<b>3,602</b>
<b>Long-term liabilities</b>		<b>540</b>	<b>747</b>
Provisions	16	212	230
Deferred income tax provision		206	273
Long-term bank loans and borrowings	17	-	151
Other long-term financial liabilities	18	122	93
Other long-term liabilities and accruals	20	-	-
<b>Short-term liabilities</b>		<b>3,057</b>	<b>2,855</b>
Provisions	16	7	6
Short-term bank loans and borrowings	17	-	-
Short-term portion of long-term bank loans and borrowings	17	-	-
Other short-term financial liabilities	18	71	134
Trade liabilities	19	1,418	1,864
Other short-term liabilities and accruals	20	1,392	810
Income tax liabilities		169	41
FX futures		-	-
Liabilities related to non-current assets classified as held for sale		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,615</b>	<b>16,294</b>



### 3. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income	Note	As of 31.12.2016	As of 31.12.2015
<b>Continued operations</b>			
Revenue from sale of products, goods and materials	21	25,857	24,614
Costs of products, goods and materials sold	22	17,869	17,205
Movement in products – subsidy received for intangible assets and tangible assets		-	-
<b>Gross profit (loss) on sales</b>		<b>7,988</b>	<b>7,409</b>
Selling costs	22	1,980	2,110
General administrative expenses	22	4,031	3,256
<b>Profit (loss) on sales</b>		<b>1,977</b>	<b>2,043</b>
Other operating revenue	23	67	683
Other operating expenses	23	145	475
<b>Operating profit (loss)</b>		<b>1,899</b>	<b>2,251</b>
Financial revenue	24	652	197
Financial expenses	24	387	713
Share in profit/loss of associates		-2	-2
Profit/loss on sale of interests in associate		-	-
<b>Gross profit (loss)</b>		<b>2,162</b>	<b>1,733</b>
Income tax		314	234
<b>Net profit/loss on continued operations</b>		<b>1,848</b>	<b>1,499</b>
Discontinued operations		-	-
Profit/loss on discontinued operations for the financial year		-	-
<b>Net profit/loss for the reporting period</b>		<b>1,848</b>	<b>1,499</b>
<b>Net profit/loss attributable to:</b>	25	<b>1,848</b>	<b>1,499</b>
Shareholders of the parent		1,702	1,463
Non-controlling interests		146	36
<b>Other comprehensive income</b>		<b>-229</b>	<b>136</b>
Profit (loss) on revaluation of PP&E		-	-
Profit (loss) on measurement of investments available for sale recognised in equity		-	-
Profit/loss on cash flow hedges (effective portion)		-	-
FX gains/losses on measurement of foreign operations		-229	136
Income tax related to items presented in other comprehensive income		-	-
Acquisition of capital from non-controlling interests		-	-
<b>Total comprehensive income</b>		<b>1,619</b>	<b>1,635</b>

<b>Comprehensive income attributable to:</b>		<b>1,619</b>	<b>1,635</b>
Shareholders of the parent		<b>1,491</b>	<b>1,595</b>
Non-controlling interests		<b>128</b>	<b>40</b>
<b>Earnings/loss per share (in PLN):</b>			
<b>On continued operations</b>			
<i>Basic</i>	25	1.25	1.01
<i>Diluted</i>	25	1.25	1.01
<b>On continued and discontinued operations</b>			
<i>Basic</i>	25	1.25	1.01
<i>Diluted</i>	25	1.25	1.01

#### 4. Consolidated statement of changes in equity

For the period	Equity attributable to shareholders of the parent										Non-controlling interests	Total equity
	Share capital	Share premium	Equity shares	Reserve and supplementary capital	Revaluation reserve	Amounts recognised directly in equity and related to assets classified as held for sale	Foreign exchange gains/losses on translation	Profit/loss on sale of subsidiary	Profit/loss brought forward and profit/loss for the current year	Total		
31 December 2016												
<b>Opening balance before restatement</b>	740	9,677	-102	51	-	-	66	-	2,240	12,672	20	12,692
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of fundamental errors	-	-	-	-	-	-	-	-	-	-	-	-
<b>Opening balance after corrections (restated)</b>	740	9,677	-102	51	-	-	66	-	2,240	12,672	20	12,692
<b>Total comprehensive income</b>							-228	-	1,702	1,474	128	1,602
Profit/loss on revaluation of PP&E	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss on measurement of investments available for sale recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss on cash flow hedges (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-
FX gains/losses on measurement of foreign operations	-	-	-	-	-	-	-228	-	-	-228	-18	-246
Income tax related to items presented in capital or reclassified from capital	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues and expenses for the	-	-	-	-	-	-	-	-	-	-	-	-

financial year recognised directly in equity												
Profit/loss for the financial year	-	-	-	-	-	-	-	-	1,702	1,702	146	1,848
<b>Other movements in equity</b>	-	<b>-336</b>	<b>-1,109</b>	<b>396</b>	-	-	-	-	<b>-169</b>	<b>-1,218</b>	<b>-58</b>	<b>-1,276</b>
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of financial result	-	-336	-	332	-	-	-	-	-187	-191	-13	-204
Purchase of equity shares	-	-	-1,109	-	-	-	-	-	-	-1,109	-	-1,109
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of reserve capital to share capital	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary capital	-	-	-	64	-	-	-	-	18	83	-45	38
Profit/loss on sale of entity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>740</b>	<b>9,341</b>	<b>-1,211</b>	<b>447</b>	-	-	<b>-162</b>	-	<b>3,773</b>	<b>12,928</b>	<b>90</b>	<b>13,018</b>

For the period	Equity attributable to shareholders of the parent										Non-controlling interests	Total equity
31 December 2015	Share capital	Share premium	Equity shares	Reserve and supplementary capital	Revaluation reserve	Amounts recognised directly in equity and related to assets classified as held for sale	Foreign exchange gains/losses on translation	Profit/loss on sale of subsidiary	Profit/loss brought forward and profit/loss for the current year	Total		
<b>Opening balance before restatement</b>	<b>740</b>	<b>10,466</b>	<b>-102</b>	<b>818</b>	-	-	<b>-70</b>	-	<b>309</b>	<b>12,161</b>	<b>41</b>	<b>12,202</b>
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of fundamental errors	-	-	-	-	-	-	-	-	-	-	-	-
<b>Opening balance after corrections (restated)</b>	<b>740</b>	<b>10,466</b>	<b>-102</b>	<b>818</b>	-	-	<b>-70</b>	-	<b>309</b>	<b>12,161</b>	<b>41</b>	<b>12,202</b>
<b>Total comprehensive income</b>	-	-	-	-3	-	-	136	-	1,463	1,596	40	1,636
Profit/loss on revaluation of PP&E	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss on measurement of investments available for sale recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss on cash flow hedges (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-
FX gains/losses on measurement of foreign operations	-	-	-	-3	-	-	136	-	-	133	3	136
Income tax related to items presented in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues and expenses for the financial year	-	-	-	-	-	-	-	-	-	-	-	-

recognised directly in equity												
Profit/loss for the financial year	-	-	-	-	-	-	-	-	1,463	1,463	37	1,500
<b>Other movements in equity</b>	-	-789	-	-764	-	-	-	-	468	-1,085	-61	-1,146
Issue of share capital	-	-	-	16	-	-	-	-	-	16	10	26
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of financial result	-	-1,676	-	284	-	-	-	-	1,392	-	-	-
Purchase of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of reserve capital to share capital	-	887	-	-887	-	-	-	-	-	-	-	-
Supplementary capital	-	-	-	-177	-	-	-	-	-924	-1,101	-71	-1,172
<b>Closing balance</b>	<b>740</b>	<b>9,677</b>	<b>-102</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>-</b>	<b>2,240</b>	<b>12,672</b>	<b>20</b>	<b>12,692</b>

## 5. Consolidated cash flow statement

Consolidated cash flow statement	Note	2016-12-31	2015-12-31
<i>Operating cash flows</i>			
<b>Gross profit/loss</b>		<b>2,162</b>	<b>1,733</b>
<b>Adjustments for:</b>		<b>383</b>	<b>514</b>
Share in net profit/loss of associates and joint ventures accounted for using the equity method		2	2
Non-controlling interests		-	-
Depreciation/amortisation		1,015	1,371
Goodwill impairment		-	-
Foreign exchange gains/losses		-257	296
Expenses and revenue due to interest		-168	-112
Dividends revenue		-	-
Profit/loss on investing activities		116	-19
Movement in provisions		-18	-
Movement in inventory		-761	-53
Movement in receivables and prepayments		406	95
Movement in liabilities and accruals		225	-693
Income tax paid/returned		-335	-468
Other adjustments		158	95
<b>Net operating cash flow</b>		<b>2,545</b>	<b>2,247</b>
<i>Cash flow from investing activities</i>			
Inflows from sale of tangible assets and intangible assets		22	50
Net inflows from sale of associates and subsidiaries		-	-
Inflows from the sale of financial assets		-	-
Inflows from interest		156	137
Inflows from dividends		-	-
Repayment of borrowings granted		695	496
Expenditures on acquisition of property, plant and equipment, and intangible assets		340	273
Net expenditures on acquisition of subsidiaries and associates		1,109	2
Expenditures on acquisition of short-term financial assets		-	-
Borrowings granted		813	687
Other		<b>107</b>	-
<b>Net cash flow from investing activities</b>		<b>-1,282</b>	<b>-279</b>
<i>Cash flow from financing activities</i>			
Inflows from loans and borrowings		10	-
Net inflows from the issue of shares		16	-

Net inflows from the issue of bonds, bills and bills of exchange		-	-
Repayment of loans and borrowings		152	-
Payment of liabilities under finance lease agreements		209	264
Dividends paid to the Company's shareholders		82	-
Dividends paid to shareholders holding non-controlling interests		-	-
Purchase of equity shares		-	-
Interest paid		43	11
Other		-	-
<b>Net cash flow from financing activities</b>		<b>-460</b>	<b>-275</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>803</b>	<b>1,693</b>
<b>Opening balance of cash and cash equivalents, and overdrafts</b>		<b>6,381</b>	<b>4,802</b>
<i>Foreign exchange gains/losses related to measurement of cash and cash equivalents, and overdrafts</i>		<i>13</i>	<i>-115</i>
<b>Closing balance of cash and cash equivalents, and overdrafts</b>		<b>7,197</b>	<b>6,380</b>



**6. Selected financial data, including basic items of the annual consolidated financial statements (also translated into EUR)**

SELECTED FINANCIAL DATA including basic items of the annual consolidated financial statements	PLN '000		EUR '000	
	from	from	from	from
	01.01.2016 to 31.12.2016	01.01.2015 to 31.12.2015	01.01.2016 to 31.12.2016	01.01.2015 to 31.12.2015
Net revenue from sale of products, goods and materials	25,857	24,614	5,909	5,882
Operating profit (loss)	1,899	2,251	434	538
Gross profit (loss)	2,162	1,733	494	414
Net profit (loss)	1,848	1,499	422	358
Net operating cash flow	2,545	2,247	582	537
Net cash flow from investing activities	-1,282	-279	-293	-67
Net cash flow from financing activities	-460	-275	-105	-66
Total net cash flows	803	1,693	184	405
Total assets	16,615	16,294	3,756	3,824
Liabilities and provisions for liabilities, including:	3,598	3,602	813	845
Long-term liabilities	540	747	122	175
Short-term liabilities	3,057	2,855	691	670
Equity	13,018	12,692	2,943	2,978
Share capital	740	740	167	174
Number of shares	1,480,757	1,480,757	1,480,757	1,480,757
Diluted number of shares	1,480,757	1,480,757	1,480,757	1,480,757
Earnings (loss) per ordinary share (in PLN/EUR)	1.25	1.01	0.29	0.24
Diluted earnings (loss) per ordinary share (in PLN/EUR)	1.25	1.01	0.29	0.24
Book value per share (in PLN/EUR)	8.79	8.57	1.99	2.01
Diluted book value per share (in PLN/EUR)	8.79	8.57	1.99	2.01
Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

The selected financial data in this report has been converted into EURO according to the following principles:

Assets, equity and liabilities in the statement of financial position of the Group have been converted according to the average exchange rate published by the National Bank of Poland as of the last balance sheet date.

The items of the statement of comprehensive income and the cash flow statement have been converted at a rate calculated as an arithmetic mean of the exchange rates published by the National Bank of Poland as of the last day of the month in a given year:

#### **Average PLN to EUR exchange rates in the period covered by the statements**

<b>Average PLN to EUR exchange rates in the period covered by the statements</b>		
<b>Period</b>	<b>Average exchange rate in the period</b>	<b>Exchange rate as of the last day of the period</b>
2016	4.3757	4.4240
2015	4.1848	4.2615

## 7. Notes – selected explanatory information

### Note 1 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT	AS OF 31 DECEMBER 2016					
	Land and perpetual usufruct title to land	Buildings and structures	Machines and equipment	Means of transport	Other	Total
<b>Gross value at the beginning of the period</b>	-	2	1,114	1,584	41	2,741
Increases	-	78	249	159	-	486
<i>purchase</i>	-	78	249	159	-	486
<i>purchase as part of business combinations</i>	-	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Decreases	-	-	29	56	-	85
<i>sale</i>	-	-	29	56	-	85
<i>due to revaluation</i>	-	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-	-
<i>due to reclassification to non-current assets held for sale</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Allocated to discontinued operations	-	-	-	-	-	-
Internal movements (+/-)	-	-	-	-	-	-
<b>Gross value at the end of the period</b>	-	80	1,334	1,687	41	3,142
<b>Accumulated amortisation/depreciation at the beginning of the period</b>	-	2	576	611	32	1,221
amortisation/depreciation for the period	-	14	286	297	425	1,022
other increases	-	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-	-
decreases	-	-	25	38	-	63
<b>Accumulated amortisation/depreciation at the end of the period</b>	-	16	837	870	457	2,180
Impairment loss at the beginning of the period	-	-	-	-	-	-

Recognition of impairment loss in the period	-	-	-	-	-	-
Reversal of impairment loss in the period	-	-	-	-	-	-
Value taking account of accumulated amortisation/depreciation and impairment loss at the end of the period	-	16	836	871	32	1,755
Adjustment for net foreign exchange gains/losses on translation	-	-	-	13	-	13
<b>Net value at the end of the period</b>	<b>-</b>	<b>64</b>	<b>498</b>	<b>829</b>	<b>9</b>	<b>1,400</b>

PROPERTY, PLANT AND EQUIPMENT	AS OF 31 DECEMBER 2015					
	Land and perpetual usufruct title to land	Buildings and structures	Machines and equipment	Means of transport	Other	Total
<b>Gross value at the beginning of the period</b>	-	2	871	1,400	38	2,311
Increases	-	-	242	240	2	484
<i>purchase</i>	-	-	242	240	2	484
<i>purchase as part of business combinations</i>	-	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Decreases	-	-	-	42	-	42
<i>sale</i>	-	-	-	42	-	42
<i>due to revaluation</i>	-	-	-	-	-	-
<i>due to reclassification to non-current assets held for sale</i>	-	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Allocated to discontinued operations	-	-	-	-	-	-
Internal movements (+/-)	-	-	-	-	-	-
<b>Gross value at the end of the period</b>	<b>-</b>	<b>2</b>	<b>1,113</b>	<b>1,598</b>	<b>40</b>	<b>2,753</b>
<b>Accumulated amortisation/depreciation at the beginning of the period</b>	<b>-</b>	<b>2</b>	<b>294</b>	<b>337</b>	<b>23</b>	<b>656</b>
amortisation/depreciation for the period	-	-	282	285	9	576

other increases	-	-	-	-	-	-
other increases purchase as part of business combinations	-	-	-	-	-	-
transfer of business	-	-	-	-	-	-
decreases	-	-	-	10,	-	10,
<b>Accumulated amortisation/depreciation at the end of the period</b>	-	<b>2</b>	<b>576</b>	<b>612</b>	<b>32</b>	<b>1,222</b>
Impairment loss at the beginning of the period	-	-	-	-	-	-
Recognition of impairment loss in the period	-	-	-	-	-	-
Reversal of impairment loss in the period	-	-	-	-	-	-
Value taking account of accumulated amortisation/depreciation and impairment loss at the end of the period	-	<b>2</b>	<b>576</b>	<b>612</b>	<b>32</b>	<b>1,222</b>
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-11	-	-11
<b>Net value at the end of the period</b>	-	-	<b>537</b>	<b>975</b>	<b>8</b>	<b>1,520</b>

The Group owns cars classified as PP&E under lease, with a net value of PLN 444,820.49 and PLN 451,252.94 as at 31 December 2015 and 31 December 2016 respectively.

Expenditures on PP&E under construction recognised in the carrying value amount to PLN 0.00 and PLN 0.00 as of 31 December 2015 and 31 December 2016 respectively.

## Note 2 Intangible assets

INTANGIBLE ASSETS	AS OF 31 DECEMBER 2016				
	Own development work	Intangible assets purchased			Total
		Patents and trademarks	Licenses	Other	
<b>Gross value at the beginning of the period</b>	<b>1,450</b>	-	<b>1,938</b>	-	<b>3,388</b>
Increases	-	-	26	-	26
<i>purchase</i>	-	-	26	-	26
<i>own development work</i>	-	-	-	-	-
<i>purchase as part of business combinations</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-
<i>other</i>	-	-	-	-	-
Decreases	849	-	-	-	849
<i>decommissioning</i>	849	-	-	-	849
<i>liquidation</i>	-	-	-	-	-
<i>sale</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-
<i>due to reclassification to non-current assets held for sale</i>	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-
<i>other</i>	-	-	-	-	-
<b>Gross value at the end of the period</b>	<b>602</b>	-	<b>1,964</b>	-	<b>2,566</b>
<b>Accumulated amortisation/depreciation at the beginning of the period</b>	<b>975</b>	-	<b>1,568</b>	-	<b>2,543</b>
amortisation/depreciation for the period	288	-	131	-	419
other increases	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-
decreases	731	-	-	-	731
<b>Accumulated amortisation/depreciation at the end of the period</b>	<b>532</b>	-	<b>1,699</b>	-	<b>2,231</b>
Impairment loss at the beginning of the period	-	-	-	-	-
Recognition of impairment loss in the period	-	-	-	-	-

Reversal of impairment loss in the period	-	-	-	-	-
Value taking account of accumulated amortisation/depreciation and impairment loss at the end of the period	532	-	1,699	-	2,231
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
<b>Net value at the end of the period</b>	<b>70</b>	<b>-</b>	<b>265</b>	<b>-</b>	<b>335</b>

INTANGIBLE ASSETS	AS OF 31 DECEMBER 2015				
	Own development work	Intangible assets purchased			Total
		Patents and trademarks	Licenses	Other	
<b>Gross value at the beginning of the period</b>	<b>1,451</b>	<b>-</b>	<b>1,914</b>	<b>-</b>	<b>3,365</b>
Increases	-	-	23	-	23
<i>Purchase</i>	-	-	23	-	23
<i>own development work</i>	-	-	-	-	-
<i>purchase as part of business combinations</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-
<i>other</i>	-	-	-	-	-
Decreases	-	-	-	-	-
<i>decommissioning</i>	-	-	-	-	-
<i>liquidation</i>	-	-	-	-	-
<i>sale</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-
<i>due to reclassification to non-current assets held for sale</i>	-	-	-	-	-
<i>other</i>	-	-	-	-	-
<b>Gross value at the end of the period</b>	<b>1,451</b>	<b>-</b>	<b>1,937</b>	<b>-</b>	<b>3,388</b>
<b>Accumulated amortisation/depreciation at the beginning of the period</b>	<b>316</b>	<b>-</b>	<b>1,431</b>	<b>-</b>	<b>1,747</b>
amortisation/depreciation for the period	659	-	137	-	796
other increases	-	-	-	-	-
purchase as part of business combinations	-	-	-	-	-

transfer of business	-	-	-	-	-
decreases	-	-	-	-	-
<b>Accumulated amortisation/depreciation at the end of the period</b>	<b>975</b>	<b>-</b>	<b>1,568</b>	<b>-</b>	<b>2,543</b>
Impairment loss at the beginning of the period	-	-	-	-	-
Recognition of impairment loss in the period	-	-	-	-	-
Reversal of impairment loss in the period	-	-	-	-	-
Value taking account of accumulated amortisation/depreciation and impairment loss at the end of the period	975	-	1,568	-	2,543
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
<b>Net value at the end of the period</b>	<b>476</b>	<b>-</b>	<b>369</b>	<b>-</b>	<b>845</b>

The Group does not hold any intangible assets with indefinite useful life.

### Note 3 Investments in associates measured with equity method

<b>Company:</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
<b>Share in the associate's balance sheet</b>	<b>44.86%</b>	<b>48%</b>
Non-current (long-term) assets	-	-
Current (short-term) assets	45	48
<b>Long-term liabilities</b>	<b>-</b>	<b>-</b>
Short-term liabilities	4	3
Net assets	41	45
<b>Shares in the associate's revenue and financial result:</b>	<b>-</b>	<b>-</b>
Revenue	-	-
Profit/loss	-2	-2
<b>Carrying value of investments in the associate</b>	<b>18</b>	<b>20</b>

The Issuer holds interests in the associate EQ System sp. z o.o., which are measured with the equity method.



#### Note 4 Borrowings granted

BORROWINGS GRANTED								
Long-term	Borrowing amount	Interest rate	Maturity	As of		Interest accrued from the beginning of the financial year to		Security
				2016-12-31	2015-12-31	2016-12-31	2015-12-31	
<b><i>Borrowings granted to related parties</i></b>								
Quantum Assetssp. z o.o.	40	-	-	40	-	-	-	No security
<b><i>Borrowings granted to other parties</i></b>								
Other parties	115	Fixed (7%)	-	164	-	10	-	No security
Employees	17	Fixed (10%-12%)	-	20	-	2	1	No security
Marek Jędra, Management Board Member of the parent company	100	Fixed (6%)	-	-	-	-	3	The borrowing is secured by the interests of Quantum Assets Sp. z o.o.
<b>TOTAL:</b>				<b>224</b>	<b>-</b>	<b>12</b>	<b>4</b>	

BORROWINGS GRANTED								
Short-term	Borrowing amount	Interest rate	Maturity	As of		Interest accrued from the beginning of the financial year to		Security
				2016-12-31	2015-12-31	2016-12-31	2015-12-31	
<i>Borrowings granted to other parties</i>								
Other parties	-	Fixed (11%-15%) or variable	-	-	427	-	20	The borrowings granted to one of the companies are secured by a registered pledge on the interests held by that company's shareholders and on its property rights.
Tomasz Hatala – member of the parent company's management board	36	-	-	39	50	1	-	No security
Employees	60	Fixed (10%-13%)	-	51	69	9	4	No security
<b>TOTAL:</b>				<b>90</b>	<b>546</b>	<b>-8</b>	<b>24</b>	

➤ **2016:**

**Borrowings granted to other parties:**

I. Long-term borrowings granted to other parties as of 31 December 2016: PLN 164,581.68.

II. Short-term borrowings granted to other parties as of 31 December 2016: PLN 0.00.

**Borrowings granted to employees:**

- I. Long-term borrowings granted to employees as of 31 December 2016: PLN 19,633.18.
- II. Short-term borrowings granted to employees as of 31 December 2016: PLN 51,028.02.

**Borrowing granted to the parent Quantum Assets by a subsidiary:**

- I. Long-term borrowing – balance as of 31 December 2016: PLN 40,130.41.

**Borrowing granted to a member of the Management Board of the parent company by a subsidiary:**

- I. Short-term borrowing as of 31 December 2016: PLN 38,510.36.

➤ **2015:**

**Borrowings granted to other parties:**

- I. Long-term borrowings granted to other parties as of 31 December 2015: PLN 0.00.
- II. Short-term borrowings granted to other parties as of 31 December 2015: PLN 426,705.02.

**Borrowings granted to employees:**

- I. Long-term borrowings granted to employees as of 31 December 2015: PLN 0.00.
- II. Short-term borrowings granted to employees as of 31 December 2015: PLN 69,296.20.

**Borrowing granted to a member of the Management Board of the parent company by a subsidiary:**

- I. Short-term borrowing as of 31 December 2015: PLN 50,297.26.

## Note 5 Other receivables and prepayments

OTHER RECEIVABLES AND PREPAYMENTS	2016-12-31	2015-12-31
<b>Receivables from subsidiaries:</b>	-	-
- long-term	-	-
- short-term	-	-
<b>Receivables from related parties:</b>	-	-
- long-term	-	-
- short-term	-	-
<b>Advance payments:</b>	<b>387</b>	<b>313</b>
- long-term	-	-
- short-term	387	313
<b>Other receivables:</b>	<b>534</b>	<b>2,046</b>
- long-term	-	-
- short-term	534	2,046
<b>Prepayments:</b>	<b>182</b>	<b>190</b>
- long-term	5	2
- short-term	177	188
<b>Impairment losses at the beginning of the period</b>	-	-
<b>Recognition of impairment losses in the period</b>	-	-
<b>Reversal of impairment loss in the period</b>	-	-
<b>Impairment losses at the end of the period</b>	-	-
<b>TOTAL</b>	<b>1,103</b>	<b>2,549</b>

### Other receivables include:

- taxes, customs duties, insurance and other benefits	1	52
- security deposits paid	101	88
- payroll	.....-	25
- other employee settlements	-	3
- input VAT to be settled in future periods	67	31
- output VAT on corrective invoices to be settled in future periods	14	-
- social security overpayment	1	-
- unsettled tax paid by foreign companies	89	79
- settlements with a brokerage house related to the redemption of equity shares	6	18
- settlements with a brokerage house related to the redemption of Quantum software S.A.'s shares	-	1,531
- other settlements with suppliers	101	102
- other receivables	154	117
<b>TOTAL:</b>	<b>534</b>	<b>2,046</b>

**Prepayments include:**

- settlement of long-term contracts	2	-
- inter-period cost settlement	70	8
- other prepayments	-	74
- property insurance	64	61
- contribution to Company Social Benefits Fund (ZFSS)	-	-
- prepaid subscriptions, etc.	26	17
- settlement of VAT related to lease agreements to be settled in subsequent periods – within 12 months	10	28
- settlement of VAT related to lease agreements to be settled in subsequent periods – over 12 months	10	2
<b>TOTAL:</b>	<b>182</b>	<b>190</b>

**NOTE 6 Inventory**

INVENTORY	As of 31 December 2016				
	Materials	Work in progress	Finished products	Goods	Total
Measurement according to the purchase price/manufacturing cost	-	-	-	901	901
Measurement according to the net realisable value	-	-	-	-	-
Write-downs on inventory at the beginning of the period	-	-	-	8	8
Reversed write-downs on inventory recognised as a decrease in the write-downs in the period	-	-	-	-	-
Write-downs on inventory recognised as cost in the period	-	-	-	-	-
Write-downs on inventory at the end of the period	-	-	-	8	8
Inventory recognised as cost in the period	-	-	-	8	8
<b>Carrying value of inventory</b>	-	-	-	<b>893</b>	<b>893</b>
Value of inventory securing liabilities	-	-	-	893	893
Including long-term	-	-	-	8	8

INVENTORY	As of 31 December 2015				
	Materials	Work in progress	Finished products	Goods	Total
Measurement according to the purchase price/manufacturing cost	-	-	-	134	134
Measurement according to the net realisable value	-	-	-	-	-
Write-downs on inventory at the beginning of the period	-	-	-	-	-
Reversed write-downs on inventory recognised as a decrease in the write-downs in the period	-	-	-	-	-
<b>Write-downs on inventory recognised as cost in the period</b>	-	-	-	8	8
Write-downs on inventory at the end of the period	-	-	-	8	8
Inventory recognised as cost in the period	-	-	-	-	-
<b>Carrying value of inventory</b>	-	-	-	126	126
Value of inventory securing liabilities	-	-	-	134	134
Including long-term	-	-	-	8	8

## Note 7 Trade receivables

TRADE RECEIVABLES	2016-12-31	2015-12-31
Trade receivables from related parties	-	-
Trade receivables from other parties	5,287	4,316
<b>Total receivables</b>	<b>5,287</b>	<b>4,316</b>
<b>Write-downs on trade receivables</b>	<b>302</b>	<b>300</b>
<b>Net trade receivables</b>	<b>4,985</b>	<b>4,016</b>

MOVEMENTS IN WRITE-DOWNS	2016-12-31	2015-12-31
Opening balance	300	300
Increases	2	3
Decreases	-	3

Closing balance	302	300
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AGE STRUCTURE OF TRADE RECEIVABLES	Gross value	Write-down	Gross value	Write-down
	2016-12-31		2015-12-31	
Paid on time	3,455	-	2,533	-
Overdue up to 3 months	1,241	-	1,194	-
Overdue between 3 and 6 months	81	-	38	-
<b>Overdue between 6 and 12 months</b>	5	-	10	-
Overdue over 1 year	505	302	541	300
<b>Total</b>	<b>5,287</b>	<b>302</b>	<b>4,316</b>	<b>300</b>

#### Note 8 Cash and cash equivalents

CASH AND CASH EQUIVALENTS	2016-12-31	2015-12-31
Cash in hand and cash in bank	4,409	2,057
Short-term deposits	2,788	4,323
Other	-	-
<b>Total, including:</b>	<b>7,197</b>	<b>6,380</b>
- cash in hand and cash in bank allocated to discontinued operations	-	-
- cash in hand and cash in bank not available for use by the group	-	-

In 2016, cash increased by PLN 816,205.94.

Quantum Qguar sp. z o.o. has opened time deposits. In H1 2016 and in 2015, the Company invested cash in short-term deposits. The deposits bear a fixed interest rate. In 2016, the subsidiary Quantum Qguar sp. z o.o. opened deposits with interest rates ranging from 1.86% to 2.07%, while in 2015 the interest rates ranged from 1.86 % to 3.15%.

## Note 9 Share capital

SHARE CAPITAL		As of 31 December 2016					
Series/issue	Type of shares	Preference	Type of limitation of the rights to shares	Number of shares	Series value/issue at nominal value	Registration date	Right to dividend since
Series A	Registered shares	Yes	None	750,000	375,000.00	07.03.1997	1997
Series B	Ordinary bearer shares	None	None	250,000	125,000.00	02.08.2007	2007
Series C	Ordinary bearer shares	None	None	470,000	235,000.00	11.09.2007	2007
Series D	Ordinary bearer shares	None	None	10,757	5,378.50	11.05.2011	2011
<b>Total number of shares</b>				<b>1,480,757</b>			
<b>Total share capital</b>					<b>740</b>		
<b>Nominal value per share</b>					<b>0.50</b>		

Shareholders	Number of shares	% of capital
Minvesta sp. z o.o.	898,400	60.67%
Tomasz Hatala	36,200	2.44%
Bogusław Ożóg	31,924	2.16%
Robert Dykacz	11,832	0.8%
Marek Jędra	8,200	0.55%
Tomasz Polończyk	8,193	0.55%
Tomasz Mnich	3,400	0.23%
Other	482,601	32.59%
<b>Total</b>	<b>1,480,757</b>	<b>100%</b>

In 2016, there were no changes in the shareholding structure.



## Note 10 Number of shares comprising share capital

<b>Number of shares comprising share capital</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Ordinary shares with a nominal value of PLN 0.50	1,480,757	1,480,757
<b>Total</b>	<b>1,480,757</b>	<b>1,480,757</b>
<b>Changes in the number of shares</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Ordinary shares issued and fully paid-up		
At the beginning of the period	1,480,757	1,480,757
At the end of the period	1,480,757	1,480,757
<b>Ordinary shares issued and not fully paid-up</b>		
At the beginning of the period	-	-
At the end of the period	-	-
<b>Equity shares</b>		
At the beginning of the period	14,930	8,028
Repurchase of equity shares for the purposes of an incentive plan	-	6,902
Repurchase of shares by the subsidiary Quantum Qguar	165,896	-
At the end of the period	180,826	14,930
<b>Shares</b>		
At the beginning of the period	-	-
At the end of the period	-	-
<b>SHARE CAPITAL</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Nominal value per share	0.50	0.50
Share capital	740	740

## Note 11 Equity shares

EQUITY SHARES			
As of 31.12.2016	Number of shares	Value at purchase prices	Purpose of purchase
Repurchase of equity shares	14,930	102	Article 362 section 1 item 8 of the Commercial Companies Code
Repurchase of shares by the subsidiary Quantum Qguar	165,896	1,109	
<b>TOTAL</b>	<b>180,826</b>	<b>1,211</b>	<b>0</b>

Between 2009 and 2014, the equity shares of Quantum software S.A. were repurchased. The Issuer purchased 14,930 equity shares for the purpose of the company's incentive programme for its management personnel. The management board was authorised to purchase equity shares by way of resolution no. 17 of 18 May 2009, pursuant to Article 362 par. 1 item 8 of the Commercial Companies Code, and the authorisation expired on 18 May 2014.

On 25 June 2015, by way of resolution no. 19 of Quantum software S.A.'s Ordinary General Shareholders' Meeting, another authorisation was granted to the Issuer's Management Board to purchase equity shares (legal basis: Article 362 § 1 item 5 of the Commercial Companies Code), and according to Article 362 § 4 of the CCC, the authorisation also includes a consent to the purchase of equity shares by a subsidiary. Based on the authorisation, the subsidiary Quantum Qguar sp. z o.o. announced two tender offers for the Issuer's equity shares, as a result of which the company purchased a total of 165,896 of the Issuer's shares. On 8 February 2017, the purchased shares were transferred to Quantum software S.A. under an agreement for the transfer of the ownership title to the shares for the purpose of redemption.

**Note 12 Reserve capital, supplementary capital and revaluation reserve**

	AS OF 31 DECEMBER 2016									
	Share premium	Supplementary capital	Reserve capital	Reserve capital due to foreign exchange gains/losses	Reserve capital due to cash flow hedges	PP&E revaluation reserve	Revaluation reserve for intangible assets	Revaluation reserve for financial assets available for sale	Foreign exchange gains/losses on translation	Total
<b>Opening balance</b>	9,677	51	-	-	-	-	-	-	66	9,794
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-	-	-
Corrections of fundamental errors	-	-	-	-	-	-	-	-	-	-
Opening balance after corrections (restated)	9,677	51	-	-	-	-	-	-	66	9,794
Profit/loss on revaluation of PP&E	-	-	-	-	-	-	-	-	-	-
Profit/loss on measurement of investments available for sale recognised in equity	-	-	-	-	-	-	-	-	-	-
Profit/loss on cash flow hedges (effective portion)	-	-	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-	-	-
Purchase of equity shares	-	-	-	-	-	-	-	-	-	-
Reclassification to share capital and supplementary capital	-	-	-	-	-	-	-	-	-	-
FX gains/losses on measurement of	-	-	-	-	-	-	-	-	-228	-228

foreign operations												
Distribution of profit	-336	332	-	-	-	-	-	-	-	-	-	-4
Dividend	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange gains/losses	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary capital	-	64	-	-	-	-	-	-	-	-	-	64
Income tax related to items presented in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>9,341</b>	<b>447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-162</b>	<b>9,626</b>

	as of 31 December 2015									
	Share premium	Supplementary capital	Reserve capital	Reserve capital due to foreign exchange gains/losses	Reserve capital due to cash flow hedges	PP&E revaluation reserve	Revaluation reserve for intangible assets	Revaluation reserve for financial assets available for sale	Foreign exchange gains/losses on translation	Total
<b>Opening balance</b>	10,466	-	818	-	-	-	-	-	-70	11,214
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-	-	-
Corrections of fundamental errors	-	-	-	-	-	-	-	-	-	-
Opening balance after corrections (restated)	10,466	-	818	-	-	-	-	-	-70	11,214
Profit/loss on revaluation of PP&E	-	-	-	-	-	-	-	-	-	-
Profit/loss on measurement of investments available for sale recognised in equity	-	-	-	-	-	-	-	-	-	-
Profit/loss on cash flow hedges (effective portion)	-	-	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-	-	-
Purchase of equity shares	-	-	-	-	-	-	-	-	-	-
Reclassification to share capital and supplementary capital	-	-	-	-	-	-	-	-	-	-
FX gains/losses on measurement of foreign operations	-	-	-	-	-	-	-	-	136	136

Distribution of profit	-1,676	284	-	-	-	-	-	-	-	-1,392
Issue of share capital	-	16	-	-	-	-	-	-	-	16
Dividend	-	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-
Foreign exchange gains/losses	-	-3	-	-	-	-	-	-	-	-3
Reclassification of reserve capital to supplementary capital	887	-69	-818	-	-	-	-	-	-	-
Supplementary capital	-	-177	-	-	-	-	-	-	-	-177
Income tax related to items presented in other comprehensive income	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>9,677</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>9,794</b>

The reserve capital was created in connection with the adopted resolution on the repurchase of equity shares for the purpose of an incentive plan for key management personnel.

### Note 13 Reserve capital due to foreign exchange gains/losses on translation

	as of 31.12.2016	
	Reserve capital due to foreign exchange gains/losses on translation	Total
<b>Opening balance</b>	66	66
Foreign exchange gains/losses on translation of foreign operations	-228	-228
Income tax on gains from translation of foreign operations	-	-

Loss on instrument hedging a foreign operation's net investment	-	-
Income tax related to loss on instrument hedging foreign operations' net assets	-	-
Gains/losses reclassified to result in connection with the sale of a foreign operation	-	-
Deferred tax related to gains/losses in connection with the sale of a foreign operation	-	-
Gains/losses on hedging instrument reclassified to result in connection with the sale of a foreign operation	-	-
Deferred tax related to gains/losses on hedging instrument reclassified to result in connection with the sale of a foreign operation	-	-
Other	-	-
<b>Closing balance</b>	<b>-162</b>	<b>-162</b>

	as of 31.12.2015	
	Reserve capital due to foreign exchange gains/losses on translation	Total
<b>Opening balance</b>	<b>-70</b>	<b>-70</b>
Foreign exchange gains/losses on translation of foreign operations	136	136
Income tax on gains from translation of foreign operations	-	-
Loss on instrument hedging a foreign operation's net investment	-	-
Income tax related to loss on instrument hedging foreign operations' net assets	-	-
Gains/losses reclassified to result in connection with the sale of a foreign operation	-	-
Deferred tax related to gains/losses in connection with the sale of a foreign operation	-	-
Gains/losses on hedging instrument reclassified to result in connection with the sale of a foreign operation	-	-
Deferred tax related to gains/losses on hedging instrument reclassified to result in connection with the sale of a foreign operation	-	-
Other	-	-

<b>Closing balance</b>	66	66
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The reserve capital was created in connection with the adopted resolution on the repurchase of equity shares for the purpose of an incentive plan for key management personnel. In 2015, the General Shareholders Meeting passed a resolution on releasing the reserve capital and moving the funds to the supplementary capital.

#### Note 14 Non-controlling interests

	as of 31.12.2016	
	Reserve capital due to foreign exchange gains/losses on translation	Total
<b>Opening balance</b>	20	-20
Share of profit during the year	146	146
Other increases	-	-
Other decreases	-76	-76
<b>Closing balance</b>	90	50
	as of 31.12.2015	
	Reserve capital due to foreign exchange gains/losses on translation	Total
<b>Opening balance</b>	41	41



Share of profit during the year	37	37
Other increases	64	64
Other decreases	-122	-122
<b>Closing balance</b>	<b>20</b>	<b>20</b>

## Note 15 Provisions

PROVISIONS					
	AS OF 31 DECEMBER 2016				
	Provisions for repairs under guarantee	Restructuring provisions	Provisions for employee and similar benefits	Other provisions	Total
<b>At the beginning of the period, including:</b>	-	-	236	-	236
<i>Short-term, at the beginning of the period</i>	-	-	7	-	7
<i>Long-term, at the beginning of the period</i>	-	-	230	-	230
Increases	-	-	-	-	-
Created in the period and increase in existing ones	-	-	-	-	-
Transferred as part of the business transfer	-	-	-	-	-
Purchased as part of business combinations	-	-	-	-	-

Decreases	-	-	17	-	17
Used during the year	-	-	-	-	-
Released but not used	-	-	17	-	17
Transferred as part of the business transfer	-	-	-	-	-
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
Discount rate adjustment	-	-	-	-	-
<b>At the end of the period, including:</b>	-	-	<b>219</b>	-	<b>219</b>
<i>Short-term, at the end of the period</i>	-	-	7	-	7
<i>Long-term, at the end of the period</i>	-	-	212	-	212

<b>PROVISIONS</b>					
	<b>AS OF 31 DECEMBER 2015</b>				
	<b>Provisions for repairs under guarantee</b>	<b>Restructuring provisions</b>	<b>Provisions for employee and similar benefits</b>	<b>Other provisions</b>	<b>Total</b>
<b>At the beginning of the period, including:</b>	-	-	236	-	236
<i>Short-term, at the beginning of the period</i>	-	-	6	-	6
<i>Long-term, at the beginning of the period</i>	-	-	230	-	230
Increases	-	-	-	-	-
Created in the period and increase in existing ones	-	-	-	-	-
Transferred as part of the business transfer	-	-	-	-	-

Purchased as part of business combinations	-	-	-	-	-
Decreases	-	-	-	-	-
Used during the year	-	-	-	-	-
Released but not used	-	-	-	-	-
Transferred as part of the business transfer	-	-	-	-	-
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
Discount rate adjustment	-	-	-	-	-
<b>At the end of the period, including:</b>	-	-	<b>236</b>	-	<b>236</b>
<i>Short-term, at the end of the period</i>	-	-	6	-	6
<i>Long-term, at the end of the period</i>	-	-	230	-	230

## Note 16 Bank loans and borrowings

In 2016, there were no material changes in bank loans and borrowings. The Group companies did not raise any new debt of this type and the existing debt was repaid according to repayment schedules and agreements in force.

Securities remained unchanged.

## Note 17 Other financial liabilities

LIABILITIES DUE TO FINANCE LEASE AGREEMENTS				
FUTURE MINIMUM LEASE FEES AND NET PRESENT VALUE OF MINIMUM LEASE FEES				
	31 DECEMBER 2016		31 DECEMBER 2015	
	Minimum fees	Present value of minimum fees	Minimum fees	Present value of minimum fees
up to 1 year	72	71	136	134
1 to 5 years	123	122	93	93
over 5 years	-	-	-	-
<b>Total</b>	<b>195</b>	<b>193</b>	<b>229</b>	<b>227</b>

As of 31 December 2016, Quantum Qguar was bound by five car lease agreements in the total amount of PLN 399,001.04. As of 31 December 2016, the outstanding amount of the liability was PLN 173,731.60.

Quantum I-Services concluded a car lease agreement in the amount of PLN 99,752.85. As of 31 December 2016, the outstanding amount of the liability was PLN 21,902.73.

## Note 18 Trade liabilities

TRADE LIABILITIES	2016-12-31	2015-12-31
Trade liabilities due to related parties	-	-
Trade liabilities due to other parties	1,418	1,864
<b>Total</b>	<b>1,418</b>	<b>1,864</b>

## Note 19 Other liabilities and accruals

OTHER LIABILITIES AND ACCRUALS	2016-12-31	2015-12-31
<b>Liabilities due to subsidiaries:</b>	-	-
- long-term	-	-
- short-term	-	-
<b>Liabilities due to related parties:</b>	-	-
- long-term	-	-
- short-term	-	-
<b>Advance payments:</b>	-	-
- long-term	-	-
- short-term	-	-
<b>Other liabilities:</b>	<b>1,325</b>	<b>796</b>
- long-term	-	-
- short-term	1,325	796
<b>Accruals:</b>	<b>67</b>	<b>14</b>
- long-term	-	-
- short-term	67	14
<b>Deferred revenue:</b>	-	-
- long-term	-	-
- short-term	-	-
<b>Total, including:</b>	<b>1,392</b>	<b>810</b>
- long-term	-	-
- short-term	1,392	810

<b>Other liabilities include:</b>		
Taxes, customs duties, insurance and other considerations	883	713
On account of remuneration	228	15
Dividends	-	-
Other liabilities	186	67
Settlement of special purpose funds	28	1
<b>Total</b>	<b>1,325</b>	<b>796</b>

<b>Accruals include:</b>		
settlement of subsidy received – within 12 months	-	-
settlement of subsidy received – over 12 months	-	-
settlement of long-term contracts	-	-
Other accruals	-	-
turn-of-period costs	67	14
<b>Total</b>	<b>67</b>	<b>14</b>

## Note 20 Revenue from sale of products, goods and materials

<b>REVENUE FROM SALE OF PRODUCTS, GOODS AND MATERIALS</b>						
	<b>Continued operations</b>		<b>Discontinued operations</b>		<b>Total</b>	
	<b>2016-12-31</b>	<b>2015-12-31</b>	<b>2016-12-31</b>	<b>2015-12-31</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Revenue from sale of products	2,035	2,299	-	-	2,035	2,299
Revenue from sale of services	20,730	18,843	-	-	20,730	18,843
Revenue from sale of materials	-	-	-	-	-	-
Revenue from sale of goods	3,092	3,472	-	-	3,092	3,472
<b>TOTAL</b>	<b>25,857</b>	<b>24,614</b>	<b>-</b>	<b>-</b>	<b>25,857</b>	<b>24,614</b>
including: non-monetary revenue from exchange of goods or services	-	-	-	-	-	-

In 2016, Quantum Capital Group recorded revenue on its core business in the amount of PLN 25,857 thousand, up by approx. 5% compared to the last year's revenue.

The sale of goods is the company's auxiliary business, and related to specific orders as part of the performance of agreements with counterparties.

## Note 21 Costs by type

<b>COSTS BY TYPE</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Depreciation/amortisation of tangible assets and intangible assets	1,016	1,372
Employee benefit costs	11,119	10,137
Consumption of raw materials and energy	406	366
Costs of third-party services	7,656	6,854
Costs of taxes and charges	109	148
Other costs	750	624
Change in the balance of products and work-in-progress	-	-
Value of goods sold	2,824	3,070
<b>TOTAL</b>	<b>23,880</b>	<b>22,571</b>
Selling costs	1,980	2,110
General administrative expenses	4,031	3,256
Costs of products, goods and materials sold	17,869	17,205
<b>TOTAL</b>	<b>23,880</b>	<b>22,571</b>
including: minimum lease fees recognised as operating lease costs	-	-

<b>EMPLOYEE BENEFIT COSTS</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Costs of remuneration	9,359	8,473
Social security costs	1,592	1,504
Costs of defined contribution plans	-	-
Costs of defined benefit plans, including:	-	-
Costs of other long-term employee benefits	-	-
Costs of benefits due to termination of employment	-	-
Costs of retirement benefits	-	-
Other benefits	168	160
Other post-employment benefits	-	-
Costs of employee benefits in the form of equity shares	-	-
<b>TOTAL</b>	<b>11,119</b>	<b>10,137</b>

<b>RESEARCH AND DEVELOPMENT COSTS</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Depreciation/amortisation	288	659
Consumption of raw materials and auxiliary materials	-	-
Costs of third-party services	-	-
Other costs	-	-
<b>TOTAL</b>	<b>288</b>	<b>659</b>

## Note 22 Other revenue and expenses

<b>OTHER REVENUE</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
State subsidies	-	-
Profit on sale of property, plant and equipment	-	19
Reversal of impairment losses on receivables	-	644
Reversal of impairment losses on inventory	-	-
Reversal of impairment losses on intangible assets	-	-
Reversal of impairment losses on PP&E	-	-
Reversal of impairment losses on investment property	-	-
Release of other provisions	-	-
Release of provision for company restructuring costs	-	-
Profit on occasional purchase	-	-
Reimbursement of court costs	-	-
Refund of compensation	-	-
Differences from balance sheet measurement	-	-
Donations, fines and damages received	28	2
Adjustment of contributions to Labour Fund for previous years	-	-
Reimbursement of insurance policy premiums	-	-
Redemption of a portion of interests	-	-
Transfer of business – goodwill	-	-
Other	39	18
<b>TOTAL</b>	<b>67</b>	<b>683</b>
including: non-monetary revenue from exchange of goods or services	-	-



<b>OTHER EXPENSES</b>	<b>2016-12-31</b>	<b>2015-31-12</b>
Loss on sale of property, plant and equipment	116	-
Provision for guarantee repairs	-	-
Direct expenses (including renovation and maintenance) due to investment property rented out	-	-
Accumulated loss on revaluation of investment properties to fair value	-	-
Impairment losses on receivables	2	13
Impairment losses on inventory	-	8
Impairment losses on intangible assets	-	-
Impairment losses on property, plant and equipment	-	-
Impairment losses on investment properties	-	-
Provision for company restructuring costs	-	-
Provision for expected losses	-	-
Provision for expenses	-	-
Costs of court proceedings	-	-
Compensations for dismissed employees	-	-
Expenses related to acquisition of other parties	-	-
Expenses of maintaining property investment	-	-
Losses, damages and fines	7	-
Donations	1	3
Liquidation of current assets	-	-
Subsidies	-	-
Loss on the sale of claims	-	445
Other	19	6
<b>TOTAL</b>	<b>145</b>	<b>475</b>

### Note 23 Financial revenue and expenses

<b>FINANCIAL REVENUE</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Interest revenue	166	153
Dividend revenue	-	-
Investment revenue	-	-
Foreign exchange gains	340	-
Interest charged on receivables	-	-

FX hedges (forwards)	-	-
Settlement of income tax upon transfer of business	-	-
Other	146	2
Reversal of impairment losses on financial assets, including:	-	42
assets available for sale	-	-
financial assets and liabilities measured at fair value through the profit and loss account	-	42
hedging instruments	-	-
Profit on change in the fair value of financial instruments	-	-
assets available for sale	-	-
financial assets and liabilities measured at fair value through the profit and loss account	-	-
hedging instruments	-	-
<b>TOTAL</b>	<b>652</b>	<b>197</b>

<b>FINANCIAL EXPENSES</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Costs of interest, including:	5	35
bank loans	-	-
borrowings	-	32
other	3	-
state budget and other interest	2	3
Financial expenses under finance lease agreements	-	3
Provision for outstanding interest	-	-
Loss on disposal of investments	-	-
Foreign exchange losses	-	447
Profit/loss on sale of interests in subsidiary	-	-
Remittance of borrowing and interest	-	-
Other	-	-
Impairment losses on financial assets, including:	382	228
assets available for sale	-	-
financial assets and liabilities measured at fair value through the profit and loss account	382	228
hedging instruments	-	-
Losses on change in the fair value of financial instruments, including:	-	-
assets available for sale	-	-
financial assets and liabilities measured at fair value through the profit and loss account	-	-

hedging instruments	-	-
<b>TOTAL</b>	<b>387</b>	<b>713</b>

## Note 24 Consolidated earnings per share

CONSOLIDATED EARNINGS PER SHARE	2016-12-31	2015-12-31
<b>Consolidated net profit for the reporting period attributable to:</b>	<b>1,848</b>	<b>1,499</b>
Shareholders of the parent	1,702	1,463
Non-controlling interests	146	36

CONSOLIDATED NET PROFIT OF ORDINARY SHAREHOLDERS OF THE PARENT COMPANY (BASIC)						
Item	31 December 2016			31 December 2015		
	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
<b>Consolidated net profit/loss of the shareholders of the parent company for the reporting period</b>	<b>1,702</b>	<b>-</b>	<b>1,702</b>	<b>1,463</b>	<b>-</b>	<b>1,463</b>
Dividends on preference shares not subject to redemption (-)	-	-	-	-	-	-
<b>Total</b>	<b>1,702</b>	<b>-</b>	<b>1,702</b>	<b>1,463</b>	<b>-</b>	<b>1,463</b>

WEIGHTED AVERAGE ORDINARY SHARES	2016-12-31	2015-12-31
<i>in thousands of shares</i>		
Weighted average number of shares at the beginning of the period	1,480,757	1,480,757
Weighted average number of ordinary shares at the end of the period	1,480,757	1,480,757

CONSOLIDATED BASIC NET EARNINGS PER SHARE	2016-12-31	2015-12-31
on continued and discontinued operations	1.15	0.99
on continued operations	1.15	0.99

<b>CONSOLIDATED NET PROFIT OF ORDINARY SHAREHOLDERS OF THE PARENT COMPANY (DILUTED)</b>						
Item	31 December 2016			31 December 2015		
	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
<b>Consolidated net profit/loss of ordinary shareholders of the parent company (basic)</b>	1,702	-	1,702	1,463	-	1,463
Interest on convertible bonds, after taxes	-	-	-	-	-	-
<b>Consolidated net profit/loss of ordinary shareholders of the parent company (diluted)</b>	1,702	-	1,702	1,463	-	1,463

<b>WEIGHTED AVERAGE ORDINARY SHARES (DILUTED)</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
<i>in thousands of shares</i>		
Weighted average ordinary shares	1,480,757	1,480,757
Effect of conversion of convertible bonds	-	-
Effect of the issue of share options	-	-
Weighted average number of ordinary shares at the end of the period (diluted)	1,480,757	1,480,757

<b>CONSOLIDATED DILUTED NET EARNINGS PER SHARE</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
on continued and discontinued operations	1.15	0.99
on continued operations	1.15	0.99

## Note 25 Information on operating segments

The Company does not identify product segments because it is not possible to identify assets and liabilities corresponding to individual types of products and, consequently, the Company does not maintain records allowing for the identification of operating segments. The Company presents sales categorised into products, services and goods (note 20) and by geographical areas. The Company does not present information on major groups of customers because such a situation is not applicable.

2016-12-31		
INFORMATION ON GEOGRAPHICAL AREAS	Revenue	Non-current assets
Domestic sales	20,488	*
Total foreign sales	5,369	*
including:		
Germany	2,144	-
Ukraine	1,198	-
Belarus	-	-
Russia	216	-
Brasil	360	-
UK	172	-
Ecuador	166	-
Romania	149	-
Hungary	125	-
Czech Republic	51	-
USA	204	-
Italy	58	-
Netherlands	47	-
Norway	106	-
Luxemburg	144	-
Spain	82	-
Other	147	-
<b>TOTAL</b>	<b>25,857</b>	-

2015-12-31		
INFORMATION ON GEOGRAPHICAL AREAS	Revenue	Non-current assets
Domestic sales	19,681	*

Total foreign sales	4,933	*
including:		
Germany	1,833	-
Ukraine	1,279	-
Russia	406	-
Belarus	370	-
Hungary	194	-
Czech Republic	85	-
UK	107	-
Romania	85	-
Ecuador	126	-
Brasil	340	-
Other	108	-
<b>TOTAL</b>	<b>24,614</b>	-

\* Non-current assets used in the company's operating activity serve to manufacture products sold to the domestic and foreign markets.

INFORMATION ON TYPES OF PRODUCTS, SERVICES AND GOODS	2016-12-31	2015-12-31
	Revenue	Revenue
Products – licenses	2,035	2,299
Services – implementation	6,378	6,161
Services – maintenance	9,497	8,935
Services – individual projects and other services	4,816	3,282
Long-term contracts	39	465
Goods	3,092	3,472
<b>TOTAL</b>	<b>25,857</b>	<b>24,614</b>

## Note 26 Transactions between related parties

TRANSACTIONS BETWEEN RELATED PARTIES			
Entity	Transaction type	Transaction value in PLN	Transaction value in foreign currency
Quantum Mobile Solutions sp. z o.o.	Sale of services to Quantum Qguar sp. z o.o.	198	-

Quantum I-Services sp. z o.o.	Sale of services to Quantum Qguar sp. z o.o.	552	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum International, Ukraine	110	-
Quantum Qguar sp. z o.o.	Sale of goods to Quantum International, Ukraine	7	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum International, Russia	5	-
Quantum Qguar sp. z o.o.	Sale of services to Edisonda sp. z o.o.	7	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum software S.A.	424	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum I-Services sp. z o.o.	1	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum East sp. z o.o.	1	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum Mobile Solutions sp. z o.o.	1	-
Quantum software S.A.	Sale of services to Quantum Qguar sp. z o.o.	525	-
Quantum Brasil	Sale of services to Quantum software S.A.	33	-
Quantum Qguar sp. z o.o.	Interest accrued on borrowing granted to Quantum East sp. z o.o.	55	-
Quantum East sp. z o.o.	Interest accrued on borrowing granted to Quantum International, Russia	41	-
Quantum Qguar sp. z o.o.	Interest accrued on borrowing granted to Edisonda sp. z o.o.	7	-
Quantum Qguar sp. z o.o.	Interest accrued on borrowings granted to Quantum Brasil	23	-
Quantum Qguar sp. z o.o.	Interest accrued on borrowing granted to I-Services sp. z o.o.	41	-
Quantum Qguar sp. z o.o.	Repayment of borrowing from Edisonda sp. z o.o.	200	-
Quantum Qguar sp. z o.o.	Repayment of borrowing from Quantum I-Services sp. z o.o.	20	-
Quantum software S.A.	Purchase of interests in Edisonda sp. z o.o.	200	-
Quantum software S.A.	Dividend received from Edisonda sp. z o.o.	118	-
Quantum software S.A.	Dividend received from Quantum Qguar sp. z o.o.	1,876	-

AMOUNTS DUE TO AND FROM RELATED PARTIES AS OF 31.12.2016			
Entity	Due from/to	Amount of receivables in PLN	Amount of liabilities in PLN
Quantum software S.A.	Quantum International Ukraine	43	-
Quantum software S.A.	Quantum Brasil	-	33

Quantum Qguar sp. z o.o.	Quantum Mobile Solutions sp. z o.o.	1	61
Quantum Qguar sp. z o.o.	Edisonda sp. z o.o.	4	-
Quantum Qguar sp. z o.o.	Quantum International Ukraine	90	-
Quantum Qguar sp. z o.o.	Quantum International Russia	164	-
Quantum Qguar sp. z o.o.	Quantum I-Services sp. z o.o.	1	131
Quantum Qguar sp. z o.o.	Quantum software S.A.	209	166
Quantum Qguar sp. z o.o.	Quantum East sp. z o.o.	1	-

## Note 27 Construction contracts

Some of the contracts held by the Group companies have the traits of long-term contracts. The management boards of these companies analyse the costs and revenues under such contracts on a regular basis. Given the fact that there are small differences between the progress of the contracts and the accompanying costs and revenue, the contracts are not presented because they do not significantly affect the Group's financial result.

<b>CONSTRUCTION CONTRACTS IN PROGRESS</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Total costs incurred	42	349
Total profit and loss recognised	39	465
Advance payments received	-	-
Security deposit	-	-
Receivables from clients under contractual works	136	111
Liabilities due to clients under contractual works	-	-

## Note 28 Financial instruments

<b>FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO INTEREST RATE RISK</b>			
<b>As of 31.12.2016</b>			
	<b>Carrying value</b>	<b>Increase/decrease by percentage points</b>	<b>Effect on the gross financial result</b>
<b>Financial assets</b>	<b>7,511</b>	-	<b>-3</b>
Cash	7,197	-	-
Financial assets available for sale	-	-	-
Other financial assets	-	-	-



Borrowings granted	314	-	-3
<b>Financial liabilities</b>	<b>193</b>	<b>-</b>	<b>2</b>
Bank loans and borrowings	-	-	-
Financial lease liabilities	193	-	2
Other financial liabilities	-	-	-

<b>FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO INTEREST RATE RISK</b>			
<b>As of 31.12.2015</b>			
	<b>Carrying value</b>	<b>Increase/decrease by percentage points</b>	<b>Effect on the gross financial result</b>
<b>Financial assets</b>	<b>6,926</b>	<b>-</b>	<b>-11</b>
Cash	6,380	-	-
Financial assets available for sale	-	-	-
Other financial assets	-	-	-
Borrowings granted	546	-1	-11
<b>Financial liabilities</b>	<b>378</b>	<b>-</b>	<b>2</b>
Bank loans and borrowings	151	-	-
Financial lease liabilities	227	1	2
Other financial liabilities	-	-	-

<b>FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO FX RISK</b>			
<b>As of 31.12.2016</b>			
	<b>Carrying value (PLN '000)</b>	<b>Exchange rate increase/decrease in percentage points</b>	<b>Effect on the gross financial result</b>
<b>Financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash in EUR	1,404	4%	56
Cash in USD	70	5%	4
Cash in UAH	138	-10%	-14
Cash in RUB	38	-3%	-1
Cash in BRL	32	1%	0
Trade and other receivables in EUR	511	4%	20
Trade and other receivables in UAH	565	-10%	-57

Trade and other receivables in RUB	14	-3%	0
Trade and other receivables in BRL	35	1%	0
<b>Financial liabilities</b>			
Overdrafts in EUR	-	-	-
Short-term loans in EUR	-	-	-
Trade liabilities in EUR	83	-4%	-3
Trade liabilities in UAH	632	10%	63
Trade liabilities in RUB	228	3%	7
Trade liabilities in BRL	21	-1	0

<b>FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO FX RISK</b>			
<b>As of 31.12.2015</b>			
	<b>Carrying value</b>	<b>Exchange rate increase/decrease in percentage points</b>	<b>Effect on the gross financial result</b>
<b>Financial assets</b>	-	-	-
Cash in EUR	301	0%	-
Cash in USD	64	20%	13
Cash in UAH	373	-35%	-131
Cash in RUB	36	-25%	-9
Cash in BRL	27	-16%	-4
Trade and other receivables in EUR	286	0%	-
Trade and other receivables in UAH	578	-35%	-202
Trade and other receivables in RUB	10	-25%	-3
Trade and other receivables in BRL	36	-16%	-6
<b>Financial liabilities</b>	-	-	-
Overdrafts in EUR	-	-	-
Short-term loans in EUR	-	-	-
Trade liabilities in EUR	1,018	0%	-
Trade liabilities in UAH	95	-35%	-33
Trade liabilities in RUB	23	-25%	-6
Trade liabilities in BRL	16	-16%	-3

FAIR VALUE OF THE INDIVIDUAL CATEGORIES OF FINANCIAL INSTRUMENTS					
	Category in accordance with IAS 39*	Carrying value		Fair value	
		2016-12-31	2015-12-31	2016-12-31	2015-12-31
<b>Financial assets</b>	-	<b>13,612</b>	<b>13,509</b>	<b>13,612</b>	<b>13,509</b>
Cash	measured at fair value through P&L	7,197	6,380	7,197	6,380
Trade and other receivables	borrowings and receivables	6,083	6,563	6,083	6,563
Interest receivable from borrowings granted	borrowings and receivables	314	546	314	546
Financial assets available for sale	available for sale	18	20	18	20
<b>Financial liabilities</b>	-	<b>3,003</b>	<b>3,052</b>	<b>3,003</b>	<b>3,052</b>
Liabilities due to finance lease	financial liabilities at amortised cost	193	227	193	227
Trade and other liabilities	financial liabilities at amortised cost	2,810	2,674	2,810	2,674
Short-term bank loans	financial liabilities at amortised cost	-	151	-	151

ITEMS OF REVENUE, EXPENSES, PROFIT AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME, BROKEN DOWN INTO CATEGORIES OF FINANCIAL INSTRUMENTS					
FOR THE PERIOD		31.12.2016			
	Category in accordance with IAS 39*	Revenue/ expenses due to interest	Foreign exchange gains/losses	Release/ recognition of write-downs	Sales profit/loss
<b>Financial assets</b>		<b>166</b>	<b>348</b>	<b>-382</b>	<b>147</b>
Cash	measured at fair value through P&L	103	-10	-	-
Trade and other receivables	borrowings and receivables	-	64	-	-
Interest receivable from borrowings granted	borrowings and receivables	63	294	-382	147
Financial assets available for sale	available for sale	-	-	-	-
<b>Financial liabilities</b>	-	<b>-5</b>	<b>-</b>	<b>-</b>	<b>-</b>
Liabilities due to finance lease	financial liabilities at	-1	-	-	-

	amortised cost				
Trade and other liabilities	financial liabilities at amortised cost	-4	-	-	-
Short-term bank loans	financial liabilities at amortised cost	-	-	-	-

ITEMS OF REVENUE, EXPENSES, PROFIT AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME, BROKEN DOWN INTO CATEGORIES OF FINANCIAL INSTRUMENTS					
FOR THE PERIOD	31.12.2015				
	Category in accordance with IAS 39*	Revenue/ expenses due to interest	Foreign exchange gains/losses	Release/ recognition of write-downs	Sales profit/loss
<b>Financial assets</b>		<b>153</b>	<b>-12</b>	<b>-23</b>	<b>-</b>
Cash	measured at fair value through P&L	124	-1	-	-
Trade and other receivables	borrowings and receivables	-	-11	-	-
Interest receivable from borrowings granted	borrowings and receivables	29	-	-23	-
Financial assets available for sale	available for sale	-	-	-	-
<b>Financial liabilities</b>		<b>-38</b>	<b>-</b>	<b>-</b>	<b>-</b>
Liabilities due to finance lease	financial liabilities at amortised cost	-3	-	-	-
Trade and other liabilities	financial liabilities at amortised cost	-35	-	-	-
Short-term bank loans	financial liabilities at amortised cost	-	-	-	-

## Note 29 Explanations to the cash flow statement

Explanations to the cash flow statement	2016-12-31	2015-12-31
<b>Foreign exchange gains (losses) disclosed in the cash flow statement result from the following:</b>	-257	296
- foreign exchange gains/losses due to measurement of cash	-10	1
- unrealised foreign exchange gains/losses on loans and borrowings	22	57

- realised foreign exchange gains/losses on loans and borrowings	-	-
- foreign exchange gains/losses on translation of financial statements	-269	238
<b>Interest and profit sharing (dividends), including:</b>	<b>-168</b>	<b>-111</b>
- received interest on borrowings granted	-	-8
- received interest on cash in bank and deposits	-110	-102
- received interest on lease instalments	-	-
- interest paid on loans	-	-
- interest paid on borrowings	-	45
- interest paid on debt securities	-	-
- interest paid on lease liabilities	-	7
- commissions paid on debt securities	-	-
- dividends received	-	-
- interest accrued on borrowings granted	-79	-223
- accrued interest on loans and borrowings raised	19	167
- interest accrued on debt securities	-	-
- other interest	2	3
<b>Investment profit (loss) due to:</b>	<b>116</b>	<b>-19</b>
- revenue from sales of property, plant and equipment, and investment real property	-21	-50
- revenue from sales of intangible assets	-	-
- prime cost of the sales of property, plant and equipment, and investment real property	137	31
- prime cost of the sales of intangible assets	-	-
- liquidation costs of property, plant and equipment	-	-
- revenue from sales of shares and interests	-	-
- prime cost of the sale of shares and interests	-	-
- write-off for interests	-	-
<b>Movements in receivables from the following items:</b>	<b>406</b>	<b>95</b>
- movement in the balance of short-term receivables resulting from the balance sheet	479	82
- movement in the balance of long-term receivables resulting from the balance sheet	-4	10
- adjustment for movement in dividend receivables	-	-
- adjustment for movement in receivables from the purchase of PP&E and investment real property	-	-
- adjustment for movement in receivables from the sale of intangible assets	-	-
- adjustment for movement in receivables from the sale of financial investments	-	-

- adjustment for movement in receivables from bank's guarantee deposits	-	-
- other adjustments	-69	3
<b>Movements in liabilities, except for loans and borrowings, resulting from the following:</b>	<b>225</b>	<b>-694</b>
- movement in short-term trade and other liabilities	264	-511
- movement in other long-term liabilities	-	-
- adjustment for movement in liability due to unpaid dividend	-	-
- adjustment for movement in liabilities due to the purchase of PP&E	-	-159
- adjustment for movement in liabilities due to the purchase of financial assets	-	-
- adjustment for movement in lease liability	-	-5
- adjustment for movement in liability due to sureties issued to subsidiaries	-	-
- other adjustments	-39	-19
<b>Income tax paid</b>	<b>-335</b>	<b>-468</b>
- income tax recognised in profit and loss account	-	-
- adjustment for movement in deferred income tax assets	-	-
- adjustment for movement in income tax receivables	-	-
- adjustment for movement in deferred income tax provision	-	-
- adjustment for movement in income tax liabilities	-	-
- adjustment for deferred income tax on changes in equity	-	-
- income tax paid	-335	-468
<b>"Other adjustments" include:</b>	<b>158</b>	<b>95</b>
- revaluation of property, plant and equipment (positive measurement)	-	-
- revaluation of property, plant and equipment (write-down)	-	-
- revaluation of shares and interests (positive measurement)	-	-
- revaluation of shares and interest (write-down)	-	-
<b>- revaluation of borrowings granted (write-down)</b>	<b>230</b>	<b>95</b>
- revaluation of financial instruments	-	-
- revaluation of sureties	-	-
- conversion of cash deposits to financial assets	-	-
- other	-72	-
<b>Purchase of PP&amp;E and intangible assets – investing activities</b>	<b>340</b>	<b>273</b>
- movement in PP&E resulting from the balance sheet	-120	-136
- movement in investment real property resulting from the balance sheet	-	-
- movement in intangible assets resulting from the balance sheet	-511	-772

- movement in the above assets in assets for sale	-	-
- amortisation/depreciation for the reporting period resulting from the profit and loss account	1,016	1,371
- prime cost of tangible assets, investment real property and intangible assets sold	140	-31
- costs of liquidated tangible assets	-	-
- impairment losses/reversed impairment loss on the above assets	-	-
- measurement of the above non-current assets	-	-
- other	-172	-
- adjustment for advances on the purchase of tangible assets and intangible assets	-	-
- adjustment for investment liabilities (purchase)	-	-159
- other adjustments	-13	-
- transfer of assets in an organised part of the business to another company	-	-

### Note 30 – Remuneration of the Group’s senior management

Management Board of the parent company	2016-12-31	2015-12-31
Short-term employee benefits (remunerations and surcharges)	242	246
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
<b>Total</b>	<b>242</b>	<b>246</b>

Supervisory Board of the parent company	2016-12-31	2015-12-31
Short-term employee benefits (remunerations and surcharges)	22	28
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
<b>Total</b>	<b>22</b>	<b>28</b>

<b>Management board of subsidiaries</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Short-term employee benefits (remunerations and surcharges)	695	603
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
<b>Total</b>	<b>695</b>	<b>603</b>

<b>Other key management personnel</b>	<b>2016-12-31</b>	<b>2015-12-31</b>
Short-term employee benefits (remunerations and surcharges)	730	596
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
<b>Total</b>	<b>730</b>	<b>596</b>

	<b>2016-12-31</b>	<b>2015-12-31</b>
Management Board	242	246
Supervisory Board	22	28
Management Board – subsidiaries or associates	695	603
Supervisory Board – subsidiaries or associates	0	0
<b>Total</b>	<b>959</b>	<b>877</b>
Other key management personnel	730	596

### Note 31 Capital management

	<b>2016-12-31</b>	<b>2015-12-31</b>
Interest-bearing loans, borrowings and bonds	193	378
Trade and other liabilities	2,979	2,715
Less cash and cash equivalents	-7,197	-6,380
<b>Net debt</b>	<b>-4,025</b>	<b>-3,287</b>



Convertible preference shares	-	-
Equity	13,018	12,692
Reserve capital on unrealised net earnings	-	-
<b>Total capital</b>	<b>13,018</b>	<b>12,692</b>
<b>Capital and net debt</b>	<b>8,993</b>	<b>9,405</b>
Leverage ratio	-0.45	-0.35

### Note 32 Employment in the Capital Group

EMPLOYMENT IN QS S.A. CAPITAL GROUP	2016-12-31	2015-12-31
Management Board of the parent company	4	4
Management Boards of the Group companies (*)	19	19
White-collar workers/Administration	134	135
Blue-collar workers	0	0

### Note 33 Principles of financial risk management

The Group's financial situation depends on the macroeconomic situation in Poland and in the countries where the subsidiaries operate. The financial result achieved by the Company directly and indirectly depends on, among others: the GDP growth dynamics, inflation, national monetary and tax policy, business investments, household income and consumer demand. All of the aforesaid factors as well as the direction and level of changes influence the fulfilment of tasks planned by the Group companies. The economic growth translates into the revenue of companies operating in particular regions and industries. Consequently, they adjust their capital expenditures, including development, through improvement or purchase of computer hardware and appropriate software. The companies from Quantum Group, as IT systems providers, may directly experience the consequences of changed budgets allocated by companies for computerisation.

Quantum Software S.A.'s Group is exposed to several major risks related to the management of financial instruments:

- FX risk,
- interest rate risk,
- liquidity risk.

The Management Boards of the Group companies verify and reconcile the principles for managing each risk; these principles are discussed below.

*1) Risk of variations of foreign currencies to Group company currencies exchange rate*

The Group concludes export transactions in foreign currencies (mainly in EUR). Changing foreign exchange rates may result in worse-than-expected results. Foreign exchange rate variations influence the financial result through the following:

- changes in the value of export sales and costs expressed in PLN,
- realised foreign exchange gains/losses occurring between the date of sales or purchase and the date of payment of receivables or liabilities,
- unrealised foreign exchange gains/losses from the measurement of settlements as of the balance sheet date.

Trade transactions in foreign currencies on account of export are part of the Group's normal course of operations. The Group generates approx. 15% of its revenue on export. Consequently, future cash flows on this account are exposed to changes in value due to foreign exchange fluctuations. The level of compensation between foreign currency revenue and costs has become difficult to predict.

*2) Risk of changing market interest rates*

Changing market interest rates may also adversely affect the Group's financial performance.

Quantum software S.A. Group is exposed to this risk in connection with changing amount of interest on the loans granted to the Group companies based on variable interest rates as well as changing interest under lease agreements.

The risk of changing interest rates occurs and is recognised when a transaction with a variable interest rate is concluded. In order to mitigate this risk, the Group attempts to avoid raising loans with variable interest rates as well as collects and analyses market information about the current exposure to the risk of changing interest rates.

*3) Liquidity risk*

The Group regularly monitors the risk linked to the deficit of funds by using a tool for periodic liquidity planning. This tool takes into consideration maturities/payment dates for investments as well as financial assets and forecast operating cash flows.

Note 28 analyses the Group's exposure to FX and changing interest rate risks.

**Note 34 Contingent liabilities**

As of 31 December 2016, there are no contingent liabilities in the Group.

**Note 35 Events after the balance sheet date**

Between 19 December 2016 and 20 January 2017, the brokerage firm BDM S.A. announced a tender offer for the repurchase of Quantum software S.A.'s equity shares. As a result of the announcement, the parent Minvesta sp. z o.o. acquired 54,512 of the Issuer's equity shares.

The announcement followed the shareholders' Agreement of 24 November 2016, which the Issuer disclosed in its current report no. 13/2016.

As a result of the tender offer, Minvesta sp. z o.o., the company's leading shareholder, demanded that the Extraordinary General Meeting of Quantum software S.A. be convened and that the agenda include a resolution on cancelling the dematerialisation of all of the Company's shares and on withdrawing them from trading on the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A.

The Extraordinary General Meeting was held on 16 February 2017, but was suspended and resumed on 16 March 2017. During the meeting, the above-mentioned resolution was not adopted and the dematerialisation of Quantum software S.A.'s shares was not cancelled.

### **Note 36 Differences between the financial results disclosed in the report and forecasts published earlier**

Quantum software S.A. Capital Group did not publish any result forecasts for 2016 and for the comparable year 2015.

### **Note 37 Information on sureties and guarantees granted and received**

In the reporting period, Quantum software S.A. Group did not grant any sureties or guarantees.

### **Note 38 Seasonal and cyclical nature of business**

Quantum software S.A. Capital Group is not significantly affected by any seasonal factors. Sales revenue in the initial three quarters of the year is subject to slight variations, while Q4 revenue is usually higher because a large portion of the revenue is generated under contracts which are to be completed in Q4, as businesses buy more at the end of the year. Concerns are frequently forced to realise the budgets by the end of the year. On the other hand, the cyclical nature of business is a significant factor because half of the company's revenue comes from service agreements (long-term maintenance agreements).

### **Note 39 Discontinued operations**

In 2016 and in the comparable period, no operations were discontinued.

### **Note 40 Agreements binding on managerial and supervisory personnel and their relatives**

According to the information available to Quantum software S.A., as of 31 December 2016, Tomasz Hatala, a member of the Management Board of Quantum software S.A., holds an

unsettled borrowing from the subsidiary Quantum Qguar sp. z o.o., amounting to PLN 38,510.36. This borrowing is described in note 4.

#### Note 41 Other transactions with managerial and supervisory personnel

According to the information available to the Management Boards of Quantum software S.A group companies, as of the submission date of the statements, there are no transactions with managerial and supervisory personnel of the companies.

#### Note 42 Information on the remuneration of the entity authorised to audit financial statements

2016			
AUTHORISED AUDITING ENTITY	AGREEMENT SIGNING DATE	OBJECT OF THE AUDIT	REMUNERATION
WBS Audyty Sp. z o.o.	06.06.2016	Review of separate interim financial statements	PLN 4,000.00
WBS Audyty Sp. z o.o.	06.06.2016	Review of consolidated interim financial statements	PLN 4,000.00
WBS Audyty Sp. z o.o.	06.06.2016	Audit of separate and consolidated financial statements for 2016	PLN 14,000.00
WBS Audyty Sp. z o.o.	06.06.2016	Audit of separate financial statements of Quantum Qguar sp. z o.o. for 2016	PLN 3,000.00

2015			
AUTHORISED AUDITING ENTITY	AGREEMENT SIGNING DATE	OBJECT OF THE AUDIT	REMUNERATION
WBS Audyty sp. z o.o.	14.07.2015	Review of separate interim financial statements	PLN 4,000.00
WBS Audyty sp. z o.o.	14.07.2015	Review of consolidated interim financial statements	PLN 4,000.00
WBS Audyty sp. z o.o.	20.11.2015	Audit of separate and consolidated financial statements for 2015	PLN 14,000.00
WBS Audyty Sp. z o.o.	01.12.2015	Audit of separate financial statements of Quantum Qguar sp. z o.o. for 2015	PLN 3,000.00

**The financial statements were approved by the Management Board and signed by all Members of the Management Board on 20 April 2017.**

**Signatures of the Management Board Members**

**Person responsible for  
book-keeping**

Tomasz Hatala

Monika Kuś, Chief Accountant

Bogusław Ożóg

Marek Jędra

Tomasz Mnich