CI GAMES
CAPITAL GROUP

Midyear abbreviated consolidated financial statement and individual financial statement for HY1 2017

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Information on the parent company of CI Games S.A. and subsidiaries covered with the consolidated statement

- CI Games S.A. (hereinafter referred to as the "Issuer", "Parent Company", "Company"), was created by transformation of City Interactive sp. z o.o. with its registered office in Warsaw. Originally, it operated under the business name of City Interactive S.A., pursuant to the entry in the Register of Entrepreneurs of the National Court Register of 1 June 2007, made based on the notarial deed no. Rep. A 2682/2007 of 16 May 2007. On 7 August 2013, the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register recorded the change of the Company's name from the existing one to CI Games S.A. The registered office of the Company is in Warsaw, at ul. Puławska 182.
- The Company is entered in the Register of Entrepreneurs under KRS no. 0000282076. The entry was made by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register.
- The core activities of the Company include production, publication and distribution of computer games.
- According to the Company's Articles of Association, the term of the Company is not limited.
- In HY1 2017 the Company Management Board was composed of:
  - Marek Tymiński - President
  - Adam Pieniacki - Member since 16 May 2017
  - Monika Rumianek - Member
- The Supervisory Board of the Parent Company was unchanged in HY1 2017:
  - Dasza Gadomska - Chairwoman of the Supervisory Board
  - Grzegorz Leszczyński - Member
  - Tomasz Litwiniuk - Member
  - Mariusz Sawoniewski - Member
  - Norbert Biedrzycki - Member

- The Company is the parent company of the Ci Games Capital Group (hereinafter referred to as: the "Group", the "Capital Group"), which prepares a consolidated report. The Capital Group comprises the following companies which are covered by the statement:
  - **CI Games S.A.** (formerly under the business name of City Interactive S.A.) with its registered office in Warsaw. Share capital: PLN 1,508,499.90. Parent company.
  - **CI Games USA Inc**. (formerly City Interactive USA Inc.) – a company having its registered office in Delaware, USA. Share capital: USD 50,000. 100% of shares held by CI Games S.A. Company subject to consolidation from Q2 2008.
  - **CI Games Germany GmbH** (formerly City Interactive Germany GmbH) – a company having its registered office in Frankfurt am Main, Germany. Share capital: EUR 25,000. 100% of shares held by CI Games S.A. Company subject to consolidation from Q2 2008.
  - **Business Area sp. z o.o.** - a company with its registered office in Warsaw, subject to consolidation since Q3 of 2010. Share capital: PLN 5,000. 100% of shares held by CI Games S.A.

- **Business Area sp. z o.o. sp.j**. – company with its registered office in Warsaw. The Company has been subject to consolidation since Q1 2013. On 26 September 2013, Business Area sp. z o.o. S.K.A. was transformed into Business Area sp. z o.o. sp.j. 99.99% of shares held by CI Games S.A.
- **CI Games S.A. sp.j.**– with its registered office in Warsaw. On 19 September 2013, CI Games IP Sp. z o.o. was transformed into CI Games S.A. sp. j. 99.99% of shares of the company were held by CI Games Cyprus Ltd. Pursuant to the agreement of 13 May 2013 between CI Games Cyprus Ltd. and Business Area sp. z o.o. S.K.A. was transformed into Business Area sp. z o.o. S.K.A. (currently: Business Area sp. z.o.o. sp. j.) 0.01% shares held by CI Games S.A. Company is subject to consolidation from Q1 2013.
- **CI Games Cyprus Ltd.** – company with its registered office in Nicosia, Cyprus. Share capital: EUR 1,200. 100% of shares held by CI Games S.A. Company is subject to consolidation from Q1 2013.

Basis for presentation and preparation of the midyear abbreviated financial statements

Statement of compliance with IFRS

The midyear abbreviated consolidated financial statement of CI Games Capital Group and midyear abbreviated individual financial statement of CI Games S.A. ("midyear consolidated financial statements") were drawn up for the period of 6 months, ending on 30 June 2017.

The presented midyear abbreviated financial statements meet the requirements of the International Accounting Standard IAS 34 "Midyear Financial Reporting" referring to midyear financial statements and do not contain all the information required for annual financial statements. The midyear abbreviated financial statements should be read together with the annual financial statements (consolidated and individual respectively).

The midyear abbreviated consolidated financial statement of the Group is disclosed to the public together with the midyear abbreviated individual financial statement. To gain comprehensive understanding of the financial result and standing of the Issuer, the midyear abbreviated individual financial statement of CI Games S.A. should be read together with the midyear abbreviated consolidated financial statement of the Group.

Drawing up the financial statement in accordance with IFRS needs to be based on the specific accounting estimates. The Management Board needs also to apply their own judgment when applying the accounting principles adopted by the Group. The issues in relation to which a greater degree of judgment is required, issues more complex or the ones for which the assumptions and estimates are material from the financial statement perspective were not, in principle, changed in comparison to the end of 2016.

The midyear abbreviated consolidated financial statement of the CI Games Capital Group and midyear abbreviated individual financial statement of CI Games S.A. were approved by the Management Board for publication on 5 September 2017.

Grounds for drawing up midyear abbreviated financial statements

The enclosed midyear abbreviated financial statements were prepared in accordance with the accounting principles adopted when preparing annual financial statements for the financial year ending on 31 December 2016.

Both the midyear abbreviated consolidated statement of CI Games Capital Group and the midyear abbreviated individual financial statement of CI Games S.A. were drawn up assuming continued operations in the foreseeable future and in the belief that there are no circumstances that would indicate threats to continuation of operations by, respectively, the capital group/parent company.

All the values presented in midyear abbreviated financial statements were presented in thousands PLN, unless it was indicated otherwise. The data in this statement were rounded. The roundings were made by rejecting values below PLN 499 and 49/100 respectively
and by rounding up in the other circumstances.

Adopted accounting principles

a) Application of International Accounting Standards

The financial statements are drawn up in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted by the European Union ("EU") and interpretations adopted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), applicable in the business conducted by the Company and binding in annual reporting periods commencing on 1 January 2007, together with the requirements of the Ordinance of the Minister of Finance of 19 February 2009, concerning current and periodical information provided by issuers of securities and the terms and conditions for information required by the provisions of law of a non-member state recognized as equivalent (Journal of Laws of 2014, item 133, as amended).

The financial statement for the period from 1 January 2017 to 30 June 2017 is a subsequent financial statement prepared in accordance with IAS/IFRS. Comparative data is sourced from the financial statements prepared in accordance with IAS/IFRS. IAS/IFRS were adopted on January 1, 2007.

b) Basis for preparing the consolidated financial statements

Figures in the consolidated financial statements are given in Polish zloty, which is the presentation currency and functional currency.

The consolidated financial statements were drawn up on historical cost basis. Preparation of consolidated financial statements in accordance with IAS/IFRS requires that the Management Board provide professional judgments, estimates and assumptions which have an impact on the adopted principles and the value of assets, liabilities, revenues and costs presented. Estimates and associated assumptions are based on previous experience and other factors which are acknowledged as reasonable in given circumstances and their results provide a basis for professional judgment concerning the carrying amount of assets and liabilities which does not directly result from their sources. Actual values may differ from estimates.

Estimates and associated assumptions are subject to systematic verification. Changes in assumptions are recognized in the period in which they were made.

The principles of the accounting policy presented below were applied in relation to all periods presented in the submitted consolidated financial statements, as well as in drawing up an opening balance sheet in accordance with IAS/IFRS as at 1 January 2007, for the purposes of transition from Polish accounting standards to IAS/IFRS-compliant reporting.

c) Principles of consolidation

(i) Subsidiaries

The CI Games Capital Group consolidated financial statements were drawn up applying the acquisition method as the means of settlement adopted on the date of the share purchase transaction (fully consolidated). In drawing up the financial statements, the parent combines the financial statements of the parent and subsidiaries through summing up individual assets, liabilities, shares in equity, revenues and costs.

In order to ensure appropriate presentation of financial information concerning the Capital Group in the consolidated financial statements as if it constituted a single commercial entity, only the carrying amount of the parent's investments in subsidiaries and such part of the subsidiary's equity as corresponds to the parent's share is presented.

The method applied for translation of the financial statements of entities operating abroad depends on the way in which they are financed and the type of business activity conducted in relation to the entity drawing up a financial statement. For this reason, in accordance with IAS 21, entities operating abroad are broken down into: "entities operating abroad, whose operations constitute an integral part of the operations of the entity drawing up the financial statements" and "foreign entities".

For conversion of the financial statements of subsidiaries operating abroad, the aforementioned entities have been classified as "foreign operations" in accordance with IAS 21. After converting the financial statements of foreign operations, in order for these to be included in the financial statements of the entity drawing up the financial statements, the following principles were applied:

- assets and liabilities, both monetary and non-monetary, were converted at the closing rate;
- revenue and cost items of foreign entities were translated at the exchange rate as at the date of executing transactions (or at the average exchange rate for a given period if it constitutes reasonable approximation as at the date of executing transactions), except for situations where the foreign entity draws up reports in hyper-inflationary economic conditions; in this situation items would be converted at the closing rate;
- all exchange rate differences are recognized in equity until disposal of the net investment.

The financial results of entities acquired or disposed of during the year are recognized in a consolidated financial statement from/to the moment of their acquisition or disposal, respectively, if this constitutes significant value for the presented financial statements.

Where necessary, adjustments are made in the financial statements of subsidiaries or associates in order to unify the accounting principles applied by the entity with the principles applied by the parent. All transactions, balances, revenues and costs between related parties covered by consolidation are subject to exclusion.

(ii) Associates, joint ventures

Associates are business entities where the Company exerts significant influence, although does not control their operational and financial policies.

The Company's joint ventures are entities where the Company exercises joint control over their operations pursuant to contractual arrangements.

The consolidated financial statements contain the Group's share of the profits and losses of associates / joint ventures using the equity method, from the moment of acquiring significant influence / joint control until the expiry of such influence/control. The Group also measures the loss in value of shares in the net assets of associates / joint ventures and makes the appropriate revaluation decreases. In the event of Group's share of losses exceeding the carrying amount of the associate/joint venture, such amount is reduced to zero and ceases to be recognized in further losses, as far as there is no legal obligation to cover losses or the payment has not already been made to cover such liabilities.

Goodwill arising during consolidation results from the occurrence as at the acquisition date of a surplus of the cost of acquiring the entity over the fair value of identifiable assets and liabilities of the subsidiary, associate or joint venture as at the acquisition date.

Goodwill acquired through a merger of commercial entities is not amortized. Goodwill is subject to impairment testing at least once per year. Any impairment is immediately recognized in the profit and loss statement. In disposal of a subsidiary, associate or joint venture, the appropriate part of goodwill is taken into consideration in calculating the profit or loss on disposal.

(iii) Consolidation adjustments

The balance of internal settlements between the Group entities, transactions executed within the Group and all unrealized profits or losses resulting hereunder, as well as Group's revenues and costs are excluded during preparation of a consolidated financial statement. Unrealized profits resulting from transactions with associates and joint ventures are excluded from a consolidated financial statement proportionally to the level of the Group's share in such entities. Unrealized losses are excluded from the consolidated financial statements on the same principles as profits, until the moment when evidence indicating impairment arises.

d) Tangible fixed assets

(i) Own property, plant and equipment

Property, plant and equipment are fixed assets which are retained to be used in the production process or in supplying goods and providing services, in order for them to be handed over to other entities for use pursuant to a lease agreement and where there is expectation that they will be used for longer than one period.

Costs borne at a later time are included in the carrying amount of an asset or are indicated as a separate asset only if it is probable that the Group will achieve future economic benefit connected with such asset and the purchase price for a given item may be measured reliably. Expenses for repair and maintenance are recognized in the profit and loss statement in the period in which they were borne. The cost of production is augmented by fees and for particular assets by the costs of external financing capitalized in accordance with the principles defined in the Group's accounting policy.

Property, plant and equipment is measured at purchase price or manufacture cost less depreciation and impairment at the end of the reporting period.

Depreciation concerning such fixed assets commences at the moment they are commissioned. Each new fixed asset must, in as far as possible, be broken down into separate components and depreciated as a separate asset.

Fixed assets under construction intended for production, lease or administrative purposes, as well as for undefined purposes are presented in the balance sheet at cost of manufacture less impairment.

Profit or loss arising from disposal/liquidation or suspension of the use of fixed assets is defined as the difference between revenues from disposal and the net value of such fixed assets and are included in the profit and loss statement.

Land – the right of perpetual usufruct of plots of land is presented at purchase price.

The Group does not amortize rights to perpetual usufruct of land. Depreciation rates have been established with consideration to the period of economic usefulness of fixed assets.

Property, plant and equipment is depreciated using the straight-line method with the following rates:

- technical equipment and machinery 20-60%;
- other fixed assets 20%.

(ii) Property, plant and equipment used pursuant to lease agreements

Leases are classified as finance leases if in principle the terms and conditions of the agreement transfer all potential ownership benefits and risk to the lessee. All other types of leases are treated as operating leases.

Assets used pursuant to a finance lease agreement are treated as the Group's assets and are measured at fair value as of the moment of their acquisition, although at a level not exceeding the value of their current minimum lease payments.

Liability towards the lessor arising on this account is presented in the balance sheet under finance lease liabilities.

Lease payments are divided into interest and principal. Financial costs are recognized in the profit and loss statement.

(iii) Subsequent expenses

Costs aimed at exchange of separate components of an element of property, plant and equipment borne in a subsequent period are capitalized. Other costs are capitalized only if they can be reliably measured and if they increase future economic benefits connected with a fixed asset. Other expenses are systematically recognized in the profit and loss statement.

e) Intangible assets

(i) Intangible assets

The Group recognizes intangible assets only when:

- it is probable that the future economic benefits that are attributable to the assets will flow to the Group, and
- the purchase price or cost of production of a given asset may be measured reliably.

An intangible asset is initially valued at the purchase price or cost of production. Intangible assets are subject to amortization. Amortization rates have been established with consideration to the period of economic usefulness of intangible assets.

Intangible assets are amortized using the straight-line method with the following rates:

- licenses: 20%-90%
- computer software 50%.

Expenses on development works are recognized as costs at the moment they are borne.

Costs of development works borne before the commencement of production or application of new technological solutions are classified as intangible assets if the Company can prove the following:

- the possibility, from a technical point of view, to complete an intangible asset so that it is suitable for use or sale;
- the intent to complete an intangible asset and to use or sell it;
- the capacity to use or sell an intangible asset;
- the means in which an intangible asset will create potential economic benefits. Among others, the Group should prove the existence of a market for products arising due to the intangible asset or the asset itself or, if the asset is to be used by the entity, the usefulness of the intangible asset;
- the availability of appropriate technical, financial and other resources which are to serve completion of development works and the use or sale of the intangible asset,
- the possibility to establish outlays borne during development works which may be assigned to such intangible asset.

The costs of development works with a useful life assumed in advance are subject to amortization. Amortization charges commence as of the date when a given asset is ready for use, whereas they end at the moment when a given asset is allocated for sale or ceases to be included in the accounts.

The amortization period is equal to the period of economic usefulness of a resource held. The adopted amortization period and method for the costs of development works are verified at least as at the end of the financial year. Costs of development works are amortized during the anticipated period of achieving revenues from sale of a product, however not longer than 3 years.

The Group does not amortize the costs of development works with an undefined useful life. Intangible assets with undefined useful life are subject to an annual impairment test, in application of the guidelines of IAS 36 “Impairment of Assets”.

External financing costs (e.g. interest on loans and borrowings and exchange differences on loans and borrowings denominated in foreign currencies) which may be directly assigned to the purchase or production of assets increase the purchase or production cost of such item. Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Group, dividends due, foreign exchange gains and losses and profit and loss concerning hedging instruments which are recognized in the statement of profit and loss.

(ii) Impairment

At the end of each reporting period the Group reviews fixed assets in order to confirm that there have been no circumstances indicating the possibility of their impairment.

In the event of such circumstance, the recoverable amount of a given asset is estimated in order to establish a potential write-down.

In a situation where an asset does not generate cash flows which are to a large extent independent of cash flows generated by other assets, analysis is carried out for the group of assets generating cash flows to which a given asset belongs.

In the case of intangible assets with a defined useful life, the impairment test is carried out both annually and in the event of circumstances indicating the possibility of impairment. The recoverable amount is established as the higher of two values: fair value less costs to sell, or its value in use. This final amount corresponds to the current value of estimated future discounted cash flows using a discount rate taking into consideration the present value of money and asset-specific risk.

If the recoverable amount is lower than the net book value of an asset (or group of assets), the book value is decreased to the recoverable amount.

Impairment loss is recognized as a cost in the period it occurred, with the exception of a situation where an asset has been recognized at restated value (in this case the impairment is treated as a decrease in the previous restatement).

At the moment where the impairment is subject to subsequent reversal, the net value of the asset (or group of assets) is increased to the new estimated recoverable amount, however not higher than the net value of such asset as it would have been established had impairment not been identified in previous years.

Reversal of impairment is recognized in revenue in as far as the asset has not been subject to prior restatement – in this event reversal of impairment is recorded in the revaluation reserve.

f) Investments

Investments other than property, intangible and financial assets are recognized at purchase price, less impairment.

Investments recognized at historical cost expressed in a foreign currency as at the end of the reporting period are valued using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period.

g) Financial instruments

Financial assets and liabilities are recognized in the balance sheet at the moment when the Group becomes a party to a binding agreement.

The Group classifies each agreement which results in simultaneous occurrence of a financial asset with one party and a financial liability or equity instrument with the other party as a financial instrument, on condition that unambiguous economic effects result from a contract executed between two or more parties.

In accordance with IAS 39, the Group classifies financial instruments as:

- instruments held for trading (at fair value through profit or loss) - financial assets or liabilities which have been acquired or have arisen in order to generate profit achieved due to short-time price fluctuations,
- financial instruments held to maturity – financial assets with fixed or determinable payments or fixed maturity dates, which the Group has the intent and capability to hold to maturity, carried at amortized cost with application of the effective interest rate method, with the exception of loans granted by associates and own debt claims, valued using the effective interest rate method,
- available-for-sale financial instruments – financial assets other than loans granted and own receivables, assets held to maturity or other than financial assets not held for trading, carried at fair value,
- loans and receivables – non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. At initial recognition, the Group values financial assets and liabilities at purchase cost (price), i.e. according to the fair value of the payment made in case of assets, or the amount received in case of liabilities.

The Group includes transaction costs in the initial value of all financial assets and liabilities.

Differences in restatement and revenues achieved or costs borne appropriate to classification of a financial asset are recognized in profit or loss or the revaluation provision as available-for-sale financial assets, respectively.

Principles for valuation of financial instruments as at the end of the reporting period. The Group makes valuation at amortized costs, with consideration of the effective interest rate of:

- assets held to maturity,
- loans granted and receivables, and
- other financial liabilities not classified as held for trading.

Valuation may also take place:

- at the amount requiring payment if the discount effect is not significant;
- at the amount requiring payment: receivables and liabilities with short maturity period;
- at fair value: financial assets and liabilities held for trading and available-for-sale financial assets.

Changes in the fair value of financial assets held for trading not being part of hedges are recognized as finance income or costs when they arise.

Interests in other entities are valued at purchase price less impairment.

h) Trade and other receivables

Current trade and other receivables are valued at repayment value in as far as the effect of charging interest is not significant. Otherwise receivables are initially recognized at fair value and subsequently valued at amortized cost in application of the effective interest rate. In accordance with the principle adopted by the Group, receivables with maturity of longer than 180 days are subject to discounting.

i) Inventory

The initial value (cost) of inventories includes all costs (acquisition, production, etc.) borne in connection with bringing inventories to their current location and condition.

The purchase price of inventories includes the purchase price increased by import duty and other taxes (not subject to subsequent refund from tax authorities), costs of transport, loading, unloading and other costs directly connected with the acquisition of inventories, decreased by discounts, rebates and other similar reductions.

Inventories are measured at initial value (purchase price or cost of production) or at net sale price depending on which is lower.

In relation to other inventories, costs are established using the first in, first out (FIFO) method.

Impairment losses on inventory

Impairment losses on current property, plant and equipment connected with their impairment or valuation as at the end of the reporting period correspond to their own operating costs (IAS2).

The Group creates impairment losses equity to net recoverable values of inventory. The net recoverable value is the sale price established in normal operations less finishing costs and estimated costs necessary for sale to be effected.

Reversal of an inventory depreciation write-down resulting from an increase in the net recoverable value is recognized as a decrease in inventory recognized as other operating revenue which the write-down reversal concerns.

As at the balance sheet date, the inventory is valued at acquisition or purchase price, and such a price may not exceed the net sales price for a given inventory item.

Foreign-currency advance payments are recognized at the ask rate of the bank used by the Group.

The Group measures advance payments for inventory at nominal value and presents these in the financial statements at the historic rate less impairment. The Group inventories prepayments through the provision by contracting parties of confirmation that prepayments included in auxiliary ledgers to general ledger "supplier accounts", and provides explanations and settlement of potential variance.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits. Current investments which are not subject to significant change in value, which may be easily exchanged for a defined amount of cash and which constitute a part of the Company's liquidity management policy are recognized as cash and cash equivalents for the purposes of the statement of cash flows.

k) Share capital

Share capital is recognized at the nominal value of issued and registered shares.

(i) Purchase of own shares

In the event of purchase of own shares, the payment amount, together with direct transaction costs, is recognized as a change in equity. Purchased shares are recognized as a decrease in equity.

(ii) Dividends

Dividends are recognized as a liability in the period in which they are authorized.

l) Provisions

Provisions are liabilities of uncertain time and amount. Group companies create provisions when all of the following conditions are met simultaneously:

- the companies are burdened with an existing obligation (legal or constructive) resulting from past events,
- it is probable that fulfillment of an obligation will result in necessary outflow of resources representing economic benefits,
- the amount of such obligation can be reliably estimated.

The Group creates the following provisions for liabilities:

- deferred income tax provision created in connection with the occurrence of positive differences between the book value of assets and liabilities and their tax value,
- provisions for employee benefits – provisions for pension gratuities are calculated based on own estimates, however with regard to the low average age of employees and the insignificant value of the provision resulting from this, there is currently no provision created,
- other provisions.

Release of unused provisions occurs as at the date on which they are acknowledged as unnecessary.

m) Trade and other payables

Trade and other payables are divided into current and non-current payables through application of the following criteria:

- payables maturing in under 12 months from the end of the reporting period – classified as current payables,
- payables not classified as trade payables and which do not fulfill the criteria for classification as current constitute non-current payables.

Trade payables with maturity of up to 180 days are valued as at the end of the reporting period at repayment value increased by potential interest for delay due as at the valuation date.

Trade payables within maturity of over 180 days are valued as at the end of the reporting period at amortized cost (i.e. discounted in application of the effective interest rate).

All trade and account balances should be reconciled, and potential adjustments should be included in the accounts, including in the financial statements of the entity. In the event of discrepancies in agreeing a balance between the entity and the contracting party, the seller's position prevails and, after closing the year, potential adjustments are entered in the accounts for the current year.

Payables denominated in foreign currencies are valued at the current average exchange rate for a given currency on a given date established by the National Bank of Poland.

Interest for late payment of liabilities is not charged if the authorized entity submits a written declaration on opt-out of such interest. In other instances interest is calculated and recorded as per the principles below:

- systematically, pursuant to interest notes received,
- at estimated value, where estimation is based on historical data reflecting the amount of interest charged by specific contracting parties in relation to the level of debt.

In each instance other significant risks meaning that such interest may be charged should be taken into consideration when calculating interest.

The notes to the financial statements should include this fact, the occurrence of overdue liabilities and the associated risk that interest will be charged by creditors.

n) Revenue

Revenue from the sale of products and services includes sale of products manufactured by the Group to which it has exclusive license rights for their production or it has purchased a license for release and distribution, together with services provided by the Group to other entities.

Revenue from sale of goods for resale and materials includes sale of products which were purchased and are held for further sale in a non-processed form, together with sale of materials for manufacture.

Revenue from sale of products and goods is recognized if the following conditions are met:

- the Group has transferred significant risk and benefits resulting from the right of ownership of goods and products to the purchaser,
- the Group ceases to be permanently involved in managing the sale of goods or products to the extent that such function is usually exercised in relation to goods and products to which there is right of ownership, and it does not exercise effective control over them,
- the revenue amounts may be measured reliably,
- it is probable that the Group will achieve economic benefits from the transaction,
- costs borne and those which will be borne by the Group in connection with the transaction may be valued in a reliable manner.

Revenue is recognized if achievement by the Group of economic benefits connected with the executed transaction is probable.

If there is uncertainty regarding the collectibility of an amount due which is already counted as revenue, then the uncollectible amount in relation to which collection is no longer probable is recognized as costs and not as an adjustment of the initially recognized revenue amount.

Revenue from sale is recognized at the fair value of payments received or due and represents receivables for products, goods and services supplied under normal business activity after decrease by discounts, VAT and other sales-related taxes.

Revenue from interest is recognized cumulatively in relation to the principal amount, in accordance with the effective interest rate method on lease.

o) Costs

The Group draws up a consolidated profit and loss statement in multiple-step format. Costs are classified in accordance with their function.

(i) Finance lease payments

Lease payments are divided into a part constituting the cost of finance and a part decreasing the liability. The part constituting the cost of finance is allocated to specific periods during the term of the lease applying the effective interest rate method.

(ii) Net financing costs

Net financing costs include interest payable on debt, established on the basis of the effective interest rate, interest due on funds invested by the Group, dividends due, foreign exchange gains and losses and profit and loss concerning hedging instruments which are recognized in the statement of profit and loss.

Interest income is recognized in the statement of profit and loss on an accrual basis applying the effective interest rate. Income from dividends is recognized in the statement of profit and loss at the moment when the Group acquires the right to receipt thereof. The part constituting the financing cost arising in connection with finance lease fees is indicated in the statement of profit and loss with the use of the effective interest rate method.

p) Tax

Mandatory encumbrances on the result include current tax and deferred tax.

The current tax obligation is calculated on the basis of the tax result (basis for taxation) for a given financial year. Tax for the current and previous periods is recognized as a liability in the amount which has not been paid.

Tax profit (loss) differs from net book profit (loss) in connection with the exclusion of revenues subject to taxation and tax-deductible expenses in subsequent years and items of cost and revenue which will never be subject to taxation.

Deferred tax is calculated using the balance sheet method as tax subject to payment or refund in the future on the difference between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the basis for taxation.

Deferred income tax assets and provisions for deferred income tax are valued with application of tax rates which will be applied, according to predictions, if an asset is realized or a provision liquidated, adopting as the basis the tax rates (and tax regulations) legally effective or substantially effective as at the end of the balance sheet date.

A deferred tax asset is subject to analysis as at the end of the reporting period, and in the event of it being expected that future tax profits will be insufficient to realize an asset or part thereof, it is written off. Deferred income tax assets and provisions for deferred income tax are not discounted.

Deferred tax is recognized in the profit and loss statement, aside from a situation where it concerns items directly recognized in equity. In this last instance, deferred tax is also settled directly with equity. The Group offsets deferred income tax assets with provisions for deferred income tax only when it has an enforceable legal title to offset deferred income tax assets with provisions for deferred income tax.

q) Foreign-currency transactions

Transactions executed in foreign currencies are translated into the functional currency in application of exchange rates in force on the date of executing such transactions, in the following manner:

- in the case of selling foreign currencies and receivable repayment transactions – using the bid rate applied by the bank used by the Group;
- in the case of purchasing foreign currencies and liability repayment transactions – using the ask rate applied by the bank used by the Group;
- in the case of other transactions – according to the average exchange rate announced for a given currency by the National Bank of Poland in as far as customs documents do not give another exchange rate.

Cash items recognized at historical cost expressed in a foreign currency are recorded at the end of the reporting period using the average exchange rate announced by the National Bank of Poland as at the end of the reporting period. Non-monetary balance sheet items recorded at historical cost expressed in a foreign currency are recorded in application of the exchange rate as at the date the transaction is executed. Non-monetary balance sheet items recorded at fair value in a foreign currency are recorded in application of the exchange rate in force during establishment of fair value.

Foreign exchange gains and losses resulting from settlement of transactions in foreign currencies and from translation of cash assets and liabilities according to average National Bank of Poland exchange rates as at the end of the year are indicated in the statement of profit and loss, with the exception of settlement in equity fulfilling the criteria for recognition of cash flow hedges.

r) Segment reporting

A reportable segment is a separate part of the Group which deals with the supply of defined products or services (operating segment) or supply of products or services in a defined economic environment (geographical segment), which is subject to risks and derives benefits differently to other segments.

The Capital Group presents revenue from sales broken down into the following segments:

- operating – covering sales divided into products, goods and services,
- geographical – covering sales divided into the following areas: Europe, North America, and Asia with Australia.

Revenue from sale of products covers sale of products manufactured by the Group to which it has exclusive licensing rights for their production or it purchased a license for release and distribution.

Revenue from sale of services covers revenues for services provided by the Group to other entities.

Revenues from the sales of goods and materials include sale of products which have been purchased and are held for further sale in a non-processed form for resale, together with the sales of materials for manufacture.

Operating costs are divided as follows:

- direct costs, which may be assigned to a given product or service, or the value of goods or materials sold at purchase price,
- indirect costs, i.e. costs which cannot be directly assigned to a defined product, e.g. administrative, sales and other operating costs.

Segment reporting – i.e. assignment to specific operating segments – concerns direct costs and such part of indirect costs that may be assigned to a given segment.

s) Operations being discontinued and non-current assets held for sale

Immediately before reclassification to the group of assets held for sale, valuation of assets (or all assets and liabilities constituting a group held for sale) is updated in accordance with the appropriate IFRS. Subsequently, as at the day of initial classification as held for sale, a fixed asset or group of assets held for disposal are recognized according to the lower value: carrying amount or fair value less cost to sell.

Impairment identified at initial classification as held for sale is recognized in the profit and loss statement even in the event of value restatement. This also concerns profit and loss resulting from subsequent change in value.

Discontinued operation is a part of the Group’s activity which constitutes a separate main business line or geographic segment or is a subsidiary acquired exclusively for further sale.

Classification as discontinued operation takes place as a result of disposal or at the moment when the operation fulfills the criteria for classification to the group held for sale.

t) Change of accounting principles

When the accounting principles are changed, the Group applies the solution pursuant to IAS 8 "Accounting principles (policy) - changes in accounting estimates and errors".

Consolidated financial statement of CI Games S.A. Capital Group for the period from 1 January 2017 to 30 June 2017 remains comparable to the data from the statement for the period from 1 January 2016 to 30 June 2016, which was drawn up in accordance with IAS/ISFR.

Material appraisals and estimates

To draw up midyear abbreviated financial statements compliant with EU ISFR, the Company Management Board needs to use the appraisals and estimates affecting the applied accounting principles as well as the disclosed assets, liabilities, revenues and costs. The appraisals and estimates are verified on an ongoing basis. Estimates changes are included in the result for the period when the change took place.

Information on the areas of special importance, subject to appraisals and estimates, affecting the midyear financial statement was not changed in comparison to the presented annual statements as at 31 December 2016.

Seasonality

CI Games Capital Group is subject to sales revenue volatility during the financial year, determined mainly by release of new products. The Issuer establishes the dates for release of its games in order to select the most beneficial competitive environment and in order for the release to generate possibly optimal financial results.

Financial highlights

Selected consolidated and separate financial information contained in this report was translated into EUR according to the following principles.
Balance sheet data was translated using the average exchange rate published by the National Bank of Poland as at the end of the reporting period:

- as at 30 June 2017	4.2265
- as at 31 December 2016	4.4240
- as at 30 June 2016	4.4255

Items in the statement of profit and loss and statement of cash flows according to the average exchange rate calculated as the arithmetical average of exchange rates announced by the National Bank of Poland as at the last day of the month in a given period.

- HY1 2017	4.2474
- 2016	4.3757
- HY1 2016	4.3805

CONSOLIDATED STATEMENT OF PROFIT AND LOSS	HY1 2017		HY1 2016	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Net revenue from sales	**73,178**	**17,229**	**11,518**	**2,629**
Profit (loss) from operating activities	4,127	972	-2,556	-583
Gross profit (loss)	2,273	535	-2,004	-457
Net profit (loss)	**1,489**	**351**	**-2,659**	**-607**
Number of shares (in thousands)	150,700	150,700	13,914	13,914
Profit (loss) per ordinary share (PLN/share)	0.01	0.00	-0.19	-0.04

CONSOLIDATED STATEMENT OF CASH FLOWS	HY1 2017		HY1 2016	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Net cash flows from operating activities	15,838	3,729	2,979	680
Net cash flows from investing activities	-15,938	-3,752	-13,153	-3,003
Net cash flows from financing activities	-9,049	-2,130	9,118	2,081
Net cash flows	**-9,149**	**-2,153**	**-1,056**	**-242**

CONSOLIDATED BALANCE SHEET	6/30/2017		12/31/2016		6/30/2016	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Non-current assets	76,690	18,145	83,648	18,908	79,251	17,908
Current assets	39,232	9,282	34,194	7,729	14,279	3,227
Total assets	**115,922**	**27,427**	**117,842**	**26,637**	**93,530**	**21,134**
Equity	85,395	20,205	83,643	18,907	72,497	16,382
Share capital	*1,501*	*355*	*1,501*	*339*	*1,391*	*314*
Liabilities	**30,527**	**7,223**	**34,199**	**7,730**	**21,033**	**4,753**
Non-current liabilities	356	84	2,751	622	2,745	620
Current liabilities	30,171	7,139	31,448	7,108	18,288	4,132
Total equity and liabilities	**115,922**	**27,427**	**117,842**	**26,637**	**93,530**	**21,134**

Midyear abbreviated consolidated financial statement of the CI Games Group

Consolidated statement on the financial situation as at 30 June 2017

	ASSETS	6/30/2017 PLN thousand	12/31/2016 PLN thousand	6/30/2016 PLN thousand
A.	**NON-CURRENT ASSETS**	**76,690**	**83,648**	**79,251**
	Tangible fixed assets	847	917	888
	Intangible assets	55,905	59,299	54,533
	Deferred income tax assets	19,648	23,035	23,830
	Other non-current assets	290	397	-
B.	**CURRENT ASSETS**	**39,232**	**34,194**	**14,279**
	Inventory	7,080	3,396	2,933
	Advances granted	298	663	118
	Trade receivables	12,574	2,690	3,061
	Income tax receivables	268	-	472
	Cash and cash equivalents	16,275	25,424	6,127
	Other current assets	2,737	2,021	1,568
TOTAL ASSETS		**115,922**	**117,842**	**93,530**

Consolidated statement on the financial situation as at 30 June 2017

	LIABILITIES	6/30/2017 PLN thousand	12/31/2016 PLN thousand	6/30/2016 PLN thousand
A.	**EQUITY**	**85,395**	**83,643**	**72,497**
	Share capital	1,501	1,501	1,391
	Share premium	40,325	39,975	15,530
	Exchange differences on translation of foreign operations	381	579	407
	Reserve capital for the acquisition of shares	16,000	16,000	16,000
	Other reserve capital	111	-	-
	Retained earnings	27,077	25,588	39,169
	including profit for the period	1,489	-16,240	-2,659
	Equity attributable to owners of the Parent	**85,395**	**83,643**	**72,497**
	Equity attributable to non-controlling interests	**-**	**-**	**-**
B.	**LIABILITIES**	**30,527**	**34,199**	**21,033**
	Non-current liabilities	**356**	**2,751**	**2,745**
	Other long-term provisions	210	-	-
	Deferred income tax provision	146	2,751	2,745
	Current liabilities	**30,171**	**31,448**	**18,288**
	Borrowings including credits, loans and other debt instruments	14,972	23,917	14,795
	Income tax liabilities	56	81	52
	Trade liabilities	8,929	6,507	2,338
	Other liabilities	167	214	240
	Other current provisions	5,629	729	863
	Deferred revenues	418	-	-
TOTAL EQUITY AND LIABILITIES		**115,922**	**117,842**	**93,530**

Consolidated profit and loss account for the period from 1 January to 30 June 2017

	for the period from 1 January to 30 June 2017 PLN thousand	for the period from 1 January to 31 December 2016 PLN thousand	for the period from 1 January to 30 June 2016 PLN thousand
Continuing operations			
Net revenue from sales	**73,178**	**24,231**	**11,518**
Revenue from sale of products and services	71,144	23,476	10,880
Revenue from sale of goods and materials	2,034	755	638
Costs of products, goods and services sold	**- 41,371**	**- 21,450**	**- 8,341**
Manufacturing cost of products sold	- 39,253	- 21,101	- 8,109
Value of goods and materials sold	- 2,118	- 349	- 232
Gross profit (loss) on sales	**31,807**	**2,781**	**3,177**
Other operating revenues	972	626	247
Selling costs	- 24,127	- 9,203	- 2,239
General and administrative costs	- 3,136	- 6,008	- 2,908
Other operating expenses	- 1,389	- 2,544	- 833
Profit (loss) on operating activities	**4,127**	**- 14,348**	**- 2,556**
Financial revenues	8	743	707
Financial expenses	- 1,862	- 230	- 155
Profit (loss) before tax	**2,273**	**- 13,835**	**- 2,004**
Income tax	- 784	- 2,405	- 655
Profit (loss) on continuing operations	**1,489**	**- 16,240**	**- 2,659**
Discontinued operations			-
Loss from discontinued operations			**-**
NET PROFIT (LOSS)	**1,489**	**- 16,240**	**- 2,659**
Total other comprehensive income, including:			
Exchange differences on translation of foreign operations	**- 198**	**101**	**- 71**
TOTAL INCOME FOR THE FINANCIAL YEAR	**1,291**	**- 16,139**	**- 2,730**
Net profit (loss) in thousands of PLN	**1,489**	**-16,240**	**-2,659**
Number of shares (in thousands)	**150,700**	**15,015**	**13,914**
Profit (loss) per ordinary share (in PLN)	**0.01**	**-1.08**	**-0.19**

Consolidated statement of changes in equity for the period from 1 January to 30 June 2017

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capital	Translation losses/profits	Retained earnings	Total equity
AS AT 1 JANUARY 2017	**1,501**	**39,975**	**16,000**	**-**	**579**	**25,588**	**83,643**
Changes in accounting policy	-	-	-	-	-	-	**-**
AS AT 1 JANUARY 2017, AFTER CONVERSION	**1,501**	**39,975**	**16,000**	**-**	**579**	**25,588**	**83,643**
CHANGES IN EQUITY							
Profit and loss for the period	-	-	-	-	-	1,489	**1,489**
Share issue		350	-	111	-	-	**461**
Exchange differences on translation	-	-	-	-	- 198	-	**- 198**
AS AT 30 JUNE 2017	**1,501**	**40,325**	**16,000**	**111**	**381**	**27,077**	**85,395**

Consolidated statement of changes in equity for the period from 1 January to 31 December 2016

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capital	Translation losses/profits	Retained earnings	Total equity
AS AT 1 JANUARY 2016	**1,391**	**15,530**	**16,000**	**-**	**478**	**41,828**	**75,227**
Changes in accounting policy	-	-	-	-	-	-	**-**
AS AT 1 JANUARY 2016, AFTER CONVERSION	**1,391**	**15,530**	**16,000**	**-**	**478**	**41,828**	**75,227**
CHANGES IN EQUITY							
Profit and loss for the period	-	-	-	-	-	- 16,240	**- 16,240**
Share issue	110	24,445	-	-	-	-	**24,555**
Exchange differences on translation	-	-	-	-	101	-	**101**
AS AT 31 DECEMBER 2016	**1,501**	**39,975**	**16,000**	**-**	**579**	**25,588**	**83,643**

Consolidated statement of changes in equity for the period from 1 January to 30 June 2016

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capital	Translation losses/profits	Retained earnings	**Total equity**
AS AT 1 JANUARY 2016	**1,391**	**15,530**	**16,000**	**-**	**478**	**41,828**	**75,227**
Changes in accounting policy	-	-	-	-	-	-	**-**
AS AT 1 JANUARY 2016, AFTER CONVERSION	**1,391**	**15,530**	**16,000**	**-**	**478**	**41,828**	**75,227**
CHANGES IN EQUITY							
Profit and loss for the period	-	-	-	-	-	- 2,659	**- 2,659**
Exchange differences on translation of foreign operations	-	-	-	-	- 71	-	**- 71**
AS AT 30 JUNE 2016	**1,391**	**15,530**	**16,000**	**-**	**407**	**39,169**	**72,497**

Consolidated cash flow statement for the period from 1 January to 30 June 2017

	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017	FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016	FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Gross profit (loss)	**2,273**	**- 14,689**	**- 2,004**
Total adjustments	**13,565**	**19,222**	**4,983**
Depreciation	19,402	15,476	4,649
Impairment loss (reversal)	-	200	-
Profit (loss) on exchange differences	-	-	- 71
Interest	256	110	-
Credit fee	309	-	-
Profit (loss) on sale of non-current assets	-	2	
Change in receivables	- 9,884	2,973	2,130
Change in inventory and prepayments	- 3,319	310	1,318
Change in trade and other payables	2,375	1,364	- 2,181
Change in employee benefit provisions and liabilities	5,110	- 859	- 725
Change in other current assets	- 609	- 354	496
Tax paid	- 293	-	- 633
Deferred revenues	418	-	-
Other adjustments	- 200	-	-
Net cash flows from operating activities	**15,838**	**4,533**	**2,979**
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of loans granted	-	3	3
Cash outflows on acquisition of property, plant and equipment and intangible assets	- 218	- 762	- 249
Cash outflows on development works	- 15,720	- 28,216	- 12,907
Net cash from investing activities	**- 15,938**	**- 28,975**	**- 13,153**
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Net proceeds from the issue of shares and other capital instruments	461	24,555	-
Incurrence of borrowings	9,498	18,240	9,118
Repayment of borrowings	- 18,443	-	-
Interest	- 256	- 112	-
Other financial outflows	- 309	-	-
Net cash from financing activities	**- 9,049**	**42,683**	**9,118**
TOTAL NET CASH FLOWS	**- 9,149**	**18,241**	**- 1,056**
EXCHANGE DIFFERENCES ON CASH	-	-	-
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS	**- 9,149**	**18,241**	**- 1,056**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**25,424**	**7,183**	**7,183**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**16,275**	**25,424**	**6,127**

Additional information to the midyear abbreviated consolidated financial statement of the CI Games Capital Group for the period from 1 January 2017 to 30 June 2017

Note 1 Basis for presentation and preparation of the financial statements

The financial statements cover the period from 1 January 2017 to 30 June 2017. The comparative data cover the period from 01 January 2016 to 30 June 2016 and from 01 January 2016 to 31 December 2016.

The financial statements were drawn up in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

Note 2 Changes in intangible assets by type

All intangible assets of the Capital Group have a specific useful life and are amortized. The recoverable value of the used intangible assets as at the balance sheet date is higher than their non-amortized value.
The development works disclosed as an intangible asset will be, according to the parent Management Board, completed and bring the anticipated economic results except for those for which write-downs were created.

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017	R&D expenses	Proprietary copyright, licenses, concessions	Rights to press titles	Other intangible assets	**Total**
Gross value as at 1 January 2017	**165,499**	**220**	**51**	**2,098**	**167,868**
Increases:	15,720	-	-	221	**15,941**
- produced internally	15,720	-	-	221	**15,941**
Gross value as at 30 June 2017	**181,219**	**220**	**51**	**2,319**	**183,809**
Depreciation as at 1 January 2017	**106,393**	**220**	**51**	**1,904**	**108,568**
Increases:	19,166	-	-	170	**19,336**
- depreciation	19,166	-	-	170	**19,336**
Depreciation as at 30 June 2017	**125,559**	**220**	**51**	**2,074**	**127,904**
As at 1 January 2017	**59,106**	**-**	**-**	**194**	**59,299**
As at 30 June 2017	**55,660**	**-**	**-**	**245**	**55,905**

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016	R&D expenses	Proprietary copyright, licenses, concessions	Rights to press titles	Other intangible assets	Total
Gross value as at 1 January 2016	**136,748**	**220**	**51**	**2,069**	**139,087**
Increases:	28,751	-	-	29	**28,780**
- acquisition	-	-	-	10	**10**
- produced internally	28,751	-	-	19	**28,770**
Gross value as at 31 December 2016	**165,499**	**220**	**51**	**2,098**	**167,867**
Depreciation as at 1 January 2016	**91,289**	**220**	**51**	**1,584**	**93,144**
Increases:	15,104	-	-	320	**15,424**
- depreciation	15,104	-	-	320	**15,424**
Depreciation as at 31 Dec. 2016	**106,393**	**220**	**51**	**1,904**	**108,568**
As at 1 January 2016	**45,459**	**-**	**-**	**485**	**45,943**
As at 31 December 2016	**59,106**	**-**	**-**	**194**	**59,299**

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016	R&D expenses	Proprietary copyright, licenses, concessions	Rights to press titles	Other intangible assets	Total
Gross value as at 1 January 2016	**136,749**	**220**	**51**	**2,069**	**139,089**
Increases:	13,213	-	-	6	**13,219**
- acquisition	6,389	-	-	6	**6,395**
- produced internally	6,824	-	-	-	**6,824**
Gross value as at 30 June 2016	**149,962**	**220**	**51**	**2,075**	**152,308**
Depreciation as at 1 January 2016	**91,290**	**220**	**51**	**1,585**	**93,146**
Increases:	**4,464**	**-**	**-**	**165**	**4,629**
- depreciation	4,464	-	-	165	**4,629**
Depreciation as at 30 June 2016	**95,754**	**220**	**51**	**1,750**	**97,775**
As at 1 January 2016	**45,459**	**-**	**-**	**.**	**45,943**
As at June 30, 2016	**54,208**	**-**	**-**	**325**	**54,533**

Note 3 Asset and deferred tax provision

DEFERRED TAX	As at 30 June 2017	As at 31 December 2016	As at 30 June 2016
Deferred tax assets			
Opening value	**23,035**	**24,482**	**24,482**
Including assets compared to the financial result	23,035	24,482	24,482
Increases compared to the financial result	19,648	23,035	23,830
cost provision	-	- 74	-
receivables valuation allowances	279	279	628
interest valuation allowances	495	495	329
allowances to reduce inventory	25	19	52
tax loss	6,829	13,539	12,269
unpaid payables	437	536	538
provision for returns and sales corrections	6,174	-	-
value of bought trade marks	3,251	5,419	7,587
difference between the balance-sheet and tax value of tangible fixed assets	1,788	-	-
other	370	2,822	2,427
Decreases compared to the financial result	23,035	24,482	24,482
Closing value	**19,648**	**23,035**	**23,830**
Deferred tax provisions			
Opening value	**2,751**	**2,748**	**2,748**
Including assets compared to the financial result	2,751	2,748	2,748
Increases compared to the financial result	146	2,751	2,745
revenue and interest accrued	1	-	4
exchange differences	101	-	-
other	44	- 3	- 8
difference between the balance-sheet and tax value of tangible fixed assets	-	2,754	2,749
Decreases compared to the result	2,751	2,748	2,748
Closing value	**146**	**2,751**	**2,745**

Note 4 Inventory

INVENTORY	As at 30 June 2017	As at 31 December 2016	As at 30 June 2016
Materials	1,319	572	261
Finished goods	5,895	2,923	2,945
Total gross inventory	**7,214**	**3,495**	**3,206**
Valuation allowance	- 134	- 99	- 273
Total net inventory	**7,080**	**3,396**	**2,933**

According to the Issuer's Management Board, all inventories not covered with the write-down for their impairment represent the recoverable value higher than their accounting value.

Note 5 Trade receivables and advance payments

RECEIVABLES - BREAKDOWN	As at 30 June 2017	As at 31 December 2016	As at 30 June 2016
Trade receivables from related parties	-	-	-
Trade receivables from other parties	14,722	5,391	4,374
up to 12 months	*14,722*	*5,391*	*4,374*
above 12 months	-	-	-
Trade receivables	**14,722**	**5,391**	**4,374**
Valuation allowances for trade receivables	- 2,148	- 2,701	- 1,313
Net trade receivables	**12,574**	**2,690**	**3,061**

Advances granted	298	663	118

Note 6 Estimates, including other current provisions

OTHER PROVISIONS	As at 30 June 2017	As at 31 December 2016	As at 30 June 2016
Other current provisions			
Provision for balance sheet auditing costs	8	40	-
Provision for non-invoiced costs	3,988	582	863
Provision for royalty costs	1,461	-	-
Provisions for paid leave	172	107	-
Total other current provisions	**5,629**	**729**	**863**

Other long-term provisions			
Provision for royalty costs	210	-	-
Total other long-term provisions	**210**	**-**	**-**

Provision for returns - reduced revenues and receivables	**26,112**	-	**514**

Note 7 Net revenues on sales of products. Geographical structure

	for the period from 1 January to 30 June 2017	for the period from 1 April to 30 June 2017	for the period from 1 January to 30 June 2016	for the period from 1 April to 30 June 2016
Europe	30,094	29,439	4,155	1,092
North America	34,806	31,936	7,330	2,677
Asia, Australia, Africa	8,278	8,149	33	25
TOTAL	**73,178**	**69,524**	**11,518**	**3,794**

Note 8 Activity segments

FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2017	Own products	Licenses	Other sales	Total
	76%	**24%**	**0%**	**100%**
Total revenue (A)	**52,465**	**16,984**	**75**	**69,524**
Total direct costs (B), including:	**-27,629**	**-8,415**	**15**	**-36,029**
Depreciation	-12,618	-3,505	-19	**-16,143**
Financial revenue / costs	-1,373	-544	-7	**-1,924**
income tax	-356	59	4	**-293**
Net profit (loss) for the financial year	**1,726**	**1,236**	**27**	**2,991**
Result (A+B)	24,836	8,569	90	**33,495**
% margin	**48%**	**50%**	**120%**	**48%**

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017	Own products	Licenses	Other sales	Total
	72%	**27%**	**0%**	**100%**
Total revenue (A)	**52,999**	**19,923**	**256**	**73,178**
Total direct costs (B), including:	**-29,979**	**-11,327**	**-65**	**-41,371**
Depreciation	-14,052	-5,282	-68	**-19,402**
Financial revenue / costs	-1,343	-505	-6	**-1,854**
Income tax	-568	-213	-3	**-784**
Net profit (loss) for the financial year	**1,078**	**405**	**5**	**1,489**
Result (A+B)	23,020	8,596	191	**31,807**
% margin	**43%**	**43%**	**75%**	**43%**

FOR THE PERIOD FROM 1 APRIL TO 30 JUNE 2016	Own products	Licenses	Other sales	Total
	13%	**71%**	**16%**	**100%**
Total revenue (A)	**480**	**2,704**	**610**	**3,794**
Total direct costs (B), including:	**-775**	**-2,065**	**-160**	**-3,000**
Depreciation	-106	-1,040	-244	**-1,390**
Financial revenue / costs	153	295	34	**482**
Income tax	-5	-125	-34	**-164**
Net profit (loss) for the financial year	**-232**	**-780**	**-145**	**-1,157**
Result (A+B)	-295	639	450	**794**
% margin	**-61%**	**24%**	**74%**	**21%**

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016	Own products	Licenses	Other sales	Total
	33%	**61%**	**6%**	**100%**
Total revenue (A)	**3,815**	**6,978**	**725**	**11,518**
Total direct costs (B), including:	**-3,125**	**-4,976**	**-240**	**-8,341**
Depreciation	-1,540	-2,816	-293	**-4,649**
Financial revenue / costs	183	334	35	**552**
Income tax	-217	-397	-41	**-655**
Net profit (loss) for the financial year	**-881**	**-1,611**	**-167**	**-2,659**
Result (A+B)	689	2,002	485	**3,177**
% margin	**18%**	**29%**	**67%**	**28%**

Note 9 Distribution of the financial result for 2016

On 15 May 2017, the Issuer's Extraordinary General Meeting of Shareholders decided to cover the loss of the Company in the financial year 2016 amounting to PLN 14,389,831.25 from the subsequent years' profits.

Note 10 Contingent liabilities and receivables

As at Friday, June 30, 2017, the Parent held the following contingent liabilities:

- a bank guarantee issued by Powszechna Kasa Oszczędności Bank S.A. on 5 May 2016, to the amount of PLN 433,816.66 to Bertie Investment sp. z o.o. for lease of office space at ul. Puławska 182. The guarantee is valid until 25 December 2018
- *in blanco* promissory note issued in June 2014 to secure repayment of financing granted by the Ministry of Economy seated in Warsaw, based on a project financing agreement entitled "Promotion of CI Games S.A. and increase of the Company's competitiveness on the international market – Gamescom" no. POIG.06.05.02-00-587/13-00 in the amount of PLN 264,750.00. The promissory note is valid until the end of August 2017
- *in blanco* promissory note, together with the promissory note declaration, issued on 27 May 2015 to secure repayment of the open-end current loan agreement granted by Powszechna Kasa Oszczędnościowa Bank Polski S.A. in the amount of PLN 20,000,000.00 on 27 May 2015.

The Company does not demonstrate an *in blanco* promissory note issued on 27 May 2015 to secure repayment of the overdraft due to full repayment of the loan by the Company on 25 May 2017.

The Company does not demonstrate an *in blanco* promissory note issued on 22 February 2017 to secure repayment of a non-revolving working capital facility in convertible currency due to full repayment of the loan by the Company on 25 May 2017.

The Group does not have any other contingent liabilities.

Note 11 Transactions with related parties

Transactions with companies related personally with Marek Tymiński, major shareholder of the parent Company, who controls the following entities directly or indirectly:

	COSTS	REVENUES	RECEIVABLES	LIABILITIES
Onimedia sp. z o.o.	-	1	4	-
Premium Restaurants sp. z o.o.	11	1	-	11
Premium Food Restaurants S.A.	20	30	34	-
Tech Marek Tymiński	97	-	-	77
Fine Dining sp. z o.o.	188	106	154	9
TOTAL	**316**	**138**	**192**	**97**

Transactions with companies that are personally related to the Members of the Supervisory Board and the Management Board (including persons who did not perform the function as at the date of signing this financial statement)

	COSTS	REVENUES	RECEIVABLES	LIABILITIES
APKO Adam Pieniacki	14	-	-	-
TOTAL	**14**	**-**	**-**	**-**

Note 12 Remuneration of the Management and Supervisory Board Members

Value of remuneration paid to the Management Board Members as at 30 June 2017:

Marek Tymiński - President		501,000
Adam Pieniacki - Member		27,000
	Total:	**528,000**

Value of remuneration paid to the Supervisory Board Members as at 30 June 2017:

Dasza Gadomska - Chairwoman of the Supervisory Board		16,000
Tomasz Litwiniuk - Member		12,000
Norbert Biedrzycki - Member		12,000
Grzegorz Leszczyński - Member		12,000
Mariusz Sawoniewski - Member		9,000
	Total:	**61,000**

Note 13 Borrowings including credits, loans and financial liabilities

On 27 May 2015, the Management Board of CI Games S.A. concluded two loan agreements with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna, with its registered office in Warsaw: an overdraft facility agreement and an revolving working capital facility agreement with the total value of PLN 15,000,000.00 (say: fifteen million zlotys). Both agreements have been concluded for the period of two years. The subject of the overdraft facility agreement is granting the Company a loan in the total amount of PLN 5,000,000.00 (say: five million zlotys) to be used to finance current liabilities resulting from the conducted business activities of the Company. The subject of the revolving working capital facility agreement is granting the Company a revolving working capital facility in the total amount of PLN 10,000,000.00 (say: ten million zlotys) to be used to finance production of new titles of computer games released by the Company. On 10 February 2016, CI Games S.A. concluded the annex to the revolving working capital facility agreement with Powszechna Kasa Oszczędności Bank Polski S.A.; pursuant to the annex the loan amount was increased to the amount of PLN 20,000,000.00 (say: twenty million zlotys). On 28 June 2016, CI Games S.A. concluded the annex to the overdraft facility agreement with Powszechna Kasa Oszczędności Bank Polski S.A.; Pursuant to the annex the loan repayment period was extended in monthly installments until 18 December 2017.

On 22 February 2017, CI Games S.A. concluded a non-revolving working capital facility agreement with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna with its registered office in Warsaw in the amount of USD 2,500,000.00 (say: two million five hundred thousand US dollars) for the period from 23 February 2017 to 26 May 2017; the non-renewable loan in convertible currency was granted to the Company to cover the costs associated with manufacturing the game "Sniper Ghost Warrior 3".

The interest rate of the working capital facility was variable, based on WIBOR rate, increased by the Bank's margin not higher than 2.5 pp.

The interest rate of the non-revolving loan was variable, based on WIBOR rate, increased by the Bank's margin not higher than 2.5 pp.

Collateral agreement for the overdraft facility consisted of:

1) loan repayment guarantee granted within the portfolio guarantee line de minimis;
2) registered lien on the Company's bank accounts kept by the Bank;
3) blank promissory note issued by the Company together with promissory note declaration;
4) clause on deducting money from all bank accounts of the Company kept by the Bank.

Collateral agreement for the revolving working capital facility consisted of:

1) registered pledge on the Company's shares in the total number of 1,898,740 (after splitting of the CI Games S.A.'s shares - 18,987,400) items, owned by Mr. Marek Tymiński - the shareholder of the Company;
2) registered lien on the Company monetary claims vis-a-vis three important vendors of the Company;
3) registered lien on the Company's bank accounts kept by the Bank;
4) blank promissory note issued by the Company together with promissory note declaration;
5) clause on deducting money from all bank accounts of the Company kept by the Bank. Other provisions of the agreements do not differ from those commonly applied to those kinds of agreements.

Collateral agreement for the non-revolving working capital facility in foreign currency consisted of:

1) blank promissory note issued by the Company together with promissory note declaration;
2) a registered pledge on cash receivables;
3) registered lien on the Company's bank accounts kept by the Bank;
4) clause on deducting money from all bank accounts of the Company kept by the Bank.

On 25 May 2017, the Company repaid the entire overdraft facility.

On 29 June 2017, the Company made partial repayment of revolving working capital facility in the Polish currency in the amount of PLN 5,000,000.00 (say: PLN five million).

On 29 June 2017, the Company repaid the entire overdraft facility in convertible currency.

Note 14 Events after the balance sheet date

On 1 July 2017, Mr. Maciej Nowotny took a function of the Member of the Management Board of CI Games S.A.

On 1 July 2017, 150,000 F series bearer ordinary shares were introduced to trading on the regulated market - i.e. the Warsaw Stock Exchange, on the parallel market; the shares were acquired by a participant in the Incentive Scheme for key employees and associates, including Members of the Management Board, run at CI Games S.A. This resulted in an increase in the share capital of CI Games S.A. to the amount of PLN 1,508,499.90.

On 27 July 2017, CI Games S.A made a total early repayment of the revolving working capital facility in the Polish currency in the total amount, together with interest, of PLN 15,022,283.18 granted by Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw.

On 25 August 2017 - 1 September 2017, the Participants of the Incentive Scheme for key employees and associates ("Incentive Scheme"), indicated by the Company's Supervisory Board, including Members of Management Board of CI Games S.A., subscribed for series F shares issued by the Company for the purpose of the Incentive Scheme. The subscriptions for series F shares were accepted within private subscription by way of submitting their offer of acquisition of series F shares to persons indicated by the Company by Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK with its seat in Poznań. The abovementioned Participants of the Incentive Scheme acquired in total 60,000 (sixty thousand) series F bearer ordinary shares at PLN 0.70 per each share and of nominal value of PLN 0.01 per each share. All shares covered by subscription were fully paid up. Series F shares are issued due to the conditional increase in the Company's share capital in accordance with §10b of the Articles of Association.

Midyear abbreviated individual financial statement of CI Games S.A.

Individual statement on the financial situation as at 30 June 2017

	ASSETS	6/30/2017 PLN thousand	12/31/2016 PLN thousand	6/30/2016 PLN thousand
A.	**NON-CURRENT ASSETS**	**80,803**	**87,779**	**83,381**
	Tangible fixed assets	847	917	888
	Intangible assets	55,266	58,660	53,893
	Interests in subsidiaries, associates and jointly controlled entities	4,597	4,597	4,597
	Non-current investments	195	184	179
	Deferred income tax assets	19,608	23,024	23,824
	Other non-current assets	290	397	-
B.	**CURRENT ASSETS**	**35,543**	**30,655**	**13,149**
	Inventory	7,080	3,396	2,933
	Current investments	-	16	16
	Advances granted	276	638	-
	Trade receivables	20,523	11,541	3,343
	Income tax receivables	268	-	472
	Cash and cash equivalents	5,395	13,565	5,032
	Other current assets	2,001	1,499	1,353
TOTAL ASSETS		**116,346**	**118,434**	**96,530**

Individual statement on the financial situation as at 30 June 2017

	LIABILITIES	6/30/2017 PLN thousand	12/31/2016 PLN thousand	6/30/2016 PLN thousand
A.	**EQUITY**	**83,873**	**82,823**	**70,169**
	Share capital	1,501	1,501	1,391
	Share premium	40,325	39,975	15,530
	Reserve capital for the acquisition of shares	16,000	16,000	16,000
	Other reserve capital	111	-	-
	Dividend capital	1,017	1,017	1,017
	Retained earnings	24,919	24,330	36,231
	including profit for the period	589	- 14,390	- 2,489
	Equity attributable to owners of the Parent	**83,873**	**82,823**	**70,169**
	Equity attributable to non-controlling interests	**-**	**-**	**-**
B.	**LIABILITIES**	**32,473**	**35,611**	**26,361**
	Non-current liabilities	**355**	**2,751**	**2,745**
	Other long-term provisions	210	-	-
	Deferred income tax provision	145	2,751	2,745
	Current liabilities	**32,118**	**32,860**	**23,616**
	Borrowings including credits, loans and other debt instruments	15,068	24,138	14,795
	Income tax liabilities	-	9	-
	Trade liabilities	11,006	7,999	8,165
	Other liabilities	275	323	340
	Other current provisions	5,351	391	316
	Deferred revenues	418		-
TOTAL EQUITY AND LIABILITIES		**116,346**	**118,434**	**96,530**
	Book value (in PLN thousand)	**83,873**	**82,823**	**70,169**
	Number of shares (in thousands)	**150,700**	**15,015**	**13,914**
	Book value per share (in PLN)	**0.56**	**5.52**	**5.04**

Individual profit and loss account for the period from 1 January to 30 June 2017

	for the period from 1 January to 30 June 2017 PLN thousand	for the period from 1 January to 31 December 2016 PLN thousand	for the period from 1 January to 30 June 2016 PLN thousand
Continuing operations			
Net revenue from sales	**65,233**	**21,792**	**10,249**
Revenue from sale of products and services	65,165	21,426	9,897
Revenue from sale of goods and materials	68	366	352
Costs of products, goods and services sold	**- 41,520**	**- 21,541**	**- 8,417**
Manufacturing cost of products sold	- 41,455	- 21,288	- 8,177
Value of goods and materials sold	- 65	- 253	- 240
Gross profit (loss) on sales	**23,713**	**251**	**1,832**
Other operating revenues	408	590	210
Selling costs	- 16,978	- 6,469	- 1,099
General and administrative costs	- 2,668	- 5,114	- 2,398
Other operating expenses	- 1,387	- 1,309	- 831
Profit (loss) on operating activities	**3,088**	**- 12,051**	**- 2,286**
Financial revenues	1	274	603
Financial expenses	- 1,689	- 228	- 154
Profit (loss) before tax	**1,400**	**- 12,005**	**- 1,837**
Income tax	- 811	- 2,385	- 652
Profit (loss) on continuing operations	**589**	**- 14,390**	**- 2,489**
Discontinued operations	-	-	-
Loss from discontinued operations	**-**	**-**	**-**
NET PROFIT (LOSS)	**589**	**- 14,390**	**- 2,489**
Total other comprehensive income, including:			
Exchange differences on translation of foreign operations	**-**	-	**-**
TOTAL INCOME FOR THE FINANCIAL YEAR	**589**	**- 14,390**	**- 2,489**
Net profit (loss) in thousands of PLN	**589**	**-14,390**	**-2,489**
Number of shares (in thousands)	**150,700**	**15,015**	**13,914**
Profit (loss) per ordinary share (in PLN)	**0.00**	**-0.96**	**-0.18**

Individual statement of changes in equity for the period from 1 January to 30 June 2017

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capital	Dividend capital	Retained earnings	Total equity
AS AT 1/1/2017	**1,501**	**39,975**	**16,000**	**-**	**1,017**	**24,330**	**82,823**
Changes in accounting policy	-	-	-		-	-	**-**
AS AT 1/01/2017, AFTER CONVERSION	**1,501**	**39,975**	**16,000**	**-**	**1,017**	**24,330**	**82,823**
CHANGES IN EQUITY							
Profit and loss for the period	-	-	-		-	589	**589**
Share issue		350	-	111	-	-	**461**
AS AT 6/30/2017	**1,501**	**40,325**	**16,000**	**111**	**1,017**	**24,919**	**83,873**

Individual statement of changes in equity for the period from 1 January to 31 December 2016

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capital	Dividend capital	Retained earnings	Total equity
AS AT 1/1/2016	**1,391**	**15,530**	**16,000**	**-**	**1,017**	**38,720**	**72,658**
Changes in accounting policy	-	-	-	-	-	-	**-**
AS AT 1/1/2016, AFTER CONVERSION	**1,391**	**15,530**	**16,000**	**-**	**1,017**	**38,720**	**72,658**
CHANGES IN EQUITY							
Share issue	110	24,445	-	-	-	-	**24,555**
Profit and loss for the period	-	-	-		-	- 14,390	**- 14,390**
AS AT 31/12/2016	**1,501**	**39,975**	**16,000**	**-**	**1,017**	**24,330**	**82,823**

Individual statement of changes in equity for the period from 1 January to 30 June 2016

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2016	Share capital	Share premium	Reserve capital for the purchase of own shares	Other reserve capital	Dividend capital	Retained earnings	Total equity
AS AT 1 JANUARY 2016	**1,391**	**15,530**	**16,000**	**-**	**1,017**	**38,720**	**72,658**
Changes in accounting policy							**-**
AS AT 1 JANUARY 2016, AFTER CONVERSION	**1,391**	**15,530**	**16,000**	**-**	**1,017**	**38,720**	**72,658**
CHANGES IN EQUITY							
Profit and loss for the period						- 2,489	**- 2,489**
AS AT 30 JUNE 2016	**1,391**	**15,530**	**16,000**	**-**	**1,017**	**38,161**	**70,169**

Individual cash flow statement for the period from 1 January to 30 June 2017

	for the period from 1 January to 30 June 2017	for the period from 1 January to 31 December 2016	for the period from 1 January to 30 June 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Gross profit (loss)	**1,400**	**- 12,929**	**- 1,837**
Total adjustments	**15,566**	**6,139**	**4,586**
Depreciation	19,402	15,473	4,649
Impairment loss (reversal)	16	200	-
Profit (loss) on exchange differences	9	- 6	- 5
Interest	259	- 2	- 1
Credit fee	309	-	-
Profit (loss) on sale of non-current assets	-	2	-
Change in receivables	- 8,982	- 7,575	151
Change in inventory and prepayments	- 3,322	300	1,400
Change in trade and other payables	2,959	- 1,357	- 2,107
Change in employee benefit provisions and liabilities	5,170	- 699	150
Change in other current assets	- 395	- 197	346
Tax paid	- 277	-	3
Deferred revenues	418	-	-
Net cash flows from operating activities	**16,966**	**- 6,790**	**2,749**
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of loans granted	-	3	3
Cash outflows on acquisition of property, plant and equipment and intangible assets	- 218	- 762	- 249
Cash outflows on development works	- 15,720	- 28,216	- 12,907
Cash outflows on loans granted	- 19	- 40	- 37
Net cash from investing activities	**- 15,957**	**- 29,015**	**- 13,190**
CASH FLOWS FROM FINANCIAL ACTIVITIES			
Net proceeds from the issue of shares and other capital instruments	461	24,555	-
Incurrence of borrowings	9,498	18,460	9,118
Repayment of borrowings	- 18,573	-	-
Interest	- 256	-	-
Other financial outflows	- 309	-	-
Net cash from financing activities	**- 9,179**	**43,015**	**9,118**
TOTAL NET CASH FLOWS	**- 8,170**	**7,210**	**- 1,323**
EXCHANGE DIFFERENCES ON CASH	-	-	-
BALANCE SHEET CHANGES IN CASH AND CASH EQUIVALENTS	**- 8,170**	**7,210**	**-**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**13,565**	**6,355**	**6,355**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5,395**	**13,565**	**5,032**

Midyear abbreviated individual financial statement should be read together with the midyear abbreviated consolidated financial statement.

Additional information to the midyear abbreviated individual financial statement of CI Games S.A. for the period from 1 January 2017 to 30 June 2017

Note 1 Transactions with related entities

	COSTS	REVENUES	RECEIVABLES	LIABILITIES
CI Games USA Inc.	-	-	17,424	-
CI Games Cyprus Ltd.	-	-		2,116
Business Area sp. z o.o.	-	4	2	-
Business Area sp. z o.o. s.j.	-	2,058	657	-
CI Games S.A. sp. j.	272	4	-	483
TOTAL	**272**	**2,066**	**18,083**	**2,599**

MANAGEMENT BOARD:

Marek Tymiński
President of the Management Board

Monika Rumianek
Member of the Management Board

Maciej Nowotny
Member of the Management Board

Warsaw, 7 September 2017