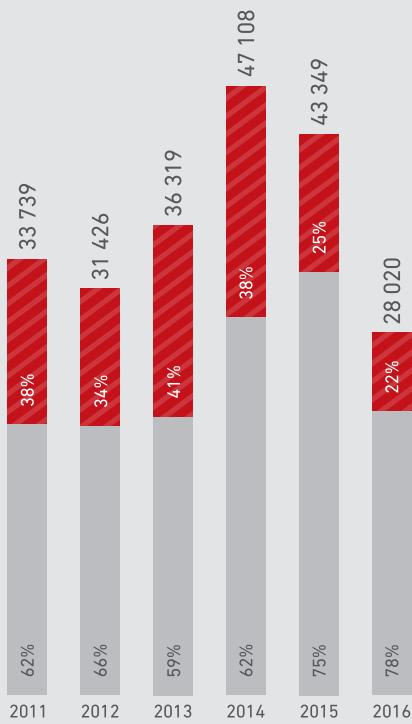


# useful techno logies:

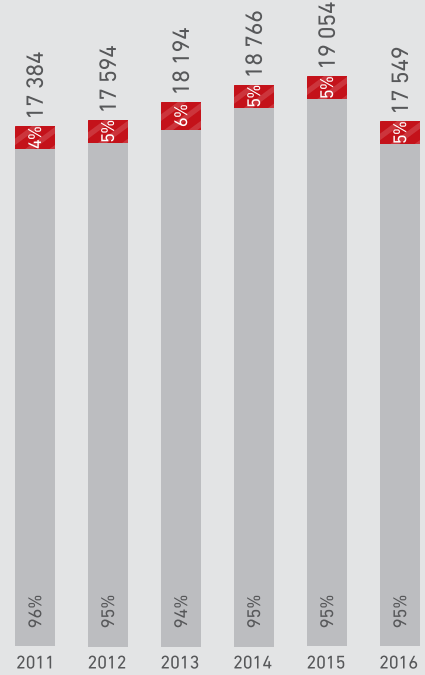




- 48 Public sector
- 23 Manufacturing and Telco
- 20 Financial sector
- 09 Other



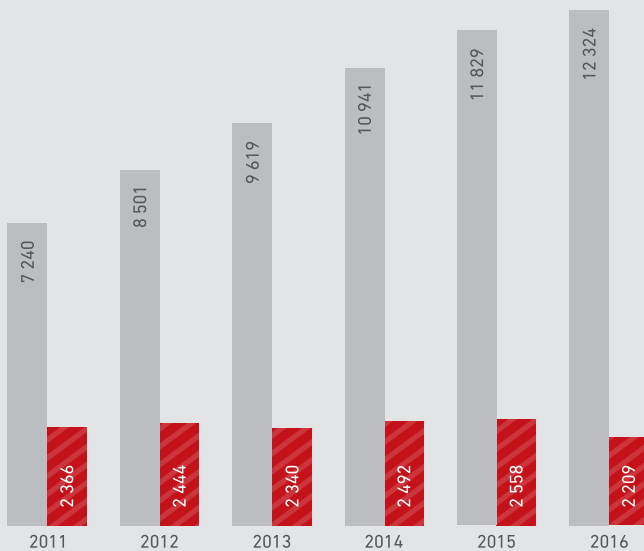
Goods and services revenue development in thousand EUR



Development of total performance from goods and services in thousand EUR

● services ● goods

● services ● goods



Development of net income and equity in thousand EUR

● equity ● net income



Development of profitability as the ratio of EBITDA to total performance

Gross margin definition: Gross margin represents revenues adjusted for externally subcontracted deliveries.  
 Total performance definition: Total performance represents gross margin adjusted for capitalisation and balance of warranty provisions.

## Top events and projects

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march

### *Tatra banka names PosAm 'Supplier of the year 2015'*

PosAm was awarded by Tatra banka as Supplier of the Year 2015 in the category Optimisation of a product or service. PosAm came out top from thousands of suppliers thanks to the benefit it produced in the provision of End User Services. The award is a reflection of the quality of PosAm's services, after the company took over from the original provider and assumed responsibility for operation and support for several thousand IT end devices and their users, not just at head office, but also at all branches and other members of the Tatra banka group.

april

### *Stredoslovenské vodárne have a perfect view of the IT environment through Nextthink*

Stredoslovenská vodárenská prevádzková spoločnosť has started reaping the benefits from IT infrastructure monitoring based on solutions from the company Nextthink. This managed service from PosAm helped optimise the upgrading of endpoint devices and facilitated their complete stocktaking. This produced a reduction in total cost of ownership (TCO) and increased the overall economic value of the monitored part of IT infrastructure. Implementation of this project is a model example of the synergies between PosAm and its parent company Slovak Telekom in the commercial sphere.

may

### *PosAm gets involved in the TOOP project*

The TOOP project reacts to the challenge of the European Commission as part of the programme Horizont 2020, with the Once-Only innovation for public administration. As part of the project, the possibility to exchange data across regions is to be verified in practice in selected situations. The aim of this is to ensure application of the principle "Once Only". This principle is intended to ensure that information is provided to public administration only once, regardless of the region in which a company has its registered office.

may

### *Extension of IT outsourcing for Pan-Net to include Romania*

Romania became the next country in line where PosAm implemented and operates the IT infrastructure for Deutsche Telekom Pan-Net (Pan-Net). Pan-Net is a new unit within Deutsche Telekom that was put in charge of setting up the pan-European network and common technological platform for the provision of services to individual national providers of DT. Just like the whole concept of the Pan-Net platform, the internal infrastructure that was delivered by PosAm is based on cloud technologies.

july

### *DCOM – inspiration for developing eGovernment in Macedonia*

We presented the delegation from Macedonia with the project Data Centre of Towns and Villages together with representatives of the association of towns and villages ZMOS. We explained the goals, solution and benefits for citizens. The system makes it possible to connect towns and villages directly to public administration and electronic services that are available to residents 24 hours a day, and so it generated clear interest. The Macedonian delegation was led by the Minister for Information Society and Administration, Marta Arsovska Tomovska, who deals with digital transformation and administrative reform in the country.

august

### *We gave life to the new sales channel management system in ZSE*

The new system from PosAm introduced four major changes to product sales in power company ZSE: complete transition to paperless processes, preparation of personalised offers in real time, careful management and control of the sales process, and harmonising processes at branches and out in the field. The time required to activate contracts was radically cut, sales were streamlined, the success rate of vendors increased, while easing the difficulty and reducing the degree of error. ZSE therefore set the benchmark pretty high for its competitors.

september

### *PosAm gains title of National Champion in the competition European Business Awards 2016/17*

PosAm became the national champion in the competition European Business Awards 2016/2017 in the category of companies with an annual turnover of EUR 26 - 150 million. The European Business Awards are presented to companies with exceptional financial results, dynamic growth, which are unique in their strategy in innovations or which set the direction in their sector. This is the tenth time the awards have been given, with over 33,000 companies from 34 countries competing for a nomination this year.

september

### *We helped improve the quality of teaching informatics at the University of Economics*

Students of the Faculty of Economic Informatics at the University of Economics in Bratislava are already learning in the computer lab with new equipment. Assistance for the school was initiated by Peter Kolesár, head of public administration at PosAm. He completed his own studies at the University of Economics back in 1997 and now, as manager of a successful IT company, he felt a commitment to his own Alma mater.

october

### *Successful recertification of the Integrated management system*

PosAm has another 3 years confirmed certification as per ISO 9001, ISO 27001, ISO 20000, OHSAS 18001 and ISO 14001 standards. An in-depth audit lasting several days was carried out in the last week by leading international certification company DNV GL Business Assurance Slovakia s. r. o. This demanding recertification audit proved once again that PosAm applies the highest standards to its activities. PosAm has had an Integrated Management System with this combination of standards in place since 2007.

october

### *We take on our biggest international project*

The operation and support for telecommunications services in Allianz Group by way of the Servio application is this year's largest success of PosAm as part of its announced international expansion. It managed to achieve this also thanks to close co-operation with Slovak Telekom, which opted for the Servio application to support its Service Desk, and the management and monitoring of services. In October, Czech Republic and Croatia became the first countries as part of the Allianz group to start using the Servio application for telecommunications services management.

november

### *Budgetspecialists.eu at the GLOBSEC Tatra Summit*

As a partner to the conference Tatra Summit 2016, PosAm prepared a special presentation of its IT solutions for the public sector. Without doubt, the most important solution is the Budgetary Information System, serving for administration of the state budget. In its 20 years of existence, the BIS has contributed to the transformation of the country's public finances, while speeding up budget compilation by as much as 80%. The detail level of data that can be worked with is now tenfold what it was before. The time required for drawing up the budget was cut from weeks to hours. Information is available in real time about budget drawdown, whereas getting this information in the past could take months. The outcome of these changes is fundamental simplification of processes and their greater quality, major savings and more effective use of public finances, better control over the drawing of funds and how well they are used, as well as greater transparency.

november

### *Storage systems upgrade gives a bank the tool for business development*

The latest generation of disk arrays Hitachi VSP G600 replaced the older arrays from the same supplier. The new systems provide Slovakia's third largest bank with sufficient storage capacity for years to come. The bank confidently opted for PosAm and solutions from Hitachi Data Systems for the upgrade, thanks to the high technological level of the solutions, swift return on investment, and the extensive experience and service quality of PosAm.

*: our expectations from the entry of Slovak Telekom to our company are becoming fruitful*



**Marián Marek**  
Chief Executive Officer

## *Growing into a regional player*

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**Dear ladies and gentlemen, the Annual Report presents basic information about the condition and development of the company over the past year. The aim of my brief introduction is to provide qualitative information that complements the typical statements and overviews given in the second part.**

In the past year, the Slovak market witnessed a substantial decline in government spending on information technology projects. This trend affected our company as well, meaning we were unable to sustain the high level of revenues seen in previous years primarily from the large project of the Municipality Data Centre (DCOM).

The drop in gross margin and profit is more related to internal structural changes that we are undergoing. The most significant of these is the gradual transition of some of our SW solutions away from Lotus Notes, or Domino, to the standard development environments of Java/JavaScript. The rollout of our key product for the private sector - insurance sales force application - proved to be more demanding in terms of time and money than we had initially anticipated, so the costs of this project had a negative impact on our results. However, it is notable that this solution is now fully prepared for the era of multichannel self-service solutions and has the potential to be the flagship of our company for many years to come.

We also made strong progress in a shift from one-off to more standardized solutions, ideally creating fully standardized products in the future. It is great that our first such product – Servio, registered strong growth in sales and has a promising outlook for the following year. It is also important that our other three products are already at late stages of development. We expect to place them on the market this year.

Other positives I see in 2016 include expanding the scope of the DCOM project to include a total of 2,100 municipalities, defending our strong market position in the segment of data administration systems and confirming our market position in end-device management.

Considering the significant drop in public spending on IT solutions in Slovakia, I see the year 2016 as relatively successful. Despite the weaker financial results, we strongly innovated our solutions and maintained our market position in all key segments. Our affiliation with the Deutsche Telekom group helped us acquire a significant role in two international projects and secure considerably better access to the Czech market.

I would like to thank all our customers for their interest in our services and solutions and assure them that adoption of the latest technologies and methodologies is our constant priority. It is our way of increasing the usefulness of the services and solutions we offer.



*• usefulness, quality and long-term outlooks  
are principles of prime importance in our  
business*



**Miroslav Bielčik**  
Chief Financial Officer  
and Chief Operating Officer

# *We see the year's results from the perspective of long-term development goals*

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**Uncompromising adherence to the principle of useful technologies and quality, investment into the new generation of solutions in fields where we have extensive experience and strong know-how, development projects in new segments and on new markets, while raising the efficiency of internal processes and strengthening our teams. It pleases me that despite the testing economic situation in 2016, we still managed to follow our strategy, which aims to put the PosAm brand on a broader regional map and ensure prosperity and growth from a long-term perspective.**

In the past year, we generated total revenues of EUR 28,020 thousand. This result was influenced mainly by the transition of the Data Centre of Towns and Villages project from the implementation phase to the operational phase, but also by a general drop in hardware sales. We regard as important how the drop in revenues did not have such a detectable impact on the gross margin, or the company's performance, and so also not on profitability.

Despite the drop in revenues by 35%, we generated total performance worth EUR 17,549 thousand, which is a year-over-year decline of 8%. The volume of performance and its year-over-year dynamic is positive accounting for the demanding situation on the market, which declined in the Slovak environment even more distinctly in 2016. Growth in performance generated with customers in the commercial sector is a positive result structurally and even overall. We are happy that both the product and market strategies that we invested into in recent years are now producing results.

Our EBITDA was EUR 3,778 thousand, with a pre-tax profit of EUR 2,932 thousand and a net profit booked in at EUR 2,209 thousand. This represents a drop of 12% in EBITDA, or 13% in the case of gross and net profit. The nominal drop in total performance did not reflect fully in profitability as we compensated for more 70% of it by cutting costs and in their variability. If we had focused solely on short-term goals, the results could have been better. Instead, we invested a large volume of resources into development

activities and projects that provide the potential for growth in revenues and total performance in future. We continued with the optimization of internal processes and on improving the working environment. We brought a new system to life for managing resources, while modernizing branch premises in Žilina and providing all colleagues with a quality and healthy working environment. In our recertification audit, we confirmed all granted ISO certificates, thereby justifying our competence in all respective areas. The Integrated Management System is one of the pillars of our ability to supply quality services and solutions.

The most important pillar of our company's current and future success, however, is the people. We are aware of the crucial importance of the qualitative and educational level of employees, and also the need to complement the team with fresh talent, either with practical experience or directly from schools. In 2016, we supported several joint projects with the academic community, by which we try to communicate to potential young colleagues the company's interest in establishing long-term relationships with young exceptional talents.

I am glad that even though we did not quite achieve our economic ambitions, we managed to invest greatly into future growth, boost our position in existing segments and with existing customers, and approach quality people on the labor market. Implementation of this set strategy, supported by conservative financial management, establishes the preconditions for further economic growth and the lasting satisfaction of our customers, employees and in the end, also our shareholders.

*: the investments we made in the past are producing a positive effect, not just on the Slovak market*



**René Kubiš**  
Chief Sales & Marketing Officer

# *We went a long way to meet our strategic goals*

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**In 2016, we did a lot toward achieving our long-term goals. We continued with the massive renewal and development of our portfolio, while also penetrating foreign markets. Although we did not manage to meet all our business objectives, we had key successes confirming the accuracy of our strategy.**

Substantial growth in the commercial sector was the most important trend. Our gross margin from commercial sector grew year-on-year by more than a million euro. It is never easy to succeed in highly competitive environment, on a stagnating market where price pressure increases every year. PosAm managed to succeed anyway, and that pleases me greatly. The development investments we made in the past are now bringing positive results.

I would like to highlight the international project in Allianz, which is also our biggest success on the markets abroad. I consider high-quality application support for managing data and voice services in nine countries where the group operates, to be the best justification of the investment into our own application. It opened up new opportunities for us on the market. We would not have those without making the investment.

Proof of our success in meeting our foreign expansion goals can also be seen in the area of operations services. We are building up and operating the IT infrastructure of branches in individual countries for Pan-Net. Pan-Net which operates and manages the pan-European network for Deutsche Telekom. We are currently providing complete IT operations outsourcing in three countries, with more in the pipeline for 2017.

Delivery of a sales support system for ZSE Energia was a key milestone in Slovakia for us. We met the client's expectations to have a modern system that provides effective support to all sales channels. The system provides sales representatives with up-to-date data in real time and lets them prepare offers, and sign contracts electronically. We radically reduced the time for processing and implementing contracts, reduced the administrative burden and increased the effectiveness of sales.

In infrastructure and related services, we again had success in the area of enterprise storage systems. With installations in the banking, telecommunications, and energy sector, we reaffirmed our strong market position.

In the public sector, we can be particularly proud of the usefulness we have been bringing to the users of the Budget Information System for 20 years already. During that time, the BIS has contributed to the transformation of the country's public finances. Our own unique system for compiling and managing the state budget was presented also to participants of the GLOBSEC Tatra Summit in October. We perceive the potential of the BIS to capture the interest of other countries as highly promising - also from a commercial perspective.

Our future is also linked to plans and activities based on synergies from the integration process between the parent company Slovak Telekom and T-Mobile Czech Republic. Thanks to support from the management on both sides, we now have access to a new market. Market knowledge of T-Mobile in combination with our wide range of solutions and services opens up space for an interesting and mutually beneficial co-operation.

The title of National Champion in the competition European Business Awards 2016/17 proves the usefulness and uniqueness of our solutions too. The most prominent pan-European multisegmental competition searches for and awards exceptional companies from all over the continent. We look forward to continuing in the competition in 2017.

*: the recurring usability of components of our IT solutions is the path to offering individual solutions at competitive terms*



**Michal Bróska**  
Chief product officer

# *We enjoyed a breakthrough year on foreign markets*

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**The Slovak IT market is one of the smallest in Europe and it continues to shrink due to ongoing consolidation of the IT environment by multinational companies in all market segments. At the same time, there is growing pressure on greater effectiveness of supplied solutions and services. In addition to these trends, we also monitor closely innovations in the Internet of things, Big Data or Cloud. All these factors have not only influenced current results, but will also strongly affect changes in the PosAm product portfolio in the years to come.**

PosAm reacts to these trends by seeking new markets, internal optimization and by changes to its product portfolio.

Last year can be regarded as a breakthrough year in terms of our efforts for several reasons: we were successful in taking advantage of long-term sales efforts, investment to the product portfolio and also of our membership in the Deutsche Telekom group. It is this combination that has allowed us to gain the favor of a key regional player on the insurance market, with the use of our flagship product – PosAm Servio. In the years to come, this IT service management application will deal with the provision of telecommunications services for the insurer Allianz in Poland, through to the Balkans and all the way to Turkey.

The Servio application has successfully attracted new customers each year since its launch on the market in 2010. Nowadays, the solution is used by more than fifty clients. We can confidently say that following the path of product based development has yielded fruits. In addition to penetrating the market with our own solutions, the year 2016 can also be praised for the successful co-operation with partners.

Our partnership with Hitachi Data Systems enabled us to reach the top of the Slovak market of storage systems and services. Thanks to deliveries to Tatra banka, Slovak Telekom or Stredoslovenská energetika, we extended our installed base last year to almost seventy devices.

In co-operation with our long-term partner Namiri-al, we greatly improved product sales for an energy company. Its sales force can now conclude completely paperless contracts thanks to tablets with biometric signatures. At the end of the year, we enjoyed success also with a retail client operating on both the Czech and the Slovak market, when it decided to digitize various front-end processes.

In the upcoming period, we will continue to enhance and improve our product portfolio in order to produce an optimum mix of our own products and those of third parties that customers can find on the domestic and regional market.

*: once again we reaffirmed and strengthened our position on the Outsourcing IT market in Slovakia and prepared a good launching pad for further growth, also in an international context*



**Ladislav Bogdány**  
Chief Services Officer

## *We followed on in the success of 2015*

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**In 2016, to the full satisfaction of our customers we carried out demanding projects, increased the quality of services and internal effectiveness, and fine-tuned the model of remote provision of comprehensive IT services.**

At the beginning of the year, we were pleased by the award Supplier of the Year 2015 from Tatra banka. We won in the category of Optimization of a product or service for our contribution in the provision of End User Services. This award also confirmed how the quality of our services holds up to even the strictest criteria. Faith in our ability was also shown by the contract to relocate the data center, which we carried out for the customer in 2016. The smooth and problem-free implementation of this project was also highly appreciated by the management of Tatra banka.

The quality of our services, our experience, references and competitive prices, helped us reinforce our position in this segment once again in 2016. This is confirmed also by new acquisitions and interesting projects with an important outlook for the future. These successes confirmed our position as the third largest provider of outsourcing in Slovakia and were attributable to the positive economics of operations services in our company. The revenues from operations services, which are not so sensitive to the current situation on the market as implementation projects, therefore accounted for roughly a third of total revenues of the company.

To sustain this trend, the Managed Services Division was devoted last year to the same challenges as the company as a whole: to raise the ability to react to changing needs of customers, to innovate provided services, to increase internal effectiveness and to establish the foundations for international expansion.

We have already reached substantial success in the last of the mentioned areas. We are now starting to provide the service abroad that till now was provided only in Slovakia. As part of the project, we debugged the installation of devices and comprehensive remote services. This model will be a template for other international projects.

Maintaining competitiveness in the case of commodity services, where price is a key differentiator, requires a high degree of internal effectiveness. Following key organizational changes in 2015, which contributed to the positive income of the division, we managed to continue increasing the effectiveness of our activities. By adapting the internal business model, we increased the arrangement of requests on the first level and reduced the burden on the third level, to less than half the original values. Apart from cutting costs, this freed up expert capacity for more strategic and development tasks.

From our new services, we managed to place on the market our system for proactive monitoring and analysis of IT infrastructure in real time from the company Nextthink, which we are a partner to within the Visegrad V4. The first installations and pilot projects have confirmed that this unique solution produces positives in various areas: lower costs for upgrading hardware, avoidance of outages, greater security, better control of licenses and higher quality of services.

On first glance at 2016, it is clear that the year was full of demanding challenges. I am glad to be able to say in conclusion that it was nevertheless a year that we dealt with very well. In addition to satisfying existing customers, we set out a good path for the future, for which my thanks go to all those involved.



*• a strong focus on multiplatform technology and the automated development and operation of solutions in cloud – it makes our company an attractive and useful partner for planning and implementing development topics in all segments*



**Tomáš Kysela**  
Chief Technology Officer

# *Carefully selected and managed technologies are mandatory for successful projects*

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**The past year can be symbolized by rising expectations of customers regarding the innovation potential of their IT suppliers. In addition to greater delivery effectiveness, IT companies must now also be able to come up with ideas for new products, services or business models. For both challenges – rising pressure on delivery price and discovering new usefulness – employed technologies and methodologies play important role. Our goal is to absorb new ones swiftly and flexibly, while also critically revising those already in place. We want our solutions and services to stand up to the strictest criteria, also in terms of freshness, purpose, usefulness and cost-effectiveness.**

This continual innovative process contributed greatly in 2016 to the successful case of Allianz – Slovenská poisťovňa. Our latest generation of solution for IT support of insurance product sales process allowed the client to kick-start his omnichannel sales strategy. Its strength lies in the single-source defined rules for calculations and validations, which can be easily distributed and applied throughout all business and technological sales channels. Such approach generates substantial cost savings and speeds up the creation and placement of insurance products on the market, therefore giving the insurer a high utility value.

The heart of the whole solution – the new generation of our sales system AMC, combines multiplatform technologies HTML5/CSS3, Javascript and Java – in a unique mix that is incorporated into the environment of the regional sales systems platform of the Allianz Group – OneWeb/CISL. Today, we possess a strongly competitive platform, unique on the market in many respects, which has the potential to attract clients also on a broader regional scale.

In terms of effectiveness of our delivery, we placed emphasis foremost on automating the creation of software components and effective management of development, testing and operational environments. We achieved improvements by perfecting existing technologies or methodologies, or by introducing new ones.

Technologically, this mostly concerned automating the creation and effective management of the development, testing and operational environments with the SaltStack platform, the use of container technology Docker/Rancher OS, or development of the advanced infrastructure virtualization (SDx) in cloud. In terms of methodology, we revised the techniques of agile software development using SCRUM methodology and deepened adoption of the principles of DevOps into the processes of development and operations of our solutions.

If we want to be competitive over the long term, we must react sufficiently in advance to global technological trends. For example, the symbol of multiplatform development is now more Javascript than Java. We also focus our attention on improving co-ordination of technological development in the fields of infrastructure and software.

We believe that because of also these changes, we will become an even more attractive and useful partner for planning and implementing development objectives for both existing and potential clients.

## *Number of employees*

total year end: **268**

year 2016 average: **261**

## *Structure of education in %*

secondary school: **29**

bachelors: **3**

university: **67**

postgraduate: **1**

## *Ratio between men and women in %*

men: **81**

women: **19**

## *Basic structure of employees in %*

SW development and services: **78**

Sales & marketing: **13**

Admin & management: **9**

## *Structure of employees by age in %*

30 years and younger: **14**

31-35 years: **16**

36-40 years: **18**

41-45 years: **26**

46-50 years: **14**

50 years and older: **12**

## *Location overview in %*

Bratislava: **66**

Banská Bystrica: **9**

Košice: **9**

Žilina: **9**

Levice: **7**

## *Direct investments into trainings in EUR*

direct cost per employee: **420**

total cost per employee: **687**

Sales	Product Management	Project Management
Sales Group Public & Healthcare		
Sales Group Industry & Utility		
Sales Group Allianz		
Sales Group Banking & Insurance		
Bid Administration		
Marketing Communication		

Consulting	Software Development	System Integration	Managed Services	Finance and Supporting Processes
	Pool	Pool	Service Management	Controlling
	Software Analysis	Cloud	Remote Support	Accounting, Tax & Treasury
	Test and Deployment	Infrastructure & Application Delivery	Service Desk	Internal Information System
	Development Teams	Database, Middleware, Messaging and Collaboration	Sales and Procurement	Human Resources
		Networking	On-site Support	Integrated Management System
		Storage		

## Company facts

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**Name:** PosAm, spol. s r. o.

**Foundation date:** 22. 8. 1990

**Company ID:** 313 650 78

**Tax ID:** 2020315440

**Vat ID:** SK 2020315440

**Registered seat:** Bajkalská 28, 821 09 Bratislava Registered at the commercial register of the district court Bratislava I, section: Sro, insert: 6342/B

### Branches:

Banská Bystrica

Košice

Levice

Žilina

### Partners:

Slovak Telekom, a. s.

Ing. Marián Marek

Ing. Peter Hladký

Ing. Peter Kolesár

Ing. Milan Drobny

Ing. Juraj Poláčik

Peter Mihalovič

Ing. Ronald Fleischman

Ing. Ladislav Bogdány

Ing. Katarína Petříková

Ing. Mark Slavický

### Executives:

Ing. Marián Marek

Ing. Miroslav Majoroš

Ing. Rudolf Urbánek

### Proxy:

Ing. Milan Drobny

Ing. Miroslav Bielčík

### Registered capital since 2.7.2011:

EUR 170 000

## PosAm, spol s r.o.

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The company PosAm s.r.o. (corp. reg. no. 00683 272) was incorporated on 22.8.1990. On the basis of a decision of its general meeting (21.12.1993) the company on 3.1.1994 was split into two companies: PosAm Bratislava spol. s r.o. and ASSET Management Slovakia spol. s r.o.. The company PosAm Bratislava spol. s r.o. (corp. reg. no. 313 650 78) took over from PosAm all its business activities, liabilities and receivables and continued in these business activities, with the exception of property management, which passed to the other company. PosAm Bratislava spol. s r.o. thus became the successor to PosAm s.r.o., which as at 3.1.1994 was deleted from the commercial register. In 2002 the company PosAm Bratislava spol. s r.o. changed its trade name to PosAm spol. s r.o.

## *Integrated Management System*

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### **ISO 9001:2008**

#### **Quality**

IT related sale, services and maintenance. Software development, production, sales and implementation. Customer support.

### **ISO/IEC 20000-1:2011**

#### **ITIL®**

The Service management system of PosAm supporting the provision of IT infrastructure and application services to all customers in accordance with the PosAm service catalogue.

### **ISO/IEC 27001:2013**

#### **Information Security**

IT related sale, services and maintenance. Software development, production, sale and implementation. Customer support. This all in accordance with current statement of applicability - 7 October 2016.

### **OHSAS 18001:2007**

#### **Occupational Health & Safety**

IT related sale, services and maintenance. Software development, production, sales and implementation. Customer support.

### **ISO 14001:2004**

#### **Environment**

IT related sale, services and maintenance. Software development, production, sales and implementation. Customer support.



## *Partnerships*

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Acuant Value Added Reseller  
Brocade Alliance Partner Network  
Cisco Select Certified Partner  
Citrix Solution Advisor SILVER  
Dell Authorized Service Partner  
Deskco Value Added Reseller / Distributor  
ESET Bronze Partner  
F5 Unity Program Partner  
Fortinet Authorized  
Hitachi Data Systems Platinum / TrueNorth Partner Program  
HP Enterprise Silver Server Specialist  
HP Enterprise Silver Partner  
HP Computing Services Specialist  
HP Gold partner Computing  
HP Gold partner Printing  
HP Partner First Gold  
HP Printing Services Specialist  
HP Services Specialist  
Huawei Authorized Partner  
IBM Business Partner, Service partner  
IBM Gold Program Level  
Konica-Minolta Authorized Service Partner  
Kyocera Authorized Service Partner  
Lenovo Service Partner  
McAfee Reseller - Associate  
Microsoft Partner Network  
Namirial Spa Value Added Reseller  
OKI Authorized Service Partner  
Oracle Gold Partner  
RedHat Ready - Advanced Partner  
SAP Service Partner  
Symantec Registered Partner  
Veeam Reseller, CSP  
VMware Solution Provider - Enterprise

*: Financial statements of the  
company PosAm spol. s r.o.  
and independent auditor's  
report for the year ended  
31 December 2016*

**FINANCIAL STATEMENTS at 31.12.2016 (in whole euros)**

<p><b>Numerical data is aligned right, other data is aligned left. Unfilled rows are left empty.</b>                  Data is filled out using block letters (based on this sample),                  typewriter or a printer, in black or dark blue colour <b>ÁBĀČĀDEFĀGHĀJKLMNĀOPQRĀŠĀTĀUVĀXĀÝĀŽ 0123456789</b></p>		
Tax Identification Number <b>2020315440</b> Company's ID No <b>31365078</b> SK NACE <b>62.01.0</b>	Financial statements – Accounting unit <input checked="" type="checkbox"/> ordinary <input type="checkbox"/> small <input type="checkbox"/> extraordinary <input checked="" type="checkbox"/> large <input type="checkbox"/> interim (to be indicated with x)	For the period of Month Year <b>from 01 2016</b> <b>to 12 2016</b> Immediately preceding period from 01 2015 to 12 2015
Financial Statements include following components <input checked="" type="checkbox"/> Balance Sheet (in whole euros) <input checked="" type="checkbox"/> Income statement (in whole euros) <input checked="" type="checkbox"/> Notes (in whole euros)		
Business name (Title) of the accounting entity <b>POSAM, SPOL. S R.O.</b>		
Accounting entity's registered office		
Street <b>BAJKALSKÁ</b> Postal Code <b>821 09</b> Phone Number <b>02 / 49239111</b>	Number <b>28</b> Municipality <b>BRATISLAVA</b> Fax Number <b>02 / 49239888</b>	
Prepared On: <b>27.02.2017</b>	Signature of a member of the statutory body of the accounting entity or natural person that is an accounting entity:   	
Approved on: <b>17.03.2017</b>		



## BALANCE SHEET

Line	ASSETS	Line	Current period			Previous period
			Gross	Correction	Net	
			EUR	EUR	EUR	EUR
	<b>TOTAL ASSETS (line 02 + line 33 + line 74)</b>	<b>01</b>	25,864,471	5,593,846	20,270,625	21,058,806
<b>A.</b>	<b>Non-current assets (line 03 + line 11 + line 21)</b>	<b>02</b>	8,878,825	5,397,750	3,481,075	2,928,863
<b>A.I.</b>	<b>Non-current intangible assets - total (lines 04 to 10)</b>	<b>03</b>	3,336,390	1,625,111	1,711,279	1,300,607
A.I.1	Capitalized development costs (012) - /072, 091A/	04				
2	Software (013)-/073, 091A/	05	3,071,336	1,590,873	1,480,463	1,225,112
3	Valuable rights (014)-/074, 091A/	06	85,893	34,238	51,655	9,261
4	Goodwill (015) - /075, 091A/	07				
5	"Other non-current intangible assets (019, 01X) - /079, 07X, 091A/"	08				
6	Acquisition of non-current intangible assets (041) - /093/	09	179,161		179,161	66,234
7	Advance payments for non-current intangible assets (051) - /095A/	10				
<b>A.II.</b>	<b>Property, plant and equipment - total (lines 12 to 20)</b>	<b>11</b>	5,542,435	3,772,639	1,769,796	1,628,256
A.II.1	Land (031) - /092A/	12				
2	Buildings and structures (021) - /081, 092A/	13	176,371	22,085	154,286	164,205
3	Individual movable assets and sets of movable assets (022) - /082, 092A/	14	5,347,448	3,750,554	1,596,894	1,226,141
4	Perennial crops (025) - /085, 092A/	15				
5	Breeding and draught animals (026) - /086, 092A/	16				
6	Other property, plant and equipment (029, 02X, 032) - /089, 08X, 092A/	17				
7	"Acquisition of property, plant and equipment (042) - /094/"	18	17,816		17,816	237,910
8	Advance payments for property, plant and equipment (052) - /095A/	19	800		800	
9	Valuation allowance for acquired assets (+/- 097) +/- 098	20				
<b>A.III.</b>	<b>Non-current financial assets - total (lines 22 to 32)</b>	<b>21</b>				
A.III.1	Shares and ownership interests in affiliated undertakings (061A, 062A, 063A) - /096A/	22				
2	Shares and ownership interests in undertakings in which the company has a participating interest, except for shares and ownership interests in affiliated undertakings (062A) - /096A/	23				
3	Other realizable securities and ownership interests (063A) - /096A/	24				
4	Loans to affiliated undertakings (066A) - /096A/	25				
5	Loans to undertakings in which the company has a participating interest, except for loans to affiliated undertakings (066A) - /096A/	26				
6	Other loans (067A) - /096A/	27				
7	Debt securities and other non-current financial assets (065A, 069A, 06XA) - /096A/	28				
8	Loans and other non-current financial assets with time remaining to maturity of no more than one year (066A, 067A, 069A, 06XA) - /096A/	29				
9	Bank accounts with a notice period of more than one year (22XA)	30				
10	Acquisition of non-current financial assets (043) - /096A/	31				
11	Advance payments for non-current financial assets (053) - /095A/	32				
<b>B.</b>	<b>Current assets (line 34 + line 41 + line 53 + line 66 + line 71)</b>	<b>33</b>	16,302,308	196,096	16,106,212	17,353,979
<b>B.I.</b>	<b>Inventories - total (lines 35 to 40)</b>	<b>34</b>	119,231	27,775	91,456	205,152
B.I.1	Material (112, 119, 11X) - /191, 19X/	35	470		470	357
2	"Work in progress and semi-finished products (121, 122, 12X) - /192, 193, 19X/"	36				
3	Finished goods (123) - /194/	37				
4	Animals (124) - /195/	38				
5	Merchandise (132, 133, 13X, 139) - /196, 19X/	39	118,761	27,775	90,986	204,795
6	Advance payments for inventories (314A) - /391A/	40				
<b>B.II.</b>	<b>Non-current receivables - total (line 42 + lines 46 to 52)</b>	<b>41</b>	147,334		147,334	398,510

## BALANCE SHEET

Line	ASSETS	Line	Current period			Previous period
			Gross	Correction	Net	EUR
			EUR	EUR	EUR	
<b>B.II.1</b>	<b>Trade receivables - total (lines 43 to 45)</b>	<b>42</b>				
1.a	Trade receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	43				
1.b	Trade receivables from undertakings in which the company has a participating interest, except for receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	44				
1.c	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	45				
2	Net value of a contract (316A)	46				
3	Other receivables from affiliated undertakings (351A) - /391A/	47				
4	Other receivables from undertakings in which the company has a participating interest, except for receivables from affiliated undertakings (351A) - /391A/	48				
5	Receivables from partners, members, and the association (354A, 355A, 358A, 35XA) - /391A/	49				
6	Receivables related to derivative transactions (373A, 376A)	50				
7	Other receivables (335A, 336A, 33XA, 371A, 374A, 375A, 378A) - /391A/	51				
8	Deferred tax asset (481A)	52	147,334		147,334	398,510
<b>B.III.</b>	<b>Current receivables - total (line 54 + lines 58 to 65)</b>	<b>53</b>	<b>9,754,685</b>	<b>168,321</b>	<b>9,586,364</b>	<b>6,142,454</b>
<b>B.III.1</b>	<b>Trade receivables - total (lines 55 to 57)</b>	<b>54</b>	<b>8,757,351</b>	<b>168,321</b>	<b>8,589,030</b>	<b>5,771,513</b>
1.a	Trade receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	2,125,742		2,125,742	2,122,858
1.b	Trade receivables from undertakings in which the company has a participating interest, except for receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	56				
1.c	Other trade receivables (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	57	6,631,609	168,321	6,463,288	3,648,655
2	Net value of a contract (316A)	58	458,221		458,221	330,073
3	Other receivables from affiliated undertakings (351A) - /391A/	59				
4	Other receivables from undertakings in which the company has a participating interest, except for receivables from affiliated undertakings (351A) - /391A/	60				
5	Receivables from partners, members, and the association (354A, 355A, 358A, 35XA, 398A) - /391A/	61				
6	Social security (336A) - /391A/	62				
7	Tax assets and subsidies (341, 342, 343, 345, 346, 347) - /391A/	63	527,519		527,519	2,827
8	Receivables related to derivative transactions (373A, 376A)	64				
9	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	11,594		11,594	38,041
<b>B.IV.</b>	<b>Current financial assets - total (lines 67 to 70)</b>	<b>66</b>				
B.IV.1	Current financial assets in affiliated undertakings (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	67				
2	Current financial assets other than those in affiliated undertakings (251A, 253A, 256A, 257A, 25XA) - /291A, 29XA/	68				
3	Own shares and ownership interests (252)	69				
4	"Acquisition of current financial assets (259, 314A) - /291A/"	70				
<b>B.V.</b>	<b>Financial accounts (line 72 + line 73)</b>	<b>71</b>	<b>6,281,058</b>		<b>6,281,058</b>	<b>10,607,863</b>
B.V.1	Cash (211, 213, 21X)	72	12,249		12,249	12,326
2	Bank accounts (221A, 22X, +/- 261)	73	6,268,809		6,268,809	10,595,537
<b>C.</b>	<b>Accruals/deferrals - total (lines 75 to 78)</b>	<b>74</b>	<b>683,338</b>		<b>683,338</b>	<b>775,964</b>
C.1	Deferred expenses - long-term (381A, 382A)	75	135,517		135,517	151,800
2	Deferred expenses - short-term (381A, 382A)	76	547,821		547,821	624,164
3	Accrued income - long-term (385A)	77				
4	Accrued income - short-term (385A)	78				

## BALANCE SHEET

Line	LIABILITIES AND EQUITY	Line	Current accounting period	Previous accounting period
			EUR	EUR
	<b>TOTAL EQUITY AND LIABILITIES (line 80 + line 101 + line 141)</b>	<b>79</b>	20,270,625	21,058,806
<b>A.</b>	<b>Equity (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100)</b>	<b>80</b>	12,324,046	11,829,010
<b>A.I.</b>	<b>Share capital - total (lines 82 to 84)</b>	<b>81</b>	170,000	170,000
A.I.1	Share capital (411 or +/- 491)	82	170,000	170,000
2	Change in share capital +/- 419	83		
3	Receivables from subscribed share capital (-/353)	84		
<b>A.II.</b>	<b>Share premium (412)</b>	<b>85</b>		
<b>A.III.</b>	<b>Other capital funds (413)</b>	<b>86</b>		
<b>A.IV.</b>	<b>Legal reserves (line 88 + line 89)</b>	<b>87</b>	17,000	17,000
A.IV.1	Legal reserve fund and non-distributable reserve (417A, 418, 421A, 422)	88	17,000	17,000
2	Reserve for own shares and ownership interests (417A, 421A)	89		
<b>A.V.</b>	<b>Other profit reserves (line 91 + line 92)</b>	<b>90</b>		
A.V.1	Statutory reserves (423, 42X)	91		
2	Other reserves (427, 42X)	92		
<b>A.VI.</b>	<b>Valuation variances from revaluation - total (lines 94 to 96)</b>	<b>93</b>		
A.VI.1	Valuation variances from the revaluation of assets and liabilities (+/- 414)	94		
2	Valuation variances from equity investments (+/- 415)	95		
3	Valuation variances from the revaluation in case of mergers, fusions, or demergers (+/- 416)	96		
<b>A.VII.</b>	<b>Profit/(loss) of previous years (line 98 + line 99)</b>	<b>97</b>	9,928,455	9,084,464
A.VII.1	Retained earnings (428)	98	9,928,455	9,084,464
2	Loss carried forward (-/429)	99		
<b>A.VIII.</b>	<b>Profit/(loss) for the accounting period after taxes +/- line 01 - (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 101 + line 141)</b>	<b>100</b>	2,208,591	2,557,546
<b>B.</b>	<b>Liabilities (line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140)</b>	<b>101</b>	7,424,779	8,318,843
<b>B.I.</b>	<b>Non-current liabilities - total (line 103 + lines 107 to 117)</b>	<b>102</b>	12,170	24,173
<b>B.I.1</b>	<b>Non-current trade liabilities - total (lines 104 to 106)</b>	<b>103</b>		
1.a	Trade liabilities to affiliated undertakings (321A, 475A, 476A)	104		
1.b	Trade liabilities to undertakings in which the company has a participating interest, except for liabilities to affiliated undertakings (321A, 475A, 476A)	105		
1.c	Other trade liabilities (321A, 475A, 476A)	106		
2	Net value of a contract (316A)	107		
3	Other liabilities to affiliated undertakings (471A, 47XA)	108		
4	Other liabilities to undertakings in which the company has a participating interest, except for liabilities to affiliated undertakings (471A, 47XA)	109		
5	Other non-current liabilities(479A, 47XA)	110		
6	Long-term advance payments received (475A)	111		
7	Long-term bills of exchange to be paid (478A)	112		
8	Bonds issued (473A/-/255A)	113		
9	Liabilities related to the social fund (472)	114	12,170	24,173
10	Other non-current liabilities (336A, 372A, 474A, 47XA)	115		
11	Non-current liabilities from derivative transactions (373A, 377A)	116		
12	Deferred tax liability (481A)	117		
<b>B.II.</b>	<b>Long-term provisions (line 119 + line 120)</b>	<b>118</b>	39,190	62,402
B.II.1	Legal provisions (451A)	119		
2	Other provisions (459A, 45XA)	120	39,190	62,402
<b>B.III.</b>	<b>Long-term bank loans (461A, 46XA)</b>	<b>121</b>		
<b>B.IV.</b>	<b>Current liabilities - total (line 123 + lines 127 to 135)</b>	<b>122</b>	6,435,334	6,310,572
B.IV.1	Trade liabilities - total (lines 124 to 126)	123	4,670,632	4,376,772
1.a	Trade liabilities to affiliated undertakings (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	36,938	97,403

## BALANCE SHEET

Line	LIABILITIES AND EQUITY	Line	Current accounting period	Previous accounting period
			EUR	EUR
1.b	Trade liabilities to undertakings in which the company has a participating interest, except for liabilities to affiliated undertakings (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	125		
1.c	Other trade liabilities (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	126	4,633,694	4,279,369
2	Net value of a contract (316A)	127		
3	Other liabilities to affiliated undertakings (361A, 36XA, 471A, 47XA)	128		
4	Other liabilities to undertakings in which the company has a participating interest, except for liabilities to affiliated undertakings (361A, 36XA, 471A, 47XA)	129		
5	Liabilities to partners and the association (364, 365, 366, 367, 368, 398A, 478A, 479A)	130		
6	Liabilities to employees (331, 333, 33X, 479A)	131	649,451	655,547
7	Liabilities from social insurance (336A)	132	361,697	351,140
8	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	752,994	924,643
9	Liabilities from derivative transactions (373A, 377A)	134		
10	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	560	2,470
<b>B.V.</b>	<b>Short-term provisions (line 137 + line 138)</b>	<b>136</b>	<b>929,416</b>	<b>1,908,052</b>
B.V.1	Legal provisions (323A, 451A)	137	196,345	167,743
2	Other provisions (323A, 32X, 459A, 45XA)	138	733,071	1,740,309
<b>B.VI.</b>	<b>Current bank loans (221A, 231, 232, 23X, 461A, 46XA)</b>	<b>139</b>	<b>8,669</b>	<b>13,644</b>
<b>B.VII.</b>	<b>"Short-term financial assistance (241, 249, 24X, 473A/-/255A)"</b>	<b>140</b>		
<b>C.</b>	<b>Accruals/deferrals - total (lines 142 to 145)</b>	<b>141</b>	<b>521,800</b>	<b>910,953</b>
C.1	Accrued expenses - long-term (383A)	142		
2	Accrued expenses - short-term (383A)	143		
3	Deferred income - long-term (384A)	144	173,787	184,358
4	Deferred income - short-term (384A)	145	348,013	726,595

# INCOME STATEMENT

Line	TEXT	Line	Current period	Previous period
			EUR	EUR
*	Net turnover (part of account class 6 according to the Act)	01	28,145,838	43,514,400
**	<b>Operating income - total (lines 03 to 09)</b>	<b>02</b>	<b>28,915,843</b>	<b>43,998,163</b>
I	Revenue from the sale of goods (604, 607)	03	5,822,143	10,648,296
II	Revenue from the sale of own products (601)	04		
III	Revenue from the sale of services (602, 606)	05	22,197,526	32,700,420
IV	Changes in internal inventories (+/-) (account group 61)	06		
V	Own work capitalized (account group 62)	07	730,989	403,840
VI	Revenue from the sale of non-current intangible assets, property, plant and equipment, and material (641, 642)	08	39,016	79,923
VII	Other operating income(644, 645, 646, 648, 655, 657)	09	126,169	165,684
**	<b>Operating expenses - total (line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26)</b>	<b>10</b>	<b>25,985,804</b>	<b>40,642,395</b>
A	Cost of goods sold (504, 507)	11	4,916,704	9,725,751
B	Consumption of materials, energy, and other non-storable supplies (501, 502, 503)	12	486,663	596,150
C	Valuation allowances for inventories (+/-) (505)	13	1,178	3,926
D	Services (account group 51)	14	9,035,776	17,471,527
E	Personnel expenses - total (lines 16 to 19)	15	10,542,757	11,055,495
E.1	Wages and salaries (521, 522)	16	7,807,290	8,338,769
2	Remuneration of members of the company's bodies or members of a cooperative (523)	17		
3	Social security expenses (524, 525, 526)	18	2,581,289	2,566,170
4	Social expenses (527, 528)	19	154,178	150,556
F	Taxes and fees (account group 53)	20	29,312	24,567
G	Amortization and valuation allowances for non-current intangible assets, and depreciation and valuation allowances for property, plant and equipment (line 22 + line 23)	21	848,393	943,964
G.1	Amortization of non-current intangible assets and depreciation of property, plant and equipment (551)	22	848,393	927,225
2	Valuation allowances for non-current intangible assets and for property, plant and equipment (+/-) (553)	23		16,739
H	Residual value of non-current assets and material sold (541, 542)	24	2,814	23,874
I	Valuation allowances for receivables (+/-) (547)	25	49	24,194
J	"Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)"	26	122,158	772,947
***	<b>Profit/(loss) from operations (+/-) (line 02 - line 10)</b>	<b>27</b>	<b>2,930,039</b>	<b>3,355,768</b>
*	<b>Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)</b>	<b>28</b>	<b>14,310,337</b>	<b>15,955,202</b>
**	<b>Income from financing activities - total (line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44)</b>	<b>29</b>	<b>10,709</b>	<b>24,307</b>
VIII	Revenue from the sale of securities and shares (661)	30		
IX	"Income from non-current financial assets (lines 32 to 34)"	31		
IX.1	Yields on securities and ownership interests in affiliated undertakings (665A)	32		
2	Yields on securities and ownership interests in undertakings in which the company has a participating interest, except for yields of affiliated undertakings (665A )	33		
3	Other yields on securities and ownership interests (665A)	34		
X	Income from current financial assets - total (lines 36 to 38)	35		
X.1	Income from current financial assets in affiliated undertakings (666A)	36		

## INCOME STATEMENT

Line	TEXT	Line	Current period	Previous period
			EUR	EUR
2	Income from current financial assets in undertakings in which the company has a participating interest, except for income of affiliated undertakings (666A)	37		
3	Other income from current financial assets (666A)	38		
XI.	Interest income (line 40 + line 41)	39	8,432	19,456
XI.1	Interest income from affiliated undertakings (662A)	40		
2	Other interest income (662A)	41	8,432	19,456
XII.	Foreign exchange gains (663)	42	2,277	4,851
XIII.	Gains on the revaluation of securities and income from derivative transactions (664, 667)	43		
XIV.	Other income from financing activities (668)	44		
**	<b>Expenses for financing activities - total (line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54)</b>	<b>45</b>	<b>9,147</b>	<b>13,223</b>
K	Securities and shares sold (561)	46		
L	Expenses for current financial assets (566)	47		
M	Valuation allowances for financial assets (+/-) (565)	48		
N	Interest expense (line 50 + line 51)	49		
N.1	Interest expense for affiliated undertakings (562A)	50		
2	Other interest expense (562A)	51		
O	Foreign exchange losses (563)	52	4,000	7,483
P	Expenses for the revaluation of securities and expenses for derivative transactions (564, 567)	53		
Q	Other expenses for financing activities (568, 569)	54	5,147	5,740
***	<b>"Profit/(loss) from financing activities (+/-) (line 29 - line 45)"</b>	<b>55</b>	<b>1,562</b>	<b>11,084</b>
****	<b>Profit/(loss) for the accounting period before taxes (+/-) (line 27 + line 55)</b>	<b>56</b>	<b>2,931,601</b>	<b>3,366,852</b>
R	Income tax (line 58 + line 59)	57	723,010	809,306
R.1	Income tax - current (591, 595)	58	471,834	1,001,447
2	Income tax - deferred (+/-) (592)	59	251,176	-192,141
S	Transfer of the share in the net profit/(loss) to shareholders (+/-596)	60		
****	<b>Profit/(loss) for the accounting period after taxes (+/-) (line 56 - line 57 - line 60)</b>	<b>61</b>	<b>2,208,591</b>	<b>2,557,546</b>

# NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2016

## A. GENERAL

### 1. Business name and address

PosAm, spol. s r.o.  
Bajkalská 28  
821 09 Bratislava

PosAm spol. s r. o. ("the Company") is a limited liability company established on 21 December 1993 on the basis of a Memorandum of Association, and incorporated on 3 January 1994 with the Commercial Register of the District Court Bratislava I, Section s.r.o., Insert No.: 6342/B. The Company is located at Bajkalská 28, Bratislava, the Slovak Republic. Its business registration number is 31 365 078.

### 2. Core business activities of the Company

- development and sale of internally developed software
- provision of IT services
- sale of hardware and software licenses

### 3. Unlimited liability

The Company is not a shareholder with unlimited liability in other legal entities.

### 4. Number of staff

As at 31 December 2016 the Company had 268 of active employees (as at 31 December 2015: 268) out of which 43 were management (2015: 48)

Item	31 December 2016	31 December 2015
Average number of staff	261	260
Number of staff at balance sheet date of which:	268	268
Management	43	48

### 5. Legal reason for preparing the financial statements

The Company's financial statements at 31 December 2016 have been prepared as ordinary financial statements under § 17 Sec. 6 of the Slovak Accounting Act (Act No. 431/2002 Coll. on Accounting, as amended) for the accounting period from 1 January 2016 to 31 December 2016.

### 6. Date of approving the financial statements for the previous accounting period

The General Meeting approved the Company's financial statements for the previous accounting period on 16 March 2016.

### 7. Date of approval of the Company's auditor

On 4 August 2011, the General Meeting approved PricewaterhouseCoopers Slovensko, s.r.o. as auditor of the Company's financial statements for financial year 2016.

## B. THE CONSOLIDATED GROUP

The Company is included in the consolidated financial statements of Slovak Telekom, a. s., Bajkalská 28, 817 62, Bratislava, the Slovak Republic which are part of the consolidated financial statements of Deutsche Telekom Group. The consolidated financial statements of the Deutsche Telekom Group are prepared by Deutsche Telekom AG, Friedrich Ebert Alle 140, 53113 Bonn, Germany. These consolidated financial statements are available at the registered addresses of the companies stated above.

## C. ACCOUNTING METHODS AND GENERAL ACCOUNTING PRINCIPLES

### a) Basis of preparation

The Company's financial statements have been prepared in accordance with the Slovak Accounting Act and related accounting procedures, on a going concern basis.

The Company keeps its books on the accrual basis of accounting which means that all revenues and costs are recognized when generated or incurred (and not when cash is received or paid), and they are recorded in the books and reported in the financial statements of the periods to which they relate.

All monetary amounts in the financial statements are stated in whole Euros, unless stated otherwise.

The Company consistently applied the accounting methods and the general accounting principles.

### b) Non-current intangible and tangible assets

#### Non-current intangible assets

Acquired non-current intangible assets are stated at cost, which includes the acquisition price and the related acquisition costs.

Internally generated, non-current assets are stated at their own cost, which includes all direct costs spent on production, mainly personal costs, as well as indirect costs related to production.

Non-current assets acquired free of charge are stated at fair value (till 31 December 2015 using replacement cost).

Costs related to technical improvement of non-current intangible assets increase the acquisition costs and are recognized in the year of realization, while repairs and maintenance are expensed as incurred.

The amortization plan for non-current intangible assets has been prepared on the basis of their expected economic useful lives relating to the recovery of future economic benefits from these assets. Depreciation begins as of the first day of the month in which the asset was first put into use.

The expected economic useful life, the depreciation method and the annual depreciation rate for non-current intangible assets are shown in the following table:

	Expected economic useful life in years	Depreciation method	Annual depreciation rate in %
Website <a href="http://www.posam.sk">www.posam.sk</a>	3	Straight-line	33.33
Municipalities management portal	5	Straight-line	20.00
Purchased software	4	Straight-line	25.00
Internally generated software (AMC, bSign)	4	Straight-line	25.00
Internally generated software (dScan)	5	Straight-line	20.00
Internally generated software (SERVIO NG, MRP)	8	Straight-line	12.50
Valuable rights (licenses)	10	Straight-line	10.00

In the case of a diminution in the value-in-use of non-current intangible assets a valuation allowance is set up as the difference between the value-in-use and the carrying amount of the asset.

## Non-current tangible assets

Acquired non-current tangible assets are stated at cost, which includes the acquisition price and the related acquisition costs.

Costs related to technical improvement of non-current tangible assets increase the acquisition costs and are recognized in the year of realization, while repairs and maintenance are expensed as incurred.

The depreciation plan for non-current tangible assets has been prepared on the basis of their expected economic useful lives relating to the recovery of future economic benefits from these assets. Depreciation begins as of the first day of the month in which the asset was first put into use.

The expected economic useful life, the depreciation method and the annual depreciation rate for non-current tangible assets are shown in the following table:

	Expected economic useful life in years	Depreciation method	Annual depreciation rate in %
Machinery and equipment (except monitors, servers, UPS)	4	Straight-line	25.00
Machinery and equipment - Monitors, servers, UPS	6	Straight-line	16.66
Machinery and equipment (service equipment)	7	Straight-line	14.29
Kitchen industrial furniture	6	Straight-line	16.66
EZS security system	10	Straight-line	10.00
Vehicles	6	Straight-line	16.66
Furniture and Fixtures	6	Straight-line	16.66
Mobile phones	2	Straight-line	50.00
Other non-current tangible assets (safe deposits, air conditions)	12	Straight-line	8.33
Technical improvement of leased spaces	5	Straight-line	20.00
Technical improvement of leased spaces – FBC Bajkalská	10	Straight-line	10.00

From 1 January 2016, as a result of the review of the economic useful lives of non-current tangible assets, useful life of vehicles, monitors, servers and UPS devices has been extended from 4 to 6 years.

In the case of a diminution in the value-in-use of a non-current tangible asset a valuation allowance is set up as the difference between the value-in-use and the carrying amount of the asset.

### c) Inventories

Acquired inventories are stated at cost, which includes the acquisition price and the related acquisition costs less discounts. A discount granted to inventories already sold or used is accounted for as the reduction of costs of inventories sold or used. The Company used method A for the accounting treatment of inventories. For stock withdrawal, the FIFO-method is used. (FIFO - the first price for the valuation of additions of inventories is used as the first price for the valuation of stock disposal)

If the acquisition or production cost of inventories is higher than their net realizable value at the balance sheet date, a valuation allowance for inventories is set up in the amount of the difference between their book value and their net realizable value. For slow-moving stock, recorded on the stock for more than one year and for more than two years, the Company creates an allowance of 50 % and 100 % of their value, respectively. For spare parts inventory, an allowance is created at 100% of their value, provided that the Company records this inventory as being in stock for more than four years.

### d) Contract manufacturing

The Company uses construction contracts accounting policy in respect of the internally developed software solutions. If the result of construction contract can be reliably estimated and it can be reasonably expected that the contract will not be unprofitable, the revenues and income related to the accounting period are accounted for using the percentage-of-completion method, while the extent to which the contract is completed is determined in aggregate at the balance-sheet date by reviewing work already performed.

Contract manufacturing costs are recognized when incurred. Costs incurred in the current year but relating to future contract activities are not included when calculating the extent to which the contract is completed.

At the balance-sheet date, the aggregate difference between payments requested so far for performing the contract manufacturing, and the contract manufacturing value determined by using the percentage-of-completion method are reported on the balance sheet as the net contract value with the corresponding credit to revenues.

The amounts requested by the contractor for work performed during contract manufacturing are recognized as trade receivables with a corresponding credit to contract revenues. Advance payments which the contractor has received before the respective work was completed are recognized either as advance payments received, or as long-term advance payments received.

If it is expected at the balance-sheet date that costs will be higher than revenues, a loss from construction contracts is recognized immediately. The amount of the expected loss is determined regardless of whether or not the work on contract manufacturing has started, regardless of the extent to which the contract is completed, or the amount of profits which are expected to be made from other contracts which are not considered to be manufacturing under one contract.

An expected loss from contract manufacturing is recognized as other operating expenses. In the accounting period in which either a loss from contract manufacturing is no more probable or a reduction or offset of a loss from contract manufacturing can be expected, the reduction of other operating expenses is recognized.

### e) Receivables

When initially recognized, receivables are stated at their nominal value. Assigned receivables and receivables resulting from a contribution to share capital are stated at cost. A valuation allowance is set up for bad and doubtful debts. For receivables due more than 90 days and of the individual value lower than 1,000 EUR the Company creates allowance of 100% of a receivable's value. For receivables due more than



30 days and of the individual value higher than 1,000 EUR an allowance is created as a difference between the nominal and the present value of a receivable, taking into consideration assessment of an individual receivable and risk of non-collection of receivable.

#### **f) Financial accounts**

Financial accounts consist of cash, bank account balances, and vouchers.

#### **g) Prepaid expenses and accrued income**

Prepaid expenses and accrued income are recognized at an amount reflecting the accrual principle (matching income and expense in the same accounting period).

#### **h) Valuation allowances**

Valuation allowances are recorded based on the accounting principle of prudence, if one can justifiably assume that the value of an asset has been impaired when compared to its value in the books. A valuation allowance is recognized in the amount of a justified assumption for an impairment of an asset when compared to its value in the books.

#### **i) Provisions**

Provisions are liabilities representing the Company's present obligation resulting from past events, if it is probable that its settlement will reduce the Company's resources in the future. Provisions are liabilities of uncertain timing or amount, and are stated at the expected amount of the existing liability at the balance-sheet date.

The set-up of a provision is posted to the respective expense account or asset account to which the liability relates. The use of a provision is debited to the respective provision account, with a corresponding credit to the respective liability account. The release of an unnecessary provision, or a part of it, is accounted for using an accounting entry inverse to the recognition of the set-up of the provision.

#### **j) Liabilities**

When initially recognized, liabilities are stated at their nominal value. Assumed liabilities are stated at cost. If reconciliation procedures reveal that the actual amount of liabilities differs from the amount shown in the books, these liabilities will be shown in the books and the financial statements at this actual amount.

#### **k) Employee benefits**

Wages, salaries, contributions to the Slovak state pension and social insurance plans, paid annual leave and paid sick leave, bonuses and other non-monetary benefits (such as medical care) are recognized in the accounting period when incurred.

#### **l) Income tax due**

The corporate income tax is expensed in the period when the tax liability arises. In the accompanying income statement, tax expense is calculated on the basis of the profit/(loss) before taxes that has been adjusted for tax-deductible and tax non-deductible items due to permanent and temporary adjustments to the tax base and any tax losses carried forward. The tax liability is stated net of corporate income tax advances that the Company paid during the year. As corporate income tax advances paid during the year exceed the tax liability for the period, the Company records an income tax receivable.

#### **m) Deferred income tax**

Deferred income tax arises from temporary differences between the carrying amount of assets and liabilities shown in the balance sheet and their tax base.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

To determine deferred income tax, tax rates expected to apply at the date on which the deferred tax is settled are used, i.e. 21%.

#### **n) Deferred revenues and accrued expenses**

Deferred revenues and accrued expenses are stated at their nominal value, while presented at the amount reflecting the accrual principle (matching income and expenses within the same accounting period).

#### **o) Leasing (the Company is the lessee)**

**Operating lease** Lease costs of assets under operating lease contracts are expensed as incurred over the period of the lease.

#### **p) Foreign currency**

Transactions in foreign currency are converted to Euros using the reference exchange rate set and published by the European Central Bank or the National Bank of Slovakia on the day preceding the day of the accounting event, or on the balance-sheet date. The resulting foreign exchange differences are recorded to the income statement.

Assets and liabilities in foreign currency are translated to Euros using the exchange rate set and valid on the balance-sheet date. The resulting foreign exchange gains and losses are recognized in the income statement.

Purchases and sales of foreign currency are converted to EUR using the exchange rate at which these amounts were purchased or sold.

#### **q) Revenue recognition**

Sales revenues are shown net of VAT, discounts and deductions (such as rebates, bonuses, and credit notes). Sales are accounted at the date of delivery or provision of the service.

Revenue from the sale of hardware equipment and software licenses (merchandise) are accounted for at the moment of risk and ownership transfer, usually upon delivery in accordance with specific delivery terms.

Revenue from the sale of software licenses (services) are accounted for in line with accrual principle.

Revenue from the sale of IT services and internally developed software solutions are accounted for in the accounting period when provided, in accordance with the level of completion. The level of completion is calculated as the ratio of actually provided services to total contracted services.

## D. ASSETS

### 1. Non-current intangible assets

An overview of changes in non-current intangible assets for current and prior periods is shown in the table below:

Non-current intangible assets	Capitalized development costs	Software	Valuable rights	Goodwill	Other non-current intangible assets	Non-current assets in the process of acquisition	Advances paid for non-current intangible assets	Total
Acquisition cost								
1 January 2016	-	2,468,214	30,893	-	-	66,234	-	2,565,341
Additions	-	-	-	-	-	771,049	-	771,049
Disposals	-	-	-	-	-	-	-	-
Transfers	-	603,122	55,000	-	-	(658,122)	-	-
31 December 2016	-	3,071,336	85,893	-	-	179,161	-	3,336,390
Accumulated depreciation								
1 January 2016	-	1,243,102	21,632	-	-	-	-	1,264,734
Additions	-	347,771	12,606	-	-	-	-	360,377
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
31 December 2016	-	1,590,873	34,238	-	-	-	-	1,625,111
Valuation allowances								
1 January 2016	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
31 December 2016	-	-	-	-	-	-	-	-
Net book value								
1 January 2016	-	1,225,112	9,261	-	-	66,234	-	1,300,607
31 December 2016	-	1,480,463	51,655	-	-	179,161	-	1,711,279

The Company internally developed software and activated related costs of EUR 730,989 in 2016 (in 2015: EUR 403,840), out of which EUR 561,562 has been put in use in 2016 (in 2015: EUR 394,106). This software is used for internal purposes and for services of the Company's customers.

Information for prior period is shown in the following table:

Non-current intangible assets	Capitalized development costs	Software	Valuable rights	Goodwill	Other non-current intangible assets	Non-current assets in the process of acquisition	Advances paid for non-current intangible assets	Total
Acquisition cost								
1 January 2015	-	2,645,497	25,034	-	-	94,369	-	2,764,900
Additions	-	-	-	-	-	485,094	-	485,094
Disposals	-	(590,284)	-	-	-	(94,369)	-	(684,653)
Transfers	-	413,001	5,859	-	-	(418,860)	-	-
31 December 2015	-	2,468,214	30,893	-	-	66,234	-	2,565,341
Accumulated depreciation								
1 January 2015	-	1,522,341	18,865	-	-	-	-	1,541,206
Additions	-	311,045	2,767	-	-	-	-	313,812
Disposals	-	(590,284)	-	-	-	-	-	(590,284)
Transfers	-	-	-	-	-	-	-	-
31 December 2015	-	1,243,102	21,632	-	-	-	-	1,264,734
Valuation allowances								
1 January 2015	-	-	-	-	-	84,369	-	84,369
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(84,369)	-	(84,369)
Transfers	-	-	-	-	-	-	-	-
31 December 2015	-	-	-	-	-	-	-	-
Net book value								
1 January 2015	-	1,123,156	6,169	-	-	10,000	-	1,139,325
31 December 2015	-	1,225,112	9,261	-	-	66,234	-	1,300,607

## 2. Non-current tangible assets

An overview of changes in non-current tangible assets for current period is shown in the table below:

Non-current tangible assets	Land	Buildings	Individual movable assets and sets of movable items	Perennial crops	Breeding & draught animals	Other non-current tangible assets	Assets under construction	Advances paid for non-current tangible assets	Total
Acquisition cost									
1 January 2016	-	168,660	4,795,105	-	-	-	237,910	-	5,201,675
Additions	-	-	-	-	-	-	632,051	800	632,851
Disposals	-	-	(292,091)	-	-	-	-	-	(292,091)
Transfers	-	7,711	844,434	-	-	-	(852,145)	-	-
31 December 2016	-	176,371	5,347,448	-	-	-	17,816	800	5,542,435
Accumulated depreciation									
1 January 2016	-	4,455	3,568,964	-	-	-	-	-	3,573,419
Additions	-	17,630	470,386	-	-	-	-	-	488,016
Disposals	-	-	(288,796)	-	-	-	-	-	(288,796)
Transfers	-	-	-	-	-	-	-	-	-
31 December 2016	-	22,085	3,750,554	-	-	-	-	-	3,772,639
Valuation allowances									
1 January 2016	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
31 December 2016	-	-	-	-	-	-	-	-	-
Net book value									
1 January 2016	-	164,205	1,226,141	-	-	-	237,910	-	1,628,256
31 December 2016	-	154,286	1,596,894	-	-	-	17,816	800	1,769,796

Non-current tangible assets are insured against damages caused by theft, natural disaster and act of vandalism up to EUR 996,009 (2015: EUR 996,009).

Information for prior period is shown in the following table:

Non-current tangible assets	Land	Buildings	Individual movable assets and sets of movable items	Perennial crops	Breeding & draught animals	Other non-current tangible assets	Assets under construction	Advances paid for non-current tangible assets	Total
Acquisition cost									
1 January 2015	-	5,457	5,143,352	-	-	-	6,417	-	5,155,226
Additions	-	-	-	-	-	-	1,274,613	-	1,274,613
Disposals	-	-	(1,228,164)	-	-	-	-	-	(1,228,164)
Transfers	-	163,203	879,917	-	-	-	(1,043,120)	-	-
31 December 2015	-	168,660	4,795,105	-	-	-	237,910	-	5,201,675
Accumulated depreciation									
1 January 2015	-	2,002	4,154,939	-	-	-	-	-	4,156,941
Additions	-	2,453	642,188	-	-	-	-	-	644,641
Disposals	-	-	(1,228,163)	-	-	-	-	-	(1,228,163)
Transfers	-	-	-	-	-	-	-	-	-
31 December 2015	-	4,455	3,568,964	-	-	-	-	-	3,573,419
Valuation allowances									
1 January 2015	-	-	-	-	-	-	-	-	-
Additions	-	-	18,135	-	-	-	-	-	18,135
Disposals	-	-	(18,135)	-	-	-	-	-	(18,135)
Transfers	-	-	-	-	-	-	-	-	-
31 December 2015	-	-	-	-	-	-	-	-	-
Net book value									
1 January 2015	-	3,455	988,413	-	-	-	6,417	-	998,285
31 December 2015	-	164,205	1,226,141	-	-	-	237,910	-	1,628,256

### 3. Inventories

Movements in the valuation allowance for inventories during the current accounting period is shown in the table below

Inventories	1 January 2016	Set-up of VA	Release of VA due to extinction of title	Release of VA due to derecognition of assets	31 December 2016
Material	-	-	-	-	-
Work in progress and semi-finished products	-	-	-	-	-
Finished goods	-	-	-	-	-
Animals	-	-	-	-	-
Merchandise	26,597	9,303	(8,125)	-	27,775
Real estate for sale	-	-	-	-	-
Advances provided for inventories	-	-	-	-	-
<b>Total inventories</b>	<b>26,597</b>	<b>9,303</b>	<b>(8,125)</b>	<b>-</b>	<b>27,775</b>

A valuation allowance was set up to reflect a decrease in the net realizable value of inventories. The net realizable value of inventories was impaired mainly as a result of reduced cost of material compared to its present book value and reduced selling prices.

### 4. Construction contracts

Revenues from construction contracts amounted to EUR 6,732,995 (2015: EUR 20,303,411).

Further information about open construction contracts as at the balance sheet date is provided in the following tables:

Item	31 December 2016	31 December 2015	Cumulative amount from beginning of construction contract until 31 December 2016
Revenues from construction contract	458,221	330,073	458,221
Costs of construction contract	279,204	161,786	279,204
<b>Gross profit / loss</b>	<b>179,017</b>	<b>168,287</b>	<b>179,017</b>

Amount of construction contract	31 December 2016	Cumulative amount from beginning of construction contract until 31 December 2016
Amounts invoiced for work performed on the construction contract	-	-
Adjustments of invoiced amounts according to percentage of completion or using the zero profit method	458,221	458,221
Amount of advances received	-	-
Amount of withheld payment	-	-

Costs and revenues of construction contracts were calculated using percentage of completion method, by assessment as at the balance sheet date of the number of hours delivered.

### 5. Receivables

Movements in the valuation allowance for receivables during the accounting period are shown in the following table:

Receivables	1 January 2016	Set-up of valuation allowance	Release of valuation allowance due to cease of justification	Release of VA due to derecognition of the assets	31 December 2016
<b>Current trade receivables of which:</b>	<b>167,508</b>	<b>3,460</b>	<b>(2,647)</b>	<b>-</b>	<b>168,321</b>
Trade receivables from affiliated undertakings	-	-	-	-	-
Trade receivables from participating interests except for receivables from affiliates	-	-	-	-	-
Other trade receivables	167,508	3,460	(2,647)	-	168,321
Other current receivables	-	-	-	-	-
<b>Current receivables total</b>	<b>167,508</b>	<b>3,460</b>	<b>(2,647)</b>	<b>-</b>	<b>168,321</b>

Prior period information is shown in the following table:

Receivables	1 January 2015	Set-up of valuation allowance	Release of valuation allowance due to cease of justification	Release of VA due to derecognition of the assets	31 December 2015
<b>Current trade receivables of which:</b>	140,912	30,866	(4,270)	-	167,508
Trade receivables from affiliated undertakings	-	-	-	-	-
Trade receivables from participating interests except for receivables from affiliates	-	-	-	-	-
Other trade receivables	140,912	30,866	(4,270)	-	167,508
Other current receivables	-	-	-	-	-
<b>Current receivables total</b>	<b>140,912</b>	<b>30,866</b>	<b>(4,270)</b>	<b>-</b>	<b>167,508</b>

Long-term receivables of the Company are within the due period. The ageing structure of current receivables at 31 December 2016 is shown in the table below:

Item	Within due period	Overdue	Total receivables
<b>Current trade receivables of which:</b>	8,453,411	303,940	8,757,351
Trade receivables from affiliated undertakings	2,120,915	4,827	2,125,742
Trade receivables from participating interests except for receivables from affiliates	-	-	-
Other trade receivables	6,332,496	299,113	6,631,609
<b>Other current receivables of which:</b>	<b>994,894</b>	<b>2,440</b>	<b>997,334</b>
Net value of a contract	458,221	-	458,221
Other receivables from affiliated undertakings	-	-	-
Other receivables from participating interests except for receivables from affiliates	-	-	-
Receivables from partners members and the association	-	-	-
Social security	-	-	-
Tax assets and subsidies	527,519	-	527,519
Receivables from derivative transactions	-	-	-
Other receivables	9,154	2,440	11,594
<b>Current receivables total</b>	<b>9,448,305</b>	<b>306,380</b>	<b>9,754,685</b>

Prior period information is shown in the following table:

Item	Within due period	Overdue	Total receivables
<b>Current trade receivables of which:</b>	5,613,422	325,599	5,939,021
Trade receivables from affiliated undertakings	2,032,944	89,914	2,122,858
Trade receivables from participating interests except for receivables from affiliates	-	-	-
Other trade receivables	3,580,478	235,685	3,816,163
<b>Other current receivables of which:</b>	<b>368,501</b>	<b>2,440</b>	<b>370,941</b>
Net value of a contract	330,073	-	330,073
Other receivables from affiliated undertakings	-	-	-
Other receivables from participating interests except for receivables from affiliates	-	-	-
Receivables from partners members and the association	-	-	-
Social security	-	-	-
Tax assets and subsidies	2,827	-	2,827
Receivables from derivative transactions	-	-	-
Other receivables	35,601	2,440	38,041
<b>Current receivables total</b>	<b>5,981,923</b>	<b>328,039</b>	<b>6,309,962</b>

In 2016 the Company set-up an allowance for overdue receivables of EUR 3,460 (2015: EUR 30,866). In 2016 the Company has released allowances set-up in previous years which were no longer legitimate of EUR 2,647.

## 6. Financial accounts

Financial accounts consist of cash in hand, bank accounts and vouchers. Bank accounts are fully available for the Company's use.

## 7. Prepaid expenses and accrued income

The structure of prepaid expenses and accrued income is shown in the table below:

Item	31 December 2016	31 December 2015
Prepaid expenses - long-term of which:	135,517	151,800
Hardware support	100,466	125,969
Software support	32,466	24,856
Other	2,810	975
Prepaid expenses - short-term of which:	547,821	624,164
Hardware support	131,568	134,789
Software support	344,900	423,822
Other	71,353	65,553
Accrued income - long-term of which:	-	-
Accrued income - short-term of which:	-	-
<b>Total</b>	<b>683,338</b>	<b>775,964</b>

The balance of prepaid expenses in the year 2016 has declined compared to 2015 by EUR 92,626, mainly due to prepaid expense related to IT services.

## 8. Deferred tax asset

The calculation of deferred tax asset is shown in the following table:

Item	31 December 2015	Recognized in equity	Recognized in the income statement	31 December 2016
Non-current assets	(107,128)	-	(43,046)	(150,174)
Valuation allowance to inventories	26,597	-	1,178	27,775
Valuation allowance to receivables	27,523	-	(8,013)	19,510
Provisions	1,802,712	-	(1,030,450)	772,262
Other	61,707	-	(29,488)	32,219
<b>Total</b>	<b>1,811,411</b>	<b>-</b>	<b>(1,109,819)</b>	<b>701,592</b>
Tax rate (in %) *	22			21
Deferred tax asset calculated	398,510			147,334
Deferred tax asset recognized	398,510	-	(251,176)	147,334
Deferred tax liability	-	-	-	-

## E. EQUITY AND LIABILITIES

### 1. Equity

Movements in equity and other additional information about equity is shown in the table below:

Item	1 January 2016	Additions	Disposals	Transfers	31 December 2016
Share capital	170,000	-	-	-	170,000
Changes in share capital	-	-	-	-	-
Receivables from subscribed equity	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital reserves	-	-	-	-	-
Legal reserve fund and non-distributable reserve	17,000	-	-	-	17,000
Reserve for own shares and ownership interests	-	-	-	-	-
Statutory reserves	-	-	-	-	-
Other reserves	-	-	-	-	-
Valuation adjustments from revaluation of assets and liabilities	-	-	-	-	-
Valuation adjustments from equity investments	-	-	-	-	-
Valuation adjustments from revaluation in case of mergers, fusions or demergers	-	-	-	-	-
Retained earnings	9,084,464	-	-	843,991	9,928,455
Loss carried forward	-	-	-	-	-
Profit for current accounting period	2,557,546	2,208,591	(1,713,556)	(843,990)	2,208,591
<b>Total equity</b>	<b>11,829,010</b>	<b>2,208,591</b>	<b>(1,713,556)</b>	<b>1</b>	<b>12,324,046</b>

Difference in Retained earnings between Equity movement table and Accounting profit distribution table for the year 2015 of EUR 1 is due to rounding

Item	1 January 2015	Additions	Disposals	Transfers	31 December 2015
Share capital	170,000	-	-	-	170,000
Changes in share capital	-	-	-	-	-
Receivables from subscribed equity	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital reserves	-	-	-	-	-
Legal reserve fund and non-distributable reserve	17,000	-	-	-	17,000
Reserve for own shares and ownership interests	-	-	-	-	-
Statutory reserves	-	-	-	-	-
Other reserves	-	-	-	-	-
Valuation adjustments from revaluation of assets and liabilities	-	-	-	-	-
Valuation adjustments from equity investments	-	-	-	-	-
Valuation adjustments from revaluation in case of mergers fusions or demergers	-	-	-	-	-
Retained earnings	8,262,150	-	-	822,314	9,084,464
Loss carried forward	-	-	-	-	-
Profit for current accounting period	2,491,861	2,557,546	(1,669,547)	(822,314)	2,557,546
<b>Total equity</b>	<b>10,941,011</b>	<b>2,557,546</b>	<b>(1,669,547)</b>	<b>-</b>	<b>11,829,010</b>

The 2015 accounting profit of EUR 2,557,546 was distributed as follows:

Item	2015
Contribution to legal reserve fund	-
Contribution to statutory and other reserves	-
Contribution to the social fund	-
Contribution to the share capital	-
Settlement of the loss carried forward	-
Transfer to retained earnings	843,990
Profit distribution to shareholders/members	1,713,556
Other	-
<b>Total</b>	<b>2,557,546</b>

The statutory body will propose to distribute the 2016 profit together with the approval of these financial statements.

## 2. Provisions

An overview of changes in provisions for 2016 is shown in the following table:

Item	1 January 2016	Set-up	Use	Release	31 December 2016
<b>Long-term provisions of which:</b>	<b>62,402</b>	<b>-</b>	<b>(23,212)</b>	<b>-</b>	<b>39,190</b>
Legal long-term provisions of which:	-	-	-	-	-
Other long-term provisions of which:	62,402	-	(23,212)	-	39,190
Provision for warranty repairs and guarantee	62,402	-	(23,212)	-	39,190
<b>Short-term provisions of which:</b>	<b>1,908,052</b>	<b>806,698</b>	<b>(1,693,317)</b>	<b>(92,017)</b>	<b>929,416</b>
Legal short-term provisions of which:	167,743	196,345	(167,743)	-	196,345
Holiday provision	167,743	196,345	(167,743)	-	196,345
Other short-term provisions of which:	1,740,309	610,353	(1,525,574)	(92,017)	733,071
Provision for warranty repairs and guarantee	725,913	266,211	(601,253)	(1,942)	388,929
Provision for bonuses	977,163	315,201	(897,603)	(79,560)	315,201
Provision for the annual report and audit	31,370	24,871	(23,459)	(7,911)	24,871
Provision for the unbilled supplies	5,863	4,070	(3,259)	(2,604)	4,070
<b>Total provisions</b>	<b>1,970,454</b>	<b>806,698</b>	<b>(1,716,529)</b>	<b>(92,017)</b>	<b>968,606</b>

Provision for guarantee and warranty repairs reflects the commitment of the Company to its customers due to warranty repairs, eliminating possible faults of supplied parts and due to the performance related to the provision of enhanced guarantee. Usage of this provision is expected till year 2020.

Provision for holiday reflects the Company's commitment to its employees in respect untaken holiday in year 2016.

Provision for bonuses reflects the Company's commitment to its employees in connection with the bonuses recognized for year 2016.

Information for the prior accounting period is shown in the following table:

Item	1 January 2015	Set-up	Use	Release	31 December 2015
<b>Long-term provisions of which:</b>	<b>77,261</b>	<b>14,937</b>	<b>(29,796)</b>	-	<b>62,402</b>
Legal long-term provisions of which:	-	-	-	-	-
Other long-term provisions of which:	77,261	14,937	(29,796)	-	62,402
Provision for warranty repairs and guarantee	77,261	14,937	(29,796)	-	62,402
<b>Short-term provisions of which:</b>	<b>1,258,276</b>	<b>1,908,052</b>	<b>(1,210,130)</b>	<b>(48,146)</b>	<b>1,908,052</b>
Legal short-term provisions of which:	207,953	167,743	(203,146)	(4,807)	167,743
Holiday provision	169,995	167,743	(169,995)	-	167,743
Provision for the annual report and audit	37,668	-	(33,068)	(4,600)	-
Provision for the unbilled supplies	290	-	(83)	(207)	-
Other short-term provisions of which:	1,050,323	1,740,309	(1,006,984)	(43,339)	1,740,309
Provision for warranty repairs and guarantee	154,455	725,913	(143,697)	(10,758)	725,913
Provision for bonuses	895,868	977,163	(863,287)	(32,581)	977,163
Provision for the annual report and audit	-	31,370	-	-	31,370
Provision for the unbilled supplies	-	5,863	-	-	5,863
<b>Total provisions</b>	<b>1,335,537</b>	<b>1,922,989</b>	<b>(1,239,926)</b>	<b>(48,146)</b>	<b>1,970,454</b>

### 3. Liabilities

The structure of liabilities (except for bank loans) by remaining time to maturity at 31 December 2016 is shown in the following table:

Item	LIABILITIES WITH RESIDUAL MATURITIES				Total liabilities
	More than five years	From one to five years	Due within one year	Overdue liabilities	
<b>Non-current trade liabilities</b>	-	-	-	-	-
<b>Other non-current liabilities of which:</b>	-	12,170	-	-	12,170
Net value of a contract	-	-	-	-	-
Liabilities to affiliated undertakings	-	-	-	-	-
Trade liabilities to participating interests except for liabilities to affiliates	-	-	-	-	-
Other liabilities	-	-	-	-	-
Long-term advance payments received	-	-	-	-	-
Long-term bills of exchange to be paid	-	-	-	-	-
Bonds issued	-	-	-	-	-
Social fund payables	-	12,170	-	-	12,170
Other non-current liabilities	-	-	-	-	-
Non-current liabilities from derivative transactions	-	-	-	-	-
Deferred tax liability	-	-	-	-	-
<b>Non-current liabilities - total</b>	-	12,170	-	-	12,170
<b>Current trade liabilities of which:</b>	-	-	4,494,871	175,761	4,670,632
Trade liabilities to affiliated undertakings	-	-	35,308	1,630	36,938
Trade liabilities to undertakings in which the company has a participating interest except for liabilities to affiliated undertakings	-	-	-	-	-
Other trade liabilities	-	-	4,459,563	174,131	4,633,694
<b>Other current liabilities of which:</b>	-	-	1,764,702	-	1,764,702
Net value of a contract	-	-	-	-	-
Other liabilities to affiliated undertakings	-	-	-	-	-
Trade liabilities to participating interests except for liabilities to affiliated undertakings	-	-	-	-	-
Liabilities to partners and the association	-	-	-	-	-
Liabilities to employees	-	-	649,451	-	649,451
Liabilities from social insurance	-	-	361,697	-	361,697
Tax liabilities and subsidies	-	-	752,994	-	752,994
Liabilities from derivative transactions	-	-	-	-	-
Other liabilities	-	-	560	-	560
<b>Current liabilities - total</b>	-	-	6,259,573	175,761	6,435,334



Prior period information is shown in the following table:

Item	LIABILITIES WITH RESIDUAL MATURITIES				Total liabilities
	More than five years	From one to five years	Due within one year	Overdue liabilities	
Non-current trade liabilities	-	-	-	-	-
Other non-current liabilities of which:	-	24,173	-	-	24,173
Net value of a contract	-	-	-	-	-
Liabilities to affiliated undertakings	-	-	-	-	-
Trade liabilities to participating interests except for liabilities to affiliates	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-
Long-term advance payments received	-	-	-	-	-
Long-term bills of exchange to be paid	-	-	-	-	-
Bonds issued	-	-	-	-	-
Social fund payables	-	24,173	-	-	24,173
Other non-current liabilities	-	-	-	-	-
Non-current liabilities from derivative transactions	-	-	-	-	-
Deferred tax liability	-	-	-	-	-
<b>Non-current liabilities total</b>	-	<b>24,173</b>	-	-	<b>24,173</b>
<b>Current trade liabilities of which:</b>	-	-	<b>3,969,967</b>	<b>406,805</b>	<b>4,376,772</b>
Trade liabilities to affiliated undertakings	-	-	84,562	12,841	97,403
Trade liabilities to undertakings in which the company has a participating interest except for liabilities to affiliated undertakings	-	-	-	-	-
Other trade liabilities	-	-	3,885,405	393,964	4,279,369
<b>Other current liabilities of which:</b>	-	-	<b>1,933,800</b>	-	<b>1,933,800</b>
Net value of a contract	-	-	-	-	-
Other liabilities to affiliated undertakings	-	-	-	-	-
Trade liabilities to participating interests except for liabilities to affiliated undertakings	-	-	-	-	-
Liabilities to partners and the association	-	-	-	-	-
Liabilities to employees	-	-	655,547	-	655,547
Liabilities from social insurance	-	-	351,140	-	351,140
Tax liabilities and subsidies	-	-	924,643	-	924,643
Liabilities from derivative transactions	-	-	-	-	-
Other liabilities	-	-	2,470	-	2,470
<b>Current liabilities total</b>	-	-	<b>5,903,767</b>	<b>406,805</b>	<b>6,310,572</b>

#### 4. Social fund

Contributions to and withdrawals from the social fund during the accounting period are shown in the following table:

Item	2016	2015
Opening balance	24,173	18,317
Contributions charged to costs	44,981	44,195
Contributions from profit	-	-
Other set-up	-	-
<b>Total social fund set-up</b>	<b>44,981</b>	<b>44,195</b>
Use	(56,984)	(38,339)
<b>Closing balance</b>	<b>12,170</b>	<b>24,173</b>

## 5. Accrued expenses and deferred income

The structure of accrued expenses and deferred income is shown in the following table:

Item	31 December 2016	31 December 2015
Long-term accrued expenses of which:	-	-
Short-term accrued expenses of which:	-	-
Long-term deferred income of which:	173,787	184,358
Hardware support	115,528	134,030
Software support	25,263	6,328
Other	32,996	44,000
Short-term deferred income of which:	348,013	726,595
Hardware support	167,205	356,065
Software support	169,808	359,530
Other	11,000	11,000
<b>Total</b>	<b>521,800</b>	<b>910,953</b>

In comparison to 2015 there has been a decrease in deferred income of EUR 389,153, related to IT services.

## F. REVENUES

### 1. Net turnover

Information about the structure of net turnover of the Company is shown in the table below:

Item	2016	2015
Sale of own work and goods of which:	28,019,669	43,348,716
Sale of own products	-	-
Sale of services	15,464,531	12,397,009
Sale of goods	5,822,143	10,648,296
Revenues from construction contracts	6,732,995	20,303,411
Revenues from real estate	-	-
Other income relating to ordinary activities	126,169	165,684
<b>Total net turnover</b>	<b>28,145,838</b>	<b>43,514,400</b>

### 2. Revenues from the sale of own work and goods

Revenues from the sale of the Company's own work and goods by individual segments i.e. by type of good, product, service, other activities and by geographic territories are presented in the following table:

Country	Revenues from services provided		Revenues from sales of HW		Revenues from sales of own SW solutions	
	2016	2015	2016	2015	2016	2015
Revenues	15,464,531	12,397,009	5,822,143	10,648,296	6,732,995	20,303,411
<b>Total</b>	<b>15,464,531</b>	<b>12,397,009</b>	<b>5,822,143</b>	<b>10,648,296</b>	<b>6,732,995</b>	<b>20,303,411</b>

### 3. Other income from operating activities

Information about income from the capitalization of costs and income from operating and financing activities is shown in the table below:

Item	2016	2015
Capitalization of costs – material items of which:	730,989	403,840
Non-current intangible assets capitalized from own work	730,989	403,840
Other material items of other operating income of which:	165,185	245,607
Revenues from sale of tangible and intangible assets	39,016	79,923
Other	126,169	165,684
Financial income of which:	10,709	24,307
Foreign exchange gains of which:	2,277	4,851
Foreign exchange gains at balance sheet date	987	2,579
Other material financial income of which:	8,432	19,456
Interest rates	8,432	19,456

## G. EXPENSES

### 1. Costs of operating and financial activities

An overview of costs of operating and financial activities, except for personnel costs is shown in the table below:

Item	2016	2015
<b>Costs of services received of which:</b>	<b>9,035,776</b>	<b>17,471,527</b>
From an Auditor or audit firm of which:	31,244	33,826
Audit of the financial statements	31,244	30,528
Other assurance services	-	-
Related audit services	-	-
Tax consultancy	-	-
Other non-audit services	-	3,298
Other material items of costs of services received of which:	9,004,532	17,437,701
Licenses	-	-
Advertisement and marketing costs	944,111	990,354
External product processing	-	-
Telecommunication costs	150,482	151,199
Management fees paid to the Group	-	-
Rental of temporary staff	-	-
Resale services (subcontracted)	6,329,511	13,460,833
Rental of premises	762,741	768,461
Other	817,687	2,066,855
<b>Other material items of Income from operations of which:</b>	<b>1,489,389</b>	<b>2,385,696</b>
Set-up and use/release of valuation allowance for receivables	49	24,194
Depreciation and allowance for non-current assets	848,393	943,964
Consumption of material energy and other non-inventory supplies	486,663	596,150
Other	154,284	821,388
<b>Financing costs of which:</b>	<b>9,147</b>	<b>13,223</b>
Foreign exchange losses of which:	4,000	7,483
Foreign exchange losses at balance sheet date	1,098	2,653
Other material items of financial costs of which:	5,147	5,740
Interest and other financial costs	5,147	5,740

### 2. Personnel costs

An overview of personnel costs is shown in the following table:

Item	2016	2015
<b>Personnel cost of which:</b>	<b>10,542,757</b>	<b>11,055,495</b>
Salaries	7,807,290	8,338,769
Other employment costs	-	-
Social insurance	1,849,510	1,852,375
Health insurance	731,779	711,888
Social security	154,178	152,463

Social insurance costs include social insurance and other social insurance costs.

## H. INCOME TAXES

The reconciliation of expected to reported income tax is shown in the following table:

Item	2016			2015		
	Tax base	Tax	Tax in %	Tax base	Tax	Tax in %
Profit before taxes of which:	2,931,601			3,366,852		
Expected tax		644,952	22		740,707	22
Tax non-deductible expenses	324,068	71,295	3	314,466	69,183	2
Non-taxable income	-	-		-	-	
Impact of unrecognized deferred tax asset	-	-		-	-	
Tax loss carried forward	-	-		-	-	
Change in tax rate	-	7,016		-	-	
Other	-	(253)		-	(584)	
<b>Total</b>		<b>723,010</b>	<b>25</b>		<b>809,306</b>	<b>24</b>
Current income tax		471,834	16		1,001,447	30
Deferred income tax		251,176	9		(192,141)	(6)
<b>Total income tax</b>		<b>723,010</b>	<b>25</b>		<b>809,306</b>	<b>24</b>

## I. OFF-BALANCE SHEET ACCOUNTS

### 1. Property rented to other parties

During the year 2016 the Company rented assets to mTrust s.r.o. company as follows:

Item	Annual rent	Rental period
Rented assets to other parties out of which:	41,094	-
IT equipment (servers PC notebooks ...)	41,094	4

## J. ECONOMIC RELATIONS BETWEEN THE COMPANY AND ITS RELATED PARTIES

### 1. Transactions between the Company and its related parties

The Company had transactions with following related parties:

Company	Address
Slovak Telekom, a.s.	Bajkalská 28, 817 62, Bratislava, Slovak Republic
Zoznam, s.r.o.	Viedenská cesta 3-7, 851 01, Bratislava, Slovak Republic
DIGI SLOVAKIA, s.r.o.	Röntgenova 26, 851 01, Bratislava, Slovak Republic
T-Systems Slovakia s.r.o.	Žriedlová 13, 04001, Košice, Slovak Republic
Deutsche Telekom Pan-Net s.r.o.	Jarabinková 1, 82109, Bratislava, Slovak Republic
Deutsche Telekom Pan-Net Romania S.R.L.	Baneasa Business & Technology Park, 42-44, Bucuresti-Ploiesti St., 020335, Bucharest, Romania
mTrust, s.r.o.	Odborárska 21, 831 02, Bratislava, Slovak Republic
mTrust TSM, a.s.	Odborárska 21, 831 02, Bratislava, Slovak Republic
mReal, s.r.o.	Odborárska 21, 831 02, Bratislava, Slovak Republic
PosAm IT, s.r.o.	Ke Štvanici 656/3, 186 00, Prague 8, Czech Republic
VIAMO, a.s.	Odborárska 21, 831 02, Bratislava, Slovak Republic

Transactions with subsidiaries are shown in the following table:

<b>Transaction</b>	<b>Related party</b>	<b>2016</b>	<b>2015</b>
Purchase of assets	Parent company	6,875	60,724
	Other related parties	-	5,000
Sale of assets	Parent company	-	-
	Other related parties	-	13,571
Sale of inventories	Parent company	1,051,716	2,924,898
	Other related parties	451,517	154
Purchase of services	Parent company	861,210	264,355
	Other related parties	(43,219)	630,338
Sale of services	Parent company	2,812,092	2,239,053
	Other related parties	499,626	513,612

<b>Transaction</b>	<b>Related party</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
Trade liabilities	Parent company	36,939	97,403
	Other related parties	-	-
Trade receivables	Parent company	2,117,585	2,122,858
	Other related parties	337,162	87,715
Prepaid expenses	Parent company	9,105	7,229
	Other related parties	-	-
Accrued income	Parent company	45,149	186,197
	Other related parties	19,141	23,175
Other	Parent company	8,157	-
	Other related parties	-	-

#### **K. POST-BALANCE SHEET EVENTS**

After 31 December 2016, no significant events have occurred that would require recognition or disclosure in the 2016 financial statements.

#### **L. CASH FLOWS STATEMENT**

##### **The following expressions have the following meanings as regards information in the cash flow statement:**

- a) Cash: cash on hand cash equivalents, cash in bank or branches of foreign banks, bank overdrafts and cash in transit relating to a transfer between a current account and cash on hand or between two current accounts
- b) Cash equivalents: cash equivalents, financial assets exchangeable for a fixed amount of cash where, at the balance sheet date, there is no risk of a significant change in value in the next three months, i.e. term bank deposits with a notice period not exceeding three months, liquid securities designated for trading, priority shares acquired by the accounting entity and payable within three months of the balance sheet date.

The Company has prepared the cash flow statement using the indirect method:

Item	2016	2015
<b>Net result before tax</b>	2,931,601	3,366,852
Adjustments for non-cash transactions:		
Depreciation of non-current assets	848,393	943,964
Inventories write-off	-	-
Receivables write-off	341	-
Change in provision for non-current assets	-	(84,369)
Change in provision for receivables	813	26,596
Change in provision for inventories	1,178	3,926
Change in provisions	(1,001,848)	634,917
Net Interest expense	(8,432)	(19,456)
Loss / (gain) from the sale of non-current assets	(27,869)	(55,432)
Yields from long-term financial assets	-	-
Other items	(270)	84,369
<b>Profit from operating activities before changes in working capital</b>	<b>2,743,907</b>	<b>4,901,367</b>
Changes in working capital:		
Decrease (increase) of trade and other receivables and prepayments	(2,824,920)	2,076,593
Decrease (increase) of inventories	112,518	(160,927)
(Decrease) increase of payables and accruals	534,350	(919,881)
Other	-	-
<b>Operating cash flows</b>	<b>565,855</b>	<b>5,897,152</b>
<b>Cash flows from operating activities</b>		
Operating cash flows	565,855	5,897,152
Interest paid	-	-
Interest received	8,432	19,456
Corporate income tax paid	(1,215,535)	(765,446)
Dividends paid	(1,713,556)	(1,669,547)
Receipts from extraordinary items	-	-
Other items not included in operating activities	-	-
<b>Net cash from operating activities</b>	<b>(2,354,804)</b>	<b>3,481,615</b>
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(1,998,461)	(1,165,147)
Receipts from the sale of non-current assets	31,435	79,923
Long term loans granted	-	-
Dividends received	-	-
<b>Net cash from investing activities</b>	<b>(1,967,026)</b>	<b>(1,085,224)</b>
<b>Cash flows from financing activities</b>		
Receipts from the increase of share capital and other capital reserves	-	-
Receipts / repayments of bank loans	(4,975)	4,270
Receipts / repayments of borrowings from Group companies	-	-
Repayments of long-term liabilities	-	-
<b>Net cash from financing activities</b>	<b>(4,975)</b>	<b>4,270</b>
Foreign exchange differences of cash and cash equivalents	-	-
<b>Increase (decrease) of cash and cash equivalents</b>	<b>(4,326,805)</b>	<b>2,400,661</b>
Cash and cash equivalents at the beginning of the accounting period	10,607,863	8,207,202
<b>Cash and cash equivalents at the end of the accounting period</b>	<b>6,281,058</b>	<b>10,607,863</b>

# *Independent Auditor's Report*

To the Shareholders and Executives of PosAm, spol. s r.o.:

## **Report on the Audit of the Financial Statements**

### ***Our Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PosAm, spol. s r.o. (the "Company") as at 31 December 2016, and its financial performance for the year then ended in accordance with the Slovak Act on Accounting No. 431/2002, as amended (hereafter "the Accounting Act").

### ***What we have audited***

The Company's financial statements comprise:

- the balance sheet as at 31 December 2016;
- the income statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the section Auditor's responsibilities for the audit of the financial statements. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("Code of Ethics") and other requirements of legislation applicable in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and applicable Slovak legislation.

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

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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The company's ID (IČO) No. 35739347.

Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ) 2020270021.

VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH) SK2020270021.

Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava 1, pod vložkou č. 16611/B, oddiel: Sro.

The company is registered in the Commercial Register of Bratislava 1 District Court, ref. No. 16611/B, Section: Sro.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### ***Auditor's responsibility for the audit of the financial statements***

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





## Report on other requirements of law and regulations

### *Reporting on Information in the Annual Report*

Management is responsible for the information in the Annual Report prepared in accordance with the Accounting Act. However management has not prepared the Annual Report as of the date of our opinion on the financial statements.

PricewaterhouseCoopers Slovensko, s.r.o.  
SKAU licence No. 161

Bratislava, 27 February 2017



Ing. Štefan Čupil, FCCA  
UDVA licence No. 1088



Our report has been prepared in Slovak and in English languages. In all matters of interpretation of information, views or opinions, the Slovak language version of our report takes precedence over the English language version.

# *Independent Auditor's Report*

To the Shareholders and Executives of PosAm, spol. s r.o.:

## **Report on the Audit of the Financial Statements**

### ***Our Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PosAm, spol. s r.o. (the "Company") as at 31 December 2016, and its financial performance for the year then ended in accordance with the Slovak Act on Accounting No. 431/2002, as amended (hereafter "the Accounting Act").

### ***What we have audited***

The Company's financial statements comprise:

- the balance sheet as at 31 December 2016;
- the income statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the section Auditor's responsibilities for the audit of the financial statements. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("Code of Ethics") and other requirements of legislation applicable in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and applicable Slovak legislation.

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

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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T: +421 (0) 2 59350 111, F: +421 (0) 2 59350 222, [www.pwc.com/sk](http://www.pwc.com/sk)*

The company's ID (IČO) No. 35739347  
Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ) 2020270021.  
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH) SK2020270021.  
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava 1, pod vložkou č. 16511/B, oddiel: Sro.  
The company is registered in the Commercial Register of Bratislava 1 District Court, ref. No. 16511/B, Section: Sro.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### ***Auditor's responsibility for the audit of the financial statements***

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Report on other requirements of law and regulations

### *Reporting on Information in the Annual Report*

Management is responsible for the information in the Annual Report prepared in accordance with the Accounting Act. Our opinion on the financial statements does not cover other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Annual Report, we considered whether it includes the disclosures required by the Accounting Act.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Annual Report for the year 2016 is consistent with the financial statements; and
- the Annual Report has been prepared in accordance with the Accounting Act.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Annual Report that we obtained prior to the date of this auditor's report. We have nothing to report in this respect.

*PricewaterhouseCoopers Slovensko, s.r.o.*

PricewaterhouseCoopers Slovensko, s.r.o.  
SKAU licence No. 161



*Ing. Štefan Čupil*

Ing. Štefan Čupil, FCCA  
UDVA licence No. 1088

Bratislava, 27 February 2017, except for Reporting on Information in the Annual Report, for which the date of our report is 8 March 2017.



Our report has been prepared in Slovak and in English languages. In all matters of interpretation of information, views or opinions, the Slovak language version of our report takes precedence over the English language version.

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