

QUARTERLY REPORT

QII 2015

Wrocław, 12.08.2015

THE MANAGEMENT BOARD'S LETTER

Dear Shareholders,

In the second quarter of 2015 PiLab continued efforts to attract new institutional clients in Poland and to continue to demonstrate our unique capabilities via Proof of Concept (PoC) projects. The Management Board has taken further steps related to developing our presence in the US market (e.g., business meetings, preparation for subsequent patent applications). The company also started work associated with expanding the team for future projects in the US, and began developing a team capable of providing support in English.

PiLab is recruiting experienced programmers and sales staff with a proven track-record in analytics-intensive Enterprise environments. The Management Board is working to attract talent ready to take on the challenge of creative work by building long-term value of a Polish technology vendor. An example is the information conveyed in the report EBI RB 7/2015 of acquiring a world-class Head of Engineering, Wojciech Jakóbczyk.

The PiLab Board is analyzing the needs of Enterprises, and the unique value delivered by the PiLab solution, since only properly identified competitive advantages can provide scalability.

Customers see the value of PiLab solutions compared with the standard tools of Business Intelligence (BI), providing flexible "360 degree" analysis allowing customers to analyze and draw conclusions using hidden connections between data elements.

The next step is to focus on appropriate applications where there is opportunity to achieve a leadership position in key high-value niches, not just on a local scale (Polish market), but above all in terms of the US market. Currently, the system gets positive feedback in Poland and the USA within 8 use-cases, each of which is in a separate market. The aim of the work of our marketing team is to confirm which of these applications have the greatest market potential and scalability in the US and global markets. The next step will be to launch the first pilot implementations and to launch the product in America. The time and resources necessary to implement the product are lower than traditional analytic systems, and our customers can pursue the implementation of a PoC as the first step of the sales process.

One example of a transaction done after the implementation of the PoC is a project in BZ WBK bank that provides the ability to perform analyses without being limited to pre-prepared scenarios. Business users can test many hypotheses in real time.

It is worth noting that the characteristic of the sales process of advanced enterprise-class IT products is a long-term contract finalization (6 to 18 months) after entering PiLab on the list of IT solution providers in the institution. The target implementation takes weeks, a period to test the system takes 1-2 months, but the formalization and purchasing procedures can take approximately 12 months.

In the second quarter of 2015. The Company conducted the process of capital increase through the issue of shares of Series H and Series I which were acquired by investors and paid for in cash, which the Management Board informed in the report EBI RB 9/2015.

It is worth noting that company representing key shareholders PiLab, FGP Venture sp. z o.o. announced a conclusion of lock-up period on PiLab shares in the report EBI RB 22/2015. This is the third lock-up superimposed on each other by key shareholders, confirming a long-term commitment to PiLab SA.

Please watch our video demonstrating the potential of the original technology available at PiLab's website <http://pilab.pl/en/resources/>

*I would like to thank our investors for their patience and trust!
You are kindly invited to visit PiLab SA head office located in Wrocław.*

With best regards,,



Paweł Wieczyński

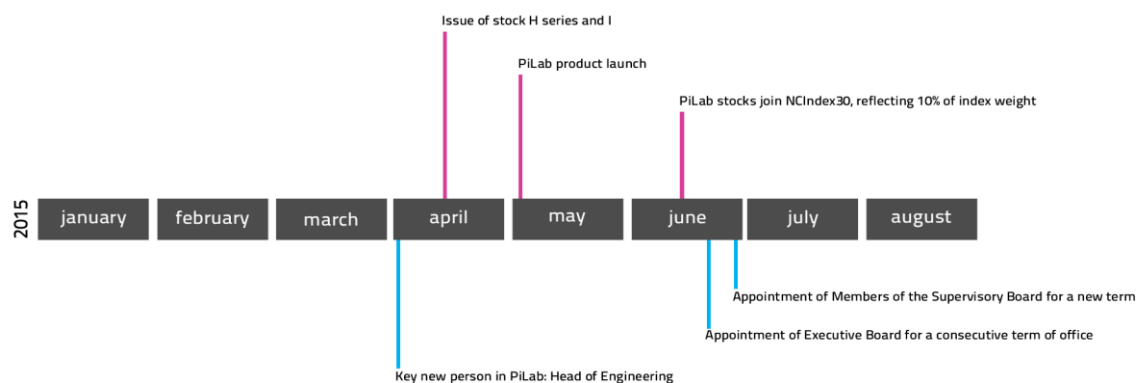
PiLab CEO

1. BASIC INFORMATION ABOUT PiLab SA

Company Name:	PiLab SA
Company Address:	ul. Rzeźnicza 32-33, 50-130 Wrocław
Phone:	+48 71 707 21 74
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www:	www.pilab.pl

Source: Company

2. TIMELINE



Source: Company

3. FINANCIAL DATA

Balance Sheet for the period 1 April 2015 to 30 July 2015 with comparative results

ASSETS		QII 2015 PLN	QII 2015USD	QII 2015 Euro	QII 2014 PLN	QII 2014 USD	QII 2014 Euro
A	Fixed Assets	709 717,14	188 528,93	169 205,88	776 189,33	249 626,72	186 404,74
I.	Intangible assets	574 977,08	152 736,64	137 082,08	669 819,77	215 417,69	160 859,70
II.	Tangible fixed assets	134 740,06	35 792,29	32 123,80	106 369,56	34 209,03	25 545,04
III.	Long-term receivables	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Long-term investments	0,00	0,00	0,00	0,00	0,00	0,00
V.	Long-term prepayments	0,00	0,00	0,00	0,00	0,00	0,00
B	Current Assets	6 402 439,38	1 700 740,97	1 526 425,56	1 888 118,23	607 229,12	453 438,58
I.	Inventory	0,00	0,00	0,00	0,00	0,00	0,00
II.	Short-term receivables	997 004,36	264 843,77	237 698,92	995 098,15	320 028,99	238 976,50
III.	Short-term investments	5 394 330,56	1 432 947,42	1 286 079,19	884 658,63	284 511,04	212 454,04
IV.	Short-term prepayments	11 104,46	2 949,78	2 647,45	8 361,45	2 689,09	2 008,03
TOTAL ASSETS		7 112 156,52	1 889 269,90	1 695 631,44	2 664 307,56	856 855,84	639 843,31
LIABILITIES		QII 2015 PLN	QII 2015USD	QII 2015 Euro	QII 2014 PLN	QII 2014 USD	QII 2014 Euro
A	Equity	6 632 231,22	1 761 782,77	1 581 210,95	2 386 098,42	767 382,27	573 030,36
I.	Share capital	253 550,00	67 352,90	60 449,65	178 700,00	57 470,89	42 915,47
II.	Called up share capital (negative value)	0,00	0,00	0,00	0,00	0,00	0,00
III.	Own shares (negative value)	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Supplementary capital	12 235 888,98	3 250 335,76	2 917 196,50	4 458 998,17	1 434 038,13	1 070 844,90
V.	Revaluation reserve	0,00	0,00	0,00	0,00	0,00	0,00
VI.	Other reserve capitals	0,00	0,00	0,00	0,00	0,00	0,00
VII.	Previous years' profit (loss)	-2 957 147,71	-785 535,32	-705 022,82	-1 250 111,19	-402 042,58	-300 218,83
VIII.	Net profit (loss)	-2 900 060,05	-770 370,58	-691 412,37	-1 001 488,56	-322 084,18	-240 511,18
IX.	Write-off on net profit during the financial year (negative value)	0,00	0,00	0,00	0,00	0,00	0,00
B	Liabilities and Provisions For Liabilities	479 925,30	127 487,13	114 420,49	278 209,14	89 473,58	66 812,95
I.	Provisions for liabilities	0,00	0,00	0,00	0,00	0,00	0,00
II.	Long-term liabilities	65 359,81	17 362,15	15 582,64	64 894,18	20 870,32	15 584,58
III.	Short-term liabilities	414 565,49	110 124,98	98 837,85	213 314,96	68 603,25	51 228,38
IV.	Accruals & Deferred Income	0,00	0,00	0,00	0,00	0,00	0,00
TOTAL EQUITY & LIABILITIES		7 112 156,52	1 889 269,90	1 695 631,44	2 664 307,56	856 855,84	639 843,31

Source: Company

Profit and loss account for the period 1 April 2015 to 30 July 2015 with comparative results

	PROFIT AND LOSS ACCOUNT	Q II 2015 PLN	Q II 2015 USD	Q II 2015 Euro	Q II 2014 PLN	Q II 2014 USD	Q II 2014 Euro
A	Revenues from sales	84 037,88	22 722,15	20 552,69	318 083,30	104 708,44	76 337,55
I.	Sales of products and services	84 037,88	22 722,15	20 552,69	318 083,30	104 708,44	76 337,55
II.	Change in work in progress	0,00	0,00	0,00	0,00	0,00	0,00
III.	Intercompany sales	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Sales of goods and materials	0,00	0,00	0,00	0,00	0,00	0,00
B	Operating costs	1 560 226,39	421 853,83	381 576,07	802 602,92	264 205,32	192 618,54
I.	Depreciation	71 429,75	19 313,17	17 469,18	66 183,57	21 786,68	15 883,55
II.	Materials & energy	60 849,44	16 452,46	14 881,62	43 697,73	14 384,66	10 487,12
III.	Cost of services	865 542,87	234 025,38	211 681,10	297 676,98	97 990,97	71 440,19
IV.	Taxes and fees	3 353,80	906,80	820,22	0,00	0,00	0,00
V.	Salaries	390 703,57	105 638,39	95 552,24	274 342,89	90 309,73	65 840,19
VI.	Benefits	73 366,18	19 836,74	17 942,77	19 863,03	6 538,62	4 766,97
VII.	Other costs	94 980,78	25 680,89	23 228,93	100 838,72	33 194,65	24 200,52
VIII.	Cost of goods and materials sold	0,00	0,00	0,00	0,00	0,00	0,00
C	Profit/Loss on sales (A-B)	-1 476 188,51	-399 131,68	-361 023,38	-484 519,62	-159 496,88	-116 280,99
D	Other operating incomes	23 425,57	6 333,80	5 729,06	1 500,43	493,92	360,09
I.	Profit on sale of fixed assets	0,00	0,00	0,00	1 500,00	493,78	359,99
II.	Subsides	23 424,92	6 333,63	5 728,91	0,00	0,00	0,00
III.	Other operating incomes	0,65	0,18	0,16	0,43	0,14	0,10
E	Other operating costs	29 655,30	8 018,20	7 252,64	6 797,17	2 237,53	1 631,27
I.	Loss on sale of fixed assets	0,00	0,00	0,00	0,00	0,00	0,00
II.	Actualization of fixed assets	0,00	0,00	0,00	0,00	0,00	0,00
III.	Other operating costs	29 655,30	8 018,20	7 252,64	6 797,17	2 237,53	1 631,27
F	Profit/Loss on activity (C + D - E)	-1 482 418,24	-400 816,07	-362 546,95	-489 816,36	-161 240,49	-117 552,16
G	Financial incomes	3 262,83	882,20	797,97	2 303,23	758,19	552,76
I.	Dividends	0,00	0,00	0,00	0,00	0,00	0,00
II.	Interest incomes	3 262,83	882,20	797,97	2 303,23	758,19	552,76
III.	Profit on sold investments	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Actualization of investments	0,00	0,00	0,00	0,00	0,00	0,00
V.	Other	0,00	0,00	0,00	0,00	0,00	0,00
H	Financial costs	9 582,20	2 590,83	2 343,47	5 818,31	1 915,30	1 396,35
I.	Interest expenses	4 987,08	1 348,41	1 219,66	3 538,46	1 164,81	849,20
II.	Loss on sold investments	0,00	0,00	0,00	0,00	0,00	0,00

III.	Actualization of investments	0,00	0,00	0,00	0,00	0,00	0,00
IV.	Other	4 595,12	1 242,43	1 123,80	2 279,85	750,49	547,15
I.	Profit/Loss on total activity (F + G - H)	-1 488 737,61	-402 524,70	-364 092,45	-493 331,44	-162 397,60	-118 395,76
J	Result on extraordinary incidents (J.I. - J.II.)	0,00	0,00	0,00	0,00	0,00	0,00
I.	Extraordinary gains	0,00	0,00	0,00	0,00	0,00	0,00
II.	Extraordinary losses	0,00	0,00	0,00	0,00	0,00	0,00
K	Gross Profit/Loss (I +/- J)	-1 488 737,61	-402 524,70	-364 092,45	-493 331,44	-162 397,60	-118 395,76
L	Income tax	23 777,00	6 428,82	5 815,01	12 076,00	3 975,25	2 898,15
M	Other statutory appropriations of the profit	0,00	0,00	0,00	0,00	0,00	0,00
N	Net Profit/Loss (K - L - M)	-1 512 514,61	-408 953,52	-369 907,46	-505 407,44	-166 372,85	-121 293,90

Source: Company

Cash flow for the period 1 April 2015 to 30 July 2015 with comparative results

CASH FLOW	Q II 2015 PLN	Q II 2015 USD	Q II 2015 Euro	Q II 2014 PLN	Q II 2014 USD	Q II 2014 Euro
A. Cash flows from operating activities						
I. Net profit (loss)	- 1 512 514,61	- 408 953,52	- 369 907,46	-505 407,44	-166 372,85	-121 293,90
II. Total adjustments	- 61 996,24	- 16 762,54	- 15 162,08	-268 386,91	-88 349,10	-64 410,80
III. Net cash flows from operating activities (I +/- II)	- 1 574 510,85	- 425 716,06	- 385 069,54	-773 794,35	-254 721,95	-185 704,70
B. Cash flows from investment activities						
I. Inflows	0,00	0,00	0,00	0,00	0,00	0,00
II. Outflows	126 375,00	34 169,26	30 906,85	0,00	0,00	0,00
III. Net cash flows from investment activities (I-II)	- 126 375,00	-34 169,26	-30 906,85	0,00	0,00	0,00
C. Cash flows from financial activities						
I. Inflows	6 022 386,00	1 628 332,03	1 472 862,14	49 804,00	16 394,76	11 952,58
II. Outflows	21 225,02	5 738,82	5 190,89	15 006,71	4 939,99	3 601,50
III. Net cash flows from financial activities (I-II)	6 001 160,98	1 622 593,21	1 467 671,25	34 797,29	11 454,77	8 351,08
D. Total net cash flows (A.III. +/- B.III +/- C.III)	4 300 275,13	1 162 707,89	1 051 694,86	-738 997,06	-243 267,19	-177 353,62
E. Balance sheet change in cash, including:	4 300 275,13	1 162 707,89	1 051 694,86	0,00	0,00	0,00
F. Cash opening balance	1 094 055,43	295 810,58	267 567,18	1 623 655,69	534 484,06	389 664,90
G. Closing balance of cash (F+/-D), including:	5 394 330,56	1 458 518,47	1 319 262,04	884 658,63	291 216,88	212 311,28

Source: Company

Statement of changes in share equity (funds) for the period 1 April 2015 to 30 July 2015 with comparative results

Statement of changes in share equity (funds)	Q II 2015 PLN	Q II 2015 USD	Q II 2015 Euro	Q II 2014 PLN	Q II 2014 USD	Q II 2014 Euro
I. Opening balance of equity	2 122 359,83	573 843,40	519 053,98	2 854 121,86	939 535,80	684 967,33
I.a Opening balance of equity after adjustments	2 122 359,83	573 843,40	519 053,98	2 854 121,86	939 535,80	684 967,33
II. Closing balance of equity	6 632 231,22	1 793 221,91	1 622 008,66	2 386 098,42	785 469,23	572 645,30
III. Equity including proposed profit distribution (loss coverage)	6 632 231,22	1 793 221,91	1 622 008,66	2 386 098,42	785 469,23	572 645,30

Source: Company

4. THE MANAGEMENT BOARD'S COMMENTS ON FACTORS AND EVENTS THAT AFFECT THE ACHIEVED FINANCIAL RESULTS

PiLab Team has been focused on sales funnel building in Poland. At present PiLab system is receiving positive feedback in Poland and the USA within 8 use cases, each of which represents a separate market. The objective of our marketing team is to confirm which of these applications have the greatest market potential and scalability possibilities within the USA and in global markets. This process is currently at the stage of discussions with a number of consultants and American clients. The subsequent step is the commencement of first pilot implementations followed by product launch in America.

5. NOTES TO FINANCIAL DATA

The following exchange rates were applied:

Euro:

from	to	for Balance Sheet statement calculations	for profit and loss account	for cash flow
01.04.2014	30.06.2014	4.164	4.1668	4,1668
01.04.2015	30.06.2015	4.1944	4.0889	4.0889

Source: NBP

USD:

from	to	for Balance Sheet statement calculations	for profit and loss account	for cash flow
01.04.2014	30.06.2014	3.1094	3.0378	3,0378
01.04.2015	30.06.2015	3.7645	3.6985	3.6985

Source: NBP

Balance Sheet applicable exchange rate represents the exchange rate as of the last day of the month ending the relevant period.

Profit and loss account and Cash flow exchange rate represents the average of exchange rates effective on the last day of each month within the relevant period.