



## **Management Board's report on activity of Qumak S.A.**

**in a year that ended on 31 December 2015**

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**QUMAK S.A. | Al. Jerozolimskie 134 | 02-305 Warszawa**

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## 1. Company's basic information

Company's name:	Qumak Spółka Akcyjna
Registered office:	02-305 Warszawa Al. Jerozolimskie 134
Phone no:	(022) 519-08-00
Fax:	(022) 519-08-33
Tax Identification Number (NIP):	524-01-07-036
National Economy Register (REGON):	012877260
Polish Classification of Activities (PKD):	46 90 Z

Qumak S.A., Parent entity of Capital Group Qumak S.A., was established by a Notary Deed of 4 December 1997.

The Company has its registered office in Warsaw at Al. Jerozolimskie 134, 02-305 Warsaw.

The Company was entered on 13 June 2001 in the register of entrepreneurs of the National Court Register maintained by Warsaw District Court, 12th Commercial Division of the National Court Register, under the number KRS 0000019455. The Company was given a statistical number REGON 012877260 and number NIP 5240107036.

Basic subject of activity of the Company under the Polish Classification of Activities is wholesale trade (PKD4690Z).

Duration of the Company is indefinite.

### Company's branches/local offices:

Branch in Krakow at ul. Kobierzyńska 2

Local office in Gdańsk at Al. Grunwaldzka 472B

The Company's branches/local offices are not self-balancing entities. The Company does not prepare joint financial statements.

## 2. Membership of Company's managing and supervising bodies

### Management Board of the Company

As at the publication day of the report, membership of the Management Board was the following:

<b>Marek Tiahnybok</b>	– acting President of the Management Board;
<b>Wojciech Strusiński</b>	– Vice President of the Management Board for Sales;
<b>Jacek Suchenek</b>	– Vice President of the Management Board for Realizations.

### Changes in the Management Board's membership in 2015 and 2016

In the period from 1 January to 11 June 2015, the Management Board functioned in the following membership: Paweł Jaguś - President of the Management Board, Aleksander Plata - Vice President of the Management Board, Jacek Suchenek - Vice President of the Management Board.

On 11 June 2015 on the day of the General Meeting, the 6th term in office of the Management Board ended. By adopting appropriate resolutions, the Supervisory Board appointed on 11 June 2015 the Management board of the 7<sup>th</sup> term in office in the following membership: Paweł Jaguś – President of the Management Board, Jacek Suchenek - Vice President of the Management Board for Realizations, Wojciech Strusiński - Vice President of the Management Board for Sales.

On 3 November 2015 the Supervisory Board adopted a resolution on appointing to the membership of the Management Board Marek Tiahnybok. Marek Tiahnybok undertook a function of a Vice President of the Management Board for Finance.

From 3 November 2015 to 31 December 2015, the Management Board of the Company had the following membership: Paweł Jaguś - President of the Management Board, Jacek Suchenek - Vice President of the Management Board for Realizations, Marek Tiahnybok – Vice President of the Management Board for Finance, Wojciech Strusiński - Vice President of the Management Board for Sales.

On 9 December 2015 the President of the Management Board Paweł Jaguś submitted his resignation from fulfilling his function effective from 31 December 2015. Simultaneously the Supervisory Board adopted a resolution designating Marek Tiahnybok as acting President of the Management Board effective from 1 January 2016.

On 4 April 2016 the Supervisory Board adopted a resolution appointing to the membership of the Management Board Tomasz Laudy entrusting him with the function of a President of the Management Board. He will undertake the function in the Management Board of the Company on 1 June 2016.

### Supervisory Board

As at the publication day of the report, membership of the Supervisory Board was the following:

<b>Gwidon Skonieczny</b>	– Chairman of the Supervisory Board;
<b>Wojciech Napiórkowski</b>	– Vice Chairman of the Supervisory Board;
<b>Monika Hałupczak</b>	– Member of the Supervisory Board;
<b>Wojciech Włodarczyk</b>	– Member of the Supervisory Board;
<b>Piotr Woźniak</b>	– Member of the Supervisory Board.

## Changes in the Supervisory Board's membership in 2015 and 2016

From 1 January to 13 July 2015 the Supervisory Board had the following membership:

Marek Michałowski	– Chairman of the Supervisory Board;
Jan Pilch	– Vice Chairman of the Supervisory Board;
Monika Hałupczak	– Member of the Supervisory Board;
Maciej Matusiak	– Member of the Supervisory Board;
Wojciech Włodarczyk	– Member of the Supervisory Board.

On 13 July 2015 the Extraordinary General Meeting, because of resignations from fulfilling the functions of members of the Board as of 13 July 2015 submitted by Jan Pilch, Marek Michałowski and Maciej Matusiak, there were adopted resolutions on their dismissal. Simultaneously completing the membership of the Supervisory Board of the 7th term in office, as members of the Supervisory Board there were appointed the following persons: Piotr Aleksander Woźniak, Gwidon Skonieczny, Wojciech Napiórkowski.

With regard to the above, since 13 July 2015 the Supervisory Board functions in the above-mentioned membership. On 24 August 2015 the Supervisory Board was established; the Board elected a Chairman and a Vice Chairman.

On 25 April 2016 the Supervisory Board dismissed Monika Hałupczak from fulfilling the function of a Chairman of the Supervisory Board, appointing Gwidon Skonieczny to this function.

## Committees operating in the Supervisory Board

### **Audit Committee**

Monika Hałupczak  
Wojciech Napiórkowski  
Piotr Woźniak

### **Remuneration Committee**

Gwidon Skonieczny  
Wojciech Włodarczyk

## Joint Commercial Representation

Joint Commercial Representation authorizes to represent the Company jointly with a member of the Management Board of Qumak S.A. In the Company there are appointed two proxies. They are Justyna Stolarczyk and Monika Ponarad.

### 3. Company's subject of activity

Joint-stock Company Qumak operates in an IT area. The Company's activity is concentrated on an integration market and covers intelligent building technologies, system integration and business applications.

The Company provides comprehensive services in the scope of computerization of enterprises and institutions, in which IT security, software and related with it applications, computer hardware deliveries and intelligent building technologies are significant elements

#### Offered solutions – business lines



##### **Business Intelligence & Big Data**

BI is a set of methodologies, processes and technologies, which transform large number of data into information useful in terms of the business aims, providing enhancement of competitiveness of an enterprise and support in managing a company. Within the operations of this line the Company offers comprehensive services within the scope of designing, implementing and maintaining: Business Intelligence, Big Data and Data Mining applications, data warehouses, applications to integrate data (with the use of ETL/ELT processes), planning and budget applications.



##### **Contact Center**

In the area of comprehensive systems for professional service of interactions, the Company offers solutions: Contact Center software, IVR applications, speech recognition systems, quality management systems and recording contacts with clients, integrated ERP system, systems for management of chain stores and sales, own applications as a supplement to ready solutions.



##### **Systems for maintenance and management of assets (EAM and ITSM)**

In the area of management of company's infrastructure and assets, the Company offers to its clients a solution of EAM class that comprehensively supports management of various types of resources – production, transmission, transport or real estate. This solution enables also management of traffic maintenance processes.

The Company offers also tools of a helpdesk class (ITSM), having a full set of functions constituting support to IT infrastructure management and key IT processes service on the basis of ITIL practice and ISO 27001.



##### **Data Center**

Qumak realizes Data Center facilities, fulfilling the role of a main contractor of an entire project. Built server rooms are characterized by technical parameters, which meet strict criteria of TIA or UpTime standards. Large stress is always put on energy efficiency – facilities are realized under a Green Data Center standard.

In a whole investment process, the Company takes full responsibility for a created data center: conducts feasibility study, designs, constructs, equips with IT infrastructure, provides maintenance, as well as provides services of relocation and collocation of DC facilities. Projects are managed in accordance with the PRINCE2 methodology.

In its portfolio the Company has the biggest and the most innovative server rooms in Poland. In total these are 45 facilities of a total server area covering around 9 000 sq. m, created for the largest companies in a commercial market and the public sector institutions.

**Airport Automation**

Within the scope of this business line, the Company offers systems for management of air operations and solutions for airports and landing areas. Reliable air operations environments are realized on the basis of specialized systems of passengers and planes handling and security. The Company offers systems of navigation lighting and their control, radio navigation, automatic baggage and passenger information systems.

Every implementation starts with a detailed analysis of operational, functional and business needs of a client. Portfolio of the company includes solutions for newly constructed and modernized airports, military airports transformed into Regional Airports, and for the Polish Air Navigation Services Agency and landing areas for helicopters.

**Smart City**

Smart City solutions serve improving the quality of life in cities through traffic facilitating, decrease in the use of energy, and increasing the safety of citizens. Within the scope of this line, the Company realizes among others Intelligent Transportation Systems – using ICT (Information & Communication Technologies) in the area of transport, individual as well as public. Implementation of solutions of this class aims at enhancing traffic efficiency through reduction of travel time, limiting communication nuisance, such as emissions of pollutants and noise, as well as increasing a safety of traffic participants in the city.

Undertaking the realization of all stages of a project, the Company comprehensively performs among others implementing and launching specialist software, integration of systems and infrastructure on a road, e.g. traffic lights controllers. We provide maintenance and operational continuity of all the systems.

**Building Automation**

Comprehensive services of consulting, designing and conducting investments related to integrated security systems of facilities and communication systems – is a domain of the BMS business line. The Company's portfolio includes implementations in single buildings, in expanded and dispersed facilities or in complexes of facilities. The Company develops all necessary products for a project's process, including audits, feasibility study, development strategies, concepts, designs, realizations, launchings and trainings, as well as providing maintenance.

The Company holds facility security clearance of the 1st degree certificate confirming full ability to protect classified information bearing the clause SECRET, EU SECRET and NATO SECRET. The Company holds a license issued by the Ministry of the Interior and Administration for performing security systems as well as employs persons holding all necessary licenses and clearances.

**Software development**

Within the scope of this business line, the Company provides a comprehensive realization of integrated IT systems. Selection of architecture and programming tools takes place after a detailed analysis of requirements from the system.

Offer includes building and integrating multilayer and dispersed IT systems in an architecture based on services (SOA), process systems (BPM), dedicated telecommunication systems for mobile and fixed network, maps systems GIS, systems of monitoring and management of an enterprise and a sales process.



**Business Continuity & Data Security**

Process of storing, protection, processing and transfer of data in demanding business environments of our clients is a specialty that the Company develops within the competencies of the Business Continuity & Data Security line. In this area we offer several services: designing and implementations of a necessary infrastructure, implementation of advanced communication services, providing an appropriate level of availability of launched IT services, security and monitoring of every context of access to data, security audit.

Recipients of these services are entities in which theft, loss or periodic lack of access to data may generate high losses or prevent from conducting operations, among others enterprises in a financial, telecommunication sector, as well as public institutions.



**Multimedia exhibitions**

Modern technologies in public space deepen the engagement of an organization in a dialogue with an individual recipient. The Company offers a set of services covering designing, production, implementation, maintenance and development of exhibitions with particular inclusion of multimedia and interactive technologies for the needs of museums, science centers, and education. These technologies are used also commercially in large public spaces, shopping malls, railway stations, airports, trade fairs exhibitions.

The Company's advantage is a comprehensive approach to the realization, beginning with designing and performing interactive and multimedia devices, to content performing.



**Desktop Management Services**

The Company offers a comprehensive set of services, guaranteeing efficient operation of clients' IT systems. It ensures a full functionality of entrusted resources - from hardware, through software, to infrastructure. Professional, fast service and providing comprehensive services at the highest level guarantee safe functioning to our clients. High quality of services are confirmed in parameters of SLA: guarantees of the fastest response times and the shortest times of performing repairs. Our clients are big public institutions, companies with many branches and corporations.

To clients providing extensive services, the Company offers an additional support: repair of hardware, administration, helpdesk, migrations, rollouts, maintenance and inspections. Qumak provides maintenance of office infrastructure, advanced server solutions, intelligent buildings systems as well we advanced Data Center.



**Outsourcing of IT staff**

Services covering providing skilled IT employees and IT outsourcing is an area of operation within the frames of the Outsourcing of IT staff business line. Apart from recruitment and selection of candidates, the Company provides staff, administrative and legal care for all leased employees; provides services beginning with helpdesk, through system administration, conducting trainings, performing analyses and audits, to comprehensive project management or management of portfolios of IT projects. Among the clients, there are mostly large companies from financial, energy, telecommunication and technological sectors.



#### 4. Selected separate financial data

##### Data concerning separate financial statements by IFRS

ITEMS OF COMPREHENSIVE INCOME AND CASH FLOWS	In PLN thousand		In EUR thousand	
	1.01–31.12.2015	1.01–31.12.2014	1.01–31.12.2015	1.01–31.12.2014
Net income from sales	708 845	562 001	169 386	134 152
Loss from operations	-9 682	-8 434	-2 314	-2 013
Gross loss	-13 238	-9 342	-3 163	-2 230
Net loss	-9 840	-7 914	-2 351	-1 889
Net cash flows from operations	51 638	-2 996	12 339	-715
Net cash flows from investment activities	-11 402	-7 129	-2 725	-1 702
Net cash flows from financial activities	6 293	-10 368	1 504	-2 479
Net cash flows in total	46 529	-20 511	11 119	-4 896
Net loss for shareholders of parent entity per one share (in PLN/EUR)	-0.95	-0.76	-0.23	-0.18
<b>BALANCE SHEET ITEMS</b>	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
Assets in total	296 189	272 601	69 503	63 956
Liabilities and provisions for liabilities	242 746	209 243	56 963	49 092
Long-term liabilities	16 358	11 579	3 839	2 717
Short-term liabilities	226 388	197 664	53 124	46 375
Equity	53 443	63 358	12 541	14 865
Share capital	10 375	10 375	2 435	2 434
Number of shares	10 375	10 375	10 375	10 375
Book value per one share (in PLN/EUR)	5.15	6.11	1.21	1.43
Diluted book value per one share (in PLN/EUR)	5.15	6.11	1.21	1.43
Declared or paid dividend per one share (in PLN/EUR)	0.00	1.00	0.00	0.23

#### Rules for financial statements calculation

Selected financial data from the consolidated financial statements of financial standing are presented for the period from 1 January to 31 December 2015 and from 1 January to 31 December 2014.

Principles of calculation of financial statements

Particular items of assets and liabilities in the balance sheet were calculated by exchange rates applicable on the last day of the period:

Table A of average exchange rates no 252/A/NBP/2014 of 31-12-2014 EUR exchange rate 1 EUR = 4.2623

Table A of average exchange rates no 254/A/NBP/2015 of 31-12-2015 EUR exchange rate 1 EUR = 4.2615

Particular items in profit and loss account, as well as report from cash flows were calculated by exchange rates constituting arithmetic average of average exchange rates published by NBP for EUR, applicable on the last day of every month in a given reporting period:

Arithmetic average of average exchange rates of NBP at the end of every month for the period 01.01 - 31.12.2014 – 4.1893

Arithmetic average of average exchange rates of NBP at the end of every month for the period 01.01 - 31.12.2015 – 4.1848

## 5. Basic economic and financial items with Management Board's comment

### Financial results

In 2015 Qumak achieved record sales in the amount of PLN 708 million, which is an around 26 percent increase in comparison with the year 2014. Such a big dynamics of income increase is among others an effect of an implemented and realized strategy for the years 2013-2016. It is worth noting that in the period of realizing a CAGR strategy so far, in terms of turnover it is around 10 percent.

Very significant influence on a gradual improvement of sales in 2015 had a final settlement of long-term contracts financed from the means of the EU perspective 2007-2013.

In the reporting period the Company achieved gross income from sales in the amount of PLN 18.3 million, which is an amount that is higher by around 30 percent year-on-year. Result from operations is PLN -9.7 million, and a net result is at the level of PLN -9.8 million. Last year's results were strongly impacted by a created reserve for contract generating losses, as well as the introduced as a result of identified errors in applying IAS 11 ("Agreements on construction works service") in previous years, change in approach to setting the value of income for a given business year for performance of long-term contracts. These changes caused a one-time burden of results, as well as had a significant impact on lowering the income.

In the Management Board's opinion, very important in terms of the Company's condition are financial flows in 2015. Their beneficial structure allowed the Company to generate in the reporting period over PLN 50 million cash, after payment of majority of liabilities. As at the balance day the Company had only non-interest bearing liabilities or preferential interest liabilities.

Under the current strategy, Qumak builds competencies in selected the promising market segments and market niches of a high margin, supplementing its offering by advanced solutions in the area of infrastructural and IT technologies. One of the effects of these activities is obtaining a leader position on the domestic market of aviation infrastructure. It is reflected by among others a segmentation of sales, where airport technologies have the largest share of 22 percent. Historically important segment in the Company's activity are highly advanced building solutions of over 18 percent share in income.

The scope of the Group's competencies is however much broader, and the share of infrastructural projects is big enough to dominate in the structure of income.

When it comes to the level of SG&A costs and sales costs in the reporting period, they stayed at a similar level year-on-year in relations to income. In this item there were already included costs of provisions for a potential future loss on performed projects (e.g. for an extended realization and maintenance of the ISOK contract), which is discussed in more details in the next parts of the report. These costs are also influenced by an increased maintenance reserve mainly resulting from ending the performance of large projects that are in their warranty period.

Orders portfolio of Qumak S.A. (a parent company) as at the publication day of the report is PLN 288 million, including PLN 246 million in the current year. It has a growth potential resulting from a large value of submitted offers. Increase of the portfolio is however expected mainly in the 2nd half this year.

The Company continues a process of an organizational and procedural optimization, which in the Management Board's opinion will increase operational and financial security, strengthen control within the frames of performed contracts and will enable enhancing the Group's effectiveness.

**Company's income in 2015 in comparison with 2014 (in PLN thousand)**

	2015	2014	Increase
<b>Net income from sales in total</b>	708 845	562 001	26.1%
<b>Other operating income</b>	2 567	3 080	-16.7%

**Structure of costs in 2015 in comparison with 2014 (in PLN thousand)**

Indication	2015	2014	Increase
- Own costs of sales	690 541	547 935	26.0%
- Sales costs	14 939	11 880	25.7%
- Costs of general administration	14 437	12 122	19.1%
- Other operating costs	1 177	1 578	-25.4%
<b>Costs in total</b>	<b>721 094</b>	<b>573 515</b>	<b>25.7%</b>
<b>Loss from operations</b>	<b>-9 682</b>	<b>-8 434</b>	<b>14.8%</b>
<b>Financial profits (costs)</b>	<b>-3 556</b>	<b>-908</b>	<b>291.6%</b>
<b>Profit (loss) before tax</b>	<b>-13 238</b>	<b>-9 342</b>	<b>41.7%</b>
<b>Income tax (deferred and current)</b>	<b>-3 398</b>	<b>-1 428</b>	<b>138.0%</b>
<b>Net loss</b>	<b>-9 840</b>	<b>-7 914</b>	<b>24.3%</b>

**Reserves and exceptional write-downs**
**Table: reserves as of 31.12.2015 (in PLN thousand)**

	As of 31.12.2014	Dissolved reserves	Created reserves	As of 31.12.2015
Reserve for warranty repairs	6 448	2 480	4 581	8 549
Revaluation write-down for discount on goods	79	0	361	440
Write-down for difficult to claim receivables	10 209	3 640	701	7 270
Reserve for employee benefits	3 274	1 000	674	2 948
Reserve for balance audit	28	106	110	32
Reserve for ISOK costs	0	0	7 610	7 610
Write-down for E-DŚ costs	18 000	18 000	0	0
Revaluation write-down for assets	0	0	4 281	4 281
Other reserves and write-downs	1 066	250	1 904	2 720
<b>Reserves in total</b>	<b>39 104</b>	<b>25 476</b>	<b>20 126</b>	<b>33 754</b>

In the item other reserves for costs there is included a reserve for costs of contracts realization and a reserve for a possible penalty from UOKiK. In the 4<sup>th</sup> quarter of 2015 there was created a reserve in the amount of PLN 4.7 million concerning a revaluation of the ISOK contract and on future potential loss on this contract resulting from higher realization costs, with regard to an extension of its performance and maintenance. Total reserve created for the ISOK project together with the reserves created in the previous quarters of 2015 is PLN 7.6 million.

### **Structure of assets and liabilities in a consolidated balance sheet**

Balance sum of the Company as at 31.12.2015 is PLN 296 189 thousand and was by PLN 23 588 thousand higher than the state as at 31.12.2014. Decrease in equity resulted from including in this item retained loss.

	As at 31.12.2015	As at 31.12.2014
Fixed assets	43 158	21 855
Current assets	253 031	250 746
<b>ASSETS IN TOTAL</b>	<b>296 189</b>	<b>272 601</b>
Equity	53 443	63 358
Long-term liabilities	16 358	11 579
Short-term liabilities	226 388	197 664
<b>CAPITAL AND LIABILITIES IN TOTAL</b>	<b>296 189</b>	<b>272 601</b>

### **Contingent liabilities**

In 2015 the Company had no contingent liabilities, except from bank and insurance bonds enumerated in the note no 29 to this financial statements.

### **Company's investments**

In the reporting period, Qumak S.A. performed a project of a locomotive simulator described below.

#### **Locomotive simulator**

Within the frames of signed agreements Qumak launched and continues a project co-funded by means of the National Center for Research and Development, which aims at developing the first product under the brand Qumak – a locomotive simulator. It enables providing trainings of train drivers in safe conditions and creating models of behavior in situations of crisis. This project is performed under a consortium (IKKU Sp. z o.o., Railway Institute, Military University of Technology) and its aim is to build and launching a demonstrator of technologies with the purpose of commercializing it. During the performing of the project, there was appointed in the Company an internal dedicated competence team, the task of which will be to develop projects within the area of simulators for commercial purposes, and in future probably also for the needs of a military.

At the end of 2015 engagement in this project amounted to PLN 5 306 thousand.

### **Fixed assets, intangible assets**

Expenses for fixed assets in the presented period were related to a successive exchange of IT infrastructure and car fleet. Other expenses are limited only to recovering used fixed assets.

**Table: Net fixed assets in 2015 and correspondingly in 2014**

	As at 31.12.2015	As at 31.12.2014
Computers and other office equipment	2 033	2 254
Transport means	3 313	4 738
Other fixed assets	512	598
Fixed assets under construction	6 923	1 519
<b>Total:</b>	<b>12 781</b>	<b>9 109</b>

### **Financial assets**

As a result of quarterly evaluation of shares quoted on WSE (main market) their value was corrected in accordance with a market value as at 31.12.2014. Decreasing their value by PLN 26 thousand was included in a financial result. Value of held shares quoted on WSE is PLN 426 thousand. Other financial assets, intangible assets and tangible fixed assets did not require revaluation.

Shares in Madkom S.A. in the Qumak financial statements are included as financial assets available for sale and evaluated at fair value, and profits and losses from periodic evaluation are allocated to other capitals, as a component of total revenues. In such a situation, changing valuation does not influence a current financial result.

### **Financial instruments**

In 2015 the Company did not use financial instruments to limit the risk of change of prices or a credit risk. There are no adopted uniform methods of managing a financial risk; on every such occasion, the Company analyses every situation separately and decides on possible application of such instruments.

### **Basic financial ratios of Qumak**

**Table: Profitability ratios of Qumak S.A.**

	2015	2014
Sales profitability (gross)	2.58%	2.50%
EBITDA profitability	-0.94%	-0.98%
Operating profit profitability	-1.37%	-1.50%
Gross profitability	-1.87%	-1.66%
Net profitability	-1.39%	-1.41%

*Rules of calculating ratios:*

*Sales profitability (gross) = gross income from sales/ revenues from sales*

*EBITDA profitability = (loss from operations + depreciation)/ revenues from sales*

*Operating profit profitability = loss from operations/ revenues from sales*

*Gross profitability = loss before taxes/ revenues from sales*

*Net profitability = net loss/ revenues from sales*

**Table: Financing structure ratios of Qumak S.A.**

	As at 31.12.2015	As at 31.12.2014
General debt ratio	0.82	0.77
Interest-bearing debt to assets ratio	0.03	0.08
Coverage of fixed assets with equity ratio	1.24	2.90
Equity indebtedness ratio	0.17	0.34

*Analysis of debt was made on the basis of the presented below ratios:*

*General debt ratio – liabilities and provisions for liabilities in total/ assets in total,*

*Interest-bearing debt to assets ratio – interest-bearing indebtedness/ assets in total,*

*Coverage of fixed assets with equity ratio – equity/ fixed assets,*

*Equity indebtedness ratio – interest-bearing indebtedness/ equity*

**Table: Liquidity ratios of Qumak S.A.**

	As at 31.12.2015	As at 31.12.2014
Current liquidity ratio (current ratio)	1.12	1.27
Quick liquidity ratio (quick ratio)	1.03	0.94

*Rules of calculating ratios:*

*Current financial liquidity ratio = current assets/ short-term liabilities*

*Quick financial liquidity ratio = (current assets – inventory – short-term prepayments)  
/ short-term liabilities*

The Company's profitability, apart from sales profitability, achieved negative values, which is related to the noted loss in 2015 and 2014. It is worth to note, the profitability would be much higher, if it were not for the reserves created in the last year.

The most significant change, when it comes to debt ratios, is significant decrease of interest-bearing debt to assets that is a result of a significant reduction of interest liabilities. The same reason influenced a noticeable improvement of an equity indebtedness ratio.

When analyzing balance sheet items it should be noted the increase of fixed assets thanks to a significant increase in the level of long-term trade receivables with included warranty bonds and advance payments for supplies. This influenced the level of a ratio of fixed assets coverage with equity.

Current liquidity ratio slightly decreased in comparison with the analogical period last year (mainly as an effect of the growth of short-term liabilities of a trade character and short-term loans from suppliers). Thanks to generated cash, a quick liquidity ratio increased, which stands for an improved ability to pay liabilities immediately.

### **Capital investments**

Apart from investments in an initial capital in subsidiaries, there were no significant capital investments in 2015.

## 6. Income from sales and reporting segments

Qumak performs financial evaluation of the Company's operations with a division into business lines estimating the level of sales, and margin II on projects of a given line. This division is conditioned by the specifics of products and services delivered to recipients.

The evaluation of the segments' results is performed on the basis of EBIT (operating income).

Operating result is calculated by decreasing achieved gross income from sales of a given business line by directly borne costs of sales and a percentage of indirect costs of sales.

Operational segments are presented in a way consistent with an internal reporting, delivered to a main operational stakeholder, on the basis of which he evaluates results and decides on allocation of resources. The main operational stakeholder is the Management Board of the Company.

There are the following operational and reporting segments:

Segment	Description of its operations
Data Center	Data Center is a modern technological center consisting of a server room and devices supporting its functioning. The Group realizes facilities of a Data Center type fulfilling the role of a main contractor of an entire project. It creates concepts, designs, builds, equips with IT infrastructure, and provides maintenance, as well as performs stress tests.
Airport Automation	Solutions covering airport infrastructure, systems of supporting and managing airport terminals, and helicopters landing areas. Comprehensive offering of the enterprise in this area includes among others navigation lighting systems, systems of baggage and passenger information, meteorological services systems, radio navigation and radio communication systems, ice alert systems, and building weather stations radars. The Company's portfolio includes solutions for newly constructed and modernized civil airports, military airports transferred into Regional Airports, realizations for the Polish Air Navigation Services Agency, as well as landing areas for helicopters.
Building Automation	BMS and building technologies are modern, integrated solutions facilitating building's administration, optimizing costs of its maintenance, and guaranteeing a high level of security of facilities. Building management systems, security systems, lighting control systems, biometric systems, IT systems, as well as audio and video are domain of this business line. The Company's portfolio covers implementations in single buildings, in expanded and dispersed facilities, as well as in building complexes. The Company creates all products necessary for an investment process, including audits, feasibility study, development strategies, concepts, designs, realizations, launchings and trainings, as well as providing maintenance.
Software Development	Within the scope of this business line, the Company provides a comprehensive realization of integrated IT systems, from the stage of recognizing requirements and preparing a design, to realization and maintenance. Selection of architecture and programming tools takes place after a detailed analysis of requirements with regard to a system. The Company's offering covers also audit, refactoring and taking over of maintenance of already existing solutions.
Multimedia Exhibitions	Multimedia exhibitions is an area offering modern display and multimedia solutions. Applying modern technologies in public space deepen the engagement of an organization in a dialogue with an individual recipient. The Company offers a set of services covering designing, production, implementation, maintenance and development of exhibitions with particular inclusion of multimedia and interactive technologies for the needs of museums, science centers, and education.
Desktop Management Services	Offered by the Company services of direct support at the client's site, service of hardware, servers and active devices, serve ensuring continuity of IT infrastructure functioning, reduction of enterprises' administration costs, decreasing risk at the same time increasing security and optimization of processes. The Company offers a comprehensive set of

	services, guaranteeing efficient functioning of clients' IT systems.
Sales of hardware and licenses	Segment covers sales of hardware and licenses as ordered by a client, not included by the above-mentioned solutions.
Other	Segment covers aggregated business lines not meeting at the moment of the presentation the threshold of quantity and values, such as: Business Intelligence & Big Data, Contact Center, Business Continuity & Data Security, Outsourcing of IT staff, Smart City.

More information on the topic of segments (business lines) is presented in the point 4 of these Statements.

Net income and operating result are presented in accordance with the rules set in the accounting policy.

For reasons of a different approach to settle trade costs when calculating profitability of segments there was used a method of settlement of labor time spent directly at a given contract, and what comes next at a given segment. Proportionally to incurred direct costs of a given segment there were calculated indirect costs of trade, realization, as well as support and development. Costs of general administration are not settled in division to segments. The whole profitability of segments gives a result complying with an operating result of the Company.

Assets, intangible assets and liabilities are not attributed to segments in records.

Financing of the Company, income tax, items of administration costs as well as other net income/costs are managed at the level of the Company and are not allocated to operating segments.

For all segments there are applied uniform accounting rules based on a policy of appropriate financial reporting. There are no sales transactions between particular segments.

Segments	Income from sales		Operating result	
	2015	2014	2015	2014
Data Center	83 302	41 792	-3 231	1 597
Airport Automation	160 458	68 757	8 801	3 752
Building Automation	134 793	92 603	11 864	5 303
Software Development	23 847	63 950	-20 127	-15 382
Multimedia Exhibitions	25 451	41 689	829	2 528
Desktop Management Services	63 431	66 659	-11 055	2 737
Sales of hardware and licenses	79 904	88 003	1 213	1 813
Other segments	137 659	98 550	16 461	1 340
<b>Net income from sales in total</b>	<b>708 845</b>	<b>562 001</b>		
		Costs of general administration	-14 437	-12 122
	<b>Loss after inclusion of costs of general administration</b>		<b>-9 682</b>	<b>- 8 434</b>

In 2015 no recipient or supplier exceeded the level of 10% of the Company's total turnover.



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The Company conducts its operations mainly in Poland. Export sales is currently occasional and does not have a significant share in sales and results of the Company.

## **7. Description of substantial and significant for the Company's activity agreements as well as other important events**

Below there are presented:

- Substantial agreements under § 2 item 1 point 44 letter b of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities, and a criterion for recognizing an agreement as substantial, is value of income from sales of a capital group of the issuer for the period of the last four business quarters included in 2015 and annexes to agreements meeting a criterion for substantial agreements;
- Other agreements entered into in 2015 significant for the Company's activity; and
- Events important for the Company's activity.

### **Substantial agreements and agreements significant for the Company's activity**

#### Entering into settlement on termination of substantial agreement with DTP

On 20 January 2015 there was made an Agreement with Data Techno Park Sp. z o.o., with its registered office in Wrocław (hereafter referred to as the „DTP”), terminating a substantial agreement.

Under the Agreement parties terminated with immediate effect a subcontractor Agreement of 8 August 2013, subject of which was designing a knowledge base and information base on Dolny Śląsk for the needs of a project under the name “Regional information platform for citizens and self-governments of Dolny Śląsk e-Dolnyslask”.

In the Agreement there was performed a settlement and acceptance of part of works executed by the Subcontractor until the day of entering into the Agreement, setting the remuneration of DTP to the amount of PLN 13,227,525.96 net.

Parties have no other claims under the above-mentioned Agreement, present or possible to arise in future.

#### Entering into settlement and annexes to substantial agreement entered into with Międzynarodowy Port Lotniczy im. Jana Pawła II Kraków-Balice Sp. z o.o.

On 30 January 2015 by correspondence there was signed by both parties a Settlement to an Agreement made on 15 November 2013 between Qumak S.A. and Międzynarodowy Port Lotniczy im. Jana Pawła II Kraków-Balice Sp. z o.o. Subject matter of this Agreement is designing, delivery and assembly of system of transportation and check of registered baggage at an international airport terminal in Krakow-Balice provided with related services and execution of accompanying construction works. Project is co-funded by the Operational Programme Infrastructure and Environment.

Subject of the Agreement could not be performed in a continuous way, which was confirmed by the Parties by entering into an Annex no 1 to the Agreement, under which among others there was changed a date of final acceptance of works of the subject of the Agreement to 28 December 2015. Then by an Annex no 2, dated 21 December 2015, there was changed a schedule of works performance and there was extended a deadline for performing all the works to 31 October 2016.

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With regard to prolonging a deadline for performing the subject of the Agreement, the MPL will pay to the Company a remuneration amounting to PLN 980,000.00 net.

Total remuneration for performing the subject of the Agreement, including the above-mentioned Settlement, amounts to PLN 56,773,850.00 net.

#### Agreement entered into with Muzeum Śląskie in Katowice

Subject of the agreement made on 30 January 2015 with Muzeum Śląskie in Katowice is performing a story-based fixed exhibition concerning the history of the Upper Śląsk. The exhibition will be created “with the use of scenography and film techniques, with the help of which there will be developed a historic narrative, supported by multimedia additions (displays, sound and light effects, interactive applications)”. The installation of the area reaching 1365 sq. m. will be located in a new building of Muzeum Śląskie in Katowice.

Remuneration for performing the works is PLN 9.415.000 net.

#### Agreement entered into with Warbud S.A on works in Małopolska Information Technology Park

Under the agreement made on 2 February 2015 with Warbud S.A. (Main Contractor) the Company realizes the contracted finishing and start-up of a highly advanced building automation BMS, as well as electric and audio-visual installations in Małopolska Information Technology Park (MPTI). This is a large undertaking in which there will be created among others power source to data center, systems of smoke extraction and dry fire extinguishing, intrusion detection or CCTV.

Value of the commissioned works amounts to PLN 7,900,000.00 net.

#### Agreement entered into with Zarząd Dróg i Mostów in Lublin

On 23 February 2015 the Company made an agreement with Zarząd Dróg i Mostów in Lublin for designing and performing an intelligent transport system (ITS) in Lublin. The solution will cover 69 crossroads of the city (half of all of the streets in the city). Qumak will also be responsible for integration and calibration of the system and providing service to the center of the traffic control.

Value of the contract is PLN 22,700,000.00 net.

Designing, meaning the works related with traffic engineering, preparing databases and particular system modules, will be performed by Star ITS Sp. z o.o. – a company in the Qumak Capital Group, which employs highly qualified traffic engineers, analysts and IT specialists, coming from the technology and IT staff of the Integrator.

#### Agreement entered into with Poznań – Ławica Airport

On 19 March 2015 there was signed an agreement between Port Lotniczy Poznań – Ławica Sp. z o.o. and a consortium consisting of Strabag Sp. z o.o. (in the role of a Leader) and Qumak S.A.

Subject of the Agreement is designing (within the scope of a realization project) and modernizing a runway and a taxiway “November” at Poznań – Ławica Airport. The works will be performed within the period of 8 months from the date of signing the Agreement.

For performing the subject of the Agreement there was set a lump sum remuneration amounting to PLN 50,464,424.78 net and the value of works performed by Qumak S.A. is PLN 12,196,381.28 net. The Company performs in particular: an installation and configuration of navigation lighting, delivers and installs an “Ice-Alert” system, a realization project including the works performed within the Company’s scope, as well as electric power and ICT installations, in relation with the expanding of a runway “November” at Poznań – Ławica Airport.

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#### Entering into agreement for performing works at conversion of Hotel Europejski

Subject of the Agreement of 17 March 2015 entered into between HESA Sp. z o.o. Sp.k. and a consortium including Polonez Plus Sp. z o.o. (as a Leader) and Qumak S.A. is performing sanitation and automation installations as well as electric and ICT installations together with designing within the scope of restoration and reconstruction of Hotel Europejski in Warsaw.

For performing the subject of the Agreement there was set a lump sum remuneration amounting to PLN 62,200,851.00 net and the value of works performed by Qumak S.A. is PLN 33,423,909.00 net. The Company performs in particular power, ICT and building automation installations.

Deadline for realization of the subject of the agreement is set to 30 November 2016.

#### Entering into agreement with the Military University of Technology

On 22 April 2015 there was signed an Agreement with the Military University of Technology and a consortium Qumak S.A. and Matic Sp. z o.o. (a leader) for equipping a new student server room and implementing a cloud computing. Value of the contract is PLN 16,336,115.00 million, from which around half will be for the Company.

The consortium will deliver a comprehensive hardware and software infrastructure, which is a basis for building an academic cloud computing. This will be one of the biggest realizations of this type in a sector of education and science. Under the agreement it will be performed within 9 months.

The Company's tasks include preparing equipping a server room and delivering a complete IT environment.

Cloud will enable scientists and students flexible creation of application platforms and developer environments, (e.g. relational databases, JAVA environment or solutions of a Business Process Management class). It will be used for education purposes and in various science projects requiring high computing power and immediate reaction times. Available access to all resources will be possible via 500 virtual desktops placed in laboratory rooms as well as computers working within the network of WAT academic campus.

#### Entering into agreement with ZUS

On 29 April 2015 there was signed an agreement with the Polish Social Insurance Institution (ZUS) concerning modernization of a server room. Value of the contract is PLN 10,957,700.00 million net.

Works of the listed technology integrator include delivery of equipment, its implementation, 3-year service and technical support. It also covers installation and configuration of the new equipment, as well as data migration to servers and mass memories. Aim of the modernization is increasing the efficiency and the level of security of ZUS server room. Qumak has 9 months for the implementation stage. Service and warranty will last until the end of October 2017.

#### Entering into agreement with Museum of World War 2 in Gdańsk

On 12 May 2015 there was signed an agreement between a Consortium including Qumak S.A. (in the role of a leader), Bruns BV with Marcin Pietuch Fabryka Dekoracji and the Museum of World War 2 in Gdańsk.

Subject of this agreement is performing a fixed display in the Museum of World War 2 in Gdańsk.

Consortium is responsible for comprehensive designing, performing and assembly of particular elements of a display. Moreover, within the scope of works there is preparing lighting and audio-visual equipment, as well as equipping the museum with audio tour guides with a system of content and multimedia management.

Value of the agreement is PLN 35,889,816.50 net.

The exhibition is dedicated to the topic of the World War 2 and will present it from many perspectives, not only from the perspective of grand politics, but also of ordinary people – Poles and persons of other nationalities.

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For this reason we will be using modern forms of expression. Monumental scenography and numerous multimedia will be a background to a large number of exhibits, including those of a big size, such as two tanks. The exhibit will take an area of nearly 5 000 sq. m., what makes it one of the biggest historic museum exhibitions in the world. Works will be finished in 2016 (18 months from the day of signing the agreement).

#### Entering into agreement with Warsaw/Modlin Airport

On 24 July 2015 Qumak signed an agreement with Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o., a company managing Warsaw/Modlin Airport, concerning building a patrolling road on the north side together with an accompanying infrastructure on all patrolling roads. The investment, the end of which is planned to take place until 22 October 2015, aims at bettering safety at the airport. Value of the contract is nearly PLN 8 590 000 net.

Within the scope of this undertaking, Qumak will perform among others a patrolling road with its lighting, cable ducting with fixture of cameras, as well as a system of basic and back-up power supply. Under this agreement the company will prepare a construction and performance works design and will obtain all permits necessary to realize the construction works. Aim of the works under the agreement is security at the premises of the Warsaw/Modlin Airport.

#### Supplementary order to substantial agreement on performing ISOK system

On 27 July 2015 there was made an Agreement with the State Treasury – National Water Management Authority and the Institute of Meteorology and Water Management (IMGW) – National Research Institute.

Subject of the Agreement is performing additional works expanding and integrating the ISOK system with other systems. For performing the subject of the Agreement there was set a remuneration amounting to PLN 1,149,389.06 net. Performance of the above-mentioned agreement will take place in stages in accordance with contractual schedule and the final date for performing the works indicated in the Agreement is 30 September 2015.

Moreover, on 1 September 2015 there was signed next supplementary Agreement with the same Ordering Party. For performing the subject of the Agreement there was set a remuneration amounting to PLN 709,500.00 net, and a deadline for its completion was 30 September 2015.

Both Agreements consist of supplementary orders to the Agreement of 29 August 2013, the subject of which is designing, constructing and implementing an It guarding system from extraordinary threats for the country (ISOK) and providing warranty service for the period of 5 years after the implementation of this system. Value of the Agreement was PLN 50,640,475.61 net.

#### Entering into agreement with the University of Silesia

On 11 September 2015 Qumak signed an agreement on delivery and implementing IT infrastructure within the frames of Data Analysis and Archiving Platform (PAAD) managed by the University of Silesia. Value of the agreement is PLN 8 698 316.46 gross. Completion of works is planned for December 2015.

Scope of works of Qumak includes performing among others installation of computing cluster with four RACK cabinets, network switches and disk array of efficiency of 10 000 IOPS allowing storage of at least 650TB. Moreover, there will be delivered software for virtualization, which will enable creating a cluster of high availability for performing complex scientific calculations. Within the frames of works included in the agreement, in addition, Qumak will also perform modernization of electric and air-conditioning installations together with adapting basement space to the needs of a back-up power supply.

#### Entering into annex to agreement with PKO Bank Polski S.A.

Subject of the Agreement is performing by Qumak S.A. works and making deliveries necessary to realize an Investment project which is a Data Processing Centre together with technical infrastructure (installations and

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devices), as well as accompanying infrastructure. The Company informed about entering into the Agreement in a current report no 44/2014 of 20 August 2014

With regard to setting a new deadline for completion of the Investment and a detailed schedule for acceptance of works, by this Annex there was changed a date for completing the investment to 4 December 2015 (originally set in the Agreement to 15 months from the day of entering the Agreement into force).

Other substantial provisions of the Agreement remain unchanged.

#### Entering into agreement with KIR

On 11 December 2015 there was signed an agreement for realization and maintenance of Data Centre for KIR – a key institution in the area of interbank settlements and responsible for secured flow of information by electronic means. The realization will last until December next year and the remuneration amounts to PLN 25,343,959.59 net. Then for the next 36 months the contractor will provide service and maintenance for which there was set a total remuneration of PLN 1,799,900 net.

Within the frames of the contract we will perform comprehensive construction works. We will also deliver, install and launch a complete building infrastructure, including among others BMS, ventilation and precise air conditioning, electrical installations, as well as physical security and detection systems.

In the realized server room there will be the information and communication infrastructure of KIR located, and the new centre will guarantee uninterrupted availability of services, among others ensuring secured realization of payments via the Internet.

### **Other events significant for the Company's activity**

#### Rescinding Agreement by Urząd Marszałkowski Województwa Dolnośląskiego

On 24 February 2015 the Company received a notice in which Województwo Dolnośląskie (hereafter referred to as the Ordering Party) rescinds the Agreement on performing a project Regional information platform for citizens and local self-governments of Dolny Śląsk "e-Dolnyslask" for reason attributable to the Contractor.

Subject of the Agreement made on 22 July 2013, mentioned above, is designing, executing and implementing an information on Dolny Śląsk database and related hardware-software infrastructure for the needs of a project under the name Regional information platform for citizens and local self-governments of Dolny Śląsk "e-Dolnyslask", fulfilling the role of the platform's Operator together with promoting the project, as well as conducting marketing activities included in the platform's market strategy. Remuneration for performing the subject of the agreement was PLN 53,600,000.00 net.

As reason for rescinding the Agreement the Ordering Party indicated delays in performance of particular technical Stages of the project what resulted in inability to finish the required works within the set contractual deadline, calculating by the Ordering Party penalties amounting to PLN 7,167,895.20 in total, which exceeds 10% of the value of total net remuneration, and indicated also performing the Agreement in a way that is against its provisions.

The Management Board's standpoint on the matter is that the reasons for rescinding, attributing to the blame for the delays to the Contractor have no grounds. Delays in performing the project occurred due to the lack of cooperation on the side of the Ordering Party and its overall attitude that was sabotaging the project. At the same time, the Company puts into question in whole also the amount of arbitrarily calculated by the Ordering Party penalties. As well, the Management Board denies allegations regarding performing the subject of the Agreement in an improper way; the Company has been expressing an intention of a full cooperation during the performing of the subject of the Agreement.

Urząd Marszałkowski Województwa Dolnośląskiego issued a notice dated as of 2 March 2015 concerning calculation of contractual penalty amounting to PLN 26,800,000.00 due to rescinding the Agreement

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concerning the performance of a project “e-Dolnyślask” for reasons attributable to the Contractor. The Management Board sustains its standpoint on the matter that the reasons for rescinding the Agreement, indicating the Contractor’s fault, is entirely with no grounds and thus hasn’t decided to create provisions for this reason as well as the above mentioned penalties amounting to PLN 7,167,859.20.

The Management Board performed an inventory of developed technologies and performed products within the scope of the above-mentioned project, which as of 31.12.2014 amounted to PLN 29,688,316.50 and were presented as ongoing production in item Inventory. In this case, as a result of termination of the agreement the copyrights of products and technologies remain owned by the company, the Management Board plans using them and commercializing under other projects.

The Management Board evaluated amounts of expected economic benefits from gathered inventory. This estimate is however burdened with uncertainty. Under the rules of careful evaluation, with regard to the receiving from the Ordering Party a notice of rescinding the performance of the subject of the above-mentioned Agreement, the Company included in the result for the IV quarter of 2014 a provision amounting to PLN 18,000,000.00.

On 19 June 2015 there was made a settlement before District Court Wrocław-Śródmieście between the Company and Województwo Dolnośląskie. Entering into the settlement is a result of negotiations conducted during the proceedings instituted by the Company when submitting such request on 23 February 2015.

Under the settlement:

- Parties resigned from any claims under the Agreement: its performance and rescinding, already existing as well as these which may arise in future; compensations, including these for delay in realization of contractual liabilities and for borne costs and liabilities made with regard to performing the agreement. This means among others withdrawing by the Urząd from calculating contractual penalties for delay in performing and rescinding the Agreement for reasons attributable to the Company.
- Urząd purchases the products developed during the performance of the agreement, i.e. ortophoto map and external video banners together with a system of managing video banners, as well as with transferring producer’s rights where applicable, for what the Urząd pays a remuneration amounting to PLN 1,650,000 gross.
- The Company obliged to an effective withdrawal of a petition submitted by the Company on 7 April 2015 against Województwa Dolnośląskie – Urząd Marszałkowski Województwa Dolnośląskiego, in which the Company requested payment of remuneration for performing the agreement and a compensation for damages suffered by the Company (project’s realization costs), as well as settlement on the lack of legal grounds to demand from the Company payment of a contractual penalty for delays and for rescinding the performance of the agreement for reasons attributable to the contractor.
- Parties confirmed performing acceptance of works in the performed part of the Agreement (Stage 1) and remuneration for his part in a total amount of PLN 1,218,585.60 gross (remuneration was paid in its full amount by the Urząd).

The Parties are not further obliged to perform the Agreement in any of its scope.

The Settlement ends a dispute between the Parties with regard to the performance of the Agreement.

Entering into a settlement with Urząd Marszałkowski Województwa Dolnośląskiego in dispute regarding rescinding the order to develop an information platform e-Dolnyślask is a step preceded by intense negotiations and based on detailed business analysis. Conditions of the settlement were worked on jointly, taking into consideration possibilities, needs and limitations of the Company as well as the Urząd, so that it was beneficial for both parties.

The Management Board decided that such end to the case is the most beneficial to the Company in terms of business, finances and image. As an organization we always look for solutions based on consensus and we believe that in the context of a long-term presence on the market such an attitude is the best.

This decision eliminates number of risks, limits borne costs and strengthens the standing of Qumak S.A. on public market. It also allows fluent re-commercialization of products, applications and software that were developed as a result of works on creating the platform.

#### Entering into court settlement between Company and State Treasury – Commanding Officer of the Police

On 31 March 2015 there was made a settlement in court between the Company and the State Treasury – Commanding Officer of the Police. The settlement considered final payments for performing the Agreement, the subject of which was comprehensive realization of reconstruction of a building of Komenda Główna Policji in Warsaw together with technical infrastructure, starting with developing a program and space concept through creating design documentation and performing construction and installation works together with start-up and assembly of the first equipment of an investment, for which there was set a remuneration amounting to a maximum of PLN 49,934,600 gross.

Circumstances related with the performance of the Agreement, in particular with the scope of activities, deadlines and proper performance, as well as remuneration and contractual penalty (calculated with no grounds by the Ordering Party) became a subject of dispute between the Parties.

Under the settlement the Ordering Party will pay to the Contractor an amount of PLN 2,706,113.28 which covers unpaid until now receivables for the last stage of the performance of the Agreement. This amount fully covers all current and future claims of the parties, in particular contractual penalties claims, excluding possible claims under warranty covering defects of the subject of the agreement.

#### **Awards granted to the Company**

- In this year's **report TOP200** concerning IT market in 2014 issued by IDG, Qumak is a leader in two categories, and in the first ten in 16 categories of this year's edition of a report TOP 200 "Computerworld". In a general ranking Qumak took a 22 place among the biggest IT companies operating on the Polish IT market.  
The Company is a leader among suppliers of IT solutions and services for education sector and research and development sector, as well as solutions of intelligent buildings. Second place the Company won in the categories of:
  - The biggest suppliers of integration services;
  - The biggest suppliers of services of data centers and processing;
  - The biggest suppliers of IT solutions and services for industrial and construction sector.There were over 300 companies operating on the Polish IT and ICT market participating.
- Qumak received **1. award** in the category: business products for sector Enterprise **Lenovo Top Partners Award**.
- Qumak was distinguished by **Check Point Software Technologies**. The award was granted for implementations of Data Security.
- Qumak was distinguished by **Schneider Electric with the award of Platinum Integrator of Building Systems**. The award was granted for prolific cooperation in the areas in which the Warsaw Company actively operates: BMS and building technologies and Data Center.
- Website of Qumak was qualified to the **final stage of Złota Strona Emitenta**, selecting the best websites of listed companies (in the category of companies listed on WSE not belonging to index WIG30 and WIG50, in which 300 companies participated).

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## 8. Indication and evaluation of factors and untypical events influencing operations result in this period

Untypical events influencing financial result of the Group in 2015 include made on 31 March 2015 a settlement with the State Treasury – Commanding Officer of the Police.

The settlement considered final payments for performing the Agreement, the subject of which was comprehensive realization of reconstruction of a building of Komenda Główna Policji in Warsaw together with technical infrastructure, starting with developing a program and space concept through creating design documentation and performing construction and installation works together with start-up and assembly of the first equipment of an investment, for which there was set a remuneration amounting to a maximum of PLN 49,934,600 gross.

Circumstances related with the performance of the Agreement, in particular with the scope of activities, deadlines and proper performance, as well as remuneration and contractual penalty (calculated with no grounds by the Ordering Party) became a subject of dispute between the Parties.

Under the settlement the Ordering Party will pay to the Contractor an amount of PLN 2,706,113.28 which covers unpaid until now receivables for the last stage of the performance of the Agreement. This amount fully covers all current and future claims of the parties, in particular contractual penalties claims, excluding possible claims under warranty covering defects of the subject of the agreement.

## 9. Events after balance day

The Supervisory Board on 4 April 2016 by adopting an appropriate resolution selected and appointed to the membership of the Management Board Tomasz Laudy, entrusting him at the same time with fulfilling a function of the President of the Management Board. Tomasz Laudy will undertake this function on 1 June 2016.

On 25 April 2016 the Supervisory Board dismissed Monika Hałupczak from fulfilling the function of a Chairman of the Supervisory Board, appointing Gwidon Skonieczny to this function.

After the balance day, there were no other events significant for the Company.

## 10. Information on shares and shareholders of the Company

As at the day of preparing these statements, share capital of a Parent entity is PLN 10,375,082.00.

Total number of votes on a general meeting, from all issued shares of the Company corresponds to the number of shares and there are 10 375 082 votes.

All shares of the Company are bearer shares, and their face value is PLN 1.

### Shareholders as at 31 December 2015

To the Company's knowledge, as at 31 December 2015 shareholders who directly or indirectly by subsidiaries held at least 5% in total number of votes on a General Meeting of the Company were entities included in the below table.



Shareholder	Number of held shares	Share in share capital	Number of votes	Share in total number of votes on GM
Legg Mason TFI	1.033.914	9.97%	1.033.914	9.97%
including Legg Mason Parasol FIO	843.008	8.13%	843.008	8.13%
OFE PZU "Złota Jesień"	558.500	5.38%	558.500	5.38%
PTE Allianz Polska S.A.	989.603	9.54%	989.603	9.54%
Aviva Powszechnie Towarzystwo Emerytalne Aviva BZ WBK SA	960.000	9.25%	960.000	9.25%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	547.275	5.27%	547.275	5.27%

The above table was prepared on the basis of a list of shareholders entitled to take part in EGM (as at 27 June 2015) and information received on 28 August 2015 from Quercus Towarzystwo Fundusz Inwestycyjny S.A (going below the 5% threshold) and 2 December 2015 from Nationale-Nederlanden Otwartego Funduszu Emerytalnego (buy of shares and exceeding the 5% threshold).

Companies from the Capital Group did not purchase own shares in the reporting period.

## 11. Dividend policy of Parent entity and information on paid dividend

Strategic aim of the Management Board of Qumak S.A. is raising the value of the Company for shareholders through the increase of Company's share price and increasing return on held shares as a result of realizing a dividend policy.

The Company intends to share income with shareholders. The Management Board's intention is recommending to a General Meeting a dividend payment at the level of around 30 to 70 percent of net income achieved by the Company.

The recommendation of the Management Board concerning the payment of dividend is influenced by a current financial situation of the Company, and in particular the level of obtained net income, current and planned investments, as well as performed projects and existing liabilities. All of these factors, also the Company's perspectives in a given market situation, undergo analysis and evaluation by the Management Board and the Supervisory Board of the Company, which annually issues an opinion on the recommendation of the Management Board to a General Meeting of Shareholders on a dividend payment.

### Payment of dividend realized by the Parent entity from incomes from the years 2010-2014

	2014	2013	2012	2011	2010
Net profit (loss)	(3 909 403.70)**	7 318 958.07*	10 389 007.93*	13 267 777.16*	13 231 012.62*
Paid dividend					
including:	-	10 375 082.00	18 156 393.50	-	10 375 082.00
Dividend from profit in a given business year	-	7 262 557.40	10 375 082.00	-	10 375 082.00
Dividend from retained profit	-	3 112 524.60	7 781 311.50	-	-
Dividend per 1 share	0.00	1.00	1.75	-	1.00

Dividend rate	0%	8%	13%	-	7%
D day	-	15 September 2014	28 June 2013	-	14 July 2011
W day	-	1 December 2014	15 July 2013	-	2 August 2011

\* Net profit calculated under the Polish accounting rules applied by the Company in previous years

\*\* Amount of loss validated by a General Meeting, not including error corrections, described in the financial statements for 2015

In 2015 there was no dividend or interim dividend paid. The Company did not declare also a payment of dividend. Due to the loss amounting to PLN 3,909,403.70 in 2014 (amount of loss, validated by a General Meeting, not including error corrections, described in the financial statements for 2015), a General Meeting of Qumak S.A. by adopting a resolution no 5 on 11 June 2015 decided on covering the loss with supplementary capitals.

## 12. Markets of sale and purchase as well as depending on recipients and suppliers

The Company realizes its present revenues almost exclusively on a domestic market. Main recipients are public sector institutions, as well as trade and service enterprises. Significant contracting parties are also enterprises from a construction, telecommunication and financial sector. Because of large number of recipients, the Company does not depend on a particular recipient. Twenty biggest customers realized in total 64% of trade from sales of goods and services. In 2015 none of the recipients exceeded the level of 10% of total trade of the Company.

Purchase of goods, materials and services is executed on a domestic market. Purchases on foreign markets are occasional. For reasons of wide range of offered by the Company products, goods and services, also within the scope of supply, there is no dependence on particular suppliers. In 2015 twenty biggest suppliers realized 48% of total supplies to the Company. In 2015 none of the suppliers exceeded 10% of total trade of the Company.

## 13. Activities within the scope of research and development

In accordance with the aims of the Company's strategy for 2013-2016, the mission of the Department of Research and Development is continued, which supports creating a strong brand of a business partner who builds and develops innovative technological solutions, as well as influences the market of modern technologies. It uses nearly thirty years of experience of the Company and combines wide capabilities of its specialized departments to create and commercialize innovative technology projects in cooperation with scientific institutions and innovative companies.

Strategic aim of the Research and Development Department, i.e. the creation and development of innovative technological projects in cooperation with scientists, is corresponding to a program realized by the Ministry of Science and Higher Education under the name "Horyzont 2020" - the biggest in the history program of funding scientific research and innovation in the European Union.

Within the scope of signed contracts, Qumak launched a project co-funded from means of the National Centre for Research and Development, which will result in creating the first product under the Qumak brand – a locomotive simulator. It allows providing training to drivers in safe conditions and creating models of behavior in situations of crisis. The simulator uses many innovative software and hardware solutions making it one of the most modern training simulators for railway sector in the world. The above project is performed by a consortium (IKKU Sp. z o.o., the Railway Institute, Military University of Technology), aim of which is constructing and launching a demonstrator of technologies for the purpose of commercialization. During the project there was appointed an internal dedicated competence team in the Company, task of which is a development of projects in the area of simulators for commerce and military, is preparing to introduce to the market an offering of products built on the basis of created solutions.

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Total cost of the project's performance is PLN 13 090 451. The National Centre for Research and Development commits to grant funds in the amount of PLN 8 241 586 for the project's performance.

In 2015 within the scope of the Research and Development Department there are continued the evaluation works within the scope of technologies that could be used in the Group's activity. The realization of B+R works related to acquiring an order for performing "Trenażera do szkolenia operatorów robotów dla wojsk inżynieryjnych" finished. These works are related with further development of competencies of a simulation team, which will perform the project of a locomotive simulator in 2016.

#### **14. Characteristics of factors significant for development and description of perspectives for development of the Company's operations**

In the Management Board of Qumak S.A. opinion, influence on financial results of the Capital Group in the perspective of next quarters will have the following factors:

##### **External factors**

The most important factor having an influence on the situation of Qumak is the development of the market of advanced technologies, particularly more and more intensive process of their entering into all segments of economy and in the lives of citizens. In accordance with calculations made by the Computerworld, IT market in Poland increased by nearly 13 percent to PLN 57 billion, obtaining a much greater dynamics in comparison with the world's perspective. It was, however, to a large extent caused by the end of EU settlements in 2007-2013 perspective in a public sector.

In accordance with the Gartner company prognosis, the world's IT market will grow in 2016 by 0.6%. In accordance with experts, a 3 percent dynamics will be noted by Data Center systems segment, in which Qumak has many years of experience and a very strong market position.

Qumak operates only in Poland, but taking into consideration economic trends globalization, growth of the whole IT market will most likely be also noted in Poland. It will not however be as dynamic as during the last years. It will also be influenced by the fact that the next tranche of EU funds for the years 2014-2020 is still not being distributed. Delay in this process takes over a year now. We expect that the end of 2016 will bring invigoration.

The next months will be a period of creating first projects within the new distribution of EU funds for the years 2014-2020. Apart from the investment within the scope of IT, large part of the funds will be distributed for the realizations in such areas of the Qumak Group interest as multimedia exhibitions and technological solutions in the transport infrastructure. Public transportation is to receive EUR 2.3 billion, intelligent transportation systems – EUR 120 million, from the program Infrastructure and Environment.

Simultaneously, EUR 450 million from POIiŚ will be designated for the support of energy efficiency, energy intelligent management, and the use of renewable sources of energy in public infrastructure, including in public buildings and in apartments sector. This most possibly means a greater number of projects within the scope of building technologies, and Qumak is one of the most experienced Polish companies in this area.

To most important factors shaping the market environment of the Company is a macroeconomic situation in Poland. In accordance with forecasts of analysts the dynamics of the Polish GDP will remain in 2016 at the level of around 3.5 percent with a growth tendency. From the 3rd quarter of 2014 there is noted a deflation in Poland. This situation results in reference rates being regularly decreased. In accordance with the announcements of the Monetary Policy Council, this cycle will be stopped by the rates will remain at the record low levels.

In effect, the cost of debt financing is exceptionally low, what should translate into a higher tendency of enterprises to invest. For the Qumak Group it directly means potentially higher demand for its services. At the same time, costs of acquiring debt capital will remain at a low level, i.e. basic form of the Company's financing.

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Despite uncertainty on the markets caused by the situation behind the Eastern Polish borders, the economists forecast that the national enterprises will achieve good financial results and will improve their liquidity situation.

### **Internal factors**

Essential aim of the Management Board for the next quarters is preparing the Company for acquiring and performance of projects in the perspective for the years 2014-2020, as well as creating a strategy for the next years.

Consistently a priority is a sustainable development on a commercial as well as a public market. Simultaneously the Company will expand its competencies in the selected market niches, which is assumed to translate into acquiring contracts of a high profitability. There are also performed works concerning introducing to the market own products, including own software that can be offered within the scope of projects realized by the Group as well as independently on the market.

Last year, the Company finished majority of internal processes related to enhancing safety of conducting operations as well as increasing profitability of sales. There were created among others an Audit and Internal Control Department, a Purchase Department, as well as there were restructured and strengthened competencies of a Legal Department.

Describing factors that may influence financial situation of the Group it should be added that here is a risk of untimely performance of the ISOK project. On 29 August 2013 the Company made an Agreement with the State Treasury – Krajowy Zarząd Gospodarki Wodnej and Institute of Meteorology and Water Management – National Research Institute, the subject of which was designing, constructing and implementing IT guarding system for the country from extraordinary threats (ISOK) and providing warranty service after implementation of this system for 5 years.

For performing the subject of the Agreement there was set a remuneration amounting to PLN 50 64 net. Deadline for the realization of the subject of the agreement was supposed to be on 31 December 2014, and then was rescheduled to 30 June 2015 with an appropriate Annex of 4 December 2014. Performance of the 4th stage of the project was completed and confirmed by signing an acceptance of works form. Currently there is being performed the 5th stage of the project.

In 2015 there was created a provision amounting to PLN 9 million in total, with regard to revaluation of the ISOK contract and for future potential loss on this contract, resulting from raised costs of realization considering extension of its performance and maintenance.

Value of orders portfolio for realization as of 2016 and the next years, prepared as at the publication day of the statements, is over PLN 328 million, from which PLN 308 million concerns the year 2016. There is still quite a big potential of its growth. This optimism is a result of a high value of placed offers, which with a high effectiveness of sales operations give a positive perspective.

Simultaneously, the Company continues to gain competencies in selected promising market segments and market niches of high margin, expanding its offering by highly advanced solutions within the scope of infrastructural and IT technologies.

Focus on selected areas that will decide on competitive advantage. These are:

- Dedicated IT system for a public sector;
- Data processing centers together with IT equipment - designing, realization and service;
- Solutions for aviation covering airport infrastructure and systems of support and management of airport terminals;
- Systems of control and monitoring of road and railway transport;
- Multimedia exhibitions centers;
- R&D projects in cooperation with universities.

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## 15. Description of basic risks and threats

The Company is exposed to financial risks and market risks related with its operations.

### **Financial risks**

The Company is exposed to risks first of all related to financial instruments issued and held within the scope of its operations and financial activity. Main risk factors include credit risk and liquidity risk as well as market risk.

The Company manages financial risk mainly through current and constant monitoring of financial assets and liabilities. The Company does not apply any forms of hedge accounting.

#### **Credit risk**

Credit risk is a risk that a counterparty will not fulfill its contractual obligations, as a result of which the Company will bear financial losses. The Company applies a rule of performing transactions only with counterparties of a verified creditworthiness, in case obtaining appropriate collateral as a tool in reduction of financial losses risk due to not fulfilling contractual obligations.

More information on the topic of credit risk is presented in the note 27 of the financial statement for a business year 2015.

#### **Exchange rate risk**

In the periods covered by these financial statements an exchange rate risk included a risk related to the existence of balance of trade receivables and liabilities expressed in foreign currencies, which was described in details in the note 27 of the financial statements for a business year 2015.

#### **Liquidity risk**

The Company manages liquidity risk by maintaining an appropriate value of capital, using offers of bank services (credit lines, factoring), monitoring planned and actual cash flows, as well as adjusting a profiles of financial assets and liabilities maturity.

More information on the topic of credit risk is presented in the note 27 of the financial statements for a business year 2015.

### **Market risks**

#### **Risk associated with dependence on suppliers**

The Company is tied by partnership agreements with many IT companies. These companies, in most cases, offer solutions similar to each other in terms of both functionality and quality, as well as prices. The Company also cooperates with many domestic distributors of IT products. Thanks to this most of the solutions offered by the Group can be developed on the basis of alternative products from various vendors

#### **Risk associated with seasonality of incomes**

IT market is characterized by high seasonality of sales, as manifested by the fact that a large proportion of sales income is generated in the fourth quarter of a year. For several years, the Company tries to organize realization of contracts in such a way that positive financial results are recorded in each quarter of a business year.

#### **Risk associated with the process of acquiring new contracts**

The Group's activity is characterized by the fact that a significant proportion of contracts, which are the sources of revenues of the Group, is determined by tenders, a large part of which is in the form of public tenders. There is no assurance that the Group will be able to constantly acquire new orders, the implementation of which shall ensure the achievement of a satisfactory level of revenues. Occurrence of such circumstances can adversely affect a business activity and financial situation of the Group, achieved financial results and perspectives for development.

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**Risk associated with performed contracts**

Qumak performs within the scope of its operations projects for entities in the public sector (local self-governments, public institutions). The Company's operations are characterized by the fact that majority of orders being a source of income for the Company is settled in the form of tenders, large number of which in the form of public tenders. Part of these projects is financed from the EU funds, which creates the necessity of their timely performance and settlement. For reasons of the complexity of projects there is a risk of not fulfilling obligations of the Company due to external factors that are beyond the Company's control.

Proper operation of an IT system is one of the basic conditions for proper functioning of an enterprise. The Company by creating and providing customers with such IT solutions, bears the risk of error, which may adversely affect the functioning of the client's enterprise, which may result in the client incurring significant damage. The occurrence of such circumstances brings the risk of raising claims for compensation against the Company. The Company Spółka makes all the effort to fulfill its contractual obligations.

IT sector characterizes with fast development of solutions and technologies, and so the life cycle of a product on this market is relatively short. Therefore, the Company's success depends to a large extent on the ability to apply the most modern technological solutions in offered services. In order to maintain a competitive market position, it is necessary to conduct development works and investments in new products. There is a risk of new solutions appearing on the market, which will make the services offered by the Company less attractive and that they will not ensure the incomes estimated at the stage of their creation and development. There is also no certainty whether new solutions, on creation or development of which the Company works at present or will work in future, will achieve estimated technological parameters and will be positively accepted by potential recipients, which would result in the loss of planned income.

**Risk associated with technological changes in the area and development of new products**

IT sector is characterized by rapid development of solutions and technologies, and therefore the product life cycle is relatively short on this market. Therefore, the Group's success depends largely on the ability to apply in offered products and services, solutions of the latest technology. To maintain a competitive position on the market, there is required conducting development works and investing in new products. There is a risk of appearance on the market of new solutions that will make the products and services offered by the Group unattractive and will not provide revenues expected at the stage of their creation and development. There is also no certainty that new solutions, on which creation or development the Group works currently or will work in future, will achieve expected technological parameters and will be welcomed by potential recipients, which would result in loss of planned revenues. The occurrence of any of these circumstances could have a negative impact on the activities and financial situation of the Group, achieved financial results and development prospects. To mitigate the risk, the Group continues to increase the qualifications of its employees.

**Risk associated growth of competition on a domestic market**

Significant impact on the Group has an increasing competition from both Polish and foreign IT companies, particularly in the case of applying for the implementation of large and prestigious contracts. Consolidation of large companies on the Polish market and using by a growing number of institutions their own specialists may affect the Group's competitiveness in comparison with other entities, which may in consequence influence its activity and financial results. Also, steadily is growing the role of competition from major foreign companies, equipped with quicker access to the latest technological solutions. There is no assurance that the growing competition will not affect in the near future in a negative way the activity or financial situation.

**Risk associated with exchange rates fluctuations**

Business transactions settled in a foreign currency impose a risk of obtaining other than the planned revenues and costs as a result of changes in exchange rates, which may adversely affect the Company's results. The Group's companies try to mitigate these situations by using appropriate mechanisms and tools available on the financial market to neutralize the impact of currency fluctuations on financial results, properly to a particular situation. There is no assurance that such actions will prove to be fully effective, and thus the fluctuations of Polish zloty against foreign currencies could have a negative impact on business activity and a financial

situation of the Group, as well as its achieved financial results. Any significant transaction in foreign currency, both in buying and selling, is considered separately. Risk is analyzed and a decision is made on the possible application of financial or organizational mechanisms.

#### **Risk of changes in laws**

Frequent revisions, inconsistency and lack of uniform interpretation of the law involve risks associated with the legal environment in which the Company conducts its operations. Particularly frequently undergo changes the rules and interpretations of tax legislation. Both the practice of tax authorities and the judicial decisions in this area are not uniform. In case of acceptance by the tax authorities a different interpretation of tax laws, the Companies can be imposed to the negative consequences that affect the business activity, financial situation and achieved financial results. The Company's legal department is required to track changes in the law and inform the Management Board about revisions that can affect the business operations.

#### **Risk associated with macroeconomic and political situation in Poland**

Development of services offered by the Company is closely correlated with the overall economic situation in Poland. The greatest influence on financial results may have GDP growth tempo, the size of tenders for IT solutions, the level of investments in enterprises, the level of inflation, labor costs, tax burden, and the level of foreign currencies exchange rates in relation to Polish zloty. There is a risk that the slowdown in economic growth, decline in investments level in enterprises, decrease in the level of tenders, or increase of inflation, can have a negative effect on activity and financial situation of the Company, as well as on its achieved financial results.

#### **Risk of lack of adequate competencies inside the organization**

The Company's activity and its development perspectives are largely based on knowledge, experience and competencies of employees realizing IT projects. It is particularly significant in terms of contracts based on building and integrating multilayer and dispersed IT systems performed within the scope of a Software Development line. Lack of adequate competencies in this scope and not developing them inside the organization can adversely influence the realization of cross-sectional and complicated technologically contracts, what in turn can adversely influence operations, financial situation, results or development perspective of the Company. Simultaneously obtaining such competencies externally can be difficult for the reasons of specific client needs, large competition on the market and pressure on salary increases by valuable employees.

### **16. Information on substantial transactions made between related entities**

Qumak S.A. is not a subsidiary of any other parent entity. Current structure of the Company's shareholders is presented in above in *the point 10 Information on shares and shareholding structure of these statements*.

Qumak S.A. as a parent entity of the Group in the period from 01.01 to 31.12.2015 had three subsidiaries: STAR ITS Sp. z o.o., SKYLAR Sp. z o.o. and MAE Multimedia Art & Education Sp. z o.o. Transactions with related entities are presented in the note no 29 of *the financial statements of Qumak for 2015*.

### **17. Information on agreements concerning credits and loans made and rescinded this year and on loans granted during this business year**

Below there are described credit agreements and loans entered into by the Parent entity in the previous years and continued in this reporting period.

#### **Credit agreement made with BNP Paribas Polska S.A.**

The credit limit was set up to a maximum value of PLN 30,000,000.00.

The credit duration: to 15 October 2021.

Interest: WIBOR/LIBOR 3M plus bank's margin.

Collateral for the credit is an open promissory note together with a promissory note declaration, a statement of execution, the assignment of receivables from existing and future contracts of the Company of a value not lower than PLN 5,000,000.00 per quarter and the assignment of a set amount of collateral. Moreover, the Company is obliged to transfer 80% of income from sales resulting from its business activity through the current accounts opened in the bank.

Other conditions of the Agreement do not differ from market standards applied in contracts of this type.

#### Reverse factoring agreement with Raiffeisen Bank Polska Spółka Akcyjna

The credit limit is set to maximum amount of PLN 30,000,000.00.

The credit duration: to 30 May 2016.

Final day of payment of the limit: 29 May 2023.

Bank margin added to the base amount 1M (appropriately WIBOR/ EURIBOR/ LIBOR depending on the amount of the invoice) calculated for set extended payment date – 1.25 pp.

Limit's collateral is powers of attorney granted to current account and other accounts of the Company in the Bank, as well as deposit of cash means made by the Company on bank's account amounting to minimum of 20% of the amount of the Warranty, when the term of the warranty issued within this limit is longer than 60 months (in case when warranty term is shorter deposit is not necessary). Moreover, the Company made a statement of submitting to execution to a total amount of current debt with interest and other costs, however to the amount not exceeding the amount of PLN 45,000,000.00 within the scope of any liabilities deriving from transactions on the basis of the Agreement.

Other conditions of the Agreement do not differ from conditions normally applied in contracts of this sort.

#### Reverse factoring agreement with BNP Paribas Factor Sp. z o.o.

Granted limit PLN 20,000,000.

Interest: WIBOR 1M + 1.3 pp, and commission for accepting receivables for financing.

Collateral: blank promissory note and establishing irrevocable power of attorney bank account of the Company.

Other conditions of the Agreement do not differ from conditions usually applied in reverse factoring agreements.

On 20 October 2015 there was made an Annex to the Agreement of reverse factoring with BGŻ BNP Paribas Factor Sp. z o.o. (previously BNP Paribas Factor Sp. z o.o.) of 14 July 2014.

With an Annex of 20 October 2015 there was increased a granted limit of factoring to the amount of PLN 20,000,000 (from an amount of PLN 10,000,000). Other provisions of the Agreement remain unchanged.

#### Loan from suppliers agreement

In 2015 there were made next agreements on preference loans to fund buying hardware and software from suppliers. Loans at the end of 2015 are PLN 9 239 thousand. Detailed information on the subject of loans from suppliers is presented in the separate financial statements for 2015 in the note no 19 Loans and factoring liabilities.

Qumak S.A. did not grant loans this business year. Transactions cashpool between entities in the Capital Group are described in the note no 27 of the financial statements Transactions with related entities.

## **18. Information on warranties and guarantees granted and received this business year**

The Company within the frames of its operations is obliged by provisions of some contracts to submit bank or insurance bid warranties, good performance of works guarantees, warranties of removal of defects and failures in a form of collateral.

Table of active guarantees is presented in the *financial statements* in the note no 31 *Contingent liabilities and assets*.



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## 19. Information on organizational relations of Parent entity with other entities and main capital investments of the Company

The Parent entity holds shares bought on a regulated market – Warsaw Stock Exchange.

Information on held financial instruments and the way of their presentation in the financial statements is included in the point 5 of these statements Basic economic and financial items with Management Board's comment.

## 20. Court proceedings concerning liabilities or receivables of the Company

At present there are instituted before court, arbitration body or state administrative body proceedings, in which Qumak S.A. is a party, of a total amount of:

- Within the scope of liabilities: PLN 952 497.78;
- Within the scope of receivables: PLN 24 847 427.73.

Total value of claims receivable to the Company is PLN 6 440 461.09.

Total value of claims from the Company is PLN 952 497.78.

Information concerning the biggest proceedings within the scope of receivables of Qumak S.A.

Proceedings instituted before court concerning executing by the consortium of companies Elektrobudowa SA, Qumak S.A., Przedsiębiorstwo „AGAT” S.A. (hereafter referred to as: “EQA”) of investment under the name “comprehensive performance of energy, low-voltage works and BMS automation within the frames of realization of the II stage of construction of the National Stadium in Warsaw”:

In the second quarter of 2012 the General Contractor selected by National Treasury to execute this investment stopped payments to subcontractors, including EQA. As a consequence, EQA turned to the National Treasury – together with the General Contractor a co-debtor of EQA – for payment of due remuneration. With regard to refusing to make a payment of the whole amount of receivables, EQA instituted the following proceedings before court against the National Treasury – Minister of Sport and Tourism:

1. Petition for payment of remuneration deriving from Main Agreement  
Disputed value: PLN 16 581 766  
Date of instituting the action: 26 November 2013
2. Petition for payment of remuneration deriving from Additional Agreements  
Disputed value: PLN 3 521 854  
Date of instituting the action: 20 January 2014
3. Petition for payment of remuneration for performing not commissioned works  
Disputed value: PLN 3 119 066.93  
Date of instituting the action: 9 February 2016

On 7 May 2013 there was received a letter from Narodowe Centrum Sportu Sp. z o.o., acting on behalf and for the National Treasury, on the Ordering Party's evasion of legal effects of submitted as a result of an error declaration of final acceptance of the Subcontractor's works performed during the construction of the National Stadium in Warsaw.

In Qumak S.A. Management Board's opinion the Ordering Party cannot effectively evade legal effects resulting from signing by the Ordering Party Final Acceptance Protocol concerning works performed by the Subcontractor during construction of the National Stadium in Warsaw, because the Ordering Party submitted at the time declaration of knowledge regarding quality and scope of executed by the Subcontractor works. In the Management Board's opinion presented by the Narodowe Centrum Sportu Sp. z o.o. statement is inconsistent with factual and legal state.

Total value of claims receivable to the Company for the above-mentioned court proceedings is PLN 6 036 895.29.

## 21. Issuing shares and allocation of inflows from issuance

In 2015 the Company did not issue shares and the structure of own capitals did not change.

## 22. Explanations to differences between financial results and prognoses on results

In 2015 the Company did not present any financial results prognoses, in separate as well as consolidated statements.

## 23. Assessment of financial resources management

In the presented period the Company financed its operations from own capital, liabilities to suppliers, advance payments, factoring lines in the amount of PLN 30 million and a credit line in the amount of PLN 15 million.

Management of the Company's capital aims at preserving the ability to continue its operations taking into consideration realization of plans, simultaneously securing the correct structure of financing.

In accordance with the Company's practice, the management of capital and analysis of debt is monitored and performed on the basis of the following ratios:

- General debt ratio
- Interest-bearing debt to assets ratio
- Coverage of fixed assets with own capital ratio
- Own capital indebtedness ratio

**Table: Ratios of financing structure of Qumak S.A.**

	As at 31.12.2015	As at 31.12.2014
General debt ratio	0.81	0.77
Interest-bearing debt to assets ratio	0.03	0.08
Coverage of fixed assets with equity ratio	1.33	2.89
Equity indebtedness ratio	0.17	0.34

*Analysis of debt was made on the basis of the presented below ratios:*

*General debt ratio – liabilities and provisions for liabilities in total/ assets in total,*

*Interest-bearing debt to assets ratio – interest-bearing indebtedness/ assets in total,*

*Coverage of fixed assets with equity ratio – equity/ fixed assets,*

*Equity indebtedness ratio – interest-bearing indebtedness/ equity.*

In the analyzed periods debt ratios are on the acceptable levels. Security of conducted operations is also confirmed by the fact of coverage of fixed assets with equity.

## 24. Assessment of investment plans including capital investments

The Company does not plan to realize larger investments in the nearest future.

## 25. Changes in Company's management basic rules

In 2015 there were no other changes in basic management rules in the Company.

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## **26. Information on agreements with members of administrative, management and supervisory bodies of the Company, setting amounts paid on terminating employment**

Management Board members are employed in the Company on the grounds of employment contracts.

In case of termination of an employment contract with a member of the Management Board when the term in office he was appointed to ends, she/he has the right to compensations and benefits arising from labor law; provided, the reasons for not appointing the member of the Management Board to the next term in office are circumstances independent from her/him. She/he has the right to compensation in the amount of her/his monthly remuneration times 9. Similarly as in case when an employment contract with a member of the Management Board is terminated as a result of dismissing her/him from the fulfilled function in the period of the term in office for reasons independent from her/him. Moreover, under provisions of the employment contracts, members of the Management Board during term of their employment contracts without a written consent of the Supervisory Board of the Company cannot conduct a competitive business activity to the Company, hold shares or in other way participate in competitive enterprises (except from participating in public tenders, on condition of not exceeding a capital engagement at the level of 5%), fulfill any functions in their managing, supervising or controlling bodies, as well as act as a proxy for an entity conducting a competitive business activity.

On the basis of non-competition agreements members of the Management Board are obliged to prevent themselves from conducting a competitive activity to the Company within the period of 12 months from the termination date or expiration date of employment contracts signed by them with the Company. During the period of a non-competition clause being in force, the Company is obliged to pay to the ex-member of the Management Board a compensation amounting to 50% of her/his monthly base remuneration. The Company has the right to rescind the non-competition agreement in case of lack of grounds justifying the subject non-competition clause.

Management Board members are employed for an indefinite period of time.

There are no employment contracts made between members of the Supervisory Board of the Company and Qumak S.A.

## **27. Value of salary, bonuses and benefits for managing and supervising persons in the Company**

Policy of salary of the Management Board members is based on practices functioning in the Company, internal salary and bonus rules, as well as market benchmarks. When setting the level of salary of members of bodies and key managers, the Company takes into consideration their competencies and experience, as well as the Company's financial capabilities and a market benchmark.

Bonuses are related to strategic goals, including long- and short-term goals understood as net income of the Company/ the Group and current liquidity ratio. When creating a policy of salary the Company endeavours to make it fair, performance oriented and rewarding for achieved goals.

During the last year there were no significant changes in the salary policy of the Company.

In 2015 the Company paid to the Management Board members in total PLN 2 574 638.51 gross salary based on employment contracts with the Management Board members (base salary and performance bonuses, severance and compensation) and non-competition agreements. Below table does not include salary for fulfilling functions in subsidiaries. Particular Management Board members received compensation for the function they fulfil in the Management Board at the level set in the below table.

Management Board	Salaries 2015		Salaries 2014	
	For fulfilling the function in the Company	For fulfilling the function in the Management Board of the Company (performance-based bonus)	For fulfilling the function in the Company	For fulfilling the function in the Management Board of the Company (performance-based bonus)
Paweł Jaguś	PLN 756 000.00	-	PLN 756 000.00	PLN 273 380.00
Aleksander Plata	PLN 926 250.00	-	PLN 601 180.54	PLN 203 170.00
Jacek Suchenek	PLN 540 000.00	-	PLN 480 000.00	PLN 198 170.00
Wojciech Strusiński*	PLN 272 388.51	-	-	-
Marek Tiahnybok**	PLN 80 000.00	-	-	-

\*Fulfills this function since June 2015

\*\*Fulfills this function since November 2015

In 2015 the Company paid to members of the Supervisory Board in total PLN 331 943.43 gross. Particular members of the Supervisory Board received salaries for fulfilling a function in the Supervisory Board of the Company in the amount provided in the table below.

Supervisory Board	Salaries 2015	Salaries 2014
Marek Michałowski	PLN 50 782.64	PLN 96 000.00
Jan Pilch	PLN 31 739.12	PLN 60 000.00
Monika Hałupczak	PLN 72 900.00	PLN 60 000.00
Maciej Matusiak	PLN 31 739.12	PLN 60 000.00
Wojciech Włodarczyk	PLN 60 000.00	PLN 60 000.00
Wojciech Napiórkowski	PLN 28 260.85	-
Gwidon Skonieczny	PLN 28 260.85	-
Piotr Woźniak	PLN 28 260.85	-

## 28. Table of Company's shares held by managing and supervising persons in the Company

Table of the Company's shares held by the Management Board:

Management Board	As at 31.12.2015		As at 31.12.2014	
	Number of shares in items	Face value of shares in PLN	Number of shares in items	Face value of shares in PLN
Paweł Jaguś	319 514	319,514.00	320 000	320,000.00
Jacek Suchenek	200	200.00	200	200.00

Other members of the Management Board do not hold Company's shares.

Supervisory Board	As at 31.12.2015		As at 31.12.2014	
	Number of shares in items	Face value of shares in PLN	Number of shares in items	Face value of shares in PLN
Wojciech Włodarczyk	1,721	1,721.00	0	0

As at 31 December 2015 no other member of the Supervisory Board held the Company's shares.

### **29. Information on agreements which can bring changes in future in proportions of held shares by current shareholders**

Management Board of the Company has no knowledge on any agreements, which in future can bring changes in proportions of held shares by current shareholders.

### **30. Information on employee options programs**

In this reporting period, in the Company there are no motivation or bonus programs based on the Company's capital.

### **31. Information on limitations in transferring shares and any limitations in executing right to vote in shares**

In the presented period there are no limitations within the scope of transferability of shares of Qumak S.A. As well as there are no limitations within the scope of executing right to vote in these shares.

As of the day of preparing this report there are no limitations within the scope of executing right to vote on a General Meeting of the Company.

### **32. Indicating owners of securities bearing special control rights**

The Parent entity did not issue securities granting special control rights.

### **33. Agreements with entity entitled to audit financial statements and information on remunerations**

#### **2015**

On 12 May 2015 the Supervisory Board – body authorized under Articles of Association of the Company – after getting acquainted with a recommendation of the Audit Committee, selected a PricewaterhouseCoopers Sp. z o.o. (PwC), with its registered office in Warsaw, Al. Armii Ludowej 14, as a certified auditor conducting audit of financial statements of Qumak Capital Group for the 1st half of a business year 2015 and audit of annual financial statements, separate and consolidated, for a business year 2015.

PricewaterhouseCoopers Sp. z o.o. is entered to the list of entities authorized to audit financial statements, kept by the National Chamber of the Statutory Auditors under the number 144.

Agreement with the above-mentioned auditor for the period of conducting the above-mentioned inspections and audits was made on 27 July 2015. Under the agreement for performing these services, the auditor will receive a remuneration amounting to PLN 50 000 net (audit of interim consolidated financial statements) and amounting to PLN 60 000.00 net (audit of financial statements for 2015).

PwC did not audit Company's financial statements in previous years. PwC provided in 2015 consulting in the scope of an audit of the performance of projects and analysis of the Company's projects, as well as training services, for which it received a remuneration amounting to in total PLN 330 thousand net.

## 2014

On 15 May 2014 the Supervisory Board – body authorized under Articles of Association of the Company – under the resolution no VII/19/14 selected an entity authorized to audit financial statements of the Company.

This entity PRO AUDIT Kancelaria Biegłych Rewidentów sp. z o.o. with its registered office in Krakow, ul. E. Wasilewskiego 20, was selected to audit separate semi-annual financial statements of the Company for I half of 2014 and annual financial statements for 2014.

Moreover, on 2 March 2015 the Supervisory Board under the resolution no VII/23/15 in addition selected PRO Audit Kancelaria Biegłych Rewidentów sp. z o.o. with its registered office in Krakow, ul. E. Wasilewskiego 20, as an entity authorized to audit consolidated financial statements of the Company for 2014.

The Company entered into an agreement with the above-mentioned auditor for the time of conducting these audits. Under the agreement for performing these services the auditor receives a remuneration amounting to PLN 18,000.00 net (audit of semi-annual financial statements) and in the amount of PLN 28,000.00 net (audit of financial statements for 2014), as well as on the basis of a separate agreement a remuneration of PLN 20,000.00 for conducting an audit of consolidation financial statements for 2014.

PRO AUDIT Kancelaria Biegłych Rewidentów sp. z o.o. was an auditing entity to financial statements of the Company in 2013 (described below). PRO Audit Sp. z o.o. provided in 2014 services of performing verification procedures for internal purposes of the Ordering Party of applying for the first time the International Financial Reporting Standards in consolidated financial statements of the QUMAK S.A. Group for III quarter of 2014, for which it received a remuneration amounting to PLN 59,000.00 net.

## 34. Sponsoring policy and social responsibility of the Company

In 2013 the Company created a document setting its sponsoring policy within the frames of a business strategy for the years 2013-2016. It details rules for the Company engaging itself in various activities. Within the frames of support granted by the Company there were recommended educational initiatives e.g. supporting talented youth, equal social chances for children and the Youth, supporting technological innovativeness. Business and education co-operation is regarded as a particularly important area of engagement because starting co-operation with universities will enable access to potential employees, will also create a chance for the development of young scientists and transfer of modern technologies. In charity sponsoring there was recommended a co-operation with organizations of a well-grounded position, having a good brand and social trust. For instance foundations, associations, organizations of public service.

Social engagement is a result of strategic goals of the Company, therefore for many years it has been charitably supporting various institutions or private persons. For many years the Company is a friend and a guardian of Dom Małego Dziecka in Kraków engaging itself in financial aid and employees support. The Company perceives future in charity based on educational activities at schools, creativeness and innovativeness when searching for technical solutions, or conducting classes on creative problem solving on the edge of technology and society in partnership for example with selected institutions, organizations.

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### 35. Statement of applying corporate governance

Statement of applying by a Parent entity corporate governance in 2015 is in a separate attachment to the Annual Report of Qumak S.A. for the year that ended on 31 December 2015.

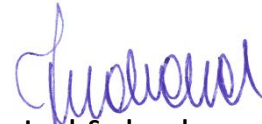
Warsaw, 2 May 2016



**Marek Tiahnybok**  
acting President of the  
Management Board



**Wojciech Strusiński**  
Vice President of the  
Management Board



**Jacek Suchenek**  
Vice President of the  
Management Board



**Grażyna Zychal**  
Person entrusted with keeping accounting books