



# **CONSOLIDATED ANNUAL REPORT 2015**

**CHAIRMAN´S LETTER  
MANAGEMENT REPORT  
SELECTED CONSOLIDATED FINANCIAL DATA  
CORPORATE GOVERNANCE  
CONSOLIDATED FINANCIAL STATEMENTS**

**19 February 2016**

[asseco.com/ce](http://asseco.com/ce)

**ASSECO**

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## I. CHAIRMAN'S LETTER

Dear shareholders and investors, valued customers, dear colleagues, dear readers,

in 2015, we celebrated our 25th anniversary. Our Company was founded just after the Velvet Revolution and was called ASSET. It had big ambitions especially in the banking sector and it gradually met them and has become very successfully. The Company has undergone several milestones since then. In 2004, we laid the foundations for today's Asseco Group together with the Polish company Comp Rzeszów to create the sixth largest software house in Europe. In 2006, we were directly listed on the Warsaw Stock Exchange as the first Slovak company to do so and we have gradually expanded our business and investment activities in Central Europe to six countries.

Looking back at the year 2015, I personally see it as a very successful year from a business perspective. Our financial performance in Slovakia was excellent and helped offset weaker results in the Czech Republic, especially in the public sector. The difficult situation accompanied by a price war brought about a significant pressure on the survival of many companies, but the achievements of late last year and early this year in this area give us hope of turning that situation around this year. In 2015, we managed to implement new types of services, mainly consulting services, and we started to engage in infrastructure and integration projects commercially. We have diversified the risk, we broadened our competence outside the IT industry and we will seek to use the lessons learned in the future. We believe that the new programming period in the state administration will bring out opportunities to develop these activities as well as increased demand for standard software projects.

In 2014, we acquired the German-Austrian ERP Company and its subsidiaries in Switzerland and merged it with Slovak and Czech Asseco Solutions, thus creating one of the largest ERP producers in Central and Eastern Europe - "big" Asseco Solutions. The excellent results of the whole Asseco Solutions group in 2015, whether they are compared with the budget or with previous years, underpinned the reasoning and the right approach to the change in the management of product development in these companies, to intensify the care of existing customers, but also to greater efficiency and motivation of our employees.

I am satisfied that the year 2015 was very successful also when it comes to our activities in Hungary. We consider the market development of hospital information systems in Hungary as the most successful in its history so far, namely in terms of revenues and profits. In addition to the successful implementation of a number of projects, the company continues the development of a new generation of our product MedWorkS which has the potential of being attractive to customers in Hungary as well as for new customers in markets in other countries. The second pillar of our Hungarian success - Solutions in Consumer Finance - was refreshed in 2014 and embarked on a journey of development of the CrediLogics product, gaining new customers.

The headquarters of Asseco CE are closely involved in group-wide business activities, especially in the distant emerging markets. As part of our trade mission to the African nations of Togo and Nigeria, we are trying to present the utility solutions; in Kazakhstan, Belarus and markets of sub-Saharan Africa, we in turn offer solutions designed for the insurance sector and health care. In the CIS and SEE regions, we keep building up local partnerships and enter into business dealings with selected insurance companies. Regarding utilities, despite all the economic, cultural and social differences between Europe and Africa, we have demonstrated that software support to processes in the

telecommunications and electricity distribution industries is very similar in both the parts of the world. In conjunction with the ability and commitment of our colleagues from Asseco Nigeria, the possibility to implement our products in the African market seems to be very real.

Dear friends,

Let me conclude by thanking all our customers. Exactly as set out in our vision, thank you for allowing us to be such a key and stable provider of IT services and for having the opportunity to develop and implement top-notch solutions for your demanding customers. Thanks also to all my colleagues in the Company for their commitment, hard work, loyalty and effort that ensures that we are still one of the largest IT service providers and software vendors in Slovakia. And last but not least, many thanks on behalf of our Company to our shareholders for the tremendous coordination support at the business and management level. Working in a group brings about new possibilities. Increasingly, we are embarking on joint projects, we use their knowledge of local markets and their know-how, which significantly increases the chances of success of the joint effort and helps to further develop Asseco Central Europe and all its subsidiaries.

Jozef Klein

CEO and Chairman of the Board

## II. MANAGEMENT REPORT

### 1 GENERAL INFORMATION

#### 1.1 Organizational structure and nature of business operations

Asseco Central Europe, a. s. (the "Company", "Parent Company", "Issuer", Asseco Central Europe, a. s. (SK)) is a member of the international Asseco Group, one of the leading software houses in Europe. Asseco Central Europe, a. s. with the registered seat at Trenčianska street 56/A, 821 09 Bratislava, Slovakia, is the parent company of the Asseco Central Europe Group (the "Group").

Company is listed on the Warsaw Stock Exchange since 10 October 2006. At that time it was the first Slovak company directly listed on a foreign stock exchange.

Asseco Central Europe is one of the leading software houses in Central and Eastern Europe. It is active in Slovakia, the Czech Republic, Hungary, Germany, Switzerland and Austria. Members of the Asseco Central Europe Group are also other IT companies and the Company thus employs 1,640 people.

The business profile of Asseco Central Europe, a. s. (SK) includes software and computer hardware consultancy, production of software as well as the supply of software and hardware. According to the classification adopted by the Warsaw Stock Exchange, the Company's business activity is classified as "information technology". Other undertakings of the Group conduct similar operations.

In addition to comprehensive IT services, the Group also sells goods including computer hardware. The sale of goods performed is to a large extent connected with the provision of software implementation services.

Companies of Asseco Central Europe Group implement challenging projects for commercial sector, as well as for public sector, central and local governments, industry, trade and services. Majority of them are built on the long-time experience in extensive projects of tailor made solutions, where it heavily emphasizes the support to the strategic intentions of its clients. Broad customer base of Asseco Central Europe Group includes large financial and insurance companies, public administration, international corporations, central healthcare institutions, healthcare providers and private companies.

#### 1.2 General information

Company's name:	Asseco Central Europe, a. s.
Registered seat:	Trenčianska 56/A, 821 09 Bratislava
ID number:	35 760 419
VAT ID:	SK7020000691
Established:	12 February 1999
Legal form:	joint stock company
Share capital:	EUR 709,023.84
Number of shares:	21,360,000
Type of shares:	bearers shares

Nominal value of share: EUR 0.033194

Registered: Commercial Register maintained by the District Court of Bratislava I., Section: Sa, File No.:2024/B

## 2 SELECTED FINANCIAL DATA OF CONSOLIDATED FINANCIAL STATEMENTS

SELECTED FINANCIAL DATA	In thousand of PLN		In thousand of EUR	
	4 quarters cumulative	4 quarters cumulative	4 quarters cumulative	4 quarters cumulative
	1 Jan 2015 -	1 Jan 2014 -	1 Jan 2015 -	1 Jan 2014 -
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Sales revenues	649,254	493,540	155,147	117,811
Operating profit (loss)	63,060	50,330	15,069	12,014
Pre-tax profit (loss)	63,215	51,808	15,106	12,367
Net profit for the period reported attributable to Shareholders of the Parent Company	47,196	52,512	11,278	12,535
Net cash provided by (used in) operating activities	88,981	82,683	21,263	19,737
Net cash provided by (used in) investing activities	(22,912)	(28,663)	(5,475)	(6,842)
Net cash provided by (used in) financing activities	(44,819)	(37,020)	(10,710)	(8,837)
Increase (decrease) in cash and cash equivalents	21,250	17,000	5,078	4,058
Assets total	716,985	608,575	168,247	142,781
Non-current liabilities	19,884	5,132	4,666	1,204
Current liabilities	239,185	141,935	56,127	33,300
Shareholders' equity attributable to Shareholders of the Parent Company	466,643	467,144	109,502	109,599
Share capital	3,021	3,022	709	709
Number of shares (pcs.)	21,360,000	21,360,000	21,360,000	21,360,000
Earnings per share (in PLN/EUR)	2.21	2.46	0.53	0.59
Book value per share (in PLN/EUR)	21.85	21.87	5.13	5.13
Declared or paid dividends per share (in PLN/EUR)	1.97	1.55	0.47	0.37

Selected items of Statement of financial position are recalculated at the average exchange rate announced by the Polish National Bank prevailing on the balance sheet date. Selected items in the Profit and loss account and Cash flows statement for the period are converted by the arithmetic average of exchange rates announced by the Polish National Bank at the last day of each month of the period.

## Exchange rates

The following exchange rates between PLN and EUR were used to recalculate financial information:

- Selected items of Statement of financial position as of 31 December 2015 were recalculated at exchange rate announced by National Bank of Poland on the balance sheet date (EUR 1 = PLN 4.2615).
- Selected items of Statement of financial position as at 31 December 2014 were recalculated at exchange rate announced by National Bank of Poland on the balance sheet date (EUR 1 = PLN 4.2623).
- Selected items of Profit and loss account and Statement of cash flows for the period from 1 January 2015 to 31 December 2015 were recalculated at average exchange rate calculated from exchange rates announced by National Bank of Poland on the last day of each month in the reported period (EUR 1 = PLN 4.1848).
- Selected items of Profit and loss account and Statement of cash flows for the period from 1 January 2014 to 31 December 2014 were recalculated at average exchange rate calculated from exchange rates announced by National Bank of Poland on the last day of each month in the reported period (EUR 1 = PLN 4.1893).
- The highest and the lowest exchange rate for the reported periods are as follow:

		1 Jan 2015 - 31 Dec 2015	1 Jan 2014 - 31 Dec 2014
max	PLN -> EUR	4.3580	4.3138
min	PLN -> EUR	3.9822	4.0998

## 3 COMPANY VALUES

### 3.1 Mission

The mission of Asseco CE comprises binding values which form an integral part of the business environment and also apply internationally. These binding values are represented in particular by the high and stable quality of the offered solutions and services, continuous care for customers, flexible response to the needs of the market and providing the customers professional IT services and information systems on the basis of modern information technologies which support their business activities and success. Last, but not least, it includes the assurance of the long-term prosperity of Asseco Central Europe.

### 3.2 Visions

#### **Asseco Central Europe's vision**

"Solutions for Demanding Business" – a credo that describes Asseco CE as a key and stable provider of IT services. In this spirit, Asseco CE broadens and strengthens its position of a strong, reputable and reliable company on the domestic, and international ICT market.

### ***Asseco Group's vision***

Asseco Group wants to build a reliable and profitable global information technology company providing high quality software and services. Asseco Group's strategy is built on three pillars. The first is organic growth which is achieved through proprietary software and services, whereas the second one involves expansion through acquisitions. A new third pillar is the support of and buying a business share in emerging start-ups in the role of a strategic investor.

### ***Organic growth***

Asseco strategy relies on good sector-specific business expertise, which is supported by technological competence. The company builds long-term trust-based relationships with customers, becoming their strategic business partner. Asseco leverages on the vast experience of its international affiliated companies to create a comprehensive portfolio of products satisfying the needs of thousands of its customers. The company wants to be perceived as a 'one-stop shop' and therefore, in addition to its own IT solutions and services, it also delivers infrastructure necessary for the proper operation of business applications.

### ***Expansion through acquisitions***

Asseco acquires companies that will either enhance its competence in individual sectors or provide an opportunity to enter new geographical markets. Asseco Poland has successfully implemented its acquisitions policy for many years, and nowadays is one of the most experienced market consolidators in Poland.

### ***Expanding the Portfolio by Start-ups***

As a member accelerators, Asseco wants to support startups and invest in startups as a strategic partner to help implement interesting business ideas and thus expand its own portfolio of products and services.

## **3.3 The Company's strategic goals**

- To be a stable partner of the customer and to support its development and competitiveness by deliveries of modern information systems with high added value to the customer.
- To continue to increase customer satisfaction by increasing the quality of services and by application of the latest trends in the development of information systems.
- Strengthen its position in the Central European market and to penetrate international markets using mutual synergies within the Asseco Group.
- Promote a strong, technically and morally savvy and customer-oriented employee base.
- Build a corporate culture that supports cooperation, innovative and dynamic development of the Company.

## 3.4 Characteristics of factors relevant to development of the Group

### **Satisfied Customers**

The only reliable way how to win and keep customers is to provide them with quality services and solutions with a high added value to reach their strategic goals. Their satisfaction and loyalty resulting from it are the basis of success of each company.

### **Proprietary software**

In an effort to meet customers' and business partners' expectations, Asseco CE focuses particularly on continuous improvement of the quality of provided services and products. This is closely related to the stable, enhanced attention and devoted management, coordination and improvement of the processes in the Company. Asseco Central Europe implemented and certified Quality Management System according the norm ISO 9001 in 2002 for the first time. The system is constantly being improved and maintained in accordance with the requirements of applicable standards.

### **Employee Satisfaction**

The Company is aware of the fact that its employees represent a key factor in the provision of quality services. It considers their motivation and loyalty an integral part of the Company's success. Its aim is to create a stimulating working environment that develops the creativity of employees and supports their personal growth.

### **Trust of Investors and Shareholders**

With its listing on a Stock Exchange market Asseco Central Europe was transformed from a privately owned joint-stock company to a publicly traded one. Its presence on the Stock Exchange means particularly the necessity of a new approach to process management and the implementation of key decisions, while considering the interests of investors, fulfillment of their expectations and building their trust.

### **Constant Organic Growth**

Asseco CE wants to improve constantly, keep up with the times and bring advanced technologies and "Solutions for Demanding Business" to the market, thus meeting the needs of the clients.

### **Social Responsibility**

Asseco Central Europe strives to contribute to increasing the quality of life of society not only by developing of modern information technologies, but also by supporting scientific institutions committed to this goal.

## 3.5 Company management code

Asseco CE is fully aware of the importance of having Corporate Governance standards in place and complying with them. In accordance with standards valid in the market, the above corporate management principles and methodology - "Best Practices" - were incorporated into the Company's documents and procedures. The Company Management

Code was approved by the Company's Board of Directors and published in the Current Report, i.e. in the Stock Exchange report, on 19 February 2016. This report is accessible on the Company's official web site under the "Investors" Section. It contains complete information about the management methods utilized in the Company as well as all information about deviations from the Management Code and the reasons why the decision deviating from the Code was made.

### 3.6 Code of conduct

The Company's Code of Conduct represents a set of principles that are focused inside the Company – towards the employees, as well as towards its surrounding environment. It primarily recognizes principles of ethical behaviour while conducting business and upholds principles of objectivity, transparency, accountability and openness in its activities. Asseco Central Europe declares that it nowadays, as well as in the future, wants to be a reliable partner for its customers, shareholders, business partners, employees and also for the public in all the countries and regions where it operates. Based on conditions for an open and transparent corporate culture that are created by the Company, the staff members are able to distinguish between reasonable and contentious actions.

Asseco CE regards as its core values, above all, to be:

**Relations within the Company**, especially:

- respect for people – a basis for interpersonal relationships. All forms of discrimination, abuse, humiliation, sexual harassment or indecent behavior against humans is prohibited at Asseco Central Europe, a. s. No one can be disadvantaged, favored, harassed or excluded because of their gender, ethnicity, race, age, origin, religion or physical limitations. It is banned to violate the dignity of any employee, their rights and their privacy.
- honest, conscientious and efficient work,
- communication ethics,
- Company loyalty,
- upholding the Company's reputation and safeguarding its assets,
- ethics in conflict resolution,

and **Relations with customers and suppliers**, meaning respect for customers and correctness toward business partners. Local or international legal frameworks apply to all entrepreneurial conduct. Once the Company was listed on the Warsaw Stock Exchange, the impact of these frameworks on Company's conduct is even more significant.

Asseco CE encourages any expression of opinions and suggestions staff members make. The corporate culture of Asseco CE values open feedback that any employee can share thru the HR partner of their division.

## 4 COMPANY'S AUTHORITIES

There were following members of the Board of Directors and Supervisory Board of Asseco Central Europe, a. s. as at 31 December 2015:

Board of Directors	Period	Supervisory Board	Period
Jozef Klein	1.1.2015-31.12.2015	Adam Tadeusz Góral	1.1.2015-31.12.2015
Marek Grác	1.1.2015-31.12.2015	Andrej Košári	1.1.2015-31.12.2015
David Stoppani	1.1.2015-31.12.2015	Ján Handlovský	1.1.2015-31.12.2015
Branislav Tkáčik	10.2.2015-31.12.2015	Marek Paweł Panek	1.1.2015-31.12.2015
		Przemysław Sęczkowski	1.1.2015-31.12.2015

There were following members of the Board of Directors and Supervisory Board of Asseco Central Europe, a. s. as at 19 February 2016:

Board of Directors	Period	Supervisory Board	Period
Jozef Klein	1.1.2016-present	Adam Tadeusz Góral	1.1.2016-present
Marek Grác	1.1.2016-present	Andrej Košári	1.1.2016-present
David Stoppani	1.1.2016-present	Ján Handlovský	1.1.2016-present
Branislav Tkáčik	1.1.2016-present	Marek Paweł Panek	1.1.2016-present
		Przemysław Sęczkowski	1.1.2016-present

The Supervisory Board of the Company appointed Mr. Branislav Tkáčik as the Member of the Board of Directors. The voting took place on 27 January 2015 in accordance with Article 33.3 of the Statutes of the Company, referring to voting per rollam. Appointment came into effect on 10 February 2015.

#### 4.1 Changes in the number of Asseco Central Europe shares owned by the members of the Board of Directors (BoD) and Supervisory Board (SB)

Members of the Board of Directors and the Supervisory Board of the Company do not hold any shares of the Company.

## 5 THE ASSECO CENTRAL EUROPE GROUP

The Asseco Central Europe Group operates either directly or by means of its affiliated companies in six European countries, namely in Slovakia, the Czech Republic, Hungary, Germany, Austria and Switzerland.

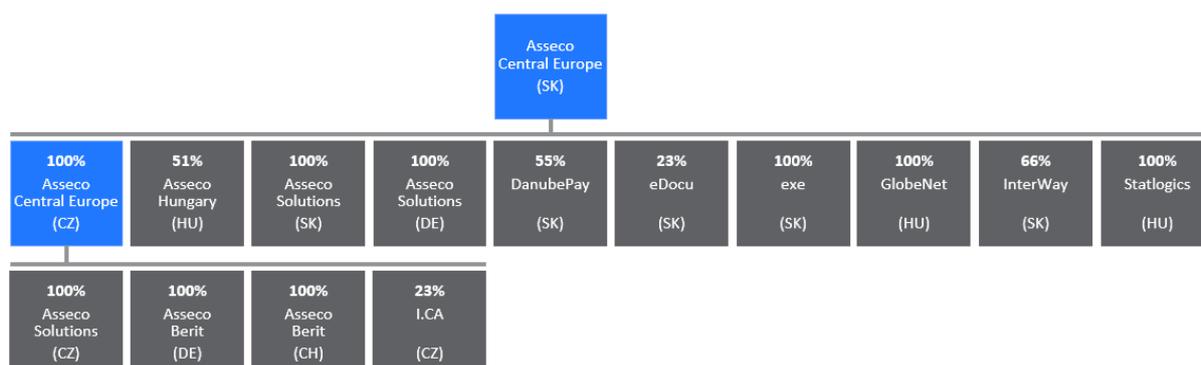
In particular, Parent Company Asseco Central Europe headquartered in the Slovak Republic, is a majority owner of four companies in Slovakia (Asseco Solutions – 100%, DanubePay – 55%, exe – 100%, InterWay – 66%), one in the Czech Republic (Asseco Central Europe – 100%), three in Hungary (Statlogics – 100%, GlobeNet – 100%, Asseco Hungary – 51%) and one in Germany (Asseco Solutions – 100%). Company also owns 23% of shares at eDocu, a. s. in Slovakia.

Moreover, by means of Asseco Central Europe (CZ), the Parent Company controls Asseco Solutions (100%) in the Czech Republic, Asseco BERIT GmbH (100%) in Germany and Asseco BERIT AG (100%) in Switzerland. A minority block of shares at První certifikační autorita, a. s. (23.25%) is also owned by Asseco Central Europe (CZ). By means of Asseco Solutions AG (DE), the Parent Company controls further Asseco Solutions GmbH (75%) in Austria and Asseco Solutions AG (100%) in Switzerland. Complete shareholders' structure is stated in the Consolidated Financial Statements.

On 15 July 2015, the Company signed an agreement with owners of the company InterWay, a. s. on acquisition of 66% of shares of this company. The company focuses on professional implementation of technologies and systems (IDM, SSO, ECM, ERP, BPM, Cloud Computing), integration solutions such as SOA, e-commerce solutions, content management, intranet and portal solutions. It delivers software and hardware solutions of reputable manufacturers (Oracle, Dell, Microsoft, HP, etc.) and solutions based on Open Source products starting from small improvements to existing systems and ranging to integrated design and delivery of complex solutions. The product portfolio is complemented by solutions based on its own development.

On 6 August 2015, the Company signed an agreement with owners of the company exe, a. s. on acquisition of 100% of shares of this company. exe is active mainly in the area of infrastructure services, software sales and localization services. Shortly after its establishment, exe became one of the first authorized partners of Microsoft in the former Czechoslovakia. It is a multiple award winner of MS Industry Awards. During its existence, the company has grown from the licenses vendor to being a system integrator, it has its own development center which develops applications and customized solutions.

### Structure of the capital of Asseco Central Europe Group as at the date of publication of this report i.e. 19 February 2016:



### **Asseco Central Europe (CZ)**

Asseco Central Europe (CZ) became a member of the Asseco Group in January 2007. The company belongs to most significant providers of comprehensive solutions and services in the information technology field within the Czech Republic. It has undertaken challenging projects in both the commercial sector and for national and regional governments. The company has many years of experience in integrating and outsourcing projects, where it has been placing strong emphasis on security. It is a stable partner for its clients, helping them resolve all processes connected with information technologies, starting with IT infrastructure, backup systems, server and desktop virtualization, and specialized applications, such as geoinformation systems, or ECM and BI tailored solutions to support control and decision processes. For financial institutions and capital market the company provides for example, outsourcing of operating systems, delivers portals, direct banking systems optical card systems, and others.

### **Asseco Solutions (SK, CZ, DE, AT, CH)**

Asseco Solutions is the largest producer of the ERP systems on the Slovak, Czech and German speaking markets. Software applications developed by Asseco Solutions are distributed also to other markets within Central Europe. ERP systems HELIOS cover the needs of companies of all sizes in a variety of business areas. The company is involved in development, implementation and support of tailored systems for companies of various sizes, in different fields of their business activities. The product portfolio ranges from information systems for a broad spectrum of enterprises involved in production, trade or services over products for public administration up to, for example, products covering specialized needs of companies providing accommodation and catering services. Moreover, the product portfolio is complemented by a wide offer of services and partners programs. Besides the basic modules and functionalities, they also provide tailored solutions. Asseco Solutions has obtained the Quality Certificate ISO 9001:2000. There were 694 people employed in the whole group as at 31 December 2015.

### **DanubePay (SK)**

DanubePay is a processing centre with headquarters in Bratislava. The company was established by Parent Company Asseco Central Europe in line with its growth strategy. The company is focused mainly on services connected with card and transaction business and providing "Software as a Service" solutions. The strongest assumption of company's success is stemming from offer of innovative products for suitable prices and flexibility of product portfolio. It provides its clients with cutting-edge know-how and the team of quality and experienced professional in the field of transaction processing and card and devices administration. DanubePay is able to deliver quality solutions for both Slovak and foreign markets. It has proved during its short existence that the financial market in Central Europe requires the services of this nature and the company has gradually worked in the domestic and foreign markets and has gained new customers. Asseco Central Europe owns 55% of the shares of DanubePay.

### **Statlogics (HU)**

Statlogics is a global solution provider for consumer finance market players. The company is specialized in credit risk management and retail lending business consulting. It also

provides a consumer finance platform, its software suite covers the whole life cycle of consumer loans from loan origination to collections management.

Statlogics is a knowledge center for risk assessment and management. Its team of experienced consultants provide support for companies in different industries dealing with a mass number of customers. We help our partners to manage their business risks and optimize their processes.

Through a comprehensive range of innovative products, the company is able to tailor different applications and services to the specific needs. Statlogics solutions manage more than 5 million credit applications per year for an amount exceeding 3 billion EUR, while assisting lenders in increasing their approval rates, lowering their credit losses and reducing their processing expenses.

### **GlobeNet (HU)**

GlobeNet is one of the leading companies in the Hungarian healthcare IT market. It's main software, the MedWorkS, a complete hospital information system - along with other related products of the company - is used daily in more than 60 healthcare institutions (clinics, hospitals and general practitioners). The MedWorkS is a modular and integrated solution. It is highly flexible and easy to parameterize according to the client's needs. The software covers all hospital processes, supports ambulatory and outpatients care, diagnostic processes, pharmacy activities and medical controlling. This set of complex functionality is what makes it unique in the Hungarian market. The MedWorkS is closely integrated with other 3rd party systems like speech recognition, PACS, MIS, patient queue management systems and EPR systems (e.g.: SAP).

### **Asseco Hungary (HU)**

Product and service portfolio of Asseco Hungary is able to meet the various needs of its clients in the areas of manufacturing, administration and communication. The company is able to implement complex large-scale IT projects with the help of wide range of experience in international system integration. As a Hungarian company, Asseco Hungary employs Hungarian workers in its activities in Hungary. It builds local competence to complete the projects to support domestic customers. The company cooperates with domestic partners in the process of project implementation. Asseco Hungary's main goal is to participate in public administration projects, and build long term relationship with its customers. Asseco Hungary further aims to build business opportunities in other sectors for Asseco's innovative products in Hungary.

### **Asseco BERIT Group (CZ, DE, CH)**

The Asseco BERIT Group is a bearer of competences in the field of geographic information systems, the assets administration system and systems supporting processes in utility administration within Asseco Central Europe. The group consists of its GIS & Utility Division and the affiliated companies Asseco BERIT GmbH, seated in Mannheim, Germany and Asseco BERIT AG, seated in Sissach, Switzerland. The group currently employs 60 people – analytics, developers, consultants and project managers. The supplied solutions are based on their own development (LIDS, TOMS, AMES, AG Portal Technology, WFMS), which has continued over the twenty five -years-long history of BERIT, a. s. and which has been incorporated in Asseco CE since 2008. Thanks to their own business-implementation network, the products developed in Asseco CE are used by customers in Germany, Switzerland, the Czech Republic, the Slovak Republic, Austria and Poland. In 2015, the

Czech division GIS & Utility was included in the newly created Business Unit Utility which contributed to the revival of business activities in the home countries and across the whole Asseco group. The attractiveness of the offer of its own products will be supported by the newly launched product SAMO - Strategic Asset Management & Operations encompassing all traditional products developed in the group focusing in an integrated form to the actual needs of the market (SmartGrid, Strategic Asset Planning). Another new business objective is to extend the offer by the implementation of the systems developed within the Asseco Group, particularly the system AUMS produced by Asseco Poland.

### **eDocu (SK)**

eDocu is a young software company (startup) that designs cloud services to simplify access to database services through SaaS (Software as a Service) for ordinary users, that is without the need of establishing an in-house IT department, investing in computer equipment and employing product specialists. The company's product is the Internet of Every Thing (networked connections among things) built around things and objects with which information is linked using mobile devices, browsers and web services. People have direct access to the information in the eDocu system anytime, anywhere, without any difficult search, and it is equally easy to get information from the system and add it into it. eDocu's goal is to develop and bring to market solutions that simplify the life of public administrations, businesses and ordinary people. It creates non-standard solutions for standard needs, it helps organizations to bring intuitive structure of the system's internal processes. The investment in the company eDocu helped Asseco CE to expand its portfolio by innovative and promising ideas.

### **exe (SK)**

exe was founded in 1990. During its existence, the company has grown from the licenses vendor to being a system integrator, it has its own development center which develops applications and customized solutions. Product and service portfolio of exe is represented by the design of implementation of information systems, software development, outsourcing, and management of information systems, sales of hardware and software, translation services and localization of software.

The Localization Division successfully handled complex projects requiring high monthly productivity of up to 650,000 words in one language combination within a single project, which clearly confirms its flexibility. Up to 150 linguists work on large projects daily. One of the largest projects include localization of nearly all versions of Microsoft products. The range of localization and translation services reached millions of words per month.

In 2014, exe ranked among the top 20 providers of language services in Central and Eastern Europe and so it is also a proud member of The Globalization and Localization Association (GALA) and European language industry association (elia).

exe is a certified service provider in accordance with ISO 9001:2008 and ISO 17100:2015 (replaced EN15038).

### **InterWay (SK, CZ)**

The company InterWay, a. s. has been operating on the Slovak and foreign IT markets since 1997. The company focuses on professional implementation of technologies and systems IDM, SSO, ECM, ERP, BPM, Cloud Computing, integration solutions such as SOA, e-commerce solutions, content management, intranet and portal solutions. It delivers software and hardware solutions of reputable manufacturers (Oracle, Dell, Microsoft, HP,

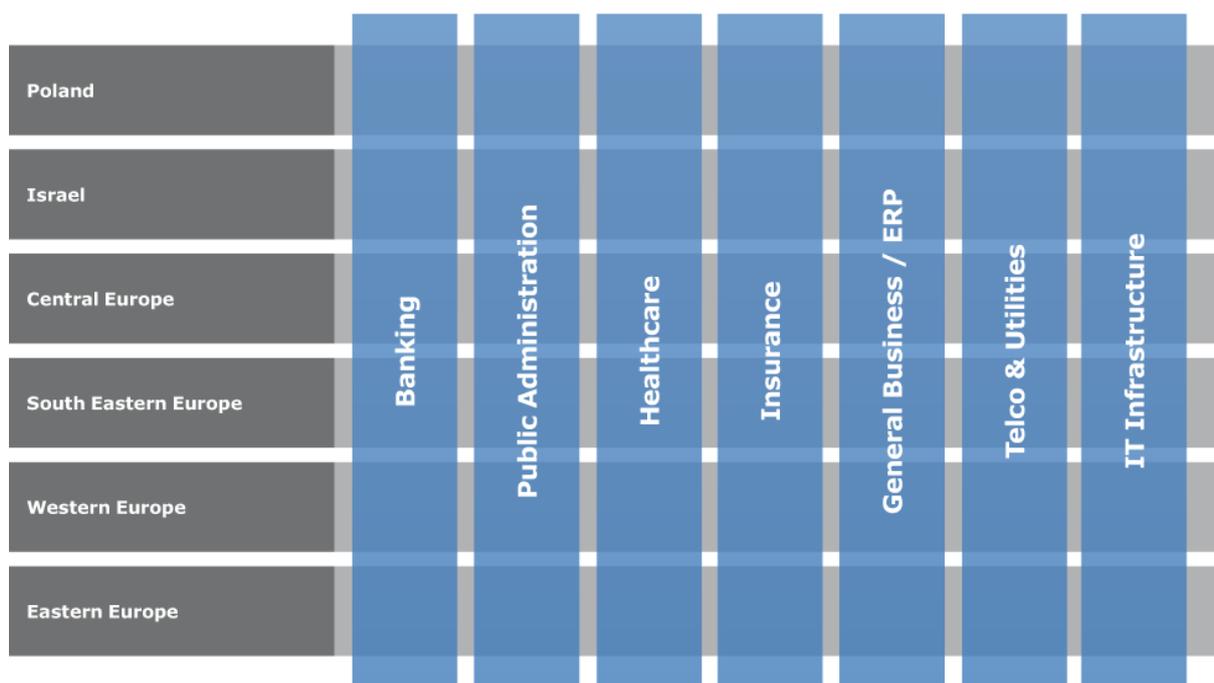
etc.) and solutions based on Open Source products starting from small improvements to existing systems and ranging to integrated design and delivery of complex solutions. The product portfolio is complemented by solutions based on its own developments – the WebJET system and the DMS Greeny document management system. The company InterWay, a. s. initiated the establishment of an international consortium in the project Cloud for Europe (C4E) aimed at sharing existing services and applications across the EU. The company currently has a professional team of qualified specialists, certified specialists and certified team cleared to the SECRET level (NATO, EU, national) in each department of the company involved in a variety of specialized projects. The client base is made up of a wide range of state and local government authorities, telecom operators, banks, insurance companies, network industries corporations to industrial manufacturers. The company InterWay, a. s. has established ISO-certified management systems according to the requirements of international standards ISO 9001, ISO/IEC 27001 and ISO 14001.

## 6 PRODUCT PORTFOLIO

The main strategic role of the Sales Department of Asseco CE is to identify new business opportunities. The aim is to bring about reasonable projects for the Company and professional work for our specialists and provide our clients with solutions necessary for their business needs.

Asseco Group operates throughout the entire Europe. Within Asseco Central Europe we manage operations in Slovakia, Czech Republic, Hungary, Germany, Austria and Switzerland. Our presence in several countries is a huge advantage as we can diversify our efforts over a larger geographic area with a bigger customer base.

In order to benefit from synergies arising from mergers and acquisitions, the products and services provided by individual companies within the Asseco Group are divided into transparently defined organizational units called Business Units. Business Units include Banking, Insurance, Healthcare, Public Administration, Telco & Utilities, IT Infrastructure and ERP (Enterprise Resource Planning). This matrix-oriented organizational structure combines the hierarchic management line of individual regions and entities in regions with a segment-oriented organizational structure, which is strictly focused on creating business opportunities in the given segment. This organizational arrangement makes it possible to consolidate products and services within Business Units and at the same time to simplify the offer of the whole group.



*Asseco Group Business Units.*

The offer of products and services is also within every regional grouping arranged to segment-oriented groups/ areas which are autonomously managed. Within Asseco Central Europe, they include the following areas: Finance, Healthcare, Insurance, Public CZ, Public SK, IT Infrastructure & Integration, Utility and ERP. Specific divisions of Asseco CE SK/ CZ or entities belonging to Asseco CE at the regional level are allocated to individual Business Units. Products or product groups are divided in the same way. Asseco CE builds its offer on key products which represent the basis of its competences and experience. One of the basic goals of the Company is to create efficient and easily accessible solutions which fully respect the differences and specifics of individual customers and thus help them achieve their competitive advantage. This goal has been fulfilled by a suitable combination of offered products and present solutions and by the development of customized solutions.

						
	BANKING	INSURANCE	HEALTHCARE	BUILDING SAVINGS	UTILITIES	PUBLIC
SERVICES			Software development			
			System Integration			
			Infrastructure & Security			
			Outsourcing			
SOLUTIONS	StarBANK	StarINS	Mediform	StarBUILD	SAMO	DT
	eStarBANK	SofiSTAR	MedWorkS		TOMS	
	StarTREASURY		ZPIS		WFMS	
	StarCARD					
	Credilogic					
			LIDS – Geographical IS			
			StarBI, StarSTAT, AQS – Business Intelligence			
		AGportal – Application Integration & Portals				
		Helios – ERP				

*Segment oriented groups with overview of company’s portfolio of solutions and services.*

The product offer is complemented by key services and competences which spread across the product portfolio. They include two basic services: software development and outsourcing.

**Software development** is the strongest competence of Asseco CE, covering all activities associated with software development – from detailed analysis of customer requirements through the consultation of possible solutions, development, design of optimal technology architecture, technology and development tools, up to testing, documentation, implementation, training or support in the solution of operational problems.

In the area of **outsourcing** Asseco CE offers a wide spectrum of services. It provides assistance to both external and internal customers, and not just with service-related activities. It handles queries regarding repairing of different types of ICT equipment (computers, notebooks and servers) and peripherals (printers, scanners and UPS), provides HW and SW procurement consulting, HW equipment upgrade, realize equipment installation and consequent preventive checks, installation and maintenance of operating systems – all of that by means of remote, as well as local service support in the entire territory of Slovak Republic.

Company further supplies and installs POS terminals, provides training, service, maintenance and support for networks of POS terminals. Terminals are managed centrally by a specialized department consisting of a team of qualified experts with appropriate technical facilities, and expertise in the field. The Company uses special web application for service management a remote support, designed for management, monitoring and evaluation of the state of service processes/ services. Local support is provided by the service team covering (similar to IT Service) the entire territory of the Slovak Republic and Czech Republic.

Company also provides personalization of smart cards.

### **Business Unit Finance**

Asseco Central Europe has more than twenty-five years of experience in the financial segment. It has implemented a number of projects and developed several unique solutions for banks. One of them is the information system **StarBANK** which automates all retail and wholesale operations and provides a comprehensive set of reports, controlling and intra dealing. **eStarBANK** is a portal solution that enables the use of electronic distribution channels ensuring all basic retail functions for remote clients (Internet banking, home banking, mail banking and GSM banking).

The offer of Asseco Central Europe in the financial segment is complemented by the **Credilogic®** family of software applications developed by the Company's subsidiary Statlogics. These solutions serve some of the most demanding financial institutions in the world. Credilogic® applications cover the entire workflow of credit lifetime from origination to loan account management and collection of bad debt.

**StarCARD®** enjoys a unique position in the Company's product portfolio. It is a full information system supporting pay card transactions for banks and processing centres. It includes authorization support, clearing and transaction settlement and dealer administration. An integral part of the system is application software for end devices, ATMs, and POS terminals. Based on the success of the StarCARD® solution, the processing center DanubePay was founded within the Asseco Central Europe Group in 2012 which is certified by VISA a Mastercard.

The meet the needs of building societies, the company has developed a core-banking system **StarBUILD** focused on building savings products. This comprehensive banking

information system fully covers all business processes of a building society. Apart from the core-banking system, it comprises a wide portfolio of optional modules which are integrated with each other into a single unit. Maximum integration of various optional modules into one comprehensive solution delivers a significant reduction in hardware costs, licenses, integration and maintenance.

The offer of Business Unit Finance closes **StarSTAT** which is suitable for all types of companies whose employees are engaged on a regular basis in acquiring, editing, processing and creation of generated data. It is a versatile reporting tool but it also offers pre-loaded functionality to comply with reporting obligations to financial market regulators of banks, insurance companies, leasing companies and other financial institutions.

Asseco CE's solutions for financial segment can be found in international banks as well as smaller local financial institutions like Slovenská sporiteľňa (member of ERSTE Group), Poštová banka, EXIMBANKA SR, Wüstenrot hypoteční banka, Wincor Nixdorf, GE Money Bank, Českomoravská hypoteční banka, Českomoravská záruční a rozvojová banka, J&T Banka, UniCredit Bank Slovakia, OTP Banka Slovakia. The Company has achieved a dominant position on the market of building societies in the Czech Republic. The StarBUILD solution is in operation in three of the five building societies (Wüstenrot stavební spořitelna, Modrá pyramida stavební spořitelna and Stavební spořitelna České spořitelny) and is being implemented in the fourth - the largest building society in the Czech Republic and the second largest in Europe (Českomoravská stavební spořitelna) - the solution was accepted at the end of 2015 and the production operation will start in March 2016.

### **Business unit Healthcare**

Asseco Central Europe offers a wide range of solutions for the healthcare segment, both standardized software products and complex solutions developed according to the specific needs of the customers. Mediform, ZPIS and STRIX are among the solutions targeted at health insurance companies. **Mediform** covers the most important processes in an insurance company, e.g. IS administration, diaries and catalogues, client registers, receipt, audit and claiming of insurance premium, annual accounting of premiums, payment processing of healthcare costs, medical revision of costs and refunding of costs of insured persons from the EU. Accounting and balance account is a part of the system. **ZPIS** is a centralized multi-tier information system (IS) for health insurance companies (HIC). It includes complete application program facilities for the administration and support of activities of a health insurance company. It is built on the extensive experience in developing and improving systems for health insurance and contains the latest modern technologies. It is a universal modifiable system based on relational database technology. The IS is integrated with an Internet portal and electronic registry for contact between the customer and their clients and partners. The IS can be connected to other support systems (ERP, MIS, call centre, etc.). The **STRIX** software is the first of a family of products that support the improvement of hospital care financing in Slovakia. STRIX classifies hospital care to nearly 1,200 DRGs that reflect medical care and financial costs of the medical case at hand, thus enabling a more equitable funding of hospitals.

**eHealth** covers the solution to public administration for "electronic health services". It ensures the implementation of visual services "providing health information of the patient" - electronic medical records. The solution includes a summary report of the patient, extracts from the personal account of the patient and personal records of citizens. An important component of the solution is granting approvals for the provision of patient-

related health information as per the assigned patient consent and in accordance with legislation applying to health professionals and citizens.

The healthcare offering is complemented by the solutions of the Company's Hungarian subsidiary GlobeNet which supplies **MedWorkS**, a complex hospital information system. This solution provides assistance and support to the communities within healthcare institutions in every single aspect of their daily jobs. The regular activities of physicians, patients, nurses, hospital management and other employees are intensively supported by MedWorkS' unique capability of tracking, administration and optimization of healthcare processes. MedWorkS is a unified hospital IT system engineered for operating across the institution and the entire local and remote infrastructure; appropriate user interfaces were generated and implemented for different profession-specific work areas with differing functionality.

The further area under Business Unit Healthcare is business intelligence. During software development, the Company developed in this field from initial reporting tasks via dashboards and ad-hoc analysis to advanced methods of datamining and predictive modeling. Our product **StarBI** is either provided as a turnkey solution or by customizing modules prepared in advance. The solution uses standard BI platform and databases (IBM, Microsoft, Oracle and SAS). Asseco Central Europe offers a wide range of solutions for monitoring and evaluating profitability (of products, customers, sales channels), automating reporting for internal or external environment (regular reporting, ad hoc outputs), in-depth analysis of data through data mining tools and dealing with tasks such as for instance detection of fraud (insurance, government revenue - taxes), cross-selling, subsequent sales, customer segmentation and other types of tasks. The **AQS** (Asseco Quality Services) solution is used to consolidate data and transfers thereof among heterogeneous systems by combining a software product, methodology and related services designed to implement migrations, consolidations and data cleansing.

The most important clients of the Healthcare Business Unit include specialized health institutions (National Health Information Center (SK), Institute of Health Information and Statistics of the Czech Republic, Coordination Center for Departmental Medical Information Systems – a branch of State in the Ministry of Health of the Czech Republic), owners and operators of regional healthcare networks (Svet zdravia (SK)), health insurance companies (Česká průmyslová zdravotní pojišťovna, Oborová zdravotní pojišťovna zaměstnanců bank, pojišťoven a stavebnictví, Revírní bratrská pokladna, zdravotní pojišťovna, Union zdravotná poisťovňa, Všeobecná zdravotná poisťovňa, Vojenská zdravotní pojišťovna České republiky, Zaměstnanecká pojišťovna Škoda, State Health Insurance Company, Hungary (OEP)), commercial insurance Union poisťovňa, Pojišťovna Všeobecné zdravotní pojišťovny, Fakultná nemocnica s poliklinikou F.D.Roosevelta, ambulances and general practitioners.

With respect to solutions for data warehousing and business intelligence, important clients of the business unit include commercial and non-commercial organizations from industries other than the healthcare sector and the insurance industry where Asseco solutions significantly help for example the Financial Administration of the Slovak Republic in the fight against tax evasion, allow processing of statistical data for the Czech Statistical Office or are part of the integration of data and systems as in the case of Českomoravská stavební spořitelna.

### **Business Unit Insurance**

The portfolio of BU Insurance of Asseco Central Europe includes information systems for commercial insurance companies. The comprehensive information system **StarINS**

automates all front-office and back-office operations including personal, property and liability insurance as well as life, health and pension insurance. It works as a standalone product covering electronic distribution channels. **SofiSTAR** is a production information system for managers of pension savings of citizens. The system provides activities for front-office and back-office with a high degree of process automation with the addition of Internet client access to personal pension accounts and automatic processing of electronic documents for pension saving.

BU Insurance's customers include commercial insurers and managers of pension savings of citizens (Allianz – Slovenská poisťovňa, STABILITA d.d.s., Wüstenrot neživotní pojišťovna, Wüstenrot životní pojišťovna, ČSOB Penzijní společnost).

### **Business Unit Public SK**

Systems for public administration developed and implemented by the Business Unit Public SK are the major fields of interest of the Company in addition to solutions for commercial entities. In the area of solutions to central public administration, Asseco CE specializes in the creation and delivery of such solutions which cannot be carried out by conventional means and instruments without a large amount of creative work. A significant advantage of the Company is the ability to design and implement systems for processing large volumes of data with sophisticated transactional logic as well as special portal solutions with form interface intended for public administration that are implemented with cross-linking to key components of eGovernment. A specific offer to public administration is the design and delivery of complex systems for government that includes hardware, network infrastructure and specialized heavy duty applications with guaranteed high availability for the specific needs of government-type central information systems, auditor's information systems for the distribution of government benefits and subsidies or financial information systems for processing and publishing of large data sets.

The main objective of the Public Consulting Division which is part of Business Unit Public SK is to establish Asseco CE in the education sector and the labor sector with a focus on consulting services focused on integration of existing education systems and implementing new programs resulting from the requirements and trends in the labor market regarding education. The first phase of the activities will be primarily engaging the IT sector and later will focus on the development of other sectors in cooperation with our partners. As a follow-up to the current successfully implemented Services of NSK project, the intention is not only to apply for other projects in the field of lifelong learning, dual learning and education in general, but to become an equal partner and competitor to companies already active in this area.

We will strive to achieve this ambitious goal by building a strong team of consultants, analysts and other professionals capable of managing such large-scale projects. The team will leverage the expertise in these fields and the already acquired competences and partnerships gained by Asseco in other sectors. The division has the same ambition in the field of human resources and related operational program under the Ministry of Labour, Social Affairs and Family, as well as in other operational programs which aim to implement tools for education and ensuring the quality of the workforce.

A special area of competence of Asseco CE is Transport Telematics which includes mainly **Intelligent Transportation Systems** (ITS). This solution allows a more efficient use of existing transport infrastructure, improving traffic flow that enables savings in time and fuel. The result of the introduction thereof is also a decrease of negative environmental impacts.

The largest projects undertaken in this area include delivery of solutions for ministries (Slovak Ministry of Transport, Construction and Regional Development, Slovak Ministry of Interior), Slovak Supreme Audit Office, Česmad Slovakia, State Institute of Vocational Education and many other authorities and institutions.

### **Business Unit Public CZ**

The profile of Business Unit Public CZ is very similar to the characteristics of the Business Unit Public SK. The developing competences of our Company in the field of public administration may even be broadened by using the principles of Enterprise Architecture. We use the principles thereof for mapping the current state and proposing the future state of the architecture of the target environment (in this segment this includes for example an administrative authority or a central administration authority), including a draft roadmap and transformation projects. The projects of this type use the TOGAF™ methodology and the modeling language ArchiMate™. At present, Government Enterprise Architecture (GEA, EA modified for public administration) is among the major trends in public administration and it is becoming more common. The National Architectural Plan (NAP) in the Czech Republic is based on the principles of GEA. Every new project in this area shall conform to the architectural patterns and principles which are codified in the NAP.

A specific offer to public administration is the design and delivery of complex systems for government that includes hardware, network infrastructure and specialized heavy duty applications with guaranteed high availability for the specific needs of government-type central registers, business registers, supervisory systems for the distribution of government benefits and subsidies or budgetary information systems for processing and publishing of large data files on platforms Informix or Oracle using WebLogic application servers and Geocluster RAC topology and Java development environment.

Among the largest projects undertaken in this area is the delivery of solutions for ministries (Czech Ministry of the Interior, Czech Ministry of Transport, Czech Ministry of Finance, the Capital City of Prague, etc.), but we also cooperate with the Statistical Office of the Czech Republic and many other authorities and institutions such as the Czech Social Security Administration and the Czech Office for Surveying, Mapping and Cadastre.

### **Business Unit Utility**

Wide range of offerings by Asseco CE allows to appropriately complement the solutions by other products and services. These include solutions in the field of GIS and infrastructure management of utility companies provided based on the experience acquired by the Company over the past twenty five years in the development and implementation of geographic information systems (GIS), administrative systems for operation of technical equipment (Facility Management), web and portal solutions (Web) and integration based on service-oriented architecture (SOA). Asseco CE has solutions for utility companies, industrial companies and also state and local government businesses. The core products in this area are based on the latest technologies and standards and include the geographic information system **LIDS**, framework for creating communications and publishing portals **AG Portal**, solution for process support in the distribution of manufacturing enterprises **TOMS**, system of management of work in the field based on work orders (and all related material information) sent to mobile devices - tablets of the mobile work crews **WFMS** (Work Force Management System) a tool for record-keeping and asset management

**AMES.** The above-mentioned products are also the basis for comprehensive solutions in the field of large-scale asset management focused on the current needs of the market (SmartGird, Strategic Asset Planning) which were marketed in 2015 under the new brand **SAMO - Strategic Asset Management & Operations.**

Our most important clients include companies that manage utilities (EON ČR, a.s., N-ERGIE AG, Norimberk, EWR Netz GmbH Worms, Technische Werke Ludwigshafen AG, Pražská plynárenská, a. s., Teplárny Brno, a. s., Vodárenská akciová společnost, a. s., Brno, Východoslovenská vodárenská spoločnosť, a. s., Košice, Brněnské vodárny, a. s. SWU Stadtwerke Ulm GmbH, ENNI Energie & Umwelt Niederrhein GmbH, Moers, SYNTHOS, PKN Orlen, etc.), also companies holding large industrial sites (BASF SE, CURRENTA GmbH & Co., Novartis Pharma AG Basel, AUDI AG, Daimler AG, ŠKODA AUTO, a. s.) and organizations of state and local governments (Zeměměřický úřad (Land Survey Office, Czech Republic), Olomoucký kraj (the Olomouc Region, Czech Republic), Agencja Restrukturyzacji i Modernizacji Rolnictwa (Poland)).

### **Business Unit IT Infrastructure & Integration**

The Business Unit Infrastructure & Integration is a provider of infrastructure solutions that cover all phases of the life cycle of these solutions from design through delivery and implementation to ensuring operation with the required level of service, including service under continuous availability and supporting the systems 7x24. Doing this, the division uses its long-standing experience in the development, delivery and operation of critical systems in the public sector, the financial segment, health care and utilities, and follows the standard methodology for effective delivery and management of IT systems. In line with current trends and using the latest technology, the Business Unit Infrastructure & Integration focuses in an increasing extent on the supply of integrated solutions up to the level of "IT as a Service", allowing customers to focus on their core business, while using modern, flexible and efficient IT systems.

We work closely with other business units while preparing proposals so that the resulting solutions meet customer requirements for functionality, security, performance, availability, extensibility and scalability, administration and supervision. The infrastructure solutions supplied by us cover all infrastructure layers including the security project, server systems, networking and security, storage systems, database systems, middleware, application servers and user systems that are built according to the needs and requirements of the customer either "on premise" of the customer or in "the cloud". Asseco Central Europe provides call centre services and helpdesk in continuous operation to support external and internal customers.

The Business Unit Infrastructure & Integration ensures the supply of hardware, software licenses, network and supporting infrastructure and consumer devices, maintaining partnerships with most major manufacturers and distributors of these technologies.

Among the most important customers to whom the Business Unit Infrastructure & Integration delivered the design, supply, implementation and support of IT infrastructure are the Ministry of Interior of the Slovak Republic, Českomoravská stavební spořitelna, Czech Statistical Office, Supreme Audit Office of the Slovak Republic, , Czech Social Security Administration (operation of the information and communication interfaces of e-Portal), administration of basic registers (operation of registers RPP and ROS), the capital

city of Prague (operation of the CMC Information System), a subsidiary of DanubePay (support and operation of banking and payment systems).

The Business Unit Infrastructure & Integration also operates and develops internal information systems of Asseco Central Europe in which it continuously varies the company's infrastructure in order to increase the proportion of virtualization technology and cloud technology. This provides flexibility and efficiency of sharing technological resources for projects in the Czech Republic, Slovakia and Hungary that allows efficient sharing of knowledge and resources across the companies. The development teams of business units also benefit from continuously designed, implemented and managed development and testing environment necessary for the development of and subsequent support to customer solutions.

### Business Unit ERP

Business Information Systems from the portfolio of our subsidiaries – Asseco Solutions - cover the needs of businesses of all sizes in various fields of business and public administration. Systems complement a wide range of services and partner programs. They are highly valued for their technological advancement and the other properties that result from perfect knowledge of the domestic market. Thanks to the geographical closeness of Asseco Solutions companies to local customers, the product portfolio can be better tailored to the specific requirements across sectors and countries and to offer a better service at a professional level. The selected proven local solution can also be introduced into commercial offer in other countries in the longer term.

Within the composition of Asseco CE is the competence in the field of corporate information systems known also under the HELIOS name.

## 7 SHAREHOLDER ' STRUCTURE OF ASSECO CENTRAL EUROPE, A. S.

According the information available to the Board of Directors following shareholders exceeded the 5% share as at 31 December 2015 and 19 February 2016:

Shareholder	Number of shares	Number of votes	% share
Asseco Poland, S. A.	19,973,096	19,973,096	93.51

The share capital of the Company as at 31 December 2015 was equal to EUR 709,023.84 and was divided into 21,360,000 bearer's shares with a nominal value of EUR 0.033194 each.

## 8 PERSONNEL INFORMATION AND POLICY

Asseco CE is one of the major employers in the IT field in Slovakia and the Czech Republic. The personnel policy of this Company is based on the principles of honesty, transparency,

respect, integrity, personal responsibility and trust. In practice this means the daily integration of these principles into the running of the Company, its behaviour and communication towards external and internal environment.

Given the focus of the Company, the highest percentage of employees are developers. Software engineers, analysts, system and database specialists, testers, project managers and consultants represent more than 88% of the total number of employees. The model based on the transfer of experts - business consultants directly into production divisions to connect developers and consultants to support the preparation and delivery of solutions to our customers has been successful.

The age structure of employees has traditionally been balanced. More than 60% of employees in Slovakia are in the age group 20-40 years, 27% of employees are younger than 30 years of age. However, the Company also employs employees over 50.

The proportion of women reaches 25% in Slovakia and 20% in the Czech Republic of the total number of employees.

## 8.1 Employment structure in the Asseco Central Europe Group

Number of employees	31 Dec 2015	31 Dec 2014
Board of Directors of the Parent Company	4	3
Board of Directors of the Group companies	20	15
Production departments	1,278	1,150
Sales departments	143	112
Administration departments	195	170
<b>TOTAL</b>	<b>1,640</b>	<b>1,450</b>

Number of employees	31 Dec 2015	31 Dec 2014
Asseco Central Europe, a.s. (SK)	399	396
DanubePay, a. s. (SK)	32	27
Asseco Solutions Group (SK)	167	155
Asseco Solutions Group (CZ)	321	291
Asseco Solutions AG (DE)	206	185
Asseco Central Europe, a.s. (CZ) + Asseco BERIT	270	275
InterWay	76	-
exe	50	-

GlobeNet Zrt. (HU)	47	48
Statlogics Zrt. (HU)	70	70
Asseco Hungary Zrt. (HU)	2	3
<b>TOTAL</b>	<b>1,640</b>	<b>1,450</b>

## 9 MARKET POSITION

### 9.1 Information technology market and future outlook

#### The Development of the Global IT Market

In 2015, IT spending decreased globally, the most in modern history. The year-on-year decline equalled 6%. According to Gartner analysts, this has hitherto been the most significant decline recorded. For 2016, Gartner expects growth of 0.6% with the total expenditure at the level of USD 3.54 billion.

According to analysts, the significant decline in IT spending has been brought about by the strong dollar that caused export prices to increase by a fifth. An increase in IT spending occurred in the United States in 2015 (of 3.1%) and analysts estimate an increase by 1.2% in 2016.

According to analysts, new technologies also added to the decline in IT spending worldwide, especially cloud computing. As an example, analysts mentioned former purchase of software licenses valued at one million dollars that companies today are replacing by cloud-based offerings SaaS at the annual value of USD 100,000.

Analysts noted a decrease in the expenditure in categories of software, appliances and services. The only growth area were data centers (data center systems) in the 2015, mainly due to the expansion of cloud computing. For 2016, analysts predict increased spending on software by 5.3% to USD 326 billion.

Analysts at IDC which specializes in current trends in information technology indicate that growth in IT services is expected by an average of 3.7% in the Czech Republic in the coming years. They have reached this conclusion on the basis of growth in the value of the Czech IT services market by 2.2% in 2014. At the same time, however, they cautioned that major suppliers and integrators of IT services will be forced to face new challenges in terms of new forms of supply, but mainly they will have to deal with the competition represented by small dynamic IT companies that have come to the market with new innovative solutions.

In its study, IDC also notes that in recent years, there has been a reduction of expenditure on basic IT services (hardware/software support and installation) because of increased competition. On the contrary, IDC has seen an increase in spending for IT services from commercial data centers for consulting and to pay for IT audits aimed at optimizing and rationalizing IT management complete with alternative IT delivery models through cloud services and commercial data centers or by partial outsourcing.

IDC also highlights the changing roles of corporate IT departments. "This change is due to a change of mindsets, as IT departments leave behind their role as a provider of basic IT utility to become a partner for the transformation and optimization of the company. Therefore, they disengage from activities that can be supplied as a service and which do

not jeopardize the competitive advantage of the company," says Libor Dvořák, Senior Research Analyst of IDC.

Due to the ever increasing competition in the form of small dynamic companies bringing new and innovative solutions to the market and because of the changing expectations of customers, companies have to respond to the development of the market. According to IDC, the effective tools to do that are investments into third platform technologies (cloud, mobile solutions, analytics / big data and social media).

According to IDC and Forrester analysts, we will see enormous changes in IT during the coming years. Analysts expect that 30% of today's IT manufacturers will not be doing business in 2020 in the form in which they operate today. This means that almost a third of today's IT players will split, merge or even disappear completely from the market. This trend can already be seen: HP has been divided into two halves, Citrix spun off line GoTo and plans layoffs.

Many companies want to solve the problems of traditional industries by moving to the cloud. Forrester denies this hypothesis as according to his analysts, large providers such as Amazon, IBM, SoftLayer, Microsoft and Google will strengthen their respective positions. Although the market sees new emerging innovative companies such as Aliyun and DigitalOcean, the number of options in the fields of e.g. IaaS (Infrastructure as a Service) and cloud management software shall be much lower at the end of 2016 than nowadays. Cloud services will, therefore, become an exclusive club for the chosen few according to analysts.

According to analysts, even more attention will be focused on the management and analysis of large data in the coming years as companies begin to understand that the processing of large volumes of data can provide them with information which was not available earlier. IDC says that only 1% of applications today use some form of cognitive services. Forecasts state that it should be 50% already in 2018 and analytical tools will become a part of virtually every application.

The company Gartner published a list of technology trends for the year 2016. Gartner estimates that interest will increase in 2016 regarding devices from which people can access applications and information and to communicate with people, governments and companies doing so. Network devices (Device Mesh) also includes not just smartphones and portable devices (Wearables), but increasingly also intelligent electronics, cars and sensors of the Internet of Things.

The sectors which recorded a significant shift according to Gartner include advanced machine learning, adaptive security architecture, advanced system architecture, network applications and service architecture platforms and the Internet of Things.

## 9.2 Position of the Company in the IT sector

As for awards, the year 2015 was very successful for the company Asseco Central Europe as well as its subsidiaries. The Company has ranked high in the Trend TOP in ICT ranking compiled by the weekly Trend each year. In 2015, it succeeded in the category Largest IT Suppliers for the Private Financial Sector in which it has steadily placed the first for several years in a row. It placed second in the categories IT Services Providers in Slovakia and Software Houses in Slovakia. A more detailed overview of the Company's ranking is presented in the following table.

Category	Ranking
IT Service Providers in Slovakia	2.
TOP IT Suppliers to Private Financial Sector	1.
TOP IT Suppliers to Public Sector	5.
TOP IT Suppliers to Utility Companies	9.
Software Houses in Slovakia	2.
Suppliers of Information Technologies in Slovakia Ranked by Added Value	5.
Suppliers of IT Products and Services in Slovakia by Revenue	4.
Software Package Manufacturers in Slovakia	3.

Source: Trend TOP in IT, the weekly Trend, May 2015

In the ranking of TOP companies and organizations operating in Slovakia in various fields of business and non-profit sector - Trend TOP 200 – Asseco Central Europe placed at the 149th position in 2015.

Here is a summary of some additional successes of Asseco CE:

- 2st place in the ranking "IT Service Providers in Slovakia",
- 3rd place in the ranking "Package Software Producers in Slovakia",
- 8th place in the ranking "The Largest Suppliers of Information Technology in Slovakia",
- Asseco CE was the 29st among largest companies according to added value. The Company thus ranks among companies that significantly contribute to the national GDP.

## 10 NEW PROJECTS, PRODUCTS AND SERVICES

### **Application Software for the Information System Identifier of Individuals (IS IFO) of the Ministry of Interior of the Slovak Republic (MVSR)**

Asseco CE (in a consortium with the company Gratex International) completed the implementation phase of the project by delivery, testing and customer acceptance of the application software (APV) IS IFO, including supply of hardware and licensed software products as well as the necessary communication infrastructure which is required for the operating platform APV IS IFO supplied to the customer. After installation and setting up technical and user parameters, APV was linked and integrated with selected external systems of the Ministry. From the point of view of the consortium of suppliers, the project ended on November 30, 2015, but due to lack of preparation of the legislative framework by the state, the date of production operation shifted to 2016.

The project is an essential element of the interoperability of eGovernment in Slovakia and is an approach to access to data of Slovak citizens in terms of the availability thereof, as well as the security thereof. The solution IS IFO replaces the birth number by a new type

of identification number (identifier) and prevents the misuse of citizens' personal data. The project is funded by OPIS.

### **Development of the Audit Information System (RKIS) for the Supreme Audit Office of the Slovak Republic (NKÚ SR)**

The company Asseco CE finalized the RKIS project in September 2015 in accordance with the contractual schedule. The project was completed by the overall acceptance of the work delivered to the customer. It was a national project with duration of 24 months implemented under OPIS.

The deliverable was a complex modular standardized Audit Information System integrated with internal and external systems of the government. The delivered work included the development of current electronic services and delivery of new electronic services of eGovernment. From this point of view, this is a supply of an IS that is quite unique in Slovakia.

The project aimed to improve information provided to the public on the audit activities of NKÚ SR and the results thereof and to promote transparency in its functioning. Another objective was to increase the efficiency of their own auditing activities, including management of public finances, not least to increase the efficiency and quality of the internal control processes of the entities subject to audits, as well as stimulate active international cooperation. 24 support services (Information System Services) were established to assist the project, the original eGov services directed to the activities of the controller were extended and 3 new support services linked to citizens were put in place: the administration of informative messages regarding audits, access to the results of non-controlling activities of NKÚ SR, communicating audit findings.

### **Creation of the National System of Qualifications (Creation of NSK)**

In November 2015, the company Asseco CE successfully completed the implementation of the project NSK Services within the national project Creation of the National System of Qualifications (Creation of NSK) which was implemented by the State Institute of Vocational Education. This is a project that has a significant impact on the society. It has brought about a comprehensive view of the qualification system of our country with the ambition of a future link to the European Qualifications Framework. Within this project, Company has arranged for preparation of 1000 cards containing qualifications in cooperation with experts from 24 sector councils, application software and Internet portal. The content of the qualifications has been to define what an individual needs to know and what skills and competencies they have to have to carry out work activities within a particular job. The project established evaluation criteria described in the qualifications cards based on which a candidate can be given a test in the future and to get a certificate confirming their qualification (certificate of qualifications reached) acquired not only in a formal way (at school), but formal education (practice) and informal methods (self study). The project will help thousands of Slovak nationals to find it easier to enter the labor market in our country and abroad thanks to the set-up of multiple paths to obtaining and recognition of qualifications. The creation of the NSK is based on the ambition to link the labor market and the education sector. It establishes the requirements for a skilled workforce while helping to communicate requirements in the labor market into the system of lifelong learning which can significantly help maintain the competitiveness of the Slovak economy. The project Creation of the National System of Qualifications was only the beginning, a further project is the System of Recognition of Qualifications which will be implemented in the next period (2016-2020).

### **e-Portal of the Czech Social Security Administration (CSSA)**

The company Asseco CE signed a new four-year framework contract for the operation and development of information and communication interface (IKR CSSA) with the Social Security Administration in September which provides a means for online communication with clients of the CSSA. Currently, the CSSA provides more than 30 electronic services by e-Portal IKR that provide its clients with data that the CSSA keeps, 10 automated electronic submissions and over 100 interactive web forms to address different situations. The clients use their accounts of the Information System of Data Repositories to log into the portal.

The building up of the information and communication interface will consist of setting up a portal for providing OpenData, new online services are being prepared (e.g. pension calculator for informative calculations of pensions). Preparation for the eIDAS Regulation is ongoing and the means of authentication into ePortal are being extended. The ePortal of the CSSA has become a benchmark solution for publishing data of public administration.

### **Register of Individual Accounts of Insured Persons (CSSA)**

Our company Asseco CE was able to get a contract for the operation and further development of the Register of Individual Accounts of Insured Persons of the Czech Social Security Administration. This register supports the key agenda of the CSSA - management of pension insurance. It also includes a central consolidation database with summary data on pension insurance and provides for the process for the collection, consolidation and publication of information.

### **Register of Rights and Obligations – Ministry of the Interior of the Czech Republic**

In December 2015, our company secured a contract to support the operation and development of a key system – the Register of Rights and Obligations – valid until the year 2021. This is one of the basic registers of the country. We consider this work to be a prestigious deal but we also understand it to be an important reference in terms of volume and the actual operation. The project also includes three information systems for its management - AISs (the Agenda Information Systems). This covers the Editing AIS, Competencies AIS and Special AIS. Each of them is an autonomous system serving to support the RPP.

### **Slovenská sporiteľňa, a. s. - Implementation of Backend Services, Internet Banking**

Slovenská sporiteľňa, a. s. approved a new large project in 2015 that intends to unite frontend screens of Internet banking for individuals within the framework of some members of its group. We were asked to analyze and map the existing eStarBANK system to take advantage of our core Internet banking solution including web services built. These services would be published for the component of channel functions. The project is scheduled for two years (2015 – 2016) and divided into three stages. The first stage saw the Company delivering a GAP analysis of the current solution and a version of the new solution. This essentially spanned mapping of existing services which would be used for the new solution as well as the design of new services that the existing eStarBANK system does not provide. The requirements that are imposed on our team in the implementation of the project are quite demanding and we had to adjust the supplies to the short development period with regard to the continuity of the work of other contractors. Based

on an agreement with the bank, two-week sprints were scheduled and delivered in 2015 according to the original plan, including content of the deliverables, and the result was accepted by the bank. In 2016, the planned supply includes more sprints and handover of the project to the production phase.

### **Poštová banka, a. s. – Implementation of Data Repositories in the Czech Republic**

In 2014, our Company in cooperation with the Czech company SW602, a. s. presented a bid for the supply and implementation of an information system for the transfer and storage of electronic documents and electronic filings in the exercise of public authority and electronic communication with public authorities for the purposes of the Poštová banka, a. s. Group (hereinafter referred to as PABK). We won the bid procedure and the project itself was launched in 2015.

The first phase of the project concerned the implementation for the branch of Poštová banka in the Czech Republic where a stand-alone solution was deployed with a connection to the information systems of public administration on the one hand and at the same time, the tool for cooperation with bailiffs and enforcement proceedings was implemented with the integration of the existing bank information system of our StarBANK system. This part of the project was handed over in July 2015 to pilot operation before running stabilization operation; starting in November 2015, acceptance of the solution in a production environment was signed by the bank.

Implementation in Slovakia was postponed until the year 2016 due to legislative changes.

### **Slovak Financial Directorate – FATCA**

In 2015, the company Asseco CE secured a new business opportunity to implement a module for the collection and exchange of data under US law on tax compliance for foreign accounts "The Foreign Account Tax Compliance Act (FATCA).

It is a requirement for complying with the obligations of the Slovak Republic through the Finance Directorate towards US tax authorities (IRS - The Internal Revenue Service). The FATCA module allows to receive information on US tax entities under the conditions defined in FATCA. The module receives information on US citizens from financial institutions in the Slovak Republic. The received data will be processed and then supplied to the US tax authorities. Within the reciprocity, a module shall receive similar FATCA information on Slovak entities from the IRS. Based on the information received, the Slovak entity will be identified for the purpose of checking the income declared in the tax return. If untaxed income is identified, the FATCA module shall provide information to allow asking the taxpayer to update their tax return, enable additional taxation of their income, or information for imposing sanctions. The FATCA module has been deployed into productive operation since January 1, 2016.

### **Slovak Financial Directorate – MOSS**

Last year, our Company provided its support within the MOSS module (Mini One Stop Shop) to full production operations and further development since its deployment in 2014. The usage of all the processes and business logic offered by the system has been tested in practice. These were mainly the processes after the registration of the data subjects which occurred for the first time after the first quarter for which the data subjects could have registered in the system. It was thus the first filing of tax returns in this module and the subsequent submission thereof to the individual MOSS modules of other EU Member States. At the same time, a similar process of accepting returns for income tax from the EU Member

States for operators providing services in the Slovak Republic. One of the key processes run in the module was the receipt and processing of payments by entities registered in the Slovak Republic but also the processing and receipt of payments from other EU Member States. The MOSS module thus became part of the other modules of the Slovak Financial Directorate for communication between the Slovak Financial Administration and other states. At the same time, the development of this module and further integration into the infrastructure of information systems of the Slovak Financial Directorate has been ongoing.

### **Slovak Financial Directorate – AVI**

The company Asseco CE carried out an extension of the AVI module in 2015 for the purpose of exchanging data within the DAC1 system. That included the processing of data from ÚGKK (Department of Geography and Cartography of the Cadastre) in the area of income from rental of real property and sending this information to other EU Member States. A part of this activity was also the integration of the basic production system of the Financial Directorate which provides information for AVI on income from employment and income from renting real property. This information is then sent to the individual EU Member States. Reciprocally, this solution also ensures processing of data obtained from other EU Member States on Slovak entities and persons so that the Financial Directorate can subsequently declare to the European Commission usage of information received within the DAC1 system. This is a process in which entities from Slovakia on which information is obtained from other EU Member States are identified within the existing information in the registers. Based on the identification of the data subjects, the information is further evaluated in terms of tax returns and tax administrators are provided the necessary information the procedural steps (if any) designed to ensure and minimize fraud and tax evasion.

### **Slovak Financial Directorate – DWH**

In the year 2015, we recorded an exceptional period in the operation and development of our data warehouse solutions provided to the Slovak Financial Directorate as a customer. The customer has put into operation a new production information system for the administration of taxes ISFS-SD developed on the SAP platform. The DWH solution run by our Company had to deal with changes in the main data source under difficult conditions. Major and complex reimplementation of all DWH modules was necessary to reflect the new data structure and new business logic. Moreover, a number of new functionalities were implemented during 2015 increasing the range and quality of supported services for end users. One of the most important of these functionalities was the design of an evaluation system of tax subjects (SHDS) and integration of data from Customs IS to DWH for this purpose as well as the integration of the system KRUZ providing information to DWH on annual accounts of taxpayers. DWH also ensured an extension of functionalities to support various legislative changes (e.g. change of the tax returns forms, security adjustments and so on) as well as multiple interfaces to external entities. An important change was the redesigned user interface for the end users to a new, more modern and efficient design with technological advancements in the background. At the same time, DWH has evolved during the year 2015 into an important system for providing information on arrears for internal or external needs of the state financial administration. Within this philosophy, integration of DWH was built into the international system for verification of VAT refunds (VRef) and DWH thus became the primary source of data on arrears for this system. All these successful management activities on our side helped confirm the position of Asseco CE as a stable and reliable service provider of IT solutions.

### **STRIX - Software to Classify Hospital Cases (DRG grouper)**

STRIX is the basic module in the family of software products to support the improvement of the financing of hospital care in Slovakia. On the basis of routinely collected information on hospital inpatient care, it classifies each case into one of 1200 DRGs. This classification takes into account the patient care not only medically but also provides sorting of the cases according to their financial demands. This classification allows health insurance companies to cover hospital care and thus direct more money to those patients who need a more expensive treatment. This will ensure greater efficiency and equity in the health system. STRIX is based on the DRG classification published by the Office for Healthcare Supervision, but in addition, it enables enhanced validation of classified data as an optional feature and provides for possible correction of nearly 20 items in the data. It allows solving the issues in the official version of the DRG for the classification in DRGs itself.

STRIX was developed in 2015 and the same year also delivered in two health insurance companies in Slovakia.

### **Contract with the National Health Insurance Company in Hungary**

Asseco CE signed a contract with the national health insurance company in Hungary in September 2014 to supply a project which aimed to create a single information background for the efficient functioning of health service financing. It was the creation of a single contracting process and a central database of contracts between the state health insurance company (OEP) and its business partners (healthcare providers, doctors, pharmacies, spas, etc.). The basic task of OEP is the management of the health insurance fund. With regard to the changing environment, it was necessary to build a system of funding (processing of health insurance benefits, medicines, medical devices and spa treatment, etc.) and prepare it to work with the e-Recipe functionality. The task of Asseco CE was to develop an appropriate information architecture and software solution, restore the data store of OEP, allow easy controlled access to data and to increase the operational safety by a modern IT architecture and providing a secondary data center for the event of a disaster. Finally, the project aimed to lay the foundations of a modern identification of individuals within the department by adapting to the project of the Central Office of Public Administration and Electronic Services. We successfully delivered the OEP project to the customer and the customer accepted it in November 2015. We are currently preparing to run the individual systems in full operation and we are discussing with the customer the terms of a service contract at the same time.

### **ePobočka of the General Health Insurance Company (VŠZP)**

The ePobočka project is an online branch providing 24/7 service free of charge to all clients of VŠZP. The aim of the project implemented by Asseco CE was to create a new website with a modern user interface that is as intuitive as possible and uses the latest technology. Asseco CE got two awards for ePobočka in 2015. The first award was the winning position in the category IT PROJECT of the year 2015 awarded during the IT Gala event and the second award was the second place at ITAPA Prizes 2015 in the category Process Improvement. A significant emphasis has been given to reach a high degree of security and protection of sensitive and personal data in implementing ePobočka. The chosen solution contains certain elements not used by any other health insurance company in Slovakia. One account can operate more eServices and therefore allows to access data and to carry out activities for more entities. ePobočka (which is currently used by about 450,000 clients) is intended for policyholders, payers of insurance premiums and

healthcare providers. Policyholders can for example obtain extracts from their personal account of an insured person, reports on visits to physicians or even reports of supplemental payments for medicines. Policyholders can also easily apply for a European Health Insurance Card, find out who pays the premiums for them, or to check the data and visit of their child to the doctor's. Payers of insurance premiums can check the status of their account, they can provide an overview of legislation allowing them to verify the amount and accuracy of their monthly advance or to check their annual accounting ledger (an overview). Health care providers will find not just their basic data, but also an overview of the patients who selected another health insurance company and an overview of their prescriptions.

### **Service for Registers NKR and NRKI**

Asseco CE and the Coordination Center for Departmental Medical Information Systems (KSRZIS) concluded a contract for the supply of servers for the National Cardiac Registry (NKR) and the National Registry of Cardiovascular Interventions (NRKI) which were placed in service in 2015 (from April 1, 2015 or from July 1, 2015). The subject matter of the contract was to provide expert consulting and guidance services, expert validation, migration, development and integration services, installation and implementation services and training for the key components of the registers. The contractually defined activities will be provided regularly on a monthly basis for operating, testing and training environments. Based on standalone orders, expert services may be provided on an ad-hoc basis according to a specification. The service contract is awarded until the end of the warranty support period for the NKR and NRKI registries.

### **Integration Services eREG III.**

The company Asseco CE won the minitender "Integration Services eREG III." published by the Coordination Center for Departmental Medical Information Systems (KSRZIS). The subject matter of the contract are consulting and methodological services for the management of individual projects, expert validation, migration, development and integration services focused on supporting the process of development, quality verification and subsequent implementation of software in the environment of the client. The subject matter of it is also to validate the technological and operational readiness and safety of the applications in the transition between the different environments of the client. The agreement will expire on October 31, 2016.

On the basis of this contract, services for the preparation of the Enterprise Architecture for the Ministry of Health have been ordered and are being provided with a focus on key areas of information support (Competence Centre ICT (KCICT), the National Health Information System (NHIS), etc.), audit of UTP (Unified Technology Platform) and development and integration services for the checks of completeness of records.

### **Liberec Region – Development of eHealth services and Technology Centre of the Region**

A project for the Liberec region was successfully implemented, accepted and delivered in between July and November 2014. The project related to the supply and design of an information system for the disclosure of medical documentation to health care facilities in the region and for the Emergency Medical Services (EMS) as well as the supply of the necessary infrastructure. The deliverables also included an information system to extend the functionality of KIS (Clinical Information System) for the needs of highly specialized care in this region.

At the same time, a service contract was signed on warranty services, maintenance and support of the components supplied for a period of five years, starting from December 2015.

The Liberec Region now has a solution consisting of an environment that allows EMS to communicate effectively with hospitals operating in the region. The environment also allows exchange of selected messages among hospitals. The efficient and timely exchange of messages on patient data shall ensure an improved quality and timeliness of the provision of health care in critical cases endangering the health and lives of patients.

### **Implementation of a StarBUILD System - Českomoravská stavební spořitelna**

In 2015, implementation of the core-banking system StarBUILD was finalized in the largest building society in the Czech Republic and also the second largest in Europe - Českomoravská stavební spořitelna. In the process of implementation, the company Asseco CE acted as the general contractor for the overall solution and also as the system integrator. The very process of implementation included a design of the target solution architecture, customization of the core-banking system StarBUILD to customer specification, data migration from the original German core banking system, the implementation of ODS (Operation Data Store) as an integration platform, implementation of web services for ESB (Enterprise Service Bus) for online integration with third-party systems, implementation of the CRM system MS Dynamics, implementation of system integration including the implementation of system integration tests. In December 2015, we achieved partial acceptance of the deliveries and final functional tests and data migration are planned for January and February 2016 including an overall test of the deployment; the start of production operation is scheduled for March 2016.

### **Operational and Technical Information System in Pražská plynárenská**

In 2015, the GIS & Utility division successfully implemented the 2<sup>nd</sup> and 3<sup>rd</sup> stage of the implementation of the operational and technical information system (PTIS) in Pražská plynárenská according to the schedule. In September, the customer accepted the INS module without reservation. The INS module enables creation of inspection plans and operational revisions of gas facilities and distribution system under current regulations. In December 2015, the customer took over into the production environment the modules ZAV and ZRP that provide support to workers in the field. The implementation of PTIS is based on the supply and customization of TOMS, AG Portál and WFMS systems that are integrated to related information systems SAP ERP and GIS ESRI.

### **New Projects of the GIS & UTILITY Division in Poland**

In 2015, we completed the implementation of a system for documenting the chemical complex of the company SYNTHOS Dwory which is based in the Polish town of Oświęcim. The project spanned a successful expansion of our solution for the subsidiary SYNTHOS S.A. of Kralupy nad Vltavou. The documentation of the plant is based on our own product LIDS 7. We will leverage our 25-years experience in the area of documentation of industrial sites.

Another successful completion (this time in the telecommunications sector) brought the project Internet dla Mazowsza. This project aims to increase the availability of high speed internet in Mazowieckie Voivodeship. More than 3600 km of fiber optic networks was built during the project - currently the largest network of its kind in Poland. The entire network

including all access points the equipment and the interconnections is registered in our system LIDS 7. The system was integrated into the Business Support System and the Operations Support System which are supplied by our parent company Asseco Poland. The delivery by the Asseco Group thus represents a complex IT support for all processes associated with telecommunications services.

An intensive cooperation with Asseco Poland also took place regarding the supply for the Polish Agency AriMR (Agencja Restrukturyzacji i Modernizacji Rolnictwa) which is responsible for the distribution of EU subsidies to Polish agriculture. The subject matter of our supply was to replace the existing GIS subsystem by a new modern system built on the basis of our own product LIDS 7. The subcontract consists of three main parts: a web application for farmers to fill in requests for subsidies through the web, a subsystem for evaluation of applications for subsidies and a system for creating and maintaining maps. The project will continue in the future.

The Polish Meteorological Institute (Polish Institute of Meteorology and Water Management - National Research Institute) was a client to which we delivered a subsystem for the presentation of meteorological forecasting in the Internet environment. An interesting feature of this project is two-dimensional work with time.

## 11 ANALYSIS OF FINANCIAL RESULTS OF THE ASSECO CENTRAL EUROPE GROUP

### 11.1 Information on the Asseco Central Europe Group

The Group reported the following financial results for the period of twelve months ended 31 December 2015 ("2015") and the comparative period of twelve months ended 31 December 2014 ("2014"):

SELECTED ITEMS	2015	Margin	2014 (restated)	Margin	Change y/y
Sales revenues	155,147	--	117,811	--	32%
Gross profit on sales	39,095	25%	31,693	27%	23%
Operating profit	15,069	10%	12,014	10%	25%
Pre-tax profit	15,106	10%	12,367	10%	22%
Net profit for the period reported from continuing operations	10,966	7%	9,567	8%	15%
Net profit for the period reported from discontinued operations	--	--	2,306	--	N/A
<b>Net profit for the period reported</b>	<b>10,966</b>	<b>--</b>	<b>11,873</b>	<b>--</b>	<b>-8%</b>

The Group reported significant growth in all of the presented positions regarding continuing operations. The main drivers for these positive results were mainly revenues which grew by EUR 37.3 mil. (+32%) y/y. Newly acquired subsidiaries focused on the infrastructure business contributed mostly to this growth by EUR 25.3 mil. Remaining portion of the revenues increase (EUR +12 mil/+10% y/y) was generated mainly by Asseco Central Europe, a. s. (SK) EUR +6.5 mil compared to previous period. Overall revenues in amount of EUR 52.6 mil. representing the all-time best performance of Asseco Solutions (DACH,CZ,SK) with more than EUR 3.2 mil increase y/y combined with EUR +1.2 mil growth recorded by GlobeNet confirmed increasing performance of product oriented

entities. Their contribution to the gross profit on sales amounting to EUR +2.7 mil y/y proved that the profitability of the products (mainly ERP and hospital IS) is constantly growing (EBIT margin 10.9% in 2015 and 8.2% in 2014).

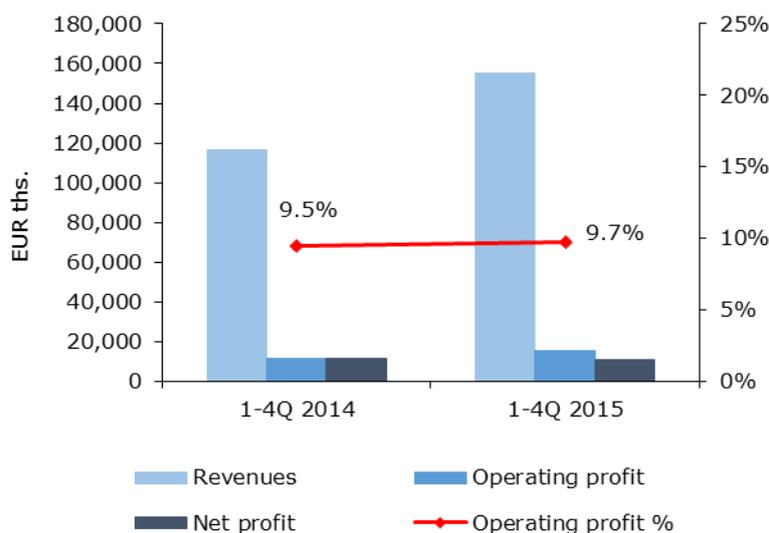
Project oriented part of the Group represented mainly by Asseco Central Europe (SK+CZ) contributed by EUR +0.6 mil in comparison to 2014. Slovakian market driven by last opportunities to use EU funding from previous programming period recorded very positive result (EUR +3 mil. of gross profit on sale compared to 2014) and enabled to fulfil the gap from CZ market (EUR -2.5 mil. y/y resp. EUR -1.5 mil. if adjusted for the contribution from termination of the e-toll project in Czech republic in amount of EUR 1 mil. in 2014). Even not consolidated for the full period, the newly acquired subsidiaries InterWay and exe contributed by EUR 3.2 million.

S&GA area amounting to the EUR 24.2 mil corresponds to the higher sales effort and overall activities mainly in Slovakia and Germany and increased by EUR 2.5 mil y/y while newly acquired companies spent additional EUR 1.9 mil in the consolidated period.

Combined impact of above mentioned factors resulted into significant growth in operating profit of the Group by more than EUR 3 mil y/y in the reporting period. The net profit for the period reported from continuing operations grew accordingly to EUR 11 mil. (+15% y/y).

Profit from the disposal of the shares in Slovanet as well as the results of Slovanet for the period of 12 months ended 31 December 2014 are presented as net profit from discontinued operations.

**Reported financial performance**  
(from continuing operations)



Majority of revenues were generated from sale of proprietary software and services which contributed 74% and 76% to total revenues of the Group in 2015 and 2014, respectively.

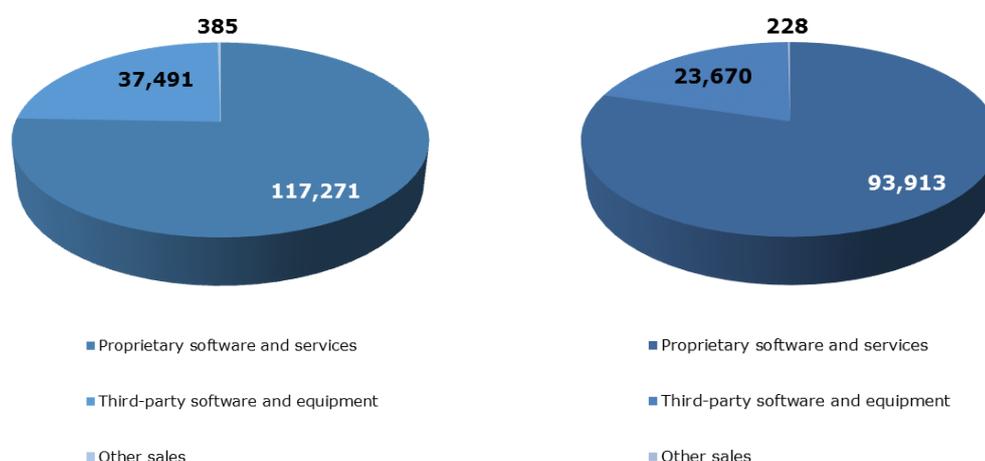
Even at lower portion from total revenues, own software and related services increased

organically by more than EUR 18.3 mil. in 2015 y/y (+20%). Additional EUR 6.8 mil. was generated by newly acquired companies in 2015.

Other important part of revenues (24% and 20% share on total revenues in 2015 and 2014) represent the sales of third party software and services and resale of hardware and infrastructure, which increased in the reporting period mainly due to new acquisitions in the Parent Company (EUR 18.5 mil. consolidated in the reporting period) while remaining part of the Group reported decrease by EUR -4.7 mil due to high base in 2014.

Logistics and outsourcing services dropped in 2014 by EUR 1.7 mil (1% and 3% of the total revenues in 2015 and 2014).

**Structure by type of revenues in 2015      Structure by type of revenues in 2014**



All figures in thousands of EUR.

Revenues from sales of telco services which were reported in previous periods were recognized as discontinued operations in the reporting period as they were solely generated by Slovanet, a. s.

Asseco Central Europe and Asseco Solutions are the two main business entities which are presented as operating segment since 2013. The "Other" segment includes Hungarian companies as at 31 December 2015. Slovanet segment, which was reported in previous periods, was recognized as discontinued operations as at 31 December 2014 due to the disposal of shares in Slovanet, a. s.

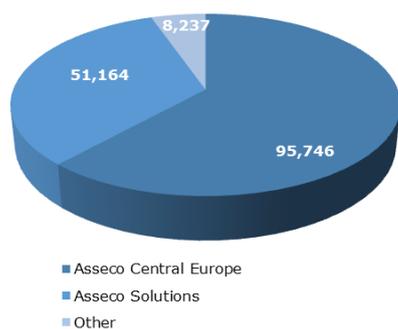
Asseco Central Europe segment reported overall 50% increase of revenues from the external sale of the services in 2015 y/y. The main contribution to this growth was the acquisition of new subsidiaries (EUR 25.3 mil.) Although organically the sales revenues were by 10% higher than in 2014, higher share of cost of sales and COGS resulted in lower operating profit by 14% y/y. This was offset by the contribution of new subsidiaries (EUR 1.3 mil.) so the total operating profit of the segment was higher by 2% when compared to 2014.

Segment Asseco Solutions organically increased its sales revenues from external sales by 9% in 2015 y/y mainly due to higher sales activities both in the licenses and consulting area, mainly in DACH region. Revenues higher by almost EUR 4.3 mil in 2015 y/y generated

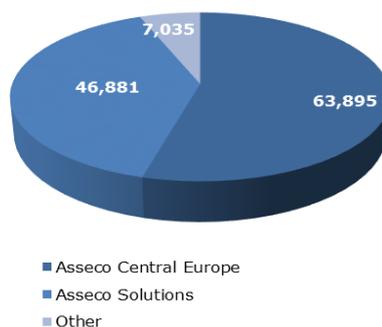
extraordinary growth of the operating profit by EUR 1.8 mil in 2015 y/y (+47%). Operating segment profit margin was 11.2% in 2015 (8.3% in 2014), which is not possible to maintain without further investment into new products in next 2-3 years.

The financial results of Other segment represented by Hungarian companies were positively influenced by sales (EUR +1.2 mil. in the reporting period) driven by increased revenues from sale of hospital IS in Hungary. Stabilized situation in the field of Consumer Finance contributed into growth of the operating profit by EUR 1 mil in 2015 y/y.

**Revenues by segments in 2015**



**Revenues by segments in 2014**



All figures in thousands of EUR.

Revenues of Slovanet segment which were reported in previous periods were recognized as discontinued operations in the reporting period as they were solely generated by Slovanet, a. s.

There are no customers exceeding 10% share in total revenues of the Group.

There are no suppliers exceeding 10% share in total revenues of the Group.

## 11.2 Information on subsidiaries

The table below shows the basic financial data for individual companies or groups belonging to Asseco Central Europe Group\*.

	Asseco Central Europe Group sales		Asseco Central Europe Group net profits/(losses)	
	in the period of		in the period of	
	12 months ended	12 months ended	12 months ended	12 months ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
<b>Asseco CE SK</b>	53,593	47,118	11,786	16,499
<b>Asseco CE CZ</b>	20,335	20,012	3,217	3,802
<b>BERIT CH</b>	1,186	1,085	6	11
<b>BERIT DE</b>	2,769	2,697	114	106
<b>DanubePay</b>	945	867	(1,565)	(1,631)
<b>Interway</b> (since the date of acquisition)	18,318	-	937	-
<b>Exe</b> (since the date of acquisition)	6,995	-	44	-
<b>Asseco Solutions AG</b>	26,308	23,733	1,919	1,758
<b>Asseco Solution SK</b>	9,820	9,496	875	473
<b>Asseco Solution CZ</b>	16,456	16,150	1,469	1,096
<b>Statlogics</b>	4,244	4,059	351	(70)
<b>Globenet</b>	4,256	3,050	504	438
<b>Asseco Hungary</b>	228	46	(42)	(107)
	<b>165,453</b>	<b>128,313</b>	<b>19,615</b>	<b>22,375</b>

\* Data exclude consolidation adjustments and net profit attributable to non-controlling interest.

All figures in thousands of EUR, unless stated otherwise.

## 11.3 The Group's cash-flow generation

The Group's cash flow generation in the period of 2014 is provided below.

	2015	2014 (restated)
Cash-flow from operating activities	21,263	19,737
Cash-flow used in/from investing activities	(5,475)	(6,842)
Cash-flow used in financial activities	(10,710)	(8,837)
Change in cash for the period	5,078	4,058
Net foreign exchange differences	281	(282)
Cash and cash equivalents, beginning of period	37,916	34,140
Cash and cash equivalents, end of period	<b>43,275</b>	<b>37,916</b>

All figures in thousands of EUR.

### The Group's investment cash-flow

Net cash used in investing activities during the reporting period was negative EUR 5.5 million. It comprises mainly from payment for shares in newly acquired companies (EUR 2.8 million net of cash acquired), acquisition of tangible and intangible assets in amount of EUR 2.2 million and net loans granted (EUR 0.8 million).

### **The Group's financial cash-flow**

Net cash used in financing activities during the reporting period was negative of EUR 10.7 million. Cash outflow related to dividends payoff amounted to EUR 10.0 million.

Cash outflows in amount of EUR 0.7 million related to debt service of loans and financial leases.

## **12 DESCRIPTION OF SIGNIFICANT RISKS AND THREATS**

### **Market risks**

#### ***Risks associated with the macroeconomic situation in the markets where the Group operates***

Unpredictable development of the markets, mainly because of still appreciable effects of the global financial crisis, uncertain economic growth, decline in business investments in the previous periods which may repeat in future, decline in public procurement due to budgetary restrictions or increase in inflation can have a negative impact on the activities and financial situation of the Group, its financial results and prospects of development. In the same way can the Group effect changes in the way of adoption, interpretation and application of legislation - any changes in legislation, especially in the field of taxation, labour and social security. Especially adoption of legislation, when some of the activities provided by the private institutions will be eliminated and moved to the State responsibility (health insurance, social security and pension insurance and selected banking activities) may lead to adverse changes of our Capital Group business.

Adverse changes in exchange rates, but clearly slowed by the introduction of euro in the Slovak Republic, especially in the case of Group companies that operate in the euro area and mostly invoice in euro could affect the actual amount of revenues from the projects.

#### ***Risks related to the increased competition in the IT market***

The IT market in Slovakia, as well as in other Central and Eastern European countries, is rapidly evolving and becoming increasingly competitive. Competition is generally based on products' functionality, range of service offerings, customer service and price. Increasing competition on the IT market can have a negative impact on the ability of the companies of the Group to obtain new projects, which can result in reduction of profit margins and lead to a reduction in market share.

#### ***Risks linked with the development in the financial sector***

Most of the Group's customers are customers from the financial sector, development in this sector will have an impact on the results of the Group.

***Risks connected with the geographical inclusion of companies in the Group***

The activities of companies in the Group are focused on one region, so the development in the region (positive or negative) may have a direct impact on the Group regardless of product diversification.

***Risk of becoming dependent on the key customers***

Our business is highly dependent on new projects acquisitions from existing as well as new clients. With the growth of our services, including new segments and regions, our dependence on main projects is decreasing, however it remains significant. Dependence on major customers, few big projects and any difficulties in obtaining new projects may have an adverse impact on the Group's activities - each loss of an important project, which is not offset by revenue from new or existing projects may affect adversely the operation activities, forecasts, financial results and situation of the Group.

***Risk associated with the failure in successful development and introduction of new products and services***

The market for our products and services is characterized by rapid technological advances, changes in customer requirements and evolving industry standards. Thus, in order to remain competitive and increase our operating revenues, we must successfully introduce new products and services, or develop enhancements to and new features for our existing services, in a timely manner. Otherwise, our product and service offerings may become obsolete, less marketable and less competitive and our business will suffer. Failure in the successful development and introduction of new products and services may adversely affect the business, prospects, results of operations and financial condition of our Company and our Capital Group.

**Regulatory and legal risks**

***Risk of changes in regulations and their interpretation***

Asseco Central Europe SK was founded and operates in accordance with Slovak legislation. The Company is listed on the Warsaw Stock Exchange and is subject to the relevant legislation valid in Poland, which is available in Polish or English language. Furthermore, there is a risk of non-compliance of Polish or Slovak legislation with the legislation of the country where subsidiaries operate. There is an additional risk from not assessing the current situation of a subsidiary correctly from the public point of view. Interpretation of laws of a foreign legal system, with the inaccuracy of interpretation gives rise to the regulatory risk occurring in the environment in which Company operates.

**Operating risks**

***Risk of losing the customers' trust***

Most of the projects realised by the Company involve creating and providing to our clients' complex IT solutions. The complexity of these projects results in the risk of not meeting the contractual deadlines. There is also a potential risk that we will not be able to achieve all the targets set by our client in a given project. We are only partially able to manage this risk, since the development of solutions and thus the ability to provide them within the agreed milestones and business targets depend to a large extent on our clients and

sometimes also on third parties, like state authorities in the case of some legal framework changes which influence our solutions. There are some typical contractual penalties or indemnification clauses involved in most of our agreements.

There is also a risk that not meeting certain deadlines or business or other targets set by our clients may result in worsening our relations with a particular client even if it will not result in any contractual penalties.

There is also a risk of undue performance of our solutions provided to our clients, even some time after the project is successfully closed. We try to manage this risk by implementing several testing procedures, both our own and those of our clients; however we are not able to manage fully this risk, and in particular we are not able to insure this risk.

Possible payment of contractual penalties, worsening our relations with a particular client or undue performance of our solutions may, to a certain extent, adversely influence the business, prospects, and results of operations or financial condition of our Company and our Capital Group.

***Risk related to adjusting our products to changes in law which may cause significant costs***

The solutions we and our Capital Group members implement for our clients have to be in compliance with existing laws. As changes of law occur quite frequently in Slovakia and other CEE countries, we may be obliged to implement certain amendments to our solutions. On the basis of some agreements concluded with our clients, we are usually obliged to adjust our solutions in a very limited scope to the changing laws within the maintenance fee. More complex adjustments are made on a remuneration basis. In the process of budgeting we assume the potential consequences of changes in law. We cannot definitely exclude the risk that we may be subject to some financial losses in future due to the performance of these adjustments.

***Risk related to limitation of cooperation with us by our main suppliers***

Relationships with worldwide, well-known suppliers provide us access to the best technology supporting our competitive position on the market. As with all IT solutions providers, we may face the risk that one of our big suppliers, e.g. Microsoft or Oracle, may stop supporting a particular technology used in some of our projects. In our opinion, such steps are untypical for our business environment and, if they do happen, are always announced several years ahead and therefore there is a sufficient period to adapt. However, in the event that our main suppliers stop providing us their technologies and we would not be able to substitute them with other alternatives, we may face negative consequences on the business, prospects, and results of operations or financial condition of our Company and our Capital Group.

***Risk related to difficulties on the side of our sub-contractors***

In some cases we, and our Capital Group, provide our clients with solutions developed by our sub-contractors. The sub-contractors are in general obliged to service the solutions delivered by them. Our sub-contractors, in common with businesses generally, may face business and financial difficulties resulting in their becoming unable to fulfil their service obligations. This may negatively impact our credibility among our clients and adversely affect our business, prospects, and results of operations or financial condition.

In some particular projects having a role of integrator for the whole solution, we are not only responsible for our sub-contractors, but also for all other parties involved in the project, provided their solutions were chosen or recommended by us. In such cases any undue performance of the third-party solutions may also influence negatively our projects. This may adversely affect the business, prospects, and results of operations or financial condition of our Company and our Capital Group. We protect ourselves from these adverse effects to some extent by implementing similar contractual penalties to agreements with our subcontractors as are contained in our agreement with the client. We also try to take part in key development works, may it prove to be ensuring the successful execution of the integration project.

### ***General risks of acquisition of companies***

We closed several acquisition transactions. There is a risk that the post-merger integration process will not be successful and some of the targets will not perfectly fit into our Group strategy.

### ***Risk related to carrying out of public tenders***

Our Capital Group plans also in the future to participate in projects of the public sector, some of them co-financed from Operational programs of EU. Delay or restrictions of any kind of these projects could have an adverse effect on our business, prospects, and results of operations or financial condition.

### **Risks associated with the management of Asseco Central Europe**

Our controlling shareholder has the ability to take actions that may conflict with the interests of other holders of our Shares.

The number of members of the Supervisory Board, which elect employees according to relevant provisions of the Statute, may not be consistent with the law.

Insurance policy may not cover all risks.

Rapid growth and development can lead to difficulties in obtaining adequate managerial and operational resources.

Company is dependent on key personnel, and their loss could have an adverse effect on the execution of IT contracts conducted by the Group companies, as well as on ensuring the required quality and range of services provided. At the same time, Company also faces the risk of persistence of difficult availability of IT professionals in the labour market.

Board of Directors members may take actions that may conflict with the interests of Supervisory Board members. Board members who resign, may require compensation.

Group may not be able to maintain the existing corporate culture in relation with activities development.

Integration of management processes in the Group may be incorrectly interpreted and cause divergent decisions.

Polish courts issued rulings against the Company may be more difficult to apply in Slovakia than it would be if the Company and its management were in Poland.

Shareholders from Poland may have difficulty with the exercise of rights under the Slovak legislative.

Investors may not be able to sell shares of the Company at the expected price or the expected date due to the lack of an active or liquid market.

Excess supply of the Company shares on the stock market may have an adverse impact on their price.

## 13 SIGNIFICANT EVENTS AND ACHIEVEMENTS OF THE ASSECO CENTRAL EUROPE GROUP

### **General Shareholders Meeting**

On 27 March 2015, the Ordinary General Meeting of Shareholders adopted resolutions regarding approval of the Board's report on the business activities of the Company for the financial year 2014 and approval of the Board's report on the business activities of the Group for the financial year 2014.

Furthermore, the Ordinary General Meeting of Shareholders adopted resolution regarding approval of Company's annual financial statements for the financial year 2014 and Group's consolidated financial statements for the financial year 2014.

The Ordinary General Meeting of Shareholders adopted also resolution on distribution of the profit and payment of dividend for the year 2014 in the amount of EUR 16,499,303.57 as follows:

- EUR 6,460,103.57 to transfer this amount to the account of retained earnings,
  - EUR 10,039,200.00 to split between shareholders as dividends.
- The dividend per share was EUR 0.47.

The Ordinary General Meeting of Shareholders established a determining day for exercising the right to dividend 8 April 2015 and the dividend payment in two instalments:

- 1<sup>st</sup> instalment on 28 April 2015 in the amount of EUR 7,903,200.00, EUR 0.37 per share.
- 2<sup>nd</sup> instalment on 5 June 2015 in the amount of EUR 2,136,000.00, EUR 0.10 per share.

### ***Important business contracts realized by the Company***

- Contracts with Stavební spořitelna České spořitelny, Modrá pyramida Stavební spořitelna, Českomoravská stavební spořitelna, Wüstenrot stavební spořitelna and Wüstenrot hypoteční banka – system development and legislative changes implementation (contracts concluded in reporting period)
- Contract with STU Bratislava – hardware supply for DMS (contract concluded in reporting period)
- Contracts with Všeobecná zdravotná poisťovňa – frame contract for technical support of IBM SW products and related services; further developments (contracts concluded in reporting period)
- Contract with UNION zdravotná poisťovňa – development of existing information systems (contract concluded in reporting period)
- Contract with Liberec county – development of eHealth and services of technological center of the region (contract concluded in reporting period)

- Contracts with RBP health insurance company – extension of core system; GIS licenses supply; implementation and supply of premium collection (contracts concluded in reporting period)
- Contracts with Financial Directorate of the Slovak Republic – DWH development; ADMIS module development; SHDS – assessment system for taxpayers; FATCA; DAC1 – AVI extension; MOSS development (contracts concluded in reporting period)
- Contract with Ministry of Interior of the Slovak Republic – completion of hardware infrastructure for IFO project in order to ensure high availability (contract concluded in reporting period)
- Contracts with Slovenská sporiteľňa – Security Vault (SEZAM) and Notification center – security modules for new e-banking architecture; GEORGE project; OCTOPUS project (contracts concluded in reporting period)

**Important business contracts realized by the Company's subsidiaries**

Company	Significant events during the reporting period
<b>Asseco Central Europe, a. s. (CZ)</b>	<ul style="list-style-type: none"> <li>▪ Contract with Ministry of Interior of the Czech Republic – Register of Rights and Obligations – support during 2015 (contract concluded in reporting period)</li> <li>▪ Contract with Czech Social Security Administration – Information and communication interface, support and development; Individual account of the insured, support and development (contracts concluded in reporting period)</li> <li>▪ Contracts with Teplárny Brno – TOMS maintenance; LIDS enlargement (contracts concluded in reporting period)</li> <li>▪ Contracts with TWL AG – LIDS, TOMS &amp; AGPT Mobile Solution Maintenance and Development; Implementation of Mobile Workforce Management; Data capturing of gas station details; Data capturing (GIS) (contracts concluded in reporting period)</li> <li>▪ Contracts with Prague Gas Company – TOMS Planning and Construction; Mobile work orders (contracts concluded in reporting period)</li> <li>▪ Contracts with Main-Donau Netzgesellschaft GmbH – Change Requests for TOMS (contracts concluded in reporting period)</li> <li>▪ Contract with EWR – LIDS, TOMS &amp; AGPT Mobile Solution Maintenance and Development (contract concluded in reporting period)</li> </ul>
<b>Asseco Solutions, a. s. (SK)</b>	<ul style="list-style-type: none"> <li>▪ Contract with Arriva Service – HELIOS Orange (contract finished in reporting period)</li> <li>▪ Contract with Biotika, a. s. – SPIN (contract concluded in reporting period)</li> <li>▪ Contract with DATALAN, a. s. – HORECA (contract concluded in reporting period)</li> <li>▪ Contract with BMB Leitner CS, s. r. o. – SPIN, HELIOS One (contract finished in reporting period)</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Contract with Hewlett-Packard Slovakia, s. r. o. – SPIN (contract finished in reporting period)</li> </ul>
<b>Asseco Solutions, a. s. (CZ)</b>	<ul style="list-style-type: none"> <li>▪ Contract with TestLine Clinical Diagnostics s. r. o. – licence and implementation of HELIOS Green (contract finished in reporting period)</li> <li>▪ Contract with Český telekomunikační úřad – licence and implementation of HELIOS Green (contract finished in reporting period)</li> <li>▪ Contract with ZC s. r. o. – licence and implementation of HELIOS Green (contract finished in reporting period)</li> <li>▪ Contract with Hansen Electric, s. r. o. – licence and implementation of HELIOS Green (contract finished in reporting period)</li> <li>▪ Contract with Biovendor – Laboratorní medicína a. s. – licence and implementation of HELIOS Green (contract concluded in reporting period)</li> </ul>
<b>Asseco Solutions, AG (DE)</b>	<ul style="list-style-type: none"> <li>▪ Contract with Hummel AG - APplus implementation (contract concluded in reporting period)</li> <li>▪ Contract with Heron Gruppe - APplus implementation (contract concluded in reporting period)</li> <li>▪ Contract with CMiT Support GmbH - APplus implementation (contract concluded in reporting period)</li> <li>▪ Contract with SieMatic Möbelwerke – APplus new implementation (contract finished in reporting period)</li> <li>▪ Contract with Qvest Media GmbH (ex Wellen und Nöthen) – APplus new implementation (contract finished in reporting period)</li> </ul>
<b>GlobeNet, Zrt.</b>	<ul style="list-style-type: none"> <li>▪ Contract with State Healthcare Center – Swill funded project (contract concluded in reporting period)</li> <li>▪ Contract with HMEI – Oracle licenses (contract finished in reporting period)</li> <li>▪ Contract with OEP – EKOP project (contract finished in reporting period)</li> <li>▪ Contract with Orosházi Hospital – Hospital Information System MedWorkS implementation (contract finished in reporting period)</li> <li>▪ Contract with OTH – Water Quality Control Laboratory project (contract finished in reporting period)</li> </ul>
<b>Statlogics, Zrt.</b>	<ul style="list-style-type: none"> <li>▪ Contracts with Eurasian Bank, Kazakhstan – Software licence fee and support and maintenance services (contract being realized in reporting period)</li> <li>▪ Contract with Eurasian Bank, Kazakhstan – developments (contract finished in reporting period)</li> <li>▪ Contract with UniCredit Consumer Financing, Romania – Software licence fee and support and maintenance services (contract being realized in reporting period)</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Contract with OTP Bank, Hungary – developments (contract finished in reporting period)</li> <li>▪ Contract with UniCredit Consumer Financing, Romania – developments; on-site support services (contract finished in reporting period)</li> <li>▪ Contract with Raiffeisen Bank-Aval, Ukraine – Software licence fee and support and maintenance services (contract being realized in reporting period)</li> </ul>
<b>DanubePay, a. s.</b>	<ul style="list-style-type: none"> <li>▪ Contract with Fio banka, a. s. – transaction processing (card issuance) (contract realized in reporting period)</li> <li>▪ Contract with mBank Polska SA - transaction processing (SKUP) (contract realized in reporting period)</li> <li>▪ Contract with Volkswagen Bank, S. A. – transaction processing (card issuance) (contract concluded in reporting period)</li> </ul>
<b>exe, a. s.</b>	<ul style="list-style-type: none"> <li>▪ Contract with the Ministry of Education, Science, Research and Sport of the SR – Campus Agreement (contract concluded in reporting period)</li> <li>▪ Contract with Social Insurance Agency in Slovakia – Microsoft Enterprise Agreement (contract finished in reporting period)</li> <li>▪ Contract with the Ministry of Defence of the Slovak Republic - Microsoft Enterprise Agreement (contract concluded in reporting period)</li> <li>▪ Contract with the Ministry of Defence of the Slovak Republic – Microsoft Select Plus (contract finished in reporting period)</li> <li>▪ Contract with Eset - Microsoft Enterprise Agreement (contract finished in reporting period)</li> </ul>
<b>InterWay, a. s.</b>	<ul style="list-style-type: none"> <li>▪ Contract with the Pavol Jozef Šafárik University in Košice – Contract for work (contract concluded in reporting period)</li> <li>▪ Contract with Central Office of Labour, Social Affairs and Family – Contract on provision of services PAS (contract concluded in reporting period)</li> <li>▪ Contract with Central Office of Labour, Social Affairs and Family – Frame contract on provision of services (contract concluded in reporting period)</li> <li>▪ Contract with Social Insurance Agency in Slovakia – Contract on provision of standard and extended technical Oracle support (contract being realized in reporting period)</li> <li>▪ Contract with Atos IT Solutions – Contract on provision of services (contract concluded in reporting period)</li> </ul>

## 14 ADDITIONAL INFORMATION

### 14.1 Indication of proceedings pending before courts and public administration

Currently there are no ongoing proceedings before the courts, the authority responsible for arbitration proceedings or public administration bodies, in which the party would be Asseco Central Europe, or any company of the Group, which would be subject to claims or liabilities of at least 10% of the equity of the Company.

### 14.2 Information about seasonality

Production of the Group is subject to the usual seasonality observed across the IT industry. According to past experience most of the Group revenues are generated in the fourth quarter, when investments budgets are realized by the customers of the Group.

### 14.3 Information on dividends paid or declared

According to information published in the Prospectus, the Company has not declared a dividend policy.

During the year 2015 and 2014 the Parent Company paid out to its shareholders a dividend for the year 2014 and 2013, respectively. See section II. MANAGEMENT REPORT note 7 for more details.

### 14.4 Information on changes in contingent liabilities or contingent assets

Information on changes in contingent liabilities or contingent assets are presented in the Note 28 and 29 of the Group's consolidated financial statements.

### 14.5 Related party transactions

For details, refer to the Note 26 of the consolidated financial statement of the Group.

### 14.6 Loans, loan agreements, sureties, guarantees and commitments

Loans, loan agreements, guarantees and commitments are presented in the Note 22, 28 and 29 of the Group's consolidated financial statements.

### 14.7 Opinion on feasibility of the Management's financial forecast for 2015

The Board of Directors of the Parent Company did not publish any forecast for 2015.

## 14.8 Management of financial resources

The financial resources of the Group consist of revenues from operations.

The Group keeps surplus funds in licensed banking institutions, in form of term deposits with a minimal risk. The Group does not invest in securities for short-term appreciation of resources other than those reported in the Note 14 of the financial statements of the Group.

The Group has exposure to various creditors based on interest bearing loan and credit agreements. All loan and credit commitments are paid in line with the agreed repayment schedules.

The Group generally fulfils its obligations on time. If necessary, the Group is able to react to short-term lack of liquidity in individual companies using intercompany loans.

## 14.9 Evaluation of feasibility of investment projects

In 2015, the Group invested in property, plant and equipment mostly in relation with building and maintaining its own infrastructure (apart from investments into telecommunication network within its subsidiary Slovanet till its disposal).

All of the transactions were planned in a way that they should not limit or threaten the ongoing character of operating activities of the Group and financial liquidity of individual companies. Moreover, the Group plans to continue reinvesting in the assets, which are used for further operating activities.

## 14.10 Factors and events, particularly of unusual character, having an impact on financial results

There were no one-off transactions having significant impact on financial results of the Group in 2015.

## 14.11 Changes in principles of the Company and group management

In the reporting period, there were no changes in the basic principles of management of Group and its Parent Company.

## 14.12 All agreements between Asseco Central Europe, a. s. and its management, providing compensation in case of their resignation or dismissal

Asseco Central Europe, a. s. has not entered into agreements with its management, providing for compensation in case of their resignation or dismissal.

## 14.13 Information on salaries, bonuses or benefits for managers and supervisors

Information on salaries, bonuses or benefits for managers and supervisors are presented in the Note 33 of the Group's consolidated financial statements.

#### 14.14 Information about existing agreements that may result in future changes of the proportions of shares held by existing shareholders

Asseco Central Europe, a. s. is not aware of any agreement which could result in changes in the proportion of shares held by existing shareholders.

#### 14.15 Information about share based payment transactions

The Group does not conduct employee share schemes.

#### 14.16 Agreement with the entity authorized to audit financial statements

The General Shareholders Meeting of Asseco Central Europe, a. s. approved the selection of Ernst & Young Slovakia, spol. s r. o. with registered seat at Hodžovo námestie 1/A Bratislava, SKAU Licence No. 257 as independent auditor for standalone and consolidated financial statements of Asseco Central Europe, a. s. for the year 2015.

Detailed information about total audit fees charged to Asseco Central Europe, a. s. is presented in the Note 32 of the Group's consolidated financial statements.

#### 14.17 Significant events after the balance sheet date

There were no significant events after the balance sheet date

**Signatures of all members of the Board of Directors of Asseco Central Europe, a. s. under the Management report on activities of the Asseco Central Europe Group for the 2015 year**



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Jozef Klein  
Chairman of the  
Board



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Marek Grác  
Vice-Chairman of  
the Board



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David Stoppani  
Member of the  
Board



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Branislav Tkáčik  
Member of the  
Board

19 February 2016, Bratislava

## ASSECO CENTRAL EUROPE BOARD OF DIRECTORS STATEMENT

Statement of the Board of Directors of Asseco Central Europe, a. s. on the reliability of the consolidated financial statements of the Group of Asseco Central Europe for the period from 1 January to 31 December 2015.

The Board of Directors of Asseco Central Europe, a. s., according to its best knowledge, declares that the consolidated financial statements for the period from 1 January to 31 December 2015 have been prepared in accordance with the rules under International Financial Reporting Standards, International Accounting Standards and related interpretations published by the European Commission and give a true and fair financial position of the Company and its financial performance and that the report shall include a true picture of the development and achievements and the Company, including a description of the main threats and risks.



Jozef Klein  
Chairman of the  
Board



Marek Grac  
Vice-Chairman of  
the Board



David Stoppani  
Member of the  
Board



Branislav Tkáčik  
Member of the  
Board

Statement of the Board of Directors of Asseco Central Europe, a. s. on the entity authorized to the consolidated financial statements of Central Europe, a. s. for the period from 1 January to 31 December 2015.

This Board of Directors of Asseco Central Europe, a. s. declares that the entity authorized to audit the consolidated financial statements of the Asseco Central Europe, a. s., i.e. Ernst & Young Slovakia, spol. s r. o., with seat in Bratislava was chosen in accordance with the law. Entity and the auditors who audited the report fulfilled the conditions of an impartial and independent opinion about the study, in accordance with applicable law.



Jozef Klein  
Chairman of the  
Board



Marek Grác  
Vice-Chairman of  
the Board



David Stoppani  
Member of the  
Board



Branislav Tkáčik  
Member of the  
Board

19 February 2016, Bratislava



# **REPORT ON COMPLIANCE**

**of Asseco Central Europe, a. s. with the corporate  
governance standards**

**February 19, 2016**

[asseco.com/ce](http://asseco.com/ce)

**ASSECO**

**Declaration of Asseco Central Europe, a. s. on compliance with the Corporate Governance Standards, prepared pursuant to §91 sect. 5 item 4 of the Regulation of the Minister of Finance regarding current and periodic information to be submitted by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state, dated 19 February 2009 (Journal of Laws No. 33, item 259)**

**I. THE SET OF CORPORATE GOVERNANCE STANDARDS APPLICABLE TO THE ISSUER AND THE PLACE WHERE IT IS PUBLICLY AVAILABLE.**

Asseco Central Europe, a. s. („the Company”) is bound by the Code of Best Practice for WSE Listed Companies (2015) adopted by a resolution of the Supervisory Board of the Warsaw Stock Exchange No. 27/1414/2015 dated 13 October 2015. Full text of the Code of Corporate Governance is available on web page <http://www.corp-gov.gpw.pl>. The report on corporate governance standards applied by Asseco Central Europe, a. s. was published in the Company’s current report No. 1/2016 of 19 February 2016 as well as in the Report on Compliance with the Corporate Governance Standards in 2008, 2009, 2010, 2011, 2012, 2013 and 2014 prepared pursuant to §91 sec. 5 item 4 of the Regulation of the Minister of Finance dated 19 February 2009 published for year 2008 on 18 February, for 2009 on 11 March, for 2010 on 15 March, for 2011 on 8 March, for 2012 on 1 March, for 2013 on 4 March and for 2014 on 24 February. Furthermore, the Company made a declaration of compliance with the corporate governance standards, which has been published on our corporate website [www.asseco-ce.com](http://www.asseco-ce.com), in the Investor Relations section.

**II. CORPORATE GOVERNANCE STANDARDS WHICH HAVE BEEN PARTIALLY OR ENTIRELY WAIVED BY THE ISSUER AND THE RATIONALE FOR DOING SO.**

The Company’s Board of Directors decided to abandon application of the following corporate governance rules:

I. Z.1. A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required by legal regulations:

I.Z.1.2. the full names of the members of its management board and supervisory board and the professional CVs of the members of these bodies including information on the fulfilment of the criteria of independence by members of the supervisory board;

*The Company adheres to this principle in limited scope.*

**Company’s commentary:** *According to the Company’s articles of association, the principle shall apply at all times that 3 (three) out of 5 (five) members of the Supervisory Board shall be nominated by parent company, which is Company’s major shareholder Asseco Poland, S.A., and 1 (one) member of the Supervisory Board shall be nominated and elected by employees pursuant to valid legal regulations. Asseco Poland has a very similar business activities profile and potentially acceptance of this rule could be impossible or could complicate the activities of our Supervisory Board.*

I.Z.1.10. financial projections, if the company has decided to publish them, published at least in the last 5 years, including information about the degree of their implementation;

*This principle is not applicable to the Company.*

**Company's commentary:** *The Company has decided not to publish any financial forecasts.*

I.Z.1.16. information about the planned transmission of a general meeting, not later than 7 days before the date of the general meeting;

*The Company does not adhere to this principle.*

**Company's commentary:** *In accordance with the explanations provided in IV.R.2.*

II. Z. 3. At least two members of the supervisory board should meet the criteria of being independent as referred to in principle II. Z. 4.

*This principle is not applicable to the Company.*

**Company's commentary:** *In accordance with the explanations provided in II.Z.4.*

II. Z. 4. Annex II to the European Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the independence criteria of supervisory board members.

Irrespective of the provisions of point 1(b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate or has entered into a similar agreement with any of them cannot be deemed to meet the independence criteria. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this principle is an actual and significant relationship with any shareholder who holds at least 5% of total voting rights in the company.

*This principle is not applicable to the Company.*

**Company's commentary:** *Company's Supervisory Board shall act on the basis of the laws of the Slovak Republic. According to the Company's articles of association, the principle shall apply at all times that 3 (three) out of 5 (five) members of the Supervisory Board shall be nominated by parent company, which is Company's major shareholder Asseco Poland, S.A., and 1 (one) member of the Supervisory Board shall be nominated and elected by employees pursuant to valid legal regulations. Asseco Poland has a very similar business activities profile and potentially acceptance of this rule could be impossible or could complicate the activities of our Supervisory Board.*

II. Z. 5. Each supervisory board member should provide the other members of the supervisory board as well as the company's management board with a statement of meeting the independence criteria referred to in principle II.Z.4.

*The Company does not adhere to this principle.*

**Company's commentary:** *In accordance with the explanations provided in II.Z.4.*

II. Z. 8. The chairperson of the audit committee should meet the independence criteria referred to in principle II.Z. 4.

*This principle is not applicable to the Company.*

**Company's commentary:** *In accordance with the explanations provided in II.Z.4. as the function of audit committee is in the Company performed by the supervisory board.*

II. Z. 10. In addition to its responsibilities laid down in legal regulations, the supervisory board should prepare and present to the ordinary general meeting once per year the following:

II. Z.10.1 an assessment of the company's standing including an assessment of the internal control, risk management and compliance systems and the internal audit function; such assessment should cover all significant controls, in particular financial reporting and operational controls;

*The Company adheres to this principle in limited scope.*

**Company's commentary:** *Company apply this rule in a limited scope, i.e. annual reports signed by the Management Board include information regarding evaluation of the Company's situation.*

III. Z. 6. Where the company has no separate internal audit function in its organization, the audit committee (or the supervisory board if it performs the functions of the audit committee) should review on an annual basis whether such function needs to be separated.

*This principle is not applicable to the Company.*

**Company's commentary:** *Within its organization, the Company has established a separate Internal Audit Department as well as Compliance Department.*

IV.R.2. If justified by the structure of shareholders or expectations of shareholders notified to the company, and if the company is in a position to provide the technical infrastructure necessary for a general meeting to proceed efficiently using electronic communication means, the company should enable its shareholders to participate in a general meeting using such means, in particular through:

- 1) real-time broadcast of the general meeting;
- 2) real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting;
- 3) exercise of the right to vote during a general meeting either in person or through a proxy.

*The Company does not adhere to this principle.*

**Company's commentary:** *The Company does not enable its shareholders to participate in its general meetings by using means of electronic communication, nor does it provide the ability to broadcast its general meetings in real time. In the Company's opinion, the implementation of each of these principles would now involve fairly high risks of both technical and legal nature. Allowing the shareholders to participate and, in particular, to speak during a general meeting without their physical presence at the meeting venue, by using means of electronic communication, would result in technical and legal risks for the proper and efficient conduct of such general meeting. The present legal regulations do not regulate issues related to the organization of the so-called Internet general meetings. As yet, there is no comprehensive description of the rules for conducting such general meetings, identification of shareholders or their proxies, raising an objection against a passed resolution, as well as for dealing with any broadcasting disruptions (whether to all or some shareholders entitled to participate in a general meeting) preventing the proper participation of shareholders in a general meeting by means of electronic communication, or reception of a broadcast of the general meeting proceedings in real time. Companies have not yet developed a widely accepted practice for conducting their general meetings in such a manner. Furthermore, there are no specific regulatory consequences of being responsible for the improper conduct of a general meeting, including, in particular for an interruption in electronic access to the general meeting proceedings, which may be caused either by the Company or reasons beyond its control. In the Company's opinion, the above-mentioned arguments prove that such instruments are highly risky and impractical due to potential compensatory claims against the Company as well as its exposure to allegations of unequal treatment of shareholders. The Company believes that the currently applicable rules of participation in general*

*meetings enable adequate and effective execution of shareholder rights and appropriately protect the interests of all shareholders.*

- IV.R.3. Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded.

*This principle is not applicable to the Company.*

**Company's commentary:** *The Company's securities are traded in Poland only.*

- IV. Z.1. Companies should set the place and date of a general meeting so as to enable the participation of the highest possible number of shareholders.

*The Company does not adhere to this principle.*

**Company's commentary:** *The Company is registered in Slovakia and its General Meetings take place in Slovakia. The possibility of some of its Polish shareholders to participate in General Meetings may be limited. In order to make this easier for its shareholders, Company plans to organize, in Poland, meetings preceding the General Meeting at a convenient time and place. These premeetings will allow all shareholders to register and discuss topics intended to be subject matter of the General Meeting. They will be able to grant powers of attorney to persons delegated by the Company to such meetings.*

- IV. Z.2. If justified by the structure of shareholders, companies should ensure publicly available real-time broadcasts of general meetings.

*The Company does not adhere to this principle.*

**Company's commentary:** *In accordance with the explanations provided in IV.R.2.*

- V. Z.2. Members of the management board or the supervisory board should notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and should refrain from voting on a resolution on the issue which may give rise to such a conflict of interest in their case.

*The Company adheres to this principle in limited scope.*

**Company's commentary:** *Company applies this rule in a limited scope, i.e. its major shareholder, Asseco Poland is entitled to designate three out of five members of the Supervisory Board. One Supervisory Board member is appointed by our employees. For these reasons, the Management Board is not able to ensure compliance with this rule.*

- VI.R.3. If the supervisory board has a remuneration committee, principle II.Z.7 applies to its activities.

*This principle is not applicable to the Company.*

**Company's commentary:** *The Company has not established any remuneration committee.*

- VI. Z.1. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term financial standing of the company and long-term shareholder value creation as well as the company's stability.

*The Company does not adhere to this principle.*

**Company's commentary:** *The Company does not operate any incentive scheme based on options or other instruments linked to the Company's shares. However, in line with the Company's remuneration policy, the level of remuneration can*

*depend on financial performance that is determined separately for each year. The achievement of financial targets set by the Company contributes to the generation of high net profits and real growth in shareholder value, enabling the Company to pay out dividends to its shareholders.*

- VI. Z.2. To tie the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years.

*The Company does not adhere to this principle.*

**Company's commentary:** *The Company does not operate any incentive scheme based on options or other instruments linked to the Company's shares. However, in line with the Company's remuneration policy, the level of remuneration can depend on financial performance that is determined separately for each year. The achievement of financial targets set by the Company contributes to the generation of high net profits and real growth in shareholder value, enabling the Company to pay out dividends to its shareholders.*

- VI. Z.4. In the report on its operations, the company should provide information on the remuneration policy including at least the following:

- 1) general information about the company's remuneration system;
- 2) information about the conditions and amounts of remuneration of each management board member broken down by fixed and variable remuneration components, including the key parameters of setting the variable remuneration components and the terms of payment of severance allowances and other amounts due on termination of employment, contract or other similar legal relationship, separately for the company and each member of its group;
- 3) information about non-financial remuneration components due to each management board member and key manager;
- 4) significant amendments of the remuneration policy in the last financial year or information about their absence;
- 5) assessment of the implementation of the remuneration policy in terms of the achievement of its goals, in particular long-term shareholder value creation and the company's stability.

*The Company adheres to this principle in limited scope.*

**Company's commentary:** *The Company fully adopted rules for the remuneration of the members of the management applied within the Asseco Group. Both financial and non-financial remuneration components need to be approved by its Supervisory Board, as stipulated by the Slovak legal regulation, when the Company is registered. Total amounts of the remuneration are disclosed on the basis of the regulations in force in the Slovak Republic.*

### **III. MAIN FEATURES OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS APPLIED BY THE ISSUER IN THE PROCESS OF PREPARING ITS SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS.**

The Company's separate and consolidated financial statements are prepared in compliance with the International Accounting Standards ("IAS") as well as the International Financial Reporting Standards ("IFRS"). Both IAS and IFRS include interpretations approved by the International Financial Reporting Interpretations Committee ("IFRIC").

One of the key control mechanisms in the process of preparing the Company's financial statements involves periodical verification of such financial statements by an independent certified auditors, and in particular the review of semi-annual financial statements as well as the preliminary and final audits of annual financial statements.

## Report on Compliance of Asseco Central Europe, a. s. with the Corporate Governance Standards

Certified auditors are selected by the Company in such a way as to ensure that their entrusted tasks are performed impartially. For the sake of such impartiality, the Company changes the entity authorized to audit its financial statements at least once every five years. The change of certified auditors should be also understood as changing the individual carrying out the audit. Certified auditors are each year selected by the Supervisory Board from among reputable auditing firms, which can guarantee high standards of service and independence. Auditing agreements are concluded for one-year periods.

In order to ensure accuracy of the Company's accounting books as well as generation of highly reliable financial data, the Company's Board of Directors adopted the following documents:

1. Company Organizational Regulations,
2. Accounting Policy and Chart of Accounts, both consistent with the International Financial Reporting Standards,
3. Quality Management System ISO 9001:2000,
4. Numerous internal procedures regulating the Company's operations with significant exposure to risk.

Quality of the accounting data, which provide basis for the preparation of financial statements, is additionally guaranteed by the fact that the Company's accounting books are maintained in an integrated ERP system.

The Audit Committee, established from among Members of the Supervisory Board, plays an important role in internal control of the preparation of separate and consolidated financial statements. This committee is entitled to perform financial auditing activities within the company and in particular to:

- monitor the financial reporting process;
- monitor efficiency of the internal control, internal audit and risk management systems;
- monitor performance of the financial audit activities;
- monitor independence of the certified auditor as well as of the entity authorized to audit financial statements.

The internal control and risk management procedures applied in the process of preparing the financial statements of Asseco Central Europe are very effective and enable production of high quality reports, which is best proved by the opinions issued by certified auditors following their audits of the Company's annual financial statements.

## **IV. SHAREHOLDERS WHO, DIRECTLY OR INDIRECTLY, HOLD SIGNIFICANT STAKES OF SHARES INCLUSIVE OF THE NUMBERS OF SHARES AND EQUITY INTERESTS HELD, AND THE NUMBERS OF VOTES AND VOTING INTERESTS THEY ARE ENTITLED TO AT THE GENERAL MEETING OF SHAREHOLDERS.**

To the best knowledge of the Company's Board of Directors, as at the publication date of this report, i.e. at 19 February 2016, the Shareholders who, either directly or through their subsidiaries, held at least 5% of the total votes at the General Meeting of Shareholders were as follows:

Shareholder	Number of shares	Number of votes	% share
Asseco Poland	19,973,096	19,973,096	93.51

**V. HOLDERS OF ANY SECURITIES CARRYING SPECIAL RIGHTS WITH REGARD TO CONTROL OF THE COMPANY AND DESCRIPTION OF SUCH RIGHTS.**

None

**VI. LIMITATIONS ON THE EXERCISE OF VOTING RIGHTS, SUCH AS LIMITATIONS ON VOTING BY HOLDERS OF A CERTAIN PORTION OR NUMBER OF VOTES, TIMING LIMITATIONS ON VOTING, OR OTHER PROVISIONS UNDER WHICH, IN COOPERATION WITH THE COMPANY, OWNERSHIP OF SECURITIES IS DEPRIVED OF SOME RIGHTS INCIDENTAL THERETO.**

None

**VII. LIMITATIONS ON TRANSFERABILITY OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES.**

None

**VIII. RULES REGARDING APPOINTMENT AND DISMISSAL OF THE MANAGEMENT MEMBERS AND DETERMINING THEIR AUTHORITY, IN PARTICULAR THE RIGHT TO DECIDE ON ISSUANCE OR REDEMPTION OF SHARES.**

The Board of Directors is the statutory body that manages the Company and acts on its behalf. Two members of the Board of Directors acting jointly are entitled to represent the Company. The Board of Directors decides all matters related to the operations of the Company unless the matter lies within the competence of the General Meeting or the Supervisory Board. Any 2 (two) members of the Board of Directors shall act jointly on behalf of the Company in all of the Company's matters towards third parties.

Members of the Board of Directors are elected for the period of 5 (five) years and recalled by the Supervisory Board of the Company. The Supervisory Board shall at the same time determine which of the members of the Board of Directors shall be the Chairman of the Board of Directors. If in accordance with the Articles of Association the Supervisory Board fails to elect/recall the member(s) of the Board of Directors or to appoint the Chairman of the Board of Directors, the General Meeting shall elect/recall members of the Board of Directors, appoint the Chairman of the Board of Directors in accordance with the Articles of Association. A repeated election is possible.

**IX. RULES REGARDING AMENDMENT OF THE ISSUER'S ARTICLES OF ASSOCIATION**

Commercial Code (Journal of Laws No. 513/1991) applicable in the Slovak Republic regulates the formal requirements for change of the Articles of Association in joint stock companies under § 173 and 174. Articles of Association of Asseco Central Europe, a. s. does not provide specific provisions governing the amendment of the Articles of Association, i.e. the Company applies the provisions of the Commercial Code in force in the Slovak Republic (Commercial Code), according to which a change of the Company

Articles of Association requires a resolution of general meeting and the introduction of new wording to the Registrar of District Court Bratislava I.

If the general meeting agenda includes a change of the Articles of Association, the notice of general meeting must include at least a summary of the proposed changes. The draft amendments to the Articles of Association must be made available to shareholders for inspection at the premises of the company within a general meeting. The resolution of the general assembly to amend the Articles of Association requires a two-thirds of shareholders present at a general meeting and a notarial record must be prepared. After any change to the Articles of Association of the Board shall be obliged to prepare the full text of the Articles of Association and is responsible for its completeness and correctness.

## **X. THE MANNER OF OPERATION AND ESSENTIAL AUTHORITIES OF THE GENERAL MEETING OF SHAREHOLDERS, DESCRIPTION OF THE SHAREHOLDERS' RIGHTS AND THE EXERCISE THEREOF, AND IN PARTICULAR THE RULES SET FORTH BY THE BYLAWS OF THE GENERAL MEETING OF SHAREHOLDERS PROVIDED SUCH BYLAWS HAVE BEEN ADOPTED, UNLESS SUCH INFORMATION IS DETERMINED DIRECTLY BY THE PROVISIONS OF LAW.**

The General Meeting shall be the supreme body of the Company. All shareholders and/or their proxies authorized under power of attorney, as well as other persons/entities shall have the right to participate in the General Meeting in compliance with provisions of the Articles of Association of the Company.

Members of the Board of Directors and the Supervisory Board shall attend the General Meeting. The General Meeting shall be held at least once per year and it shall be convened by the Board of Directors.

The General Meeting shall usually take place in Bratislava in the Company's registered seat. The General Meeting may be also held in another place determined by the Board of Directors during convocation of the General Meeting.

The Extraordinary General Meeting may be convened if the Company's interests require so, or in cases provided for by the generally binding legal regulations and/or the Articles of Association. The General Meeting shall be convened by the Board of Directors by publishing a notice of the General Meeting at least 30 (thirty) days before the date of the General Meeting in nationally circulated periodicals publishing news from the stock exchange.

In respect of difference in laws regulating operation of joint-stock company within two different systems of law, that means difference between Slovak laws, by which is regulated operation of the Company and Polish law regulating rules of trading with shares of the Company at Warsaw Stock Exchange, and for the purpose of explanation of these laws, the Board of Directors can call before each General Meeting an informational meeting of shareholders (further just „informational meeting“), which can happen in Bratislava and/or in Warszawa.

Informational meeting takes place not earlier than 5 and not later than 1 business day before the date of the General Meeting. The right of the shareholder to attend the General Meeting is checked upon an extract of the shareholder's account led by the member of Central Securities Depository in the Slovak Republic or by the member of foreign central depository, which has proprietor's account led in Central Securities Depository in the Slovak Republic, made out on the determining date in accordance with Articles of Association. The original extract from the shareholder's account must be in Slovak or English language in case it will be delivered directly by the depository (bank) to the address of Asseco Central Europe. In the event that the extract is delivered to the Shareholders' Meeting directly by the shareholder within the time specified in the invitation, it must be certified by a notary translation into Slovak language.

The shareholder may exercise its rights at the General Meeting either in person or through a proxy authorized under a written power of attorney. A shareholder's proxy authorized under a power of attorney may not be a member of the Supervisory Board of the Company. During registration for the General Meeting the shareholders shall present the documents listed further below in order to allow for verification of their right to participate in the General Meeting:

I.

Original or officially authenticated copy from the extract of the shareholder's account led by the member of the Central Securities Depository in the Slovak Republic or by the member of foreign central depository, which has proprietor's account led in the Central Securities Depository in the Slovak Republic, made out on the determining date in accordance with the Articles of Association.

and

II.

(a) if the shareholder is an individual:

- a valid ID Card or a valid passport or another document replacing the above documents;

(b) if the shareholder is a legal entity:

- an original or an officially verified copy of the Excerpt from the Commercial Register not older than 3 (three) months, stating the situation of a shareholder - the legal entity valid at the time of the General Meeting, and
- its statutory body; members of the statutory body authorized to act in the name of the Company who are attending the General Meeting shall submit a valid ID Card or a valid passport or another document replacing the above documents;

(c) a proxy – an individual:

- an original or an officially verified copy of the power of attorney with an officially verified signature of a shareholder, if he/she is an individual, or with an officially verified signature of statutory body or members of a statutory body authorized to act on behalf of the shareholder if it is a legal entity;
- a valid ID Card or a valid passport or another document replacing the above documents; and
- if the proxy represents a shareholder – a legal entity – also an original or an officially verified copy of the Excerpt from the Commercial Register in respect of the shareholder not older than three (3) months, stating the situation of a shareholder - the legal entity valid at the time of the General Meeting.

(d) a proxy – a legal entity – represented by its statutory body:

- an original or an officially verified copy of the power of attorney with an officially verified signature of a shareholder, if he/she is an individual, or with an officially verified signature of statutory body or members of a statutory body authorized to act on behalf of the shareholder if it is a legal entity;
- an original or an officially verified copy of the Excerpt from the Commercial Register not older than three (3) months, stating the situation of a shareholder - the legal entity valid at the time of the General Meeting,
- a valid ID Card or a valid passport or another document replacing the above documents of the statutory representative of the proxy; and
- if the proxy represents a shareholder – a legal entity – also an original or an officially verified copy of the Excerpt from the Commercial Register not older than three (3)

months, stating the situation of a shareholder - the legal entity valid at the time of the General Meeting.

The official language of the General Meeting is the Slovak. If a shareholder needs a translation into a foreign language, it must be provided by the shareholder at the shareholder's costs.

The General Meeting decide about all questions by two-thirds vote majority of present shareholders, except cases, when the generally binding legal acts require higher number of votes of shareholders (more).

The number of a shareholder's votes shall depend on the nominal value of shares held by such shareholder. Each share with a nominal value of 0.033194 EUR shall represent one vote.

Minutes must be taken from every General Meeting in respect of its course.

The following issues shall be entrusted in the scope of competence of the General Meeting:

- (a) amendments to the Articles of Association of the Company,
- (b) deciding on increase and decrease in the registered capital, on authorization of the Board of Directors to increase the registered capital pursuant to Section 210 of the Commercial Code and to issue bond
- (c) selection and recalling of members of the Board of Directors, including appointment of the Chairman of the Board of Directors, provided that the Supervisory Board does not decide on election/recalling of members of the Board of Directors, including appointment of the Chairman of the Board of Directors pursuant to Article of Associations,
- (d) election and recalling of members of the Supervisory Board, except for the members of the Supervisory Board elected and recalled pursuant to Section 200 of the Commercial Code by employees of the Company,
- (e) approval of the Annual and Extraordinary Financial Statements, deciding on distribution of profit or payment for losses and determining the royalties,
- (f) deciding on transformation of the nature of securities issued as certificated securities into book-entry securities and vice-versa, if allowed by the generally binding legal regulations,
- (g) deciding on winding-up of the Company and on a change in its legal form,
- (h) deciding on termination of registration of the Company's shares for trading at the Stock Exchange and deciding on Company's ceasing to exist as a public joint-stock company,
- (i) approval of directives applicable to remuneration of members of the Company's bodies,
- (j) deciding on approval of an Agreement on transfer of the enterprise or Agreement on transfer of a part of the enterprise,
- (k) deciding on change of type of the Company's shares issued as registered shares to bearer shares and vice-versa;
- (l) deciding on division (split off) of the Company's shares into shares with lower nominal value;
- (m) deciding on further questions that the law or the Articles of Associations put under the scope of competence of the General Meeting or that the General Meeting acquires into its scope of competence by its resolution.

Other provisions of the course and organization of the meetings of the shareholders meeting, its activities and the other issues are part of the appropriate provisions of the Commercial Code and Articles of Associations of the Company.

## **XI. COMPOSITIONS, LAST YEAR CHANGES IN THE COMPOSITIONS, AND OPERATIONS OF THE ISSUER'S MANAGEMENT, SUPERVISORY AND ADMINISTRATIVE BODIES AND THEIR COMMITTEES.**

### **THE SUPERVISORY BOARD**

The Supervisory Board is the inspection body of the Company which supervises how the Board of Directors exercises its range of powers and how the business activity of the Company is conducted. The Supervisory Board shall have 5 (five) members. The term of office of the members of the Supervisory Board shall be five (5) years.

Members of the Supervisory Board shall be elected and recalled by the General Meeting. The principle shall apply at all times that 3 (three) members of the Supervisory Board shall be nominated by Asseco Poland, S.A., with its registered office in Rzeszów, Olchowa 14, 35-322 Rzeszów, the Republic of Poland, registered in the Register of Entrepreneurs of the National Court Register held by the District Court in Rzeszów, XII Commercial Division of the National Court Register under the KRS number 0000104838 and 1 (one) member of the Supervisory Board shall be nominated and elected by employees pursuant to valid legal regulations.

The range of powers and duties of the Supervisory Board shall include, in particular, without limitation:

- review of the Annual and Extraordinary Financial Statements of the Company;
- review and evaluation of the Reports of the Board of Directors on the activity and position of the Company and the companies controlled by it, as well as review and evaluation of proposals of the Board of Directors for distribution of profit and/or covering of losses;
- approval of annual budget of the Company;
- submission of a written report on results of the aforementioned reviews at the General Meeting;
- approval of rules for remuneration of members of the Board of Directors of the Company;
- convocation of General Meetings of the Company in compliance with the conditions set forth by the Commercial Code and these Articles of Association;
- other issues entrusted to the competence of the Supervisory Board by legal regulations and/or other provisions of these Articles of Association;
- election and recalling of members of the Board of Directors, including appointment of the Chairman of the Board of Directors;
- granting approval with procuration granted by the Board of Directors of the Company;
- approval for the Company to take/provide loans and credits, the value of which exceeds the value of the registered capital in one transaction or in whole series of connected transactions or, as the case may be, a corresponding value of this amount in other currencies, which have not been taken into account in the financial budget of the Company, or which have not been approved by a resolution of the General Meeting or of the Supervisory Board;
- approval of a sale and purchase of real estate property by the Company, including co-ownership interests in the real estate property regardless of the value of the title to the real estate property to be acquired or transferred, which have not been taken into account in the financial budget of the Company;

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- granting approval with disposition of costs, including investment costs of the Company, in the amount exceeding ten times the value of the registered capital in one transaction or in a series of connected transactions or, as the case may be, the corresponding value of this amount in other currencies, which have not been taken into account in the financial budget of the Company;
- provision of any guarantees, security interests, any out-of-balance sheet obligations, acceptance of liability for damage which have not been taken into account in the financial budget of the Company;
- granting approval with establishment or creation of an easement on any part of the real estate property of the Company, which has not been listed in the financial budget of the Company,
- approval of a purchase or any other acquisition of ownership interests of other companies, shares, with entrance of the Company into other business companies, associations of legal entities, foundations or other investment funds;
- approval of sale of assets of the Company, the value of which exceeds 10% (ten percent) of the book value of the assets of the Company based on the last financial statements verified by an independent auditor, the sale of which has not been taken into account in the financial budget of the Company;
- granting approval with entering into agreements between the Company and members of the Board of Directors of the Company, the Supervisory Board of the Company, shareholders of the Company or, as the case may be, Dependent Entities or entities connected through capital or personally with members of the Board of Directors, members of the Supervisory Board or shareholders;
- granting approval with the acquisition and subsequent use of a specific amount of treasury shares within the total amount of treasury shares that the Company is entitled to acquire based on the prior decision of the General Meeting.

Other provisions of the course and organization of the meetings of the supervisory board, its activities and the other issues are part of the appropriate provisions of the Commercial Code and Articles of Associations of the Company.

There were following members of the Supervisory Board of Asseco Central Europe, a. s. as at 31 December 2015:

<b>Name and Surname</b>	<b>Position</b>	<b>Period</b>
Adam Tadeusz Góral	Chairman	1.1.2015-31.12.2015
Andrej Košári	Vice-Chairman	1.1.2015-31.12.2015
Ján Handlovský	Member (elected by employees)	1.1.2015-31.12.2015
Marek Paweł Panek	Member	1.1.2015-31.12.2015
Przemysław Sęczkowski	Member	1.1.2015-31.12.2015

There were following members of the Supervisory Board of Asseco Central Europe, a. s. as at 19 February 2016:

Name and Surname	Position	Period
Adam Tadeusz Góral	Chairman	1.1.2016-present
Andrej Košári	Vice-Chairman	1.1.2016-present
Ján Handlovský	Member (elected by employees)	1.1.2016-present
Marek Paweł Panek	Member	1.1.2016-present
Przemysław Sęczkowski	Member	1.1.2015- present

## THE BOARD OF DIRECTORS

The Board of Directors is the statutory body of the Company which manages all the activity of the Company, acts on its behalf and represents it in legal acts. The Board of Directors decides all matters of the Company unless they fall within the powers of the General Meeting or the Supervisory Board pursuant to legal regulations or these Articles of Association.

The Board of Directors adopts a decision by majority of all votes of its present members.

The Board of Directors shall in particular, without limitation, to:

- a) ensure proper management of the Company's accounting and submit to the General Meeting for approval the Company's annual or extraordinary financial statements and a proposal for distribution of profit or covering of the Company's losses,
- b) together with the annual financial statements, submit to the General Meeting once a year a report on the business activities of the Company and the state of its assets and liabilities; this report shall form an integral part of the annual report prepared according to special regulations,
- c) submit to the Supervisory Board once a year information on fundamental intentions of the business management of the Company for the future period as well as the expected development of the state of assets and liabilities, finances and proceeds of the Company,
- d) upon request and within the term determined by the Supervisory Board submit a written report on the state of the business activity and assets and liabilities of the Company as compared with the expected development,
- e) inform the Supervisory Board without undue delay about all facts which may substantially influence the development of the business activity and the state of assets and liabilities of the Company, in particular its liquidity,
- f) upon request of the Supervisory Board, participate in meetings of the Supervisory Board and give its members additional information in the requested scope about submitted written reports,
- g) convene an extraordinary General Meeting without undue delay if it finds out that the Company's loss has exceeded one third of its registered capital or if this can be expected, and submit to the General Meeting proposals for measures; the Board of Directors shall also inform the Supervisory Board without undue delay about these facts,
- h) exercise its range of powers with due diligence and in accordance with interests of the Company and all its shareholders. In particular, it shall obtain and take into account all accessible information concerning the subject matter of decision-making, not to disclose business secret and confidential information and facts to third parties, if such disclosure

might be detrimental to the Company or threaten interests of the Company and its shareholders. The obligation to keep confidential shall apply also after the expiration of the term of office of a member of the Board of Directors until such information becomes generally known,

- i) ensure publication of data from financial statements verified by an auditor in accordance with Act on Accounting at the cost of the Company by publishing them in Commercial Bulletin,
- j) submit all documents prescribed by law to the collection of deeds maintained by the relevant Commercial Register and submit motions for entry/change of entry of all data to be registered with the Commercial Register, and that within 30 days as of their occurrence,
- k) with a prior consent of the Supervisory Board adopt principles for founding of a new company with an interest of the Company or acquisition of an interest in an existing company, as well as establishment of its branch office in the Slovak Republic or abroad,
- l) observe provisions of relevant generally binding legal regulations, Articles of Association of the Company and decisions of its bodies;
- m) executes budget of the Company, submits it for the approval of the Supervisory Board and after obtaining of an approval is responsible for its fulfillment.

Other provisions of the course and organization of the meetings of the Board of Directors, its activities and the other issues are part of the appropriate provisions of the Commercial Code and Articles of Associations of the Company.

There were following members of the Board of Directors of Asseco Central Europe, a. s. as at 31 December 2015:

Name and Surname	Position	Period
Jozef Klein	Chairman	1.1.2015-31.12.2015
Marek Grác	Vice-Chairman	1.1.2015-31.12.2015
David Stoppani	Member	1.1.2015-31.12.2015
Branislav Tkáčik	Member	10.2.2015-31.12.2015

The Supervisory Board of the Company appointed Mr. Branislav Tkáčik as the Member of the Board of Directors. The voting took place on 27 January 2015 in accordance with Article 33.3 of the Statutes of the Company, referring to voting per rollam. Appointment came into effect on 10 February 2015.

There were following members of the Board of Directors of Asseco Central Europe, a. s. as at 19 February 2016:

Name and Surname	Position	Period
Jozef Klein	Chairman	1.1.2016-present
Marek Grác	Vice-Chairman	1.1.2016-present
David Stoppani	Member	1.1.2016-present
Branislav Tkáčik	Member	1.1.2016-present

## PROCURATION

According to Article 14 of Slovak Commercial Code (Journal of Laws No. 513/1991) the Board of Directors of Asseco Central Europe, a. s. pursuant its resolutions decided on granting procuration to following persons:

Martin Smutný  
Michal Navrátil

According to Article of 34.2. a) the Supervisory Board of Asseco Central Europe, a. s. by its resolution has approved procuration granted by the Board of Directors of the Company.

Procurist acts on behalf of Company on its own, and when he signs the documents he shall state the commercial name of the Company, his name and in an addendum indicate his procuration, and attach his signature.



Jozef Klein  
Chairman of the Board  
of Directors



Marek Grác  
Vice-Chairman of the  
Board of Directors



David Stoppani  
Member of the Board of  
Directors



Branislav Tkáčik  
Member of the Board of  
Directors

## Independent Auditors' Report

To the Shareholders of Asseco Central Europe, a.s.:

We have audited the accompanying consolidated financial statements of Asseco Central Europe, a.s., and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

19 February 2016  
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.  
SKAU Licence No. 257

Ing. Peter Potoček  
UDVA Licence No.992

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT



# **THE ASSECO CENTRAL EUROPE GROUP**

**CONSOLIDATED FINANCIAL STATEMENTS  
INCLUDING INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**PREPARED IN ACCORDANCE WITH THE INTERNATIONAL  
FINANCIAL REPORTING STANDARDS ADOPTED BY EUROPEAN  
UNION**

**BRATISLAVA, 19 FEBRUARY 2016**

[asseco.com/ce](http://asseco.com/ce)

**ASSECO**

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These consolidated financial statements for the year ended 31 December 2015 were prepared on 19 February 2016 and authorized for publication by the Board of Directors of Asseco Central Europe, a. s. at 19 February 2016.

Board of Directors:

RNDr. Jozef Klein

Chairman of the Board of Directors



Ing. Marek Grác

Vice-Chairman of the Board of Directors



Ing. David Stoppani

Member of the Board of Directors



Ing. Branislav Tkáčik

Member of the Board of Directors



**Bratislava, 19 February 2016**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
OF ASSECO CENTRAL EUROPE GROUP**

	Note	12 months ended 31 December 2015	12 months ended 31 December 2014
<b>Continuing operations</b>			
<b>Sales revenues</b>	<u>1</u>	<b>155,147</b>	<b>117,811</b>
<b>Cost of sales</b>	<u>2</u>	<b>(116,052)</b>	<b>(86,118)</b>
<b>Gross profit on sales</b>		<b>39,095</b>	<b>31,693</b>
Selling expenses	<u>2</u>	(11,341)	(8,942)
General administrative expenses	<u>2</u>	(12,833)	(10,956)
<b>Net profit on sales</b>		<b>14,921</b>	<b>11,795</b>
Other operating income	<u>3</u>	313	517
Other operating expenses	<u>3</u>	(165)	(298)
<b>Operating profit</b>		<b>15,069</b>	<b>12,014</b>
Financial income	<u>4</u>	292	329
Financial expenses	<u>4</u>	(361)	(236)
Share in profits of associates	<u>13</u>	106	260
<b>Pre-tax profit</b>		<b>15,106</b>	<b>12,367</b>
Corporate income tax (current and deferred portions)	<u>5</u>	(4,140)	(2,800)
<b>Net profit for the period from continuing operations</b>		<b>10,966</b>	<b>9,567</b>
<b>Discontinued operations</b>			
<b>Net profit /loss for the period from discontinued operations</b>	<u>8</u>	-	<b>2,306</b>
<b>Net profit for the period</b>		<b>10,966</b>	<b>11,873</b>
Attributable to:			
<b>Shareholders of the Parent Company</b>		<b>11,278</b>	<b>12,535</b>
Profit for the period from continuing operations		11,278	10,276
Profit for the period from discontinued operations		-	2,259
<b>Non-controlling interest</b>		<b>(312)</b>	<b>(662)</b>
Profit for the period from continuing operations		(312)	(709)
Profit for the period from discontinued operations		-	47
<b>Consolidated earnings per share attributable to Shareholders of Asseco Central Europe, a.s. (in EUR):</b>			
Basic consolidated earnings per share	<u>6</u>	0.53	0.59
Diluted consolidated earnings per share	<u>6</u>	0.53	0.59
<b>Basic consolidated earnings per share from continuing operations</b>			
Basic consolidated earnings per share from continuing operations	<u>6</u>	0.53	0.48
Diluted consolidated earnings per share from continuing operations	<u>6</u>	0.53	0.48

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 OF ASSECO CENTRAL EUROPE GROUP**

	Note	12 months ended 31 December 2015	12 months ended 31 December 2014
<b>Net profit for the reporting period</b>		<b>10,966</b>	<b>11,873</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		888	(936)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
<b>Total other comprehensive income</b>		<b>888</b>	<b>(936)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>11,854</b>	<b>10,937</b>
<b>Attributable to:</b>			
<i>Shareholders of the Parent Company</i>		<i>12,166</i>	<i>11,599</i>
<i>Non-controlling interests</i>		<i>(312)</i>	<i>(662)</i>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**THE ASSECO CENTRAL EUROPE GROUP**

<b>ASSETS</b>	<b>Note</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b> <i>restated</i>	<b>1 Jan 2014</b> <i>restated</i>
<b>Non-current assets</b>		<b>73,480</b>	<b>70,313</b>	<b>82,685</b>
Property, plant and equipment	<u>9</u>	4,191	3,776	23,537
Goodwill	<u>11</u>	57,299	52,944	38,791
Intangible assets	<u>10</u>	9,027	10,587	17,602
Investments in associates	<u>13</u>	1,029	1,091	890
Non-current financial assets	<u>14</u>	7	5	3
Non-current receivables	<u>17</u>	435	310	103
Deferred income tax assets	<u>5</u>	1,424	1,598	1,759
Non-current prepayments		68	2	-
		-		
<b>Current assets</b>		<b>94,767</b>	<b>72,468</b>	<b>74,834</b>
Inventories	<u>0</u>	624	271	319
Prepayments	<u>15</u>	4,590	3,227	2,382
Trade receivables	<u>17</u>	39,327	25,951	32,750
Current tax receivable	<u>17</u>	1,107	1,072	515
Receivables from state and local budget	<u>17</u>	160	92	272
Other receivables	<u>17</u>	891	991	608
Current financial assets	<u>14</u>	3,568	2,780	764
Other current non-financial assets		274	81	2,367
Cash and short-term deposits	<u>19</u>	44,226	38,003	34,857
<b>TOTAL ASSETS</b>		<b>168,247</b>	<b>142,781</b>	<b>157,519</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**THE ASSECO CENTRAL EUROPE GROUP**

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>	<b>1 Jan 2014</b>
			<i>restated</i>	<i>Restated</i>
<b>Shareholders' equity (attributable to Shareholders of the Parent Company)</b>		<b>109,502</b>	<b>109,599</b>	<b>101,622</b>
Share capital	<u>20</u>	709	709	709
Share premium		74,901	74,901	74,901
Exchange differences on translation of foreign operations		(6,183)	(7,071)	(6,135)
Retained earnings		40,075	41,060	32,147
<b>Non-controlling interest</b>	<u>20</u>	<b>(2,048)</b>	<b>(1,322)</b>	<b>4,019</b>
<b>Total shareholders' equity</b>		<b>107,454</b>	<b>108,277</b>	<b>105,641</b>
<b>Non-current liabilities</b>		<b>4,666</b>	<b>1,204</b>	<b>8,135</b>
Interest-bearing bank credits, loans and debt securities	<u>22</u>	-	-	5,464
Deferred tax liability	<u>5</u>	360	64	877
Non-current provisions	<u>24</u>	18	15	69
Non-current financial liabilities	<u>21</u>	4,215	1,114	920
Non-current deferred income	<u>25</u>	73	10	791
Other non-current liabilities		-	1	14
<b>Current liabilities</b>		<b>56,127</b>	<b>33,300</b>	<b>43,743</b>
Interest-bearing bank credits, loans and debt securities	<u>22</u>	952	587	3,315
Trade payables	<u>23</u>	32,381	12,655	16,922
Current tax payable	<u>23</u>	559	1,061	1,349
Liabilities to state budget	<u>23</u>	5,194	3,604	3,623
Financial liabilities	<u>21</u>	2,088	383	1,283
Other liabilities	<u>23</u>	2,499	2,627	2,479
Provisions	<u>24</u>	1,131	2,153	4,144
Deferred income	<u>25</u>	5,473	5,210	5,588
Accrued expenses	<u>25</u>	5,850	5,020	5,040
<b>TOTAL LIABILITIES</b>		<b>60,793</b>	<b>34,504</b>	<b>51,878</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>168,247</b>	<b>142,781</b>	<b>157,519</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
THE ASSECO CENTRAL EUROPE GROUP**

	Note	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings	Shareholders' equity of the Parent Company	Non-controlling interests	Total shareholders' equity
<b>As at 1 January 2015</b>		<b>709</b>	<b>74,901</b>	<b>(7,071)</b>	<b>41,060</b>	<b>109,599</b>	<b>(1,322)</b>	<b>108,277</b>
Net profit for the period		-	-	-	11,278	<b>11,278</b>	(312)	<b>10,966</b>
Other comprehensive income		-	-	888	-	<b>888</b>	-	<b>888</b>
<b>Total comprehensive income</b>		-	-	888	11,278	<b>12,166</b>	(312)	<b>11,854</b>
Dividend for the year 2014	20	-	-	-	(10,039)	<b>(10,039)</b>	(87)	<b>(10,126)</b>
Acquisition of InterWay, a.s.	11, 20	-	-	-	-	-	535	<b>535</b>
Settlement of put options over non-controlling interest	20	-	-	-	(2,224)	<b>(2,224)</b>	(862)	<b>(3,086)</b>
<b>As at 31 December 2015</b>		<b>709</b>	<b>74,901</b>	<b>(6,183)</b>	<b>40,075</b>	<b>109,502</b>	<b>(2,048)</b>	<b>107,454</b>
<b>As at 1 January 2014</b>		<b>709</b>	<b>74,901</b>	<b>(6,135)</b>	<b>32,147</b>	<b>101,622</b>	<b>4,019</b>	<b>105,641</b>
Net profit for the period		-	-	-	12,535	<b>12,535</b>	(662)	<b>11,873</b>
Other comprehensive income		-	-	(936)	-	<b>(936)</b>	-	<b>(936)</b>
<b>Total comprehensive income</b>		-	-	(936)	12,535	<b>11,599</b>	(662)	<b>10,937</b>
Dividend for the year 2013		-	-	-	(7,903)	<b>(7,903)</b>	(273)	<b>(8,176)</b>
Acquisition of Asseco Solutions AG		-	-	-	5,224	<b>5,224</b>	108	<b>5,332</b>
Loss of control over Slovanet, a.s.		-	-	-	-	-	(4,357)	<b>(4,357)</b>
Settlement of put options over non-controlling interest		-	-	-	(943)	<b>(943)</b>	(157)	<b>(1,100)</b>
<b>As at 31 December 2014</b>		<b>709</b>	<b>74,901</b>	<b>(7,071)</b>	<b>41,060</b>	<b>109,599</b>	<b>(1,322)</b>	<b>108,277</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**THE ASSECO CENTRAL EUROPE GROUP**

	Note	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
<b>Cash flows - operating activities</b>			
Pre-tax profit from continuing operations and pre-tax profit (loss) on discontinued operations		15,106	16,010
<b>Total adjustments:</b>		<b>10,164</b>	<b>8,472</b>
Share in net profit of associates		(106)	(260)
Depreciation and amortization		3,857	7,741
Changes in working capital	<u>27</u>	6,640	3,762
Interest income and expense		(164)	74
(Gain) / loss on foreign exchange differences		(5)	392
(Gain) / loss on sales of subsidiaries		-	(3,286)
(Gain) / loss on investing activities		(123)	(17)
Other		65	66
<b>Net cash generated from operating activities</b>		<b>25,270</b>	<b>24,482</b>
Corporate income tax paid		(4,007)	(4,745)
<b>Net cash provided by (used in) operating activities</b>		<b>21,263</b>	<b>19,737</b>
<b>Cash flows - investing activities</b>			
Disposal of tangible fixed assets and intangible assets		207	106
Acquisition of tangible fixed assets and intangible assets	<u>27</u>	(2,186)	(3,413)
Expenditures related to research and development projects		(263)	(40)
Acquisition of associated companies		-	(430)
Acquisition of subsidiary companies	<u>27</u>	(5,149)	(13,800)
Cash and cash equivalents of acquired subsidiary companies	<u>27</u>	2,336	2,191
Disposal of shares in associated companies		-	61
Disposal of shares in subsidiary companies		-	9,000
Net debt of disposed subsidiary companies		-	923
Disposal of other financial assets		13	-
Loans granted	<u>27</u>	(6,926)	(4,950)
Loans collected	<u>27</u>	6,154	2,957
Interest received		154	120
Dividends received		185	433
<b>Net cash used in (provided by) investing activities</b>		<b>(5,475)</b>	<b>(6,842)</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**THE ASSECO CENTRAL EUROPE GROUP (CONTINUED)**

	Note	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
<b>Cash flows - financing activities</b>			
Proceeds from borrowings		2	613
Repayment of borrowings		(500)	(574)
Finance lease liability paid		(64)	(492)
Interest paid		(22)	(242)
Dividends paid out to the shareholders of the Parent Company	<u>27</u>	(10,039)	(7,903)
Dividends paid out to non-controlling interests	<u>27</u>	(87)	(273)
Other		-	34
<b>Net cash (used in) provided by financing activities</b>		<b>(10,710)</b>	<b>(8,837)</b>
Increase (decrease) in cash and cash equivalents		5,078	4,058
Net foreign exchange differences		281	(282)
Cash and cash equivalents as at 1 January	<u>19</u>	37,916	34,140
<b>Cash and cash equivalents as at 31 December</b>	<u>19</u>	<b>43,275</b>	<b>37,916</b>

## **SUPPLEMENTARY INFORMATION AND EXPLANATIONS TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **I. GENERAL INFORMATION**

The Parent Company of the Asseco Central Europe Group (the "Group") is Asseco Central Europe, a. s. (the "Parent Company", "Company", "Issuer", "Asseco Central Europe, a. s. (SK)") with its registered seat at Trencianska street 56/A, 821 09 Bratislava, Slovakia.

The Company was established on 16 December 1998. The original name of the company ASSET Soft, a. s. was changed to Asseco Slovakia, a. s. in September 2005. The new Company's name was registered in the Commercial Register on 21 September 2005. On 28 April 2010, the Company changed its name from Asseco Slovakia, a. s. to Asseco Central Europe, a. s. and registered it in the Commercial Register of the Slovak Republic on the same day.

Since 10 October 2006, the Company's shares have been listed on the main market of the Warsaw Stock Exchange.

The parent of Asseco Central Europe, a. s. (SK) is Asseco Poland S.A. As at 31 December 2015, Asseco Poland SA held a 93.51% stake in Asseco Central Europe, a. s.

The business profile of Asseco Central Europe, a. s. (SK) includes software and computer hardware consultancy, production of software as well as the supply of software and hardware. According to the classification adopted by the Warsaw Stock Exchange, the Company's business activity is classified as "information technology". Other companies of the Group conduct similar operations.

In addition to comprehensive IT services, the Group also sells goods including computer hardware. The sale of goods performed is to a large extent connected with the provision of software implementation services.

### **II. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

#### **1. Basis for preparation**

The consolidated financial statements of the Asseco Central Europe Group ("Group") have been prepared in accordance with the historical cost principle, except for derivative financial instruments which were measured at their fair value.

The presentation currency of these consolidated financial statements is euro (EUR), and all figures are presented in thousands of euros (EUR '000), unless stated otherwise.

Consolidated financial statements have been prepared based on the assumption that the Group companies will continue as going concerns in the foreseeable future. As at the date of authorization of these consolidated financial statements, the Parent Company's Board of Directors is not aware of any facts or circumstances that would indicate a threat to the continued activity of the Group entities.

#### **2. Compliance statement**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by the European Union ("EU IFRS").

As at the date of approving these financial statements for publication, given the ongoing process of implementation of IFRS standards in the EU as well as the nature of the Group's operations, within the scope of accounting policies applied by the Group, there are no differences between IFRS and EU IFRS.

IFRS include standards and interpretations accepted by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee ("IFRIC").

Some of the Group companies maintain their accounting books in accordance with the accounting policies set forth in their respective local regulations. The consolidated financial statements may include adjustments not disclosed in the accounting books of the Group's entities, which were introduced to adjust the financial statements of those entities to the IFRS.

### **3. Professional judgments and estimates**

Preparing the consolidated financial statements in accordance with IFRS requires making judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Although the estimates and assumptions have been made based on the Group's management best knowledge of the current activities, the actual results may differ from those anticipated.

Presented below are the main areas which in the process of applying the accounting policies were subject to accounting estimates and the management's professional judgments, and whose estimates, if changed, could significantly affect the Group's future results.

#### ***i. Valuation of IT contracts as well as measurement of their completion***

The Group carries out a number of contracts for construction and implementation of information technology systems. The valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of income and expenses as well as it requires measurement of the contract's percentage of completion. This percentage is measured as a relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work-effort required.

#### ***ii. Rates of depreciation and amortization***

The level of depreciation and amortization rates is determined on the basis of anticipated period of economic useful life of the components of tangible and intangible assets. The Group verifies the adopted periods of useful lives on an annual basis, taking into account the current estimates.

In 2015 the rates of depreciation and amortization applied by the Group were not subject to any substantial modifications.

#### ***iii. Impairment tests of goodwill***

In line with the Group's policy, every year as at 31 December, the Board of Directors of the Parent Company performs an annual impairment test on cash-generating units to which goodwill has been allocated. Whereas, as at each interim balance sheet date, the Board of

Directors of the Parent Company performs a review of possible indications of impairment of cash-generating units to which goodwill has been allocated. In the event such indications are identified, an impairment test should be carried out as at the interim balance sheet date. Each impairment test requires making estimates of the value in use of cash-generating units or groups of cash-generating units to which goodwill has been allocated.

The value in use is estimated by determining both the future cash flows expected to be achieved from the cash-generating unit or units and a discount rate to be subsequently used in order to calculate the net present value of those cash flows. Impairment tests that were carried out as at 31 December 2015 have been described in detail in explanatory note 12 to these consolidated financial statements.

**iv. Intangible assets acquired in acquisitions**

As at 31 December 2015, net value of intangible assets recognized as part of purchase price allocations related to the Group's acquisitions of subsidiaries amounted to EUR 589 thousand (2014: EUR 902 thousand). The intangibles comprise various categories of assets including customer contracts and related customer relationships and software and licenses recognized in the acquisitions of subsidiaries.

The customer contracts and related customer relationships and software and licenses were initially recognized at fair values. The fair values were estimated using valuation methodologies which require making estimates regarding future cash flows generated by the intangible assets, discount rates to convert the projected cash flows to their present values, replacement or reproduction costs of the intangible assets as well as their normalized useful life and remaining useful life.

**v. Deferred tax**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**vi. Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows.

The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

**vii. Consolidation of entities in which the Group holds less than absolute majority of voting rights**

The Group has concluded that when there is a lack of an absolute majority of voting rights at the general meeting of shareholders of acquired company, in accordance with IFRS 10, this company can be controlled by the Group based on all relevant facts and circumstances in assessing whether the Parent Company has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights;
- any additional facts and circumstances that may indicate that the Company has, or does not have, the ability to direct the relevant activities when decisions need to be made, inclusive of voting patterns observed at previous meetings of shareholders.

**4. Changes in the accounting principles applied and new standards and interpretations effective in current period**

The accounting principles (policy) adopted in the preparation of these consolidated financial statements are coherent with those applied for the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

The Group did not decide on early adoption of any other standard, interpretation or amendment which has been published but has not yet become effective.

**5. New standards and interpretations published but not yet in force**

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not come into force:

- IFRS 9 *Financial Instruments* – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2018;
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* – effective for financial years beginning on or after 1 July 2014, in EU effective at the latest for financial years beginning on or after 1 February 2015;
- *Annual Improvements to IFRSs 2010-2012* – some amendments effective for financial years beginning on or after 1 July 2014 and some effective prospectively for transactions occurring on or after 1 July 2014, in EU effective at the latest for financial years beginning on or after 1 February 2015;
- IFRS 14 *Regulatory Deferral Accounts* - The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* – effective for financial years beginning on or after 1 January 2016;

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization* – effective for financial years beginning on or after 1 January 2016
- IFRS 15 *Revenue from Contracts with Customers*, including amendments to IFRS 15 Effective date of IFRS 15 (issued on 11 September 2015) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2018;
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* - effective for financial years beginning on or after 1 January 2016;
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* – effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* - decision about terms of performing particular steps resulting in endorsement of the Amendments has not yet been made by EFRAG – not yet endorsed by EU at the date of approval of these financial statements - the effective date was deferred indefinitely by IASB;
- *Annual Improvements to IFRSs 2012–2014* - effective for financial years beginning on or after 1 January 2016;
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2016;
- Amendments to IAS 1 *Disclosure Initiative* – effective for financial years beginning on or after 1 January 2016
- IFRS 16 *Leases* - decision about terms of performing particular steps resulting in endorsement of the Standard has not yet been made by EFRAG – not yet endorsed by EU at the date of approval of these financial statements - effective for financial years beginning on or after 1 January 2019,
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2017,
- Amendments to IAS 7 *Disclosure Initiative* - not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January 2017.

The Board of Directors of the Parent Company has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Group is currently conducting an analysis of how the above-mentioned amendments are going to impact its consolidated financial statements.

## **6. Corrections of material errors**

In the reporting period, no events occurred that would require making corrections of any material misstatements.

## 7. Changes in the applied principles of presentation and changes in the comparative data

In the reporting period, the applied methods of presentation were changed regarding to the presentation of:

- receivables from uninvoiced deliveries,
- receivables from valuation of long-term IT contracts (PoC valuation),
- liabilities from uninvoiced deliveries,
- liabilities from valuation of long-term IT contracts (PoC valuation),
- provision for loss on long-term IT contracts (PoC valuation).

Following a review of receivable categories applied by the Group, we have decided to present receivables from uninvoiced deliveries, and receivables from valuation of long-term IT contracts (PoC valuation) as trade receivables.

Following a review of liability categories applied by the Group, we have decided to present liabilities from uninvoiced deliveries and liabilities from valuation of long-term IT contracts (PoC valuation) as trade payables.

Provision for loss on long-term IT contracts (PoC valuation) presented previously in category "Other liabilities" has been reclassified to category "Provisions".

The reclassification better reflects transactions which relate to core business of the Group.

Due to change of applied methods of presentation comparative data presented in statement of financial positions has been restated.

The impact of the described changes on the comparable data has been presented in the tables below:

ASSETS	31 Dec 2014	Changes of presentation	31 Dec 2014 <i>restated</i>
<b>Non- current assets</b>	<b>70,313</b>	-	<b>70,313</b>
Property, plant and equipment	3,776	-	3,776
Goodwill	52,944	-	52,944
Intangible assets	10,587	-	10,587
Investments in associates	1,091	-	1,091
Non-current financial assets	5	-	5
Non-current receivables	310	-	310
Deferred tax assets	1,598	-	1,598
Non-current prepayments	2	-	2
<b>Current assets</b>	<b>72,468</b>	-	<b>72,468</b>
Inventories	271	-	271
Prepayments	3,227	-	3,227
Trade receivables	22,967	2,984	25,951
Current tax receivable	1,072	-	1,072
Receivables from state and local budgets	92	-	92
Other receivables	3,975	(2,984)	991
Current financial assets	2,780	-	2,780
Other current non-financial assets	81	-	81
Cash and short-term deposits	38,003	-	38,003
<b>TOTAL ASSETS</b>	<b>142,781</b>	-	<b>142,781</b>

CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO CENTRAL EUROPE GROUP  
INCLUDING INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>31 Dec 2014</b>	<b>Changes of presentation</b>	<b>31 Dec 2014 restated</b>
Shareholders' equity (attributable to Shareholders of the Parent Company)	109,599	-	109,599
Non-controlling interest	(1,322)	-	(1,322)
<b>Total shareholders' equity</b>	<b>108,277</b>	<b>-</b>	<b>108,277</b>
<b>Non-current liabilities</b>	<b>1,204</b>	<b>-</b>	<b>1,204</b>
Interest-bearing bank credits, loans and debt securities	-	-	-
Deferred tax liability	64	-	64
Non-current provisions	15	-	15
Non-current financial liabilities	1,114	-	1,114
Non-current deferred income	10	-	10
Other non-current liabilities	1	-	1
<b>Current liabilities</b>	<b>33,300</b>	<b>-</b>	<b>33,300</b>
Interest-bearing bank credits, loans and debt securities	587	-	587
Trade payables	9,571	3,084	12,655
Current tax payable	1,061	-	1,061
Liabilities to state budget	3,604	-	3,604
Financial liabilities	383	-	383
Other liabilities	4,938	(2,311)	2,627
Provisions	2,112	41	2,153
Deferred income	5,210	-	5,210
Accrued expenses	5,834	(814)	5,020
<b>TOTAL LIABILITIES</b>	<b>34,504</b>	<b>-</b>	<b>34,504</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>142,781</b>	<b>-</b>	<b>142,781</b>
<b>ASSETS</b>	<b>1 Jan 2014</b>	<b>Changes of presentation</b>	<b>1 Jan 2014 restated</b>
<b>Non-current assets</b>	<b>82,685</b>	<b>-</b>	<b>82,685</b>
Property, plant and equipment	23,537	-	23,537
Goodwill	38,791	-	38,791
Intangible assets	17,602	-	17,602
Investments in associates	890	-	890
Non-current financial assets	3	-	3
Non-current receivables	103	-	103
Deferred tax assets	1,759	-	1,759
Non-current prepayments	-	-	-
<b>Current assets</b>	<b>74,834</b>	<b>-</b>	<b>74,834</b>
Inventories	319	-	319
Prepayments	2,382	-	2,382
Trade receivables	30,502	2,248	32,750
Current tax receivable	515	-	515
Receivables from state and local budgets	272	-	272
Other receivables	2,856	(2,248)	608
Current financial assets	764	-	764
Other current non-financial assets	2,367	-	2,367
Cash and short-term deposits	34,857	-	34,857
<b>TOTAL ASSETS</b>	<b>157,519</b>	<b>-</b>	<b>157,519</b>

CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO CENTRAL EUROPE GROUP  
INCLUDING INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 Jan 2014</b>	<b>Changes of presentation</b>	<b>1 Jan 2014 restated</b>
Shareholders' equity (attributable to Shareholders of the Parent Company)	101,622	-	101,622
Non-controlling interest	4,019	-	4,019
<b>Total shareholders' equity</b>	<b>105,641</b>	<b>-</b>	<b>105,641</b>
<b>Non-current liabilities</b>	<b>8,135</b>	<b>-</b>	<b>8,135</b>
Interest-bearing bank credits, loans and debt securities	5,464	-	5,464
Deferred tax liability	877	-	877
Non-current provisions	69	-	69
Non-current financial liabilities	920	-	920
Non-current deferred income	791	-	791
Other non-current liabilities	14	-	14
<b>Current liabilities</b>	<b>43,743</b>	<b>-</b>	<b>43,743</b>
Interest-bearing bank credits, loans and debt securities	3,315	-	3,315
Trade payables	12,946	3,976	16,922
Current tax payable	1,349	-	1,349
Liabilities to state budget	3,623	-	3,623
Financial liabilities	1,283	-	1,283
Other liabilities	5,362	(2,883)	2,479
Provisions	4,144	-	4,144
Deferred income	5,588	-	5,588
Accrued expenses	6,133	(1,093)	5,040
<b>TOTAL LIABILITIES</b>	<b>51,878</b>	<b>-</b>	<b>51,878</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>157,519</b>	<b>-</b>	<b>157,519</b>

### III. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Consolidation rules

The consolidated financial statements comprise the financial statements of the Parent Company as well as financial statements of its subsidiaries in each case prepared for the year ended on 31 December 2015. Subsidiaries are all entities over which the Group has control. The control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights;
- any additional facts and circumstances that may indicate that the Company has, or does not have, the ability to direct the relevant activities when decisions need to be made, inclusive of voting patterns observed at previous meetings of shareholders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

## 2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment on an annual basis as at 31 December, or more frequently if there are indications to do so. Goodwill is not subject to amortization.

As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects arising from a business combination. Each cash-generating unit or group of units to which the goodwill is so allocated shall:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment identified in accordance with IFRS 8 Operating Segments.

An impairment write-down is determined by estimating the recoverable value of a cash-generating unit to which goodwill has been allocated. In the event the recoverable value of a cash-generating unit is lower than its carrying amount, an impairment charge shall be recognized.

Such write-down is recognized as a financial expense.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

### **3. Business combination under common control**

A business combination under common control is a business combination in which all of the entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

In particular, this will include transactions such as the transfer of subsidiaries or businesses between entities within the Group.

In the case of a business combination under common control, entities within the Group should apply the pooling of interest method with application of financial data from consolidated financial statements of the Parent entity.

The pooling of interest method is considered to involve the following:

- the assets and liabilities of the combining entities are reflected at their carrying amounts – i.e. no adjustments are made to reflect fair values or to recognize any new assets or liabilities, which would otherwise be done under the acquisition method; the only adjustments that are made are to harmonize accounting policies and eliminate inter-company balances;
- no “new” goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid/transferred and the equity “acquired” is reflected within equity. Comparative data is not adjusted.

### **4. Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group’s investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group’s share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from

transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

#### **5. Treatment of put options held by non-controlling interests in the consolidated financial statements**

A contract that contains an obligation for an entity to purchase its own equity instruments gives rise to a financial liability for the present value of the redemption amount, even if the obligation to purchase is conditional on the counterparty exercising a right to redeem, for example in situations where the non-controlling interests are entitled to put shares of a subsidiary to be purchased by the Parent Company.

If concluded based on contractual terms that the acquirer does not have a present ownership interest in the shares concerned, the non-controlling interest is still attributed its share of the profits and losses (and other changes in equity) of the acquiree. The impact of the put option is the amount attributable to the non-controlling interest to be reclassified as a financial liability. The reclassification of the non-controlling interest is deemed to be equivalent to a change in the non-controlling interest. Therefore, the accounting at the end of the reporting period should replicate the accounting that would be adopted as if the option had been exercised at that date.

Accordingly, any difference between the liability under the put option at the end of the reporting period and the non-controlling interest reclassified is accounted for as a change in the equity attributable to the Parent Company. No amount is recognized in the profit or loss for the financial liability or separate accounting for the unwinding of any discount in respect of the liability. It also means that the liability resulting from the put option is not subject to any discount.

While the put option remains unexercised, the accounting at the end of each reporting period is as follows:

- the entity determines the amount that would have been recognized within equity for the non-controlling interest, including an update to reflect its share of profits and losses (and other changes in equity) of the acquiree for the period, and
- the entity accounts for the difference between (1) the amount determined above and (2) the fair value of the liability under the put option, as a change in the non-controlling interest.

If the put option is ultimately exercised, the same treatment will be applied up to the date of exercise. The amount recognized as the financial liability at that date will be extinguished by payment of the exercise price. If the put option expires unexercised, the position will be unwound, so that the non-controlling interest at that date is reclassified back to equity and the financial liability is derecognized.

If, under purchase agreement, the acquirer have a present ownership interest in the shares concerned, the non-controlling interest is not recognized at the date of obtaining control as well as at each subsequent balance sheet date. Hence, a business combination is accounted for as if, at the date of obtaining control, the Parent Company acquired not only an equity interest in a subsidiary but also the intrests defined by put option. Liabilities under put options are measured at fair value at each balance sheet date; whereas, any changes in such estimates are recognized in the income statement (as financial income/expenses). The share of profits attributable to puttable equity interests is allocated to the Parent Company.

Under the agreement between the Parent Company and non-controlling intrest, Parent Company may be granted call option over the non-controlling shares.

If, under purchase agreement, a call option gives the acquiring entity present access to returns over all of the shares held by non-controlling shareholders, then there will be no non-controlling intrests presented in equity. The acquirer accounts for the business combination as though it acquired a 100% intrest. The acquirer also recognizes financial liability to the non-controlling shareholders under the call option. Changes in the carrying amounts of the financial liability are recognized in profit and loss. If the call option expires unexercised, then the acquirer has effectively disposed of a partial interest in its subsidiary in return for the amount recognized as financial liability as the date of the expiry and account for the transaction as a change in ownership intrest without loss of control.

If a call option does not give the acquiring entity present access to returns, associated with ownership interest , the accounting depends on whether the call option meets the definition of a financial asset or an equity instrument.

If however, based on the call option conditions, the call option is related to the unlisted instruments or the option price is based on expected future results or net assets of the subsidiary as at the date of exercise, the Group does not recognize call option at all.

## **6. Translation of items expressed in foreign currencies**

The Group's consolidated financial statements are presented in euros, which is also the Parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currencies of the Group's foreign subsidiaries are Euro (EUR), Czech crown (CZK), Hungarian forint (HUF) and Swiss Franc (CHF).

Transactions denominated in foreign currencies are initially recognized by the Group's entities at their respective functional currency exchange rates at the date the transaction

first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

On consolidation, the assets and liabilities of foreign operations are translated into EUR at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates from the reporting period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the currency rate of exchange at the reporting date.

The following exchange rates were applied for the purpose of valuation in the statement of financial position:

Currency	As at 31 Dec 2015	As at 31 Dec 2014
CZK	27.023	27.735
CHF	1.0835	1.2024
HUF	315.98	315.54
PLN	4.2639	4.2732

Average exchange rates for the specified reporting periods were as follows:

Currency	Period of 12 months ended 31 Dec 2015	Period of 12 months ended 31 Dec 2014
CZK	27.2792	27.5358
CHF	1.0678	1.2146
HUF	309.996	308.706
PLN	4.1841	4.1842

## 7. Fair value measurement

The Group measures financial instruments such as derivatives and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or

- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 8. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment write-downs, if any. Any costs incurred after a tangible asset has been commissioned into use, such as costs of repairs and technical inspections or operating fees, are expensed in the reporting period in which they were incurred. At the time of purchase, tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses also constitute a component of assets.

Such assets are depreciated using the straight-line method over their expected useful lives which are as follows:

Type	Period of useful life
Buildings and structures	12-20 years
Machinery and technical equipment	4-12 years
Transport vehicles	3-6 years
Computer hardware	4-12 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

A tangible asset may be derecognized from the statement of financial position after it is disposed of or when no economic benefits are expected from its further use. Gain/loss on disposal of a tangible fixed asset is assessed by comparing the proceeds from the disposal against the present book value of such asset, and it is accounted for as other operating income/expense. Any gains or losses resulting from the removal of a given item of property, plant and equipment from the statement of financial position (calculated as a difference between the net cash obtained from sales and the book value of this item) are recognized in the profit and loss account in the period in which the derecognition from the accounting books was made.

Tangible assets under construction are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Tangible assets under construction are not depreciated until their construction is completed and they are commissioned into use.

## 9. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired as a result of a business combination are measured at their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss.

All the intangible assets subject to amortization are amortized under the straight-line method. Below are the periods of useful life adopted for intangible assets:

Type	Period of useful life
Cost of development work	2-5 years
Computer software	2-9 years
Patents and licenses	2-8 years
Customer contracts and related customer relations	2-7 years
Other	2-5 years

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The Group presents in separate categories the final products of development projects ("internally generated software") and the products which have not been finished yet ("costs of development projects in progress"). An intangible asset generated internally as a result of development work (or completion of the development phase of an internal project) may be recognized if, and only if, the Group is able to demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the construction of such intangible asset;
- the ability to use or sell such intangible asset;
- how such intangible asset is going to generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development work and to make the intangible asset ready for use or sale;
- the ability to reliably measure the expenditure for the development work attributable to such intangible asset.

The cost of an internally generated intangible asset is the sum of expenditures incurred from the date when the intangible asset first meets the above-mentioned recognition criteria. Expenditures previously recognized as expenses cannot be capitalized. The cost of an internally generated intangible asset comprises directly attributable costs necessary to create, produce, and prepare that asset to be capable of operating in the manner intended by management. Such costs shall include:

- costs of benefits for employees who are directly involved in the generation of an intangible asset;
- all directly attributable costs necessary to create, produce, and adjust an intangible asset, including any legal title registration fees and amortization of patents and licenses that are used to generate such intangible asset;
- costs of materials and services that are used or consumed directly in generating an intangible asset;
- indirect costs that are directly attributable to the generation of an intangible asset, including depreciation of equipment used in the generation process as well as rental costs of any office space utilized by the work team.

The cost of an internally generated intangible asset shall not include:

- selling, administrative and other general overhead expenditures;
- clearly identified work inefficiencies and initial operating losses incurred before an intangible asset achieves planned performance; and
- expenditures on training staff to operate such intangible asset.

Until completion of the development work, accumulated costs directly attributable to such development work are disclosed as "costs of development projects in progress". Upon completion of the development work, the ready-made product of the development work is reclassified to the category of "Internally generated software" and from that time the Company begins to amortize such internally generated software. Following initial recognition of the internally generated software, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.

Any gain or loss resulting from derecognition of an intangible asset from the statement of financial position (calculated as the difference between the net cash obtained from sales and the book value of the item) is disclosed in the profit and loss account for the period in which the derecognition was made.

## **10. Leasing**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease.

Finance lease agreements, under which substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the Group, at the commencement of the lease term are recognized as assets and liabilities in the statement of financial position at the amounts equal to the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability so as to obtain a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are charged as expenses directly in the profit and loss account.

Property, plant and equipment used under finance lease agreements are subject to depreciation over the estimated useful life or the leasing period, whichever is the shorter.

Leasing agreements whereby the lessor retains substantially all the risks and rewards incidental to ownership of the leased asset are treated as operating leases. Lease payments under an operating lease are recognized as expenses in the profit and loss account on a straight-line basis over the leasing period.

## **11. Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the profit or loss account in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill is allocated. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

## **12. Government subsidies**

Government subsidies are a form of financial assistance provided to enterprises by the government in exchange for satisfying, in the past or in the future, certain conditions related to their operating activities. Government subsidies do not include any forms of government aid which have no precise value, nor any transactions conducted with the government which cannot be differentiated from ordinary business transactions of an enterprise.

Government subsidies are not recognized in accounts until there is sufficient certainty that a beneficiary company is going to meet the subsidy conditions and that the subsidy is going to be received, while the fact of actually having received a subsidy may not itself be perceived as convincing evidence that the subsidy conditions have been or will be met.

The method of subsidy accounting does not depend upon the manner in which it was granted. Therefore, a subsidy is accounted for using the same approach, irrespective of whether it was received in cash or in the form of a reduction of liabilities towards the government.

If a subsidy corresponds to a specific cost item, then it is recognized as income proportionally to the incurrence of the costs which the subsidy is supposed to compensate.

However, if a subsidy corresponds to a specific asset then its fair value is initially recognized in the deferred income account and amortized in the profit and loss account over the estimated useful life of the related asset.

### 13. Financial assets

Financial assets are divided into the following categories:

- financial assets held to maturity;
- financial instruments valued at fair value through profit or loss;
- loans granted and receivables;
- financial assets available for sale.

Purchases or disposals of financial assets are recognized in the accounting books at the transaction date. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Financial assets held to maturity** are financial assets quoted on an active market that are not derivative instruments, have identified or identifiable payments and a fixed maturity date, which the Company intends and is able to hold till maturity, and are different from:

- financial assets designated at the initial recognition as carried at fair value through profit or loss;
- financial assets designated as available for sale;
- assets qualifying as loans and receivables.

Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity shall be classified as fixed assets if their maturity exceeds 12 months from the balance sheet date.

The Group did not have any held-to-maturity investments during the years ended 31 December 2015 and 2014.

**Financial assets carried at fair value through profit or loss** include assets that satisfy one of the following conditions:

- have been classified as assets held for trading. Financial assets are classified as held for trading if they are:
  - purchased for resale in short term (up to 3 months);
  - a part of the portfolio of specific financial instruments which are managed together, and which are likely to generate short-term gains;
  - derivative instruments, except for derivatives which are used as the elements of hedge accounting or financial guarantee contracts;
- have been classified in this category, in accordance with IAS 39, at the time of initial recognition.

Financial assets carried at fair value through profit or loss are measured at the market value of financial instruments as at the balance sheet date with no regard to any costs of their disposal transaction. Changes in the value of such financial instruments are recognized as finance income or expenses in the profit and loss account.

As at 31 December 2015 the Group had financial derivatives – currency forwards in the amount of EUR 4 thousand. As at 31 December 2014 the Group had financial derivatives – currency forwards in the amount of EUR 24 thousand.

**Loans and receivables** are financial assets, not classified as derivative instruments, with fixed or determinable payments that are not quoted in an active market. They are recognized as current assets unless their maturity periods are longer than 12 months from the balance sheet date. Loans granted and receivables with maturity periods longer than 12 months from the balance sheet date are recognized as fixed assets. This category is the most relevant to the Group and generally applies to trade and other receivables. For more information on receivables, refer to note 17.

**Financial assets available for sale** comprise financial assets which are not derivative instruments, and which have been designated as available for sale, or do not belong to any of the above three categories of financial assets.

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement financial assets available for sale are carried at fair value, increased by the transaction-related costs that are directly attributable to the acquisition or issuance of a financial asset. If financial instruments are not quoted on an active market and it is impossible to determine their fair value reliably with alternative methods, such financial assets available for sale shall be measured at purchase cost adjusted by impairment charges. Provided financial instruments have a market price determined in a regulated active market or it is possible to determine their fair value in other reliable way, any positive or negative differences between the fair value and purchase cost of such assets available for sale (after deducting any deferred tax liabilities) shall be recognized in other comprehensive income. A decrease in the value of assets available for sale, resulting from their impairment, shall be recognized as a financial expense.

Disposals of financial assets are recognized in the accounting books at the transaction date. A financial asset shall be derecognized from the statement of financial position if the Group no longer controls the contractual rights arising from such financial instrument. This usually takes place when the instrument is sold or when all cash flows generated by that instrument are transferred to an independent third party.

#### **14. Trade receivables**

Trade accounts receivable, usually with payment terms ranging from 10 to 40 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for uncollectable receivables. Receivables with remote payment terms are recognized at the present value of expected payments.

Allowances for doubtful receivables are estimated when it is no longer probable that the entire amount of original receivables will be collected. The amount of allowances represents the difference between the nominal amount of receivables and their recoverable value, which corresponds to the net present value of expected cash flows discounted using the interest rate applicable to similar debtors. Doubtful receivables are expensed as operating costs in the profit and loss account at the time when they are deemed uncollectible.

Receivables are revaluated taking into account the probabilities of their collection, by making allowances for:

- receivables from debtors who went into liquidation or bankruptcy – up to the amount receivable not covered by any guarantee or other collateral, reported to the liquidator or magistrate in bankruptcy proceedings;
- receivables from debtors in case the declaration of bankruptcy is dismissed and the debtor's assets are insufficient to satisfy the costs of bankruptcy proceedings – in full amount receivable;
- receivables disputed by debtors and past-due where, following an assessment of the debtor's property and financial condition, collection of full contractual amounts is unlikely – up to the amount receivable not covered by any guarantee or other collateral;
- receivables that constitute an increase of other receivables subject to prior impairment write-downs – in full amount receivable until they are received or written-off as uncollectible;
- past-due (or not yet due) receivables, where it is highly probable they will become uncollectible because of the type of business or structure of customers – in the amount of reliably measured or full allowance for doubtful receivables.

Furthermore, the minimum levels of allowances for receivables as recognized by the Company are:

- 100% in relation to receivables in litigation, unless the Management Board believes that obtaining a favorable judgment by the Company is almost certain;
- 100% in relation to receivables past-due over 12 months (from the payment deadline), taking into account any partial payments or arrangements made after the balance sheet date;
- 50% in relation to receivables past-due between 6 and 12 months (from the payment deadline), taking into account any partial payments or arrangements made after the balance sheet date.

When deciding on any allowances, the Group takes into consideration not only events that took place before the balance sheet date, but also later events that took place prior to the preparation of financial statements if such events are related to receivables carried in the books as at the balance sheet date. Every year the Company verifies whether the adopted principles for recognition of write-downs correspond to the actual impairment of its receivables.

Allowances for trade receivables are recognized as operating expenses. Allowances for other receivables are recognized as other operating expenses. Allowances for accrued interest receivable are recognized as financial expenses.

If the cause for recognition of an allowance is no longer valid, such allowance shall be reversed, in the whole amount or in appropriate portion, being recognized as an increase in the value of a relevant asset or as an adjustment to respective cost items.

### **15. Cash and cash equivalents**

Cash and cash equivalents presented in the statement of financial position consist of cash held in banks and on hand, short-term bank deposits with maturities not exceeding 3 months, and other highly liquid instruments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### **16. Impairment of financial assets**

At each balance sheet date, the Group determines whether there are any objective indications of impairment of a financial asset or group of financial assets.

#### *Financial assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans or receivables valued at amortized cost has been incurred, the amount of the impairment write-down is measured as the difference between the asset's book value and the present value of estimated future cash flows (excluding future bad debt losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amounts of such assets are reduced either directly or by establishing an impairment write-down. The amount of the loss is recognized in the profit and loss account.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of a group of assets for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any such reversal of the impairment write-down is recognized in profit or loss to the extent that the carrying amount of the financial asset does not exceed its amortized cost at the date at which the impairment is reversed.

#### *Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative instrument that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset involved and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets.

#### *Financial assets available for sale*

When there is objective evidence that a financial asset available for sale is impaired, then the amount of difference between the purchase cost of such an asset (net of any principal

repayments and amortization) and its current value decreased by any impairment charges on that financial asset as previously recognized in profit or loss, is removed from equity and recognized in the profit and loss account. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, then the amount of the impairment loss is reversed in the profit and loss account.

### **17. Inventories**

The Group distinguishes two categories of inventories:

- raw materials, spare parts and other components used in implementation or maintenance of IT systems;
- hardware, third party licences and other goods for resale.

Inventories are valued at whichever is the lower of the following two values: purchase price/production cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

At each balance sheet date, an ageing analysis of goods for resale is performed, providing rationale for making any write-downs subject to the following rules:

- 100% write-down on goods stored for 24 months or longer;
- 75% write-down on goods stored between 18 and 24 months;
- 50% write-down on goods stored between 12 and 18 months;
- 25% write-down on goods stored between 6 and 12 months.

Every year the Group verifies whether the adopted principles for recognition of write-downs correspond to the actual impairment of its inventories.

Write-downs on inventories shall be recognized as operating expenses.

### **18. Prepayments**

Prepayments comprise expenses incurred before the balance sheet date that relate to future periods or to future revenues.

Prepayments may in particular include the following items:

- prepaid services (including maintenance services, licence fees, insurance, consultancy services) which shall be provided in future periods;
- rents paid in advance;
- expenses incurred in relation to an issuance of shares, until such issuance is registered;
- any other expenses incurred in the current period, but related to future periods.

### **19. Interest-bearing bank credits and loans**

All the bank credits, loans and debt securities are initially recognized at cost; this is at fair value of cash received less the costs related to obtaining a credit or loan, or issuing a debt security.

Subsequently to such initial recognition, bank credits, loans and debt securities are measured at amortized purchase price using the effective interest rate. Determination of the amortized purchase price takes into account the costs related to obtaining a credit or loan, or issuing a debt security, as well as the discounts or bonuses obtained on repayment of the liability.

The difference between the cash received (net of costs related to obtaining a credit or loan, or issuing a debt security) and the repayment amount is disclosed in the profit and loss account over the term of the liability involved. Gains and losses are recognized in the profit and loss account after the liability has been removed from the statement of financial position but also when impairment is detected or depreciation charges are made. All expenses relating to bank credits, loans or debt securities issued, are recognized in the profit and loss account for the period to which they relate.

## **20. Trade payables**

Trade payables relating to operating activities are recognized and disclosed at the amounts due for payment, and are recognized in the reporting periods which they relate to.

## **21. Derivative financial instruments**

In order to hedge against the risk of changes in foreign currency exchange rates and in interest rates, the Group utilizes currency forward contracts. Such financial derivatives are measured at fair value. Derivative instruments are recognized as assets or liabilities depending on whether their value is positive or negative.

Fair value of currency forward contracts is determined on the basis of the forward exchange rates currently available for contracts with a similar maturity.

Gains and losses on changes in the fair value of derivatives are recognized directly in profit or loss in the current financial reporting period, due to the fact that Group does not use financial instruments which are qualified for hedge accounting.

## **22. Provisions**

A provision should be recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects that the expenditure required to settle a provision is to be reimbursed, e.g. under an insurance contract, this reimbursement should be recognized as a separate asset when, and only when, it is virtually certain that such reimbursement will be received. The expense relating to such a provision is to be presented in the profit and loss account, net of the amount of any reimbursements.

The Group recognizes provisions for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Where the effect of the value of money in time is material, the amount of a provision is determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the value of money in time

and the risks related to the liability. Where the discounting method is used, the increase in a provision due to the passage of time is recognized as borrowing costs.

#### *Warranty provisions*

The provision for warranty repairs is created to cover anticipated future costs of warranty or service obligations resulting from the executed IT contracts. The costs of fulfilment of our warranty obligations comprise mainly labor costs (number of man-days multiplied by the standard rate) as well as the cost of goods, materials and third-party services used in performing such warranty obligations.

This provision is set aside in the cases where:

- the client has not signed any contract for maintenance services;
- the scope of the maintenance services contract does not fully cover all anticipated costs of the fulfilment of warranty obligations;
- the scope of the manufacturer's warranty for any equipment resold is narrower than the scope of warranty the Company is contractually committed to provide to its client.

The provision amount recognized at the balance sheet date shall be proportional to the progress of the IT contract execution.

Any costs associated with the provision of our warranty services shall be, when incurred, deducted from the previously created provision. At each balance sheet date, the Company verifies the amount of carried provision for warranty repairs. If the actual costs of warranty services or anticipated future costs are lower/higher than assumed at the time of initial recognition of a provision, such provision shall be decreased/increased accordingly to reflect the Company's current expectations in respect of fulfilment of its warranty obligations in future periods.

### **23. Accrued expenses and deferred income**

Accrued expenses are liabilities to pay for services that have been provided by employees but have not been paid, invoiced or formally agreed such as accruals for unused holiday leaves or employees bonuses. Amounts of accruals are estimated. While preparing the estimates, the generally accepted practices in the trade should be considered.

Deferred income is a liability showing the amount of revenue received or recorded by issued invoice but unearned as at the balance sheet. Revenue is deferred until the services have been rendered or products have been delivered and is recognised in the profit and loss account as revenue over the period during which the service is performed.

### **24. Equity**

Equity is composed of equity attributable to shareholders of Parent Company and non-controlling interest.

Shareholders' equity is disclosed at nominal value. Shareholders' equity comprises the following items:

- share capital, disclosed in the amount of capital contributions made and paid up;
- share premium from the sale of shares over their par value;
- exchange differences on translation of foreign operations;
- retained earnings, including: retained earnings, other capital funds and net profit/loss for the reporting period;

- non-controlling interest.

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly to the Parent. In the event of a transaction whereby the Group increases its equity interest in a subsidiary (partial or full buy-out of non-controlling interests), such a transaction is deemed not to be a business combination. The assets, liabilities and equity of such a subsidiary are measured at fair value at the date when an additional equity stake is acquired by the Group. The difference between the purchase price of non-controlling interests and the book value of net assets acquired is recognized directly in equity disclosed in the Group's consolidated financial statements.

## **25.Sales revenues**

The Group presents its revenues from sales of products and services only. Such presentation appropriately reflects the business profile of the Group that renders comprehensive information technology solutions based on proprietary products. While recognizing revenues the following criteria are also taken into account.

### **Sales revenues**

Sales revenues are recognized if the amount of revenue can be measured reliably and if it is highly probable that economic benefits associated with the transaction will flow to the Group.

Should it be impossible to estimate reliably the amount of revenue from a service transaction, such revenue shall only be recognized in the amount of costs incurred which the Group expects to recover.

The Company identifies the following types of revenues:

- revenues from the sale of proprietary software licenses and/or services;
- revenues from the sale of third-party software licenses and/or services; and
- revenues from the sale of hardware.

The category of "Proprietary licenses and services" includes revenues from contracts with customers under which we supply our own software and provide related services. Such services may be performed by the Company's employees (internal resources) as well as by subcontractors (external resources). The engagement of subcontractors in this category of revenues has no impact on the scope of responsibility or relationship between the Group companies and the customer to whom a service is provided. It is entirely up to the Group to decide whether services required for this type of projects should be performed by subcontractors or own employees. In addition, this category includes revenues from the provision of own services for third-party software and infrastructure.

The category of "Third-party licenses and services" includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance and outsourcing services provided by their manufacturers).

Revenues from the sale of own software licenses and/or services, which are supplied/rendered under an implementation contract, shall be recognized proportionally to the completion of the entire contract. The rules for recognition of sales revenues from implementation contracts are described in point 26 of Significant accounting policies.

In the case of own software licenses and/or services, revenues are recognized over the period of rendering services to the client.

Revenues from the sale of third-party software licenses and/or services may be recognized as sales of goods or as sales of services, depending on the nature of the contract with the client.

In the case of third-party software licenses and/or services for which the significant risks and rewards of ownership are transferred to the buyer at the time of the sale, revenues are recognized as sales of goods, this is in a lump sum at the time of the sale, regardless of whether a third-party license and/or service is provided for a specified or unspecified period of time. The Group considers that significant risks are transferred to the buyer when, after the delivery of a license/service, the Group is not obligated to provide any additional and potentially costly benefits to the client.

In other cases, i.e. when the significant risks and rewards incidental to the ownership of a third-party license and/or service are not transferred to the buyer at the time of the sale, revenues are recognized as sales of services, this is over a period in which such services are performed and proportionally to the completion of the entire transaction.

Revenues from the sale of hardware are recognized as sales of goods, provided that the significant risks and rewards resulting from a contract have been transferred to the buyer and the amount of revenue can be measured reliably.

### **Interest**

Interest income shall be recognized on a time proportion basis (taking into account the effective yield, this is the interest rate which accurately discounts future cash flows during the estimated useful life of a financial instrument) on the net book value of a financial asset.

Interest income comprises interest on loans granted, investments in securities held to maturity, bank deposits and other items, as well as the discounts on costs (liabilities) according to the method of the effective interest rate.

### **Dividends**

Dividends shall be recognized when the shareholders' right to receive payment is vested.

## **26.Revenues and expenses related to implementation contracts**

Revenues from implementation contracts shall include highly probable revenues resulting from the concluded contracts and/or orders, which can be measured reliably. Therefore, the pool of such revenues does not include any proceeds that are doubtful despite being determined in a signed contract (e.g., the Group anticipates that a client may decide to resign from a portion of contracted work).

Contract revenues include the following:

- revenues resulting from issued invoices;
- future revenues resulting from signed agreements and/or orders placed on the basis of framework agreements.

Contract costs include the following:

- costs of goods, materials and third-party services sold (COGS); and
- costs of internal resources being involved in the contract execution.

The costs of internal resources employed in the contract execution are calculated on the basis of actual workload (for ended periods) or estimated workload (for forecast periods), and appropriate standard (cost) rate covering the production costs.

The standard rate corresponds to the cost of man-hour (or man-day) of our own production resources calculated on the basis of production costs budgeted for a given year.

#### **Valuation of implementation contracts**

The purpose for valuation of an IT implementation contract is to determine the amount of revenues to be recognized in a given period. The Group performs such valuation using the percentage of completion method.

Should the percentage progress of incurred costs, decreased by expected losses and increased by profits included in the income statement, exceed the percentage progress of invoiced sales, the amount of uninvoiced sales resulting from such difference shall be disclosed as trade receivables in the balance sheet, under "Receivables from valuation of long-term IT contracts".

On the other hand, if the percentage progress of invoiced sales exceeds the percentage progress of costs incurred, decreased by expected losses and increased by profits included in the income statement, then future-related revenues resulting from such difference shall be disclosed as trade payables, under "Liabilities from valuation of long-term IT contracts".

#### **Loss generating contracts**

Loss generating contract is a contract, under which total revenues are lower than total costs.

In the event it is highly probable that the total contract execution costs exceed the total contract revenues, the anticipated loss shall be recognized as cost in the reporting period in which it has been detected, by creating a provision for contractual losses.

The amount of such provision and/or its legitimacy are subject to verification at each subsequent reporting date, until the completion of the contract.

The amount of created provisions for losses shall be disclosed in provisions, under "Provision for loss on long-term IT contracts".

#### **Methods for measuring the percentage of contract completion**

In order to measure the progress of contract completion, the Group applies a variety of methods allowing to determine reliably the percentage of work executed under the contract. Depending on the contract nature, these methods may include:

- determination of the proportion of costs incurred for work performed up to the balance sheet date to the estimated total contract costs;
- determination of the proportion of work performed to the total work-effort required by the contract.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenues and contract costs. The effects of changes in estimates of contract revenues or contract costs are recognized in the period in which such changes occur.

### **27. Operating costs**

The Group companies maintain cost accounting both by cost nature and by cost function. Cost of sales comprises the costs resulting directly from purchases of merchandise sold and generation of services sold. Selling expenses include the costs of distribution and marketing

activities. General administrative expenses include the costs of the companies' management and administration activities.

## **28. Income tax and value added tax**

### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss account. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all positive temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of positive temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the negative temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of negative temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **Value added tax**

Revenues, expenses and assets are disclosed in the amounts excluding value added tax except:

- when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- when receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### **29. Earnings per share (basic and diluted)**

Basic earnings per share are computed by dividing the net profit for the reporting period, attributable to shareholders of the Parent Company, by the average weighted number of ordinary shares outstanding during that financial period.

Diluted earnings per share are computed by dividing net profit for the financial period, attributable to shareholders of the Parent Company, by the adjusted (due to diluting impact of potential shares) average weighted number of ordinary shares outstanding during that financial period, adjusted by the factor of conversion of bonds convertible to ordinary shares.

### **30. Non-current assets held for sale and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution transaction rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to distribute are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the profit or loss account.

Additional disclosures are provided in explanatory note 8 to these consolidated financial statements. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

#### IV. ORGANISATION AND CHANGES IN STRUCTURE OF ASSECO CENTRAL EUROPE GROUP, INCLUDING INDICATION OF ENTITIES SUBJECT TO CONSOLIDATION

The table below presents the Group's structure along with its equity interests and voting interests held at the general meetings of shareholders/partners as at 31 December 2015 and in the comparative period:

	Country of registration	Scope of activities	Relationship with Parent Company	Voting interest			Equity interest		
				19 Feb 2016	31 Dec 2015	31 Dec 2014	19 Feb 2016	31 Dec 2015	31 Dec 2014
<b>Subsidiary companies</b>									
<b>Asseco Solutions, a. s. (SK)</b>	Slovak Republic	ERP solutions	Direct subsidiary	100%	100%	100%	100%	100%	100%
<b>DanubePay, a. s.</b>	Slovak Republic	Card and transaction business	Direct subsidiary	55%	55%	55%	55%	55%	55%
<b>Asseco Central Europe, a. s. (CZ)</b>	Czech Republic	Software, integration and outsourcing	Direct subsidiary	100%	100%	100%	100%	100%	100%
Asseco Solutions, a. s. (CZ)	Czech Republic	ERP solutions	Indirect subsidiary	100%	100%	100%	100%	100%	100%
NZ Servis s. r. o.	Czech Republic	Software for customs and communication with public administration	Indirect subsidiary	100%	100%	100%	100%	100%	100%
Asseco BERIT AG	Switzerland	Software, Geospatial and Network Solutions	Indirect subsidiary	100%	100%	100%	100%	100%	100%
Asseco BERIT GmbH	Germany	Software, Geospatial and Network Solutions	Indirect subsidiary	100%	100%	100%	100%	100%	100%
<b>Statlogics Zrt.</b>	Hungary	Banking IS	Direct subsidiary	100%	100%	100%	100%	100%	100%
<b>GlobeNet Zrt.</b>	Hungary	Hospital IS	Direct subsidiary	100%	100%	100%	100%	100%	100%
<b>Asseco Hungary Zrt.</b>	Hungary	Software, integration and outsourcing	Direct subsidiary	51%	51%	51%	51%	51%	51%
<b>Asseco Solutions AG (G)</b>	Germany	ERP solutions	Direct subsidiary	100%	100%	100%	100%	100%	100%
Asseco Solutions GmbH (A)	Austria	ERP solutions	Indirect subsidiary	75%	75%	75%	75%	75%	75%
Asseco Solutions AG (CH)	Switzerland	ERP solutions	Indirect subsidiary	100%	100%	100%	100%	100%	100%
<b>exe, a.s.</b>	Slovak Republic	SW, integration	Direct subsidiary	100%	100%	-	100%	100%	-
<b>InterWay, a.s.</b>	Slovak Republic	SW, integration	Direct subsidiary	66%	66%	-	66%	66%	-
<b>Associated companies</b>									
Prvni Certifikacni Autorita, a. s. (I.CA)	Czech Republic	IT security		23.25%	23.25%	23.25%	23.25%	23.25%	23.25%
Axera, s. r. o.	Slovak Republic	Software solutions		50%	50%	50%	50%	50%	50%
eDocu a.s.	Slovak Republic	Software solutions		23%	23%	23%	23%	23%	23%
SCS Smart Connected Solutions GmbH	Germany	ERP solutions		40%	0%	0%	40%	0%	0%

In 2015, the following changes in the Group structure were observed:

**Acquisition of shares in InterWay, a. s.**

In July 2015 Asseco Central Europe, a. s acquired 66% of shares in the company InterWay, a.s., Slovakia. InterWay focuses on professional implementation of technologies and systems (IDM, SSO, ECM, ERP, BPM, Cloud Computing), integration solutions such as SOA, e-commerce solutions, content management, intranet and portal solutions based on both own development and 3rd parties software and hardware solutions. The purchase price amounted to EUR 3,173 thousand.

Acquisition of InterWay, a.s. has been described in more detail in explanatory note 11 to these consolidated financial statements.

**Acquisition of shares in exe, a. s.**

In August 2015 Asseco Central Europe, a. s acquired a 100% stake in the company exe, a.s., Slovakia. Exe is active mainly in the area of infrastructure services, third parties software sales and localization services historically focused on the of various Microsoft products. During its existence, the company has grown from the licenses vendor to a system integrator with its own development center which develops applications and customized solutions. The purchase price amounted to EUR 2,400 thousand.

Acquisition of exe, a.s. has been described in more detail in explanatory note 11 to these consolidated financial statements.

In 2015 no other changes in the Group structure were observed.

## V. INFORMATION ON OPERATING SEGMENTS

According to IFRS 8, an operating segment is a separable component of the Group's business for which separate financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The Group identifies the following three operating segments:

- Asseco Central Europe – this segment includes two major companies: Asseco Central Europe, a. s. (SK) and Asseco Central Europe, a. s. (CZ) and their local distribution branches in Germany and Switzerland: Asseco Berit GmbH (DE) and Asseco Berit AG (CH), as well as DanubePay, a. s. (SK), InterWay, a.s and exe, a.s. Despite being different legal entities, both main companies have the identical Board of Directors and form one homogenous organisational and business structure with shared back-office departments. Performance of the segment is analyzed on a regular basis by its Board of Directors. These companies offer comprehensive IT, outsourcing and processing services intended for a broad range of clients operating in the sectors of financial institutions, general business and public administration.
- Asseco Solutions – this segment includes five ERP companies: Asseco Solutions, a. s. (SK), Asseco Solutions, a. s. (CZ), Asseco Solutions AG (DE), Asseco Solutions GmbH. (AT) and Asseco Solutions AG (CH). Performance of this segment is analyzed on a regular basis by its Board of Directors. These companies offer ERP products and related services to a wide variety of clients operating in the sectors of financial institutions, general business and public administration.
- Other – this segment includes three Hungarian companies: Statlogics Zrt., GlobeNet Zrt. and Asseco Hungary Zrt. Performance of these companies is periodically assessed by the Board of Directors of Asseco Central Europe, a. s. (SK). These companies offer comprehensive IT services intended for a broad range of clients operating in the sectors of financial institutions, enterprises and public administration.

CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO CENTRAL EUROPE GROUP  
 INCLUDING INDEPENDENT AUDITORS' REPORT  
 FOR THE YEAR ENDED 31 DECEMBER 2015

<b>For 12 months ended 31 December 2015 and as at 31 December 2015</b>	<b>Asseco Central Europe</b>	<b>Asseco Solutions</b>	<b>Other</b>	<b>Adjustments/ Eliminations</b>	<b>Total</b>
<b>Sales revenues:</b>	<b>104,141</b>	<b>52,584</b>	<b>8,728</b>	<b>(10,306)</b>	<b>155,147</b>
Sales to external customers	95,746	51,164	8,237	-	<b>155,147</b>
Inter/intra segment sales	8,395	1,420	491	(10,306)	-
<b>Operating profit (loss) of reporting segment</b>	<b>8,304</b>	<b>5,738</b>	<b>1,027</b>	-	<b>15,069</b>
Interest income	160	11	3	-	<b>174</b>
Interest expense	(37)	(20)	(1)	-	<b>(58)</b>
Share in profits of associated companies	64	42	-	-	<b>106</b>
<b>Corporate income tax</b>	<b>(2,338)</b>	<b>(1,504)</b>	<b>(298)</b>	-	<b>(4,140)</b>
<i>Non-cash items:</i>					
Depreciation and amortization	(2,338)	(927)	(592)	-	<b>(3,857)</b>
<b>Net profit (loss) of reportable segment from continuing operations</b>	<b>6,009</b>	<b>4,260</b>	<b>697</b>	-	<b>10,966</b>
Goodwill	19,822	30,994	6,483	-	57,299
<b>Average workforce in the reporting period</b>	<b>741</b>	<b>626</b>	<b>118</b>	-	<b>1,485</b>

All figures in thousands of EUR,  
 unless stated otherwise

CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO CENTRAL EUROPE GROUP  
INCLUDING INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015

<b>For 12 months ended 31 December 2014 and as at 31 December 2014</b>	<b>Asseco Central Europe</b>	<b>Asseco Solutions</b>	<b>Other</b>	<b>Adjustments/ Eliminations</b>	<b>Total</b>
<b>Sales revenues:</b>	<b>71,728</b>	<b>49,379</b>	<b>7,155</b>	<b>(10,451)</b>	<b>117,811</b>
Sales to external customers	63,895	46,881	7,035	-	117,811
Inter/intra segment sales	7,833	2,498	120	(10,451)	-
<b>Operating profit (loss) of reporting segment</b>	<b>8,122</b>	<b>3,908</b>	<b>(16)</b>	<b>-</b>	<b>12,014</b>
Interest income	154	30	4	-	<b>188</b>
Interest expense	(77)	(19)	(3)	-	<b>(99)</b>
Share in profits of associated companies	130	130	-	-	<b>260</b>
<b>Corporate income tax</b>	<b>(2,231)</b>	<b>(300)</b>	<b>(269)</b>	<b>-</b>	<b>(2,800)</b>
<i>Non-cash items:</i>					
Depreciation and amortization	(2,726)	(953)	(1,081)	-	<b>(4,760)</b>
<b>Net profit (loss) of reportable segment from continuing operations</b>	<b>6,108</b>	<b>3,748</b>	<b>(289)</b>	<b>-</b>	<b>9,567</b>
Goodwill	15,629	30,823	6,492	-	52,944
<b>Average workforce in the reporting period</b>	<b>679</b>	<b>614</b>	<b>114</b>	<b>-</b>	<b>1,407</b>

All figures in thousands of EUR,  
unless stated otherwise

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Sales revenues

#### Sales revenues

During the period of 12 months ended 31 December 2015 and the corresponding comparative period, the sales revenues were as follows:

<b>Sales revenues by type of business</b>	<b>12 months ended 31 Dec 2015</b>	<b>12 months ended 31 Dec 2014</b>
Proprietary software and services	114,994	89,932
Third-party software and services	20,550	10,659
Computer hardware and infrastructure	16,941	13,011
Logistics and other outsourcing	2,277	3,981
Other sales	385	228
	<b>155,147</b>	<b>117,811</b>

<b>Sales revenues by sectors</b>	<b>12 months ended 31 Dec 2015</b>	<b>12 months ended 31 Dec 2014</b>
Banking and finance	21,793	21,032
General business	68,027	49,387
Public institutions	65,327	47,392
	<b>155,147</b>	<b>117,811</b>

The category of "Proprietary licenses/software and services" includes revenues from contracts with customers under which the Group supplies own software and provide related services. Such services may be performed by the Group's employees (internal resources) as well as by subcontractors (external resources). The engagement of subcontractors in this category of revenues has no impact on the scope of responsibility or relationship between the Group's company and the customer to whom a service is provided. It is entirely up to the Group to decide whether services required for this type of projects should be performed by subcontractors or by own employees. In addition, this category includes revenues from the provision of own services for third-party software and infrastructure.

The category of "Third-party licenses/software and services" includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance services as well as to software outsourcing services provided by their manufacturers).

## 2. Operating costs

During the period of 12 months ended 31 December 2015 and the corresponding comparative period, the operating costs were as follows:

Operating costs	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Cost of goods, materials and third-party services sold	(31,144)	(20,028)
Employee benefits	(59,425)	(52,240)
Depreciation and amortization	(3,857)	(4,760)
Third-party services	(31,436)	(16,853)
Other	(14,364)	(12,135)
	<b>(140,226)</b>	<b>(106,016)</b>
Cost of sales	(116,052)	(86,118)
Selling costs	(11,341)	(8,942)
General administrative expenses	(12,833)	(10,956)
	<b>(140,226)</b>	<b>(106,016)</b>

In the period of twelve months ended 31 December 2015 other costs comprised mainly: costs of company vehicles and property maintenance costs in the amount of EUR 8,068 thousand, costs of advertising in the amount of EUR 2,950 thousand, costs of domestic and international business trips in the amount of EUR 1,432 thousand.

The table below presents the reconciliation of depreciation and amortization charges reported in the profit and loss account with those disclosed in the tables of changes in property, plant and equipment (note 9) and in intangible assets (note 10):

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Depreciation of fixed assets resulting from movement table of property, plant and equipment	(1,556)	(4,116)
Amortization of intangible assets resulting from the movement table of intangible assets	(2,302)	(3,662)
Depreciation and amortization presented in profit from discontinued operations	-	2,981
Depreciation decrease as a result of grants	1	37
<b>Total depreciation and amortization presented in the operating costs</b>	<b>(3,857)</b>	<b>(4,760)</b>

### 3. Other operating income and expenses

During twelve months ended 31 December 2015 and the corresponding comparative period, the other operating income and expenses were as follows:

Other operating income	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Gain on disposal of non-current assets	124	24
Release of other provisions	83	241
Compensations received	-	127
Recharged services	-	17
Other	106	108
<b>313</b>	<b>313</b>	<b>517</b>

Other operating expenses	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Loss on disposal of non-current assets	-	(4)
Liquidation costs of non-current assets and inventories	(3)	-
Other provisions created	(58)	(31)
Charitable contributions to unrelated companies	(36)	(40)
Receivables write-offs	-	(38)
Other	(68)	(185)
<b>(165)</b>	<b>(165)</b>	<b>(298)</b>

### 4. Financial income and expenses

During twelve months ended 31 December 2015 and the corresponding comparative period, the financial income and expenses were as follows:

Financial income	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Interest income on loans granted, debt securities and bank deposits	171	182
Other interest income	3	6
Gain on foreign exchange differences	11	78
Gain on disposal of investment associates	-	17
Gain on valuation of financial derivatives	107	24
Other financial income	-	22
<b>Total financial income</b>	<b>292</b>	<b>329</b>

Financial expenses	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Interest expense on bank credits, loans, debt securities	(28)	(11)
Interest expense on financial leases	(4)	(10)
Bank fees and charges	(16)	(2)
Other interest expenses	(10)	(76)
Loss on foreign exchange differences	(133)	(93)
Loss on revaluation of financial derivatives	(114)	-
Write - off of financial assets available for sale	-	(44)
Other financial expenses	(56)	-
<b>Total financial expenses</b>	<b>(361)</b>	<b>(236)</b>

## 5. Income tax

The main charges on the pre-tax profit due to corporate income tax (current and deferred portions):

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Current portion of corporate income tax and prior years adjustments	(3,605)	(2,705)
Deferred income tax	(535)	(95)
<b>Income tax expense as disclosed in the profit and loss account</b>	<b>(4,140)</b>	<b>(2,800)</b>
Tax attributable to discontinued operations	-	(1,337)
<b>Corporate income tax including discontinued operations</b>	<b>(4,140)</b>	<b>(4,137)</b>

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are subject to frequent amendments, thereby often depriving the taxpayers of a possibility to refer to well established regulations or legal precedents. The current regulations in force include ambiguities which may give rise to different opinions and legal interpretations on the taxation regulations either between companies and public administration, or between the public administration bodies themselves. Taxation and other settlements (for instance customs duty or currency payments) may be controlled by administration bodies that are entitled to impose considerable fines, and the amounts of so determined liabilities must be paid with high interest. In effect the amounts disclosed in the financial statements may be later changed, after the taxes payable are finally determined by the taxation authorities.

Reconciliation of the corporate income tax payable on pre-tax profit according to the statutory tax rates with the corporate income tax computed at the Group's effective tax rate:

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
<b>Pre-tax profit</b>		
Pre-tax profit from continuing and discontinued operations	15,000	15,750
Statutory corporate income tax rate	22%	22%
<b>Corporate income tax computed at the statutory tax rate</b>	<b>3,300</b>	<b>3,465</b>
Minimum taxes and withholding tax	270	242
Difference in corporate income tax rates	8	39
Non-tax deductible accounting costs	192	628
Tax losses for which no deferred tax asset was recognized	369	374
Reversal of write-off of deferred tax asset	-	(571)
Other	1	(40)
<b>Corporate income tax at the effective tax rate of: 27.6% in 2015 and 26.3% in 2014</b>	<b>4,140</b>	<b>4,137</b>

The table below presents the reconciliation of change of deferred tax asset and liability and deferred tax disclosed in profit or loss:

12 months ended 31 December 2015	Opening balance	acquisition of subsidiaries (+)	exchange differences on translation of foreign operations (+/-)	Closing balance	Comprehensive income
Deferred income tax assets, gross	2,826	56	13	2,611	(284)
Deferred income tax liabilities, gross	1,292	2	2	1,547	(251)
<b>Change of deferred tax disclosed in profit or loss</b>					<b>(535)</b>

The Group made an estimation of taxable income planned to be achieved in the future and concluded it will be able to utilize the deferred tax assets in the amount of EUR 1,424 thousand as at 31 December 2015 (EUR 1,598 thousand as at 31 December 2014).

	31 Dec 2015	31 Dec 2014
Deferred income tax assets	1,424	1,598
Deferred income tax liabilities	(360)	(64)
<b>Deferred income tax assets (+)/Deferred income tax liability (-), net</b>	<b>1,064</b>	<b>1,534</b>

As at 31 December 2015 deferred income tax assets resulting from the prior years' tax losses, which were not recognized by the Group amounted to EUR 760 thousand.

As at 31 December 2014 deferred income tax assets resulting from the prior years' tax losses, which were not recognized by the Group amounted to EUR 381 thousand.

The table below presents information on deferred income tax assets and liabilities:

	Deferred income tax liability, gross		Deferred income tax asset, gross	
	31 Dec 2015	31 Dec 2014 <i>restated</i>	31 Dec 2015	31 Dec 2014 <i>restated</i>
Property, plant and equipment	152	50	69	73
Intangible assets	1,276	1,185	51	54
Inventories	-	-	16	8
Trade receivables	117	55	159	152
Interest-bearing bank loans, borrowings and debt securities	-	-	5	-
Provisions	2	2	267	329
Trade payables	-	-	323	89
Other liabilities	-	-	-	202
Accruals	-	-	792	603
Deferred income	-	-	44	-
Losses deductible against future taxable income	-	-	1,645	1,697
<b>Deferred income tax liability, gross</b>	<b>1,547</b>	<b>1,292</b>	<b>n/a</b>	<b>n/a</b>
<b>Deferred income tax asset, gross</b>	<b>n/a</b>	<b>n/a</b>	<b>3,371</b>	<b>3,207</b>
Write-down due to inability to realize a deferred income tax asset	n/a	n/a	(760)	(381)
<b>Deferred income tax asset, net</b>	<b>n/a</b>	<b>n/a</b>	<b>2,611</b>	<b>2,826</b>
<b>Deferred income tax asset/liability, net</b>	<b>360</b>	<b>64</b>	<b>1,424</b>	<b>1,598</b>

## 6. Earnings per share

Basic earnings per share are computed by dividing the net profit for the reporting period, attributable to shareholders of the Parent Company, by the average weighted number of ordinary shares outstanding during that financial period.

Diluted earnings per share are computed by dividing net profit for the financial period, attributable to shareholders of the Parent Company, by the adjusted (due to diluting impact of potential shares) average weighted number of ordinary shares outstanding during that financial period, adjusted by the factor of conversion of bonds convertible to ordinary shares.

The tables below present net profits and numbers of shares used for calculation of basic earnings per share:

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>11,278</b>	<b>12,535</b>
Net profit from continuing operations attributable to Shareholders of the Parent Company	11,278	10,276
Net profit from discontinued operations attributable to Shareholders of the Parent Company	-	2,259
<b>Average weighted number of ordinary shares, used for calculation of diluted earnings per share</b>	<b>21,360,000</b>	<b>21,360,000</b>
<b>Basic consolidated earnings per share</b>	0.53	0.59
Basic consolidated earnings per share from continuing operations	0.53	0.48
Basic consolidated earnings per share from discontinued operations	-	0.11

During both the reporting period and the comparative periods no events took place that would cause dilution of earnings per share.

## 7. Dividends paid

In the year 2015 and year 2014 the Parent Company paid out to its shareholders a dividend for the year 2014 and 2013, respectively.

In 2015 by decision of the Ordinary General Meeting of Shareholders of Asseco Central Europe, a. s., the amount of EUR 10,039,200 from net profit for the year 2014 was allocated to payment of a dividend of EUR 0.47 per share and the amount of EUR 6,460,103.57 remained in retained earnings.

In 2014 by decision of the Ordinary General Meeting of Shareholders of Asseco Central Europe, a. s., the amount of EUR 7,903,200 from net profit for the year 2013 was allocated to payment of a dividend of EUR 0.37 per share and the amount of EUR 6,090,514.80 remained in retained earnings.

As in the previous years, the Parent Company intends to pay out the dividends in 2016 from the net profit achieved for the accounting period ending 31 December 2015.

## 8. Discontinued operations

On 27 June 2014 the Parent Company signed with SNET, a. s. a share purchase agreement on sale of 51 registered shares of Slovanet, a. s. SNET, a. s. has been the owner of the remaining 49% of shares in Slovanet, a. s. since 2006 and represents the executive management of Slovanet, a. s. After the transaction SNET, a. s. holds 100% of shares in Slovanet, a. s. As a result of this transaction, on 27 June 2014 the control over the Slovanet, a. s. was lost.

Slovanet, a. s. has represented a separate line of business and operating segment in Asseco Central Europe Group, therefore, according to the IFRS 5, the operations of Slovanet, a. s. have been classified as discontinued operations.

The results from discontinued operations are presented below:

	<b>12 months ended 31 December 2014</b>
<b>Sales revenues</b>	<b>19,023</b>
<b>Cost of sales</b>	<b>(15,414)</b>
<b>Gross profit on sales</b>	<b>3,609</b>
Selling expenses	(2,562)
General administrative expenses	(626)
<b>Net profit on sales</b>	<b>421</b>
Other operating income	161
Other operating expenses	(48)
<b>Operating profit</b>	<b>534</b>
Financial income	-
Financial expenses	(218)
<i>Share in profits of associated companies</i>	-
<b>Pre-tax profit</b>	<b>316</b>
Corporate income tax (current and deferred portions)	(159)
<b>Net profit /loss for the period from discontinued operations</b>	<b>157</b>
Gain on disposal of the discontinued operations	3,327
Attributable tax expense	(1,178)
<b>Total net profit /loss for the period discontinued operations</b>	<b>2,306</b>
<b>Attributable to:</b>	
Shareholders of the Parent Company	2,259
Non-controlling interest	47

The net cash flows attributable to the operating, investing and financing activities of discontinued operations were as follows:

	<b>12 months ended 31 December 2014</b>
Net cash flows attributable to the operating activities of discontinued operations	1,293
Net cash flows attributable to the investing activities of discontinued operations	(1,685)
Net cash flows attributable to the financing activities of discontinued operations	(715)

## 9. Property, plant and equipment

The net book value of property, plant and equipment, during the period of twelve months ended 31 December 2015 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2015	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Tangible assets under construction	Total
<b>Net book value of property, plant and equipment as at 1 January 2015</b>	<b>681</b>	<b>1,837</b>	<b>1,102</b>	<b>117</b>	<b>39</b>	<b>3,776</b>
<b>Additions, of which:</b>	<b>60</b>	<b>894</b>	<b>987</b>	<b>153</b>	<b>19</b>	<b>2,113</b>
Purchases and modernization	44	674	793	144	19	1,674
Transfers from tangible assets under construction	-	34	-	-	-	34
Finance lease	-	-	26	-	-	26
Obtaining control over subsidiaries	-	140	168	6	-	314
Other	16	46	-	3	-	65
<b>Reductions, of which:</b>	<b>(92)</b>	<b>(888)</b>	<b>(630)</b>	<b>(95)</b>	<b>(34)</b>	<b>(1,739)</b>
Depreciation charge for the reporting period	(71)	(833)	(564)	(88)	-	(1,556)
Disposal and liquidation	(21)	(55)	(66)	(7)	-	(149)
Transfers from tangible assets under construction	-	-	-	-	(34)	(34)
Loss of control over subsidiaries	-	-	-	-	-	-
<b>Other (+/-)</b>	<b>(4)</b>	<b>(1)</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exchange differences on translation of foreign operations (+/-)</b>	<b>16</b>	<b>7</b>	<b>17</b>	<b>1</b>	<b>-</b>	<b>41</b>
<b>Net book value of property, plant and equipment as at 31 December 2015</b>	<b>661</b>	<b>1,849</b>	<b>1,481</b>	<b>176</b>	<b>24</b>	<b>4,191</b>
As at 1 January 2015						
Gross value	1,250	9,325	3,315	752	39	14,681
Depreciation and impairment write-downs	(569)	(7,488)	(2,213)	(635)	-	(10,905)
<b>Net book value as at 1 January 2015</b>	<b>681</b>	<b>1,837</b>	<b>1,102</b>	<b>117</b>	<b>39</b>	<b>3,776</b>
As at 31 December 2015						
Gross value	1,281	8,663	3,976	802	24	14,746
Depreciation and impairment allowance	(620)	(6,814)	(2,495)	(626)	-	(10,555)
<b>Net book value as at 31 December 2015</b>	<b>661</b>	<b>1,849</b>	<b>1,481</b>	<b>176</b>	<b>24</b>	<b>4,191</b>

All figures in thousands of EUR,  
unless stated otherwise

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For 12 months ended 31 December 2014	Land and buildings	Computers and other office equipment	Transport vehicles	Other tangible assets	Tangible assets under construction	Total
<b>Net book value of property, plant and equipment as at 1 January 2014</b>	<b>9,172</b>	<b>10,383</b>	<b>1,705</b>	<b>140</b>	<b>2,137</b>	<b>23,537</b>
<b>Additions, of which:</b>	<b>564</b>	<b>3,630</b>	<b>555</b>	<b>117</b>	<b>1,655</b>	<b>6,521</b>
Purchases and modernization	14	766	330	117	1,655	2,882
Transfers from tangible assets under construction	496	1,876	-	-	-	2,372
Finance lease	-	627	225	-	-	852
Obtaining control over subsidiaries	54	361	-	-	-	415
<b>Reductions, of which:</b>	<b>(9,047)</b>	<b>(12,116)</b>	<b>(1,144)</b>	<b>(123)</b>	<b>(3,753)</b>	<b>(26,183)</b>
Depreciation charge for the reporting period	(620)	(2,733)	(651)	(112)	-	(4,116)
Disposal and liquidation	(1)	(44)	(38)	(5)	-	(88)
Transfers from tangible assets under construction	-	-	-	-	(2,372)	(2,372)
Loss of control over subsidiaries	(8,426)	(9,339)	(455)	(6)	(1,381)	(19,607)
<b>Impairment write-downs</b>	<b>1</b>	<b>(46)</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>(58)</b>
<b>Exchange differences on translation of foreign operations (+/-)</b>	<b>(9)</b>	<b>(14)</b>	<b>(14)</b>	<b>(4)</b>	<b>-</b>	<b>(41)</b>
<b>Net book value of property, plant and equipment as at 31 December 2014</b>	<b>681</b>	<b>1,837</b>	<b>1,102</b>	<b>117</b>	<b>39</b>	<b>3,776</b>
As at 1 January 2014						
Gross value	14,393	42,073	4,689	823	2,137	64,115
Depreciation and impairment write-downs	(5,221)	(31,690)	(2,984)	(683)	-	(40,578)
<b>Net book value as at 1 January 2014</b>	<b>9,172</b>	<b>10,383</b>	<b>1,705</b>	<b>140</b>	<b>2,137</b>	<b>23,537</b>
As at 31 December 2014						
Gross value	1,250	9,325	3,315	752	39	14,681
Depreciation and impairment allowance	(569)	(7,488)	(2,213)	(635)	-	(10,905)
<b>Net book value as at 31 December 2014</b>	<b>681</b>	<b>1,837</b>	<b>1,102</b>	<b>117</b>	<b>39</b>	<b>3,776</b>

As at 31 December 2015 and as at 31 December 2014 no tangible assets served as collateral for credit facilities.

## 10. Intangible assets

The net book value of intangible assets, during the period of twelve months ended 31 December 2015 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2015	Internally generated software and licenses	Purchased software, patents, licenses and other intangibles	Costs of development projects in progress	Other	Total
<b>Net book value of intangible assets as at 1 January 2015</b>	<b>2,087</b>	<b>7,598</b>	<b>-</b>	<b>902</b>	<b>10,587</b>
<b>Additions, of which:</b>	<b>429</b>	<b>163</b>	<b>457</b>	<b>-</b>	<b>1,049</b>
Purchases	-	152	-	-	152
Capitalization of costs of research and development projects	-	-	457	-	457
Transfers from the costs of development projects in progress	325	-	-	-	325
Obtaining control over subsidiaries	104	11	-	-	115
Other	-	-	-	-	-
<b>Reductions, of which:</b>	<b>(434)</b>	<b>(1,543)</b>	<b>(325)</b>	<b>(325)</b>	<b>(2,627)</b>
Amortization charge for the reporting period	(434)	(1,543)	-	(325)	(2,302)
Disposal and liquidation	-	-	-	-	-
Transfers to internally generated software	-	-	(325)	-	(325)
<b>Changes of presentation</b>					
<b>Exchange differences on translation of foreign operations (+/-)</b>	<b>-</b>	<b>8</b>	<b>(2)</b>	<b>12</b>	<b>18</b>
<b>Net book value of intangible assets as at 31 December 2015</b>	<b>2,082</b>	<b>6,226</b>	<b>130</b>	<b>589</b>	<b>9,027</b>
As at 1 January 2015					
Gross value	5,320	22,286	-	7,387	34,993
Amortization and impairment allowance	(3,233)	(14,688)	-	(6,485)	(24,406)
<b>Net book value as at 1 January 2015</b>	<b>2,087</b>	<b>7,598</b>	<b>-</b>	<b>902</b>	<b>10,587</b>
As at 31 December 2015					
Gross value	6,178	21,027	130	7,395	34,730
Amortization and impairment allowance	(4,096)	(14,801)	-	(6,806)	(25,703)
<b>Net book value as at 31 December 2015</b>	<b>2,082</b>	<b>6,226</b>	<b>130</b>	<b>589</b>	<b>9,027</b>

Based on the detailed analysis of costs of development projects in progress the Board of Directors of the Parent Company believes the carrying value of costs of development projects in progress do not exceed the recoverable amount.

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For 12 months ended 31 December 2014	Internally generated software and licenses	Purchased software, patents, licenses and other intangibles	Costs of development projects in progress	Other	Total
<b>Net book value of intangible assets as at 1 January 2014</b>	<b>2,563</b>	<b>9,441</b>	<b>18</b>	<b>5,580</b>	<b>17,602</b>
<b>Additions, of which:</b>	<b>57</b>	<b>785</b>	<b>40</b>	<b>-</b>	<b>882</b>
Purchases	-	392	-	-	392
Capitalization of costs of research and development projects	-	-	40	-	40
Transfers from the costs of development projects in progress	57	-	-	-	57
Obtaining control over subsidiaries	-	173	-	-	173
Other	-	220	-	-	220
<b>Reductions, of which:</b>	<b>(476)</b>	<b>(2,749)</b>	<b>(57)</b>	<b>(4,543)</b>	<b>(7,825)</b>
Amortization charge for the reporting period	(476)	(1,707)	-	(1,479)	(3,662)
Disposal and liquidation	-	(220)	-	(17)	(237)
Transfers to internally generated software	-	-	(57)	-	(57)
Loss of control over subsidiaries	-	(822)	-	(3,047)	(3,869)
<b>Changes of presentation</b>	<b>-</b>	<b>55</b>	<b>-</b>	<b>(55)</b>	<b>-</b>
<b>Exchange differences on translation of foreign operations (+/-)</b>	<b>(57)</b>	<b>66</b>	<b>(1)</b>	<b>(80)</b>	<b>(72)</b>
<b>Net book value of intangible assets as at 31 December 2014</b>	<b>2,087</b>	<b>7,598</b>	<b>-</b>	<b>902</b>	<b>10,587</b>
As at 1 January 2014					
Gross value	5,442	24,277	18	13,402	43,139
Amortization and impairment allowance	(2,879)	(14,836)	-	(7,822)	(25,537)
<b>Net book value as at 1 January 2014</b>	<b>2,563</b>	<b>9,441</b>	<b>18</b>	<b>5,580</b>	<b>17,602</b>
As at 31 December 2014					
Gross value	5,320	22,286	-	7,387	34,993
Amortization and impairment allowance	(3,233)	(14,688)	-	(6,485)	(24,406)
<b>Net book value as at 31 December 2014</b>	<b>2,087</b>	<b>7,598</b>	<b>-</b>	<b>902</b>	<b>10,587</b>

Other intangible assets refer to PPA from acquisitions (customer contracts) in amount of EUR 589 thousands (2014: EUR 902 thousand).

As at 31 December 2015 and 31 December 2014 no intangible assets served as security for bank loans.

## 11. Goodwill

For impairment testing purposes, goodwill is allocated by the Group in the following way:

- to the groups of cash-generating units that constitute an operating segment; or
- to individual subsidiaries.

	31 Dec 2015	31 Dec 2014
<b>Segment Asseco Central Europe</b>		
Asseco Central Europe (Slovakia) – ISZP, MPI	1,075	1,075
Asseco Central Europe (Czech Republic)	14,934	14,554
InterWay	1,678	-
Exe	2,135	-
<b>Segment Asseco Solutions</b>		
Asseco Solutions (Slovakia)	7,647	7,647
Asseco Solutions (Germany)	16,706	16,706
Asseco Solutions (Czech Republic)	6,641	6,470
<b>Segment Other</b>		
GlobeNet	1,764	1,767
Statlogics	4,719	4,725
<b>Total</b>	<b>57,299</b>	<b>52,944</b>

During the period of twelve months ended 31 December 2015, the following changes in goodwill were observed:

Goodwill as allocated to reporting segments:	Goodwill at the beginning of the period	Increases due to obtaining of control (+)	Decrease due to loss of control (-)	Decreases due to impairment (-)	Foreign exchange differences (+/-)	Goodwill at the end of the period
Asseco Central Europe	15,629	3,813	-	-	380	19,822
Asseco Solutions	30,823	-	-	-	171	30,994
Other	6,492	-	-	-	(9)	6,483
	<b>52,944</b>	<b>3,813</b>	<b>-</b>	<b>-</b>	<b>542</b>	<b>57,299</b>

In the period of twelve months ended 31 December 2015, the carrying amount of goodwill was affected by the following transactions:

- Acquisition of InterWay, a.s. – in July 2015 Asseco Central Europe, a. s acquired 66% of shares in the company InterWay, a.s., Slovakia. InterWay focuses on professional implementation of technologies and systems (IDM, SSO, ECM, ERP, BPM, Cloud Computing), integration solutions such as SOA, e-commerce solutions, content management, intranet and portal solutions based on both own development and 3rd parties software and hardware solutions.  
The purchase price of the acquired 66% equity interest amounted to EUR 3,173 thousand and was paid in cash. Non-controlling interests have been measured initially

at the proportionate share of the acquiree's identifiable net assets and amounted to EUR 535 thousand. As a result of this transaction, the Group has recognized goodwill in the amount of EUR 2,135 thousand. Transaction costs amounted to EUR 43 thousand and were recognized in financial costs.

As at 31 December 2015, the process of purchase price allocation has not yet been completed by the Group. Therefore, in the period of 12 months from the acquisition date, i.e. till the end of June 2016, goodwill recognized on the acquisition of InterWay may be subject to change. The provisional values of identifiable assets and liabilities in acquired company as at the date of obtaining control were as follows:

	<b>Provisional value as at the acquisition date EUR thousands</b>
<b>Assets acquired</b>	<b>5,621</b>
Property, plant and equipment	225
Intangible assets	103
Trade receivables	2,887
Receivables from state and local budgets	99
Financial assets	98
Cash and cash equivalents	2,094
Other assets	115
<b>Liabilities acquired</b>	<b>4,048</b>
Trade payables	3,346
Liabilities to the state and local budgets	91
Finance lease liabilities	58
Provisions	192
Deferred income	137
Deferred tax liability	2
Other liabilities	222
Net assets value	1,573
Equity interest acquired	66%
Value of non-controlling interests	535
Purchase price	3,173
<u>Goodwill as at the acquisition date</u>	<u>2,135</u>

In addition, under the agreement for the purchase of shares in InterWay, both parties (i.e. non-controlling shareholders as well as ACE SK) have been granted put or call options, respectively, for all the remaining non-controlling interests. These options may be exercised either in April 2018 or April 2019, and their exercise price shall depend on financial results achieved by InterWay either in 2017 or in 2018

Put liability recognized as at 31 December 2015 amounted to EUR 3,185 thousand.

- Acquisition of exe, a.s. – in August 2015 Asseco Central Europe, a. s acquired a 100% stake in the company exe, a.s., Slovakia. Exe is active mainly in the area of infrastructure services, 3rd parties software sales and localization services historically focused on the of various Microsoft products. During its existence, the company has grown from the licenses vendor to a system integrator with its own development center which develops applications and customized solutions.

The purchase price of the acquired 100% equity interest amounted to EUR 2,400 thousand, of which the amount of EUR 1,920 thousand has been paid and the rest of purchase price amounted to EUR 480 thousand will be paid in August 2016.

As a result of this transaction, the Group has recognized goodwill in the amount of EUR 1,678 thousand. Transaction costs amounted to EUR 13 thousand and were recognized in financial costs.

As at 31 December 2015, the process of purchase price allocation has not yet been completed by the Group. Therefore, in the period of 12 months from the acquisition date, i.e. till the end of July 2016, goodwill recognized on the acquisition of exe, a.s may be subject to change. The provisional values of identifiable assets and liabilities in acquired company as at the date of obtaining control were as follows:

	<b>Provisional value as at the acquisition date EUR thousands</b>
<b>Assets acquired</b>	<b>2,355</b>
Property, plant and equipment	89
Intangible assets	12
Trade receivables	1,313
Receivables from state and local budgets	10
Cash and cash equivalents	242
Prepayments	673
Other assets	16
<b>Liabilities acquired</b>	<b>1,633</b>
Trade payables	1,315
Liabilities to the state and local budgets	49
Provisions	175
Deferred tax liability	72
Other liabilities	22
Net assets value	722
Equity interest acquired	100%
Value of non-controlling interests	-
Purchase price	2,400
Goodwill as at the acquisition date	1,678

Movements in the carrying amount of goodwill during twelve months ended 31 December 2014 were mainly due to Acquisition of Asseco Solutions AG (EUR +16,706 thousand) and sales of Slovanet (EUR -1,873 thousand) and translation differences related to foreign operations.

## 12. Impairment testing

Both as at 31 December 2015 and during the 12-month period ended 31 December 2015, the stock market capitalization of Asseco Central Europe, a. s. remained below the book value of the Group's assets. The Board of Directors of Asseco Central Europe considered such situation as an indication of possible impairment of our cash-generating units, to which goodwill has been allocated.

In line with the Group's policy, each year as at 31 December, the Board of Directors of the Parent Company performs an annual impairment test on cash-generating units or groups of cash-generating units, to which goodwill has been allocated.

Each impairment test requires making estimates of the recoverable value of a cash-generating unit or a group of cash-generating units to which goodwill is allocated. Impairment testing involves determination of their value in use by applying the model of discounted free cash flow to firm (FCFF).

In the calculation of the value in use of cash-generating units or groups, which are constituted by individual subsidiaries, the following assumptions have been adopted:

- for each subsidiary, the so-called business units were analyzed which, when put together, comprise the budget and forecasts of the whole subsidiary company;
- detailed forecasts covered the period of 5 years, for which increasing cash flows were assumed, while for further time of each subsidiary operations the residual value was computed assuming no growth in cash flows;
- the assumed increases in cash flows depend upon the strategy of the entire Group, tactical plans of individual companies, they take due account of conditions prevailing in particular markets by region and sector, at the same time reflecting the present and potential order portfolios;
- the forecasts for foreign subsidiaries assumed growth of sales in their functional currencies;
- the discount rates applied were equivalent to the weighted average cost of capital for a given cash-generating unit. Particular components of the discount rate were determined taking into account the market values of risk free interest rates, the beta coefficient leveraged to reflect the market debt equity structure, as well as the expected market yield.

The Group carried out a sensitivity analysis in relation to other goodwill impairment tests conducted as at 31 December 2015, in order to find out how much the selected parameters applied in the model could be changed so that the estimated value in use of cash-generating units equaled their carrying amounts. Such sensitivity analysis examined the impact of changes in the applied:

- nominal discount rate applied for the residual period, i.e. cash flows generated after 2020;
- compound annual growth rate of free cash flow changes over the forecast period, i.e. in the years 2016-2020;

as factors with influence on the recoverable value of a cash-generating unit, assuming other factors remain unchanged.

The results of the conducted sensitivity analysis are presented in the table below:

	Carrying amount of CGU  EUR thousand	Discount rate		Compound annual growth rate of cash flows	
		applied in the model for residual period	residual	applied in the model for forecast period	residual
		%	%	%	%
<b>Cash-generating units constituted by companies or groups of companies</b>					
Asseco Central Europe (Slovakia) – MPI	846	6.7%	86.9%	53.7%	(119.4%)
Asseco Central Europe (Slovakia) – ISZP*	5,474	6.7%	∞	(8.8%)	(45.0%)
Asseco Central Europe (Czech Republic)	19,829	7.2%	26.7%	28.3%	7.2%
Asseco Solutions (Slovakia)	7,229	9.2%	15.2%	(0.1%)	(6.2%)
Asseco Solutions (Germany)	16,263	7.2%	48.5%	(4.8%)	(25.4%)
Asseco Solutions (Czech Republic)	5,368	9.2%	∞	(6.2%)	(24.5%)
GlobeNet	3,043	11.8%	∞	(13.8%)	(27.6%)
Statlogics	5,817	11.8%	40.9%	30.3%	17.2%

∞ - means that the terminal discount rate for the residual period is greater than 100%.

\*For ISZP compound annual growth rate of free cash flow was calculated over the four years of the forecasted period, due to the fact that in the first period the free cash flow were negative.

The conducted impairment test did not indicate a necessity for the Parent Company to recognize any impairment write-offs on its cash-generating units as at 31 December 2015.

### 13. Investment in associates

As at 31 December 2015 and as at 31 December 2014, the Group's associates are Prvni Certifkacni Autorita a. s., Axera, s. r. o. and eDocu a. s.

The above-mentioned investments are valued using the equity method.

The table below presents condensed information on the investments held by the Group:

	31 Dec 2015	31 Dec 2014
Non-current assets	162	115
Current assets	713	557
Non-current liabilities	-	-
Current liabilities	323	204
<b>Net assets</b>	<b>552</b>	<b>468</b>
<b>Book value of investments</b>	<b>1,029</b>	<b>1,091</b>

	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Sales revenues	981	1,232
Net profit (loss)	106	260
<b>Share in profits of associated companies</b>	<b>106</b>	<b>260</b>

There were no contingent liabilities relating to the Group's interest in the associates as at 31 December 2015 and 2014.

#### 14. Financial assets

##### *Loans granted and other financial assets*

	31 Dec 2015	31 Dec 2014
Non-current loans, of which:	4	2
<i>loans granted to employees</i>	4	2
<i>other</i>	-	-
Financial assets available for sale	3	3
	<b>7</b>	<b>5</b>
Current loans, of which:	3,564	2,756
<i>loans granted to related parties</i>	38	-
<i>loans granted to employees</i>	9	6
<i>other</i>	3,517	2,750
Current financial assets at fair value	4	24
	<b>3,568</b>	<b>2,780</b>

Under category other loans there are presented bills of exchange of J&T Private Equity B.V in amount of EUR 3,517 thousand with maturity on: on 8 April 2016 (EUR 217 thousand, interest rate 6,25%), 28 July 2016 (EUR 300 thousand, interest rate 5,6%), 18 April 2016 (EUR 2,000 thousand, interest rate 4.0%) and 11 March 2016 (EUR 1,000 thousand, interest rate 3,2%). These bills of exchange are classified as "Loans granted" and are carried at amortized cost. They are recognized as current assets as their maturity periods are shorter than 12 months from the balance sheet date.

As at 31 December 2014 bills of exchange of J&T Private Equity B.V amounted to: EUR 2,750 thousand with maturity on: 19 January 2015 (EUR 1,400 thousand, interest rate 4.0%), on 8 April 2015 (EUR 150 thousand, interest rate 6.25%), on 21 April 2015 (EUR 1,000 thousand, interest rate 4.0%) and on 28 July 2015 (EUR 200 thousand, interest rate 6.25%).

## 15. Non-current and current prepayments

As at 31 December 2015 and in the comparative period, the Group held the following current prepayments:

	31 Dec 2015	31 Dec 2014
<b>Current</b>		
Pre-paid maintenance services	4,151	2,757
Pre-paid insurance	102	59
Pre-paid trainings	90	-
Pre-paid rents and pre-paid operating lease payments	36	39
Pre-paid consultancy services	16	12
Subscriptions and other pre-paid services	193	356
Other prepayments	2	4
	<b>4,590</b>	<b>3,227</b>

## 16. Inventories

	31 Dec 2015	31 Dec 2014
Raw materials, spare parts and other components used in implementation or maintenance of IT systems	9	9
Computer hardware, third party licenses and other goods for resale	679	304
Impairment allowance	(64)	(42)
	<b>624</b>	<b>271</b>

As at 31 December 2015 and 2014, inventories did not serve as security for any bank credits agreed by the Group.

## 17. Non-current and current receivables

### Non-current receivables

Non-current receivables	31 Dec 2015	31 Dec 2014
Trade receivables, of which:	-	-
<i>receivables from related companies</i>	-	-
<i>receivables from other companies</i>	-	-
Deposits paid	435	310
Revaluation write-down (-)	-	-
	<b>435</b>	<b>310</b>

Non-current receivables from deposits paid relates to the deposits paid and securing deposits mostly connected with lease of office spaces.

Non-current trade receivables and receivables from uninvoiced deliveries are not interest-bearing and were valued at their present (discounted) value.

Non-current receivables were not pledge as collateral for any bank guarantees (of due performance of contracts and tender deposits) neither as at 31 December 2015 nor as at 31 December 2014.

### **Current receivables**

<b>Trade accounts receivable</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014 <i>restated</i></b>
Trade receivables, of which:	39,618	25 098
<i>receivables from related companies</i>	393	103
<i>receivables from other companies</i>	39,225	24 995
Receivables from valuation of long-term IT contracts (PoC valuation), of which:	1,540	2 637
<i>receivables from related companies</i>	-	-
<i>receivables from other companies</i>	1,540	2 637
Receivables from uninvoiced deliveries, of which:	427	347
<i>receivables from related companies</i>	-	-
<i>receivables from other companies</i>	427	347
Revaluation write-down on doubtful receivables (-)	(2,258)	(2 131)
	<b>39,327</b>	<b>25 951</b>

Trade receivables are not interest-bearing.

The Group has a relevant policy based on selling its products and services to reliable clients only. Owing to that in the management's opinion the related credit risk would not exceed the level covered by allowances for doubtful accounts as established by the Group.

Receivables from valuation of IT contracts (implementation, long-term contracts) result from the surplus of revenues recognized based on the percentage of completion of implementation contracts over invoices issued.

Receivables relating to uninvoiced deliveries result from the sale of third-party licenses and maintenance services, for which invoices have not yet been issued for the whole period of licensing or provision for maintenance services.

The following table presents the ageing structure of receivables as at 31 December 2015 and 31 December 2014:

<b>Ageing of trade accounts receivable</b>	<b>as at 31 Dec 2015</b>		<b>as at 31 Dec 2014 <i>restated</i></b>	
	<b>amount</b>	<b>structure</b>	<b>amount</b>	<b>Structure</b>
Receivables not yet due	35,678	91%	22,037	85%
Receivables overdue less than 3 months	3,084	8%	3,097	12%
Receivables overdue between 3 to 6 months	461	1%	485	2%
Receivables overdue more than 6 months	104	0%	332	1%
	<b>39,327</b>	<b>100%</b>	<b>25,951</b>	<b>100%</b>

As at 31 December 2015, no receivables and future receivables were pledged as collateral for credit facilities. Liabilities by virtue of those credits as at 31 December 2015 amounted to EUR 500 thousand.

As at 31 December 2014, receivables and future receivables in the amount of EUR 500 thousand were pledged as collateral credit facilities. Liabilities by virtue of those credits as at 31 December 2014 amounted to EUR 500 thousand.

Transactions with related parties are presented in note 26 to these consolidated financial statements.

<b>Receivables from state and local budgets and other receivables</b>	<b>31 Dec 2015</b>	<b>31 Dec. 2014</b> <i>restated</i>
<b>Receivables from state and local budgets</b>		
Social Insurance Institution	10	9
Value added tax	150	74
Other	-	9
	<b>160</b>	<b>92</b>
<b>Corporate income tax (CIT)</b>	<b>1,107</b>	<b>1,072</b>
<b>Other receivables</b>		
Receivables from deposits paid and guarantees of due performance of contracts	406	689
Other receivables	561	340
Revaluation write-down on other doubtful receivables (-)	(76)	(38)
	<b>891</b>	<b>991</b>

In 2015 and 2014, revaluation write-downs on trade accounts receivable and other receivables were as follows:

	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
<b>As at 1 January</b>	<b>2,169</b>	<b>2,308</b>
Obtaining control over subsidiaries	103	236
Creation	890	1,379
Utilized and released	(845)	(547)
Loss of control over subsidiaries	-	(1,203)
Exchange differences on translation of foreign operations (+/-)	17	(4)
<b>As at 31 December</b>	<b>2,334</b>	<b>2,169</b>

## 18. Implementation contracts

In the years 2015 and 2014, the Group executed a number of the so-called IT implementation contracts. In line with IAS 11, sales generated from such contracts are recognized according to the percentage of completion of relevant contracts. The Group measures the percentage of completion of IT implementation contracts using basically the "cost" method (this is by determining the relation of costs incurred to the overall project costs) or according to the "work-effort" method (by determining the portion of work completed out of the total work effort required in a project).

The following table includes basic data about the ongoing IT implementation contracts:

	31 Dec 2015	31 Dec 2014
Revenues from execution of IT contracts recognized in the reporting period	37,467	18,482
<b>For all projects being in progress at the balance sheet date:</b>		
Revenues recognized from execution of IT contracts (cumulative)	43,042	24,520
Costs incurred due to execution of IT contracts (cumulative)	(31,611)	(15,064)
Net provisions for losses on IT contracts	(185)	(41)
Profit (loss) on execution of IT contracts	<b>11,246</b>	<b>9,415</b>
Invoiced revenues from execution of IT contracts (cumulative)	44,702	22,390
Receivables arising from valuation of IT contracts	1,540	2,637
Liabilities arising from valuation of IT contracts	(3,200)	(508)
Exchange differences on translation of foreign operations	-	-

## 19. Cash and cash equivalents

	31 Dec 2015	31 Dec. 2014
Cash at bank	40,144	25,861
Cash on hand	112	42
Current deposits	3,950	11,900
Cash equivalents	20	200
<b>Total cash and cash equivalents as disclosed in the statement of financial position</b>	<b>44,226</b>	<b>38,003</b>
Bank overdrafts which form an integral part of an entity's cash management	(951)	(87)
<b>Total cash and cash equivalents as disclosed in the cash flow statement</b>	<b>43,275</b>	<b>37,916</b>

The interest on cash at bank is calculated with variable interest rates which depend on bank overnight deposit rates. Current deposits are made for varying periods of maturity between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective current deposit rates.

Current deposits did not serve as collateral for any bank guarantees (of due performance of contracts and tender deposits) neither at 31 December 2015 nor at 31 December 2014.

## 20. Share capital, capital reserves and non-controlling interests

Share capital	Par value per share	as at 31 Dec 2015	as at 31 Dec 2014
		(audited) Number of shares	(audited) Number of shares
Ordinary shares – series	0.0331939	21,360,000	21,360,000

## Par value on shares

All shares issued have the par value of EUR 0.0331939 per share and have been fully paid up.

In 2015 and 2014 there were no changes in the Parent Company's share capital and share premium account.

The parent company of Asseco Central Europe, a. s. is Asseco Poland S.A. (the higher-level parent company). As at 31 December 2015, Asseco Poland S.A. held a 93.51% stake in the share capital of Asseco Central Europe, a. s.

## Non-controlling interest

	31 Dec 2015	31 Dec 2014
<b>At the beginning of the period</b>	<b>(1,322)</b>	<b>4,019</b>
Net profit attributable to non-controlling interests	(312)	(662)
Exchange differences on translation of foreign operations	-	-
Dividends paid to non-controlling interests	(87)	(273)
Recognition of non-controlling interest	535	108
Loss of control over Slovanet	-	(4,357)
Settlement of put options over non-controlling interest	(862)	(157)
<b>At the end of the period</b>	<b>(2,048)</b>	<b>(1,322)</b>

In the year ended 31 December 2015 recognition of non-controlling interest in the amount of EUR 535 thousand related to the initial recognition of non-controlling interests in InterWay, a.s., what was described in explanatory note 11 to these consolidated financial statements. Position "Settlement of put options over non-controlling interest" in the amount of EUR -862 thousand relates to the derecognition of non-controlling interest in Interway and Asseco Solution GmbH (Austria) as a result of put options. The difference between the put option liabilities recognized at the end of the reporting period and the non-controlling interest derecognized is accounted for as a change in the equity attributable to the Parent Company in the amount of EUR -2,224 thousand.

In 2015, dividends in amount of EUR 87 thousand were paid to non-controlling interest in Asseco Solutions GmbH (Austria), while in the comparative period dividends in amount of EUR 245 thousand were paid to non-controlling interest in Slovanet, a. s. and EUR 28 thousand were paid to non-controlling interest in Asseco Solutions GmbH (Austria).

## 21. Non-current and current financial liabilities

Non-current	31 Dec 2015	31 Dec 2014
Liabilities due to acquisition of shares in subsidiaries (put options)	4,185	1,100
Finance lease commitments	30	14
	<b>4,215</b>	<b>1,114</b>

<b>Current</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
Liabilities due to dividend payment	12	12
Finance lease commitments	54	50
Liabilities due to acquisition of shares (deferred payments)	806	321
Other	1,216	-
	<b>2,088</b>	<b>383</b>

Non-current financial liabilities due to acquisition of shares in subsidiaries (put options) relate to:

- the put option granted to Mr. Markus Haller, who holds 25% of the share capital of Asseco Solutions GmbH. Under the agreement signed on 4 December 2014 by Asseco Solutions AG, Mr. Haller may exercise the put option upon the termination of his employment as managing director of the company. The purchase price shall be equal the amount of EUR 2.6 million, however in the case that Mr. Haller himself cancels his function as chairman of the management board, the price shall be EUR 1 million. According to the best knowledge and belief of the Board of Directors there are no plans or intentions to terminate the contract with Mr. Haller, therefore at the end of the reporting period, the Group has measured the financial liability at the amount of EUR 1 million. The Company does not expect the put option to be exercised in next financial year.
- the put option granted to non-controlling interests of InterWay in the amount of EUR 3,185 thousand. Put option may be exercised either in April 2018 or in April 2019.

Other financial liabilities (EUR 1,216 thousands) are presented at amortized cost and consist of liabilities to IBM Slovensko, s.r.o. for financing purchase hardware delivered to Ministry of Interior. There are two contracts for financing, of which: in the first one there is monthly payment for IBM is in amount of EUR 77 thousands and last payment is due in April 2016 and in the second one there is quarterly payment in amount of EUR 303 thousands and last payment is due in November 2016.

Minimum future cash flows and liabilities under the finance lease agreements are as follows:

	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
<b>Minimum lease payments</b>		
in the period shorter than 1 year	54	50
in the period from 1 to 5 years	30	19
in the period longer than 5 years	-	-
<b>Future minimum lease payments</b>	<b>84</b>	<b>69</b>
Future interest expense	-	(5)
<b>Present value of finance lease commitment</b>	<b>84</b>	<b>64</b>
in the period shorter than 1 year	54	50
in the period from 1 to 5 years	30	14
in the period longer than 5 years	-	-

As at 31 December 2015, the effective interest rate on the above financial leasing of vehicles equaled to 5.5%% (2014: 8%) and IT equipment to 6.1% (2014: 6.1%).

## 22. Interest-bearing bank credits and debt securities issued

Short-term credit facilities	Name of entity	Maximum debt as at 31 Dec 2015	Effective interest rate %	Currency	Date of maturity	31 Dec 2015	31 Dec 2014
Overdraft	Asseco Solutions AG	-	3M EURIBOR + 2.5%	EUR	18.03.2015	-	500
Overdraft	Asseco Solutions AG	1,000	EONIA +2.5%	EUR	-	-	-
Overdraft	Asseco Solutions AG	1,000	3M EURIBOR + 6%	EUR	-	-	-
Overdraft	DanubePay	1,000	EONIA+1.2%	EUR	-	951	87
Overdraft	InterWay	1,000	1M EURIBOR + 1.99%	EUR	-	-	-
Overdraft	Asseco Solution SK	1,000	1M EURIBOR + 2.5%	EUR	31.12.2016	-	-
		<b>5,000</b>				<b>951</b>	<b>587</b>

As at 31 December 2015 the total funds available to the Asseco Central Europe Group under credit facilities opened in the current accounts reached the level of EUR 5,000 thousand.

As at 31 December 2014 the total funds available to the Asseco Central Europe Group under credit facilities opened in the current accounts reached the level of EUR 1,000 thousand.

Assets pledged as collateral for credit facilities:

Security for credits and loans	Net book value used as security		Loan used	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Shares in subsidiary (Slovanet)	-	-	-	-
Receivables (current and future)	-	500	-	500
	-	<b>500</b>	-	<b>500</b>

### 23. Trade and other payables

As at 31 December 2015 and in the comparative periods, the Group had the following liabilities:

<b>Current trade payables</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b> <i>Restated</i>
Invoiced current trade payables, of which:	24,748	9,571
<i>to related companies</i>	70	69
<i>to other companies</i>	24,678	9,502
Liabilities relating to valuation of long term IT contracts (Poc), of which:	3,200	508
<i>to related companies</i>	-	-
<i>to other companies</i>	3,200	508
Liabilities due to non-invoiced deliveries, of which:	4,433	2,576
<i>to related companies</i>	-	-
<i>to other companies</i>	4,433	2,576
	<b>32,381</b>	<b>12,655</b>

Trade payables are not interest-bearing. The transactions with related companies are presented in note 26 to these consolidated financial statements.

<b>Liabilities to the state and local budgets and other liabilities</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b> <i>Restated</i>
<b>Liabilities to the state and local budgets</b>		
Social Insurance Institution	1,503	1,221
Personal income tax (PIT)	801	596
Value added tax	2,869	1,777
Other	21	10
	<b>5,194</b>	<b>3,604</b>
<b>Corporate income tax (CIT)</b>	<b>559</b>	<b>1,061</b>
<b>Other current liabilities</b>		
Liabilities to employees relating to salaries and wages	2,331	1,824
Liabilities from purchase of property, plant, equipment and intangible assets	-	127
Trade prepayments received	29	51
Other liabilities	139	625
	<b>2,499</b>	<b>2,627</b>

Other liabilities are not interest-bearing.

## 24. Provisions

	Provision for warranty repairs	Provision for loss on long-term IT contracts (PoC valuation)	Other provisions	Total
<b>As at 1 January 2015</b>	<b>1,148</b>	<b>41</b>	<b>979</b>	<b>2,168</b>
Acquisitions of subsidiaries (+)	-	-	3	<b>3</b>
Created during the reporting period (+)	1,268	154	163	<b>1,585</b>
Used or reversed during the reporting period (-)	(1,772)	(12)	(849)	<b>(2,633)</b>
Exchange differences on translation of foreign operations (+/-)	6	1	19	<b>26</b>
<b>As at 31 December 2015</b>	<b>650</b>	<b>184</b>	<b>315</b>	<b>1,149</b>
Current as at 31 December 2015	650	184	297	<b>1,131</b>
Non-current as at 31 December 2015	-	-	18	<b>18</b>

	Provision for warranty repairs	Provision for loss on long-term IT contracts (PoC valuation)	Other provisions	Total
<b>As at 1 January 2014</b>	<b>1,299</b>	-	<b>2,914</b>	<b>4,213</b>
Acquisitions of subsidiaries (+)	10	-	12	<b>22</b>
Created during the reporting period (+)	1,681	276	563	<b>2,520</b>
Used or reversed during the reporting period (-)	(1,840)	(235)	(2,495)	<b>(4,570)</b>
Exchange differences on translation of foreign operations (+/-)	(2)	-	(15)	<b>(17)</b>
<b>As at 31 December 2014 (restated)</b>	<b>1,148</b>	<b>41</b>	<b>979</b>	<b>2,168</b>
Current as at 31 December 2014	1,148	41	964	<b>2,153</b>
Non-current as at 31 December 2014	-	-	15	<b>15</b>

The provision created for the costs of warranty repairs corresponds to provision of own software guarantee services as well as to handling of the guarantee maintenance services being provided by the producers of hardware that was delivered to the Group's customers. Other provisions include provisions for penalties and compensations created for contractual penalties, mostly related to delayed projects.

## 25. Accrued expenses and deferred income

Accrued expenses comprise accruals for unused holiday leaves, for salaries and wages of the current period payable in future periods which result from the bonus schemes applied by Asseco Central Europe Group.

Current accrued expenses	31 Dec 2015	31 Dec 2014 <i>restated</i>
Accrual for unused holiday leaves	1,619	1,490
Accrual for the employee bonuses and severance payments	4,231	3,530
	<b>5,850</b>	<b>5,020</b>

The balance of deferred income relates mainly to prepayments for services such as maintenance and IT support. The received prepayments are related primarily to the software development projects implemented by the Group.

<b>Non-current deferred income</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
Maintenance services	73	10
Prepayments received	-	-
Other	-	-
	<b>73</b>	<b>10</b>

<b>Current deferred income</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
Maintenance services	5,287	5,113
Other prepayments received	6	-
Subsidies	167	1
Other	13	96
	<b>5,473</b>	<b>5,210</b>

## 26. Transactions with related parties

Asseco Central Europe Group sales to related parties:		12 months ended	12 months ended
Name of entity	Transaction type	31 Dec 2015	31 Dec 2014
<b>Transactions with Asseco Poland S.A.</b>			
Asseco Poland S.A.	<i>sales of IT services and licences</i>	383	120
		<b>383</b>	<b>120</b>
<b>Transactions with related companies</b>			
Matrix42 AG	<i>sales of IT services and licences</i>	8	19
Asseco SEE (Croatia)	<i>sales of IT services and licences</i>	-	6
Asseco Business Solutions S.A.	<i>sales of IT services and licences</i>	-	176
		<b>8</b>	<b>201</b>
<b>Transactions with associates</b>			
První certifikační autorita. a.s.	<i>sales of IT services and licences</i>	3	4
		<b>3</b>	<b>4</b>
<b>Transactions with entities related through Group's key management personnel</b>			
SNET a.s. <sup>1)</sup>	<i>sales of IT services and licences</i>	-	1
Virte, a.s. <sup>2)</sup>	<i>sales of IT services and licences</i>	-	446
Nowire, s.r.o. <sup>3)</sup>	<i>rental of the office space</i>	15	-
		<b>15</b>	<b>447</b>
<b>Transactions with Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies</b>			
Peter Máčaj <sup>4)</sup>	<i>sales of IT services and licences</i>	-	1
Mariusz Lizon <sup>5)</sup>	<i>sales of tangible assets</i>	9	9
		<b>9</b>	<b>10</b>
<b>TOTAL</b>		<b>418</b>	<b>782</b>

<sup>1)</sup> In the period of six months ended 30 June 2014, SNET, a.s. owned 51% of the shares in Slovanet, a.s.

<sup>2)</sup> In the period of six months ended 30 June 2014, Juraj Kováčik - Member of the Board of Directors in Slovanet served as the Member of the Board of Directors in Virte, a.s.

<sup>3)</sup> In the period of twelve months ended 31 December 2015, Richard Weber – proxy in InterWay, served as the partner in Nowire, s.r.o.

<sup>4)</sup> In the period of six months ended 30 June 2014, Peter Máčaj was Member of the Board of Directors of Slovanet, a. s.

<sup>5)</sup> In the period of twelve months ended 31 December 2015 as well as in the comparative period, Mariusz Lizon was Member of the Management Board of Asseco Business Solutions S.A.

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Asseco Central Europe Group purchases from related parties:		12 months ended	12 months ended
Name of entity	Transaction type	31 Dec 2015	31 Dec 2014
<b>Transactions with Asseco Poland S.A.</b>			
Asseco Poland S.A.	<i>purchase of IT services</i>	97	63
		<b>97</b>	<b>63</b>
<b>Transactions with related companies</b>			
Matrix42 AG	<i>purchase of general and administrative services</i>	30	30
Asseco SEE (Croatia)	<i>purchase of IT services</i>	1	1
Asseco SEE (Serbia)	<i>purchase of IT services</i>	5	1
Asseco SEE (Turkey)	<i>purchase of IT services</i>	28	-
		<b>64</b>	<b>32</b>
<b>Transactions with entities related through Group's key management personnel</b>			
SNET a.s. <sup>1)</sup>	<i>purchase of IT services</i>	-	1
KIMM SLOVAKIA s. r. o <sup>2)</sup>	<i>purchase of IT services</i>	-	7
PaR Solutions, s.r.o. <sup>3)</sup>	<i>purchase of IT services</i>	112	-
Nowire, s.r.o. <sup>4)</sup>	<i>purchase of IT services</i>	2	-
		<b>114</b>	<b>8</b>
<b>Transactions with other related parties</b>	<i>purchase of consultancy services</i>	-	<b>2,002</b>
<b>TOTAL</b>		<b>275</b>	<b>2,105</b>

<sup>1)</sup> In the period of six months ended 30 June 2014 SNET, a.s. owned 51% of the shares in Slovanet, a.s.

<sup>2)</sup> In the period of six months ended 30 June 2014, Ivan Kostelny - Member of the Board of Directors in Slovanet served as the partner in KIMM Slovakia s.r.o

<sup>3)</sup> In the period of twelve months ended 31 December 2015, Richard Weber and Petr Weber - proxies in InterWay, served as the partners and management board members in PaR Solutions, s.r.o.

<sup>4)</sup> In the period of twelve months ended 31 December 2015, Richard Weber - proxy in InterWay, served as the partner and management board member in Nowire, s.r.o.

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	Trade receivables and other receivables as at		Trade payables and other liabilities as at	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
<b>Transactions with Parent Company</b>				
Asseco Poland S.A.	352	6	42	19
	<b>352</b>	<b>6</b>	<b>42</b>	<b>19</b>
<b>Transactions with related companies</b>				
Matrix42 AG	-	96	-	50
Asseco SEE (Turkey)	-	-	-	127
	-	<b>96</b>	-	<b>177</b>
<b>Transactions with associates:</b>				
První certifikační autorita. a.s CR	-	1	-	-
	-	<b>1</b>	-	-
<b>Transactions with entities related through Group's key management personnel</b>				
PaR Solutions, s.r.o.	38	-	22	-
Nowire, s.r.o.	3	-	6	-
	<b>41</b>	-	<b>28</b>	-
<b>Transactions with other related parties</b>				
	-	-	<b>1,000</b>	<b>2,000</b>
<b>TOTAL</b>	<b>393</b>	<b>103</b>	<b>1,070</b>	<b>2,196</b>

As at 31 December 2015, the balance of receivables from related entities comprised trade receivables (EUR 293 thousand). Whereas, as at 31 December 2014, receivables from related entities comprised trade receivables (EUR 103 thousand) as well as other receivables (EUR 1 thousand).

As at 31 December 2015, liabilities to related entities comprised trade payables (EUR 70 thousand). As at 31 December 2014, liabilities towards related entities comprised trade payables (EUR 69 thousand) as well as other liabilities (EUR 127 thousand).

## 27. Notes to the Statement of Cash Flow

### **Cash flows – operating activities**

The table below presents items included in the line “Changes in working capital”:

<b>Changes in working capital</b>	<b>31 Dec 2015</b>	<b>31 Dec 2014</b>
Change in inventories	(312)	(96)
Change in receivables	(2,977)	12,778
Change in liabilities	11,490	(8,357)
Change in prepayments, accruals and deferred income	(932)	1,466
Change in provisions	(629)	(2,029)
	<b>6,640</b>	<b>3,762</b>

### **Cash flows – investing activities**

In the period of twelve months ended 31 December 2015, the balance of cash flows from investing activities was affected primarily by the following proceeds and expenditures:

- Acquisitions of property, plant and equipment and intangible assets include purchases of property, plant and equipment for EUR 1,672 thousand, purchases of intangible assets for EUR 514 thousand.
- Expenditures for the acquisition of InterWay and exequ in the amount of EUR 5,149 thousand and cash and cash equivalents in the acquired subsidiaries as at the date of obtaining control in the amount of EUR 2,336.
- Dividends received from associates in the amount of EUR 185 thousand.
- Under the positions “Loans collected” and “Loans granted” the cash flows related to bills of exchange of J&T Private Equity B.V. are presented.

### **Cash flows – financing activities**

In the period of twelve months ended 31 December 2015, the balance of cash flows from financing activities was affected primarily by the following proceeds and expenditures:

- Dividend paid to the shareholders of the Parent Company in the amount of EUR 10,039 thousand.
- Dividend paid to non-controlling interests in the amount of EUR 87 thousand.

## 28. Commitments and contingencies in favor of related parties

As at 31 December 2015, guarantees and sureties issued by and for Asseco Central Europe, a. s. (SK) in favor of related parties were as follows:

- DanubePay a. s. (subsidiary) was granted a guarantee of EUR 1,000 thousand to back up its liabilities towards Komerční banka under a framework crediting agreement.
- DanubePay a. s. (subsidiary) was granted a guarantee of EUR 2,000 thousand to back up its liabilities towards Slovenská Sporiteľňa under a framework crediting agreement.

As at 31 December 2014, guarantees and sureties issued by and for Asseco Central Europe, a. s. (SK) in favor of related parties were as follows:

- DanubePay a. s. (subsidiary) was granted a guarantee of EUR 500 thousand to back up its liabilities towards Komerční banka under a framework crediting agreement.

## 29. Commitments and contingent liabilities to other entities

As at 31 December 2015, guarantees and sureties issued by and for the Group were as follows.

- Asseco Central Europe, a. s. (Slovak Republic) uses a bank guarantees issued by Komerční banka a. s. of EUR 344 thousand to secure its obligations towards various public offering procurers (guarantees are effective up to 30 June 2016).

As at 31 December 2014, guarantees and sureties issued by and for the Group were as follows.

- Asseco Central Europe, a. s. (Slovak Republic) uses a bank guarantees issued by Komerční banka a. s. of EUR 2,639 thousand to secure its obligations towards various public offering procurers (guarantees are effective up to 30 June 2015).
- Asseco Central Europe, a. s. (Czech Republic) uses a bank guarantees issued by Unicredit Bank Czech Republic and Slovakia, a. s. of EUR 1,802 thousand to secure its obligations towards various public offering procurers (guarantees are effective up to 30 June 2015).

The Group is a party to a number of leasing and tenancy contracts or other contracts of similar nature, resulting in the following off-balance-sheet liabilities for future payments:

	31 Dec 2015	31 Dec 2014
<b><i>Liabilities under lease of space</i></b>		
In the period up to 1 year	3,835	3,049
In the period from 1 to 5 years	10,403	6,558
In the period over 5 years	2,567	-
	<b>16,805</b>	<b>9,607</b>
<b><i>Liabilities under operating lease of property, plant and equipment</i></b>		
in the period shorter than 1 year	578	479
in the period from 1 to 5 years	430	681
in the period longer than 5 years	-	-
	<b>1,008</b>	<b>1,160</b>

### 30. Employment

Average Group's workforce in the reporting period*	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Management Board of the Parent Company	4	4
Management Boards of the Group companies	15	15
Production departments	1,178	1,120
Direct sales departments	101	84
Indirect sales departments	20	21
Back-office departments	167	163
<b>Total</b>	<b>1,485</b>	<b>1,407</b>

\*Average employment in the reporting period in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Group companies (such as an unpaid leave, maternity leave, etc.)

The Group workforce as at	31 Dec 2015	31 Dec 2014
Management Board of the Parent Company	4	3
Management Boards of the Group companies	20	15
Production departments	1,278	1,150
Direct sales departments	120	90
Indirect sales departments	23	22
Back-office	195	170
<b>Total</b>	<b>1,640</b>	<b>1,450</b>

Number of employees in the Group companies as at	31 Dec 2015	31 Dec 2014
Asseco Central Europe, a.s. (Slovakia)	399	396
Asseco Central Europe, a.s. (Czech Republic)	247	252
Asseco Berit AG	7	7
Asseco Berit GmbH	16	16
Asseco Solutions Group (Czech Republic)	321	291
Asseco Solutions Group (Slovakia)	167	155
Asseco Solutions Group (Germany)	206	185
DanubePay, a.s.	32	27
Asseco Hungary Zrt.	2	3
GlobeNet Zrt.	47	48
Statlogics Zrt.	70	70
InterWay, a.s.	76	-
Exe, a.s.	50	-
	<b>1,640</b>	<b>1,450</b>

### 31. Objectives and principles of financial risk management

The Asseco Central Europe Group is exposed to a number of risks arising either from the macroeconomic situation of the countries the Group companies operate in as well as from the microeconomic situation in individual companies. The main external factors that may have an adverse impact on the Group's financial performance are: (i) fluctuations in foreign currency exchange rates versus the EUR, and (ii) changes in the market interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation

rate. In addition, the internal factors with potential negative bearing on the Group's performance include: (i) risk related to the increasing cost of work, (ii) risk arising from underestimation of project costs when entering into contracts, and (iii) risk of concluding a contract with a dishonest customer.

### **Foreign currency exposure risk**

The Group's presentation currency is the euro; however, some contracts are denominated in foreign currencies. With regard to the above, the Group is exposed to potential losses resulting from fluctuations in foreign currency exchange rates versus the euro in the period from concluding a contract to invoicing. Furthermore, the functional currencies of Group's foreign subsidiaries are the local currencies of the countries in which these entities are legally registered and operate. Consequently, the assets and financial results of such subsidiaries need to be converted to the euro and their values presented in the Group financial statements remain under the influence of foreign currency exchange rates.

Identification: According to the Group's procedures pertaining to entering into commercial contracts, each agreement that is concluded or denominated in a foreign currency, different from the functional currency is subject to detailed registration. Owing to this solution, any currency risk involved is detected automatically.

Measurement: The foreign currency risk exposure is measured by the amount of an embedded financial instrument on one hand, and on the other by the amount of currency derivative instruments concluded in the financial market. The procedures applicable to the execution of IT projects require making systematic updates of the project implementation schedules as well as the cash flows generated under such projects.

Objective: The purpose of countering the risk of fluctuations in foreign currency exchange rates is to mitigate their negative impact on the contract margins.

Measures: Contracts settled in foreign currencies are hedged with simple derivatives such as currency forward contracts, while instruments embedded in foreign currency denominated contracts are hedged with non-deliverable forward contracts. In addition, forward contracts with delivery of cash are applied for foreign currency contracts.

Matching the measures to hedge against the foreign currency risk means selecting suitable financial instruments to offset the impact of changes in the risk-causing factor on the Group's financial performance (the changes in embedded instruments and concluded instruments are balanced out). Nevertheless, because the project implementation schedules and cash flows generated thereby are characterized by a high degree of changeability, the Group companies are prone to changes in their exposure to foreign exchange risk. Therefore, the companies dynamically transfer their existing hedging instruments or conclude new ones with the objective to ensure the most effective matching. It has to be taken into account that the valuation of embedded instruments changes with reference to the parameters as at the contract signature date (spot rate and swap points), while transferring or concluding new instruments in the financial market, may only be effected on the basis of the current rates available. Hence, it is possible that the value of financial instruments will not be matched and the Group's financial result will be potentially exposed to the foreign currency risk.

### **Interest rate risk**

Changes in the market interest rates may have a negative influence on the financial results of the Group. The Group is exposed to the risk of interest rate changes primarily in the following areas of its business activities: (i) changes in the value of interest charged on loans granted by external financial institutions to the Group companies, which are based on variable interest rates, and (ii) change in valuation of the concluded and embedded derivative instruments, which are based on the forward interest rate curve. More information on factor (ii) may be found in the description of the currency risk management.

**Identification:** The interest rate risk arises and is recognized by individual companies of the Group at the time of concluding a transaction or a financial instrument based on a variable interest rate. All such agreements are subject to analysis by the appropriate departments within the Group companies, hence the knowledge of that issue is complete and acquired directly.

**Measurement:** The Group companies measure their exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate.

**Objective:** The purpose of reducing such risk is to eliminate the incurrence of higher expenses due to concluded financial instruments based on a variable interest rate.

**Measures:** In order to reduce its interest rate risk, the Group companies may: (i) try to avoid taking out credit facilities based on a variable interest rate or, if not possible, (ii) conclude forward rate agreements.

**Matching:** The Group gathers and analyzes the current market information concerning its present exposure to the interest rate risk. For the time being, the Group companies do not hedge against changes in interest rates due to a high degree of unpredictability of their credit repayment schedules.

### **Credit risk**

The Group is exposed to the risk of defaulting contractors. This risk is connected firstly with the financial credibility and goodwill of the contractors to whom the Group companies provide their IT solutions, and secondly with the financial credibility of the contractors with whom supply agreements are concluded.

The maximum exposure on credit risk does not exceed the carrying amount of financial assets.

**Identification:** The risk is identified each time when concluding contracts with customers, and afterwards during the settlement of payments.

**Measurement:** Determination of this type of risk requires knowledge of the complaints or pending judicial proceedings against a client at the time of signing an agreement. Every two weeks the companies are obliged to control the settlement of payments under the concluded contracts, inclusive of the profit and loss analysis for individual projects.

**Objective:** The Company strives to minimize this risk in order to avoid financial losses resulting from the commencement and partial implementation of IT solutions as well as to sustain the margins adopted for the executed projects.

**Measures:** As the Group operates primarily in the banking and financial sector, its customers are concerned about their good reputation. Here the engagement risk control is usually limited to monitoring the timely execution of bank transfers and, if needed, to

sending a reminder of outstanding payment. However, in the case of smaller clients, it is quite helpful to monitor their industry press as well as to analyze earlier experiences of the Group itself and of its competitors. The Group companies conclude financial transactions with reputable brokerage houses and banks.

Matching: It is difficult to discuss this element of risk management in such cases.

### Financial liquidity risk

The Group monitors the risk of funds shortage using the tool for periodic planning of liquidity. This solution takes into account the maturity deadlines of investments and financial assets (e.g. accounts receivable, other financial assets) as well as the anticipated cash flows from operating activities.

The Group's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

The following table shows the Group's trade payables payable as at 31 December 2015 and 31 December 2014, by maturity period, based on the contractual undiscounted payments.

Ageing structure of trade accounts payable	as at 31 Dec 2015		as at 31 Dec 2014 <i>restated</i>	
	amount	structure	amount	Structure
Overdue liabilities	2,558	8%	1,968	16%
Current and future up to 3 months payables	27,438	85%	10,645	84%
Future payables between 3 and 6 months	9	0%	35	0%
Future payables over 6 months	2,376	7%	7	0%
	<b>32,381</b>	<b>100%</b>	<b>12,655</b>	<b>100%</b>

The tables below present the ageing structure of interest-bearing bank credits, loans and other financial liabilities as at 31 December 2015 and 31 December 2014:

As at 31 December 2015	Liabilities due and falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
Bank account overdraft facility	951	-	-	-	951
Finance lease liabilities	11	43	30	-	84
Liabilities due to acquisition of shares in subsidiaries	326	480	3,185	1,000	4,991
Liabilities from dividends	12	-	-	-	12
Other financial liabilities	533	683	-	-	1,216
<b>Total</b>	<b>1,833</b>	<b>1,206</b>	<b>3,215</b>	<b>1,000</b>	<b>7,254</b>

As at 31 December 2014	Liabilities due and falling due within 3 months	Liabilities falling due within 3 to 12 months	Liabilities falling due within 1 to 5 years	Liabilities falling due after 5 years	Total
Bank account overdraft facility	587	-	-	-	<b>587</b>
Finance lease liabilities	4	46	14	-	<b>64</b>
Liabilities due to acquisition of shares in subsidiaries	-	-	-	1,100	-
<b>Total</b>	<b>591</b>	<b>46</b>	<b>14</b>	<b>1,100</b>	<b>1,751</b>

### Foreign currency risk

The Group tries to conclude contracts with its clients in the primary currencies of the countries in which its subsidiaries and associates operate in order to avoid exposure to the risk arising from fluctuations in foreign currency exchange rates versus their own functional currencies.

The sensitivity analysis of trade payables and trade receivables to fluctuations in the exchange rates of EUR against the functional currencies of the Group companies indicates the following net impact on the Group's financial results:

Trade accounts receivable and payable as at 31 December 2015	Amount exposed to risk	Impact on financial results of the Group (before tax)	
		-10%	10%
<b>CZK:</b>			
Trade accounts receivable	8,073	(3,437)	3,437
Trade accounts payable	3,818	1,859	(1,859)
<b>Balance</b>		<b>(1,578)</b>	<b>1,578</b>
<b>CHF:</b>			
Trade accounts receivable	653	(12)	12
Trade accounts payable	98	74	(74)
<b>Balance</b>		<b>62</b>	<b>(62)</b>
<b>HUF:</b>			
Trade accounts receivable	1,648	336	(336)
Trade accounts payable	461	313	(313)
<b>Balance</b>		<b>649</b>	<b>(649)</b>
<b>Trade accounts receivable and payable as at 31 December 2014</b>	<b>Amount exposed to risk</b>	<b>Impact on financial results of the Group (before tax)</b>	
		<b>-10%</b>	<b>10%</b>
<b>CZK:</b>			
Trade accounts receivable	5,019	(502)	502
Trade accounts payable	2,120	212	(212)
<b>Balance</b>		<b>(290)</b>	<b>290</b>
<b>CHF:</b>			
Trade accounts receivable	642	(64)	64
Trade accounts payable	24	2	(2)
<b>Balance</b>		<b>(62)</b>	<b>62</b>
<b>HUF:</b>			
Trade accounts receivable	2,208	(221)	221
Trade accounts payable	165	17	(17)
<b>Balance</b>		<b>(204)</b>	<b>204</b>

The analysis of sensitivity to fluctuations in foreign exchange rates, with potential impact on the Group's financial results, was conducted using the percentage deviations of +/-10% by which the reference exchange rates, effective as at the balance sheet date, were increased or decreased.

### Interest rate risk

The Group is exposed to the risk of interest rate changes due to change in the value of interest charged on credit facilities granted by external financial institutions to the Group companies, which are based on a variable interest rate. As at 31 December 2015 the Group had overdraft facilities in the amount of EUR 951 thousand, of which EUR 951 thousand was subject to EONIA variable interest rate.

As at 31 December 2014 the Group had overdraft facilities in the total amount of EUR 587 thousand, of which EUR 500 thousand was subject to 3M Euribor variable interest rate and EUR 87 thousand was subject to EONIA variable interest rate. Increase of those variable interest rates may have negative influence on the financial results of the Group.

### Other types of risk

Other risks are not analyzed for sensitivity, due to their nature and the impossibility of absolute classification.

### Fair value

As at 31 December 2015, the Group hold only currency forward in the amount of EUR 4 thousand classified as financial asset valued at fair value through profit or loss. Fair value was measured with directly or indirectly observable input data – level 2.

As at 31 December 2014, the Group hold only currency forward in the amount of EUR 24 thousand classified as financial asset valued at fair value through profit or loss. Fair value was measured with directly or indirectly observable input data – level 2.

For any other financial instruments, there were no significant differences between fair value and carrying amount.

## 32. Remuneration of the entity authorized to audit financial statements

The table below discloses the total amounts due to the entity authorized to audit financial statements, namely Ernst & Young, spol. s r. o. paid or payable for the years ended 31 December 2015 and 31 December 2014, in breakdown by type of service:

Type of service	31 Dec 2015	31 Dec 2014
Obligatory audit of the annual financial statements	38	40
<b>Total</b>	<b>38</b>	<b>40</b>

### 33. Remuneration of Members of the Board of Directors and Supervisory Board of the Parent Company

Remuneration for the period of	12 months ended 31 Dec 2015	12 months ended 31 Dec 2014
Board of Directors	1,401	1,205
Supervisory Board	113	108

The table above presents the remuneration including all related costs and benefits payable to Members of the Board of Directors and the Supervisory Board of Asseco Central Europe, a. s. (SK) in EUR for acting as Members of the Board of Directors/ Supervisory Boards in Parent Company and Group subsidiaries in 2015 and 2014.

### 34. Equity management

The main objective of the Group's equity management is to maintain a favourable credit rating and safe level of equity ratios so as to support the Group's operating activities and increase the value for our shareholders.

The Group manages its equity structure which is altered in response to changing economic conditions. In order to maintain or adjust its equity structure, the Group may change its dividend payment policy, return some capital to its shareholders or issue new shares. In 2015, as in the year ended 31 December 2014, the Group did not introduce any changes to its objectives, principles and processes adopted in this area.

The Group consistently monitors the balances of its capital funds using the leverage ratio, which is calculated as a relation of net liabilities to total capital (sum of equity and net liabilities). Net liabilities include interest-bearing credits and loans, trade payables and other liabilities, decreased by cash and cash equivalents.

Equity management	31 Dec 2015	31 Dec 2014 <i>restated</i>
Interest-bearing credits and loans	952	587
Trade accounts payable and other liabilities	46,936	21,445
Cash and cash equivalents	(44,226)	(38,003)
<b>Net liabilities</b>	<b>3,662</b>	<b>(15,971)</b>
Shareholders' equity	109,502	109,599
<b>Equity plus net liabilities</b>	<b>113,164</b>	<b>93,628</b>
<b>Leverage ratio</b>	<b>3%</b>	<b>(17%)</b>

### 35. Seasonal and cyclical nature of business

The Group's activities are subject to seasonality in terms of uneven distribution of turnover in individual quarters of the year. Because bulk of sales revenues are generated from the IT services contracts executed for large companies and public institutions, the fourth quarter turnovers tend to be higher than in the remaining periods. Such phenomenon occurs because the above-mentioned entities close their annual budgets for

implementation of IT projects and carry out investment purchases of hardware and licenses usually in the last quarter.

### **36. Significant events after the balance sheet date**

On 8 February 2016 Asseco Solutions AG established a new company called SCS Smart Connected Solutions GmbH, seated in Karlsruhe, Germany.

Asseco Solutions AG acquired 40% of its shares representing also 40% of voting rights at the company's general meeting of shareholders.

Apart from above mentioned event, until the date of preparing these consolidated financial statements, i.e. 19 February 2016, no other significant events occurred that might have an impact on these consolidated financial statements.

### **37. Significant events related to prior years**

Up to the date of preparing these consolidated financial statements for the twelve months ended 31 December 2015, no significant events related to prior years occurred that might have an impact on these consolidated financial statements.