



UNIFIEDFACTORY

**UNIFIED FACTORY S.A. - JOINT STOCK COMPANY
WITH ITS REGISTERED SEAT IN WARSAW**

**CONSOLIDATED QUARTERLY REPORT
FOR THE 2ND QUARTER OF 2017 (Q2 2017)**

Warsaw, August 11, 2017

I. SELECTED FINANCIAL DATA OF UNIFIED FACTORY S.A.

	PLN	PLN
(in thousands of PLN)	01.01.2017	01.01.2016
	30.06.2017	30.06.2016
Net income from sales	16 758	12 210
Profit from operating activities	5 200	2 755
Profit before tax	4 508	2 399
Net profit of the parent company	3 505	1 878
Cash flow from operating activities	5 817	394
Cash flow from investment activities	-12 504	-5 388
Cash flow from financial activities	8 849	1 833
Fixed assets	34 902	16 490
Current assets	18 164	13 664
Total assets	53 067	30 153
Long-term liabilities	10 542	571
Short-term liabilities	6 439	10 742
Equity capital	30 186	16 551
Share capital	7 364	6 164

II. ISSUER'S COMMENTARY TO PUBLISHED FINANCIAL RESULTS

(in thousands of PLN)	01.01.2017 30.06.2017	01.01.2016 30.06.2016	<i>Change in %</i>
Income from sales	16 758	12 120	38,3%
Profit from sales	5 096	2 653	92,1%
Profit from operating activities	5 200	2 755	88,7%
Net profit of the parent company	3 505	1 878	86,6%
EBITDA	6 575	3 389	94,0%
Equity capital	30 186	16 551	82,4%

- **Increase of sales revenue by 38,3%**
- **Growth in profit on sales by 92,1%**
- **Growth in operating profit by 88.7% (operating profitability: 31%)**
- **Increase in EBITDA by 94%**
- **Profit increase by 86,6% (net return: 21%)**

During the first six months of 2017, Unified Factory S.A. company reached the revenues in sales in the amount of PLN 16 758 thousand vs PLN 12 120 thousand in comparison to the same period of the year 2016 which denotes growth in sales by 38.3%. The main cause of revenue increase was a bigger number of performed implementations than in the previous year. In the period under report, there was in total 121 projects, concluding that there were 23 more than in the compared period of 2016 (in the second quarter of 2017 alone were 68 projects) as well as an increase in the average value of implementations resulted by the expansion of activity on foreign markets. The sales structure of the first half of 2017 was also changed in favor of the Customer Service Automation platform. The ongoing change in sales structure in favor of higher margin technology sales is one of the long-term strategic goals announced by the Management at Unified Factory S.A. company for 2017.

The increasing number of implementations, while increasing their value, and the growing share of software sales in total revenues, translated into a dynamic increase in other financial parameters, resulting in an increase in both sales profitability and operating profit, which increased by 92% in the reporting period respectively. Over 88.7% while improving the operating margin to 31%.

Unified Factory S.A company's dynamic development in the reporting period resulted also in a significant increase of the EBITDA indicator which rise from a level of PLN 3 389 thousand in 2016 to PLN 6 575

thousand in 2017, which translates into a rise by 94 %. The first 6 months of 2017 Unified Factory S.A. ended with a consolidated net profit of PLN 3,505 thousand versus PLN 1,878 thousand achieved in 2016, representing a 86.6% increase with a net profit margin of 21%.

According to earlier announcements, the Unified Factory Management S.A. runs a rigorous policy of monitoring trade receivables in 2017. As a result, as at the reporting date, the receivables amounted to PLN 12,514 thousand, decreasing by PLN 656 thousand as compared to the first quarter of 2017 when it reached PLN 13,170 thousand. This was despite the fact that revenues in the comparable period increased by PLN 1,555 thousand (i.e. by 20.5%).

Commenting on the results of the first six months of 2017, it is also worth noting the positive cash flow from operating activities, which in the reported period reached PLN 5,817 thousand compared to PLN 394 thousand in the comparable period of 2016.

INVESTMENT IN THE DEVELOPMENT OF THE CUSTOMER SERVICE AUTOMATION PLATFORM AND THE DEVELOPMENT OF THE SAAS MODEL

During the first six months of 2017, Unified Factory S.A. invested in the development of the CSA system, the SaaS model, and the Menerva project (artificial intelligence algorithms) totaling over PLN 12,480 thousand. In that amount a number of actions were realised also for the purpose of the floatation of Series E shares and for others that were financed from personal resources.

Within the purpose of issuing the Unified Factory S.A. made:

- expansion of automation sales and customer service tools within the Customer Service Automation platform for Facebook Messenger communication channels and the development of an IT environment for the most popular instant messengers and integration tools;
- SaaS model development with new functionalities, including a mobile version, whose launch together with the global version should take place in the third quarter of 2017;
- development of tools for self-service of the system (solution to self-service) based on artificial intelligence solutions and associative memory algorithms within the Menerva project. This particularly applies to the development of *Intelligent Search Engine*, *Frequently Asked Questions*, and *Chatbot tools*;
- Significantly increase the efficiency of artificial intelligence tools in the speed of self-learning and response preparation.

Starting January 2017, Unified Factory S.A. launched a campaign promoting the use of SaaS solutions for small and micro businesses. As a result, as of June 30, 2017, the number of registered users in the SaaS model was 4,863 (in the second quarter alone there were 3,278, i.e. 107% more than in the first quarter, with

1585).

CONTRACT FOR SALES IN AFRICA

On May 11, 2017, the Board of Unified Factory S.A. signed an agreement with SWIFTA Systems and Services International Ltd. The subject of the agreement is the sales of the Customer Service Automation platform belonging to Unified Factory S.A. and support as well as consulting service / maintenance / module making possible sales automation and customer service, along with a full integration of customer communications within the integrated omnichannel, including programmed contact center software using artificial intelligence in the form of associative memory algorithms. The implementation of the Customer Service Automation platform will be pursued on the African continent through mediations with a solid partner - SWIFTA Systems and Services International Ltd, a company active in this market for more than 20 years. The company specializes in introducing innovative technologies, implementations and integrations into the cloud computing market, in countries like Ghana and Nigeria. SWIFTA is an authorized reseller of Google Apps and a partner on the African continent of global corporations like Oracle, VERICASH, Talend, MapR, and VISA. The contract between Unified Factory and SWIFTA was concluded for an indefinite period of time. Unified Factory Management S.A. believes that the African market is very prospective due to the high potential for growth and may prove very important for our Company's further development.

CONCLUDING A MEANINGFUL AGREEMENT IN THE PHILIPPINES

On June 26, 2017, a subsidiary of Unified Factory S.A. - US-based Unified Factory LLC has signed an agreement with a distributor of software sales located in the Philippines. The subject of the agreement is the sales of the solutions of the Customer Service Automation platform belonging to Unified Factory S.A. as well as the support and consulting services related to the implementation and deployment of the Unified Factory Communications (UFC) system. The declared sales value as of 31 December 2018 indicated in the contract is 1.4 million US dollars. Sales will be made in four countries: Philippines Singapore, Thailand and Malaysia. The contract was concluded for 5 years. This is the first commercial contract for the sale of Customer Service Automation software in four new highly promising markets. In 2016, the value of the outsourced services market in the Philippines exceeded \$ 25.5 billion, and the Philippines employs 1.4 million workers / government data/. It is now one of the world's three largest outsourcing service centers (besides India and China). The agreement confirmed the legitimacy of the strategy of Unified Factory S.A., which relies on acquiring clients through an American company not only in the United States, but also - Contacts Country Manager in Boston - on other markets in other regions of the world, which would not be possible directly from Poland.

III. OVERVIEW OF OTHER EVENTS INFLUENCING THE ISSUER'S ACTIVITY IN THE SECOND QUARTER OF 2017 AND AFTER ITS COMPLETION TO THE PUBLICATION OF THE REPORT

1 / On December 28, 2016, the registered office in Wilmington, Delaware along with Unified Factory LLC registered. Then in March the company signed a deal with Paul Butler, Country Manager, stationed in Boston, responsible for Customer Service Automation's sales development platform in the US and Canadian markets. Paul has developed and led many multi-million dollar sales campaigns. He has extensive experience in selling IT systems dedicated to communications and telecommunications, both deployed on premise but also cloud computing and SaaS.

2 / On January 23, 2017 the Unified Factory S.A. Management Board reported quarterly results for the fourth quarter of 2016 at a consolidated level. According to the announcement, the company's sales were to reach PLN 26,000 thousand, EBITDA - PLN 8,000 thousand respectively, EBIT of PLN 6,700 thousand, and net profit of PLN 4,600 thousand, respectively.

3 / At the turn of January and February 2017 Unified Factory S.A. has conducted the first public issue of 1,333,333 series E shares under public offering pursuant to Art. 7 sec. 3 pt. 6 of the Act of 29 July 2005 on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and on Public Companies, i.e. on the basis of an Information Memorandum up to the amount of EUR 2,500,000. The Management Board of the Company decided to set the issue price at a discount to the average market price of the Company shares of the last 3 months and set it at the level of PLN 7.80 per share. Series E Shares were issued between January 25 and February 8, 2017, and the allocation was made on February 10, 2017. As a result of the Issue, the total issue was 1,333,333 ordinary bearer shares of E series, divided into Open Tranche and Institutional Investor Tranche, with the reduction of subscription reached in the Open Tranche - 91.85% and in Institutional Investors Tranche respectively 91.75% %. The total value of the Issue of Series E Shares amounted to PLN 10 399 997.40 for the following emission targets:

- to develop the Customer Service Automation platform for integration with social media channels (Facebook Messenger, Twitter, LinkedIn); and communicators (including Skype, What's Up, Wechat) - PLN 2 million,
- for the development of the Customer Service Automation platform in the SaaS model - PLN 2 million,
- development of self-service tools based on artificial intelligence (associative memory) as part of the project, Menerva - Intelligent Search Engine and Frequently Asked Questions

And Chatbot - PLN 2 million,

- to expand the tools of the Speech to Text class necessary to start working on the voice interface for customer service associated with the solution of memory association - PLN 1 million,
- to improve the performance of artificial intelligence tools (associative memory algorithms) in the speed of self-learning and response preparation, which will result in multiple system performance gains – PLN 1 million,
- for marketing expenses promoting Customer Service Automation and Menerva project - PLN 2 million.

4 / On February 2, 2017 the Board of Unified Factory S.A. announced that sales of software in 2016 on the Romanian market reached 2.7 million PLN, which exceeds the Issuer's equity by 15.5% and the signing of the annex to the agreement giving rise to the construction of a dedicated team to sell solutions with sales automation and customer service, and in the future also the opening of a Unified Factory S.A. office in Romania.

5 / On February 15, 2017 Unified Factory S.A.'s management informed about the selection of the project under the name: "AUTOMATIC (ADAPTABLE) REFERENCE BASE - ABR - system supporting and automating knowledge management processes in the organizations "on the list of projects dedicated to co-financing under the competition mode organized for the Regional Operational Programme of Mazovia 2014-2020. The project will be implemented under Priority Axe I "Research and development of enterprises" for Measure 1.2 "Research and development projects". The total value of the project will amount to PLN 4 555,880.00 and the value of the EU grant will amount to PLN 2,840,960.00.

6 / On February 21, 2017, the company received a notification from the two shareholders regarding the change of ownership in connection with the registration by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register 1,333,333 shares Series E bearer shares with a nominal value of PLN 0.90 each and the amendment of the company's articles of incorporation by entering a new share capital amounting to PLN 7 364 351.70 and is divided into 8 182 613 shares with a nominal value of PLN 0.90 per share. After registering the capital increase, Maciej Okniński held a total of 2,827,500 shares which constituted 34.55% of the share capital and gave 3 011 250 votes at the General Shareholder's meeting, which constituted 34.68% of the total number of votes at the General Shareholders meeting. Tymon Betlej held 788,500 shares, which constituted 9.63% of the share capital and gave 849,750 votes at the General Shareholder's meeting, which constituted 9.78% of the total number of votes at the General Shareholder's meeting.

7 / On February 22, 2017, the Company received a notification from Quercus TFI S.A. acting on behalf of managed funds: Quercus Umbrella SFIO, Quercus Absolute Return FIZ, Quercus Absolute Return FIZ, Quercus Multistrategy FIZ, and Acer Aggressive FIZ jointly exceeding the threshold of 5% in the company. At the date of filing the notice, the funds held 588,875 shares of the company, which constituted 7.20% of the company's share capital. The shares held 588,875 votes at the general meeting of the company, which constituted 6.78% of the total number of votes at the general meeting.

8 / On March 9, 2017, four notifications were sent to the company concerning the change in ownership by the shareholders in connection with the agreement concluded between the shareholders of series C of Unified Factory S.A. on March 6, 2017, confirming the fulfillment of the terms and conditions of the C-Series Conditional Sale Agreement of Unified Factory S.A. from June 23rd, 2015, in which conditions and rules were set on by the shareholders of series C shares by: Rafał Dąbrowa, Marek Wisła and Piotr Głodzik. They acquired the right to buy additional shares of Series C Share packets from the remaining shareholders. The agreement had Motivational Program characteristics, dedication to key technology, and responsible for the further development of the Customer Service Automation platform. The Motivational Program covered a total of 364,000 Series C Shares, representing 4.45% of the share capital as at the date of this report and 4.19% of the total number of votes at the General Shareholder's meeting. Within the framework of the Program, Maciej Okniński sold 225,050 series C shares at a nominal price of PLN 0.90 and thus reduced its dilapidation in the company to 2,602,450 shares, which is currently 31.80% in the share capital and gives 2,786,200 votes at the General Shareholder's meeting, which constitutes 32.09% of the total number of votes at the General Shareholder's meeting. As part of the Program, Tymon Betlej sold 63,100 C series shares at a nominal price of PLN 0.90 and therefore reduced his involvement in the company to 725,400 shares, currently representing 8.87% of the share capital and giving 786,650 votes at the General Shareholder's meeting, which constitutes 9.06% of the total number of votes at the General Shareholder's meeting.

As part of the Program, Cezary Nowosad sold 40,800 C series shares at a nominal price of PLN 0.90 and reduced his involvement in the company to 519,200 shares which is currently 6.35% of the share capital and 519 200 votes at the General Shareholder's meeting, which constitutes 5.98% of the total number of votes at the General Shareholder's meeting.

Under the Program, Rafał Dąbrowa purchased 280,000 series C shares at a nominal price of PLN 0.90 and increasing his involvement in the company to 840,000 shares which currently represents 10.27% of the share capital and gives 840,000 votes at the General Shareholder's meeting, which constitutes 9.67% of the total number of votes at the General Shareholder's meeting.

9 / On 4 May 2017 the company informed about the employment of Bogdan Wiesiołek who joined the sales team, who will be responsible for foreign sales in Europe and Asia with particular focus on the financial and insurance market. Previously Bogdan Wiesiołek was a member of the board of the insurance and financial group at Euler Hermes owned by Allianz AG, where he was responsible for all sales channels.

10 / As of June 1, 2017, the Company announced the employment of Marek Zmysłowski, who will be responsible for sales growth on the continents of North America, South America and Africa. Marek Zmysłowski spent the last 4 years in Africa, building, Internet platforms for Rocket Internet, among other things.

11 / On 30 June 2017, the General Shareholder's meeting of Unified Factory SA was held. On which the individual and consolidated financial statements were approved, and the decision was made to allocate all the generated profit to reserve capital. During the session a change was made to the composition of the Supervisory Board. WZA decided to dismiss Tomasz Wilczyński and to appoint Jakub Koziół to his place.

12 / On June 30, 2017, in connection with the question of the shareholder Cezary Nowosad submitted to the General Shareholder's meeting pursuant to art. 428 of the Code of Commercial Companies for the opinion of the Management Board to the information included in the auditor's opinion to the financial statements of company for the year 2016 relating to unpaid trade receivables (page 2 of opinion), Unified Factory S.A. presented a statement in this case from which it follows that all receivables covered by the debt repayment agreement by 30 June 2017 were fully settled.

IV. THE POSITION OF MANAGEMENT CONCERNING THE POSSIBILITY OF CREATING AN ANNUAL FORECAST

The company's management did not publish any results for the year 2017.

V. DESCRIPTION OF THE CAPITAL GROUP WITH THE INDICATION OF THE SUBSIDIES SUBJECT TO CONSOLIDATION

As of June 30, 2017, the Unified Factory Group S.A. consists of three companies: Unified Factory S.A., as the parent entity, and subsidiaries are Databroker Joint Stock Company and Unified Factory LLC. The Issuer's share in the share capital of the said subsidiaries is 100%. As at the date of publication of the financial statements for the first half of 2017, i.e. as of 11 August 2017, the capital structure of the Unified Factory SA Capital Group has not changed.

Unified Factory S.A. is a global provider of customer service automation technology based on the Customer Service Automation platform and associative memory algorithms, helping to increase customer service efficiency to 80%. Authorized solutions of the Customer Service Automation platform automate the full customer service path, including linking B2B, B2C and H2H segments.

ELEMENTS OF THE CUSTOMER SERVICE AUTOMATION PLATFORM

Unified Factory Communications (CONTACT CENTER)

Unified Factory Communications (Contact Center) is a multichannel communication platform that is the first step in customer contact automation. The platform has an open interface and enables integration with many external systems (eg ERP, CRM, PBX). Automation in this sense consists mainly of:

- Automatic Call Distribution (ACD) combined with effective workforce management, which supports queuing of all incoming and outgoing calls for all communication channels.
- Predictive Dialer System - An automated "callback" system for outbound traffic for a large number of consultants.
- UniScript - a tool for automating customer service processes for all channels (voice, email, chat, sms) that people without programming knowledge can graphically grab and drop to create "behavior" scenarios for incoming and outgoing communications. The system automatically sends and receives messages as well as being fully integrated with Contact Center records, campaigns and interfaces.

Unified Factory Projects (SALES AND CUSTOMER SERVICES)

It is a module for automating and homogenizing sale processes and customer service - from document circulation, central storage and sharing, joint design and task work to tools for communication and workforce management. Also, this module has open architecture and allows for seamless integration with the rest of the system. The main elements of the module are:

- Tasks,
- Workflow,
- Knowledge base,
- Calendar,
- Built-in communicator,
- Agent management,
- CRM.

MEMORY ASSOCIATION AS AN ELEMENT OF ARTIFICIAL INTELLIGENCE

This is an algorithm that allows the system to automate contact with the customer based on information

stored in the database and in the process of continuous learning such as generating an automatic response to an email or a chat. The use of this type of automation allows for further process improvement up to 80%. Complete automation would entail a risk of losing communication quality, so the final decision to send an e-mail response or a message on chat is ultimately up to the human.

SALE MODELS FOR CUSTOMER SERVICE AUTOMATION PLATFORMS

Unified Factory S.A. currently sells software in four models:

A / direct sales - the company has its own 16-person sales and marketing department, which deals directly with the sales of the platform to domestic customers,

B / sales through IT integrators - both Polish, foreign, and business consultants specializing in optimization of sales and customer service processes,

C / White Label selling- integrating the system into packages sold by third-party vendors as additional functionality by selling software licenses under their own brand,

D / SaaS model program sales.

SUBSIDIARIES: DATABROKER S.A. and UNIFIED FACTORY LLC

Databroker S.A. conducts operations on the BPO business process outsourcing market (Business Process Outsourcing). The company has its own call center resources (potentially 200 telemarketing sites in Warsaw and Lublin) and IT systems based on the innovative technology of the Customer Service Automation class and experienced and qualified team specializing in sales support projects and data processing using web applications, mobile devices and effectively supporting marketing campaigns. The company has a diversified portfolio of several dozen clients with whom it is mostly connected by long-term cooperation agreements, which is typical for this industry due to the technical complexity of the operational implementation and development of individual projects and the complexity of the business processes. Among clients are both Polish and foreign companies, including Switzerland and USA, representing many different industries.

Unified Factory LLC was established in the end of 2016 as an entity dedicated to managing the sales of the Customer Service Automation platform on the US market. Sales will be conducted in four models: direct sales, sales through IT integrators / both Polish and foreign / and business consultants specializing in optimizing sales processes and customer support, white-label selling by incorporating the system packages sold by third-party vendors as additional functionality by selling software licenses under their own partner's brand and selling programming in the SaaS model.

VI. AUTHORITY AT UNIFIED FACTORY S.A.

According to §34 par. 1 Statute the Management Board consists of one to four members, including the President of the Management Board and no more than two Vice Presidents. The term of office of the Management Board is a joint term of 5 years (§34.2 of the Issuer's Statute). The term of office of the current Executive Board expires on June 18, 2020.

The Board of Directors of Unified Factory S.A. is currently, Maciej Okniński - President of the Management Board.

According to §23 par. 2 of the Statute, the Supervisory Board consists of three members, including the chairman, vice-chairman and secretary. According to §24 par. 1 Statute members of the Supervisory Board are appointed for a joint term of office, which lasts 5 years. The term of the current Supervisory Board expires on June 18, 2020.

The Supervisory Board of Unified Factory S.A. currently:

- 1 / Cezary Nowosad - Chairman of the Supervisory Board,
- 2 / Robert Sapieha - Vice Chairman of the Supervisory Board,
- 3 / Daniel Klos - Member of the Supervisory Board,
- 4 / Jakub Koziół * - Member of the Supervisory Board,
- 5 / Konrad Latkowski - Member of the Supervisory Board.

* Jakub Koziół was appointed to the Supervisory Board on June 30, 2017, replacing Tomasz Wilczyński in this position.

VII. INFORMATION ON THE STRUCTURE OF THE SHAREHOLDERS INCLUDING THE INDICATION OF SHAREHOLDERS HOLDING MORE THAN 5%

As of the date when this annual report was created, the share capital of Unified Factory S.A. is PLN 7,364,351.70 and was divided into:

- 500,000 registered shares privileged in the A series in terms of votes,
- 100,000 series B bearer shares,
- 5,000,000 series C bearer shares,
- 1,249,280 series D bearer shares
- 1,333,333 series E bearer shares

As of January 1, 2017 the structure of the Company's shareholding structure was as follows:

No.	Shareholder's name and surname	Number of shares (units)	Number of votes	Participation in share capital (in %)	Participation in votes in the General Shareholders Meeting (in%)
1	Maciej Okniński	2 827 500	3 011 250	41.28%	40.97%
2	Tymon Betlej	788 500	849 750	11.51%	11.56%
3	Cezary Nowosad	560 000	560 000	8.18%	7.62%
4	Rafał Dąbrowa	560 000	560 000	8.18%	7.62%
5	Other shareholders	2 113 280	2 368 280	30,85%	32.23%
Total		6 849 280	7 349 280	100,00	100,00

In connection with the events described more broadly in Section III concerning the registration of the Company's capital increase, the excess of 5% of funds managed by Quercus TFI and the incentive program for selected managerial staff responsible for the technological development of the Customer Service Automation platform changed the shareholding structure of the Company.

As of August 11, 2017 the structure of the Company's shareholding structure was as follows:

No.	Shareholder's name and surname	Number of shares (units)	Number of votes	Participation in share capital (in %)	Participation in votes in the General Shareholders Meeting (in%)
1	Maciej Okniński	2 602 450	2 786 200	31,80%	32,09%
2	Rafał Dąbrowa	840 000	840 000	10,27%	9,67%
3	Tymon Betlej	725 400	786 650	8,87%	9,06%
4	Quercus TFI	588 875	588 875	7,20%	6,78%

5	Cezary Nowosad	519 200	519 200	6,35%	5,98%
Other shareholders		2 906 688	3 161 688	35,52%	36,41%
Total		8 182 613	8 682 613	100%	100%

VIII. INFORMATION CONCERNING PEOPLE EMPLOYED IN THE CAPITAL GROUP – AS OF 30 JUNE 2017

Number of employees at Unified Factory S.A. 30.06.2017 - 27.25 people *

Number of employees in Databroker S. A. 30.06.2017 - 14.25 people *

Total number of employees in the Group 30.06.2017 - 41.50 *

* (FULL TIME)

On the other hand, when it comes to contract orders, there are:

In Unified Factory S.A., two people working on mandate contracts and four with contracts for the work.

In Databroker S. A. there were 140 employees.

IX. INFORMATION ABOUT APPLICABLE ACCOUNTING PRINCIPLES

Both in the Unified Factory S.A. as well as in the subsidiary Databroker S.A. uniform principles apply, resulting from the Accounting Act of September 29, 1994. This report was prepared using the same principles for the current and comparable period. The individual assets and liabilities are valued using the actual cost of purchasing them, subject to the precautionary principle.

a. Intangible assets, fixed assets

Intangible assets, fixed assets, and fixed assets under construction are measured at purchase price or manufacturing cost less accumulated depreciation.

Assets that are suspected that in the foreseeable future they will not generate economic benefits, an impairment loss is recognized.

The following depreciation policies are applied to the amortization plan, including the percentages and amounts of annual write-offs of each fixed asset and intangible assets:

- according to the adopted accounting policy, taking into consideration the materiality principle, the Company makes one-off depreciation write-offs for fixed assets and intangible assets whose purchase price does not exceed 3,500.00 PLN.

- Fixed assets and intangible assets with a value equal to or higher than PLN 3,500.00, pursuant to Article 32 of the Accounting Act, are amortized using the systematic, planned distribution of their initial value for the fixed depreciation period. The depreciation rate in accordance with the Company's decision is determined on the basis of the expected, expressed in years of economic life of the fixed asset or the CIS.
- When preparing a depreciation plan, an entity takes into account the performance, pace of technical and economic progress, legal constraints or other restrictions on the use of fixed assets;
- applied depreciation rates guarantee the restoration of the property.

The fixed assets and intangible assets disclosed in the balance sheet are useful to the entity and constitute the economic assets used.

- investment in non-current assets (buildings) - 10%
- computers (workstations), computer sets, notebooks - 20% to 30%
- servers - 30%
- computerized specialist equipment - 30%
- copiers and printers - 20%
- telecommunication systems, central - 10%
- furniture - 20%
- specialized office equipment (eg shredders) - 14%
- Intangible assets - from 10% to 50%

Depreciation starts when the fixed asset is put into use and ends with the asset removed from the balance sheet.

b. Stocks

States and expenditures included in the stock-value records of inventories, are valued:

- materials and goods - at purchase prices,

The value of expenditures incurred on rendering services which were not completed by the end date (unfinished projects) - at purchase price or manufacturing cost, not higher than the net selling price at the balance sheet end date.

c. Receivables and liabilities

Receivables and liabilities (including loans and advances) in Polish currency are recognized at the value to be paid. Receivables and liabilities in foreign currencies at the moment of occurrence are recognized at the average exchange rate set by the President of the NBP for the given foreign currency. Positive or negative foreign exchange differences arising on the day of payment arising from the difference between the exchange rate of the currency at that date and the currency exchange rate at the date on which the receivables or liabilities arise, respectively, are charged to the income or expense of the financial transaction.

The value of receivables is updated taking into account the degree of probability of their payment by making a write-down. Revaluation write-downs on receivables are classified as other operating expenses, respectively. The company, after verification of the balance of receivables as at the balance sheet date, calculates the value of the full amount for unpaid receivables over 1 year.

d. Leases

Assets and liabilities resulting from the operating lease agreements concluded by the company in terms of the PDOP and Financial Act in respect of the Accounting Act are recognized in the company's books in accordance with the terms of the finance lease.

As a result, the subject of the lease is presented in the balance sheet as a non-current asset or intangible asset of the company, whereas the value of the lease agreement is reflected in liabilities valuation of leasing liabilities for the balance day is made taking into account the payment schedule of loan instalments, serving as attachment to the agreement.

e. Loans and credits

For loans and credits being the Company's liabilities for the balance day, even though their payment terms are in the next reporting period, according to the principle of accruals the Company calculates due interest and includes it in financial costs if the current financial year, reflecting it as corrected value of the liability related to existing loans and credits.

f. Cash

Domestic cash at hand and at bank accounts are valued at face value. Conversion of economic transactions denominated in foreign currencies takes place at the average exchange rate of a given currency announced by the NBP on the last business day preceding the day of payment of receivables / liabilities. It would not be justified to accept another course for their valuation (Article 30 (2) (2) of the Act) as at the balance day, the valuation is made at the average NBP exchange rate announced for this day. The exchange rate differences established at the end of the financial year affect the financial result being referred respectively to revenues or expenses of financial operations.

g. Capital

Share capital is shown in the amount defined in the company statute and included in the court register. Capital contributions declared, but not made are shown as payments due on account of the capital. Costs of issuance of shares incurred by the establishment of the joint stock company or increase of share capital reduce reserve capital of the company to the amount of excess of the fair value of issuance over nominal value of shares, and the rest is reflected in financial costs.

Reserve capital is created from write-downs from net yearly profit of the company.

h. Prepaid expenses and provisions for liabilities

In case of expenses related to future reporting periods, the Company creates prepaid expenses. Deferred costs include mostly: subscriptions, non-life insurance, services, rent. Provisions for liabilities are created when the amount or payment deadline are uncertain, their occurrence is certain or highly probable and when they are the result of future events and it is possible to estimate them in a credible manner.

The Company creates provisions for expenses in the amount of probable liabilities concerning the current reporting period, resulting from services provided for the Company by contractors and from future obligations related to current activity, the value of which can be estimated although the date of their incurrence is not yet known.

i. Deferred income

In case of the Company, deferred income includes in particular: fees collected in advance or booked receivables from contractors that will be made by the Company in the next financial year. Write-off of appropriate amounts for future income from sales will take place after the services are completed.

In case the Company receives an advance for future deliveries or performance of services, such advance will be shown after its reduction by the amount of VAT due under advances on deliveries.

j. Deferred income tax assets and liability reserve

In relation to temporary differences between the value of assets and liabilities reflected in the ledgers and their tax value and tax loss possible to be deducted in the future, the company creates reserve and values deferred income tax assets.

Deferred income tax assets are estimated in the amount presumed for the future to be deducted from the income tax in relation to temporary negative differences, which in the future will cause a reduction of the basis for calculation of income tax and tax loss possible to be deducted, determined with the precautionary principle taken into account.

Deferred tax liability reserve is created in the amount of income tax that will have to be paid in the future in relation to the existence of temporary positive differences, that is differences that in the future will cause an increase of the basis for calculation of income tax.

The amounts of the reserve and deferred income tax assets are determined in relation to income tax rates applicable in the year of incurrence of the tax obligations.

k. Financial result

The financial result consists of: sales results, results from other operating activities, result from financial activities, result from extraordinary operations and obligatory encumbrance of the result. The Company applies the comparative variant of the profit and loss statement.

Income from sales of products, that is finished goods and services, is the amount receivable from the recipient, reduced by due tax on goods and services. The moment of sale is when goods are handed over to the recipient or when the recipient accepts a service.

The costs of sold goods and services are the costs of producing those goods and services that are proportional to income from sales.

The income from sales of goods and materials is the amount receivable from the recipient, reduced by due tax on goods and services. The moment of sale is when goods are handed over to the recipient or when the recipient accepts a service.

The value of sold goods and materials is the value of sold goods and materials at the purchase price, proportional to income from their sales.

Other income and operating costs are income and costs not directly related to basic activity that influence the financial result.

Financial income is receivable income from financial operations, while financial costs are incurred **costs of financial operations**. Interest, fees and exchange rate differences concerning fixed assets under construction influence the purchase value of those assets. Exchange rate differences and interest on liabilities and investment loans after a fixed asset is released for use influence the result of financial operations.

Changes in accounting principles

The company has not changes the accounting principles or the manner of presenting the financial report in comparison with previous periods.

IX. CONSOLIDATED FINANCIAL STATEMENT OF UNIFIED FACTORY GROUP FOR THE 2ND QUARTER OF 2017

Consolidated balance sheet

Assets

No.	Item	30.06.2017	30.06.2016
A	FIXED ASSETS	34 901 551,62	16 489 520,99
I	Intangible assets	25 178 814,12	11 477 761,85
1	R&D expenses	7 445 669,05	0,00
2	Goodwill	0,00	0,00
3	Other intangible assets	5 252 237,97	6 240 517,75
4	Advances for intangible assets	12 480 907,10	5 237 244,10
II	Goodwill of subsidiaries	3 945 136,81	4 165 330,49
1	Goodwill - subsidiaries	3 945 136,81	4 165 330,49
2	Goodwill – jointly controlled entities	0,00	0,00
3	Goodwill - associates	0,00	0,00
III	Tangible fixed assets	3 710 370,69	720 363,65
1	Fixed assets	3 710 370,69	720 363,65
a	land (including right to perpetual usufruct)	0,00	0,00
b	buildings, premises, civil and water engineering structures	182 272,35	215 177,43
c	technical equipment and machines	3 405 959,87	351 598,70
d	vehicles	107 164,61	148 170,96
e	other tangible fixed assets	14 973,86	5 416,56
2	Fixed assets under construction	0,00	0,00
3	Advances for fixed assets under construction	0,00	0,00
IV	Long-term receivables	0,00	0,00
1	From related parties	0,00	0,00
2	From other entities	0,00	0,00
V	Long-term investments	0,00	0,00
1	Real property	0,00	0,00
2	Intangible assets	0,00	0,00
3	Long-term financial assets	0,00	0,00
a	in related parties	0,00	0,00
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	0,00	0,00
	- other long-term financial assets	0,00	0,00
b	in other entities	0,00	0,00
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	0,00	0,00
	- other long-term financial assets	0,00	0,00
4	Other long-term investments	0,00	0,00
VI	Long-term prepayments	2 067 230,00	126 065,00
1	Deferred tax assets	2 067 230,00	126 065,00
2	Other prepayments	0,00	0,00
B	CURRENT ASSETS	18 165 436,09	13 663 944,04

I	Inventory	376 254,56	596 320,66
1	Materials	553,11	0,00
2	Semi-finished products and work in progress	0,00	119 560,58
3	Finished products	0,00	0,00
4	Goods	185 000,00	104 652,00
5	Advances for deliveries	190 701,45	372 108,08
II	Short-term receivables	12 514 081,92	8 764 304,44
1	Receivables from related parties	0,00	0,00
a	trade receivables, maturing :	0,00	0,00
	- up to 12 months	0,00	0,00
	- above 12 months	0,00	0,00
b	other	0,00	0,00
2	Receivables from other entities	12 514 081,92	8 764 304,44
a	trade receivables, maturing :	9 698 536,00	7 229 652,15
	- up to 12 months	9 698 536,00	7 229 652,15
	- above 12 months	0,00	0,00
b	receivables from tax, subsidy, customs, social security and other benefits	1 923 283,08	1 425 761,41
c	other	892 262,84	108 890,88
d	claimed at court	0,00	0,00
III	Short-term investments	3 657 033,11	2 420 576,50
1	Short-term financial assets	3 657 033,11	2 420 576,50
a	in related parties	0,00	0,00
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	0,00	0,00
	- other short-term financial assets	0,00	0,00
b	in other entities	0,00	190 000,00
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	0,00	190 000,00
	- other short-term financial assets	0,00	0,00
c	cash and other pecuniary assets	3 657 033,11	2 230 576,50
	- cash in hand and at bank	3 657 033,11	2 230 576,50
	- other cash	0,00	0,00
	- other pecuniary assets	0,00	0,00
2	Other short-term investments	0,00	0,00
IV	Short-term prepayments	1 618 066,50	1 882 742,44
TOTAL ASSETS		53 066 987,71	30 153 465,03

Consolidated balance sheet
Liabilities

No.	Item	30.06.2017	30.06.2016
A	EQUITY	30 186 475,03	16 551 190,99
I	Share capital	7 364 351,70	6 164 352,00
II	Called up share capital (negative value)	0,00	0,00
III	Own shares (negative value)	0,00	0,00
IV	Supplementary capital	19 317 176,44	6 123 128,22
V	Revaluation reserve	0,00	0,00
VI	Other reserve capitals	0,00	0,00
VII	Previous year's profit (loss)	0,00	2 385 586,42
VIII	Net profit (loss)	3 504 946,89	1 878 124,36
IX	Write-off on net profit during the financial year (negative value)	0,00	0,00
B	MINORITY CAPITAL	0,00	0,00
C	NEGATIVE GOODWILL IN SUBSIDIARIES AND AFFILIATED COMPANIES	0,00	0,00
I	Negative goodwill - subsidiaries	0,00	0,00
II	Negative goodwill – jointly controlled entities	0,00	0,00
III	Negative goodwill - associates	0,00	0,00
D	LIABILITIES AND PROVISIONS FOR LIABILITIES	22 880 512,68	13 602 274,03
I	Provisions for liabilities	4 107 371,00	210 942,00
1	Provision for deferred income tax	4 104 271,00	196 942,00
2	Provision for retirement and similar benefits	0,00	0,00
	- long-term	0,00	0,00
	- short-term	0,00	0,00
3	Other provisions	3 100,00	14 000,00
	- long-term	0,00	0,00
	- short-term	3 100,00	14 000,00
II	Long-term liabilities	10 541 524,41	570 836,53
1	To related parties	0,00	0,00
2	To other entities	10 541 524,41	570 836,53
a	credits and loans	265 035,61	478 339,66
b	arising from issuance of debt securities	10 000 000,00	0,00
c	other financial liabilities	276 488,80	92 496,87
d	other	0,00	0,00
III	Short-term liabilities	6 439 188,69	10 741 676,96
1	To related parties	0,00	0,00
a	trade liabilities, maturing:	0,00	0,00
	- up to 12 months	0,00	0,00
	- above 12 months	0,00	0,00
b	other	0,00	0,00
2	To other entities	6 439 188,69	10 741 676,96
a	credits and loans	1 720 365,69	2 618 671,75
b	arising from issuance of debt securities	0,00	3 000 000,00
c	other financial liabilities	219 287,71	55 868,90
d	trade liabilities, maturing:	2 437 762,03	3 599 603,54
	- up to 12 months	2 437 762,03	3 599 603,54
	- above 12 months	0,00	0,00
e	received advances for deliveries	199 548,73	196 940,00

f	bill-of-exchange liabilities	0,00	0,00
g	tax, customs, insurance and other liabilities	1 591 346,84	1 087 341,80
h	payroll liabilities	193 990,69	181 112,92
i	other	76 887,00	2 138,05
3	Special funds	0,00	0,00
IV	Accruals	1 792 428,58	2 078 818,54
1	Negative goodwill	0,00	0,00
2	Other accruals	1 792 428,58	2 078 818,54
	- long-term	1 792 428,58	2 078 818,54
	- short-term	0,00	0,00
	TOTAL LIABILITIES	53 066 987,71	30 153 465,02

Consolidated profit and loss statement – Comparative variant

No.	Item	01.01.- 30.06.2017r.	II Q 2017	01.01.- 30.06.2016r.	II Q 2016
A	Net revenues from sales and equivalent, including revenues:	16 757 658,48	9 157 971,20	12 119 512,70	7 685 285,69
-	<i>from related parties</i>	0,00	0,00	0,00	0,00
I	Net revenues from sales of products	12 658 906,05	7 288 062,75	8 521 971,10	4 502 666,27
II	Change in the balance of products (increase - positive value, decrease - negative value)	(940,21)	0,00	104 560,58	20 716,53
III	Manufacturing cost of products for internal purposes	0,00	0,00	0,00	0,00
IV	Net revenues from sales of goods and materials	4 099 692,64	1 869 908,45	3 492 981,02	3 161 902,89
B	Operating expenses	11 661 252,80	5 983 423,12	9 466 139,15	6 067 473,03
I	Amortization and depreciation	1 374 999,83	686 688,53	633 608,98	318 529,28
II	Consumption of materials and energy	135 072,67	78 700,65	167 314,70	93 024,58
III	External services	3 269 766,19	2 028 629,32	3 002 795,99	1 381 258,78
IV	Taxes and charges, including:	21 054,83	10 143,93	10 204,32	4 536,95
	- excise duty	0,00	0,00	0,00	0,00
V	Payroll	2 476 776,20	1 204 654,59	1 878 068,58	977 997,83
VI	Social security and other benefits	426 574,64	215 141,39	316 985,17	175 705,69
VII	Other costs by type	32 737,98	15 132,09	36 113,43	15 303,15
VIII	Value of goods and materials sold	3 924 270,46	1 744 332,62	3 421 047,98	3 101 116,77
C	Profit (loss) on sales (A-B)	5 096 405,68	3 174 548,08	2 653 373,55	1 617 812,66
D	Other operating revenues	173 849,96	90 340,91	194 460,63	106 746,76
I	Gain on disposal of non-financial fixed assets	934,48	0,00	33 333,34	26 829,27
II	Subsidies	143 194,98	71 597,49	149 653,26	74 826,63
III	Other operating revenues	29 720,50	18 743,42	11 474,03	5 090,86
E	Other operating expenses	70 375,69	35 700,41	92 461,96	46 230,18
I	Loss on disposal of non-financial fixed assets	0,00	0,00	0,00	0,00
II	Revaluation of non-financial assets	0,00	0,00	0,00	0,00

III	Other operating expenses	70 375,69	35 700,41	92 461,96	46 230,18
F	Profit (loss) on operating activities (C+D-E)	5 199 879,95	3 229 188,58	2 755 372,22	1 678 329,24
G	Financial revenues	2 692,60	0,00	15,99	11,09
I	Dividend and profit sharing, including:	0,00	0,00	0,00	0,00
-	<i>from related parties</i>	0,00	0,00	0,00	0,00
II	Interest, including:	2 692,60	0,00	15,99	11,09
-	<i>from related parties</i>	0,00	0,00	0,00	0,00
III	Gain on disposal of investments	0,00	0,00	0,00	0,00
IV	Revaluation of investments	0,00	0,00	0,00	0,00
V	Other	0,00	0,00	0,00	0,00
H	Financial expenses	584 250,82	251 040,77	246 051,01	142 700,88
I	Interest, including:	322 948,73	61 118,01	218 320,85	126 191,67
-	<i>for related parties</i>	0,00	0,00	0,00	0,00
II	Loss on disposal of investments	0,00	0,00	0,00	0,00
III	Revaluation of investments	0,00	0,00	0,00	0,00
IV	Other	261 302,09	189 922,76	27 730,16	16 509,21
I	Profit (loss) on sales of all or partial shares of subsidiaries	0,00	0,00	0,00	0,00
J	Profit (loss) on business activities (F+G-H)	4 618 321,73	2 978 147,81	2 509 337,20	1 535 639,45
K	Result on extraordinary events (J.I.-J.II.)	0,00	0,00	0,00	0,00
I	Extraordinary gains	0,00	0,00	0,00	0,00
II	Extraordinary losses	0,00	0,00	0,00	0,00
L	Impairment losses	110 096,84	55 048,42	110 096,84	55 048,42
I	Impairment losses - subsidiaries	110 096,84	55 048,42	110 096,84	55 048,42
II	Impairment losses – jointly controlled entities	0,00	0,00	0,00	0,00
III	Impairment losses - associates	0,00	0,00	0,00	0,00
M	Write-off on negative goodwill	0,00	0,00	0,00	0,00
I	Write-off on negative goodwill - subsidiaries	0,00	0,00	0,00	0,00
II	Write-off on negative goodwill - jointly controlled entities	0,00	0,00	0,00	0,00
III	Write-off on negative goodwill - associates	0,00	0,00	0,00	0,00
N	Gross profit (loss) (I+/-J)	4 508 224,89	2 923 099,39	2 399 240,36	1 480 591,03
O	Income tax	1 003 278,00	665 753,00	521 116,00	325 294,00
	due	138 162,00	33 938,00	477 348,00	281 526,00
	deferred	865 116,00	631 815,00	43 768,00	43 768,00
P	Other statutory reductions in profit (increases in loss)	0,00	0,00	0,00	0,00
Q	Profits (losses) of subsidiaries accounted for using the equity method	0,00	0,00	0,00	0,00
R	Profit (loss) of minorities	0,00	0,00	0,00	0,00
S	Net profit (loss) (K-L-M)	3 504 946,89	2 257 346,38	1 878 124,36	1 155 297,03

**Cash flow
Consolidated**

No.	Item	2017-01-01 2017-06-30	2016-01-01 2016-06-30
A	Cash flows from operating activities		
I	Net profit (loss)	3 504 946,89	1 878 124,36
II	Total adjustments	2 311 787,16	-1 484 077,93
1	Amortization and depreciation	1 374 999,83	633 608,98
2	Exchange gains (losses)	35 152,83	0,00
3	Interest and profit sharing (dividend)	294 067,56	203 996,56
4	Profit (loss) on investment activities	-934,48	-33333,34
5	Change in provisions	2 308 006,00	9 556,00
6	Change in inventory	-172 506,22	-581 155,84
7	Change in receivables	-233 382,10	-2 554 210,98
8	Change in short-term liabilities excluding credits and loans	197 267,25	381 922,37
9	Change in prepayments and accruals	-1 602 291,57	345 441,48
10	Other adjustments	111 408,06	110 096,84
III	Net cash flows from operating activities (I +/- II)	5 816 734,05	394 046,43
B	CASH FLOWS FROM INVESTMENT ACTIVITIES		
I	Inflows	934,48	33 333,34
1	Disposal of intangible and tangible fixed assets	934,48	33333,34
2	Disposal of investments in real property and in intangible assets	0,00	0,00
3	From financial assets, including:	0,00	0,00
4	Other inflows from investment activities	0,00	0,00
II	Outflows	12 504 930,98	5 421 085,34
1	Purchase of intangible assets and tangible fixed assets	0,00	183 841,24
2	Investments in real property and intangible assets	12 504 930,98	5237244,10
3	For financial assets	0,00	0,00
4	Other outflows from investment activities	0,00	0,00
III	Net cash flows from investment activities (I-II)	-12 503 996,50	-5 387 752,00
C	CASH FLOWS FROM FINANCIAL ACTIVITIES		
I	Inflows	9 894 066,53	2 286 243,82
1	Net inflows from issuance of shares and other capital instruments and from capital contributions	9 890 996,50	0,00
2	Credits and loans	3 070,03	2 286 243,82
3	Issuance of debt securities	0,00	0,00
4	Other inflows from financial activities	0,00	0,00
II	Outflows	1 045 058,08	453 051,72
1	Purchase of own shares	0,00	0,00
2	Dividend and other payments to shareholders	0,00	0,00
3	Profit distribution liabilities other than profit distribution payments to shareholders	0,00	0,00
4	Repayment of credits and loans	615 729,15	222 378,89
5	Redemption of debt securities	0,00	0,00
6	Payment of other financial liabilities	0,00	0,00
7	Payment of liabilities arising from financial leases	94 855,04	26 676,27
8	Interest	294 067,56	203 996,56
9	Other outflows from financial activities	40 406,33	0,00

III	Net cash flows from financial activities (I-II)	8 849 008,45	1 833 192,10
D	TOTAL NET CASH FLOWS (A.III. +/- B.III +/- C.III)	2 161 746,00	-3 160 513,47
E	BALANCE SHEET CHANGE IN CASH, including change in cash due to exchange differences	2 161 746,00	-3 160 513,47
F	CASH OPENING BALANCE	1 495 287,11	5 391 089,97
G	CLOSING BALANCE OF CASH (F+/-D), INCLUDING:	3 657 033,11	2 230 576,50
	- of limited disposability		

Statements of changes in shareholder's equity- Consolidated

No.	Item	2017-01-01 2017-06-30	2016-01-01 2016-06-30
I	Opening balance of equity	16 790 531,64	14 673 066,64
	- changes in accounting principles	0,00	0,00
I a	Opening balance of equity after adjustments	0,00	0,00
1	Opening balance of share capital	6 164 352,00	6 164 352,00
1.1.	Changes in share capital	1 199 999,70	0,00
	a) increase (due to)	1 199 999,70	0,00
	- increase - issuance of shares	1 199 999,70	0,00
	- increase – subsidiary value	0,00	0,00
	b) decrease (due to)	0,00	0,00
1.2.	Closing balance of share capital	7 364 351,70	6 164 352,00
2	Opening balance of called up share capital	0,00	0,00
2.1.	Changes in called up share capital	0,00	0,00
2.2.	Closing balance of called up share capital	0,00	0,00
3	Opening balance of own shares	0,00	0,00
3.1.	Closing balance of own shares	0,00	0,00
4	Opening balance of supplementary capital	5 915 296,72	6 123 128,22
4.1.	Changes in supplementary capital	13 401 879,72	0,00
	increase (due to)	13 401 879,72	0,00
	- issue of shares above face value – costs of issue	8 690 996,80	0,00
	- from profit distribution (statutory)		0,00
	- from profit distribution (above the statutory minimum value)	4 710 882,92	0,00
	b) decrease (due to)	0,00	0,00
	- transfer to share capital of the Company	0,00	0,00
4.2.	Closing balance of supplementary capital	19 317 176,44	6 123 128,22
5	Opening balance of revaluation reserve	0,00	0,00
5.1.	Changes in revaluation reserve	0,00	0,00
5.2.	Closing balance of revaluation reserve	0,00	0,00
6	Opening balance of other reserve capitals	0,00	0,00
6.1.	Changes in other reserve capitals	0,00	0,00
6.2.	Closing balance of other reserve capitals	0,00	0,00
7	Opening balance of previous years' (quarters') profit (loss)	4 710 882,92	2 385 586,42
7.1.	Opening balance of previous years' (quarters') profit	0,00	2 385 586,42
	- adjustments of fundamental errors	0,00	0,00
7.2.	Opening balance of previous years' (quarters') profit, after adjustments	4 710 882,92	2 385 586,42

	a) increase (due to)	0,00	0,00
	- distribution of previous year's profit	0,00	0,00
	b) decrease (due to)	4 710 882,92	0,00
	- paid dividends and shares	0,00	0,00
	- increase of reserve capital	4 710 882,92	0,00
7.3.	Closing balance of previous years' (quarters') profit	0,00	2 385 586,42
7.4.	Opening balance of previous periods' loss (-)	0,00	0,00
7.5.	Opening balance of previous periods' loss, after adjustments	0,00	0,00
7.6.	Closing balance of previous years' loss	0,00	0,00
7.7.	Closing balance of previous years' (quarters') profit (loss)	0,00	2 385 586,42
8	Net result	3 504 946,89	1 878 124,36
	net profit	3 504 946,89	1 878 124,36
	net loss	0,00	0,00
	write-offs on profit	0,00	0,00
II	Closing balance of equity	30 186 475,03	16 551 190,99
III	Equity including proposed profit distribution (loss coverage)	30 186 475,03	16 551 190,99

III. INDIVIDUAL STATEMENT OF UNIFIED FACTORY SA FOR 2 QUARTERS OF 2017

Balance sheet

Assets

No.	Item	30.06.2017	30.06.2016
A	FIXED ASSETS	35 975 049,81	16 820 889,50
I	Intangible assets	25 744 814,12	11 549 761,85
1	R&D expenses	7 673 669,05	0,00
2	Goodwill	0,00	0,00
3	Other intangible assets	5 308 237,97	6 312 517,75
4	Advances for intangible assets	12 762 907,10	5 237 244,10
II	Tangible fixed assets	3 710 370,69	720 363,65
1	Fixed assets	3 710 370,69	720 363,65
a	land (including right to perpetual usufruct)	0,00	0,00
b	buildings, premises, civil and water engineering structures	182 272,35	215 177,43
c	technical equipment and machines	3 405 959,87	351 598,70
d	vehicles	107 164,61	148 170,96
e	other tangible fixed assets	14 973,86	5 416,56
2	Fixed assets under construction	0,00	0,00
3	Advances for fixed assets under construction	0,00	0,00
III	Long-term receivables	0,00	0,00
1	From related parties	0,00	0,00
2	From other entities	0,00	0,00
IV	Long-term investments	4 552 260,00	4 500 000,00
1	Real property	0,00	0,00
2	Intangible assets	0,00	0,00

3	Long-term financial assets	4 552 260,00	4 500 000,00
a	in related parties	4 552 260,00	4 500 000,00
	- shares	4 542 260,00	4 500 000,00
	- other securities	0,00	0,00
	- loans granted	10 000,00	0,00
	- other long-term financial assets	0,00	0,00
b	in other entities	0,00	0,00
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	0,00	0,00
	- other long-term financial assets	0,00	0,00
4	Other long-term investments	0,00	0,00
V	Long-term prepayments	1 967 605,00	50 764,00
1	Deferred tax assets	1 967 605,00	50 764,00
2	Other prepayments	0,00	0,00
B	CURRENT ASSETS	16 590 894,10	12 954 824,08
I	Inventory	373 202,80	594 212,58
1	Materials	553,11	0,00
2	Semi-finished products and work in progress	0,00	119 560,58
3	Finished products	0,00	0,00
4	Goods	185 000,00	104 652,00
5	Advances for deliveries	187 649,69	370 000,00
II	Short-term receivables	11 775 597,90	8 075 992,16
1	Receivables from related parties	2 685 590,32	570 751,65
a	trade receivables, maturing :	2 685 590,32	570 751,65
	- up to 12 months	2 685 590,32	570 751,65
	- above 12 months	0,00	0,00
b	other	0,00	0,00
2	Receivables from other entities	9 090 007,58	7 505 240,51
a	trade receivables, maturing :	6 274 461,66	5 970 800,28
	- up to 12 months	6 274 461,66	5 970 800,28
	- above 12 months	0,00	0,00
b	receivables from tax, subsidy, customs, social security and other benefits	1 923 283,08	1 425 761,41
c	other	892 262,84	108 678,82
d	claimed at court	0,00	0,00
III	Short-term investments	2 837 670,97	2 407 911,03
1	Short-term financial assets	2 837 670,97	2 407 911,03
a	in related parties	0,00	0,00
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	0,00	0,00
	- other short-term financial assets	0,00	0,00
b	in other entities	0,00	190 000,00
	- shares	0,00	0,00
	- other securities	0,00	0,00
	- loans granted	0,00	190 000,00
	- other short-term financial assets	0,00	0,00
c	cash and other pecuniary assets	2 837 670,97	2 217 911,03
	- cash in hand and at bank	2 837 670,97	137 371,03

	- other cash	0,00	0,00
	- other pecuniary assets	0,00	2 080 540,00
2	Other short-term investments	0,00	0,00
IV	Short-term prepayments	1 604 422,43	1 876 708,31
TOTAL ASSETS		52 565 943,91	29 775 713,58

Balance sheet
Liabilities

No.	Item	30.06.2017	30.06.2016
A	EQUITY	30 651 145,30	16 943 013,01
I	Share capital	7 364 351,70	6 164 352,00
II	Called up share capital (negative value)	0,00	0,00
III	Own shares (negative value)	0,00	0,00
IV	Supplementary capital	19 646 083,78	6 123 128,22
V	Revaluation reserve	0,00	0,00
VI	Other reserve capitals	0,00	0,00
VII	Previous years' profit (loss)	0,00	2 565 635,30
VIII	Net profit (loss)	3 640 709,82	2 089 897,49
IX	Write-off on net profit during the financial year (negative value)	0,00	0,00
B	LIABILITIES AND PROVISIONS FOR LIABILITIES	21 914 798,61	12 832 700,57
I	Provisions for liabilities	4 104 271,00	204 442,00
1	Provision for deferred income tax	4 104 271,00	196 942,00
2	Provision for retirement and similar benefits	0,00	0,00
	- long-term	0,00	0,00
	- short-term	0,00	0,00
3	Other provisions	0,00	7 500,00
	- long-term	0,00	0,00
	- short-term	0,00	7 500,00
II	Long-term liabilities	10 541 524,41	570 836,53
1	To related parties	0,00	0,00
2	To other entities	10 541 524,41	570 836,53
a	credits and loans	265 035,61	478 339,66
b	arising from issuance of debt securities	10 000 000,00	0,00
c	other financial liabilities	276 488,80	92 496,87
d	other	0,00	0,00
III	Short-term liabilities	5 476 574,62	9 978 603,50
1	To related parties	567 690,98	396 182,49
a	trade liabilities, maturing:	525 544,88	396 182,49
	- up to 12 months	525 544,88	396 182,49
	- above 12 months	0,00	0,00
b	other	42 146,10	0,00
2	To other entities	4 908 883,64	9 582 421,01
a	credits and loans	1 715 098,17	2 318 589,93
b	arising from issuance of debt securities	0,00	3 000 000,00
c	other financial liabilities	219 287,71	55 868,90
d	trade liabilities, maturing:	2 033 928,51	3 538 729,22
	- up to 12 months	2 033 928,51	3 538 729,22

	- above 12 months	0,00	0,00
e	received advances for deliveries	198 649,96	196 940,00
f	bill-of-exchange liabilities	0,00	0,00
g	tax, customs, insurance and other liabilities	649 862,51	445 816,18
h	payroll liabilities	15 169,78	24 939,28
i	other	76 887,00	1 537,50
3	Special funds	0,00	0,00
IV	Accruals	1 792 428,58	2 078 818,54
1	Negative goodwill	0,00	0,00
2	Other accruals	1 792 428,58	2 078 818,54
	- long-term	1 792 428,58	2 078 818,54
	- short-term	0,00	0,00
	TOTAL LIABILITIES	52 565 943,91	29 775 713,58

Profit and loss statement – Comparative variant

No.	Item	1.01.- 30.06.2017r.	II Q 2017	1.01.- 30.06.2016r.	II Q 2016
A	Net revenues from sales and equivalent, including revenues:	14 302 067,46	7 908 624,70	11 925 691,82	7 272 702,00
-	<i>from related parties</i>	<i>3 024 546,68</i>	<i>1 732 933,40</i>		
I	Net revenues from sales of products	10 203 315,03	6 038 716,25	8 328 150,22	4 089 203,94
II	Change in the balance of products (increase - positive value, decrease - negative value)	(940,21)	0,00	104 560,58	21 595,17
III	Manufacturing cost of products for internal purposes	0,00	0,00	0,00	0,00
IV	Net revenues from sales of goods and materials	4 099 692,64	1 869 908,45	3 492 981,02	3 161 902,89
B	Operating expenses	9 408 962,63	4 733 615,25	9 182 921,25	5 724 112,72
I	Amortization and depreciation	1 394 999,83	696 688,53	641 608,98	322 529,28
II	Consumption of materials and energy	79 410,76	43 181,42	162 900,65	90 774,17
III	External services	3 274 682,11	1 906 127,08	4 347 918,81	1 907 094,02
IV	Taxes and charges, including:	20 214,83	9 573,93	9 259,32	4 116,95
	- excise duty	0,00	0,00	0,00	0,00
V	Payroll	566 608,20	268 600,48	468 114,74	229 911,64
VI	Social security and other benefits	121 080,38	53 470,20	97 171,22	53 542,77
VII	Other costs by type	27 696,06	11 640,99	34 899,55	15 027,12
VIII	Value of goods and materials sold	3 924 270,46	1 744 332,62	3 421 047,98	3 101 116,77
C	Profit (loss) on sales (A-B)	4 893 104,83	3 175 009,45	2 742 770,57	1 548 589,28
D	Other operating revenues	169 236,08	90 049,03	192 415,58	105 846,76
I	Gain on disposal of non-financial fixed assets	934,48	0,00	33 333,34	26 829,27
II	Subsidies	143 194,98	71 597,49	149 653,26	74 826,63

III	Other operating revenues	25 106,62	18 451,54	9 428,98	4 190,86
E	Other operating expenses	70 267,92	35 593,49	92 461,93	46 230,15
I	Loss on disposal of non-financial fixed assets	0,00	0,00	0,00	0,00
II	Revaluation of non-financial assets	0,00	0,00	0,00	0,00
III	Other operating expenses	70 267,92	35 593,49	92 461,93	46 230,15
F	Profit (loss) on operating activities (C+D-E)	4 992 072,99	3 229 464,99	2 842 724,22	1 608 205,89
G	Financial revenues	2 692,60	0,00	15,99	11,09
I	Dividend and profit sharing, including:	0,00	0,00	0,00	0,00
-	<i>from related parties</i>	0,00	0,00	0,00	0,00
II	Interest, including:	2 692,60	0,00	15,99	11,09
-	<i>from related parties</i>	0,00	0,00	0,00	0,00
III	Gain on disposal of investments	0,00	0,00	0,00	0,00
IV	Revaluation of investments	0,00	0,00	0,00	0,00
V	Other	0,00	0,00	0,00	0,00
H	Financial expenses	483 590,77	158 493,28	231 726,72	130 054,59
I	Interest, including:	294 067,56	33 978,01	203 996,56	113 545,38
-	<i>for related parties</i>	0,00	0,00	0,00	0,00
II	Loss on disposal of investments	0,00	0,00	0,00	0,00
III	Revaluation of investments	0,00	0,00	0,00	0,00
IV	Other	189 523,21	124 515,27	27 730,16	16 509,21
I	Profit (loss) on business activities (F+G-H)	4 511 174,82	3 070 971,71	2 611 013,49	1 478 162,39
J	Result on extraordinary events (J.I. - J.II.)	0,00	0,00	0,00	0,00
I	Extraordinary gains	0,00	0,00	0,00	0,00
II	Extraordinary losses	0,00	0,00	0,00	0,00
K	Gross profit (loss) (I+/-J)	4 511 174,82	3 070 971,71	2 611 013,49	1 478 162,39
L	Income tax	870 465,00	593 454,00	521 116,00	325 294,00
	due	0,00	0,00	477 348,00	281 526,00
	deferred	870 465,00	593 454,00	43 768,00	43 768,00
M	Other statutory reductions in profit (increases in loss)	0,00	0,00	0,00	0,00
N	Net profit (loss) (K-L-M)	3 640 709,82	2 477 517,71	2 089 897,49	1 152 868,39

Cash flow

No.	Item	2017-01-01 2017-06-30	II Q 2017	2016-01-01 2016-06-30	II Q 2016
A	Cash flows from operating activities				
I	Net profit (loss)	3 640 709,82	2 477 517,71	2 089 897,49	1 152 868,39
II	Total adjustments	1 628 829,45	-1 253 891,31	-1 398 745,11	1 452 256,36
1	Amortization and depreciation	1 394 999,83	696 688,53	641 608,98	322 529,28
2	Exchange gains (losses)	35 152,83	0,00	0,00	0,00

3	Interest and profit sharing (dividend)	294 067,56	33 978,01	203 996,56	113 545,38
4	Profit (loss) on investment activities	-934,48	0,00	-33 333,34	-26 829,27
5	Change in provisions	2 304 906,00	1 234 829,00	9 556,00	9 556,00
6	Change in inventory	-171 049,27	336 041,53	-579 212,58	-391 595,17
7	Change in receivables	-464 639,88	-2 626 620,36	-1 760 097,02	623 233,91
8	Change in short-term liabilities excluding credits and loans	-166 651,34	328 811,54	-239 167,83	538 955,33
9	Change in prepayments and accruals	-1 598 333,02	-1 261 390,40	357 904,12	262 860,90
10	Other adjustments	1 311,22	3 770,84	0,00	0,00
III	Net cash flows from operating activities (I +/- II)	5 269 539,27	1 223 626,40	691 152,38	2 605 124,75
B	CASH FLOWS FROM INVESTMENT ACTIVITIES				
I	Inflows	934,48	0,00	33 333,34	26 829,27
1	Disposal of intangible and tangible fixed assets	934,48	0,00	33 333,34	26 829,27
2	Disposal of investments in real property and in intangible assets	0,00	0,00	0,00	0,00
3	From financial assets, including:	0,00	0,00	0,00	0,00
4	Other inflows from investment activities	0,00	0,00	0,00	0,00
II	Outflows	12 796 930,98	6 867 685,00	5 421 085,34	2 466 981,92
1	Purchase of intangible assets and tangible fixed assets	0,00	0,00	183 841,24	-2 770 262,18
2	Investments in real property and intangible assets	12 786 930,98	6 857 685,00	5 237 244,10	5 237 244,10
3	For financial assets	0,00	0,00	0,00	0,00
4	Other outflows from investment activities	10 000,00	10 000,00	0,00	0,00
III	Net cash flows from investment activities (I-II)	-12 795 996,50	-6 867 685,00	-5 387 752,00	-2 440 152,65
C	CASH FLOWS FROM FINANCIAL ACTIVITIES				
I	Inflows	9 894 066,53	0,00	1 989 227,94	1 537 994,92
1	Net inflows from issuance of shares and other capital instruments and from capital contributions	9 890 996,50	0,00	0,00	0,00
2	Credits and loans	3 070,03	0,00	1 989 227,94	1 537 994,92
3	Issuance of debt securities	0,00	0,00	0,00	0,00
4	Other inflows from financial activities	0,00	0,00	0,00	0,00

II	Outflows	748 230,93	-157 120,78	453 051,72	218 493,56
1	Purchase of own shares	0,00	0,00	0,00	0,00
2	Dividend and other payments to shareholders	0,00	0,00	0,00	0,00
3	Profit distribution liabilities other than profit distribution payments to shareholders	0,00	0,00	0,00	0,00
4	Repayment of credits and loans	318 902,00	-249 293,74	222 378,89	91 974,49
5	Redemption of debt securities	0,00	0,00	0,00	0,00
6	Payment of other financial liabilities	0,00	0,00	0,00	0,00
7	Payment of liabilities arising from financial leases	94 855,04	47 643,73	26 676,27	12 973,69
8	Interest	294 067,56	33 978,01	203 996,56	113 545,38
9	Other outflows from financial activities	40 406,33	10 551,22	0,00	0,00
III	Net cash flows from financial activities (I-II)	9 145 835,60	157 120,78	1 536 176,22	1 319 501,36
D	TOTAL NET CASH FLOWS (A.III. +/- B.III +/- C.III)	1 619 378,37	-5 486 937,82	-3 160 423,40	1 484 473,46
E	BALANCE SHEET CHANGE IN CASH, including change in cash due to exchange differences	1 619 378,37	-5 486 937,82	-3 160 423,40	1 484 473,46
F	CASH OPENING BALANCE	1 218 292,60	8 324 608,79	5 378 334,43	733 437,57
G	CLOSING BALANCE OF CASH (F+/-D), INCLUDING:	2 837 670,97	2 837 670,97	2 217 911,03	2 217 911,03
	- of limited disposability				

Statements of changes in shareholder's equity

No.	Item	2017-01-01 2017-06-30	II Q 2017	2016-01-01 2016-06-30	II Q 2016
I	Opening balance of equity	17 119 438,98	28 173 627,59	14 853 115,52	15 790 144,62
	- changes in accounting principles	0,00	0,00	0,00	0,00
I a	Opening balance of equity after adjustments	0,00	0,00	0,00	0,00
1	Opening balance of share capital	6 164 352,00	7 364 351,70	6 164 352,00	6 164 352,00
1.1.	Changes in share capital	1 199 999,70	0,00	0,00	0,00
	a) increase (due to)	1 199 999,70	0,00	0,00	0,00
	- increase - issuance of shares	1 199 999,70	0,00	0,00	0,00
	- increase – subsidiary value	0,00	0,00	0,00	0,00
	b) decrease (due to)	0,00	0,00	0,00	0,00
1.2.	Closing balance of share capital	7 364 351,70	7 364 351,70	6 164 352,00	6 164 352,00

2	Opening balance of called up share capital	0,00	0,00	0,00	0,00
2.1.	Changes in called up share capital	0,00	0,00	0,00	0,00
2.2.	Closing balance of called up share capital	0,00	0,00	0,00	0,00
3	Opening balance of own shares	0,00	0,00	0,00	0,00
3.1.	Closing balance of own shares	0,00	0,00	0,00	0,00
4	Opening balance of supplementary capital	6 095 345,60	14 786 342,40	6 123 128,22	6 123 128,22
4.1.	Changes in supplementary capital	13 550 738,18	4 859 741,38	0,00	0,00
	increase (due to)	13 550 738,18	4 859 741,38	0,00	0,00
	- issue of shares above face value – costs of issue	8 690 996,80	0,00	0,00	0,00
	- from profit distribution (statutory)	0,00	0,00	0,00	0,00
	- from profit distribution (above the statutory minimum value)	4 859 741,38	4 859 741,38	0,00	0,00
	b) decrease (due to)	0,00	0,00	0,00	0,00
	- transfer to share capital of the Company	0,00	0,00	0,00	0,00
4.2.	Closing balance of supplementary capital	19 646 083,78	19 646 083,78	6 123 128,22	6 123 128,22
5	Opening balance of revaluation reserve	0,00	0,00	0,00	0,00
5.1.	Changes in revaluation reserve	0,00	0,00	0,00	0,00
5.2.	Closing balance of revaluation reserve	0,00	0,00	0,00	0,00
6	Opening balance of other reserve capitals	0,00	0,00	0,00	0,00
6.1.	Changes in other reserve capitals	0,00	0,00	0,00	0,00
6.2.	Closing balance of other reserve capitals	0,00	0,00	0,00	0,00
7	Opening balance of previous years' (quarters') profit (loss)	4 859 741,38	6 022 933,49	2 565 635,30	3 502 664,40
7.1.	Opening balance of previous years' (quarters') profit	4 859 741,38	6 022 933,49	0,00	3 502 664,40
	- adjustments of fundamental errors	0,00	0,00	0,00	0,00
7.2.	Opening balance of previous years' (quarters') profit, after adjustments	4 859 741,38	6 022 933,49	0,00	3 502 664,40
	a) increase (due to)	0,00	0,00	0,00	0,00
	- distribution of previous year's profit	0,00	0,00	0,00	0,00
	b) decrease (due to)	4 859 741,38	4 859 741,38	0,00	0,00
	- paid dividends and shares	0,00	0,00	0,00	0,00
	- increase of reserve capital	4 859 741,38	4 859 741,38	0,00	0,00
7.3.	Closing balance of previous years' (quarters') profit	0,00	1 163 192,11	0,00	3 502 664,40
7.4.	Opening balance of previous periods' loss (-)	0,00	0,00	0,00	0,00
7.5.	Opening balance of previous periods' loss, after adjustments	0,00	0,00	0,00	0,00

7.6.	Closing balance of previous years' loss	0,00		0,00	0,00
7.7.	Closing balance of previous years' (quarters') profit (loss)	0,00	1 163 192,11	2 565 635,30	3 502 664,40
8	Net result	3 640 709,82	2 477 517,71	2 089 897,49	1 152 868,39
	net profit	3 640 709,82	2 477 517,71	2 089 897,49	1 152 868,39
	net loss	0,00	0,00	0,00	0,00
	write-offs on profit	0,00	0,00	0,00	0,00
II	Closing balance of equity	30 651 145,30	30 651 145,30	16 943 013,01	16 943 013,01
III	Equity including proposed profit distribution (loss coverage)	30 651 145,30	30 651 145,30	16 943 013,01	16 943 013,01

XI. APPROVAL OF THE CONSOLIDATED EXTENDED REPORT FOR THE 2ND QUARTER OF 2017.

Unified Factory S.A. Management approves the financial report for the 2nd quarter of 2017 for publication on August 11, 2017.



Maciej Okniński

President of the Board