POPRAWSKA I KASZTELAN
Biegli Rewidenci
Spółka Partnerska

· Badanie sprawozdań finansowych · Prowadzenie ksiąg rachunkowych ·
· Doradztwo podatkowe ·

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT DRAWN UP AS FOR 31ST DECEMBER 2013

„ TALEX ” S.A.
61-619 POZNAŃ, KARPIA 27D

POZNAŃ, MARCH 2014

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A . General part

1. Data identifying the audited Unit

NAME AND ADDRESS

„TALEX" S.A., Karpia 27D, 61 – 619 Poznań

DATE AND PLACE OF FOUNDATION

„TALEX" S.A. was founded as a result of transformation of the Production and Implementation Company „TALEX" Limited Liability Company – resolution No. 3 of the Extraordinary Meeting of Partners held on 2nd March 1998 (Notarial act Rep. A 2655/1998 drawn up in the law office „Ziemski and Partners" Limited Liability Company in Poznan, 10 Strusia Street in the presence of the Notary, E. Dorota Drożdż).

The Statute of Joint stock company (Polish abbreviation: S.A.) was adopted by the Extraordinary Meeting of Partners of „TALEX" Limited Liability Company – the founders of „TALEX" S.A. – Notarial Act Rep. A 3545/1998 from 19th March 1998 drawn up in the Notary Office of E. Dorota Drożdż in Poznan, 20/3 Nowowiejskiego Street.
Correction of the aforementioned minutes of the Meetings of Partners was published in the minutes from the Extraordinary Meeting of Partners on 30th March 1998 (Notarial act Rep. A 3967/1998, drawn up in the presence of the Notary, E. Dorota Drożdż).

REGISTRATION

On 9th April 1998 the District Court in Poznan XVI Economy Department - Registry removed Production and Deployment Company „TALEX" Limited Liability Company from the Register of Companies RHB 2027 – due to conversion into a joint stock company - Decision H 1114/98.
„TALEX" S.A. was registered on 9th April 1998 on the basis of the decision made by the District Court in Poznan XVI Economy Department - Registry in the Register of Companies in section B under the No. 11905.

On 3rd October 2001 the Company was registered in the Register of Enterprises of the National Court Register under KRS No. 0000048779 on the basis of the decision made by the District Court, XXI Economy Department in Poznan – Ref No. PO.XXI NS-REJ. KRS/6563/1/63.

ORGANIZATIONAL CHANGES

In the period covered by the audit:
The amendment to the § 20. 2 and § 24.5 of the Articles of Association of Talex, regarding the shortening of the term of office of the Management Board and the Supervisory Board from five to four years, was adopted by the Resolution No 21 of the Ordinary General Meeting of Shareholders – the notarial act dated 25 April 2013 was drawn up by the notary Jacek

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Kaczorowski who runs the Notary Office in Poznan, at 13/8 Mlynska Street (Rep. A No 5102/2013).

The amendment to the Articles of Association of Talex S.A. was entered into the Register of Entrepreneurs of the National Court Register under KRS No. 0000048779 on the basis of the decision made by the District Court - Nowe Miasto and Wilda, VIII Commercial Department in Poznan dated 28.06.2013 – Ref No. PO. VIII NS-REJ. KRS/008943/13/974).

The Ordinary General Meeting of Shareholders of Talex S.A. approved by the resolution No 5 the decision of the Supervisory Board of the Company on 5 June 2013 adopted the election by co-opting of Mr Jacek Nowak as the Member of the Supervisory Board.

❖ THE MANAGEMENT BOARD

During the period covered by the audit the Management Board was composed of :

- Janusz Gocałek – President of the Board
- Jacek Klauziński – Vice-President of the Board
- Andrzej Rózga – Vice-President of the Board
- Rafał Szałek – Member of the Board
- Radosław Wesołowski – Member of the Board

Due to the expiry of the term of office of the Management Board, the Supervisory Board on the 25th of April 2013 appointed by Resolution No 3 the same members resulting in the unchanged composition of the Board.
As of the day the audit was carried out, there were no changes in the composition of the Management Board of „TALEX" S.A.

❖ SUPERVISORY BOARD

During the period covered by the audit the Supervisory Board was composed of:

• Bogna Pilarczyk	Member of the Supervisory Board	Until 8 March 2013
	President of the Supervisory Board	Since 8 March 2013
• Grzegorz Ganowicz	Member of the Supervisory Board	Until 8 March 2013
• Andrzej Kurc	Member of the Supervisory Board	Since 8 March 2013
• Jerzy Nawrocki	Member of the Supervisory Board	Until 24 April 2013
• Marek Nawrocki	Member of the Supervisory Board	
• Jacek Nowak	Member of the Supervisory Board	Since 5 June 2013

Pursuant to the provisions of the Articles of Association of the Company, the choice of Mr. Jacek Nowak as the new Member of the Supervisory Board was approved by Resolution No 5 of the Ordinary General Meeting of Shareholders called on 25 April 2013.

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Due to the expiry of the term of office of the Supervisory Board, on the 25th of April 2013 the members of the Supervisory Board were appointed by Resolutions No 14,15,16,17,18 resulting in the unchanged composition.
The Supervisory Board of the Company adopted by Resolution No 1 on the 25th of April 2013 the election of its new President, Member of the Supervisory Board, Ms Bogna Pilarczyk.

As of the time of the audit, the composition of the Supervisory Board of the Company was not changed.

- **EQUITY**

As for the situation as of 31st December 2013 the equity amounts to PLN 40,293,286.80 and includes:

- Share capital in the amount of PLN 3,000,092.00 which consists of:

102 000	Series A registered shares, each of PLN 1.00 nominal value (enjoy voting preference of 5 votes per share)	PLN 102 000.00.
849 000	Series B ordinary registered shares, each of PLN 1.00 nominal value	PLN 849 000.00.
450 000	Series C ordinary bearer shares, each of PLN 1.00 nominal value	PLN 450 000.00.
889 092	Series D ordinary registered shares, each of PLN 1.00 nominal value	PLN 889 092.00.
710 000	Series E ordinary bearer shares, each of PLN 1.00 nominal value	PLN 710 000.00.
3 000 092	**Total shares**	**PLN 3,000,092.00.**

- own shares PLN (-) 45,557.89
- supplementary capital of PLN 31,393,167.20
- remaining reserve capitals PLN 5,000,000.00
- net financial result (profit) of PLN 5,944,237.79
-

- **NIP :** 782 – 00 – 21 – 045
- **REGON:** 004 772 751
- **EMPLOYMENT**

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As of 31st December 2013 the number of employees was 294. The average employment in the period from 1st January 2013 to 31st December 2013 in terms of full-time employment was at the level of 280,97.

❖ **SUBJECT OF ACTIVITY**

The subject of activity was defined in par. 5 of the Statute and is compliant with the entry in the section 3, column 1 of KRS: 0000048779.

During the period covered by the audit **„TALEX" S.A.** performed its basic activities in the fields of design, trade and production in the information technology sector, in the Company's registered office in Poznan at Karpia 27D and in branch offices (as at 31.12.2013):

- 02-135 Warszawa, Olbrachta 94,
- 80-299 Gdańsk, Barniewicka 54A,
- 53-611 Wrocław, Śrubowa 1,
- 40-121 Katowice, Al. W. Roździeńskiego 91,
- 70-812 Szczecin, Pomorska 53,
- 15-027 Białystok, Ogrodowa 31,
- 87-100 Toruń, Włocławska 167,
- 90-361 Łódź, Piotrkowska 276,
- 20-632 Lublin, Jana Sawy 2,
- 35-606 Rzeszów, Powstańców Listopadowych 3,
- 10-272 Olsztyn, Jagiellońska 21/23,
- 30-644 Kraków, Zbożowa 2,
- 43-382 Bielsko-Biała, I Dywizji Pancernej 45,
- Branch office in Prague, Průmyslová 7.

The Company offers comprehensive services in the field of enterprise and institution informatization, which are connected with equipment and software deliveries.
The primary subject of activity of **„TALEX" S.A.**, according to the Polish Classification of Activities 2007 (PKD) involves „wholesale of computers, computer peripheral equipment and software" 46.51.Z.

There are no internal organizational units in Talex SA which prepare their own financial statements. In view of the above, the financial statement includes only the individual data.

2. Data identifying the entity authorized and statutory auditor auditing the unit on its behalf

The audit was carried out on the following days:

- 3.01.2014 (inventory audit)
- from 21.01.2014 to 27.01.2014 (preliminary audit)
- from 10.03.2014 to 26.03.2014 with breaks (proper audit)

on the basis of agreement No. 313/2013 from the 29th June 2013 between:

„TALEX" S.A., with its registered office in Poznań, Karpia 27 D, represented by:

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- Janusz Gocałek - President of the Management Board
- Jacek Klauziński - Vice-President of the Management Board

and

the Company „Poprawska i Kasztelan – Biegli Rewidenci, Spółka Partnerska" with its registered office in Poznań, Winklera 1, entered on the list of entities authorized to audit financial statements under the registration number of 2791, represented by:

- Małgorzata Poprawska - the Partner,

The agreement was entered into in order to implement resolution No. 2 of the Supervisory Board of „TALEX" S.A. from 18th April 2013 on the decision to choose „Poprawska i Kasztelan – Biegli Rewidenci", Spółka Partnerska, to audit the financial statement prepared for the days 31st December 2012 and 31st December 2013.

The audit was carried out by:

- Małgorzata Poprawska – Key Statutory Auditor, Reg. No. 5796.
- Aneta Osowska Woźniak – applicant – register No. 16125.

The entity responsible for the audited financial statement is the Management Board of „TALEX" S.A., with its registered office in Poznan, 27 D Karpia Street.
The Management Board and the Supervisory Board Members of TALEX S.A. with its seat in Poznan at Karpia 27D, are required to ensure that the financial statement and report of the Management Board comply with the requirements provided in the Accounting Act of 29th September 1994 on Accounting (Journal of Laws of 2013 item 330, with subsequent amendments), hereinafter referred to as the "Accounting Act."

The purpose of the audit was to study and express the opinion on the compliance of the financial statement with binding legal provisions as well as state whether the financial statement accurately and clearly presents all the information significant for the assessment of property and financial situation of the audited Entity in all material respects, and decide about the accuracy of the accounting books constituting the basis of the financial statements.

The authorized entity and the statutory auditor and legal trainee, as well as the statutory auditor – verifier who carried out the audit on its behalf state that they remain independent of the audited Entity as understood in Art. 56 of the Accounting Act of 7th May 2009 on statutory auditors and their autonomy, entities entitled to audit financial statements and on public oversight (Journal of Law, No. 77, section 649 of 2009 with subsequent amendments).

Authorized entity presented on 29.01.2014 to the Audit Committee of the audited unit the statement on independence together with information on services performed to TALEX S.A., according to article 88, point 2 of the law of 7th May 2009 on the statutory auditors, entities authorized to audit financial statements and on public oversight (Journal of Law, No. 77, section 649 of 2009) . Moreover, based on article 88 point 3 of the above Law, authorized entity presented information that there are no threats to the independence of the Company: Poprawska i Kasztelan – Biegli Rewidenci", Spółka Partnerska, in connection with auditing the financial statement of TALEX S. A., with its registered office in: 61-619 Poznań, Karpia 27D, prepared as for 31st December 2013.

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3. Data identifying the audited financial statement – balance sheet continuity

The audited statement includes:

- introduction to the financial statement,
- balance sheet as drawn up for 31st December 2013, with assets and liabilities of **PLN 73,622,474.85**
- profit and loss account for the financial year from 1st January 2013 to 31st December 2013 showing the net loss of **PLN 5,944,237.79**
- statement of changes in equity for the financial year from 1st January 2013 to 31st December 2013 showing a decrease in equity of **PLN 4,027,291.30**
- cash flow statement showing a cash outflow in the financial year from 1st January 2013 to 31st December 2013 of **PLN 10,107,423.64**
- additional information and explanations.

The basis for opening the accounting books as of 1st January 2013 was the financial statement of Talex S.A. drawn up for 31st December 2012 audited by Małgorzata Poprawska (Reg. No. 5796), operating on behalf of the entity authorized to carry out audit: POPRAWSKA I KASZTELAN BIEGLI REWIDENCI SPÓŁKA PARTNERSKA (entry on the list of KIBR 2791). An opinion was issued on 15th March 2013 , including no reservations.

The above financial statement was approved on 18th April 2013 by means of resolution No. 4 of the Ordinary General Assembly – Notarial act Rep. A nr 4699/2013 drawn up by the notary Jacek Kaczorowski who runs the Notary Office in Poznań, Młyńska 13/8.

Acting under Resolution No. 12, the Ordinary General Meeting of Shareholders decided to cover the loss of the Company for the year 2012 in the amount of PLN 2,151,638.42 from the reserve capital.

Moreover, acting under Resolution No. 13, the Ordinary General Meeting of Shareholders decided on the distribution and payment of the dividend in favour of the Shareholders in the amount of PLN 900,027.60, corresponding to the part of the profits earned in the years 2011, 2010, 2008 and 2007, which formerly had been allocated to fund the reserve capital.

On 2 May 2013 Talex S.A. handed in the complete set of documents regarding the financial statement for 2012 to the First Tax Office of Wielkopolska in Poznań.

On 29 April 2013, in fulfillment of the obligation set in Art. 69 of the Accounting Act, the financial statement for 2012 was submitted to the Register Court. A note on the submitted documents was entered into the National Court Register (KRS) number 0000048779 on 04.07.2013r, on the base of the decision of the District Court Poznań - Nowe Miasto and Wilda, VIII Commercial Department of the National Court Register (KRS) of 28.06.2013. (Sign.: PO.VIII NS-REJ.KRS/008943/13/974.)

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4. Confirmation of access given by Talex to data and explanations required for carrying out and submitting the statement on completeness of the accounting books

In the course of the audit of the financial statement of „TALEX" S.A. no restrictions on the scope of the audit were placed. The auditors were provided with data, information and necessary explanations that they asked for. The Management Board submitted the statement on the completeness of data in accounting books and proving all conditional obligations as well as on informing about important events which took place after the date of the balance sheet and until the day of submitting the statement.

B. Economic and financial analysis

The economic and financial analysis of TALEX S.A. was carried out on the basis of results achieved in years 2011 – 2013.
The following pages present:

- balance sheet analysis,
- profit and loss account analysis,
- analysis of economic and financial ratios of the Company,
- summary

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1. Analysis of the balance sheet

1.1. Assets

BALANCE SHEET – assets in PLN thousands

No	Specification	2013		2012		2011		Zmiana stanu			
		amount	% of share	amount	% of share	amount	% of share		%		%
								2013/2012		2013/2011	
1	2	3	4	5	6	7	8	9	10	11	12
A.	Fixed assets	30,073.0	40.8	26,956.4	40.8	27,506.7	39.5	3,116.5	111.6	2,566.3	109,3
1.	Intangible assets	1,276.8	1.7	1,260.5	1.9	1,263.9	1.8	16.3	101.3	12.9	101,0
II.	Tangible assets	28,017.2	38.1	25,119.5	38.0	25,746.5	37.0	2,897.7	111.5	2,270.7	108,8
III.	Long-term receivables	127.4	0.2	117.2	0.2	199.4	0.3	10.2	108.7	(72.0)	63,9
1.	From related entities										
IV.	Long-term investments										
a)	In related entities										
V.	Long-term prepayments	651.6	0.9	459.2	0.7	296.8	0.4	192.4	141.9	354.8	219,6
B.	Current assets	43,549.5	59.2	39,140.7	59.2	42,120.8	60.5	4,408.8	111.3	1,428.7	103,4
I.	Inventory	2,090.5	2.8	7,711.7	11.7	2,925.0	4.2	(5,621.2)	27.1	(834.5)	71,5
II.	Short-term receivables	20,709.9	28.1	21,009.6	31.8	32,782.5	47.1	(299.7)	98.6	(12,072.7)	63,2
1.	Receivables from related entities										
III.	Short-term investments	19 703.4	26.8	9 595.9	14.5	5 559.3	8.0	10 107.4	205.3	14 144.1	354,4
a)	In related entities										
IV.	Short-term prepayments	1,045.8	1.4	823.5	1.2	854.0	1.2	222.3	127.0	191.8	122,5
Assets, total		73,622,5	100.0	66,097.1	100.0	69,627.4	100.0	7,525.4	111.4	3,995.0	105.7

During the analyzed periods we observe a changing tendency of the dynamics of the Company's assets – the decrease in 2012 in comparison to 2011 and increase in 2013. In the audited period the

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total value of assets was higher by PLN 7,525.4 thousand (11.4%) in comparison to the last year and higher by PLN 3,995.0 thousand (5.7%) in comparison to 2011.
According to the data described above and resulting from an analytical balance, the situation of the audited entity may be influenced by the following aspects:

- ⇨ fixed assets comprised 40.8% of the total value of the assets in the period 2012-2013; among which the largest share is represented by tangible assets, comprising about 38% of total assets,

- ⇨ At the same time, the increase by PLN 2,270.7 (8.8%) thousand in the carrying value of tangible assets in the period of 3 years (2011 - 2013) is visible.
  In the audited period the tangible fixed assets remained at the level 11.5% higher compared to the value of 2012 reflecting that the Company bears the expenses of property reconstruction in the amount higher in comparison to the value of amortization write-offs. In 2013 the largest expenditures were incurred on „technical devices and machines" (including computer hardware) and capital work in progress – the office building No 2, which is necessary for the proper functioning of the Company.

- ⇨ Intangible assets reached in all analyzed periods similar levels and include 1.7% to 1.9% of total assets.

- ⇨ Long-term prepayments and long-term receivables constituted less than 1% of total assets in all audited periods.

Current assets in the course of the periods analyzed comprised about 60% of the total asset value, with changes occurring in the individual components that shape the current assets, i.e.:

- decrease in the share of short-term receivables by 1.4% compared to the previous year and increase by 36.8% compared to the first analyzed period, which contributed to the fall in the structure of assets from 47.1% in 2011 to 31.8% in 2012 and 28.1% in the audited period.
- increase in the share of short-term investments from 8% in 2011 to 14.5% of assets value in 2012 and to 26.8% in the analyzed period, with their increase in real numbers by PLN 4,036.7 thousand in 2012 and increase in 2013 by PLN 10,107.4.
- inventory share in comparison to last year decreased by PLN 5,621.2 thousand (72.9%) and compared to 2011 by PLN 834.5 thousand (28.5%), which decreased their share in total assets from 11.7% in 2012 to 2.8% in the analyzed period, comparing to 4.2% in 2011. The situation of high inventory share in 2012 was connected with the fulfillment of the significant order at the turn of the year, which ended with the settlement on 15 March 2013. Additional state of inventory for this order was about PLN 5.5 million.
- short-term prepayments increased in the analyzed period by PLN 222.3 thousand which contributed to a slight growth in total assets from 1.2% to 1.4%.

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1.2. Liabilities

Balance sheet – liabilities in PLN thousands

No.	Specification	2013		2012		2011		Change of state			
		amount	% of share	amount	% of share	amount	% of share		%		%
								2013/2012		2013/2011	
1	2	3	4	5	6	7	8	9	10	11	12
A.	Equity	44,320.6	60.2	40,293.3	61.0	43,044.9	61.8	4,027.3	110.0	1,275.6	103,0
I	Share capital	3,000.1	4.1	3,000.1	4.5	3,000.1	4.3		100.0		100,0
II	Due capital (negative value)										
III	Own shares (negative value)	(45.6)	(0.1)					(45.6)		(45.6)	
IV	Supplementary capital	31,393.2	42.6	34,444.8	52.1	39,382.8	56.6	(3,051.7)	91.1	(7,989.6)	79,7
V	Revaluation capital										
VI	Other reserve capitals	5,000.0	6.8	5,000.0	7.6				100.0	5,000.0	
VII	Profit (loss) from previous years	(971.4)	(1.3)					(971.4)		(971.4)	
VIII	Net profit (loss)	5,944.2	8.1	(2,151.6)	(3.3)	662.1	1.0	8,095.9		5,282.2	897,8
IX	Net profit write-offs in the financial year (negative value)										
B.	Liabilities and provisions for liabilities	29,301.9	39.8	25,803.8	39.0	26,582.5	38.2	3,498.1	113.6	2,719.4	110,2
I	Provisions for liabilities	2,623.5	3.6	439.6	0.7	440.3	0.6	2,184.0	596.8	2,183.2	595,8
II	Long-term liabilities	1,192.7	1.6	539.5	0.8	282.8	0.4	653.2	221.1	909.9	421,8
1	For related entities										
III	Short-term liabilities	24,402.2	33.1	23,583.8	35.7	24,276.5	34.9	818.4	103.5	125.7	100,5
1	For related entities										
IV	Accruals	1,083.6	1.5	1,241.0	1.9	1,582.9	2.3	(157.4)	87.3	(499.3)	68,5
Total liabilities		73 622,5	100.0	66,097.1	100.0	69,627.4	100.0	7,525.4	111.4	3,995.0	105.7

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On the liabilities side we observe advantage of the equity share compared to liabilities share. This positively influences the financial stability of the Company.

- The largest part of equity share, including 42.6% of total liabilities, is the supplementary capital. In 2013 it decreased by PLN 3,051.7 thousand due to the coverage of the loss from 2012 (PLN 2,151.6 thousand) due to the distribution of dividend from the previous years' profits recognized in the reserve capital.
- Supplementary capital created in the audited period did not change and included about 7% of total assets.
- The share capital did not changed, and its share amounted from 4.1% to 4.5% during the audited period.
- The net loss in 2013 was created on the level of PLN 5,944.2 thousand and represents 8.1% of the total financing of the Company's total assets.
- Long-term liabilities, relating primarily to the lease, were increased during the analyzed period by 121% in comparison to 2012, and their share increased from 0.8% to 1.6% of the total value of liabilities.
- Short-term liabilities remained at the level of 103.5% compared to 2012 and even though their share in total liabilities decreased slightly from 35.7% to 33.1% of total liabilities.
- Provisions for liabilities in the period 2011-2012 do not reach 1% of the liabilities and increased five times in the analyzed period and their share in total assets increased to 3.6%.
- Revenue accruals, which consists mainly of grants to fixed assets, formed in 2013 at the level of 87.3% of this value from previous year and includes 1.5% of total assets, in comparison to 1.9% in the previous year.

1.3. Summary of the balance sheet analysis

Analysis of the balance sheet shows the correct relationship between the assets of the Company and its sources of funding and the financial independence of the audited entity. The activity of the Company is financed mainly from the share capital, including 100% of fixed assets and about 34.1% of assets (37% of assets in 2012).

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2. Profit and loss account analysis

PROFIT AND LOSS ACCOUNT – data in PLN thds

No	Specification	2013		2012		2011		Change of state			
		amount	% of share	amount	% of share	amount	% of share		%		%
								2013/2012		2013/2011	
1	2	3	4	5	6	7	8	9	10	11	12
A.	Basic activity										
1.	Net revenues from sales and their equivalents, including:	117,110.2	97.8	94,630.9	98.4	142,765.8	98.2	22,479.3	123.8	(25,655.6)	82.0
2.	Prime sales costs	110,729.4	98.4	96,047.3	97.5	144,211.0	99.7	14,682.1	115.3	(33,481.6)	76.8
3.	Profit\loss on sales	6,380.8		(1,416.4)		(1,445.2)		7,797.1		7,826.0	
B.											
1.	Other operating income	2,387.6	2.0	1,167.8	1.2	1,835.1	1.3	1,219.8	204.4	552.5	130.1
2.	Other operating costs	1,577.0	1.4	2,306.4	2.3	225.2	0.2	(729.4)	68.4	1,351.8	700.3
3.	Profit\loss on operating activity	810.6		(1,138.5)		1,609.9		1,949.1		(799.3)	50.4
C.	Operating result (A3+B3)	7,191.4		(2,554.9)		164.7		9,746.3		7,026.7	4,367.4
D.											
1.	Financial income	293.3	0.2	366.9	0.4	711.8	0.5	(73.5)	80.0	(418.4)	41.2
2.	Financial costs	190.5	0.2	121.6	0.1	183.1	0.1	68.8	156.6	7.4	104.0
3.	Profit/loss on financial activity	102.9		245.3		528.7		(142.4)	42.0	(425.8)	19.5
E.	Extraordinary events										
1.	Extraordinary profits										
2.	Extraordinary losses										
3.	Result of extraordinary events										
F.	Gross profit (loss) (C+D3+E3)	7,294.3		(2,309.6)		693.4		9,603.9	(315.8)	6,600.9	1,052.0
1.	Income tax	1,350.0		(158.0)		31.3		1,508.0		1,318.7	4,313.5
2.	Other obligatory reductions in profit (increases in loss)										
G.	Obligatory encumbrances - total	1,350.0		(158.0)		31.3		1,508.0		1,318.7	4,313.5
	Net profit (loss) (F-G)	5,944.2		(2,151.6)		662.1		8,095.9		5,282.2	897.8
	Total revenues	119,791.1	100.0	96,165.6	100.0	145,312.6	100.0	23,625.5	124.6	(25,521.5)	82.4

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	Total costs	112,496.8	100.0	98,475.3	100.0	144,619.3	100.0	14,021.6	114.2	(32,122.4)	77.8

- In the periods analyzed there was an increasing tendency of the revenues from sales and costs of the operational activity;
- In 2013, revenues from sales comprised 123.8% of the value in the previous year and 82.0% of the value in 2011.
- The operating costs comprised 115.3% of the value in 2012 and 76.8% of this value in 2011.
- Faster rate of the decrease in sales revenues in comparison to the rate of decrease in revenues from operating activity resulted in the previous year in the growth of the result on sales, which ended with a profit in the amount of PLN 6,380.8 thousand in comparison to the losses in this area in the previous years that amounted to about PLN 1.4 million.
- In the years 2011 and 2013, the relationship between other income and other operating costs shaped favourably, which allowed for the improvement in the result on operating activity. In the last year, due to the substantial write-downs of receivables, there was a negative result in this part of the activity which contributed to the decrease in the operating result to the amount of PLN 2,554.9 thousand. In the analyzed period, the remaining operational revenues were higher than other operating costs by PLN 810.6 thousand, which contributed to the increase of the operational result to the amount of PLN 7,191.4 thousand.
- Also the result on the financial activity in the years 2011-2013 shapes favourably which contributes to the improvement of the gross result. In the analyzed period a positive result on the financial activity amounted to PLN 102.9 thousand, increasing the gross result to the amount of PLN 7,294.3 thousand.
- After taking into account the burden of the financial result made by current and deferred income tax, the analyzed year closed with a net profit of PLN 5 944.2 thousand, which, compared with the net loss of PLN 2,151.6 thousand in the previous year and the net profit in 2011 in the amount of PLN 662.1 thousand, indicated a clear improvement in the efficiency of the examined Company.

The share of particular elements of the profit and loss account that affect the financial result is shown on the following diagram:

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The net result and the burden of the financial result with tax (current and deferred) in the period from 2011 to 2013 is shown on the folowing diagram:

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3. Ratio analysis

3.1. Preliminary analysis of the balance sheet

No.	Name of ratio and its formula	Typical or safe ratio level	Presentation Criteria	Financial year		
·	Preliminary analysis of the balance	Safe ratio	times	**2013**	**2012**	**2011**
1	Golden rule of balance (capital + reserves of long-term) x 100 / fixed assets	100-150	percent	**152.50%**	**154.71%**	**162.16%**
1a	Golden rule of balance II Short-term foreign capital x 100 / current assets	40-80	percent	**61.01%**	**60.94%**	**58.73%**
2	Golden rule of finance shareholders' equity x 100 / foreign capital	Above 100	percent	**151.25%**	**156.15%**	**161.93%**
3	Balance sheet value of unit Total assets - total liabilities	Increasing ratio	PLN thds	**44 320.6**	**40 293.3**	**43 044.9**
4	Fixed assets to total assets ratio fixed assets x 100 / total assets	30-50	percent	**40.85%**	**40.78%**	**39.51%**

Golden rule of balance (%)
Golden rule of balance specifies what part of fixed assets is covered with equity share enlarged by the long-term provisions. This ratio amount above 100% indicates that the entity after the payment of the fixed assets has still funds on the market. In the audited entity, these indicators are at a safe level

Golden rule of finance (%)
Golden rule specifies what part of the liabilities is covered by the share equity. When the share of foreign capital is equal to the half of the equity - this is conducive to the maintenance of the financial balance of the entity and its stability in terms of profitability. Golden rule of finance also confirms the financial security of the audited entity.

The carrying value of the entity (in PLN thds)
Net assets ratio, corresponding to the value of equity as to the contributed capital and earned income of the entity. In the properly operating company net assets should have an upward trend.
In 2012 net assets in the Company decreased, whereas in the analyzed periods it increased, exceeding the level from 2011.

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3.2. Financial liquidity ratios

No.	Name of ratio and its formula	Typical or safe ratio level	Presentation Criteria	Financial year		
	Financial liquidity ratios	Safe ratio	measure	2013	2012	2011
1	Financial liquidity ratio I Current assets / Short-term liabilities	1,2-2,0	times	**1,64**	**1,64**	**1,70**
2	Financial liquidity ratio II Current assets - inventories / Short-term liabilities	1,0	times	**1,52**	**1,28**	**1,55**
3	Financial liquidity ratio III Short-term assets / Short-term liabilities	0,1-0,2	times	**0,74**	**0,40**	**0,22**
4	Trade settlement capacity ratio Trade receivables / Trade liabilities	1,0	times	**1,05**	**1,02**	**1,66**

Financial liquidity ratio I
It defines the capacity of the audited entity to timely regulate its current liabilities.

In the analyzed periods the value did not changed in comparison to 2012 and is considered the optimum. Thus, the entity has full coverage of short-term liabilities in the current assets and should not have any problems with their adjustment.

Financial liquidity ratio II
It determines the ability of the entity to fast regulate its current liabilities.
In the analyzed period the value increased and in all analyzed periods it exceeds the minimal values required to the correct assessment.

Trade settlement capacity ratio – it also remains at the safe level.

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3.3. Profitability ratios

No.	Name of ratio and its formula	Typical or safe ratio level	Presentation Criteria	Financial year		
.		Safe ratio	times	2013	2012	2011
1	Return on assets (ROA) net profit x 100 total assets	5-8	percent	**8,07%**	**-3,26%**	**0,95%**
2	Net profitability net profit x 100 total revenue	3-8	percent	**4,96%**	**-2,24%**	**0,46%**
3	Return on equity (ROE) net profit x 100 equity	15-25	percent	**13,41%**	**-5,34%**	**1,54%**
4	Corrected profitability of assets net profit (interest - income tax on interest) x 100 total assets	-	percent	**8,15%**	**-3,25%**	**0,99%**
5	Leverage Profitability of equity – corrected profitability of assets positive rate - a positive effect negative rate - is the result of "financial leverage"	Positive ratio	percent	**5,26%**	**-2,09%**	**0,55%**

Return on assets:
It shows the ability of the entity to generate profit. It informs how efficiently a company manages its assets. The higher the level of return on assets, the better the company's financial situation.
In 2013, owing to the loss, this ratio decreased was a negative value, whereas during the audited period the ratio of assets remained at a safe level and indicates that for every PLN 100,00 of assets falls PLN 8.07 of net loss.

Net profitability:
This ratio is the relation of net profit to net sales. It indicates the size of the profit that is attributable to the sales unit. It includes the efficiency of all operating activity, financial operations and extraordinary events. The higher the level of this ratio, the higher the efficiency of the income achieved by the company.

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A similar tendency to the return on assets is characteristic of the ratio of net profitability which in the audited period remains at a safe level.

Return on equity:
It indicates the size of the net profit per unit of capital invested in the company. It is the efficiency measure for the use of equity capital by the entity in a given period. Return on equity, as well as other profitability ratios, indicates the deterioration of the general efficiency in the analyzed period.

3.4. Turnover ratios

No.	Name of ratio and its formula	Typical or safe ratio level	Presentation Criteria	Financial year		
	Turnover ratios	Safe ratio	measure	2013	2012	2011
1	The rate of inventory turnover (in days) the average stock x 360 days Cost of sales of goods and materials	Decreasing ratio	in days	**15**	**21**	**6**
2	Cash inflow from receivables (in days) average amount of claims for goods and services x 360 days Net revenues from sales of products, goods and materials	Number of days comparable to No.3	in days	**61**	**98**	**59**
3	Repayment of obligations (in days) average balance of liabilities for goods and services x 365 Net revenues from sales of products, goods and materials	Number of days comparable to No.2	in days	**60**	**74**	**40**
4	Productivity of assets Net revenues from sales of products, goods and materials total assets	2.0	in days	**1.59**	**1.43**	**2.05**

The above mentioned items (items 1-3) were calculated based on the average data set of 2 periods (for the beginning and end of the year).

The rate of inventory turnover (in days)
During the period inventory It indicates for how long the funds are involved in the financing of inventories, i.e. how many days, on average, the turnover of inventories lasts.
In the analyzed period, the inventory turnover ratio decreased and remained at a safe level. Its size indicates that the Company does not freeze the excessive cash in inventory.

Cash inflow from receivables (in days)

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It indicates after how many days, on average, cash from receivables come to the Company (a series of implementation of the claims).
The cycle of receivables decreased to 61 days in the analyzed period, which means the acceleration of the cash inflow.

Repayment of obligations (in days)
It indicates after how many days, on average, the entity regulated its obligations to suppliers.
The effective term of liabilities in the analyzed period was also shortened in comparison with the previous year to 60 days. The unit adjusts its obligations according to the terms of payment.

3.5. Summary

Analysis of the balance sheet, profit and loss account and presented analysis of financial condition indicate a clear improvement in the management effectiveness of the Company and do not indicate any threat of preventing it from continuing its activities in the year following the year audited.
The Company has proper financing ratio, with the golden rules of balance and finance at a safe level. It also has proper financial liquidity, turnover profitability at a safe level; it is also characterized by the turnover rate at a good level.

C. Detailed part

1. Accuracy and reliability of accounting books

„TALEX" S.A. keeps its accounting books on the basis of the provisions laid down in the Accounting Act of 29th September 1994 and principles adopted by the Company, the so-called „Accounting Policy", which was approved 30th January 2002 by the Management Board and which entered into force on 1st January 2002 with the successive amendments. On 24 April 2013 the Management Board of the Company introduced as of 01.01.2013 a change to „Accounting Policy" regarding fixed assets and impairment write-down on receivables and adopted its consolidated text.

Additional notes to the Annual Report 2013 dated 31.12.2013 include properly demonstrated differences in the amounts of amortization due to a change in depreciation rates from 1.01.2013, which has been introduced after the periodic verification of the applicable rates of depreciation. These changes resulted in a reduction of depreciation in 2013 by PLN 2,140 thousand, including a significant contribution of fixed assets with the initial value of less than PLN 3500,00 which before the change in the Accounting Policy had been depreciated in 100% in the month following the month in which they were put into use.

Accounting books are kept using the computer technique based on the integrated Microsoft Dynamics AX system since 1st September 2012.

Due to the fact that „TALEX" S.A. does not have shares in other entities and does not prepare consolidated financial statements, a separate financial statement in accordance with MSR or US GAAP has not been drawn up.

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The applied accounting systems include all appliances stipulated in this respect by provisions of the accounting act. The method of marking and storing accounting evidence guarantees easy access and control. Tests, conducted in the process of the audit, confirmed the correctness of the application of the rules.

As a result of the audit of the financial statement and accounting books of TALEX S.A, the following has been stated:

- completeness and clarity of documenting business operations and their correct qualification to be included in accounting books,
- correctness of accounting books opening as well as completeness and correctness of records made and their connection with documents and the financial statement,
- fulfillment of conditions set for accounting books kept using the electronic technique of calculation.

Storage and archiving of data – no reservations.

2. Valuation principles of financial statement items

In the course of the audit, it has been found that TALEX S.A. prepared the financial statement for the period from 1st January 2013 to 31st December 2013 guided by rules of valuation of particular items of the balance sheet and rules of establishing revenues and costs adopted in „Accounting Policy."

2.1. Fixed assets

2.1.1. Fixed assets and intangible assets

are valued in the books according to acquisition price of manufacturing cost and amortized in proportion to the period of their utilization
Fixed assets and intangible assets with the initial value not exceeding PLN 250.00 are included in the costs incurred to date and are not entered in the analytical records. In appropriate cases, by the decision of the Management Board, assets with the value of less than PLN 250 can be entered in the register of fixed assets and amortized once, in the month following the month in which they were put into use. Net values, that is after amortization, were entered into the financial statement.
Prepayments for fixed and intangible assets do not occur in the analyzed period.

2.1.2. Fixed assets

include fixed assets, fixed assets under construction and advance payments for fixed assets.

Fixed assets are valued according to the costs of acquisition or manufacturing costs increased by costs of their improving and reduced by costs of amortization and value of impairment. In the period of audit there was no reduction due to the permanent loss of values of fixed assets.
Fixed assets with the initial value not exceeding PLN 250.00 are included in the costs incurred to date and are not entered in the analytical records. The Management Board may decide to introduce them to the register of intangible assets and to amortize them in 100% in the month following the

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month in which they were put to use. The remaining assets are depreciated according to the estimated useful life.
Fixed assets used on the basis of operational lease agreements are depreciated according to the rates specified in the agreement term.

Fixed assets under construction are valued according to real costs incurred for the construction, assembly, adjustment and improvement of future fixed assets, decreased by the permanent impairment write-offs. In the period of audit there was no reduction due to the permanent loss of values of fixed assets under construction.

Advance payment for fixed assets under construction are valued according to actually transferred amounts, confirmed by an advance payment invoice.

2.1.3. Long-term investments for 31st December 2013 do not occur.

2.1.4. Long-term receivables include deposits paid to safeguard the proper execution of agreements, required in period above 12 months.

2.1.5. Long-term prepayments include assets due to deferred income tax and other prepayments which include costs of spare equipment safeguarding execution of servicing agreements and payments for extended guarantees, which are to be settled after 31 December 2014.

Assets due to deferred income tax were set up to the value of the amount envisaged to be deducted from tax, in relation to negative transitional differences, which will in the future result in the reduction of the basis of taxation for legal persons income tax.

2.2. Current assets

2.2.1. Inventory includes materials, goods and production in progress as well as finished products.

- **materials and goods** were valued at acquisition prices increased by duty in case of imports; expenditure throughout the year takes place as follows:
  - goods identified by serial numbers according the purchase price of those goods,
  - materials and goods not identified by serial numbers according to the FIFO principle – „first in, first out",
- **production in progress** includes the value of incomplete services and was valued according to real and direct manufacturing costs of particular orders,

2.2.2. Short-term receivables – throughout the year they are presented at the value set at their beginning. At balancing date (31st December 2013) receivables in foreign currencies were valued at the average exchange rate set for a given currency for a particular date by the National Bank of Poland. As for the balance sheet, the receivables taken into consideration were corrected by revaluation write-offs in the following cases:

- receivables from entities in liquidation - 100% write-offs,
- receivables overdue for over half a year - 100% write-offs

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In the period till 31.12.2013 the Accounting Policy provided for the write-off to overdue receivables directed to court. The amendment introduced in 2013 to the Accounting Policy has no impact on the financial result of the audited period.

2.2.3. Short-term investments – consist of short-term financial assets, including cash at bank and in hand, which are valued according to their nominal value.
Cash in foreign currencies present in the books of account as at the balance sheet date (31.12.2013) is valued at the average rate of the NBP, in force for a given currency as at that date.

2.2.4. Short-term prepayments were presented according to real expenses incurred during the examined period or previous periods, and in the period from 1st January 2014 to 31st December 2014 they are settled by inclusion in the costs of periods they concern.

2.3. Equity – as for 31st December 2013, includes share capital, supplementary capital and net loss.

- **share capital** was presented at nominal value, in accordance with the entries in the National Registry Court and share book (for registered shares).
- **own shares –** were presented in the acquisition value of the redeemed shares. The audited company adopts the programme of own shares purchase of Talex S.A. according to terms and conditions of the "Buy-back Programme."
- **supplementary capital** was presented at nominal values. It was formed in accordance with the articles of Association of the Company from the reserve capital to cover the total cost of the acquisition by the Company of its own shares, from profit write-offs, sale of shares above their net nominal value, and a transfer from the fund revaluation of fixed assets and for the sold or liquidated assets.
- **reserve capital - intentional** was presented at nominal values. It was created in 2012 from the supplementary capital to cover the total price of the purchase by the Company of its own shares in accordance with Resolution No. 14 of the Annual General Meeting of Shareholders.
- **capital from valuation updating** was accounted for in total on 31st December 2002. There was no increase of the capital from valuation updating in the period of audit.
- **net loss –** has been demonstrated in the amount of established in the audited year provision for costs due to arrears of VAT in 2008 and interest on the arrears for the period up to 31.12.2012, which was determined on the basis of the decision of 7 January 2014 that the Company received after completion of the audit by the Treasury Control Office. The audited Company filed an appeal against this decision.
- **net profit -** as presented in the balance sheet is in accordance with the profit and loss account and it results from the correctly transferred balances of nominal accounts to the account of the financial result.

2.4. Liabilities and provisions for liabilities

2.4.1. Provisions - include:

- reserve due to deferred income tax formed to the value of the amount of income tax to be paid in the future, in relation to positive transitional differences which occur between the book value and the tax value of assets and liabilities.

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- provision for retirement benefits formed according to the following formula: the number of employees without the settled right to retirement at the balancing day x average monthly salary in the Company x likelihood indicator of retirement severance payment, differentiated by the employee's age.
- remaining provisions – include provisions for costs of the remunerations with payroll charges (bonuses during the audited period), non-invoiced costs to settled projects, costs of guarantees concerning projects, costs of anticipated contractual penalties and a reserve for costs due to the decision of the Treasury Control Office (the Company filed an appeal against this decision).

2.4.2. Long-term liabilities - include liabilities due to lease agreements recognized from the viewpoint of the Accounting Act as financial leasing and due to be settled after 31st December 2014 and the amount of paid remuneration due to performance bond by the contractor, which is to be settled up to 31.05.2015.

2.4.3. Short-term liabilities - presented in the amount due to be paid, liabilities in foreign currencies were valued as of 31st December 2013 at the average exchange rate set for a given currency for a particular date by the National Bank of Poland.

2.5. Revenues from sale of goods and products (products and services) include amounts due from the recipient decreased by the value added tax due. Revenues from sale are accrued to the reporting periods they concern.

2.6. Costs of operating activities include the value of products, goods and materials sold, valued at manufacturing costs or acquisition prices together with general and administrative costs and selling costs. Costs include VAT only in that part, in which according to binding legal provisions this tax cannot be deducted.. Costs are presented until the period they concern, regardless of the date the invoice was received or the payment made.

2.7. Other revenues and operating costs - revenues and costs not connected directly with the normal activity of the Company, but influencing its financial result. Other operating revenues include, during the period examined, mainly: profit from the disposal of non-financial fixed assets, received bonuses, received compensation for transport and other damages, reversed write-downs on receivables, remuneration of taxpayers and others. Other operating costs were shaped in 2013 mainly by: impairments write-down on receivables and stock, court and collection costs of damages incurred due to accidents, paid compensation, as well as costs of subsidy and others.

2.8. Revenues and financial costs - results of financial operations. During the period covered by the audit, financial revenues include interest on assets on bank accounts and other received interest. Financial costs presented in the account of gains and losses include primarily a surplus of negative exchange differences over positive differences, the costs of lease charges (financial part) and recorded reserve for budget interest.

2.9. Extraordinary gains and losses – include the value of events difficult to predict, occurring uniquely apart from usual activity of the Company and not related to the general risk of this activity. They did not occur in the period of audit.

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2.10. Obligatory encumbrance of financial result – in the period covered by the audit it concerns mainly the current and deferred income tax.

2.11. Net financial result – established in accordance with provisions of the accounting act as a difference between revenues and costs including obligatory encumbrances of financial result. Profit and loss account was drawn up by function of expenses.

3. Operation of the internal control system

„TALEX" S.A. laid down the described control procedures in „The Rules of Internal Control" which entered into force on 1st October 2001.
The Company holds ISO 9001 : 2008 certificate which covers: **„**design, production, delivery, integration of computing solutions and technologies, servicing, software production, comprehensive management of customers' IT resources and the carrying out of mass implementations of information technology systems. Services of IT monitoring, backup office and Data Center, including hosting and collocation" valid until 26th May 2014, issued by SGS United Kingdom Ltd.
Moreover, the Company holds the certificate of compliance with Security of Information Management System ISO/IEC 27001:2005 valid until 8th June 2014, issued by SGS United Kingdom Ltd.

On 31 July 2013 Talex S.A. received a certificate which confirms that the Company meets the requirements of ISO/IEC 20000:2005 Management System in the scope that includes the provision of IT services in the installation, relocation, expansion, change, removal of hardware and software and the break and fix of hardware and software for business partners is in accordance with the latest version of Talex S.A. IT service catalogue. This certification was issued by DNV Certification Ltd. UK and is valid till 9 July 2015.

The role of institutional control is played by the Company's Management Board and Supervisory Board, while functional control is exercised by employees responsible for particular areas of work. Additionally, a position for the purposes of controlling was created in the organizational structure of **„TALEX" S.A.**

Examination of the internal control system was carried out to such an extent to which it concerns the audited financial statement. It was not meant to reveal all possible irregularities or significant weaknesses of that system.
In the course of the audit of the financial statement it was found that the internal control functioned correctly and ensured that risk of irregularities concerning the accuracy and correctness of data presented in the financial statement was limited.

4. Stocktaking

According to Article 26 of the accounting act, stocktaking in the audited Entity was conducted on the basis of the President of the Company's Ruling by means of:

- cash in hand as of 31st December 2013
- trade goods in the central warehouse: as of 31st November 2013r.

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- trade goods including: licenses as of 31st December 2013
- materials in the service warehouse as of 29th November 2013
- other materials as of 29th November 2013

by physical inventory

- cash at bank as of 31st December 2013
- settlements with recipients as of 30th November 2013
- other receivables, including „deposits" and „bid bonds" as of 30th November 2013

by balance confirmation

- production in progress as of 31st December 2013
- fixed assets under construction as of 31st December 2013
- other assets and liabilities as of 31st December 2013

by verification of balances

Fixed assets inventory took place during the period from 26.05.2012. to 10.06.2012.

The key auditor on the last day of the physical inventory in the central warehouse, that is on 3rd January 2014, carried out a test on the existence of current assets, checking simultaneously the physical inventory forms. 44 items of the physical inventory including 31% of the warehouse stock status were re-counted. No differences have been found.

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5. Balance sheet

In PLN

	ASSETS	31.12.2013	31.12.2012
I	**FIXED ASSETS**	**30,072,956.50**	**26,956,418.26**
1	Intangible assets	1,276,786.92	1,260,494.82
2	Tangible fixed assets	28,017,175.89	25,119,514.22
3	Long-term receivables	127,398.71	117,164.32
4	Long-term investments	0.00	0.00
5	Long-term prepayments	651,594.98	459,244.90
II	**CURRENT ASSETS**	**43,549,518.35**	**39,140,681.03**
1	Inventory	2,090,524.08	7,711,732.96
2	Short-term receivables	20,709,851.84	21,009,560.76
3	Short-term investments	19,703,355.72	9,595,932.08
4	Short-term prepayments	1,045,786.71	823,455.23
	TOTAL ASSETS	**73,622,474.85**	**66,097,099.29**

	LIABILITIES	31.12.2013	31.12.2012
I	**EQUITY**	**44,320,578.10**	**40,293,286.80**
1	Share capital	3,000,092.00	3,000,092.00
2	Called up share capital	0.00	0.00
3	Own shares	(45,557.89)	0.00
4	Supplementary capital	31,393,167.20	34,444,833.22
5	Revaluation reserve	0.00	0.00
6	Other reserve capital	5,000,000.00	5,000,000.00
7	Previous year's profit/loss	(971,361.00)	0.00
8	Net profit/loss	5,944,237.79	-2,151,638.42
II	**LIABILITIES AND PROVISIONS FOR LIABILITIES**	**29,301,896.75**	**25,803,812.49**
1	Provisions for liabilities	2,623,535.53	439,577.25
2	Long-term liabilities	1,192,652,55	539,488.45
3	Short-term liabilities	24,402,156.79	23,583,781.45
4	Accruals	1,083,551.88	1,240,965.34
	TOTAL LIABILITIES	**73,622,474.85**	**66,097,099.29**

Particular items of the balance sheet were presented on the basis of agreed instruments of the general ledger and subledgers. As a result of the applied procedures under the audit of the accounting ledgers and the financial statement, no unreal or outdated balances were found. Items of assets and liabilities can be considered correct on the basis of the audit carried out.

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6. Profit and loss account

In PLN

	TITLE	01.01. - 31.12.2013	01.01. - 31.12.2012
I	**NET REVENUES FROM SALES, INCLUDING:**	**117,110,157.43**	**94,630,895.17**
	- PRODUCTS	41,692,514.74	38,116,740.69
	- GOODS AND MATERIALS	75,417,642.69	56,514,154.48
II	**COSTS OF OPERATING ACTIVITIES, INCLUDING:**	**110,729,386.89**	**96,047,263.53**
	MANUFACTURING COST OF PRODUCTS SOLD	28,059,722.04	30,087,197.78
	MANUFACTURING COST OF GOODS AND MATERIALS SOLD	70,820,089.91	53,318,523.07
	SELLING COSTS	4,279,880.10	4,538,482.72
	GENERAL AND ADMINISTRATIVE COSTS	7,569,694.84	8,103,059.96
III	**PROFIT/LOSS ON SALES**	**6,380,770.54**	**-1,4160,368.36**
IV	**OTHER OPERATING REVENUES**	2,387,616.31	1,167,836.56
V	**OTHER OPERATING COSTS**	1,576,995.11	2,306,353.86
VI	**PROFIT/LOSS ON OPERATING ACTIVITIES**	**7,191,391.74**	**-2,554,885.66**
VII	**FINANCIAL REVENUES**	293,348.63	366,888.22
VIII	**FINANCIAL COSTS**	190,458.89	121,635.67
IX	**PROFIT/LOSS ON ECONOMIC ACTIVITIES**	**7,294,281.48**	**-2,309,633.11**
X	**RESULT OF EXTRAORDINARY EVENTS:**	0.00	0.00
	Extraordinary gains	0.00	0.00
	Extraordinary losses	0.00	0.00
XI	**GROSS PROFIT/LOSS**	**7,294,281.48**	**-2,309,633.11**
XII	**INCOME TAX**	**1,350,043.69**	**-157,94.69**
XIII	**OTHER OBLIGATORY REDUCTIONS IN PROFIT**	0.00	0.00
XIV	**NET PROFIT/LOSS**	**5,944,237.79**	**-2,151,638.42**
XV	**PROFIT/LOSS PER ONE SHARE**	1.98	-0.07

Particular items were presented in the profit and loss account on the basis of data resulting from the closed and agreed subledgers and the general ledger. As a result of the applied procedures under the audit of the accounting ledgers and the financial statement it was found that:

- The qualification of revenues and costs for particular titles is in accordance with „The Accounting Policy" and the Accounting Act.
- The accrued income and expense for the period of the audit is correct.
- The costs incurred are a cause - effect of income achieved.
- There are no objections as to the reliability, accuracy and completeness of the reported costs.

Items of profits and losses can be considered correct on the basis of the audit carried out.

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7. Explanatory notes to chosen items of profit and loss account

Explanatory notes concerning particular items of the balance sheet and profit and loss account of „TALEX" S.A. are an integral part of the audited balance sheet. Due to this, this section of the report includes only additional explanatory information on: assets and liabilities well as current and deferred income tax.

EXPLANATORY NOTE NO. 1
SHORT-TERM RECEIVABLES

Up to the day of audit, that is to 10th March 2014 vindicated receivables due to deliveries and services amounted to PLN 19,226,715.25 that is 99.80% of total gross receivables (not taking into account revaluating write-offs).

Revaluating write-off as for 31st December 2013 included receivables due to deliveries and services in the amount PLN 1,648,182.75.

Receivables due to deliveries and services were confirmed by sending balance confirmation in writing as for 30th November 2013.

- Sent to the amount of PLN 21,569,625.19
- Received to the amount of PLN 6,503,382.42 which represents 30.15%.

Budget receivables exclusively include tax from goods and services as for 31st December 2013 at the total amount of PLN 1,311,215.77.

Up to the day of audit completion, VAT tax was settled in total.

Other short-term receivables include:

• Bid bond paid	PLN 8,000.00
• Security deposits paid	PLN 125,436.26
• Other receivables from employees	PLN 48,97
• Bailiffs advance payments	PLN 555,59
• Purchase of sport tickets	PLN 119,05
• Settlement of retail sales	PLN 392,89
Total	PLN 134,552.76

Paid deposits and bid bonds as for 30th November 2013 were confirmed:

	sent	received	%
deposits	385,423.05	327,211.99	84.90%
bid bonds	32,524.00	32,524.00	100.00%
	592,969.35	359,735.99	86.07%

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Up to the day of the audit, that is 10th March 2014, liabilities due on account of security deposits were settled in the amount of PLN 79,021.37 which constitutes 30.20% (they are settled in accordance with the agreements), receivables due to bid bond were settled in 100% whereas other dues were settled up to the day of audit in the amount of PLN 392,89 which constitutes 35.19%.

EXPLANATORY NOTE NO. 2

1.SHORT-TERM LIABILITIES

Up to the day of audit, that is to 10th March 2014, liabilities due to deliveries and services in the amount of PLN 18,364,132.95 were settled in 99.99%.

Other financial liabilities include liabilities due to leasing agreements. They are settled in accordance with the deadlines for payments.

Advance payments for deliveries were settled up to the day of the audit, i.e. 10.03.2014 in the amount of PLN 231,200.00 which constitutes 100% of the balance of the balance sheet date.

Liabilities due to taxes, grants, customs, insurance and other benefits include as for 31st December 2013 the amount of PLN 5,005,253.40 and refer to:

• Income tax	PLN 509,036.00
• Income tax – lump sum (of the licenses)	PLN 122,202.00
• VAT	PLN 3,542,356.08
• VAT (branch office in the Czech Republic)	PLN 9,171.45
• Personal income tax	PLN 195,929.00
• PFRON	PLN 3,397.00
• Social insurance	PLN 623,161.87
Total	PLN 5,005,253.40

Audited Entity pays its liabilities in time, in accordance with the deadlines for payments. Until the day of the audit the above mentioned liabilities of the Company has been entirely settled.

Other accounts in the amount of PLN 16,888.20 and liabilities due to salaries were settled up to the day of the audit in 100%.

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EXPLANATORY NOTE NO. 3

1. CURRENT INCOME TAX

No.	Specification	2013	2012
1.	Total revenues including :	**119,990,374.73**	**96,448,016.96**
	a) revenues from sale	117,110,157.43	94,63,895.17
	b) other operating revenues	2,402,611.18	1,168,417.20
	c) financial revenues	477,606.12	648,704.59
	d) extraordinary gains	0.00	0.00
2.	Exemption from revenues	2,423,764.08	3,533,232.16
3.	Increase in revenues	89,290.00	110,115.60
4.	**Revenues that are taxed**	**117,655,900.65**	**93,024,900.40**
5.	Total costs including :	**112,696,093.25**	**98,757,650.07**
	a) costs of operating activities	110,729,386.89	96,047,263.53
	b) other operating costs	1,591,989.98	2,306,934.50
	c) financial costs	374,716.38	403,452.04
	d) extraordinary costs	0.00	0.00
6.	Exemption from costs including :	4,709,397.38	6,163,621.70
	- costs of the branch in the Czech Republic	936,357.08	3,188,278.71
	- costs of operating activities	2,598,827.66	1,825,587.14
	- other operating costs	1,098,267.98	1,149,465.35
	- financial costs	75,944.66	290,50
	- extraordinary losses	0.00	0.00
7.	Increasing in costs	886,987.78	1,059,474.38
8.	**Cost of revenue acquisition**	**108,873.65**	**93,653,502.75**
9.	**Taxable profit**	8,782,217.00	-628,602.35
10.	Deductions from income	544,239.61	0.00
	- rest of taxable loss from 2009	229,938.44	0.00
	- 50 % of taxable loss from 2012	314,301.17	0.00
11.	**Tax loss**	8,237,977.00	-628,602.00
12.	Tax according to 19% rate	1,565,216.00	0.00
13.	Tax according to 19% rate, rounded up	1,565,216.00	0.00
14.	Deductions from tax	0.00	0.00
15.	**Tax due** **Tax adjustments for 2008**	**1,565,216.00** **1,179.00**	**0.00** **0.00**
16.	**Dividend tax - collected**	**1,566,395.00**	**0.00**

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8. Statement of changes in equity

Compiling changes in equity is related to the balance sheet and accounting books and reflects changes of individual components of equity for the current and previous year according to attachment no. 1 to the accounting act.

9. Additional information

Additional information to the financial statement of „TALEX" S.A. was drawn up in full accordance with the balance sheet, profit and loss account and accounting books.
It includes introduction to the financial statement as well as additional information and explanations. The thematic range complies with Appendix No. 1 to the Accounting Act.

10. Cash flow statement

The cash flow statement showing a balance sheet increase in cash of PLN 10,107,423.64 is related to the balance sheet, profit and loss account and accounting books. The increase in the amount of cash was influenced by:

- net cash flows from operating activities PLN 15,410,927.10
- net cash flows from investment activities (-) PLN 4,005,657.20
- net cash flows from financial activities (-) PLN 1,297,846.26

net cash change, decrease PLN 10,107,423.64

The cash flow statement was drawn up using the indirect method and shows inflows and expenses from operating, financial and investment activities as understood in accordance with Art. 48b section 3 of the Accounting Act.

11. Statement of the Management Board on the Company's activities

The descriptive statement covers the thematic range laid down in Art. 49 of the Accounting Act and results from accounting books. Moreover, it includes the provisions of the Regulation of the Minister of Finance of 19th February 2009 (Journal of Laws of 2009 No. 33 item 259) on the current and periodic information passed on by the issuers of shares.

The economic data shown are in accordance with the information included in the Company's annual financial statement.

12. Transactions with related parties

Do not occur.

13. Transactions after the balance sheet date

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As a result of the audit it was found that between the balance sheet day 31.12.2013 and the date of the completion of the audit there were no significant economic events that affect the annual financial statement and balance sheet result, taking into account in this regard a statement made by the Management Board on 20.03.2014.

D. Summary

In the course of the audit of the accounting books no events indicative of a violation of law were stated.

Summary of the results of the financial statement's audit can be found in „the opinion of the statutory auditor", drawn up as a separate document. A positive opinion was issued on 26th March 2014, including no remarks or reservations.

The report consists of 34 pages, numbered and initialed by the auditor.

Attachments to the report:
1. Balance sheet as drawn up for 31st December 2013
2. Profit and loss account for the period from 1st January to 31st December 2013
3. Statement of changes in equity for the period from 1st January to 31st December 2013
4. Cash flow statement for the period from 1st January to 31st December 2013

The statement of the Management Board and additional information including introduction and additional information and explanations are an integral part of the audited financial statement and constitute separate documents.

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Małgorzata Poprawska
Statutory Auditor Reg. No. 5796

Entity authorized to audit the statement
Reg. No. 2791

Poznań, 26th March 2014

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