



**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE 1ST QUARTER OF 2014**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE 1ST QUARTER OF 2014**

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE 1ST QUARTER OF 2014**

These interim condensed consolidated 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

Calin Barseti Member of the Management Board

Miljan Mališ Member of the Management Board

Member of the Management Board

FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Sales revenues	99,281	100,633	23,698	24,111
II. Operating profit	8,004	9,857	1,911	2,362
III. Pre-tax profit	8,027	10,401	1,916	2,492
IV. Net profit for the reporting period	7,014	7,796	1,674	1,868
V. Net profit attributable to Shareholders of the Parent Company	7,015	7,808	1,674	1,871
VI. Net cash provided by (used in) operating activities	3,448	2,128	823	510
VII. Net cash provided by (used in) investing activities	(25,220)	(14,266)	(6,020)	(3,418)
VIII. Net cash provided by (used in) financing activities	20,711	(127)	4,944	(30)
IX. Cash and cash equivalents at the end of period	57,531	62,425	13,792	14,944
X. Basic earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR)	0.14	0.15	0.03	0.04
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.14	0.15	0.03	0.04

The financial highlights disclosed in these interim condensed consolidated financial statements were translated into euros (EUR) in the following way:

- items of the interim condensed consolidated income statement and statement of cash flows were 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:
 - for the period from 1 January 2014 to 31 March 2014: EUR 1 = PLN 4.1894
 - for the period from 1 January 2013 to 31 March 2013: EUR 1 = PLN 4.1738
- the Group's 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 March 2014: EUR 1 = PLN 4.1713
 - exchange rate effective on 31 March 2013: EUR 1 = PLN 4.1774

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)
Sales revenues	<u>1</u>	99,281	100,633
Cost of sales (-)	<u>2</u>	(75,647)	(74,802)
Gross profit on sales		23,634	25,831
Selling costs (-)	<u>2</u>	(7,935)	(8,200)
General administrative expenses (-)	<u>2</u>	(7,880)	(7,935)
Net profit on sales		7,819	9,696
Other operating income (+)		507	236
Other operating expenses (-)		(414)	(218)
<i>Share in profits of associates (+/-)</i>		92	143
Operating profit		8,004	9,857
Financial income (+)	<u>3</u>	399	1,132
Financial expenses (-)	<u>3</u>	(376)	(588)
Pre-tax profit		8,027	10,401
Corporate income tax (current and deferred tax expense) (+/-)		(1,013)	(2,605)
Net profit for the reporting period		7,014	7,796
Attributable to:			
Shareholders of the Parent Company		7,015	7,808
Non-controlling interests		(1)	(12)
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):			
Basic consolidated earnings per share from continuing operations for the reporting period	<u>4</u>	0.14	0.15
Diluted consolidated earnings per share from continuing operations for the reporting period	<u>4</u>	0.14	0.15

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)
Net profit for the reporting period	7,014	7,796
Other comprehensive income, of which:		
Components that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	1,488	18,842
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	8,502	26,638
Attributable to:		
<i>Shareholders of the Parent Company</i>	8,506	26,668
<i>Non-controlling interests</i>	(4)	(30)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 March 2014	31 Dec. 2013	31 March 2013
		(unaudited)	(restated)	(restated)
Non-current assets		587,496	564,377	561,465
Property, plant and equipment	6	54,831	33,897	21,068
Investment property		1,226	1,230	798
Intangible assets	6	33,954	32,772	30,227
Goodwill arising from consolidation	7	492,617	491,656	502,433
Investments accounted for using the equity method		1,462	1,374	1,407
Investments in subsidiaries		11	11	11
Long-term financial assets	9	154	155	171
Long-term receivables		343	300	259
Deferred income tax assets		2,434	2,562	3,802
Long-term prepayments and accrued income	11	464	420	1,289
Current assets		191,796	212,438	211,991
Inventories		17,695	17,669	18,776
Prepayments and accrued income	11	9,465	7,395	7,153
Trade receivables	8	77,692	107,274	61,641
Corporate income tax receivable		2,380	1,997	1,606
Other receivables from the state and local budgets		1,842	416	1,234
Receivables arising from valuation of IT contracts		10,288	8,193	16,685
Other receivables	8	10,931	9,703	13,483
Short-term financial assets	9	3,972	1,438	28,988
Cash and short-term deposits	10	57,531	58,353	62,425
TOTAL ASSETS		779,292	776,815	773,456

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	31 March 2014	31 Dec. 2013	31 March 2013
		(unaudited)	(restated)	(restated)
Equity (attributable to shareholders of the Parent Company)		656,759	648,253	691,336
Share capital		518,942	518,942	518,942
Share premium		38,825	38,825	38,825
Exchange differences on translation of foreign operations		(73,388)	(74,879)	(44,996)
Retained earnings and current net profit		172,380	165,365	178,565
Non-controlling interests		167	171	155
Total equity		656,926	648,424	691,491
Non-current liabilities		32,057	12,353	6,533
Interest-bearing bank loans and borrowings	13	26,682	7,157	24
Deferred income tax liabilities		2,656	2,422	2,853
Long-term provisions		1,300	1,373	1,510
Long-term financial liabilities	12	782	718	761
Long-term deferred income	15	637	683	1,198
Other long-term liabilities		-	-	187
Current liabilities		90,309	116,038	75,432
Interest-bearing bank loans and borrowings	13	8,275	6,314	316
Trade payables	14	30,243	52,253	26,324
Corporate income tax payable	14	238	66	1,600
Other liabilities to the state and local budgets	14	5,974	13,998	6,187
Financial liabilities	12	2,087	2,073	235
Liabilities arising from valuation of IT contracts		549	1,270	943
Other current liabilities	14	15,021	13,870	15,923
Short-term provisions		2,238	2,682	3,177
Deferred income	15	9,017	7,863	8,431
Accruals	15	16,667	15,649	12,296
TOTAL LIABILITIES		122,366	128,391	81,965
TOTAL EQUITY AND LIABILITIES		779,292	776,815	773,456

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for 3 months ended 31 March 2014

	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2014	518,942	38,825	(74,879)	165,365	648,253	171	648,424
Net profit (loss) for the reporting period	-	-	-	7,015	7,015	(1)	7,014
Other comprehensive income	-	-	1,491	-	1,491	(3)	1,488
Total comprehensive income for the reporting period	-	-	1,491	7,015	8,506	(4)	8,502
As at 31 March 2014 (unaudited)	518,942	38,825	(73,388)	172,380	656,759	167	656,926

for 3 months ended 31 March 2013

	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2013	518,942	38,825	(63,856)	170,761	664,672	181	664,853
Net profit (loss) for the reporting period	-	-	-	7,808	7,808	(12)	7,796
Other comprehensive income	-	-	18,860	-	18,860	(18)	18,842
Total comprehensive income for the reporting period	-	-	18,860	7,808	26,668	(30)	26,638
Recognition of financial result attributable to non-controlling interests	-	-	-	(4)	(4)	4	-
As at 31 March 2013 (restated)	518,942	38,825	(44,996)	178,565	691,336	155	691,491

for 12 months ended 31 December 2013

	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2013	518,942	38,825	(63,856)	170,761	664,672	181	664,853
Net profit (loss) for the reporting period	-	-	-	35,949	35,949	18	35,967
Other comprehensive income	-	-	(11,021)	-	(11,021)	(60)	(11,081)
Total comprehensive income for the reporting period	-	-	(11,021)	35,949	24,928	(42)	24,886
Changes in the Group structure, of which:	-	-	-	86	86	(53)	33
Acquisition of shares in a subsidiary	-	-	-	-	-	33	33
Acquisition of non-controlling interests	-	-	-	86	86	(86)	-
Change in valuation of liabilities under put options of non-controlling shareholders	-	-	-	686	686	-	686
Recognition of financial result attributable to non-controlling interests	-	-	(2)	(83)	(85)	85	-
Dividend	-	-	-	(42,034)	(42,034)	-	(42,034)
As at 31 December 2013 (restated)	518,942	38,825	(74,879)	165,365	648,253	171	648,424

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)
Cash flows – operating activities			
Pre-tax profit		8,027	10,401
Total adjustments:		(3,736)	(5,792)
Depreciation and amortization		4,626	3,275
Change in inventories		(1,667)	(2,258)
Change in receivables		25,165	9,309
Change in liabilities		(31,442)	(11,716)
Change in prepayments and accruals		32	(2,981)
Change in provisions		(513)	(773)
Interest income and expenses		(12)	(550)
Gain (loss) on foreign exchange differences		126	-
Gain (loss) on investing activities		7	(56)
Other		(58)	(42)
Net cash generated from operating activities		4,291	4,609
Corporate income tax paid		(843)	(2,481)
Net cash provided by (used in) operating activities		3,448	2,128
Cash flows – investing activities			
Disposal of property, plant and equipment and intangible assets		188	144
Acquisition of property, plant and equipment and intangible assets		(20,854)	(2,651)
Expenditures for development projects		(2,149)	(3,254)
Acquisition of financial assets carried at fair value through profit or loss		-	(4,000)
Disposal of financial assets carried at fair value through profit or loss		28	-
Bank deposits made		(2,558)	(3,300)
Dividends paid out to former shareholders of subsidiaries		-	(1,736)
Loans collected (granted)		(42)	161
Interest received		167	370
Net cash provided by (used in) investing activities		(25,220)	(14,266)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)
Cash flows – financing activities			
Proceeds from (repayments of) short-term bank loans and borrowings		4	(63)
Proceeds from other bank loans and borrowings		21,621	-
Repayments of other bank loans and borrowings		(656)	-
Finance lease liabilities paid		(96)	(39)
Interest paid		(162)	-
Other		-	(25)
Net cash provided by (used in) financing activities		20,711	(127)
Net increase (decrease) in cash and cash equivalents		(1,061)	(12,265)
Net foreign exchange differences		247	1,717
Cash and cash equivalents as at 1 January		58,327	72,949
Cash and cash equivalents as at 31 March	10	57,513	62,401

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

I. GENERAL INFORMATION

Asseco South Eastern Europe Group (the "Group", "ASEE Group") is comprised of Asseco South Eastern Europe S.A. (the "Parent Company", "ASEE S.A.", "Company", "Issuer") and its subsidiaries.

The Parent Company Asseco South Eastern Europe S.A. seated at 14 Olchowa St., Rzeszów, Poland, was established on 10 April 2007. The Company has been listed on the main market of the Warsaw Stock Exchange since 28 October 2009.

ASEE S.A. is the parent of Asseco South Eastern Europe Group. The Parent Company shall operate within the territory of the Republic of Poland as well as abroad. The time of duration of both the Parent Company and the entities incorporated in the Group is indefinite.

Asseco South Eastern Europe Group is engaged in the sale of its own and third-party software as well as in the provision of implementation, integration and outsourcing services. The Group provides IT systems to support banking, insurance and leasing operations, offers authentication solutions and online payment systems, delivers and performs maintenance of ATMs and POS terminals, as well as provides integration and implementation services for IT systems and hardware. The Group conducts business operations in the markets of Poland, South Eastern Europe, and Turkey.

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2013 which are available at the Issuer's website: www.asseco.com/see.

These interim condensed consolidated financial statements cover the interim period ended 31 March 2014 and contain comparable data for the interim period ended 31 March 2013 in case of the statement of comprehensive income, statement of changes in equity, and statement of cash flows; and comparable data as at 31 December 2013 and 31 March 2013 in case of the statement of financial position.

The Group 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 interim consolidated financial statements have been approved for publication by the Management Board of ASEE S.A. on 5 May 2014.

II. MAJOR SHAREHOLDERS

According to the best knowledge of the Management Board of ASEE S.A. as at the date of publication of this report, i.e. on 5 May 2014, the shareholders who, either directly or through their subsidiaries, hold at least a 5% voting interest at the General Meeting of Shareholders are as follows:

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

To the best knowledge of the Management Board of ASEE S.A. as at 31 March 2014 and 31 December 2013, the shareholders who, either directly or through their subsidiaries, held at least a 5% voting interest at the General Meeting of Shareholders were as follows:

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

As at 31 March 2014, on the date of publication of this report, i.e. on 5 May 2014, as well as at 31 March 2013, the share capital of ASEE S.A. amounted to PLN 518,942,510 and it 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.

III. COMPANY'S SHARES AND RIGHTS TO SHARES HELD BY ITS MANAGEMENT AND SUPERVISORY STAFF

Supervisory Board Members	Number of shares held as at			
	5 May 2014	31 March 2014	19 Feb. 2014	31 Dec. 2013
Adam Góral ¹⁾	-	-	-	-
Jacek Duch	-	-	-	-
Jan Dauman	-	-	-	-
Andrzej Mauberg	-	-	-	-
Mihail Petreski ²⁾	-	-	-	-
Przemysław Sęczkowski	-	-	-	-
Gabriela Żukowicz	150	150	150	150

1) Adam Góral, Chairman of the Supervisory Board of ASEE S.A. and a shareholder in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 31 March 2014, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

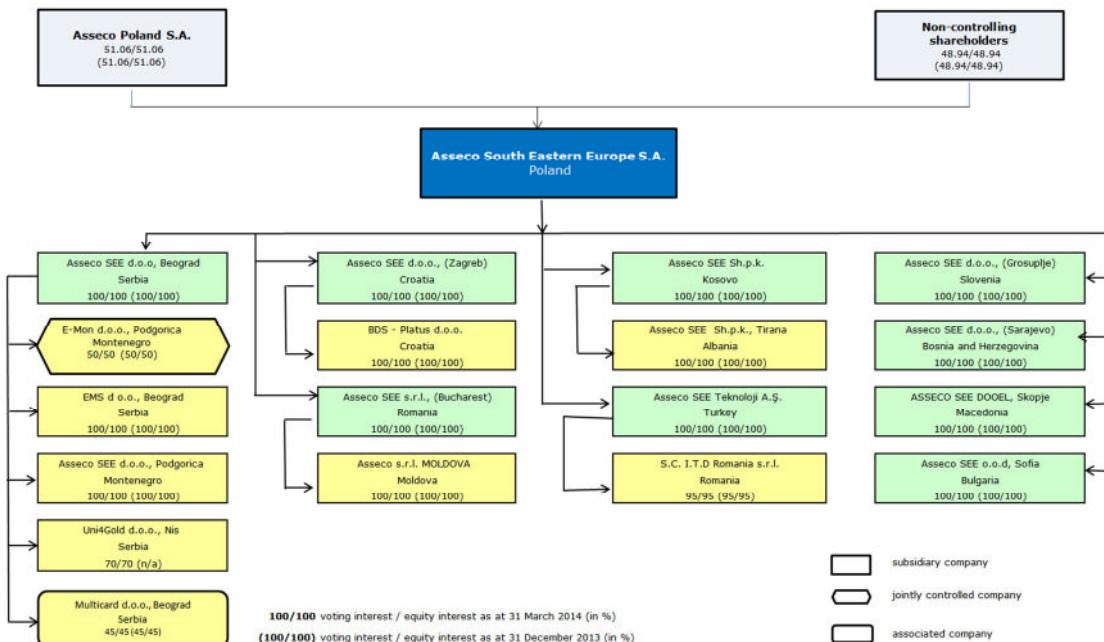
2) Mihail Petreski, Member of the Supervisory Board of ASEE S.A. and a shareholder in the company Liatris d.o.o. which in turn is a shareholder in ASEE S.A.; as at 31 March 2014, Liatris d.o.o. held 3,838,683 shares in ASEE S.A.

Management Board Members	Number of shares held as at			
	5 May 2014	31 March 2014	19 Feb. 2014	31 Dec. 2013
Piotr Jeleński	550	550	550	550
Calin Barseti	-	-	-	-
Miljan Mališ ³⁾	-	-	-	-
Miodrag Mirčetić ⁴⁾	-	-	-	-
Marcin Rulnicki	-	-	-	-

3) Miljan Mališ, Member of the Management Board of ASEE S.A. and a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.; as at 31 March 2014, Mini Invest d.o.o. held 835,597 shares in ASEE S.A.

4) Miodrag Mirčetić, Member of the Management Board of ASEE S.A. and a shareholder in the company I4-INVENTION d.o.o. which in turn is a shareholder in ASEE S.A.; as at 31 March 2014, I4-INVENTION d.o.o. held 1,522,971 shares in ASEE S.A.

IV. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP



The chart above presents the structure of ASEE Group along with equity interests and voting interests at the general meetings of shareholders/partners as at 31 March 2014.

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

Within the Group's organizational structure, E-Mon Montenegro is treated as a jointly controlled company and therefore consolidated under the equity method in line with IFRS 11.

Multicard Serbia is an associated company accounted for using the equity method. Up until 30 September 2013, Multicard Serbia was treated as a subsidiary and subject to full consolidation.

The remaining companies incorporated within the Group are treated as subsidiaries and are subject to full consolidation.

Both as at 31 March 2014 and 31 December 2013, voting interests the Group was entitled to exercise in its subsidiaries were proportional to the Group's equity interests in these entities.

V. EFFECTS OF CHANGES IN THE ORGANIZATIONAL STRUCTURE

During the period of 3 months ended 31 June 2014, the organizational structure of the Issuer's Group changed as follows:

- 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. The above-mentioned transaction has had no impact on the consolidated financial statements of the Group.

VI. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for the preparation of interim condensed consolidated financial statements

These interim condensed consolidated 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 interim condensed consolidated financial statements is the Polish zloty (PLN), and all figures are presented in thousands of zlotys (PLN'000), unless stated otherwise.

These interim condensed consolidated financial statements were prepared on a going-concern basis, assuming the Group, Parent Company as well as its subsidiaries will continue their business activities in the foreseeable future.

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

2. Compliance statement

These interim condensed consolidated financial statements have been prepared in conformity with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and, in particular, in accordance with the International Accounting Standard 34 Interim Financial Reporting. In these interim consolidated financial statements, the Group has not opted for the early adoption of any standards or interpretations which have not become effective yet.

Some of the Group companies maintain their accounting books in accordance with the accounting policies set forth in their respective local regulations. The interim condensed consolidated financial statements include adjustments not disclosed in the accounting books of the Group's entities which were introduced to adjust the financial statements of those entities to the IFRS.

3. Significant accounting policies

The significant accounting policies adopted by ASEE Group have been described in the consolidated financial statements for the year ended 31 December 2013, which were published on 19 February 2014 and are available at the Issuer's website: www.asseco.com/see. These interim condensed consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and therefore they should be read together with the Group's consolidated financial statements for the year ended 31 December 2013.

Starting from 1 January 2014, the Group has changed the method of accounting for its jointly controlled company, from the proportionate method to the equity method, in connection with the entry into force of IFRS 11 *Joint Arrangements*.

The above-mentioned change has been described in detail in items VI.9. and VI.11. of the Accounting policies applied when preparing the consolidated financial statements.

Other accounting policies adopted for drawing up this report are coherent with those applied for the preparation of the Group's consolidated financial statements for the year ended 31 December 2013, except for applying the amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2014, including in particular IFRS 11 *Joint Arrangements*.

4. Functional currency and reporting currency

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

Separate and consolidated financial statements of the Group companies are drawn up in the functional currencies of their primary business environments. The functional currencies of direct subsidiaries of ASEE S.A. include the Romanian leu (RON), Croatian kuna (HRK), Serbian dinar (RDS), Macedonian denar (MKD), euro (EUR), Turkish lira (TRY), Bulgarian lev (BGN), Bosnia and Herzegovina convertible mark (BAM), and Polish zloty (PLN).

5. Changes in estimates

In the period of 3 months ended 31 March 2014, our approach to making estimates was not subject to any substantial change.

6. Professional judgement

Preparing consolidated financial statements in accordance with IFRS requires making estimates and assumptions which impact the data disclosed in such financial statements. Despite the estimates and assumptions have been adopted based on the Group's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated. The main areas which, in the process of applying the accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year 2013.

7. Seasonal nature of business

The Group's business operations are subject to seasonality, which involves revenue fluctuations in individual quarters of the year. Because bulk of sales revenues are generated from IT services contracts executed for large companies and public institutions, the fourth quarter turnovers tend to be higher than in the remaining periods. Such phenomenon occurs for the reason that the abovementioned entities close their annual budgets for implementation of IT projects and carry out investment purchases of hardware and licenses usually in the last quarter.

8. Changes in the presentation methods

In the reporting period, for the sake of consistent presentation of financial data within Asseco Poland Group, we have restored our consolidated income statement back to the layout that was used up until 2012.

In comparison with 2013, the change made in 2014 involved replacing the lines of '*cost of goods and third-party services sold*' and '*production costs*' with a single line called '*cost of sales*'. We have also resumed the presentation of the '*gross profit on sales*' which is calculated by deducting the '*cost of sales*' from '*sales revenues*'.

In 2014, we have ceased to present the '*surplus of revenues over third-party costs*' that was calculated by deducting the '*cost of goods and third-party services sold*' from '*sales revenues*'.

In addition, in the 1st quarter of 2014, we have changed the method of allocating some of the managerial staff remuneration to production costs, selling costs or general administrative expenses, in order to unify the recognition of such remuneration costs across the entire ASEE Group. Financial data for the 1st quarter of 2013 have been adjusted to ensure comparability. The effects of the above described changes have been described in item 11 below.

9. Changes in the accounting policies applied

In the reporting period, the Group has not introduced any changes to the applied accounting policies, except for adopting the amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2014, including in particular IFRS 11 *Joint Arrangements*. The effects of adopting IFRS 11 have been described in item 11 below.

The Group has not changed the method for valuation of financial instruments measured at fair value.

10. Corrections of material errors

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

11. Changes in the comparable data

In these interim consolidated financial statements, the comparable data have been subject to the following restatements:

Change in the accounting for E-Mon Montenegro

ASEE Group holds a 50% stake in E-mon Montenegro which is a provider of online payment solutions. Until 31 December 2013, this company was classified as a jointly controlled entity and accounted for using the proportionate method under the provisions of IAS 31 *Interests in Joint Ventures*. Due to the entry into force of IFRS 11 *Joint Arrangements*, which shall be effective in the European Union at the latest for annual periods beginning on or after 1 January 2014, and the resulting impossibility of applying the proportionate method, in these interim consolidated financial statements the company of E-mon Montenegro has been accounted for using the equity method. The equity method has been also applied retrospectively to the comparable data reported for 3 months

ended 31 March 2013 and as at 31 December 2013 and 31 March 2013. The impact on the comparable data resulting from changing the recognition method, from proportionate to equity-based, has been shown in the tables below.

Changes due to the process of fair value measurement of assets and liabilities of Sigma Turkey

As a result of fair value measurement of assets and liabilities of Sigma Turkey, the Group's balance sheet data as at 31 March 2013 have been changed retrospectively. ASEE Group acquired a 98.68% stake in Sigma Turkey on 14 September 2012. The process of fair value measurement of assets and liabilities of the acquired company, carried out as part of the purchase price allocation, was not completed until 31 March 2013. Therefore, goodwill arising from the purchase of shares in Sigma Turkey, which was recognized in the consolidated financial statements as at 31 March 2013, was estimated on the basis of provisional values of identifiable assets, liabilities and contingent liabilities.

In 2013, such estimated value of goodwill was changed due to the recognition of an additional liability relating to a contract executed by Sigma Turkey before being taken over by ASEE S.A. The valuation process was completed in the 3rd quarter of 2013.

The impact of the said change on the comparable data has been presented in the table below.

Changes in the allocation of remuneration costs to production costs, selling costs or general administrative expenses

Due to unifying the presentation of the costs of remuneration of managerial staff of the Group companies in the 1st quarter of 2014, we have changed the method of allocating some of such costs to production costs, selling costs or general administrative expenses. Financial figures for the 1st quarter of 2013 have been adjusted accordingly to ensure comparability. The resulting changes to the comparable data have been presented in the tables below.

Impact of the above described changes on the comparable data

Changes in the comparable data	Report for 3 months ended 31 March 2013 (published)	Change in the method of accounting for E-Mon	Changes resulting from purchase price allocation	Restated Statement of Financial Position as at 31 March 2013 (restated)
Consolidated Statement of Financial Position as at 31 March 2013				
Non-current assets	559,581	964	920	561,465
Property, plant and equipment	21,269	(201)	-	21,068
Intangible assets	30,345	(118)	-	30,227
Goodwill arising from consolidation	501,513	-	920	502,433
Investments accounted for using the equity method	-	1,407	-	1,407
Long-term financial assets	295	(124)	-	171
Other non-current assets	6,159	-	-	6,159
Current assets	213,645	(1,654)	-	211,991
Inventories	18,796	(20)	-	18,776
Prepayments and accrued income	7,164	(11)	-	7,153
Trade receivables	61,976	(335)	-	61,641
Other receivables	13,556	(73)	-	13,483
Cash and short-term deposits	63,640	(1,215)	-	62,425
Other current assets	48,513	-	-	48,513
TOTAL ASSETS	773,226	(690)	920	773,456
Total equity	691,930	(439)	-	691,491
Non-current liabilities	6,533	-	-	6,533
Current liabilities	74,763	(251)	920	75,432
Trade payables	26,396	(72)	-	26,324
Liabilities to the state and local budgets	7,816	(29)	-	7,787
Accruals	12,302	(6)	-	12,296
Other liabilities	28,249	(144)	920	29,025
TOTAL LIABILITIES	81,296	(251)	920	81,965
TOTAL EQUITY AND LIABILITIES	773,226	(690)	920	773,456

Changes in the comparable data	Report for the year ended 31 Dec. 2013	Change in the method of accounting for E-Mon	Changes resulting from purchase price allocation	Restated Statement of Financial Position as at 31 Dec. 2013 (restated)
	(audited)			
Non-current assets	563,393	984	-	564,377
Property, plant and equipment	34,090	(193)	-	33,897
Intangible assets	32,890	(118)	-	32,772
Investments accounted for using the equity method	-	1,374	-	1,374
Long-term financial assets	234	(79)	-	155
Other non-current assets	496,179	-	-	496,179
Current assets	213,958	(1,520)	-	212,438
Inventories	17,694	(25)	-	17,669
Prepayments and accrued income	7,422	(27)	-	7,395
Trade receivables	107,480	(206)	-	107,274
Receivables from the state and local budgets	2,370	43	-	2,413
Short-term financial assets	1,915	(477)	-	1,438
Cash and short-term deposits	59,126	(773)	-	58,353
Other current assets	17,951	(55)	-	17,896
TOTAL ASSETS	777,351	(536)	-	776,815
Total equity	648,949	(525)	-	648,424
Non-current liabilities	12,353	-	-	12,353
Current liabilities	116,049	(11)	-	116,038
Trade payables	52,264	(11)	-	52,253
Other current liabilities	63,785	-	-	63,785
TOTAL LIABILITIES	128,402	(11)	-	128,391
TOTAL EQUITY AND LIABILITIES	777,351	(536)	-	776,815

Changes in the comparable data	Report for 3 months ended 31 March 2013	Change in the method of accounting for E-Mon	Changes in the presentation of managerial staff remuneration	Restated Income Statement for 3 months ended 31 March 2013 (restated)
	(published)			
Sales revenues	100,967	(334)	-	100,633
Cost of sales (-)	(73,948)	191	(1,045)	(74,802)
Gross profit on sales	27,019	(143)	(1,045)	25,831
Selling costs (-)	(8,900)	-	700	(8,200)
General administrative expenses (-)	(8,280)	-	345	(7,935)
Net profit on sales	9,839	(143)	-	9,696
Other operating income (+)	236	-	-	236
Other operating expenses (-)	(218)	-	-	(218)
<i>Share in profits of associates</i>	-	143	-	143
Operating profit	9,857	-	-	9,857

Changes in the comparable data	Report for 3 months ended 31 March 2013	Change in the method of accounting for E-Mon	Restated Statement of Cash Flows for 3 months ended 31 March 2013 (restated)
	(published)		
Net cash provided by (used in) operating activities	2,128	-	2,128
Net cash provided by (used in) investing activities	(14,266)	-	(14,266)
Net cash provided by (used in) financing activities	(127)	-	(127)
Net increase (decrease) in cash and cash equivalents	(12,265)	-	(12,265)
Net foreign exchange differences	1,748	(31)	1,717
Cash and cash equivalents as at 1 January	74,133	(1,184)	72,949
Cash and cash equivalents as at 31 March	63,616	(1,215)	62,401

VII. INFORMATION ON OPERATING SEGMENTS

Asseco South Eastern Europe Group has identified the following reportable segments reflecting the structure of its business operations:

- a) Banking Solutions,
- b) Payment Solutions,
- c) Systems Integration.

Banking Solutions

This segment deals with integrated banking systems based on the Oracle and Microsoft platforms (offered under the brand name of ASEBA), including primarily *core banking systems*.

In addition, the integrated systems include solutions dedicated to support various bank access channels, payment systems, reporting systems for regulatory compliance and managerial information, as well as risk management and anti-fraud systems.

This segment also provides systems enabling secure authentication of bank clients or IT system users, as well as e-banking solutions available on mobile phones. These solutions are marketed as an integral part of the core and multi-channel banking systems offered by the Group companies, or separately for the purpose of being integrated with legacy IT solutions or third-party software already utilized by banks.

Furthermore, the product portfolio of the Banking Solutions segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution.

Payment Solutions

This segment is engaged in the sale and maintenance of ATMs and POS terminals as well as in the provision of related support services. ATMs and POS terminals are also offered by the Group in the outsourcing model, which allows customers to just rent the equipment from ASEEE Group and take advantage of our maintenance and infrastructure management services.

This operating segment also provides IT systems for the settlement of internet credit card payments as well as for fast and direct online money transfers.

Systems Integration

This segment is engaged in the development of customized IT systems, integration of third-party software and elements of infrastructure, as well as in the sale and installation of hardware solutions. Furthermore, the Systems Integration segment includes the presentation of sales of a number of the Group's proprietary solutions that do not qualify for any of the operating segments described above.

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2013.

For 3 months ended 31 March 2014 and as at 31 March 2014 in PLN thousands (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
Sales revenues:	28,057	29,953	58,010	45,172	2,217	(6,118)	99,281
Sales to external customers	25,554	29,098	54,652	44,629	-	-	99,281
Inter/intra segment sales	2,503	855	3,358	543	2,217	(6,118)	-
Gross profit on sales	6,293	9,311	15,604	8,030	-	-	23,634
Selling costs (-)	(2,342)	(1,880)	(4,222)	(3,713)	-	-	(7,935)
General administrative expenses (-)	(3,201)	(2,648)	(5,849)	(2,031)	-	-	(7,880)
Net profit on sales	750	4,783	5,533	2,286	-	-	7,819
<i>goodwill arising from consolidation</i>	195,218	112,495	307,713	184,904	-	-	492,617

For 3 months ended 31 March 2014 in EUR thousands (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
Sales revenues:	6,697	7,150	13,847	10,782	529	(1,460)	23,698
Sales to external customers	6,100	6,946	13,046	10,652	-	-	23,698
Inter/intra segment sales	597	204	801	130	529	(1,460)	-
Gross profit on sales	1,502	2,222	3,724	1,917	-	-	5,641
Selling costs (-)	(559)	(449)	(1,008)	(886)	-	-	(1,894)
General administrative expenses (-)	(764)	(632)	(1,396)	(485)	-	-	(1,881)
Net profit on sales	179	1,141	1,320	546	-	-	1,866

The above figures have been converted at the average exchange rate for the period from 1 January 2014 to 31 March 2014: EUR 1 = PLN 4.1894

For 3 months ended 31 March 2013 and as at 31 March 2013 in PLN thousands (restated)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
Sales revenues:	33,237	25,903	59,140	48,473	2,623	(9,603)	100,633
Sales to external customers	28,853	24,626	53,479	47,154	-	-	100,633
Inter/intra segment sales	4,384	1,277	5,661	1,319	2,623	(9,603)	-
Gross profit on sales	9,793	8,819	18,612	7,219	-	-	25,831
Selling costs (-)	(2,556)	(1,802)	(4,358)	(3,842)	-	-	(8,200)
General administrative expenses (-)	(3,552)	(2,247)	(5,799)	(2,136)	-	-	(7,935)
Net profit on sales	3,685	4,770	8,455	1,241	-	-	9,696
<i>goodwill arising from consolidation</i>	200,387	107,752	308,139	194,294	-	-	502,433

For 3 months ended 31 March 2013 in EUR thousands (restated)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
Sales revenues:	7,963	6,206	14,169	11,614	629	(2,301)	24,111
Sales to external customers	6,913	5,900	12,813	11,298	-	-	24,111
Inter/intra segment sales	1,050	306	1,356	316	629	(2,301)	-
Gross profit on sales	2,346	2,113	4,459	1,730	-	-	6,189
Selling costs (-)	(612)	(432)	(1,044)	(921)	-	-	(1,965)
General administrative expenses (-)	(851)	(538)	(1,389)	(512)	-	-	(1,901)
Net profit on sales	883	1,143	2,026	297	-	-	2,323

The above figures have been converted at the average exchange rate for the period from 1 January 2013 to 31 March 2013: EUR 1 = PLN 4.1738

VIII. INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS

For 3 months ended 31 March 2014 in PLN thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	406	3,028	544	14,905	1,658	3,950	13,172	1,341	20,076	27,539	1,412	11,250	99,281
Cost of sales (-)	(185)	(2,013)	(604)	(12,554)	(1,167)	(3,411)	(10,165)	(1,236)	(16,517)	(20,335)	(1,134)	(6,326)	(75,647)
Gross profit on sales	221	1,015	(60)	2,351	491	539	3,007	105	3,559	7,204	278	4,924	23,634
Selling costs (-)	(53)	(248)	(107)	(1,230)	(84)	(163)	(832)	(260)	(1,168)	(2,584)	(67)	(1,139)	(7,935)
General administrative expenses (-)	(94)	(259)	(227)	(1,389)	(113)	(294)	(659)	36	(1,241)	(1,969)	(176)	(1,495)	(7,880)
Net profit (loss) on sales	74	508	(394)	(268)	294	82	1,516	(119)	1,150	2,651	35	2,290	7,819
Other operating income	1	17	93	132	(5)	20	145	33	49	26	-	(4)	507
Other operating expenses	-	(93)	(83)	(98)	-	(13)	(89)	(14)	(1)	(21)	-	(2)	(414)
Share in profits of associates	-	-	-	-	-	92	-	-	-	-	-	-	92
Operating profit (loss)	75	432	(384)	(234)	381	89	1,572	(100)	1,198	2,656	35	2,284	8,004
For 3 months ended 31 March 2014 in EUR thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	97	723	130	3,558	396	943	3,144	320	4,792	6,573	337	2,685	23,698
Cost of sales (-)	(44)	(480)	(144)	(2,997)	(279)	(814)	(2,426)	(295)	(3,943)	(4,854)	(271)	(1,510)	(18,057)
Gross profit on sales	53	243	(14)	561	117	129	718	25	849	1,719	66	1,175	5,641
Selling costs (-)	(13)	(59)	(26)	(294)	(20)	(39)	(199)	(62)	(279)	(615)	(16)	(272)	(1,894)
General administrative expenses (-)	(22)	(62)	(54)	(332)	(27)	(70)	(157)	9	(296)	(471)	(42)	(357)	(1,881)
Net profit (loss) on sales	18	122	(94)	(65)	70	20	362	(28)	274	633	8	546	1,866
Other operating income	-	4	22	32	(1)	5	35	8	12	5	-	-	122
Other operating expenses	-	(23)	(20)	(23)	-	(4)	(21)	(3)	-	(5)	-	-	(99)
Share in profits of associates	-	-	-	-	-	22	-	-	-	-	-	-	22
Operating profit (loss)	18	103	(92)	(56)	91	21	376	(23)	286	633	8	546	1,911
For 3 months ended 31 March 2013 in PLN thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	551	4,274	887	9,928	1,474	3,937	17,234	1,896	18,324	29,353	951	11,824	100,633
Cost of sales (-)	(341)	(3,001)	(657)	(7,880)	(1,036)	(3,393)	(13,446)	(1,318)	(15,603)	(20,441)	(519)	(7,167)	(74,802)
Gross profit on sales	210	1,273	230	2,048	438	544	3,788	578	2,721	8,912	432	4,657	25,831
Selling costs (-)	(52)	(267)	(147)	(1,283)	(115)	(244)	(590)	(516)	(1,529)	(2,356)	(96)	(1,005)	(8,200)
General administrative expenses (-)	(77)	(472)	(89)	(1,131)	(102)	(296)	(850)	12	(1,041)	(1,912)	(180)	(1,797)	(7,935)
Net profit (loss) on sales	81	534	(6)	(366)	221	4	2,348	74	151	4,644	156	1,855	9,696
Other operating income	10	19	13	27	10	19	76	9	-	(14)	-	67	236
Other operating expenses	-	-	(4)	(52)	-	(17)	(6)	-	(16)	(24)	(33)	(66)	(218)
Share in profits of associates	-	-	-	-	143	-	-	-	-	-	-	-	143
Operating profit (loss)	91	553	3	(391)	374	6	2,418	83	135	4,606	123	1,856	9,857
For 3 months ended 31 March 2013 in EUR thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	132	1,024	213	2,379	353	943	4,129	454	4,390	7,033	228	2,833	24,111
Cost of sales (-)	(81)	(719)	(157)	(1,888)	(248)	(813)	(3,222)	(316)	(3,738)	(4,897)	(125)	(1,718)	(17,922)
Gross profit on sales	51	305	56	491	105	130	907	138	652	2,136	103	1,115	6,189
Selling costs (-)	(12)	(64)	(35)	(307)	(28)	(58)	(141)	(123)	(367)	(567)	(23)	(240)	(1,965)
General administrative expenses (-)	(18)	(113)	(21)	(271)	(25)	(71)	(204)	3	(249)	(459)	(43)	(430)	(1,901)
Net profit (loss) on sales	21	128	-	(87)	52	1	562	18	36	1,110	37	445	2,323
Other operating income	2	5	3	6	2	4	18	2	-	(1)	-	16	57
Other operating expenses	-	-	(1)	(12)	-	(4)	(1)	-	(4)	(6)	(8)	(16)	(52)
Share in profits of associates	-	-	-	-	34	-	-	-	-	-	-	-	34
Operating profit (loss)	23	133	2	(93)	88	1	579	20	32	1,103	29	445	2,362

IX. SUMMARY AND ANALYSIS OF FINANCIAL RESULTS OF ASSECO SOUTH EASTERN EUROPE GROUP

PLN'000	3 months ended	3 months ended	Change
	31 March 2014 (unaudited)	31 March 2013 (restated)	
Sales revenues	99,281	100,633	-1%
Gross profit on sales	23,634	25,831	-9%
Net profit on sales	7,819	9,696	-19%
Operating profit	8,004	9,857	-19%
EBITDA	12,630	13,132	-4%
Net profit for the reporting period	7,014	7,796	-10%
Net profit attributable to Shareholders of the Parent Company	7,015	7,808	-10%
Normalized profit for the reporting period*	7,014	7,796	-10%

EUR'000	3 months ended	3 months ended	Change
	31 March 2014 (unaudited)	31 March 2013 (restated)	
Sales revenues	23,698	24,111	-2%
Gross profit on sales	5,641	6,189	-9%
Net profit on sales	1,866	2,323	-20%
Operating profit	1,911	2,362	-19%
EBITDA	3,015	3,146	-4%
Net profit for the reporting period	1,674	1,868	-10%
Net profit attributable to Shareholders of the Parent Company	1,674	1,871	-11%
Normalized profit for the reporting period	1,674	1,868	-10%

*Normalized profit for the reporting period is calculated as "Net profit for the reporting period" adjusted for gains on non-recurring transactions recognized as financial income. No one-time events occurred during both the 1st quarter of 2014 and the 1st quarter of 2013.

In the 1st quarter of 2014, our sales revenues presented in PLN and EUR dropped by 1% and 2%, respectively, both in comparison to the corresponding period of 2013. Such deterioration resulted primarily from weaker revenues generated in the Banking Solutions segment (a decrease by EUR 813 thousand) as well as in the Systems Integration segment (a decrease by EUR 646 thousand), which were partially offset by robust revenues generated in the Payment Solutions segment (an increase by EUR 1,046 thousand).

A decrease in revenues of the Banking Solutions segment in the 1st quarter of 2014 was caused primarily by lower sales of products and services for the banking industry clients in Serbia (a decrease by EUR 510 thousand) and in Romania (a decrease by EUR 260 thousand), where we completed the implementation of large core banking systems at the end of 2013 and no significant projects have been commenced during the last three months. A slightly smaller decrease in revenues (by EUR 170 thousand) was experienced in Macedonia which, within the Banking Solutions segment, is in close cooperation with Serbia. However, our banking solutions revenues generated in Turkey increased by EUR 300 thousand, basically owing to new contracts for the implementation and modification of LeaseFlex system.

In the 1st quarter of 2014, weaker revenues of the Systems Integration segment resulted chiefly from lower sales of hardware and integration services in Macedonia (a decrease by EUR 730 thousand) as well as a smaller number of call-center system implementations in Turkey (a decrease in sales by EUR 380 thousand). Such deterioration was partially compensated by stronger sales of

integration services in Romania (an increase by EUR 590 thousand in comparison to the 1st quarter of 2013).

Higher revenues in the Payment Solutions segment were achieved largely due to the consolidation of financial results of EŽR Croatia, which was taken over by ASEE S.A. on 23 October 2013.

A decrease in total sales revenues by EUR 413 thousand that was accompanied by an increase in the cost of sales by EUR 125 thousand (mainly due to higher production costs following the acquisition of EŽR Croatia, depreciation of POS terminals and ATMs purchased for outsourcing purposes, as well as amortization of internally generated products that have been capitalized) all caused a decline in our gross profit on sales by EUR 548 thousand or by 9% in comparison to the 1st quarter of 2013.

By implementing savings on selling expenses and general administrative expenses, we managed to somewhat reduce the scale of deterioration in our net profit on sales, which declined by EUR 457 thousand or by 20% if compared to the first three months of 2013.

In the 1st quarter of 2014, operating profit amounted to EUR 1,911 thousand, suffering a decrease by EUR 451 thousand or by 19% in comparison to the corresponding quarter last year.

Lower operating profit of ASEE Group resulted from weaker sales generated by our Banking Solutions segment. Within this segment, the level of revenues deteriorated primarily in Serbia, Romania and Macedonia, and also in these countries our operating profits suffered the largest declines by EUR 490 thousand, EUR 130 thousand and EUR 180 thousand, respectively, in comparison to

the corresponding period last year. Operating profit decreased also in the Banking Solutions segment in Croatia, where we completed the implementation of a core banking system at Podravska Banka, made investments to reinforce our mobile solutions team, and incurred amortization costs of internally generated products. The said decreases have been partially offset by a stronger operating profit achieved in Turkey, which improved by EUR 240 thousand in comparison to the 1st quarter of 2013, primarily owing to higher sales of LeaseFlex leasing management solution. Operating profit of the whole Banking Solutions segment dropped from EUR 919 thousand in the 1st quarter of 2013 down to EUR 211 thousand in the corresponding period this year.

Operating profit reported by the Payment Solutions segment for the 1st quarter of 2014 amounted to EUR 1,148 thousand, remaining at a similar level as in the corresponding period last year.

Despite lower sales revenues, operating profit of the Systems Integration segment increased from EUR 299 thousand for the 1st quarter of 2013 up to EUR 552 thousand in the corresponding period this year. This was achieved owing to much stronger results of the Systems Integration segment in Romania whose operating profit improved by EUR 370 thousand, partially due to a reversal of an allowance for receivables under the e-Romania project (in the amount of EUR 189 thousand). Stronger operating performance of the Systems Integration segment in Romania was partially offset by the segment's weaker operating profit in Turkey, which dropped by EUR 170 thousand.

Net profit for the 1st quarter of 2014 amounted to EUR 1,674 thousand, declining by EUR 194 thousand or by 10% in comparison to the corresponding period last year. In percentage

terms, our net profit decreased less than operating profit, chiefly due to the lower amounts of income tax and withholding tax charged on the holding company, which recorded a significantly lower dividend income from subsidiaries in the 1st quarter of 2014.

Net profit on sales by segments

PLN'000	3 months ended		3 months ended 31 March 201 3 (restated)	Change
	31 March 2014 (unaudited)	31 March 2013 (restated)		
Banking Solutions	750	3,685	-80%	
Payment Solutions	4,783	4,770	0%	
Systems Integration	2,286	1,241	84%	
	7,819	9,696	-19%	

EUR'000	3 months ended		3 months ended 31 March 201 3 (restated)	Change
	31 March 2014 (unaudited)	31 March 2013 (restated)		
Banking Solutions	179	883	-80%	
Payment Solutions	1,141	1,143	0%	
Systems Integration	546	297	84%	
	1,866	2,323	-20%	

In the 1st quarter of 2014, consolidated net profit on sales amounted to EUR 1,866 thousand, decreasing by EUR 457 thousand or by 20% as compared with the corresponding period a year ago. Net profit on sales decreased by EUR 704 thousand in the Banking Solutions segment, remained at a stable level in the Payment Solutions segment, while it improved by EUR 249 thousand in the Systems Integration segment.

The amounts of net profit on sales achieved by the Group's individual operating segments have been affected by the same factors as the results of our operations. These factors have been described above, in the comments on our consolidated operating profit.

Analysis of financial ratios

PLN'000	3 months ended 31 March 2014	3 months ended (restated)
	(unaudited)	(restated)
Gross profit margin	24%	26%
EBITDA margin	13%	13%
Operating profit margin	8%	10%
Net profit margin	7%	8%
Return on assets (ROA)	5%	7%
Return on equity (ROE)	5%	6%

The above ratios have been computed using the following formulas:
 Gross profit margin = gross profit on sales / sales
 EBITDA margin = (operating profit + depreciation and amortization) / sales
 Operating profit margin = operating profit / sales
 Net profit margin = net profit for the reporting period attributable to Shareholders of the Parent Company / sales
 Return on equity (ROE) = net profit for the period of trailing 12 months attributable to Shareholders of the Parent Company / average annual equity attributable to Shareholders of the Parent Company
 Return on assets (ROA) = net profit for the period of trailing 12 months attributable to Shareholders of the Parent Company / average annual assets

Despite the weaker sales revenues (especially in the Banking Solutions segment), our gross profit margin decreased from 26% in the 1st quarter of 2013 to 24% in the corresponding period of this year, primarily due to the lower gross profit margin achieved by the Banking Solutions segment as its production costs decreased less than its sales revenues.

EBITDA margin equalled 13% in the 1st quarter of 2014, remaining at a similar level as in the first three months last year. Concurrently, our operating profit margin dropped by 2 percentage points to the level of 8% in the 1st quarter of 2014. The main reasons for this decline in individual segments have been already described above.

Net profit margin for the reporting period dropped to 7%, down from 8% achieved in the first three months of 2013. This margin decreased slightly less than our operating profit margin, chiefly due to the lower amount of withholding tax and income tax charged on the holding company, which recorded a significantly lower income from dividends in the 1st quarter of 2014.

Lower margins of profit resulted in a decline in the values of ROE and ROA ratios. Return on equity equalled 5%, decreasing by 1 pp as compared with the prior year level. Whereas, return on assets equalled also 5% and was by 2 pp lower than in the 1st quarter of 2013.

	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Working capital (in PLN thousands)	101,487	96,400	136,559
Current liquidity ratio	2.12	1.83	2.81
Quick liquidity ratio	1.82	1.61	2.47
Absolute liquidity ratio	0.68	0.52	1.21

The above ratios have been computed using the following formulas:
 Working capital = current assets - current liabilities
 Current liquidity ratio = current assets / current liabilities
 Quick liquidity ratio = (current assets - inventories - prepayments) / current liabilities
 Absolute liquidity ratio = (short-term financial assets + cash and short-term bank deposits) / current liabilities

Our liquidity ratios have been slightly better at the end of March 2014 than at the end of December 2013.

During the 1st quarter of 2014, we incurred no unusual expenses, which resulted in an increase of working capital. Whereas, in comparison with the level of 31 March 2013, our working capital decreased chiefly due to the payment of dividend amounting to PLN 42 million in July 2013, as well as the acquisition of EŽR Croatia for PLN 10.4 million in October 2013.

Statement of cash flows

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)
Cash and cash equivalents at the beginning of the period	58,327	72,949
Net cash provided by (used in) operating activities	3,448	2,128
Net cash provided by (used in) investing activities	(25,220)	(14,266)
Net cash provided by (used in) financing activities	20,711	(127)
Net foreign exchange differences	247	1,717
Cash and cash equivalents at the end of period	57,513	62,401

During the first three months of 2014, the balance of our cash and cash equivalents dropped by PLN 0.8 million.

Net cash provided by operating activities in the 1st quarter of 2014 reached PLN 3.4 million, accounting for 43% of our operating profit for this period. Low cash conversion is primarily the result of payments of tax liabilities and variable remunerations that were made in the 1st quarter of 2014 and related to the Group's operations conducted in 2013.

In the 1st quarter of 2014, our investing activities were dominated by acquisitions of property, plant and equipment amounting to PLN 20.3 million, including primarily POS terminals and automatic teller machines to be outsourced to our clients in the Payment Solutions segment.

These expenditures are largely financed with external funds, which requires significant cash inflows from financing activities. Therefore, in the 1st quarter of 2014, ASEE Group obtained PLN 21.4 million in proceeds from bank loans to purchase POS terminals mainly in Croatia and Serbia.

The second largest component of our investing activities is represented by capitalized software development costs which consumed PLN 2.1 million in the 1st quarter of 2014. Our development projects have been carried out mainly in Turkey and Serbia.

X. FACTORS THAT IN THE MANAGEMENT'S OPINION MAY AFFECT THE GROUP'S FINANCIAL PERFORMANCE AT LEAST TILL THE NEXT QUARTER END

The factors that will affect the Group's financial performance at least till the end of the next quarter have been indicated and explained as part of the summary and analysis of the financial results of ASEE Group in section IX of this report.

The factors that may affect the Group's financial performance in 2014 have been also described in the Management report on the Group's business operations for the year 2013.

In addition to the above-mentioned descriptions, in the next quarter our financial results will be influenced by common factors with impact on the Group's operations (the existing order backlog, efficient implementation of ongoing projects, potential new contracts, etc.). The Group continues to invest in the development of new products, although on a slightly smaller scale.

XI. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Breakdown of sales revenues

During the 1st quarter of 2014 and in the comparable period, operating revenues were as follows:

Sales revenues by type of products	3 months ended	3 months ended
	31 March 2014 (unaudited)	31 March 2013 (restated)
Proprietary software and services	58,490	54,836
Third-party software and services	14,559	14,277
Hardware and infrastructure	26,232	31,520
	99,281	100,633

2. Breakdown of operating costs

	3 months ended	3 months ended
	31 March 2014 (unaudited)	31 March 2013 (restated)
Employee benefits (-)	(36,927)	(34,180)
Third-party non-project services and outsourcing of employees (-)	(4,274)	(4,679)
Depreciation and amortization (-)	(4,626)	(3,275)
Maintenance costs of property and business cars (-)	(7,364)	(6,276)
Business trips (-)	(1,181)	(1,022)
Advertising (-)	(941)	(1,677)
Other expenses (-)	385	199
	(54,928)	(50,910)
Production costs (-)	(39,113)	(34,775)
Selling costs (-)	(7,935)	(8,200)
General administrative expenses (-)	(7,880)	(7,935)
Cost of goods and third-party services sold (-)	(36,534)	(40,027)

3. Financial income and expenses

Financial income	3 months ended	3 months ended
	31 March 2014 (unaudited)	31 March 2013 (restated)
Interest income on loans granted and bank deposits	261	705
Gain on exercise of derivative instruments	34	-
Positive foreign exchange differences	104	427
Total financial income	399	1,132
Financial expenses	3 months ended	3 months ended
	31 March 2014 (unaudited)	31 March 2013 (restated)
Interest expense (-)	(133)	(14)
Bank fees and commissions (-)	(37)	(32)
Negative foreign exchange differences (-)	(143)	(503)
Interest expenses under finance leases (-)	(12)	(4)
Loss on settlement or fair valuation of derivative instruments (-)	(50)	(23)
Other financial expenses	(1)	(12)
Total financial expenses	(376)	(588)

4. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during that financial year. Both during the reporting period and the prior year's comparable period, no events occurred that would result in a dilution of earnings per share.

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

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)
Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.	7,015	7,808
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):		
Basic consolidated earnings per share from continuing operations for the reporting period	0.14	0.15
Diluted consolidated earnings per share from continuing operations for the reporting period	0.14	0.15

5. Information on dividends paid out or declared

a) the amount of PLN 3,224,924.03 from the net profit for the financial year 2013 shall be allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 16,606,160.32 shall be distributed among 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 and 30 July 2013 as the dividend payment date. The number of shares eligible for dividend is 51,894,251.

6. Property, plant and equipment, and intangible assets

	Tangible assets	Intangible assets
Net book value as at 1 January 2014	33,897	32,772
Purchases (+)	22,495	526
Capitalization of project development costs (+)	-	2,149
Assets transferred from inventories and held under finance leases (+)	1,908	-
Depreciation/amortization charge (-)	(3,262)	(1,387)
Disposal and liquidation (-)	(186)	-
Exchange differences on translation of foreign operations (+/-)	(21)	(106)
Net book value as at 31 March 2014	54,831	33,954

An increase in the value of tangible assets as at 31 March 2014 (PLN 54,831 thousand) and 31 December 2013 (PLN 33,897 thousand) both in comparison to those of 31 March 2013 (PLN 21,068 thousand) resulted primarily from purchases of ATMs, POS terminals and other elements of infrastructure to be offered in the outsourcing model.

In the 1st quarter of 2014, capitalized costs of development projects amounted to PLN 2,149 thousand as compared with PLN 2,149 thousand in the comparable period of 2013. The capitalization of project development costs is related to the continuation of projects carried out as at 31 December 2013. A detailed description of these projects is provided in the Group's annual report for the year 2013.

Liabilities resulting from purchases of property, plant and equipment and intangible assets amounted to PLN 3,304 thousand as at 31 March 2014, as compared with PLN 704 thousand as at 31 December 2013 and PLN 156 thousand as at 31 March 2013. A substantial portion of such liabilities outstanding as at 31 March 2014 was represented by unpaid invoices for ATMs and POS terminals purchased by ASEE Slovenia and ASEE Serbia.

7. Goodwill arising from consolidation

During the reporting period and comparable period, goodwill arising from consolidation changed as follows:

	3 months ended 31 March 2014 (unaudited)	12 months ended 31 Dec. 2013 (restated)	3 months ended 31 March 2013 (restated)
Goodwill from consolidation at the beginning of the period	491,656	488,031	488,031
Banking Solutions	194,480	194,684	194,684
Payment Solutions	112,685	104,156	104,156
Systems Integration	184,491	189,191	189,191
Change in consolidation goodwill due to the acquisition of shares (+/-)	-	12,064	-
Banking Solutions	-	-	-
Payment Solutions	-	11,674	-
Systems Integration	-	390	-
Exchange differences on translation of goodwill in foreign subsidiaries (+/-)	961	(8,439)	14,402
Banking Solutions	738	(204)	5,703
Payment Solutions	(190)	(3,145)	3,596
Systems Integration	413	(5,090)	5,103
Total book value at the end of period	492,617	491,656	502,433
Banking Solutions	195,218	194,480	200,387
Payment Solutions	112,495	112,685	107,752
Systems Integration	184,904	184,491	194,294

8. Short-term receivables

Trade receivables	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Trade receivables, of which:			
From related companies	80,794	111,468	64,765
From other companies	1,590	1,318	319
Allowance for doubtful receivables (-)	79,204	110,150	64,446
	(3,102)	(4,194)	(3,124)
	77,692	107,274	61,641
Other receivables	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Receivables from uninvoiced deliveries	5,866	4,269	7,472
Advance payments to other suppliers	3,987	3,794	3,739
Receivables from grants	-	-	144
Security deposits receivable	247	201	208
Other receivables	831	1,600	2,082
Allowances for other receivables (-)	-	(161)	(162)
	10,931	9,703	13,483

Receivables relating to uninvoiced deliveries result from the sale of third-party licenses and maintenance services, for which invoices have not yet been issued for the whole period of licensing or provision of maintenance services.

Advance payments to other suppliers correspond to advances paid to subcontractors on account of the execution of contracts.

Other receivables disclosed as at 31 March 2014, 31 December 2013 and 31 March 2013 include, among others, restricted cash amounting to PLN 367 thousand, PLN 837 thousand and PLN 1,541 thousand, respectively.

In addition, other receivables disclosed as at 31 March 2014, 31 December 2013 and 31 March 2013 include receivables from employees.

9. Financial assets

	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Financial assets available for sale:	129	129	133
Shares in companies listed on regulated markets	110	110	114
Shares in companies not listed on regulated markets	19	19	19
Loans granted:	356	356	79
Loans granted to related companies	292	290	-
Loans granted to employees	64	66	79
Financial assets held to maturity:	3,586	1,009	24,960
Treasury bonds	-	-	3,372
Bank deposits (3 to 12 months long)	3,586	1,009	21,588
Financial assets carried at fair value through profit or loss:	55	99	3,987
Currency forward contracts	55	99	-
Participation units in investment funds	-	-	3,987

Both as at 31 March 2014 and 31 December 2013, loans granted to related companies comprised:

- a non-interest bearing loan granted to Multicard Serbia (an associated company), amounting to PLN 292 thousand and PLN 290 thousand, respectively, that shall be repaid till 31 October 2014.

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

10. Cash and short-term deposits

	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Cash at bank and in hand	34,330	33,716	29,608
Short-term bank deposits	21,795	24,581	32,376
Cash equivalents	25	31	50
Cash being transferred	1,381	25	391
57,531	58,353	62,425	
<i>Interest accrued on cash and cash equivalents as at the balance sheet date</i>	<i>(18)</i>	<i>(26)</i>	<i>(24)</i>
Cash and cash equivalents as disclosed in the cash flow statement	57,513	58,327	62,401

11. Prepayments and accrued income

Long-term	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Prepaid maintenance services and license fees	299	248	1,205
Other	165	172	84
464	420	1,289	

Short-term	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Prepaid maintenance services and license fees	6,004	5,344	5,407
Prepaid insurance	704	345	605
Prepaid rents	1,490	370	406
Prepaid consulting services	334	426	201
Other prepaid services	269	99	197
Other	664	811	364
Revaluation charges on prepayments (-)	-	-	(27)
9,465	7,395	7,153	

As at 31 March 2014, 31 December 2013 and 31 March 2013, prepayments included primarily the costs of maintenance services amounting to PLN 6,004 thousand, PLN 5,344 thousand and PLN 5,407 thousand, respectively, that will be successively expensed in future periods.

12. Long-term and short-term financial liabilities

Long-term	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Liabilities for the acquisition of non-controlling interests in subsidiaries (put options)	-	-	671
Finance lease liabilities	782	718	90
782	718	761	

As at 31 March 2013, the Group carried a long-term liability under put options held by non-controlling shareholders in Multicard Serbia. The amount owed by ASEE Group corresponded to the estimated present value of future payment for the remaining stake of shares in the above-mentioned company.

As at 31 December 2013, the Group ceased to disclose Multicard Serbia as its subsidiary due to losing control over that company. The non-controlling shareholders' right to exercise their put options was contingent upon achievement of certain earnings by the company. As the above-mentioned condition was not satisfied and the put options became unexercisable, the said liability was no longer recognized by the Group as at 31 December 2013. This liability has been reversed in correspondence with the Group's equity in 2013.

Short-term	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Finance lease liabilities	277	273	235
Liabilities for the acquisition of shares	1,810	1,800	-
2,087	2,073	235	

As at 31 March 2014 and 31 December 2013, liabilities for the acquisition of shares included the remaining portion of payment for the acquisition of 100% of shares in EŽR Croatia amounting to PLN 1,810 thousand and PLN 1,800 thousand, respectively, which shall depend on the financial results of the acquired company. Both as at 31 March 2013, no such liabilities were recognized.

13. Interest-bearing bank loans and borrowings

As at 31 March 2014, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 34,957 thousand. Whereas, as at 31 December 2013 and 31 March 2013, total liabilities under all bank loans and borrowings aggregated at PLN 13,471 thousand and PLN 340 thousand, respectively.

An increase in the level of debt as at 31 March 2014 and 31 December 2013 in comparison to that of 31 March 2013 resulted primarily from our transition to a service-based model which involves leasing of infrastructure instead of selling equipment directly to customers. Purchases of infrastructure for leasing purposes are increasingly financed with external capital.

Repayment of a bank loan granted to ASEE Croatia by Zagrebačka banka d.d./HBOR has been secured with a guarantee of PLN 9,908 thousand which is provided by ASEE S.A. and effective till 31 May 2017. It is an off-balance-sheet item.

To the best knowledge of the Management Board of ASEE S.A., the Group neither defaulted on payments under any bank loan or borrowing, nor did it breach any material provisions under any bank loan or borrowing agreement.

14. Short-term trade payables and other liabilities

Short-term trade payables	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
To related companies	359	893	132
To other companies	29,884	51,360	26,192
	30,243	52,253	26,324

The payment terms of the Group's liabilities range from 30 to 40 days on average.

Other current liabilities	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
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Liabilities to employees relating to salaries and wages	4,478	5,103	4,046
Liabilities due to uninvited deliveries	802	1,248	2,423
Trade prepayments received	5,632	6,404	8,185
Liabilities due to purchases of tangible assets and intangible assets	3,304	704	156
Other liabilities	805	411	1,113
	15,021	13,870	15,923

Current liabilities to the state and local budgets	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Value added tax	2,923	10,784	3,002
Corporate income tax (CIT)	238	66	1,600
Personal income tax (PIT)	841	1,225	743
Social security payable	1,998	1,817	2,307
Other	212	172	135
	6,212	14,064	7,787

The amount of VAT payable decreased, primarily because sales revenues generated in the 1st quarter of 2014 were lower than in the 4th quarter of 2013.

15. Accruals and deferred income

Short-term accruals	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Accrual for unused holiday leaves	1,750	1,321	1,332
Accrual for employee bonuses	8,902	9,150	7,741
Provision for uninvited costs	5,771	4,811	3,020
Provision for auditing expenses	244	367	203
	16,667	15,649	12,296

Long-term deferred income	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
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Maintenance services paid in advance	250	293	698
Grants for the development of assets	387	390	500
	637	683	1,198

Short-term deferred income	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
Maintenance services paid in advance	8,744	6,811	7,414
Prepaid consulting services	207	127	555
Grants for the development of assets	66	95	-
Other	-	830	462
	9,017	7,863	8,431

16. Changes in impairment write-downs on assets

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (restated)
Trade receivables		
Opening balance	(4,194)	(3,042)
Established	(545)	(184)
Reversed	1,177	190
Utilized	489	34
Foreign exchange differences	(29)	(122)
Closing balance	(3,102)	(3,124)
Inventories		
Opening balance	(5,625)	(6,653)
Established	(490)	(159)
Reversed	111	215
Utilized	-	241
Foreign exchange differences	(14)	(194)
Closing balance	(6,018)	(6,550)

During the first 3 months of 2014 and in the comparable period of 2013, the Group did not recognize or reverse any impairment write-downs on its financial assets, property, plant and equipment, and intangible assets.

17. Issuance, redemption and repayment of non-equity and equity securities

In the reporting period, the Issuer did not conduct any transactions of issuance, redemption or repayment of debt securities.

18. Employment

Group's workforce as at	31 March 2014 (unaudited)	31 Dec. 2013 (restated) ¹⁾	31 March 2013 (restated) ¹⁾
Management Board of the Parent Company*	5	5	7
Management Boards of the Group companies	25	25	24
Production departments	1,043	1,075	991
Sales departments	150	139	133
Administration departments	153	163	153
	1,376	1,407	1,308

* Piotr Jeleński and Marcin Rulnicki serve in the Management Board of ASE S.A. on the basis of employment contracts. The remaining members of the Company's Management Board perform their functions under an assignment.

¹⁾ Due to the adoption of IFRS 11 *Joint Arrangements* and accounting for E-mon Montenegro under the equity method, we have ceased to disclose the employees of that company as part of the Group's workforce. Consequently, the comparable data as at 31 December 2013 and 31 March 2013 have been restated.

Numbers of employees in the Group companies as at	31 March 2014 (unaudited)	31 Dec. 2013 (restated)	31 March 2013 (restated)
ASEE S.A.	27	25	27
ASEE Romania	154	164	183
ASEE Serbia Group ¹⁾	473	485	469
ASEE Croatia ²⁾	229	231	164
ASEE Kosovo	82	84	87
ASEE Turkey	173	174	163
ASEE Bulgaria	23	25	27
ASEE B&H	48	47	41
ASEE Macedonia	143	144	131
ASEE Slovenia	24	28	16
	1,376	1,407	1,308

2) As a result of the merger of ASEE Croatia and EZR Croatia on 2 January 2014, the employment data of these companies have been presented jointly as at 31 December 2013.

19. Contingent liabilities and receivables

Within its commercial activities ASEE Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. As at 31 March 2014, the related contingent liabilities equalled PLN 30,512 thousand. Whereas, as at 31 December 2013 and 31 March 2013, such liabilities amounted to PLN 37,321 thousand and PLN 17,358 thousand, respectively.

Assets serving as security for bank guarantee facilities:

Category of assets	Net value of assets			Amount of granted guarantee secured with assets		
	31 March 2014	31 Dec. 2013	31 March 2013	31 March 2014	31 Dec. 2013	31 March 2013
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Trade receivables	1,743	259	1,785	4,227	4,183	3,071
Other receivables (restricted cash)	367	837	700	2,484	4,104	3,257
Total	2,110	1,096	2,485	6,711	8,287	6,328

XII. RELATED PARTY TRANSACTIONS

Until the date of approval of these interim condensed consolidated 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.

XIII. INFORMATION ON PENDING LEGAL PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF ASSECO SOUTH EASTERN EUROPE S.A. OR ITS SUBSIDIARIES

During the reporting period, no proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of ASEE S.A. or of its subsidiaries, whose aggregate value would equal or exceed 10% of the Company's equity.

To the best knowledge of the Management Board of ASEE S.A., during the reporting period the Group made significant settlements resulting from court litigation.

XIV. OPINION OF THE MANAGEMENT BOARD ON FEASIBILITY OF MEETING THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS

The Management Board of ASEE S.A. has not published any financial forecasts for the year 2014.

XV. INFORMATION ON BANK LOAN SURETIES OR GUARANTEES GRANTED BY THE ISSUER

During the period of 3 months ended 31 March 2014, neither the Issuer nor any of its subsidiaries granted any sureties to secure bank loans and borrowings or any payment guarantees to any single entity or its subsidiary, where the aggregate value of all the existing sureties or guarantees extended in favour of such entity would equal at least 10% of the Issuer's equity.

XVI. OTHER FACTORS SIGNIFICANT FOR THE ASSESSMENT OF HUMAN RESOURCES, ASSETS, AND FINANCIAL POSITION

During the reporting period presented, the Management Board of ASEE S.A. has not become aware of any other significant factors that might affect the assessment of the Issuer's human resources, assets, and financial position.

XVII. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In the period from 31 March 2014 till the date of approval of these interim condensed consolidated financial statements, this is until 5 May 2014, we have not observed any significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of ASEE Group.

XVIII. SIGNIFICANT EVENTS RELATED TO PRIOR YEARS

Until the date of preparing these interim condensed consolidated financial statements, this is until 5 May 2014, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.



**ASSECO SOUTH EASTERN EUROPE S.A.
SEPARATE FINANCIAL DATA
FOR THE 1ST QUARTER OF 2014**

Rzeszów, 5 May 2014

FINANCIAL HIGHLIGHTS
ASSECO SOUTH EASTERN EUROPE S.A.

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Revenues from holding activities	6,599	24,346	1,575	5,833
II. Revenues from operating activities	1,471	2,327	351	558
III. Operating profit	4,936	22,810	1,178	5,465
IV. Pre-tax profit	5,046	23,310	1,204	5,585
V. Net profit for the reporting period	4,791	22,077	1,144	5,289
VI. Net cash provided by (used in) operating activities	4,068	7,686	971	1,841
VII. Net cash provided by (used in) investing activities	(2,535)	(7,358)	(605)	(1,763)
VIII. Cash and cash equivalents at the end of period	4,478	2,971	1,074	711
IX. Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.09	0.43	0.02	0.10
X. Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.09	0.43	0.02	0.10

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

- items of the interim condensed income statement and statement of cash flows were 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:
 - for the period from 1 January 2014 to 31 March 2014: EUR 1 = PLN 4.1894
 - for the period from 1 January 2013 to 31 March 2013: EUR 1 = PLN 4.1738
- the Company's 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 March 2014: EUR 1 = PLN 4.1713
 - exchange rate effective on 31 March 2013: EUR 1 = PLN 4.1774

CONDENSED INCOME STATEMENT
ASSECO SOUTH EASTERN EUROPE S.A.

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Holding activities	6,599	24,346
Dividend income	4,381	22,093
Revenues from sales of services	2,218	2,253
Operating activities	1,471	2,327
Revenues from sales of IT services and software	1,471	2,327
Total sales revenues	8,070	26,673
 Cost of sales (-)	 (2,439)	 (3,134)
 Gross profit on sales	 5,631	 23,539
Selling costs (-)	(714)	(721)
General administrative expenses (-)	-	(17)
 Net profit on sales	 4,917	 22,801
Other operating income (expenses) (+/-)	19	9
 Operating profit	 4,936	 22,810
Financial income	118	535
Financial expenses (-)	(8)	(35)
Pre-tax profit	5,046	23,310
Corporate income tax (current and deferred tax expense) (+/-)	(255)	(1,233)
Net profit for the reporting period	4,791	22,077
 Earnings per share for the reporting period (in PLN):		
Basic earnings per share from continuing operations for the reporting period	0.09	0.43
Diluted earnings per share from continuing operations for the reporting period	0.09	0.43

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
ASSECO SOUTH EASTERN EUROPE S.A.

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Net profit for the reporting period	4,791	22,077
Other comprehensive income	-	-
 TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	 4,791	 22,077

CONDENSED STATEMENT OF FINANCIAL POSITION
ASSECO SOUTH EASTERN EUROPE S.A.

ASSETS	31 March 2014	31 Dec. 2013	31 March 2013
	(unaudited)	(audited)	(unaudited)
Non-current assets			
602,865	603,691	597,448	
Property, plant and equipment	449	418	389
Goodwill arising from a merger	4,567	4,567	4,567
Intangible assets	218	233	289
Investments in subsidiaries	592,677	592,677	588,840
Deferred income tax assets	1,365	1,488	2,481
Long-term receivables	3,414	4,066	-
Long-term prepayments and accrued income	175	242	882
Current assets	18,919	15,027	42,559
Inventories	2	2	3
Prepayments and accrued income	1,840	2,075	1,237
Trade receivables	3,265	5,044	2,094
Receivables from the state and local budgets	-	-	419
Other receivables	5,759	3,856	15,738
Short-term financial assets	3,575	1,100	20,097
Cash and short-term deposits	4,478	2,950	2,971
TOTAL ASSETS	621,784	618,718	640,007

All figures in thousands of PLN, unless stated otherwise

CONDENSED STATEMENT OF FINANCIAL POSITION
ASSECO SOUTH EASTERN EUROPE S.A.

EQUITY AND LIABILITIES	31 March 2014	31 Dec. 2013	31 March 2013
	(unaudited)	(audited)	(unaudited)
Equity			
Share capital	518,942	518,942	518,942
Share premium	38,825	38,825	38,825
Retained earnings and current net profit	57,499	52,708	76,507
Total equity	615,266	610,475	634,274
Non-current liabilities			
	223	292	500
Long-term deferred income	223	292	500
Current liabilities			
	6,295	7,951	5,233
Trade payables	2,067	3,756	1,933
Liabilities to the state and local budgets	411	737	1,189
Financial liabilities	1,810	1,800	-
Other liabilities	6	24	37
Deferred income	1,285	1,190	780
Accruals	716	444	1,294
TOTAL LIABILITIES	6,518	8,243	5,733
TOTAL EQUITY AND LIABILITIES	621,784	618,718	640,007

CONDENSED STATEMENT OF CHANGES IN EQUITY
ASSECO SOUTH EASTERN EUROPE S.A.

for 3 months ended 31 March 2014, for 3 months ended 31 March 2013, and for 12 months ended 31 December 2013

	Share capital	Share premium	Retained earnings (deficit) and current net profit	Total equity
As at 1 January 2014	518,942	38,825	52,708	610,475
Net profit for the reporting period	-	-	4,791	4,791
Total comprehensive income for the reporting period	-	-	4,791	4,791
As at 31 March 2014 (audited)	518,942	38,825	57,499	615,266
As at 1 January 2013	518,942	38,825	54,430	612,197
Net profit for the reporting period	-	-	22,077	22,077
Total comprehensive income for the reporting period	-	-	22,077	22,077
As at 31 March 2013 (audited)	518,942	38,825	76,507	634,274
As at 1 January 2013	518,942	38,825	54,430	612,197
Net profit for the reporting period	-	-	40,312	40,312
Total comprehensive income for the reporting period	-	-	40,312	40,312
Dividends	-	-	(42,034)	(42,034)
As at 31 December 2013 (audited)	518,942	38,825	52,708	610,475

All figures in thousands of PLN, unless stated otherwise

CONDENSED STATEMENT OF CASH FLOWS
ASSECO SOUTH EASTERN EUROPE S.A.

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Cash flows – operating activities		
Pre-tax profit	5,046	23,310
Total adjustments:	(978)	(15,616)
Depreciation and amortization	62	66
Change in receivables	1,675	313
Change in liabilities	(2,098)	955
Change in prepayments and accruals	600	(1,687)
Interest income and expenses	(22)	(185)
Gain (loss) on foreign exchange differences	(96)	(321)
Gain (loss) on investing activities	(4,353)	(22,055)
Other	-	3
Selected operating cash flows	3,254	7,295
Disposal of shares in subsidiaries	230	518
Dividends received	3,024	6,777
Net cash used in operating activities	4,068	7,694
Corporate income tax paid	-	(8)
Net cash provided by (used in) operating activities	4,068	7,686
Cash flows – investing activities		
Disposal of property, plant and equipment and intangible assets	30	-
Acquisition of property, plant and equipment and intangible assets	(93)	(58)
Proceeds from settlement of forward derivative instruments	28	-
Acquisition of financial assets carried at fair value through profit or loss	-	(4,000)
Bank deposits made	(2,500)	(3,300)
Net cash provided by (used in) investing activities	(2,535)	(7,358)
Net increase (decrease) in cash and cash equivalents	1,533	328
Net foreign exchange differences	(5)	(1)
Cash and cash equivalents as at 1 January	2,950	2,644
Cash and cash equivalents as at 31 March	4,478	2,971