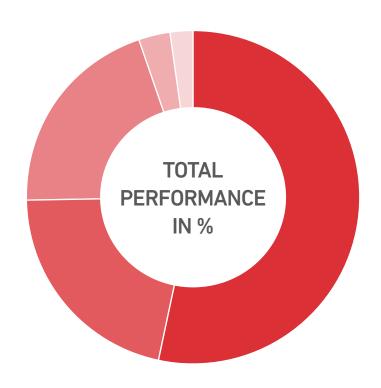


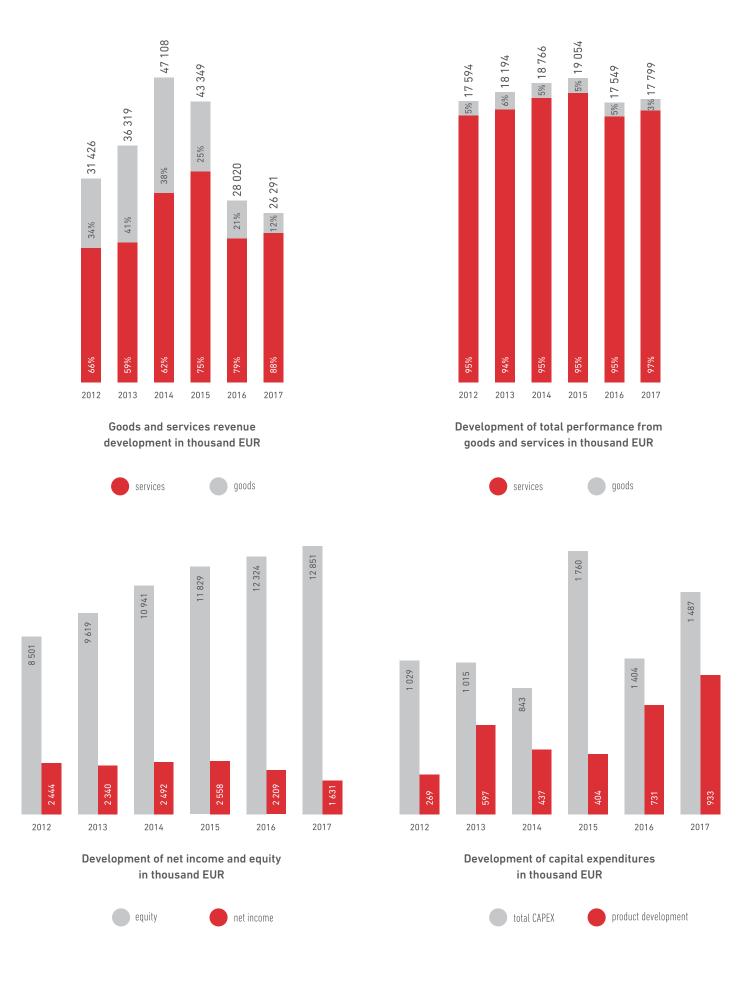


ANNUAL REPORT 2017









TOP **EVENTS**AND **PROJECTS**

january

A NEW SALES ERA FOR ALLIANZ-SLOVENSKÁ POISŤOVŇA

Allianz – Slovenská poisťovňa wants to provide quick and fair services to its customers. Its strategic priority is to remove any barriers in the sales network and to enable it to provide its services anywhere. Since January, a new multichannel sales system made by PosAm has been helping it in this task. The system has eliminated barriers between individual sales channels, unified key system functionalities and optimized the costs of development and sales management. At the same time, it has provided strong sales support to brokers focused on experience-assisted sales.

january

POSAM IS A PART OF THE TOOP PROJECT WITHIN HORIZON 2020

In January a kick-off meeting was held in Tallin regarding the TOOP (The Once Only Principle) project in which representatives of a consortium from 21 European countries and PosAm participated. The project was launched by the European Commission with the aim of ensuring implementation of "The Once Only Principle". Information and data should be provided only once to public administration authorities, regardless of the country where a company has its registered office. In the preparatory stage, PosAm contributed to project planning and design and became a coordinator for Slovak public institutions which will be involved in the pilot project.

april

POSAM IS AWARDED THE "SUPPLIER OF THE YEAR 2016" AWARD BY TATRA BANKA

Tatra banka has repeatedly appreciated the quality of IT services provided by PosAm by awarding it the "Supplier of the Year 2016" award, for the second year in a row. In 2015, PosAm started to provide End User Services to Tatra banka. In the year 2016 we have seen the implementation of a demanding project for the relocation of Tatra banka's data centre. Both of the above-mentioned projects won the highest recognition and appreciation by Tatra banka. Such an award is one of the proofs that PosAm's position in the group of TOP 3 providers of IT services in Slovakia is no accident but a result of long-term systematic effort supported by the excellent quality of its services.

april

WE HAVE CREATED A NEW VERSION OF ROZPOČET.SK

The Ministry of Finance of SR has launched a new version of the Rozpočet.sk portal which contains several major new features and enhancements. In addition to new graphics, it has brought educational videos to the public as well as a more detailed view of real revenues. Thanks to the open data philosophy it has provided all data to the expert public for further processing. The development of the new version of the portal was managed by the budgetary policy section of MoF SR, and PosAm was the supplier. The Institute for Financial Policy, the authors of the "Value for Money" project, as well external consultants from non-profit organizations, also participated in its development.

april

WE PROVIDE OUTSOURCING OF IT SERVICES TO KOOPERATIVA

Kooperativa, member of the Vienna Insurance Group, has decided to transfer the care for end IT equipment for over 1,300 users onto PosAm specialists. The intention of the insurance company was to ensure higher standardization of processes and harmony with ITIL recommendations and to maintain a high quality of the provided services. PosAm even beat international competitors and confirmed its increasingly stronger position on the IT outsourcing market in Slovakia. PosAm won thanks to its long-term experience, references from the largest Slovak businesses, a undeniably high quality of services and a competitive price.

may

END USER SERVICES ALSO FOR THE HUNGARIAN BRANCH OF DEUTSCHE TELEKOM PAN-NET

In May, Hungary became the third country in which PosAm has built and operates ICT infrastructure for representation of Deutsche Telekom Pan-Net (DT Pan-Net). PosAm specialists needed only a few days to prepare and implement the infrastructure which provides all ICT services for the internal needs of DT Pan-Net users in Hungary. PosAm also looks after the entire infrastructure and its users in the form of outsourcing. The changing ICT environment of customers requires high flexibility therefore PosAm built the entire infrastructure on Cloud technologies.

may

WE HAVE EXTENDED OUR TEAM OF JAVA SPECIALISTS WITH THE FINALISTS OF THE POSAM FULL-STACK ACADEMY

The current year of the PosAm Full-stack Academy for young developers finished at the end of May. The participants completed their several-month-long education with the presentation of their work. A group of five finalists was given an opportunity to implement attractive projects as members of the PosAm team. PosAm Full-stack Academy offers a chance to acquire comprehensive theoretical but mainly practical knowledge from development of enterprise solutions. Contrary to theoretical courses, it offers the possibility to use knowledge acquired by e-learning directly in implementation of a real project covering all the topics on which the Academy focuses.

june

WE INTRODUCED THE DIONÝZ ILKOVIČ AWARD

Starting from June, the general public could nominate both teachers and non-teaching volunteers for the Dionýz Ilkovič Award awarded for development of extra-curricular activities for students of elementary and secondary schools in subjects such as mathematics, physics, chemistry and informatics. The Award was created on the initiative of PosAm and partners from academia. The idea was born in the heads of Marián Marek, the CEO of PosAm, and Martin Plesch, an Associate Professor from the Slovak Academy of Sciences. The aim is to honour people who have devoted their lives to sharing their knowledge with the young people.

june

MORE EFFICIENT CLAIM SETTLEMENT FOR ČESKÁ POJIŠŤOVNA

PosAm is working on a solution which will significantly improve the process of settlement of vehicle-related claims at the largest Czech insurance company. It will accelerate and simplify the exchange of information between the insurance company and car repair workshops, automate settlement processes and interconnect several internal and external systems. More efficient claim settlement, simpler work for car repair workshops and higher customer satisfaction will provide an important competitive advantage to Česká pojišťovna.

iune

WE HAVE EXTENDED THE WORKFORCE MANAGEMENT AT VÝCHODOSLOVENSKÁ DISTRIBUČNÁ BY OTHER PROCESSES

The workforce management system implemented by PosAm at Východoslovenská distribučná in 2013 proved good and the company has decided to extend the solution with other processes. Now the system helps manage field workers who look after not only installations, checks and replacements of electrometers, but also for consumption readings. The PosAm workforce management system turned a complex paper process of handling work orders into an automated and electronic procedure.

july

ZAGREB BECAME THE FOURTH CAPITAL WHERE A BRANCH OF PAN-NET HAS BEEN ESTABLISHED

At a time when many Slovaks were travelling on holiday to the Slovak Sea, PosAm specialists set off in the same direction in order to build an IT infrastructure for the new branch of Deutsche Telekom Pan-Net (DT Pan-Net) in Zagreb. After Slovakia, Hungary and Romania, Croatia became the fourth country in which PosAm has built and operates ICT infrastructure for DT Pan-Net on the basis of Cloud solutions.

september

PILOT INSTALLATION OF PARKDOTS, A SMART PARKING SYSTEM FOR MUNICIPALITIES AND TOWNS

The ParkDots app will enable disabled people to park their cars easier in Trnava - as the first town in Slovakia - giving them the possibility to find a free parking space simply and quickly. Key elements of the ParkDots parking platform developed by PosAm include a mobile app for the users, a central Cloud-based control system and inconspicuous road sensors. The right combination of mobile, Cloud and IoT technologies gave rise to a useful solution for modern towns.

october

WE HAVE CONTRIBUTED TO HIGHER TRANSPARENCY IN MOLDAVIAN LOCAL ADMINISTRATION

IDIS, a Moldavian independent think-tank, in cooperation with INEKO, a Slovak Institute for Economic and Social Reforms, launched the localbudgets.viitorul.org web portal monitoring financial management of towns and municipalities in Moldova. Its aim is to provide the public with relevant data about the budget of every town and municipality and improve their financial management through higher transparency. A solution made by PosAm, used for the first time also abroad, enables visualisation of budget structure data

november

THE DIONÝZ ILKOVIČ AWARD WAS RANKED SECOND IN PROKOP 2017, A COMPETITION FOR PR PROJECTS

The Dionýz Ilkovič Award supported by PosAm, an award for people who have dedicated their lives to sharing their knowledge with young people, was ranked second in PROKOP 2017, a competition for PR projects, in the category of Corporate Social Responsibility, Philanthropy and PR for non-profit organizations. 115 works were registered in the 8th year of the competition. The Award was created with the aim of thanking, honouring and encouraging people working at schools in the area of natural sciences whose efforts beyond common obligations were neglected until now.

november

JOZEF SMREK IS THE WINNER IN THE FIRST YEAR OF THE DIONYZ ILKOVIČ AWARD

The Dionýz Ilkovič Award supported by PosAm is awarded to both teachers and non-teaching volunteers for development of extra-curricular activities at elementary and secondary schools in subjects such as mathematics, physics, chemistry and informatics. 54 nominations were received in the first year, out of which three finalists and the winner were selected by an expert jury. The winner was Jozef Smrek from Michalovce who teaches physics and mathematics at the Secondary Grammar School of Pavol Horov in Michalovce. He was awarded the Award for development of extra-curricular activities in physics.

november

PARKDOTS TO BE INCLUDED IN THE PORTFOLIO OF SMART CITIES SOLUTIONS OF DEUTSCHE TELEKOM GROUP

Smart City Expo 2017 in Barcelona was one of the largest global events of its kind. Companies and cities from all around the world met there to share their experience and inspire others in building better cities using state-of-the-art technologies. The largest European telecoms operator, Deutsche Telekom, was present as well. The introduction of ParkDots, the smart parking system made by PosAm, at this event was a milestone and will become a part of the solutions of Deutsche Telekom Group in its Smart cities portfolio.

december

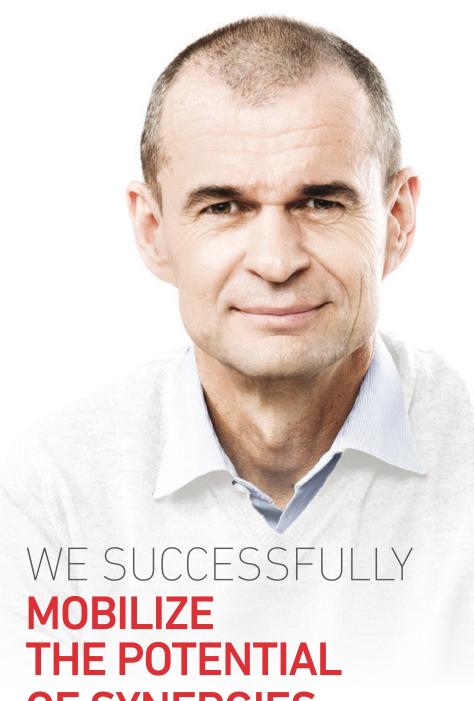
THE SKY ABOVE SLOVAKIA IS GOING TO BE SAFER

A great amount of credit for this is due to a new generation of asset management solutions from PosAm, PosAm Servio. This critical solution is used by Air Traffic Services in Bratislava to handle facilities providing air traffic management. The transition to a new version will ensure an even higher quality of provided services.

december

POSAM ENTERS THE CONNECTED CAR FIELD WITH THE ACQUISITION OF COMMANDER SERVICES

The contract signed at the very end of the year sealed the agreement that Commander Services s.r.o., a leader in automobile monitoring in Slovakia, became a wholly-owned subsidiary of the company PosAm, spol. s.r.o.. The combined competencies and know-how of both companies, as well as Deutsche Telekom Group's strong background, enables the development of advanced solutions in the Connected car field.



OF SYNERGIESWITHIN THE
DT GROUP

Marián Marek

Chief Executive Officer

Dear Ladies and Gentlemen,

The end of the year is an opportunity to look back. The entire volume of our own total performances which best characterizes our performance in the area of services and development of our own software solutions increased by 1% compared to the previous year to the amount of EUR 17,803 thousand. However, we saw an unpleasant drop in EBITDA by 17% to EUR 3,139 thousand, which was mainly caused by a combination of investments in new opportunities in the "Internet of Things" (IoT) area and a costly acquisition of new customers in our traditional business.

I find 2017 to be a milestone in terms of our company's relationship with a quickly developing IoT market. We have entered this promising market by acquisition of Commander Services, Slovak leader in corporate fleet monitoring, and by the first installations of our own ParkDots solution for smart parking. Thanks to these initiatives, PosAm became the leader in the Slovak IoT application solutions market in 2017. The previous year represents a breakthrough for us also from the point of view of a significant enhancement in the quality of user interfaces developed in our solutions. User interface design is becoming our strength.

Our customer portfolio and the structure of services we provide to them have been stable over the last few years. We managed to meet the growing demands of the Ministry of Finance regarding a more detailed structure and the speed of processing of the state budget. We are delighted by the growing volume of electronic communication in the DCOM project. We are proud of our excellent management of the transition to the new version of our Servio software solution used to support air traffic control above Slovakia. We are glad that we have become a reliable partner of Pan-Net, a subsidiary of Deutsche Telekom, in its European expansion. New customer acquisitions in the segment of insurance companies contributed to our volume of total performances but they also had a negative impact on profit generation. Acquisition of new customers without initial investments is proving to be less and less likely in the future.

I am really glad that we managed to introduce the Dionýz Ilkovič Award last year. It is an award for teachers developing the skills of the new generation in natural sciences and popularizing the subjects among students. I believe that this is the way to make sure that more young people will choose professions that will help make Slovakia more competitive. When looking back, we cannot ignore the fact that our last year's profit dropped compared to the previous year. On the other hand, I can see significant enhancements in quality. We have moved our company to the new and very attractive market of Internet of Things, which is expected to have a great future according to all forecasts.

Let me thank mainly to all PosAm employees for the significant structural shift which we achieved last year. We also highly appreciate the trust of the management of our parent company, Slovak Telekom, without which the acquisition of Commander Services would not have been possible. Of course, let me also thank our stable and long-standing customers.



Miroslav Bielčik

Chief Financial Officer and Chief Operating Officer

In 2017 we continued to carefully pursue our vision, the core of which is to shift from providing tailor-made IT solutions for customers in Slovakia to delivering unique scalable products for a wider area. Our intensive work on development projects, accompanied by a drop in revenues from goods, had a temporary negative impact on our financial results. However, the evolution on the Slovak IT market confirms that our strategic heading in terms of products and regional activities is right.

Our total revenues in 2017 amounted to EUR 26,291 thousand. The drop in the total revenue was influenced by decreasing revenues from sales of goods. On the other hand, our revenues from services rose so the drop in revenues was not reflected as negatively our ability to generate of gross margin or the company's total performance.

In spite of a 4% drop in revenues, we generated total performances worth EUR 17,799 thousand, representing an increase of 1 % when compared to the previous year. The dynamics of generation of total performances and of gross margin is seen as positive with regard to the challenging situation on the IT market, which is characterized by transferring competencies outside Slovakia and pressure on decreasing budgets in the commercial sector, as well as by fewer opportunities in the public sector as a result of delayed projects from structural funds. Similarly to previous years, we invested the growing part of total performances in defined strategic product development areas.

Our EBITDA amounted to EUR 3,135 thousand and our pre-taxation profit was EUR 2,151 thousand, representing a drop by 17 % in the case of EBITDA and by 26 % in the case of gross profit. This may be largely attributed to the fact that we invested a significant amount of funds in projects the economic return of which is longer than one or two years. Investments in new products and into development operating projects represent a potential growth in revenues and profitability in the future. It is particularly worth noting that the company acquired Commander Services, the Slovak leader in the market of monitoring company cars, which is going to be an important part of our regional development ambitions.

The team of people working in our company is the strongest pillar which forms the basis of the current and any future success of our company. In this respect, we had to face great challenges caused by both internal and external factors, which made us extend the HR team and initiate several new activities. We redesigned performance management and remuneration schemes. Our priority is to strengthen the PosAm brand on the employers' market

We placed equal importance on permanent improvement which must be a part of our corporate DNA and of our thinking; it must be automatic in the performance of our activities and processes. We focused on achieving such a goal not only in our internal communication but also in specific steps, e.g. by introducing a structured approach to internal audits. I am glad that, in spite of our lower economic performance, we managed to invest considerably in our future growth and to see a significant enhancement in quality in the areas we were developing. Implementation of the defined strategy, supported by conservative financial management, is creating the preconditions for our further economic growth and the permanent satisfaction of our customers, employees and, in ultimately, also our partners.



FOR MAJOR MULTINATIONAL PLAYERS

Anton Janetka

Sales Director

With the regional consolidation of our customers' IT environments, PosAm's activities are also moving beyond Slovakia's borders. Together with the size of the market, the number and quality of competitors is growing as well. This fills us with optimism to see that we are able to win recognition in such an environment. In 2017 we confirmed the high level of our services and solutions in all key verticals and created good starting positions for 2018.

In the financial segment we focused on developing Allegro multichannel solution concept and preparing it for international expansion into insurance segment. Millions of quotations and tens of thousands of users confirmed the robustness and viability of our solution. Another one of our solutions, an automated system for inspecting vehicles and handling insurance events related to them, will significantly enhance the efficiency of the entire process in the near future and wil have a positive impact on customer satisfaction in the biggest Czech insurance company.

We achieved an interesting success in the public sector where we managed to reproduce a successful project from Slovakia into Moldova. In cooperation with the Slovak Institute for Economic and Social Reforms (INEKO) we launched a web portal to monitor the financial management of towns and municipalities in Moldova. Its aim is to enhance the transparency of public finance management in that country while it is our solution which provides data visualization of budget structures.

In another successful international project for Allianz Technology, which belongs to the Allianz insurance group, we launched reporting and billing. They are part of an extension of the company's ITSM Servio product covering telecommunication services provided to this group in nine countries in the CEE region.

Our references in the area of operating services in the telecommunication segment are developing well also beyond Slovakia's borders. For Pan-net, a company operating the European Deutsche Telekom network, we established and are already operating an IT infrastructure of their branches in four countries. We will extend our comprehensive IT outsourcing to three additional countries in 2018. As for the area of operating services we are one of the market leaders in Slovakia as well. We provide services to major companies in the banking sector and in utilities. We are continuously extending our customer portfolio and strengthening our market position.

We are still doing well also in the area of infrastructure solutions, particularly in the implementation of storage and backup solutions. It is mainly the Backup&Archive solution for SSE or another consolidation stage performed for our parent company, Slovak Telekom, that is worth mentioning with regard to the previous year.

Even if we were not able to achieve all our plans in 2017, we created good starting positions and we are looking at 2018 optimistically.



OUR ROADMAP
OF DEPLOYMENT
OF OUR OWN
PRODUCTS IN THE
DT EUROPE REGION

Michal Bróska

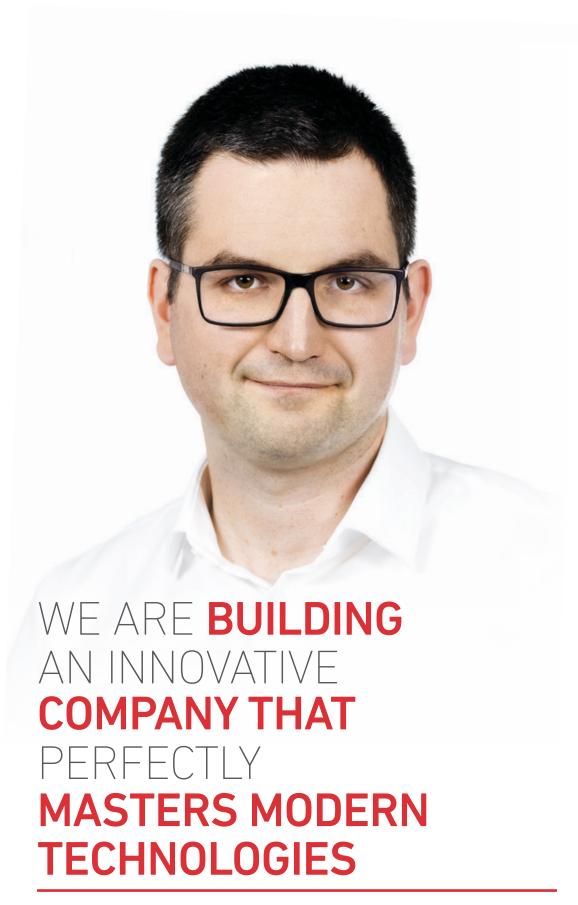
Chief Product Officer

With regard to our products, last year meant a significant shift towards achievement of our ambitions in new segments such as the Internet of Things and Connected Car. With our efforts and with inorganic growth we have extended our portfolio via prospective solutions. We have seen significant milestones in our development and business activities, as well as in implementations.

In cooperation with Slovak Telekom, our teams have successfully implemented our own smart parking solution - ParkDots - in the city of Trnava and Trenčín. In Trnava ParkDots helps people with severe disabilities find free parking spaces and provides an overview of the occupancy of parking spaces to city authorities. In Trenčín ParkDots is a part of parking in the town's central zone. The solution is a part of a broader range of the smart city functionality delivered by Slovak Telekom. At the end of the year, Liptovský Mikuláš chose ParkDots as a solution for collecting parking fees. In addition to our references on the Slovak market, we were creating the preconditions for expanding to foreign markets. ParkDots already forms an important part of the smart city portfolio of Deutsche Telekom Europe.

With regard to the latter development area, at the end of the year we concluded our acquisition of Commander Services, which has worked its way up from a small start-up to a leader in the area of vehicle monitoring in Slovakia. We have thus combined the abilities of Commander Services as a supplier of a successful product, PosAm as an experienced software producer, and Slovak Telekom as a connectivity and cloud provider. Such an alliance is not only a precondition for synergies in the Connected Car area; what is more, it represents a key milestone on our roadmap of deployment of our own products in the Deutsche Telekom Europe region.

In the past we successfully implemented our PosAm Servio product for Slovak air navigation services provider and Východoslovenská energetika. Servio has become an important part of the key processes for both customers, which has been confirmed by its extension and our continued cooperation. Last year our team performed a Servio upgrade at Slovak air navigation services provider. We replaced the original implementation with a new modular version and carried out a data migration. I am proud of the project team who, after a demanding testing period and dual operation, met the expectations of flawless upgrade and migration in the area of critical air traffic control with a customer pursuing the culture of zero-tolerance of mistakes. Thanks to our long-term cooperation and customer satisfaction, at Východoslovenská energetika we have moved from the position of one of many suppliers of workforce management to become the main supplier of such application for several of the customer's business processes, such as performing readings of electrometers or their servicing and replacement.



Tomáš Kysela

Chief Technology Officer

Moving applications to the Cloud in order to optimize both investment and operating costs was one of the remarkable trends on the regional IT market last year. However, a full economic effect cannot be achieved only by the movement of applications, as it is also necessary to involve a so-called Cloud-oriented approach to development, application and operation. With regard to development, we understand the concept as a set of rules and principles which allow for better inclusion and exploitation of a dynamically changing environment where a particular solution has been launched. From an operational point of view, the concept is based on the philosophy of standardization and automation that make the entire process more efficient and reduce the risk of failures in implementation of new functionalities. Therefore we have reinforced our activities around the automation of system environment administration on the SaltStack platform and started to use the acquired knowledge for moving our own SaaS solutions to the group cloud platform – the Open Telekom Cloud.

We have built on our success in implementation of multichannel solutions and created an innovative concept of a "rich" client . This concept enables applications to eliminate a basic disadvantage of cloud-based centralization: i.e. over-dependency on connection quality, by using an adequate tactics for the implementation and distribution of logic. We have also improved quality in the field of graphical and functional design of user interfaces as well as in handling tools that enable implementation of such designs. We actively apply the new approach to UX for development of a sales system solution at Allianz SP or for support of selected insurance claims handling processes at Česká Pojišťovna. Building of multichannel systems requires their opening and interconnecting through application programming interfaces (API) using a methodology based on the OpenAPI 3.0 standard.

In spirit of the service-oriented architecture and with the assistance of domain-oriented design techniques, we have transformed the basis of the Budgetary Information System for the Ministry of Finance into a fully modular one. Together with a flexible concept of micro-services it brings an added value to the subsequent operation and development of the entire system.

We are convinced that the cloud-oriented approach, the innovative UX interfaces and use of solid domain knowledge for decomposition of large solutions into modules represent an important prerequisite for our shift towards our own SaaS solutions as well as for multiple IT initiatives and projects of our existing customers.



Ladislav Bogdány

Operation and Delivery Manager

Automation and standardization of operating services as the basis for profitability and quality Operational services were an important pillar of corporate economy in the previous year, accounting for 41 % of total revenues. With 37 % of the total number of employees we are also the largest "employer" of the company. The number of our employees has increased also as a result of extension of our activities.

Since 2Q we have been running operation of the Pôjdeto service for Slovak Telekom, our parent company, which is focused on servicing mobile phones. This has extended our portfolio by a very prospective area. Our penetration into the B2C segment represents also a new challenge. In a short period of time we managed to stabilize the service, extend it by new servicing points and launch the implementation of development plans.

While we are only starting to build our reputation in the B2C segment, we are a well-established company in the banking sector, in the area of IT infrastructure relocation. The credentials of our satisfied customers open the doors to new projects for us. Last year our specialists relocated workplaces with over 2,000 devices to the new headquarters of another major Slovak bank. The speed and the quality of our work were highly appreciated.

We constantly improve both attributes - speed and quality - also in operation and delivery. A nice example is Pan-net, a subsidiary of Deutsche Telekom, for which we are building IT infrastructure for its network of branches across Europe. Cloud solutions, standardization and automation enable us to establish a new branch over the course of a few days and to prepare equipment for end-users automatically, without the intervention or presence of technicians.

The above-stated standardization and automation of our activities are becoming necessary also for economic reasons. Enormous pressure on the prices of services continued to be seen last year. As a result of the situation on the labour market, the pressure on wages is increasing as well, opening the imaginary scissors between costs and revenues. If we are to ensure appropriate generation of profits while maintaining the quality of our services, we must focus on cutting the costs of unit performance. We have developed automatic software for processing requirements and creating work orders. We have prepared installation packages for end stations which do not require any intervention by technicians.

In 2016, the revenues of Slovak IT companies for IT services rose by $6.5\,\%$ in spite of the pressure on the prices of such services. Figures for 2017 are not yet available but we may expect such a trend to be confirmed. It is obvious that the demand for IT services is growing. As the number three on the Slovak IT outsourcing market, PosAm is a major player in this trend and it is our ambition to not only maintain but also strengthen such position.



THE FIRST AWARD FOR EXTRA-CURRICULAR ACTIVITIES IN SLOVAKIA

The Dionýz Ilkovič Award was created in 2017 on the initiative of PosAm and its partners from academia (www.cenadi.sk). The idea was born in the heads of Marián Marek, the CEO of PosAm, and Martin Plesch, a docent from the Slovak Academy of Sciences.

THE MISSION OF THE AWARD

Supported by PosAm, the Dionýz Ilkovič Award is awarded for the development of extra-curricular activities for students of primary and secondary schools in mathematics, physics, chemistry and informatics. The Award may be awarded to teachers or non-teaching staff who have dedicated their lives to sharing their knowledge with young people because they believe that the young may become scientists and important personalities in the future.

WHY WAS THE AWARD CREATED?

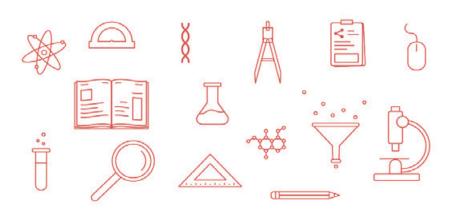
Any work done beyond the curriculum is not conceptually rewarded in Slovakia. In spite of that, many teachers, tutors and non-teaching volunteers perceive their work as their life vocation. It is this Award which intends to change this.

INSPIRED BY THE PERSONALITY OF PROFESSOR DIONYZ ILKOVIČ

Dionýz Ilkovič, professor, physicist and physical chemist (18 January 1907 – 3 August 1980) was not only a significant Slovak physicist and a world-class scientist but also a great teacher whose teaching style became legendary among his students and colleagues. He went down in the history of Slovak education as the "father" of an entire generation of scientists. His work and his scientific contributions, but mainly his human approach to science and knowledge, are inspiring for teachers and their students even now.

THE 1ST YEAR IN A NUTSHELL

The first year of the Dionýz Ilkovič Award brought 54 nominations for 43 smart teachers from all around Slovakia. The jury selected three finalists and RNDr. Jozef Smrek from the secondary grammar school of Pavol Horov in Michalovce became the winner. He has been working with students tirelessly for almost 40 years. From among his numerous achievements we should primarily mention three gold medals from international competitions.





Miroslav Kozák

Secondary grammar school of Vavrinec Benedikt Nedožerský in Prievidza



Extra-curricular activities in chemistry

"I am lucky to have smart students who wanted to work from the beginning. It is always a pleasure to work with such people.,

Jozef Smrek

Secondary grammar school of Pavol Horov in Michalovce



Extra-curricular activities in physics

"I cannot imagine suddenly stopping. Once you get on, it's hard to get off.,,

Pavol Kubinec

1st private secondary grammar school in Bratislava



Extra-curricular activities in physics

"You cannot learn something once and keep repeating it for 20 years. You must see challenges in front of you and try to find out what is behind them.,

NUMBER OF EMPLOYEES

total year end: **290** year 2017 average: **279**

STRUCTURE OF EDUCATION IN %

secondary school: **31** bachelors: **11** university: **57** 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: **22**

31-35 years: 36-40 years: 41-45 years: 46-50 years: 50 years and older:

LOCATION OVERVIEW IN %

Bratislava: **67** Banská Bystrica: **9**

Košice: **8** Žilina: **8** Levice: **8**

Sales	Product management	Project management
Presales Support	Marketing & PR	
Sales Group Public & Healthcare	Fleet	
Sales Group Allianz	Servio	
Sales Group Banking & Insurance	ParkDots	

Solutions for

insurance companies

Sales Group

& Telco

Manufacturing

Consulting	Software Development	System integration	Managed Services	Back Office
	Software Analysis	Pool	Service Management	Controlling
	Graphic Design & UX	Cloud	Service Desk	Accounting, Tax & Treasury
	Development	Infrastructure & Application Delivery	Sales and Procurement	Internal Information Systems
	Test and Deployment	Database, Middleware, Messaging & Collaboration	On-site Support	Human Resources
	IS management	Networking		Integrated Management System
	Development Teams	Storage		

COMPANY FACTS

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. Marian Marek

Ing. Peter Hladký

Ing. Peter Kolesár

Ing. Milan Drobný

Ing. Juraj Poláčik

Peter Mihalovič

Ing. Ronald Fleischman

Ing. Ladislav Bogdány

Ing. Katarína Petríková

Executives:

Ing. Marian Marek Ing. Miroslav Majoroš Ing. Jaromír Uher

Proxy:

Ing. Milan Drobný Ing. Miroslav Bielčik

Registered capital:

170 000 EUR

POSAM, SPOL. S R.O.

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

ISO 9001:2008

Quality

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

ISO/IEC 20000-1:2011

ITII ®

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 sales, services and maintenance. Software development, production, sales and implementation. Customer support. This all in accordance with the current statement of applicability - 7.10.2016.

OHSAS 18001:2007

Occupational Health & Safety

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

ISO 14001:2004

Environment

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

PARTNERSHIPS

Citrix Solution Advisor (CSA) SILVER

Hitachi Vantara Platinum / TrueNorth Partner Program

IBM Silver Program Level

IBM Business Partner, Service partner

Namirial Spa Value Added Reseller / Distributor

Dell Authorized Service Partner

HP Partner First Gold

HP Enterprise HPE Silver Partner

Konica-Minolta Authorized Service Partner

ESET Gold Partner

Fortinet Silver partner

McAfee Reseller - Associate

Microsoft Partner Network

Oracle Gold Partner

VMware Solution Provider - Professional

Desko Value Added Reseller / Distributor

Acuant Value Added Reseller

Cisco Select Certified Partner

Kyocera Authorized Service Partner

Lenovo Service Partner

F5 Unity Program Partner

Veeam Reseller, CSP

RedHat Advanced Partner

FINANCIAL STATEMENTS OF THE COMPANY POSAM SPOL. S R.O. AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL STATEMENTS at 31.12.2017 (in whole euros)

Data is filled out using block le	ht, other data is aligned left. Unfilled rows tters (based on this sample), c or dark blue colour ÁABČDEFGHÍJKLMNC	. ,	9
Tax Identification Number 2020315440 Company's ID No 31365078 SK NACE	Financial statements – Accounting unit x ordinary small extraordinary x large interim	For the period of	Month Year from 01 2017 to 12 2017
62.01.0	(to be indicated with x)	Immediately preceding period	from 01 2016 to 12 2016
Financial Statements include for x Balance Sheet (in whole euros)	ollowing components X Income stateme (in whole euros)		x Notes (in whole euros)
Business name (Title) of the acc	counting entity POSAM, SPOL. S R.O.		
Accounting entity's registered of	office		
Street BAJKALSKÁ Postal Code 821 09 Phone Number 02 / 49239111	Number 28 Municipality BRATISLAVA Fax Number 02 / 49239888		
Prepared On: 26.02.2018	Signature of a member of the statutory bod	ly of the accounting entity or n	atural person that is an accounting entity:
Approved on: 14.03.2018	Muh		<i>J</i> 8

				Current period		
Line	ASSETS	Line	Gross	Correction	Net	Previous period
			EUR	EUR	EUR	EUR
	TOTAL ASSETS (line 02 + line 33 + line 74)	01	25,091,218	5,473,115	19,618,103	20,270,625
A.	Non-current assets (line 03 + line 11 + line 21)	02	9,252,026	5,278,003	3,974,023	3,481,075
A.I.	Non-current intangible assets - total (lines 04 to 10)	03	4,025,683	1,756,879	2,268,804	1,711,279
A.I.1	Capitalized development costs (012) - /072, 091A/	04				
2	Software (013)-/073, 091A/	05	3,676,914	1,710,709	1,966,205	1,480,463
3	Valuable rights (014)-/074, 091A/	06	86,712	46,170	40,542	51,655
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	261,457		261,457	179,161
7	Advance payments for non-current intangible assets (051) - /095A/	10	600		600	
A.II.	Property, plant and equipment - total (lines 12 to 20)	11	5,226,343	3,521,124	1,705,219	1,769,796
A.II.1	Land (031) - /092A/	12				
2	Buildings and structures (021) - /081, 092A/	13	223,105	43,444	179,661	154,286
3	Individual movable assets and sets of movable assets (022) - /082, 092A/	14	4,965,785	3,477,680	1,488,105	1,596,894
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	10.500		10.502	17.01/
7	"Acquisition of property, plant and equipment (042) - /094/"	18	19,503		19,503	17,816
8	Advance payments for property, plant and equipment (052) - /095A/	19	17,950		17,950	800
9	Valuation allowance for acquired assets (+/- 097) +/- 098	20				
A.III. A.III.1	Non-current financial assets - total (lines 22 to 32) Shares and ownership interests in affiliated undertakings (061A, 062A, 063A) - /096A/	21				
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				
В.	Current assets (line 34 + line 41 + line 53 + line 66 + line 71)	33	15,250,744	195,112	15,055,632	16,106,212
B.I.	Inventories - total (lines 35 to 40)	34	137,938	28,214	109,724	91,456
B.I.1 2	Material (112, 119, 11X) - /191, 19X/ "Work in progress and semi-finished products	35 36	339		339	470
3	(121, 122, 12X) - /192, 193, 19X/" Finished goods (123) - /194/	37				
4						
5	Animals (124) - /195/ Merchandise (132, 133, 13X, 139) - /196, 19X/	38	137,599	28,214	109,385	90,986
6	Advance payments for inventories (314A) - /391A/	40	137,079	20,214	107,300	70,700
B.II.	Non-current receivables - total (line 42 + lines 46 to 52)	41	67,655		67,655	147,334
						A CONTRACTOR OF THE CONTRACTOR

				Current period		Previous period	
Line	ASSETS	Line	Gross Correction Net			ri evious period	
			EUR	EUR	EUR	EUR	
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	12,004		12,004		
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	55,651		55,651	147,334	
B.III.	Current receivables - total (line 54 + lines 58 to 65)	53	7,768,777	166,898	7,601,879	9,586,364	
B.III.1	Trade receivables - total (lines 55 to 57)	54	7,346,164	166,898	7,179,266	8,589,030	
1.a	Trade receivables from affiliated undertakings (311A, 312A, 313A, 314A, 315A, 31XA) - /391A/	55	1,580,881		1,580,881	2,125,742	
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	5,765,283	166,898	5,598,385	6,463,288	
2	Net value of a contract (316A)	58	263,266		263,266	458,221	
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	147,746		147,746	527,519	
8	Receivables related to derivative transactions (373A, 376A)	64					
9	Other receivables (335A, 33XA, 371A, 374A, 375A, 378A) - /391A/	65	11,601		11,601	11,594	
B.IV.	Current financial assets - total (lines 67 to 70)	66					
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.V.	Financial accounts (line 72 + line 73)	71	7,276,374		7,276,374	6,281,058	
B.V.1	Cash (211, 213, 21X)	72	7,926		7,926	12,249	
2	Bank accounts (221A, 22X, +/- 261)	73	7,268,448		7,268,448	6,268,809	
C.	Accruals/deferrals - total (lines 75 to 78)	74	588,448		588,448	683,338	
C.1	Deferred expenses - long-term (381A, 382A)	75	131,178		131,178	135,517	
2	Deferred expenses - short-term (381A, 382A)	76	457,270		457,270	547,821	
3	Accrued income - long-term (385A) Accrued income - short-term (385A)	77 78					

Line	LIABILITIES AND EQUITY	line	Current accounting period EUR	Previous accounting period EUR
	TOTAL EQUITY AND LIABILITIES (line 80 + line 101 + line 141)	79	19,618,103	20,270,625
Α.	Equity (line 81 + line 85 + line 86 + line 87 + line 90 + line 93 + line 97 + line 100)	80	12,851,013	12,324,046
A.I.	Share capital - total (lines 82 to 84)	81	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		
A.II.	Share premium (412)	85		
A.III.	Other capital funds (413)	86		
A.IV.	Legal reserves (line 88 + line 89)	87	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		
A.V.	Other profit reserves (line 91 + line 92)	90		
A.V.1	Statutory reserves (423, 42X)	91		
2	Other reserves (427, 42X)	92		
A.VI.	Valuation variances from revaluation - total (lines 94 to 96)	93		
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		
A.VII.	Profit/(loss) of previous years (line 98 + line 99)	97	11,032,750	9,928,455
A.VII.1	Retained earnings (428)	98	11,032,750	9,928,455
2	Loss carried forward (/-/429)	99		
A.VIII.	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)	100	1,631,263	2,208,591
B.	Liabilities (line 102 + line 118 + line 121 + line 122 + line 136 + line 139 + line 140)	101	6,085,936	7,424,779
B.I.	Non-current liabilities - total (line 103 + lines 107 to 117)	102	27,358	12,170
B.I.1	Non-current trade liabilities - total (lines 104 to 106)	103	10,897	
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	10,897	
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	16,461	12,170
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.II.	Long-term provisions (line 119 + line 120)	118	24,467	39,190
B.II.1	Legal provisions (451A)	119		
2	Other provisions (459A, 45XA)	120	24,467	39,190
B.III.	Long-term bank loans (461A, 46XA)	121		
B.IV.	Current liabilities - total (line 123 + lines 127 to 135)	122	5,472,824	6,435,334
B.IV.1	Trade liabilities - total (lines 124 to 126)	123	3,573,249	4,670,632
1.a	Trade liabilities to affiliated undertakings (321A, 322A, 324A, 325A, 326A, 32XA, 475A, 476A, 478A, 47XA)	124	79,238	36,938

	LIABULTIES AND FOLUTY		Current accounting period	Previous accounting period
Line	LIABILITIES AND EQUITY	line	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	3,494,011	4,633,694
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	615,048	649,451
7	Liabilities from social insurance (336A)	132	417,245	361,697
8	Tax liabilities and subsidies (341, 342, 343, 345, 346, 347, 34X)	133	866,682	752,994
9	Liabilities from derivative transactions (373A, 377A)	134		
10	Other liabilities (372A, 379A, 474A, 475A, 479A, 47XA)	135	600	560
B.V.	Short-term provisions (line 137 + line 138)	136	551,954	929,416
B.V.1	Legal provisions (323A, 451A)	137	230,501	196,345
2	Other provisions (323A, 32X, 459A, 45XA)	138	321,453	733,071
B.VI.	Current bank loans (221A, 231, 232, 23X, 461A, 46XA)	139	9,333	8,669
B.VII.	"Short-term financial assistance (241, 249, 24X, 473A/-/255A)"	140		
C.	Accruals/deferrals - total (lines 142 to 145)	141	681,154	521,800
C.1	Accrued expenses - long-term (383A)	142		
2	Accrued expenses - short-term (383A)	143		
3	Deferred income - long-term (384A)	144	230,210	173,787
4	Deferred income - short-term (384A)	145	450,944	348,013

INCOME STATEMENT

Line	TEXT	Line	Current period EUR	Previous period EUR
*	Net turnover (part of account class 6 according to the Act)	01	26,429,146	28,145,838
**	Operating income - total (lines 03 to 09)	02	27,410,488	28,915,843
- 1	Revenue from the sale of goods (604, 607)	03	3,175,064	5,822,143
II	Revenue from the sale of own products (601)	04		
Ш	Revenue from the sale of services (602, 606)	05	23,115,739	22,197,526
IV	Changes in internal inventories (+/-) (account group 61)	06		
V	Own work capitalized (account group 62)	07	933,181	730,989
VI	Revenue from the sale of non-current intangible assets, property, plant and equipment, and material (641, 642)	08	48,161	39,016
VII	Other operating income (644, 645, 646, 648, 655, 657)	09	138,343	126,169
**	Operating expenses - total (line 11 + line 12 + line 13 + line 14 + line 15 + line 20 + line 21 + line 24 + line 25 + line 26)	10	25,257,385	25,985,804
Α	Cost of goods sold (504, 507)	11	2,523,808	4,916,704
В	Consumption of materials, energy, and other non-storable supplies (501, 502, 503)	12	538,024	486,663
С	Valuation allowances for inventories (+/-) (505)	13	439	1,178
D	Services (account group 51)	14	9,818,963	9,035,776
E	Personnel expenses - total (lines 16 to 19)	15	11,313,799	10,542,757
E.1	Wages and salaries (521, 522)	16	8,202,061	7,807,290
2	Remuneration of members of the company's bodies or members of a cooperative (523)	17		
3	Social security expenses (524, 525, 526)	18	2,928,025	2,581,289
4	Social expenses (527, 528)	19	183,713	154,178
F	Taxes and fees (account group 53)	20	23,057	29,312
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	982,096	848,393
G.1	Amortization of non-current intangible assets and depreciation of property, plant and equipment (551)	22	982,096	848,393
2	Valuation allowances for non-current intangible assets and for property, plant and equipment (+/-) (553)	23		
Н	Residual value of non-current assets and material sold (541, 542)	24	10,981	2,814
- 1	Valuation allowances for receivables (+/-) (547)	25	1,487	49
J	"Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)"	26	44,731	122,158
***	Profit/(loss) from operations (+/-) (line 02 - line 10)	27	2,153,103	2,930,039
*	Added value (line 03 + line 04 + line 05 + line 06 + line 07) - (line 11 + line 12 + line 13 + line 14)	28	14,342,750	14,310,337
**	Income from financing activities - total (line 30 + line 31 + line 35 + line 39 + line 42 + line 43 + line 44)	29	10,717	10,709
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 participa- ting interest, except for yields of affiliated underta- kings (665A)	33		
3	Other yields on securities and ownership interests (665A)	34		
Χ	Income from current financial assets - total (lines 36 to 38)	35		

INCOME STATEMENT

1.:	TEVT	Lina	Current period	Previous period
Line	TEXT	Line	EUR	EUR
X.1	Income from current financial assets in affiliated undertakings (666A)	36		
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	6,371	8,432
XI.1	Interest income from affiliated undertakings (662A)	40		
2	Other interest income (662A)	41	6,371	8,432
XII.	Foreign exchange gains (663)	42	4,346	2,277
XIII.	Gains on the revaluation of securities and income from derivative transactions (664, 667)	43		
XIV.	Other income from financing activities (668)	44		
**	Expenses for financing activities - total (line 46 + line 47 + line 48 + line 49 + line 52 + line 53 + line 54)	45	12,933	9,147
K	Securities and shares sold (561)	46		
L	Expenses for current financial assets (566)	47		
М	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		
0	Foreign exchange losses (563)	52	7,593	4,000
Р	Expenses for the revaluation of securities and expenses for derivative transactions (564, 567)	53		
Q	Other expenses for financing activities (568, 569)	54	5,340	5,147
***	"Profit/(loss) from financing activities (+/-) (line 29 - line 45)"	55	-2,216	1,562
***	Profit/(loss) for the accounting period before taxes (+/-) (line 27 + line 55)	56	2,150,887	2,931,601
R	Income tax (line 58 + line 59)	57	519,624	723,010
R.1	Income tax - current (591, 595)	58	427,940	471,834
2	Income tax - deferred (+/-) (592)	59	91,684	251,176
S	Transfer of the share in the net profit/(loss) to shareholders (+/-596)	60		
****	Profit/(loss) for the accounting period after taxes (+/-) (line 56 - line 57 - line 60)	61	1,631,263	2,208,591

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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 2017 the Company had 290 of active employees (as at 31 December 2016: 268) out of which 35 were management (2016: 43).

Item	31 December 2017	31 December 2016
Average number of staff	279	261
Number of staff at balance sheet date of which:	290	268
Management	35	43

5. Legal reason for preparing the financial statements

The Company's financial statements at 31 December 2017 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 2017 to 31 December 2017.

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 17 March 2017.

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 2017.

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.

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:

Francisco d

	Expected economic useful life in years	Depreciation method	Annual depreciation rate in %
Website www.posam.sk	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
Internally generated software (ParkDots)	6	Straight-line	16.66
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

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 percen-

tage-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.

i) 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 use, 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

Assets and liabilities denominated 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 2017	-	3,071,336	85,893	-	-	179,161	-	3,336,390
Additions		-	-	-	-	1,005,962	15,000	1,020,962
Disposals	_	(331,438)	(231)	-	-	-	-	(331,669)
Transfers	-	937,016	1,050	-	-	(923,666)	(14,400)	-
31 December 2017	-	3,676,914	86,712	-	-	261,457	600	4,025,683
Accumulated depreciation								
1 January 2017	-	1,590,873	34,238	-	_	-	-	1,625,111
Additions	-	451,274	12,163	-	-	-	-	463,437
Disposals	-	(331,438)	(231)	-	-	_	_	(331,669)
Transfers		-	-	-	_	-	-	-
31 December 2017	-	1,710,709	46,170	-	_	-	-	1,756,879
Valuation allowances								
1 January 2017	-	-	-	-	_	-	-	-
Additions	-	-	-	-	-	_	-	-
Disposals	_	-	-	-	_	-	_	-
Transfers	-	-	-	-	_	-	-	-
31 December 2017	-	-	-	-	-	-	_	-
Net book value					· · · · · · · · · · · · · · · · · · ·			· · · · · · · · · · · · · · · · · · ·
1 January 2017	_	1,480,463	51,655	-	-	179,161	_	1,711,279
31 December 2017	-	1,966,205	40,542	-	_	261,457	600	2,268,804

The Company internally developed software and activated related costs of EUR 933,181 in 2017 (in 2016: EUR 730,989), out of which EUR 915,515 has been put in use in 2017 (in 2016: 561,562 EUR). 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 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

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 mo- vable 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 2017	-	176,371	5,347,448	-	-	-	17,816	800	5,542,435
Additions	-	-	-	-	-	-	447,212	18,794	466,006
Disposals	-	-	(782,098)	-	-	-	-	-	(782,098)
Transfers	-	46,734	400,435	-	-	-	(445,525)	(1,644)	-
31 December 2017	-	223,105	4,965,785	-	-	-	19,503	17,950	5,226,343
Accumulated depreciation									
1 January 2017	-	22,085	3,750,554	-	-	-	_	-	3,772,639
Additions	_	21,359	509,225	_	-	-	-	_	530,584
Disposals	-	-	(782,099)	-	-	-	-	_	(782,099)
Transfers	-	-	-	-	-	-	-	-	-
31 December 2017	-	43,444	3,477,680	-	-	-	-	-	3,521,124
Valuation allowances									
1 January 2017	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	_	-
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
31 December 2017	-	-	-	-	-	-	-	-	-
Net book value									·
1 January 2017	-	154,286	1,596,894	-	-	-	17,816	800	1,769,796
31 December 2017	-	179,661	1,488,105	-	-	-	19,503	17,950	1,705,219

The insurance of non-current tangible assets is included in the group insurance policy of Slovak Telekom and includes insurance against damages caused by theft, natural disaster and vandalism up to the amount of EUR 25,000 thousand (2016: EUR 25,000 thousand).

Information for prior period is shown in the following table:

Non-current tangible assets	Land	Buildings	Individual mo- vable 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

3. Inventories

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

Inventories	1 January 2017	Set-up of VA	Release of VA due to extinction of title	Release of VA due to derecognition of assets	31 December 2017
Material	-	-	-	-	-
Work in progress and semi-finished products	-	-	-	-	-
Finished goods	-	-	-	_	-
Animals	-	-	-	-	-
Merchandise	27,775	8,693	(8,254)	-	28,214
Real estate for sale	-	-	-	-	-
Advances provided for inventories	-	-	-	-	-
Total inventories	27,775	8,693	(8,254)	_	28,214

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.

Prior period information is shown in the following table:

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	-	-	-	-	-
Total inventories	26,597	9,303	(8,125)	-	27,775

4. Construction contracts

In 2017 revenues from construction contracts amounted to EUR 8,255,552 (2016: EUR 6,732,995).

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

Item	31 December 2017	31 December 2016	cumulative amount from beginning of construction contract until 31 December 2017
Revenues from construction contract	263,266	458,221	263,266
Costs of construction contract	181,628	279,204	181,628
Gross profit / loss	81,638	179,017	81,638

Amount of construction contract	31 December 2017	Cumulative amount from beginning of construction contract until 31 December 2017
Amounts invoiced for work performed		
on the construction contract	-	-
Adjustments of invoiced amounts according to percentage	2/22//	2/22//
of completion or using the zero profit method	263,266	263,266
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 2017	Set-up of valuation allowance	Release of valuation allowance due to cease of justification	Release of VA due to de-recognition of the assets	31 December 2017
Current trade receivables of which:	168,321	5,538	(6,961)	-	166,898
Trade receivables from affiliated undertakings	-	-	-	-	_
Trade receivables from participating interests except for receivables from affiliates	-	-	-	-	-
Other trade receivables	168,321	5,538	(6,961)	-	166,898
Other current receivables	-	-	-	-	-
Current receivables total	168,321	5,538	(6,961)	-	166,898

Prior period information is 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 de-recognition of the assets	31 December 2016
Current trade receivables of which:	167,508	3,460	(2,647)	-	168,321
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	-	-	-	-	
Current receivables total	167,508	3,460	(2,647)	-	168,321

Long-term receivables of the Company are within the due period. The ageing structure of current receivables at 31 December 2017 is shown in the table below:

ltem	Within due period	Overdue	Total receivables
Current trade receivables of which:	6,991,246	354,918	7,346,164
Trade receivables from affiliated undertakings	1,547,790	33,091	1,580,881
Trade receivables from participating interests except for receivables from affiliates	-	-	-
Other trade receivables	5,443,456	321,827	5,765,283
Other current receivables of which:	420,173	2,440	422,613
Net value of a contract	263,266	-	263,266
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	147,746	-	147,746
Receivables from derivative transactions	-	-	-
Other receivables	9,161	2,440	11,601
Current receivables total	7,411,419	357,358	7,768,777

Prior period information is shown in the following table:

Item	Within due period	Overdue	Total receivables
Current trade receivables of which:	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
Other current receivables of which:	994,894	2,440	997,334
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
Current receivables total	9,448,305	306,380	9,754,685

In 2017 the Company set-up an allowance for overdue receivables of EUR 5,538 (2016: EUR 3,460).

In 2017 the Company has released allowances set-up in previous years which were no longer legitimate of EUR 6,961 (2016: 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:

31 December 2017	31 December 2016
131,178	135,517
103,384	100,466
25,647	32,241
2,147	2,810
457,270	547,821
127,401	131,568
301,111	344,900
28,758	71,353
-	-
-	-
588,448	683,338
	131,178 103,384 25,647 2,147 457,270 127,401 301,111 28,758

The balance of prepaid expenses in the year 2017 has declined compared to 2016 by EUR 94,890, 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 2016	Recognized in equity	Recognized in the income statement	31 December 2017
Non-current assets	(150,174)	-	(28,890)	(179,064)
Valuation allowance to inventories	27,775	-	439	28,214
Valuation allowance to receivables	19,510	-	(5,526)	13,984
Provisions	772,262	-	(426,341)	345,921
Other	32,219	-	23,730	55,949
Total	701,592	-	(436,588)	265,004
Tax rate (in %) *	21			21
Deferred tax asset calculated	147,334			55,651
Deferred tax asset recognized	147,334	-	(91,683)	55,651
Deferred tax liability	-	-	-	-

Difference in Deffered tax asset between Deffered tax asset table and Income statement of EUR 1 is due to rounding.

E. EQUITY AND LIABILITIES

1. Equity

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

Item	1 January 2017	Additions	Disposals	Transfers	31 December 2017
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	9,928,455	-	-	1,104,295	11,032,750
Loss carried forward	-	-	-	-	-
Profit for current accounting period	2,208,591	1,631,263	(1,104,296)	(1,104,295)	1,631,263
Total equity	12,324,046	1,631,263	(1,104,296)	-	12,851,013

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
Total equity	11,829,010	2,208,591	(1,713,556)	1	12,324,046

The 2016 accounting profit of EUR 2,208,591 was distributed as follows:

Item	2016
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	1,104,295
Profit distribution to shareholders/members	1,104,296
Other	-
Total	2,208,591

The statutory body will propose to distribute the 2017 profit together with the approval of these financial statements

2. Provisions

An overview of changes in provisions for 2017 is shown in the following table:

ltem	1 January 2017	Set-up	Use	Release	31 December 2017
Long-term provisions of which:	39,190	-	(14,723)	-	24,467
Legal long-term provisions of which:	-	-	-	-	-
Other long-term provisions of which:	39,190	-	(14,723)	-	24,467
Provision for warranty repairs and guarantee	39,190	-	(14,723)	-	24,467
Short-term provisions of which:	929,416	551,954	(905,096)	(24,320)	551,954
Legal short-term provisions of which:	196,345	230,501	(196,345)	-	230,501
Holiday provision	196,345	230,501	(196,345)	-	230,501
Other short-term provisions of which:	733,071	321,453	(708,751)	(24,320)	321,453
Provision for warranty repairs and guarantee	388,929	116,753	(371,818)	(17,111)	116,753
Provision for bonuses	315,201	175,632	(308,911)	(6,290)	175,632
Provision for the annual report and audit	24,871	23,500	(24,115)	(756)	23,500
Provision for the unbilled supplies	4,070	5,568	(3,907)	(163)	5,568
Total provisions	968,606	551,954	(919,819)	(24,320)	576,421

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 2017.

Provision for bonuses reflects the Company's commitment to its employees in connection with the bonuses recognized for year 2017.

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

ltem	1 January 2016	Set-up	Use	Release	31 December 2016
Long-term provisions of which:	62,402	-	(23,212)	-	39,190
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
Short-term provisions of which:	1,908,052	806,698	(1,693,317)	(92,017)	929,416
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
Total provisions	1,970,454	806,698	(1,716,529)	(92,017)	968,606

3. Liabilities

The structure of liabilities (except for bank loans) by remaining time to maturity at 31 December 2017 is shown in the following table:

			LIABILITIES		
Item	More than five years	From one to five years	Due within one year	Overdue liabilities	Total liabilities
Non-current trade liabilities	-	10,897	-	-	10,897
Other non-current trade liabilities	-	10,897			10,897
Other non-current liabilities of which:	_	16,461	-	-	16,461
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	-	16,461	-	-	16,461
Other non-current liabilities	-	-	-	-	-
Non-current liabilities from derivative transactions	-	-	-	-	-
Deferred tax liability	-	-	-	-	-
Non-current liabilities - total	_	27,358	-	-	27,358
Current trade liabilities of which:	_		3,061,504	511,745	3,573,249
Trade liabilities to affiliated undertakings			52,134	27,104	79,238
Trade liabilities to undertakings in which the			52,134	27,104	/7,230
company has a participating interest except for liabilities to affiliated	-	-	-	-	-
Other trade liabilities	-	-	3,009,370	484,641	3,494,011
Other current liabilities of which:	-	-	1,899,575	-	1,899,575
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	-	-	615,048	-	615,048
Liabilities from social insurance	-	-	417,245	-	417,245
Tax liabilities and subsidies	-	-	866,682	-	866,682
Liabilities from derivative transactions	-	-	-	-	-
Other liabilities	-	-	600	-	600
Current liabilities - total	-	-	4,961,079	511,745	5,472,824

ltem	More than five years	From one to five years	LIABILITIES Due within one year	Overdue liabilities	Total liabilities
Non-current trade liabilities	-	_	-	-	-
Other non-current liabilities of which:	-	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	-	-	-	-	-
Non-current liabilities - total	-	12,170	-	-	12,170
Current trade liabilities of which:	-	-	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
Other current liabilities of which:	-	-	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
Current liabilities - total	-	_	6,259,573	175,761	6,435,334

4. Social fund

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

Item	2017	2016
Opening balance	12,170	24,173
Contributions charged to costs	44,571	44,981
Contributions from profit	-	
Other set-up	-	-
Total social fund set-up	44,571	44,981
Use	(40,280)	(56,984)
Closing balance	16,461	12,170

5. Accrued expenses and deferred income

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

Item	31 December 2017	31 December 2016
Long-term accrued expenses:	-	-
Short-term accrued expenses:	-	-
Long-term deferred income of which:	230,210	173,787
Hardware support	128,506	115,528
Software support	19,892	25,263
Other	81,812	32,996
Short-term deferred income of which:	450,944	348,013
Hardware support	195,574	167,205
Software support	187,811	169,808
Other	67,559	11,000
Total	681,154	521,800

In comparison to 2016 there has been a increase in deferred income of EUR 159,354, 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	2017	2016
Sale of own work and goods of which:	26,290,803	28,019,669
Sale of own products	-	-
Sale of services	14,860,187	15,464,531
Sale of goods	3,175,064	5,822,143
Revenues from construction contracts	8,255,552	6,732,995
Revenues from real estate	-	-
Other income relating to ordinary activities	138,343	126,169
Total net turnover	26,429,146	28,145,838

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:

	Revenues from services provided		Revenues from sales of HW		Revenues from sales of own SW solutions	
Country	2017	2016	2017	2016	2017	2016
Revenues	14,860,187	15,464,531	3,175,064	5,822,143	8,255,552	6,732,995
Total	14.860.187	15.464.531	3.175.064	5.822.143	8.255.552	6.732.995

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	2017	2016
Capitalization of costs — material items of which:	933,181	730,989
Non-current intangible assets capitalized from own work	933,181	730,989
Other material items of other operating income of which:	186,504	165,185
Revenues from sale of tangible and intangible assets	48,161	39,016
Other	138,343	126,169
Financial income of which:	10,717	10,709
Foreign exchange gains of which:	4,346	2,277
Foreign exchange gains at balance sheet date	2,956	987
Other material financial income of which:	6,371	8,432
Interest rates	6,371	8,432

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	2017	2016
Costs of services received of which:	9,818,963	9,035,776
From an Auditor or audit firm of which:	30,000	31,244
Audit of the financial statements	30,000	31,244
Other assurance services	-	-
Related audit services	-	-
Tax consultancy	-	-
Other non-audit services	-	-
Other material items of costs of services received of which:	9,788,963	9,004,532
Licenses	-	-
Advertisement and marketing costs	894,050	944,111
Costs of legal business advice	247,046	149,246
External product processing	-	-
Telecommunication costs	168,273	150,482
Management fees paid to the Group	-	-
Personnel leasing	-	-
Resale services (subcontracted)	6,798,731	6,329,511
Rental of premises	801,537	762,741
Other	879,326	668,441
Other material items of costs from operations of which:	1,600,376	1,489,389
Set-up and use/release of valuation allowance for receivables	1,487	49
Depreciation and allowance for non-current assets	982,096	848,393
Consumption of material energy and other non-inventory supplies	538,024	486,663
Other	78,769	154,284
Financing costs of which:	12,933	9,147
Foreign exchange losses of which:	7,593	4,000
Foreign exchange losses at balance sheet date	3,306	1,098
Other material items of financial costs of which:	5,340	5,147
Interest and other financial costs	5,340	5,147

2. Personnel costs

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

Item	2017	2016
Personnel cost of which:	11,313,799	10,542,757
Salaries	8,202,061	7,807,290
Other employment costs	-	-
Social insurance	2,058,124	1,849,510
Health insurance	869,901	731,779
Social security	183,713	154,178

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:

	2017					
Item	Tax base	Tax	Tax in %	Tax base	Tax	Tax in %
Profit before taxes of which:	2,150,887			2,931,601		
Expected tax	•	451,686	21		644,952	22
Tax non-deductible expenses	324,117	68,065	3	324,068	71,295	3
Non-taxable income	-	-		-	-	
Impact of unrecognized deferred tax asset	-	-		-	-	
Tax loss carried forward	-	-		-	-	
Change in tax rate	-	-		-	7,016	
Other	-	(127)		-	(253)	
Total		519,624	24		723,010	25
Current income tax		427,940	20		471,834	16
Deferred income tax		91,684	4		251,176	9
Total income tax		519,624	24		723,010	25

I. OFF-BALANCE SHEET ACCOUNTS

1. Property rented to other parties

During the year 2017 the Company rented assets to mTrust s.r.o. company and rental of tablets to the company ZSE Energia a.s. as follows:

Item	Annual rent	Rental period
Rented assets to other parties out of which: IT equipment (servers PC notebooks) for mTrust s.r.o.	14,601	4
IT equipment (tablets) for ZSE Energia a.s.	25,231	5

J. RELATED PARTY TRANSLATIONS

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, 040 01, Košice, Slovak republic
T-Systems Czech republic a.s.	Na Pankráci 1685/19, 140 21 Praha, Czech republic
T-Systems ITC Iberia S.A.	Calle Sancho de Ávila 110-130, Barcelona, Spain
T-Systems International GmbH	Hahnstrasse 43d, 605 28 Frankfurt am Main, Germany
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, Bucharst, Romania
Deutsche Telekom Pan-Net Croatia d.o.o.	Roberta Frangeša Mihanovića 9 SKY, 10000 Zagreb, Croatia
Deutsche Telekom Pan-Net Czech Republik s.r.o	Nad elektrárnou 1428/17, 16900, Praha, Czech republic
Deutsche Telekom Pan-Net Greece EPE	99 Kifissias Ave.,15124 Maroussi, 15124 Athens, Greece
Deutsche Telekom Pan-Net Hungary Korlátolt Felelösségü Tarsaság	Krisztina körút 55, 1013 Budapest, Hungary
Deutsche Telekom Services Europe Slovakia s.r.o.	Karadžičova 8, 821 08 Bratislava, Slovak republic
Deutsche telekom AG, VTI, PG 1025	Friedrich-Ebert-Allee 140, Bonn c/o Postfach 17 67, 49007 Osnabruck, Germany
T-Mobile Czech republic a.s.	Tomíckova 2144/1, 11 000, Praha 4, Czech republic
mTrust, s.r.o.	Odborárska 21, 831 02, Bratislava, Slovak republic
PosAm IT, s.r.o.	Holušická 2221/3, 148 00, Praha, Czech republic
VIAMO, a.s.	Odborárska 21, 831 02, Bratislava, Slovak republic

Transactions with subsidiaries are shown in the following table:

Transaction	Related party	2017	2016
Dunahasa af assata	Parent company	13,724	6,875
Purchase of assets	Other related parties	64,629	-
Cala of accets	Parent company	-	-
Sale of assets	Other related parties	1,584	-
Cala of inventories	Parent company	847,501	1,051,716
Sale of inventories	Other related parties	557,421	451,517
Dunchase of convices	Parent company	910,046	861,210
Purchase of services	Other related parties	28,891	(43,219)
Sale of services	Parent company	1,780,539	2,812,092
Sale of Services	Other related parties	822,169	499,626

Transaction	Related party	31 December 2017	31 December 2016
Trade liabilities	Parent company	79,237	36,939
rrade trabitities	Other related parties	72,065	-
Total and the later	Parent company	1,580,881	2,117,585
Trade receivables	Other related parties	505,313	337,162
Did	Parent company	9,828	9,105
Prepaid expenses	Other related parties	-	-
A	Parent company	96,898	45,149
Accrued income	Other related parties	55,987	19,141
041	Parent company	-	8,157
Other	Other related parties	-	-

K. POST-BALANCE SHEET EVENTS

In January 2018, the Company completed its strategic effort to enter the GPS market for motor vehicles by purchasing a 100% share in Commander Services, s.r.o., which is the leader in the number of vehicles monitored on the Slovak market.

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.

Adjustments for non-cash transactions: Depreciation of non-current assets 982,096 848,395 Inventories write-off	Item	2017	2016
Depreciation of non-current assets 982,096 848,395 Inventories write-off	Net result before tax	2,150,887	2,931,601
Inventories write-off Receivables write-off Change in provision for non-current assets Change in provision for receivables Change in provision for inventories Change in provision for inventories Change in provisions Change in provision for receivables and prepayments Changes in working capital: Decrease (increase) of trade and other receivables and prepayments Changes in working capital: Decrease (increase) of inventories Changes in provision for non-current assets Cash flows from operating activities - Coperating cash flows Cash flows from operating activities	Adjustments for non-cash transactions:		
Receivables write-off - 34 Change in provision for non-current assets - - Change in provision for receivables (1,423) 81 Change in provision for inventories 439 1,17 Change in provisions (392,185) (1,001,84 Net Interest expense (6,371) (8,43 Loss / (gain) from the sale of non-current assets (36,496) (27,86 Yields from long-term financial assets - - Other items 942 (27 Profit from operating activities before changes in working capital 2,697,889 2,743,90 Changes in working capital: - - - Decrease (increase) of trade and other receivables and prepayments 1,575,902 (2,824,91) Decrease (increase) of inventories (18,707) (112,51) (Decrease) increase of payables and accruals (870,103) (534,34) Other - - - Operating cash flows 3,384,981 565,88	Depreciation of non-current assets	982,096	848,393
Change in provision for non-current assets-Change in provision for receivables(1,423)81Change in provision for inventories4391,17Change in provisions(392,185)(1,001,84Net Interest expense(6,371)(8,43Loss / (gain) from the sale of non-current assets(36,496)(27,86Yields from long-term financial assets-Other items942(27)Profit from operating activities before changes in working capital2,697,8892,743,90Changes in working capital:2,697,8892,743,90Decrease (increase) of trade and other receivables and prepayments1,575,902(2,824,91)Decrease (increase) of inventories(18,707)(112,51)(Decrease) increase of payables and accruals(870,103)(534,34)Other-Operating cash flows3,384,981565,85Cash flows from operating activities	Inventories write-off	-	_
Change in provision for receivables(1,423)81Change in provision for inventories4391,17Change in provisions(392,185)(1,001,84)Net Interest expense(6,371)(8,43)Loss / (gain) from the sale of non-current assets(36,496)(27,86)Yields from long-term financial assets-Other items942(27)Profit from operating activities before changes in working capital2,697,8892,743,90Changes in working capital:2,697,8892,743,90Decrease (increase) of trade and other receivables and prepayments1,575,902(2,824,91)Decrease (increase) of inventories(18,707)(112,51)(Decrease) increase of payables and accruals(870,103)(534,34)Other-Operating cash flows3,384,981565,85Cash flows from operating activities	Receivables write-off	-	341
Change in provision for inventories4391,17Change in provisions(392,185)(1,001,84)Net Interest expense(6,371)(8,43)Loss / (gain) from the sale of non-current assets(36,496)(27,86)Yields from long-term financial assetsOther items942(27)Profit from operating activities before changes in working capital2,697,8892,743,90Changes in working capital:Decrease (increase) of trade and other receivables and prepayments1,575,902(2,824,91)Decrease (increase) of inventories(18,707)(112,51)(Decrease) increase of payables and accruals(870,103)(534,34)Other-Operating cash flows3,384,981565,85Cash flows from operating activities	Change in provision for non-current assets	-	
Change in provisions (392,185) (1,001,84) Net Interest expense (6,371) (8,43) Loss / (gain) from the sale of non-current assets (36,496) (27,86) Yields from long-term financial assets - - Other items 942 (27) Profit from operating activities before changes in working capital 2,697,889 2,743,90 Changes in working capital: - - Decrease (increase) of trade and other receivables and prepayments 1,575,902 (2,824,91) Decrease (increase) of inventories (18,707) (112,51) (Decrease) increase of payables and accruals (870,103) (534,34) Other - - Operating cash flows 3,384,981 565,85 Cash flows from operating activities - -	Change in provision for receivables	(1,423)	813
Net Interest expense (6,371) (8,43 Loss / (gain) from the sale of non-current assets (36,496) (27,866 Yields from long-term financial assets - Other items 942 (27 Profit from operating activities before changes in working capital 2,697,889 2,743,90 Changes in working capital: Decrease (increase) of trade and other receivables and prepayments 1,575,902 (2,824,91 Decrease (increase) of inventories (18,707) (112,513 (Decrease) increase of payables and accruals (870,103) (534,34 Other - Operating cash flows 3,384,981 565,88 Cash flows from operating activities	Change in provision for inventories	439	1,178
Loss / (gain) from the sale of non-current assets Yields from long-term financial assets Other items Profit from operating activities before changes in working capital Changes in working capital: Decrease (increase) of trade and other receivables and prepayments Decrease (increase) of inventories (Decrease) increase of payables and accruals Other Operating cash flows Cash flows from operating activities	Change in provisions	(392,185)	(1,001,848)
Yields from long-term financial assets Other items 942 (27) Profit from operating activities before changes in working capital Changes in working capital: Decrease (increase) of trade and other receivables and prepayments 1,575,902 (2,824,91) Decrease (increase) of inventories (18,707) (112,51) (Decrease) increase of payables and accruals (870,103) (534,34) Other Operating cash flows Cash flows from operating activities	Net Interest expense	(6,371)	(8,432)
Other items 942 (27) Profit from operating activities before changes in working capital 2,697,889 2,743,900 Changes in working capital: Decrease (increase) of trade and other receivables and prepayments 1,575,902 (2,824,91) Decrease (increase) of inventories (18,707) (112,51) (Decrease) increase of payables and accruals (870,103) (534,34) Other - Operating cash flows 3,384,981 565,850 Cash flows from operating activities	Loss / (gain) from the sale of non-current assets	(36,496)	(27,869)
Profit from operating activities before changes in working capital 2,697,889 2,743,900 Changes in working capital: Decrease (increase) of trade and other receivables and prepayments 1,575,902 (2,824,919 (19,707)) (112,519 (19,707)) (112,519 (19,707)) (112,519 (19,707)) (112,519 (19,707)) (112,519 (19,707)) (112,519 (19,707)) (19,707)	Yields from long-term financial assets	-	
Changes in working capital: Decrease (increase) of trade and other receivables and prepayments Decrease (increase) of inventories (18,707) (112,513) (Decrease) increase of payables and accruals (870,103) Other Operating cash flows Cash flows from operating activities	Other items	942	(270)
Decrease (increase) of trade and other receivables and prepayments 1,575,902 (2,824,91) Decrease (increase) of inventories (18,707) (112,51) (Decrease) increase of payables and accruals (870,103) (534,34) Other Operating cash flows 3,384,981 565,85	Profit from operating activities before changes in working capital	2,697,889	2,743,907
Decrease (increase) of trade and other receivables and prepayments 1,575,902 (2,824,91) Decrease (increase) of inventories (18,707) (112,51) (Decrease) increase of payables and accruals (870,103) (534,34) Other Operating cash flows 3,384,981 565,85 Cash flows from operating activities			
Decrease (increase) of inventories (18,707) (112,513) (Decrease) increase of payables and accruals (870,103) (534,344) Other - Operating cash flows 3,384,981 565,853 Cash flows from operating activities		1.575.902	(2,824,919)
(Decrease) increase of payables and accruals Other Operating cash flows Cash flows from operating activities (870,103) (534,34) 565,85			(112,518)
Other		· · · · · · · · · · · · · · · · · · ·	(534,349)
Cash flows from operating activities		-	-
Cash flows from operating activities	Operating cash flows	3.384.981	565,855
Operating cash flows 3,384,981 565,85		3,23 -,73 - 2	
	Operating cash flows	3,384,981	565,855
Interest paid -		-	-
		6,371	8,432
Corporate income tax paid 64,951 (1,215,53	Corporate income tax paid	64,951	(1,215,535)
		(1,104,296)	(1,713,556)
Receipts from extraordinary items -	·	-	-
Other items not included in operating activities -	Other items not included in operating activities	-	-
Net cash from operating activities 2,352,007 (2,354,804)	Net cash from operating activities	2,352,007	(2,354,804)
Cash flows from investing activities			
	Purchase of non-current assets	(1,404,832)	(1,998,461)
		47,477	31,435
Acquisition of financial investments -			
Long term loans granted -		-	
Dividends received -		-	
Net cash from investing activities (1,357,355) (1,967,026)	Net cash from investing activities	(1,357,355)	(1,967,026)
Cook flours from financiar activities	Cook flours from financing activities		
Cash flows from financing activities			
Receipts from the increase of share capital and other capital reserves - Receipts / repayments of bank loans 664 (4.97)		-	
		804	(4,975)
Receipts / repayments of borrowings from Group companies -		-	
Repayments of long-term liabilities -		-	
Net cash from financing activities 664 (4,97)	Net cash from financing activities	664	(4,975)
Foreign exchange differences of cash and cash equivalents -	Foreign exchange differences of cash and cash equivalents	_	_
		995.316	(4,326,805)
	·		10,607,863
			6,281,058



Independent Auditor's Report

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

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PosAm, spol. s r.o. (the "Company") as at 31 December 2017, and its financial performance for the year then ended in accordance with the Slovak Act on Accounting No. 431/2002, as amended (the "Accounting Act").

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2017;
- · the income statement for the year then ended;
- the notes to the financial statements, which include 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 Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

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 that are relevant to our audit of the financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Reporting on other information in the annual report

Management is responsible for the annual report prepared in accordance with the Accounting Act. The annual report comprises (a) the financial statements and (b) other information.

Our opinion on the financial statements does not cover the other information.

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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.

Spoločnost' je zapisaná 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 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 ended 31 December 2017 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. We have nothing to report in this respect.

Management's responsibilities 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.

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 responsibilities for the audit of the financial statements

Our objectives are 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.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Slovensko, s.r.o.

SKAU licence No. 161

Ing. Štefan Čupil, FCCA UDVA licence No. 1088

Bratislava, 26 February 2018, except for Reporting on other information in the annual report, for which the date of our report is 2 March 2018.



Our report has been prepared in Slovak and in English. 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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