



**ANNUAL REPORT  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**FINANCIAL STATEMENTS  
ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE YEAR ENDED 31 DECEMBER 2014  
INCLUDING THE OPINION OF INDEPENDENT CERTIFIED AUDITORS**

**Rzeszów, 18 February 2015**

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# **FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE S.A. INCLUDING THE OPINION OF INDEPENDENT CERTIFIED AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2014**

These financial statements have been approved for publication by the Management Board of Asseco South Eastern Europe S.A.

Management Board of Asseco South Eastern Europe S.A.:

Piotr Jeleński President of the Management Board

Miljan Mališ Member of the Management Board

Miodrag Mirčetić Member of the Management Board

Marcin Rulnicki Member of the Management Board

Person responsible for maintaining the accounting books:

Anna Dworzak

**FINANCIAL HIGHLIGHTS OF ASEE S.A.**

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
	PLN'000	PLN'000	EUR'000	EUR'000
I. Revenues from holding activities	30,235	46,117	7,217	10,952
II. Revenues from operating activities	7,454	9,081	1,779	2,156
III. Operating profit	23,364	40,354	5,577	9,583
IV. Pre-tax profit	19,912	42,656	4,753	10,130
V. Net profit for the reporting period	18,761	40,312	4,478	9,573
VI. Net cash provided by (used in) operating activities	24,435	30,432	5,833	7,227
VII. Net cash provided by (used in) investing activities	(2,851)	11,909	(681)	2,828
VIII. Net cash provided by (used in) financing activities	(16,645)	(42,034)	(3,973)	(9,982)
IX. Cash and short-term deposits	7,907	2,950	1,855	711
X. Earnings per ordinary share (in PLN/EUR)	0.36	0.78	0.09	0.19
XI. Diluted earnings per ordinary share (in PLN/EUR)	0.36	0.78	0.09	0.19

The financial highlights disclosed in these annual financial statements were translated into EUR in the following way:

- items of the income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - in the period from 1 January 2014 to 31 December 2014: EUR 1 = PLN 4.1892
  - in the period from 1 January 2013 to 31 December 2013: EUR 1 = PLN 4.2110
- cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
  - exchange rate effective on 31 December 2014: EUR 1 = PLN 4.2623
  - exchange rate effective on 31 December 2013: EUR 1 = PLN 4.1472

**INCOME STATEMENT OF ASEE S.A.**

	Note	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Holding activities</b>		<b>30,235</b>	<b>46,117</b>
Dividend income	1	20,666	36,794
Revenues from sales of services	1	9,569	9,323
<b>Operating activities</b>		<b>7 454</b>	<b>9,081</b>
Revenues from sales of IT services and software	2	7,454	9,081
<b>Total sales revenues</b>		<b>37,689</b>	<b>55,198</b>
Cost of sales (-)	3	(11,614)	(12,544)
<b>Gross profit on sales</b>		<b>26,075</b>	<b>42,654</b>
Selling costs (-)	3	(2,652)	(2,249)
General and administrative expenses (-)	3	(77)	(67)
<b>Net profit on sales</b>		<b>23,346</b>	<b>40,338</b>
Other operating income		35	19
Other operating expenses (-)		(17)	(3)
<b>Operating profit</b>		<b>23,364</b>	<b>40,354</b>
Financial income	4	1,881	7,124
Financial expenses (-)	4	(5,333)	(4,822)
<b>Pre-tax profit</b>		<b>19,912</b>	<b>42,656</b>
Corporate income tax (current and deferred tax expense)	5	(1,151)	(2,344)
<b>Net profit for the reporting period</b>		<b>18,761</b>	<b>40,312</b>
<hr/>			
<b>Earnings per share for the reporting period (in PLN):</b>			
Basic earnings per share from continuing operations for the reporting period	6	0.36	0.78
Diluted earnings per share from continuing operations for the reporting period	6	0.36	0.78

**STATEMENT OF COMPREHENSIVE INCOME OF ASEE S.A.**

	Note	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Net profit for the reporting period</b>		<b>18,761</b>	<b>40,312</b>
<b>Other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>		<b>18,761</b>	<b>40,312</b>

**STATEMENT OF FINANCIAL POSITION OF ASEE S.A.**

<b>ASSETS</b>	<b>Note</b>	<b>31 December 2014</b> (audited)	<b>31 December 2013</b> (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	514	418
Goodwill arising from a merger	9	4,567	4,567
Intangible assets	9	161	233
Investments in subsidiaries	10	588,566	592,677
Deferred tax assets	5	997	1,488
Other long-term receivables	11	6,590	4,066
Long-term prepayments and accrued income	18	7	242
<b>Current assets</b>			
		<b>16,716</b>	<b>15,027</b>
Inventories		2	2
Prepayments and accrued income	18	1,450	2,075
Trade receivables	11	1,699	5,044
Other short-term receivables	11	1,796	3,856
Short-term financial assets	13	3,862	1,100
Cash and short-term deposits	12	7,907	2,950
<b>TOTAL ASSETS</b>		<b>618,118</b>	<b>618,718</b>

**STATEMENT OF FINANCIAL POSITION OF ASEE S.A.**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31 December 2014</b> (audited)	<b>31 December 2013</b> (audited)
<b>Equity</b>			
Share capital	14	518,942	518,942
Share premium	15	38,825	38,825
Retained earnings and current net profit	16	54,863	52,708
<b>Total equity</b>		<b>612,630</b>	<b>610,475</b>
<b>Non-current liabilities</b>			
Long-term deferred income	18	11	292
<b>Current liabilities</b>			
		<b>5,477</b>	<b>7,951</b>
Trade payables	17	1,481	3,756
Liabilities to the state and local budgets	17	155	737
Financial liabilities	17	1 901	1,800
Other liabilities		131	24
Deferred income	18	466	1,190
Accruals	18	1,343	444
<b>TOTAL LIABILITIES</b>		<b>5,488</b>	<b>8,243</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>618,118</b>	<b>618,718</b>

**STATEMENT OF CHANGES IN EQUITY OF ASEE S.A.**

for the year ended 31 December 2014 and for the year ended 31 December 2013

	Share capital	Share premium	Retained earnings (deficit) and current net profit	Total equity
<b>As at 1 January 2014</b>	<b>518,942</b>	<b>38,825</b>	<b>52,708</b>	<b>610,475</b>
Net profit for the reporting period	-	-	18,761	<b>18,761</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>18,761</b>	<b>18,761</b>
Dividends	-	-	(16,606)	<b>(16,606)</b>
<b>As at 31 December 2014 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>54,863</b>	<b>612,630</b>
<b>As at 1 January 2013</b>	<b>518,942</b>	<b>38,825</b>	<b>54,430</b>	<b>612,197</b>
Net profit for the reporting period	-	-	40,312	<b>40,312</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>40,312</b>	<b>40,312</b>
Dividends	-	-	(42,034)	<b>(42,034)</b>
<b>As at 31 December 2013 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>52,708</b>	<b>610,475</b>

**CASH FLOW STATEMENT OF ASEE S.A.**

	Note	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		19,912	42,656
<b>Total adjustments:</b>		<b>4,523</b>	<b>(12,312)</b>
Depreciation and amortization		265	262
Change in inventories	19	-	4
Change in receivables	19	3,459	(2,402)
Change in liabilities	19	(2,750)	3,362
Change in prepayments and accruals	19	754	(2,533)
Interest income and expenses		(84)	(474)
Gain (loss) on foreign exchange differences		(1,364)	(308)
Gain (loss) on investing activities		(15,396)	(38,366)
Other		(24)	(3)
<b>Selected operating cash flows</b>		<b>19,663</b>	<b>28,146</b>
Acquisition of shares in subsidiaries	19	(1,009)	(10,473)
Disposal of shares in subsidiaries	19	634	2,506
Dividends received	19	20,038	36,113
<b>Net cash used in operating activities</b>		<b>24,435</b>	<b>30,344</b>
Corporate income tax recovered (paid)		-	88
<b>Net cash provided by (used in) operating activities</b>		<b>24,435</b>	<b>30,432</b>
<b>Cash flows – investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(302)	(227)
Disposal of property, plant and equipment and intangible assets		30	-
Disposal of financial assets carried at fair value through profit or loss	13	63	9,529
Acquisition of financial assets carried at fair value through profit or loss	13	-	(9,500)
Bank deposits withdrawn	13	3,500	15,809
Bank deposits made	13	(2,500)	(4,300)
Loans granted	13	(4,164)	-
Loans collected	13	423	-
Interest received	13	99	598
<b>Net cash provided by (used in) investing activities</b>		<b>(2,851)</b>	<b>11,909</b>
<b>Cash flows – financing activities</b>			
Dividends paid out to shareholders of ASEE S.A.		(16,606)	(42,034)
Other cash flows from financing activities		(39)	-
<b>Net cash provided by (used in) financing activities</b>		<b>(16,645)</b>	<b>(42,034)</b>
Net increase (decrease) in cash and cash equivalents		4,939	307
Net foreign exchange differences		18	(1)
<b>Cash and cash equivalents as at 1 January</b>		<b>2,950</b>	<b>2,644</b>
<b>Cash and cash equivalents as at 31 December</b>	12	<b>7,907</b>	<b>2,950</b>

## SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

### I. GENERAL INFORMATION

Asseco South Eastern Europe S.A. (the "Company", "Issuer", "Entity", "ASEE S.A.") seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007. The Company has been listed on the Warsaw Stock Exchange since 28 October 2009.

According to the Articles of Association, the Company's business profile includes:

- Activities of head offices and holdings;
- Computer programming activities;
- Computer consultancy activities;
- Computer facilities management activities;
- Other information technology and computer service activities;
- Data processing, hosting activities;
- Web portals and call center activities;
- Research and experimental development on natural sciences and engineering;
- Reproduction of recorded media;
- Wholesale of computers, computer peripheral equipment and software;
- Wholesale of electronic and telecommunications equipment;
- Retail sale of computers, peripheral units and software;
- Accounting, book-keeping and tax consultancy;
- Business and other management consultancy activities.

ASEE S.A. is the Parent Company of Asseco South Eastern Europe Group. The Parent Company shall operate within the territory of the Republic of Poland as well as abroad. The period of the Company's operations is indefinite.

The parent of ASEE S.A. is Asseco Poland S.A. (the higher-level parent company). As at 31 December 2014, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

These financial statements cover the year ended 31 December 2014 and contain comparable data for the year ended 31 December 2013.

The Company draws up its financial statements in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union for the current and comparable period.

These financial statements for the year ended 31 December 2014 have been approved for publication by the Management Board on 18 February 2015.

The Company also prepared the consolidated financial statements of Asseco South Eastern Europe Group for the year ended 31 December 2014, which have been approved for publication by the Management Board on 18 February 2015.

### II. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND THEIR COMMITTEES

As at 31 December 2014 as well as on the date of publication of this report, i.e. on 18 February 2015, the Company's Management Board and Supervisory Board and its Audit Committee were composed of the following persons:

Supervisory Board	Management Board	Audit Committee
Adam Góral	Piotr Jeleński	Andrzej Mauberg
Jacek Duch	Miljan Mališ	Jacek Duch
Jan Dauman	Miodrag Mirčetić	Gabriela Žukowicz
Andrzej Mauberg	Marcin Rulnicki	
Mihail Petreski		
Przemysław Sęczkowski		
Gabriela Žukowicz		

On 30 December 2014, the Company received from Mr. Călin Bârseni a letter of resignation from the position of Member of the Management Board effective from 31 December 2014.

In the period from 31 December 2014 till the publication of this report, this is till 18 February 2015, the compositions of the Company's Management Board, Supervisory Board and Audit Committee remained unchanged.

As at 31 December 2013, the Company's Management Board and Supervisory Board and its Audit Committee were composed of the following persons:

Supervisory Board	Management Board	Audit Committee
Adam Góral	Piotr Jeleński	Andrzej Mauberg
Jacek Duch	Călin Bârseni	Jacek Duch
Jan Dauman	Miljan Mališ	Gabriela Žukowicz
Andrzej Mauberg	Miodrag Mirčetić	
Mihail Petreski	Marcin Rulnicki	
Przemysław Sęczkowski		
Gabriela Žukowicz		

### III. INVESTMENTS IN COMPANIES

The Company holds investments in the following subsidiaries:

Company	Short name	Seat	Business profile	Equity interest held	
				31 Dec. 2014	31 Dec. 2013
<b>Asseco SEE d.o.o., Beograd</b>	<b>ASEE Serbia</b>	Serbia	Development of applications and provision of comprehensive IT systems for financial institutions. Payment solutions. Integration services.	100%	100%
<b>Asseco SEE d.o.o., (Zagreb)</b>	<b>ASEE Croatia</b>	Croatia	Mobile and authentication solutions for financial institutions. Payment solutions.	100%	100%
<b>EŽ Računalstvo 2013 d.o.o., (Zagreb)1)</b>	<b>EŽR Croatia</b>	Croatia	Sale and maintenance of payment terminals.	-	100%
<b>Asseco SEE d.o.o. Podgorica2)</b>	<b>ASEE Montenegro</b>	Montenegro	Payment solutions. Integration services and IT solutions for the financial, industrial, and public administration sectors.	100%	-
<b>Asseco SEE s.r.l., (Bucharest)</b>	<b>ASEE Romania</b>	Romania	Integration services for the financial, industrial, and public administration sectors. Development of applications and provision of IT systems for financial institutions.	100%	100%
<b>Asseco SEE Sh.p.k., (Pristina)</b>	<b>ASEE Kosovo</b>	Kosovo	Integration of IT systems as well as development and implementation of proprietary software for the banking sector and public administration. Payment solutions.	100%	100%
<b>Asseco SEE Teknoloji A.Ş., (İstanbul)</b>	<b>ASEE Turkey</b>	Turkey	Development of applications and provision of IT systems for the execution and settlement of on-line payments, detection and prevention of bank frauds, management of dispersed assets, lease management.	100%	100%
<b>Asseco SEE d.o.o., (Ljubljana)</b>	<b>ASEE Slovenia</b>	Slovenia	Payment solutions.	100%	100%
<b>Asseco SEE o.o.d., Sofia</b>	<b>ASEE Bulgaria</b>	Bulgaria	Provision of IT systems for financial institutions. Payment solutions.	100%	100%
<b>Asseco SEE d. o.o., (Sarajevo)</b>	<b>ASEE B&amp;H</b>	Bosnia & Herzegovina	Provision of IT systems for financial institutions. Payment solutions.	100%	100%
<b>Asseco SEE DDOEL, Skopje</b>	<b>ASEE Macedonia</b>	Macedonia	Integration services for the financial, industrial, and public administration sectors. Development of applications and provision of IT systems for financial institutions. Payment solutions.	100%	100%

1) On 2 January 2014, a merger of our two Croatian subsidiaries, namely ASEE Croatia (the taking-over company) and EŽR Croatia (the acquired company) was registered.  
 2) On 18 June 2014, the Company acquired 1% of shares in ASEE Montenegro from ASEE Serbia, and the remaining 99% of shares on 19 August 2014. As a result of these transactions, ASEE Montenegro has become a direct subsidiary of ASEE S.A.

Both as at 31 December 2014 and 31 December 2013, voting rights held by the Company in its

subsidiaries were proportional to the Company's equity interests in those entities.

### IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

#### 1. Basis for the preparation of financial statements

The financial statements were prepared in accordance with the historical cost convention, except for derivative financial instruments and assets that are carried at fair value through profit or loss.

The presentation currency of these financial statements is the Polish zloty (PLN), and all figures are presented in thousands of zlotys (PLN'000), unless stated otherwise.

These financial statements were prepared on a going-concern basis, assuming the Company will continue its business activities in the foreseeable future, this is over a period not shorter than 12 months from the balance sheet date, i.e. 31 December 2014.

Till the date of approving these financial statements, we have not observed any circumstances that would threaten the Company's ability to continue as a going concern in the period of at least 12 months following the balance sheet date.

#### 2. Compliance statement

These financial statements have been prepared in compliance with the International Financial Reporting Standards as adopted by the European Union.

### **3. Functional currency and reporting currency**

The functional currency applied by the Company as well as the reporting currency used in these financial statements is the Polish zloty (PLN).

### **4. Changes in estimates**

As of 1 January 2014, we have changed the method for recognition of inventory write-downs. Until 31 December 2013, inventory write-downs were recognized applying the following rule:

- 100% write-down on goods stored for longer than 2 years,
- 50% write-down on goods stored for between 1 and 2 years.

According to the newly adopted rule, as of 1 January 2014 inventory write-downs shall be recognized as follows:

- 100% write-down on goods stored for longer than 2 years,
- 75% write-down on goods stored for between 1.5 and 2 years,
- 50% write-down on goods stored for between 1 and 1.5 years,
- 25% write-down on goods stored for between half a year and 1 year.

This amendment had no impact on these financial statements.

### **5. Professional judgement**

Preparation of financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. Despite the estimates and assumptions have been adopted based on the Company's management best knowledge about the current activities and occurrences, the actual results may differ from those anticipated.

Presented below are the main areas which, in the process of applying our accounting policies, were subject not only to accounting estimates but also to the management's professional judgement, and whose estimates, if changed, could significantly affect the Company's future results.

#### **i. Rates of depreciation and amortization**

The level of depreciation and amortization rates is determined on the basis of anticipated period of useful economic life of the components of tangible and intangible assets. The Company verifies the adopted periods of useful life on an annual basis, taking into account the current estimates.

### **ii. Goodwill impairment testing**

As at 31 December 2014, the Company's Management Board performed an impairment test on goodwill arising in 2012 from the merger with ITD Poland. This task required making estimates of the recoverable amount of goodwill. The recoverable amount was estimated by determination of the future cash flows expected to be achieved from the cash-generating unit and determination of a discount rate to be subsequently used in order to calculate the net present value of those cash flows. The discount rate applied in the model was 6.1%; whereas, sales revenue growth was assumed at the rate of 4.4%. Goodwill arising from the merger amounted to PLN 4,567 thousand both as at 31 December 2014 and 31 December 2013. Any reasonable modification of the key assumptions adopted in the model should not indicate any impairment of goodwill.

### **iii. Liabilities to pay for the remaining stakes of shares in subsidiaries**

As at 31 December 2014, the Company recognized a contingent liability for the future payment for shares acquired in EŽR Croatia. Determination of the amount of such liability required making estimates of the company's financial results. As at 31 December 2014, this liability amounted to PLN 1,850 thousand as compared with PLN 1,800 thousand reported as at 31 December 2013.

### **iv. Deferred tax assets**

The Company's tax-deductible losses not accounted for in deferred tax assets amounted to PLN 54,573 thousand as at 31 December 2014, as compared with PLN 63,688 thousand as at 31 December 2013. Hence, in the period of 12 months ended 31 December 2014, the estimated amount of tax-deductible losses included in deferred tax assets increased by PLN 8,946 thousand. The Company did not recognize the entire balance of deferred tax assets related to unutilized tax losses.

Deferred tax assets arising from unutilized tax losses were recognized in the amount of PLN 693 thousand as at 31 December 2014 (as compared with PLN 1,418 thousand as at 31 December 2013), this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. The utilization of those tax-deductible losses is possible till the end of 2015.

#### **v. Impairment of financial assets**

At every balance sheet date, the Company carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Company shall estimate the recoverable amount. The recoverable amount is estimated by determination of the future cash flows expected to be achieved from the cash-generating unit and determination of a discount rate to be subsequently used in order to calculate the net present value of those cash flows. Impairment tests carried out on our investments as at 31 December 2014 have been described in explanatory note 10 to these financial statements.

#### **6. Changes in the accounting policies applied**

The accounting policies adopted in the preparation of this report are consistent with those followed when preparing the annual financial statements for the year ended 31 December 2013, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2014:

#### **7. New standards and interpretations published but not in force yet**

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not yet come into force:

- IFRS 9 *Financial Instruments* (issued on 24 July 2014) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRIC 21 *Levies* (issued on 20 May 2013) – effective for annual periods beginning on or after 1 January 2014 – to be applied in the EU at the latest for annual periods beginning on or after 17 June 2014;
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (issued on 21 November 2013) – effective for annual periods beginning on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 February 2015;

- *Annual Improvements to IFRSs: 2010-2012 Cycle* (issued on 12 December 2013) – some amendments are effective for annual periods beginning on or after 1 July 2014, and some prospectively for transactions occurring on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 February 2015;
- *Annual Improvements to IFRSs: 2011-2013 Cycle* (issued on 12 December 2013) – effective for annual periods beginning on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2015;
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – effective for annual periods beginning on or after 1 January 2016 – it has not yet been decided when EFRAG shall perform specific steps for the endorsement of this standard – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (issued on 6 May 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization* (issued on 12 May 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014) – effective for annual periods beginning on or after 1 January 2017 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (issued on 30 June 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;

- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (issued on 12 August 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- *Annual Improvements to IFRSs: 2012-2014 Cycle* (issued on 25 September 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (issued on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 1 *Disclosure Initiative* (issued on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements.

## 8. Significant accounting policies

### i. Translation of items expressed in foreign currencies

Transactions denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rate published by the National Bank of Poland and in effect on the day preceding the transaction date.

As at the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rates of such currencies as published by the National Bank of Poland and in effect on the last day of the reporting period. Foreign currency differences resulting from such restatement are reported respectively as financial income (expenses) or they may be capitalized as assets in case it is provided for in the adopted accounting policies. Non-cash assets and liabilities carried at historical cost expressed in a foreign currency are disclosed the historical exchange rate of the transaction date. Non-cash assets and liabilities carried at fair value expressed in a foreign currency

are reported at the exchange rate from the date when fair value measurement was carried out.

The following exchange rates were applied for the purpose of balance sheet valuation:

Currency	As at	
	31 Dec. 2014	31 Dec. 2013
USD	3.5072	3.0120
EUR	4.2623	4.1472
RON	0.9510	0.9262
HRK	0.5566	0.5444
RSD	0.0352	0.0362
BGN	2.1793	2.1205
MKD	0.0693	0.0675
BAM	2.1793	2.1204
TRY	1.5070	1.4122

Average exchange rates for the specified reporting periods were as follows:

Currency	for the year ended	
	31 Dec. 2014	31 Dec. 2013
USD	3.1784	3.1653
EUR	4.1893	4.2110
RON	0.9440	0.9543
HRK	0.5488	0.5557
RSD	0.0357	0.0372
BGN	2.1420	2.1531
MKD	0.0680	0.0681
BAM	2.1412	2.1512
TRY	1.4508	1.6498

### ii. Property, plant and equipment

Property, plant and equipment are disclosed at purchase cost/production cost decreased by accumulated depreciation and any impairment write-downs. The initial value of tangible assets corresponds to their purchase cost increased by expenditures related directly to the purchase and adaptation of such assets to their intended use. Such expenditures may also include the cost of spare parts to be replaced on machinery or equipment at the time when incurred, if the recognition criteria are met. Any costs incurred after a tangible asset is made available for use, such as maintenance or repair fees, are expensed in the income statement at the time when incurred.

At the time of purchase tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well.

Such assets are depreciated using the straight-line method over their expected useful lives which are as follows:

Type	Period of useful life
Buildings and structures	40 years
Leasehold improvements	5 years
Computers and telecommunication equipment	1-5 years
Furniture	2-8 years
Office equipment	5-10 years
Transportation vehicles	4-6 years
Other tangible assets	2-5 years

The residual values, useful lives as well as the methods of depreciation of tangible assets are verified on an annual basis and, if necessary, corrected with effect as of the beginning of the financial year just ended.

Should there be any events or changes indicating that the book value of property, plant and equipment may not be recovered, such assets will be reviewed for their possible impairment. If there are any indications of a possible impairment and the book value exceeds the estimated recoverable amount, the value of such assets or cash-generating units shall be reduced to the recoverable amount. The recoverable amount of property, plant and equipment is the greater of their fair value (decreased by any related selling expenses) and their value in use. In order to determine the value in use, estimated future cash flows shall be discounted to the present value by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks related to the asset. In case of an asset which does not generate cash independently, the recoverable amount shall be determined for the cash-generating unit, to which such asset belongs. Impairment write-downs are accounted for as operating expenses in the income statement.

A tangible asset may be derecognized from the balance sheet after it is disposed of or when no economic benefits are expected from its further use. Gain/loss on disposal of a tangible fixed asset shall be assessed by comparing the income from such disposal with the present book value of such asset, and it shall be accounted for as operating income/expense. Any gains or losses resulting from derecognition of an asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying value) are recognized in the income statement for the period when such derecognition is made.

Investments in progress relate to tangible assets under construction or during assembly and are recognized at purchase cost or production cost, decreased by any eventual impairment write-downs. Tangible assets under construction are not depreciated until their construction is completed and they are made available for use.

### ***iii. Intangible assets***

Intangible assets purchased in a separate transaction or generated (if qualifying to be recognized as cost of development work) shall be initially recognized at their purchase cost or production cost. The purchase cost of intangible assets acquired under a business combination shall equal their fair value as at the merger date. After the initial recognition, intangible assets are accounted for at their purchase cost or production cost decreased by accumulated amortization and impairment charges. Expenditures for internally generated intangible assets, except for the costs of development work, shall not be capitalized but expensed in the period when they are incurred.

The Company shall determine whether the period of useful life of an intangible asset is definite or indefinite. Intangible assets with a definite period of useful life are amortized over the expected useful life, and are subject to impairment testing each time there are indications of possible impairment. The periods and methods of amortization of intangible assets with a definite period of useful life are subject to verification at least at the end of each financial year. Any changes in the expected useful life, or the expected consumption of economic benefits derived from an intangible asset, are addressed by changing the relevant period or method of amortization, and are treated as changes in estimates. Amortization charges against intangible assets with a definite period of useful life are expensed in the income statement, in the category which corresponds to the function of each individual intangible asset.

Intangible assets with an indefinite period of useful life, as well as those which are no longer used, are subject to impairment testing on an annual basis, with regard to individual assets or at the level of cash-generating unit.

The useful lives are verified on an annual basis and, if necessary, corrected with effect as of the beginning of the financial year just ended.

Such assets are depreciated using the straight-line method over their expected useful lives which are as follows:

Type	Period of useful life
Cost of development work	3-5 years
Computer software	2-5 years
Patents and licenses	2-5 years
Other	5 years

Any gains or losses resulting from removal of intangible assets from the balance sheet (calculated as the difference between the net cash obtained from sales and the book value of such item) are recognized in the income statement for the period when such derecognition is made.

#### **iv. Impairment of non-financial assets**

At every balance sheet date, the Company carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Company shall estimate the recoverable amount. If the book value of a given asset exceeds its recoverable amount, impairment charges are made reducing the book value to the level of recoverable amount. The recoverable amount is the higher of the following two values: fair value of an asset or cash-generating unit less selling expenses, or value in use determined for an asset if such asset generates cash flows significantly independent from cash flows generated by other assets or groups of assets or cash-generating units.

At each balance sheet date, the Company determines whether there are any indications for reversal or reduction of an impairment charge that was recognized on a given asset in the prior periods. If such indications exist, the Company needs to estimate the recoverable amount of relevant asset. A formerly recognized impairment charge may be reversed only when, from the date of the last recognition of impairment, changes in the estimates applied for determination of the recoverable amount of the relevant asset occurred. If this is the case, the carrying value of such asset shall be increased to its recoverable amount. The increased amount cannot exceed the given asset's book value (net of depreciation) that would be carried in case no impairment charge was recognized on such asset in the prior years. A reversal of an impairment charge shall be immediately recognized as income in the income statement. Following a reversal of an impairment

write-down, the depreciation charges made on the relevant asset during subsequent financial periods shall be adjusted in such a way as to enable systematic depreciation of the asset's verified book value (net of residual value) over the remaining period of its useful life.

#### **v. Shares in subsidiaries, associates, and joint ventures**

Subsidiary companies are those entities which are controlled by the Company. The Company, irrespective of the nature of its involvement with a given entity, in each case analyzes whether it is a parent taking into account the influence it exerts on such entity.

The Company maintains control over an investee entity if and only if it has:

- power over the investee;
- exposure, or rights, to variable financial results of the investee; and
- the ability to use power over the investee to affect the amount of returns generated from its investment.

Associates are entities in which the Company holds between 20% and 50% of voting rights at the general meeting of shareholders and on which the Company exerts a significant influence, however, without the ability to control them. This means they are neither subsidiaries nor joint ventures.

Joint ventures are entities that are neither subsidiaries nor associates, in which the Company holds no more than 50% of voting rights at the general meeting, or is otherwise able to direct the financial and operating policy of such entities together with other shareholders.

The Company's investments in subsidiaries, joint ventures and associates are recognized at purchase cost. At every balance sheet date, the Company verifies its investments in related companies concerning possible indications of impairment. Furthermore, at the end of each financial year the Company estimates the recoverable amount of its financial assets by analyzing and measuring the future cash flows to be generated by such assets.

#### **vi. Combination of businesses under common control**

A business combination involving business entities under common control is a business combination whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

This refers in particular to transactions such as a transfer of companies or ventures between individual companies within a capital group, or a merger of a parent company with its subsidiary.

The effects of combinations of businesses under common control are accounted for by the Company by the pooling of interests method.

In particular, as far as the Company's mergers with its subsidiaries are concerned, the applied approach assumes that:

- assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the consolidated financial statements of the parent determined as at the date of obtaining control. This means that goodwill recognized initially in the consolidated financial statements as well as any other intangible assets recognized in the merger accounting process are transferred to the separate financial statements;
- merger-related transaction costs are expensed in the income statement;
- mutual balances of accounts receivable/payable are eliminated;
- any difference between the purchase price paid/transferred and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) shall be recognized in equity of the acquirer (such amounts recognized in equity are not included in reserve capital, and therefore they are not distributable);
- the income statement presents the financial results of both combined entities from the date when their merger was effected; whereas, the results for earlier reporting periods are not restated.

In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two subsidiaries of ASEE S.A. are combined, the carrying value of investment in the acquiree subsidiary is only transferred to the value of investment in the acquirer subsidiary. Hence, a take-over of one subsidiary by another subsidiary has no impact on the Company's financial results whatsoever.

Where under an acquisition of a subsidiary the acquirer recognizes a conditional payment, any changes in the fair value of such conditional consideration occurring after the acquisition date shall be recognized as financial income or expenses.

#### **vii. Financial instruments**

Financial instruments are divided into the following categories:

- financial assets held to maturity,
- financial instruments carried at fair value through profit or loss,
- loans and receivables,
- financial assets available for sale, and
- financial liabilities.

All the financial assets are initially recognized at purchase cost equal to fair value of the effected payment, including the costs related to the purchase of a financial asset, except for financial instruments carried at fair value through profit or loss.

Financial assets held to maturity are investments with payments specified or which may be specified and with a fixed repayment date (maturity), which the Company intends to and may hold to maturity. Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity shall be classified as fixed assets if their maturity exceeds 12 months from the balance sheet date.

Financial instruments acquired in order to generate profits by taking advantage of short-term price fluctuations shall be classified as financial instruments carried at fair value through profit or loss. Financial instruments carried at fair value through profit or loss are measured at their market value as at the balance sheet date. Changes in these financial instruments are recognized as financial income or expenses. Financial assets carried at fair value through profit or loss shall be classified as current assets, provided the Management Board intends to dispose them within 12 months from the balance sheet date. This does not apply to currency forward contracts that need to be classified as short-term items irrespectively of their term of maturity.

Loans granted and receivables are carried at amortized cost. They are recognized as current assets unless their maturity periods are longer than 12 months from the balance sheet date. Loans granted and receivables with maturity periods longer than 12 months from the balance sheet date are recognized as fixed assets.

Any other financial assets constitute financial assets available for sale. Financial assets available for sale are carried at fair value, without deducting the transaction-related costs, taking into consideration their market value as at the balance sheet date. If financial instruments are not quoted on an active market and it is impossible to determine their fair value reliably with alternative methods, such financial assets available for sale shall be measured at purchase cost adjusted by impairment charges. Provided financial instruments have a market price determined in a regulated active market or it is possible to determine their fair value in other reliable way, the positive and negative differences between the fair value and the purchase cost of such assets available for sale (after deducting any deferred tax liabilities) shall be disclosed in the asset revaluation reserve. A decrease in the value of assets available for sale, resulting from their impairment, shall be disclosed as a financial expense in the income statement.

Purchases or disposals of financial assets are recognized in the accounting books at the transaction date. At the initial recognition they are valued at purchase cost, this is at fair value plus the transaction-related costs.

Financial liabilities other than financial instruments carried at fair value through profit or loss, are measured at amortized cost using the effective interest rate.

A financial instrument shall be derecognized from the balance sheet if the Company no longer controls the contractual rights arising from such financial instrument; this usually takes place when the instrument is sold or when all cash flows generated by that instrument are transferred to an independent third party.

#### **viii. Derivative financial instruments and hedges**

Derivative instruments utilized by the Company in order to hedge against the risk of changes in foreign currency exchange rates include primarily currency forward contracts. Such financial derivatives are measured at fair value. Derivative instruments are recognized as assets or liabilities depending on whether their value is positive or negative.

Gains and losses on changes in fair value of derivatives, which do not qualify for hedge accounting, are recognized directly in profit or loss for the financial year.

Fair value of currency forward contracts is determined on the basis of the forward exchange rates available currently for contracts with similar maturity.

Hedge accounting includes the following types of hedges:

- fair value hedges against the exposure to changes in fair value of a recognized asset or liability, or
- cash flow hedges against the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or with a forecast transaction, or
- hedges of net investments in foreign operations.

#### **ix. Impairment of financial assets**

At each balance sheet date, the Company determines if there are any objective indications of impairment of a financial asset or group of financial assets.

##### *Financial assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans or receivables valued at amortized cost has been incurred, the amount of the impairment write-down is measured as the difference between the asset's book value and the present value of estimated future cash flows (excluding future bad debt losses that have not been incurred yet) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying value of such assets shall be reduced either directly or by establishing an impairment write-down. The amount of the loss shall be recognized in the income statement.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are assessed for impairment individually, and for which an impairment loss is or continues to be recognized, are not included in the collective assessment of impairment of a group of assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. Such reversal of the impairment write-down shall be recognized in profit or loss to the extent that the carrying value of the financial asset does not exceed its amortized cost at the date when the impairment is reversed.

##### *Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative instrument that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of impairment loss is measured as the difference between the carrying

value of the financial asset involved and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets.

##### *Financial assets available for sale*

When there is objective evidence that a financial asset available for sale is impaired, then the amount of difference between the purchase cost of such asset (net of any principal repayments and amortization) and its current value decreased by any impairment charges on that financial asset as previously recognized in profit or loss, shall be removed from equity and recognized in the income statement. Reversals of impairment losses on equity instruments classified as available for sale cannot be recognized in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, then the amount of such impairment loss shall be reversed in the income statement.

#### **x. Inventories**

Inventories are valued at the lower of the following two values: purchase cost/production cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Company uses the method of precise identification for valuation of outgoing inventories.

The Company is obliged to perform an ageing analysis of their inventories at each balance sheet date, separately for the main groups (licenses, goods for resale, maintenance service inventories). Such analysis provides the rationale for making revaluation write-downs on tangible current assets subject to the following rules:

- 100% write-down on goods stored for longer than 2 years,
- 75% write-down on goods stored for between 1.5 and 2 years,
- 50% write-down on goods stored for between 1 and 1.5 years,
- 25% write-down on goods stored for between half a year and 1 year.

#### **xii. Prepayments and accrued income**

Prepayments comprise expenses incurred before the balance sheet date that relate to future periods.

Prepayments may in particular include the following items:

- rents paid in advance,
- insurances,
- subscriptions,
- prepaid third-party services which shall be provided in future periods,
- any other expenses incurred in the current period, but related to future periods.

Accrued income includes mainly maintenance services relating to future periods. The Company recognizes prepayments and accrued income if their amounts relate to future reporting periods.

#### **xiii. Trade receivables and other receivables**

Trade receivables, usually with payment terms ranging from 14 and 90 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for doubtful receivables. For receivables past-due over 180 days a 50% write-down shall be recognized; whereas, receivables past-due over 365 days shall be written down by 100%. An allowance for doubtful accounts shall be determined also when it is no longer probable that the entire amount receivable will be collected, irrespective of the past-due period. Doubtful accounts shall be expensed in the income statement at the time when they are deemed uncollectible.

Where the effect of the time value of money is material, the amount of receivables shall be measured by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money. Should the discounting method be used, any increase in receivables over time shall be booked as financial income.

#### **xiv. Cash and cash equivalents**

Cash and cash equivalents presented in the balance sheet consist of cash kept in banks and on hand by the Company, short-term bank deposits with maturities not exceeding 3 months, and other highly liquid instruments.

The balance of cash and cash equivalents disclosed in the statement of cash flows consists of the above-defined cash and cash equivalents. For the purposes of the statement of cash flows, the

Company decided not to present bank overdraft facilities (used as an element of financing) in the balance of cash and cash equivalents.

#### **xv. Interest-bearing bank loans and borrowings**

All bank loans, borrowings and debt securities are initially recognized at their purchase cost, being the fair value of cash received net of any costs associated with obtaining a credit or loan, or with issuing a debt security.

Subsequently to such initial recognition, bank loans, borrowings and debt securities are measured at amortized purchase cost using the effective interest rate. Determination of the amortized purchase cost shall take into account the costs related to obtaining a credit or loan, or issuing a debt security, as well as the discounts or bonuses obtained on repayment of the liability.

The difference between the cash received (net of costs related to obtaining a credit or loan, or issuing a debt security) and the repayment amount shall be disclosed in the income statement over the term of such financing. Any gains or losses shall be recognized in the income statement after the liability has been removed from the balance sheet. All expenses relating to bank loans, borrowings or debt securities issued, shall be recognized in the income statement for the period they relate to.

#### **xvi. Trade payables**

Trade payables relating to operating activities are recognized and disclosed at the amounts due for payment, and are recognized in the reporting periods which they relate to. Other liabilities to a significant extent also relate to operating activities yet, in contrast to trade payables, they were not invoiced.

Where the effect of the time value of money is material, the amount of payables shall be measured by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money. Where discounting method is used, the increase in liabilities due to the passage of time is recognized as a financial expense.

#### **xvi. Provisions**

A provision should be recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects that the expenditure required to settle a provision is to be reimbursed, e.g. under an insurance contract, this reimbursement should be recognized as a separate asset when, and only when, it is virtually certain that such reimbursement will be received. The expense relating to such provision shall be disclosed in the income statement, net of the amount of any reimbursements.

The Company recognizes provisions for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received therefrom.

Where the effect of the time value of money is material, the amount of a provision shall be determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks related to the liability. Where discounting method is used, the increase in a provision due to the passage of time is recognized as borrowing costs.

#### **xvii. Sales revenues**

Revenues shall be recognized in the amount reflecting probable economic benefits associated with the transaction to be obtained by the Company and when the amount of revenue can be reliably measured. Revenues are recognized at fair value of the received or receivable payment, decreased by the amounts of value added tax, excise tax, or discounts. While recognizing sales revenues the below mentioned criteria are also taken into account.

##### *Sales of licenses, services and hardware*

Revenues shall be recognized if the significant risks and rewards incidental to ownership of licenses and hardware have been transferred to the buyer and when the amount of revenue can be measured reliably. Sales of computer software licenses are recognized systematically during the term of relevant contracts. Whereas, revenues from sales of implementation services are recognized based on the percentage of their completion. Revenues relating to licensing fees shall be recognized when invoiced.

#### *Interest*

Interest income shall be recognized on a time proportion basis (taking into account the effective yield, this is the interest rate which accurately discounts future cash flows during the estimated useful life of a financial instrument) on the net book value of a financial asset.

Interest income comprises interest on loans granted, investments in securities held to maturity, bank deposits and other items.

#### *Dividends*

Dividends shall be recognized when the shareholders' right to receive payment is vested.

#### **xviii. Taxes**

##### *Current income tax*

Liabilities and receivables resulting from current income tax, for the current and prior periods, are measured at the amounts of expected payments to the tax authorities (or repayments from the tax authorities), applying the tax rates and tax regulations legally or factually in force at the balance sheet date.

##### *Deferred income tax*

For the purpose of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying value disclosed in the financial statements. Deferred tax liabilities are recognized in relation to all positive temporary differences – except for situations when a deferred tax liability arises from initial recognition of goodwill or initial recognition of an asset or liability on a transaction other than combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss, as well as in relation to positive temporary differences arising from investments in subsidiaries or associates or from interests in joint ventures – except for situations when the investor is able to control the timing of reversal of such temporary differences and when it is probable that such temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized in relation to all negative temporary differences, as well as unutilized tax losses carried forward to subsequent years, in such amount that it is probable that future taxable income will be sufficient to allow the above-mentioned temporary differences, assets or losses to be utilized – except for situations when deferred tax assets arise from initial recognition of an asset or liability on a transaction other than

combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss; as well as in relation to negative temporary differences arising from investments in subsidiaries or associates or from interests in joint ventures, in which cases deferred tax assets are recognized in the balance sheet in such amount only that it is probable that the above-mentioned temporary differences will be reversed in the foreseeable future and that sufficient taxable income will be available to offset such negative temporary differences.

The carrying value of an individual deferred tax asset shall be verified at every balance sheet date and shall be adequately decreased or increased in order to reflect any changes in the estimates of achieving taxable profit sufficient to utilize such deferred tax asset partially or entirely.

Deferred tax assets and deferred tax liabilities shall be valued using the future tax rates anticipated to be applicable at the time when a deferred tax asset is realized or a deferred tax liability is reversed, based on the tax rates (and tax regulations) legally or factually in force at the balance sheet date.

#### *Value added tax*

Revenues, expenses and assets shall be disclosed in the amounts excluding value added tax unless:

- value added tax paid at the purchase of goods or services is not recoverable from tax authorities; in such event the value added tax paid shall be recognized as a part of the purchase cost of an asset or as an expense, and
- receivables and liabilities are presented including value added tax.

Net amount of value added tax which is recoverable from or payable to tax authorities shall be included in the balance sheet as a part of receivables or liabilities.

#### **xix. Earnings per share**

Basic earnings per share for each reporting period shall be calculated by dividing the net profit for the reporting period by the weighted average number of shares outstanding in the given reporting period. Diluted earnings per share for each reporting period shall be calculated by dividing the net profit for the reporting period by the sum of the weighted average number of shares outstanding in the given reporting period and all potential shares of new issues.

#### **9. Seasonal nature of business**

Because we are a holding company, the distribution of our financial results during a fiscal year depends largely on the dates when our subsidiaries adopt resolutions to pay out dividends.

#### **10. Changes in the presentation methods applied**

In the reporting period, the Group did not introduce any presentation changes.

#### **11. Corrections of material errors**

In the reporting period, no events occurred that would require making corrections of any misstatements.

## V. INFORMATION ON OPERATING SEGMENTS

The Company's operating activities comprise both holding operations and sales of IT services and software.

The Holding Activities segment includes revenues and expenses related to managing the Group. The segment's revenues comprise primarily dividends and sales of business and technical support services to the Company's subsidiaries.

The IT Services segment includes revenues and expenses related to our information technology operations in two areas: authentication solutions (banking) and voice automation solutions (systems integration).

For the year ended 31 December 2014 in PLN thousands (audited)	Holding activities	IT services	Total
Dividend income	20,666	-	<b>20,666</b>
Revenues from sales of services	9,569	-	<b>9,569</b>
Revenues from sales of IT services and software	-	7,454	<b>7,454</b>
<b>Total sales revenues</b>	<b>30,235</b>	<b>7,454</b>	<b>37,689</b>
<b>Gross profit on sales</b>	<b>24,461</b>	<b>1,614</b>	<b>26,075</b>
Selling costs (-)	(1,240)	(1,412)	<b>(2,652)</b>
General and administrative expenses (-)	(77)	-	<b>(77)</b>
<b>Net profit on sales</b>	<b>23,144</b>	<b>202</b>	<b>23,346</b>

For the year ended 31 December 2013 in PLN thousands (audited)	Holding activities	IT services	Total
Dividend income	36,794	-	<b>36,794</b>
Revenues from sales of services	9,323	-	<b>9,323</b>
Revenues from sales of IT services and software	-	9,081	<b>9,081</b>
<b>Total sales revenues</b>	<b>46,117</b>	<b>9,081</b>	<b>55,198</b>
<b>Gross profit on sales</b>	<b>40,698</b>	<b>1,956</b>	<b>42,654</b>
Selling costs (-)	(1,208)	(1,041)	<b>(2,249)</b>
General and administrative expenses (-)	-	(67)	<b>(67)</b>
<b>Net profit on sales</b>	<b>39,490</b>	<b>848</b>	<b>40,338</b>

## VI. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

### 1. Holding activities – Dividend income and service revenues

Operating revenues from holding activities comprise dividends received from subsidiaries as well as revenues from the sale of consulting, business and technical support services which are provided to subsidiaries of ASEE Group. As the Company is primarily engaged in holding operations, the above-mentioned categories of revenues are presented in operating activities.

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Dividends from related companies	20,666	36,794
Revenues from sales of services	9,569	9,323
<b>30 235</b>	<b>46,117</b>	

Cash inflows generated from dividends amounted to PLN 20,038 thousand in 2014, as compared with PLN 36,113 thousand received in 2013. The difference between recognized revenues and actually received inflows resulted from withholding tax charged by our subsidiaries, foreign exchange differences, as well as income tax charged in the case of Macedonia.

### 2. Operating activities – Revenues from sales of IT services and software

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Revenues from sales of software and IT services	7,454	9,081

Both in the year ended 31 December 2014 and in the comparable period, operating activities included revenues from licensing fees as well as maintenance and implementation services.

### 3. Breakdown of operating costs

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Employee benefits (-)	(4,290)	(3,224)
Third-party services and outsourcing of employees (-)	(4,097)	(4,514)
Depreciation and amortization (-)	(265)	(262)
Maintenance costs of property and business cars (-)	(515)	(531)
Business trips (-)	(426)	(465)
Advertising (-)	(112)	(93)
Other expenses (-)	(84)	(91)
	<b>(9,789)</b>	<b>(9,180)</b>
Production costs (-)	<b>(7,060)</b>	<b>(6,864)</b>
Selling costs (-)	<b>(2,652)</b>	<b>(2,249)</b>
General and administrative expenses (-)	<b>(77)</b>	<b>(67)</b>
Cost of goods and third-party services sold (-)	<b>(4,554)</b>	<b>(5,680)</b>

#### 4. Financial income and expenses

Financial income	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Positive foreign exchange differences	1,475	71
Interest on bank deposits	334	654
Reversal of an investment impairment write-down	-	6,033
Gain on exercise of derivative instruments	-	4
Gain on change in fair value of derivative instruments	72	99
Gain on disposal of financial assets carried at fair value through profit or loss	-	25
Gain on disposal of shares	-	238
	<b>1,881</b>	<b>7,124</b>

W 2013, we reversed an impairment write-down amounting to PLN 6,033 thousand on our investment in ASEE Kosovo as the company's earnings improved.

In addition, financial income for 2013 includes a gain of PLN 238 thousand recognized on the disposal of a 38.22% stake in Sigma Turkey.

Financial expenses	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Loss on change in fair value of derivative instruments (-)	(158)	(22)
Interest expense on bank loans and borrowings (-)	(55)	-
Impairment write-down on investments in subsidiaries	(5,120)	(4,800)
	<b>(5,333)</b>	<b>(4,822)</b>

Financial expenses for 2014 include an impairment write-down of PLN 5,120 thousand on our investment in ASEE Kosovo, a loss of PLN 158 thousand incurred on valuation of derivative instruments, as well as interest expenses amounting to PLN 55 thousand.

Financial expenses for 2013 include an impairment write-down of PLN 4,800 thousand on our investment in ASEE Croatia, as well as a loss of PLN 22 thousand incurred on valuation of derivative instruments.

#### 5. Corporate income tax

The main charges on pre-tax profit resulting from corporate income tax (current and deferred portions):

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Deferred income tax related to origination and reversal of temporary differences	(491)	(1,080)
Income tax on dividends	(660)	(1,264)
<b>Income tax expense as disclosed in the income statement</b>	<b>(1,151)</b>	<b>(2,344)</b>

Income tax expense for the year 2014 resulted basically from withholding tax on dividends from our subsidiaries (PLN 660 thousand) as well as from the reversal of temporary differences (PLN 491 thousand), including the utilization of deferred tax assets arising from tax-deductible losses. The effective tax rate for the period of 12 months ended 31 December 2014 equalled 5.78%. The difference between our effective tax rate and the statutory corporate income tax rate of 19% resulted primarily from permanent differences such as tax-exempt dividends (PLN 1,148 thousand), deduction of taxes already paid by our subsidiaries on their dividend distributions (PLN 1,124 thousand), utilization of tax-deductible losses and changes in our estimates of tax-deductible losses included in deferred tax assets (impact on the effective tax rate amounted to approx. PLN 1,326 thousand).

The amount of change in deferred income tax disclosed in the income statement for 2013 resulted basically from utilizing our deferred tax assets arising from tax losses which amounted to PLN 882 thousand. In addition, income tax expense disclosed in the income statement was influenced by withholding tax paid on dividends in the amount of PLN 1,264 thousand. In 2013, our effective tax rate equalled 5.50%.

The Company's tax-deductible losses not accounted for in deferred tax assets amounted to PLN 54,573 thousand as at 31 December 2014, as compared with PLN 63,688 thousand as at 31 December 2013. Hence, in the period of 12 months ended 31 December 2014, the estimated amount of tax-deductible losses included in deferred tax assets increased by PLN 8,946 thousand. Deferred tax assets arising from unutilized tax losses were recognized in the amount of PLN 693 thousand as at 31 December 2014 (as compared with PLN 1,183 thousand as at 31 December 2013), this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. The utilization of those tax-deductible losses is possible till the end of 2015.

Reconciliation of corporate income tax payable on pre-tax profit according to the statutory tax rates with corporate income tax computed at the Company's effective tax rate:

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Pre-tax profit</b>	<b>19,912</b>	<b>42,656</b>
Statutory corporate income tax rate	19%	19%
<b>Corporate income tax computed at the statutory tax rate</b>	<b>(3,783)</b>	<b>(8,105)</b>
<b>Non-tax-deductible expenses, of which:</b>	<b>(1,065)</b>	<b>(951)</b>
Not capitalized costs of acquisition of financial fixed assets	-	-
Impairment write-down on investments in subsidiaries	(973)	(912)
Other	(92)	(39)
<b>Tax-deductible expenses not recognized in the balance sheet, of which:</b>	<b>-</b>	<b>6</b>
Cost of shares sold	-	6
<b>Non-taxable income, of which</b>	<b>99</b>	<b>1,158</b>
Reversal of an impairment write-down on investments	-	1,146
Other	99	12
<b>Tax exempt income, of which:</b>	<b>1,148</b>	<b>2,143</b>
Dividends received	1,148	2,143
<b>Tax deduction, of which:</b>	<b>1,124</b>	<b>1,569</b>
Dividend income tax paid by subsidiaries	1,124	1,569
<b>Utilization of tax-deductible losses</b>	<b>1,326</b>	<b>1,836</b>
<b>Corporate income tax computed at the effective tax rate of 5.78% in 2014 and 5.50% in 2013</b>	<b>(1,151)</b>	<b>(2,344)</b>

Tax exempt income amounting to PLN 1,148 thousand in 2014 and PLN 2,143 thousand in 2013 corresponds to dividends received from the European Union countries, which are exempted from taxation under Art. 22 of the Corporate Income Tax Act. Whereas, the deduction of dividend income tax paid by subsidiaries amounting to PLN 1,124 thousand in 2014 and PLN 1,569 thousand in 2013 is related to our subsidiaries, dividends from which are taxable in Poland, but which had already paid income taxes in their countries (tax deduction pursuant to Art. 20 of the Corporate Income Tax Act).

	STATEMENT OF FINANCIAL POSITION		INCOME STATEMENT for the year ended	
	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
<b>Deferred tax liabilities</b>				
Interest accrued on cash equivalents	(5)	-	(5)	22
Other differences	-	(19)	19	(11)
<b>Deferred tax liabilities, gross</b>	<b>(5)</b>	<b>(19)</b>		
<b>Deferred tax assets</b>				
Losses deductible against future taxable income	693	1,418	(725)	(882)
Accrual for salaries	80	3	77	(155)
Accrual for unused holiday leaves	29	38	(9)	5
Valuation of financial assets and liabilities at fair value	10	-	10	-
Provision for other operating costs	190	48	142	(59)
<b>Deferred tax assets, gross</b>	<b>1,002</b>	<b>1,507</b>		
Write-down due to inability to realize a deferred tax asset	-	-		
<b>Deferred tax assets, net</b>	<b>1,002</b>	<b>1,507</b>		
Assets (+) / Provision (-), net	997	1,488		
<b>Change in deferred income tax in the reporting period, of which:</b>				
change in deferred income tax recognized directly in other comprehensive income			-	-
change in deferred income tax recognized in profit or loss			(491)	(1,080)

## 6. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period by the weighted average number of ordinary shares outstanding during that financial year.

Both during the reporting period and the comparable period, there were no elements that would cause a dilution of basic earnings per share.

The table below presents net profits and numbers of shares used for the calculation of basic and diluted earnings per share:

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Net profit for the reporting period</b>	<b>18,761</b>	<b>40,312</b>
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
<b>Earnings per share for the reporting period (in PLN):</b>		
Basic earnings per share	0.36	0.78
Diluted earnings per share	0.36	0.78

## 7. Information on dividends paid out or declared

The Ordinary General Meeting of Shareholders of ASEE S.A. seated in Rzeszów, by its resolution passed on 24 April 2014, decided that the Company's net profit for the financial year 2013 amounting to PLN 40,311,550.38 shall be distributed as follows:

- a) the amount of PLN 3,224,924.03 from the net profit for the financial year 2013 has been allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;
- b) the amount of PLN 16,606,160.32 has been distributed to all the Company's shareholders through payment of a dividend amounting to PLN 0.32 per share.

The remaining portion of the net profit for 2013 amounting to PLN 20,480,466.03 has been retained as prior years' earnings.

The Company's Ordinary General Meeting of Shareholders established 11 July 2014 as the dividend record date. The number of shares eligible for dividend was 51,894,251. The dividend was paid out on 30 July 2014.

## 8. Property, plant and equipment

for the year ended 31 December 2014 (audited)	Computers and other office equipment	Transportation vehicles	Other tangible assets	Total
<b>As at 1 January 2014, less depreciation</b>	<b>87</b>	<b>329</b>	<b>2</b>	<b>418</b>
Additions, of which:				
Purchases	18	266	-	284
Reductions, of which:				
Depreciation charges for the reporting period (-)	(53)	(133)	(2)	(188)
Liquidation and disposal – gross value (-)	(43)	(61)	-	(104)
Liquidation and disposal – depreciation	43	48	-	91
<b>As at 31 December 2014, less depreciation</b>	<b>52</b>	<b>462</b>	<b>-</b>	<b>514</b>
As at 1 January 2014				
Gross value	407	580	167	1,154
Depreciation (-)	(320)	(251)	(165)	(736)
<b>Net book value as at 1 January 2014</b>	<b>87</b>	<b>329</b>	<b>2</b>	<b>418</b>
As at 31 December 2014				
Gross value	382	785	167	1,334
Depreciation (-)	(330)	(323)	(167)	(820)
<b>Net book value as at 31 December 2014</b>	<b>52</b>	<b>462</b>	<b>-</b>	<b>514</b>

Both as at 31 December 2014 and 31 December 2013, property, plant and equipment did not serve as security for any bank loans.

for the year ended 31 December 2013 (audited)	Computers and other office equipment	Transportation vehicles	Other tangible assets	Total
<b>As at 1 January 2013, less depreciation</b>	<b>94</b>	<b>292</b>	<b>4</b>	<b>390</b>
Additions, of which:				
Purchases	59	139	3	201
Reductions, of which:				
Depreciation charges for the reporting period (-)	(66)	(102)	(5)	(173)
<b>As at 31 December 2013, less depreciation</b>	<b>87</b>	<b>329</b>	<b>2</b>	<b>418</b>
As at 1 January 2013				
Gross value	353	441	164	958
Depreciation (-)	(259)	(149)	(160)	(568)
<b>Net book value as at 1 January 2013</b>	<b>94</b>	<b>292</b>	<b>4</b>	<b>390</b>
As at 31 December 2013				
Gross value	407	580	167	1,154
Depreciation (-)	(320)	(251)	(165)	(736)
<b>Net book value as at 31 December 2013</b>	<b>87</b>	<b>329</b>	<b>2</b>	<b>418</b>

## 9. Intangible assets

for the year ended 31 December 2014 (audited)	CRM software	Goodwill	Other intangible assets	Total
<b>As at 1 January 2014, less amortization</b>	<b>211</b>	<b>4,567</b>	<b>22</b>	<b>4,800</b>
Additions, of which:				
Purchases	-	-	18	18
Reductions, of which:				
Amortization charges for the reporting period (-)	(71)	-	(19)	(90)
<b>As at 31 December 2014, less amortization</b>	<b>140</b>	<b>4,567</b>	<b>21</b>	<b>4,728</b>
As at 1 January 2014				
Gross value	353	4,567	131	5,051
Amortization (-)	(142)	-	(109)	(251)
<b>Net book value as at 1 January 2014</b>	<b>211</b>	<b>4,567</b>	<b>22</b>	<b>4,800</b>
As at 31 December 2014				
Gross value	353	4,567	149	5,069
Amortization (-)	(213)	-	(128)	(341)
<b>Net book value as at 31 December 2014</b>	<b>140</b>	<b>4,567</b>	<b>21</b>	<b>4,728</b>

Both as at 31 December 2014 and 31 December 2013, intangible assets did not serve as security for any bank loans.

for the year ended 31 December 2013 (audited)	CRM software	Goodwill	Other intangible assets	Total
<b>As at 1 January 2013, less amortization</b>	<b>282</b>	<b>4,567</b>	<b>14</b>	<b>4,863</b>
Additions, of which:				
Purchases	-	-	26	26
Reductions, of which:				
Amortization charges for the reporting period (-)	(71)	-	(18)	(89)
<b>As at 31 December 2013, less amortization</b>	<b>211</b>	<b>4,567</b>	<b>22</b>	<b>4,800</b>
As at 1 January 2013				
Gross value	353	4,567	105	5,025
Amortization (-)	(71)	-	(91)	(162)
<b>Net book value as at 1 January 2013</b>	<b>282</b>	<b>4,567</b>	<b>14</b>	<b>4,863</b>
As at 31 December 2013				
Gross value	353	4,567	131	5,051
Amortization (-)	(142)	-	(109)	(251)
<b>Net book value as at 31 December 2013</b>	<b>211</b>	<b>4,567</b>	<b>22</b>	<b>4,800</b>

## 10. Investments in subsidiaries

Full name of company	Short name	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Asseco SEE d.o.o., (Sarajevo)	ASEE B&H	25,830	25,830
Asseco SEE o.o.d., Sofia	ASEE Bulgaria	4,265	4,265
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	118,167	105,880
EŽ Računalstvo 2013 d.o.o., (Zagreb)	EŽR Croatia	-	12,287
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	39,241	44,361
Asseco SEE DOEL, (Skopje)	ASEE Macedonia	98,480	98,480
Asseco SEE s.r.l., (Bucharest)	ASEE Romania	147,485	147,485
Asseco SEE d.o.o., (Beograd)	ASEE Serbia	80,297	80,297
Asseco SEE d.o.o., (Ljubljana)	ASEE Slovenia	2,332	2,332
Asseco SEE Teknoloji A.Ş. (Istanbul)	ASEE Turkey	71,460	71,460
Asseco SEE d.o.o., (Podgorica)	ASEE Montenegro	1,009	-
		<b>588,566</b>	<b>592,677</b>

### ASEE BOSNIA AND HERZEGOVINA

The company of ASEE Bosnia and Herzegovina resulted from the merger of Cardinfo BDS d.o.o. (ASEE B&H Sarajevo) and ASEE B&H (Banja Luka).

#### *History of acquisitions in Bosnia and Herzegovina*

The agreement for the acquisition of a 50% stake in Cardinfo BDS d.o.o. worth PLN 4,631 thousand was signed by ASEE S.A. on 13 September 2010. The remaining 50% of shares in Cardinfo BDS d.o.o. worth PLN 9,693 thousand as well as shares in ASEE B&H (Banja Luka) worth PLN 11,506 thousand were transferred within the Group's structure, from ASEE Serbia directly to ASEE S.A. Such transfer was carried out as part of the Group's reorganization process which was finalized by the merger of ASEE S.A. with its subsidiary ITD Poland Sp. z o.o. on 1 June 2012.

On 19 July 2012, there was registered a merger between our two subsidiaries seated in Bosnia and Herzegovina. As a result of that merger, the value of our investment in ASEE B&H (Banja Luka) amounting to PLN 11,506 thousand was added to our investment in ASEE B&H (Sarajevo). Following the merger, the total value of our investments in Bosnia and Herzegovina equals PLN 25,830 thousand.

During the period of 12 months ended 31 December 2014, the value of our investment in ASEE B&H remained unchanged.

### ASEE BULGARIA

ASEE Bulgaria was created by the merger of ASEE Bulgaria (former Pexim Solutions o.o.d) and Altius, Bulgaria.

#### *History of acquisitions in Bulgaria*

On 23 September 2010, ASEE S.A. acquired a 49% stake in ASEE Bulgaria. The remaining 51% of shares were purchased by ASEE S.A. from its subsidiary ASEE Macedonia on 1 December 2011. Following both the transactions, ASEE S.A. has become a direct owner of 100% of shares in its Bulgarian subsidiary. The total cost of investment recognized amounted to PLN 2,499 thousand.

On 19 October 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of 100% of shares in Altius Bulgaria EOOD. Our investment in this company amounted to PLN 1,766 thousand.

The merger of both the above-mentioned companies was registered on 10 February 2012. Following this business combination, the total value of our investment in ASEE Bulgaria reached PLN 4,265 thousand.

During the period of 12 months ended 31 December 2014, the value of our investment in ASEE Bulgaria remained unchanged.

### ASEE CROATIA

ASEE Croatia was created by merging our four subsidiaries based in Croatia: Arbor Informatika d.o.o., Logos d.o.o., Biro Data Servis d.o.o. and EŽR.

#### *History of acquisitions in Croatia*

On 20 December 2007, ASEE S.A. concluded an agreement for the acquisition of a 60% stake in Logos d.o.o. and a 70% stake in Arbor Informatika d.o.o. The control over Arbor Informatika d.o.o. was obtained on 22 January 2008; whereas, Logos d.o.o. has been controlled as of 8 April 2008.

The remaining non-controlling interests in these companies, i.e. 40% of shares in Logos d.o.o. and 30% of shares in Arbor Informatika d.o.o., were acquired by ASEE S.A. in 2009, in each case by conversion of those shares into shares of ASEE S.A. Following such swap transactions, ASEE S.A. has become the owner of 100% of shares in both the companies.

On 4 January 2010, the subsidiary Logos d.o.o. was renamed as Asseco SEE d.o.o. (ASEE Croatia). Concurrently, there was registered a merger of ASEE Croatia (as the taking-over company) with Arbor Informatika d.o.o. (as the acquired company).

Afterwards, ASEE S.A. acquired a 100% stake in Biro Data Servis d.o.o. (BDS) under an agreement signed on 13 September 2010. The merger of ASEE Croatia with BDS was registered on 3 January 2011.

In the period of 12 months ended 31 December 2013, we recognized an impairment write-down, decreasing the value of our investment in ASEE Croatia by PLN 4,800 thousand. Such write-down was created due to lower than expected financial performance of that company.

On 23 October 2013, ASEE S.A. acquired 100% of shares in the company EŽ Računalstvo 2013 d.o.o. seated in Zagreb, Croatia. The consideration for the shares has been divided into two portions. The first instalment amounting to EUR 2,500 thousand (of which EUR 2,362 thousand due to the seller and EUR 138 thousand for the share capital increase) was paid on the date of signing the share acquisition agreement. The amount of the second instalment will depend on the acquired company's financial results and shall range from EUR 300 thousand to EUR 700 thousand. The total value of investment recognized on this transaction amounted to PLN 12,287 thousand.

On 2 January 2014, a merger of ASEE Croatia (the taking-over company) and EŽR Croatia (the acquired company) was registered.

Following the conducted mergers, the total value of our investments in Croatia reached PLN 118,167 thousand, net of impairment write-downs.

#### **ASEE MONTENEGRO**

On 18 June 2014, ASEE S.A. acquired 1% of shares in ASEE Montenegro from ASEE Serbia, and the remaining 99% of shares on 19 August 2014. The total value of these transactions was EUR 250 thousand. After the currency conversion, the value of investment recognized by ASEE S.A. amounted to PLN 1,009 thousand. The transaction was conducted at market value. Following this transaction, within the Group's organizational structure, ASEE Montenegro has become a direct subsidiary of ASEE S.A. and not of ASEE Serbia.

#### **ASEE KOSOVO**

##### *History of acquisitions in Kosovo*

The agreement for the acquisition of 100% of shares in Pronet Sh.p.k was signed on 5 November 2009. Asseco South Eastern Europe S.A. gained control over that company as of 1 July 2009. On 25 January 2010, the subsidiary Pronet Sh.p.k. was renamed as Asseco SEE Sh.p.k. (ASEE Kosovo).

In 2010, taking into account the audited consolidated financial statements of ASEE Kosovo for the year 2009, we finally completed the purchase price allocation process, which resulted in reducing the value of this investment by PLN 388 thousand. Whereas, in the first half of 2011, we recognized an impairment write-down on our

Kosovo investment, decreasing its value by PLN 6,033 thousand, because the achieved financial results were weaker than expected. In the period of 12 months ended 31 December 2013, the above-mentioned write-down was reversed entirely as the company's earnings improved. In the period of 12 months ended 31 December 2014, due to the expectation of weaker financial performance of ASEE Kosovo, we have again decided to write down the value of this investment by PLN 5,120 thousand.

The value of our investments in Kosovo is PLN 39,241 thousand, net of impairment write-downs.

#### **ASEE MACEDONIA**

##### *History of acquisitions in Macedonia*

ASEE Macedonia joined ASEE Group in 2007, being a subsidiary of the acquired Serbian company. As a result of a division of ASEE Serbia and establishing of IPSA BHM Investments, as well as due to further reorganization of ASEE Group finalized by the merger with ITD Poland, the investment in ASEE Macedonia was transferred directly to ASEE S.A. and evaluated at PLN 98,480 thousand.

During the period of 12 months ended 31 December 2014, the value of our investment in ASEE Macedonia remained unchanged.

#### **ASEE ROMANIA**

ASEE Romania was created by merging our three Romanian subsidiaries: Fiba Software s.r.l., Net Consulting s.r.l., and Probass S.A.

##### *History of acquisitions in Romania*

On 26 April 2007, Asseco Romania S.A. (a subsidiary of Asseco Poland S.A.) acquired 70% stakes in the companies of Fiba Software s.r.l. and Net Consulting s.r.l. As a result of the acquisition of shares in Asseco Romania S.A. by Asseco South Eastern Europe S.A. in January 2008 and subsequent merger of those companies executed on 8 May 2008, ASEE S.A. obtained control both over Fiba Software s.r.l. and Net Consulting s.r.l.

The remaining 30% non-controlling interests in each of these companies were acquired under the agreements for conversion of those shares into shares of ASEE S.A. Following such swap transactions, Asseco South Eastern Europe S.A. has become the owner of 100% of shares in both the Romanian companies.

On 29 December 2009, Net Consulting s.r.l. was renamed as Asseco SEE s.r.l. (ASEE Romania) and, subsequently, ASEE Romania acted as the taking-over company in the merger of our Romanian subsidiaries that was carried out on 31 December 2010.

On 11 December 2009, Asseco South Eastern Europe S.A. signed an agreement for the acquisition of 100% of shares in Probass S.A. On 1 June 2010, there was registered a merger of ASEE Romania (the taking-over company) with Probass S.A. (the acquired company).

After the mergers, the total value of our investments in Romania reached PLN 147,485 thousand.

During the period of 12 months ended 31 December 2014, the value of our investment in ASEE Romania remained unchanged.

#### **ASEE SERBIA**

ASEE Serbia was created by merging our three subsidiaries based in Serbia: Pexim d.o.o., Beograd, Antegra d.o.o., Beograd, and Pexim Cardinfo d.o.o., Beograd.

##### *History of acquisitions in Serbia*

Asseco South Eastern Europe S.A. acquired: 60% of shares in Pexim d.o.o. on 18 December 2007, 60% of shares in Pexim Cardinfo d.o.o. on 6 May 2008, as well as 70% of shares in Antegra d.o.o. on 21 May 2008.

The remaining non-controlling interests were acquired under the agreements for conversion of those shares into shares of ASEE S.A. Following that transaction, Asseco South Eastern Europe S.A. has become the owner of 100% of shares in that company.

On 23 November 2009, our subsidiary Pexim d.o.o. was renamed as Asseco SEE d.o.o., Beograd (ASEE Serbia). On 4 January 2010, there was registered a merger of ASEE Serbia (the taking-over company) with Pexim Cardinfo d.o.o. (the acquired company) and Antegra d.o.o. (the acquired company).

##### *Division of ASEE Serbia and establishing of IPSA BHM Investments d.o.o.*

On 22 November 2010, IPSA BHM Investments d.o.o., Beograd (IPSA) was established as a result of the separation of a portion of assets of ASEE Serbia, which at the date of such separation was a wholly-owned subsidiary of Asseco South Eastern Europe S.A.

The separated assets of ASEE Serbia that were transferred to the newly established IPSA comprised shareholdings in the following companies:

- 100% of shares in ASEE B&H (former Pexim Solutions d.o.o.) seated in Banja Luka, Bosnia and Herzegovina;
- 100% of shares in IBIS a.d. seated in Banja Luka, Bosnia and Herzegovina;

- 50% of shares in ASEE B&H (former Cardinfo BDS d.o.o.) seated in Sarajevo, Bosnia and Herzegovina;
- 100% of shares in ASEE Macedonia.

The market value of the separated assets was estimated to equal PLN 124,380 thousand. Following such separation of assets, in 2011 the value of our investment in ASEE Serbia was reduced by the amount corresponding to the estimated market value of assets transferred to IPSA (this is from PLN 204,677 thousand to its current value of PLN 80,297 thousand).

The company of IPSA was liquidated on 31 October 2011. Whereas, all of its shareholdings in the above-mentioned companies were transferred to ITD Poland.

During the period of 12 months ended 31 December 2014, the value of our investment in ASEE Serbia remained unchanged.

#### **ASEE SLOVENIA**

##### *History of acquisitions in Slovenia*

On 13 July 2011, Asseco South Eastern Europe S.A. concluded an agreement for the acquisition of a 50% stake in ASEE Slovenia (former SIMT Cardinfo d.o.o.). The agreement became effective upon the fulfilment of a condition precedent, i.e. approval of the above-mentioned transaction by the competent court of Slovenia. The court's consent became final and binding on 10 October 2011. Our investment in this company amounted to PLN 1,327 thousand.

On 18 April 2012, ASEE S.A. was registered as the holder of 100% of shares in ASEE Slovenia, following a buy-out of the remaining 50% stake from its previous owner ASEE Serbia. Following this transaction, the value of our investment in ASEE Slovenia increased by PLN 1,005 thousand to its current level of PLN 2,332 thousand.

During the period of 12 months ended 31 December 2014, the value of our investment in ASEE Slovenia remained unchanged.

#### **ASEE TURKEY**

ASEE Turkey resulted from the merger of ITD A.Ş., EST A.Ş. and Sigma A.Ş.

##### *History of acquisitions in Turkey*

Both the above-mentioned companies were acquired by ASEE S.A. on 30 July 2010.

The value of investment in 99.662% of shares in ITD A.Ş. amounted to PLN 33,965 thousand. 29.0429% of shares in ITD A.Ş. were acquired in exchange for 837,472 newly issued, series S shares of Asseco South Eastern Europe S.A., with the issuance value of PLN 8,827 thousand, which was recognized as the investment's purchase cost. The

value of investment in 99.997% of shares in EST A.Ş. amounted to PLN 28,267 thousand. Additionally, in March 2011, ASEE S.A. purchased 165 shares from a shareholder in ITD A.Ş., increasing the value of this investment by PLN 108 thousand.

In March 2011, Asseco South Eastern Europe S.A. sold a 23.1% stake in EST A.Ş. to ITD A.Ş.; hence the value of our investment in this company decreased by PLN 6,530 thousand.

The merger of both the Turkish subsidiaries was registered on 6 June 2011. As at the merger date, the value of our investment in ASEE Turkey amounted to PLN 55,810 thousand.

On 14 September 2012, ASEE S.A. acquired an 86.68% stake in the company Sigma Danışmanlık ve Uygulama Merkezi A.Ş. seated in Istanbul. The value of investment recognized on this transaction amounted to PLN 25,333 thousand. (Additional 12% of shares were purchased by our subsidiary ASEE Turkey.)

On 6 May 2013, ASEE S.A. sold a 38.22% stake of shares it held in Sigma Turkey to ASEE Turkey. Following this transaction, the value of our investment in Sigma decreased by PLN 9,683 thousand to the level of PLN 15,650 thousand.

On 11 September 2013, there was registered a merger between our Turkish subsidiaries: ASEE Turkey (the taking-over company) and Sigma Turkey (the acquired company). Concurrently to the merger, ASEE Turkey carried out a squeeze-out procedure and purchased a 1.32% non-controlling interest in Sigma. Following this procedure, ASEE S.A. has become the owner of all shares in both the merged companies.

As at 31 December 2014, the value of our investment in ASEE Turkey equalled PLN 71,460 thousand, remaining unchanged over the year 2014.

#### **Impairment testing of investments**

At every balance sheet date, ASEE S.A. carries out a valuation of its assets concerning possible impairment.

Because the market capitalization of ASEE S.A. was lower than the book value of the Company's net assets, we estimated the recoverable amount of all of our investments in subsidiaries as at 31 December 2014.

The recoverable amount of investments in subsidiaries as at 31 December 2014 was determined on the basis of their value in use, applying the forecasted free cash flow to firm (FCFF) based on the financial forecasts approved by our management personnel. The residual value was

determined assuming no growth of the achieved margins after the forecast period.

The discount rate applied to determine the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital for each individual company. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient that was leveraged to reflect the market debt-equity structure, as well as the expected market yield.

Based on the conducted tests, we decided to create an impairment write-down amounting to PLN 5,120 thousand on our investment in ASEE Kosovo. The write-down was recognized in financial expenses.

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model prepared as at 31 December 2014:

31 Dec. 2014	Discount rate	Sales revenue growth rate
	applied in the model	applied in the model
ASEE B&H	9.15%	5.63%
ASEE Bulgaria	7.30%	18.48%
ASEE Croatia	8.02%	8.10%
ASEE Kosovo	8.62%	9.67%
ASEE Macedonia	8.29%	8.78%
ASEE Romania	6.85%	5.06%
ASEE Serbia	10.83%	5.88%
ASEE Slovenia	8.01%	6.57%
ASEE Turkey	7.35%	18.73%

In the case of ASEE Kosovo, taking into account the created write-down and current assumptions, the carrying value of this investment is equal to its recoverable amount. Any increase in the applied discount rate or decrease in the assumed revenue growth rate might result in further write-downs on our investment in ASEE Kosovo. According to our estimates, the Company does not currently plan to reverse or increase the recognized impairment charge.

In the case of ASEE Croatia, the investment's recoverable amount would be equal to its carrying value if the discount rate applied in the model was increased by 1.4 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.2 pp with other assumptions remaining constant. As at 31 December 2014, the excess of the recoverable amount of our investment in ASEE Croatia over its carrying value equalled PLN 22 million.

In the case of ASEE Romania, the investment's recoverable amount would be equal to its carrying value if the discount rate applied in the model was

increased by 1.6 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.2 pp with other assumptions remaining constant. As at 31 December 2014, the excess of the recoverable amount of our investment in ASEE Romania over its carrying value equalled PLN 33.8 million.

Any reasonable modification of the key assumptions adopted in the valuation model of our investments in other subsidiaries should not indicate a necessity of recognizing any impairment charges.

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model prepared as at 31 December 2013:

31 Dec. 2013	Discount rate	Sales revenue growth rate
	applied in the model	applied in the model
ASEE B&H	10.0%	10.4%
ASEE Bulgaria	7.6%	22.9%
ASEE Croatia	9.1%	9.6%
ASEE Kosovo	10.2%	2.9%
ASEE Macedonia	9.2%	5.7%
ASEE Romania	8.1%	7.3%
ASEE Serbia	11.0%	1.5%
ASEE Slovenia	9.4%	2.9%
ASEE Turkey	8.4%	19.1%

In the case of ASEE Croatia, taking into account the write-down created in 2013 (amounting to PLN 4,800 thousand) and our assumptions made as at 31 December 2013, the carrying value of this investment was equal to its recoverable amount.

In the case of ASEE Kosovo, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 1.1 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.3 pp with other assumptions remaining constant. As at 31 December 2013, the excess of the recoverable amount of our investment in ASEE Kosovo over its carrying value equalled PLN 5 million.

In the case of ASEE Romania, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 1.5 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.3 pp with other assumptions remaining constant. As at 31 December 2013, the excess of the recoverable amount of our investment in ASEE Romania over its carrying value equalled PLN 27.05 million.

The sales revenue growth rate specified in the tables above was calculated as the compound annual growth rate (CAGR), this is an average annual growth rate over the analyzed period, assuming that each year-on-year increase is added to the next period's base.

## 11. Short-term and long-term receivables

	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Trade receivables, of which:	1,699	5,044
From related companies	843	1,434
From other companies	856	3,610

The amount of PLN 474 thousand of receivables from related companies resulted from sales of consulting, business and technical support services to subsidiaries of ASEE Group. As at 31 December 2013, trade receivables resulting from such sales amounted to PLN 1,434 thousand.

As at 31 December 2014, trade receivables from Asseco Poland S.A. amounted to PLN 900 thousand, whereas as at 31 December 2013 we had no such receivables.

In the year ended 31 December 2014, our sales to Asseco Poland S.A. reached PLN 900 thousand as compared with PLN 425 thousand in 2013.

Presented below is the ageing analysis of trade receivables as at 31 December 2014 and 31 December 2013:

Ageing analysis	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Receivables not yet due	1,302	4,073
Past-due receivables, of which:	397	971
- less than 30 days	218	217
- from 30 to 90 days	176	297
- from 90 to 180 days	1	222
- more than 180 days	2	235
	<b>1,699</b>	<b>5,044</b>

Other receivables	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Receivables from disposal of shares	8,207	7,635
Other receivables	179	287
	<b>8,386</b>	<b>7,922</b>
- short-term	1,796	3,856
- long-term	6,590	4,066

As at 31 December 2014, receivables from disposal of shares resulted from the sale of shares in Sigma Turkey and amounted to PLN 8,207 thousand (of which PLN 6,590 thousand is presented in long-term receivables and PLN 1,617 thousand in short-term receivables).

As at 31 December 2013, receivables from disposal of shares resulted from the sale of shares in Sigma

Turkey and amounted to PLN 7,635 thousand (of which PLN 4,066 thousand was presented in long-term receivables and PLN 3,569 thousand in short-term receivables).

Such receivables increased over the period from 31 December 2013 to 31 December 2014 following a depreciation of the Polish zloty against the dollar (the USD/PLN exchange rate increased from 3.0120 as at 31 December 2013 to 3.5022 as at 31 December 2014).

## 12. Cash and short-term deposits

	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Cash at bank and in hand	1,476	2,085
Short-term bank deposits	6,431	865
<b>7,907</b>	<b>2,950</b>	

## 13. Short-term financial assets

	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Short-term loans	3,862	-
Cash deposits	-	1,001
Forward contracts	-	99
<b>3,862</b>	<b>1,100</b>	

Short-term loans receivable represent the amount of loans granted to our associated entities, including to ASEE Bulgaria (PLN 860 thousand) and to ASEE Montenegro (PLN 3,002 thousand).

The book values of financial assets held by the Group as at 31 December 2014 and 31 December 2013 did not differ from their fair values.

The table below presents the amounts of expenditures incurred and proceeds received by ASEE S.A. in relation to short-term financial assets:

Disposal of financial assets carried at fair value through profit or loss	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Investment fund units	-	9,525
Currency forwards exercised	63	4
<b>63</b>	<b>9,529</b>	

Acquisition of financial assets carried at fair value through profit or loss	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Investment fund units	-	(9,500)
	<b>-</b>	<b>(9,500)</b>
Bank deposits withdrawn	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Deposits for 3 to 12 months	3,500	15,809
	<b>3,500</b>	<b>15,809</b>
Bank deposits made	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Deposits for 3 to 12 months	(2,500)	(4,300)
	<b>(2,500)</b>	<b>(4,300)</b>
Loans granted	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
ASEE Bulgaria	(835)	-
ASEE Montenegro	(3,329)	-
	<b>(4,164)</b>	<b>-</b>
Loans collected	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
ASEE Montenegro	423	-
	<b>423</b>	<b>-</b>
Interest received in investing activities	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Interest received on loan granted to ASEE Montenegro	41	-
Interest received on loan granted to ASEE Montenegro	9	-
Interest received on deposits made for 3 to 12 months	49	598
	<b>99</b>	<b>598</b>

#### 14. Share capital

Share capital		Par value		31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
Shares	Series	per share	Number of shares	Value of shares	Number of shares	Value of shares	
Ordinary registered shares	A*	0.1	5,000,000	500	5,000,000	500	
Ordinary registered shares	B*	0.1	5,000,000	500	5,000,000	500	
Ordinary registered shares	C*	0.1	2,567,000,900	256,700	2,567,000,900	256,700	
Ordinary registered shares	D	10	25,770,009	257,700	25,770,009	257,700	
Ordinary registered shares	E	10	956,447	9,565	956,447	9,565	
Ordinary registered shares	F	10	1,475,509	14,755	1,475,509	14,755	
Ordinary registered shares	G	10	2,708,378	27,084	2,708,378	27,084	
Ordinary registered shares	H	10	1,062,030	10,620	1,062,030	10,620	
Ordinary registered shares	I	10	1,770,609	17,706	1,770,609	17,706	
Ordinary registered shares	J	10	1,714,209	17,142	1,714,209	17,142	
Ordinary registered shares	K	10	4,590,470	45,905	4,590,470	45,905	
Ordinary registered shares	L	10	2,100,000	21,000	2,100,000	21,000	
Ordinary registered shares	M	10	4,810,880	48,109	4,810,880	48,109	
Ordinary registered shares	N	10	1,078,909	10,789	1,078,909	10,789	
Ordinary registered shares	P	10	1,524,269	15,242	1,524,269	15,242	
Ordinary registered shares	R	10	592,941	5,929	592,941	5,929	
Ordinary registered shares	S	10	837,472	8,375	837,472	8,375	
Ordinary registered shares	T	10	902,119	9,021	902,119	9,021	
			<b>51,894,251</b>	<b>518,942</b>	<b>51,894,251</b>	<b>518,942</b>	

\* Following a reverse split of series D shares

According to the best knowledge of the Management Board of ASEE S.A. as at the date of publication of this report, i.e. 18 February 2015, and as at 31 December 2014, the shareholders who, either directly or through their subsidiaries, held at least 5% of total voting rights at the General Meeting of Shareholders were as follows:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting rights at GMS
Asseco Poland S.A.	26,494,676	51.06%
EBRD	4,810,880	9.27%
Liatrix d.o.o.	3,838,683	7.40%
Aviva Pension Fund	3,820,000	7.36%
Other shareholders	12,930,012	24.91%
	<b>51,894,251</b>	<b>100.00%</b>

The shareholders who, either directly or through their subsidiaries, held at least 5% of total voting rights at the General Meeting of Shareholders as at 31 December 2013 were as follows:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting rights at GMS
Asseco Poland S.A.	26,494,676	51.06%
EBRD	4,810,880	9.27%
Liatrix d.o.o.	3,838,683	7.40%
Aviva Pension Fund	2,746,061	5.29%
Other shareholders	14,003,951	26.98%
	<b>51,894,251</b>	<b>100.00%</b>

Both as at 31 December 2014 and 31 December 2013, the share capital of ASEE S.A. amounted to PLN 518,942,510 and was divided into 51,894,251 ordinary shares with a par value of PLN 10.00 each, which entitled to 51,894,251 votes at the Company's General Meeting of Shareholders.

#### 15. Share premium

Equity includes share premium in the amount of PLN 30,395 thousand arising from the issuances of shares of series L, M and N, which was decreased by the incurred share issuance costs of PLN 3,605 thousand (recognized in 2009), as well as share premium in the amount of PLN 11,759 thousand arising from the issuance of shares of series P, R and S, which was decreased by the incurred share issuance costs of PLN 84 thousand (recognized in 2010). The share premium was additionally increased by the amount of PLN 396 thousand due to the reversal of a provision for issuance related expenses, and decreased by other costs of PLN 36 thousand.

#### 16. Retained earnings

As at 31 December 2014, prior years' retained earnings and current net profit totalled PLN 54,863 thousand and comprised: current year's net profit amounting to PLN 18,761 thousand; undistributed portion of prior years' earnings amounting to PLN 23,583 thousand; the amount of PLN 11,357 thousand of allocations from the Company's net profits for the years 2009, 2010, 2011, 2012 and 2013 to reserve capital which were made pursuant to resolutions of the General Meeting of Shareholders of Asseco South Eastern Europe S.A.; the amount of PLN 1,204 thousand arising from the merger with ITD Poland; as well as other components charged against equity in 2009 amounting to PLN 42 thousand.

## 17. Trade payables and financial liabilities

Short-term trade payables	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
To related companies	168	412
To other companies	1,313	3,344
<b>1,481</b>	<b>3,756</b>	

As at 31 December 2014, the balance of trade payables under transactions conducted with Asseco Poland S.A. was PLN 44 thousand; whereas, as at 31 December 2013 such outstanding payables amounted to PLN 37 thousand. Other related party liabilities included payables to subsidiaries arising from purchases we made in order to provide IT services (null as at 31 December 2014, but as at 31 December 2013 amounting to PLN 71 thousand), as well as payables for the performance of Group functions (amounting to PLN 124 thousand as at 31 December 2014 and to PLN 304 thousand as at 31 December 2013).

During the year ended 31 December 2014, the value of purchases from Asseco Poland S.A. reached PLN 299 thousand. During the year ended 31 December 2013, the value of purchases from Asseco Poland S.A. amounted to PLN 215 thousand.

The table below discloses the Company's trade payables as at 31 December 2014 and 31 December 2013, by maturity period based on the contractual undiscounted payments.

Ageing of trade payables	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	Amount	Structure	Amount	Structure
Liabilities due already	248	16.75%	171	4.55%
Liabilities falling due within 3 months	658	44.43%	3,096	82.43%
Liabilities falling due after more than 3 months	575	38.82%	489	13.02%
	<b>1,481</b>	<b>100.00%</b>	<b>3,756</b>	<b>100.00%</b>

Current financial liabilities	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Liabilities for the acquisition of shares	1,850	1,800
Liabilities from valuation of currency forwards	51	-
	<b>1,901</b>	<b>1,800</b>

Both as at 31 December 2014 and 31 December 2013, financial liabilities resulting from the acquisition of shares represented the outstanding portion of payment for shares acquired in EŽR Croatia, which shall depend on the financial results of that company.

Liabilities to the state and local budgets	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Personal income tax (PIT)	49	45
Social security payable	56	42
Value added tax	34	650
Other	16	-
	<b>155</b>	<b>737</b>

## 18. Prepayments, accruals and deferred income

Prepayments	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Prepaid maintenance services and license fees	1,403	2,194
Prepaid insurance	18	17
Other	36	106
	<b>1,457</b>	<b>2,317</b>
- short-term	1,450	2,075
- long-term	7	242

  

Accruals	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Provision for the audit of financial statements	141	146
Accrual for unused holiday leaves	153	199
Accrual for salaries	422	17
Provision for operating costs	627	82
	<b>1,343</b>	<b>444</b>
- short-term	1,343	444
- long-term	-	-

Both as at 31 December 2014 and 31 December 2013, accruals comprised the provision for the audit of financial statements, provision for current operating costs which have been incurred but not yet invoiced, accrual for salaries along with payroll overheads to be paid out in future periods that resulted from the bonus schemes applied by ASEE S.A., as well as the accrual for unused holiday leaves.

The components of the provision for operating costs are disclosed in the table below:

Accruals – provision for operating costs	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Provision for the costs of goods and services sold	177	10
Provision for the costs of marketing and IT services	115	35
Provision for the costs of consulting services	285	2
Provision for the costs of accounting services	27	15
Provision for the costs of stock exchange services	10	10
Provision for other administrative costs	13	10
	<b>627</b>	<b>82</b>

Deferred income	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Maintenance services paid in advance	477	1,482
	<b>477</b>	<b>1,482</b>
- short-term	466	1,190
- long-term	11	292

The balance of deferred income relates to prepayments for services to be provided, such as maintenance and IT services.

## 19. Information and explanations to the statement of cash flows

The table below presents items comprising changes in working capital as disclosed in the statement of cash flows:

Changes in working capital	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Change in inventories	-	4
Change in receivables	3,459	(2,402)
Change in liabilities	(2,750)	3,362
Change in prepayments and accruals	754	(2,533)
	<b>1,463</b>	<b>(1,569)</b>

The following tables present the reconciliation between the balance sheet changes in working capital and the changes that affect operating cash flows as reported in the statement of cash flows:

Changes in working capital	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Changes in liabilities as per the balance sheet</b>	<b>(2,649)</b>	<b>5,162</b>
Change in liabilities arising from company acquisitions	(50)	(1,800)
Valuation of forward contracts	(51)	-
<b>Total changes affecting operating cash flows</b>	<b>(2,750)</b>	<b>3,362</b>

Changes in working capital	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Changes in receivables as per the balance sheet</b>	<b>2,881</b>	<b>(9,432)</b>
Excessive amount of income tax recovered	-	(88)
Adjustment of receivables from disposal of EST A.S.	-	(517)
Adjustment of receivables from disposal of Sigma	578	7,635
<b>Total changes affecting operating cash flows</b>	<b>3,459</b>	<b>(2,402)</b>

The table below reveals the costs incurred by ASEE S.A. for the acquisition of shares in subsidiaries:

Acquisition of shares in subsidiaries	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
ASEE Montenegro	(1,009)	-
EZR Croatia	-	(10,473)
	<b>(1,009)</b>	<b>(10,473)</b>
Disposal of shares in subsidiaries	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
ASEE Turkey (former EST A.S., (Istanbul))	-	517
Sigma Turkey	634	1,989
	<b>634</b>	<b>2,506</b>

In the period of 12 months ended 31 December 2014, proceeds from disposal of shares in subsidiaries amounted to PLN 634 thousand and were received from the sale of a 38.22% stake in Sigma Turkey to ASEE Turkey.

Whereas, in the comparable period of 2013, we received proceeds from the disposal of a 23.1% stake in EST A.S. (Istanbul) to ASEE Turkey in 2011 (PLN 517 thousand) as well as from the disposal of a 38.22% stake in Sigma Turkey to ASEE Turkey in 2013 (PLN 1,989 thousand).

The table below discloses the amounts of dividend income received by ASEE S.A. from its subsidiaries:

Dividend income received	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
ASEE Serbia	6,312	10,410
ASEE Croatia	830	6,834
ASEE Romania	5,208	4,400
ASEE Kosovo	1,466	858
ASEE Macedonia	4,140	8,313
ASEE B&H	2,082	5,298
	<b>20,038</b>	<b>36,113</b>

## 20. Contingent and off-balance-sheet liabilities

As at 31 December 2014 and 31 December 2013, the Company had a liability amounting to PLN 1,850 thousand and PLN 1,800 thousand, respectively, resulting from a contingent payment for the acquisition of shares in EZR Croatia, depending on the financial results of that company.

The Company also granted guarantees/sureties for the repayment of bank loans by:

1. ASEE Croatia – in the amount of PLN 10,130 thousand as at 31 December 2014 vs. PLN 9,908 thousand as at 31 December 2013. The granted guarantee shall be effective till 31 May 2017.
2. ASEE Slovenia – in the amount of PLN 2,813 thousand as at 31 December 2014. The granted guarantees shall be effective till 31 July 2017 (amount of PLN 1,705 thousand), till 4 April 2015 (amount of

PLN 852 thousand), and till 31 January 2020 (amount of PLN 256 thousand). As at 31 December 2013, the above-mentioned guarantees did not exit.

3. ASSE Kosovo – in the amount of PLN 2,984 thousand PLN as at 31 December 2014. The granted guarantees shall be effective till 20 August 2015 (amount of PLN 1,705 thousand), and till 20 August 2017 (amount of PLN 1,279 thousand). As at 31 December 2013, the above-mentioned guarantees did not exit.

The granted guarantees amounted in total to PLN 15,927 thousand as at 31 December 2014 as compared with PLN 9,908 thousand as at 31 December 2013. All of the granted guarantees constitute off-balance-sheet items. They have been granted for a fee on an arm's length basis.

As at 31 December 2014, the Company had no other contingent or off-balance-sheet liabilities.

## 21. Line of credit

On 18 December 2014, ASEE S.A. signed a loan agreement with ING Bank Śląski S.A. The Bank will provide ASEE with a line of credit up to the amount of EUR 9 million in order to enable financing of loans to be granted by the Company to its subsidiaries for the implementation of outsourcing contracts. The amount of EUR 2 million out of the above-mentioned limit may be alternatively used for company acquisitions. Interest will be payable on the amount of loan actually drawn and shall be based on the 1M EURIBOR rate plus margin. Repayment of the loan to the Bank shall be secured by providing sureties from our subsidiaries as well as by transferring the amounts receivable under loans granted to our subsidiaries, in accordance with the assignment agreement. The line of credit has been opened for the period of 2 years. The loan repayment deadline has been determined for 4 years after closing the line of credit. As at 31 December 2014, we had no liabilities under this loan facility.

## 22. Information on related parties

### Related party transactions

The following table discloses the total amounts of transactions concluded with the Company's related entities during the current and prior financial year:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
<b>Parent company:</b>				
Asseco Poland S.A.				
2014	900	299	416	44
2013	425	215	47	37

### Subsidiaries:

2014	9,050	1,221	474	124
2013	9,213	2,808	1,434	375

In addition, ASEE S.A. granted loans to its associated entities, namely ASEE Montenegro and ASEE Bulgaria. As at 31 December 2014, receivables resulting from such loans amounted to PLN 3,862 thousand. Whereas, as at 31 December 2013, no loans were extended to any of our associated entities.

In other receivables, ASEE S.A. disclosed receivables from the sale of shares in Sigma Turkey to ASEE Turkey. As at 31 December 2014, such receivables amounted to PLN 8,207 thousand, as compared with PLN 7,635 thousand as at 31 December 2013.

In addition, our Parent Company Asseco Poland S.A. received dividends from ASEE S.A. in the gross amount of PLN 8,478 thousand, as compared with PLN 21,461 thousand in 2013.

Receivables from Asseco Poland S.A. disclosed as at 31 December 2014 include other receivables (security deposits) amounting to PLN 47 thousand.

### Transactions conducted with or through the Key Management Personnel (members of the Management Board and Supervisory Board) of Asseco South Eastern Europe S.A.

The values of transactions conducted by ASEE S.A. and companies of Asseco South Eastern Europe Group with or through the Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A. during the years ended 31 December 2014 and 31 December 2013, as well as outstanding balances of receivables and liabilities arising from such transactions as at 31 December 2014 and 31 December 2013 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
---------------	--------------------------	--------------------------------	----------------------------------	--------------------------------

Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A.:

2014	33	5,118	4	5
2013	75	5,584	4	41

Purchases from and sales to related parties presented in the table above are associated primarily with the rental of space and purchases or sales of hardware and services that were conducted by companies of ASEE Group and ASEE S.A. with parties related through the Key Management Personnel or with the Key Management Personnel themselves.

The above table does not include the remuneration received for performing managerial or supervisory functions in subsidiaries.

The figures disclosed in the table above include the following transactions concluded with or through the Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A.:

During the period of 12 months ended 31 December 2014, ASEE Serbia incurred space rental costs that were paid to its related parties MHM d.o.o., Beograd<sup>1</sup>, DM3 d.o.o., Beograd<sup>1</sup> and Mini Invest d.o.o., Beograd<sup>2</sup>, amounting in total to PLN 4,443 thousand, as compared with PLN 4,776 thousand incurred in the year ended 31 December 2013.

During the period of 12 months ended 31 December 2014, ASEE Macedonia incurred space rental costs that were paid to its related party MPS d.o.o., Skopje<sup>3</sup>, amounting in total to PLN 637 thousand, as compared with PLN 590 thousand incurred in the year ended 31 December 2013.

All the above-mentioned transactions were carried out on an arm's length basis.

Members of the Management Board and parties related through members of the Management Board and Supervisory Board of Asseco South Eastern Europe S.A. received dividends from ASEE S.A. in the total gross amount of PLN 1,983 thousand, as compared with PLN 5,780 thousand distributed in 2013. The above-stated amounts do not include dividends payable to Asseco Poland S.A.<sup>4</sup>. The dividend was paid out on 30 July 2014.

Until the date of approval of these financial statements, ASEE S.A. has not received any information on any related party transactions conducted during the reporting period which would be, separately or jointly, deemed significant or would be carried out not on an arm's length basis.

<sup>1</sup> Mihail Petreski, Member of the Supervisory Board of ASEE S.A. is a shareholder in Liatris d.o.o. which as at 31 December 2014 held a 7.40% stake in ASEE S.A. (as at 31 December 2013: 7.40%). Mihail Petreski and Liatris d.o.o. hold 40% of shares in MHM d.o.o. as well as 50% of shares in DM3 d.o.o. Furthermore, President of the Management Board of ASEE S.A. holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Whereas, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in ASEE S.A. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, President of the Management Board of Asseco SEE d.o.o., Beograd and Member of the Management Board of ASEE S.A.;

<sup>2</sup> Miljan Mališ, Member of the Management Board of ASEE S.A. is a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.;

<sup>3</sup> Mihail Petreski, Member of the Supervisory Board of ASEE S.A. is the sole shareholder in MPS d.o.o., Skopje.

<sup>4</sup> Adam Góral, Chairman of the Supervisory Board of ASEE S.A., and Jacek Duch, Member of the Supervisory Board of ASEE S.A., are both shareholders in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 31 December 2014, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

## 23. Employment

Average workforce in the reporting period	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Management Board	2	2
Production departments	10	10
Sales departments	6	5
Administration departments	10	8
<b>28</b>	<b>25</b>	

## 24. Remuneration of Members of the Management Board and Supervisory Board of ASEE S.A.

The table below presents remuneration payable to individual Members of the Company's Management Board for performing their functions during 2014 and 2013:

Fixed remuneration for the period of	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Management Board</b>		
Piotr Jeleński	360	360
Călin Bărseti*	281	235
Miljan Mališ	153	154
Miodrag Mirčetić	213	214
Marcin Rulnicki	231	230
<b>1,238</b>	<b>1,193</b>	
<b>Supervisory Board</b>		
Adam Góral	-	-
Jacek Duch	-	-
Jan Dauman	-	-
Andrzej Mauberg	-	-
Mihail Petreski	179	295
Przemysław Sęczkowski	-	-
Gabriela Žukowicz	-	-
<b>179</b>	<b>295</b>	

Variable remuneration for the period of	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
<b>Management Board</b>		
Piotr Jeleński	1,170	1,015
Călin Bărseti*	479	173
Miljan Mališ	539	320
Miodrag Mirčetić	710	701
Marcin Rulnicki	229	203
<b>3,127</b>	<b>2,412</b>	
<b>Supervisory Board</b>		
Adam Góral	-	-
Jacek Duch	-	-
Jan Dauman	-	-
Andrzej Mauberg	-	-
Mihail Petreski	-	-
Przemysław Sęczkowski	-	-
Gabriela Žukowicz	-	-
-	-	-

\*Mr. Călin Bărseti resigned from the position of Member of the Management Board of ASEE S.A. as of 31 December 2014. The above table presents his remuneration for the period of service.

The amounts of remuneration disclosed in the above tables are payable for performing managerial functions in ASEE S.A. as well as in its subsidiary companies.

## 25. Remuneration of certified auditors or the entity authorized to audit financial statements

The table below discloses the total amounts due to the entity authorized to audit financial statements, namely Ernst & Young Audit Polska Sp. z o.o. (limited partnership), paid or payable for the years ended 31 December 2014 and 31 December 2013:

Remuneration for the period of	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (audited)
Obligatory audit of the annual financial statements and review of semi-annual financial statements	205	223

## 26. Capital management

The primary objective of the Company's capital management is to maintain a favourable credit rating and a safe level of capital ratios in order to support the Company's business operations and maximize shareholder value.

The Company actively manages its capital structure and makes necessary adjustments in response to the changing economic conditions. In order to maintain or adjust its capital structure, the Company may recommend the amount of dividend payment, return some capital to its shareholders, or issue new shares. ASEE may decide to use bank loans or trade credits for financing of its operations.

During the last two years ended 31 December 2014 and 31 December 2013, the Group did not introduce any changes to its objectives, policies and processes adopted in this area.

## 27. Objectives and principles of financial risk management

ASEE S.A. is exposed to a number of risks arising either from the macroeconomic situation of the countries where the Company holds its investments as well as from the microeconomic situation in individual companies. The main external factors that may have an adverse impact on the Company's financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in official interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate.

### Foreign currency risk

The currency used for presentation of the Company's results is the Polish zloty (PLN). Because our subsidiaries conduct business operations in countries with the functional currencies other than our presentation currency, the Company is exposed

to changes in such foreign currency exchange rates both with respect to the dividends received from our subsidiaries, and the planned acquisitions.

The analysis of sensitivity of the Company's trade payables and receivables, other receivables, and cash at foreign currency bank accounts to fluctuations in the exchange rates of the American dollar against the Polish zloty, indicates a potential loss of PLN 819 thousand in case the dollar depreciates 10% versus our functional currencies. Likewise, if the euro depreciates 10% against the zloty, the Group will potentially lose PLN 493 thousand. Hence, if both the dollar and euro were 10% weaker against the zloty, the Company's financial results would deteriorate by a total PLN 1,312 thousand. In contrast, if the dollar and euro appreciated by 10% versus our functional currencies, the Company would recognize an additional gain of PLN 1,312 thousand.

	As at 31 Dec. 2014 (audited)	Amount exposed to risk	Impact on financial results of the Group	
			-10%	10%
<b>EUR:</b>				
Trade receivables	474	(47)	47	
Other receivables	-	-	-	
Borrowings	3,862	(386)	386	
Trade payables	123	12	(12)	
Foreign currency bank accounts	718	(72)	72	
<b>Balance</b>	<b>(493)</b>	<b>493</b>		
<b>USD:</b>				
Trade receivables	574	(57)	57	
Other receivables	8,207	(821)	821	
Borrowings	-	-	-	
Trade payables	1,090	109	(109)	
Foreign currency bank accounts	497	(50)	50	
<b>Balance</b>	<b>(819)</b>	<b>819</b>		

	As at 31 Dec. 2013 (restated)	Amount exposed to risk	Impact on financial results of the Group	
			(10%)	10%
<b>EUR:</b>				
Trade receivables	1,434	(143)	143	
Other receivables	-	-	-	
Borrowings	-	-	-	
Trade payables	375	38	(38)	
Foreign currency bank accounts	294	(29)	29	
<b>Balance</b>	<b>(134)</b>	<b>134</b>		
<b>USD:</b>				
Trade receivables	3,477	(348)	348	
Other receivables	7,635	(764)	764	
Borrowings	-	-	-	
Trade payables	3,272	327	(327)	
Foreign currency bank accounts	18	(2)	2	
<b>Balance</b>	<b>(787)</b>	<b>787</b>		

### Credit risk

The Company concludes transactions only with reputable companies which have good credit ratings. All customers who wish to trade on credit terms are subject to the procedures of preliminary verification of their creditworthiness. Furthermore, current monitoring of receivables makes it possible

to eliminate the risk of uncollectible receivables almost entirely.

In relation to other financial assets, such as cash and cash equivalents, the Company's credit risk results from the contracting party's inability to settle their payments, whereas the maximum exposure to such risk is limited to the carrying value of such financial instruments.

There is no particular concentration of credit risk in any segment of the Company's operations.

#### Financial liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool takes into account the maturity of both financial investments and financial assets (e.g. accounts receivable) and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

#### 28. Financial instruments

##### Fair value

The book values of financial assets and liabilities held by the Company both as at 31 December 2014 and 31 December 2013 did not differ from their fair values.

Assets that are carried at fair value through profit or loss have been assigned to Level 2 in the fair value hierarchy.

During both the years ended 31 December 2014 and 31 December 2013, none of the financial instruments were reclassified from Level 1 to Level 2, or from Level 2 to Level 3, or contrariwise, in the fair value measurement hierarchy.

#### Items of income, expenses, gains and losses recognized in the income statement, by category of financial instruments

Year ended 31 Dec. 2014 (audited)	Category according to IAS 39	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Total
<b>Financial assets</b>						
Trade receivables and other receivables	L&R	-	132	-	-	132
Cash and cash equivalents	FVtPL	104	202	-	-	306
Cash deposits and loans granted	OFLaAC	124	96	-	-	220
Financial assets carried at fair value through profit or loss	FVtPL	-	-	-	-	-
<b>Financial liabilities</b>						
Liabilities for the acquisition of shares	FVtPL	-	(50)	-	-	(50)
Trade payables and other financial liabilities	OFLaAC	(39)	(137)	-	-	(176)
Currency forward contracts	FVtPL	-	63	-	(149)	(86)
		<b>189</b>	<b>306</b>	-	<b>(149)</b>	<b>346</b>

Year ended 31 Dec. 2013 (audited)	Category according to IAS 39	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Total
<b>Financial assets</b>						
Trade receivables and other receivables	L&R	-	(7)	-	-	(7)
Cash and cash equivalents	FVtPL	179	(176)	-	-	3
Cash deposits	OFLaAC	475	-	-	-	475
Financial assets carried at fair value through profit or loss	FVtPL	-	-	-	25	25
<b>Financial liabilities</b>						
Liabilities for the acquisition of shares	FVtPL	-	14	-	-	14
Trade payables and other financial liabilities	OFLaAC	-	(41)	-	-	(41)
Currency forward contracts	FVtPL	-	4	-	77	81
		<b>654</b>	<b>(206)</b>	-	<b>102</b>	<b>550</b>

#### 29. Significant events after the balance sheet date

In the period from 31 December 2014 till the date of approval of these financial statements, this is until 18 February 2015, we have not observed any significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of ASEEE S.A.

#### 30. Significant events related to prior years

Until the date of preparing these financial statements, this is until 18 February 2015, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.