

***CAPITAL GROUP ASSECO SOUTH EASTERN EUROPE***

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

## **I. GENERAL NOTES**

### **1. Background**

The holding company of the Asseco South Eastern Europe Group (hereinafter 'the Group' or 'the Capital Group') is Asseco South Eastern Europe S.A. ('the holding company', 'the Company'). The holding company was incorporated on the basis of a Notarial Deed dated April 10, 2007.

The Company's registered office is located in Rzeszów at 14 Olchowa Street.

The holding company is an issuer of securities as referred to in art. 4 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002 on the application of international accounting standards (EC Official Journal L243 dated 11 September 2002, page 1, polish special edition chapter 13, title 29 page 609) and, based on the article 55.5 of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'), prepares consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU. This requirement relates to the consolidated financial statements for the financial year beginning in 2005 and later.

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

The Company was issued with tax identification number (NIP) 8133513607 on September 12, 2008 and statistical number (REGON) 180248803 on February 25, 2008.

The holding company is part of the ASSECO Poland S.A. capital group.

The principal activities of the holding company are as follows:

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

The scope of activities of the Group's subsidiaries, jointly controlled entities and associates are similar to this of the holding company.

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*(in thousand zlotys)*

As at February 19, 2014, the Company's issued share capital amounted to 518.942 thousand zlotys. Equity as at that date amounted to 648.949 thousand zlotys.

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

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

There were no changes in the ownership structure of the holding company from the balance sheet date to the date of the opinion.

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

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

Piotr Jeleński	- President of the Management Board
Calin Barseti	- Member of the Management Board
Miljan Mališ	- Member of the Management Board
Miodrag Mirčetić	- Member of the Management Board
Marcin Rulnicki	- Member of the Management Board

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

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

## 2. Group Structure

As at 31 December 2013, the Asseco South Eastern Europe Group consisted of the following subsidiaries (direct or indirect):

name of entity	consolidation method	type of opinion of the financial statements	entity auditing the financial statements	reporting date of the financial statements
Asseco South Eastern Europe S.A.		unqualified	EY	31.12.2013
Asseco SEE s.r.l., (Bukareszt)	full consolidation	audit in progress	EY	31.12.2013
Asseco SEE d.o.o., Beograd	full consolidation	audit in progress	Deloitte	31.12.2013
Asseco SEE d.o.o. (Zagreb)	full consolidation	audit in progress	EY	31.12.2013
Asseco SEE Sh.p.k. (Prishtina)	full consolidation	audit in progress	Deloitte	31.12.2013
Asseco SEE d.o.o. (Sarajevo)	full consolidation	audit in progress	Deloitte	31.12.2013
Asseco SEE Teknoloji A.Ş. (Istanbul)	full consolidation	audit in progress	EY	31.12.2013
Asseco SEE o.o.d. , Sofia	full consolidation	audit in progress	Deloitte	31.12.2013
Asseco SEE d.o.o., (Grosuplje)	full consolidation	audit not required	-	31.12.2013
Asseco SEE DOEL, Skopje	full consolidation	audit in progress	Deloitte	31.12.2013
EŽ Računalstvo 2013 d.o.o. Croatia	full consolidation	audit not required	-	31.12.2013

Details of the type and impact of changes in entities included in the consolidation as compared to the prior year may be found in Note 29 of the summary of significant accounting policies and other explanatory notes ("the additional notes and explanations") to the consolidated financial statements of the Group for the year ended 31 December 2013.

### **3. Consolidated Financial Statements**

#### **3.1 Auditors' opinion and audit of consolidated financial statements**

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

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

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

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

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

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

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

1. We have audited the attached consolidated financial statements of Asseco South Eastern Europe Group ('the Group'), for which the holding company is Asseco South Eastern Europe S.A. ('the Company') located in Rzeszów at 14 Olchowa Street, for the year ended 31 December 2013 containing, the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow for the period from 1 January 2013 to 31 December 2013 and the summary of significant accounting policies and other explanatory notes ('the attached consolidated financial statements').
2. The truth and fairness<sup>1</sup> of the attached consolidated financial statements, the preparation of the attached consolidated financial statements in accordance with the required applicable accounting policies and the proper maintenance of the consolidation documentation are

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

the responsibility of the Company's Management Board. In addition, the Company's Management Board and Members of the Supervisory Board are required to ensure that the attached consolidated financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (Journal of Laws 2013.330 with subsequent amendments – 'the Accounting Act'). Our responsibility was to audit the attached consolidated financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies and whether they truly and fairly<sup>2</sup> reflect, in all material respects, the financial position and results of the operations of the Group.

3. We conducted our audit of the attached consolidated financial statements in accordance with:

- chapter 7 of the Accounting Act,
- national auditing standards issued by the National Council of Statutory Auditors,

in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached consolidated financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the attached consolidated financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached consolidated financial statements treated as a whole.

4. In our opinion, the attached consolidated financial statements, in all material respects:

- present truly and fairly all information material for the assessment of the results of the Group's operations for the period from 1 January 2013 to 31 December 2013, as well as its financial position<sup>3</sup> as at 31 December 2013;
- have been prepared in accordance with International Financial Reporting Standards as adopted by the EU;
- are in respect of the form and content, in accordance with the legal regulations governing the preparation of financial statements.

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

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<sup>2</sup> Translation of the following expression in Polish: 'rzetelne i jasne'

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

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

### **3.2 Representations provided and data availability**

The Management Board of the holding company confirmed its responsibility for the truth and fairness<sup>4</sup> of the consolidated financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and the correctness of consolidation documentation. The Board stated that it provided us with all financial statements of the Group companies included in the consolidated financial statements, consolidation documentation and other required documents as well as all necessary explanations. We also obtained a written representation dated February 19, 2014, from the Management Board of the holding company confirming that:

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

and confirmed that the information provided to us was true and fair to the best of the holding company Management Board's knowledge and belief, and included all events that could have had an effect on the consolidated financial statements.

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

### **3.3 Consolidated financial statements for prior financial year**

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

The consolidated financial statements of the Group for the financial year ended 31 December 2012, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on April 29, 2013 with the National Court Register.

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

## 4. Analytical Review

### 4.1 Basic data and financial ratios

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

	2013	2012	2011
<b>Total assets</b>	777 351	758 840	821 016
<b>Shareholders' equity</b>	648 949	664 853	705 811
<b>Net profit/ loss</b>	35 967	49 626	54 653
<b>Return on assets (%)</b>	4,6%	6,5%	6,7%
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Net profit x 100			
Total assets			
<b>Return on equity (%)</b>	5,4%	7,0%	9,2%
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Net profit x 100			
Shareholders' equity at the beginning of the period			
<b>Profit margin (%)</b>	7,6%	10,7%	11,8%
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Net profit x 100			
Sales of finished goods, goods for resale and raw materials			
<b>Liquidity I</b>	1,8	2,5	2,4
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Current assets			
Short-term creditors			
<b>Liquidity III</b>	0,51	0,83	0,95
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Cash and cash equivalents			
Short-term creditors			
<b>Debtors days</b>	83 days	59 days	68 days
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Trade debtors x 365			
Sales of finished goods, goods for resale and raw materials			



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	2013	2012	2011
<b>Creditors days</b>	54 days	33 days	41 days
Trade creditors x 365			
Costs of finished goods, goods for resale and raw materials sold			
<b>Inventory days</b>	18 days	17 days	14 days
Inventory x 365			
Costs of finished goods, goods for resale and raw materials sold			
<b>Stability of financing (%)</b>	85,1%	88,3%	87,9%
(Equity + long-term provisions and liabilities) x 100			
Total liabilities, provisions and equity			
<b>Debt ratio (%)</b>	16,5%	12,5%	14,0%
(Total liabilities and provisions) x 100			
Total assets			
<b>Rate of inflation:</b>			
Yearly average	0,90%	3,70%	4,30%
December to December	0,70%	2,40%	4,60%

## 4.2 Comments

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

- Return on assets ratio in 2013 decreased in 2013 in comparison with 2012 and 2011;
- Return on equity ratio in 2013 decreased in 2013 in comparison with 2012 and 2011;
- Net profit margin ratio in 2013 decreased in 2013 in comparison with 2012 and 2011;
- Liquidity ratio I in 2013 decreased in comparison with 2012 and 2011;
- Liquidity ratio III in 2013 decreased in comparison with 2012 and 2011;
- Debtors days ratio in 2013 increased in comparison with 2012 and 2011;
- Creditors days ratio in 2013 increased in comparison with 2012 and 2011;
- The inventory turnover ratio in 2013 did not change in comparison with 2012 and increased in comparison with 2011;
- Stability of financing ratio in 2013 decreased in comparison with 2012 and 2011;
- Debt ratio in 2013 increased in comparison with 2012 and 2011.

#### **4.3 Going concern**

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

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

## **II. DETAILED REPORT**

### **1. Completeness and accuracy of consolidation documentation**

During the audit no material irregularities were noted in the consolidation documentation which could have a material effect on the audited consolidated financial statements, and which were not subsequently adjusted. These would include matters related to the requirements applicable to the consolidation documentation (and in particular eliminations relating to consolidation adjustments).

### **2. Accounting policies for the valuation of assets and liabilities**

The Group's accounting policies and rules for the presentation of data are detailed in note IV.8 of the additional notes and explanations to the Group's consolidated financial statements for the year ended 31 December 2013.

### **3. Structure of assets, liabilities and equity**

The structure of the Group's assets and equity and liabilities is presented in the audited consolidated financial statements for the year ended 31 December 2013.

The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

#### **3.1 Goodwill on consolidation and amortisation**

The method of determining goodwill on consolidation, the method on determining impairment of goodwill, the impairment charged in the financial year and up to the balance sheet date were presented in note IV.8.iii and VII.11 of the additional notes and explanations to the consolidated financial statements.

#### **3.2 Shareholders' funds including non-controlling interest**

The amount of shareholders' funds is consistent with the amount stated in the consolidation documentation and appropriate legal documentation. Non-controlling interest amounted to 171 thousand zlotys as at 31 December 2013. It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in note VII.17 - VII.19 of the additional notes and explanations to the consolidated financial statements.

#### **3.3 Financial year**

The financial statements of all Group companies forming the basis for the preparation of the consolidated financial statements were prepared as at 31 December 2013 and include the financial data for the period from 1 January 2013 to 31 December 2013.

**4. Consolidation adjustments**

**4.1 Elimination of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of consolidated entities.**

All eliminations of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of the consolidated companies reconcile with the consolidation documentation.

**4.2 Elimination of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends**

All eliminations of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends reconcile with the consolidation documentation.

**5. Disposal of all or part of shares in a subordinated entity**

The effects of the sale of part of the shares of Sigma Danismanlik ve Uygulama Merkezi A.S. were disclosed in the Group's consolidated financial statements in accordance with the appropriate legal documents and consolidation documentation.

The transaction did not have impact on the financial statement.

**6. Items which have an impact on the group's result for the year**

Details of the items which have an impact on the Group's result for the year have been included in the audited consolidated financial statements for the year ended 31 December 2013 .

**7. The appropriateness of the departures from the consolidation methods and application of the equity accounting as defined in International Financial Reporting Standards as adopted by the EU**

During the process of preparation of the consolidated financial statements there were no departures from the consolidation methods or application of the equity accounting

**8. Additional Notes and Explanations to the Consolidated Financial Statements**

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

## **9. Directors' Report**

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

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

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

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

Key Certified Auditor

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Artur Żwak  
certified auditor  
No. 9894

Warsaw, February 19, 2014