



# **CONSOLIDATED ANNUAL REPORT 2014**

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

**24 February 2015**

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## I. CHAIRMAN'S LETTER

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

we celebrated the 10<sup>th</sup> anniversary of existence of Asseco Group in 2014. Ten years ago, in 2004, the original ASSET Soft with the original COMP Rzeszów laid the Polish-Slovak foundations of a future international IT group called Asseco. I look forward to our regional Asseco Central Europe Group confirming by its results that it is one of the important and leading regions of Asseco Group in 2014, the tenth year of existence of Asseco Group.

The trend of undue pressure on the IT sector continues in Slovakia, but mainly in the Czech Republic and Hungary. IT is becoming a commodity and price pressure from customers compels not only us but all IT companies to review their existing strategy. We need to focus more on our strength, our rich historic and long-term competence. We have to modernize our solutions and to shape them into products and modules that are easy to integrate into the existing infrastructure of our customers.

Several investment initiatives were ongoing in our Asseco Central Europe Group during the year 2014.

We took over a German ERP company and its subsidiaries in Austria and Switzerland **at the beginning of the year**. The company was renamed Asseco Solutions, AG and thus we officially created **Asseco Solutions** in 2014 as one of the largest ERP producers in Central and Eastern Europe in the common trading Asseco Solutions Group under one umbrella with our long-term subsidiaries Asseco Solutions in the Czech Republic and Slovakia. Asseco Solutions is currently based in five countries and has annual revenues of almost 50 million EUR.

On the contrary, we disposed of our 51 percent interest in Slovanet (telecom operator) **at the end of June**. This plan had matured in the group for several years and the main reason for it was the difference of the Slovanet profile. Its profile is different from that of the whole group. Nine years of cooperation with Slovanet was a very pleasant and valuable experience for our group.

At the end of the year, in November, on the contrary, we did a tiny investment in a startup IT company **eDOCU** in which we got a 23 percent share. This "fresh" idea of young people attracted us and we finally agreed on mutual cooperation after a short discussion. We want to be a strategic supporter of spread of this product that supports the "social networking of things" by its functionality.

These investments consolidated the profile of Asseco Central Europe. The core of the group consists of:

- **Asseco Central Europe** (SK, CZ) with its products for "large" corporate clients (Finance, Building Savings, Insurance, Healthcare, Utilities) and in "big" government (ministries and their directly managed companies - Public). This core includes also the Hungarian subsidiaries **Statlogics** (HU) with its unique product designed for Consumer Finance, **GlobeNet** (HU) focused by its product on healthcare mainly for the Hungarian market and newly created firm **Asseco Hungary** (HU) for government and utilities for the Hungarian market. The utilities business is also supported by our companies **Asseco Berit** (DE, CH) with their implementing competencies for sales of products which we develop in Asseco CE in Czech Republic.

- **Asseco Solutions** (SK, CZ, DE, CH, AT) – ERP producer with its products mainly in the "medium" and "small" segment for customers of different economic sectors.
- **DanubePay** which is the processing center particularly in the area of card transactions for banks and other businesses. DanubePay may become the outsourcing operator for products developed in Asseco Central Europe in the future.

We failed to achieve the planned financial targets, but these were too ambitious given what opportunities the market offered. It looked like an unexpectedly large drop in revenue and profit in the middle of 2014 in comparison with 2013, but today I am pleased to state that we averted the dreaded slow down. There has been a slight decline compared with the year 2013 but I dare say that our final group results correspond to market opportunities in our region and the individual circumstances in each subsidiary of the group.

The vast majority of the members of Asseco Group Central Europe confirmed their market position by their results. Their results are similar to those in 2013 or their revenues even grew and showed organic growth.

Only three companies reported somewhat weaker results. The negative trend in the state administration in the Czech Republic hit the Czech part of Asseco CE by a one third slump in revenue which is also reflected in the results of operations. Statlogics experienced a significant decline but given the circumstances of 2013 (the original owners with 30 managers and specialists left for a competitor), I consider the rescue of the company and keeping of the company's customers to be a heroic act of the year. And thirdly DanubePay - our startup - found two clients (Fio banka in Slovakia and Volkswagen Bank in Poland) but we are still waiting for a really big customer.

Dear readers, allow me to thank all our customers for their trust and patience during some more complicated projects. Thanks also to all my colleagues in the Company for their work, effort and loyalty. Although some projects did not develop well during the year, we have eventually significantly improved the trend by dedication of many of our colleagues.

Many thanks to my colleagues from the Asseco Group who helped us create a common platform for international cooperation. We were able to convince new customers about our quality because of the size and position of Asseco Group also in 2014. The strong background of the Asseco Group, its references, many international products and solutions are a good foundation for further development of Asseco Central Europe and all its subsidiaries.

Jozef Klein

CEO and Chairman of the Board of Directors

## 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 1,450 people (213 employees were transferred in connection with sale of Slovanet shares on 27 June 2014; total number of employees increased by 182 employees in connection with acquisition of shares in Asseco Solutions AG on 2 January 2014).

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 2014 -	1 Jan 2013 -	1 Jan 2014 -	1 Jan 2013 -
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Sales revenues	493,540	400,559	117,811	95,122
Operating profit (loss)	50,330	54,688	12,014	12,987
Pre-tax profit (loss)	51,808	57,307	12,367	13,609
Net profit for the period reported attributable to Shareholders of the Parent Company	52,512	47,525	12,535	11,286
Net cash provided by (used in) operating activities	82,683	61,203	19,737	14,534
Net cash provided by (used in) investing activities	(28,663)	26,841	(6,842)	6,374
Net cash provided by (used in) financing activities	(37,020)	(38,893)	(8,837)	(9,236)
Increase (decrease) in cash and cash equivalents	17,000	49,151	4,058	11,672
Assets total	608,575	653,263	142,781	157,519
Non-current liabilities	5,132	33,737	1,204	8,135
Current liabilities	141,935	181,411	33,300	43,743
Shareholders' equity attributable to Shareholders of the Parent Company	467,144	421,447	109,599	101,622
Share capital	3,022	2,940	709	709
Number of shares (pcs.)	21,360,000	21,360,000	21,360,000	21,360,000
Earnings per share (in PLN/EUR)	2.46	2.22	0.59	0.53
Book value per share (in PLN/EUR)	21.87	19.73	5.13	4.76
Declared or paid dividends per share (in PLN/EUR)	1.55	1.98	0.37	0.47

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 2014 were recalculated at exchange rate announced by National Bank of Poland on the balance sheet date (EUR 1 = PLN 4.262).
- Selected items of Statement of financial position as at 31 December 2013 were recalculated at exchange rate announced by National Bank of Poland on the balance sheet date (EUR 1 = PLN 4.147).
- 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 4.189).
- Selected items of Profit and loss account and Statement of cash flows for the period from 1 January 2013 to 31 December 2013 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 4.211).
- The highest and the lowest exchange rate for the reported periods are as follow:

		1 Jan 2014 - 31 Dec 2014	1 Jan 2013 - 31 Dec 2013
max	PLN -> EUR	4.3138	4.3432
min	PLN -> EUR	4.0998	4.0671

## 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" – the credo of Asseco CE represents a key and stable IT service-provider that is at the same time building 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 in the long term based on two 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 is interested in taking over 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**

### **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.

### **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.

### **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.

### **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 13 March 2008. 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,
- 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 2014:

Board of Directors	Period	Supervisory Board	Period
Jozef Klein	1.1.2014-31.12.2014	Adam Tadeusz Góral	1.1.2014-31.12.2014
Marek Grác	1.1.2014-31.12.2014	Andrej Košári	1.1.2014-31.12.2014
David Stoppani	1.1.2014-31.12.2014	Ján Handlovský	1.1.2014-31.12.2014
		Marek Paweł Panek	1.1.2014-31.12.2014
		Przemysław Sęczkowski	1.1.2014-31.12.2014

There were following members of the Board of Directors and Supervisory Board of Asseco Central Europe, a. s. as at 24 February 2015:

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

The Ordinary General Meeting of Shareholders of the Asseco Central Europe, a. s. held on 9 April 2014 passed a resolution on the recalling and re-appointing of Mr. Adam Góral, Mr. Andrej Košári and Mr. Marek Paweł Panek as members of Supervisory Board of the Company.

The Ordinary General Meeting of Shareholders of the Company recalled with the effect from 9 April 2014:

- Mr. Adam Góral from the office of Supervisory Board Chairman of the Company,
- Mr. Andrej Košári from the office of Supervisory Board Vice-Chairman of the Company,
- Mr. Marek Paweł Panek from the office of Supervisory Board member of the Company.

The Ordinary General Meeting of Shareholders of the Company further appointed, with the effect from 9 April 2014:

- Mr. Adam Góral as a Supervisory Board member of the Company and concurrently recommended the Supervisory Board to appoint him as a Supervisory Board Chairman of the Company,
- Mr. Andrej Košári as a Supervisory Board member of the Company and concurrently recommended the Supervisory Board to appoint him as a Supervisory Board Vice-Chairman of the Company,
- Mr. Marek Paweł Panek as a Supervisory Board member of the Company.

Following the re-appointing of Mr. Adam Góral and Mr. Andrej Košári as Supervisory Board members of the Company by the General Shareholders Meeting of the Company held on 9 April 2014, the Supervisory Board members appointed Mr. Adam Góral as the Chairman of the Supervisory Board of the Company and Mr. Andrej Košári as the Vice-Chairman of the Supervisory Board of the Company. The voting took place on 18 May 2014 in accordance with Article 33.3 of the Statutes of the Company, referring to voting per rollam.

The Supervisory Board of the Company at its meeting, held on 19 September 2014, adopted a resolutions on recalling and re-appointment of Mr. Jozef Klein as a Chairman of

the Board of Directors of the Company. Recalling and re-appointment came into effect on 19 September 2014.

Mr. Radek Levíček has resigned from his position in the Board of Directors of Asseco Central Europe, a. s. According to Article 27.7 of the Statutes of the Company, the resignation came into effect on the date when the Board of Directors discussed the resignation, i.e. 10 November 2014.

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 two companies in Slovakia (Asseco Solutions – 100%, DanubePay – 55%), 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 2 January 2014, the Board of Directors of Asseco Central Europe signed an agreement for acquisition of 100% shares in Asseco Solutions AG headquartered in Germany. Asseco Solutions AG is a recognized expert in the area of technologically leading ERP software for manufacturing companies within Germany, Austria and Switzerland. It has been supervised by Asseco Central Europe since June 2013, beside ERP business represented by Asseco Solutions companies in Slovakia and the Czech Republic with the aim to harmonize the ERP strategy and products within all companies. With 631 employees in five countries, Asseco Solutions became the Asseco Group's centre of ERP expertise in Central Europe. Aim of the transaction is to utilize the synergic effects of combining the forces in ERP business. Cross-border collaboration – particularly in implementing new trends – can shorten development cycles and allow innovative concepts to be turned into reality more quickly.

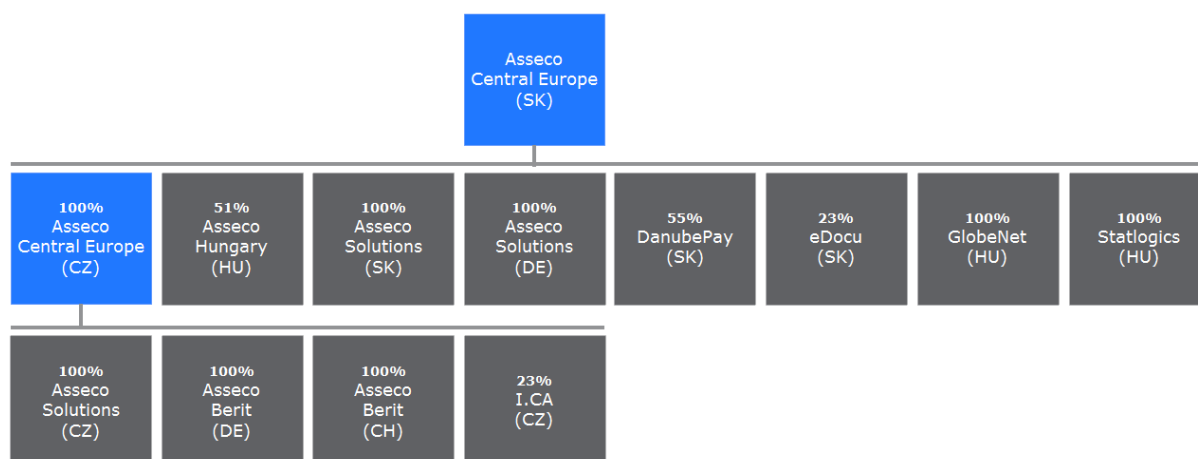
Moreover, it creates a solid foundation for preparing and making strategic acquisitions in the future.

On 27 June 2014 Asseco Central Europe, a. s. signed an agreement for sale of 51 registered shares in Slovanet, a. s. The buyer has been SNET, a. s. seated in Bratislava. The company was owner of 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. held 100% of shares in Slovanet, a. s. The transaction of purchasing the 51% stake of shares in Slovanet, a. s. by SNET, a. s. resulted from the development strategy adopted by the Asseco Central Europe Group, under which it will keep to focus mainly on IT core business in the future. Agreed purchase price was fully paid as at 25 September 2014.

On 25 November 2014, the Company signed an agreement with eDocu, a. s. on acquisition of 23% of shares of this company. eDocu is also the name of the product that eDocu, a. s. offers. It easily records work documents and communication between the workers regarding the dealt issues inside the firm. All the information that is thus created is object-linked to things/objects.

On 10 December 2014 Asseco Solutions, a. s. signed the agreement with Mr. Tibor Baďura for sale of the 50% stake of shares in Crystal Consulting, s. r. o..

**Structure of the capital of Asseco Central Europe Group as at the date of publication of this report i.e. 24 February 2015:**



**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 631 people employed in the whole group as at 31 December 2014.

### **DanubePay (SK)**

DanubePay is a processing centre with headquarters in Bratislava. The company was established on 27 July 2012 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 based in Budapest and has been a prominent company serving banking institutions mainly in Central and Eastern Europe since 1998. The company currently employs more than 70 IT specialists and experts in risk management and consumer finance. The company belongs to the leading providers that can deliver a combination of strong expertise in risk management and software applications for retail loan management. Through a comprehensive range of innovative products, the company is able to tailor different applications and services to the specific needs of retail banks and consumer finance specialists. 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. The core business activities can be divided into following division: Business consulting, Credit Scoring, Risk management and regulatory reporting, System conception, development & testing coupled with Project Management as well as System support, maintenance and delivery.

### **GlobeNet (HU)**

GlobeNet Zrt. 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 3<sup>rd</sup> party systems like speech recognition, chemotherapy, patient queue management systems and EPR systems. GlobeNet is owned 100% by Asseco Central Europe.

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

Asseco Hungary is the newest addition to the Asseco Central Europe Group in Hungary. Its product and service portfolio 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 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 80 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-year-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. Developers of the Asseco BERIT group utilize extensive experiences also within the work on further projects in the field of public administration (basic registers, transport agendas and applications, Czech Social Security Administration, Czech Statistical Office).

### **eDocu (SK)**

eDocu is the youngest member of the Asseco Central Europe group. The investment in the company means that Asseco CE is expanding its portfolio of innovative and promising ideas. eDocu is a young software company (startup) that designs cloud applications 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. A product of the company is an information system of things eDocu built upon things and objects which are interconnected



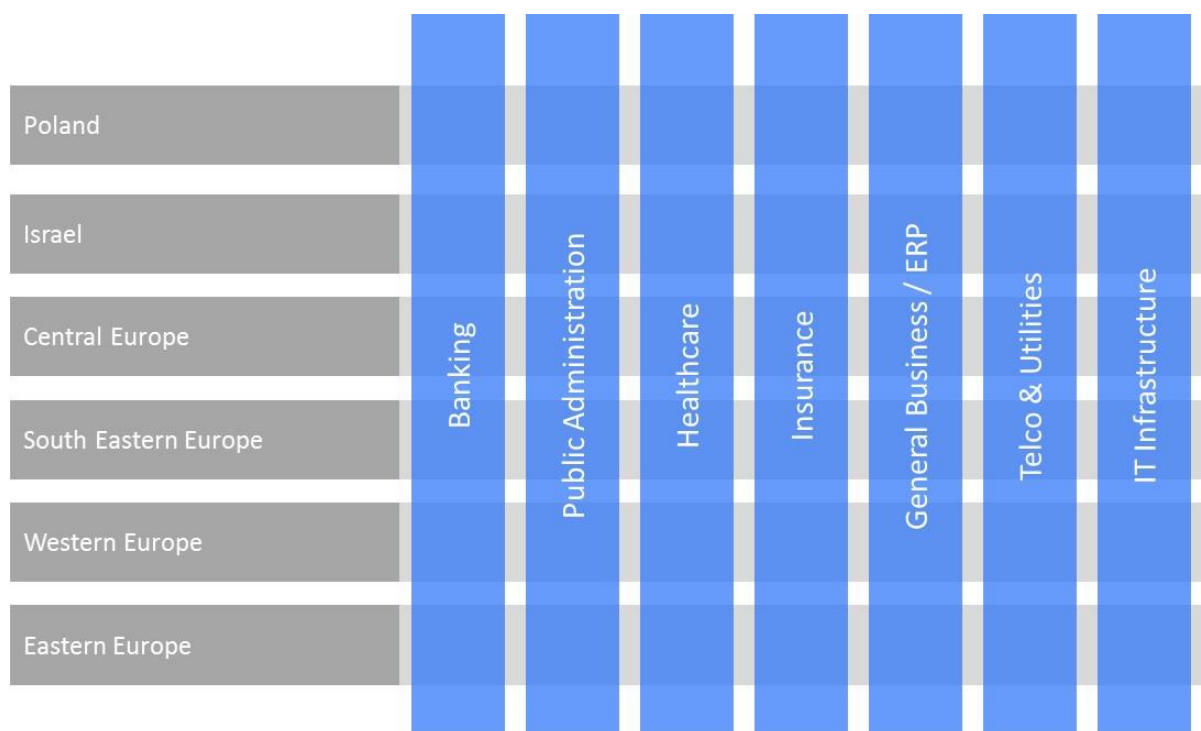
with information using mobile devices, browsers and web services. The vision of eDocu is to develop and bring to market solutions that simplify life and help companies focus on their core business. The company creates standard solutions for standard needs, helping companies organize the internal processes with intuitive system so that the potential of the organization is directed to its customers.

## 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.



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 & Utility, IT Infrastructure & Integration 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 eStarBANK StarTREASURY StarCARD® Credilogic®	StarINS Sofistar	Mediform MedWorkS ZPIS	StarBUILD	AMES TOMS	DT LIDS
			StarBI	StarSTAT	AOS	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 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 further 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 Company has developed the **StarBUILD** solution for the needs of building savings banks. This complex banking information system fully covers the individual business processes of the building savings bank. Apart from the core banking system, it also contains a wide portfolio of additional modules which are well integrated into one unit. The maximum integration of individual modules in a single complex solution brings a significant reduction in the costs of HW, standard SW licensing (operating systems, databases) and the maintenance thereof.

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 proprietary 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 the fourth - the largest building society in the Czech Republic - Českomoravská stavební spořitelna is preparing to implement the solution with planned start date of operation in September 2015.

### **Business unit Healthcare & Insurance**

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 and ZPIS 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.).

**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 portfolio of Asseco Central Europe also includes information systems for commercial insurance companies. Its comprehensive information system **StarINS** automates all front-office and backoffice operations including personal, property and liability insurance as well as life, health and pension insurance. The system operates as an independent product for electronic distribution channels. **SofiSTAR** is a production information system for management of pension funds. The system provides for front-office and back-office activities with a high degree of process automation and Internet access of clients to their personal pension accounts and automatic processing of electronic documents related to pension savings.

The third and last area under Business Unit Healthcare & Insurance 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 & Insurance Business Unit include ministries (Ministry of Health of the Slovak Republic), 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 companies and pension funds management companies (Allianz – Slovenská poisťovňa, Union poisťovňa, Pojišťovna Všeobecné zdravotní pojišťovny, STABILITA d.d.s., VÚB Generali dôchodková správcovská spoločnosť, Wüstenrot neživotní pojišťovna, Wüstenrot životní pojišťovna, ČSOB Penzijní společnost), 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 Public & Utility**

Systems for public administration developed and implemented by the Business Unit Public & Utility 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 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.

The largest projects undertaken in this area include delivery of solutions for ministries (Czech Ministry of Transport, Slovak Ministry of Transport Construction and Regional Development, Czech Ministry of Finance, Czech Ministry of Interior, Slovak Ministry of Interior, Czech Ministry of Justice, Slovak Ministry of Health), but we also cooperate with the Slovak Supreme Audit Office, Czech and Slovak Central Statistical Offices and many other authorities or institutions such as the Central Securities Depository of the Czech Republic, Central Securities Depository of the Slovak Republic, the Czech Social Security Administration, Financial Administration of the SR, the Czech Surveying Office, the Senate, Road and Motorway Directorate of the Czech Republic, EXIMBANKA SR, Česmad Slovakia.

We provide solutions to self-government entities based on our own software (via Asseco Solutions, a. s.) which is defined by a high degree of customization and focus on processes that are specific and key to local selfgovernment. One of our advantages is the fact that these systems can be adequately complemented for example by solutions for geographic and spatial data and systems for metropolitan area networks. Our main clients are regions (Vysočina Region, Hradec Králové Region, Moravian-Silesian Region, Regions Olomouc and Pilsen), cities (Capital City of Prague), large municipalities and organizations constituted (owned) by the State.

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 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**, a tool for record-keeping and asset management **AMES**, solution for process support in the distribution of manufacturing enterprises **TOMS** and 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 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 Company's portfolio for the public segment contains the solution in the area of business intelligence which is an extension of the data from production systems and other reference

data sources (record-keeping DB, etc.). It allows to generate statistical analysis and forecasting, data analysis by OLAP technologies and to prepare data as a basis for support of decision-making. The solution is designed for the field of economy, transport, education, subsidies and so forth. Another product of this group is a modular information system that allows management of all the aspects of record-keeping the flows of documents, quick search, procedural processing and archiving of documents and information.

The main objective of the newly established Division of Public Consulting will be to shortly establish Asseco CE in the education sector and with the Ministry of Labour. Following the project Služby NSK that is currently implemented, the intention is not only to apply for other projects in the field of lifelong learning, dual learning and education as such, but to become an equal partner and competitor to companies that are already active in this area. This ambition will be fulfilled by building a strong team of consultants who have expertise in these areas and use competences already acquired which Asseco gained in other sectors. The division has the same aspirations in the field of human resources and the related operational program under the Ministry of Labour, Social Affairs and Family.

### **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, GE Money Bank (delivery of an integrated database Oracle Exadata), 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 2014, it built a unified network and video infrastructure among companies 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 2014 and 24 February 2015:

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 2014 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 experts and consultants represent more than 89% 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, 20% of employees are younger than 30 years of age. However, the Company also employs employees over 50.

In the area of cooperation with universities, Asseco CE works both directly with academia and with student organizations. The Company has presented during the Days of Opportunities organized by the student organization IAESTE for several years in a row. In 2014, we also became an educational partner of the student organization AIESEC Bratislava and IAESTE. This is a cooperation within which Asseco CE prepares development trainings and workshops for students in exchange for help in building our brand as an employer among students. In addition, we are an active contributor in the contest Global Consulting Program carried out by the University of Economics in Bratislava and we prepare expert lectures for FIIT, FEI STU and the Pan-European University. Asseco CE also introduced the role of "ambassadors" who represent the company among students. Our human resources strategy for the last year began to focus more on recruiting graduates and students - a quality workforce with added value.

## 8.1 Employment structure in the Asseco Central Europe Group

Number of employees	31 Dec 2014	31 Dec 2013
Board of Directors of the Parent Company	3	5
Board of Directors of the Group companies	15	18
Production departments	1,150	1,150
Sales departments	112	135
Administration departments	170	134
<b>TOTAL</b>	<b>1,450</b>	<b>1,442</b>

Number of employees	31 Dec 2014	31 Dec 2013
Asseco Central Europe, a.s. (SK)	396	347
DanubePay, a. s. (SK)	27	21
Slovanet Group	-	215
Asseco Solutions Group (SK)	155	166
Asseco Solutions Group (CZ)	291	306
Asseco Solutions AG (DE)	185	-
Asseco Central Europe, a.s. (CZ) + Asseco BERIT	275	278
Statlogics Zrt. (HU)	70	61
GlobeNet Zrt. (HU)	48	48
Asseco Hungary Zrt. (HU)	3	-
<b>TOTAL</b>	<b>1,450</b>	<b>1,442</b>

## 9 MARKET POSITION

### 9.1 Information technology market and future outlook

#### The Development of the Global IT Market

The development of the global IT market in 2015 should be accompanied by growth of the whole sector by 2.4%, at least according to Gartner forecasts. In total, therefore, the spend in five main categories should total \$ 3.8 trillion this year. Gartner previously counted with growth of 3.9%.

*"The change in forecast is less dramatic than it might at first seem. The rising U.S. dollar is chiefly responsible for the change — in constant currency terms the downward revision is only 0.1 percent,"* said John-David Lovelock, vice president at Gartner.

The five categories mentioned are equipment, systems for data centers, software, IT services and telecommunications services. Unlike 2014, this year shall see a slight increase in each of these categories.

The growth in categories equipment and software should exceed 5%, while growth should not exceed 1% in the largest category of telecommunications services.

Gartner predicts growth of 5.1% in the category equipment and growth of only 3.9% in the category of smart devices. The total value of the equipment market should reach \$ 732 billion.

Segment of systems for data centers is to achieve value of \$ 143 billion at 1.8% growth this year. Compared to the earlier estimates, higher sales are expected in the areas of communication applications and enterprise networks. On the contrary, servers and external storage should see a decline caused by extended life cycle of hardware and businesses switching to cloud services.

Enterprise software is poised to be the fastest growing segment of IT this year with 5.5% growth. It should achieve the value of \$ 335 billion altogether. However, Gartner expects continued decline in prices and related market consolidation due to strong competition among producers of traditional software and cloud providers. For example, the CRM software market should lose 25% of its value in the period until 2018 because of this.

IT services segment is to grow by 2.5% to reach \$ 981 billion. Originally, Gartner expected growth of 4.1% in this segment. The reduction in the estimate is because of an expected decrease in revenue from technical support caused by enterprise software growing at a slower pace.

Telecommunications services, the largest of the five main categories, shall stagnate this year with marginal growth of 0.7%. The value of this segment is to reach 1.6 trillion dollars. Gartner adds that various factors will play a role in each national market, both positive and negative. It is, therefore, impossible to identify any specific trend that would determine the development of the segment during the year.

According to an IDC analysis, a dynamic transition to "third platform" of technological innovation and growth will be the key in the IT sector. The third platform concept is based on mobility, cloud services, big data analysis and social technologies.

Jan Široký, vice president and regional director for Central and South Eastern Europe from the company IDC, said that third platform technologies would represent a third of global spending on IT and 100% of IT growth in 2015. The third platform transforms the IT industry as well as other industries. This year will witness the most important period since its inception, a phase of massive adoption and innovation.

In the coming years, IDC expects a sharp increase of innovation based on this platform, supported by a new wave of technologies called innovation accelerators that significantly expand the use of the third platform in all sectors. These include for example the emergence of Internet of Things, robotics or 3D print in production.

According to IDC, a large part of global spending is to focus on third platform technology. IDC estimates that emerging markets will grow at a rate of 7.1% while developed markets by only 1.4% year-on-year. IT spend of 5.9 billion USD is expected in the Czech Republic, representing an increase of 0.6%.

The company Forrester even predicts in its new study 5.3% growth in the global ICT market in 2015 and 5.9% growth in 2016. The growth should be supported in particular by technologies aimed at the end user.

The software segment should be significant, growing - for example - by 9.2% to \$ 677 billion between 2015 and 2016. The impact of the new era focused on the end user will be reflected there as well, forcing companies to invest in new solutions.

Conversely, computers will represent "only" \$ 412 billion of the total in 2016, i.e. only a 5% increase in comparison with the year 2015.

In terms of national markets, Forrester expects that growth will be driven by the US market which is to grow by 6.3% this year and by 6.1% in the year 2016.

The fastest-growing countries should also include China, India, Israel and Sweden. On the contrary, a series of European countries, Japan and Russia are to be left behind.

## 9.2 Position of the Company in the IT sector

Asseco Central Europe and its subsidiaries won several major awards in 2014. The Company has ranked high in the Trend TOP in ICT ranking compiled by the weekly Trend

each year. It scored again in 2014 and became No. 1 in three categories (IT Service Providers in Slovakia, Top IT Suppliers to Private Financial Sector, Top IT Supplier to Public Sector). Company dominates the category of IT Service Providers in Slovakia for several years in the row already. A more detailed overview of the Company's ranking is presented in the table below.

Category	Ranking
IT Service Providers in Slovakia	1.
TOP IT Suppliers to Private Financial Sector	1.
TOP IT Suppliers to Public Sector	1.
TOP IT Suppliers to Utility Companies	6.
TOP IT Suppliers to Services Providers	5.
Software Houses in Slovakia	2.
ICT Companies with the Highest EBITDA	2.
Suppliers of Information Technologies in Slovakia Ranked by Added Value	4.
The most profitable IT companies in Slovakia	2
Suppliers of Information Technologies in Slovakia Ranked by Sales	4.
Package Software Producers in Slovakia	3.

Source: Trend TOP in IT, the weekly Trend, May 2014

The Company did not miss also the rankings of TOP companies and organizations operation in Slovakia in various fields of business and non-profit sector. In the most important ranking - **Trend TOP 200** – Asseco Central Europe placed at the 126<sup>th</sup> position.

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

- **1<sup>st</sup> place** in the ranking "**IT Service Providers in Slovakia**",
- **3<sup>rd</sup> place** in the ranking "**Package Software Producers in Slovakia**",
- **6<sup>th</sup> place** in the ranking "**The Largest Suppliers of Information Technology in Slovakia**",
- **48<sup>th</sup> place** in the ranking "**The biggest employers in Slovakia**",
- Asseco CE was the **36<sup>st</sup>** 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 Information System Identifier of Individuals (IS IFO) of the Ministry of Interior**

Asseco CE (in consortium with the company Gratex International) has concluded a contract with the Ministry of Interior of the Slovak Republic for the delivery of application software (AS) IS IFO, including delivery of hardware and licensed software products, as well as the necessary communication infrastructure that will be the output operating platform of AS IS IFO delivered to the customer. The scope of delivery includes supporting measures and conversion programs, installation, setup of parameters and user settings, implementing AS IS IFO, interconnection and integration of IS IFO with selected external systems. The contract is for 24 months from its effective date.

The project, one of the fundamental elements of the interoperability of eGovernment, represents a new perspective to access personal data of Slovak citizens as regards the availability as well as security thereof. The solution of IS IFO shall prevent misuse of personal data.

### **Creation of the National Qualification System**

The Company Asseco CE won a tender by the *Štátny inštitút odborného vzdelávania* of the Ministry of Education and has been working with it on creation of the National Qualification System (NSK Creation) from April. The delivery primarily spans consulting and organizational services where Asseco CE sees opportunities for development of new skills. The project NSK Creation is of importance to the society and will bring about a comprehensive view of the qualification system of our country as linked to the European Qualifications Framework. The project aims to define what a citizen needs to know, what skills to have to perform a specific job. Based on the project criteria for qualifications described in the qualification cards, one can be tested in the future. Setting up this system allows people to get a certificate, diploma or a certificate not only in a formal way (at school), but also non-formally (by practice) and by informal methods (self-study). It will help thousands of Slovaks to better enter the labor market in our country and abroad. The creation of NSK shall link the labor market and the education sector. It will help to clearly define the requirements for skilled workforce and transfer the requirements of the labor market into lifelong learning and education which can substantially help to maintain the competitiveness of our economy.

### **Czech Statistical Office - Delivery of the Key Elements of the Statistical Information System (SIS)**

In November 2014, we successfully implemented, gained acceptance and delivered the project subject of which was the inclusion of the various functional blocks and the integration thereof into the existing customer environments.

At the same time, we started to deliver comprehensive service support, maintenance and user support of the various components of SIS. The CSO will therefore gain a new information system that can effectively promote the integration of processes, tools and technologies used in the assessment of user requirements, preparation and processing of

statistical tasks, analyzing and publishing the statistical information collected and use it in a shared parameterized digital information eGovernment system of the CR.

Currently, the IS modules enter real (routine) operation and the whole system starts its everyday operation within the Czech Statistical Office.

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

The e-Portal of the Czech Social Security Administration was launched within the project to build the information and communication interface (IKR) of the ČSSZ that Asseco CE had worked to prepare for about 15 months and that was successfully handed over in 2014. Asseco CE was the main contractor responsible for the architecture of the entire solution and supply of its main components. The main objective was to extend the possibilities of electronic communication by ČSSZ with its clients through a new e-Portal that can easily be complemented by other services. The portal should also facilitate the work of employees of the CSSA as it offers a new employee user interface and the computerization of administration. This IKR design is based on our experience with the project in the building of basic registers. The IKR is fully in line with the trend of eGovernment and is based on modern technology of service-oriented architecture (SOA).

During the year 2014, we successfully completed (together with our business partners) a project to implement interactive forms into the environment of the ČSSZ e-Portal. This makes the ČSSZ e-Portal one of the most advanced interfaces for communication of the state with the citizens in the Czech Republic. In principle, it forms the basis for the concept of full electronic filing which is one of the most important concepts of development of eGovernment for the next period of time.

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

In December, our Company signed a contract to support the operation and development of a key system - Register of Rights and Obligations (RPP). This is one of the basic registers of the CR. We consider this project to be a prestigious one but we also understand it as an important reference in terms of volume and the actual operation. So far, our Company has a contract for 2015 and we would like to get a contract to support this system in the following years. The project included three information systems for the management thereof - AISs (Agenda Information Systems). These include the Editing AIS, Tasking and Special AIS. Each one is an autonomous system in scope, supporting RPP.

### **Consultation Project at the Ministry of Interior of the Czech Republic**

As a member of a consortium E2020, we concluded a contract for the consulting project "Effective Development and Implementation of Government Policies in the Field of eGovernment" in February 2014; the scope of the project was to review eGovernment projects for the programming period 2007-2013, the creation of architectural maps the current state of eGovernment, a proposal for the target state in 2020 and draft project areas for transforming the current status quo into the newly defined target state. The proposed project areas are the basis for the definition of specific projects and challenges for the upcoming programming period. This project included a design of a system that allows to tie three important domains: strategy, design, architecture - as such, it is well suited for efficient management of the development of eGovernment in the Czech Republic.

The specific proposal of the architectural framework and development of rich architectural content is a major impetus for the final completion of the concept and implementation of GEA (Government Enterprise Architecture) in the Czech Republic. This will result in

a significant progress of the Czech Republic in the field of eGovernment compared to the rest of the EU. The principles of the project can be applied to other departments and public bodies as a guide on how to work with these issues and thereby achieve a synergy with the central management of eGovernment development projects. The Asseco CE experts thus had the opportunity to effectively contribute to the further development of Czech eGovernment.

### **Implementation of the Notification Center Product for Slovenská sporiteľňa**

At the end of the year, we managed to sign a contract for the implementation of the product Notification Centre for end client Slovenská sporiteľňa. The project foresees pilot deployment in autumn next year. The implementation of the product will extend the options (SMS, e-mail and push notifications for Android and iOS platforms) for the delivery of electronic notifications, increase the efficiency of service and decrease costs in this area. The product takes into account the business priorities for the delivery of different types of notifications, supports automatic switching to an alternative delivery channel, is able to provide analytical information on the availability of the client on the channels which gives the customer the option to choose a cost-effective model for delivering notifications at the level of an individual client. The product also provides topping up prepaid cards of all mobile operators in Slovakia.

### **Financial Administration of the SR – MOSS**

The Company deployed its system MOSS - Mini One Stop Shop. It was delivered to the Financial Administration of the Slovak Republic. MOSS allows registration of taxpayers providing selected electronic services in a simplified mode. Registration is not mandatory but brings about advantages in terms of reduced administrative burden in meeting tax obligations related to VAT. The goal of the implementation is to avoid multiple registration of operators in different Member States based on consumption. This system allows taxpayers to comply with their tax liability and record VAT payable in respect of the provision of those services in a unified manner through a web portal of the State in which they are registered. The taxpayers thus file one tax return and pay tax on all services supplied to EU countries in a single country. The system also enables the processing of payments related to the payment of VAT due and the distribution thereof and payment to other EU Member States. A part of the implementation of the system are statistical reports for monitoring the operation and use in the country of registration. The application for the MOSS system is available through the Portal of the Financial Administration to any user of the authorized electronic services who has the authority to act on behalf of the taxpayer.

### **Financial Administration of the SR – AVI**

The Company implemented a solution for automatic data exchange for the Financial Administration of the Slovak Republic. The purpose of the AVI project is to ensure mandatory automatic exchange of information among EU Member States to support the fight against tax evasion and avoidance. Tax fraud and evasion is a global problem and the Member States lose billions of euros annually through tax fraud and evasion. To reduce these scams, automatic exchange of information in the AVI system includes information from the following areas: income from employment, royalties, life insurance, pensions and real estate. The first phase of implementation in the Slovak Republic will see the AVI system integrated with the Social Insurance Agency which will provide data on pensions.

Part of the implementation of the system is statistics and reports designed to validate the received and transmitted data and monitor the system.

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

Asseco CE signed a contract with the national health insurance company in Hungary in September for the delivery of a project which aims to establish a uniform information background for a more effective functioning of the financing of health services. It includes the creation of a single contracting process and a central database of contracts between the state health insurance company (OEP) and other partners (providers, doctors, pharmacies, spas, etc.). The basic task of OEP is managing the Health Insurance Fund. The changing environment requires the creation of a funding process (processing health services, medicines, medical devices and treatment in a spa, etc.) and prepare it to work with the e-Recipe functionality. The task of Asseco CE is to create an appropriate information architecture and software environment, restore the data store of OEP, allow access to data that can be controlled easily and to increase operational safety by employing modern information architecture and creating a secondary data center that can be used in case of a disaster. Finally, the project aims to lay the foundations of modern identification of persons in the department by adapting the project to work with the Central Office of Public Administration and electronic services.

### **ePobočka of Všeobecná zdravotná poisťovňa (VŠZP)**

The aim of this project is to build a portal for clients of VŠZP that will include all the attributes of modern electronic communication with the insurance company. The client portal underwent a complete technology, graphics and security overhaul last year with redesigned and streamlined processes which led to a reduction in red tape and increased access to electronic services. ePobočka is available 24 hours a day and is intended for policyholders, payers of insurance and healthcare providers. As an example, ePobočka provides the insured extracts from their personal account of the insured person, reports on visits to physicians and reports on supplemental charges for medicines. Policyholders can easily apply for a European Health Insurance Card, find out who pays the premiums on their behalf or check data on healthcare provided to their child. Payers of premiums and healthcare providers have access to a number of practical functionality of ePobočka that simplify the process for them. When sending regular reports, they can choose the security level of the filing by picking electronic signature or certificate using a GRID card. Payers of premiums can check the status of their balance and an overview of legislation that will enable them to verify the amount and payment of their monthly advances and they can also access a table of annual balance. Health care providers will find their basic data, overview of patients who chose another health insurance company and an overview of prescriptions.

### **Development and Implementation of National Health Registers of the Czech Republic**

In June, Asseco CE won two minitenders for the development and delivery of "National Registry of Reproductive Health" and "National Registry of Cardiovascular Surgery and Interventions" for the Coordination Center for Departmental Medical Information Systems of the Czech Republic. These span the supply of registers integrated into a single technology platform (JTP), developing tools for analyzing collected data, reporting from registers and data migration from legacy systems and databases. Acceptance of the work



was scheduled to take place on October 30, 2014 and the deadline was met. The project has been in pilot testing by end users since November and the individual registers have been deployed into routine operation according to the needs and requirements of the professional community. By implementing the registers, the customer will gain registries operated and managed on a single platform, an environment and tools for effective analysis of collected data, as well as support of statistical processing and analysis thereof. The users of the registers will be the Institute of Health Information and Statistics and the professional medical community.

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

In October 2014, Asseco CE successfully completed the implementation of the target concept of the operational and technical information system (PTIS) in the company Pražská plynárenská. This first phase of the project was handed over at the required quality and within deadline and was accepted without reservations. The satisfaction of the end customer with the work done and the attitude of the workers of Asseco CE to the project contributed to a significant expansion of the project to implement other parts of PTIS.

The implementation of the operational and technical information system will be based on supply of the TOMS product and customization of the Applications, Construction, Maintenance, Operation and Management of Crews modules supported by web technology AG Portal. PTIS will be integrated into the surrounding IS, especially to SAP ERP, SAP CRM and GIS ESRI. The project will be implemented in several sub-phases with the whole project scheduled for completion in June 2016.

### **Teplárny Brno – Maintenance Management Concept**

In February 2014, the Company Asseco CE won the tender to develop the concept of information support for maintenance management of production and distribution of heat and electricity in Teplárny Brno. The company is a manufacturer, distributor and marketer of heat and electricity in Brno and surrounding areas and supplies heat to about 100 thousand households and also to many businesses and institutions. Teplárny Brno have been our long-time customer who has been using the geographic information system LIDS since the mid-nineties to document primary and secondary heat distribution.

The new concept was prepared in the period April-September 2014 and served not only as a strategic basis for the development of ICT in the company but also as tender documentation for tender for the supply and implementation of a new information system to support maintenance processes.

### **Improving the Position of Routes of Distribution Networks of ČEZ Distribuce**

In March 2014, an extensive project that had lasted for several years was successfully completed; it focused on improvement of GIS data of ČEZ and Asseco CE was the general contractor. The project started in 2010 and built upon the successful cooperation on previous projects completed for ČEZ. The extraordinary scope of the project is shown by the volume of processed data which required editing 100,000 km of the low voltage network, more than 26,000 substations schemes and tens of thousands of disconnecting cabinet schemes. The experience of this project has been used by the company in the processing of bids for a new contract with ČEZ for processing spatial data and we won (together with our subcontractor Hrdlička, a. s.) the bid called "Pilot Specification of Positions of Distribution Networks Routes of ČEZ Distribuce." We have got a contract for two regions to be implemented during the period December 2014 - May 2015.

## New projects of the UTILITY division in Poland

In 2014, we successfully completed the implementation of asset management system in the main factory of the Polish chemical concern PKN Orlen. The solution based on our own modular system AMES was implemented in collaboration with our colleagues from Asseco Poland. The second chemical plant which will use our products will be the company SYNTHOS SA – we won the tender for supply of GIS for documentation of the site of the company, allowing us to extend our solutions from the Czech plant of the company SYNTHOS Kralupy nad Vltavou into the Polish parent company. The documentation of the site is built on our product LIDS 7, leveraging our more than twenty years of experience in managing documentation of industrial sites.

In September 2014, we started work under a subcontract for the agricultural division of Asseco Poland. A part of the supply for the Agency for Restructuring and Modernizing Agriculture (ARiMR) in the first phase is the provision of components for working with the map in interactive applications for Polish farmers, serving to input applications for agricultural subsidies via the Internet. The implementation will be completed in the first quarter of 2015.

## Network Inventory Centrum for the Project Internet dla Mazowsza

Since the beginning of 2014, Asseco CE has been a subcontractor involved in the project of implementation of high-speed networks in the Mazovia Region ("Internet dla Mazowsza", Poland). The extensive project financed by the European funds will include our Network Inventory Centre which serves to keep technical documentation of infrastructure and to provide the necessary information to other modules of the network management system (OSS, BSS) provided to the project by Asseco Poland. Our solution is based on our own product LIDS, mainly using its specialized module LIDS Telco.

The entire project will be completed and put into use during 2015.

# 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 2014 ("2014") and the comparative period of twelve months ended 31 December 2013 ("2013"):

SELECTED ITEMS	2014	Margin	2013 (restated)	Margin	Change y/y
Sales revenues	117,811	--	95,122	--	23.9%
Gross profit on sales	31,693	27%	27,557	29%	15.0%
Operating profit	12,014	10%	12,987	14%	-7.5%
Pre-tax profit	12,367	10%	13,609	14%	-9.1%
Net profit for the period reported from continuing operations	9,567	8%	10,328	11%	-7%
Net profit for the period reported from discontinued operations	2,306	--	823	--	180%
<b>Net profit for the period reported</b>	<b>11,873</b>	<b>--</b>	<b>11,151</b>	<b>--</b>	<b>6%</b>

Financial results of the Group were influenced mainly by two significant factors in 2014 – (i) drop of revenues from Czech Republic (EUR -10 million) and (ii) the acquisition of Asseco Solutions AG, which contributed in 2014 to Group revenues and operating profit the amount of EUR 23.7 million and EUR 1.9 million resp. in y/y comparison.

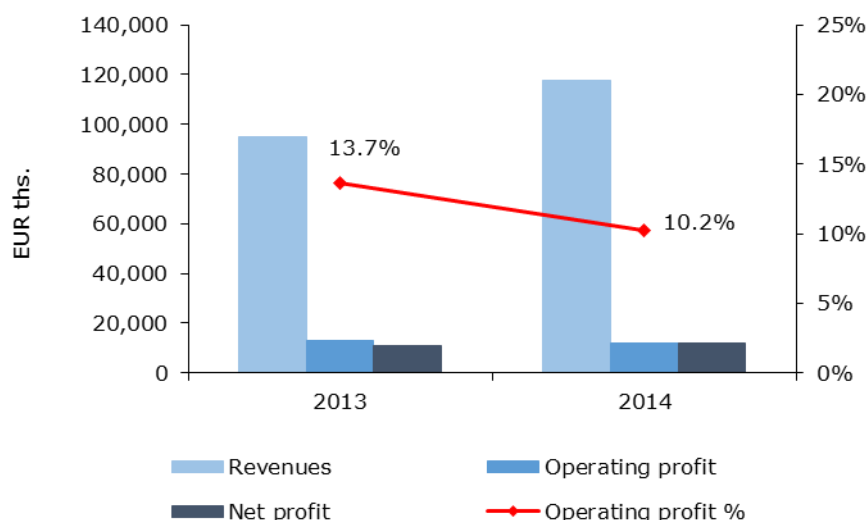
The acquisition of Asseco Solutions AG formally concluded the transformation of ERP segment which started in 2013. Positive financial contribution of DACH region and progressive changes introduced to Slovak and Czech part of Asseco Solution resulted in positive impact on financial results of the ERP segment (EUR +2.5 million of operating profit y/y). On the Group level, this growth was offset by several terminated projects (mainly in Czech Republic) which significantly contributed to the total results in 2013. As a net result, gross profit on sales increased by 15% in 2014 y/y.

Although generally reduced in y/y comparison, S&GA costs of the Group were higher by EUR 3.7 million due to relatively higher share of selling and general administration costs in newly acquired Asseco Solutions AG. Operating profit in 2013 was also significantly influenced by sale of logistics department which amounted to EUR 1.7 million.

Combined impact of above mentioned factors resulted into decrease in operating profit of the Group by EUR 1.0 million y/y in the reporting period. The net profit for the period reported from continuing operations dropped accordingly to EUR 9.6 million (-7% y/y).

Profit from the disposal of the shares in Slovanet as well as the results of Slovanet for the period of 12 months are presented as net profit from discontinued operations (refer to the Note 8 in Consolidated financial statements – Notes to the Consolidated financial statements for more details).

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



Majority of revenues were generated from sale of proprietary software and services which contributed 80% and 88% to total revenues of the Group in 2014 and 2013, respectively. Acquisition of Asseco Solutions AG in January 2014 was the main driver for their 12%

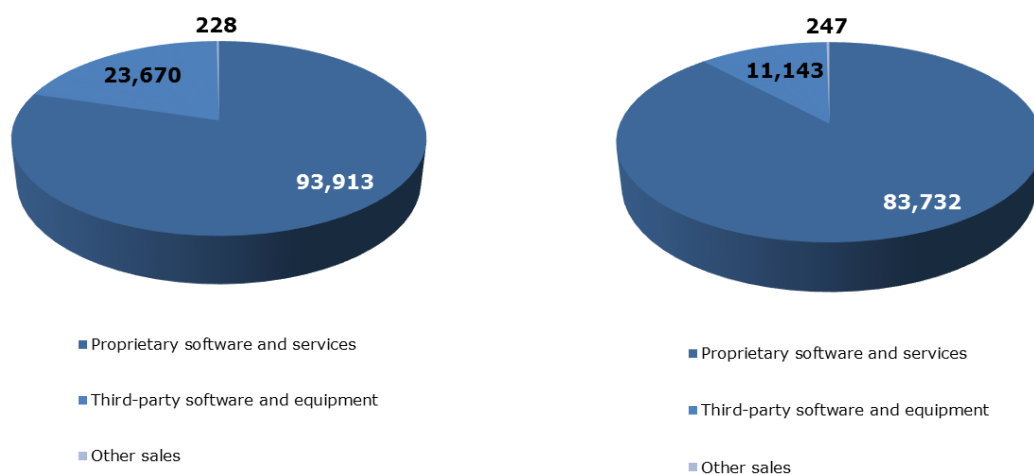
growth in 2014 y/y.

Telco services no more contribute to the revenues after the disposal of the shares in Slovanet.

Other important part of revenues represent the sales of third party software and services and resale of hardware and infrastructure, which increased in the reporting period mainly in the Parent Company (20% and 12% share on total revenues in 2014 and 2013).

After the two major logistics projects were sold in 3Q 2013, logistics and outsourcing services dropped significantly in 2014 by EUR 6.0 million (3% and 11% of the total revenues in 2014 and 2013).

**Structure by type of revenues in 2014      Structure by type of revenues in 2013**



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.

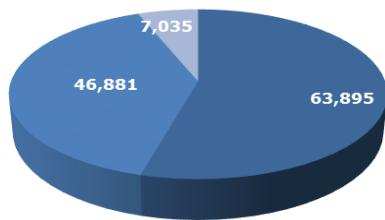
Asseco Central Europe and Asseco Solutions are the two main business entities which are presented as operating segment since 2013. The "Other" segment includes Hungarian companies as at 31 December 2014. Slovanet segment, which was reported in previous periods, was recognized as discontinued operations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

Asseco Central Europe segment reported 2% increase of revenues from the external sale of the services in 2014 y/y. The Public Administration market which is the main pillar of the segment revenues still suffers from the slowdown caused by recent political changes in Czech Republic. Higher sales from Slovakia partially compensated the impact on the segment's operating profit (EUR -3.4 million y/y). Continuous focus on prices becoming the main and often the only criteria in both public and finance sector creates a pressure on the higher volumes of services to be provided to customers in order to keep comparable revenues.

Segment Asseco Solutions substantially increased sales revenues by 89% growth of external sales in 2014 y/y mainly due the acquisitions of Asseco Solutions AG in January 2014. Although the profitability of the part of the segment is affected by higher costs related to establishing of the new Swiss branch in 2014, still the operating profit has grown by 168% in 2014 y/y.

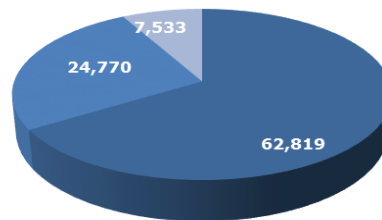
The financial results of Other segment represented by Hungarian companies were affected by the situation in Statlogics where the process of standardization of the company had to be started after the group of original founders and employees left the company in 4Q 2013. Transition period finished in June 2014. Discounts offered to customers and extra costs related to this transition period influenced also the segment revenues in 2014 by EUR -0.5 million. Operating profit remained flat due to higher profitability in GlobeNet in 2014.

**Revenues by segments in 2014**



■ Asseco Central Europe  
 ■ Asseco Solutions  
 ■ Other

**Revenues by segments in 2013**



■ Asseco Central Europe  
 ■ Asseco Solutions  
 ■ Other

*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 in the period of		Asseco Central Europe Group net profits/(losses) in the period of	
	12 months ended	12 months ended	12 months ended	12 months ended
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Asseco CE SK</b>	47,118	35,315	16,499	13,994
<b>Asseco Solutions SK</b>	9,496	10,084	473	42
<b>DanubePay</b>	867	1,715	(1,631)	(1,165)
<b>Asseco CE CZ</b>	20,012	30,599	3,802	7,002
<b>BERIT CH</b>	1,085	977	11	9
<b>BERIT DE</b>	2,697	3,101	106	109
<b>Asseco Solutions CZ</b>	16,150	16,230	1,096	839
<b>Statlogics</b>	4,059	4,678	(70)	1,062
<b>GlobeNet</b>	3,050	2,869	438	35
<b>Asseco Hungary</b>	46	-	(107)	-
<b>Asseco Solutions AG</b>	23,733	-	1,758	-
	<b>128,313</b>	<b>105,568</b>	<b>22,375</b>	<b>21,927</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.

	2014	2013 (restated)
Cash-flow from operating activities	19,737	14,534
Cash-flow used in/from investing activities	(6,842)	6,374
Cash-flow used in financial activities	(8,837)	(9,236)
Change in cash for the period	4,058	11,672
Net foreign exchange differences	(282)	(683)
Cash and cash equivalents, beginning of period	34,140	23,151
Cash and cash equivalents, end of period	<b>37,916</b>	<b>34,140</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 6.8 million. It comprises mainly from payment for shares in Asseco Solutions AG (EUR 11.6 million net of cash acquired) offset by net proceeds from sale of shares in Slovanet (EUR

9 million), acquisition of tangible and intangible assets in amount of EUR 3.5 million and net loans granted (EUR 2.0 million).

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

Net cash used in financing activities during the reporting period was negative of EUR 8.8 million. Cash outflow related to dividends payoff amounted to EUR 8.2 million.

Cash outflows in amount of EUR 1.3 million related to debt service of loans and financial leases. The outflow was offset by new loans drawdowns in amount of EUR 0.6 million in 2014.

## **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 9 April 2014, 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 2013 and approval of the Board's report on the business activities of the group for the financial year 2013.

Furthermore, the Ordinary General Meeting of Shareholders adopted resolution regarding approval of Company's annual financial statements for the financial year 2013 and consolidated financial statements for the financial year 2013.

The Ordinary General Meeting of Shareholders adopted also resolution on distribution of the profit and payment of dividend for the year 2013 in the amount of EUR 13,993,714.80 as follows:

- EUR 6,090,514.80 to transfer this amount to the account of retained earnings,
  - EUR 7,903,200.00 to split between shareholders as dividends.
- The dividend per share was EUR 0.37.

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

- Contract with State Institute of Vocational Education – creation of National System of Qualifications (contract signed in reporting period)
- Contract with Ministry of Interior of the Slovak Republic - Information System of Natural Person Identifier (contract signed in reporting period)
- Contract with Všeobecná zdravotná poisťovňa – ePobočka (contract signed in reporting period)
- Contract with Erste Group IT SK, spol. s r. o. – e-banking for Slovenská sporiteľňa (contract signed in reporting period)
- Contract with Union Health Insurance Company & Union Insurance Company - delivery of the Paperless office project and its components (contract signed in reporting period)
- Contracts with Financial Administration of the Slovak Republic – ADMIS, DWH and interface to new production system, MOSS and AVI implementation (contracts signed in reporting period)
- Contract with OEP, Hungary – implementation of comprehensive information system (contract signed in reporting period)

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

Company	Significant events during the reporting period
<p><b>Asseco Central Europe, a. s. (CZ)</b></p>	<ul style="list-style-type: none"> <li>▪ Contract with Coordination Center for Departmental Healthcare Information Systems – health registers (contract signed in reporting period)</li> <li>▪ Contract with Ministry of Transport of the Czech Republic – operation provision of Digital tachograph system (contract signed in reporting period)</li> <li>▪ Contract with Ministry of Interior of the Czech Republic – strategic project in the framework of which is systematically mapped the current architecture for eGovernment in the Czech Republic and determined vision in this area in the year 2020 (contract signed in reporting period)</li> <li>▪ Contract with IS.E, a. s. (end customer: Prague gas company) – Technical information system (contract signed in reporting period)</li> <li>▪ Contract with Czech Social Security Administration – Information and communication interface (support and operation) (contract signed in reporting period)</li> <li>▪ Contract with Teplárny Brno, a. s. – concept development of Maintenance management (contract signed in reporting period)</li> </ul>
<p><b>Slovanet, a.s. (subsidiary sold in June 2014)</b></p>	<ul style="list-style-type: none"> <li>▪ Contract with Soitron, s. r. o. – VPN:Link (contract signed in reporting period)</li> <li>▪ Contract with Medirex – data VPN (contract signed in reporting period)</li> <li>▪ Contract with Ametist Slovakia s. r. o. – voice (contract signed in reporting period)</li> <li>▪ Contract with Detronics s. r. o. – Ethernet GATE + Internet GATE (contract signed in reporting period)</li> <li>▪ Contract with MOSR VU 3680 – VPN (contract finished in reporting period)</li> </ul>
<p><b>Asseco Solutions, a. s. (SK)</b></p>	<ul style="list-style-type: none"> <li>▪ Contract with Volkswagen Finančné služby – ZIS (important contract finished in reporting period)</li> <li>▪ Contract with State Treasury of the Slovak Republic – Multi-client payment portal (important contract being realised and finished in reporting period)</li> <li>▪ Contract with Banská Bystrica Self-Governing Region – SPIN (important contract being realised in reporting period)</li> <li>▪ Contract with Arriva – HELIOS (important contract being realised in reporting period)</li> <li>▪ Contract with Žilina Self-Governing Region – SPIN (important contract being realised in reporting period)</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Contract with Prešov Self-Governing Region – SPIN (important contract being realised in reporting period)</li> <li>▪ Contract with TPA Horwath, s. r. o. – HELIOS (contract signed 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 signed in reporting period)</li> <li>▪ Contract with Elektrotechnický zkušební ústav, s. p. – licence and implementation of HELIOS Green (contract signed in reporting period)</li> <li>▪ Contract with SECURITAS ČR, s. r. o. – licence and implementation of HELIOS Green (contract finished in reporting period)</li> <li>▪ Contract with Uherský Brod city – licence and implementation of HELIOS Fenix, hardware and software supply (contract signed in reporting period)</li> <li>▪ Contract with ZC s. r. o. – licence and implementation of HELIOS Green (contract signed in reporting period)</li> <li>▪ Contract with Hansen Electric, s. r. o. – licence and implementation of HELIOS Green (contract signed in reporting period)</li> </ul>
<b>Asseco Solutions, AG (DE)</b>	<ul style="list-style-type: none"> <li>▪ Contract with SieMatic Möbelwerke GmbH &amp; Co. KG – APplus licenses and consulting services (contract signed in reporting period)</li> <li>▪ Contract with AVS Ing.J.C. Römer GmbH – APplus licenses and consulting services (contract signed in reporting period)</li> <li>▪ Contract with Thonet GmbH – APplus licenses and consulting services (contract signed in reporting period)</li> <li>▪ Contract with Rolf Kuhn GmbH / Kuhn Service GmbH – APplus licenses and consulting services (contract signed in reporting period)</li> <li>▪ Contract with LISSMAC – APplus licenses (contract being realized in reporting period)</li> </ul>
<b>GlobeNet, Zrt.</b>	<ul style="list-style-type: none"> <li>▪ Contract with HMEI Zrt. (Military Hospital) – Module supporting medical visit (contract signed in reporting period)</li> <li>▪ Contract with Szent Rókus Kórház, Baja – MedWorkS implementation (contract signed in reporting period)</li> <li>▪ Contract with Uzsoki utcai Kórház, Budapest – contract renewal (contract signed in reporting period)</li> <li>▪ Contract with HMEI Zrt. (Military Hospital) – SAP integration (contract signed in reporting period)</li> <li>▪ Contract with Csolnoky Ferenc Kórház (Veszprém) Oncology Center – hospital information system</li> </ul>

	<p>implementation in 2015 (contract signed in reporting period)</p> <ul style="list-style-type: none"> <li>▪ Contract with Soproni Erzsébet Oktató Kórház és Rehabilitációs Intézet – contract renewal; new contract, support (contract signed in reporting period)</li> </ul>
<b>Statlogics, Zrt.</b>	<ul style="list-style-type: none"> <li>▪ Contracts with Eurasian Bank, Kazakhstan – license, maintenance, developments (contract being realized in reporting period)</li> <li>▪ Contract with UniCredit Finance, Romania – license, credit card, maintenance and support, on-site support, re-invoicing (contract being realized in reporting period)</li> <li>▪ Contract with MigCredit, Russia – license, maintenance (contract being realized in reporting period; contract has been terminated by the customer due to Rubel depreciation and will expire on 31 January 2015)</li> <li>▪ Contract with Raiffeisen Bank-Aval, Ukraine – license, maintenance (contract being realized in reporting period)</li> <li>▪ Contract with OTP, Hungary – developments (contract finished in reporting period)</li> </ul>
<b>DanubePay, a. s.</b>	<ul style="list-style-type: none"> <li>▪ Contract with Fio Bank, a. s., foreign bank branch - card processing (complete outsourcing including risk monitoring and management of complaint process, as well as the complete agenda related to connecting the Bank to MasterCard)</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 2014 and 2013 the Parent Company paid out to its shareholders a dividend for the year 2013 and 2012, 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 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 2013

The Board of Directors of the Parent Company did not publish any forecast for 2014.

#### 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 2014, 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 2014.

#### 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 2014.



Detailed information about total audit fees charged to Asseco Central Europe, a. s. is presented in the Note 31 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 2014 year**



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Jozef Klein  
Chairman of the  
Board



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Marek Grác  
Member of the  
Board



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David Stoppani  
Member of the  
Board



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Branislav Tkáčik  
Member of the  
Board

24 February 2015, 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 2014.

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 2014 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  
Member 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 2014.

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.



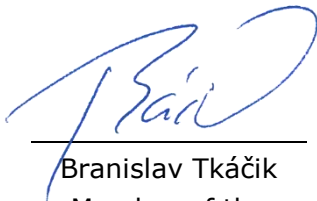
Jozef Klein  
Chairman of the  
Board



Marek Grác  
Member of the  
Board



David Stoppani  
Member of the  
Board



Branislav Tkáčik  
Member of the  
Board

24 February 2015, Bratislava



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

February 24, 2015

**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 adopted by a resolution of the Supervisory Board of the Warsaw Stock Exchange No. 19/1307/2012 dated 21 november 2012. 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. 15/2008 of 13 March 2008 as well as in the Report on Compliance with the Corporate Governance Standards in 2008, 2009, 2010, 2011, 2012 and 2013 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 and for 2013 on 4 March. Furthermore, the Company made a declaration of compliance with the corporate governance standards, which has been published on our corporate website [www.asseco.com/ce](http://www.asseco.com/ce), 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:

<b>Rule No.</b>	<b>Rule</b>	<b>Our comment</b>
II.1.11.	A company should operate a corporate website and publish information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company’s General Meeting.	We apply this rule in a limited scope, i.e., the Company discloses information on shareholders holding not less than 5% of the total number of votes at the general meeting in the form of a current report. Information on stakes held by members of our Board of Directors and Supervisory Board is disclosed in our periodical reports.
II. 3.	Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. This condition does not apply to typical transactions made on market terms within the	We apply this rule in line with our binding Articles of Associations. The powers of the Supervisory Board include <i>inter alia</i> granting consent for entering into agreements between the Company and members of its Board of Directors and Supervisory Board, our shareholders or

	operating business by the company with a subsidiary where the company holds a majority stake. For the purpose of this document, related entity shall be understood within the meaning of the Regulation of the Minister of Finance issued pursuant to Article 60.2 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Dz.U. No. 184, item 1539, as amended).	entities linked with the Company or entities having capital or personal connection to members of our Board of Directors, Supervisory Board or our shareholders.
II.7	A company shall set the place and date of a General Meeting so as to enable the participation of the highest possible number of shareholders.	We do not apply this rule. We are registered in Slovakia and our General Meetings take place in Slovakia. The possibility of some of our Polish shareholders to participate in General Meetings may be limited. In order to make this easier for our shareholders, we plan to organize, in Poland, meetings preceding the General Meeting at a convenient time and place. These pre-meetings 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 us to such meetings.
III.1.1)	In addition to its responsibilities laid down in legal provisions the Supervisory Board should: once a year prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system.	We apply this rule in a limited scope, i.e. annual reports signed by Board of Directors include information regarding evaluation of the Company's situation.
III.4.	A member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.	We apply this rule in a limited scope, i.e., our major shareholder, Asseco Poland is entitled to designate three out of five members of the Supervisory Board. 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.
III.6	At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the <i>Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board</i> . Irrespective	We apply this rule in a limited scope, i.e. our 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 Board of Directors is not able to ensure compliance with this rule.

	of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.	
III.8	Annex I to the <i>Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors...</i> should apply to the tasks and the operation of the committees of the Supervisory Board.	We apply this rule in a limited scope, i.e., our Supervisory Board shall act on the basis of the laws of the Slovak Republic.
IV.6	The date of setting the right to dividend and the date of dividend payment should be set so to ensure the shortest possible period between them, in each case not longer than 15 business days. A longer period between these dates requires detailed grounds.	The Company acts on the basis of the regulations in force in the Slovak Republic and, as a company listed on the WSE, is obliged to obey the regulations in force in Poland.  In the case of dividend payments, the Company must adjust the method of payment to the two systems. For this reason, there might be a slight delay between the day on which a right to a dividend is established and the day the dividend is actually paid.

### **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.

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 24 February 2015, 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;
- 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 2014:

<b>Name and Surname</b>	<b>Position</b>	<b>Period</b>
Adam Tadeusz Góral	Chairman	1.1.2014-31.12.2014
Andrej Košári	Vice-Chairman	1.1.2014-31.12.2014
Ján Handlovský	Member (elected by employees)	1.1.2014-31.12.2014
Marek Paweł Panek	Member	1.1.2014-31.12.2014
Przemysław Sęczkowski	Member	1.1.2014-31.12.2014

The Ordinary General Meeting of Shareholders of the Asseco Central Europe, a. s. held on 9 April 2014 passed a resolution on the recalling and re-appointing of Mr. Adam Góral, Mr. Andrej Košári and Mr. Marek Paweł Panek as members of Supervisory Board of the Company and concurrently recommended the Supervisory Board to appoint Mr. Adam Góral as a Supervisory Board Chairman of the Company and Mr. Andrej Košári as a Supervisory Board Vice-Chairman of the Company. The Supervisory Board members appointed Mr. Adam Góral as the Chairman of the Supervisory Board of the Company and Mr. Andrej Košári as the Vice-Chairman of the Supervisory Board of the Company on 18

May 2014. The voting took place in accordance with Article 33.3 of the Statutes of the Company, referring to voting per rollam. Appointment came into effect on 18 May 2014.

There were following members of the Supervisory Board of Asseco Central Europe, a. s. as at 24 February 2015:

Name and Surname	Position	Period
Adam Tadeusz Góral	Chairman	1.1.2015-present
Andrej Košári	Vice-Chairman	1.1.2015-present
Ján Handlovský	Member (elected by employees)	1.1.2015-present
Marek Paweł Panek	Member	1.1.2015-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 2014:

Name and Surname	Position	Period
Jozef Klein	Chairman	1.1.2014-31.12.2014
Marek Grác	Member	1.1.2014-31.12.2014
David Stoppani	Member	1.1.2014-31.12.2014

Radek Levíček has resigned from his position in the Board of Directors of Asseco Central Europe, a. s. According to Article 27.7 of the Statutes of the Company, the resignation came into effect on the date when the Board of Directors discussed the resignation, i.e. 10 November 2014.

The Supervisory Board of the Company at its meeting, held on 19 September 2014, adopted a resolutions on recalling and re-appointment of Mr. Jozef Klein as a Chairman of the Board of Directors of the Company with effect from 19 September 2014.

There were following members of the Board of Directors of Asseco Central Europe, a. s. as at 24 February 2015:

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

#### **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

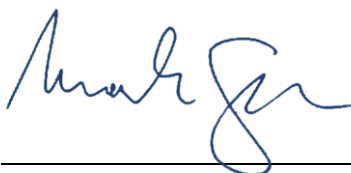
According to Article of 34.2. a) the Supervisory Board of Asseco Central Europe, a. s. by its resolution has approved procuration granted by the Board of Directors of the Company.

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.



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Jozef Klein  
Chairman of the Board  
of Directors



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Marek Grác  
Member of the Board of  
Directors



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David Stoppani  
Member of the Board of  
Directors



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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 2014, 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 present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

24 February 2015  
Bratislava, Slovak Republic

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

Ing. Peter Hollý  
UDVA Licence No.1072

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 2014**

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

**BRATISLAVA, 24 FEBRUARY 2015**

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INCLUDING INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014

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These consolidated financial statements for the year ended 31 December 2014 were prepared on 24 February 2015 and authorized for publication by the Board of Directors of Asseco Central Europe, a. s. at 24 February 2015.

Board of Directors:

RNDr. Jozef Klein

Chairman of the Board



Ing. David Stoppani

Member of the Board of Directors



Ing. Marek Grác

Member of the Board of Directors



Ing. Branislav Tkáčik

Member of the Board of Directors



**Bratislava, 24 February 2015**

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

	Note	12 months ended 31 December 2014 (audited)	12 months ended 31 December 2013 (audited, restated)
<b>Continuing operations</b>			
<b>Sales revenues</b>	<u>1</u>	<b>117,811</b>	<b>95,122</b>
<b>Cost of sales</b>	<u>2</u>	<b>(86,118)</b>	<b>(67,565)</b>
<b>Gross profit on sales</b>		<b>31,693</b>	<b>27,557</b>
Selling expenses	<u>2</u>	(8,942)	(5,797)
General administrative expenses	<u>2</u>	(10,956)	(10,446)
<b>Net profit on sales</b>		<b>11,795</b>	<b>11,314</b>
Other operating income	<u>3</u>	517	2,237
Other operating expenses	<u>3</u>	(298)	(564)
<b>Operating profit</b>		<b>12,014</b>	<b>12,987</b>
Financial income	<u>4</u>	329	853
Financial expenses	<u>4</u>	(236)	(575)
<i>Share in profits of associates</i>		260	344
<b>Pre-tax profit</b>		<b>12,367</b>	<b>13,609</b>
Corporate income tax (current and deferred portions)	<u>5</u>	(2,800)	(3,281)
<b>Net profit for the period from continuing operations</b>		<b>9,567</b>	<b>10,328</b>
<b>Discontinued operations</b>			
<b>Net profit /loss for the period from discontinued operations</b>	<u>8</u>	<b>2,306</b>	<b>823</b>
<b>Net profit for the period</b>		<b>11,873</b>	<b>11,151</b>
Attributable to:			
<b>Shareholders of the Parent Company</b>			
Profit for the period from continuing operations		10,276	10,878
Profit for the period from discontinued operations		2,259	408
<b>Non-controlling interest</b>		<b>(662)</b>	<b>(135)</b>
Profit for the period from continuing operations		(709)	(550)
Profit for the period from discontinued operations		47	415
<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>	0.59	0.53
Diluted consolidated earnings per share	<u>6</u>	0.59	0.53
<b>Basic consolidated earnings per share from continuing operations</b>			
Basic consolidated earnings per share from continuing operations	<u>6</u>	0.48	0.51
Diluted consolidated earnings per share from continuing operations	<u>6</u>	0.48	0.51

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

	Note	12 months ended 31 December 2014 (audited)	12 months ended 31 December 2013 (audited, restated)
<b>Net profit for the reporting period</b>		<b>11,873</b>	<b>11,151</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(936)	(3,552)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
<b>Total other comprehensive income</b>		<b>(936)</b>	<b>(3,552)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>10,937</b>	<b>7,599</b>
<b>Attributable to:</b>			
<i>Shareholders of the Parent Company</i>		11,599	7,734
<i>Non-controlling interests</i>		(662)	(135)

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

<b>ASSETS</b>	<b>Note</b>	<b>31 December 2014</b> <b>(audited)</b>	<b>31 December 2013</b> <b>(audited)</b>
<b>Non- current assets</b>		<b>70,313</b>	<b>82,685</b>
Property, plant and equipment	<u>9</u>	3,776	23,537
Goodwill	<u>11</u>	52,944	38,791
Intangible assets	<u>10</u>	10,587	17,602
Investments in associates	<u>13</u>	1,091	890
Non-current financial assets	<u>14</u>	5	3
Non-current receivables	<u>17</u>	310	103
Deferred income tax assets	<u>5</u>	1,598	1,759
Non-current prepayments	<u>15</u>	2	-
<b>Current assets</b>		<b>72,468</b>	<b>74,834</b>
Inventories	<u>16</u>	271	319
Prepayments	<u>15</u>	3,227	2,382
Trade receivables	<u>17</u>	22,967	30,502
Current tax receivable	<u>17</u>	1,072	515
Receivables from state and local budget	<u>17</u>	92	272
Other receivables	<u>17</u>	3,975	2,856
Current financial assets	<u>14</u>	2,780	764
Other current non-financial assets		81	2,367
Cash and short-term deposits	<u>19</u>	38,003	34,857
<b>TOTAL ASSETS</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 2014 (audited)</b>	<b>31 Dec. 2013 (audited)</b>
<b>Shareholders' equity (attributable to Shareholders of the Parent Company)</b>		<b>109,599</b>	<b>101,622</b>
Share capital	20	709	709
Share premium		74,901	74,901
Exchange differences on translation of foreign operations		(7,071)	(6,135)
Retained earnings		41,060	32,147
<b>Non-controlling interest</b>	20	<b>(1,322)</b>	<b>4,019</b>
<b>Total shareholders' equity</b>		<b>108,277</b>	<b>105,641</b>
<b>Non-current liabilities</b>		<b>1,204</b>	<b>8,135</b>
Interest-bearing bank credits, loans and debt securities	22	-	5,464
Deferred tax liability	5	64	877
Non-current provisions	24	15	69
Non-current financial liabilities	21	1,114	920
Non-current deferred income	25	10	791
Other non-current liabilities		1	14
<b>Current liabilities</b>		<b>33,300</b>	<b>43,743</b>
Interest-bearing bank credits, loans and debt securities	22	587	3,315
Trade payables	23	9,571	12,946
Current tax payable	23	1,061	1,349
Liabilities to state budget	23	3,604	3,623
Financial liabilities	21	383	1,283
Other liabilities	23	4,938	5,362
Provisions	24	2,112	4,144
Deferred income	25	5,210	5,588
Accrued expenses	25	5,834	6,133
<b>TOTAL LIABILITIES</b>		<b>34,504</b>	<b>51,878</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</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 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	20	-	-	-	(7,903)	<b>(7,903)</b>	(273)	<b>(8,176)</b>
Acquisition of Asseco Solutions AG	IV, 20	-	-	-	5,224	<b>5,224</b>	108	<b>5,332</b>
Loss of control over Slovanet, a.s.	IV, 8, 20	-	-	-	-	-	(4,357)	<b>(4,357)</b>
Settlement of put options over non-controlling interest	20	-	-	-	(943)	<b>(943)</b>	(157)	<b>(1,100)</b>
<b>As at 31 December 2014 (audited)</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>
<b>As at 1 January 2013</b>		<b>709</b>	<b>74,901</b>	<b>(2,331)</b>	<b>30,906</b>	<b>104,185</b>	<b>4,058</b>	<b>108,243</b>
Net profit for the period		-	-	-	11,286	<b>11,286</b>	(135)	<b>11,151</b>
Other comprehensive income		-	-	(3,804)	-	<b>(3,804)</b>	252	<b>(3,552)</b>
<b>Total comprehensive income</b>		-	-	<b>(3,804)</b>	<b>11,286</b>	<b>7,482</b>	<b>117</b>	<b>7,599</b>
Dividend for the year 2012		-	-	-	(10,039)	<b>(10,039)</b>	(162)	<b>(10,201)</b>
Decrease in Parent's ownership without a loss of control		-	-	-	(6)	<b>(6)</b>	6	-
<b>As at 31 December 2013 (audited)</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>

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

	Note	12 months ended 31 Dec 2014 (audited)	12 months ended 31 Dec 2013 (restated)
<b>Cash flows - operating activities</b>			
Pre-tax profit from continuing operations and pre-tax profit (loss) on discontinued operations		16,010	14,816
<b>Total adjustments:</b>		<b>8,472</b>	<b>2,123</b>
Share in net profit of associates		(260)	(344)
Depreciation and amortization		7,741	11,334
Changes in working capital	<u>27</u>	3,762	(8,059)
Interest income and expense		74	56
(Gain) / loss on foreign exchange differences		392	106
(Gain) / loss on sales of subsidiaries		(3,286)	-
(Gain) / loss on investing activities		(17)	(2,000)
Other		66	1,030
<b>Net cash generated from operating activities</b>		<b>24,482</b>	<b>16,939</b>
Corporate income tax paid		(4,745)	(2,405)
<b>Net cash provided by (used in) operating activities</b>		<b>19,737</b>	<b>14,534</b>
<b>Cash flows - investing activities</b>			
Disposal of tangible fixed assets and intangible assets		106	485
Acquisition of tangible fixed assets and intangible assets	<u>27</u>	(3,413)	(7,716)
Expenditures related to research and development projects		(40)	
Acquisition of associated companies	<u>27</u>	(430)	-
Acquisition of subsidiary companies	<u>27</u>	(13,800)	(10)
Cash and cash equivalents of acquired subsidiary companies	<u>27</u>	2,191	-
Disposal of shares in associated companies		61	-
Disposal of shares in subsidiary companies	<u>27</u>	9,000	4,010
Net debt of disposed subsidiary companies	<u>27</u>	923	-
Disposal of other financial assets		-	32
Loans granted	<u>27</u>	(4,950)	(8)
Loans collected	<u>27</u>	2,957	8,922
Interest received		120	470
Dividends received		433	189
<b>Net cash used in (provided by) investing activities</b>		<b>(6,842)</b>	<b>6,374</b>

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

	Note	12 months ended 31 Dec 2014 (audited)	12 months ended 31 Dec 2013 (restated)
<b>Cash flows - financing activities</b>			
Proceeds from borrowings		613	3,657
Repayment of borrowings		(574)	(1,571)
Finance lease liability paid		(492)	(806)
Interest paid		(242)	(315)
Dividends paid out to the shareholders of the Parent Company	<u>27</u>	(7,903)	(10,039)
Dividends paid out to minority interests	<u>27</u>	(273)	(162)
Other		34	-
<b>Net cash (used in) provided by financing activities</b>		<b>(8,837)</b>	<b>(9,236)</b>
Increase (decrease) in cash and cash equivalents		4,058	11,672
Net foreign exchange differences		(282)	(683)
Cash and cash equivalents as at 1 January	<u>19</u>	34,140	23,151
<b>Cash and cash equivalents as at 31 December</b>	<u>19</u>	<b>37,916</b>	<b>34,140</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 2014, 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 2014 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 2014 have been described in detail in explanatory note 12 to these consolidated financial statements.

**iv. Intangible assets acquired in acquisitions**

As at 31 December 2014, net value of intangible assets recognized as part of purchase price allocations related to the Group's acquisitions of subsidiaries amounted to EUR 902 thousand (2013: EUR 5,580 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.

#### **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 2013, except for applying new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2014:

- IFRS 10 *Consolidated Financial Statements* – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply this IFRS from the annual period beginning on 1 January 2014;
- IFRS 11 *Joint Arrangements* – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply this IFRS from the annual period beginning on 1 January 2014;
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply this IFRS from the annual period beginning on 1 January 2014;
- Amendments of IFRS 10, IFRS 11 and IFRS 12 *Transitional Provisions* – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply this IFRS from the annual period beginning on 1 January 2014;
- IAS 27 *Separate Financial Statements* – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply the amended IAS from the annual period beginning on 1 January 2014;
- IAS 28 *Investments in Associates and Joint Ventures* – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply the amended IAS from the annual period beginning on 1 January 2014;
- Amendments to IAS 32 *Financial Instruments: Presentation: Offsetting of Financial Assets and Financial Liabilities* – effective for annual periods beginning on or after 1 January 2014;
- Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* (issued on 29 May 2013) – effective for annual periods beginning on or after 1 January 2014;
- Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* (issued on 27 June 2013) – effective for annual periods beginning on or after 1 January 2014;
- Amendments of IFRS 10, IFRS 12, and IAS 27 *Investment entities* - effective for annual periods beginning on or after 1 January 2014.

The Amendments and new standards have no material impact on the Group's financial position, comprehensive income and the scope of information presented in the Group's financial statements.

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* - effective for financial years beginning on or after 1 July 2018 – not yet endorsed by EU till the date of approval of these financial statements, approval by EU project postponed as at the date of approval of these financial statements;
- IFRIC 21 *Levies* – effective for financial years beginning on or after 1 January 2014, in EU effective at the latest for financial years beginning on or after 17 June 2014;
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* – effective for financial years beginning on or after 1 July 2014;
- *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;
- *Annual Improvements to IFRSs 2011-2013* – effective for financial years beginning on or after 1 July 2014;
- IFRS 14 *Regulatory Deferral Accounts* – effective for financial years beginning on or after 1 January 2016 – 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 till the date of approval of these financial statements;
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* – effective for financial years beginning on or after 1 January 2016 - not yet endorsed by EU till the date of approval of these financial statements;
- 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 – not yet endorsed by EU till the date of approval of these financial statements;
- IFRS 15 *Revenue from Contracts with Customers* – effective for financial years beginning on or after 1 January 2017 – not yet endorsed by EU till the date of approval of these financial statements;
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements;
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (issued on 12 August 2014) – effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval these financial statements;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) - effective

for financial years beginning on or after 1 January 2016– not yet endorsed by EU till the date of approval of these financial statements;

- *Annual Improvements to IFRSs 2012–2014* (issued on 25 September 2014) - effective for financial years beginning on or after 1 January 2016– not yet endorsed by EU till the date of approval of these financial statements;
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (issued on 18 December 2014) - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements;
- Amendments to IAS 1 *Disclosure Initiative* (issued on 18 December 2014) – effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements.

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. Changes in the applied principles of presentation**

In the reporting period, the applied principles of presentation were not subject to any change.

## **7. Corrections of material errors**

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

## **8. Changes in the comparative data**

In these consolidated financial statements, the comparative data have been subject to the restatements due to the sale of Slovanet, a. s., which has represented a separate line of business and operating segment in Asseco Central Europe Group. As a result, in line with IFRS 5 operations of Slovanet, a. s. has been recognized as discontinued operation and therefore, as required by this standard, the comparative information in the profit and loss account has been restated.

The sales of Slovanet, a. s. has been described in more details in section IV Organization and changes in the structure of Asseco Central Europe Group as well as in point 8 of the explanatory notes to these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS OF THE ASSECO CENTRAL EUROPE GROUP  
INCLUDING INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014

The impact of the above mentioned changes on the comparative data has been presented in the tables below:

Restatement of comparative data for the period of 12 months ended 31 December 2013	Consolidated Profit and Loss Account for 12 months ended 31 December 2013 (audited)	Changes resulting from recognition of discontinued operations	Restated Consolidated Profit and Loss Account for 12 months ended 31 December 2013 (restated)
<b>Continuing operations</b>			
<b>Sales revenues</b>	<b>131,330</b>	<b>(36,208)</b>	<b>95,122</b>
<b>Cost of sales</b>	<b>(96,219)</b>	<b>28,654</b>	<b>(67,565)</b>
<b>Gross profit on sales</b>	<b>35,111</b>	<b>(7,554)</b>	<b>27,557</b>
Selling expenses	(10,782)	4,985	(5,797)
General administrative expenses	(11,713)	1,267	(10,446)
<b>Net profit on sales</b>	<b>12,616</b>	<b>(1,302)</b>	<b>11,314</b>
Other operating income	2,474	(237)	2,237
Other operating expenses	(564)	-	(564)
<b>Operating profit</b>	<b>14,526</b>	<b>(1,539)</b>	<b>12,987</b>
Financial income	903	(50)	853
Financial expenses	(957)	382	(575)
Share in profits of associated companies	344	-	344
<b>Pre-tax profit</b>	<b>14,816</b>	<b>(1,207)</b>	<b>13,609</b>
Corporate income tax (current and deferred portions)	(3,665)	384	(3,281)
<b>Net profit for the period from continuing operations</b>	<b>11,151</b>	<b>(823)</b>	<b>10,328</b>
<b>Discontinued operations</b>			
<b>Net profit /loss for the period from discontinued operations</b>	<b>-</b>	<b>823</b>	<b>823</b>
<b>Net profit for the period</b>	<b>11,151</b>	<b>-</b>	<b>11,151</b>
Attributable to:			
<b>Shareholders of the Parent Company</b>	<b>11,286</b>	<b>-</b>	<b>11,286</b>
Profit for the period from continuing operations	11,286	(408)	10,878
Profit for the period from discontinued operations	-	408	408
<b>Non-controlling interest</b>	<b>(135)</b>	<b>-</b>	<b>(135)</b>
Profit for the period from continuing operations	(135)	(415)	(550)
Profit for the period from discontinued operations	-	415	415

The above changes do not affect other comprehensive income.

Moreover, the Group has verified the revolving loans and concluded that part of the revolving loans meets the definition of cash and cash equivalents. Therefore the Group has decided to change the presentation of cash and cash equivalents as well as proceeds / repayments from bank credits and loans in the comparative data in the cash flow statement. As a result the cash flows from the financing activities for year ended 31 December 2013 increased by the amount of EUR 2,533 thousand. For more details please refer to the cash flow statement and note 19 to these consolidated financial statements.

### 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 2014. Subsidiaries are all entities over which the Group has control. 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.

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 and included in administrative expenses.

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 either 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 is in excess of the aggregate consideration transferred, the Group re-assesses 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 a 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 joint venture. 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 considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

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 non-controlling interest. 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.

## **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 spot 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 2014	As at 31 Dec 2013
CZK	27.735	27.427
CHF	1.2024	1.228
HUF	315.54	297.04
PLN	4.2732	4.154

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

Currency	Period of 12 months ended	Period of 12 months ended
	31 Dec 2014	31 Dec 2013
CZK	27.5358	25.980
CHF	1.2146	1.231
HUF	308.706	296.873
PLN	4.1842	4.198

## 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 an 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 2014 and 2013.

**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 2014 the Group had financial derivatives – currency forwards in the amount of EUR 24 thousand. As at 31 December 2013 the Group had no financial assets carried at fair value through profit or loss.

**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 14 to 60 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, restricted cash**

Cash and cash equivalents presented in the statement of financial position consist of cash held in banks and in hand by the Company, current cash deposits with a maturity not exceeding 3 months, and other highly liquid instruments.

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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: goods for resale, and service parts (spare parts and computer hardware that have been purchased for the purposes of maintenance service contracts). 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 longer than 2 years;
- 50% write-down on goods stored between 1 and 2 years.

Every year the Company 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 third-party services (inclusive of maintenance services) which shall be provided in future periods;
- rents paid in advance;
- advance payments of insurance and subscription fees;
- 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 recognized in the profit and loss account in the amount of probable obligations related to the current reporting period, in particular resulting from the supplies delivered / services rendered to the entity by its contractors, and the obligation's amount can be reliably valued. Amounts of accruals are estimated. While preparing the estimates, the generally accepted practices in the trade should be considered.

### **24. Equity**

Equity is composed of shareholders' equity 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;
- foreign currency translation differences on foreign operations;
- retained earnings, including other capital funds and net profit for the reporting period; and
- 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 Company presents its revenues from sales of products and services only. Such presentation appropriately reflects the business profile of the Company that is engaged in the provision of 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 Company.

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 Company expects to recover.

The Company identifies the following types of revenues:

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

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 revenues from implementation contracts are described below.

In the case of own software licenses and/or services, revenues are recognized in the period in which the Company expects to be required to provide such 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 Company considers that significant risks are transferred to the buyer when, after the delivery of a license/service, the Company 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 completion of 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 Company 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 Company 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 other receivables in the balance sheet, under "Receivables arising from valuation of 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 other liabilities, under "Liabilities arising from valuation of IT contracts".

In case of contracts denominated in foreign currencies deemed to be functional currencies or in case of contracts denominated in EUR (even if EUR is not a functional currency), embedded financial derivatives are not disclosed separately. In the Management's opinion, EUR should be regarded as a currency commonly used in Poland in contracts for the sale or purchase of IT systems and services. Revenues and expenses relating to such contracts are determined on the basis of spot exchange rates. In all the other cases embedded derivatives are separated from their host contracts. When an embedded instrument is separated, revenues resulting from the host contract are recognized at the embedded exchange rate; whereas, any foreign exchange differences between the exchange rate applied in the issued invoice and the embedded exchange rate are recognized as financial income or expense.

#### **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 other liabilities, under "Liabilities arising from valuation of IT contracts".

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

In order to measure the progress of contract completion, the Company 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;
- measurement of work performed; or
- comparison of work performed as a physical proportion of total work under 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 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 or to sale. 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 note 8. 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 2014 and in the comparative period:

	Country of registration	Scope of activities	Relationship with Parent Company	Voting interest			Equity interest		
				24 Feb 2015	31 Dec 2014	31 Dec 2013	24 Feb 2015	31 Dec 2014	31 Dec 2013
<b>Subsidiary companies</b>									
<b>Slovanet, a. s.</b>	Slovak Republic	Telco services	Direct subsidiary	-	-	51%	-	-	51%
AmiTel, s. r. o.	Slovak Republic	Internet provider	Indirect subsidiary	-	-	51%	-	-	51%
MadNet, a. s.	Slovak Republic	Electronic services provider	Indirect subsidiary	-	-	50.06%	-	-	50.06%
<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%
LCS Deutschland GmbH	Germany	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%	-
Asseco Solutions GmbH (A)	Austria	ERP solutions	Indirect subsidiary	75%	75%	-	75%	75%	-
Asseco Solutions AG (CH)	Switzerland	ERP solutions	Indirect subsidiary	100%	100%	-	100%	100%	-
<b>Associated companies</b>									
Crystal Consulting s. r. o.	Slovak Republic	ERP solutions		-	-	50%	-	-	50%
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%	-

All figures in thousands of EUR, unless stated otherwise

In 2014, the following changes in the Group structure were observed:

**Acquisition of shares in Asseco Solutions AG**

On 9 January 2014 Asseco Central Europe, a. s. acquired a 100% stake in the company Asseco Solutions AG based in Karlsruhe, Germany. The shares were purchased from the company Asseco DACH SA (sister company).

Based on the Asseco Group Accounting Policy this transaction was accounted for as a business combination under common control as all of the combining entities are ultimately controlled by Asseco Poland SA, both before and after the transaction and that control is not transitory.

The purchase price amounted to EUR 13.8 million. The book value of acquired net assets amounted to EUR 6,348 thousand and goodwill allocated to Asseco Solutions AG amounted to EUR 16,706 thousand (based on the data from consolidated financial statements of Asseco Poland Group). As the result of accounting the transaction amount of EUR 5 million increased directly equity.

**Sale of shares in Slovanet, a. s.**

On 27 June 2014 Asseco Central Europe, a. s. signed an agreement for sale of 51 registered shares of Slovanet, a. s. The buyer - SNET, a. s. seated in Bratislava, 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.

The transaction of purchasing the 51% stake of shares in Slovanet, a. s. by SNET, a. s. resulted from the development strategy adopted by the Asseco Central Europe Group, under which it will keep focus mainly on IT core business in the future.

Operations of Slovanet, a. s. have represented a separate major line of business of Asseco Central Europe Group, therefore, according to the IFRS 5, Slovanet's operations have been classified as discontinued operation. This has been described in more details in explanatory note 8 to these financial statements.

**Purchase of shares in eDocu a. s.**

On 25 November 2014 Asseco Central Europe a. s.(SK) purchased 7,468 shares in startup company eDocu a. s. based in Bratislava, Slovakia. The acquired shares represent 23% of the share capital of eDocu. The purchase price amounted to EUR 430 thousand.

**Sales of Crystal Consulting, s. r. o.:**

On 10 December 2014 Asseco Solutions, a. s. signed the agreement with Mr. Tibor Baďura for sale of the 50% stake of shares in Crystal Consulting, s. r. o.. The total price paid amounted to 61 thousand EUR and the value of investment in associate amounted to 42 thousand EUR. The gain on disposal of this associate was recognized in the financial income in the amount of 19 thousand EUR.

In 2014 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). 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.

In the prior periods Asseco Central Europe Group presented another reporting segment "Slovanet", which contained only company Slovanet, a. s. (SK) and its subsidiaries. However, Slovanet shares have been sold to SNET on 27 June 2014 and, as a result, this segment has been recognized as discontinued operations. This has been described in more detail in note 8 to these consolidated financial statements.

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<b>For 12 months ended 31 December 2014 and as at 31 December 2014 (audited)</b>	<b>Asseco Central Europe</b>	<b>Asseco Solutions</b>	<b>Other</b>	<b>Adjustment/ 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

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<b>For 12 months ended 31 December 2013 and as at 31 December 2013 (restated)</b>	<b>Asseco Central Europe</b>	<b>Asseco Solutions</b>	<b>Other</b>	<b>Adjustment/ Eliminations</b>	<b>Total</b>
<b>Sales revenues:</b>	<b>71,707</b>	<b>26,314</b>	<b>7,547</b>	<b>(10,446)</b>	<b>95,122</b>
Sales to external customers	62,819	24,770	7,533	-	95,122
Inter segment sales	8,888	1,544	14	(10,446)	-
<b>Operating profit (loss) of reporting segment</b>	<b>11,538</b>	<b>1,456</b>	<b>(7)</b>	<b>-</b>	<b>12,987</b>
Interest income	214	19	26	-	<b>259</b>
Interest expense	(3)	(15)	(3)	-	<b>(21)</b>
Share in profits of associated companies	264	80		-	<b>344</b>
<b>Corporate income tax</b>	<b>(2,883)</b>	<b>(485)</b>	<b>87</b>	<b>-</b>	<b>(3,281)</b>
<i>Non-cash items:</i>					
Depreciation and amortization	(3,320)	(841)	(1,741)	-	<b>(5,902)</b>
<b>Net profit (loss) of reportable segment from continuing operations</b>	<b>9,143</b>	<b>1,073</b>	<b>112</b>	<b>-</b>	<b>10,328</b>
Goodwill	12,890	14,191	9,837	-	<b>36,918</b>
<b>Average workforce in the reporting period</b>	<b>719</b>	<b>478</b>	<b>115</b>	<b>-</b>	<b>1,312</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 2014 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 2014 (audited)</b>	<b>12 months ended 31 Dec 2013 (audited, restated)</b>
Proprietary software and services	89,932	73,730
Third-party software and services	10,659	4,253
Computer hardware and infrastructure	13,011	6,890
Logistics and other outsourcing	3,981	10,002
Other sales	228	247
	<b>117,811</b>	<b>95,122</b>

<b>Sales revenues by sectors</b>	<b>12 months ended 31 Dec 2014 (audited)</b>	<b>12 months ended 31 Dec 2013 (audited, restated)</b>
Banking and finance	21,032	24,140
General business	49,387	35,305
Public institutions	47,392	35,677
	<b>117,811</b>	<b>95,122</b>

Following a review of revenue classification methods applied by the Group, we have modified the definitions of the following categories of revenues: "Proprietary licenses/software and services" and "Third-party licenses/software and services", with effect from 1 January 2014. The category of "Proprietary licenses/software 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 Company and the customer to whom a service is provided. It is entirely up to the Company 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.

In 2014, 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).

In previous years, revenues from all services performed by subcontractors were accounted for as sales of third-party services.

## 2. Operating costs

During the period of 12 months ended 31 December 2014 and the corresponding comparative period, the operating costs were as follows:

Operating costs	12 months ended 31 Dec 2014 (audited)	12 months ended 31 Dec 2013 (audited, restated)
Cost of goods, materials and third-party services sold	(20,028)	(9,843)
Employee benefits	(52,240)	(39,435)
Depreciation and amortization	(4,760)	(5,902)
Third-party services	(16,853)	(18,868)
Other	(12,135)	(9,760)
	<b>(106,016)</b>	<b>(83,808)</b>
Cost of sales	(86,118)	(67,565)
Selling costs	(8,942)	(5,797)
General administrative expenses	(10,956)	(10,446)
	<b>(106,016)</b>	<b>(83,808)</b>

In the period of twelve months ended 31 December 2014 other costs comprise mainly: costs of Company vehicles and property maintenance costs in the amount of EUR 7,682 thousand, costs of advertising in the amount of EUR 1,507 thousand, costs of domestic and international business trips in the amount of EUR 1,236 thousand.

Modification of the definitions of revenue categories described in note 1 made it necessary to redefine the rules for the allocation of the "Costs of goods, materials and third-party services sold", in order to divide them into own costs (including all services performed by subcontractors which are treated and resold as own services) and third-party costs (including purchases of third-party hardware, licenses and services resold within the category of "Third-party licenses/software and services").

In previous years, "Cost of goods, materials and third-party services sold" was not divided into own costs and third-party costs.

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 2014 (audited)	12 months ended 31 Dec 2013 (audited, restated)
Depreciation of fixed assets resulting from movement table of property, plant and equipment	(4,116)	(6,108)
Amortization of intangible assets resulting from the movement table of intangible assets	(3,662)	(5,303)
Depreciation and amortization presented in profit from discontinued operations	2,981	5,432
Depreciation decrease as a result of grants	37	77
<b>Total depreciation and amortization presented in the operating costs</b>	<b>(4,760)</b>	<b>(5,902)</b>

### 3. Other operating income and expenses

During twelve months ended 31 December 2014 and the corresponding comparative period, the other operating income and expenses were as follows:

<b>Other operating income</b>	<b>12 months ended 31 Dec 2014 (audited)</b>	<b>12 months ended 31 Dec 2013 (audited, restated)</b>
Gain on disposal of non-current assets	24	90
Release of other provisions	241	101
Subsidies	-	46
Compensations received	127	111
Rental income	-	4
Recharged services	17	31
Other	108	1,854
	<b>517</b>	<b>2,237</b>

During 12 months ended 31 December 2013 other operating income presented in the category 'other' relates to the sales of the two logistics projects in Asseco Central Europe (CZ) to Arvato services k.s. with net gain of EUR 2,000 thousand. The net assets value of the respective projects was EUR 816 thousand as at the date of the transaction. Going forward, the respective transaction resulted in a decrease of the Company's expected revenues which has been reflected in adjusting the goodwill related to the acquisition of Asseco Central Europe (CZ) of EUR 348 thousand which was posted against the other operating income.

<b>Other operating expenses</b>	<b>12 months ended 31 Dec 2014 (audited)</b>	<b>12 months ended 31 Dec 2013 (audited, restated)</b>
Loss on disposal of non-current assets	(4)	(72)
Liquidation costs of non-current assets and inventories	-	(1)
Other provisions created	(31)	(217)
Charitable contributions to unrelated companies	(40)	(26)
Receivables write-offs	(38)	(10)
Other	(185)	(238)
	<b>(298)</b>	<b>(564)</b>

#### 4. Financial income and expenses

During twelve months ended 31 December 2014 and the corresponding comparative period, the financial income and expenses were as follows:

Financial income	12 months ended 31 Dec 2014 (audited)	12 months ended 31 Dec 2013 (audited, restated)
Interest income on loans granted, debt securities and bank deposits	182	257
Other interest income	6	2
Gain on foreign exchange differences	78	480
Gain on disposal of investment associates	17	-
Gain on valuation of financial instruments	24	-
Other financial income	22	82
Gain on exercise of currency forward contracts	-	32
<b>Total financial income</b>	<b>329</b>	<b>853</b>

Financial expenses	12 months ended 31 Dec 2014 (audited)	12 months ended 31 Dec 2013 (audited, restated)
Interest expense on bank credits, loans, debt securities	(11)	(5)
Interest expense on financial leases	(10)	(14)
Bank fees and charges	(2)	(2)
Other interest expenses	(76)	-
Loss on foreign exchange differences	(93)	(469)
Loss on disposal of other capital investments	-	(15)
Write - off of financial assets available for sale	(44)	-
Other financial expenses	-	(70)
<b>Total financial expenses</b>	<b>(236)</b>	<b>(575)</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 2014 (audited)	12 months ended 31 Dec 2013 (audited, restated)
Current portion of corporate income tax and prior years adjustments	(2,705)	(4,008)
Deferred income tax	(95)	727
<b>Income tax expense as disclosed in the profit and loss account</b>	<b>(2,800)</b>	<b>(3,281)</b>
Tax attributable to discontinued operations	(1,337)	(384)
<b>Corporate income tax including discontinued operations</b>	<b>(4,137)</b>	<b>(3,665)</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 2014 (audited)	12 months ended 31 Dec 2013 (audited, restated)
<b>Pre-tax profit</b>		
Pre-tax profit from continuing and discontinued operations	15,750	14,472
Statutory corporate income tax rate	22%	23%
<b>Corporate income tax computed at the statutory tax rate</b>	<b>3,465</b>	<b>3,329</b>
Minimum taxes and withholding tax	242	-
Difference in corporate income tax rates	39	(527)
Non-tax deductible accounting costs	628	547
Tax losses for which no deferred tax asset was recognized	374	302
Reversal of write-off of deferred tax asset	(571)	-
Other	(40)	14
<b>Corporate income tax at the effective tax rate of: 26.3% in 2014 and 25.3% in 2013</b>	<b>4,137</b>	<b>3,665</b>

Reversal of write-off of deferred tax asset resulted mainly from the fact that Asseco Solutions AG used in 2014 deferred tax assets recognized on the prior year tax losses which were written-off.

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 1,598 thousand as at 31 December 2014 (EUR 1,759 thousand as at 31 December 2013).

	12 months ended 31 Dec 2014 (audited)	12 months ended 31 Dec 2013 (audited)
Deferred income tax assets	1,598	1,759
Deferred income tax liabilities	(64)	(877)
<b>Deferred income tax assets (+)/Deferred income tax liability (-), net</b>	<b>1,534</b>	<b>882</b>



The table below presents information on deferred income tax assets and liabilities:

	Deferred income tax liability, gross		Deferred income tax assets, gross	
	31 Dec 2014 (audited)	31 Dec 2013 (audited)	31 Dec 2014 (audited)	31 Dec 2013 (audited)
Property, plant and equipment	50	676	73	11
Intangible assets	1,185	613	54	233
Inventories	-	-	8	6
Prepayments and accrued income	-	21	-	-
Trade receivables	3	3	152	286
Other receivables	52	167	-	1
Provisions	2	-	327	763
Trade payables	-	-	7	10
Other liabilities	-	-	223	119
Accruals	-	-	666	880
Losses deductible against future taxable income	-	-	1,697	307
<b>Deferred income tax liability, gross</b>	<b>1,292</b>	<b>1,480</b>	<b>n/a</b>	<b>n/a</b>
<b>Deferred income tax assets, gross</b>	<b>n/a</b>	<b>n/a</b>	<b>3,207</b>	<b>2,616</b>
Write-down due to inability to realize a deferred income tax asset	n/a	n/a	(381)	(254)
<b>Deferred income tax assets, net</b>	<b>n/a</b>	<b>n/a</b>	<b>2,826</b>	<b>2,362</b>
<b>Deferred income tax assets/liability, net</b>	<b>64</b>	<b>877</b>	<b>1,598</b>	<b>1,759</b>

Deferred income tax assets resulting from the prior years' tax losses, which were not recognized by the Group amounted to EUR 381 thousand as at 31 December 2014 as compared with EUR 254 thousand as at 31 December 2013.

## 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:

	<b>12 months ended 31 Dec 2014 (audited)</b>	<b>12 months ended 31 Dec 2013 (audited, restated)</b>
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>12,535</b>	<b>11,286</b>
Net profit from continuing operations attributable to Shareholders of the Parent Company	10,276	10,878
Net profit from discontinued operations attributable to Shareholders of the Parent Company	2,259	408
<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>	<b>0.59</b>	<b>0.53</b>
Basic consolidated earnings per share from continuing operations	0.48	0.51
Basic consolidated earnings per share from discontinued operations	0.11	0.02

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 period of twelve months ended 31 December 2014 and in twelve months ended 31 December 2013 the Parent Company paid out to its shareholders a dividend for the year 2013 and 2012, respectively. By decision of the Ordinary General Meeting of Shareholders of Asseco Central Europe, a. s. (Slovakia), EUR 7,903 thousand from net profit for the year 2013 and EUR 10,039 thousand from net profit for the year 2012 were allocated to payment of a dividend of EUR 0.37 per share and 0.47 respectively.

## 8. Discontinued operations

On 27 June 2014, the Parent Company signed with SNET, a. s. 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 selling price of 51 shares of Slovanet a. s. has amounted to EUR 11,000 thousand.

The value of the net assets of Slovanet, a. s., including goodwill, amounted to EUR 9,495 thousand, non-controlling interests amounted to EUR 3,822 thousand, transaction costs

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were at the level of EUR 2,000 thousand, which resulted in the pre-tax gain of EUR 3,327 thousand.

The results from discontinued operations are presented below:

	12 months ended 31 December 2014 (audited)	12 months ended 31 December 2013 (audited)
<b>Sales revenues</b>	<b>19,023</b>	<b>36,208</b>
<b>Cost of sales</b>	<b>(15,414)</b>	<b>(28,654)</b>
<b>Gross profit on sales</b>	<b>3,609</b>	<b>7,554</b>
Selling expenses	(2,562)	(4,985)
General administrative expenses	(626)	(1,267)
<b>Net profit on sales</b>	<b>421</b>	<b>1,302</b>
Other operating income	161	237
Other operating expenses	(48)	-
<b>Operating profit</b>	<b>534</b>	<b>1,539</b>
Financial income	-	50
Financial expenses	(218)	(382)
<i>Share in profits of associated companies</i>	-	-
<b>Pre-tax profit</b>	<b>316</b>	<b>1,207</b>
Corporate income tax (current and deferred portions)	(159)	(384)
<b>Net profit /loss for the period from discontinued operations</b>	<b>157</b>	<b>823</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>823</b>
<b>Attributable to:</b>		
Shareholders of the Parent Company	2,259	408
Non-controlling interest	47	415

As the shares of Slovanet, a. s. were sold prior to 31 December 2014, the assets and liabilities of Slovanet, a. s. are no longer included in the consolidated statement of financial position.

Assets and liabilities derecognized due to the loss of control over Slovanet, a. s. were as follows:

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<b>Carrying amounts in the consolidated financial statements of Asseco Central Europe Group as at the date of losing control</b>	<b>In thousand EUR</b>
<b>Assets</b>	
Property, plant and equipment	19,607
Intangible assets	3,869
Goodwill arising from consolidation	1,873
Trade receivables	4,901
Other receivables	175
Inventories	159
Prepayments and accrued income	635
Cash and cash equivalents	1,303
<b>Total assets</b>	<b>32,522</b>
<b>Trade payables and other liabilities</b>	
Interest-bearing bank loans, other loans and debt securities	10,364
Trade payables	3,079
Financial liabilities	2,356
Other liabilities	1,022
Prepayments and accrued income	5,052
Deferred income tax liabilities	698
<b>Total liabilities</b>	<b>22,571</b>

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>	<b>12 months ended 31 December 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Net cash flows attributable to the operating activities of discontinued operations	1,293	5,692
Net cash flows attributable to the investing activities of discontinued operations	(1,685)	(4,428)
Net cash flows attributable to the financing activities of discontinued operations	(715)	852

## 9. Property, plant and equipment

The net book value of property, plant and equipment, during the period of twelve months ended 31 December 2014 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2014 (audited)	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>

All figures in thousands of EUR,  
unless stated otherwise

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For 12 months ended 31 December 2013 (audited)	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 2013</b>	<b>9,047</b>	<b>11,368</b>	<b>1,657</b>	<b>205</b>	<b>1,234</b>	<b>23,511</b>
<b>Additions, of which:</b>	<b>1,532</b>	<b>3,432</b>	<b>872</b>	<b>55</b>	<b>4,785</b>	<b>10,676</b>
Purchases and modernization	2	467	480	55	4,785	5,789
Transfers from tangible assets under construction	1,505	2,236	141	-	-	3,882
Finance lease	-	729	251	-	-	980
Obtaining control over subsidiaries	-	-	-	-	-	-
Other changes	25	-	-	-	-	25
<b>Reductions, of which:</b>	<b>(1,344)</b>	<b>(4,395)</b>	<b>(787)</b>	<b>(103)</b>	<b>(3,882)</b>	<b>(10,511)</b>
Depreciation charge for the reporting period	(1,070)	(4,265)	(670)	(103)	-	(6,108)
Disposal and liquidation	(274)	(124)	(117)	-	-	(515)
Transfers from tangible assets under construction	-	(6)	-	-	(3,882)	(3,888)
Loss of control over subsidiaries	-	-	-	-	-	-
<b>Impairment write-downs</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>8</b>	<b>-</b>	<b>37</b>
<b>Exchange differences on translation of foreign operations (+/-)</b>	<b>(63)</b>	<b>(22)</b>	<b>(66)</b>	<b>(25)</b>	<b>-</b>	<b>(176)</b>
<b>Net book value of property, plant and equipment as at 31 December 2013</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 1 January 2013						
Gross value	13,273	42,829	4,645	897	1,234	62,878
Depreciation and impairment write-downs	(4,226)	(31,461)	(2,988)	(692)	-	(39,367)
<b>Net book value as at 1 January 2013</b>	<b>9,047</b>	<b>11,368</b>	<b>1,657</b>	<b>205</b>	<b>1,234</b>	<b>23,511</b>
As at 31 December 2013						
Gross value	14,393	42,073	4,689	823	2,137	64,115
Depreciation and impairment allowance	(5,221)	(31,690)	(2,984)	(683)	-	(40,578)
<b>Net book value as at 31 December 2013</b>	<b>9,172</b>	<b>10,383</b>	<b>1,705</b>	<b>140</b>	<b>2,137</b>	<b>23,537</b>

Assets under construction referred to investments into infrastructure carried out by Slovanet. As at 31 December 2014 no tangible assets served as collateral for credit facilities. As at 31 December 2013 selected items of tangible assets served as collateral for credit facilities. Please refer to the note 22 for details.

## 10. Intangible assets

The net book value of intangible assets, during the period of twelve months ended 31 December 2014 and in the comparative period, changed as a result of the following transactions:

For 12 months ended 31 December 2014 (audited)	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>

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For 12 months ended 31 December 2013 (audited)	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 2013</b>	<b>1,607</b>	<b>12,093</b>	<b>446</b>	<b>7,743</b>	<b>21,889</b>
<b>Additions, of which:</b>	<b>1,759</b>	<b>551</b>	<b>1,332</b>	<b>-</b>	<b>3,642</b>
Purchases	-	551	-	-	551
Transfers from the costs of development projects in progress	1,759	-	1,332	-	3,091
Obtaining control over subsidiaries	-	-	-	-	-
<b>Reductions, of which:</b>	<b>(865)</b>	<b>(2,456)</b>	<b>(1,759)</b>	<b>(2,028)</b>	<b>(7,108)</b>
Amortization charge for the reporting period	(823)	(2,456)	-	(2,024)	(5,303)
Disposal and liquidation	(42)	-	-	(4)	(46)
Transfers to internally generated software	-	-	(1,759)	-	(1,759)
Loss of control over subsidiaries	-	-	-	-	-
<b>Impairment, write-downs</b>	<b>83</b>	<b>(696)</b>	<b>-</b>	<b>(58)</b>	<b>(671)</b>
<b>Exchange differences on translation of foreign operations (+/-)</b>	<b>(21)</b>	<b>(51)</b>	<b>(1)</b>	<b>(77)</b>	<b>(150)</b>
<b>Net book value of intangible assets as at 31 December 2013</b>	<b>2,563</b>	<b>9,441</b>	<b>18</b>	<b>5,580</b>	<b>17,602</b>
As at 1 January 2013					
Gross value	3,769	24,947	446	13,561	42,723
Amortization and impairment allowance	(2,162)	(12,854)	-	(5,818)	(20,834)
<b>Net book value as at 1 January 2013</b>	<b>1,607</b>	<b>12,093</b>	<b>446</b>	<b>7,743</b>	<b>21,889</b>
As at 31 December 2013					
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 31 December 2013</b>	<b>2,563</b>	<b>9,441</b>	<b>18</b>	<b>5,580</b>	<b>17,602</b>

Other intangible assets refer to PPA from acquisitions (customer contracts) in amount of EUR 902 thousands (2013: EUR 5,580 thousand).  
As at 31 December 2014 and 31 December 2013 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.

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>Segment Asseco Central Europe</b>		
Asseco Central Europe (Slovakia) – ISZP, MPI	1,075	1,075
Asseco Central Europe (Czech Republic)	14,554	14,715
<b>Segment Asseco Solutions</b>		
Asseco Solutions (Slovakia)	7,647	7,647
Asseco Solutions (Germany)	16,706	-
Asseco Solutions (Czech Republic)	6,470	6,544
<b>Segment Slovanet</b>	<b>-</b>	<b>1,873</b>
<b>Segment Other</b>		
GlobeNet	1,767	1,918
Statlogics	4,725	5,019
<b>Total</b>	<b>52,944</b>	<b>38,791</b>

During the period of twelve months ended 31 December 2014, 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
	(audited)					(audited)
Asseco Central Europe	15,790	-	-	-	(161)	15,629
Asseco Solutions	14,191	16,706	-	-	(74)	30,823
Slovanet	1,873	-	(1,873)	-	-	-
Other	6,937	-	-	-	(445)	6,492
	<b>38,791</b>	<b>16,706</b>	<b>(1,873)</b>	<b>-</b>	<b>(680)</b>	<b>52,944</b>

In the period of twelve months ended 31 December 2014, the carrying amount of goodwill was affected by the following transactions:

- Acquisition of Asseco Solutions AG, Germany - on 9 January 2014 Asseco Central Europe, a. s acquired a 100% stake in the company Asseco Solutions AG, Germany. The shares were purchased from the company Asseco DACH SA and based on the Asseco Group Accounting Policy this transaction was accounted for as a combination under common control as all of the combining entities are ultimately controlled by

Asseco Poland SA, both before and after the business combination, and taking that into consideration control was not transitory. As a result of this transaction, goodwill increased by EUR 16,706 thousand.

- Sales of Slovanet, a. s. - on 27 June 2014 Asseco Central Europe, a. s. signed an agreement for sale of 51 registered shares of Slovanet, a. s. to SNET, a. s. (owner of non-controlling interests). The sale price amounted to EUR 11,000 thousand. Due to the loss of control over Slovanet, a. s., the goodwill decreased by EUR 1,873 thousand. Slovanet, a. s. has represented a separate line of business and operating segment in Asseco Central Europe Group, therefore, according to the IFRS 5, Slovanet, a. s. has been recognized as discontinued operation. This has been described in more detail in explanatory note 8 to these financial statements.

Movements in the carrying amount of goodwill during twelve months ended 31 December 2013 were mainly due to translation differences related to foreign operations. Furthermore, as at 30 September 2013, Asseco Central Europe (CZ) has sold two of its logistics projects to Arvato services k.s.. Going forward, the respective transaction results in a decrease of the Company's expected revenues which has been reflected in adjusting the goodwill related to the acquisition of Asseco Central Europe (CZ) respectively. The goodwill of Asseco Central Europe (CZ) has been decreased by EUR 348 thousand.

## **12. Impairment testing**

Both as at 31 December 2014 and during the 12-month period ended 31 December 2014, 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 involve 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 2014, 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 2019;
- compound annual growth rate of free cash flow changes over the forecast period, i.e. in the years 2015-2019;

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) – ISZP, MPI	3,836	6.9%	∞	(11.6%)	(50.3%)
Asseco Central Europe (Czech Republic)	18,871	7.2%	∞	34.1%	1.2%
Asseco Solutions (Slovakia)	7,308	9.3%	27.7%	(8.9%)	(22.2%)
Asseco Solutions (Germany)	18,139	6.9%	24.8%	23.9%	2.7%
Asseco Solutions (Czech Republic)	5,787	9.0%	∞	(4.4%)	(26.3%)
GlobeNet	3,798	11.9%	36.5%	62.1%	47.7%
Statlogics	5,939	11.9%	32.2%	36.1%	19.4%

∞ - means that the terminal discount rate for the residual period is greater than 100%.

### 13. Investment in associates

As at 31 December 2014, the Group's associates are Prvni Certifkacni Autorita a. s., Axera, s. r. o. and eDocu a. s. As at 31 December 2013, the Group's associates are Prvni Certifkacni Autorita a. s., Crystal Consulting s. r. o. and Axera, s. r. o.

The above-mentioned investments are valued using the equity method.

The table below presents condensed information on the investments held by the Group:

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Non-current assets	115	111
Current assets	557	1,102
Non-current liabilities	-	61
Current liabilities	204	238
<b>Net assets</b>	<b>468</b>	<b>914</b>
<b>Book value of investments</b>	<b>1,091</b>	<b>890</b>

	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Sales revenues	1,232	1,817
Net profit (loss)	260	424
<b>Share in profits of associated companies</b>	<b>260</b>	<b>344</b>

During the 12 months of 2014 there were the following changes in associates:

- Purchase of eDocu a. s. - on 25 November 2014 Asseco Central Europe a. s. (SK) purchased 7,468 shares of startup company eDocu a. s. based in Bratislava, Slovakia. The acquired shares represent 23% of the share capital of eDocu. The purchase price amounted to EUR 430 thousand. eDocu is a cloud information system for recording information, documents, tasks, work and deadlines. Asseco Central Europe a. s.(SK) has concluded that eDocu is an associate in line with IAS 28 criteria, as the Company holds 23% of eDocu shares and Asseco Central Europe (SK) has significant influence over eDocu (the Company is represented in board of directors of the associate and the Company participatates on key policy making decisions).
- Sales of Crystal Consulting, s. r. o. - on 10 December 2014 Asseco Solutions, a. s. signed the agreement with Mr. Tibor Baďura for sale of the 50% stake of shares in Crystal Consulting, s. r. o.. The total price paid amounted to 61 thousand EUR and the value of investment in associate amounted to 42 thousand EUR. The gain on disposal of this associate was recognized in the financial income in the amount of 19 thousand EUR.

There are no contingent liabilities relating to the Group's interest in the associates as at 31 December 2014 and 2013.

#### 14. Financial assets

##### *Loans granted and other financial assets*

	31 Dec 2014 (audited)	31 Dec 2013 (audited)
Non-current loans, of which:	2	3
<i>loans granted to employees</i>	2	3
<i>Other</i>	-	-
Financial assets available for sale	3	-
	<b>5</b>	<b>3</b>
Current loans, of which:	2,756	764
<i>loans granted to employees</i>	6	19
<i>other</i>	2,750	745
Current financial assets at fair value	24	-
	<b>2,780</b>	<b>764</b>

Under category other loans there are presented bills of exchange of J&T Private Equity B.V in amount of 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%). 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 2013 bills of exchange of J&T Private Equity B.V amounted to EUR 745 thousand with maturity in February 2014 (EUR 745 thousand, interest rate 2.5%).

#### 15. Non-current and current prepayments

As at 31 December 2014 and in the comparative period, the Group held the following current prepayments:

	31 Dec 2014 (audited)	31 Dec 2013 (audited)
<b>Current</b>		
Pre-paid maintenance services	2,757	1,414
Pre-paid insurance	59	62
Pre-paid trainings	-	-
Pre-paid rents and pre-paid operating lease payments	39	173
Pre-paid consultancy services	12	8
Subscriptions and other pre-paid services	356	523
Other prepayments	4	202
	<b>3,227</b>	<b>2,382</b>

As at 31 December 2014 non-current prepayments amounted to EUR 2 thousand. As at 31 December 2013 the Group has no non-current prepayments.

## 16. Inventories

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Raw materials and components used in implementations of IT systems	9	35
Computer hardware and software licenses for resale	304	336
Impairment allowance	(42)	(52)
	<b>271</b>	<b>319</b>

As at 31 December 2014 and 2013, inventories did not serve as security for any bank credits agreed by the Group.

## 17. Non-current and current receivables

### **Non-current receivables**

<b>Non-current receivables</b>	<b>31 Dec 2014</b>	<b>31 Dec. 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Trade receivables, of which:	-	10
<i>Receivables from related companies</i>	-	-
<i>Receivables from other companies</i>	-	10
Deposits paid	310	-
Other receivables	-	93
Revaluation write-down (-)	-	-
	<b>310</b>	<b>103</b>

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 2014 nor as at 31 December 2013.

### **Current receivables**

<b>Trade accounts receivable</b>	<b>31 Dec 2014</b>	<b>31 Dec. 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Trade receivables, of which:	25,098	32,737
<i>Receivables from related companies</i>	103	1,301
<i>Receivables from other companies</i>	24,995	31,436
Revaluation write-down on doubtful receivables (-)	(2,131)	(2,235)
	<b>22,967</b>	<b>30,502</b>

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Main reason for change in current receivables is due to change in Group structure - sale of Slovanet a. s. as of 27 June 2014.

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.

The following table presents the ageing structure of receivables as at 31 December 2014 and 31 December 2013:

Ageing of trade accounts receivable	as at 31 Dec 2014 (audited)		as at 31 Dec 2013 (audited)	
	amount	structure	amount	structure
Receivables not yet due	19,053	83%	26,776	88%
Receivables overdue less than 3 months	3,097	13%	2,558	8%
Receivables overdue between 3 to 6 months	485	2%	572	2%
Receivables overdue more than 6 months	332	2%	596	2%
	<b>22,967</b>	<b>100%</b>	<b>30,502</b>	<b>100%</b>

As at 31 December 2014, receivables and future receivables in the amount of EUR 500 thousand were pledged as collateral for credit facilities. Liabilities by virtue of those credits as at 31 December 2014 amounted to EUR 500 thousand.

As at 31 December 2013, receivables and future receivables in the amount of EUR 3,562 thousand were pledged as collateral credit facilities. Liabilities by virtue of those credits as at 31 December 2013 amounted to EUR 3,615 thousand.

Transactions with related parties are presented in note 26 to these consolidated financial statements.

Corporate income tax and receivables from state budgets	31 Dec 2014 (audited)	31 Dec. 2013 (audited)
Social Insurance Institution	9	-
Value added tax	74	213
Corporate income tax (CIT) receivables	1,072	515
Other	9	59
	<b>1,164</b>	<b>787</b>

Other receivables	31 Dec 2014 (audited)	31 Dec. 2013 (audited)
Receivables from valuation of IT contracts	2,637	2,011
Receivables from uninvoiced deliveries	347	237
Receivables from deposits paid and guarantees of due performance of contracts	689	-
Other receivables	340	681
Revaluation write-down on other doubtful receivables (-)	(38)	(73)
	<b>3,975</b>	<b>2,856</b>

All figures in thousands of EUR,  
unless stated otherwise

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.

Receivables from deposits paid and guarantees of due performance of contracts includes balance of EUR 361 thousand which serves as collateral for bank guarantees issued by Unicredit Bank Czech Republic and Slovakia, a. s. as at 31 December 2014.

In 2014 and 2013, revaluation write-downs on trade accounts receivable and other receivables were as follows:

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>As at 1 January</b>	<b>2,308</b>	<b>2,924</b>
Obtaining control over subsidiaries	236	-
Creation	1,379	1,136
Utilized and released	(547)	(1,702)
Loss of control over subsidiaries	(1,203)	-
Foreign currency differences on translation of foreign subsidiaries (+/-)	(4)	(50)
<b>As at 31 December</b>	<b>2,169</b>	<b>2,308</b>

## 18. Implementation contracts

In the years 2014 and 2013, 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:



	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Revenues from execution of IT contracts recognized in the reporting period	18,482	25,145
<b>For all projects being in progress at the balance sheet date:</b>		
Revenues recognized from execution of IT contracts (cumulative)	24,520	14,064
Costs incurred due to execution of IT contracts (cumulative)	(15,064)	(7,977)
Net provisions for losses on IT contracts	(41)	-
Profit (loss) on execution of IT contracts	<b>9,415</b>	<b>6,087</b>
Invoiced revenues from execution of IT contracts (cumulative)	22,390	14,051
Receivables arising from valuation of IT contracts	2,637	2,011
Liabilities arising from valuation of IT contracts	(508)	(2,006)
Exchange differences on translation of foreign operations	-	7

## 19. Cash and cash equivalents

	<b>31 Dec 2014</b>	<b>31 Dec. 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Cash at bank	25,861	25,878
Cash on hand	42	111
Current deposits	11,900	8,712
Cash equivalents	200	156
<b>Total cash and cash equivalents as disclosed in the statement of financial position</b>	<b>38,003</b>	<b>34,857</b>
Interest accrued on cash and cash equivalents	-	-
Bank overdrafts which form an integral part of an entity's cash management	(87)	(717)
<b>Total cash and cash equivalents as disclosed in the cash flow statement</b>	<b>37,916</b>	<b>34,140</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 2014 nor 31 December 2013.

## 20. Share capital, capital reserves and non-controlling interests

Share capital	Par value per share	as at 31 Dec 2014	as at 31 Dec 2013
		(audited)	(audited)
		Number of shares	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 2014 and 2013 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 SA (the higher-level parent company). As at 31 December 2014, Asseco Poland SA held a 93.51% stake in the share capital of Asseco Central Europe, a. s.

### Foreign currency translation reserve

The balance of the foreign currency translation reserve is subject to adjustments by foreign currency differences resulting from translation of the financial statements of the Group's foreign subsidiaries.

### Non-controlling interest

	31 Dec 2014 (audited)	31 Dec 2013 (audited)
<b>At the beginning of the period</b>	<b>4,019</b>	<b>4,058</b>
Net profit attributable to non-controlling interests	(662)	(135)
Exchange differences on translation of foreign operations	-	252
Dividends paid to non-controlling interests	(273)	(162)
Recognition of non-controlling interest	108	6
Loss of control over Slovanet	(4,357)	-
Settlement of put options over non-controlling interest	(157)	-
<b>At the end of the period</b>	<b>(1,322)</b>	<b>4,019</b>

### Dividends paid to non-controlling interests

In 2014, 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). In 2013, dividends in amount of EUR 162 thousand were paid to non-controlling interest in Slovanet, a. s.

### Recognition of non-controlling interest and settlement of put option in Asseco Solutions AG, Germany

As described in note 11, on 9 January 2014 Asseco Central Europe, a. s acquired a 100% stake in the company Asseco Solutions AG, Germany. Under the acquisition the Group has recognized non-controlling interest in Asseco Solutions GmbH (Austria) in the amount of EUR 108 thousand in which Asseco Solutions AG (Germany) had 75% of shares.

Moreover, on 4 December 2014 Asseco Solutions AG signed with Mr. Markus Haller put option agreement for sale of shares of Asseco Solutions GmbH hold by Mr. Markus Haller, which represented 25% of the share capital of Asseco Solutions GmbH. 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. The Company does not expect to exercise the put option in next financial year.

As a result, at the end of the reporting period, the Group de-recognized the non-controlling interests in the amount of EUR 157 thousand as if was acquired at that date, recognized the financial liability in the amount of EUR 1.1 m and accounted for the difference between de-recognized NCI and financial liability as an equity transaction.

### Loss of control over Slovanet

As describe in note 8 and 11 on 27 June 2014 Asseco Central Europe, a. s. signed an agreement for sale of 51 registered shares of Slovanet, a. s. which represented 51% of the share capital of Slovanet. Due to the loss of control over Slovanet, the Group has de-recognized the non-controlling interests in the total amount of EUR 4,357 thousand.

## 21. Non-current and current financial liabilities

<b>Non-current</b>	<b>31 Dec 2014</b> <b>(audited)</b>	<b>31 Dec. 2013</b> <b>(audited)</b>
Liabilities due to acquisition of shares	-	319
Liabilities due to acquisition of shares in subsidiaries (put options)	1,100	-
Finance lease commitments	14	601
	<b>1,114</b>	<b>920</b>
<b>Current</b>	<b>31 Dec 2014</b> <b>(audited)</b>	<b>31 Dec. 2013</b> <b>(audited)</b>
Liabilities due to dividend payment	12	12
Finance lease commitments	50	737
Liabilities due to acquisition of shares (deferred payments)	321	415
	<b>383</b>	<b>1,283</b>

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. As a result, at the end of the reporting period, the Group has measured the financial liability at the amount of EUR 1.1 million. The Company does not expect to exercise the put option in next financial year.

Minimum future cash flows and liabilities under the finance lease agreements are as follows:

	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>Minimum lease payments</b>		
in the period shorter than 1 year	50	794
in the period from 1 to 5 years	19	647
in the period longer than 5 years	-	-
<b>Future minimum lease payments</b>	<b>69</b>	<b>1,441</b>
Future interest expense	(5)	(103)
<b>Present value of finance lease commitment</b>	<b>64</b>	<b>1,338</b>
in the period shorter than 1 year	50	737
in the period from 1 to 5 years	14	601
in the period longer than 5 years	-	-

As at 31 December 2014, the effective interest rate on the above financial leasing of vehicles equaled to 8% (2013: 5.1%) and IT equipment to 6.1% (2013: 9.1%).

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**22. Interest-bearing bank credits and debt securities issued**

Short-term credit facilities	Name of entity	Maximum debt as at 31 Dec 2014	Effective interest rate %	Currency	Date of maturity	31 Dec 2014 (audited)	31 Dec 2013 (audited)
Overdraft	Asseco Solutions AG	500	3M Euribor + 2,5%	EUR	18.03.2015	500	-
Overdraft	DanubePay	500	EONIA+1,2%	EUR		87	-
Overdraft Unicredit	Slovanet, a.s.	n/a	1M Euribor + 1,3%	EUR	31.07.2014	-	99
Overdraft VUB	Slovanet, a.s.	n/a	1M Euribor + 1,05%	EUR	30.09.2014	-	618
		-				<b>587</b>	<b>717</b>

Other bank loans	Name of entity	Effective interest rate %	Currency	Date of maturity	Current		Non-current	
					31 Dec 2014 (audited)	31 Dec 2013 (audited)	31 Dec 2014 (audited)	31 Dec 2013 (audited)
Acquisition loan	Slovanet, a.s.	1M Euribor + 2,4%	EUR	31.12.2017	-	34	-	102
Acquisition loan	Slovanet, a.s.	1M Euribor + 2,4%	EUR	28.02.2018	-	40	-	130
Acquisition loan	Slovanet, a.s.	1M Euribor + 2,4%	EUR	31.08.2018	-	86	-	323
Acquisition loan	Slovanet, a.s.	1M Euribor + 2,4%	EUR	30.11.2017	-	93	-	278
Acquisition loan	Slovanet, a.s.	1M Euribor + 2,4%	EUR	31.01.2018	-	198	-	644
Acquisition loan	Slovanet, a.s.	1M Euribor + 2,4%	EUR	31.05.2018	-	161	-	562
Acquisition loan	Slovanet, a.s.	1M Euribor + 2,4%	EUR	31.08.2018	-	136	-	510
Acquisition loan	Slovanet, a.s.	1M Euribor + 1,9%	EUR	30.08.2017	-	840	-	2 320
Loan	Slovanet, a.s.	3M Euribor + 3,5%	EUR	20.10.2016	-	487	-	-
Acquisition loan	Slovanet, a.s.	1M Euribor + 2,4%	EUR	30.11.2017	-	60	-	180
Loan	Slovanet, a.s.	0%	EUR		-	-	-	192
SGF	Slovanet, a.s.	4,91% p.a.	EUR	01.2015	-	144	-	12
Unicredit Leasing	Slovanet, a.s.	4,989% p.a.	EUR	04.2015	-	135	-	47
Unicredit Leasing	Slovanet, a.s.	4,989% p.a.	EUR	09.2015	-	128	-	100
Unicredit Leasing	Slovanet, a.s.	4,989% p.a.	EUR	01.2016	-	56	-	64
					-	<b>2 598</b>	-	<b>5 464</b>

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. The total balance of interest-bearing bank loans and other loans as at 31 December 2014 decreased in comparison to prior periods due to the disposal of Slovanet, a. s. In prior periods acquisition loans in Slovanet, a. s. were used for financing of acquisition of shares in Slovanet, a. s. and its subsidiaries.

Assets pledged as collateral for credit facilities:

Security for credits and loans	Net book value used as security		Loan used	
	31 Dec 2014 (audited)	31 Dec. 2013 (audited)	31 Dec 2014 (audited)	31 Dec. 2013 (audited)
Tangible assets	-	1,906	-	1,139
Intangible assets	-	-	-	-
Shares in subsidiary (Slovanet)	-	3,626	-	4,798
Receivables (current and future)	500	3,562	500	3,615
	<b>500</b>	<b>9,094</b>	<b>500</b>	<b>9,552</b>

### 23. Trade and other payables

As at 31 December 2014 and in the comparative periods, the Group had the following liabilities:

	31 Dec 2014 (audited)	31 Dec. 2013 (audited)
<b>Current trade payables</b>		
Trade payables to related companies	69	702
Trade payables to other companies	9,502	12,244
	<b>9,571</b>	<b>12,946</b>
<b>Corporate income tax (CIT) liabilities</b>	<b>1,061</b>	<b>1,349</b>
<b>Liabilities to the state and local budgets</b>		
Social Insurance Institution	1,221	920
Personal income tax (PIT)	596	415
Value added tax	1,777	2,103
Other	10	185
	<b>3,604</b>	<b>3,623</b>
<b>Other liabilities</b>		
Liabilities relating to valuation of IT contracts	508	2,006
Provision for loss on long-term IT contracts	41	-
Liabilities due to uninvoiced deliveries	1,762	877
Liabilities to employees relating to salaries and wages	1,824	1,886
Liabilities from purchase of property, plant, equipment and intangible assets	127	250
Advances received	51	149
Other liabilities	625	194
	<b>4,938</b>	<b>5,362</b>

Trade payables are not interest-bearing. The transactions with related companies are presented in note 26 to these consolidated financial statements.

Other liabilities are not interest-bearing.

## 24. Provisions

	Provision for warranty repairs	Costs related to on-going legal proceedings	Other provisions	Total
<b>As at 1 January 2014</b>	<b>1,299</b>	<b>55</b>	<b>2,859</b>	<b>4,213</b>
Increase due to obtaining control over subsidiaries (+)	10	-	12	<b>22</b>
Provisions created during the financial year(+)	1,681	47	516	<b>2,244</b>
Provisions utilized or reversed (-)	(1,840)	-	(2,495)	<b>(4,335)</b>
Decrease due to loss of control over subsidiaries (-)	-	-	-	-
Exchange differences on translation of foreign operations (+/-)	(2)	(1)	(14)	<b>(17)</b>
<b>As at 31 December 2014 (audited)</b>	<b>1,148</b>	<b>101</b>	<b>878</b>	<b>2,127</b>
Current as at 31 December 2014	1,148	101	863	<b>2,112</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.

	Provision for warranty repairs	Costs related to on-going legal proceedings	Other provisions	Total
<b>As at 1 January 2013</b>	<b>1,938</b>	<b>-</b>	<b>2214</b>	<b>4,152</b>
Provisions created during the financial year(+)	1,794	58	1705	<b>3,557</b>
Provisions utilized or reversed (-)	(2,382)	-	(896)	<b>(3,278)</b>
Exchange differences on translation of foreign operations (+/-)	(51)	(3)	(164)	<b>(218)</b>
<b>As at 31 December 2013 (audited)</b>	<b>1,299</b>	<b>55</b>	<b>2,859</b>	<b>4,213</b>
Current as at 31 December 2013	1,299	55	2,790	<b>4,144</b>
Non-current as at 31 December 2013	-	-	69	<b>69</b>

## 25. Accrued expenses and deferred income

Current accrued expenses	31 Dec 2014 (audited)	31 Dec. 2013 (audited)
Accrual for unused holiday leaves	1,490	1,248
Accrual for the employee bonuses and severance payments	3,530	3,792
Accrual for uninvoiced costs	706	1,027
Accrual for audit	108	66
	<b>5,834</b>	<b>6,133</b>

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Accrued expenses comprise mainly 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, accruals for audit of financial statements, and accruals for operating expenses of the Group's companies which were incurred in the current reporting period but have not been invoiced until the balance sheet date. In the category accrual for uninvoiced costs there is presented also accrual for transaction costs related to disposal of Slovanet, a. s.

<b>Non-current deferred income</b>	<b>31 Dec 2014 (audited)</b>	<b>31 Dec. 2013 (audited)</b>
Maintenance services	10	13
Prepayments received	-	-
Other	-	778
	<b>10</b>	<b>791</b>

<b>Current deferred income</b>	<b>31 Dec 2014 (audited)</b>	<b>31 Dec. 2013 (audited)</b>
Maintenance services	5,113	4,062
Other prepayments received	-	1,454
Subsidies	1	72
Other	96	-
	<b>5,210</b>	<b>5,588</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.



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## 26. Transactions with related parties

Name of entity	Transaction type	12 months ended	12 months ended
		31 Dec 2014 (audited)	31 Dec 2013 (audited)
<b>Asseco Central Europe Group sales to related parties:</b>			
<b>Transactions with Asseco Poland S.A.</b>			
Asseco Poland S.A.	<i>sales of IT services and licences</i>	120	37
		<b>120</b>	<b>37</b>
<b>Transactions with related companies</b>			
Asseco Solutions AG	<i>sales of IT services and licences</i>	n/a	416
Matrix42 AG	<i>sales of IT services and licences</i>	19	-
Asseco SEE (Croatia)	<i>sales of IT services and licences</i>	6	22
Asseco Business Solutions S.A.	<i>sales of IT services and licences</i>	176	-
		<b>201</b>	<b>438</b>
<b>Transactions with associates</b>			
První certifikační autorita. a.s.	<i>sales of IT services and licences</i>	4	-
		<b>4</b>	<b>-</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	3
Virte, a.s. <sup>2)</sup>	<i>sales of IT services and licences</i>	446	1,082
KIMM SLOVAKIA s. r. o. <sup>3)</sup>	<i>sales of IT services and licences</i>	-	1
Disig, a.s. <sup>4)</sup>	<i>sales of IT services and licences</i>	-	382
Temnet <sup>5)</sup>	<i>sales of IT services and licences</i>	-	14
Bexa <sup>6)</sup>	<i>sales of IT services and licences</i>	-	17
FOMAX, a.s. <sup>7)</sup>	<i>sales of IT services and licences</i>	-	1
		<b>447</b>	<b>1,500</b>
<b>Transactions with Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies</b>			
Peter Máčaj <sup>8)</sup>	<i>sales of IT services and licences</i>	1	1
Erik Lehotsky	<i>sales of IT services and licences</i>		1
Mariusz Lizon	<i>sales of tangible assets</i>	9	9
		<b>10</b>	<b>11</b>
<b>TOTAL</b>		<b>782</b>	<b>1,986</b>

<sup>1)</sup> In the period of six months ended 30 June 2014 as well as in the period of twelve months ended 31 December 2013, 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 as well as in the period of twelve months ended 31 December 2013, 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 six months ended 30 June 2014 as well as in the period of twelve months ended 31 December 2013, Ivan Kostelny - Member of the Board of Directors in Slovanet served as the partner in KIMM Slovakia s.r.o

<sup>4)</sup> In the period of twelve months ended 31 December 2013, Juraj Kováčik - Member of the Board of Directors in Slovanet served as the Member of the Supervisory Board in Disig, a.s.

<sup>5)</sup> In the period of twelve months ended 31 December 2013, Mr. Zsolt Temesfői - Member of the Board of Directors in GlobeNet served as the Member of the Board of Directors in Temnet.

<sup>6)</sup> In the period of twelve months ended 31 December 2013, Mr. Juraj Kováčik performed managerial functions in FOMAX, a.s., which was the shareholder of Bexa.

<sup>7)</sup> In the period of twelve months ended 31 December 2013, Peter Máčaj served as Member of the Supervisory Board of FOMAX, a.s. as well as performed managerial functions in Slovanet a.s. In addition, during the same period, Mr. Juraj Kováčik performed managerial functions both in FOMAX, a.s. and in Slovanet a.s.

<sup>8)</sup> In the period of six months ended 30 June 2014 as well as in the period of twelve months ended 31 December 2013, Peter Máčaj was Member of the Board of Directors of Slovanet, a.s.

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Asseco Central Europe Group purchases from related parties:		12 months ended	12 months ended
		31 Dec 2014	31 Dec 2013
Name of entity	Transaction type	(audited)	(audited)
<b>Transactions with Asseco Poland S.A.</b>			
Asseco Poland S.A.	<i>purchase of IT services</i>	63	27
		<b>63</b>	<b>27</b>
<b>Transactions with related companies</b>			
Asseco Solutions AG	<i>purchase of IT services</i>	n/a	77
Matrix42 AG	<i>purchase of general and administrative services</i>	30	-
Asseco SEE (Croatia)	<i>purchase of IT services</i>	1	1
Asseco SEE (Serbia)	<i>purchase of IT services</i>	1	-
Asseco SEE (Turkey)	<i>purchase of IT services</i>	-	253
		<b>32</b>	<b>331</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	4
KIMM SLOVAKIA s. r. o. <sup>2)</sup>	<i>purchase of IT services</i>	7	44
Disig, a.s. <sup>3)</sup>	<i>purchase of IT services</i>	-	417
Fomax a.s. <sup>4)</sup>	<i>purchase of IT services</i>	-	990
		<b>8</b>	<b>1,455</b>
<b>Transactions with Members of the Board of Directors, Supervisory Board and Proxies of Asseco Central Europe, a. s. (SK)</b>			
Jozef Klein <sup>5)</sup>	<i>purchase of consultancy services</i>	1,500	-
		<b>1,500</b>	<b>-</b>
<b>Transactions with Members of the Board of Directors, Supervisory Board and Proxies of other Group's companies</b>			
Jacek Duch <sup>6)</sup>	<i>purchase of consultancy services</i>	500	-
Peter Máčaj <sup>7)</sup>	<i>purchase of IT services</i>	2	7
		<b>502</b>	<b>7</b>
<b>TOTAL</b>		<b>2,105</b>	<b>1,820</b>

<sup>1)</sup> In the period of six months ended 30 June 2014 as well as in the period of twelve months ended 31 December 2013 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 as well as in the period of twelve months ended 31 December 2013, 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 2013, Juraj Kováčik - Member of the Board of Directors in Slovanet served as the Member of the Supervisory Board in Disig, a.s.

<sup>4)</sup> In the period of twelve months ended 31 December 2013, Peter Máčaj served as Member of the Supervisory Board of FOMAX, a.s. as well as performed managerial functions in Slovanet a.s. In addition, during the same period, Mr. Juraj Kováčik performed managerial functions both in FOMAX, a.s. and in Slovanet a.s.

<sup>5)</sup> In the period of twelve months ended 31 December 2014 as well as in the comparative period, Jozef Klein was the Member of the Board of Directors in the Parent Company. This amount is presented in net profit for the period from discontinued operations related to disposal of Slovanet, a.s.

<sup>6)</sup> In the period of twelve months ended 31 December 2014 as well as in the comparative period, Jacek Duch was the Member of the Supervisory Board in Asseco Poland S.A. This amount is presented in net profit for the period from discontinued operations related to disposal of Slovanet, a.s.

<sup>7)</sup> In the period of six months ended 30 June 2014 as well as in the period of twelve months ended 31 December 2013, Peter Máčaj was Member of the Board of Directors of Slovanet, a.s.

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	Trade receivables and other receivables as at		Trade payables and other liabilities as at	
	31 Dec 2014 (audited)	31 Dec 2013 (audited)	31 Dec 2014 (audited)	31 Dec 2013 (audited)
<b>Transactions with Parent Company</b>				
Asseco Poland S.A.	6	3	19	24
	<b>6</b>	<b>3</b>	<b>19</b>	<b>24</b>
<b>Transactions with related companies</b>				
Asseco Solutions AG	n/a	330	n/a	-
Matrix42 AG	96	8	50	-
Asseco SEE (Croatia)	-	7	-	-
Asseco SEE (Turkey)	-	-	127	229
	<b>96</b>	<b>345</b>	<b>177</b>	<b>229</b>
<b>Transactions with associates:</b>				
První certifikační autorita. a.s CR	1	5	-	-
	<b>1</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>Transactions with entities related through Group's key management personnel</b>				
SNET a.s.	-	6	-	1
Disig, a.s.	-	341	-	80
Virte a.s.	-	589	-	-
Bexa	-	19	-	-
Fomax a.s.	-	-	-	593
KIMM SLOVAKIA s. r. o	-	-	-	3
	-	<b>955</b>	-	<b>677</b>
<b>TOTAL</b>	<b>103</b>	<b>1,308</b>	<b>196</b>	<b>930</b>

As at 31 December 2014, the balance of receivables from related entities comprised trade receivables (EUR 103 thousand) as well as other receivables (EUR 1 thousand). Whereas, as at 31 December 2013, receivables from related entities comprised trade receivables (EUR 1,301 thousand) as well as other receivables (EUR 7 thousand).

As at 31 December 2014, liabilities to related entities comprised trade payables (EUR 69 thousand) as well as other liabilities (EUR 127 thousand). As at 31 December 2013, liabilities towards related entities comprised trade payables (EUR 702 thousand) as well as other liabilities (EUR 228 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 2014 (audited)</b>	<b>31 Dec 2013 (audited)</b>
Change in inventories	(96)	553
Change in receivables	12,778	(7,968)
Change in liabilities	(8,357)	(3,723)
Change in prepayments, accruals and deferred income	1,466	3,018
Change in provisions	(2,029)	61
	<b>3,762</b>	<b>(8,059)</b>

### **Cash flows – investing activities**

In the period of twelve months ended 31 December 2014, 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 2,945 thousand, purchases of intangible assets for EUR 468 thousand.
- Expenditures for the acquisition of Asseco Solutions AG in Germany in the amount of EUR 13,800 thousand and cash and cash equivalents in the acquired subsidiaries as at the date of obtaining control in the amount of EUR 2,191.
- Expenditures for the acquisition of eDocu in the amount of EUR 430 thousand.
- Proceeds from the disposal of Slovanet, a. s in the amount of EUR 9,000 thousand and net debt in Slovanet, a. s. in the amount of EUR 923 thousand.
- Dividends received from associates in the amount of EUR 433 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 2014, 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 7,903 thousand.
- Dividend paid to non-controlling interests in the amount of EUR 273 thousand.

## 28. Commitments and contingencies in favor of related parties

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.

As at 31 December 2013, guarantees and sureties issued by and for Asseco Central Europe, a. s. (SK) were as follows:

- Asseco Central Europe, a. s. (Slovakia) granted a guarantee to its subsidiary Slovanet, a. s. in amount of EUR 4,000 thousand to back up its liabilities towards Všeobecná úverová banka under a framework crediting agreement.
- Subsidiary Slovanet a. s. was granted a guarantee (pledge on shares in Slovanet, a. s.) in the amount of EUR 3,600 thousand to back up its liabilities towards Všeobecná úverová banka under a framework crediting agreement; granted by Asseco Central Europe, a. s. (Slovakia).
- Subsidiary Slovanet, a. s. granted bills for UniCredit Bank as a guarantee for a loan of its subsidiary MadNet, a. s. in amount EUR 1,163 thousands.

## **29. Commitments and contingent liabilities to other entities**

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).

As at 31 December 2013, guarantees and sureties issued by and for the Group were as follows:

- Asseco Central Europe, a. s. (Slovak Republic) used a bank guarantee in amount of EUR 1,638 thousand issued by Komerční banka a.s. to secure the Company's obligations towards various procurers of public offerings (the guarantee expired on 30 April 2014).
- 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:

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	<b>31 Dec 2014</b>	<b>31 Dec 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>Liabilities under lease of space</b>		
In the period up to 1 year	3,049	3,527
In the period from 1 to 5 years	6,558	8,098
In the period over 5 years	-	-
	<b>9,607</b>	<b>11,625</b>
<b>Liabilities under operating lease of property, plant and equipment</b>		
in the period shorter than 1 year	479	515
in the period from 1 to 5 years	681	294
in the period longer than 5 years	-	-
	<b>1,160</b>	<b>809</b>

### 30. Employment

<b>Average Group's workforce in the reporting period*</b>	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31 Dec 2014</b>	<b>31 Dec. 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Management Board of the Parent Company	4	5
Management Boards of the Group companies	15	18
Production departments	1,120	1,210
Direct sales departments	84	111
Indirect sales departments	21	25
Back-office departments	163	153
<b>Total</b>	<b>1,407</b>	<b>1,522</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.)

<b>The Group workforce as at</b>	<b>31 Dec 2014</b>	<b>31 Dec. 2013</b>
	<b>(audited)</b>	<b>(audited)</b>
Management Board of the Parent Company	3	5
Management Boards of the Group companies	15	18
Production departments	1,150	1,150
Direct sales departments	90	109
Indirect sales departments	22	26
Back-office	170	134
<b>Total</b>	<b>1,450</b>	<b>1,442</b>

<b>Number of employees in the Group companies as at</b>	<b>31 Dec 2014 (audited)</b>	<b>31 Dec. 2013 (audited)</b>
Asseco Central Europe, a.s. (Slovakia)	396	347
Asseco Central Europe, a.s. (Czech Republic)	252	257
Asseco Berit AG	7	5
Asseco Berit GmbH	16	16
Asseco Solutions Group (Czech Republic)	291	306
Asseco Solutions Group (Slovakia)	155	166
Asseco Solutions Group (Germany)	185	-
DanubePay, a.s.	27	21
Asseco Hungary Zrt.	3	-
GlobeNet Zrt.	48	48
Statlogics Zrt.	70	61
Slovanet Group	-	215
	<b>1,450</b>	<b>1,442</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 foreign subsidiaries of the Asseco Central Europe Group are the currencies of the countries in which these entities are legally registered. Consequently, the assets and financial results of such subsidiaries need to be converted to the euro and their values as 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 of the Group or its subsidiary, 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. All the changes in the value of exposure are closely monitored on a fortnightly basis. 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: In order to hedge the contracts settled in foreign currencies, the Company concludes simple currency derivatives such as forward contracts and, in the case of embedded instruments under foreign currency-denominated contracts - 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 two areas of its business activities: (i) 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, 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.

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 2014 and 31 December 2013, by maturity period, based on the contractual undiscounted payments.

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	as at 31 Dec 2014 (audited)		as at 31 Dec 2013 (audited)	
	amount	structure	amount	Structure
<b>Ageing structure of trade accounts payable</b>				
Overdue liabilities	1,968	21%	2,350	18%
Current and future up to 3 months payables	7,561	79%	10,596	82%
Future payables between 3 and 6 months	35	0%	-	0%
Future payables over 6 months	7	0%	-	0%
	<b>9,571</b>	<b>100%</b>	<b>12,946</b>	<b>100%</b>

The tables below present the ageing structure of other financial liabilities as at 31 December 2014 and 31 December 2013.

As at 31 December 2014 (audited)	Liabilities 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>
<b>Total</b>	<b>591</b>	<b>46</b>	<b>14</b>	-	<b>651</b>

As at 31 December 2013 (audited)	Liabilities 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	717	-	-	-	<b>717</b>
Investment loans	412	1,408	5,364	-	<b>7,184</b>
Loans	114	2,673	223	-	<b>3,010</b>
Finance lease liabilities	184	610	647	-	<b>1,441</b>
<b>Total</b>	<b>1,427</b>	<b>4,691</b>	<b>6,234</b>	-	<b>12,352</b>

### Effects of reducing 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:

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Trade accounts receivable and payable as at 31 December 2014 (audited)	Amount exposed to risk	Impact on financial results of the Group	
		-10%	10%
<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>

Trade accounts receivable and payable as at 31 December 2013 (audited)	Amount exposed to risk	Impact on financial results of the Group	
		-10%	10%
<b>CZK:</b>			
Trade accounts receivable	7,915	(792)	792
Trade accounts payable	3,400	340	(340)
<b>Balance</b>		<b>(452)</b>	<b>452</b>
<b>CHF:</b>			
Trade accounts receivable	493	(49)	49
Trade accounts payable	8	1	(1)
<b>Balance</b>		<b>(48)</b>	<b>48</b>
<b>HUF:</b>			
Trade accounts receivable	743	(74)	74
Trade accounts payable	12	1	(1)
<b>Balance</b>		<b>(73)</b>	<b>73</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.

#### Effects of reducing 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 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. As at 31 December 2013 the Group had

overdraft facilities and other loans in the amount of EUR 5,766 thousand which were subject to 1M Euribor variable interest rate.

### 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 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.

As at 31 December 2013, the Group does not hold any financial assets measured at fair value.

### 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 2014 and 31 December 2013, in breakdown by type of service:

Type of service	31 Dec 2014 (audited)	31 Dec 2013 (audited)
Obligatory audit of the annual financial statements	40	34
<b>Total</b>	<b>40</b>	<b>34</b>

### 33. Remuneration of Members of the Board of Directors and Supervisory Board of the Parent Company

Remuneration in EUR for the period of	12 months ended	12 months ended
	31 Dec 2014 (audited)	31 Dec 2013 (audited)
<b>Board of Directors</b>	<b>1,205</b>	<b>687</b>
Klein Jozef – Chairman of the Board of Directors	622	246
Levíček Radek – Vice-chairman of the Board of Directors (till 10 November 2014)	220	132
Grác Marek	203	104
Stoppani David	151	103
Osuský Tomáš (till 28 February 2014)	9	102
<b>Supervisory Board</b>	<b>42</b>	<b>38</b>
Góral Adam	13	13
Košári Andrej	4	4
Handlovský Ján	7	6
Seczkowski Przemyslaw	9	6
Panek Marek	9	9
<b>Total</b>	<b>1,247</b>	<b>725</b>

The tables above presents the remuneration 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 subsidiary companies of Asseco Central Europe, a. s. (SK) in 2014 and 2013.

### 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 2014, as in the year ended 31 December 2013, 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). It is the Group's policy to keep this ratio below 35%. Net liabilities include interest-bearing credits and loans, trade accounts payable and other liabilities, decreased by cash and cash equivalents. The equity comprises convertible preferred shares, own equity attributable to shareholders of the Parent Company, decreased by capital reserves from unrealized net profits.

<b>Equity management</b>	<b>31 Dec 2014</b> <b>(audited)</b>	<b>31 Dec 2013</b> <b>(audited)</b>
Interest-bearing credits and loans	587	8,779
Trade accounts payable and other liabilities	20,672	25,497
Cash and cash equivalents	(38,003)	(34,857)
<b>Net liabilities</b>	<b>(16,744)</b>	<b>(581)</b>
Shareholders' equity	109,599	101,622
<b>Equity plus net liabilities</b>	<b>92,855</b>	<b>101,041</b>
<b>Leverage ratio</b>	<b>(18.0%)</b>	<b>(1.0%)</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**

Until the date of preparing these consolidated financial statements, i.e. 24 February 2015, no 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 2014, no significant events related to prior years occurred that might have an impact on these consolidated financial statements.