



**Consolidated Annual Financial Statement
of the Quantum software S.A. Capital Group
for the period from 01/01/2018 to 31/12/2018**

Kraków, 18 April 2019

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1. Introduction to the financial statement of the Quantum software S.A. Capital Group for 2018.

1.1. Object of business operations:

Quantum software Spółka Akcyjna; 30-633 Kraków, ul. Walerego Sławka 3A. Quantum software S.A. was entered into the Register of Businesses of the National Court Register Kraków – Śródmieście, 11th Commercial Division, on 30 October 2002 under the number 0000136768; PKD 62.01Z (Polish Classification of Activities) “Software business”. As of 25 July 2014, in connection with the transfer of business operations to the subsidiary Quantum Qguar sp. z o.o., the Issuer’s core business consists mainly in acting as a holding company.

1.2. Duration of the Issuer

The duration of the parent entity and the Capital Group entities is unspecified.

1.3. Composition of the parent company’s Management Board and Supervisory Board:

The composition of the parent company's Management Board and Supervisory Board at 31 December 2018 was as follows:

Management Board:

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

Supervisory Board:

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

1.4. Organisational structure of the Capital Group at 31/12/2018:

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

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

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

Registered Office: Kiev
Address: Prospect Moskovskij
certificate No. 100107724
Shareholders: 100% of shares 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, building no. 11
certificate No. 1117746038035
Shareholders: 99% of shares are held by Quantum East
Share capital: RUB 1,200,000.00, fully paid up

4. Company name: Quantum I-Services Sp. z o.o. – subsidiary

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

5. Company name: Quantum Mobile Solutions Sp. z o.o. – subsidiary

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

6. 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 shares are held by Quantum Qguar sp. z o.o.
Share capital fully paid up: PLN 340,000.00

7. Company name: Quantum Qguar sp. z o.o. – subsidiary

Registered Office: Kraków

Address: Walerego Sławka 3A

National Court Register (KRS): 0000516717

Shareholders: 100% of shares are held by Quantum software S.A.

Share capital covered by 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

8. Qcadoo Limited sp. z o.o. – subsidiary

Registered Office: Kraków

Address: Walerego Sławka 3A

National Court Register (KRS): 0000344950

Shareholders: 99.99% of shares are held by Quantum Qguar sp. z o.o.

Share capital: PLN 885,000, fully paid up

1.5. Principles of the accounting policy applied in preparing the financial statement of the Quantum software S.A. Capital Group for 2018 and the statement of compliance.

This financial statement was prepared pursuant to the International Financial Reporting Standards (“IFRS”) as adopted by the EU, and in the scope not regulated by the above standards - pursuant to the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330) and secondary legislation issued on the basis thereof as well as pursuant to the requirements of the Regulation of the Minister of Finance of 19 February 2009 on current and interim information to be submitted by issuers of securities (Journal of Laws of 2009, no. 33, item 259).

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

The Management Board approves the consolidated financial statements for issue as of the date the financial statements are signed by all Members of the Company's Management Board, i.e. 18 April 2019.

The consolidated financial statement should be read in conjunction with the separate financial statement. This provides full perspective of financial condition and results of Quantum software S.A. operations both as the parent entity and the Capital Group. As the parent entity, the Company prepares the consolidated financial statement of its Capital Group at the day and period ended 31 December 2018 in accordance with International Financial Reporting Standards (IFRS) approved by the European Union and in force at the date of the preparation of the statement. The separate and consolidated financial statements are presented in the separate and consolidated report and are available on www.quantum-software.com

The Capital Group conducts sales both in the Polish and foreign markets. The information on revenue from sales divided by the offered products as well as sales market was disclosed in the Management Board's report on the Capital Group's operations for 2018.

Data included in the report were prepared in line with the principles for valuation of assets and liabilities and valuation of the net financial result specified at the balance sheet date, in line with the materiality principle. The consolidated financial statement for 2018 was prepared on the

continuity assumption concerning the operations of the Capital Group.

The consolidated financial statement for 2018 was prepared in PLN with figures rounded to the nearest thousand.

Accounting records are kept at the historical cost. The company did not make any adjustments that would reflect the influence of inflation on the individual items of the balance sheet and the profit and loss account. The company prepares the profit and loss account in the multiple-step variant. The cash flow statement is prepared based on the indirect method.

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following items which are awaiting approval by the European Union.

Application of new and verified IFRS.

Standards and interpretations applied for the first time in 2018.

The following amendments to the existing standards issued by the International Accounting Standards Board and approved by the EU became effective at the beginning of 2018:

- IFRS 9 “Financial Instruments” – approved in the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- IFRS 15 “Revenue from Contracts with Customers” and amendments to IFRS 15 “Date of entry into force of IFRS 15” – approved in the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 2 “Share-based Payments” – Classification and valuation of share-based payments – approved in the EU on 27 February 2018 (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 4 “Insurance Contracts” – Application of IFRS 9 “Financial Instruments” together with IFRS 4 “Insurance Instruments” – approved in the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or as of the first application of IFRS 9 “Financial Instruments”),
- Amendments to IFRS 15 “Revenue from Contracts with Customers” – Explanations concerning IFRS 15 “Revenue from Contracts with Customers” – approved in the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IAS 40 “Investment Real Properties” – Transfers of investment real properties – approved in the EU on 14 March 2018 (effective for annual periods beginning on or after 1 January 2018),
- Amendments to IFRS 1 and IAS 28 resulting from “Amendments to IFRS (2014-2016 Cycle)” – amendments made as part of the procedure for annual amendments to IFRS (IFRS 2, IFRS 12 and IAS 28) focused primarily on removing inconsistencies and clarifying the wording – approved in the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 effective for annual periods beginning on or after 1 January 2018),
- Interpretation of IFRIC 22 “Transactions in Foreign Currencies and Advance Payments” – approved in the EU on 28 March 2018 (effective for annual periods beginning on or after 1 January 2018).

Standards and interpretations which have already been issued and approved for the application in the EU, but have not entered into force until the end of the period for which this statement was prepared.

The following standards and interpretations were issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but have not yet entered into force:

- IFRS 16 Leasing (issued on 13 January 2016) – applicable to annual periods beginning on or after 1 January 2019,
- Amendments to IFRS 9 Contracts with Prepayment Features with Negative Compensation (issued on 12 October 2017) – applicable to annual periods beginning on or after 1 January 2019,
- IFRS 17 Insurance Contracts (issued on 18 May 2017) – applicable to annual periods beginning on or after 1 January 2021 – not approved by the EU until the approval of this financial statement,
- Amendments to IAS 28 Long-term Shares in Associates and Joint Venture (issued on 12 October 2017) – applicable to annual periods beginning on or after 1 January 2019 – not approved by the EU until the approval of this financial statement,
- Amendments to IAS 19 Plan amendment, curtailment or settlement (issued on 7 February 2018) – applicable to annual periods beginning on or after 1 January 2019 – not approved by the EU until the approval of this financial statement,
- Amendments resulting from the review of IFRS 2015-2017 concerning 4 standards: IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017) – applicable to annual periods beginning on or after 1 January 2019 – not approved by the EU until the approval of this financial statement,
- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014) – pursuant to the decision of the European Commission the process of the approval of the standard in its initial version will not be commenced before the issue of the standard in its final version – not approved by the EU until the approval of this financial statement – applicable to annual periods beginning on or after 1 January 2016,
- Amendments to IFRS 10 and IAS 28 Transactions of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014) – both works aimed at the approval of these amendments and the date of entry into force were deferred by the EU and the IASB respectively for an indefinite period of time,
- Interpretation of IFRIC 23 “Uncertainty in the scope of the income tax settlement” (issued on 7 June 2017) – this interpretation applies to annual periods beginning on or after 1 January 2019 – not approved by the EU until the approval of this financial statement,
- Amendments to Conceptual rules of the International Financial Reporting Standards (issued on 29 March 2018) – applicable to annual periods beginning on or after 1 January 2010 – not approved by the EU until the approval of this financial statement.

Dates of entry into force are dates resulting from the content of standards issued by the International Accounting Standards Board. Dates of the standard application in the European Union may differ from dates of the application resulting from the content of the standards and are announced upon their approval for application by the European Union.

The Company is currently analysing the way in which the above standards and interpretations may affect the financial statement and accounting principles (policy) applied by the Company.

The Company applied the requirements of IFRS 9 and IFRS 15 with the use of the modified retrospective approach with effect as of 1 January 2018. Pursuant to the possibility allowed by the standard, the Company resigned from the restatement of comparable data. Data as at 31 December 2017 and for the first half of 2017 were prepared on the basis of IAS 39, IAS 18 and IAS 11. Selected accounting principles previously applied in the scope of revenue from

sales (IAS 18 and IAS 11) and financial instruments (IAS 39) were disclosed in the financial statement for 2017.

IFRS 9 “Financial Instruments”

The standard applies to annual periods beginning on or after 1 January 2018. It removes financial instrument categories currently occurring in IAS 39 and classifies them as measured at the fair value (through profit or loss or other comprehensive income) or as measured at the depreciated cost.

The Company analysed financial assets classifying them pursuant to the requirements of the standard. The analyses confirm that most assets currently recognised as receivables, borrowings and cash will be measured at the fair value (through profit or loss). The initial calculation of impairment write-downs on receivables pursuant to the model of the expected losses did not indicate significant influence on profits retained at the time of the standard application for the first time.

As at 31 December 2018, the Company has financial instruments measured at the fair value. The following part presents details concerning fair values of financial instruments which can be estimated:

- cash and cash equivalents, short-term bank deposits and short-term borrowings received; the balance sheet value of the above listed instruments is similar to their fair value due to short maturity of these instruments;
- trade receivables, other receivables, trade liabilities and prepayments and accruals; the balance sheet value of the above listed instruments is similar to their fair value due to their short term character;

IFRS 15 “Revenue from Contracts with Customers”

The Group analysed principles resulting from IFRS 15, taking into account the five-step model with regard to contracts or commitments to deliver services and determined that the application of IFRS 15 to items of the financial statement in comparison with IAS 11 and IAS 18 and interpretations connected therewith is insignificant.

BASIC PRINCIPLES AND RISKS

To the best knowledge of the Management Board based on the Company’s documents, the consolidated financial statement for the business year 2018 was prepared in accordance with the applicable accounting policies. This statement provides a true reflection of the Company’s development and achievements and the description of basic risks and threats.

Accounting principles

Unless stated otherwise, the financial statement was prepared in thousands of PLN, on the basis of entries made in the Company's accounting books kept in accordance with the following basic accounting policies:

- 1) reliability,
- 2) correctness,
- 3) continuity,

- 4) completeness,
- 5) comparability,
- 6) revenue and cost matching,
- 7) consistency of accounting principles.

Intangible assets, Tangible fixed assets

Methods for measuring intangible assets and tangible fixed assets: intangible assets and tangible fixed assets are measured according to the continuity principle, as specified in the International Accounting Standards, with the following restrictions:

- 1) Intangible assets are recognised at their acquisition price, including their depreciation. The Company recognises depreciation write-downs using the straight line method, and adopts the following depreciation periods (useful lives):
 - a) computer software – 2 years,
 - b) licences – 2 years
 - c) copyrights – 2 years,
 - d) R&D costs – 5 years,
 - e) the company does not hold any intangible assets with indefinite useful lives.
- 2) Tangible assets are measured at their acquisition price or manufacture cost, less depreciation, proportionally to their periods of use. Tangible assets are depreciated throughout their useful economic lives. 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 assets classified under group 4 (machinery and equipment). Costs of purchase of these assets are recognised on a one-off basis as operating costs in the month of purchasing or in the immediately following month. These assets are not recognised in the balance sheet. Cars are depreciated for 5 years using the straight-line method on their initial value less their final value equal to 20% of the initial value. All equipment classified under group 4, regardless of its initial value, is depreciated using the straight-line method at individual rates determined in accordance with its expected useful life, i.e.:
 - a) desktop computers – 4 years,
 - b) laptops – 3 years,
 - c) servers, printers, projectors, UPS, routers, switch boxes, changers, computer networks – 5 years,
 - d) UPS batteries – 2 years.

The company verifies the adopted useful lives of intangible assets and tangible fixed assets every year.

Financial instruments

Methods of measuring financial instruments: financial instruments are measured in accordance with the continuity principle, in the manner defined in the International Accounting Standards, with the following restrictions:

Receivables are recognised in the accounting books as they arise, at their nominal value, and at the amount due at the balance sheet date. For making real the values of receivables, they are decreased by write-downs on doubtful receivables. Receivables in foreign currencies are measured as at the balance sheet date according to the average exchange rate of the

National Bank of Poland (NBP), and the foreign exchange differences are recognised in financial revenue or costs.

Shares are measured at their acquisition price, less impairment write-downs.

Financial assets are measured at their acquisition price or market value, whichever is lower.

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 valuation 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 at 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 – commercial receivables and liabilities – measured at the acquisition price (on the basis of Article 29(a) of IFRS 7), taking into account impairment write-downs and unrecoverability (on the basis of Article 58 of IAS 39),
- cash - measured at the acquisition price - on the basis of Article 29 Subsection (a) of IFRS 7,
- borrowings, loans and leases are measured at the depreciated cost; however, in the opinion of the Management Board, the company presents these items at the acquisition price (at the payable amount) because such valuation does not affect the company's financial situation.

Investments

The company classifies its investments into the following categories:

- shares in subsidiaries.

Shares in subsidiaries include shares in consolidated companies. Shares in subsidiaries are measured at the acquisition price adjusted for impairment write-downs. Impairment write-downs on shares in subsidiaries are recognised in the statement of comprehensive income as financial costs.

Write-downs on fixed assets

Tangible fixed assets, intangible assets and financial assets are verified in terms of impairment in the case of the occurrence of certain events and changes which may cause impairment thereof.

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

Stocks

Stocks include goods which are measured, as at the balance sheet date, at the acquisition 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 at bank.

Provisions for pensions and similar obligations

The company establishes 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 at the balance sheet date, the company establishes provisions for the current value of retirement benefits to which employees became entitled by that date, with classification into short-term and long-term provisions, using the actuarial method. The provisions are recognised in other operating costs. The provisions are released at the end of each reporting period based on the payments made, in correspondence to liabilities.

Provisions

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

Prepayments and accruals

In order to preserve the matching of revenue and costs, the Company creates prepayments and accruals. They relate both to costs and revenue.

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

The Company maintains prepayments, which are the amount of liabilities attributable to the current period based on services provided to the Company.

Deferred revenue settlements include, in particular, the equivalent of invoiced services which will be performed in the following periods.

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

Net revenue from the sale covers economic benefits from the reporting period resulting from the entity's operations in a reliably determined value, leading to an increase in equity by increasing the value of assets or decreasing the value of liabilities in a way other than the contribution of shareholders' funds. 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 operations, and for the sold materials and goods, determined on the basis of the net price and adjusted for discounts and reductions granted.

Adjustments for revenue from the sale are recognised in the period in which they are made.

Other operating revenue

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

- 1) profit on PP&E and intangible assets,
- 2) profit on liquidation of tangible assets,
- 3) compensations received,
- 4) release of provisions which encumbered operating costs at the time of creation,
- 5) written-off, time-barred and cancelled liabilities.

Financial revenue

Revenue from interest charged to contractors, recognised at the time it is paid by the contractor.

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

Operating costs

All sale, marketing, administrative and management costs incurred during the reporting period. Value of goods and materials sold during the reporting period at the acquisition price.

Other operating costs

Other operating costs include costs connected with the company's operating activities.

They include:

- 1) loss on PP&E and intangible assets,
- 2) fines and compensation paid,
- 3) provisions established,
- 4) costs of court fees.

Financial costs

Costs in respect of interest paid are recognised directly in the profit and loss account in the period in which they are incurred.

Income tax

Obligatory tax charges consist of:

- 1) corporate income tax,
- 2) deferred tax.

The current tax liability is calculated on the basis of the tax result (tax base) for a given financial year. The tax profit (loss) differs from the accounting profit (loss) due to the exclusion of non-taxable revenue and costs. Tax charges are calculated based on the tax rates applicable in a given financial year.

Deferred income tax

The company establishes deferred income tax provisions and assets in connection with temporary positive differences between the value of assets and liabilities disclosed in the accounting books and their tax value. Deferred tax assets are recognised to the extent that it is probable that taxable income will be generated in the future, which would allow using temporary differences. Deferred income tax assets are also disclosed with respect to tax losses which may be deducted in subsequent years, but only when it is probable that taxable income will be generated in the future, which would allow using these tax losses. The company does not create deferred income tax assets if there is any doubt that they will be used in subsequent periods.

Earnings per share

Net profit per share is 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 differences concerning settlements in foreign currencies which occurred at the date of valuation and at the payment date of receivables and liabilities are recognised in financial costs or revenue.

Lease

Tangible fixed assets used on the basis of finance lease contracts under which all benefits and risks of possessing such tangible fixed assets are transferred to the Company are disclosed in the Company's balance sheet according to the present value of prospective minimum lease fees. The lease fees are distributed for the reduction of unpaid liabilities and financial expenses posted directly in the financial result.

1.6 Significant values based on professional judgement and estimates

When applying the accounting principles (policy) to the issues mentioned below, the most important aspect, in addition to the accounting estimates, is the professional judgement of the management.

The following part of this financial statement presents basic assumptions related to the future and other key sources of uncertainty occurring at the balance sheet date, which are connected with a significant risk of a material adjustment in the next financial year of balance sheet values of assets and liabilities.

Write-downs on receivables and borrowings granted

The Management Board examines all circumstances relating to unrecoverability of overdue receivables and borrowings and, in the case of the risk of their unrecoverability, decides to establish write-down on given receivables. Details concerning changes in write-downs on receivables are presented in Note no. 7.

Valuation of provisions for employee benefits

Provisions for employee benefits are estimated using actuarial methods. The relevant assumptions are described in Note no. 17.

Deferred tax assets

The Company recognises a deferred tax asset assets based on the assumption that future taxable income will allow its use. The deterioration of tax results in the future might make this assumption unjustifiable.

The 2018 financial plan prepared by the Management Board as well as the projected results and income for the subsequent years assume a positive financial result. The continuity of the

company's operations is not threatened and the planned profit will allow assuming that a tax loss will be accounted for.

Revenue recognition

The Company determines revenue from long-term contracts for the implementation of IT systems in proportion to the progress of the service, measured by the share of costs incurred to total estimated costs (budget of the contract). Budgets of each of the long-term contracts are revised at least at each balance sheet date. Upon occurrence of any circumstances which have an impact on the outcome of the contract performance between the balance sheet dates, revisions are made in advance. The Management Board reviews the possibility of realisation of receivables arising from the valuation of contracts that are not yet performed on a day-to-day basis. Information about the valuation of contracts is contained in Note no. 29.

Depreciation rates

The amount of depreciation rates is determined on the basis of the expected economic useful lives of tangible fixed assets and intangible assets. Every year, the Company verifies the adopted periods of economic useful lives on the basis of current estimates.

2. Consolidated report on financial condition

Consolidated report on financial condition	Note	Balance at 31/12/2018	Balance at 31/12/2017
ASSETS			
Fixed assets		2,695	2,605
Tangible fixed assets	1	1,776	1,413
Investment property		-	-
Biological assets		-	-
Goodwill of subsidiaries	2	530	530
Intangible assets	3	48	206
Investments in associates measured with the equity method	4	4	-
Available-for-sale financial assets		-	-
Borrowings granted	5	187	272
Other financial assets		-	-
Deferred income tax assets		150	174
Other long-term receivables as well as prepayments and accruals	6	-	10
Current assets		14,769	17,150

Stocks	7	54	1,026
Trade receivables	8	5,648	5,357
Other short-term receivables as well as prepayments and accruals	6	898	858
Income tax receivables		-	34
Financial assets measured at the fair value through profit or loss		-	-
Available-for-sale financial assets		-	-
Borrowings granted	5	94	100
Other financial assets		3,248	3,819
FX forward contracts		-	-
Cash and cash equivalents	10	4,827	5,956
Fixed assets classified as held for sale		-	-
Total Assets		17,464	19,755
LIABILITIES			
Equity		12,502	14,000
Equity attributable to shareholders of the parent entity		12,611	14,160
Basic capital	11	657	657
Surplus of share sale above their nominal value	14	8,158	8,227
Equity shares	13	-13	-102
Reserve and supplementary capitals	14	74	78
Revaluation reserve capital	14	-	-
Amounts recognised directly in equity and related to assets classified as held for sale	14	-	-
Foreign exchange differences from translation	15	-12	-139
Profit/loss on the sale of subsidiary		-	-
Advances paid on dividends		-	-
Retained profit (loss)		2,105	3,431
Current year profit/loss		1,642	2,008
Non-controlling shares	16	-109	-160
LIABILITIES		4,962	5,755
Long-term liabilities		809	526
Provisions	17	282	245
Deferred income tax provision		183	172
Long-term bank loans and borrowings	18	-	-
Other long-term financial liabilities	19	344	109
Other non-current liabilities and accruals	21	-	-
Short-term liabilities		4,153	5,229
Provisions	17	512	8
Short-term bank loans and borrowings	18	-	1

Short-term portion of long-term bank loans and borrowings	18	-	-
Other short-term financial liabilities	19	243	163
Trade liabilities	20	2,365	3,119
Other short-term liabilities as well as prepayments and accruals	21	976	1,750
Income tax liabilities		57	188
FX forward contracts		-	-
Liabilities related to fixed assets classified as available for sale		-	-
TOTAL LIABILITIES		17,464	19,755

3. Consolidated statement of comprehensive income

Consolidated statement of comprehensive income	Note	Balance at 31/12/2018	Balance at 31/12/2017
Continuing operations			
Revenue from the sale of products, goods and materials	22	29,503	30,169
Costs of products, goods and materials sold	23	21,144	21,600
Movement in products – subsidy received for intangible assets and fixed assets		-	-
Gross profit (loss) on sales		8,359	8,569
Selling costs	23	2,614	2,096
General administrative expenses	23	3,433	4,254
Profit (loss) on sales		2,312	2,219
Other operating revenue	24	386	173
Other operating costs	24	153	1,143
Profit (loss) on operating activities		2,545	1,249
Financial revenue	25	126	101
Financial costs	25	495	428
Share in profit/loss of associates		-	-2
Profit/loss from the sale of shares in an associate		-	1,948
Gross profit (loss)		2,176	2,868
Income tax		598	802
Net profit/loss on continuing operations		1,578	2,066
Discontinued operations		-	-
Profit/loss on discontinued operations for the financial year		-	-
Net profit/loss for the reporting period		1,578	2,066
Net profit/loss attributable to:		1,578	2,066
Shareholders of the parent company		1,642	2,008

Non-controlling shares		-64	58
Other comprehensive income		168	23
Profits (losses) on revaluation of tangible fixed assets		-	-
Profits (losses) on revaluation of investments available for sale recognised in equity		-	-
Profits/losses on cash-flow hedges (effective portion)		-	-
Exchange rate differences from valuation of entities that operate abroad		168	23
Income tax connected with items presented in other comprehensive income		-	-
Acquisition of capital from non-controlling shares		-	-
Total comprehensive income		1,746	2,089
Comprehensive income attributable to:		1,746	2,089
Shareholders of the parent company		1,769	2,031
Non-controlling shares		-23	58
Profit/loss per share in PLN:			
From continuing operations:			
<i>Basic</i>	26	1.20	1.57
<i>Diluted</i>	26	1.20	1.57
On continuing and discontinued operations			
<i>Basic</i>	26	1.20	1.57
<i>Diluted</i>	26	1.20	1.57

4. Consolidated statement of changes in equity

for the period	Equity attributable to the shareholders of the parent company										Non-controlling shares	Total equity
31 December 2018	Basic capital	Surplus of share sale above their nominal value	Equity shares	Reserve and supplementary capitals	Revaluation reserve capital	Amounts recognised directly in equity connected with assets classified as held for sale	Foreign exchange differences from translation	Profit/loss on the sale of subsidiary	Profit/loss brought forward and profit/loss for the current year	Total		
Balance at the beginning of the period prior to conversion	657	8,227	-102	78	-	-	-139	-	5,439	14,160	-160	14,000
Changes in the accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments of fundamental errors	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the beginning of the period after adjustments (after conversion)	657	8,227	-102	78	-	-	-139	-	5,439	14,160	-160	14,000
Total comprehensive income							127	-	1,642	1,769	-23	1,746
Profits/losses on revaluation of tangible fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Profits/losses on valuation of investments available for sale recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profits/losses on cash flow hedges (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate differences from valuation of entities that operate abroad	-	-	-	-	-	-	127	-	-	127	41	168

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Income tax related to items presented in or reclassified from capital	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue and costs for the financial year recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss for the financial year	-	-	-	-	-	-	-	-	1,642	1,642	-64	1,578
Other changes in equity	-	-69	89	-4	-	-	-	-	-3,334	-3,318	74	-3,244
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-
Redemption of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Distribution of the financial result	-	12	-	18	-	-	-	-	-2,947	-2,917	-	-2,917
Acquisition of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
Sale of equity shares	-	-81	89	-	-	-	-	-	-	8	-	8
Acquisition of shares in a subsidiary company	-	-	-	-22	-	-	-	-	-33	-55	74	19
Provision for leaves brought forward	-	-	-	-	-	-	-	-	-354	-354	-	-354
Profit/loss on the sale of the entity	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	657	8,158	-13	74	-	-	-12	-	3,747	12,611	-109	12,502

for the period	Equity attributable to the shareholders of the parent company										Non-controlling shares	Total equity
31 December 2017	Basic capital	Surplus of share sale above their nominal value	Equity shares	Reserve and supplementary capitals	Revaluation reserve capital	Amounts recognised directly in equity connected with assets classified as held for sale	Foreign exchange differences from translation	Profit/loss on the sale of subsidiary	Profit/loss brought forward and profit/loss for the current year	Total		
Balance at the beginning of the period prior to conversion	740	9,341	-1,211	447	-	-	-162	-	3,773	12,928	90	13,018
Changes in the accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments of fundamental errors	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the beginning of the period after adjustments (after conversion)	740	9,341	-1,211	447	-	-	-162	-	3,773	12,928	90	13,018
Total comprehensive income	-	-	-	-	-	-	23	-	2,008	2,031	59	2,090
Profits/losses on revaluation of tangible fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Profits/losses on valuation of investments available for sale recognised in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profits/losses on cash flow hedges (effective portion)	-	-	-	-	-	-	-	-	-	-	-	-
Exchange rate differences from valuation of entities that operate abroad	-	-	-	-	-	-	23	-	-	23	1	24
Income tax connected with items presented in other comprehensive	-	-	-	-	-	-	-	-	-	-	-	-

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income													
Total revenue and costs for the financial year recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit/loss for the financial year	-	-	-	-	-	-	-	-	2,008	2,008	58	2,066	
Other changes in equity	-83	-1,114	1,109	-369	-	-	-	-	-342	-799	-309	-1,108	
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-	-	
Redemption of equity shares	-83	-1,114	1,109	-	-	-	-	-	88	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-1,898	-1,898	-	-1,898	
Distribution of the financial result	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisition of shares in a subsidiary company	-	-	-	67	-	-	-	-	1,168	-	34	-	
Reclassification of the reserve capital to the basic capital	-	-	-	-	-	-	-	-	-	-	-	-	
Profit/loss on the sale of subsidiary	-	-	-	-436	-	-	-	-	300	-136	-343	-479	
Closing balance	657	8,227	-102	78	-	-	-139	-	5,439	14,160	-160	14,000	

5. Consolidated cash flow statement

Consolidated cash flow statement	Note	31/12/2018	31/12/2017
<i>Cash flow from operating activities</i>			
Gross profit/loss		2,176	2,868
Adjustments for items:		-641	790
Share in net profit/loss of associates and joint ventures accounted for using the equity method		-	2
Non-controlling shares		-	-
Depreciation		683	758
Goodwill impairment		-	917
Foreign exchange profits/losses		369	275
Interest costs and revenue		127	-9
Dividend revenue		-	-
Profit/loss on investment operations		-154	-2,107
Movement in provisions		-542	35
Change in stocks		974	-144
Movement in receivables and prepayments		-374	-802
Movement in liabilities and accruals		-1,564	2,285
Income tax paid/returned		-628	-454
Other adjustments		468	34
Net cash flows from operating activities		1,535	3,658
<i>Cash flow from investment operations</i>			
Inflows from sale of fixed assets and intangible assets		114	70
Net inflows from the sale of associates and subsidiaries		-	-
Inflows from the sale of financial assets		640	2,108
Inflows from interest		37	73
Inflows from dividends		-	-
Repayment of borrowings granted		134	133
Outflows on the acquisition of property, plant and equipment as well as intangible assets		227	501
Net outflows on the acquisition of subsidiaries and associates		-	-
Expenditure on the acquisition of short-term financial assets		-	3,800
Borrowings granted		31	176
Other		-	-
Net cash flows from investment operations		667	-2,093
<i>Cash flows from financing operations</i>			
Inflows from loans and borrowings		9	-
Net inflows from the issue of shares		31	-

Net inflows from the issue of bonds, bills of exchange and bills		-	-
Repayment of loans and borrowings		9	-
Payment of liabilities for finance lease contracts		242	221
Dividends paid out to the company's shareholders		2,917	2,166
Dividends paid out to the shareholders holding non-controlling shares		-	150
Acquisition of equity shares		-	-
Interest paid		216	98
Other		-	-
Net cash flows from financing operations		-3,344	-2,635
Increase/decrease in cash and cash equivalents		-1,142	-1,070
Opening balance of cash and cash equivalents as well as overdrafts		5,956	7,197
<i>Foreign exchange profits/losses related to valuation of cash and cash equivalents as well as overdrafts</i>		13	-171
Closing balance of cash and cash equivalents as well as overdrafts		4,827	5,956

Explanations to the cash flow statement	31/12/2018	31/12/2017
Foreign exchange profits (losses) disclosed in the cash flow statement result from the following items:	369	207
- foreign exchange differences from valuation of cash	10	17
- unrealised FX differences on loans and borrowings	224	190
- realised FX differences on loans and borrowings	-	-
- foreign exchange differences on translation of financial statements	122	-
- other	13	68
Interest and shares in profits (dividends), including:	127	-9
- interest received on borrowings granted	-	-9
- interest received on cash at bank and deposits	-39	-66
- interest received on lease instalments	-	-
- interest paid on loans	-	-
- interest paid on borrowings	-	-
- interest paid on debt securities	-	-
- interest paid on lease liabilities	80	67
- commissions paid on debt securities	-	-
- dividends received	-	-
- interest accrued on borrowings granted	-40	-6
- interest accrued on loans and borrowings raised	21	-
- interest accrued on debt securities	-	-
- other interest	105	5
Profit (loss) on investment operations results from:	-154	-2,107

- revenue from the sale of tangible fixed assets and investment real properties	-114	-70
- revenue from the sale of intangible assets	-	-
- cost of the sale of tangible fixed assets and investment real properties,	28	15
- cost of the sale of intangible assets	-	-
- costs of liquidation of tangible fixed assets	-	-
- revenue from sales of shares	-	-3,544
- cost of sales of shares	-	1,511
- valuation of financial assets	-168	-19
- write-down for shares	-	-
Movements in receivables result from the following items:	-352	-802
- change in short-term receivables resulting from the balance sheet	-297	164
- change in long-term receivables resulting from the balance sheet	10	5
- adjustment for movement in dividend receivables	-	-
- adjustment for change in receivables from disposal of tangible fixed assets and investment real properties	-	-
- adjustment for change in receivables from disposal of intangible assets	-	-
- adjustment for change in short-term receivables from disposal of financial investments	-	-823
- adjustment for change in receivables from bank guarantee deposits	-	-
- other adjustments	-65	-148
Movements in liabilities, except for loans and borrowings, result from the following items:	-1,586	2,285
- change in short-term trade and other liabilities	-1,659	2,079
- movement in other long-term liabilities	-	-
- adjustment for change in liabilities against unpaid dividend	-	-
- adjustment for change in liabilities against purchase of tangible fixed assets	-	-
- adjustment for change in liabilities against purchase of financial assets	-	-
- adjustment for movement in lease liability	315	78
- adjustment for change in liability against guarantees granted to subsidiaries	-	-
- other adjustments	-242	128
Income tax paid	-629	-454
- income tax recognised in the profit and loss account	-598	-802
- adjustment for change in deferred tax assets	24	194
- adjustment for change in income tax receivables	34	-
- adjustment for change in deferred tax provision	11	-34
- adjustment for change in current tax liabilities	-131	19

- adjustment for deferred tax on changes in equity	-	-
- income tax paid	31	169
“Other adjustments” include:	468	34
- revaluation of tangible fixed assets (positive valuation)	-	-
- revaluation of tangible fixed assets (write-down)	-	-
- revaluation of shares (positive valuation)	-	-
- revaluation of shares (write-down)	-	-
- revaluation of borrowings granted (write-down)	-	-
- revaluation of financial instruments	-	-
- revaluation of sureties	-	-
- conversion of cash deposits to financial assets	-	-
- other	468	34
Acquisition of tangible fixed assets and intangible assets – investing operations	227	501
- change in tangible fixed assets resulting from the balance sheet	362	13
- change in investment properties resulting from the balance sheet	-	-
- change in intangible assets resulting from the balance sheet	-158	-129
- movement in the above assets in assets for sale	-	-
- depreciation for the reporting period resulting from the profit and loss account	683	759
- cost of sale of fixed assets sold, investment real properties and intangible assets	28	15
- cost of liquidated tangible assets	-	-
- impairment write-downs/reversed impairment write-down on the above assets	-	-
- valuation of the above fixed assets	-	-
- other	-688	-157
- adjustment for advances on the purchase of tangible assets and intangible assets	-	-
- adjustment for investment liabilities (purchase)	-	-
- other adjustments	-	-
- transfer of assets in an organised part of the business to the new entity	-	-

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

SELECTED FINANCIAL DATA including basic items of the annual consolidated financial statements	PLN '000		EUR '000	
	period from	period from	period from	period from
	01/01/2018 to 31/12/2018	01/01/2017 to 31/12/2017	01/01/2018 to 31/12/2018	01/01/2017 to 31/12/2017
Net revenue from the sale of products, goods and materials	29,503	30,169	6,914	7,107
Profit (loss) on operating activities	2,545	1,249	596	294
Gross profit (loss)	2,176	2,868	510	676
Net profit (loss)	1,578	2,066	370	487
Net cash flows from operating activities	1,535	3,658	360	862
Net cash flows from investment operations	667	-2,093	156	-493
Net cash flows from financing operations	-3,344	-2,635	-784	-621
Total net cash flows	-1,142	-1,070	-268	-252
Total assets	17,464	19,755	4,061	4,736
Liabilities and provisions for liabilities, including:	4,962	5,755	1,154	1,380
Long-term liabilities	809	526	188	126
Short-term liabilities	4,153	5,229	966	1,254
Equity capital	12,502	14,000	2,907	3,357
Share capital	657	657	153	158
Number of shares (pcs.)	1,314,870	1,314,870	1,314,870	1,314,870
Diluted number of shares (pcs.)	1,314,870	1,314,870	1,314,870	1,314,870
Profit (loss) per ordinary share (in PLN/EUR)	1.20	1.57	0.28	0.37
Diluted profit (loss) per ordinary share (in PLN/EUR)	1.20	1.57	0.28	0.37
Book value per share (in PLN/EUR)	9.51	10.65	2.21	2.55
Diluted book value per share (in PLN/EUR)	9.51	10.65	2.21	2.55
Declared or paid dividend per share (in PLN / EUR)	-	-	-	-

The selected financial data included in this report were translated to EUR according to the following rules:

Assets and liabilities in the statement of financial position of the Group – at the average NBP exchange rate prevailing on the last balance sheet date.

Items in the statement of comprehensive income and cash flow statement – at the average rate, calculated as the arithmetic average of exchange rates announced by the National Bank of Poland on the last day of the month in the given year:

Average PLN to EUR exchange rates in the period covered by the statement

Average PLN to EUR exchange rates in the period covered by the statement		
period	average exchange rate in the period	exchange rate on the last day of the period
2018	4.2669	4.3000
2017	4.2447	4.1709

7. Additional information – selected notes

Note no. 1 – Tangible fixed assets

TANGIBLE FIXED ASSETS	FOR THE PERIOD ENDING 31 DECEMBER 2018					
	Land and perpetual usufruct title to land	Buildings and structures	Machinery and equipment	Means of transport	Other	Total
Gross value at the beginning of the period	-	2	1,414	1,941	55	3,412
Increases	-	44	1,618	726	35	2,423
<i>acquisition</i>	-	-	347	658	10	1,015
<i>acquisition as a result of the combination of business entities</i>	-	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-	-
<i>transfer of the business</i>	-	-	-	-	-	-
<i>other</i>	-	44	1,271	68	25	1,408
Decreases	-	-	424	494	-	918
<i>disposal</i>	-	-	424	494	-	918
<i>due to revaluation</i>	-	-	-	-	-	-
<i>transfer of the business</i>	-	-	-	-	-	-
<i>other - sale of a subsidiary</i>	-	-	-	-	-	-
Allocated to discontinued operations	-	-	-	-	-	-
Internal movements (+/-)	-	-	-	-	-	-
Gross value at the end of the period	-	46	2,608	2,173	90	4,917
Depreciation at the beginning of the period	-	2	908	1,055	34	1,999
depreciation for the period	-	-	211	289	12	512
other increases	-	44	1,271	68	25	1,408
other increases (acquisition resulting from taking over the control of the entity)	-	-	-	-	-	-
<i>transfer of the business</i>	-	-	-	-	-	-
decreases in the sale	-	-	416	364	-	780

Depreciation at the end of the period	-	46	1,974	1,048	71	3,139
Impairment write-down at the beginning of the period	-	-	-	-	-	-
Recognition of impairment write-down in the period	-	-	-	-	-	-
Reversal of impairment write-down in the period	-	-	-	-	-	-
Value taking into account the depreciation and impairment write-down at the end of the period	-	46	1,974	1,048	71	3,139
Adjustment for net foreign exchange differences on translation	-	-	-2	-	-	-2
Net value at the end of the period	-	-	632	1,125	19	1,776

TANGIBLE FIXED ASSETS	FOR THE PERIOD ENDING 31 December 2017					
	Land and perpetual usufruct title to land	Buildings and structures	Machinery and equipment	Means of transport	Other	Total
Gross value at the beginning of the period	-	80	1,334	1,700	41	3,155
Increases	-	-	388	356	14	758
<i>acquisition</i>	-	-	328	356	14	698
<i>acquisition as a result of taking control over an entity</i>	-	-	60	-	-	60
<i>due to revaluation</i>	-	-	-	-	-	-
<i>transfer of the business</i>	-	-	-	-	-	-
<i>other</i>	-	-	-	-	-	-
Decreases	-	78	308	113	-	499
<i>disposal</i>	-	-	29	113	-	142
<i>due to revaluation</i>	-	-	-	-	-	-
<i>due to reclassification to fixed assets held for sale</i>	-	-	-	-	-	-

transfer of the business	-	-	-	-	-	-
other – sale of a subsidiary	-	78	279	-	-	357
Allocated to discontinued operations	-	-	-	-	-	-
Internal movements (+/-)	-	-	-	-	-	-
Gross value at the end of the period	-	2	1,414	1,943	55	3,414
Depreciation at the beginning of the period	-	16	837	870	32	1,755
depreciation for the period	-	17	277	283	2	579
other increases	-	-	-	-	-	-
other increases (acquisition resulting from taking control over an entity)	-	-	56	-	-	56
transfer of the business	-	-	-	-	-	-
decreases – sale of a subsidiary	-	31	262	98	-	391
Depreciation at the end of the period	-	2	908	1,055	34	1,999
Impairment write-down at the beginning of the period	-	-	-	-	-	-
Recognition of impairment write-down in the period	-	-	-	-	-	-
Reversal of impairment write-down in the period	-	-	-	-	-	-
Value taking into account the depreciation and impairment write-down at the end of the period	-	2	908	1,055	34	1,999
Adjustment for net foreign exchange differences on translation	-	-	-	-2	-	-2
Net value at the end of the period	-	-	506	886	21	1,413

The Group owns cars classified as tangible fixed assets under lease, with a net value of PLN 509,681.87 at 31 December 2017 and PLN 810,943.33 at 31 December 2018.

Expenditure on tangible fixed assets under construction recognised in the balance sheet value at 31 December 2018 amounts to PLN 0.00 and at 31 December 2017 amounted also PLN 0.00.

Note no. 2 – Goodwill of subsidiaries

GOODWILL OF SUBSIDIARIES	31/12/2018	31/12/2017
Gross value at the beginning of the period	1,447	-
Increases	-	1,447
Decreases	-	-
Gross value at the end of the period	1,447	1,447
Foreign exchange gains/losses	-	-
Other adjustments*	-	-
Gross value at the end of the period after adjustments	1,447	1,447
Impairment write-down at the beginning of the period	917	-
Recognition of impairment write-down in the period	-	917
Impairment write-down at the end of the period	917	917
Net value at the end of the period	530	530

Note no. 3 – Intangible assets

INTANGIBLE ASSETS	FOR THE PERIOD ENDING 31 DECEMBER 2018				
	Own development work	Intangible assets purchased			Total
		Patents and trademarks	Licences	Other	
Gross value at the beginning of the period	1,330	-	2,021	-	3,351
Increases	4,250	-	788	-	5,038
<i>acquisition</i>	-	-	12	-	12
<i>own development work</i>	-	-	-	-	-
<i>acquisition as a result of the combination of business entities</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-
<i>transfer of the business</i>	-	-	-	-	-
<i>other</i>	4,250	-	775	-	5,025
Decreases	-	-	-	-	-
<i>decommissioning</i>	-	-	-	-	-
<i>liquidation</i>	-	-	-	-	-
<i>disposal</i>	-	-	-	-	-
<i>due to</i>	-	-	-	-	-

<i>revaluation</i>					
<i>due to reclassification to fixed assets held for sale</i>	-	-	-	-	-
<i>transfer of the business</i>	-	-	-	-	-
<i>other</i>	-	-	-	-	-
Gross value at the end of the period	5,580	-	2,809	-	8,389
Depreciation at the beginning of the period	1,300	-	1,845	-	3,145
depreciation for the period	30	-	141	-	171
other	4,250	-	775	-	5,025
<i>transfer of the business</i>	-	-	-	-	-
decreases	-	-	-	-	-
Depreciation at the end of the period	5,580	-	2,761	-	8,341
Impairment write-down at the beginning of the period	-	-	-	-	-
Recognition of impairment write-down in the period	-	-	-	-	-
Reversal of impairment write-down in the period	-	-	-	-	-
Value taking into account the depreciation and impairment write-down at the end of the period	5,580	-	2,761	-	8,341
Adjustment for net foreign exchange differences on translation	-	-	-	-	-
Net value at the end of the period	-	-	48	-	48

INTANGIBLE ASSETS	FOR THE PERIOD ENDING 31 December 2017				
	Own development work	Intangible assets purchased			Total
		Patents and trademarks	Licences	Other	
Gross value at the beginning of the period	602	-	1,964	-	2,566
Increases	728	-	84	-	812
<i>Acquisition</i>	-	-	50	-	50
<i>own development work</i>	-	-	-	-	-

<i>acquisition as a result of taking control over an entity</i>	728	-	34	-	762
<i>due to revaluation</i>	-	-	-	-	-
<i>transfer of the business</i>	-	-	-	-	-
<i>other</i>	-	-	-	-	-
Decreases	-	-	27	-	27
<i>decommissioning</i>	-	-	-	-	-
<i>liquidation</i>	-	-	-	-	-
<i>disposal</i>	-	-	-	-	-
<i>due to revaluation</i>	-	-	-	-	-
<i>due to reclassification to fixed assets held for sale</i>	-	-	-	-	-
<i>transfer of the business</i>	-	-	-	-	-
<i>other</i>	-	-	27	-	27
Gross value at the end of the period	1,330	-	2,021	-	3,351
Depreciation at the beginning of the period	532	-	1,699	-	2,231
depreciation for the period	40	-	139	-	179
other increases					
acquisition resulting from taking control over an entity	728	-	34	-	762
transfer of the business	-	-	-	-	-
decreases	-	-	27	-	27
Depreciation at the end of the period	1,300	-	1,845	-	3,145
Impairment write-down at the beginning of the period	-	-	-	-	-
Recognition of impairment write-down in the period	-	-	-	-	-
Reversal of impairment write-down in the period	-	-	-	-	-
Value taking into account the depreciation and impairment write-down at the end of the period	1,300	-	1,845	-	3,145
Adjustment for net foreign exchange differences on translation	-	-	-	-	-
Net value at the end of the period	30	-	176	-	206

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

Note no. 4 – Investments in associates measured with the equity method

Entity name:	31/12/2018	31/12/2017
Share in the associate's balance sheet	10.00%	0.00%
Fixed (long-term) assets	-	-
Current (short-term) assets	-	-
Long-term liabilities	-	-
Short-term liabilities	-	-
Net assets	-	-
Share in the associate's revenue and financial result:	-	-
Revenue	-	-
Profit/loss	-	-
Balance sheet value of investments in the associate	4	-

Note no. 5 – Borrowings granted

BORROWINGS GRANTED								
Long-term	Amount of the borrowing capital	Interest rate	Repayment date	Balance as at		Interest accrued from the beginning of the financial year to		Security
				31/12/2018	31/12/2017	31/12/2018	31/12/2017	
<i>Borrowings granted to related entities</i>								
Quantum Assets sp. z o.o.	40	7%	-	46	43	3	3	No security
<i>Borrowings granted to other entities</i>								
Other entities	37	Variable (3M WIBOR+6%) Fixed (9%)	-	104	174	8	9	No security
Employees	32	Fixed (7%)	-	37	55	4	6	No security
TOTAL:				187	272	15	18	

BORROWINGS GRANTED								
Short-term	Amount of the borrowing	Interest rate	Repayment date	Balance as at		Interest accrued from the beginning of the financial year to		Security
				31/12/2018	31/12/2017	31/12/2018	31/12/2017	
Borrowings granted to other entities								
Other entities	-	-	-	-	-	-	-	-
Tomasz Hatala – member of the parent company's management board	-	Fixed (7%)	-	-	10	-	2	No security
Employees	155	Fixed (7%)	-	94	90	3,193	6	No security
TOTAL:				94	100	3,193	8	

➤ **2018:**

Borrowings granted to other parties:

- I. Long-term borrowings granted to other entities – balance as at 31 December 2018: PLN 103,795.63.
- II. Short-term borrowings granted to other entities – balance as at 31 December 2018: PLN 0.00.

Borrowings granted to employees:

- I. Long-term borrowings granted to employees – balance as at 31 December 2018: PLN 37,610.78.
- II. Short-term borrowings granted to employees – balance as at 31 December 2018: PLN 94,357.68.

Borrowing granted to the parent company – Quantum Assets by a subsidiary:

Long-term borrowing – balance as of 31 December 2018: PLN 45,730.39.

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

Short-term borrowing – balance as at 31 December 2018: PLN 0.00.

➤ **2017:**

Borrowings granted to other entities:

I. Long-term borrowings granted to other parties – balance as at 31 December 2017: PLN 173,851.45.

II. Short-term borrowings granted to other entities – balance as at 31 December 2017: PLN 0.00.

Borrowings granted to employees:

I. Long-term borrowings granted to employees – balance as at 31 December 2017: PLN 54,858.14.

II. Short-term borrowings granted to employees – balance as at 31 December 2017: PLN 90,189.08.

Borrowing granted to the parent company – Quantum Assets sp. z o.o. by a subsidiary:

Long-term borrowing – balance as at 31 December 2017: PLN 42,930.40.

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

Short-term borrowing – balance as at 31 December 2017: PLN 9,549.34.

Note no. 6 – Other receivables as well as prepayments and accruals

OTHER RECEIVABLES AS WELL AS PREPAYMENTS AND ACCRUALS	31/12/2018	31/12/2017
Receivables from subsidiaries:	-	-
- long-term portion	-	-
- short-term portion	-	-
Receivables from related entities:	-	-
- long-term portion	-	-
- short-term portion	-	-
Advances:	330	364
- long-term portion	-	-
- short-term portion	330	364
Other receivables:	438	381
- long-term portion	-	-
- short-term portion	438	381
Prepayments:	130	123
- long-term portion	-	10
- short-term portion	130	113
Impairment write-downs at the beginning of the period	-	-
Recognition of impairment write-downs in the period	-	-
Reversal of impairment write-down in the period	-	-
Impairment write-downs at the end of the period	-	-
TOTAL	898	868

Other receivables comprise:

- taxes, customs, insurance and other benefits payable	17	-
- security deposits paid	42	51
- payroll settlements	-	18
- other employee settlements	6	-
- input VAT to be settled in future periods	64	48
- output VAT on corrective invoices to be settled in future periods	19	13
- ZUS (Social Insurance Institution) – overpayment	1	1
- unsettled tax paid by foreign companies	135	94
- settlements with a brokerage house related to the purchase of equity shares	5	6
- settlements with a brokerage house related to the purchase of shares of Quantum software S.A.	-	7
- other settlements with suppliers	68	44
- other receivables	81	99
TOTAL:	438	381

Prepayments and accruals include:

- settlement of long-term contracts	-	-
- inter-period cost settlement	-	-
- other prepayments	-	-
- property insurance	79	65
- write-down for the Company Social Benefit Fund (ZFSS)	-	-
- prepaid subscriptions, etc.	35	22
- settlement of VAT related to lease contracts to be settled in subsequent periods – within 12 months	16	26
- settlement of VAT related to lease contracts to be settled in subsequent periods – above 12 months	-	10
TOTAL:	130	123

Note no. 7 – Stocks

STOCKS	Balance at 31 December 2018				
	Materials	Work in progress	Finished goods	Goods	Total
Valuation according to the acquisition price/manufacture cost	-	-	-	62	62
Valuation according to the net obtainable value	-	-	-	-	-
Write-downs on stocks at the beginning of the period	-	-	-	8	8
Reversal of write-downs on stocks recognised in the period as decrease in these write-downs	-	-	-	-	-
Write-downs on stocks recognised as cost in the period	-	-	-	-	-
Write-downs on stocks at the end of the period	-	-	-	8	8
Stocks recognised as cost in the period	-	-	-	8	8
Balance sheet value of stocks	-	-	-	54	54
Value of stocks securing liabilities	-	-	-	54	54
Including long-term portion	-	-	-	8	8

STOCKS	Balance at 31 December 2017				
	Materials	Work in progress	Finished goods	Goods	Total
Valuation according to the acquisition price/manufacture cost	-	-	-	1,034	1,034
Valuation according to the net obtainable value	-	-	-	-	-
Write-downs on stocks at the beginning of the period	-	-	-	8	8
Reversal of write-downs on stocks recognised in the period as decrease in these write-downs	-	-	-	-	-
Write-downs on stocks recognised as cost in the period	-	-	-	-	-
Write-downs on stocks at the end of the period	-	-	-	8	8
Stocks recognised as cost in the period	-	-	-	8	8
Balance sheet value of stocks	-	-	-	1,026	1,026
Value of stocks securing liabilities	-	-	-	1,026	1,026
Including long-term portion	-	-	-	8	8

Note no. 8 – Trade receivables

TRADE RECEIVABLES	31/12/2018	31/12/2017
Trade receivables from related entities	3	4
Trade receivables from other entities	5,894	5,651
Total receivables	5,897	5,655
Write-downs on trade receivables	249	298
Net trade receivables	5,648	5,357

MOVEMENTS IN WRITE-DOWNS	31/12/2018	31/12/2017
Balance at the beginning of the period	236	302
Increases	13	1
Decreases	-	5
Balance at the end of the period	249	298

Note no. 9 – Age structure of trade receivables

AGE STRUCTURE OF TRADE RECEIVABLES	Gross value	Write-down	Gross value	Write-down
	31/12/2018		31/12/2017	
Paid on time	3,351	-	3,594	-
Overdue up to 3 months	1,519	-	1,333	-
Overdue between 3 and 6 months	244	-	166	-
Overdue between 6 and 12 months	47	-	90	-
Overdue over 1 year	736	249	472	298
Total	5,897	249	5,655	298

Note no. 10 – Cash and cash equivalents

CASH AND CASH EQUIVALENTS	31/12/2018	31/12/2017
Cash in bank and cash in hand	3,968	1,663
Short-term deposits	859	4,293
Other	-	-
Total, including:	4,827	5,956
- cash in bank and cash in hand allocated to discontinued operations	-	-
- cash in bank and cash in hand not available for use by the Group	-	-

In 2018, cash decreased by PLN 1,129,022.77.

In 2018, both Quantum Software S.A. and Quantum Qguar sp. z o.o. invested cash in short-term deposits with interest ranging from 1.70% to 1.90% (PLN) and ranging from 0.55% to 0.70% (EUR).

Moreover, the Group has units in the open fund of the money market disclosed in the statement of financial condition in other financial assets.

Note no. 11 – Basic capital

BASIC CAPITAL		Balance at 31 December 2017					
Series/issue	Type of shares	Type of preference	Type of limitation of the rights to shares	Number of shares	Value of series/issue at nominal value	Registration date	Right to dividend (as from)
Series A	Registered shares	Available	None	750,000	375,000.00	07/03/1997	1997
Series B	Ordinary bearer shares	None	None	84,113	42,056.50	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				1,314,870			
Total share capital					657,435		
Nominal value per share					0.50		

Shareholders	Number of shares	% of capital
Minvesta sp. z o.o.	952,912	72.47%
Tomasz Hatala	40,414	3.07%
Bogusław Ożóg	32,321	2.46%
Robert Dykacz	16,179	1.23%
Marek Jędra	10,327	0.79%
Tomasz Polończyk	9,873	0.75%
Tomasz Mnich	5,342	0.41%
Tomasz Mołata	1,312	0.10%
Equity shares Q	954	0.07%
Other	245,236	18.65%
Total	1,314,870	100%

Note no. 12 – Number of shares in the basic capital

Number of shares in the basic capital	31/12/2018	31/12/2017
Ordinary shares with a nominal value of PLN 0.50	1,314,870	1,480,757
Redemption of equity shares	-	-165,887
Total	1,314,870	1,314,870
Changes in the number of shares	31/12/2018	31/12/2017
Ordinary shares issued and paid up in full		
At the beginning of the period	1,314,870	1,480,757
Redemption of equity shares	-	-165,887
At the end of the period	1,314,870	1,314,870
Ordinary shares issued and not paid up in full		
At the beginning of the period	-	-
At the end of the period	-	-
Equity shares		
At the beginning of the period	14,930	14,930
Purchase of equity shares for the purposes of an incentive plan	-	-
Purchase of shares by the subsidiary Quantum Qguar	-	165,887
Redemption of equity shares	-	-165,887
Sale of equity shares to member of the senior management	-13,976	-
At the end of the period	954	14,930
Shares		
At the beginning of the period	-	-
At the end of the period	-	-
BASIC CAPITAL	31/12/2017	31/12/2016
Nominal value per share	0.50	0.50
Basic capital value	657	657

Note no. 13 – Equity shares

EQUITY SHARES			
Balance at 31/12/2018	Number of shares	Value at acquisition prices	Purpose of acquisition
Repurchase of equity shares	954	13	Art. 362(1)(8) 1 item 8 of the Commercial Companies Code
TOTAL	954	13	0

Between 2009 and 2014, 14,930 equity shares were repurchased for the purpose of the implementation of the company's incentive plan (hereinafter referred to as: "POM") for its senior management. The authorisation for the Management Board to purchase equity shares was granted by way of resolution no. 17 of 18 May 2009, pursuant to article 362(1)(8) of the Commercial Companies Code, and expired on 18 May 2014.

As a result of failure to achieve business goals (referred to in POM), 14,930 equity shares were not allocated for the implementation of POM. Therefore, on 15 March 2013 the Supervisory Board adopted a resolution on suspension of POM. The plan introduced by the Company in 2008 was partially implemented and expired on 31 December 2013.

On 26 June 2017, the Ordinary General Meeting of Shareholders of Quantum software SA adopted Resolution no. 17 on the allocation of equity shares acquired by the Company between 2009 and 2014, in which the shareholders agreed to allocate 14,930 equity shares to persons belonging to the managerial personnel of the Company and Quantum software S.A. Capital Group companies, authorising the Company's Supervisory Board to determine detailed parameters of shares acquisition.

The Company's Supervisory Board determined detailed parameters of shares acquisition by way of Resolution no. 2 of 6 September 2017 on the basis of the above mentioned authorisation granted by the Ordinary General Meeting of Shareholders.

On 2 July 2018, the Company's Management Board submitted to individual members of the managerial personnel the offer to acquire the Company's equity shares. These offers were accepted by all persons to whom they were addressed. As of this day, the Company has 954 equity shares at its brokerage account. Currently, the process of their formal transfer to the relevant member of the managerial personnel is in progress.

Note no. 14 – Reserve, supplementary and revaluation reserve capitals

	FOR THE PERIOD ENDING 31 DECEMBER 2018									
	Surplus of share sale above their nominal value	Supplementary capital	Reserve capital	Reserve capital due to foreign exchange differences	Reserve capital due to cash flow hedges	Reserve capital from valuation of tangible fixed assets	Reserve capital from valuation of intangible assets	Reserve capital from valuation of financial assets available for sale	Foreign exchange differences from translation	Total
Balance at the beginning of the period	8,227	78	-	-	-	-	-	-	-139	8,166
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-	-	-
Adjustments of fundamental errors	-	-	-	-	-	-	-	-	-	-
Balance at the beginning of the period after adjustments (after conversion)	8,227	78	-	-	-	-	-	-	-139	8,166
Profits/losses on revaluation of tangible fixed assets	-	-	-	-	-	-	-	-	-	-
Profits/losses on valuation of investments available for sale recognised in equity	-	-	-	-	-	-	-	-	-	-
Profits/losses on cash flow hedges (effective portion)	-	-	-	-	-	-	-	-	-	-
Surplus resulting from the issue of basic	-	-	-	-	-	-	-	-	-	-

capital above its nominal value											
Acquisition of equity shares	-	-	-	-	-	-	-	-	-	-	-
Reclassification to basic and supplementary capital	-	-	-	-	-	-	-	-	-	-	-
Exchange rate differences from valuation of entities that operate abroad	-	-	-	-	-	-	-	-	-	127	127
Profit distribution	12	18	-	-	-	-	-	-	-	-	30
Redemption of equity shares	-	-	-	-	-	-	-	-	-	-	-
Sale of equity shares	-81	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-	-
Non-controlling shares	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Supplementary capital	-	-	-	-	-	-	-	-	-	-	-
Acquisition of shares in a subsidiary company	-	-22	-	-	-	-	-	-	-	-	-
Profit/loss on the sale of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Income tax connected with items presented in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	8,158	74	-	-	-	-	-	-	-	-12	8,323

	FOR THE PERIOD ENDING 31 DECEMBER 2017									
	Surplus of share sale above their nominal value	Supplementary capital	Reserve capital	Reserve capital due to foreign exchange differences	Reserve capital due to cash flow hedges	Reserve capital from valuation of tangible fixed assets	Reserve capital from valuation of intangible assets	Reserve capital from valuation of financial assets available for sale	Foreign exchange differences from translation	Total
Balance at the beginning of the period	9,341	447	-	-	-	-	-	-	-162	9,626
Changes in accounting principles (policy)	-	-	-	-	-	-	-	-	-	-
Adjustments of fundamental errors	-	-	-	-	-	-	-	-	-	-
Balance at the beginning of the period after adjustments (after conversion)	9,341	447	-	-	-	-	-	-	-162	9,626
Profits/losses on revaluation of tangible fixed assets	-	-	-	-	-	-	-	-	-	-
Profits/losses on valuation of investments available for sale recognised in equity	-	-	-	-	-	-	-	-	-	-
Profits/losses on cash flow hedges (effective portion)	-	-	-	-	-	-	-	-	-	-
Surplus resulting from the issue of basic capital above its nominal value	-	-	-	-	-	-	-	-	-	-

Acquisition of equity shares	-	-	-	-	-	-	-	-	-	-	-
Reclassification to basic and supplementary capital	-	-	-	-	-	-	-	-	-	-	-
Exchange rate differences from valuation of entities that operate abroad	-	-	-	-	-	-	-	-	-	23	23
Profit distribution	-	-	-	-	-	-	-	-	-	-	-
Redemption of equity shares	-1,114	-	-	-	-	-	-	-	-	-	-1,114
Dividend	-	-	-	-	-	-	-	-	-	-	-
Non-controlling shares	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange gains/losses	-	-	-	-	-	-	-	-	-	-	-
Supplementary capital	-	-	-	-	-	-	-	-	-	-	-
Acquisition of shares in a subsidiary company	-	67	-	-	-	-	-	-	-	-	67
Profit/loss on sale of subsidiary	-	-436	-	-	-	-	-	-	-	-	-436
Income tax connected with items presented in other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	8,227	78	-	-	-	-	-	-	-	-139	8,166

Note no. 15 – Reserve capital due to foreign exchange differences on translation

	for the period ending 31/12/2018	
	Reserve capital due to foreign exchange differences on translation	total
Balance at the beginning of the period	-139	-139
Foreign exchange differences on translation of foreign operations	127	127
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	-	-
Profits/losses reclassified to the result in connection with the sale of a foreign operation	-	-
Deferred tax related to profits/losses in connection with the sale of a foreign operation	-	-
Profits/losses on hedging instrument reclassified to the result in connection with the sale of a foreign operation	-	-
Deferred tax related to profit/loss on hedging instrument reclassified to the result in connection with the sale of a foreign operation	-	-
Other	-	-
Balance at the end of the period	-12	-12

	for the period ending 31/12/2017	
	Reserve capital due to foreign exchange differences on translation	total
Balance at the beginning of the period	-162	-162
Foreign exchange differences on translation of foreign operations	23	23

Income tax on profits 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	-	-
Profits/losses reclassified to the result in connection with the sale of a foreign operation	-	-
Deferred tax related to profits/losses in connection with the sale of a foreign operation	-	-
Profits/losses on hedging instrument reclassified to the result in connection with the sale of a foreign operation	-	-
Deferred tax related to profit/loss on hedging instrument reclassified to the result in connection with the sale of a foreign operation	-	-
Other	-	-
Balance at the end of the period	-139	-139

The reserve was established as a result of the adoption of a resolution to purchase treasury shares allocated to the incentive scheme for key management personnel. In 2015, the General Meeting of the Shareholders adopted the resolution concerning the release of the reserve capital and the movement of funds to the supplementary capital.

Note no. 16 – Non-controlling shares

	for the period ending 31/12/2018	
	Reserve capital due to foreign exchange differences on translation	total
Balance at the beginning of the period	-160	-160
Share of profit during the year	-64	-64
Other increases	40	40
Other decreases	75	75
Closing balance	-109	-109

	for the period ending 31/12/2017	
	Reserve capital due to foreign exchange differences on translation	total
Balance at the beginning of the period	90	90
Share of profit during the year	58	58
Foreign exchange differences on translation of financial statements	-	-
Acquisition of shares in a subsidiary company	35	35
Profit/loss on the sale of subsidiary	-343	-343
Closing balance	-160	-160

Note no. 17 – Provisions

PROVISIONS					
	FOR THE PERIOD ENDING 31 DECEMBER 2018				
	Provisions for repairs under guarantee	Restructuring provisions	Provisions for employee and similar benefits	Other provisions	Total
Value at the beginning of the period, including:	-	-	253	-	253
<i>Short-term at the beginning of the period</i>	-	-	8	-	8
<i>Long-term at the beginning of the period</i>	-	-	245	-	245
Increases	-	-	542	-	542

Created in the period and increase in the existing ones	-	-	542	-	542
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 differences on translation	-	-	-	-	-
Discount rate adjustment	-	-	-	-	-
Value at the end of the period, including:	-	-	795	-	795
<i>Short-term at the end of the period</i>	-	-	<i>513</i>	-	<i>513</i>
<i>Long-term at the end of the period</i>	-	-	<i>282</i>	-	<i>282</i>

PROVISIONS					
	FOR THE PERIOD ENDING 31 DECEMBER 2017				
	Provisions for repairs under guarantee	Restructuring provisions	Provisions for employee and similar benefits	Other provisions	Total
Value at the beginning of the period, including:	-	-	219	-	219
<i>Short-term at the beginning of the period</i>	-	-	<i>7</i>	-	<i>7</i>

<i>Long-term at the beginning of the period</i>	-	-	212	-	212
Increases	-	-	34	-	34
Created in the period and increase in the existing ones	-	-	34	-	34
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 differences on translation	-	-	-	-	-
Discount rate adjustment	-	-	-	-	-
Value at the end of the period, including:	-	-	253	-	253
<i>Short-term at the end of the period</i>	-	-	8	-	8
<i>Long-term at the end of the period</i>	-	-	245	-	245

Note no. 18 – Bank loans and borrowings

In 2018, there were no material changes in bank loans and borrowings. The Group companies did not raise any new liabilities of this type and the existing liabilities were repaid according to repayment schedules and contracts in force.

Collaterals remained unchanged.

Note no. 19 – Other financial liabilities

LIABILITIES DUE TO FINANCE LEASE CONTRACTS				
FUTURE MINIMUM LEASE FEES AND NET PRESENT VALUE OF MINIMUM LEASE FEES				
	31 December 2018		31 December 2017	
	Minimum fees	Present value of minimum fees	Minimum fees	Present value of minimum fees
up to 1 year	330	243	213	163
from 1 to 5 years	408	344	174	109
over 5 years	-	-	-	-
Total	738	587	387	272

As at 31 December 2018, Quantum Qguar was bound by seven car lease contracts in the total amount of PLN 840,876.14. As at 31 December 2018, the outstanding amount of the liabilities was PLN 479,108.20.

As at 31 December 2018, Quantum I-services was bound by one lease contract for passenger cars of the total value of PLN 181,866.67. As at 31 December 2018, the outstanding amount of the liabilities was PLN 163,679.97.

Note no. 20 – Trade liabilities

TRADE LIABILITIES	31/12/2018	31/12/2017
Trade liabilities due to related entities	-	-
Trade liabilities from other entities	2,365	3,119
Total	2,365	3,119

Note no. 21 – Other liabilities as well as prepayments and accruals

OTHER LIABILITIES AS WELL AS PREPAYMENTS AND ACCRUALS	31/12/2018	31/12/2017
Liabilities to subsidiaries:	-	-
- long-term portion	-	-
- short-term portion	-	-
Liabilities due to related entities:	-	-
- long-term portion	-	-
- short-term portion	-	-
Advances:	112	-
- long-term portion	-	-
- short-term portion	112	-
Other liabilities:	818	1,674
- long-term portion	-	-
- short-term portion	818	1,674
Accruals:	46	76
- long-term portion	-	-
- short-term portion	46	76
Deferred revenue:	-	-
- long-term portion	-	-
- short-term portion	-	-
Total, including:	976	1,750
- long-term portion	-	-
- short-term portion	976	1,750

Other liabilities comprise:		
Liabilities due to taxes, customs, insurance and other services	785	1,417
Payroll liabilities	-	138
Dividends	-	-
Other liabilities	14	95
Settlements of special funds	19	24
Total	818	1,674

Prepayments and accruals comprise:		
settlements of subsidy received – within 12 months	-	-
settlement of subsidy received – over 12 months	-	-
settlement of long-term contracts	-	-
Other prepayments and accruals	-	-
turn-of-the-period costs	46	76
Total	46	76

Note no. 22 – Revenue from the sale of products, goods and materials

REVENUE FROM THE SALE OF PRODUCTS, GOODS AND MATERIALS						
	Continuing operations		Discontinued operations		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Revenue from the sale of products	4,445	2,884	-	-	4,445	2,884
Revenue from the sale of services	18,423	21,872	-	-	18,423	21,872
Revenue from the sale of materials	-	-	-	-	-	-
Revenue from the sale of goods	6,635	5,413	-	-	6,635	5,413
TOTAL	29,503	30,169	-	-	29,503	30,169
including: non-cash revenue from exchange of goods or services	-	-	-	-	-	-

In 2018, a decrease in the sale compared to the same period in 2017 was recorded. The decrease in the sale is connected with the fact that in 2018 there was no consolidation with EDISONDA sp. z o.o., whose shares were sold in 2017.

Revenue mainly includes the sale of licenses and own services of Qguar, and the sale of goods is the entity's additional operations resulting from specific orders occurring in the course of the implementation of contracts with contractors.

Note no. 23 – Costs by type

COSTS BY TYPE	31/12/2018	31/12/2017
Depreciation of fixed and intangible assets	683	759
Costs of employee benefits	11,346	12,231
Use of raw materials and materials	350	373
Costs of third-party services	7,911	8,859
Costs of taxes and charges	108	73
Other costs	764	783
Change in the balance of products and work-in-progress	-	-
Value of goods sold	6,029	4,872
TOTAL	27,191	27,950
Selling costs	2,614	2,096
General administrative expenses	3,433	4,254
Costs of products, goods and materials sold	21,144	21,600
TOTAL	27,191	27,950
including: minimum lease payments recognised as operating lease costs	-	-

EMPLOYEE BENEFIT COSTS	31/12/2018	31/12/2017
Payroll costs	9,539	10,353
Social security costs	1,649	1,704
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	158	174
Other post-employment benefits	-	-
Costs of employee benefits in the form of equity shares	-	-
TOTAL	11,346	12,231

RESEARCH AND DEVELOPMENT COSTS	31/12/2018	31/12/2017
Depreciation	30	40

Consumption of raw materials and auxiliary materials	-	-
Costs of third-party services	-	-
Other costs	-	-
TOTAL	30	40

Note no. 24 – Other revenue and costs

OTHER REVENUE	31/12/2018	31/12/2017
State subsidies	-	-
Profit on the sale of tangible fixed assets	86	57
Reversal of impairment write-downs on receivables	45	4
Reversal of impairment write-downs on stocks	-	-
Reversal of impairment write-downs on intangible assets	-	-
Reversal of impairment write-downs on tangible fixed assets	-	-
Reversal of impairment write-downs on investment real properties	-	-
Release of other provisions	-	-
Release of provision for the entity's restructuring costs	-	-
Profit on occasional purchase	-	-
Reimbursement of court costs	-	-
Damages refunded	-	-
Differences from balance sheet measurement	-	-
Donations, penalties and damages received	42	67
Adjustment of contributions to the Labour Fund for previous years	-	-
Refund of insurance policy premiums	-	-
Redemption of a portion of shares	-	-
Transfer of business – goodwill	-	-
Other	213	45
TOTAL	386	173
including: non-cash revenue from exchange of goods or services	-	-

OTHER COSTS	31/12/2018	31/12/2017
Loss on the sale of tangible fixed assets	-	-
Provision for guarantee repairs	-	-
Direct costs (including renovation and maintenance) due to investment real properties rented out	-	-
Accumulated loss on revaluation of investment real properties to fair value	-	-
Impairment write-downs on receivables	-	-
Impairment write-downs on stocks	-	-
Impairment write-downs on intangible assets	-	-
Impairment write-downs on tangible fixed assets	-	-
Impairment write-downs on investment real properties	-	-
Provision for the entity's restructuring costs	-	-
Provision for expected losses	-	-
Provisions for costs	-	-
Costs of court proceedings	-	-
Compensations for dismissed employees	-	-
Costs connected with the acquisition of other entities	-	-
Costs of maintaining property investments	-	-
Losses, damages and penalties	-	-
Donations	-	1
Liquidation of current assets	-	-
Subsidies	-	-
Write-down on goodwill of the acquired unit	-	917
Other	153	225
TOTAL	153	1,143

Note no. 25 – Financial revenue and costs

FINANCIAL REVENUE	31/12/2018	31/12/2017
Interest revenue	126	101
Dividend revenue	-	-
Investment revenue	-	-
Foreign exchange profits	-	-
Interest charged on receivables	-	-

FX hedges (forwards)	-	-
Settlement of deferred tax upon the transfer of business	-	-
Other	-	-
Reversal of impairment losses on financial assets, including:	-	-
assets available for sale	-	-
financial assets and liabilities at fair value through profit or loss	-	-
hedging instruments	-	-
Profit on change in the fair value of financial instruments	-	-
assets available for sale	-	-
financial assets and liabilities measured at the fair value through profit or loss	-	-
hedging instruments	-	-
TOTAL	126	101

FINANCIAL COSTS	31/12/2018	31/12/2017
Interest costs, including:	128	77
bank loans	-	-
borrowings	21	1
other	86	68
state budget and other interest	21	8
Financial costs arising from finance lease contracts	80	-
Provision for outstanding interest	-	-
Loss on disposal of investments	-	-
Foreign exchange losses	287	346
Profit/loss on the sale of shares in subsidiary	-	-
Remittance of borrowing and interest	-	-
Other	-	5
Impairment write-downs on financial assets, including:	-	-
assets available for sale	-	-
financial assets and liabilities measured at the fair value through profit or loss	-	-
hedging instruments	-	-
Losses on changes in the fair value of financial instruments, including:	-	-
assets available for sale	-	-
financial assets and liabilities measured at the fair value through profit or loss	-	-

hedging instruments	-	-
TOTAL	495	428

Note no. 26 – Consolidated profit per share

CONSOLIDATED PROFIT PER SHARE	31/12/2018	31/12/2017
Consolidated net profit for the reporting period attributable to:	1,578	2,066
Shareholders of the parent entity	1,642	2,008
Non-controlling shares	-64	58

CONSOLIDATED NET PROFIT OF ORDINARY SHAREHOLDERS OF THE PARENT ENTITY (BASIC)						
Detailed list	31 December 2018			31 December 2017		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Consolidated profit/loss of the shareholders of the parent entity for the reporting period	1,642	-	1,642	2,008	-	2,008
Dividends on preference shares not subject to redemption (-)	-	-	-	-	-	-
Total	1,642	-	1,642	2,008	-	2,008

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	31/12/2018	31/12/2017
<i>in thousands of shares</i>		
Weighted average number of shares at the beginning of the period	1,314,870	1,314,870
Weighted average number of ordinary shares at the end of the period	1,314,870	1,314,870

CONSOLIDATED NET PROFIT PER SHARE	31/12/2018	31/12/2017
on continuing and discontinued operations	-	-
on continuing operations	-	-

CONSOLIDATED NET PROFIT OF ORDINARY SHAREHOLDERS OF THE PARENT COMPANY (DILUTED)						
Detailed list	31 December 2018			31 December 2017		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Consolidated net profit/loss of ordinary shareholders of the parent entity (basic)	1,642	-	1,642	2,008	-	2,008
Interest on convertible bonds, after tax	-	-	-	-	-	-
Consolidated net profit/loss of ordinary shareholders of the parent entity (diluted)	1,642	-	1,642	2,008	-	2,008

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)	31/12/2018	31/12/2017
<i>in thousands of shares</i>		
Weighted average number of ordinary shares	1,314,870	1,314,870
Effect of conversion of convertible bonds on shares	-	-
Effect of the issue of options on shares	-	-
Weighted average number of ordinary shares at the end of the period (diluted)	1,314,870	1,314,870

CONSOLIDATED DILUTED NET PROFIT PER SHARE	31/12/2018	31/12/2017
on continuing and discontinued operations	-	-
on continuing operations	-	-

Note no. 27 – 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 keep record allowing the identification of particular operating segments. The Company presents sales broken down by products, services and goods (note 22) and by

geographical areas. The Company does not disclose any information on the customer concentration as such concentration does not exist.

31/12/2018		
INFORMATION ON GEOGRAPHICAL AREAS	Revenue	Fixed assets
Domestic sales	25,028	*
Total foreign sales	4,475	*
including:		
Germany	1,042	-
Ukraine	2,583	-
Norway	-	-
Russia	76	-
France	-	-
United Kingdom	59	-
Ecuador	186	-
Romania	284	-
Hungary	70	-
Czech Republic	48	-
United States of America	103	-
Italy	15	-
Luxembourg	-	-
Ireland	-	-
Lithuania	8	-
Denmark	-	-
Malta	-	-
Brazil	-	-
other	-	-
TOTAL	29,503	-

31/12/2017		
INFORMATION ON GEOGRAPHICAL AREAS	Revenue	Fixed assets
Domestic sales	24,662	*
Total foreign sales	5,507	*
including:		

Germany	1,682	-
Ukraine	1,523	-
Norway	24	-
Russia	99	-
France	86	-
United Kingdom	121	-
Romania	114	-
Ecuador	159	-
Hungary	158	-
Czech Republic	50	-
United States of America	194	-
Italy	15	-
Luxembourg	20	-
Ireland	9	-
Lithuania	11	-
Denmark	7	-
Malta	62	-
Brazil	-	-
Other	1,173	-
TOTAL	30,169	-

* Fixed assets are used by the entity for the purpose of manufacturing goods sold in the domestic and foreign markets.

INFORMATION ON TYPES OF PRODUCTS, SERVICES AND GOODS	31/12/2018	31/12/2017
	Revenue	Revenue
Products – licences	4,445	2,884
Services – implementation	6,680	7,305
Services – maintenance	10,814	10,177
Services – individual projects and other services	633	4,253
Long-term contracts	297	136
Goods	6,634	5,414
TOTAL	29,503	30,169

Note no. 28 – Transactions between related entities

TRANSACTIONS BETWEEN RELATED ENTITIES 2018			
Entity	Transaction Type	Transaction value in PLN	Transaction value in a foreign currency
Quantum Mobile Solutions sp. z o.o.	Sale of services to Quantum Qguar sp. z o.o.	154	-
Quantum I-Services sp. z o.o.	Sale of services to Quantum Qguar sp. z o.o.	663	-
Qcadoo Limited sp. z o.o.	Sale of services to Quantum Qguar sp. z o.o.	135	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum International Ukraine	466	-
Quantum Qguar sp. z o.o.	Sale of goods to Quantum International Ukraine	32	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum International Russia	-	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum Limited sp. z o.o.	1	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum software S.A.	478	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum I-Services sp. z o.o.	1	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum East sp. z o.o.	1	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum Mobile Solutions sp. z o.o.	1	-
Quantum software S.A.	Sale of services to Quantum Qguar sp. z o.o.	540	-
Quantum software S.A.	Sale of services to Quantum Mobile Solutions sp. z o.o.	120	-
Quantum Brasil	Sale of services to Quantum software S.A.	13	-
Quantum Brasil	Sale of services to Quantum Qguar sp. z o.o.	21	-
Quantum Brasil	Sale of services to Quantum Mobile Solutions sp. z o.o.	138	-
Quantum Qguar sp. z o.o.	Interest accrued on a borrowing granted to Quantum East sp. z o.o.	55	-
Quantum East sp. z o.o.	Interest accrued on a borrowing granted to Quantum International Russia	37	-
Quantum Qguar sp. z o.o.	Interest accrued on a borrowing granted to Qcadoo Limited sp. z o.o.	8	-
Quantum Qguar sp. z o.o.	Interest accrued on borrowings granted to Quantum Brasil	17	-
Quantum Qguar sp. z o.o.	Interest accrued on a borrowing granted to Quantum I-Services sp. z o.o.	31	-

Quantum Qguar sp. z o.o.	Interest accrued on a borrowing granted to Quantum software SA	-	-
Quantum software S.A.	Interest accrued on a borrowing granted to Qcadoo Limited sp. z o.o.	1	-
Quantum software S.A.	Interest accrued on borrowings granted to Quantum Brasil	6	-
Quantum software S.A.	Granting a borrowing to Quantum Brasil	275	-
Quantum software S.A.	Repayment of the borrowing from Qcadoo Limited sp. z o.o.	30	-
Quantum Qguar sp. z o.o.	Granting a borrowing to Qcadoo Limited sp. z o.o.	292	-
Quantum Qguar sp. z o.o.	Repayment of the borrowing from Qcadoo Limited sp. z o.o.	897	-
Quantum Qguar sp. z o.o.	Granting a borrowing to Quantum software SA	-	-
Quantum Qguar sp. z o.o.	Repayment of the borrowing from Quantum software SA	10	-
Quantum Qguar sp. z o.o.	Repayment of the borrowing from Quantum I-Services sp. z o.o.	450	-
Quantum Qguar sp. z o.o.	Acquisition of Qcadoo Limited sp. z o.o. shares	880	-
Quantum Qguar sp. z o.o.	Acquisition of Quantum I-Services sp. z o.o. shares	450	-
Quantum software S.A.	Receiving dividend from Quantum Qguar sp. z o.o.	1,457	-
Quantum software S.A.	Receiving advance payment on account of dividend from Quantum Qguar sp. z o.o.	800	-
Quantum Qguar sp. z o.o.	Write-down on goodwill of Qcadoo Limited sp. z o.o.	-	-

RECEIVABLES AS AT 31/12/2018 BETWEEN ASSOCIATES			
Entity	From which entity/For which entity	Receivables in PLN	Liability in PLN
Quantum software S.A.	Quantum International Ukraine	-	-
Quantum software S.A.	Quantum Brasil	-	-
Quantum software S.A.	Quantum I-Services sp. z o.o.	-	-
Quantum software S.A.	Quantum Qguar sp. z o.o.	-	55
Quantum software S.A.	Quantum Mobile Solutions sp. z o.o.	74	-
Quantum Qguar sp. z o.o.	Quantum Mobile Solutions sp. z o.o.	-	15
Quantum Qguar sp. z	Quantum International Ukraine	278	-

o.o.			
Quantum Qguar sp. z o.o.	Quantum International Russia	160	-
Quantum Qguar sp. z o.o.	Quantum Brasil	-	22
Quantum Qguar sp. z o.o.	Quantum I-Services sp. z o.o.	1	113
Quantum Qguar sp. z o.o.	Quantum East sp. z o.o.	3	-
Quantum Qguar sp. z o.o.	Qcadoo Limited sp. z o.o.	-	130
Quantum I-Services sp. z o.o.	Qcadoo Limited sp. z o.o.	23	-

TRANSACTIONS BETWEEN RELATED ENTITIES 2017			
Entity	Transaction Type	Transaction value in PLN	Transaction value in a foreign currency
Quantum Mobile Solutions sp. z o.o.	Sale of services to Quantum Qguar sp. z o.o.	185	-
Quantum I-Services sp. z o.o.	Sale of services to Quantum Qguar sp. z o.o.	633	-
EDISONDA sp. z o.o.	Sale of services to Quantum Qguar sp. z o.o.	4	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum International Ukraine	451	-
Quantum Qguar sp. z o.o.	Sale of goods to Quantum International Ukraine	51	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum International Russia	-	-
Quantum Qguar sp. z o.o.	Sale of services to Edisonda sp. z o.o.	8	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum software S.A.	404	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum I-Services sp. z o.o.	1	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum East sp. z o.o.	1	-
Quantum Qguar sp. z o.o.	Sale of services to Quantum Mobile Solutions sp. z o.o.	1	-
Quantum software S.A.	Sale of services to Quantum Qguar sp. z o.o.	717	-
Quantum software S.A.	Sale of services to EDISONDA sp. z o.o.	1	-
Quantum software S.A.	Sale of services to Quantum I-Services sp. z o.o.	-	-

Quantum Brasil	Sale of services to Quantum software S.A.	189	-
Quantum Qguar sp. z o.o.	Interest accrued on a borrowing granted to Quantum East sp. z o.o.	55	-
Quantum East sp. z o.o.	Interest accrued on a borrowing granted to Quantum International Russia	42	-
Quantum Qguar sp. z o.o.	Interest accrued on a borrowing granted to Qcadoo Limited sp. z o.o.	40	-
Quantum Qguar sp. z o.o.	Interest accrued on borrowings granted to Quantum Brasil	19	-
Quantum Qguar sp. z o.o.	Interest accrued on a borrowing granted to Quantum I-Services sp. z o.o.	37	-
Quantum Qguar sp. z o.o.	Interest accrued on a borrowing granted to Quantum software SA	3	-
Quantum software S.A.	Interest accrued on a borrowing granted to Qcadoo Limited sp. z o.o.	1	-
Quantum software S.A.	Interest accrued on borrowings granted to Quantum Brasil	1	-
Quantum software S.A.	Granting a borrowing to Quantum Brasil	209	-
Quantum Qguar sp. z o.o.	Granting a borrowing to Qcadoo Limited sp. z o.o.	462	-
Quantum Qguar sp. z o.o.	Repayment of the borrowing from Qcadoo Limited sp. z o.o.	388	-
Quantum Qguar sp. z o.o.	Granting a borrowing to Quantum software SA	760	-
Quantum Qguar sp. z o.o.	Repayment of the borrowing from Quantum software SA	750	-
Quantum Qguar sp. z o.o.	Repayment of the borrowing from Quantum I-Services sp. z o.o.	130	-
Quantum Qguar sp. z o.o.	Remission of the Qcadoo Limited sp. z o.o. borrowing	600	-
Quantum Qguar sp. z o.o.	Sale of Quantum software SA shares for redemption	88	-
Quantum software S.A.	Receiving dividend from Edisonda sp. z o.o.	217	-
Quantum software S.A.	Receiving dividend from Quantum Qguar sp. z o.o.	995	-
Quantum software S.A.	Receiving advance payment on account of dividend from Quantum Qguar sp. z o.o.	500	-
Quantum Qguar sp. z o.o.	Write-down on goodwill of Qcadoo Limited sp. z o.o.	1,447	-

RECEIVABLES AS AT 31/12/2017 BETWEEN ASSOCIATES			
Entity	From which entity/For which entity	Receivables in PLN	Liability in PLN
Quantum software S.A.	Quantum International Ukraine	-	-
Quantum software S.A.	Quantum Brasil	-	-
Quantum software S.A.	Quantum I-Services sp. z o.o.	12	-
Quantum software S.A.	Quantum Qguar sp. z o.o.	57	159
Quantum Qguar sp. z o.o.	Quantum Mobile Solutions sp. z o.o.	1	16
Quantum Qguar sp. z o.o.	Quantum International Ukraine	192	-
Quantum Qguar sp. z o.o.	Quantum International Russia	155	-
Quantum Qguar sp. z o.o.	Quantum I-Services sp. z o.o.	1	82
Quantum Qguar sp. z o.o.	Quantum East sp. z o.o.	2	-

Note no. 29 – 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	31/12/2018	31/12/2017
Total costs incurred	373	198
Total profits and losses recognised	297	136
Advances received	-	-
Deposit amount	-	-
Receivables from clients under contractual works	300	136
Liabilities due to clients under contractual works	-	-

Note no. 30 – Financial instruments

FINANCIAL INSTRUMENTS – INTEREST RATE RISK – SENSITIVITY ANALYSIS			
Balance at 31/12/2018			
	Balance sheet value	Increase/decrease by percentage points	Effect on the gross financial result
Financial assets	8,356	-	-3
Cash	4,827	-	-
Available-for-sale financial assets	-	-	-
Other financial assets	3,248	-	-
Borrowings granted	281	-1	-3
Financial liabilities	587	-	6
Bank loans and borrowings	-	1	-
Financial lease liabilities	587	1	6
Other financial liabilities	-	-	-

FINANCIAL INSTRUMENTS – INTEREST RATE RISK – SENSITIVITY ANALYSIS			
Balance at 31/12/2017			
	Balance sheet value	Increase/decrease by percentage points	Effect on the gross financial result
Financial assets	10,147	-	-
Cash	5,956	-	-
Available-for-sale financial assets	-	-	-
Other financial assets	3,819	-	-
Borrowings granted	372	-1	-4
Financial liabilities	273	-	-
Bank loans and borrowings	1	1	-
Financial lease liabilities	272	1	3
Other financial liabilities	-	-	-

FINANCIAL INSTRUMENTS – CURRENCY RISK – SENSITIVITY ANALYSIS			
Balance at 31/12/2018			
	Balance sheet value (PLN '000)	Exchange rate increase/decrease in percentage points	Effect on the gross financial result
Financial assets	-	-	-
Cash in EUR	2,365	-1%	-24
Cash in USD	-	-3%	-
Cash in UAH	631	-5%	-32
Cash in RUB	3	-11%	0
Cash in BRL	3	-15%	0
Trade and other receivables in EUR	249	-1%	-2
Trade and other receivables in USD	86	-3%	-3
Trade and other receivables in UAH	872	-5%	-44
Trade and other receivables in RUB	-	-11%	-
Trade and other receivables in BRL	22	-15%	-3
Financial liabilities	-	-	-
Overdrafts in EUR	-	-	-
Short-term loans in EUR	-	-	-
Trade liabilities in EUR	48	1%	0
Trade liabilities in UAH	1,034	5%	52
Trade liabilities in RUB	231	11%	25
Trade liabilities in BRL	29	15%	4

FINANCIAL INSTRUMENTS – CURRENCY RISK – SENSITIVITY ANALYSIS			
Balance at 31/12/2017			
	Balance sheet value	Exchange rate increase/decrease in percentage points	Effect on the gross financial result
Financial assets	-	-	-
Cash in EUR	350	-3%	-11
Cash in USD	3	-6%	-
Cash in UAH	655	-9%	-59
Cash in RUB	3	8%	-
Cash in BRL	23	2%	-

Trade and other receivables in EUR	282	-3%	-8
Trade and other receivables in UAH	1,021	-9%	-92
Trade and other receivables in RUB	11	8%	1
Trade and other receivables in BRL	15	2%	-
Financial liabilities	-	-	-
Overdrafts in EUR	-	-	-
Short-term loans in EUR	-	-	-
Trade liabilities in EUR	188	3%	6
Trade liabilities in UAH	1,121	9%	101
Trade liabilities in RUB	212	-8%	-17
Trade liabilities in BRL	10	-2%	-

FAIR VALUE OF INDIVIDUAL CATEGORIES OF FINANCIAL INSTRUMENTS					
	Category in accordance with IAS 39*	Balance sheet value		Fair value	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
Financial assets	-	11,658	12,543	11,658	12,543
Cash	Measured at the fair value through P&L	4,827	5,956	4,827	5,956
Trade and other receivables	Borrowings and receivables	6,546	6,215	6,546	6,215
Receivables on account of borrowings granted	Borrowings and receivables	281	372	281	372
Financial assets available for sale	Available for sale	4	-	4	-
Financial liabilities	-	3,928	5,142	3,928	5,142
Liabilities due to finance lease	Financial liabilities at depreciated cost	587	272	587	272
Trade and other liabilities	Financial liabilities at depreciated cost	3,341	4,869	3,341	4,869
Bank loans	Financial liabilities at the depreciated cost	-	1	-	1

ITEMS OF REVENUE, COSTS, PROFITS AND LOSSES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME BY CATEGORIES OF FINANCIAL INSTRUMENTS					
FOR THE PERIOD	31/12/2018				
	Category in accordance with IAS 39*	Interest revenue/costs	Foreign exchange profits/losses	Reversal/establishment of write-downs	Profits/losses on sales
Financial assets		126	-288	-	-
Cash	Measured at the fair value through P&L	108	-14	-	-
Trade and other receivables	Borrowings and receivables	-	-274	-	-
Receivables on account of borrowings granted	Borrowings and receivables	18	-	-	-
Available-for-sale financial assets	Available for sale	-	-	-	-
Financial liabilities		-208			
Liabilities due to finance lease	Financial liabilities at depreciated cost	-80	-	-	-
Trade and other liabilities	Financial liabilities at depreciated cost	-107	-	-	-
Liabilities on account of borrowings granted		-21	-	-	-
Short-term bank loans	Financial liabilities at the depreciated cost	-	-	-	-

ITEMS OF REVENUE, COSTS, PROFITS AND LOSSES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME BY CATEGORIES OF FINANCIAL INSTRUMENTS					
FOR THE PERIOD	31/12/2017				
	Category in accordance with IAS 39*	Interest revenue/costs	Foreign exchange profits/losses	Reversal/establishment of write-downs	Profits/losses on sales
Financial assets		101	-346	4	-
Cash	Measured at the fair value through P&L	81	-63	-	-
Trade and other receivables	Borrowings and receivables	-	-220	-	-
Receivables on account of	Borrowings and	20	-65	4	-

borrowings granted	receivables				
Available-for-sale financial assets	Available for sale	-	2	-	-
Financial liabilities		-	-77	-	-
Liabilities due to finance lease	Financial liabilities at depreciated cost	-67	-	-	-
Trade and other liabilities	Financial liabilities at depreciated cost	-9	-	-	-
Liabilities on account of borrowings granted	Financial liabilities at the depreciated cost	-1	-	-	-

Note no. 31 – Remuneration of the Group’s senior management

Management Board of the parent company	31/12/2018	31/12/2017
Short-term employee benefits (remuneration and charges)	260	246
Anniversary and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	260	246

Supervisory Board of the parent company	31/12/2018	31/12/2017
Short-term employee benefits (remuneration and charges)	30	30
Anniversary and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	30	30

Management board of subsidiaries	31/12/2018	31/12/2017
Short-term employee benefits (remuneration and charges)	316	312
Anniversary and retirement benefits	-	-

Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	316	312

Other members of the senior management of subsidiaries	31/12/2018	31/12/2017
Short-term employee benefits (remuneration and charges)	864	829
Anniversary and retirement benefits	-	-
Post-employment benefits	-	-
Benefits due to termination of employment	-	-
Employee benefits in the form of equity shares	-	-
Total	864	829

	31/12/2018	31/12/2017
Management Board	260	246
Supervisory Board	28	30
Management Board – subsidiaries or associates	316	312
Supervisory Board – subsidiaries or associates	0	0
Total	604	588
Other members of the senior management	864	829

Note no. 32 – Capital management

	31/12/2018	31/12/2017
Interest-bearing loans, borrowings and bonds	587	272
Trade and other liabilities	3,398	5,057
Less cash and cash equivalents	-4,827	-5,956
Net debt	-842	-627
Convertible preference shares	-	-
Equity	12,502	14,000
Reserve capitals on unrealised net profits	-	-
Total capital	12,502	14,000
Capital and net debt	11,660	13,373
Leverage ratio	-0.07	-0.05

Note no. 33 – Employment in the Capital Group

EMPLOYMENT IN THE QS S.A. CAPITAL GROUP	31/12/2018	31/12/2017
Management Board of the parent company	4	4
Management Boards of the Group companies (*)	15	18
White-collar employees/Administration	131	127
Blue-collar employees	0	0

Note no. 34 – Financial risk management principles

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

As regards the types of risks arising from financial instruments management, the Quantum Software S.A. Group faces the following basic risks:

- currency risk
- interest rate risk
- liquidity risk.

Managements of the Group companies verify and agree upon the policies for managing each of these risks; the policies are briefly discussed below.

1) Risk of fluctuations in foreign currency exchange rates against the currencies of the Group companies

The Group enters into export transactions in foreign currencies (mainly in EUR). Any change in foreign exchange rates against PLN may result in obtaining lower than expected results. Foreign exchange rate variations influence the financial result through the following:

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

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

2) Risks related to changes in market interest rates.

A change in market interest rates may also adversely affect the financial results of the Group. The Quantum Software S.A. Group is exposed to the risk of changes primarily due to changes in the value of interest charged on loans extended to the Group based on variable interest rates and changes in the value of interest charged on leases.

The interest rate risk arises and is recognised at the time of concluding a transaction based on a variable interest rate. In order to reduce the impact of this factor, the Group seeks to avoid raising loans based on a variable interest rate, collects and analyses the current market information about the current exposure to interest rate risk.

3) Liquidity risks

The Group regularly monitors the risk of the absence of funds using a recurring liquidity planning tool. This tool takes into account the maturity dates of investments and financial assets and projected cash flows from operating activities.

Note no. 30 analyses sensitivity of risk factors, such as exchange rate and interest rate changes in the Group.

Note no. 35 – Contingent liabilities

At 31 December 2018, the Group has no contingent liabilities.

Note no. 36 – Events after the balance sheet date

After the balance sheet date, there were no significant events.

Note no. 37 – Differences between financial results shown in the report and previously forecast results

The Quantum software S.A. Capital Group did not publish any forecasts for 2018 or for the comparable period of 2017.

Note no. 38 – Information on sureties and guarantees granted and received

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

Note 39 Seasonality and cyclicity

In the case of the Quantum software S.A., seasonality is not critical. Revenues for the first three quarters of the year are subject to slight fluctuations, while revenues in the fourth quarter are typically at a higher level, because a large part of them is generated through contracts to be performed in the fourth quarter, which is associated with the fact that business entities make more purchases exactly at the end of the year. Entities budgeting the work are often forced to implement budgets before the end of the year. Conversely, the cyclicity is relevant because half of the company's revenue is generated from service contracts (long-term maintenance contracts).

Note no. 40 – Discontinued operations

The Company did not discontinue its operations either in 2018 or in the comparable period.

Note no. 41 – Contracts imposing obligations on managers, supervisors and persons related to them

In 2018, members of the management and supervisory bodies did not make any binding contracts.

Note no. 42 – Other transactions with managers and supervisors

According to the information held by the Management Boards of the companies of the Quantum software S.A. Group, at the date of this report there are no transactions with managers and supervisors of the companies.

Note 43 Information on the remuneration of the entity authorised to audit financial statements

2018			
ENTITY AUTHORISED TO PERFORM AUDITS	DATE OF THE CONTRACT	OBJECT OF THE AUDIT	REMUNERATION
PRO Audyt Sp. z o.o.	15/07/2018	Review of the separate interim financial statement	PLN 5,000.00
PRO Audyt Sp. z o.o.	15/07/2018	Review of the consolidated interim financial statement	PLN 6 000.00
PRO Audyt Sp. z o.o.	15/07/2018	Audit of the separate financial statement for 2018	PLN 10,000.00
PRO Audyt Sp. z o.o.	15/07/2018	Audit of the consolidated financial statement for 2018	PLN 10,000.00
WBS Audyt Sp. z o.o.	15/07/2018	Audit of the interim financial statement of Quantum Qguar sp. z o.o.	PLN 9,000.00
WBS Audyt Sp. z o.o.	15/07/2018	Audit of the financial statement of Quantum Qguar sp. z o.o.	PLN 16,000.00

2017			
ENTITY AUTHORISED TO PERFORM AUDITS	DATE OF THE CONTRACT	OBJECT OF THE AUDIT	REMUNERATION
WBS Audyt Sp. z o.o.	07/09/2017	Review of the separate interim financial statement	PLN 4,000.00
WBS Audyt Sp. z o.o.	07/09/2017	Review of the consolidated interim financial statement	PLN 4,000.00
WBS Audyt Sp. z o.o.	19/02/2018	Audit of the separate financial statement for 2017	PLN 10,000.00
WBS Audyt Sp. z o.o.	19/02/2018	Audit of the consolidated financial statement for 2017	PLN 4,000.00
WBS Audyt Sp. z o.o.	19/02/2018	Audit of the separate financial statements of Quantum Qguar sp. z o.o. for 2017	PLN 3,000.00

The financial statement was approved by the Management Board and signed by all Members of the Management Board on 18 April 2019.

Signatures of the Management Board Members

Person responsible for keeping accounting books

Tomasz Hatala

Chief Accountant - Monika Kuś

Bogusław Ożóg

Marek Jędra

Tomasz Mnich