

**KOMPUTRONIK S.A.
POZNAŃ, UL. WÓLCZYŃSKA 37**

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2014**

**WITH
AUDITOR'S OPINION
AND
AUDIT REPORT**

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**FINANCIAL STATEMENTS OF KOMPUTRONIK S.A.
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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**REPORT ON THE ACTIVITIES OF KOMPUTRONIK S.A.
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of Komputronik S.A.

We have audited the attached financial statements of Komputronik S.A. with its registered office in Poznań at Wolczyńska 37 Street ((hereinafter "the Company")), including balance sheet prepared as of 31 March 2014, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the financial year from 1 April 2013 to 31 March 2014 and notes comprising a summary of significant accounting policies and other explanatory information.

Preparation of financial statements and a report on the activities in line with the law is the responsibility of the Management Board of the Company.

The Management Board of the Company and members of its Supervisory Board are obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company and whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Company and on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act,
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification – largely on a test basis – of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited financial statements in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Company as of 31 March 2014 as well as its profit or loss in the financial year from 1 April 2013 to 31 March 2014,
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as Commission regulations and in all matters not regulated in the standards – in accordance with the provisions of the Accounting Act, secondary legislation to the Act and based on properly kept accounting records,
- comply with the provisions of law and the by-laws of the Company which affect the contents of the financial statements.

Without raising any qualifications to the financial statements, we would like to emphasize pending litigations between the Company and its subsidiary Contanisimo Limited with its registered office in Nicosia and Clean&Carbon Energy S.A. relating to realization of articles of investment agreement dated 24 July 2010 and to bills of exchange payment, described by the Company in details in note 4 and 13 to separate financial statements. Unfavorable litigation settlement can impact the Company's economic and financial position in a negative way.

The Report on the activities of the Company for the financial year ended 31 March 2014 is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2009, No. 33, item 259, as amended) and consistent with underlying information disclosed in the audited financial statements.

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Piotr Waliński
Key certified auditor
conducting the audit
No. 4254

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

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Jacek Mateja
Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. - which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 16 June 2014

The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF
KOMPUTRONIK S.A
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

I. GENERAL INFORMATION

1. Details of the audited Company

The Company operates under the business name Komputronik S.A. The Company's registered office is located in Poznań at Wołczyńska 37 Street.

The Company operates as a joint stock company established by a transformation of limited liability company Komputronik Sp. z o.o. into a joint stock company based on the resolution of Extraordinary Shareholders Meeting dated 11 December 2006 (notarized deed on 11 December 2006 before Andrzej Adamski, Notary Public in Poznań - repertory A No. 10810/2006). The Company is recorded in the Register of Entrepreneurs kept by the District Court Poznań - Nowe Miasto and Wilda in Poznań, VIII Business-Registry Division, under KRS number 0000270885.

The Company's tax identification number NIP assigned by the First Tax Office in Poznań on 1 May 2004 is: 9720902729.

The REGON number assigned by the Statistical Office on 13 November 2002 is: 634404229.

The Company operates based on the provisions of the Code of Commercial Companies.

In the audited period the scope of the Company's activities included mainly retail and wholesale trade of hardware and software as well as trade of electronics.

As of 31 March 2014, the Company's share capital amounted to PLN 957,234.90 and was divided into 9,572,349 shares with a face value of PLN 0.10 each.

As of 31 March 2014 the Company's shareholders included:

- Ewa i Krzysztof Buczkowscy – 18.63% shares,
- WB Investments – 28.55% shares,
- EKB Investments – 8.71% shares,
- Other Shareholders – 44.11% shares.

During the financial year ended 31 March 2014 after the balance sheet date till the day of the opinion no changes in the Company's share capital took place.

As of 31 March 2014, the Company's equity amounted to 157,229 thousand.

The Company's financial year is period from 1 April to 31 March of the following year.

- Activa S.A. (formerly: Komputronik Biznes S.A.) – 100% subsidiary,
- Benchmark Sp. z o.o. – 80% subsidiary,
- Contanisimo Limited – 100% subsidiary,
- Idea Nord Sp. z o.o. – 100% subsidiary,
- K24 International s.r.o. – 100% subsidiary,

- Komputronik Biznes Sp. z o.o. (formerly: KEN Technologie Informatyczne Sp. z o.o.)
 - 100% subsidiary,
- B2C Mobile Sp. z o.o. (formrly: KEN Komputer IV Sp. z o.o.)
 - 100% subsidiary,
- Cogitary Sp. z o.o. Sp. k.
 - 80% subsidiary,
- Signum Komputronik S.A. Sp. j.
 - 99% subsidiary,
- Komputronik API Sp. z o.o.
 - 70% subsidiary,
- Movity Sp. z o.o.
 - 70% subsidiary,
- Komputronik Signum Sp. z o.o.
 - 100% subsidiary,
- SSK Sp. z o.o.
 - 100% subsidiary,
- SSK Sp. z o.o. SKA
 - 100% subsidiary,
- Tradus Sp. z o.o.
 - 100% subsidiary,
- Komputronik GmbH
 - 100% subsidiary,
- Log Systems Sp. z o.o.
 - 33% affiliated.

Composition of the Management Board as of the date of the opinion:

- Wojciech Buczkowski – Chairman of the Management Board,
- Krzysztof Nowak – Member of the Management Board.

In the audited financial year and till the date of the opinion no changes in the composition of the Management Board took place.

2. Information about the financial statements for the prior financial year

The activities of the Company in the financial year ended 31 March 2013 resulted in a net profit of PLN 4,613 thousand. The financial statements of the Company for 2012 financial year were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. On 19 June 2013 the certified auditor issued an emphasis of matter opinion on those financial statements, stating as follows:

“Without raising any qualifications to the financial statements, we would like to emphasize pending litigations between the Company and its subsidiary Contanisimo Limited with its registered office in Nicosia and Clean&Carbon Energy S.A. relating to realization of articles of investment agreement dated 24 July 2010 and to bills of exchange payment, described by the Company in details in note 4 and 12 to separate financial statements. Negative litigation settlement can significantly impact the Company’s economic and financial position in a negative way.”

The General Shareholders’ Meeting which approved the financial statements for the financial year ended 31 March 2013 was held on 11 September 2013. The General Shareholders’ Meeting decided on the following distribution of the net profit for the financial year ended 31 March 2013:

- dividends to shareholders – PLN 1,053 thousand,
- transfer to the supplementary capital – PLN 3,560 thousand.

In accordance with applicable laws, the financial statements for the financial year ended 31 March 2013 were submitted to the National Court Register (KRS) on 25 September 2013.

3. Details of the authorized entity and the key certified auditor acting on its behalf

The audit of the financial statements was performed based on the agreement of 27 September 2013 concluded between Komputronik S.A. and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Piotr Waliński, key certified auditor (No. 4254) in the registered office of the Company from 30 September to 4 October 2013, from 12 to 22 November 2013, from 12 to 30 May 2014 as well as outside the Company's premises until the date of this opinion.

The entity authorized to audit the financial statements was appointed by the resolution of the Supervisory Board of 2 October 2013.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and Piotr Waliński, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act on statutory auditors and their self-governing body, auditing firms and on public oversight (Journal of Laws of 2009, No. 77, item 649, as amended) to express an unbiased and independent opinion on the financial statements of Komputronik S.A.

4. Availability of data and management's representations

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations, were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Management Board of 16 June 2014.

II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY

Presented below are the main items from the income statement as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior years.

<u>Main items from the income statement (PLN '000)</u>	<u>31.03.2014</u>	<u>31.03.2013</u>	<u>31.03.2012</u>
Sales revenue	1,645,132	1,226,561	1,002,454
Operating expenses	(1,627,307)	(1,217,336)	(985,138)
Other operating revenue	3,175	3,327	8,321
Other operating expenses	(3,712)	(2,443)	(4,692)
Financial revenue	3,515	3,197	10,953
Financial expenses	(10,279)	(7,854)	(11,680)
Income tax	1,678	(839)	(4,351)
Net profit (loss)	12,202	4,613	15,867
Total comprehensive income	12,202	4,613	15,867
<u>Profitability ratios</u>	<u>31.03.2014</u>	<u>31.03.2013</u>	<u>31.03.2012</u>
– gross profit margin	1.1%	0.8%	1.7%
– net profit margin	0.7%	0.4%	1.6%
– net return on equity	8.4%	3.3%	12.4%
<u>Effectiveness ratios</u>	<u>31.03.2014</u>	<u>31.03.2013</u>	<u>31.03.2012</u>
– assets turnover ratio	3.6	3.1	2.7
– receivables turnover in days	21	29	35
– liabilities turnover in days	43	45	45
– inventory turnover in days	26	25	24
<u>Liquidity/Net working capital</u>	<u>31.03.2014</u>	<u>31.03.2013</u>	<u>31.03.2012</u>
– debt ratio	66%	64%	61%
– net working capital (PLN '000)	8,758	3,236	3,659
– current ratio	1.0	1.0	1.0
– quick ratio	0.6	0.6	0.7

An analysis of the above figures and ratios indicated the following trends in the financial year ended 31 March 2014:

- increase in profitability ratios,
- prolongation of assets turnover ratio,
- shortening of receivables and liabilities turnover in days,
- increase in debt ratio,
- increase in net working capital,
- the same level of liquidity ratios compared to prior years.

III. DETAILED INFORMATION

1. Evaluation of the accounting system

The Company has valid documentation required by Article 10 of the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended), hereinafter referred to as the "Accounting Act", referring in particular to: definition of the financial year and reporting periods thereof, methods of measuring assets and liabilities and determining the financial result, method of keeping the accounting records and the system of data and file protection. The documentation of the accounting policy was developed in line with the Accounting Act and with respect to the measurement of assets and liabilities plus equity as well as presentation of the financial statements – in line with IFRS and approved for use as of 1 January 2008 by a decision of the Chairman of the Management Board dated 10 February 2008. Principal methods of measuring assets, liabilities and the financial result have been presented in the explanatory notes.

Accounting principles selected at the Company's discretion pursuant to IFRS have been selected in a manner that correctly reflects specifics of its business operations, its financial standing and performance. The accounting principles have been applied in a continuous manner and unchanged compared to those applied to the accounting records and financial statements in the preceding financial year.

The Company uses MAXeBiznes 2.00.03.000_x671 produced by Max Elektronik S.A. located in Zielona Góra computerized accounting system to record all business transactions. The MAXeBiznes system is password-protected against unauthorized access and has functional access controls.

The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

In the part we have audited, documentation of business transactions, accounting records and the relationships between accounting entries, documents and financial statements complied with the requirements of section 2 of the Accounting Act.

The accounting records and evidence, the documentation of the accounting system and the approved financial statements of the Company are stored in compliance with section 8 of the Accounting Act.

The Company performed a physical count of assets and liabilities within the scope, timing and frequency required by the Accounting Act. Identified differences have been recorded and settled in the accounting records for the audited period.

2. Information about the audited financial statements

The audited financial statements were prepared as of 31 March 2014 and include:

- balance sheet prepared as of 31 March 2014, with total assets and liabilities plus equity of PLN 460,386 thousand,
- income statement for the period from 1 April 2013 to 31 March 2014, with a net profit of PLN 12,202 thousand,
- statement of comprehensive income for the period from 1 April 2013 to 31 March 2014 with a total comprehensive income of PLN 12,202 thousand,

- statement of changes in equity for the period from 1 April 2013 to 31 March 2014, disclosing an increase in equity of PLN 12,314 thousand,
- cash flow statement for the period from 1 April 2013 to 31 March 2014, showing a cash inflow of PLN 365 thousand,
- notes, comprising a summary of significant accounting policies and other explanatory information.

The structure of assets and liabilities plus equity as well as items affecting the profit or loss has been presented in the financial statements.

3. Information about selected material items of the financial statements

Investments in subsidiaries

The specification of the Company's investments in subsidiaries is presented in the note 4 of explanatory information. In the note 5 of explanatory information the Company reported establishing in December 2013 companies to which rights for trademarks "produced" by the Company were transferred as well as presentation of this transaction in the books of account and presentation in the financial statements.

Investment agreement

Realization of articles of investment agreement dated 24 July 2010 as well as pending litigations between the Company and its subsidiary Contanisimo Limited with its registered office in Nicosia and Clean&Carbon Energy S.A. relating to the agreement mentioned above and to bills of exchange payment, is described by the Company in details in note 4 and 13 to separate financial statements. Unfavorable litigation settlement can impact the Company's economic and financial position in a negative way.

4. Completeness and correctness of drawing up notes and explanations and the report on the activities of the Company

The Company confirmed the validity of the going concern basis in preparation of the financial statements. The explanatory notes give a correct and complete description of measurement principles regarding assets, liabilities, profit or loss and principles of preparation of the financial statements.

Limitations imposed on individual assets disclosed in the balance sheet arising from security granted to creditors have been described.

The explanatory notes comprehensively describe the reporting items and clearly present the remaining data required by the IFRS.

The financial statements have been supplemented with the Management Board's report on the activities of the Company in the financial year ended 31 March 2014. The report contains all information required under Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states (Journal of Laws of 2009, No. 33, item 259, as amended). We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

IV. CLOSING COMMENTS

Management Board's Representation

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

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Piotr Waliński
Key certified auditor
conducting the audit
No. 4254

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

.....
Jacek Mateja
Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. - which is the General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 16 June 2014