

CAPITAL GROUP ASSECO SOUTH EASTERN EUROPE

**LONG-FORM AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 18, 2015, the Company's issued share capital amounted to 518 942 thousand zlotys. Equity as at that date amounted to 679 168 thousand zlotys.

In accordance with information provided by the Company as at December 31, 2014, 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%
Liatriis d.o.o.	3 838 683	3 838 683	38 387	7,40%
Aviva OFE	3 820 000	3 820 000	38 200	7,36%
Pozostali	12 930 012	12 930 012	129 300	24,91%
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Total	51 894 251	51 894 251	518 943	100,00%
	=====	=====	=====	=====

In the reporting period was an increase of shares of Aviva OFE in the Company's capital from 5.29% to 7.36%.

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

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

As at February 18, 2015, the holding company's Management Board was composed of:

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

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

- on December 30, 2014 the Company received Calin Barseti's resignations from the positions of the Members of the Management Board effective on December 31, 2014,

2. Group Structure

As at 31 December 2014, the Asseco South Eastern Europe Group consisted of the following subsidiaries (direct or indirect):

Entity name	Consolidation method	Type of opinion	Name of authorised entity that audited financial statements	Balance sheet date
Asseco South Eastern		unqualified	EY	31.12.2014
Asseco SEE Dooel, Skopje (Macedonia)	full consolidation	audit in progress	Deloitte	31.12.2014
Asseco SEE d.o.o. (Croatia)	full consolidation	audit in progress	EY	31.12.2014
Asseco SEE SH.P.K Pronet (Kosovo)	full consolidation	audit in progress	Deloitte	31.12.2014
Asseco SEE d.o.o. Sarajevo (Bosnia)	full consolidation	audit in progress	Deloitte	31.12.2014
Asseco SEE Beograd d.o.o. (Serbia)	full consolidation	audit in progress	Deloitte	31.12.2014
Asseco SEE s.r.l. (Romania)	full consolidation	audit in progress	EY	31.12.2014
Asseco SEE A.S. (Turkey)	full consolidation	audit in progress	EY	31.12.2014
Asseco SEE o.o.d., Sofia (Bulgaria)	full consolidation	audit not required	-	31.12.2014
Asseco SEE d.o.o., Podgorica (Montenegro)	full consolidation	audit not required	-	31.12.2014
Asseco SEE d.o.o., (Slovenia)	full consolidation	audit not required	-	31.12.2014

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 28 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 2014.

3. Consolidated Financial Statements

3.1 Auditors' opinion and audit of consolidated financial statements

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. 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. was appointed by Supervisory Board on June 17, 2014 to audit the Group's financial statements.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. 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 23, 2014 with the holding company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2014.

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 unqualified dated February 18, 2015, 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 2014 containing, the consolidated balance sheet as at 31 December 2014, 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 2014 to 31 December 2014 and the summary of significant accounting policies and other explanatory notes ('the attached consolidated financial statements').
2. The truth and fairness¹ 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 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

¹ Translation of the following expression in Polish: 'rzetelność i jasność'

the required applicable accounting policies and whether they truly and fairly² 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 2014 to 31 December 2014, as well as its financial position³ as at 31 December 2014;
- 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 2014 to 31 December 2014 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 art. 49 para 2 of the Accounting Act and 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 2014.133 with subsequent amendments).'

We conducted the audit of the consolidated financial statements during the period from December 1, 2014 to February 18, 2015. We were present in the place where the holding company's books of account are kept from February 2, 2015 to February 6, 2015 and at the holding company's head office from December 10, 2014 to December 16, 2014 and from February 2, 2015 to February 18, 2015.

² Translation of the following expression in Polish: 'rzetelne i jasne'

³ Translation of the following expression in Polish: 'sytuacja majątkowa i finansowa'

3.2 Representations provided and data availability

The Management Board of the holding company confirmed its responsibility for the truth and fairness⁴ 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 18, 2015, 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 2013 were audited by Artur Źwak, key certified auditor no. 9894, acting on behalf of Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. with its registered office in Warsaw, at Rondo ONZ 1, the company entered on the list of entities authorized to audit financial statements conducted by the National Council of Statutory Auditors with the number 130. The key certified auditor issued an unqualified opinion on the consolidated financial statements for the year ended 31 December 2013. The consolidated financial statements for the year ended 31 December 2013 were approved by the General Shareholders' Meeting on April 24, 2014.

The consolidated financial statements of the Group for the financial year ended 31 December 2013, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on April 29, 2014 with the National Court Register.

⁴ 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 2012 – 2014. The ratios were calculated on the basis of financial information included in the financial statements for the years ended 31 December 2013 and 31 December 2014.

	2014	2013	2012
Total assets	848 297	776 815	759 840
Shareholders' equity	679 168	648 424	664 853
Net profit	39 040	35 967	49 626
Return on assets (%)	4,6%	4,6%	6,5%
<hr/> Net profit x 100%			
Total assets			
Return on equity (%)	6,0%	5,4%	7,0%
<hr/> Net profit x 100%			
Shareholders' equity at the beginning of the period			
Profit margin (%)	7,8%	7,6%	10,7%
<hr/> Net profit x 100%			
Sales of finished goods, goods for resale and raw materials			
Liquidity I	1,7	1,8	2,5
<hr/> Current assets			
Short-term creditors			
Liquidity III	0,62	0,50	0,83
<hr/> Cash and cash equivalents			
Short-term creditors			
Debtors days	66 dni	83 days	59 days
<hr/> Trade debtors x 365			
Sales of finished goods, goods for resale and raw materials			

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	2014	2013	2012
Creditors days	53 dni	53 days	34 days
Trade creditors x 365			
Costs of finished goods, goods for resale and raw materials sold			
Inventory days	16 dni	18 days	18 days
Inventory x 365			
Costs of finished goods, goods for resale and raw materials sold			
Stability of financing (%)	83,5%	85,6%	89,0%
(Equity + long-term provisions and liabilities) x 100%			
Total liabilities, provisions and equity			
Debt ratio (%)	19,9%	16,5%	12,5%
(Total liabilities and provisions) x 100%			
Total assets			
Rate of inflation:			
Yearly average	0,00%	0,90%	3,70%
December to December	-1,00%	0,70%	2,40%

4.2 Comments

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

- Return on assets ratio in 2014 did not change in comparison with 2013 and decreased in comparison with 2012;
- Return on equity ratio in 2014 increased in comparison with 2013 and decreased comparing to 2012;
- Net profit margin ratio in 2014 increased in comparison with 2013 and decreased in comparison with 2012;
- Liquidity ratio I in 2014 decreased in comparison with 2013 and 2012;
- Liquidity ratio III in 2014 increased in comparison with 2013 and decreased in comparison with 2012;
- Debtors days ratio in 2014 decreased in comparison with 2013 and increased in comparison with 2012;
- Creditors days ratio in 2014 increased in comparison with 2013 and 2012;
- The inventory turnover ratio in 2014 decreased in comparison with 2013 and 2012;
- Stability of financing ratio in 2014 decreased in comparison with 2013 and 2012;
- Debt ratio in 2014 increased in comparison with 2013 and 2012.

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 2014 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 2014, 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 2014 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 of the additional notes and explanations to the Group's consolidated financial statements for the year ended 31 December 2014.

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 2014.

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 VII.10 and IV.III 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 162 thousand zlotys as at 31 December 2014. It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in note VII.16 – 18 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 2014 and include the financial data for the period from 1 January 2014 to 31 December 2014.

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

During the financial year the Group did not sell any shares in subordinated entities.

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 2014.

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 2014 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 2014 to 31 December 2014 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 art. 49 para 2 of the Accounting Act and 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 2014.133 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.
Rondo ONZ 1, 00-124 Warsaw
Reg. No 130

Key Certified Auditor

Artur Zwak
certified auditor
No. 9894

Warsaw, February 18, 2015