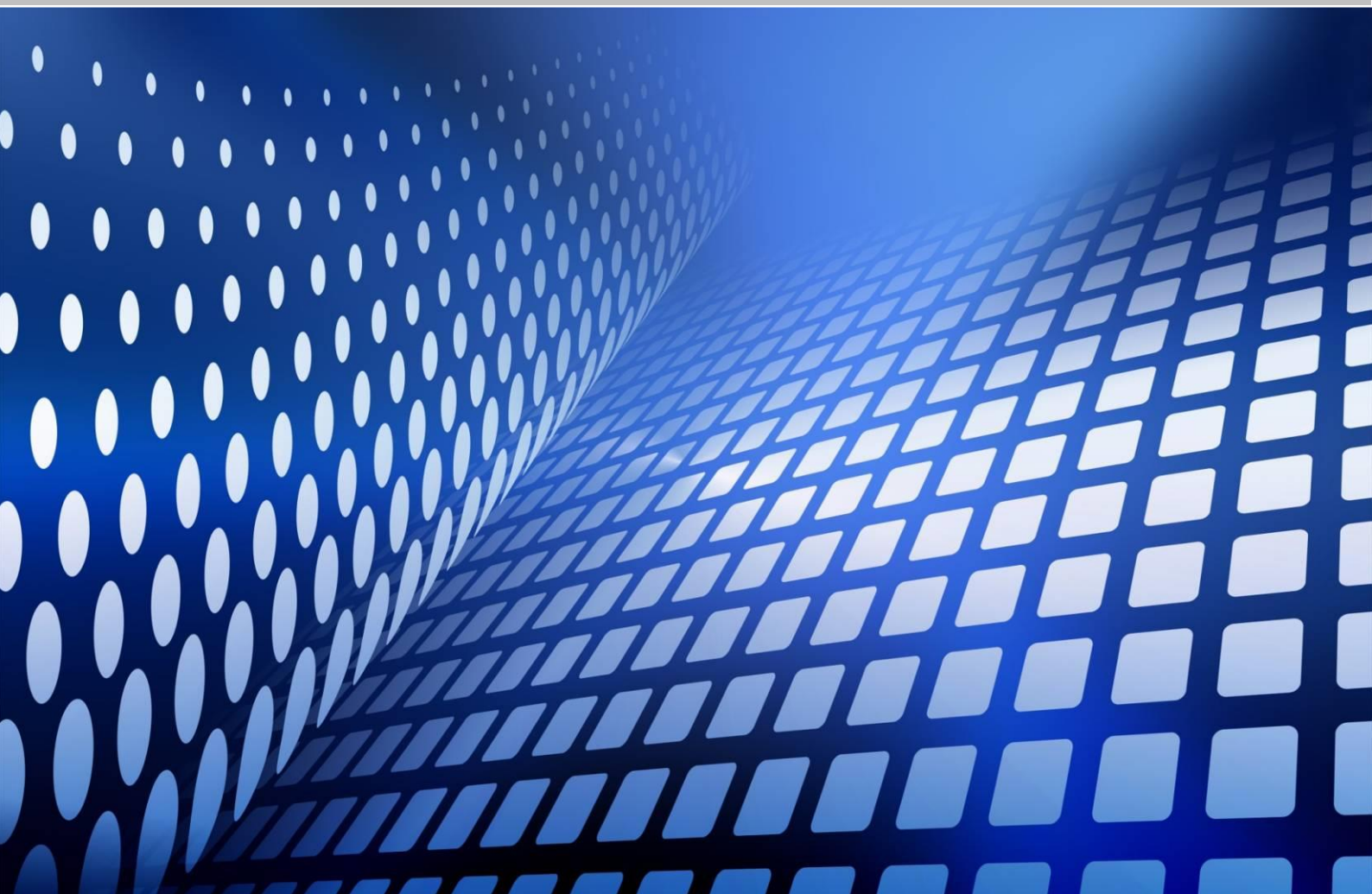


CERTICON
ADDED VALUE SOLUTIONS



Annual Report for 2015



CertiCon a.s.

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1 Introduction

Dear shareholders, business partners, employees and friends,

For CertiCon a.s., 2015 marked the most successful year in its history to date. The company's operations were entirely stable, rapidly expanding, and showed clear growth in all important parameters.

CertiCon succeeded during the year to expand its business activities with existing long-time partners (Medtronic and Frequentis) and stabilize contracts in the automotive sector (Bosch) while also acquiring new clients (Witte Nejdek, Jablotron and others). The year brought stabilization in the company's activities abroad, particularly in the USA but also in the EU-15. We achieved overall service and product sales of ca CZK 364 million, a gain of 46.7% in comparison to 2014! Meanwhile, total operating revenue rose to nearly CZK 386 million, which represents a 38% gain over 2014.

We also continued cooperation with Health Helm in Boston. As an investment, CertiCon a.s. programmed for this start-up company the core of a mobile system for distributed medical services. Moreover, the first pilot projects were implemented in US hospitals, thereby enhancing Health Helm's attractiveness to American investors.

This orientation towards supporting start-up companies in the early stages of their development in the form of angel capital or other initial investments and their later financially advantageous divestment has become a part of the company's long-term strategy.

In 2014, CertiCon had begun supporting through SW development the newly founded nova-met s.r.o., which specializes in producing distributed heat sensors and services related to remote temperature measurement. In this case, by contrast, CertiCon is anticipating a long-term partnership between the two companies.

In recent years, CertiCon has grown to become an internationally recognized company providing its customers a wide range of services in software design, development and testing along with design and testing of integrated circuits.

We considerably expanded the activities of the applied research department. In addition to implementing two projects for the Czech Ministry of the Interior, one alpha project from the Technology Agency of the Czech Republic, and participating in the Competence Centre CAK III coordinated by the Czech Technical University, considerable problem-solving capacities were required by the EU's integrated ARUM project with a focus on planning and scheduling production at Airbus Industries, in the Italian company Iacobucci, and in other firms. Prof. Vladimír Mařík serves as technical coordinator of the entire project, with its budget of more than EUR 12 million, and CertiCon is responsible for one of its key work packages. The project was successfully concluded in October 2015 and the company acquired exceptionally valuable know-how it intends to develop in coming years.

Total research expenses for 2015 were CZK 23.3 million, of which CertiCon covered CZK 10.2 million with its own funds. During 2015, we prepared and submitted applications for more than 10 research projects in the national and international research space.

The company established a total of four product teams for improving current products and developing new ones, especially in computer vision, process optimization, and mobile and other applications for medical purposes.

CertiCon's work is thus today grounded specifically in three types of activities:

- a) co-sourcing in the area of software design, development and testing, which is characterized by highly flexible capacities and high-quality work;
- b) its own research and development; and
- c) development of its own proprietary products and services through the HW design department.

CertiCon's employees are focused on the latest technologies, such as clouds, mobile computing systems, multi-agent systems, and embedded systems. They endeavour to achieve an appropriate combination of SW and HW solutions, thereby creating substantial added value.

In sector terms, the company focuses on medical technologies, the automotive industry, and life-critical applications in communications and transportation.

The company's activities are directed most of all to software for life-critical applications. In this area, it is positioned as a leading provider of consulting, outsourcing, and especially co-sourcing services in the Czech Republic. This has been documented, for example, in publications by CzechInvest, a state agency supporting business and investments, and by the company's representation of the Czech Republic through invited

lectures at international forums. CertiCon's staff members are preparing for practical activities in the area of technology transfer, where we see considerable potential for the company's future development.

CertiCon has presented itself to the professional public through innovative technologies as well as professional publications and presentations both at home and abroad, and in particular in the United States, where it is represented by the company HSP International based in Milwaukee, Wisconsin. Selected results of applied research projects in the area of agile technologies as well as practical experience in modern software technologies were presented at scientific conferences and in professional journals. A stabilizing factor for the company can be seen in its continuously developing ECDL activities, which are carried out in close cooperation with the Czech Society for Cybernetics and Informatics.

In supporting the Czech Technical University Media Lab Foundation, CertiCon is partnering with an organization which aims to assist the best students at Czech technical universities to work on leading research projects. CertiCon enabled the Foundation to place its e-Club accelerator at the company's new premises free of charge. In return, among the expected benefits for CertiCon will be access to the findings as well as to young experts who will be crucial for achieving new and innovative solutions in future.

Successful implementation of the quality management system in compliance with the ISO 9001:2000 standard and with the ISO 13485:2003 quality management system for development of medical devices substantially influenced the company's internal operations and perceptions among its customers. ISO 13485:2003 certification has been shown further to enhance its competitiveness in the important SW and HW segment.

CertiCon achieves its competitive services level by continuously developing its staff while enhancing qualifications through language courses and professional training. In addition to the company's high-quality standard, this unquestionably contributes to its international business success. Also of no small importance is its close cooperation with top universities, both domestically within the Centre for Applied Cybernetics and abroad through submitting and organizing EU research projects. CertiCon has strengthened its connection, too, with the prestigious Austria-based Christian Doppler system of research laboratories in cooperation with the Vienna University of Technology, and it has cooperated with the excellent New Technologies for the Information Society research unit at the Faculty of Applied Technology, University of West Bohemia in Pilsen, and the CIIRC (Czech Institute of Informatics, Robotics, and Cybernetics) at the Czech Technical University. Expert cooperation was established with the Technical University of Ostrava and the University of Ostrava.

All the achievements described above have been made possible by the active contributions from all the company's staff, and we therefore wish to express to the employees our sincere thanks.

The dramatic sales increase was facilitated, of course, by extensive recruiting of new employees, especially in the new geographical area of the Moravian–Silesian Region.

CertiCon's management endeavours to ensure continuous professional and personal growth for every employee, and so it invested considerable effort and no small amount of funds to that end in 2015. We aim to provide the best work conditions for our employees, and at the end of 2015 we therefore moved our Prague branch to The Blox building on Evropská Street in Prague 6. We continue in expanding the premises of our headquarters there. The Pilsen branch moved into new spaces in summer 2015. We also expect its area to grow in 2016. In June 2015, we opened a new branch at The Orchard site in Ostrava and its premises had to be more than doubled by as early as October 2015.

As confirmed by positive evaluations of key projects, we are committed to ensuring our customers' satisfaction. I hope and believe they will continue to view CertiCon as a stable, enduring and reliable partner.

We strive to be a company where employees are satisfied in their work and see their own growth and future prospects. We endeavour to see all share our values and vision for the company, and that includes our vision for corporate social responsibility. We make every effort to keep a strong focus not only on customer satisfaction but also on the satisfaction of our own employees. We want them to pride themselves in the fact that, through their efforts, they contribute to building a unique company with strong technological capacities and capabilities.

We look forward to another successful year in 2016!

Prague, 23 April 2016

*Prof. Ing. Vladimír Mařík, DrSc., dr.h.c.,
Chairman of the Board of Directors*

2 Contacts

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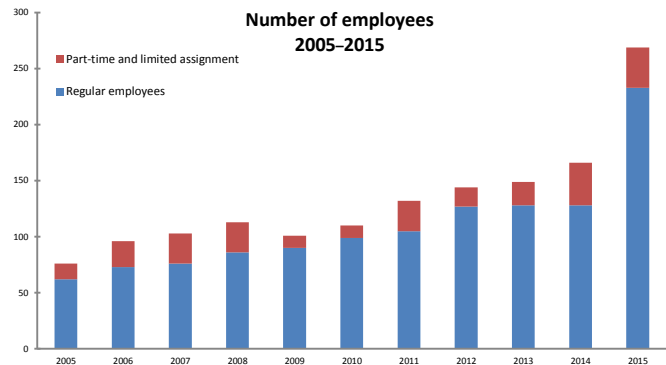


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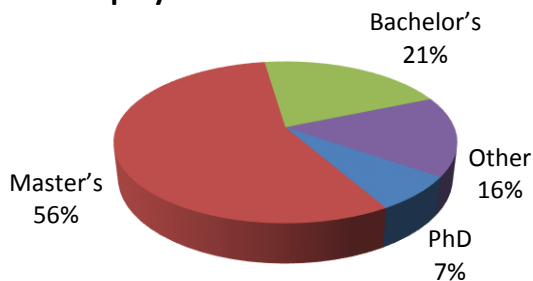
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 http://www.certiconglobal.com

3 The Company's Organizational and Personnel Structure

Personnel working for CertiCon as of 31 December 2015 totalled 269. With respect to type of contractual relationship, as of that date there were 233 regular employees under employment contract and 36 personnel under agreements outside an employment relationship (so-called "part-time limited workers" and "limited assignment workers"). The average annual full-time equivalent number of personnel was 199. Development in the number of employees through recent years is shown in the bar graph. A major increase during 2015 is of course apparent.



Employees' education as of 2015



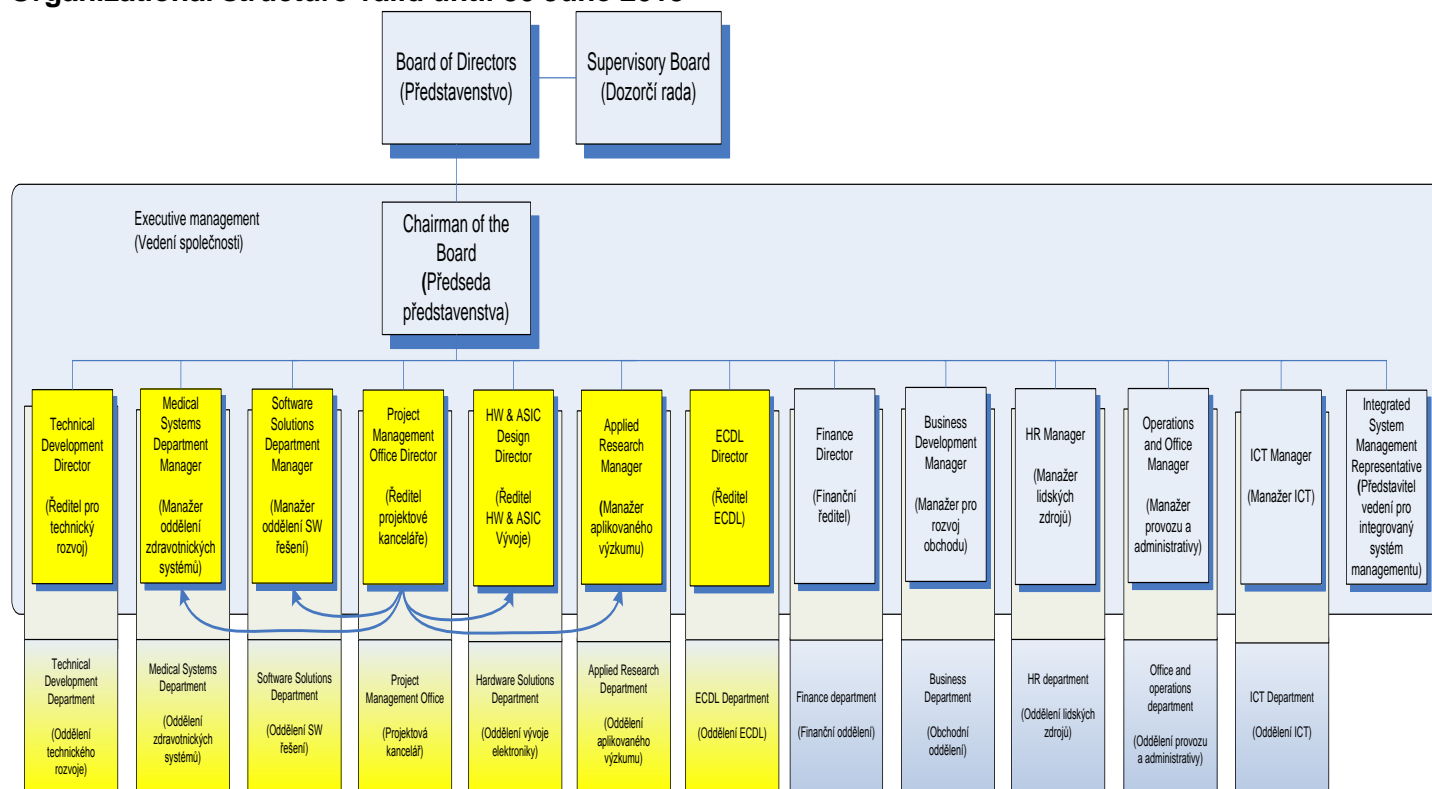
A long-term aim is to concentrate capacities for accumulating top-notch technological know-how and therefore to employ in particular highly qualified, individually trained professionals. Such orientation is confirmed by statistics as to the highest educational attainment of the employees and management. As shown in the pie chart, 84% of employees have university educations (Bachelor's degree and higher).

The company's organizational structure was changed in 2015 so that the internal arrangement better corresponds to the needs of a dynamically growing and developing enterprise. The individual departments and divisions continue to be independently organized units, each led by a department or division head. The Ostrava SW Development Centre was formed by establishment of a branch in the Moravian–Silesian region. In addition, the independence of the existing branch was reinforced, thereby forming the Pilsen SW development centre. Both branches are led by local managers. The company's executive management still consists of the department and division heads, the Chairman of the Board of Directors, and the Quality Management Representative.

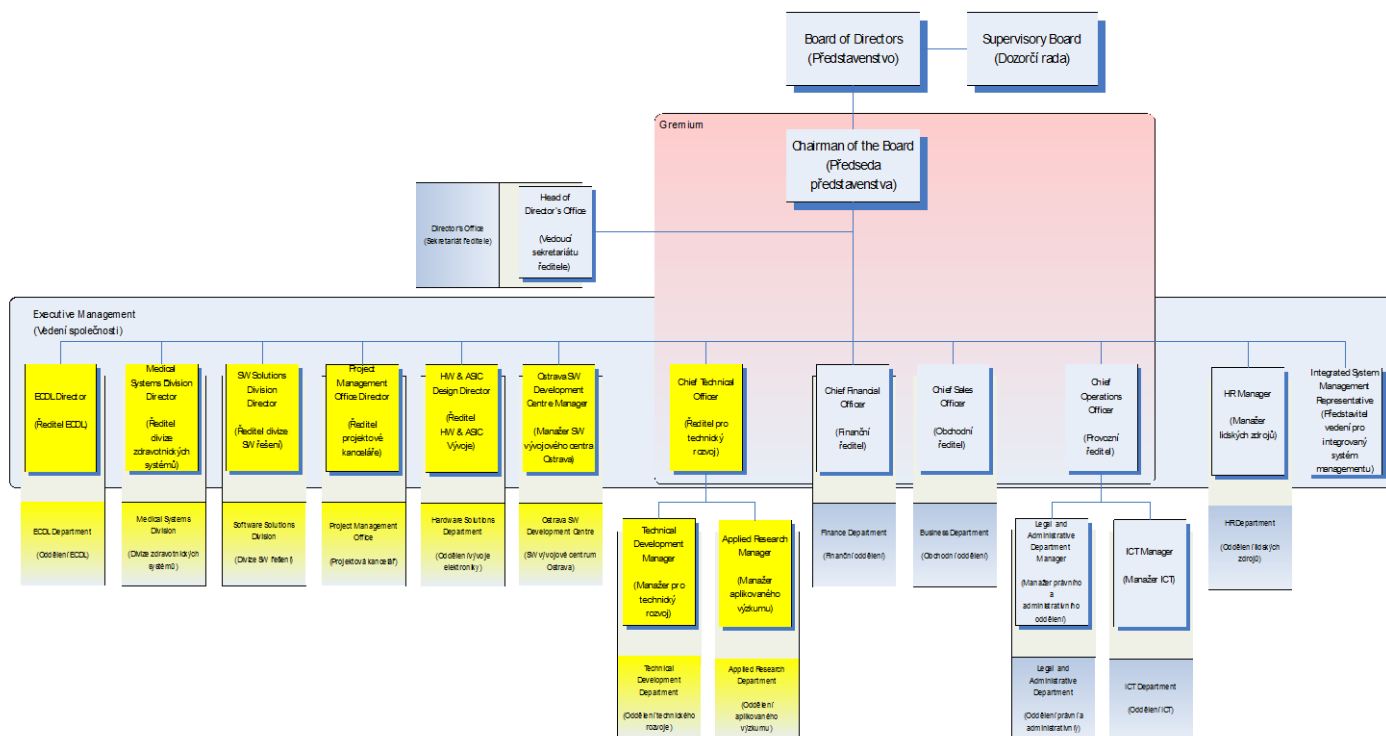
The basic management structure (see Organization Chart) has two levels. The top management level consists of CertiCon's Chairman of the Board of Directors, to whom all members of the executive management are subordinated. The basic management level is comprised of the executive managers who directly manage organizational units within their competence as stipulated by the organizational rules.

In addition to this basic organizational structure, an expert, special-purpose, and temporarily established organizational and management structure also is deployed in such manner that programme and project managers organize, manage, and control activities related to assigned projects. As concerns responsibility for fulfilling project objectives, the programme and project managers report to the executive management or directly to the relevant member of the executive management.

Organizational structure valid until 30 June 2015



Organizational structure valid from 1 July 2015



4 Quality Management Systems

4.1 ISO 9001:2008 Quality Management Systems

Quality management activities were focused during 2015 on implementing internal processes based on the requirements of the quality management system standard. These activities were focused especially upon monitoring and measuring the efficiency of the defined processes. Based upon the determined data, and together with preparations for revision of the ISO 9001:2015 standard, changes in regulations were proposed that will be implemented in 2016.

Last year, CertiCon a.s. successfully passed all control audits of the certification company EZÚ (Electrotechnical Testing Institute), thereby confirming that the implemented quality management system complies with the requirements of the ISO 9001:2008 standard. The chosen quality management system is relevant and fully functional. All the system's requirements for the company are adequate and fully supported by its management.

The scope of certification covers the company's activities in the following areas:

- Design, development, testing, diagnostics, and supply of programming products, including provision of related outsourcing services.
- Design, development, simulation, and production of analogue, digital and mixed-signal electronic circuits, including provision of related outsourcing services.

4.2 ISO 13485:2012 Medical Devices – Quality Management System

The quality management system according to the ISO 13485 standard is fully functional and reflects the customers' expectations. The main principle of ISO 13485 is adherence to laws and pertinent technical standards in order to ensure the maximum possible safety of the developed medical device.

The basic legislative regulations include Government Regulation No. 268/2014 Coll., defining technical requirements for medical devices, Government Regulation No. 233/2012 Coll., defining technical requirements for in vitro diagnostic medical devices; Government Regulation No. 616/2006 Coll., defining technical requirements for products in terms of their electromagnetic compatibility; and Act No. 375/2011 Coll. on Medical Devices.

Procedures pursuant to ČSN EN 62304 are used to develop medical software.

The scope of certification covers the company's activities in the following areas:

1. Design, development, testing, diagnostics, and supply of programming products, including provision of related outsourcing services.
2. Design, development, simulation, and production of analogue, digital and mixed-signal electronic circuits, including provision of related outsourcing services.



4.3 ISO 14001:2009 Environmental Management System and ISO 18001:2007 Occupational Health and Safety Management Systems

Environmental protection and occupational health and safety are inseparable parts of CertiCon's overall conception and its integrated quality system. Special attention was devoted to completing the chemical laboratory and handling of chemical substances and preparations, waste management, and energy savings. All activities in environmental protection and OHS were supported by the management. The company moved to new energy-saving premises during 2015, and therefore its environmental profile was divided into the Prague headquarters and the Pilsen and Ostrava branches. In order to maintain these registries, the company continued its long-time cooperation with CIVOP s.r.o.

The scope of certification covers all of the company's activities and employees.



5 The Company's Principal Activities

CertiCon a.s. has long been focused on **analysis, design, creation, and testing of software; design, verification, and testing of integrated circuits**; and research activities especially in systems supporting decision-making and management.

An all-embracing motto pertaining to the company's activities is to provide its customers services with high added value, doing so comprehensively across the entire life cycle of the product or service. The company is grounded in its own research potential, which was substantially reinforced in 2015, and on the knowledge of its employees. Such efforts demand in particular qualified experts, superior equipment and well-managed processes for continuously adopting into practice the fruits of research and development. This strategy is substantially reflected in the cost structure, wherein personnel expenses, hardware and software costs, and outlays on applied research and development constitute the majority of expenditure items.

The principal customers for services are foreign European and US companies operating internationally. Domestically, the state administration and municipalities are the main customers. In recent years, however, Czech private companies (ProfConsult, Jablotron, Passengera, Apator Metra, ComAP) as well as Czech branches of international firms (IBM, Asekol) began to feature among domestic customers. Medtronic (USA), Robert Bosch (UK), and Frequentis (Austria) remained the largest foreign customers in 2015.

A large proportion of domestic activities consist in organizing the ECDL concept in the Czech Republic along with technical IT support of this concept in the Czech Republic and Slovakia.

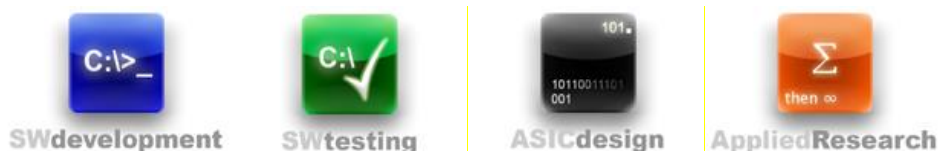
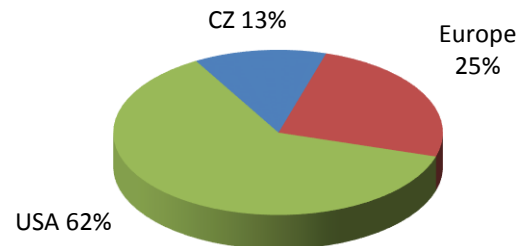
Domestically, the company focuses on such large state administration customers as the General Directorate of Customs (Ministry of Finance of the Czech Republic), as well as customers from the private sector, such as IBM Česká Republika.

Research activities, including participation in applied research projects within projects co-financed by the Czech Republic and the European Union, comprise a considerable part of CertiCon's activities. In 2015, several more extensive applications were submitted for projects of the Technology Agency of the Czech Republic, the Ministry of the Interior of the Czech Republic, and the EU to be carried out in coming years.

Active participation in the national project of the Centre for Applied Cybernetics III – a project of the Technology Agency of the Czech Republic – is important for the company, because that project provides it the possibility to contribute to contemporary scientific knowledge in the areas of automation and artificial intelligence while using that same knowledge to develop unique solutions for its customers.

CertiCon a.s. has been a full member of the prestigious Christian Doppler Laboratory "Software Engineering Integration for Flexible Automation Systems" in Austria since 1 January 2010, and, together with the Vienna University of Technology and the Austrian firm Logi.cals, it is participating in the development of a general tool for design and implementation of SCADA systems. The Laboratory's activities, including CertiCon's participation, are co-financed by the Austrian government.

Sales by geographic region



An indispensable component of technological development on the one hand and **support of technology transfer** on the other is cooperation with the ČVUT Media Lab Foundation, wherein CertiCon a.s. is among the founding partners, as well as **support to individual start-up companies** such as Health Helm in Boston, nova-met, s.r.o. in Šumperk, and Passengera, s.r.o. in Prague. CertiCon a.s., along with its parent company SynergyCon, a.s., has established a long-term strategy for cooperation with start-ups as well as for their expert and investment support.

5.1 Technical Development

Within CertiCon, technical development is carried forward by the Technical Development Department, newly founded in 2015, with the strategic objective of developing the company's portfolio of expert solutions and products. The basis of the company's portfolio lies in those areas having the greatest potential. These are the areas where CertiCon can be the strongest and for which it has the most enthusiasm.

The vision for 2015 was especially to build up the profile as a technology company that is transforming from what was originally an outsourcing firm into a smart partner for accelerating the customers' businesses by creating innovative, tailored solutions. A global objective was to expand the portfolio of CertiCon's activities so that it contains both short-term (ad hoc projects and services) and long-term revenue-generators (proprietary products at various life-cycle stages).

Technical development is guided by the company's technical development strategy, which came into force in March 2015. The strategy provides a leading view of the future, plans, choices and decisions for the coming months and years. It serves to lead the company to sustained growth, systematic technology development, adaptability to changing market conditions, as well as customer, shareholder and employee satisfaction.

We are attaining the vision of an expert technology company through better profiling and a clearer offer of services and products. Towards this end, a future portfolio of company products was formalized and the view on company operations was clarified both internally and externally. Three strategic areas were defined wherein CertiCon will focus its continuing development and where it is able to provide top performance in developing innovations:

1. Optimization methods for Industry 4.0 and support of decision-making in industry

Development of software solutions for optimizing production and engineering processes, especially in industrial production and in Industry 4.0. These solutions serve especially for supporting user decision-making, boosting the efficiency of industrial processes, and diminishing risks in production.

2. Computer vision systems

Development of software solutions using computer vision technology, particularly in revealing fraud, securing property, and improving public security. These solutions are applied especially for minimizing security risks and automating security oversight.

3. Applications in telemedicine and electronic health care

Development of software solutions for telemedicine and e-health in the health care segment. These solutions are used especially for remote monitoring of patients, treatment planning, and supporting communications between patients and clinic.

We resolved to achieve key values of technological development through making a managed innovations system an integral part of our operations. This system supports diversification away from a static services strategy towards one of proprietary technologies and products. For several years, CertiCon has been boldly investing into developing new technologies in the form of various investment and subsidy-supported programmes. In 2015, we created specific structures and procedures that allow us systematically to manage, more efficiently to use, as well as to monetize these endeavours.

This system was named CERTICON LEAN INNOVATION DEVELOPMENT (CLID), and it brought to the company managed development of products in the form of individual product teams consisting of skilful and highly-motivated expert CertiCon employees. In the past year, the department focused on developing reusable corporate solutions and their commercialization in practice. In doing so, we built upon, among other things, CertiCon's applied research findings from the past 5 years and the newest technology trends.

Product teams, activities initiated in 2015:

5.1.1. SmartCamera (Computer vision)

This product team's main objective is to develop a product as a solution for smart camera image analysis in real time. SmartCamera is a sophisticated engine for computer vision developed by our team of experts. As SmartCam processes video stream from cameras or from storage, it discerns and extracts objects along with information about them. At the same time, we evaluate all active rules for triggering alarms within a scene in order to inform the user in real time. SmartCamera is available as a software component for use with one's own CCTV system or as a stand-alone application. The first success of this product is in implementing a project at Jablotron for detecting false alarms.

5.1.2. SmartScheduler (Optimizing production)

The main objective of the product team is to develop proprietary solutions for scheduling and capacity planning of complex production and logistical processes to provide tools for implementing future expert projects within Industry 4.0. SmartScheduler is being developed as a smart scheduling tool usable in a wide range of fields and processes, and it is fully adaptable to the clients' own processes. A milestone in 2015 was successful completion of a research project for Airbus Industries, which verified this instrument's effectiveness in industrial practice. Another success was acquisition of an implementation project in optimization of logistical processes.

5.1.3. PSG Analyzer (Analysing biomedicine signals)

The main objective of the product team is to develop a product for semiautomatic annotation and visualization of comprehensive EEG-type data during sleep. The product development builds upon long-term research in bio-signal classification at the Czech University of Technology.

5.1.4. 4mulCom (Telecommunication)

The product team's main objective is to develop the 4mulCom product line containing two separate devices: SPEEDCOM – a smart modem for increasing GSM connection speed, and SECOM – a smart modem for ensuring stable backup for connecting systems to the internet. A significant step in 2015 is transfer from prototypes to productizing of both devices for mass application on the commercial market.

5.2 Applied Research Projects

In 2015, the activities of the Applied Research Department were once again successfully expanded, this time with two new projects: EPSILON from the Technology Agency of the Czech Republic and an EU project from the H2020 programme. Ten applications were submitted during 2015 to applied research programmes, and these are currently in various stages of evaluation. Six of these applications were directed to EU programmes. A strategic step of the company in August 2015 was to transfer the Science and Research Department into the Technical Development Division, which deals with proprietary product development. CertiCon's scientific research ambitions were therefore strategically directed during 2015 to the three aforementioned key areas of technical development in order to support the company's expertise and support its development of particularly proprietary innovations through applied research for their application in practice.

Key research cooperation in 2015:

CENTRE FOR APPLIED CYBERNETICS III

CENTRUM APLIKOVANÉ KYBERNETIKY



Again in 2015, CertiCon cooperated in the Centre for Applied Cybernetics III (CAK III) applied research project, which aims to concentrate the national research potential in this field. In 2012, CAK III had received support from the Technology Agency of the Czech Republic through the Competence Centres Programme. The Head of the Centre and the Principal Investigator is Prof. Ing. Vladimír Kučera, DrSc., Dr.h.c. from the CIIRC research institute of the Czech University of Technology. The founding entities are the Czech Technical University in Prague, Brno University of Technology, University of Western Bohemia in Pilsen, Tomas Bata University in Zlin, VŠB-Technical University of Ostrava, Institute of Information Theory and Automation of the Academy of Sciences of the Czech Republic, Institute of Computer Science of the Academy of Sciences of the Czech Republic, and the companies CertiCon a.s., Camea, spol. s r.o., UniControls a.s. and Unis, spol. s r.o.

The Centre continues to concentrate its research activities in the areas of artificial intelligence, machine perception, automatic control, and automation devices. CertiCon was focused during 2015 primarily on developing and testing SW for the needs of mobile robotics, doing so in close cooperation with the newly established CIIRC research institute of the Czech University of Technology. In 2015, a due diligence process was ongoing in relation to the activities of the CAK III. This came to a positive result such that financing of the Centre by the Technology Agency of the Czech Republic was extended to 2019.

CHRISTIAN DOPPLER LABORATORY at Vienna University of Technology

This laboratory (established in cooperation with CertiCon) is based at the Vienna University of Technology and is led by Prof. Dr. Stefan Biffl. Its work focuses on researching and developing tools for the collection of data from large-scale production systems, including simulations and predictions based on that data, as well as management of operational interventions based on simulations and predictions. These are tasks based upon SCADA (Supervisory Control and Data Acquisition), for which to date there exists no general solution. The ad hoc development of company-specific SCADA systems is greatly demanding in terms of both investment and technology. At the same time, the need for SCADA systems is growing rapidly and a tool for their rapid and effective design could, from a commercial point of view, be a highly desirable product, especially in relation to developing trends in Industry 4.0.

CertiCon is cooperating with CDL on the project “**Software Engineering Integration for Flexible Automation Systems**”. In the beginning of 2015 it successfully helped defend the results from the project’s second stage. The project continued with its next phase in 2015. CertiCon is responsible for project module no. 2, entitled “Advanced SCADA Algorithms for Flexible Automation Systems”. In 2013 it collaborated closely with the team of Prof. Dr. Stefan Biffl of the Vienna University of Technology on this project.

Projects Completed in 2015:

5.2.1. ARUM (EU Integrated Project)

The main objective of the ARUM project was to develop a system for planning and scheduling while applying the principles of the state-of-the-art industrial movement Industry 4.0. The project combined research, development, and application of new Industry 4.0 optimization algorithms that are capable in a sufficiently short time to find a distribution of activities in time so that the limiting conditions specified by technical requirements for planning/scheduling are met. The project was completed in September and defended successfully in October before an EU committee. The target industrial customer and project partner was the company Airbus Industries, Europe’s largest manufacturer of airliners. The results of the ARUM project will be used in optimizing production of the Airbus A350.

The goal of this project was to develop a platform which can within the shortest time possible calculate a valid distribution of activities in time, thereby fulfilling a number of stated limiting conditions. Such conditions can include, for example, operations follow-up, requirements on concurrence of events, and availability of other resources for completion of a task. Inasmuch as the platform will be used to resolve general scheduling and planning tasks, its own internal structure must have been designed for

describing the problem. For implementation at a specific customer, its proprietary description of a task will be translated into a more general internal description of that task. The system is able to respond to frequent changes in instruction in the form of events occurring after the given schedule is applied. The time necessary for recalculation is minimized. The platform can be implemented both “on premise” at the customer and in a cloud infrastructure.

Projects initiated in 2015:

5.2.2. REBOT (Technology Agency of the Czech Republic)

This project concerns the development of a robotic work station for removal of hazardous substances and disassembly of taken-back flat-screen electrical and electronic equipment intended for recycling. The project's main objective is to develop a device for safe, fully automated partial disassembly and automated removal of hazardous substances from taken-back flat-screen electrical and electronic equipment that will fulfil the requirements for personnel safety and minimizing the influence on the environment during the subsequent recycling steps. In addition to the aforementioned advantages, the new device also will enable increasing the proportion of reusable material as compared to other automated methods such as grinding and crushing, because disassembly will enable processing larger parts of separated elements. The device separates each taken-back piece of equipment into the screen, large plastic parts (cover) and the mother board. In the case of LCD appliances, another separated fraction will consist of parts containing mercury. The target industrial customer and project partner is Asekol.

5.2.3. ER4STEM (EU H2020 Project)

The project ER4STEM (Educational Robotics for Science, Technology, Engineering, and Mathematics) is motivated especially by the labour market's insufficiency of qualified people with technical education. Its objective is to stimulate interest in science and technical fields among children and youths. The project is being worked out by a number of experts in education, IT, and robotics. One of the project components is identifying key capabilities and characteristics necessary for technical fields and those that can be developed. This is followed by a number of interactive experiments with robots that will be designed primarily to inspire interest in science and develop and test the aforementioned characteristics. The output of this project will be a general process for developing workshops that encourage the young generation and motivate it towards technical education. CertiCon's task is to monitor the entire process and evaluate the potential advantage for companies looking for technically educated employees.

5.3 Most Significant Foreign References

- **Robert Bosch – formerly SPX** (UK) – a European branch of a leading American supplier of systems for after-sales services for car factories. Cooperation is focused on developing, implementing, and testing software for after-sales service of cars from leading world brands.
- **Medtronic Inc.** (MN, USA) – a global producer and leader in medical electronics. Our cooperation centres on services for design and implementation of life-critical software.
- **Frequentis GmbH.** (Austria) – a company with an important position on the market for digital systems and devices using the TETRA telecommunications standard for air traffic control. On a worldwide scale, Frequentis has a 30% market share in the Voice Communication segment and is a renowned technology leader. Cooperation focuses mainly on developing and integrating software for the operationally critical GSM-R and Air Traffic Control applications.
- **Airbus Group** (Germany) – a world leader in airplane technology. Our cooperation focuses mainly on smart production planning and scheduling in resolving complicated assembly procedures. Cooperation on the large EU ARUM project continues on a contractual basis.

5.4 Most Significant Domestic References, including Slovakia

- **Ministry of Finance of the Czech Republic – General Directorate of Customs** – In addition to customs duties, it also administers selected taxes and fees. Cooperation focuses especially on information systems for tax administration and their integration within the EU.
- **BERMAN GROUP – služby ekonomického rozvoje, s.r.o.** – an international consulting company providing advisory services for economic development especially for regions, cities, municipalities, and public institutions. CertiCon is the supplier and operator of the information system for administration and management of development products in the Czech Republic, Slovakia, and Ukraine.
- **Česká společnost pro kybernetiku a informatiku (Czech Society for Cybernetics and Informatics)** – a non-profit organization popularizing cybernetics, informatics, and related disciplines. It is an ECDL (computer literacy certification) pioneer and the ECDL licence holder for the Czech Republic. CertiCon is the supplier and operator of an information system for administration and management of ECDL testing in the Czech Republic.
- **Slovenská informatická spoločnosť (Slovak Society for Computer Science)** – a non-profit organization popularizing computer science and related fields. It is a pioneer in the ECDL (European Computer Driving Licence) concept and holder of the ECDL licence for Slovakia. CertiCon is the supplier and operator of the information system for administration and management of ECDL testing in Slovakia.
- **IBM Česká republika** – a world-leading IT company. CertiCon is supplier of the design and implementation of software solutions for certain customers.
- **ASEKOL CZ, s.r.o.** – part of an international group involved in processing waste electrical and electronic equipment. It is using CertiCon's services in designing a system for separating end-of-life domestic appliances on the basis of processing visual information.

6 Report on Business Activities and Situation Analysis

CertiCon is a joint-stock company primarily oriented towards comprehensive services in custom design, development, diagnostics and verification of software, as well as design, verification and testing of analogue and digital integrated circuits for challenging applications in information technologies, medical electronics, telecommunication technology, and devices for industrial control and decision-making. Modern mobile applications are also at the centre of its attention.

The company directs its work mainly to fields requiring high-level expertise, knowledge of technologies and processes, flexibility, ability to craft new solutions, and utilization of proprietary applied research potential in order to implement solutions. It does not, therefore, focus on a specific industrial sector, but primarily on foreign corporate customers seeking solutions with high content of added value based on modern technologies and employing the latest scientific knowledge and research findings. CertiCon's capacities in the area of modern user interfaces and mobile applications have increased significantly since 2011. The company also has become the preferred supplier of mobile technologies for the US firm Medtronic. CertiCon is one of the few Czech companies to develop modular software systems utilizing service-oriented architecture, which is of special importance for the development of industrial management, planning, and scheduling systems in accordance with the Industry 4.0 philosophy.

CertiCon places foremost emphasis on developing market-leading, comprehensive systems using innovative, object-oriented software technologies and distributed systems architectures, multi-agent systems, and client/server applications. In the software area, CertiCon offers both comprehensive services taking in the full software development life cycle as well as individual services from consulting, feasibility studies, software architecture designs, analyses and requirement specifications to actual implementation and maintenance of software systems (including the necessary training). A list of prominent customers is presented in the references.

Most of this work in software solutions is accompanied by complementary activities in designing and testing integrated circuits, i.e. verification of integrated circuit design and production test development.

The most important contracts are covered by framework agreements on long-term cooperation. The company continues to expand its circle of customers and the range of services it provides.

Activities in designing, developing, and hosting systems for intranet and internet applications (information systems based on SQL database system, remote access to an application through the internet, security mechanisms) comprise the technical basis for the majority of CertiCon's activities on the domestic market.

In 2015, the company maintained its prestigious position as the software solutions supplier for the Ministry of Finance of the Czech Republic – General Directorate of Customs.

The 2015 strengthening of the applied research department responsible for acquisition and implementation of research projects financed from public funds of the EU and the Czech Republic, as well as for transferring know-how into the company's own products, may be considered a very important development. CertiCon's role in implementing the EU's ARUM project in cooperation with and meeting the demands of Airbus Industries can be regarded as especially significant. Among other tasks within that successful project, CertiCon was responsible for agent-based tools used in planning and scheduling production. Experience and know-how in this area will also be useful in future when CertiCon offers systems for planning and scheduling production on the Czech and international markets within Industry 4.0 projects.

The company has decided, too, to offer three products of its own to the market. Among these, 4mulcom – a product of our own research – has a particularly strong chance for mass application on the domestic and foreign markets.

CertiCon continues to maintain its representation on the US market via HSP International, based in Milwaukee, Wisconsin.

In 2015, the company continued working on technologically and technically sophisticated projects in high-tech areas as part of its research and development activities. This orientation has been successful, and CertiCon's executive management intends to continue in this direction in future. Cooperation with universities, and particularly within co-organized research projects and using shared laboratories, provides access to the latest scientific knowledge and research findings, which are then applied in commercial projects. The company intends to further develop research in the European area and to expand commercial activities in the USA as well as in the Czech Republic and Europe.

CertiCon's overriding aim is to continue concentrating its capacities on accumulating cutting-edge technological know-how and thus to employ mainly highly qualified, individually trained and directed experts.

The company had a number of successes in 2015, not only professionally but also with respect to marketing and sales.

As the long-time provider of organizational and expert services for the ECDL (European Computer Driving Licence) concept to the Czech Society for Cybernetics and Informatics (CSKI, the ECDL licence holder for the Czech Republic), CertiCon is authorized based on an exclusive sub-licence to conduct all activities associated with developing and organizing the ECDL concept in the Czech Republic. In accordance with the international rules of the ECDL concept, CSKI has retained the exclusive right to inspect accredited entities and remains the guarantor of quality for the ECDL testing process.

The volume of services provided to traditional domestic customers declined to below 13% of total sales, primarily due to significant growth in exported services (see the following paragraph).

The monetary volume of services exported abroad increased by 50% in comparison with the previous year (expressed in CZK)! This was due in particular to the situation of customers in the medical systems sector. Export of services stated in CZK increased to CZK 317.8 million in 2015 compared to CZK 211 million the previous year.

Further stabilization of CertiCon's long-term customers was thus an important factor.

Long-term contracts with top foreign technology partners provide CertiCon with financial stability as well as the economic support necessary for managed growth.

CertiCon was evaluated by Dun & Bradstreet – a worldwide leading provider of business information – and given the highest possible rating ("Top Rating"). The detailed business report may be obtained from Dun & Bradstreet. CertiCon a.s. is registered under DUNS: 36-690-9096. The company also received a high rating from the Czech Credit Bureau. At four stars, it has the highest possible rating for a medium-sized company in its category.

The company cooperates closely, too, with its affiliate ProTyS, a.s. That firm is oriented mainly towards research and development of software systems for industrial control in real time. CertiCon owns a 10% share in this company.

CertiCon is also an important co-owner (70% stake) of HydroCon a.s., which reconstructs and automatizes small hydroelectric power plants. In 2014, HydroCon put into service at Hluboká nad Vltavou an entirely reconstructed 300 kW small hydroelectric power plant.

In 2015, the company's headquarters and branch office were located in leased premises – the new The Blox building in the vicinity of Vítězné náměstí in Prague 6 (the lessor is IVG ČR, s.r.o.), in the premises of VTP, a.s. in Pilsen, and in The Orchard office complex in Ostrava (the lessor is Portal Investments, s.r.o.).

CertiCon a.s. has sufficient cash funding at its disposal and has no loans outstanding. The company meets its obligations to all its suppliers and employees in a due and timely manner.

7 Key Economic Indicators from 2015

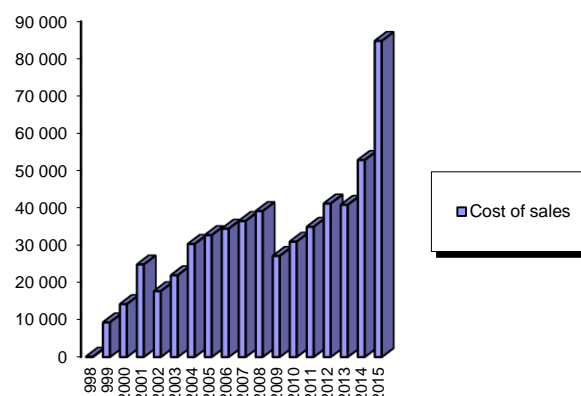
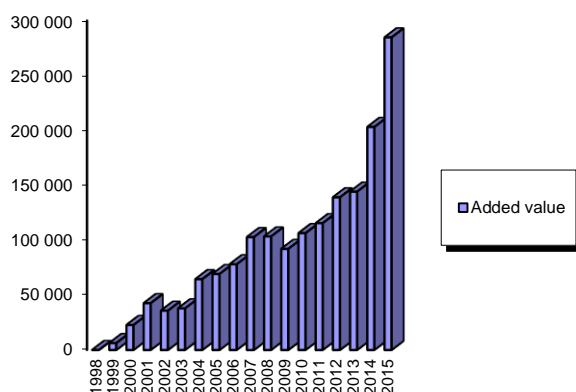
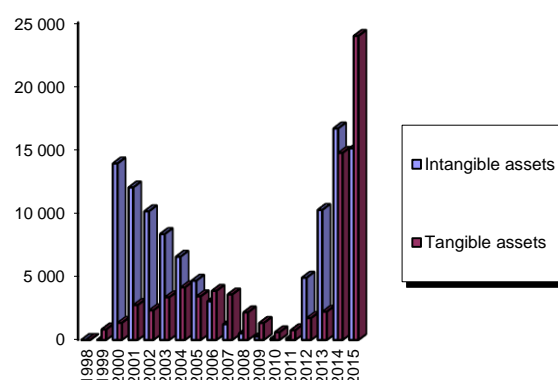
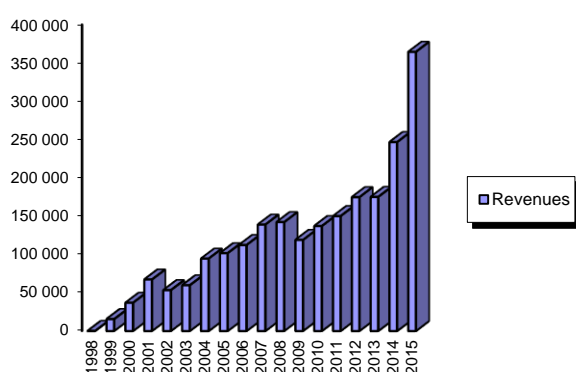
The basic information has been presented already in the Introduction and in the Report on Business Activities. It is also clearly presented in the graphs below. Sales revenues grew by 46.7%!!

Short-term accounts receivable balances consist of receivables both due and past due, and as of the date of compiling the financial statements those amounts had been paid.

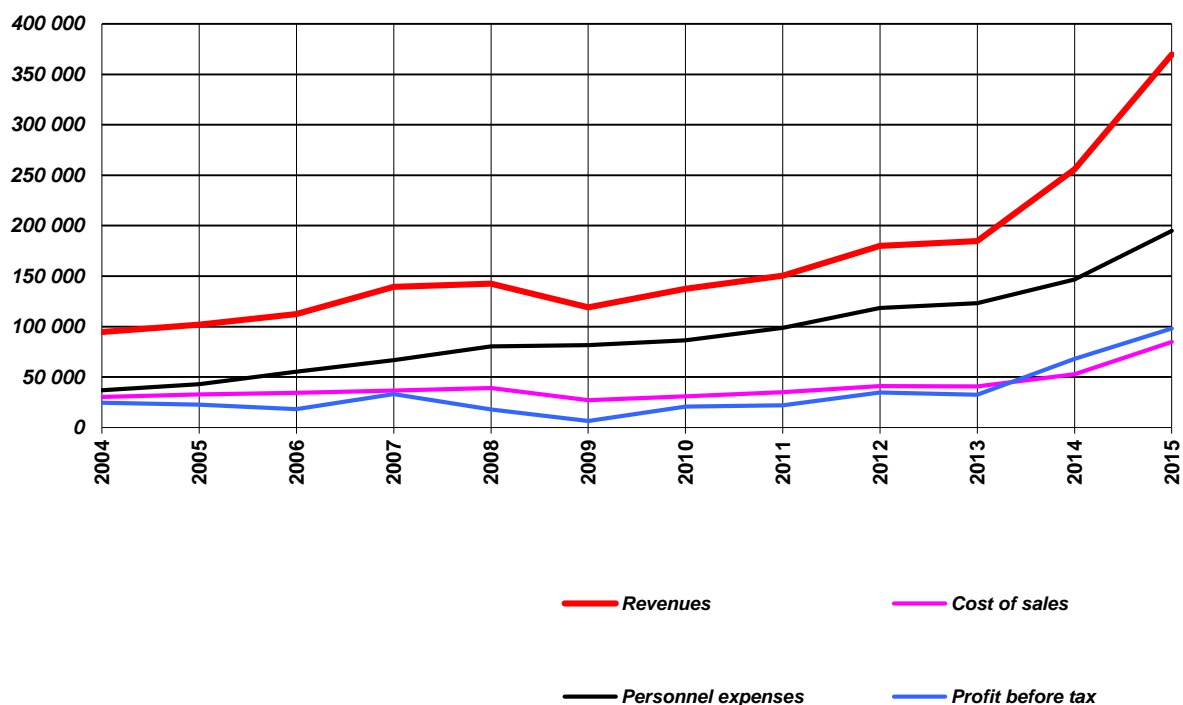
Short-term accounts payable balances consist primarily of trade payables and unpaid wages for December 2015, inclusive of insurance contributions. All reported payables had been paid as of the date of compiling the financial statements.

Provisions amounting to CZK 7,441,000 were drawn during 2015, and new provisions totalling CZK 12,854,000 were created (see the attached financial statements).

The following graphs show the development of selected financial and performance indicators (in CZK '000) for the period 1998–2015:



Development of key performance indicators in
2004–2015 (in CZK '000)



Detailed data is presented in Section 12 of this report. A summary of key performance indicators and related information is provided also within the Notes to the Financial Statements in Section 12 and in the relevant statements themselves (Balance Sheet, Profit and Loss Account, Cash Flow Statement).

8 Outlook for 2016

The outlook for 2015 had proceeded from modestly optimistic assumptions, anticipating the company's further stabilization and development. CertiCon succeeded in fulfilling its main business objective of growing its turnover (with an actual final figure of more than 38%), although favourable exchange rate developments contributed in part to said growth. Importantly, the company increased its turnover and maintained its profitability even while making significant investments into its infrastructure and into improving its working conditions. The management is aware that the company is growing very quickly and is adopting specific measures for corresponding changes in CertiCon's structure and in its management methods. In 2016, additional deliberate steps directed to the effective management of a continuously growing company can be expected.



From an economic perspective for 2016, we again proceed from relatively optimistic points of departure reflecting the expected continued economic recoveries in the USA and EU while a stable CZK exchange rate will be sustained (although this may not be the case in 2017). CertiCon thus enters the coming period as a stably growing company, with long-term experience in its business relationships with foreign entities and in providing services to EU member states, and with optimistic expectations. The main business objectives are to achieve sales from business activities exceeding CZK 400 million, reach total revenue in excess of CZK 430 million, and increase the proportion of the company's domestic market sales to 15%. This can be facilitated primarily by developing sales of proprietary products and offers to help in implementing Industry 4.0 within Czech businesses.

During 2016, we expect to be successful in extending cooperation with current long-term partners and expanding activities particularly in developing software for sophisticated life-critical and mission-critical applications by developing long-term partnerships and co-sourcing. We also anticipate that contracts in integrated circuits design will be extended, especially in connection with the orientation towards embedded systems for the automotive industry. We expect heightened effort in completing and distributing proprietary products based on our own research and development. We will continue to devote great attention to this area within the applied research as well as technical development departments, and we expect these units to grow, particularly in connection with an expanding number of applied research projects co-financed from public funds. An objective, among others, is to increase the volume of research and development work not financed from public funds from today's ca 30% to 40%.

We also intend to continue supporting promising start-up companies as well as the teams and activities of the ČVUT Media Lab Foundation.

The company's activities in implementing state-of-the-art ECDL concepts in the Czech Republic will be expanded further.

CertiCon will endeavour to implement audits focused not only on financial activities but particularly on organizational, managerial, and research activities. The objective is to support the company's all-round development by using modern organizational and managerial approaches and with the aim of maximizing management effectiveness.

Our company's fundamental value remains in the expert and human quality of our employees, their ability to respond to customers' requirements, and their abilities to think independently and creatively about optimal solutions and innovative processes. That is why we shall continue also to devote extraordinary attention to the education and training of our staff, in fact doing so even more than in the past.

In order to improve the work environment and overall efficiency of the company's activities, we are expecting significant further increases in space at The Blox building in Prague as well as to move the Pilsen section into additional new category-A spaces. We are expecting also to increase personnel at the new branch in Ostrava, which is already bringing additional capacity and knowledge resources to support the company's development.

9 Additional Information

Other specific information as required by § 21, para. 2 of Act No. 563/1991 Coll.:

9.1 Research and Development Activities

The main scope of business activities at CertiCon a.s. is development of life-critical and mission-critical applications tailored to the needs of its customers. The company conducts applied research and development for its own needs as part of domestic and foreign grant projects. Active participation in the prestigious Christian Doppler Research Association in Austria and participation in the activities of the Centre for Applied Cybernetics III as a pilot centre for transmission of the latest technologies from academic research into industrial practice significantly strengthen the quality and scope of the company's scientific research activities. We will continue to present proposals for research projects to the Technology Agency of the Czech Republic and to agencies falling within the competence of the Ministry of Industry and Trade of the Czech Republic. We currently anticipate extensive tendering of additional projects within the European research sector.

9.2 Environmental Protection Activities

Given the nature of its business activities, CertiCon in no way adversely affects the environment. Internally, the company complies with the proper disposal of waste through entities authorized to undertake such activities. CertiCon a.s. discharges its obligation to collect and utilize packaging materials waste through EKO-KOM, a joint-stock company authorized by the Ministry of the Environment for jointly fulfilling the obligation to collect and utilize packaging materials waste.

9.3 Events after the Balance Sheet Date

There occurred no material events that would influence the assets or profitability of the company.

9.4 Report on Relations between the Controlling, Controlled and Related Entities for 2015

Report on Relations between the Controlling, Controlled and Related Entities for 2015

prepared in accordance with provisions of § 82 et seq. of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Business Corporations Act)

Section I. – Structure of relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity

Controlled Entity:

Business name:	CertiCon a.s.
Registered office:	Evropská 2758/11, 160 00 Prague 6
Company ID Number:	25083341

Controlling Entity:

Business name:	SynergyCon a.s.
Registered office:	Václavské nám. 808/66, 110 00 Prague 1
Company ID Number:	24764264
	75% share in the controlled entity

Related Entities (other entities controlled by the Controlling Entity):

Business name:	EnergyCon s.r.o.
Registered office:	Evropská 2758/11, 160 00 Prague 6
Company ID Number:	24247065

Business name: nova-met s.r.o.
Registered office: Šumavská 530/8, 787 01 Šumperk
Company ID Number: 02431572

Related Entities (Subsidiaries):

Business name: HydroCon a.s.
Registered office: Evropská 2758/11, 160 00 Prague 6
Company ID Number: 24808202
Owned share: 70%

Business name: ProTyS, a.s.
Registered office: Evropská 2758/11, 160 00 Prague 6
Company ID Number: 63077795
Owned share: 10%

Section II. – The controlled entity's role in relations among entities stated in Section I

The entities stated in Section I operate independently but may utilize the research and development capacity of the controlled entity.

Section III. – Method and means of control

Decisive influence is exerted in particular by appointing and recalling members of the statutory body and of the supervisory body in accordance with valid legal regulations and the company's Articles of Association as well as by voting at the company's General Meetings.

Section IV. – Overview of acts effected during the most recent accounting period at the initiative or in the interest of the controlling entity or entities controlled by the controlling entity (relating to assets exceeding 10% of the controlled entity's shareholders' equity as determined according to the most recent financial statements)

No such actions were effected.

Section V. – Overview of mutual contracts between the controlled entity and the controlling entity or between controlled entities

In the year ending 31 December 2015, one (1) contract was valid between the controlling and controlled entity. It was a contract for the provision of business representation services on domestic and foreign markets. The controlling entity provides these services to the controlled entity for payment that is in proportion to the costs incurred by the controlling entity for providing these services (i.e. performance and consideration by both sides reflect prices and conditions usual in business relationships with all other partners).

During the year ending 31 December 2015, two (2) contracts with the associate ProTyS, a.s. were also valid. These were a lease contract and a contract for the provision of consulting services. The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2015, one (1) contract with the subsidiary HydroCon a.s. was valid. This was a lease contract. The contract was concluded under standard market conditions.

In addition, during the year ending 31 December 2015, two (2) contracts with the affiliate EnergyCon s.r.o. were valid. This was a lease contract and a contract on provision of consulting services. The contracts were concluded under standard market conditions.

In addition, during the year ending 31 December 2015, one (1) contract with the affiliate nova-met s.r.o. was valid. This was a licence contract. The contract was concluded under standard market conditions.

Additional information concerning performance and consideration in relation to the contracts stated above is not provided for reasons of trade secrecy.

Section VI. – Assessment of whether a controlled entity incurred any detriment, and assessment of its settlement pursuant to § 71 and § 72

None of the related entities incurred any detriment in connection with relationships among related entities during the year ending 31 December 2015.

Section VII. – Assessment of advantages and disadvantages, specification of risks

All of the company's contractual relationships with related entities were concluded under standard contractual conditions. The contractual consideration agreed and provided corresponded to the conditions of standard business relationships, and the company did not incur any detriment, substantial risk, or disadvantage from these contractual relationships.

This report was prepared by the Board of Directors as the statutory body of the controlled entity on the basis of data known to the Members of the Board of Directors as persons acting with due managerial care.

In Prague on 31 March 2016

Prof. Ing. Vladimír Mařík, DrSc., dr.h.c.
Chairman of the Board of Directors

10 Basic Data about the Company

10.1. Headquarters and Other Premises

Headquarters:

Prague 6, The Blox, Evropská 2758/11 (registered on 12 March 2015)

Other premises:

Pilsen, Business and Innovation Centre, Teslova 1239/5

Ostrava, The Orchard I, Hornopolská 3308/40

10.2. Information about Shares

Share capital: CZK 10,000,000, fully paid up

Shares: 100 ordinary, registered shares in documentary form, each with a nominal value of CZK 100,000

The shares are not publicly traded.

10.3. Company Bodies

10.3.1. Board of Directors

Chairman: Prof. Ing. Vladimír Mařík, DrSc., dr.h.c.

Vice-chairman: Ing. Karel Kraus, MBA

Member: Prof. Ing. Josef Psutka, CSc.

10.3.2. Supervisory Board

Chairman: Doc. Ing. Jiří Lažanský, CSc.

Member: Prof. RNDr. Olga Štěpánková, CSc.

Member: Ing. Aleš Říha (member elected by the company's employees in 2010)

11 Extract from the Commercial Register

This extract from the Commercial Register was signed electronically by the "MUNICIPAL COURT IN PRAGUE [ID 00215660]" on 16 March 2015 at 08:52:15 EPVid: VgiOPGP4uTQnGn+SQR8hJg

Extract

This extract is a translation from the Czech original.

from the Commercial Register, maintained
by the Municipal Court in Prague
Section B, file 4355

Date of incorporation:	20 November 1996
File designation:	B 4355 maintained by the Municipal Court in Prague
Company:	CertiCon a.s.
Headquarters:	Evropská 2758/11, Dejvice, Postal Code 160 00, Prague 6
Identification number:	250 83 341
Legal form:	Joint-stock company
Subject of business:	Production, trade and services not listed in Annexes 1 to 3 of the Trade Licensing Act
Statutory body – Board of Directors:	
Chairman of the Board of Directors:	
	Prof. Ing. Vladimír Mařík, DrSc., date of birth: 25 June 1952 Prague 5 – Slivenec, Na Křemínku 664, Postal Code 15000 Date of assuming office: 23 September 2008
Member:	
	Prof. Ing. Josef Psutka, CSc., date of birth: 20 February 1951 Pilsen, Plaská 55, Pilsen-City District
Vice-Chairman of the Board of Directors:	
	Ing. Karel Kraus, MBA, date of birth: 27 August 1964 Prague 8 – Troja, Velká Skála 678/2, Postal Code 18100 Date of assuming office: 25 June 2009 Date of assuming membership: 24 June 2009
Manner of transacting:	The Chairman and Vice-Chairman of the Board of Directors act on its behalf and externally on behalf of the company.
Company Secretary:	Ing. Pavel Marek, date of birth: 29 September 1968 Prague 9 – Prosek, Litoměřická 405/9, Postal Code 19000
	The Company Secretary is authorized to act independently on behalf of the company.
Supervisory Board:	
Chairman of the Supervisory Board:	
	Doc. Ing. Jiří Lažanský, CSc., date of birth: 3 March 1947 Prague 8 – Kobylisy, Třeboradická 47/1075, Postal Code 18200 Date of assuming office: 29 June 2009 Date of assuming membership: 24 June 2009
Member of the Supervisory Board:	
	Prof. RNDr. Olga Štěpánková, CSc., date of birth: 23 December 1949 Lukešova 1612/73, Krč, 142 00, Prague 4 Date of assuming office: 24 June 2009 Date of assuming membership: 24 June 2009
Member of the Supervisory Board:	
	Ing. Aleš Říha, date of birth 13 August 1976 Nučice, Paderlíkova 522, Postal Code 25216 Date of assuming membership: 22 July 2010
Shares:	100 common bearer shares in documentary form, each with a nominal value of CZK 100,000

Data valid as of: 16 March 2015 04:47

1/2

Section B, file 4355

Share capital:	CZK 10,000,000 Paid-up: 100%
Other information:	The registered capital is fully paid up. The business corporation conforms to the law as a whole by proceeding according to § 777, para. 5 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives.

Data valid as of: 16 March 2015 04:47 2/2

12 Financial Statements – Auditor’s Report



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www.deloitte.cz

Registered at the Municipal Court in
Prague, Section C, File 24349
Id. Nr.: 49620592
Tax Id. Nr.: CZ49620592

INDEPENDENT AUDITOR’S REPORT To the Shareholders of CertiCon a.s.

Having its registered office at: Evropská 2758/11, Dejvice, 160 00 Praha 6
Identification number: 250 83 341

We have audited the accompanying financial statements of CertiCon a.s. prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 December 2015, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Statutory Body’s Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic, 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of CertiCon a.s. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Other information

The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon. Management is responsible for the other information

Our opinion on the financial statements does not cover the other information and we do not express any form of opinion thereon. However, in connection with our audit of the financial statements, our responsibility is to read the other information and consider whether the other information in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, the annual report has been prepared in accordance with the applicable legal requirements, or the other information does not otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that the above is not true, we are required to report such facts.

Based on the work we have performed, we have nothing to report in this regard.

In Prague on 6 June 2016

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Martin Tesař
registration no. 2030



Balance Sheet
full version
CertiCon a.s.
Corporate ID 250 83 341

As of
31.12.2015
(in CZK thousand)

Evropská 2758/11
160 00 Prague 6

		31.12.2015			31.12.2014
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	242,650	-29,435	213,215	161,187
B.	Fixed assets	106,610	-29,435	77,175	60,634
B.I.	Intangible fixed assets	39,061	-19,860	19,201	16,673
B.I.2.	Research and development outputs	17,874	-3,213	14,661	356
B.I.3.	Software	21,097	-16,557	4,540	0
B.I.4.	Valuable rights	90	-90		16,317
B.II.	Tangible fixed assets	34,694	-9,575	25,119	14,756
B.II.2.	Buildings and structures	1,216	-45	1,171	0
B.II.3.	Individual tangible movable assets and sets of tangible movable assets	32,130	-9,530	22,600	14,756
B.II.8.	Advance payments for tangible fixed assets	1,348		1,348	
B.III.	Long-term financial assets	32,855		32,855	29,205
B.III.1.	Equity investments in subsidiaries	23,127		23,127	23,127
B.III.3.	Other securities and investments	2,500		2,500	2,500
B.III.6.	Acquisition of long-term financial assets	7,228		7,228	3,578
C.	Current assets	114,150		114,150	89,064
C.I.	Inventories	940		940	398
C.I.1.	Material	110		110	17
C.I.3.	Finished products	830		830	381
C.II.	Long-term receivables	2,742		2,742	4,043
C.II.5.	Long-term advances made	1,398		1,398	3,247
C.II.8.	Deferred tax asset	1,344		1,344	796
C.III.	Short-term receivables	72,508		72,508	35,446
C.III.1.	Trade receivables	66,686		66,686	29,894
C.III.6.	Tax receivables dues from state	2,620		2,620	2,116
C.III.7.	Short-term advances made	12		12	3,436
C.III.8.	Estimated receivables	3,115		3,115	
C.III.9.	Other receivables	75		75	
C.IV.	Current financial assets	37,960		37,960	49,177
C.IV.1.	Cash on hand	361		361	519
C.IV.2.	Cash at bank	37,599		37,599	48,658
D.I.	Other assets	21,890		21,890	11,489
D.I.1.	Deferred expenses	14,674		14,674	4,711
D.I.3.	Accrued income	7,216		7,216	6,778

		31.12.2015	31.12.2014
	TOTAL LIABILITIES & EQUITY	213,215	161,187
A.	Equity	146,840	112,963
A.I.	Share capital	10,000	10,000
A.I.1	Share capital	10,000	10,000
A.III.	Funds from profit	2,680	2,726
A.III.1	Reserve fund	2,000	2,000
A.III.2	Statutory and other funds	680	726
A.IV.	Retained earnings (accumulated losses)	48,195	35,080
A.IV.1	Retained earnings	48,195	35,080
A.V.1.	Profit or loss for the current period (+/-)	85,965	65,157
B.	Liabilities	44,613	44,108
B.I.	Reserves	12,854	7,441
B.I.4.	Other reserves	12,854	7,441
B.II.	Long-term liabilities		8,127
B.II.2.	Payables to parent or subsidiary		8,127
B.III.	Short-term liabilities	31,759	28,540
B.III.1.	Trade payables	6,291	13,870
B.III.5.	Payables to employees	12,580	8,197
B.III.6.	Payables to social security and health insurance	6,221	4,111
B.III.7.	Taxes and subsidies due to state	6,330	1,821
B.III.8.	Short-term advances received	337	338
B.III.10.	Estimated payables		29
B.III.11.	Other payables		174
C.I.	Other liabilities	21,762	4,116
C.I.1.	Accrued expenses	20,839	3,310
C.I.2.	Deferred income	923	806

PROFIT AND LOSS ACCOUNT

structured by the nature of expense method

CertiCon a.s.
Corporate ID 250 83 341Year ended
31.12.2015
(in CZK thousand)Evropská 2758/11
160 00 Prague 6

		Year ended 31.12.2015	Year ended 31.12.2014
I.	Sales of goods	587	465
A.	Cost of goods sold	588	464
+	Margin on goods sold	-1	1
II.	Production	369,545	255,913
II.1.	Sales of own products and services	363,891	247,994
II.2.	Change in internally produced inventory	449	-60
II.3.	Own work capitalized	5,205	7,979
B.	Cost of sales	79,716	52,812
B.1.	Materials and energy	9,443	4,863
B.2.	Services	70,273	47,949
+	Added value	289,828	203,102
C.	Personnel expenses	194,788	146,624
C.1.	Wages and salaries	140,110	104,347
C.2.	Remuneration of board members	5,450	4,062
C.3.	Social security and health insurance costs	46,876	36,075
C.4.	Social expenses	2,352	2,140
D.	Taxes and fees	270	62
E.	Depreciation and amortization	8,285	1,040
III.	Sales of fixed assets and materials	250	432
III.1.	Sales of fixed assets	250	432
F.	Net book value of fixed assets and materials sold		238
F.1.	Net book value of fixed assets sold		238
G.	Change in provisions and adjustments relating to operations and complex deferred expenses	5,414	4,504
IV.	Other operating income	12,260	17,522
H.	Other operating expenses	1,853	1,769
*	Operating profit or loss	91,728	66,819
VI.	Proceeds from sales of securities and investments		1,433
J.	Cost of securities and investments sold		2,500
VII.	Income from long-term financial assets	250	
VII.1.	Income from equity investments in subsidiaries and associates	250	
X.	Interest income	36	26
XI.	Other financial income	3,032	3,988
O.	Other financial expenses	4,143	1,705
*	Profit or loss from financial operations	-825	1,242
Q.	Income tax on ordinary activities	4,938	2,904
Q.1.	- due	5,486	2,975
Q.2.	- deferred	-548	-71
**	Profit or loss from ordinary activities	85,965	65,157
***	Profit or loss for the current period (+/-)	85,965	65,157
****	Profit or loss before tax	90,903	68,061

CertiCon a.s. Corporate ID 250 83 341		Evropská 2758/11 160 00 Prague 6						
STATEMENT OF CHANGES IN EQUITY		Year ended 31.12.2015 (in CZK thousand)						
	Share capital	Capital funds	Funds from profit, reserve fund	Other funds	Retained earnings	Accumulated losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 December 2013	10,000		2,000	422	17,985		33,273	63,680
Distribution of profit or loss				126	17,095		-33,273	-16,052
Payments from capital funds				178				178
Profit or loss for the current period							65,157	65,157
Balance at 31 December 2014	10,000		2,000	726	35,080		65,157	112,963
Distribution of profit or loss				42	13,115		-65,157	-52,001
Payments from capital funds				-88				-88
Profit or loss for the current period							85,965	85,965
Balance at 31 December 2015	10,000		2,000	680	48,195		85,965	146,840

CASH FLOW STATEMENT		CertiCon a.s. Corporate ID 250 83 341	
Year ended 31.12.2015 (in CZK thousand)		Evropská 2758/11 160 00 Prague 6	
		Year ended 31.12.2015	Year ended 31.12.2014
P.	Opening balance of cash and cash equivalents	49,177	19,144
	<i>Cash flows from operating activities</i>		
Z.	Profit or loss from operating activities before tax	90,903	68,061
A.1.	Adjustments for non-cash transactions	13,413	5,324
A.1.1.	Depreciation and amortization	8,285	1,040
A.1.2.	Change in adjustments and provisions	5,414	4,504
A.1.3.	Profit/(loss) on the sale of fixed assets	-250	-194
A.1.5.	Net interest expense	-36	-26
A.*	Net operating cash flow before changes in working capital	104,316	73,385
A.2.	Change in working capital	23,337	14,245
A.2.1.	Change in accounts receivable and other assets	-45,614	-5,852
A.2.2.	Change in accounts payable and other liabilities	69,493	20,020
A.2.3.	Change in inventories	-542	77
A.**	Net cash flow from operations before tax and extraordinary items	127,653	87,630
A.4.	Interest received	36	26
A.5.	Income tax paid from ordinary operations	-2,115	1,202
A.***	Net operating cash flows	125,575	88,858
	<i>Cash flows from investing activities</i>		
B.1.	Fixed assets expenditures	-24,826	-19,454
B.2.	Proceeds from fixed assets sold	250	432
B.***	Net investment cash flows	-24,576	-19,022
	<i>Cash flows from financing activities</i>		
C.1.	Change in payables from financing	-60,303	-23,981
C.2.	Impact of changes in equity	-51,912	-15,822
C.2.5.	Payments from capital funds	88	178
C.2.6.	Profit shares paid	-52,000	-16,000
C.***	Net financial cash flows	-112,215	-39,803
F.	Net increase or decrease in cash and cash equivalents	-11,216	30,033
R.	Closing balance of cash and cash equivalents	37,961	49,177

CertiCon a.s.

Notes to the Financial Statements as at 31 December 2015

Prepared in accordance with §18 of Act No. 563/1991 Coll., on Accounting, and § 39 of Regulation No. 500/2002 Coll.

1. Reporting Entity

Company Name:	CertiCon a.s.		
Registered Office:	160 00 Prague 6 – Evropská 2758/11		
Legal Form:	Joint-stock company	Company ID No.:	25083341
Subject of Business:	Production, Trade, and Services not listed in Appendices 1–3 of the Trade Licencing Act		
Incorporation date:	20 November 1996		

The company has two branches, the first of which is located at Pilsen, Teslova 5, and the second of which, established in 2015, is at Ostrava, Hornopolní 3308/40. In addition, the accounting entity has a permanent tax-paying operation in Austria.

The regular financial statements for the accounting period from 1 January to 31 December 2015 were prepared on **29 April 2016**.

Shares: **100 ordinary registered shares in certificate form with a nominal value of CZK 100,000.**

Persons and entities holding equity in the company:

The company has issued registered shares in certificate form pursuant to its Articles of Association. The company has registered shares, and therefore it maintains a list of its shareholders (§ 156 of the Commercial Code).

Information regarding individuals and legal entities having significant or decisive influence on the accounting entity:

SynergyCon a.s., Company ID No. 24764264: 75%.

Changes in and Amendments to the Commercial Register:

During the year ending 31 December 2015, the company's new registered office was recorded in the Commercial Register (12 March 2015).

Statutory and Supervisory Bodies of the Company:

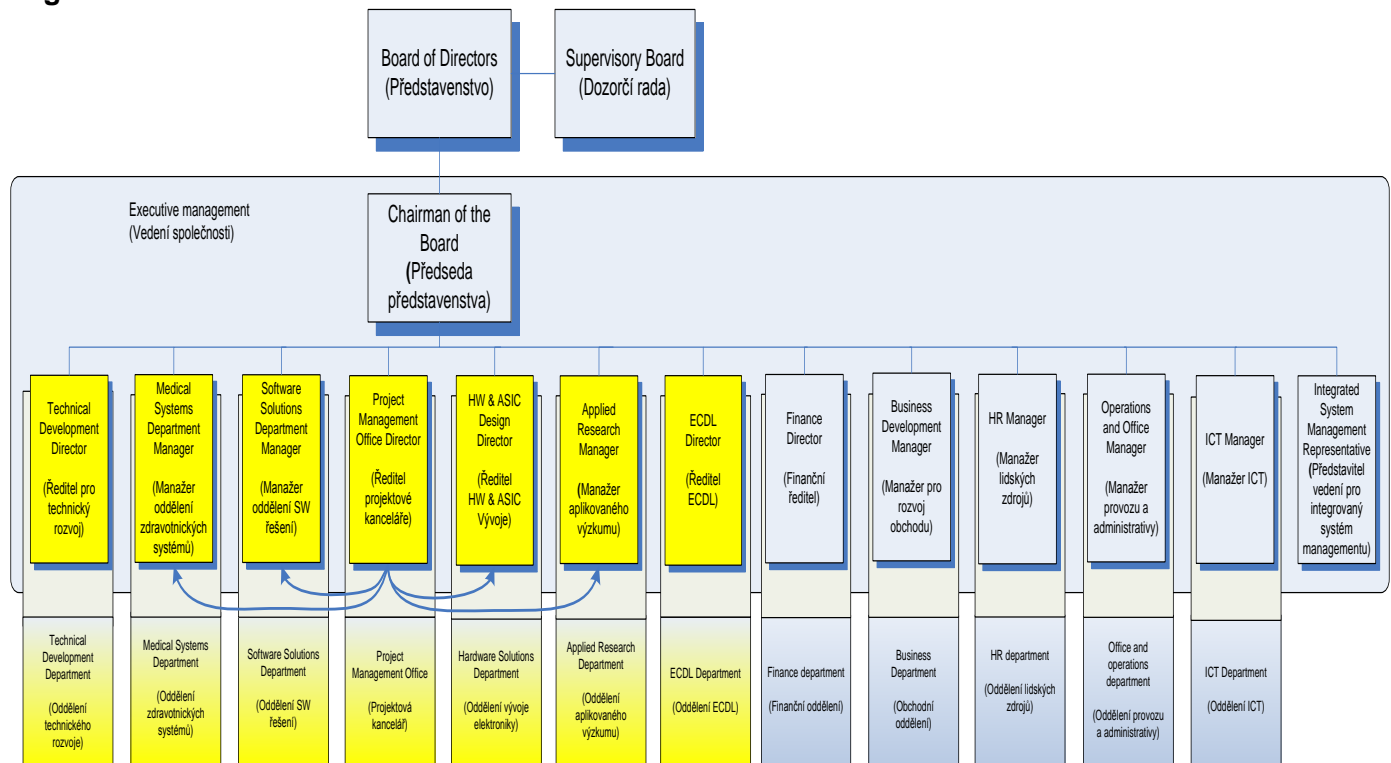
Board of Directors:

Chairman: Prof. Ing. Vladimír Mařík, DrSc.
 Vice-Chairman: Ing. Karel Kraus, MBA
 Member: Prof. Ing. Josef Psutka, CSc.

Supervisory Board:

Chairman: Doc. Ing. Jiří Lažanský, CSc.
 Member: Prof. RNDr. Olga Štěpánková, CSc.
 Member: Ing. Aleš Říha

Organizational Structure Valid to 30 June 2015



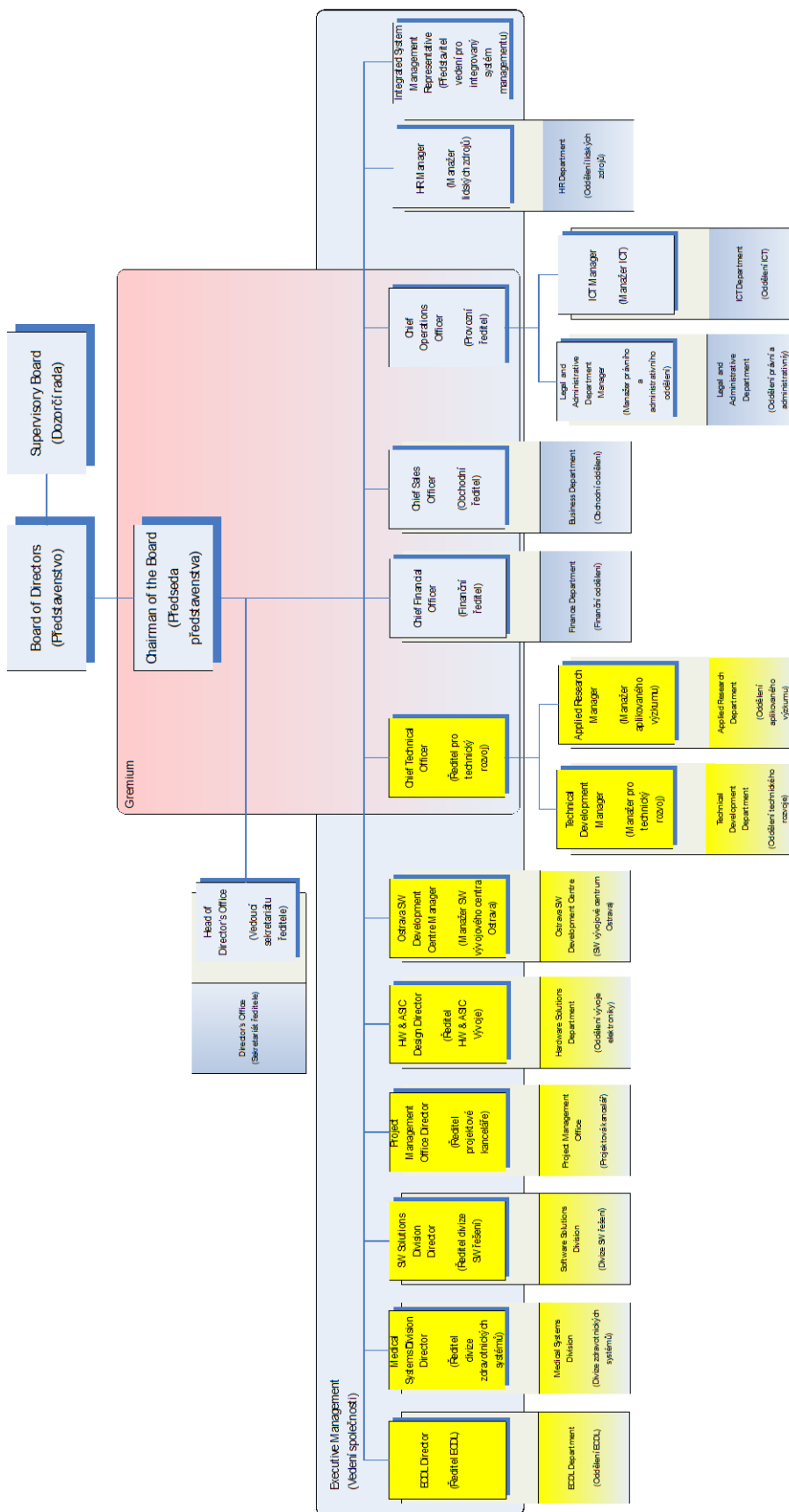
The Company's Three-Tier Organizational and Management Structure:

- The senior management tier consists of the Chairman of the Board of Directors, to whom all members of the company's management are directly subordinated.
- The basic management tier consists of members of the company's management directly in charge of the organizational units within their competencies as defined by this Organizational Structure.
- Middle-level management consists of programme and project managers and branch managers.

Organizational Structure valid from 1 July 2015

In 2015 the company's organizational structure was changed so that its internal arrangement better conforms to the needs of a dynamically growing and developing company. The individual departments and divisions remain organizationally independent units headed by department and division managers. In establishing the branch in the Moravian–Silesian Region, the SW Development Centre Ostrava was newly created. Moreover, the independence of the existing branch was further reinforced by forming the SW Development Centre Pilsen. Both branches are led by local managers. The company's executive management continues to consist of heads of departments and divisions, the Chairman of the Board of Directors, and the management's quality control representative.

Organizational structure valid from 1 June 2015



2. Basis of Accounting, Accounting Principles, and Valuation and Depreciation Policies

- a/ The company's accounting is maintained and the financial statements were prepared in accordance with Act No. 563/1991 Coll. on Accounting, as amended; Regulation No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll. for accounting units that are entrepreneurs keeping accounts in a double-entry bookkeeping system, as amended; and the Czech Accounting Standards for Entrepreneurs, as amended.

The accounting respects general accounting principles, in particular the historical-cost convention, the accruals principle, the prudence concept, and the going concern assumption.

The information in these notes is based on accounting records of the accounting unit and other documents at the disposal of the accounting entity. The notes include only information significant for assessing the financial, property and income situation of the company from the perspective of external users.

Information in these financial statements is expressed in CZK thousands.

- b/ **Departures** from the policies determined in accordance with § 7, para. 5 of the Accounting Act were not applied. There occurred no changes to the accounting principles and methods applied.

- c/ **Valuation** of individual assets and liabilities is made using the methods defined in § 25 of the Accounting Act.

- d/ **Tangible fixed assets** are assets with useful lives exceeding one year and value greater than CZK 40,000 in each individual case.

The cost of fixed asset improvements exceeding CZK 40,000 for the taxation period increases the acquisition cost of the related tangible fixed asset.

Low-value assets with cost below CZK 5,000 are treated as material. Low-value assets costing between CZK 5,000 and CZK 40,000 are treated as inventory and are accounted for using method B (i.e. directly expensed) and maintained in operating records.

Purchased tangible fixed assets are stated at acquisition cost.

Tangible fixed assets developed internally are valued at direct costs plus incidental costs directly attributable to the internal production of those assets (production overheads).

- e/ **Intangible fixed assets** are assets with useful lives exceeding one year and value greater than CZK 60,000 in respect of start-up costs on an individual basis.

Low-value intangible assets with cost below CZK 60,000 are directly expensed and maintained in operating records.

Purchased intangible fixed assets are stated at acquisition cost.

Intangible fixed assets developed internally are valued at direct costs plus incidental costs directly attributable to the internal production of those assets (production overheads).

f/ **Depreciation of fixed assets for accounting purposes** is performed according to the method established by the depreciation plan. Straight-line accounting depreciation is used and is reported on a quarterly basis. The depreciation period is determined according to the useful lives of fixed assets as follows:

Intangible fixed assets:	- software, intangible assets in use	3 years
Individual movable assets:	- computers, office technology	3 years
	- other devices and equipment, vehicles	5 years
	- technical improvements of real property	6 years

g/ **Receivables** are stated upon their origination at nominal value, which is subsequently reduced by adjustments.

h/ **Adjustments** are not made against asset accounts. The company holds no assets the net book values of which would differ significantly from their market values. The depreciation of fixed assets for accounting purposes determined in the depreciation plan reflects the wear and tear of such assets.

No adjustments against receivables were made.

i/ **Inventories of goods** are accounted for using method B upon the purchase for each specific order. Purchased inventories are valued at acquisition cost.

j/ **Payables** are stated at their nominal value.

k/ **Cash and cash equivalents** are stated at their nominal value.

l/ **Long-term financial assets** principally consist of loans with maturities exceeding one year, equity investments, securities and equity investments available for sale, and debt securities with maturities exceeding one year held to maturity.

As at the balance sheet date, equity investments are valued at acquisition cost less adjustments.

m/ **Revenues** are recognized as at the date when services are rendered or goods received or delivered and accepted by the customer or at the date when title has passed to the customer. They are reported net of discounts and VAT.

Revenues are recognized on an accrual basis, i.e. in the period to which they relate.

o/ **Use of estimates** – Preparation of the financial statements requires management to make estimates and assumptions that influence the reported values of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses in the current period. The company's management believes that the estimates and assumptions used will not markedly differ from the actual values in the succeeding accounting periods.

p/ **Government grants** for offsetting costs are recognized as other operating and financial income over the period necessary to match them with the related costs. Grants received to acquire intangible and tangible fixed assets and technical improvements and grants towards interest expenses included in the acquisition cost are deducted in reporting their acquisition costs or internal costs.

q/ **Foreign currency translation** – Transactions denominated in foreign currencies during the accounting period and as at 31 December are translated using the foreign exchange rate announced by the Czech National Bank as at the specific date.

r/ **Cash flow statement** – The statement was prepared using the indirect method. Cash equivalents consist of current liquid assets that can easily and readily be converted into an amount of cash which is known in advance.

Cash flows from operating, investing, and financing activities are not offset as presented in the cash flow statement.

3. Equity Investments or Contract-based Ownership Interests in Other Companies

At 17 December 2009, the company purchased 50 bearer shares in the nominal value of CZK 10,000 of ProTyS, a.s., Company ID No. 63077795, for CZK 5,000,000, which constituted a 20% ownership interest. At 22 December 2014, a Contract on transfer of the shares of ProTys a.s. was concluded, and, on its basis, 25 shares were sold and the company's ownership interest in ProTys a.s. decreased.

At 15 June 2012, the company purchased 210 registered shares in certificate form in the nominal value of CZK 100,000 of HydroCon a.s., Company ID No. 24808202, which constitute a 70% ownership interest, for the amount of CZK 23,127,000.

Company	Registered office	Equity investment at net book value	Ownership percentage at 31 Dec 2015	Shareholders' equity at 31 Dec 2015	Profit/loss for 2015
HydroCon a.s.	Evropská 2758/11, 160 00 Prague 6	23,127	70%	24,318	267
ProTys, a.s.	Evropská 2758/11, 160 00 Prague 6	2,500	10%	20,795	4,912

4. Additional Information on the Balance Sheet and the Profit and Loss Account

a/ Significant Balance Sheet and Profit and Loss Account Items

aa) Fixed Assets

Intangible fixed assets comprise software, copyright (logo), and results of research and development.

Tangible fixed assets comprise IT equipment, devices, vehicles, office furniture (furnishing new office spaces), and technical improvements to leased real property.

31 December 2015	Acquisition cost	Additions / disposals	Accumulated depreciation or amortization	Net book value
Intangible assets	39,061	+22,527/-98	19,860	9,201
Tangible assets	33,346	+13,616/-2,631	9,575	23,771

31 December 2014	Acquisition cost	Additions / disposals	Accumulated depreciation or amortization	Net book value
Intangible assets	16,632	+262/-0	16,276	356
Tangible assets	22,360	+13,714/-1,198	7,604	14,756

Additions to / classifications for use in intangible fixed assets in 2015:

- Results from 3 research and development projects for CZK 17,873,000
- Visual Studio software licence for CZK 4,386,000
- Telephone licences for CZK 268,000

Additions to tangible fixed assets in 2015:

- IT with acquisition cost of CZK 2,318,000
- Vehicles with acquisition cost of CZK 1,301,000
- Office furniture with acquisition cost of CZK 8,117,000
- Technical improvements to leased real property with acquisition cost of CZK 1,216,000
- Other devices with acquisition cost of CZK 664,000

A physical inventory-taking as at 31 December 2015 was made during 4 January – 29 February 2016 at all workplaces and no differences were found between the physical balance and the accounting records.

Additions to intangible fixed assets in 2014:

- Licence to the Evropská 11 switchboard at cost of CZK 151,000

Additions to tangible fixed assets in 2014:

- IT with acquisition cost of CZK 1,014,000
- Vehicles with acquisition cost of CZK 2,650,000
- Office furniture with acquisition cost of CZK 6,445,000
- Other devices with acquisition cost of CZK 3,605,000

The net book value of assets disposed of during 2015 was CZK 0 (CZK 238,000 in 2014).

For comments on intangible fixed assets under construction, see Note 4f below.

ab/ Inventory

Inventory of goods is recorded using method B upon purchase according to individual order.

ac/ Receivables

Long-term receivables include deposits for rents in the amount of CZK 1,155,000, prepayments for a share in sale of equipment in the amount of CZK 200,000, prepayments for CCS cards in the amount of CZK 35,000, prepayments for Go parking cards in the amount of CZK 6,000,000, and CZK 2,000 for Fontana drinking water barrels.

Security deposits for rents decreased as compared to previous years. New lease contracts for Prague are backed by a bank guarantee concluded on 3 June 2015 in the amount of CZK 9,232,000. At the same time, a term deposit was established at 10% of the value of the bank guarantee (i.e. in the amount of CZK 923,000).

The balance of short-term receivables includes receivables both not yet due and past due. Information on receivables past due is stated in a table in Note 7a). The amount of short-term trade receivables not yet due as at 31 December 2015 was CZK 64,831,000.

As at 31 December 2015, the company had receivables past due in the amount of CZK 2,538,000 (CZK 1,541,000 as at 31 December 2014).

1–30 days	31–60 days	61–90 days	91–180 days	181–365 days	More than 365 days
559	1,038	308	276	340	17

ad/ Payables

In 2015, a long-term payable to the parent company in the amount of CZK 8,127,000 ensuing from a Contract for Transfer of Shares concluded at 7 June 2012 was paid (the remaining unpaid balance for the purchase cost had been payable by 31 December 2017).

Balances on short-term accounts payable include trade payables, unpaid salaries for December 2015 inclusive of insurance payments (paid on 8 January 2016), additional payments of Austrian salaries for 2015 (including fees to Austrian offices) calculated in relation to salaries already paid (paid on 29 February 2016), and an amount due for road tax for 2015. All the reported payables were paid as at the date of preparing the financial statements.

The company reported short-term trade payables past due as at 31 December 2015 in the amount of CZK 239,000. These have been paid as at the date of preparing the financial statements.

The company had reported short-term trade payables past due as at 31 December 2014 in the amount of CZK 326,000. These had been paid as at the date of preparing the financial statements.

b) Deferred Taxation

The deferred tax asset in the amount of CZK 1,344,000 arises from the difference between the accounting and tax net book values in the amount of CZK 6,238,000 and the provisions for management bonuses and for undrawn vacation in the total amount of CZK 12,855,000. The amount was calculated as at 31 December 2015 from these items multiplied by the corporate income tax rate for 2015 of 19%.

c/ Income Tax Payable

Income tax payable for 2015 and paid in the Czech Republic amounts to CZK 4,233,000.

Income tax payable for 2015 and paid in Austria amounts to CZK 1,253,000.

d/ Provisions and Adjustments

In the year ended 31 December 2015, a provision was created for payment of bonuses for 2015 which will be paid in 2016 in the amount of CZK 12,541,000, and a provision for payment of bonuses in the amount of CZK 6,574,000 from 2014 was utilized. The provision created for outstanding vacation was recalculated in 2015, and it decreased as compared to 2014. In 2014, the provision created for outstanding vacation of CZK 867,000 had decreased to CZK 314,000.

e/ Bank Loans

The company has no bank loans.

f/ Grants

The company received grants for conducting applied research projects (Czech Republic):

Provider	Purpose of grant	Current period	Previous period
Ministry of Education, Youth and Sports	CAK III	784	763
Technology Agency of the Czech Republic	REBOT	1,577	0

In addition, the company received grants from EU funds for Framework Project 7 (ARUM). In 2015, it received the third part of funds in the amount of CZK 3,421,000. It also received the first advance payment under the H2020 programme (ER4STEM) during 2015 in the amount of CZK 357,000.

Revenues related to drawing grants in the amount of CZK 10,162,000 in 2015 (CZK 16,231,000 in 2014) are presented in the "Other operating income" line of the profit and loss account.

The company capitalizes such grant projects in the balance sheet line "Intangible fixed assets under construction" on the condition that the capitalized projects fulfil the following conditions:

- the project is feasible,
- the project's results will provide a benefit to the company in the form of sales or use for internal purposes and the company intends to use the project results in such way,
- the company makes an effort to complete the final products, and
- the company is cable to value the project's result.

g/ Accrued Income

Accrued income comprises programming work not yet invoiced and accrued amounts of sub-leases.

h/ Deferred Expenses

Deferred expenses include services invoiced, especially services related to lease of new office spaces at Evropecká 11, insurance, and SW licences related to future reporting periods.

i/ Accrued Expenses

Accrued expenses comprise accrued expenses of the current period invoiced in the following reporting period, especially lease-related services. Another important amount is accrual of lease related to uneven lease payments for the duration of lease contracts.

5. Assets and Liabilities

a/ Leased assets

The company holds no assets under lease.

b/ Assets under Pledge or Encumbered by Lien

Except for the collateral stated in point f/ below, no assets of the company were pledged as collateral or encumbered by lien.

c/ Assets Maintained Off-Balance Sheet

“Low-value assets” with acquisition cost up to CZK 5,000 are considered material.

“Low-value tangible assets” with acquisition cost between CZK 5,000 and CZK 40,000 are treated as inventories, accounted for using method B (i.e. directly expensed), and are maintained in operating records. In 2015, such assets totalling CZK 6,567,000 were acquired, and in 2014 that total was CZK 3,480,000.

“Low-value intangible assets” costing up to CZK 60,000 are expensed directly and maintained in operating records.

In 2015, software was purchased for a total of CZK 3,377,000, and in 2014 for a total of CZK 2,600,000. A large amount of software is acquired under OEM licences and included in the acquisition cost of the acquired IT, in particular operating systems and office software.

d/ Third-party Assets Maintained on the Balance Sheet

The company holds no third-party assets.

e) Tangible Fixed Assets Acquired by Financial Lease

	Current period	Previous period
Leasing costs for the year	57	94
Scheduled future payments: due within 1 year	57	57
Due in following years	0	57

In **2013**, the company concluded a leasing contract to acquire an upgraded version of the Money S4 accounting software with a payment period of 36 months (from 1/2014 to 12/2016). The total payment exclusive of VAT was CZK 171,000.

f/ Off-Balance Sheet Commitments

The company provides a guarantee to UniCredit Bank Czech Republic, a.s. on behalf of EnergyCon s.r.o. for a loan provided to EnergyCon s.r.o. The guarantee commitment is limited to CZK 20,000,000.

g/ Significant Post-Balance Sheet Events

At 15 April 2016, a contract was concluded establishing an ownership interest in the company Health Helm.

h/ Significant Transactions

In connection with moving the company to new office spaces and opening the Ostrava branch, assets (office furniture) were included in asset accounts at acquisition cost of CZK 7,735,000 and improvements to the leased real assets totalling CZK 1,216,000.

i/ Transactions with Related Parties

In this accounting period, no significant transactions and no transactions not at arm's length were concluded with related parties.

Consulting services were invoiced between the majority shareholder SynergyCon a.s. and CertiCon a.s. during 2015 totalling CZK 420,000 exclusive of VAT. In 2014, consulting services totalling CZK 193,000 exclusive of VAT were invoiced.

As at 31 December 2015, the company records payables to SynergyCon a.s. in the amount of CZK 145,000 (CZK 54,000 as at 31 December 2014).

Regarding long-term payables to the parent company, see note 4ad/ Payables.

The company records no receivables from or payables to the related company ProTyS, a.s. as at 31 December 2015. In 2015, the company received revenues for services rendered to ProTyS, a.s. in the amount of CZK 212,000. In 2015, a dividend was received in the amount of CZK 250,000.

The company records no other receivables from or payables to the related company HydroCon a.s. as at 31 December 2015. In 2015, the company received revenues for services rendered to HydroCon a.s. in the amount of CZK 55,000.

No transactions (direct or indirect) were entered into between the reporting entity and the members of its managing and supervisory bodies.

6. Employees, Personnel expenses, Cash and Non-Cash Benefits Provided

	Total	
	Current period	Previous period
Average recalculated number of employees	191	144
Average recalculated number of managers	7.5	5.5
Total personnel expenses, including insurance and social expenses	189,338	142,562
Remuneration to board members	5,450	4,062

Eight members of Executive Management use company cars also for private purposes. Therefore, 1% of the vehicles' initial costs is charged monthly to their salaries.

No loans or other remuneration in kind was provided to members of the company's Board of Directors, the Supervisory Board or the managing bodies.

According to internal regulations, the company provides a regular contribution to supplementary pension savings and loans for housing purposes to its employees. In 2015, a new loan was provided to one employee in the amount of CZK 200,000. Payment of previous loans is being made in accordance with the repayment schedules. A total of CZK 113,000 was repaid in 2015.

7. Information on Costs for Fees to the Audit Company

The audit company did not change in 2015.

The costs for auditing the 2015 financial statements by Deloitte were CZK 240,000, including a preliminary audit for 2015.

8. Equity

a) Changes in Equity

See the Statement of Changes in Equity in the financial statements.

b) Share Capital

The share capital of CZK 10,000,000 comprises 100 shares in the amount of CZK 100,000 per share. The share capital has been fully paid up.

In accordance with the Commercial Code, the company established a statutory reserve fund from its profits. The statutory reserve fund has been fully paid in and amounts to 20% of the company's share capital.

On the basis of the company's Articles of Association and a resolution of the General Meeting from 29 June 2001, the company established a social motivation fund from its net profits used in providing for the social, cultural, educational, sports and health needs of its employees in the extent defined by the rules for the use of and drawing from the social motivation fund. A contribution of CZK 42,000 was provided into this fund during 2015 based upon a resolution of the General Meeting.

9. Sales of Products and Services

Sales of the company's own products and services increased by CZK 115,933,000 as compared to 2014.

Activity	Current period			Previous period		
	Total	Domestic	Foreign	Total	Domestic	Foreign
Sales of own products	70	70	-	105	105	-
Sales of goods	587	484	103	466	-	466
Sales of services	363,822	46,036	317,786	247,889	36,864	211,025
Other income	21,485	21,485 ^{x)}	-	31,320	31,320 ^{x)}	-

^{x)} of which CZK 1,556,000 in 2015 CZK 6,233,000 in 2014

= capitalization of intangible fixed assets created within projects (corresponding entries in accounts nos. 041.300–041.600)

10. Costs of Services

In 2015, costs of services consisted primarily of travel expenses in the amount of CZK 11,566,000 (CZK 13,997,000 in 2014), leasing of CZK 22,236,000 (CZK 9,676,000 in 2014), IT services and other overheads related to projects of CZK 20,616,000 (CZK 16,043,000 in 2014), and internet, telephones, and postal fees of CZK 1,555,000 (CZK 1,585,000 in 2014).

11. Cash Flow Statement

The Cash Flow Statement is a separate attachment to the financial statements.

12. Research and Development Costs

Research and development costs totalled CZK 74,418,000. Due to the year-on-year increase of costs, 110% of this increase can be applied for tax purposes. The company thereby realized an increase in the deductible item of CZK 1,997,000 and tax-deductible costs totalled to CZK 76,415,000.

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