

*ASSECO SOUTH EASTERN EUROPE S.A.*

**LONG-FORM AUDITORS' REPORT  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

## **I. GENERAL NOTES**

### **1. Background**

Asseco South Eastern Europe S.A. (hereinafter 'the Company') was incorporated on the basis of a Notarial Deed dated April 10, 2007. The Company's registered office is located in Rzeszów at 14 Olchowa Street.

The Company was entered in the Register of Entrepreneurs of the National Court Register under no. KRS 0000284571 on July 11, 2007.

The Company was issued with tax identification number (NIP) 813-351-36-07 on September 12, 2007 and statistical number (REGON) 180248803 on February 25, 2008.

The Company is the holding company of the Asseco South Eastern Europe S.A. capital group. Details of transactions with affiliated entities and the list of companies in which the Company holds at least 20% of shares in the share capital or in the total number of votes in the company's governing body are included in Note 23 of the summary of significant accounting policies and other explanatory notes ("the additional notes and explanations") to the audited financial statements for the year ended 31 December 2013.

The principal activities of the Company are as follows:

- Holding operations;
- Reproduction of computer media;
- Manufacture of computers and other information processing equipment;
- Data transmission;
- Letting of own property;
- Renting of office machinery, equipment, and computer hardware;
- Hardware consultancy;
- Software consultancy and supply;
- Data processing;
- Database activities;
- Other computer related activities;
- Research and experimental development on engineering;
- Business and management consultancy activities;
- Business management and administration;
- Advertising;
- Adult and other education.

As at December 31, 2013, the Company's issued share capital amounted to 518.942 thousand zlotys. Equity as at that date amounted to 610.475 thousand zlotys.

In accordance with the information received from the Company as at December 31, 2013, the ownership structure of the Company's issued share capital was as follows:

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Long-form auditors' report  
for the year ended 31 December 2013  
(in thousand zlotys)*

	Number of shares	Number of votes	Par value of shares	% of issued share capital
Asseco Poland S.A.	26 494 676	26 494 676	264 947	51,06%
EBOiR	4 810 880	4 810 880	48 109	9,27%
Liatris d.o.o.	3 838 683	3 838 683	38 387	7,40%
Aviva OFE	2 746 061	2 746 061	27 460	5,29%
Other	14 003 951	14 003 951	140 039	26,98%
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Total	51 894 251	51 894 251	518 942	100,00%
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In the reporting period was an increase of shares of Aviva OFE in the Company's capital up to 5.29%.

There were no changes in the ownership structure of the Company during the reporting period as well as during the period from the balance sheet date to the date of the opinion.

There were no movements in the share capital in the reporting period.

As at February 19, 2014, the Company's Management Board was composed of:

Piotr Jeleński	- President
Calin Barseti	- Member
Miljan Mališ	- Member
Miodrag Mirčetić	- Member
Marcin Rulnicki	- Member

During the reporting period, the following changes took place in the composition of the Management Board:

- on December 18, 2013 the Company received Hatice Ayas's resignations from the positions of the Members of the Management Board effective on December 31, 2013,
- on December 18, 2013 the Company received Dražen Pehar's resignations from the positions of the Members of the Management Board effective on December 31, 2013.

## 2. Financial Statements

On August 28, 2008 the General Shareholders' Meeting decided on preparation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU.

### 2.1 Auditors' opinion and audit of financial statements

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. (formerly: Ernst & Young Audit sp. z o.o.) with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorised to audit financial statements under no. 130.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. (formerly: Ernst & Young Audit sp. z o.o.) was appointed by Supervisory Board on June 17, 2013 to audit the Company's financial statements.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. (formerly: Ernst & Young Audit sp. z o.o.) and the key certified auditor meet the conditions required to express an impartial and independent opinion on the financial statements, as defined in Art. 56.3 and 56.4 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009 (Journal of Laws 2009, No. 77, item 649 with subsequent amendments).

Under the contract executed on July 17, 2013 with the Company's Management Board, we have audited the financial statements for the year ended 31 December 2013.

Our responsibility was to express an opinion on the financial statements based on our audit. The auditing procedures applied to the financial statements were designed to enable us to express an opinion on the financial statements taken as a whole. Our procedures did not extend to supplementary information that does not have an impact on the financial statements taken as a whole.

Based on our audit, we issued an auditors' opinion dated February 19, 2014, stating the following:

**'To the Supervisory Board of Asseco South Eastern Europe S.A.**

1. We have audited the attached financial statements for the year ended 31 December 2013 of Asseco South Eastern Europe S.A. ('the Company') located in Rzeszów at 14 Olchowa Street, containing balance sheet as at 31 December 2013, the income statement, the statement of comprehensive income, the statement of changes in equity, cash flow statement for the period from 1 January 2013 to 31 December 2013 and the summary of significant accounting policies and other explanatory notes ('the attached financial statements').
2. The truth and fairness<sup>1</sup> of the attached financial statements, the preparation of the attached financial statements in accordance with the required applicable accounting policies and the proper maintenance of the accounting records are the responsibility of the Company's Management Board. In addition, the Company's Management Board are required to ensure that the attached financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'). Our responsibility was to audit the attached financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required

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<sup>1</sup> Translation of the following expression in Polish: 'rzetelność i jasność'

applicable accounting policies, whether they truly and fairly<sup>2</sup> reflect, in all material respects, the financial position and results of the operations of the Company and whether the accounting records that form the basis for their preparation are, in all material respects, properly maintained.

3. We conducted our audit of the attached financial statements in accordance with:
- chapter 7 of the Accounting Act,
  - national auditing standards issued by the National Council of Statutory Auditors,
- in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the attached financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached financial statements treated as a whole.
4. In our opinion, the attached financial statements, in all material respects:
- present truly and fairly all information material for the assessment of the results of the Company's operations for the period from 1 January 2013 to 31 December 2013, as well as its financial position<sup>3</sup> as at 31 December 2013;
  - have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and based on properly maintained accounting records;
  - are in respect of the form and content, in accordance with legal regulations governing the preparation of financial statements and the Company's Articles of Association.
5. We have read the 'Directors' Report for the period from 1 January 2013 to 31 December 2013 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2009.33.259 with subsequent amendments).'

We conducted the audit of the Company's financial statements during the period from December 9, 2013 to February 19, 2014. We were present in the place where the Company's books of account are kept from December 9, 2013 to December 10, 2013 and in the Company's head office from December 11, 2013 to December 13, 2013 and from February 3, 2014 to February 19, 2014.

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<sup>2</sup> Translation of the following expression in Polish: *'rzetelnie i jasno'*

<sup>3</sup> Translation of the following expression in Polish: *'sytuacja majątkowa i finansowa'*

## 2.2 Representations provided and data availability

The Management Board confirmed its responsibility for the truth and fairness<sup>4</sup> of the financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and stated that it had provided us with all financial information, accounting records and other required documents as well as all necessary explanations. The Management Board also provided a letter of representations dated February 19, 2014, confirming that:

- the information included in the books of account was complete,
- all contingent liabilities had been disclosed in the financial statements, and
- all material events from the balance sheet date to the date of the representation letter had been disclosed in the financial statements,

and confirmed that the information provided to us was true and fair to the best of the Management Board's knowledge and belief, and included all events that could have had

an effect on the financial statements.

At the same time declare that during the audit of the financial statements, there were no limitations of scope.

## 2.3 Financial statements for prior financial year

The Company's financial statements for the year ended 31 December 2012 were audited by Artur Żwak, key certified auditor no. 9894, acting on behalf of Ernst & Young Audit sp. z o.o. with its registered office in Warsaw, at Rondo ONZ 1, entered into the list of entities authorised to audit financial statements under no. 130. The key certified auditor issued an unqualified opinion on the financial statements for the year ended 31 December 2012. The Company's financial statements for the year ended 31 December 2012 were approved by the General Shareholders' Meeting on April 15, 2013, and the shareholders resolved to appropriate the 2012 net profit and retained net profit for 2011 as follows:

Dividends for the shareholders	42 034
Reserve capital	3 737
Retained earnings	2 161
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	47 932
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The financial statements for the financial year ended 31 December 2012, together with the auditors' opinion, a copy of the resolution approving the financial statements, a copy of the resolution on the appropriation of profit and the Directors' Report, were filed on April 29, 2013 with the National Court Register.

The closing balances as at 31 December 2012 were correctly brought forward in the accounts as the opening balances at 1 January 2013.

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<sup>4</sup> Translation of the following expression in Polish: "rzetelność i jasność"

### 3. Analytical Review

#### 3.1 Basic data and financial ratios

Presented below are selected financial ratios indicating the economic or financial performance of the Company for the years 2011 - 2013. The ratios were calculated on the basis of financial information included in the financial statements for the years ended 31 December 2012 and 31 December 2013.

	2013	2012	2011
<b>Total assets</b>	618 718	616 601	587 687
<b>Shareholders' equity</b>	610 475	612 197	582 963
<b>Net profit/ loss</b>	40 312	46 712	16 864
<b>Return on assets (%)</b>	6,5%	7,6%	2,9%
$\frac{\text{Net profit} \times 100}{\text{Total assets}}$			
<b>Return on equity (%)</b>	6,6%	8,0%	3,7%
$\frac{\text{Net profit} \times 100}{\text{Shareholders' equity at the beginning of the period}}$			
<b>Profit margin (%)</b>	73%	85,1%	68,5%
$\frac{\text{Net profit} \times 100}{\text{Sales of finished goods, goods for resale and raw materials}}$			
<b>Liquidity I</b>	1,9	5,1	3,8
$\frac{\text{Current assets}}{\text{Short-term creditors}}$			
<b>Liquidity III</b>	0,37	0,69	1,05
$\frac{\text{Cash and cash equivalents}}{\text{Short-term creditors}}$			
<b>Debtors days</b>	33 days	19 days	4 days
$\frac{\text{Trade debtors} \times 365}{\text{Sales of finished goods, goods for resale and raw materials}}$			

	2013	2012	2011
<b>Creditors days</b>	109 days	29 days	77 days
Trade creditors x 365			
Costs of finished goods, goods for resale and raw materials sold			
<b>Stability of financing (%)</b>	98,7%	99,4%	99,4%
(Equity + long-term provisions and liabilities) x 100			
Total liabilities, provisions and equity			
<b>Debt ratio (%)</b>	1,3%	0,7%	0,8%
(Total liabilities and provisions) x 100			
Total assets			
<b>Rate of inflation:</b>			
Yearly average	0,90%	3,70%	4,30%
December to December	0,70%	2,40%	4,60%

### 3.2 Comments

The following trends may be observed based on the above financial ratios:

- Return on assets ratio in 2013 decreased in comparison with 2012 and increased in comparison with 2011;
- Return on equity ratio in 2013 decreased in comparison with 2012 and increased in comparison with 2011;
- Profit margin ratio in 2013 decreased in comparison with 2012 and increased in comparison with 2011;
- Liquidity ratio I in 2013 decreased in comparison with 2012 and 2011,
- Liquidity ratio III in 2013 decreased in comparison with 2012, and decreased in comparison with 2011;
- Debtors days ratio in 2013 increased in comparison with 2012 and 2011;
- Creditors days ratio in 2013 has extended in comparison with 2012 and 2011;
- Stability of financing in 2013 decreased in comparison with 2012 and 2011;
- Debt ratio in 2013 increased in comparison with 2012 and 2011.



### **3.3 Going concern**

Nothing came to our attention during the audit that caused us to believe that the Company is unable to continue as a going concern for at least twelve months subsequent to 31 December 2013 as a result of an intended or compulsory withdrawal from or a substantial limitation in its current operations.

In Note 1 of the additional notes and explanations to the audited financial statements for the year ended 31 December 2013, the Management Board has stated that the financial statements were prepared on the assumption that the Company will continue as a going concern for a period of at least twelve months subsequent to 31 December 2013 and that there are no circumstances that would indicate a threat to its continued activity.

## **II. DETAILED REPORT**

### **1. Accounting System**

The Company's accounts are kept using the Symfonia accounting system by CTN Polska Sp. z o.o.. The Company has up-to-date documentation, as required under Article 10 of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'), including a chart of accounts approved by the Company's Management Board.

During our audit no material irregularities were noted in the books of account which could have a material effect on the audited financial statements and which were not subsequently adjusted. These would include matters related to:

- the reasonableness and consistency of the applied accounting policies;
- the reliability of the accounting records, the absence of errors in the accounting records and the trail of entries in the accounting records;
- whether business transactions are supported by documents;
- the correctness of opening balances based on approved prior year figures;
- consistency between the accounting entries, the underlying documentation and the financial statements;
- fulfilment of the requirements for safeguarding accounting documents and storing accounting records and financial statements.

### **2. Assets, Liabilities and Equity, Profit and Loss Account**

Details of the Company's assets, liabilities and equity and profit and loss account are presented in the audited financial statements for the year ended 31 December 2013.

Verification of assets, liabilities and equity was performed in accordance with the Accounting Act. Any differences were adjusted in the books of account for the year 2013.

### **3. Additional Notes and Explanations to the Financial Statements**

The additional notes and explanations to the financial statements for the year ended 31 December 2013 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the EU.

#### **4. Directors' Report**

We have read the Directors' report on the Company's activities in the period from 1 January 2013 to 31 December 2013 and the basis for preparation of annual financial statements ('Directors' Report') and concluded that the information derived from the attached financial statements reconciles with the financial statements. The information included in the Directors' Report corresponds with the relevant provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws 2009.33.259 with subsequent amendments).

#### **5. Conformity with Law and Regulations**

We have obtained a letter of representations from the Management Board confirming that no laws, regulations or provisions of the Company's Articles of Association were breached during the financial year.

on behalf of  
Ernst & Young Audyt Polska spółka  
z ograniczoną odpowiedzialnością sp. k.  
(formerly: Ernst & Young Audit sp. z o.o.)  
Rondo ONZ 1, 00-124 Warsaw  
Reg. No 130

Key Certified Auditor

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Artur Żwak  
certified auditor  
No. 9894

Warsaw, February 19, 2014