



**Semi-annual report of Quantum Software S.A. Capital Group
for the first half of 2017**

Krakow, 15 September 2017

The document contains the following:

- I. Selected financial data of the consolidated and separate financial statements for the first half of 2017 and for the first half of 2016.
- II. Semi-annual condensed consolidated financial statements:
 - Consolidated statement of financial position
 - Consolidated statement of comprehensive income
 - Consolidated statement of changes in equity
 - Consolidated cash flow statement
 - Selected consolidated notes
- III. Issuer's semi-annual condensed financial statements:
 - Statement of financial position
 - Statement of comprehensive income
 - Statement of changes in equity
 - Cash flow statement
 - Selected notes
- IV. Management Report of the Issuer's capital group for the first half of 2017.
- V. Statement by the Management Board on the preparation of financial statements.
- VI. Statement by the Management Board on the authorised auditing entity.

Annexes:

1. Report of the entity authorised to audit the financial statements from the review of the Issuer's interim condensed financial statements.
2. Report of the entity authorised to audit the financial statements from the review of the interim condensed consolidated financial statements.

I. Selected financial data including basic items of the semi-annual consolidated financial statements (also translated into EUR)

	PLN '000		EUR '000	
	from	from	from	from
	01.01.2017 to 30.06.2017	01.01.2016 to 30.06.2016	01.01.2017 to 30.06.2017	01.01.2016 to 30.06.2016
Statement of comprehensive income				
Net revenue from sale of products, goods and materials	15,724	12,789	3,702	2,920
Operating profit (loss)	1,523	743	359	170
Gross profit (loss)	1,193	1,061	281	242
Net profit (loss)	936	960	220	219
Cash flow statement	PLN '000		EUR '000	
	from	from	from	from
	01.01.2017 to 30.06.2017	01.01.2016 to 30.06.2016	01.01.2017 to 30.06.2017	01.01.2016 to 30.06.2016
Net operating cash flow	2,287	1,906	538	435
Net cash flow from investing activities	935	-1,196	220	-273
Net cash flow from financing activities	-1,300	-251	-306	-57
Total net cash flows	1,922	459	453	105
Statement of financial position	PLN '000		EUR '000	
	from	from	from	from
	01.01.2017 to 30.06.2017	01.01.2016 to 31.12.2016	01.01.2017 to 30.06.2017	01.01.2016 to 31.12.2016
Total assets	17,763	16,615	4,203	3,756
Liabilities and provisions for liabilities, including:	7,177	3,597	1,698	813
Long-term liabilities	498	540	118	122
Short-term liabilities	6,679	3,057	1,580	691
Equity	10,587	13,018	2,505	2,943
Share capital	740	740	175	167
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)	0.63	0.65	0.15	0.15
Diluted earnings (loss) per ordinary share (in PLN/EUR)	0.63	0.65	0.15	0.15

Book value per share (in PLN/EUR)	7.15	8.79	1.69	1.99
Diluted book value per share (in PLN/EUR)	7.15	8.79	1.69	1.99
Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

Principles for translating basic items of the semi-annual consolidated financial statements into EUR

Translations of selected financial data into EUR in the statement of comprehensive income and in the cash flow statement use the arithmetic mean calculated based on the average exchange rates of the National Bank of Poland (NBP) applicable on the last day of each month in a given period:

Arithmetic mean in the period from 01.01.2017 to 30.06.2017: PLN 4.2474

Arithmetic mean in the period from 01.01.2016 to 30.06.2016: PLN 4.3805

Translations of selected financials into EUR in the statement of financial position use the average exchange rate of the National Bank of Poland (NBP) applicable on the statement day.

H1 2017: PLN 4.4265

31.12.2016: PLN 4.4240

Average PLN to EUR exchange rates in the period covered by the statements		
Period	Average exchange rate in the period	Exchange rate as of the last day of the period
2017	4.2474	4.2265
2016	4.3805	4.4240

Selected financial data, including basic items of the semi-annual separate financial statements (also translated into EUR)

	PLN '000		EUR '000	
	from	from	from	from
	01.01.2017 to 30.06.2017	01.01.2016 to 30.06.2016	01.01.2017 to 30.06.2017	01.01.2016 to 30.06.2016
Statement of comprehensive income				
Net revenue from sale of products, goods and materials	588	651	138	149
Operating profit (loss)	-38	86	-9	20
Gross profit (loss)	-35	88	-8	20
Net profit (loss)	-34	150	-8	34
	PLN '000		EUR '000	
	from	from	from	from
	01.01.2016 to 30.06.2016	01.01.2015 to 30.06.2015	01.01.2016 to 30.06.2016	01.01.2015 to 30.06.2015
Cash flow statement				
Net operating cash flow	-151	205	-36	47
Net cash flow from investing activities	-82	-199	-19	-45
Net cash flow from financing activities	-1,197	-	-282	-
Total net cash flows	-1,430	6	-337	1
	PLN '000		EUR '000	
	from	from	from	from
	01.01.2017 to 30.06.2017	01.01.2016 to 31.12.2016	01.01.2017 to 30.06.2017	01.01.2016 to 31.12.2016
Statement of financial position				
Total assets	11,733	12,557	2,776	2,838
Liabilities and provisions for liabilities, including:	2,879	305	681	69
Long-term liabilities	1	1	0	0
Short-term liabilities	2,878	304	681	69
Equity	8,854	12,252	2,095	2,769
Share capital	740	740	175	167
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)	0	0	0	0
Diluted earnings (loss) per ordinary share (in PLN/EUR)	0	0	0	0

Book value per share (in PLN/EUR)	6	8	1	2
Diluted book value per share (in PLN/EUR)	6	8	1	2
Declared or paid dividend per share (in PLN/EUR)	-	-	-	-

Principles for translating basic items of the semi-annual separate financial statements into EUR

Translations of selected financial data into EUR in the statement of comprehensive income and in the cash flow statement use the arithmetic mean calculated based on the average exchange rates of the National Bank of Poland (NBP) applicable on the last day of each month in a given period:

Arithmetic mean in the period from 01.01.2017 to 30.06.2017: PLN 4.2474

Arithmetic mean in the period from 01.01.2016 to 30.06.2016: PLN 4.3805

Translations of selected financials into EUR in the statement of financial position use the average exchange rate of the National Bank of Poland (NBP) applicable on the statement day.

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Average PLN to EUR exchange rates in the period covered by the statements		
Period	Average exchange rate in the period	Exchange rate as of the last day of the period
2017	4.2474	4.2265
2016	4.3805	4.4240

II. Semi-annual condensed consolidated financial statements

Consolidated statement of financial position	Note	2016-06-30	2015-12-31
ASSETS			
Non-current assets		2,353	2,350
Property, plant and equipment	1	1,416	1,400
Investment real property	2	-	-
Biological assets	3	-	-
Goodwill of subordinates	4	-	-
Intangible assets	2	245	335
Investments in associates measured with equity method	3	18	18
Financial assets available for sale	8	-	-
Borrowings granted		289	224
Other financial assets	10	-	-
Deferred income tax assets	28	371	368
Other long-term receivables and prepayments	5	14	5
Current assets		15,410	14,265
Inventory	6	366	893
Trade receivables	7	4,733	4,985
Other short-term receivables and prepayments	5	1,165	1,098
Income tax receivables		-	2
Financial assets measured at fair value through profit/loss		-	-
Financial assets available for sale	8	-	-
Borrowings granted	4	83	90
Other financial assets	10	-	-
FX futures		-	-
Cash and cash equivalents	9	9,063	7,197
Non-current assets classified as held for sale		-	-
TOTAL ASSETS		17,763	16,615
EQUITY AND LIABILITIES			
Equity		10,586	13,018
Equity attributable to shareholders of the parent		10,587	12,928
Share capital	10	740	740
Share premium	16	9,341	9,341
Equity shares	12	-1,299	-1,211
Reserve and supplementary capital	13	330	447
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	-61	-162
Profit/loss on sale of subsidiary		-	-
Profit/loss brought forward		633	2,071
Profit/loss in current year		903	1,702
Non-controlling interests		-1	90
LIABILITIES		7,177	3,597
Long-term liabilities		498	540
Provisions	16	212	212
Deferred income tax provision	28	187	206
Long-term bank loans and borrowings	17	-	-
Other long-term financial liabilities	18	99	122
Other long-term liabilities and accruals	22	-	-
Short-term liabilities		6,679	3,057
Provisions	16	7	7
Short-term bank loans and borrowings	17	-	-
Short-term portion of long-term bank loans and borrowings	17	-	-
Other short-term financial liabilities	18	156	71
Trade liabilities	19	1,647	1,418
Other short-term liabilities and accruals	22	4,834	1,392
Income tax liabilities		35	169
FX futures		-	-
Liabilities related to non-current assets classified as held for sale		-	-
TOTAL EQUITY AND LIABILITIES		17,763	16,615

Consolidated income statement (by function)	Note	2017-06-30	2016-06-30
Continued operations			
Revenue from sale of products, goods and materials	21	15,724	12,789
Costs of products, goods and materials sold	23	11,107	9,017
Movement in products – subsidy received for intangible assets and tangible assets		-	-
Gross profit/loss on sales		4,617	3,772
Selling costs	23	1,015	1,067
General administrative expenses	23	2,160	1,898
Sales profit/loss		1,442	807
Other operating revenues	24	84	21
Other operating expenses	24	3	85
Operating profit/loss		1,523	743
Financial revenues	25	65	366
Financial expenses	25	394	47
Share in profit/loss of associates		-1	-1
Profit/loss on sale of interests in associate		-	-
Gross profit/loss		1,193	1,061
Income tax	28	257	101
Net profit/loss on continued operations		936	960
Discontinued operations			
Profit/loss on discontinued operations for the financial year	37	-	-
Net profit/loss for the reporting period		936	960
Net profit/loss attributable to:		936	960
<i>Shareholders of the parent</i>		903	1,038
<i>Non-controlling interests</i>		33	-78
Other comprehensive income		101	-154
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		101	-154
Income tax related to items presented in other comprehensive income	28	-	-
Acquisition of capital from non-controlling interests		-	-
Total comprehensive income		1,037	806
Comprehensive income attributable to:		1,037	806
<i>Shareholders of the parent</i>		973	872
<i>Non-controlling interests</i>		64	-66

Earnings/loss per share (in PLN):		-	-
On continued operations	26	-	-
<i>Basic</i>	26	0.63	0.65
<i>Diluted</i>	26	0.63	0.65
On continued and discontinued operations	26	-	-
<i>Basic</i>	26	0.63	0.65
<i>Diluted</i>	26	0.63	0.65

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	1	33	34	
Other movements in equity	-	-	-88	-116	-	-	-	-	-3,140	-3,344	-124	-3,468	
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	
Distribution of financial result	-	-	-	-116	-	-	-	-	-3,228	-3,344	-124	-3,468	
Acquisition of equity shares	-	-	-88	-	-	-	-	-	88	-	-	-	
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	
Reclassification of reserve capital to share capital	-	-	-	-	-	-	-	-	-	-	-	-	
Supplementary capital	-	-	-	-	-	-	-	-	-	-	-	-	
Profit/loss on sale of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	
Closing balance	740	9,341	-1,299	330	-	-	-61	-	634	9,685	-1	9,684	

For the period	Equity attributable to shareholders of the parent										Non-controlling interests	Total equity
	Share capital	Share premium	Equity shares	Reserve and	Revaluation reserve	Amounts recognised	Foreign exchange	Profit/loss on sale of	Profit/loss brought	Total		
30 June 2016												

recognised directly in equity													
Profit/loss for the period 01.01.2016-30.06.2016	-	-	-	-	-	-	-	-	1,038	1,038	-78	960	
Other movements in equity	-	1,540	-980	135	-	-	-	-	-1,902	-1,207	-51	-1,258	
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	
Distribution of financial result	-	1,540	-	47	-	-	-	-	-1,820	-233	33	-200	
Acquisition of equity shares	-	-	-980	-	-	-	-	-	-	-980	-	-980	
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	
Reclassification of reserve capital to share capital	-	-	-	-	-	-	-	-	-	-	-	-	
Supplementary capital	-	-	-	88	-	-	-	-	-82	6	-84	-78	
Profit/loss on sale of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	
Closing balance	740	11,217	-1,082	186	-	-	-87	-	1,376	12,350	-109	12,241	

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												
Opening balance before restatement	740	9,677	-102	51	-	-	66	-	2,239	12,671	20	12,691

Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of financial result	-	-336	-	332	-	-	-	-	-186	-190	-13	-203
Acquisition of equity shares	-	-	-1,109	-	-	-	-	-	-	-1,109	-	-1,109
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of reserve capital to share capital	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary capital	-	-	-	64	-	-	-	-	18	82	-45	37
Closing balance	740	9,341	-1,211	447	-	-	-162	-	3,773	12,928	90	13,018

Consolidated Cash Flow Statement (indirect method)	Note	2017-06-30	2016-06-30
Operating cash flows			
Gross profit/loss		1,193	1,061
Adjustments for:		1,094	845
Share in net profit/loss of associates and joint ventures accounted for using the equity method		1	1
Non-controlling interests		-	-
Depreciation/amortisation		393	531
Goodwill impairment		-	-
Foreign exchange gains/losses		100	-255
Expenses and revenue due to interest		-8	-78
Dividends revenue		-	-
Profit/loss on investing activities		-33	74
Movement in provisions		-	-
Movement in inventory		518	-538
Movement in receivables and prepayments		4	484
Movement in liabilities and accruals		129	730
Income tax paid/returned		-55	-109
Other adjustments		45	5
Net operating cash flow		2,287	1,906
Cash flow from investing activities			
Inflows from sale of tangible assets and intangible assets		46	22
Net inflows from sale of associates and subsidiaries		-	-
Inflows from the sale of financial assets		1,197	-
Inflows from interest		36	70
Inflows from dividends		-	-
Repayment of borrowings granted		226	381
Expenditures on acquisition of property, plant and equipment, and intangible assets		203	234
Net expenditures on acquisition of subsidiaries and associates		-	980
Expenditures on acquisition of short-term financial assets		-	-
Borrowings granted		367	455
Other		-	-
Net cash flow from investing activities		935	-1,196
Cash flow from financing activities			
Inflows from loans and borrowings		88	-
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		142	111
Dividends paid to the Company's shareholders		-	-
Dividends paid to shareholders holding non-controlling interests		-	-
Acquisition of equity shares		1,197	-
Interest paid		49	4
Other		-	-
Net cash flow from financing activities		-1,300	-251
Increase/decrease in cash and cash equivalents		1,922	459
Opening balance of cash and cash equivalents, and overdrafts		7,197	6,380
<i>Foreign exchange gains/losses related to measurement of cash and cash equivalents, and overdrafts</i>		-56	9
Closing balance of cash and cash equivalents, and overdrafts		9,063	6,848

Selected consolidated notes

- Notes on the adopted accounting principles (policy):

1. General information

The parent company of the Capital Group is Quantum software S.A., with its registered office in Krakow, ul. Walerego Sławka 3A. The Company was entered into the Register of Entrepreneurs of the National Court Register (KRS) Krakow – Śródmieście, 11th Commercial Department, on 30 October 2002, under KRS No. 0000136768; PKD 62.01Z (Polish Classification of Activities) "Software business". The Company's core business consists in holding activities.

The financial year of the Group's companies corresponds to the calendar year.

2. Approval of the financial statements

These financial statements were adopted and approved for publication by the Management Board on 15 September 2017.

3. Basic principles of preparing financial statements

The accounting principles adopted for preparing these Condensed Interim Consolidated Financial Statements are described below. These principles were applied in all of the reporting periods presented.

These Condensed Interim Consolidated Financial Statements (the "Interim Consolidated Financial Statements") have been prepared in compliance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting ("IAS 34") and in compliance with the applicable accounting standards pertaining to interim financial reporting as adopted by the European Union, published and effective at the time of preparing the Interim Consolidated Financial Statements.

Data included in the report was prepared in line with the principles for measurement of assets, equity and liabilities, and measurement of net income specified as of the balance sheet date, in line with the materiality principle. The Condensed Interim Consolidated Financial Statements for H1 2017 were prepared on the assumption that the Capital Group would continue as a going concern.

These financial statements contain financial data for H1 2017 and comparative financial data as of 31.12.2016 and as of 30.06.2016.

The Interim Consolidated Financial Statements for H1 2017 have been prepared in PLN with figures rounded to full thousand.

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

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:

1) 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.

Prepayments/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 revenues

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 revenues

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.

Notes – selected explanatory information

Note 1 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT	AS OF 30 JUNE 2017					
	Land and perpetual usufruct title to land	Buildings and structures	Machines and equipment	Means of transport	Other	Total
Gross value at the beginning of the period	-	80	1,334	1,700	41	3,155
Increases	-	-	105	204	15	324
<i>acquisition</i>	-	-	105	204	15	324
<i>acquisition as part of business combinations</i>	-	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Decreases	-	-	15	69	-	84
<i>disposal</i>	-	-	15	69	-	84
<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 (+/-)	-	-	-	-	-	-
Gross value at the end of the period	-	80	,1,424	1,835	56	3,395
Accumulated amortisation/depreciation at the beginning of the period	-	16	836	871	32	1,221
amortisation/depreciation for the period	-	12	144	163	-	319
other increases	-	-	-	-	-	-
other increases purchase as part of business combinations	-	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-	-
decreases	-	-	15	60	-	75
Accumulated amortisation/depreciation at the end of the period	-	28	965	973	33	1,999

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	-	28	965	973	33	1,999
Adjustment for net foreign exchange gains/losses on translation	-	-	-	20	-	20
Net value at the end of the period	-	52	459	882	23	1,416

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
Gross value at the beginning of the period	-	2	1,114	1,584	41	2,741
Increases	-	78	249	159	-	486
<i>acquisition</i>	-	78	249	159	-	486
<i>acquisition as part of business combinations</i>	-	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Decreases	-	-	29	56	-	85
<i>disposal</i>	-	-	29	56	-	85
<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 (+/-)	-	-	-	-	-	-
Gross value at the end of the period	-	80	1,334	1,687	41	3,142
Accumulated amortisation/depreciation at the beginning of the period	-	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
Accumulated amortisation/depreciation at the end of the period	-	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
Net value at the end of the period	-	64	498	829	9	1,400

The Group owns cars classified as PP&E under lease, with a net value of PLN 430,170.70 and PLN 488,222.30 as of 31 December 2016 and 30 June 2017 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 2016 and 30 June 2017 respectively.

Note 2 Intangible assets

INTANGIBLE ASSETS	AS OF 30 JUNE 2017				
	Own development work	Intangible assets purchased			Total
		Patents and trademarks	Licenses	Other	
Gross value at the beginning of the period	601	-	1,964	-	2,565
Increases	-	-	-	-	-
<i>Acquisition</i>	-	-	-	-	-
<i>own development work</i>	-	-	-	-	-
<i>acquisition as part of business combinations</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-
<i>other</i>	-	-	-	-	-
Decreases	-	-	-	-	-
<i>decommissioning</i>	-	-	-	-	-
<i>liquidation</i>	-	-	-	-	-
<i>disposal</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>	-	-	-	-	-
Gross value at the end of the period	601	-	1,964	-	2,565
Accumulated amortisation/depreciation at the beginning of the period	532	-	1,670	-	2,230
<i>amortisation/depreciation for the period</i>	20	-	69	-	89
<i>other increases</i>	-	-	-	-	-
<i>purchase as part of business combinations</i>	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-
<i>decreases</i>	-	-	-	-	-
Accumulated amortisation/depreciation at the end of the period	552	-	1,768	-	2,320
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	552	-	1,768	-	2,320
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
Net value at the end of the period	49	-	196	-	245

INTANGIBLE ASSETS	AS OF 31 DECEMBER 2016				
	Own development work	Intangible assets purchased			Total
		Patents and trademarks	Licenses	Other	
Gross value at the beginning of the period	1,450	-	1,938	-	3,388
Increases	-	-	26	-	26
<i>acquisition</i>	-	-	26	-	26
<i>own development work</i>	-	-	-	-	-
<i>acquisition 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>disposal</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>	-	-	-	-	-
Gross value at the end of the period	602	-	1,964	-	2,566
Accumulated amortisation/depreciation at the beginning of the period	975	-	1,568	-	2,543

<i>amortisation/depreciation for the period</i>	288	-	131	-	419
<i>other increases</i>	-	-	-	-	-
<i>transfer of business</i>	-	-	-	-	-
<i>decreases</i>	731	-	-	-	731
Accumulated amortisation/depreciation at the end of the period	531	-	1,699	-	2,230
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	-	-	-	-	-
Net value at the end of the period	70	-	265	-	335

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

Note 3 Investments in associates

Condensed financial information in entities measured with the equity method, not adjusted for the Group's share.

Company: EQ System East sp. z o.o.	2017-06-30	2016-12-31
Share in the associate's balance sheet	48%	48%
Non-current (long-term) assets	-	-
Current (short-term) assets	42	45
Long-term liabilities	-	-
Short-term liabilities	3	4
Net assets	39	41
Shares in the associate's revenue and financial result	-	-
Revenues	-	-
Profit/loss	-1	-2
Carrying value of investments in the associate	18	18

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

Note 4 Borrowings granted

BORROWINGS GRANTED								
Long-term	Borrowing amount	Interest rate	Repayment date	As of		Interest accrued from the beginning of the financial year to		Security
				2017-06-30	2016-12-31	2017-06-30	2016-06-30	
<i>Borrowings granted to related parties</i>								
Quantum Assets sp. z o.o.	40	Fixed (7%)		42	40	1	-	-
<i>Borrowings granted to other parties</i>								
other parties	115	-	-	168	164	5	10	-
Employees	74	Fixed (10-12%)	-	79	20	1	2	No security
TOTAL:				289	224	7	12	

BORROWINGS GRANTED								
Short-term	Borrowing amount	Interest rate	Repayment date	As of		Interest accrued from the beginning of the financial year to		Security
				2017-06-30	2016-12-31	2017-06-30	2016-06-30	
<i>Borrowings granted to other parties</i>								
other parties	-	-	-	-	-	-	-	-
Tomasz Hatala – Member of the parent company's	13	Fixed (7%)	-	14	39	1	2	-

Management Board								
Employees	65	Fixed (10-13%)	-	69	51	1	8	No security
TOTAL:				83	90	2	10	

2017:

- **Borrowings granted to other parties:**

- I. Long-term borrowings granted to other parties as of 30 June 2017: PLN 169,178.82.

- II. Short-term borrowings granted to other parties as of 30 June 2017: PLN 0.00.

- **Borrowings granted to employees:**

- I. Long-term borrowings granted to employees as of 30 June 2017: PLN 78,614.37.

- II. Short-term borrowings granted to employees as of 30 June 2017: PLN 69,246.41.

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

- Long-term borrowing as of 30 June 2017: PLN 41,518.90.

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

- Short-term borrowing as of 30 June 2017: PLN 14,264.24.

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:**

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

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

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

Note 5 Other receivables and prepayments

OTHER RECEIVABLES AND PREPAYMENTS	2017-06-30	2016-12-31
Receivables from subsidiaries:	-	-
- long-term	-	-
- short-term	-	-
Receivables from related parties:	-	-
- long-term	-	-
- short-term	-	-
Advance payments:	374	387
- long-term	-	-
- short-term	374	387
Other receivables:	582	534
- long-term	-	-
- short-term	582	534
Prepayments:	223	182
- long-term	14	5
- short-term	209	177
Impairment losses at the beginning of the period	-	-
Recognition of impairment losses in the period	-	-
Reversal of impairment loss in the period	-	-
Impairment losses at the end of the period	-	-
TOTAL	1,179	1,103

Other receivables include:

- taxes, customs duties, insurance and other benefits	4	1
- security deposits paid	102	101
- payroll	4	-
- other employee settlements	-	-
- input VAT to be settled in future periods	78	67
- output VAT on corrective invoices to be settled in future periods	7	14
- VAT	66	1
- unsettled tax paid by foreign companies	92	89
- settlements with a brokerage house related to redemption of equity shares	5	6
- settlements with a brokerage house related to redemption of Quantum software's shares	6	-
- other settlements with suppliers	123	101
- other receivables	95	154
TOTAL:	582	534

Prepayments include:

- settlement of long-term contracts	2	2
- inter-period cost settlement	66	70
- other prepayments	6	-
- property insurance	57	64
- contribution to Company Social Benefits Fund (ZFSS)	37	-
- prepaid subscriptions, etc.	23	26
- settlement of VAT related to lease agreements to be settled in subsequent periods – within 12 months	18	10
- settlement of VAT related to lease agreements to be settled in subsequent periods – over 12 months	14	10
TOTAL:	223	182

Note 6 Inventory

INVENTORY	As of 30.06.2017				
	Materials	Work in progress	Finished products	Goods	Total
Measurement according to the acquisition price/manufacturing cost	-	-	-	374	374
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
Carrying value of inventory	-	-	-	366	366
<i>Value of inventory securing liabilities</i>	-	-	-	366	366
<i>Including long-term</i>	-	-	-	8	8

INVENTORY	As of 31.12.2016				
	Materials	Work in progress	Finished products	Goods	Total
Measurement according to the acquisition 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
Carrying value of inventory	-	-	-	893	893
<i>Value of inventory securing liabilities</i>	-	-	-	894	894
<i>Including long-term</i>	-	-	-	8	8

Note 7 Trade receivables

TRADE RECEIVABLES	2017-06-30	2016-12-31
Trade receivables from related parties	-	-
Trade receivables from other parties	5,032	5,287
Total	5,032	5,287
Write-downs on trade receivables	299	302
Net trade receivables	4,733	4,985

MOVEMENTS IN WRITE-DOWNS	2017-06-30	2016-12-31
Opening balance	302	300
Increases	-	2
Decreases	3	-
Closing balance	299	302

Note 8 Age structure of trade receivables

AGE STRUCTURE OF TRADE RECEIVABLES	30 JUNE 2017		31 DECEMBER 2016	
	Gross value	Write-down	Gross value	Write-down
Paid on time	3,129	-	3,455	-
Overdue up to 3 months	1,169	-	1,241	-
Overdue between 3 and 6 months	48	-	81	-
Overdue between 6 and 12 months	21	-	5	-
Overdue over 1 year	665	299	505	302
Total	5,032	299	5,287	302

Note 9 Cash and cash equivalents

CASH AND CASH EQUIVALENTS	2017-06-30	2016-12-31
Cash in hand and cash in bank	2,960	4,409
Short-term deposits	6,103	2,788
Other	-	-
Total, including:	9,063	7,197
- 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 H1 2017, cash increased by PLN 1,866,571.18.

Quantum Qguar sp. z o.o. has opened time deposits. In H1 2017 and in 2016, the Company invested cash in short-term and long-term deposits. The deposits bear a fixed interest rate. In the first half of 2017, deposits in PLN were opened, carrying an interest rate from 1.60% to 1.80%, deposits in EUR with an interest rate of 0.7% and deposits in USD with an interest rate of 1.5% per annum.

Note 10 Share capital

SHARE CAPITAL		As of 30.06.2017					
Series/issue	Type of shares	Preference	Type of limitation of the rights to shares	Number of shares	Value of category/issue according to par 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
Total number of shares				1,480,757			
Total share capital					740 378.50		
<i>Nominal value per share</i>					0.50		

Shareholders	Number of shares	% of capital
Minvesta sp. z o.o.	898,400	60.67%
Tomasz Hatala	36,200	2.44%
Bogusław Ożóg	24,603	1.66%
Robert Dykacz	11,832	0.8%
Marek Jędra	8,200	0.55%
Tomasz Polończyk	8,200	0.55%
Tomasz Mnich	3,400	0.23%
Other	489,922	33.08%
Total	1,480,757	100%

On 11 July 2014, Quantum Assets sp. z o.o. sold Quantum software S.A.'s shares. The shares were acquired by the newly incorporated company Minvesta sp. z o.o., with its registered office in Krakow, 30-633 ul. Walerego Sławka 3a, in which Quantum Assets sp. z o.o. holds 100% of interests.

Note 11 Number of shares comprising share capital

NUMBER OF SHARES COMPRISING SHARE CAPITAL	2017-06-30	2016-12-31
Ordinary shares with a nominal value of PLN 0.50	1,480,757	1,480,757
Total	1,480,757	1,480,757

CHANGES IN THE NUMBER OF SHARES	2017-06-30	2016-12-31
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
Ordinary shares issued and fully paid-up		
At the beginning of the period	-	-
At the end of the period	-	-
Equity shares		
At the beginning of the period	180,817	14,930
Repurchase of equity shares for the purposes of an incentive plan	-	-
Repurchase of shares by the subsidiary Quantum Qguar sp. z o.o.		165,887
At the end of the period	180,817	180,817
Shares		
At the beginning of the period	-	-
At the end of the period	-	-

SHARE CAPITAL	2017-06-30	2016-12-31
Nominal value per share	0.50	0.50
Share capital	740	740

Note 12 Equity shares

EQUITY SHARES			
As of 30.06.2017	Number of shares	Value at acquisition prices	Purpose of acquisition
	14,930	102	Article 362 section 1 item 8 of the Commercial Companies Code
	165,887	1,197	Article 362 section 1 item 5 of the Commercial Companies Code
TOTAL	180,817	1,299	

Between 2009 and 2014, 14,930 equity shares were repurchased for the purpose of the company's incentive plan for its managerial personnel.

The Management Board's authorisation to acquire equity shares granted by the Ordinary General Meeting of 18 May 2009 expired on 18 May 2014.

As part of the authorisation under Resolution No. 19 of the Ordinary General Shareholders' Meeting of Quantum software S.A. of 25 June 2015, the subsidiary Quantum Qguar sp. z o.o. announced 2 tender offers for the Issuer's equity shares. As a result of the first tender offer from 29 December 2015 to 15 January 2016, the subsidiary Quantum Qguar sp. z o.o. acquired 150,386 of the Issuer's equity shares, and following the second tender offer of 22 July 2016, it acquired 15,501 of the Issuer's equity shares.

On 9 February 2017, the Issuer and the subsidiary Quantum Qguar sp. z o.o. concluded an agreement for the transfer of the ownership title to shares. As a result of this transaction, the Issuer acquired 165,887 dematerialised shares of Quantum quoted at the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange), which the Seller acquired under the above-mentioned authorisation to acquire the equity shares of Quantum software S.A.

On 16 February 2017, Quantum software S.A.'s Extraordinary General Shareholders' Meeting was convened and it adopted a resolution on the redemption of the said 165,887 equity shares of the Issuer.

Note 13 Reserve capital, supplementary capital and revaluation reserve

	AS OF 30 JUNE 2017									
	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
Opening balance	9,341	446	-	-	-	-	-	-	-162	9,625
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-	-	-
Corrections of fundamental errors	-	-	-	-	-	-	-	-	-	-
Opening balance after corrections (restated)	9,341	446	-	-	-	-	-	-	-162	9,625
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	-	-	-	-	-	-	-	-	-	-
Acquisition of equity shares	-	-	-	-	-	-	-	-	-	-
Reclassification to share capital and supplementary capital	-	-	-	-	-	-	-	-	-	-
FX gains/losses on measurement of	-	-	-	-	-	-	-	-	101	101

Income tax related to items presented in other comprehensive income	-	-	-	-	-	-	-	-	-	-
Closing balance	9,341	447	-	-	-	-	-	-	-162	9,626

Note 14 Reserve capital due to foreign exchange gains/losses on translation

	As of 30.06.2017	
	Reserve capital due to foreign exchange gains/losses on translation	Total
Opening balance	-162	-162
Foreign exchange gains/losses on translation of foreign operations	101	101
Income tax on gains from translation of foreign operations	-	-
Loss on instrument hedging a net investment in foreign operations	-	-
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	-	-
Closing balance	-61	-61

	As of 31.12.2016	
	Reserve capital due to foreign exchange gains/losses on translation	Total
Opening balance	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 net investment in foreign operations	-	-
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	-	-
Closing balance	-162	-162

Note 15 Non-controlling interests

	As of 30.06.2017	
	Reserve capital due to foreign exchange gains/losses on translation	Total
Opening balance	90	90
Share of profit during the year	33	33
Increases – foreign exchange gains/losses	32	32
Decreases – dividend payout	-150	-150
Other decreases	-6	-6
Closing balance	-1	-1

	As of 31.12.2016	
	Reserve capital due to foreign exchange gains/losses on translation	Total
Opening balance	20	20
Share of profit during the year	146	146
Other increases	-	-
Other decreases	-76	-76
Closing balance	90	90

Note 16 Provisions

PROVISIONS					
	As of 30 June 2017				
	Provisions for repairs under guarantee	Restructuring provisions	Provisions for employee and similar benefits	Other provisions	Total
At the beginning of the period, including	-	-	219	-	219
Short-term, at the beginning of the period	-	-	7	-	7
Long-term, at the beginning of the period	-	-	212	-	212
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	-	-	-	-	-
At the end of the period, including	-	-	219	-	219
Short-term, at the end of the period	-	-	7	-	7
Long-term, at the end of the period	-	-	212	-	212

PROVISIONS					
	As of 31 December 2016				
	Provisions for repairs under guarantee	Restructuring provisions	Provisions for employee and similar benefits	Other provisions	Total
At the beginning of the period, including	-	-	236	-	236
Short-term, at the beginning of the period	-	-	7	-	7
Long-term, at the beginning of the period	-	-	229	-	229
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	-	-	-	-	-
At the end of the period, including	-	-	219	-	219
Short-term, at the end of the period	-	-	7	-	7
Long-term, at the end of the period	-	-	212	-	212

Note 17 Bank loans and borrowings

In H1 2017, 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 18 Other financial liabilities

LIABILITIES DUE TO FINANCE LEASE AGREEMENTS				
FUTURE MINIMUM LEASE FEES AND NET PRESENT VALUE OF MINIMUM LEASE FEES				
	30 JUNE 2017		31 DECEMBER 2016	
	Minimum fees	Present value of minimum fees	Minimum fees	Present value of minimum fees
up to 1 year	168	156	72	71
over 1 to 5 years	168	99	123	122
over 5 years	-	-	-	-
Total	336	255	195	193

As of 30 June 2017, Quantum Qguar sp. z o.o. was bound by seven car lease agreements in the total amount of PLN 628,864.75. As of 30 June 2017, the outstanding amount of the liability was PLN 254,370.09.

Quantum I-Services concluded a car lease agreement in the amount of PLN 99,752.85. As of 30 June 2017, the outstanding amount of the liability was PLN 1,955.73.

Note 19 Trade liabilities

TRADE LIABILITIES	2017-06-30	2016-12-31
Trade liabilities due to related parties	-	-
Trade liabilities due to other parties	1,647	1,418
Total	1,647	1,418

Note 20 Other liabilities and accruals

OTHER LIABILITIES AND ACCRUALS	2017-06-30	2016-12-31
Liabilities due to subsidiaries:	-	-
- long-term	-	-
- short-term	-	-
Liabilities due to related parties:	-	-
- long-term	-	-
- short-term	-	-
Advance payments:	-	-
- long-term	-	-
- short-term	-	-
Other liabilities:	4,810	1,325
- long-term	-	-
- short-term	4,810	1,325
Accruals:	24	67
- long-term	-	-
- short-term	24	67
Deferred revenue:	-	-
- long-term	-	-
- short-term	-	-
Total, including:	4,834	1,392
- long-term	-	-
- short-term	4,834	1,392

Other liabilities include:		
Taxes, customs duties, insurance and other considerations	901	883
Payroll	72	228
Dividends	3,529	-
Other liabilities	218	186
Settlement of special purpose funds	90	28
Total	4,810	1,325

Accruals include:		
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	24	67
Total	24	67

Note 21 Revenue from sale of products, goods and materials

REVENUE FROM SALE OF PRODUCTS, GOODS AND MATERIALS						
	Continued operations		Discontinued operations		Total	
	2017-06-30	2016-06-30	2017-06-30	2016-06-30	2017-06-30	2016-06-30
Revenue from sale of products	1,356	811	-	-	1,356	811
Revenue from sale of services	10,995	9,841	-	-	10,995	9,841
Revenue from sale of materials	-	-	-	-	-	-
Revenue from sale of goods	3,373	2,137	-	-	3,373	2,137
TOTAL	15,724	12,789	-	-	15,724	12,789
including: non-monetary revenue from exchange of goods or services	-	-	-	-	-	-

In 2017, an increase in sales compared to the same period in 2016 was recorded. The sale of goods is the group's auxiliary business related to specific orders as part of the performance of agreements with counterparties.

Note 22 Costs by type

COSTS BY TYPE	2017-06-30	2016-06-30
Depreciation/amortisation of tangible assets and intangible assets	393	531
Employee benefit costs	5,824	5,371
Consumption of raw materials and materials	193	211
Costs of third-party services	4,345	3,641
Costs of taxes and charges	67	37
Other costs	397	340
Change in the balance of products and work-in-progress	-	-
Value of goods sold	3,063	1,850
TOTAL	14,282	11,981
Selling costs	1,015	1,066
General administrative expenses	2,160	1,898
Costs of products, goods and materials sold	11,107	9,017
TOTAL	14,282	11,981
including: minimum lease fees recognised as operating lease costs	-	-

EMPLOYEE BENEFIT COSTS	2017-06-30	2016-06-30
Costs of remuneration	4,915	4,485
Social security costs	821	793
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	88	93
Other post-employment benefits	-	-
Costs of employee benefits in the form of equity shares	-	-
TOTAL	5,824	5,371

RESEARCH AND DEVELOPMENT COSTS	2017-06-30	2016-06-30
Depreciation/amortisation	20	183

Consumption of raw materials and auxiliary materials	-	-
Costs of third-party services	-	-
Other costs	-	-
TOTAL	20	183

Note 23 Other revenue and expenses

OTHER REVENUE	2017-06-30	2016-06-30
State subsidies	-	-
Profit on sale of property, plant and equipment	35	-
Reversal of impairment losses on receivables	13	-
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	-	-
Refunds of damages	-	-
Differences from balance sheet measurement	-	-
Donations, fines and damages received	34	21
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	2	-
TOTAL	84	21
including: non-monetary revenue from exchange of goods or services	-	-

OTHER EXPENSES	2017-06-30	2016-06-30
Loss on sale of property, plant and equipment	-	74
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
Impairment losses on inventory	-	-

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	1
Liquidation of current assets	-	-
Subsidies	-	-
Other	2	1
TOTAL	3	85

Note 24 Financial revenue and expenses

FINANCIAL REVENUE	2017-06-30	2016-06-30
Interest revenue	65	80
Dividend revenue	-	-
Investment revenue	-	-
Foreign exchange gains	-	286
Interest charged on receivables	-	-
FX hedges (forwards)	-	-
Settlement of income tax upon transfer of business	-	-
Other	-	-
Reversal of impairment losses on financial assets, including:	-	-
assets available for sale	-	-
financial assets and liabilities measured at fair value through the profit and loss account	-	-
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	-	-
TOTAL	65	366

FINANCIAL EXPENSES	2017-06-30	2016-06-30
Costs of interest, including:	3	1
bank loans	-	-
borrowings	-	-
Other	-	-
state budget and other interest	3	1
Financial expenses under finance lease agreements	46	1
Provision for outstanding interest	-	-
Loss on disposal of investments	-	-
Foreign exchange losses	325	-
Profit/loss on sale of interests in subsidiary	-	-
Remittance of borrowing and interest	-	-
Other	-	-
Impairment losses on financial assets, including:	20	45
assets available for sale	-	-
financial assets and liabilities measured at fair value through the profit and loss account	20	45
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	-	-
TOTAL	394	47

Note 25 Consolidated earnings per share

CONSOLIDATED EARNINGS PER SHARE	2017-06-30	2016-06-30
Consolidated net profit for the reporting period attributable to:	936	960
Shareholders of the Parent Company	903	1,038
Non-controlling interests	33	-78

CONSOLIDATED NET PROFIT OF ORDINARY SHAREHOLDERS OF THE PARENT COMPANY (BASIC)						
Item	30 JUNE 2017			30 JUNE 2016		
	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
Consolidated net profit/loss of the shareholders of the Parent	903	-	903	1,038	-	1,038

Company for the reporting period						
Dividends on preference shares not subject to redemption (-)	-	-	-	-	-	-
Total	903	-	903	1,038	-	1,038

WEIGHTED AVERAGE ORDINARY SHARES	2017-06-30	2016-06-30
<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	2017-06-30	2016-06-30
on continued and discontinued operations	-	-
on continued operations	-	-

CONSOLIDATED NET PROFIT OF ORDINARY SHAREHOLDERS OF THE PARENT COMPANY (DILUTED)	30 JUNE 2017			30 JUNE 2016		
	Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
Consolidated net profit/loss of ordinary Shareholders of the Parent Company (basic)	903	-	903	1,038	-	1,038
Interest on convertible bonds, after taxes	-	-	-	-	-	-
Consolidated net profit/loss of ordinary Shareholders of the Parent Company (diluted)	903	-	903	1,038	-	1,038

WEIGHTED AVERAGE ORDINARY SHARES (DILUTED)	2017-06-30	2016-06-30
<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	1,480,757	1,480,757

(diluted)		
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CONSOLIDATED DILUTED NET EARNINGS PER SHARE	2017-06-30	2016-06-30
on continued and discontinued operations	-	-
on continued operations	-	-

Note 26 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 21) and by geographical areas. The Company does not present information on major groups of customers because such a situation is not applicable.

2017-06-30		
INFORMATION ON GEOGRAPHICAL AREAS	Revenues	Non-current assets
Domestic sales	12,872	*
Total foreign sales	2,852	*
including:		
Germany	994	-
Ukraine	1,185	-
Belarus	-	-
Russia	68	-
UK	89	-
Ecuador	58	-
Romania	100	-
Hungary	63	-
Czech Republic	20	-
Spain	-	-
Italy	15	-
Brazil	-	-
Norway	18	-
Luxemburg	7	-
USA	111	-
France	86	-
Malta	23	-
Other	16	-
TOTAL	15,724	-

2016-06-30		
INFORMATION ON GEOGRAPHICAL AREAS	Revenues	Non-current assets
Domestic sales	10,270	*
Total foreign sales	2,519	*
including:		
Germany	1,019	-
Ukraine	558	-
Russia	112	-
Belarus	-	-
UK	94	-
Ecuador	96	-
Romania	28	-
Hungary	62	-
Czech Republic	26	-
Spain	-	-
Italy	72	-
Brazil	194	-
Norway	89	-
Luxemburg	100	-
Other	69	-
TOTAL	12,789	-

INFORMATION ON TYPES OF PRODUCTS, SERVICES AND GOODS	2017-06-30	2016-06-30
	Revenues	Revenues
Products – licenses	1,356	811
Services – implementation	3,680	2,777
Services – maintenance	4,941	4,258
Services – individual projects and other services	2,374	2,768
Long-term contracts	-	38
Goods	3,373	2,137
TOTAL	15,724	12,789

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.

CONSTRUCTION CONTRACTS IN PROGRESS	2017-06-30	2016-12-31
Total costs incurred	-	42
Total profit and loss recognised	-	39
Advance payments received	-	-
Security deposit	-	-
Receivables from clients under contractual works	136	136
Liabilities due to clients under contractual works	-	-

Note 28 Financial instruments

FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO INTEREST RATE RISK			
As of 30.06.2017			
	Carrying value	Increase/decrease by percentage points	Effect on the gross financial result
Financial assets	9,435	-	-4
Cash	9,063	-	-
Financial assets available for sale	-	-	-
Other financial assets	-	-	-
Borrowings granted	372	-	-4
Financial liabilities	255	-	3
Bank loans and borrowings	-	-	-
Financial lease liabilities	255	-	3
Other financial liabilities	-	-	-

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

Other financial assets	-	-	-
Borrowings granted	314	-1	-3
Financial liabilities	193	-	2
Bank loans and borrowings	-	-	-
Financial lease liabilities	193	-	2
Other financial liabilities	-	-	-

FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO FX RISK			
As of 30.06.2017			
	Carrying value	Exchange rate increase/decrease in percentage points	Effect on the gross financial result
Financial assets	-	-	-
Cash in EUR	905	-4%	-36
Cash in USD	134	-2%	-3
Cash in UAH	516	-5%	-26
Cash in RUB	34	-13%	4
Cash in BRL	111	6%	7
Trade and other receivables in EUR	275	-4%	-11
Trade and other receivables in UAH	688	-5%	-34
Trade and other receivables in RUB	3	13%	0
Trade and other receivables in BRL	16	6%	1
Financial liabilities	-	-	-
Overdrafts in EUR	-	-	-
Short-term loans in EUR	-	-	-
Trade liabilities in EUR	72	4%	3
Trade liabilities in UAH	741	5%	37
Trade liabilities in RUB	204	-13%	-27
Trade liabilities in BRL	14	-6%	-1

FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO FX RISK			
As of 31.12.2016			
	Carrying value (PLN '000)	Exchange rate increase/decrease in percentage points	Effect on the gross financial result
Financial assets	-	-	-
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 receivables in BRL	35	1%	0
Financial liabilities	-	-	-
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

FAIR VALUE OF THE INDIVIDUAL CATEGORIES OF FINANCIAL INSTRUMENTS					
	Category in accordance with IAS 39*	Carrying value		Fair value	
		2017-06-30	2016-12-31	2017-06-30	2016-12-31
Financial assets		15,352	13,612	15,352	13,612
Cash	measured at fair value through P&L	9,063	7,197	9,063	7,197
Trade and other receivables	borrowings and receivables	5,898	6,083	5,898	6,083
Interest receivable from borrowings granted	borrowings and receivables	373	314	373	314
Financial assets available for sale	available for sale	18	18	18	18
Financial liabilities		6,736	3,003	6,736	3,003
Liabilities due to finance lease	financial liabilities at amortised cost	255	193	255	193
Trade and other liabilities	financial liabilities at amortised cost	6,481	2,810	6,481	2,810
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

	AS OF 30.06.2017				
	Category in accordance with IAS 39*	Interest revenues/expenses	Foreign exchange gains/losses	Release/recognition of write-downs	Profit/loss on the sale of financial instruments
Financial assets		66	-82	-22	-
Cash	measured at fair value through P&L	56	-4	-	-
Trade and other receivables	borrowings and receivables	-	-78	-2	-
Interest receivable from borrowings granted	borrowings and receivables	10	-	-20	-
Financial assets available for sale	available for sale	-	-	-	-
Financial liabilities		-49	-	-	-
Liabilities due to finance lease	financial liabilities at amortised cost	-46	-	-	-
Trade and other liabilities	financial liabilities at amortised cost	-3	-	-	-
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

	AS OF 30.06.2016				
	Category in accordance with IAS 39*	Interest revenues/expenses	Foreign exchange gains/losses	Release/recognition of write-downs	Profit/loss on the sale of financial instruments
Financial assets		80	47	-47	-
Cash	measured at fair value through P&L	47	-8	-	-
Trade and other receivables	borrowings and receivables	-	93	-2	-
Interest receivable from borrowings granted	borrowings and receivables	33	-38	-45	-

Financial assets available for sale	available for sale	-	-	-	-
Financial liabilities		-2	-	-	-
Liabilities due to finance lease	financial liabilities at amortised cost	-1	-	-	-
Trade and other liabilities	financial liabilities at amortised cost	-1	-	-	-
Short-term bank loans	financial liabilities at amortised cost	-	-	-	-

Note 29 Share-based payments

Scheme for senior managerial personnel Share options scheme for employees

Information about the employee share ownership plan control system

The Managerial Options Scheme was launched by the Issuer in 2008 and was described in detail in preceding reports. It was intended for the key managerial staff in the Company, its subsidiaries and associates ("Eligible Persons"). The scheme comprises three Packages realised at specific time intervals. The first Package has been fully realised with the Issue of series D Shares. On 14 March 2011, the Supervisory Board adopted a resolution on transferring the Subscription Warrants from the second Package to the third Package because the conditions for the realisation of the Subscription Warrants under the second Package were not fulfilled. The Company's Ordinary General Meeting authorised the Supervisory Board to amend the Regulations of the Managerial Options Scheme. On 15 March 2013, the Supervisory Board passed a resolution on suspending the Managerial Options Scheme. According to the resolution of the Company's General Meeting of 17 June 2008, on, among other things, the contingent increase of the Company's share capital in order to grant the rights to acquire series D shares to the holders of subscription warrants, the date for exercising the right to acquire series D shares by the holders of subscription warrants expires on 31 December 2013. Similarly, in the case of the third Package, the realisation conditions were not satisfied. The Managerial Options Scheme introduced by the Issuer in 2008 was partially realised and expired as of 31 December 2013. By the date of preparing this information, the Company did not introduce any new employee share schemes.

COSTS OF SERVICES PROVIDED BY EMPLOYEES/MANAGERIAL STAFF	2017-06-30	2016-06-30
Costs of scheme settled with equity instruments	-	-
Costs of scheme settled with cash	-	-
Total costs of share-based/option-based payment schemes	-	-

Note 30 Explanations to the cash flow statement

Explanations to the cash flow statement	2017-06-30	2016-06-30
Foreign exchange gains (losses) disclosed in the cash flow statement result from the following:	100	-255
- foreign exchange gains/losses due to measurement of cash	29	5
- unrealised foreign exchange gains/losses on loans and borrowings	-23	-37
- realised foreign exchange gains/losses on loans and borrowings	-	-
- foreign exchange gains/losses on translation of financial statements	94	-223
Interest and profit sharing (dividends), including:	-8	-78
- received interest on borrowings granted	-	-
- received interest on cash in bank and deposits	-32	-47
- received interest on lease instalments	-	-
- interest paid on loans	-	-
- interest paid on borrowings	-	-
- interest paid on debt securities	-	-
- interest paid on lease liabilities	46	-
- commissions paid on debt securities	-	-
- dividends received	-	-
- interest accrued on borrowings granted	-24	-33
- accrued interest on loans and borrowings raised	-	-
- interest accrued on debt securities	-	-
- other interest	2	2
Investment profit (loss) due to:	-33	74
- revenue from sales of property, plant and equipment, and investment real property	-46	-22
- revenue from sales of intangible assets	-	-
- prime cost of the sales of property, plant and equipment, and investment real property	-	96
- prime cost of the sales of intangible assets	13	-
- 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	-	-
Movements in receivables from the following items:	4	484
- movement in the balance of short-term receivables resulting from the balance sheet	12	430
- movement in the balance of long-term receivables resulting from the balance sheet	-8	2
- adjustment for movement in dividend receivables	-	-
- adjustment for movement in receivables from the acquisition of PP&E and investment real property	-	-
- adjustment for movement in receivables from the disposal of intangible assets	-	-
- adjustment for movement in receivables from the disposal of financial investments	-	-
- adjustment for movement in receivables from bank's guarantee deposits	-	-
- other adjustments	-	52
Movements in liabilities, except for loans and borrowings, resulting from the following:	129	730
- movement in short-term trade and other liabilities	3,659	998
- movement in other long-term liabilities	-	-
- adjustment for movement in liability due to unpaid dividend	-3,530	-
- adjustment for movement in liabilities due to the acquisition of PP&E	-	-
- adjustment for movement in liabilities due to the acquisition of financial assets	-	-
- adjustment for movement in lease liability	-	-
- adjustment for movement in liability due to sureties issued to subsidiaries	-	-
- other adjustments	-	-268
Income tax paid	-55	109
- 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	-55	109
"Other adjustments" include:	45	5
- 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)	-	-
- revaluation of borrowings granted (write-down)	20	23

- revaluation of financial instruments	-	-
- revaluation of sureties	-	-
- conversion of cash deposits to financial assets	-	-
- other	25	-18
Acquisition of PP&E and intangible assets – investing activities	203	234
- movement in PP&E resulting from the balance sheet	15	105
- movement in investment real property resulting from the balance sheet	-	-
- movement in intangible assets resulting from the balance sheet	-89	-316
- movement in the above assets in assets for sale	-	-
- amortisation/depreciation for the reporting period resulting from the profit and loss account	393	531
- prime cost of tangible assets, investment real property and intangible assets sold	-84	-96
- costs of liquidated tangible assets	-	-
- impairment losses/reversed impairment loss on the above assets	-	-
- measurement of the above non-current assets	-	-
- other	-	-
- adjustment for advances on the purchase of tangible assets and intangible assets	-	-
- adjustment for investment liabilities (purchase)	-	-
- other adjustments	-32	10
- transfer of assets in an organised part of the business to another company	-	-

Note 31 – Remuneration of the Group’s senior management

Management Board of the parent company	2017-06-30	2016-12-31
Short-term employee benefits (remunerations and surcharges)	106	242
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	106	242

Supervisory Board of the parent company	2017-06-30	2016-12-31
Short-term employee benefits (remunerations and surcharges)	18	22
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-

Employee benefits in the form of equity shares	-	-
Total	18	22

Management board of subsidiaries	2017-06-30	2016-12-31
Short-term employee benefits (remunerations and surcharges)	428	695
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	428	695

Supervisory Board of subsidiaries	2017-06-30	2016-12-31
Short-term employee benefits (remunerations and surcharges)	-	-
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	-	-

Other key management personnel	2017-06-30	2016-12-31
Short-term employee benefits (remunerations and surcharges)	412	730
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	412	730

	2017-06-30	2016-12-31
Management Board	106	242
Supervisory Board	18	22
Management Board – subsidiaries or associates	428	695
Supervisory Board – subsidiaries or associates	0	0
Total	552	959
Other key management personnel	412	730

Note 32 Disclosures on the fee of the auditor or an entity authorised to audit financial statements

	2017-06-30	2016-12-31
Statutory audit of financial statements	12	29
Other certification services	-	-
Tax consulting services	-	-
Other services	-	-
Total	12	29

Note 33 Capital management

	2017-06-30	2016-12-31
Interest-bearing loans, borrowings and bonds	255	193
Trade and other liabilities	6,516	2,979
Less cash and cash equivalents	-9,063	-7,197
Net debt	-2,292	-4,025
Convertible preference shares	-	-
Equity	10,586	13,018
Reserve capital on unrealised net earnings	-	-
Total capital	10,586	13,018
Capital and net debt	8,294	8,993
Leverage ratio	-0.28	-0.45

III. Issuer's semi-annual condensed financial statements

Statement of financial position			
ASSETS	Note	2017-06-30	2016-12-31
Non-current assets		10,217	10,127
Property, plant and equipment	1	-	-
Intangible assets	2	-	-
Investments in associates measured with equity method	3	24	24
Financial assets available for sale	8	9,991	9,991
Borrowings granted	9	88	-
Deferred income tax assets	23	114	112
Other long-term receivables and prepayments	6	-	-
Current assets		1,516	2,430
Inventory	7	-	-
Trade receivables	8	808	367
Other short-term receivables and prepayments	6	112	37
Income tax receivables		-	-
Borrowings granted	9	-	-
Other financial assets	10	-	-
Cash and cash equivalents	9	596	2,026
TOTAL ASSETS		11,733	12,557
EQUITY AND LIABILITIES			
Equity		8,854	12,252
Equity attributable to shareholders of the parent		8,854	12,252
Share capital	10	740	740
Share premium	16	9,612	9,612
Equity shares	12	-1,299	-102
Reserve and supplementary capital	13	-	-
Profit/loss brought forward		-165	-165
Profit/loss in current year		-34	2,167
Non-controlling interests		-	-
LIABILITIES		2,879	305
Long-term liabilities		1	1
Provisions	14	-	-
Deferred income tax provision	23	1	1
Long-term bank loans and borrowings	15	-	-
Other long-term financial liabilities	16	-	-
Other long-term liabilities and accruals	18	-	-

Short-term liabilities		2,878	304
Provisions	14	-	-
Short-term bank loans and borrowings	15	-	-
Short-term portion of long-term bank loans and borrowings	15	-	-
Other short-term financial liabilities	16	-	-
Trade liabilities	17	622	227
Other short-term liabilities and accruals	18	2,256	77
TOTAL EQUITY AND LIABILITIES		11,733	12,557

Statement of comprehensive income (by function)	Note	2017-06-30	2016-06-30
<i>Continued operations</i>			
Revenue from sale of products, goods and materials	19	588	651
Costs of products, goods and materials sold	20	171	283
Movement in products – subsidy received for intangible assets and tangible assets		-	-
Gross profit/loss on sales		417	368
Selling costs	20	-	-
General administrative expenses	20	455	239
Sales profit/loss		-38	129
Other operating revenues	0	2	-
Other operating expenses	0	-	43
Operating profit/loss		-36	86
Financial revenues	22	5	3
Financial expenses	22	4	1
Share in profit/loss of associates		-	-
Profit/loss on sale of interests in associate		-	-
Gross profit/loss		-35	88
Income tax	23	-1	-62
Net profit/loss on continued operations		-34	150
<i>Discontinued operations</i>			
Profit/loss on discontinued operations for the financial year	37	-	-
Net profit/loss for the reporting period		-34	150
Net profit/loss attributable to:		-34	150
Other comprehensive income		-	-
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		-	-
Income tax related to items presented in other comprehensive income	23	-	-
Total comprehensive income		-34	150
Comprehensive income attributable to:		-34	150
Earnings/loss per share (in PLN):		-	-
On continued operations	24	-	-
<i>Basic</i>	24	0.02	0.10
<i>Diluted</i>	24	0.02	0.10

On continued and discontinued operations	24	-	-
<i>Basic</i>	24	0.02	0.10
<i>Diluted</i>	24	0.02	0.10

Total revenues and expenses for the financial year recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss for the reporting period	-	-	-	-	-	-	-	-34	-34	-	-	-34
Other movements in equity	-	-	-1,197	-	-	-	-	-2,167	-3,364	-	-	-3,364
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of financial result	-	-	-	-	-	-	-	-2,167	-2,167	-	-	-2,167
Acquisition of equity shares	-	-	-1,197	-	-	-	-	-	-1,197	-	-	-1,197
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of reserve capital to share capital	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	740	9,612	1,299	-	-	-	-	-199	8,854	-	-	8,854

Total revenues and expenses for the financial year recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss for the reporting period	-	-	-	-	-	-	-	150	150	-	150	-
Other movements in equity	-	-336	-	-	-	-	-	336	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of financial result	-	-336	-	-	-	-	-	336	-	-	-	-
Acquisition of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of reserve capital to share capital	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	740	9,612	-102	-	-	-	-	-15	10,235	-	10,235	-

financial year recognised directly in equity												
Profit/loss for the financial year	-	-	-	-	-	-	-	2,167	2,167	-	2,167	
Corrections of fundamental errors	-	-	-	-	-	-	-	-	-	-	-	
Other movements in equity	-	-336	-	-	-	-	-	336	-	-	-	
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-	-	-	
Distribution of financial result	-	-336	-	-	-	-	-	336	-	-	-	
Acquisition of equity shares	-	-	-	-	-	-	-	-	-	-	-	
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	
Reclassification of reserve capital to share capital	-	-	-	-	-	-	-	-	-	-	-	
Reversal of actuarial measurement – suspension of incentive scheme	-	-	-	-	-	-	-	-	-	-	-	
Closing balance	740	9,612	-102	-	-	-	-	2,002	12,252	-	12,252	

Cash Flow Statement (indirect method)	Note	2017-06-30	2016-06-30
Operating cash flows			
Gross profit/loss		-35	88
Adjustments for:		-116	117
Share in net profit/loss of associates and joint ventures accounted for using the equity method		-	-
Non-controlling interests		-	-
Depreciation/amortisation		-	-
Goodwill impairment		-	-
Foreign exchange gains/losses		-1	-
Expenses and revenue due to interest		-6	-1
Dividends revenue		-	-
Profit/loss on investing activities		-	-
Movement in provisions		-	-
Movement in inventory		-	-
Movement in receivables and prepayments		-517	-149
Movement in liabilities and accruals		407	267
Income tax paid/returned		-	-
Other adjustments		1	-
Net operating cash flow		-151	205
Cash flow from investing activities			
Inflows from sale of tangible assets and intangible assets		-	-
Net inflows from sale of associates and subsidiaries		-	-
Inflows from the sale of financial assets		-	-
Inflows from interest		5	1
Inflows from dividends		-	-
Repayment of borrowings granted		-	-
Expenditures on acquisition of property, plant and equipment, and intangible assets		-	-
Net expenditures on acquisition of subsidiaries and associates		-	200
Expenditures on acquisition of short-term financial assets		-	-
Borrowings granted		87	-
Other		-	-
Net cash flow from investing activities		-82	-199
Cash flow from financing activities			
Inflows from loans and borrowings		-	-
Net inflows from the issue of shares		-	-
Net inflows from the issue of bonds, bills and bills of exchange		-	-
Repayment of loans and borrowings		-	-

Payment of liabilities under finance lease agreements		-	-
Dividends paid to the Company's shareholders		-	-
Dividends paid to shareholders holding non-controlling interests		-	-
Acquisition of equity shares		1,197	-
Interest paid		-	-
Other		-	-
Net cash flow from financing activities		-1,197	-
Increase/decrease in cash and cash equivalents		-1,430	6
Opening balance of cash and cash equivalents, and overdrafts		2,026	132
<i>Foreign exchange gains/losses related to measurement of cash and cash equivalents, and overdrafts</i>		-	-
Closing balance of cash and cash equivalents, and overdrafts		596	138

Selected notes

Note 1 Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT	AS OF 30 JUNE 2017					
	Land and perpetual usufruct title to land	Buildings and structures	Machines and equipment	Means of transport	Other	Total
Gross value at the beginning of the period	-	-	-	-	-	-
Increases	-	-	-	-	-	-
<i>acquisition</i>	-	-	-	-	-	-
<i>acquisition as part of business combinations</i>	-	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
<i>disposal</i>	-	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-	-
<i>due to reclassification to non-current assets held for sale</i>	-	-	-	-	-	-
<i>due to transfer of business</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Allocated to discontinued operations	-	-	-	-	-	-
Internal movements (+/-)	-	-	-	-	-	-
Gross value at the end of the period	-	-	-	-	-	-
Accumulated amortisation/depreciation at the beginning of the period	-	-	-	-	-	-
amortisation/depreciation for the period	-	-	-	-	-	-
other increases	-	-	-	-	-	-
decreases	-	-	-	-	-	-
Accumulated amortisation/depreciation at the end of the period	-	-	-	-	-	-
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	-	-	-	-	-	-
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-	-
Net value at the end of the period	-	-	-	-	-	-

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
Gross value at the beginning of the period	-	-	-	-	-	-
Increases	-	-	-	-	-	-
<i>acquisition</i>	-	-	-	-	-	-
<i>acquisition as part of business combinations</i>	-	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
<i>disposal</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>	-	-	-	-	-	-
Allocated to discontinued operations	-	-	-	-	-	-
Internal movements (+/-)	-	-	-	-	-	-
Gross value at the end of the period	-	-	-	-	-	-
Accumulated amortisation/depreciation at the beginning of the period	-	-	-	-	-	-
amortisation/depreciation for the period	-	-	-	-	-	-
other increases	-	-	-	-	-	-
transfer of business	-	-	-	-	-	-

decreases	-	-	-	-	-	-
Accumulated amortisation/depreciation at the end of the period	-	-	-	-	-	-
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	-	-	-	-	-	-
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-	-
Net value at the end of the period	-	-	-	-	-	-

As of 31 December 2016 and 30 June 2017, the Company did not incur any expenditures on PP&E under construction.

Note 2 Intangible assets

INTANGIBLE ASSETS	AS OF 30 JUNE 2017				
	Own development work	Intangible assets purchased			Total
		Patents and trademarks	Licenses	Other	
Gross value at the beginning of the period	-	-	-	-	-
Increases	-	-	-	-	-
<i>acquisition</i>	-	-	-	-	-
<i>own development work</i>	-	-	-	-	-
<i>acquisition as part of business combinations</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-
<i>other</i>	-	-	-	-	-
Decreases	-	-	-	-	-
<i>decommissioning</i>	-	-	-	-	-
<i>liquidation</i>	-	-	-	-	-
<i>disposal</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>	-	-	-	-	-
Gross value at the end of the period	-	-	-	-	-
Accumulated amortisation/depreciation at the beginning of the period	-	-	-	-	-
amortisation/depreciation for the period	-	-	-	-	-
other increases	-	-	-	-	-
transfer of business	-	-	-	-	-
decreases	-	-	-	-	-
Accumulated amortisation/depreciation at the end of the period	-	-	-	-	-
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	-	-	-	-	-
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
Net value at the end of the period	-	-	-	-	-

INTANGIBLE ASSETS	AS OF 31 DECEMBER 2016				
	Own development work	Intangible assets purchased			Total
		Patents and trademarks	Licenses	Other	
Gross value at the beginning of the period	-	-	-	-	-
Increases	-	-	-	-	-
<i>acquisition</i>	-	-	-	-	-
<i>own development work</i>	-	-	-	-	-
<i>acquisition as part of business combinations</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-

<i>other</i>	-	-	-	-	-
Decreases	-	-	-	-	-
<i>decommissioning</i>	-	-	-	-	-
<i>liquidation</i>	-	-	-	-	-
<i>disposal</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>	-	-	-	-	-
Gross value at the end of the period	-	-	-	-	-
Accumulated amortisation/depreciation at the beginning of the period	-	-	-	-	-
amortisation/depreciation for the period	-	-	-	-	-
other increases	-	-	-	-	-
transfer of business	-	-	-	-	-
decreases	-	-	-	-	-
Accumulated amortisation/depreciation at the end of the period	-	-	-	-	-
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	-	-	-	-	-
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
Net value at the end of the period	-	-	-	-	-

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

Note 3 Investments in associates measured with equity method

Condensed financial information in entities measured with the equity method, not adjusted for the Group's share.

Company: EQ System East sp. z o.o.	2017-06-30	2016-12-31
Share in the associate's balance sheet	48%	48%
Non-current (long-term) assets	-	-
Current (short-term) assets	42	45
Long-term liabilities	-	-
Short-term liabilities	3	4
Net assets	39	41
Shares in the associate's revenue and financial result:	-	-
Revenues	-	-
Profit/loss	-1	-2
Carrying value of investments in the associate	24	24

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

Note 4 Financial assets available for sale

FINANCIAL ASSETS AVAILABLE FOR SALE	2017-06-30	2016-12-31
Shares of listed companies at the beginning of the period	-	-
In subsidiaries, at the beginning of the period, including:	-	-
at acquisition price	-	-
a) increases	-	-
reclassification from group of entities	-	-
purchase	-	-
measurement	-	-
b) decreases	-	-
reclassification to group of entities	-	-
sale	-	-
measurement	-	-
In subsidiaries, at the end of the period	-	-
In associates, at the beginning of the period, including:	-	-
at acquisition price	-	-
a) increases	-	-
reclassification from group of entities	-	-
purchase	-	-
measurement, including:	-	-
reversal of fair value measurement of shares sold	-	-

balance sheet measurement to fair value	-	-
b) decreases	-	-
reclassification to group of entities	-	-
sale	-	-
measurement, including:	-	-
a) reversal of fair value measurement of shares sold	-	-
b) balance sheet measurement to fair value	-	-
In associates, at the end of the period	-	-
In other companies, at the beginning of the period, including:	-	-
at acquisition price	-	-
a) increases	-	-
reclassification from group of entities	-	-
purchase	-	-
measurement, including	-	-
reversal of fair value measurement of shares sold	-	-
balance sheet measurement to fair value	-	-
b) decreases	-	-
reclassification to group of entities	-	-
sale	-	-
measurement	-	-
In other companies, at the end of the period	-	-
Shares of listed companies at the end of the period	-	-
in subsidiaries, including:	-	-
at acquisition price	-	-
in associates, including:	-	-
at acquisition price	-	-
in other companies, including:	-	-
at acquisition price	-	-

Shares/interests of non-listed companies at the beginning of the period	9,991	9,791
In subsidiaries, at the beginning of the period, including:	9,991	9,791
at acquisition price	9,991	9,791
a) increases	-	200
reclassification from group of entities	-	-
purchase	-	200
transfer of business	-	-
reclassification from borrowing granted	-	-
measurement reversal	-	-

b) decreases	-	-
reclassification to group of entities	-	-
sale	-	-
transfer of business	-	-
measurement	-	-
In subsidiaries, at the end of the period	9,991	9,991
In associates, at the beginning of the period, including:	-	-
at acquisition price	-	-
a) increases	-	-
reclassification from group of entities	-	-
purchase	-	-
measurement, including:	-	-
reversal of fair value measurement of shares sold	-	-
balance sheet measurement to fair value	-	-
b) decreases	-	-
reclassification to group of entities	-	-
sale	-	-
measurement, including:	-	-
a) reversal of fair value measurement of shares sold	-	-
b) balance sheet measurement to fair value	-	-
In associates, at the end of the period	-	-
In other companies, at the beginning of the period, including:	-	-
at acquisition price	-	-
a) increases	-	-
reclassification from group of entities	-	-
purchase	-	-
measurement, including	-	-
reversal of fair value measurement of shares sold	-	-
balance sheet measurement to fair value	-	-
b) decreases	-	-
reclassification to group of entities	-	-
sale	-	-
measurement	-	-
In other companies, at the end of the period	-	-
Shares/interests of non-listed companies at the end of the period	9,991	9,991
in subsidiaries, including:	9,991	9,991
at acquisition price	9,991	9,991
in associates, including:	-	-

at acquisition price	-	-
in other companies, including:	-	-
at acquisition price	-	-
Total shares/interests	9,991	9,991
Shares of listed companies	-	-
Shares/interests of non-listed companies	9,991	9,991

WRITE-DOWNS ON FINANCIAL ASSETS AVAILABLE FOR SALE AS OF 30.06.2017

Company name	Opening balance	Increases	Decreases	Closing balance
-	-	-	-	-
-	-	-	-	-
Total write-downs	-	-	-	-

WRITE-DOWNS ON FINANCIAL ASSETS AVAILABLE FOR SALE AS OF 31.12.2016

Company name	Opening balance	Increases	Decreases	Closing balance
-	-	-	-	-
-	-	-	-	-
Total write-downs	-	-	-	-

Note 5 Borrowings granted

BORROWINGS GRANTED								
Long-term	Borrowing amount	Interest rate	Repayment date	As of		Interest accrued from the beginning of the financial year to		Security
				2017-06-30	2016-12-31	2017-06-30	2016-06-30	
<i>Borrowings granted to related parties</i>								
Quantum Brasil	88	-	-	88	-	-	-	-
-	-	-	-	-	-	-	-	-
<i>Borrowings granted to other parties</i>								
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
TOTAL:				88	-	-	-	-

BORROWINGS GRANTED								
Short-term	Borrowing amount	Interest rate	Repayment date	As of		Interest accrued from the beginning of the financial year to		Security
				2017-06-30	2016-12-31	2017-06-30	2016-06-30	
<i>Borrowings granted to related parties</i>								
-	-	-	-	-	-	-	-	-
<i>Borrowings granted to</i>								

<i>other parties</i>								
other parties	30	Fixed (11-15%) or variable	-	-	-	1	1	-
TOTAL:			-	-	-	1	1	

At present, the Issuer holds receivables due to a borrowing granted to Qcadoo Limited sp. z o.o. in 2015. The principal amount is PLN 30,000.00, the interest rate is 2% + WIBOR 6M, and the interest due as of 30.06.2017 amounts to PLN 2,711.32. A write-down has been created for the whole principal amount and the interest accrued.

In 2017, the Company also a granted a borrowing to Quantum Brasil in the amount of EUR 20,000. As of 30.06.2017, the interest on the borrowing amounted to PLN 14.55.

Note 6 Other receivables and prepayments

OTHER RECEIVABLES AND PREPAYMENTS	2017-06-30	2016-12-31
Receivables from subsidiaries:	-	-
- long-term	-	-
- short-term	-	-
Receivables from related parties:	-	-
- long-term	-	-
- short-term	-	-
Advance payments:	-	-
- long-term	-	-
- short-term	-	-
Other receivables:	81	23
- long-term	-	-
- short-term	81	23
Prepayments:	31	14
- long-term	-	-
- short-term	31	14
Impairment losses at the beginning of the period	-	-
Recognition of impairment losses in the period	-	-
Reversal of impairment loss in the period	-	-
Impairment losses at the end of the period	-	-
TOTAL	112	37

Other receivables include:

- security deposits paid	-	-
- payroll	-	-
- other employee settlements	-	-
- input VAT to be settled in future periods	3	11
- output VAT on corrective invoices to be settled in future periods	3	2
- VAT	66	-
- social security overpayment	1	1
- settlements with a brokerage house related to redemption of equity shares	6	6
- other settlements with suppliers	2	3
- other receivables	-	-

TOTAL:	81	23
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Prepayments include:

- settlement of long-term contracts	2	2
- inter-period cost settlement	-	-
- other prepayments	4	-
- property insurance	24	12
- contribution to Company Social Benefits Fund (ZFSS)	-	-
- prepaid subscriptions, etc.	1	-
- settlement of VAT related to lease agreements to be settled in subsequent periods – within 12 months	-	-
- settlement of VAT related to lease agreements to be settled in subsequent periods – over 12 months	-	-
TOTAL:	31	14

Note 7 Inventory

INVENTORY	As of 30.06.2017				
	Materials	Work in progress	Finished products	Goods	Total
Measurement according to the acquisition price/manufacturing cost	-	-	-	-	-
<i>Measurement according to the net realisable value</i>	-	-	-	-	-
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	-	-	-	-	-
Write-downs on inventory recognised as cost in the period	-	-	-	-	-
Write-downs on inventory at the end of the period	-	-	-	-	-
<i>Inventory recognised as cost in the period</i>	-	-	-	-	-
Carrying value of inventory	-	-	-	-	-
<i>Value of inventory securing liabilities</i>	-	-	-	-	-
<i>Including long-term</i>	-	-	-	-	-

INVENTORY	As of 31.12.2016				
	Materials	Work in progress	Finished products	Goods	Total
Measurement according to the acquisition price/manufacturing cost	-	-	-	-	-
<i>Measurement according to the net realisable value</i>	-	-	-	-	-
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	-	-	-	-	-
Write-downs on inventory recognised as cost in the period	-	-	-	-	-
Write-downs on inventory at the end of the period	-	-	-	-	-
<i>Inventory recognised as cost in the period</i>	-	-	-	-	-
Carrying value of inventory	-	-	-	-	-
<i>Value of inventory securing liabilities</i>	-	-	-	-	-
<i>Including long-term</i>	-	-	-	-	-

As of 31 December 2016 and 30 June 2017, the company did not hold any goods for resale.

Note 8 Trade receivables

TRADE RECEIVABLES	2017-06-30	2016-12-31
Trade receivables from related parties	676	209
Trade receivables from other parties	173	201
Total receivables	849	410
Write-downs on trade receivables	41	43
Net trade receivables	808	367

AGE STRUCTURE OF TRADE RECEIVABLES	Gross value	Write-down	Gross value	Write-down
	2017-06-30		2016-12-31	
punctual	324	-	230	-
Overdue up to 3 months	207	-	137	-
Overdue between 3 and 6 months	166	-	-	-
Overdue between 6 and 12 months	111	-	-	-
Overdue over 1 year	41	41	43	43
Total	849	41	410	43

MOVEMENTS IN WRITE-DOWNS	2017-06-30	2016-12-31
Opening balance	43	-
Increases	-	43
Decreases	2	-
Closing balance	41	43

As of 31 December 2016 and 30 June 2017, write-downs were recognised on overdue receivables.

Note 9 Cash and cash equivalents

CASH AND CASH EQUIVALENTS	2017-06-30	2016-12-31
Cash in hand and cash in bank	596	2,026
Short-term deposits	-	-
Total, including:	596	2,026
<i>- cash in hand and cash in bank allocated to discontinued operations</i>	-	-

- cash in hand and cash in bank not available for use by the group	-	-
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As of 30 June 2017, cash decreased by PLN 1,430,366.13.

In 2016 and in 2017, the Company held short-term (overnight) deposits.

Note 10 Share capital

SHARE CAPITAL		As of 30.06.2016					
Series/issue	Type of shares	Preference	Type of limitation of the rights to shares	Number of shares	Value of category/issue according to par value	Registration date	Right to dividend since
Series A	Registered shares	Yes	None	750,000	375	07-03-1997	1997
Series B	Ordinary bearer shares	None	None	250,000	125	02-08-2007	2007
Series C	Ordinary bearer shares	None	None	470,000	235	11-09-2007	2007
Series D	Ordinary bearer shares	None	None	10,757	5	11-05-2011	2011
Total number of shares				1,480,757			
Total share capital					740		
<i>Nominal value per share</i>					0.50		

Shareholders	Number of shares	% of capital
Minvesta sp. z o.o.	898,400	60.67%
Tomasz Hatala	36,200	2.44%
Bogusław Ożóg	24,603	1.66%
Marek Jędra	8,200	0.55%
Robert Dykacz	11,832	0.8%
Tomasz Polończyk	8,200	0.55%
Tomasz Mnich	3,400	0.23%
Other	489,922	33.08%
Total	1,480,757	100%

On 11 July 2014, Quantum Assets sp. z o.o. sold Quantum software S.A.'s shares. The shares were acquired by the newly incorporated company Minvesta sp. z o.o., with its registered office in Krakow, 30-633 ul. Walerego Sławka 3a, in which Quantum Assets sp. z o.o. holds 100% of interests.

Note 11 Number of shares comprising share capital

NUMBER OF SHARES COMPRISING SHARE CAPITAL	2017-06-30	2016-12-31
Ordinary shares with a nominal value of PLN 0.50	1,480,757	1,480,757
Total	1,480,757	1,480,757

CHANGES IN THE NUMBER OF SHARES	2017-06-30	2016-12-31
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
Ordinary shares issued and fully paid-up		
At the beginning of the period	-	-
At the end of the period	-	-
Equity shares		
At the beginning of the period	180,817	14,930
Repurchase of equity shares for the purposes of an incentive plan	-	-
Repurchase from Quantum Qguar	-	165,887
At the end of the period	180,817	180,817
Shares		
At the beginning of the period	-	-
At the end of the period	-	-

SHARE CAPITAL	2017-06-30	2016-12-31
Nominal value per share	0.50	0.50
Share capital	740,378.50	740,378.50

Note 12 Equity shares

EQUITY SHARES			
As of 30.06.2017	Number of shares	Value at acquisition prices	Purpose of acquisition
	14,930	102	Article 362 section 1 item 8 of the Commercial Companies Code
	165,887	1,197	
TOTAL	180,817	1,299	0

Between 2009 and 2014, 14,930 equity shares were repurchased for the purpose of the company's incentive plan for its managerial personnel.

The Management Board's authorisation to acquire equity shares granted by the Ordinary General Meeting of 18 May 2009 expired on 18 May 2014.

As part of the authorisation under Resolution No. 19 of the Ordinary General Shareholders' Meeting of Quantum software S.A. of 25 June 2015, the subsidiary Quantum Qguar sp. z o.o. announced 2 tender offers for the Issuer's equity shares. As a result of the first tender offer from 29 December 2015 to 15 January 2016, the subsidiary Quantum Qguar sp. z o.o. acquired 150,386 of the Issuer's equity shares, and following the second tender offer of 22 July 2016, it acquired 15,501 of the Issuer's equity shares.

On 9 February 2017, the Issuer and the subsidiary Quantum Qguar sp. z o.o. concluded an agreement for the transfer of the ownership title to shares. As a result of this transaction, the Issuer acquired 165,887 dematerialised shares of Quantum quoted at the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange), which the Seller acquired under the above-mentioned authorisation to acquire the equity shares of Quantum software S.A.

On 16 February 2017, Quantum software S.A.'s Extraordinary General Shareholders' Meeting was convened and it adopted a resolution on the redemption of the said 165,887 equity shares of the Issuer.

Note 14 Provisions

PROVISIONS					
	As of 30 June 2017				
	Provisions for repairs under guarantee	Restructuring provisions	Provisions for employee and similar benefits	Other provisions	Total
At the beginning of the period, including	-	-	-	-	-
<i>Short-term, at the beginning of the period</i>	-	-	-	-	-
<i>Long-term, at the beginning of the period</i>	-	-	-	-	-
Increases	-	-	-	-	-
Created in the period and increase in existing ones	-	-	-	-	-
Purchased as part of business combinations	-	-	-	-	-
Decreases	-	-	-	-	-
Used during the year	-	-	-	-	-
Released but not used	-	-	-	-	-
Transfer of business	-	-	-	-	-
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
Discount rate adjustment	-	-	-	-	-
At the end of the period, including	-	-	-	-	-
<i>Short-term, at the end of the period</i>	-	-	-	-	-
<i>Long-term, at the end of the period</i>	-	-	-	-	-

PROVISIONS					
	As of 31 December 2016				
	Provisions for repairs under guarantee	Restructuring provisions	Provisions for employee and similar benefits	Other provisions	Total
At the beginning of the period, including	-	-	-	-	-
<i>Short-term, at the beginning of the period</i>	-	-	-	-	-
<i>Long-term, at the beginning of the period</i>	-	-	-	-	-
Increases	-	-	-	-	-
Created in the period and increase in existing ones	-	-	-	-	-
Purchased as part of	-	-	-	-	-

business combinations					
Decreases	-	-	-	-	-
Used during the year	-	-	-	-	-
Released but not used	-	-	-	-	-
Transfer of business	-	-	-	-	-
Adjustment for net foreign exchange gains/losses on translation	-	-	-	-	-
Discount rate adjustment	-	-	-	-	-
At the end of the period, including	-	-	-	-	-
<i>Short-term, at the end of the period</i>	-	-	-	-	-
<i>Long-term, at the end of the period</i>	-	-	-	-	-

As of 31.12.2016 and 30.06.2017, the Company did not create any provisions.

Note 15 Bank loans and borrowings

LONG-TERM BANK LOANS AND BORROWINGS			2017-06-30		2016-12-31	
Item	Effective interest rate	Repayment date	Short-term portion	Long-term portion	Short-term portion	Long-term portion
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
Total:			-	-	-	-

SHORT-TERM BANK LOANS AND BORROWINGS			2017-06-30	2016-12-31
Item	Effective interest rate	Repayment date		
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
Total:			-	-

As of 31 December 2016 and 30 June 2017, the parent company did not hold any concluded loans and borrowings.

Note 16 Other financial liabilities

LIABILITIES DUE TO FINANCE LEASE AGREEMENTS				
FUTURE MINIMUM LEASE FEES AND NET PRESENT VALUE OF MINIMUM LEASE FEES				
	30 JUNE 2017		31 DECEMBER 2016	
	Minimum fees	Present value of minimum fees	Minimum fees	Present value of minimum fees
up to 1 year	-	-	-	-
over 1 to 5 years	-	-	-	-
over 5 years	-	-	-	-
Total	-	-	-	-

As of 31 December 2016 and 30 June 2017, the parent company did not hold any concluded lease agreements.

Note 17 Trade liabilities

TRADE LIABILITIES	2017-06-30	2016-12-31
Trade liabilities due to related parties	613	209
Trade liabilities due to other parties	9	18
Total	622	227

Note 18 Other liabilities and accruals

OTHER LIABILITIES AND ACCRUALS	2017-06-30	2016-12-31
Liabilities due to subsidiaries:	-	-
- long-term	-	-
- short-term	-	-
Liabilities due to related parties:	-	-
- long-term	-	-
- short-term	-	-
Advance payments:	-	-
- long-term	-	-
- short-term	-	-
Other liabilities:	2,256	44
- long-term	-	-
- short-term	2,256	44
Accruals:	-	33
- long-term	-	-
- short-term	-	33
Deferred revenue:	-	-
- long-term	-	-
- short-term	-	-
Total, including:	2,256	77
- long-term	-	-
- short-term	2,256	77

Other liabilities include:

payroll tax	9	6
income tax	-	-
social security and health insurance	-	-
VAT	80	20
other taxes, customs, insurance and other benefits	-	-
payroll	-	18

dividend	2,167	-
other liabilities	-	-
settlement of special purpose funds	-	-
TOTAL:	2,256	44

Prepayments/accruals include:

Settlement of long-term contracts	-	-
Other prepayments/accruals	-	-
Turn-of-period costs	-	33
settlement of subsidy received – within 12 months	-	-
settlement of subsidy received – over 12 months	-	-
TOTAL:	-	33

Note 19 Revenue from sale of products, goods and materials

REVENUE FROM SALE OF PRODUCTS, GOODS AND MATERIALS						
	Continued operations		Discontinued operations		Total	
	2017-06-30	2016-06-30	2017-06-30	2016-06-30	2017-06-30	2016-06-30
Revenue from sale of products	-	-	-	-	-	-
Revenue from sale of services	576	640	-	-	576	640
Revenue from sale of materials	-	-	-	-	-	-
Revenue from sale of goods	12	11	-	-	12	11
TOTAL	588	651	-	-	588	651
including: non-monetary revenue from exchange of goods or services	-	-	-	-	-	-

In 2017, a decrease in sales compared to the same period in 2016 was recorded. The sale of goods is the company's auxiliary business related to specific orders as part of the performance of agreements with counterparties.

Note 20 Costs by type

COSTS BY TYPE	2017-06-30	2016-06-30
Depreciation of tangible assets	-	-
Amortisation of intangible assets	-	-
Employee benefit costs	123	153
Consumption of raw materials and materials	-	-
Costs of third-party services	480	350
Costs of taxes and charges	1	-
Other costs	13	9
Change in the balance of products and work-in-progress	-	-
Value of goods sold	9	10
TOTAL	626	522
Selling costs	-	-
General administrative expenses	455	239
Costs of products, goods and materials sold	171	283
TOTAL	626	522
including: minimum lease fees recognised as operating lease costs	-	-

EMPLOYEE BENEFIT COSTS	2017-06-30	2016-06-30
Costs of remuneration	123	153
Social security costs	-	-
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	-	-
Other post-employment benefits	-	-
Costs of employee benefits in the form of equity shares	-	-
TOTAL	123	153

R&D costs	2017-06-30	2016-06-30
Depreciation/amortisation	-	-
Consumption of raw materials and auxiliary materials	-	-
Costs of third-party services	-	-
Other costs	-	-
TOTAL	-	-

Note 21 Other revenues and expenses

OTHER REVENUES	2017-06-30	2016-06-30
State subsidies	-	-
Profit on sale of property, plant and equipment	-	-
Reversal of impairment losses on receivables	2	-
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	-	-
Damages received	-	-
Adjustment of remuneration for previous year(s)	-	-
Reimbursement of insurance policy premiums	-	-
Other operating revenues	-	-
Other	-	-
TOTAL	2	-
including: non-monetary revenue from exchange of goods or services	-	-

OTHER EXPENSES	2017-06-30	2016-06-30
Loss on sale of property, plant and equipment	-	-
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	-	43
Impairment losses on inventory	-	-
Impairment losses on intangible assets	-	-
Impairment losses on property, plant and equipment	-	-
Impairment losses on investment properties	-	-
Provision for company restructuring costs	-	-
Other operating expenses	-	-
Other	-	-
TOTAL	-	43

Note 22 Financial revenue and expenses

FINANCIAL REVENUE	2017-06-30	2016-06-30
Interest revenue	5	1
deposits	4	1
borrowings	1	-
Dividend revenue	-	-
Investment revenue	-	-
Foreign exchange gains	-	2
Other	-	-
Reversal of impairment losses on financial assets, including:	-	-
assets available for sale	-	-
financial assets and liabilities measured at fair value through the profit and loss account	-	-
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	-	-
TOTAL	5	3

FINANCIAL EXPENSES	2017-06-30	2016-06-30
Costs of interest, including:	-	-
bank loans	-	-
borrowings	-	-
bonds	-	-
other	-	-
state budget interest	-	-
Financial expenses under finance lease agreements	-	-
Adjustment due to the discount of provisions to ...	-	-
Unrealised loss on a contract on ...	-	-
Remittance of borrowing and interest	-	-
Loss on sale of financial assets	-	-
Foreign exchange losses	3	-
Impairment losses on financial assets, including:	1	1
assets available for sale	-	-
borrowings granted	1	1
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	-	-
TOTAL	4	1

Note 23 Income tax

DEFERRED INCOME TAX	Statement of financial position		Profit and loss account		Other comprehensive income	
	2017-06-30	2016-12-31	2017-06-30	2016-06-30	2017-06-30	2016-06-30
Deferred income tax assets						
Foreign exchange gains/losses	1	-	-1	-	-	-
Loss brought forward	113	113	-	-62	-	-
Write-down on non-financial assets	-	-	-	-	-	-
Write-down on non-financial assets – goods	-	-	-	-	-	-
Rounding	-	-	-	-	-	-
Deductible tax loss	-	-	-	-	-	-
Gross deferred income tax assets	114	113	-1	-62	-	-

MAIN CHARGES FROM THE RECOGNITION OF TAX IN THE STATEMENT OF COMPREHENSIVE INCOME	2017-06-30	2016-06-30
Current income tax disclosed in profit and loss account	-	-
Current tax burden due to income tax currently payable	-	-
Adjustments regarding current income tax brought forward	-	-
Deferred income tax disclosed in the profit and loss account	-1	-62
Tax burden from the recognition of deferred tax related to origination and reversal of temporary differences	-1	-62
Tax burden from the recognition of deferred tax related to changes of tax rates	-	-
Tax burden/recognition disclosed in the profit and loss account, including:	-1	-62
- attributed to continued operations	-1	-62
- attributed to discontinued operations	-	-
Income tax related to items presented in other comprehensive income	-	-
Deferred tax burden/recognition related to revaluation of cash flow hedges	-	-
Deferred tax burden/recognition related to revaluation of PP&E	-	-

Tax burden/recognition disclosed in the statement of comprehensive income	-1	-62
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MAIN ITEMS OF THE TAX BURDEN/RECOGNITION IN THE STATEMENT OF CHANGES IN EQUITY	2017-06-30	2016-06-30
Income tax currently payable	-	-
Deferred income tax	-	-
Tax burden/recognition disclosed in the statement of changes in equity	-	-

RECONCILIATION OF INCOME TAX ON THE GROSS FINANCIAL RESULT BEFORE TAX AND INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT	2017-06-30	2016-06-30
Gross financial result before tax (continued and discontinued operations)	-35	88
Tax rate (%)	19.00%	19.00%
Tax burden according to the applied tax rate	-7	17
Adjustments regarding current income tax brought forward	-	-
Tax benefits on investments	-	-
Revaluation	-	-
Non-taxable revenues, including	-	-
Interest accrued as of the balance sheet date	-	-
Balance sheet measurement	-1	-1
Subsidy settled in the current year	-	-
Reversal of write-down on non-financial assets	-	-
Reversal of write-down on financial assets	-	-
Taxable revenue (licenses) in previous years	-	-
Transfer of business – deferred tax	-	-
Other	-	-
Tax revenues, including:	-	-
Interest accrued in previous years and received in the current year	-	-
Licenses transferred – settled over time	-	-
Non-tax deductible costs, including:	-	-
Amortisation/depreciation accounted for the in the balance sheet	-	-
Contributions to National Disabled Persons' Rehabilitation Fund (PFRON)	-	-
Measurement of employee benefits	-	-
Write-down on non-financial assets	-	8
Write-down on non-financial assets – inventory	-	-
Write-down on financial assets	-	-
Balance sheet measurement	1	1
Interest	-	-
Net value of non-financial non-current assets sold	-	-

Remitted borrowing	-	-
No contribution to Company Social Benefits Fund	-	-
Outstanding remuneration	-	-
Other	-	-
Tax costs, including:	-	-
Lease instalments	-	-
Tax amortisation	-	-
Offset of the Company Social Benefits Fund for previous years	-	-
Settlement of loss for previous years	-	-
Unsettled tax loss	-	-
Tax paid	-	-
Current tax loss	7	-25
Deferred income tax assets due to a write-down on financial assets	-	-
Deferred income tax assets due to foreign exchange losses	-	-
Deferred income tax assets due to losses brought forward	-	-63
Deferred income tax assets due to a write-down on non-financial assets	-1	-
Deferred income tax provision due to temporary differences in the settlement of amortisation	-	-
Deferred income tax provision due to interest accrued	-	-
Deferred income tax provision due to foreign exchange gains	-	1
Deferred income tax provision	-	-
Tax burden/recognition disclosed in the profit and loss account	-1	-62

DEFERRED INCOME TAX	Statement of financial position		Profit and loss account		Other comprehensive income	
	2017-06-30	2016-12-31	2017-06-30	2016-06-30	2017-06-30	2016-06-30
Deferred income tax provision						
Differences in the settlement of amortisation	-	-	-	-	-	-
Interest accrued	-	-	-	-	-	-
Foreign exchange gains/losses	1	1	-	-	-	-
Rounding	-	-	-	-	-	-
Gross deferred income tax provision	1	1	-	-	-	-

Note 24 Earnings per share

EARNINGS PER SHARE	2017-06-30	2016-06-30
Net profit for the reporting period attributable to:	-34	150

WEIGHTED AVERAGE ORDINARY SHARES	2017-06-30	2016-06-30
<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

BASIC NET EARNINGS PER SHARE	2017-06-30	2016-06-30
on continued and discontinued operations	-	-
on continued operations	-	-

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

WEIGHTED AVERAGE ORDINARY SHARES (DILUTED)	2017-06-30	2016-06-30
<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

DILUTED NET EARNINGS PER SHARE	2017-06-30	2016-06-30
on continued and discontinued operations	-	-
on continued operations	-	-

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

Note 25 Dividends

DECLARED AND PAID IN THE REPORTING PERIOD	2017-06-30	2016-12-31
Dividend on ordinary shares:	-	-
Dividend paid	2,167	-
Total	2,167	-

TO BE APPROVED BY THE GSM (NOT RECOGNISED AS LIABILITIES AS OF THE BALANCE SHEET DATE)	2017-06-30	2016-12-31
Dividend on ordinary shares:	-	-
Total	-	-

Note 26 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 19) and by geographical areas. The Company does not present information on major groups of customers because such a situation is not applicable.

INFORMATION ON GEOGRAPHICAL AREAS	2017-06-30	
	Revenues	Non-current assets
Domestic sales	588	*
Total foreign sales	-	*
including:		
Germany	-	-
Ukraine	-	-
Russia	-	-
Hungary	-	-
Czech Republic	-	-
Spain	-	-
Other	-	-
TOTAL	588	-

INFORMATION ON GEOGRAPHICAL AREAS	2016-06-30	
	Revenues	Non-current assets
Domestic sales	651	*
Total foreign sales	-	*
including:		
Germany	-	-
Ukraine	-	-
Russia	-	-
Hungary	-	-

Czech Republic	-	-
Spain	-	-
Other	-	-
TOTAL	651	-

* 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	2017-06-30	2016-06-30
	Revenues	Revenues
Products – licenses	-	-
Services – implementation	19	163
Services – maintenance	183	183
Services – individual projects and other services	375	255
Long-term contracts	-	39
Goods	11	11
TOTAL	588	651

Note 27 Transactions with related parties

TRANSACTIONS WITH RELATED PARTIES				
Parties to transaction	2017-06-30		2017-06-30	
	Sales	Purchases	Receivables	Liabilities
Parent company	375	360	676	613
Capital group companies	-	-	-	-
Non-consolidated subsidiaries	-	-	-	-
Associates	-	-	-	-
Key managerial staff	-	-	-	-
Other parties, including key managerial staff	-	-	-	-
Total	375	360	676	613

TRANSACTIONS WITH RELATED PARTIES				
Parties to transaction	2016-06-30		2016-06-30	
	Sales	Purchases	Receivables	Liabilities
Parent company	-	-	98	236
Capital group companies	-	-	-	-

Non-consolidated subsidiaries	-	-	-	-
Associates	-	-	-	-
Key managerial staff	-	-	-	-
Other parties, including key managerial staff	-	-	-	-
Total	-	-	98	236

REMUNERATIONS OF KEY MANAGERIAL STAFF	2017-06-30	2016-06-30
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	-	-

TRANSACTIONS BETWEEN QUANTUM SOFTWARE S.A. AND SUBSIDIARIES			
Entity	Transaction type	Transaction value in PLN	Transaction value in foreign currency
Quantum Qguar sp. z o.o.	Sale of services	375	-
Edisonda sp. z o.o.	Sale of services	1	-
Quantum I-Services sp. z o.o.	Sale of services	-	-
Quantum Qguar sp. z o.o.	Purchase of services	162	-
Quantum Brasil	Purchase of services	198	BRL 164

Note 28 Construction contracts

Some of the contracts held by the Company have the traits of long-term contracts. The Company's Management Board analyses the costs and revenues under such contracts on a regular basis. Since the differences between the progress of a contract and the associated expenses and revenues have a greater impact on the current financial result, they are presented in the table below.

CONSTRUCTION CONTRACTS IN PROGRESS	2017-06-30	2016-12-31
Total costs incurred	-	42
Total profit and loss recognised	-	39
Advance payments received	-	-
Security deposit	-	-
Receivables from clients under contractual works	136	136
Liabilities due to clients under contractual works	-	-

Note 29 Financial instruments

FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO INTEREST RATE RISK			
As of 30.06.2017			
	Carrying value	Increase/decrease by percentage points	Effect on the gross financial result
Financial assets	10,699	-	-
Cash	596	-	-
Financial assets available for sale	10,015	-	-
Other financial assets	-	-	-
Borrowings granted	88	-	-
Financial liabilities	-	-	-
Bank loans and borrowings	-	-	-
Financial lease liabilities	-	-	-
Other financial liabilities	-	-	-

FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO INTEREST RATE RISK			
As of 31.12.2016			
	Carrying value	Increase/decrease by percentage points	Effect on the gross financial result
Financial assets	12,041	-	-
Cash	2,026	-	-
Financial assets available for sale	10,015	-	-

Other financial assets	-	-	-
Borrowings granted	-	-	-
Financial liabilities	-	-	-
Bank loans and borrowings	-	-	-
Financial lease liabilities	-	-	-
Other financial liabilities	-	-	-

FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO FX RISK			
As of 30.06.2017			
	Carrying value	Exchange rate increase/decrease in percentage points	Effect on the gross financial result
Financial assets	-	-	-
Cash in EUR	-	0.00%	-
Cash in USD	-	-	-
Trade and other receivables in EUR	41	0.00%	-
Financial liabilities	-	-	-
Overdrafts in EUR	-	-	-
Short-term loans in EUR	-	-	-
Trade liabilities in EUR	-	-	-

FINANCIAL INSTRUMENTS: ANALYSIS OF EXPOSURE TO FX RISK			
As of 31.12.2016			
	Carrying value (PLN '000)	Exchange rate increase/decrease in percentage points	Effect on the gross financial result
Financial assets	-	-	-
Cash in EUR	-	4.00%	-
Cash in USD	-	-	-
Trade and other receivables in EUR	43	4.00%	2
Financial liabilities	-	-	-
Overdrafts in EUR	-	-	-
Short-term loans in EUR	-	-	-
Trade liabilities in EUR	-	-	-

FAIR VALUE OF THE INDIVIDUAL CATEGORIES OF FINANCIAL INSTRUMENTS					
	Category in accordance with IAS 39*	Carrying value		Fair value	
		2017-06-30	2016-12-31	2017-06-30	2016-12-31
Financial assets		11,619	12,445	11,619	12,445
Cash	measured at fair value through P&L	596	2,026	596	2,026
Trade and other receivables	borrowings and receivables	920	404	920	404
Interest receivable from borrowings granted	borrowings and receivables	88	-	88	-
Financial assets available for sale	available for sale	10,015	10,015	10,015	10,015
Financial liabilities		2,878	304	2,878	304
Liabilities due to finance lease	financial liabilities at amortised cost	-	-	-	-
Trade and other liabilities	financial liabilities at amortised cost	2,878	304	2,878	304
Short-term bank loans	financial liabilities at amortised cost	-	-	-	-

* Categories in accordance with IAS 39: Available for sale, Held to maturity, Borrowings and receivables

ITEMS OF REVENUE, EXPENSES, PROFIT AND LOSS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME, BROKEN DOWN INTO CATEGORIES OF FINANCIAL INSTRUMENTS					
	Category in accordance with IAS 39*	AS OF 30.06.2017			
		Interest revenues/expenses	Foreign exchange gains/losses	Release/recognition of write-downs	Profit/loss on sales
Financial assets		6	-4	-3	-
Cash	measured at fair value through P&L	5	-	-	-
Trade and other receivables	borrowings and receivables	-	-5	-2	-

Interest receivable from borrowings granted	borrowings and receivables	1	1	-1	-
Financial assets available for sale	available for sale	-	-	-	-
Financial liabilities		-	-	-	-
Liabilities due to finance lease	financial liabilities at amortised cost	-	-	-	-
Trade and other liabilities	financial liabilities at amortised cost	-	-	-	-
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

	AS OF 30.06.2016				
	Category in accordance with IAS 39*	Interest revenues/expenses	Foreign exchange gains/losses	Release/recognition of write-downs	Profit/loss on sales
Financial assets		6	-	-4	-
Cash	measured at fair value through P&L	2	-	-	-
Trade and other receivables	borrowings and receivables	3	-	-3	-
Interest receivable from borrowings granted	borrowings and receivables	1	-	-1	-
Financial assets available for sale	available for sale	-	-	-	-
Financial liabilities		-	-	-	-
Liabilities due to finance lease	financial liabilities at amortised cost	-	-	-	-
Trade and other liabilities	financial liabilities at amortised cost	-	-	-	-
Short-term bank loans	financial liabilities at amortised cost	-	-	-	-

Note 30 Share-based payments

Scheme for senior managerial personnel Share options scheme for employees

Information about the employee share ownership plan control system

The Managerial Options Scheme was launched by the Issuer in 2008 and was described in detail in preceding reports. It was intended for the key managerial staff in the Company, its subsidiaries and associates ("Eligible Persons"). The scheme comprises three Packages realised at specific time intervals. The first Package has been fully realised with the Issue of series D Shares. On 14 March 2011, the Supervisory Board adopted a resolution on transferring the Subscription Warrants from the second Package to the third Package because the conditions for the realisation of the Subscription Warrants under the second Package were not fulfilled. The Company's Ordinary General Meeting authorised the Supervisory Board to amend the Regulations of the Managerial Options Scheme. On 15 March 2013, the Supervisory Board passed a resolution on suspending the Managerial Options Scheme. According to the resolution of the Company's General Meeting of 17 June 2008, on, among other things, the contingent increase of the Company's share capital in order to grant the rights to acquire series D shares to the holders of subscription warrants, the date for exercising the right to acquire series D shares by the holders of subscription warrants expires on 31 December 2013. Similarly, in the case of the third Package, the realisation conditions were not satisfied. The Managerial Options Scheme introduced by the Issuer in 2008 was partially realised and expired as of 31 December 2013. By the date of preparing this information, the Company did not introduce any new employee share schemes.

COSTS OF SERVICES PROVIDED BY EMPLOYEES/MANAGERIAL STAFF	2017-06-30	2016-06-30
Costs of scheme settled with equity instruments	-	-
Costs of scheme settled with cash	-	-
Total costs of share-based/option-based payment schemes	-	-

Note 31 Explanations to the cash flow statement

Explanations to the cash flow statement	2017-06-30	2016-06-30
Foreign exchange gains (losses) disclosed in the cash flow statement result from the following:	-1	-
- foreign exchange gains/losses due to measurement of cash	-	-
- unrealised foreign exchange gains/losses on loans and borrowings	-1	-
- realised foreign exchange gains/losses on loans and borrowings	-	-
Interest and profit sharing (dividends), including:	6	1

- received interest on borrowings granted	-	-
- received interest on cash in bank and deposits	5	1
- received interest on lease instalments	-	-
- interest paid on loans	-	-
- interest paid on borrowings	-	-
- interest paid on debt securities	-	-
- interest paid on lease liabilities	-	-
- commissions paid on debt securities	-	-
- dividends received	-	-
- interest accrued on borrowings granted	1	-
- accrued interest on loans and borrowings raised	-	-
- interest accrued on debt securities	-	-
- other interest	-	-
Investment profit (loss) due to:	-	-
- revenue from sales of property, plant and equipment, and investment real property	-	-
- revenue from sales of intangible assets	-	-
- prime cost of the sales of property, plant and equipment, and investment real property	-	-
- 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	-	-
- other	-	-
Movements in receivables from the following items:	-517	-149
- movement in the balance of short-term receivables resulting from the balance sheet	-517	-149
- movement in the balance of long-term receivables resulting from the balance sheet	-	-
- adjustment for movement in dividend receivables	-	-
- adjustment for movement in receivables from the acquisition of PP&E and investment real property	-	-
- adjustment for movement in receivables from the disposal of intangible assets	-	-
- adjustment for movement in receivables from the disposal of financial investments (including shares and interests)	-	-
- adjustment for movement in receivables from bank's guarantee deposits	-	-
- other adjustments	-	-
Movements in liabilities, except for loans and borrowings, resulting from the following:	407	267
- movement in short-term trade and other liabilities	407	267
- movement in other long-term liabilities	-	-
- adjustment for movement in liability due to unpaid dividend	-	-

- adjustment for movement in liabilities due to the acquisition of PP&E	-	-
- adjustment for movement in liabilities due to the acquisition of financial assets	-	-
- adjustment for movement in lease liability	-	-
- adjustment for movement in liability due to sureties issued to subsidiaries	-	-
- other adjustments	-	-
Income tax paid	-	-
- 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 reimbursed	-	-
- income tax paid	-	-
“Other adjustments” include:	1	1
- 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)	-	-
- revaluation of borrowings granted (write-down)	1	1
- revaluation of financial instruments	-	-
- revaluation of sureties	-	-
- conversion of cash deposits to financial assets	-	-
- other	-	-
Acquisition of PP&E and intangible assets – investing activities	-	-
- movement in PP&E resulting from the balance sheet	-	-
- movement in investment real property resulting from the balance sheet	-	-
- movement in intangible assets resulting from the balance sheet	-	-
- movement in the above assets in assets for sale	-	-
- amortisation/depreciation for the reporting period resulting from the profit and loss account	-	-
- prime cost of tangible assets, investment real property and intangible assets sold	-	-
- costs of liquidated tangible assets	-	-
- impairment losses/reversed impairment loss on the above assets	-	-
- measurement of the above non-current assets	-	-
- other	-	-

- adjustment for advances on the purchase of tangible assets and intangible assets	-	-
- adjustment for investment liabilities (purchases)	-	-
- other adjustments	-	-
- transfer of assets in an organised part of the business to another company	-	-

Note 32 Remuneration of the Parent Company's senior management

Management Board of the parent company	2017-06-30	2016-12-31
Short-term employee benefits (remunerations and surcharges)	106	242
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	106	242

Supervisory Board of the parent company	2017-06-30	2016-12-31
Short-term employee benefits (remunerations and surcharges)	18	22
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	18	22

Other key management personnel	2017-06-30	2016-12-31
Short-term employee benefits (remunerations and surcharges)	-	-
Anniversary benefits and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	-	-

	2017-06-30	2016-12-31
Management Board	106	242
Supervisory Board	18	22
Management Board – subsidiaries or associates	-	-

Supervisory Board – subsidiaries or associates	-	-
Total	124	264
Other key management personnel	-	-

Note 33 Disclosures on the fee of the auditor or an entity authorised to audit financial statements

	2017-06-30	2016-12-31
Statutory audit of financial statements	8	22
Other certification services	-	-
Tax consulting services	-	-
Other services	-	-
Total	8	22

Note 34 Capital management

	2017-06-30	2016-12-31
Interest-bearing loans, borrowings and bonds	-	-
Trade and other liabilities	2,878	304
Less cash and cash equivalents	-596	-2,026
Net debt	2,282	-1,722
Convertible preference shares	-	-
Equity	8,854	12,252
Reserve capital on unrealised net earnings	-	-
Total capital	8,854	12,252
Capital and net debt	11,136	10,530
Leverage ratio	-	-

MANAGEMENT REPORT OF THE ISSUER'S CAPITAL GROUP

1) General information

The parent company of the Capital Group is Quantum software S.A., with its registered office in Krakow, ul. Walerego Sławka 3A (Company, Issuer). The Company was entered into the Register of Entrepreneurs of the National Court Register (KRS) Krakow – Śródmieście, 11th Commercial Department, on 30 October 2002, under KRS No. 0000136768; PKD 62.01Z (Polish Classification of Activities) "Software business". The Company's core business consists in holding activities.

Statistical ID (REGON):	351243328
Tax ID (NIP):	677-17-53-870
National Court Register (KRS):	0000136768
Share capital fully paid up:	PLN 740,378.50

Management Board:

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

Supervisory Board:

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

The semi-annual financial statements were prepared with the assumption that member companies of Quantum Software S.A. Capital Group would continue as a going concern in foreseeable future.

2) Organisational structure of the Group as of 30.06.2017 – details of subsidiaries and related parties:

In addition to the parent company, the Capital Group consists of the following:

1. Company name: Quantum East Sp. z o.o. – subsidiary

Registered office: Krakow

Address: Walerego Sławka 3a

National Court Register (KRS): 0000294284

Shareholders: 58.09 % of interests held by Quantum Qguar sp. z o.o.

Share capital fully paid up: PLN 308,950.00

2. Company name: Quantum International Sp. z .o.o. – subsidiary in Ukraine

Registered office: Kiev

Address: Jaroslavskij pereulok 7/9, office 40, 04071 Ukraine

certificate no. 100107724

Shareholders: 100% of interests held by Quantum East

Share capital fully paid up: USD 76,200

3. Company name: Quantum International Sp. z .o.o. – subsidiary in Russia

Registered office: Moscow

Address: Letnikovskaja 10/1, 115114 Russia

certificate no. 1117746038035

Shareholders: 99% of interests held by Quantum East

Share capital: 1,200,000.00 roubles, fully paid

4. Company 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 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 150,000.00

6. Company 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 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 name: EQ System East sp. z o.o. – associate

Registered office: Krakow

Address: Walerego Sławka 3A

National Court Register (KRS): 0000486510

Shareholders: 44.85% of interests held by Quantum software S.A.

Share capital fully paid up: PLN 53,500.00

9. Company 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.

3) Description of changes in the issuer's capital group, including as a result of business combinations, acquisition or loss of control over subsidiaries and long-term investments as well as demerger, restructuring or discontinuation, and indication of entities subject to consolidation; and if the issuer is a parent company which, under the applicable laws, is not obliged or is not allowed to prepare consolidated financial statements – indication of the reason and legal basis for the absence of consolidation

Quantum software S.A. – the Group's parent company. After the incorporation of Quantum Qguar Sp. z o.o., it mainly acts as a holding company.

Quantum East Sp. z o. o. – the Group's subsidiary, in which Quantum Qguar sp. z o.o. holds 58.20 % of interests (holding nature). Full consolidation method.

Quantum International Sp. z o.o. (Ukraine) – a subsidiary of the Group; Quantum East Sp. z o.o. holds 100% of its interests; its business consists in the sales and implementation of Quantum software S.A.'s IT solutions in Russian-speaking countries. Full consolidation method.

Quantum International Sp. z o.o. (Russia) – a subsidiary of the Group; Quantum East Sp. z o.o. holds 99% of its interests; the Company was established to focus on sales and implementation of IT solutions offered by Quantum software S.A. in Russia.

Quantum I - Services Sp. z o.o. – the Group's subsidiary, in which Quantum Qguar sp. z o.o. holds 100% of interests. Its business consists in the sale of licences, hardware and IT services that are not directly related to Quantum software S.A.'s own products (at present, the Qguar series). Full consolidation method.

Edisonda Sp. z o.o. – the Group's subsidiary, in which Quantum software S.A. holds 59.20% of interests. The company was established to focus on interaction design and research into the communicative effectiveness of websites (or other electronic media) and use the research findings for commercial purposes. Full consolidation method.

Quantum Mobile Solutions Sp. z o.o. – the Group's subsidiary, in which Quantum I - Services Sp. z o.o. holds 100% of interests. The business focus of the company consists in the development and sales of IT solutions for mobile devices. Full consolidation method.

Quantum Brasil Engenharia em Software Ltda- ME. – the Group's subsidiary, in which Quantum Qguar sp. z o.o. holds 85% of interests. The purpose of the company is to introduce Quantum offer to the Federative Republic of Brazil. Full consolidation method.

EQ System East Sp. z o.o. – an associate of the Group; 44.85 % of its interests are held by Quantum Software S.A. The purpose of the company is to introduce a system for the automatic planning of manufacturing processes to the Eastern European market (Russia, Ukraine and Belarus). Consolidation with the equity method.

Quantum Qguar sp. z o.o. – the Group’s subsidiary, in which Quantum Software S.A. holds 100% of interests. The company develops and implements IT systems. Full consolidation method.

In the first half of 2017, there were no changes in the organisation of the Issuer’s Capital Group.

4) Assessment of the Capital Group’s basic economic and financial figures

In H1 2017, the Capital Group generated sales revenue in the amount PLN 15,691 thousand, whereas in the comparable period a year earlier it generated sales revenue in the amount of PLN 12,789 thousand, up by 22.7%.

In H1 2017, the sales of licenses and services related to proprietary software (the Qguar package) accounted for approx. 63.6% of total sales, up by nearly 14.5% to PLN 9,977 thousand compared to the first half of 2016.

The Group’s net profit amounted to PLN 939 thousand, compared to PLN 960 thousand a year earlier.

The Issuer maintains a stable structure of financing its current operations, which is principally based on financing by means of equity and current trade liabilities.

The present financing structure will not cause any risk of losing or upsetting liquidity.

Product structure of Quantum Group

	01.01 - 30.06.2017	% share	01.01 - 30.06.2016	% share
Qguar licences and services	9,977	63.5%	8,714	68.2%
Goods	3,374	21.4%	2,137	16.7%
Other sales	2,374	15.1%	1,938	15.1%
Total	15,724	100%	12,789	100%

Data in PLN ‘000

Sales by market

	01.01 - 30.06.2017	% share	01.01 - 30.06.2016	% share
Domestic	11,805	75.1%	10,266	80.3%
Foreign	3,919	24.9%	2,523	19.7%
Total	15,724	100%	12,789	100%

Data in PLN ‘000

5) Description of the Issuer's significant achievements or failures in the period covered by the report, and a list of major related events:

➤ **New customers acquired in Poland and abroad:**

- Nowodworski sp.j. (Quantum Qguar)
- Białystok University of Technology (Quantum Qguar)
- SFD S.A. (Quantum Qguar)
- Arteria Logistics sp. z o.o. (Quantum Qguar)
- Cosmo Group sp. z o.o. sp. k. (Quantum Qguar)
- Marcopol sp. z o.o., bolt manufacturer (Quantum Qguar)
- ZTP Otmuchów S.A. (Quantum Qguar)
- IMPEL S.A. (EDISONDA)
- Fitful GmbH (EDISONDA)

➤ **New contracts/implementations for existing customers:**

- Solid Logistic sp. z o.o. (Quantum Qguar)
- Dino Polska S.A. (Quantum Qguar)
- S.C Tymbark Maspex Romania s.r.l. (Quantum Qguar)
- Partners sp. z o.o. (Quantum Qguar)
- Pepco Poland sp. z o.o. (Quantum Qguar)
- Tip – Topol sp. z o.o. (Quantum Qguar)

6) Programme for the repurchase of equity shares

Between 2009 and 2014, the company repurchased 14,930 equity shares for the purpose of the Incentive Programme for its managerial personnel.

The Management Board's authorisation to acquire the equity shares granted by the Ordinary General Meeting of 18 May 2009 expired on 18 May 2014.

On 25 June 2015, Quantum software S.A.'s Ordinary General Shareholders' Meeting was convened and it adopted a resolution on authorising the Management Board to repurchase the equity shares under the following terms:

- The equity shares are to be repurchased for redemption.
- The amount of funds for the repurchase of the equity shares shall not exceed PLN 2,000,000.00.
- The Management Board is authorised to repurchase the equity shares by 25 June 2018.
- The date for starting and completing the repurchase of equity shares shall be specified by the Management Board and announced to the public according to Article 56 of the Public Offering Act.
- Once the Company has complete the repurchase of the equity shares as part of performing this resolution, the Management Board shall convene an Extraordinary General Meeting in order to adopt resolutions on redeeming the Company's equity shares and on decreasing its share capital.

- The authorisation under this resolution also includes the consent to the acquisition of the Company's shares by a subsidiary from the Company within the meaning of Article 362 § 4 of the Commercial Companies Code.
- The repurchase of equity shares may be performed by way of public tender within the meaning of the Act on the public offering, the conditions for introducing financial instruments to an organised trading system and on public companies.

As part of the authorisation under Resolution No. 19 of the Ordinary General Shareholders' Meeting of Quantum software S.A. of 25 June 2015, the subsidiary Quantum Qguar sp. z o.o. announced 2 tender offers for the Issuer's equity shares. As a result of the first tender offer from 29 December 2015 to 15 January 2016, the subsidiary Quantum Qguar sp. z o.o. acquired 150,386 of the Issuer's equity shares, and following the second tender offer of 22 July 2016, it acquired 15,501 of the Issuer's equity shares.

On 9 February 2017, the Issuer and the subsidiary Quantum Qguar sp. z o.o. concluded an agreement for the transfer of the ownership title to shares. As a result of this transaction, the Issuer acquired 165,887 dematerialised shares of Quantum quoted at the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange), which the Seller acquired under the above-mentioned authorisation to acquire the equity shares of Quantum software S.A.

On 16 February 2017, Quantum software S.A.'s Extraordinary General Shareholders' Meeting was convened and it adopted a resolution on the redemption of the said 165,887 equity shares of the Issuer. As of the publication date of the periodic report, the procedure for the redemption of the Issuer's equity shares is not completed and the total number of equity shares held by the Issuer is 180,817, which accounts for 24.4% of the Issuer's share capital.

7) Description of material risk factors and threats

Macroeconomic risk

The Issuer's financial situation depends on the macroeconomic situation in Poland. 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 Issuer. A change in the pace of economic growth translates into the revenue of companies operating in particular regions and industries. Consequently, they modify 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 decreasing budgets allocated by companies for computerisation.

Risk of slowdown in the growth of particular segments in the IT sector in Poland related to technological changes in the industry

The value of the entire IT market comprises hardware, software and services. Each of these segments may develop faster or slower. The analyses of the IT hardware and services market show growth trends. The low saturation of Polish companies with modern technologies creates a fertile ground for the growth of companies whose focus is similar to that of Quantum Group companies. However, it must be noted that this market is very sensitive to changes of the economic situation. At the time of an economic downturn, companies restrict their investment policies, including IT expenditures. Decreased demand for computer software leads to the Company's lower sales results, which differ substantially from the Management Board's forecasts. In such a case, the demand for the Company's products may decrease, leading to decreased sales revenue. Technological changes and frequent launches of new IT services are closely related to this sector. The product lifecycle is short, while the expenditures on product development are high. Consequently, the incurred expenditures may not be covered by the sales revenue. Therefore, there is a risk that the decision to develop a particular product will be based on incorrect assumptions which do not satisfy current market needs and a risk that the product development cycle, i.e. software design, development and the test phase, may be longer than expected, and the respective market segment will already have been conquered by competitors. The market requirements are monitored by the company's own employees to reduce this risk. In addition, the cooperation between Group companies and computer hardware and software suppliers allows for ongoing monitoring of technological changes and innovations on the market.

Risk of increased competition

The IT market is currently in the phase of a dynamic growth. This situation attracts new providers of IT services, who, attracted by high profits, increase the number of entities operating on the market. As a result, new companies offer products diversified in terms of price, functionality or advancement. This directly leads to a more competitive market environment, and the industry companies may be required to make higher expenditures on growth and advertising, and to reduce the current margin. Furthermore, the high absorption capacity of the Polish market and the fact that the progress of computerisation is far from average European levels lead to many global companies that provide similar services becoming interested in doing business in Poland. The Group companies do not have any influence on competitors' activities and products. However, they have the potential to maintain their market position thanks to their experience.

Export risk

The sales of Quantum Group's companies are mainly in Poland. However, they also conclude contracts with entities operating in other countries which differ in terms of their economic situation. One particular risk is that associated with a large share of exports to Ukraine, which is experiencing a crisis. This year, approx. 20% of the Group's sales revenue has been generated abroad. The value of contracts with foreign clients is usually expressed in EUR. Negative trends in the exchange rate of PLN to EUR may have a negative impact on the financial results of the Group. A decrease in the value of EUR compared to PLN could lead to lower export revenues and a lower return on export contracts.

Risk of contracts performed

Quantum Group companies do not sell large numbers of easy-to-install programmes but carry out large individual implementation projects with a high level of complexity that usually require several months' work by a team of specialists. The system implemented in a particular company must monitor very complex logistics processes and integrate them with the operations of all company departments in real time. There is a risk that the company's process and information flow may be modelled inaccurately, the risk of extended duration of the planned tasks and the risk of changes in the scope of works over the originally agreed plan. A decrease in the contract value, higher-than-expected costs of contract performance, contract termination or potential financial claims from the customer may have a detrimental impact on the current financial situation of the Group companies. The above risks are minimised thanks to the company's international experience, a proprietary standard base product and an experienced team of specialists.

Implementation risk

In the times of deterioration of the economic situation, the customers for IT systems limit their budget for investment due to uncertain macroeconomic situation. Usually, however, the business industry does not allow them to lower the requirements regarding the systems or even triggers their growth. The above risks put suppliers at a disadvantage. The supplier must frequently react to growing demands of the customer during implementation. Sometimes it is necessary to change the assumptions or reduce the remuneration. At present, economic processes are becoming more complex. Therefore, without the required know-how it is easy to implement a system that is sub-optimal for the customer, which may harm the supplier's reputation as repairs may be required. Furthermore, customers often regard IT system suppliers as business consultants and require greater economic efficiency after installing IT solutions. There is a risk that, without proper analyses, such requirements may not be satisfied. Implementation effectiveness is one of the Group's goals. Implementation departments have multi-level implementation methods, reducing the probability of analytical errors.

Risk of delays in the development of new products

Our proprietary SCE-class system offered by most of the Group companies delivers comprehensive solutions for logistics, satisfying the requirements of a customer and their environment. As an IT system supplier, Quantum Group companies must constantly expand their offer, introduce new functionalities and ensure data integrity. The competition and clients' requirements are constantly growing. As a result, there is a threat that new products that satisfy current requirements of the customers are introduced later than the products of our competitors, who may win the market earlier, leading to decreased sales revenue.

To prevent this, Quantum Group companies continue their extensive R&D work which, on the one hand, aims at improving our products and their quality, and on the other hand, introduces new and competitive solutions.

Risk of short product life cycle

Innovativeness and pace of the appearance of new products in IT industry generates necessity for the systematic update of existing products, adjusting them to changing equipment platforms and introducing new products. In the absence of sufficient technological base and well-qualified staff, there may be delays in updates and in the

introduction of new products, making our offer less attractive as a result. This may lead to a decrease of sales revenue, and, in consequence, a decrease of the generated profit. Quantum Group companies take steps to minimise this risk through constant development of our managers, regularly increasing, where possible, the number of highly qualified employees and by funding R&D works.

HR risk

In the IT industry, we have observed an increasing interest of our competitors in highly qualified employees. IT companies, for whom staff is the key production factor, are at risk of losing their key specialists. Companies constantly monitor the labour market, while the employees themselves are active as well. Such a situation leads to an increase of salaries and, in consequence, low economic returns. In their effort to create attractive working conditions for the employees, the Group companies offer incentive-based remuneration methods.

Risk associated with seasonality and irregularity of revenue

The typical seasonal nature of the IT business, where maximum sales are recorded in Q4 of a calendar year and is related to the end of the financial year and the associated system upgrades, affects Quantum Group companies only to a limited extent. Sales fluctuations between quarters are more connected with customer investment cycles than seasonality.

Risk of overdependence on key suppliers

In their operations, Quantum Group companies use equipment and software from external suppliers. Losing one of key suppliers may result in the interruption of supplies. The companies minimise this risk by maintaining good relationships with strategic partners. An additional factor reducing the risk is collaboration with multiple suppliers, wherever possible.

Risk of overdependence on key customers

ABC analysis shows that group A (generating 66% of revenue) consists of about 25 entities, whereas turnover with the biggest of them does not exceed 5%, therefore, according to the Management Board, the risk of overdependence on key customers is not significant.

Risk associated with changing legal regulations and instability of the tax system

Frequent changes of legal provisions in Poland are also a threat to the activity of the Group companies. The changes involve, among other things, tax regulations and interpretations, trade regulations and provisions of the labour law. Frequent changes in the regulations may have a negative impact on the current operation, they may raise the costs and affect the financial performance. Uncertainty about future changes obstructs the assessment of future events and the strategic decision making process. Coming into force of new law regulations may involve interpretation ambiguities, inconsistent decisions of the courts or unfavourable interpretations adopted by public administration (and tax) authorities. The Group companies monitor draft amendments to the laws on a regular basis and make business decisions in consideration of the planned changes.

Foreign exchange risk

The Group companies conclude export transactions in foreign currencies (mainly in EUR). Changing foreign currency to PLN exchange rates may result in worse-than-expected results. Foreign exchange rate fluctuations 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.

Commercial transactions in foreign currencies on account of export are part of the Group's normal course of operations. Consequently, future cash flows on this account are exposed to changes in value due to foreign exchange fluctuations.

Risk associated with strategic investments

Major capital expenditures, in accordance with the adopted strategy, are related to introducing new products to new markets. It is an opportunity for development, but also generates additional risks. Most of the member companies of the Capital Group enter new markets. These are foreign markets with standard products of the Qguar package (Ukraine, Russia and Latin America) or the Polish market and new types of products and/or services. Except for the Ukrainian company (Quantum International z o.o.) and EDISONDA Sp. z o.o., the Group companies operate for several years and continue to compete for presence in their market segments. Even when revenues are generated, this does not mean that these ventures will be successful. In particular, the risk affects subsidiaries operating in other countries, now especially in Russia and Latin America. These markets have an enormous potential (definitely larger than the Polish market) but require high capital expenditures as well as long-term and consistent advertising. The risks are associated with the instability of legal systems (Russia and Ukraine), varying levels of economic growth (e.g. Brazil has saw a significant slowdown in the recent years) and a barrier to communication (costs of communication, legal and administrative expenses). Another type of risk is associated with investments in developing the operations of the Russian and Ukrainian companies amidst the ongoing military conflict between the two countries, a limited trade exchange due to economic sanctions against Russia, stalled investments in both countries, a reduced rating and weakening of their currencies. If investments do not produce satisfactory results, the Group's development strategy may need to be changed.

8) Description of factors and events, in particular unusual factors and events, with a material influence on the financial results:

The main factor affecting the Group's financial results is the radical and continuing economic slowdown on the Russian and Ukrainian markets, which are important for the Group, as a result of the ongoing conflict between the two countries.

9) Explanations concerning seasonal or cyclical nature of the Issuer's business in the presented period:

The influence of seasonality on the Issuer's and the Group's performance remains as insignificant as in the previous periods.

10) Information on the issue, repurchase and repayment of debt and equity securities:

In H1 2017, Quantum software S.A. and its subsidiaries did not perform any issue of shares and they did not repurchase or repay any debt or equity securities.

11) Information on the dividend paid or declared, in total and per share, broken down by equity and preference shares:

On 26 June 2017, the Ordinary General Meeting decided to allocate the Company's profit for 2016 amounting to PLN 2,166,647.38 to the payout of a dividend. The record date was set to 25 August 2017 and the dividend payout date to 8 September 2017.

12) Events after the date as of which the condensed semi-annual financial statements were prepared, not included in these statements, that could have a material influence on the Issuer's future financial performance

Today, all interests in the subsidiary EDISONDA sp. z o.o. were disposed of, which the Issuer announced in current report no. 21/2017.

13) Information on changes in contingent liabilities or contingent assets which occurred after the end of the last financial year

In the discussed period, there were no significant events resulting in any changes in contingent liabilities or contingent assets.

14) Position of the Management Board concerning the possibility of meeting previously published profit/loss forecasts for a given year in the light of the results presented in the quarterly report in relation to the forecast profit/loss:

The Company did not publish a results forecast for 2017.

15) Identification of shareholders holding, directly or indirectly through their subsidiaries, at least 5 % of the total number of votes at the Issuer's General Meeting as of the date of submission of the quarterly report, including the number of shares held by such entities, their percentage share in the share capital, the number of resulting votes and their percentage share in the total number of votes at the general meeting, as well as identification of changes in the structure of ownership of substantial shareholdings of the issuer after the submission of the previous quarterly report:

From the submission date of the report for the first quarter of 2017, the number of shares held by Minvesta sp. z o.o. changed.

According to information available to the Company, as of 15 September 2017, which is the publication date of the semi-annual report, the company's majority shareholder is Minvesta sp. z o.o., with its registered office in Krakow, which holds 675,421 series A registered preference shares, which account for a total of 45.61% of the Company's share capital and are vested with 1,350,842 votes at the Company's General Meeting, representing 60.56% of the total number of votes, and holds 277,491 of the Company's bearer shares, which account for a total of 18.73% of the Company's share capital and are vested with 277,491 votes at the Company's General Meeting, representing 12.4% of the total number of votes.

All shares held by MINVESTA sp. z o.o. in Quantum software S.A. account for a total of 64.35% of the Company's share capital and are vested with 1,628,333 votes at the Company's General Meeting, representing 72.99% of total votes.

16) Issuer's shares or rights thereto held by the Issuer's managers and supervisors as of the publication date of the semi-annual report and changes in their ownership in the period following the publication of the previous report, for each person separately:

Management Board (as of 15 September 2017)

Tomasz Hatala	36,200
Bogusław Ożóg	31,924
Marek Jędra	8,200
Tomasz Mnich	3,400

**Supervisory Board Members holding the Company's shares
(as of 15 September 2017)**

Tomasz Polończyk	8,193
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Since the submission of the previous report (i.e. for Q1 2017), the holding of the Company's shares by the Management Board and the Supervisory Board has not changed.

17) Identification of proceedings pending before court, competent arbitration authority or public administration authority, including information in that regard:

In the period covered by this report, neither the Company nor its subsidiaries or related parties instituted or were a party to any proceedings before court or public administration authority concerning claims whose total amount would exceed 10% of the Issuer's equity.

18) Information on the conclusion by the Issuer or its subsidiary of one or more material transactions with related parties if they are material (separately and jointly) and if they were not arm's length transactions:

In the period in question, the Company did not conclude any such agreements with related parties.

19) Information on the issuer's or its subsidiaries' loan or borrowing guarantees or sureties granted jointly to a single entity or its subsidiary if the total value of the existing sureties or guarantees is equivalent to at least 10 % of the issuer's equity:

In the described period, neither the Company nor its subsidiaries granted such sureties or guarantees whose amount would exceed 10% of the Issuer's equity.

20) Other information which, in the Issuer's opinion, is material for assessing its human resources, assets, financial position, financial results and changes thereof as well as any information considered material for assessing the Issuer's ability to meet its obligations:

Aside from the problems in developing business on foreign markets described in the previous sections, in the reporting period in question, there were no other circumstances significant for the assessment of the Issuer's human resources, assets, financial position, financial performance and the ability to meet its obligations.

21) Factors which, in the Issuer's opinion, will influence its performance for at least the following quarter:

Factors which will influence Quantum software S.A. Capital Group's development in the subsequent quarter include factors independent of the Company itself as well as internal factors which depend on Quantum software S.A. and entities composing the Capital Group.

External factors include:

- economic growth and growth in investments by businesses in Poland,
- consequences of the conflict and crisis in Ukraine and Russia,
- impact of the Euro zone crisis on the economy in Poland and its neighbours,
- pace of growth of the economies in Latin America,
- extended decision-making processes in entities concerning IT expenses,
- risk related to significant fluctuations of the PLN exchange rate against euro,
- competitors' activities.

Internal factors which influence the Capital Group's development include:

- punctual completion of works specified in the contracts whose implementation started in previous quarters in accordance with budgeted expenditures and contractual terms,
- successful and punctual completion of development works with respect to new products and services,
- effective HR policy to eliminate the risk of turnover of qualified and skilled employees,
- success of marketing efforts in acquiring new contracts,
- efficient investment strategy in subsidiaries, in particular the success of applied methods of selling own products on foreign markets.

Krakow, 15 September 2017

Signatures of the Management Board Members:

Tomasz Hatala

Bogusław Ożóg

Marek Jędra

Tomasz Mnich

Person responsible for keeping the accounting books:

Monika Kuś

Krakow, 15 September 2017

Statement of the Management Board concerning the preparation of the financial statements

The Management Board of Quantum software S.A. declares that, to the best of their knowledge, the semi-annual consolidated financial statements and comparative data were prepared in compliance with the accounting principles in force and that they present a true, accurate and fair view of Quantum software S.A. Capital Group's economic and financial standing and its financial result, and that the semi-annual management report presents a true overview of development and achievements of Quantum software S.A. Capital Group and its situation, including basic risks and exposures.

President of the Management Board Tomasz Hatala

Vice-President of the Management Board Bogusław Ożóg

Vice-President of the Management Board Marek Jędra

Member of the Management Board Tomasz Mnich

Krakow, 15 September 2017

Statement by the Management Board on the authorised auditing entity

The Management Board of Quantum software S.A. declares that the entity authorised to audit financial statements which reviewed the semi-annual consolidated financial statements was selected in compliance with legal regulations, and that the said entity and certified auditors reviewing the statements complied with the conditions required to produce an impartial and independent review report in compliance with the applicable laws and professional standards.

President of the Management Board Tomasz Hatala

Vice-President of the Management Board Bogusław Ożóg

Vice-President of the Management Board Marek Jędra

Member of the Management Board Tomasz Mnich