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**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE FIRST QUARTER OF 2018**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE FIRST QUARTER OF 2018**

**Rzeszów, 7 May 2018**

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OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE FIRST QUARTER OF 2018**

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE FIRST QUARTER OF 2018**

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
Miljan Mališ	Member of the Management Board
Miodrag Mirčetić	Member of the Management Board
Marcin Rulnicki	Member of the Management Board

**FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP**

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Sales revenues	138,604	133,205	33,172	31,057
II. Operating profit	13,093	12,844	3,134	2,995
III. Pre-tax profit	14,133	12,969	3,382	3,024
IV. Net profit for the reporting period	11,257	10,152	2,694	2,367
V. Net profit attributable to Shareholders of the Parent Company	<b>11,166</b>	<b>10,082</b>	<b>2,672</b>	<b>2,351</b>
VI. Net cash provided by (used in) operating activities	5,993	3,036	1,434	708
VII. Net cash provided by (used in) investing activities	(7,104)	(16,304)	(1,700)	(3,801)
VIII. Net cash provided by (used in) financing activities	34	(5,420)	8	(1,264)
IX. Cash and cash equivalents at the end of period	113,797	95,673	27,040	22,672
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.22	0.19	0.05	0.05
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.22	0.19	0.05	0.05

The selected financial data disclosed in these interim condensed consolidated financial statements have been translated into euros (EUR) in the following way:

- items of the interim condensed consolidated 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:
  - for the period from 1 January 2018 to 31 March 2018: EUR 1 = PLN 4.1784
  - for the period from 1 January 2017 to 31 March 2017: EUR 1 = PLN 4.2891
- 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 2018: EUR 1 = PLN 4.2085
  - exchange rate effective on 31 March 2017: EUR 1 = PLN 4.2198

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Sales revenues</b>	<u>1</u>	<b>138,604</b>	<b>133,205</b>
Cost of sales (-)	<u>2</u>	(106,381)	(102,647)
<b>Gross profit on sales</b>		<b>32,223</b>	<b>30,558</b>
Selling costs (-)	<u>2</u>	(10,542)	(8,084)
General and administrative expenses (-)	<u>2</u>	(8,683)	(9,533)
<b>Net profit on sales</b>		<b>12,998</b>	<b>12,941</b>
Other operating income		315	453
Other operating expenses (-)		(220)	(550)
<b>Operating profit</b>		<b>13,093</b>	<b>12,844</b>
Financial income	<u>3</u>	1,535	2,160
Financial expenses (-)	<u>3</u>	(495)	(2,035)
<b>Pre-tax profit</b>		<b>14,133</b>	<b>12,969</b>
Corporate income tax (current and deferred tax expense) (+/-)		(2,876)	(2,817)
<b>Net profit for the reporting period</b>		<b>11,257</b>	<b>10,152</b>
Attributable to:			
<b>Shareholders of the Parent Company</b>		<b>11,166</b>	<b>10,082</b>
Non-controlling interests		91	70
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):</b>			
Basic consolidated earnings per share for the reporting period	<u>4</u>	0.22	0.19
Diluted consolidated earnings per share for the reporting period	<u>4</u>	0.22	0.19

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Net profit for the reporting period</b>	<b>11,257</b>	<b>10,152</b>
<b>Other comprehensive income, of which:</b>	<b>1,002</b>	<b>(32,000)</b>
<i>Components that may be reclassified to profit or loss:</i>	<i>1,002</i>	<i>(32,000)</i>
Foreign exchange differences on translation of foreign operations	1,002	(32,000)
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>12,259</b>	<b>(21,848)</b>
<b>Attributable to:</b>		
Shareholders of the Parent Company	12,155	(21,824)
Non-controlling interests	104	(24)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
<b>Non-current assets</b>		<b>629,257</b>	<b>630,553</b>	<b>615,381</b>
Property, plant and equipment	6	130,597	131,958	100,522
Investment property		644	650	679
Intangible assets	6	17,124	17,946	27,745
Goodwill	7	476,872	475,360	482,520
Prepayments for shares in subsidiaries		-	84	-
Long-term financial assets	9	254	279	257
Long-term receivables		305	345	287
Deferred tax assets		2,957	3,190	2,253
Long-term prepayments and accrued income	11	504	741	1,118
<b>Current assets</b>		<b>269,248</b>	<b>287,762</b>	<b>243,973</b>
Inventories		25,821	24,792	18,780
Prepayments and accrued income	11	14,679	10,047	15,286
Trade receivables	8	92,540	120,154	82,647
Corporate income tax receivable		182	132	1,083
Other receivables from the state and local budgets		1,923	770	1,357
Receivables arising from valuation of IT contracts		13,855	12,025	15,290
Other receivables	8	4,881	3,338	3,763
Short-term financial assets	9	1,570	792	10,094
Cash and short-term deposits	10	113,797	115,712	95,673
<b>TOTAL ASSETS</b>		<b>898,505</b>	<b>918,315</b>	<b>859,354</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
<b>Equity (attributable to shareholders of the Parent Company)</b>		<b>730,484</b>	<b>717,740</b>	<b>683,468</b>
Share capital		518,942	518,942	518,942
Share premium		38,825	38,825	38,825
Other capitals		1,249	660	-
Foreign exchange differences on translation of foreign operations		(108,281)	(109,270)	(98,332)
Retained earnings and current net profit		279,749	268,583	224,033
<b>Non-controlling interests</b>		<b>1,319</b>	<b>1,572</b>	<b>2,186</b>
<b>Total equity</b>		<b>731,803</b>	<b>719,312</b>	<b>685,654</b>
<b>Non-current liabilities</b>		<b>27,857</b>	<b>29,418</b>	<b>25,352</b>
Interest-bearing bank loans and borrowings	12	22,146	22,281	17,971
Deferred tax liabilities		1,456	1,462	1,821
Long-term trade payables and other liabilities		334	529	605
Long-term provisions		1,627	1,823	1,234
Long-term financial liabilities	13	1,399	1,568	1,888
Long-term deferred income	15	895	1,755	1,833
<b>Current liabilities</b>		<b>138,845</b>	<b>169,585</b>	<b>148,348</b>
Interest-bearing bank loans and borrowings	12	24,142	22,710	19,661
Trade payables	14	46,013	57,585	43,640
Corporate income tax payable	14	2,517	2,696	2,422
Other liabilities to the state and local budgets	14	9,406	20,400	8,270
Financial liabilities	13	1,017	998	25,846
Liabilities and provisions arising from valuation of IT contracts (-)		3,939	4,105	5,055
Other liabilities	14	13,330	26,666	11,391
Short-term provisions		2,068	1,937	889
Deferred income	15	21,851	20,373	16,922
Accruals	15	14,562	12,115	14,252
<b>TOTAL LIABILITIES</b>		<b>166,702</b>	<b>199,003</b>	<b>173,700</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>898,505</b>	<b>918,315</b>	<b>859,354</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period of 3 months ended 31 March 2018

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>(109,270)</b>	<b>660</b>	<b>268,583</b>	<b>717,740</b>	<b>1,572</b>	<b>719,312</b>
Net profit (loss) for the reporting period	-	-	-	-	11,166	11,166	91	11,257
Other comprehensive income	-	-	989	-	-	989	13	1,002
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>989</b>	<b>-</b>	<b>11,166</b>	<b>12,155</b>	<b>104</b>	<b>12,259</b>
Valuation of share-based payment plan	-	-	-	589	-	589	-	589
Dividend	-	-	-	-	-	-	(357)	(357)
<b>As at 31 March 2018 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(108,281)</b>	<b>1,249</b>	<b>279,749</b>	<b>730,484</b>	<b>1,319</b>	<b>731,803</b>

for the year ended 31 December 2017

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,426)</b>	<b>-</b>	<b>238,860</b>	<b>730,201</b>	<b>2,210</b>	<b>732,411</b>
Net profit (loss) for the reporting period	-	-	-	-	54,648	54,648	361	55,009
Other comprehensive income	-	-	(42,844)	-	-	(42,844)	(42)	(42,886)
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>(42,844)</b>	<b>-</b>	<b>54,648</b>	<b>11,804</b>	<b>319</b>	<b>12,123</b>
<b>Changes in the Group structure, of which:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>(16)</b>	<b>(686)</b>	<b>(702)</b>
Acquisition of non-controlling interests	-	-	-	-	(16)	(16)	(686)	(702)
Valuation of share-based payment plan	-	-	-	1,170	-	1,170	-	1,170
Change in actuarial assumptions for defined benefit plan	-	-	-	(510)	-	(510)	-	(510)
Dividend	-	-	-	-	(24,909)	(24,909)	(271)	(25,180)
<b>As at 31 December 2017 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(109,270)</b>	<b>660</b>	<b>268,583</b>	<b>717,740</b>	<b>1,572</b>	<b>719,312</b>

for the period of 3 months ended 31 March 2017

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,426)</b>	<b>-</b>	<b>238,860</b>	<b>730,201</b>	<b>2,210</b>	<b>732,411</b>
Net profit (loss) for the reporting period	-	-	-	-	10,082	10,082	70	10,152
Other comprehensive income	-	-	(31,906)	-	-	(31,906)	(94)	(32,000)
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>(31,906)</b>	<b>-</b>	<b>10,082</b>	<b>(21,824)</b>	<b>(24)</b>	<b>(21,848)</b>
Dividend	-	-	-	-	(24,909)	(24,909)	-	(24,909)
<b>As at 31 March 2017 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(98,332)</b>	<b>-</b>	<b>224,033</b>	<b>683,468</b>	<b>2,186</b>	<b>685,654</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		14,133	12,969
<b>Total adjustments:</b>		<b>(5,257)</b>	<b>(7,011)</b>
Depreciation and amortization		10,802	9,439
Change in inventories		(1,478)	1,472
Change in receivables		23,008	32,702
Change in liabilities, accruals and provisions		(38,510)	(51,328)
Interest income and expenses		312	167
Gain/Loss on foreign exchange differences		135	1,409
Gain/Loss on investing activities		(110)	(875)
Costs of share-based payment plan		589	-
Other		(5)	3
<b>Net cash generated from operating activities</b>		<b>8,876</b>	<b>5,958</b>
Corporate income tax paid		(2,883)	(2,922)
<b>Net cash provided by (used in) operating activities</b>		<b>5,993</b>	<b>3,036</b>
<b>Cash flows – investing activities</b>			
Disposal of property, plant and equipment and intangible assets		546	130
Acquisition of property, plant and equipment, and intangible assets		(6,549)	(8,759)
Expenditures for development projects		(476)	(633)
Disposal of financial instruments carried at fair value through profit or loss		75	2,097
Acquisition of financial assets carried at fair value through profit or loss		(5)	(9,412)
Bank deposits made		(763)	-
Loans collected		-	13
Interest received		68	260
<b>Net cash provided by (used in) investing activities</b>		<b>(7,104)</b>	<b>(16,304)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Cash flows – financing activities</b>			
Proceeds from / (Repayments of) short-term bank loans and borrowings		(9)	-
Proceeds from other bank loans and borrowings		3,889	1,347
Repayments of other bank loans and borrowings		(2,832)	(6,138)
Finance lease liabilities paid		(253)	(263)
Dividends paid out to non-controlling shareholders		(357)	-
Interest paid		(404)	(366)
<b>Net cash provided by (used in) financing activities</b>		<b>34</b>	<b>(5,420)</b>
Net increase/(decrease) in cash and cash equivalents		(1,077)	(18,688)
Net foreign exchange differences		(768)	(4,780)
Cash and cash equivalents as at 1 January		115,562	118,058
<b>Cash and cash equivalents as at 31 March</b>	<b>10</b>	<b>113,717</b>	<b>94,590</b>



## SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

### I. GENERAL INFORMATION

Asseco South Eastern Europe Group (the "Group", "ASEE Group", "ASEE") is a group of companies, the Parent Company of which is Asseco South Eastern Europe S.A. (the "Parent Company", "ASEE S.A.", "Company", "Issuer") seated at 14 Olchowa St., Rzeszów, Poland.

The Parent Company Asseco South Eastern Europe S.A. 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 is a provider of IT solutions, authentication solutions, online payment settlement systems, while it is also engaged in the sale, outsourcing and maintenance of ATMs and POS terminals, and 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 2017 which are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

These interim condensed consolidated financial statements cover the interim period ended 31 March 2018 and contain comparable data for the interim period ended 31 March 2017 in case of the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows; and comparable data as at 31 December 2017 and 31 March 2017 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 endorsed by the European Union.

These interim consolidated financial statements have been approved for publication by the Management Board of ASEE S.A. on 7 May 2018.

### II. MAJOR SHAREHOLDERS

To the best knowledge of the Management Board of ASEE S.A. 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:

#### As at 7 May 2018:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting rights at GMS
Asseco International a.s.	26,494,676	51.06%
Aviva Pension Fund	9,455,000	18.22%
Other shareholders	15,944,575	30.72%
	<b>51,894,251</b>	<b>100.00%</b>

#### As at 31 March 2018 / 19 February 2018 / 31 December 2017:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting rights at GMS
Asseco International a.s.	26,494,676	51.06%
Aviva Pension Fund	8,809,000	16.97%
Other shareholders	16,590,575	31.97%
	<b>51,894,251</b>	<b>100.00%</b>

As at 31 March 2018, on the date of publication of this report, i.e. on 7 May 2018, as well as at 31 March 2017, 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. COMPOSITION OF THE ISSUER'S MANAGEMENT AND SUPERVISORY BODIES

As at 31 March 2018 as well as at the date of publication of this report, this is on 7 May 2018, the Company's Management Board and Supervisory Board were composed of the following persons:

Supervisory Board	Management Board
Jozef Klein	Piotr Jeleński
Adam Góral	Miljan Mališ
Jacek Duch	Miodrag Mirčetić
Artur Kucharski	Marcin Rułnicki
Adam Pawłowicz	

During the reporting period, the composition of the Company's management and supervisory bodies remained unchanged.

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

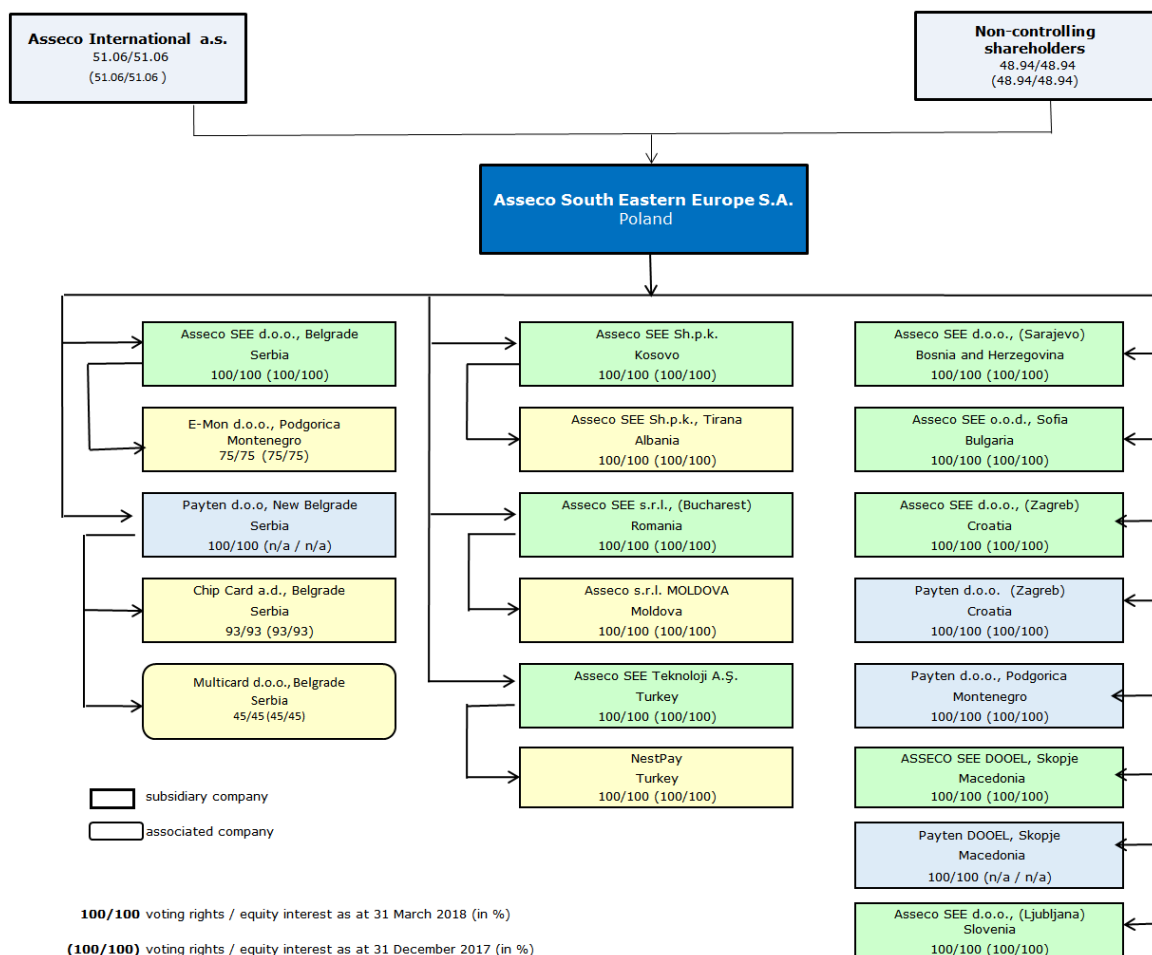
Supervisory Board				
Number of shares held as at				
Members	7 May 2018	31 March 2018	19 Feb. 2018	31 Dec. 2017
Jozef Klein	-	-	-	-
Adam Góral	-	-	-	-
Jacek Duch	-	-	-	-
Artur Kucharski	-	-	-	-
Adam Pawłowicz	-	-	-	-

Management Board				
Number of shares held as at				
Members	7 May 2018	31 March 2018	19 Feb. 2018	31 Dec. 2017
Piotr Jeleński	967,492	967,492	967,492	967,492
Miljan Mališ <sup>1)</sup>	300,000	300,000	300,000	300,000
Miodrag Mirčetić <sup>2)</sup>	275,482	275,482	275,482	275,482
Marcin Rułnicki	30,000	30,000	30,000	30,000

- 1) 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. Both as at 31 March 2018 and 7 May 2018, Mini Invest d.o.o. held 300,000 shares in ASEE S.A. that were acquired on 23 June 2017 under the agreement concluded with Asseco Poland S.A.
- 2) Miodrag Mirčetić, Member of the Management Board of ASEE S.A., is a shareholder in the company I4 INVENTION d.o.o. which in turn is a shareholder in ASEE S.A. Both as at 31 March 2018 and 7 May 2018, I4 INVENTION d.o.o. held 275,482 shares in ASEE S.A. that were acquired on 23 June 2017 under the agreement concluded with Asseco Poland S.A.

#### V. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP



The chart above presents the structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners as at 31 March 2018.

The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s. (our higher-level parent). As at 31 March 2018, Asseco International a.s. held a 51.06% stake in the share capital of ASEE S.A.

Since 1 October 2016, E-Mon Montenegro has been treated as a subsidiary company and therefore it has been fully consolidated. Until the date of obtaining control by ASEE Serbia, that company was 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 2018 and 31 December 2017, voting rights held by the Group in its subsidiaries were equivalent to the Group's equity interests in these entities.

## **VI. EFFECTS OF CHANGES IN THE STRUCTURE OF THE ISSUER AND THE ISSUER'S GROUP**

During the period of 3 months ended 31 March 2018, the Group's organizational structure changed as follows:

### **Separation of Payten d.o.o., New Belgrade (Payten Serbia)**

On 3 January 2018, a new company called Payten Serbia was officially separated from ASEE Serbia. Following such division, we now operate two separate entities engaged in the payment business and other operations, respectively.

The separation of a new company in Serbia is part of a broader process aiming to formally spin off our payment services into a standalone organizational unit. The planned spin-off of payment services has been described in the Management report on operations of the Company and Group for the year ended 31 December 2017.

### **Changing the name of Asseco SEE d.o.o. Podgorica (ASEE Montenegro) to Payten d.o.o., Podgorica (Payten Montenegro)**

In connection with the process of separating our payment services into a standalone organizational unit, on 10 January 2018, ASEE Montenegro was renamed as Payten Montenegro. Because our operations in Montenegro are focused primarily on payment services, they will all be incorporated into the new structure of Payten Montenegro.

### **Establishing of Payten DOOEL Skopje (Payten Macedonia)**

On 8 February 2018, a new company called Payten DOOEL Skopje (Payten Macedonia) was registered in Macedonia. The existing operations of ASEE

Macedonia in the area of payment services will be transferred into the new company. This company was established as part of the process of separating our payment services into a standalone organizational unit.

## **VII. 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 have been prepared in accordance with the historical cost convention, except for derivative instruments and financial 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 have been 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 for at least 12 months after the reporting period.

### **2. Compliance statement**

These interim condensed consolidated financial statements have been prepared in conformity with the International Accounting Standard 34 Interim Financial Reporting as endorsed by the European Union ("IAS 34").

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 IFRS.

### **3. Significant accounting policies**

The significant accounting policies adopted by ASEE Group have been described in its consolidated financial statements for the year ended 31 December 2017, which were published on 19 February 2018 and are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

These interim condensed consolidated financial statements do not include all 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 2017.

The accounting policies adopted in the preparation of this report are consistent with those followed when preparing the consolidated financial statements for the year ended 31 December 2017, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2018:

#### **IFRS 15 Revenue from Contracts with Customers**

The International Financial Reporting Standard 15 Revenue from Contracts with Customers ("IFRS 15"), which was issued in May 2014 and subsequently amended in April 2016, provides the so-called Five-Step Model for revenue recognition in contracts with customers.

According to IFRS 15, revenue shall be recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to customers.

The new standard has replaced all existing requirements for revenue recognition in compliance with IFRS. This standard applies to annual reporting periods beginning on or after 1 January 2018.

ASEE Group has adopted the new standard as of its required effective date, and therefore this standard has been first applied in our consolidated financial statements for the reporting period beginning on 1 January 2018.

The Group has applied the modified retrospective approach, which involves recognition of an adjustment to the opening balance of retained earnings in the financial statements for reporting periods starting from 1 January 2018 onwards. Under this approach, the principles established by the new standard only apply to contracts that, in accordance with IFRS 15, meet the definition of being not yet complete when the standard is first applied, i.e. as at 1 January 2018.

Due to the estimated insignificant impact of the adoption of IFRS 15 on recognition of the Group's revenues from contracts not yet completed as at 1 January 2018, the opening balance of retained earnings has not been subject to any adjustment.

#### **Valuation of IT contracts – supply of goods and services**

The Group recognizes revenues from implementation and modification services as well as own licenses provided as part of comprehensive contracts using the percentage of completion method. Contracts of such nature, as a rule, result in a separate performance obligation that consists in providing the customer with a functional IT system. In accordance with IFRS 15, revenue from such performance obligation may be recognized over time of transferring control of the supplied goods/services, as long as the contract performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed throughout the duration of the contract. Each of our contracts is subject to individual assessment in terms of meeting the above criteria. In the Group's opinion, the majority of comprehensive contracts will satisfy the above-mentioned criteria, and thus the arising revenues will be recognized according to the percentage of completion method. Up until 31 December 2017, such contracts remained in the scope of regulations of IAS 11 Construction Contracts and were accounted for by the same method.

#### **Licenses**

In situations where a promise to grant a license is distinct from services related to the sale of such license (a separate performance obligation), revenue is recognized in accordance with the type of license that has been sold. For this purpose, we each time analyze the nature of licenses sold by the Group, making a differentiation between the right to use and the right to access. This differentiation determines the method of revenue recognition for licenses that meet the criteria of being distinct. This applies to both own and third-party licenses.

In the case of licenses with the right to use, the customer can direct the use of a license and obtain substantially all the benefits from a license. Such license is granted in order to enable the customer to use the intellectual property in the form in which it exists at the time of granting the license.

Whereas, licenses with the right to access require their provider to undertake activities that will significantly affect the intellectual property to which the customer is entitled under the license agreement, expose the customer to both positive and negative effects of activities undertaken by the provider, and do not lead to further transfer of goods or services to the customer. Such a license is granted in order to enable the customer to access intellectual property in the form in which it exists throughout the licensing period.

In the case of licenses with the right to use sold without significant related services for an indefinite period, revenue is recognized at the point in time at which the risks and rewards (control) of the license are transferred to the customer. Whereas, in the case of licenses with the right to access sold for a definite period, revenue is recognized over time for which the license was granted. However, if it turns out that a license granted for a definite period is a license with the right to use, then revenue shall be recognized at the point in time at which the license is transferred to the customer.

### Warranties

In the case where a warranty is provided concurrently with a maintenance service, which in principle is a broader category than a warranty itself, such warranty will be treated as a separate performance obligation and a portion of revenue will be deferred until the warranty service is fulfilled.

In the case where a warranty is provided after the project completion and is not accompanied by any maintenance service, then the nature of such warranty needs to be analyzed in order to determine whether it is an extended warranty or the provider's assurance that the product will function as specified. In the first case, such warranty will be treated as a separate performance obligation and a portion of revenue will be deferred until the warranty service is fulfilled; whereas, in the second case, a provision for such warranty will be created.

Until 31 December 2017, we applied both the above-mentioned approaches for recognition of revenues from warranties.

### Sale of hardware

Revenues from the sale of hardware and related services that constitute a single performance obligation to provide a comprehensive system, where well-functioning infrastructure is one of the key elements of the project, are recognized according to the percentage of completion method.

Revenues from the sale of hardware and related services which are not part of a complex infrastructure project are recognized in the following way: equipment – at the time of transferring control to the customer, equipment-related services – using the percentage of completion method.

### IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). IFRS 9 specifies three aspects involved in accounting for financial instruments: classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods

beginning on or after 1 January 2018, with early adoption permitted.

The standard introduces the following categories of financial assets:

- measured at amortized cost;
- measured at fair value through profit or loss;
- measured at fair value through other comprehensive income.

Such classification is performed at initial recognition and depends on the financial instruments management model adopted by the entity and the nature of cash flows arising from these instruments.

IFRS 9 provides a new model for determination of impairment allowances based on expected credit losses.

In connection with the adoption of IFRS 9, the method for classifying and measuring financial assets and liabilities has not changed. Financial assets so far measured at amortized cost as well as those measured at fair value through profit or loss or through other comprehensive income have been recognized analogically since 1 January 2018.

### 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).

Standalone 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. Professional judgement and estimates

Preparation of consolidated financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. Although the adopted assumptions and estimates have been based on the Group management's 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 2017.

## 6. Seasonal nature of business

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

## 7. 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 2018.

## 8. Corrections of material errors

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

## VIII. 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*

ASEE Group's offer within the Banking Solutions segment ranges from the Digital Edge omni-channel solution designed to distribute banking products and services over new, alternative distribution channels and to improve business relations and communication with the customer, through integrated core banking systems based on the Oracle and Microsoft platforms, to authentication security solutions, reporting systems for regulatory compliance and managerial information, as well as risk management and anti-fraud systems. Moreover, our clients can rely on on-line 24x7 services and consultancy in the area of digital banking and digital transformation.

### *Payment Solutions*

Asseco SEE provides complete payment industry solutions, for non-financial and financial institutions, supporting card and cardless transactions. Our product portfolio includes solutions for e-commerce

(NestPay®, MSU, Paratika), mobile payments (mPOS, HCE), payment card processing, as well as ATM and POS related services. The Group delivers software, services including outsourcing and equipment, providing the highest level of expertise, maintenance and support through the entire portfolio.

### *Systems Integration*

The Group serves the financial, industry and public administration sectors with the following business lines: development of IT infrastructure, implementations and support, ensuring continuity of business processes, automation of operations, and customized software development. This segment also includes a group of proprietary solutions of ASEE. Among such solutions are LIVE contact center, BPS content management solution, as well as Fidelity asset lifecycle management solution. Furthermore, the product portfolio of the Systems Integration segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution.

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2017.



For the period of 3 months ended 31 March 2018 and as at 31 March 2018 in thousands of PLN (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>34,962</b>	<b>68,095</b>	<b>41,209</b>	-	<b>(5,662)</b>	<b>138,604</b>
Sales to external customers	32,166	65,802	40,636	-	-	138,604
Inter/intra segment sales	2,796	2,293	573	-	(5,662)	-
<b>Gross profit on sales</b>	<b>7,389</b>	<b>17,417</b>	<b>7,417</b>	-	-	<b>32,223</b>
Selling costs (-)	(2,837)	(3,392)	(4,313)	-	-	(10,542)
General and administrative expenses (-)	(3,172)	(3,490)	(2,021)	-	-	(8,683)
<b>Net profit on sales</b>	<b>1,380</b>	<b>10,535</b>	<b>1,083</b>	-	-	<b>12,998</b>
Other operating activities	53	61	(19)	-	-	95
<b>Operating profit</b>	<b>1,433</b>	<b>10,596</b>	<b>1,064</b>	-	-	<b>13,093</b>
<i>Goodwill</i>	<i>195,624</i>	<i>106,398</i>	<i>174,850</i>	-	-	<i>476,872</i>

For the period of 3 months ended 31 March 2018 in thousands of EUR (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Unallocated	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>8,367</b>	<b>16,298</b>	<b>9,862</b>	-	<b>(1,355)</b>	<b>33,172</b>
Sales to external customers	7,698	15,749	9,725	-	-	33,172
Inter/intra segment sales	669	549	137	-	(1,355)	-
<b>Gross profit on sales</b>	<b>1,768</b>	<b>4,169</b>	<b>1,775</b>	-	-	<b>7,712</b>
Selling costs (-)	(679)	(812)	(1,032)	-	-	(2,523)
General and administrative expenses (-)	(759)	(835)	(484)	-	-	(2,078)
<b>Net profit on sales</b>	<b>330</b>	<b>2,522</b>	<b>259</b>	-	-	<b>3,111</b>
Other operating activities	13	15	(5)	-	-	23
<b>Operating profit</b>	<b>343</b>	<b>2,537</b>	<b>254</b>	-	-	<b>3,134</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2018 to 31 March 2018: EUR 1 = PLN 4.1784

For the period of 3 months ended 31 March 2017 and as at 31 March 2017 in thousands of PLN (restated)	Banking Solutions	Payment Solutions	Systems Integration	Unallocated	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>36,154</b>	<b>54,912</b>	<b>48,591</b>	<b>61</b>	<b>(6,513)</b>	<b>133,205</b>
Sales to external customers	32,370	53,047	47,788	-	-	133,205
Inter/intra segment sales	3,784	1,865	803	61	(6,513)	-
<b>Gross profit on sales</b>	<b>9,338</b>	<b>12,651</b>	<b>8,569</b>	-	-	<b>30,558</b>
Selling costs (-)	(2,355)	(2,429)	(3,300)	-	-	(8,084)
General and administrative expenses (-)	(3,346)	(3,916)	(2,271)	-	-	(9,533)
<b>Net profit on sales</b>	<b>3,637</b>	<b>6,306</b>	<b>2,998</b>	-	-	<b>12,941</b>
Other operating activities	(213)	100	16	-	-	(97)
<b>Operating profit</b>	<b>3,424</b>	<b>6,406</b>	<b>3,014</b>	-	-	<b>12,844</b>
<i>goodwill</i>	<i>196,502</i>	<i>106,683</i>	<i>179,335</i>	-	-	<i>482,520</i>

For the period of 3 months ended 31 March 2017 in thousands of EUR (restated)	Banking Solutions	Payment Solutions	Systems Integration	Unallocated	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>8,430</b>	<b>12,803</b>	<b>11,329</b>	<b>14</b>	<b>(1,519)</b>	<b>31,057</b>
Sales to external customers	7,547	12,368	11,142	-	-	31,057
Inter/intra segment sales	883	435	187	14	(1,519)	-
<b>Gross profit on sales</b>	<b>2,177</b>	<b>2,950</b>	<b>1,998</b>	-	-	<b>7,125</b>
Selling costs (-)	(549)	(566)	(770)	-	-	(1,885)
General and administrative expenses (-)	(780)	(914)	(529)	-	-	(2,223)
<b>Net profit on sales</b>	<b>848</b>	<b>1,470</b>	<b>699</b>	-	-	<b>3,017</b>
Other operating activities	(49)	23	4	-	-	(22)
<b>Operating profit</b>	<b>799</b>	<b>1,493</b>	<b>703</b>	-	-	<b>2,995</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2017 to 31 March 2017: EUR 1 = PLN 4.2891

## IX. INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS

For the period of 3 months ended 31 March 2018 in thousands of PLN	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Eliminations	Total
<b>Sales revenues</b>	<b>373</b>	<b>5,858</b>	<b>1,020</b>	<b>36,353</b>	<b>2,616</b>	<b>4,092</b>	<b>12,173</b>	<b>2,033</b>	<b>25,978</b>	<b>37,949</b>	<b>3,324</b>	<b>12,497</b>	<b>(5,662)</b>	<b>138,604</b>
Cost of sales (-)	(270)	(3,974)	(726)	(28,289)	(1,706)	(3,552)	(9,479)	(942)	(22,408)	(29,721)	(2,645)	(7,851)	5,182	(106,381)
<b>Gross profit on sales</b>	<b>103</b>	<b>1,884</b>	<b>294</b>	<b>8,064</b>	<b>910</b>	<b>540</b>	<b>2,694</b>	<b>1,091</b>	<b>3,570</b>	<b>8,228</b>	<b>679</b>	<b>4,646</b>	<b>(480)</b>	<b>32,223</b>
Selling costs (-)	(15)	(352)	(99)	(1,586)	(188)	(150)	(968)	(439)	(2,276)	(3,207)	(80)	(1,547)	367	(10,542)
General and administrative expenses (-)	(70)	(381)	(117)	(1,729)	(93)	(195)	(732)	(27)	(1,201)	(2,133)	(199)	(1,709)	(96)	(8,683)
<b>Net profit/(loss) on sales</b>	<b>18</b>	<b>1,151</b>	<b>78</b>	<b>4,749</b>	<b>629</b>	<b>195</b>	<b>994</b>	<b>625</b>	<b>92</b>	<b>2,888</b>	<b>400</b>	<b>1,390</b>	<b>(210)</b>	<b>12,998</b>
Other operating income	-	5	6	25	24	70	50	-	26	112	-	(4)	-	315
Other operating expenses	(1)	-	(1)	(12)	(7)	-	(22)	-	(16)	(147)	-	(14)	-	(220)
<b>Operating profit/(loss)</b>	<b>18</b>	<b>1,156</b>	<b>82</b>	<b>4,763</b>	<b>646</b>	<b>265</b>	<b>1,022</b>	<b>625</b>	<b>102</b>	<b>2,853</b>	<b>400</b>	<b>1,372</b>	<b>(210)</b>	<b>13,093</b>

For the period of 3 months ended 31 March 2018 in thousands of EUR	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Eliminations	Total
<b>Sales revenues</b>	<b>89</b>	<b>1,402</b>	<b>244</b>	<b>8,700</b>	<b>626</b>	<b>979</b>	<b>2,913</b>	<b>487</b>	<b>6,217</b>	<b>9,082</b>	<b>796</b>	<b>2,991</b>	<b>(1,354)</b>	<b>33,172</b>
Cost of sales (-)	(65)	(951)	(174)	(6,770)	(408)	(850)	(2,269)	(225)	(5,363)	(7,113)	(633)	(1,879)	1,240	(25,460)
<b>Gross profit on sales</b>	<b>24</b>	<b>451</b>	<b>70</b>	<b>1,930</b>	<b>218</b>	<b>129</b>	<b>644</b>	<b>262</b>	<b>854</b>	<b>1,969</b>	<b>163</b>	<b>1,112</b>	<b>(114)</b>	<b>7,712</b>
Selling costs (-)	(4)	(84)	(24)	(380)	(45)	(36)	(232)	(105)	(545)	(768)	(19)	(370)	89	(2,523)
General and administrative expenses (-)	(17)	(91)	(28)	(414)	(22)	(47)	(175)	(7)	(288)	(511)	(48)	(409)	(21)	(2,078)
<b>Net profit/(loss) on sales</b>	<b>3</b>	<b>276</b>	<b>18</b>	<b>1,136</b>	<b>151</b>	<b>46</b>	<b>237</b>	<b>150</b>	<b>21</b>	<b>690</b>	<b>96</b>	<b>333</b>	<b>(46)</b>	<b>3,111</b>
Other operating income	-	1	1	6	6	17	12	-	6	27	-	(1)	-	75
Other operating expenses	-	-	-	(3)	(2)	-	(5)	-	(4)	(35)	-	(3)	-	(52)
<b>Operating profit/(loss)</b>	<b>3</b>	<b>277</b>	<b>19</b>	<b>1,139</b>	<b>155</b>	<b>63</b>	<b>244</b>	<b>150</b>	<b>23</b>	<b>682</b>	<b>96</b>	<b>329</b>	<b>(46)</b>	<b>3,134</b>

For the period of 3 months ended 31 March 2017 in thousands of PLN /restated/	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Eliminations	Total
<b>Sales revenues</b>	<b>329</b>	<b>5,096</b>	<b>1,266</b>	<b>23,749</b>	<b>2,745</b>	<b>3,085</b>	<b>12,376</b>	<b>1,619</b>	<b>38,829</b>	<b>33,484</b>	<b>4,016</b>	<b>13,126</b>	<b>(6,513)</b>	<b>133,205</b>
Cost of sales (-)	(232)	(3,709)	(1,223)	(18,724)	(1,924)	(2,550)	(8,577)	(1,236)	(34,200)	(25,530)	(3,276)	(7,879)	6,413	(102,647)
<b>Gross profit on sales</b>	<b>97</b>	<b>1,386</b>	<b>43</b>	<b>5,024</b>	<b>821</b>	<b>534</b>	<b>3,799</b>	<b>383</b>	<b>4,629</b>	<b>7,954</b>	<b>740</b>	<b>5,247</b>	<b>(100)</b>	<b>30,558</b>
Selling costs (-)	(14)	(161)	(74)	(1,318)	(42)	(160)	(703)	(210)	(1,635)	(2,379)	(53)	(1,522)	187	(8,084)
General and administrative expenses (-)	(60)	(363)	(266)	(1,848)	(191)	(254)	(789)	(11)	(1,636)	(2,309)	(184)	(1,721)	99	(9,533)
<b>Net profit/(loss) on sales</b>	<b>23</b>	<b>862</b>	<b>(298)</b>	<b>1,858</b>	<b>588</b>	<b>121</b>	<b>2,307</b>	<b>163</b>	<b>1,358</b>	<b>3,266</b>	<b>503</b>	<b>2,004</b>	<b>186</b>	<b>12,941</b>
Other operating income	2	21	12	27	-	24	62	213	35	20	-	37	-	453
Other operating expenses	(2)	(2)	(12)	(15)	-	(2)	(31)	(183)	(22)	(275)	-	(6)	-	(550)
<b>Operating profit/(loss)</b>	<b>23</b>	<b>881</b>	<b>(299)</b>	<b>1,871</b>	<b>588</b>	<b>143</b>	<b>2,338</b>	<b>193</b>	<b>1,371</b>	<b>3,011</b>	<b>503</b>	<b>2,035</b>	<b>186</b>	<b>12,844</b>

For the period of 3 months ended 31 March 2017 in thousands of EUR /restated/	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Eliminations	Total
<b>Sales revenues</b>	<b>77</b>	<b>1,188</b>	<b>295</b>	<b>5,537</b>	<b>640</b>	<b>719</b>	<b>2,885</b>	<b>378</b>	<b>9,053</b>	<b>7,807</b>	<b>936</b>	<b>3,060</b>	<b>(1,518)</b>	<b>31,057</b>
Cost of sales (-)	(54)	(865)	(285)	(4,366)	(449)	(595)	(2,000)	(288)	(7,974)	(5,952)	(764)	(1,837)	1,497	(23,932)
<b>Gross profit on sales</b>	<b>23</b>	<b>323</b>	<b>10</b>	<b>1,171</b>	<b>191</b>	<b>124</b>	<b>885</b>	<b>90</b>	<b>1,079</b>	<b>1,855</b>	<b>172</b>	<b>1,223</b>	<b>(21)</b>	<b>7,125</b>
Selling costs (-)	(3)	(38)	(17)	(307)	(10)	(37)	(164)	(49)	(381)	(555)	(12)	(355)	43	(1,885)
General and administrative expenses (-)	(14)	(85)	(62)	(431)	(45)	(59)	(184)	(2)	(381)	(538)	(43)	(401)	22	(2,223)
<b>Net profit/(loss) on sales</b>	<b>6</b>	<b>200</b>	<b>(69)</b>	<b>433</b>	<b>136</b>	<b>28</b>	<b>537</b>	<b>39</b>	<b>317</b>	<b>762</b>	<b>117</b>	<b>467</b>	<b>44</b>	<b>3,017</b>
Other operating income	1	5	3	6	-	6	15	50	8	3	-	9	-	106
Other operating expenses	(1)	-	(3)	(3)	-	-	(7)	(43)	(5)	(65)	-	(1)	-	(128)
<b>Operating profit/(loss)</b>	<b>6</b>	<b>205</b>	<b>(69)</b>	<b>436</b>	<b>136</b>	<b>34</b>	<b>545</b>	<b>46</b>	<b>320</b>	<b>700</b>	<b>117</b>	<b>475</b>	<b>44</b>	<b>2,995</b>



**X. SUMMARY AND ANALYSIS OF THE FINANCIAL RESULTS OF ASSECO SOUTH EASTERN EUROPE GROUP**

PLN'000	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Change %
Sales revenues	138,604	133,205	4%
Gross profit on sales	32,223	30,558	5%
Net profit on sales	12,998	12,941	0%
Operating profit	13,093	12,844	2%
EBITDA	23,895	22,283	7%
Net profit for the reporting period	11,257	10,152	11%
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>11,166</b>	<b>10,082</b>	<b>11%</b>

EUR'000	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Change %
Sales revenues	33,172	31,057	7%
Gross profit on sales	7,712	7,125	8%
Net profit on sales	3,111	3,017	3%
Operating profit	3,134	2,995	5%
EBITDA	5,719	5,195	10%
Net profit for the reporting period	2,694	2,367	14%
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>2,672</b>	<b>2,351</b>	<b>14%</b>

In the first quarter of 2018, ASEE Group once again improved its financial results in relation to the comparable period of the previous year.

Sales revenues presented in Polish zlotys reached PLN 138.6 million, reflecting an increase by PLN 5.4 million or 4% in relation to the first three months of 2017. Our sales presented in euros equalled EUR 33.2 million, increasing by EUR 2.1 million or 7%. A significant revenue growth was achieved by the Payment Solutions segment. The Banking Solutions segment generated sales at a similar level as a year ago, while revenues of the Systems Integration segment were weaker than in 2017.

Sales revenues in thousands of PLN	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Change
Banking Solutions	32,166	32,370	-1%
Payment Solutions	65,802	53,047	24%
Systems Integration	40,636	47,788	-15%
	<b>138,604</b>	<b>133,205</b>	<b>4%</b>

Sales revenues in thousands of EUR	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Change
Banking Solutions	7,698	7,547	2%
Payment Solutions	15,749	12,368	27%
Systems Integration	9,725	11,142	-13%
	<b>33,172</b>	<b>31,057</b>	<b>7%</b>

Operating profit of ASEE Group for the first quarter of 2018 amounted to EUR 10.3 million, improving by EUR 249 thousand or 2%. Our operating profit presented in euros increased by EUR 139 thousand or 5% and exceeded EUR 3.1 million. Operating profit earned by the Payment Solutions segment grew by EUR 1 million, which was largely offset by

weaker EBIT reported by other operating segments.

Operating profit in thousands of PLN	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Change
Banking Solutions	1,433	3,424	-58%
Payment Solutions	10,596	6,406	65%
Systems Integration	1,064	3,014	-65%
	<b>13,093</b>	<b>12,844</b>	<b>2%</b>

Operating profit in thousands of EUR	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Change
Banking Solutions	343	799	-57%
Payment Solutions	2,537	1,493	70%
Systems Integration	254	703	-64%
	<b>3,134</b>	<b>2,995</b>	<b>5%</b>

ASEE Group's consolidated EBITDA for the first three months of 2018 amounted to PLN 23.9 million, improving by PLN 1.6 million or 7% in relation to the previous year. Our EBITDA presented in euros increased by EUR 0.5 million or 10% and reached the level of EUR 5.7 million. The overall growth in EBITDA resulted from an improvement achieved in the Payment Solutions segment, which was accompanied by weaker EBITDA reported by other operating segments.

EBITDA in thousands of PLN	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Change
Banking Solutions	2,562	4,907	-48%
Payment Solutions	19,356	13,386	45%
Systems Integration	1,977	3,990	-50%
	<b>23,895</b>	<b>22,283</b>	<b>7%</b>

EBITDA in thousands of EUR	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	Change
Banking Solutions	613	1,144	-46%
Payment Solutions	4,633	3,121	48%
Systems Integration	473	930	-49%
	<b>5,719</b>	<b>5,195</b>	<b>10%</b>

### Results of the Payment Solutions segment

In the first quarter of 2018, sales generated by the Payment Solutions segment reached EUR 15.7 million, improving by EUR 3.4 million or 27% in relation to the comparable period last year. The strongest revenue growth (by more than EUR 3 million) was recorded by the segment's business line dealing with maintenance of ATMs. This was achieved primarily by our companies operating in Croatia and Romania which, in the first quarter of 2018, completed several deliveries of infrastructure for customers using the traditional model of ATMs maintenance. In addition, Payten Croatia has been engaged in the execution of new contracts for outsourcing of payment services that did not yet bring any revenues in the first quarter of 2017. Slightly higher sales were reported also by the segment's other business lines which are responsible for e-Commerce, maintenance of POS terminals, as well as processing of payment transactions, respectively.

Operating profit generated by the Payment Solutions segment increased by more than EUR 1 million or 70% and reached EUR 2.5 million. Stronger profits were achieved mainly by the segment's business lines engaged in maintenance of ATMs and POS terminals. A significant portion of this increase was contributed by Payten Croatia which, during the first quarter of 2018, carried out new outsourcing contracts and deliveries of ATMs, as well as expanded the scope of maintenance services for POS terminals. In relation to the first quarter of 2017, operating profit earned on maintenance of POS terminals and ATMs increased also in Serbia, Slovenia, Bosnia and Herzegovina, and in Bulgaria.

Operating performance improved also in the business lines dealing with e-Commerce and processing of payment transactions; however, this had a smaller impact on results of the entire Payment Solutions segment.

EBITDA of the Payment Solutions segment for the first quarter of 2018 exceeded EUR 4.6 million, rising by more than EUR 1.5 million or 48% in relation to the comparable period last year.

### Results of the Banking Solutions segment

In the first quarter of 2018, the Banking Solutions segment generated EUR 7.7 million in sales revenues, achieving an increase by EUR 151 thousand or 2%. Moreover, higher sales were achieved in the business lines responsible for core banking systems and mobile solutions, which was partially offset by weaker revenues from authentication security solutions. Unfortunately, stronger sales did not translate into an improvement in operating profit. The segment's EBIT declined to EUR 0.3 million from the level of EUR 0.8 million reported for the first quarter of 2017.

Weaker operating performance of the Banking Solutions segment was caused primarily by withdrawal from the contract for the sale of a core banking system to Nova Kreditna Banka Maribor (NKBM), as informed by the Company in its regulatory filing no. 9/2018. Because this contract was terminated just after the GAP Analysis phase, ASEE is entitled to receive only a small percentage of the remuneration determined for the whole project. In practice, this means that the Company was forced to reverse a portion revenues recognized from the project in the fourth quarter of 2017, and also that it will not receive remuneration for work carried out in favour of NKBM during the first quarter of 2018. In total, negative impact of such early termination of the contract with NKBM on our operating results for the first quarter of 2018 amounted to nearly EUR 650 thousand. The related write-downs and uncovered costs were mostly charged against the segment's results in Serbia and Slovenia.

Following the lower operating profit of the Banking Solutions segment, the amount of its EBITDA decreased as well. In the first quarter of 2018, it amounted to PLN EUR 0.6 million, decreasing by over EUR 0.5 million in relation to the comparable period last year.

## Results of the Systems Integration segment

In the first quarter of 2018, sales generated by the Systems Integration segment amounted to EUR 9.7 million, reflecting a decrease by EUR 1.4 mln or 13% in comparison to the first three months of 2017. Weaker performance was reported by the business line responsible for infrastructure and third-party solutions as well as integration services, whose sales declined by EUR 1.9 million. Such deterioration was observed primarily in the segment's operations in Romania. At the same time, the business line offering own software solutions improved its revenues by EUR 0.5 million, mainly on the back of stronger sales in Serbia.

Operating profit of the Systems Integration segment dropped from EUR 0.7 million for the first quarter of 2017 down to less than EUR 0.3 million in the comparable period this year. Weaker operating results were reported by the business line dealing with infrastructure and integration services, which carried out fewer projects than a year ago, as well as by the business line offering our proprietary solutions. As a consequence, the segment's EBITDA declined from EUR 0.9 million to EUR 0.5 million.

## Net profit

Consolidated net profit of ASEE Group for the first quarter of 2018 amounted to EUR 2.7 million, increasing by EUR 0.3 million or 14% in relation to the comparable period last year.

The Group's net result on financial operations in the first three months of 2018 equalled EUR 249 thousand, as compared with EUR 29 thousand reported a year ago. Such improvement was achieved mainly due to a favourable result on foreign exchange differences, including the valuation of hedging instruments.

In the first quarter of 2018, our income tax expense amounted to EUR 688 thousand (effective tax rate of 20.3%) as compared with EUR 657 thousand incurred in the previous year (effective tax rate of 21.7%). Income tax expense resulted from our current business operations conducted in individual countries, as well as from income taxes on dividends received by the holding company from its subsidiaries. In the first quarter of 2017, our subsidiary company operating in Macedonia adopted a resolution to pay out EUR 2.1 million in dividends to the holding company, which caused the obligation to pay a withholding tax and increased our effective tax rate. During the first three months of 2018, the holding company received no dividend income, hence the income tax expense was incurred fully on our current business

operations. Excluding the effect of withholding tax on dividends, our effective tax rate for the first quarter of 2018 increased in comparison with the corresponding period last year, basically due to a higher income tax expense incurred in Serbia.

## Analysis of financial ratios

PLN'000	3 months ended 31 March 2018	3 months ended 31 March 2017
	(unaudited)	(unaudited)
Gross profit margin	23.2%	22.9%
EBITDA margin	17.2%	16.7%
Operating profit margin	9.4%	9.6%
Net profit margin	8.1%	7.6%
Return on equity (ROE)	7.9%	7.8%
Return on assets (ROA)	6.3%	6.3%

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

In the first quarter of 2018, our gross profit margin equalled 23.2%, increasing by 0.3 percentage points in comparison to the first three months of 2017. Such small increase in our margin at this level resulted from slightly higher profitability realized on resale of infrastructure and third-party solutions that was accompanied by steady profitability of our own solutions.

Further increase in operating profit of the Payment Solutions segment as well as new investments in infrastructure for outsourcing projects giving rise to higher depreciation charges, both resulted in an increase of EBITDA and EBITDA margin from 16.7% in the first quarter of 2017 to 17.2% in the corresponding period this year. Whereas, weaker operating profits reported by other segments caused a slight decrease in our operating margin which equalled 9.4%, in comparison with 9.6% recorded last year.

Despite such slightly weaker operating margin, owing to a lower effective income tax rate and a better result on financial operations, we managed to achieve a stronger net profit margin. This margin grew from 7.6% in the first quarter of 2017 to the level of 8.1% in the first three months of the current year.

Both ROA and ROE ratios for the period of trailing 12 months ended 31 March 2018 remained at similar levels, equalling 7.9% and 6.3%, respectively.

	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Working capital (in thousands of PLN)	130,403	118,177	95,625
Current liquidity ratio	1.9	1.7	1.6
Quick liquidity ratio	1.7	1.5	1.4
Absolute liquidity ratio	0.8	0.7	0.7

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

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

As at 31 March 2018, our working capital amounted to PLN 130.4 million, reflecting an increase by PLN 12.2 million in relation to its level reported as at the end of December 2017. Current assets declined by PLN 18.5 million as a result of lower trade receivables (by PLN 27.6 million) that were accompanied by slight increases of other items in this section of the statement of financial position. In the same period, total current liabilities dropped by PLN 30.7 million, primarily due to decreases in trade payables (by PLN 11.6 million), state budget liabilities (by PLN 11.2 million), and other liabilities (by PLN 13.3 million).

Our liquidity ratios recorded a slight increase in relation to the end of 2017 and they remain at safe levels.

### Analysis of debt

	31 March 2018 (audited)	31 Dec. 2017 (audited)	31 March 2017 (audited)
Total debt ratio	18.6%	21.7%	20.2%
Debt / equity ratio	6.3%	6.3%	5.5%
Debt / (debt + equity) ratio	5.9%	5.9%	5.2%

The above ratios have been computed using the following formulas:

Total debt ratio = (long-term liabilities + short-term liabilities) / assets

Debt / equity ratio = interest-bearing bank loans / equity

Debt / (debt + equity) ratio = interest-bearing bank loans / (interest-bearing bank loans + equity)

The total debt ratio decreased from 21.7% reported as at the end of 2017 to the level of 18.6% as at 31 March 2018. Such change is primarily attributable to a decline in current liabilities which has been described above. Liabilities under bank loans presented in Polish zlotys increased by PLN 1.3 million in the first quarter of 2018. Our debt to equity ratio as well as the ratio of debt to total interest-bearing liabilities and equity remained at the same levels as at the end of 2017.

### Statement of cash flows

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>115,562</b>	<b>118,058</b>
Net cash provided by (used in) operating activities	5,993	3,036
Net cash provided by (used in) investing activities	(7,104)	(16,304)
Net cash provided by (used in) financing activities	34	(5,420)
Net foreign exchange differences	(768)	(4,780)
<b>Cash and cash equivalents at the end of period</b>	<b>113,717</b>	<b>94,590</b>

In the first quarter of 2018, our operating activities provided PLN 6 million of net cash inflows. Traditionally, cash flows generated from operating activities of ASEE Group in the first three months of each year remain at a low level. This is a consequence of a change in the relation of cash to other elements of working capital, following the usually stronger fourth quarter of the previous year. As at the end of December 2017, cash and cash equivalents (including short-term financial assets) held by ASEE Group were relatively high (PLN 116.5 million), which was accompanied by high amounts of trade payables, tax and legal liabilities, and other liabilities (in total more than PLN 107 million). During the first three months of 2018, ASEE Group settled its trade payables, tax and legal liabilities, and other liabilities in the amount of PLN 36 million, while the aggregate change in receivables and inventories amounted to only PLN 21.5 million which increased the balance of cash and cash equivalents. Such large fluctuations in the Group's working capital result from the values and phases of ongoing projects, and above all from the schedule of settlements with suppliers and customers of ASEE. Hence, the biggest changes in the balances of receivables and liabilities are observed in the countries where our major projects are implemented and settled. In the first three months of 2018, these were Romania, Croatia, Serbia, and Slovenia. Furthermore, the first quarter of a year is the time to settle the tax and legal liabilities resulting from the fourth quarter financial results of our subsidiaries, as well as to pay variable remunerations for the prior year, which poses an additional burden on cash flows without any impact on the income statement, and therefore deteriorates the conversion of current profits into cash.

Net cash outflows in our investing activities amounted to PLN 7.1 million in the first quarter of 2018, decreasing by PLN 9.2 million in relation to the comparable period last year. In the first three months of 2018, our investing cash flows were most considerably influenced by the acquisitions of

property, plant and equipment, and intangible assets, for the total amount of over PLN 6.5 million. This item includes, among others, our expenditures for infrastructure to be used in the outsourcing of payment processes which amounted to PLN 5 million.

In the first quarter of 2018, net cash provided by our financing activities amounted to PLN 34 thousand. Our proceeds from new bank loans were offset by repayments of previously incurred debt. ASEE Group uses external sources of financing for purchases of infrastructure to be provided under outsourcing projects that are implemented by the Payment Solutions segment.

#### **XI. FACTORS WHICH IN THE MANAGEMENT'S OPINION WILL 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 X of this report.

The factors that may affect the Group's financial performance in 2018 have been also described in the Management report on the Group's operations for the year 2017.

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.

**XII. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**1. Breakdown of sales revenues**

During the first quarter of 2018 and in the comparable period, operating revenues were as follows:

Sales revenues by type of products	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Proprietary software and services	87,688	82,889
Third-party software and services	17,027	21,342
Hardware and infrastructure	33,889	28,974
	<b>138,604</b>	<b>133,205</b>

Sales revenues according to IFRS	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Revenues other than from contracts with customers recognized in accordance with IFRS 15 – operating leases	18,802	14,266
Revenues from contracts with customers recognized in the reporting period	119,802	118,939
	<b>138,604</b>	<b>133,205</b>

**2. Breakdown of operating costs**

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Employee benefits (-)	(46,613)	(42,434)
Third-party non-project services and outsourcing of employees (-)	(4,603)	(4,679)
Depreciation and amortization (-)	(10,802)	(9,439)
Maintenance costs of property and business cars (-)	(8,349)	(8,569)
Business trips (-)	(1,019)	(811)
Advertising (-)	(632)	(651)
Other expenses (-)	(2,450)	(1,404)
	<b>(74,468)</b>	<b>(67,987)</b>
<b>Cost of sales, of which:</b>	<b>(106,381)</b>	<b>(102,647)</b>
Cost of goods and third-party services sold (-)	(51,138)	(52,277)
Production costs (-)	(55,243)	(50,370)
Selling costs (-)	(10,542)	(8,084)
General and administrative expenses (-)	(8,683)	(9,533)

**3. Financial income and expenses**

Financial income	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Interest income on loans granted and bank deposits	384	385
Gain on valuation of derivative instruments	155	1,165
Positive foreign exchange differences	990	586
Other financial income	6	24
	<b>1,535</b>	<b>2,160</b>

Financial expenses	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Interest expense (-)	(233)	(290)
Bank fees and commissions (-)	(14)	(26)
Negative foreign exchange differences (-)	(100)	(1,598)
Interest expenses under finance leases (-)	(43)	(32)
Loss on valuation of derivative instruments (-)	(105)	(89)
	<b>(495)</b>	<b>(2,035)</b>

**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 comparable period, there were no instruments that could potentially dilute 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:

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.</b>	<b>11,166</b>	<b>10,082</b>
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):</b>		
Basic consolidated earnings per share for the reporting period	0.22	0.19
Diluted consolidated earnings per share for the reporting period	0.22	0.19

**5. Information on dividends paid out or declared**

The Annual General Meeting of Shareholders of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to § 12 sec. 4 item 2) of the Company's Articles of Association, on 24 April 2018 decided that the net profit for the financial year 2017 amounting to PLN 19,830,989.19 and a portion of the capital reserve established pursuant to Resolution No. 7 of the Company's Annual General Meeting of Shareholders of 31 March 2016, shall be distributed as follows:

a) the amount of PLN 1,586,479.14 from the net profit for the financial year 2017 has been allocated



to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 18,244,510.05 from the net profit for the financial year 2017 as well as the amount of PLN 8,740,500.47 representing a portion of the above-mentioned capital reserve have been allocated for distribution among all of the Company's shareholders by payment of a dividend amounting to PLN 0.52 per share.

The Company's Annual General Meeting of Shareholders established 29 June 2018 as the dividend record date and 12 July 2018 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
<b>Net book value as at 1 January 2018</b>	<b>131,958</b>	<b>17,946</b>
Purchases (+)	7,165	337
Capitalization of project development costs (+)	-	476
Transfers from inventories (+)	683	-
Finance lease liabilities (+)	81	-
Other changes (+/-)	(17)	18
Depreciation/amortization charges (-)	(9,573)	(1,221)
Disposal and liquidation (-)	(496)	-
Foreign exchange differences on translation of foreign operations (+/-)	796	(432)
<b>Net book value as at 31 March 2018</b>	<b>130,597</b>	<b>17,124</b>

	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2017</b>	<b>102,161</b>	<b>30,180</b>
Purchases (+)	7,467	794
Capitalization of project development costs (+)	-	671
Transfers from inventories (+)	2,809	-
Finance lease liabilities (+)	336	-
Other changes (+/-)	-	-
Depreciation/amortization charges (-)	(7,597)	(1,872)
Disposal and liquidation (-)	(326)	-
Foreign exchange differences on translation of foreign operations (+/-)	(4,328)	(2,028)
<b>Net book value as at 31 March 2017</b>	<b>100,522</b>	<b>27,745</b>

The increase in the value of tangible assets as at 31 March 2018 (PLN 130,597 thousand) and as at 31 December 2017 (PLN 131,958 thousand) both in comparison to those of 31 March 2017 (PLN 100,522 thousand) resulted primarily from purchases of ATMs, POS terminals and other elements of infrastructure to be offered in the outsourcing model.

The decrease in the value of intangible assets as at 31 March 2018 (PLN 17,124 thousand) and as at 31 December 2017 (PLN 17,946 thousand) both in comparison to those of 31 March 2017 (PLN 27,745 thousand) is attributable primarily to write-offs from capitalized costs of development projects (PLN 7,858 thousand) as well as amortization charges (PLN 7,541 thousand) that were recognized in 2017.

In the first quarter of 2018, capitalized costs of development projects amounted to PLN 476 thousand as compared with PLN 671 thousand in the comparable period of 2017.

Liabilities resulting from purchases of property, plant and equipment and intangible assets amounted to PLN 2,753 thousand as at 31 March 2018, as compared with PLN 1,778 thousand as at 31 December 2017, and PLN 1,328 thousand as at 31 March 2017.

## 7. Goodwill

During the reporting period and comparable period, the amount of goodwill changed as follows:

	3 months ended 31 March 2018 (unaudited)	12 months ended 31 Dec. 2017 (audited)	3 months ended 31 March 2017 (unaudited)
<b>Goodwill at the beginning of the period</b>	<b>475,360</b>	<b>505,634</b>	<b>505,634</b>
Banking Solutions	194,330	205,749	205,749
Payment Solutions	106,449	111,842	111,842
Systems Integration	174,581	188,043	188,043
<b>Foreign exchange differences on translation of goodwill in foreign subsidiaries (+/-)</b>	<b>1,512</b>	<b>(30,274)</b>	<b>(23,114)</b>
Banking Solutions	1,294	(11,419)	(9,247)
Payment Solutions	(51)	(5,393)	(5,159)
Systems Integration	269	(13,462)	(8,708)
<b>Total book value at the end of period</b>	<b>476,872</b>	<b>475,360</b>	<b>482,520</b>
Banking Solutions	195,624	194,330	196,502
Payment Solutions	106,398	106,449	106,683
Systems Integration	174,850	174,581	179,335

## 8. Short-term receivables

	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
<b>Trade receivables</b>			
Trade receivables, of which:	78,503	110,016	71,426
From related parties	1,124	944	870
From other entities	80,984	112,465	73,278
Allowance for doubtful receivables (-)	(3,605)	(3,393)	(2,722)
Receivables from uninvoiced deliveries, of which:	14,037	10,138	11,221
From related parties	-	-	-
From other entities	14,037	10,138	11,221
<b>92,540</b>	<b>120,154</b>	<b>82,647</b>	
<b>Other receivables</b>			
Advance payments to suppliers	3,517	2,305	1,821
Security deposits receivable	309	307	339
Other receivables	1,055	726	1,603
<b>4,881</b>	<b>3,338</b>	<b>3,763</b>	

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

Other receivables disclosed as at 31 March 2018, 31 December 2017 and as at 31 March 2017 include mainly receivables from employees, restricted cash, receivables from disposal of tangible assets, as well as other amounts receivable.

In addition, other receivables disclosed as at 31 March 2017 include receivables from assets let under financial leases in the amount of PLN 1,376 thousand.

## 9. Financial assets

	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
<b>Investments in equity instruments carried at fair value through other comprehensive income:</b>	<b>90</b>	<b>90</b>	<b>135</b>
Shares in companies listed on regulated markets	70	70	115
Shares in companies not listed on regulated markets	20	20	20
<b>Investments in debt securities and cash deposits carried at amortized cost:</b>	<b>894</b>	<b>124</b>	<b>100</b>
Loans granted to unrelated entities	89	88	85
Loans granted to employees	8	8	-
Deposits for 3 to 12 months	790	21	8
Deposits for over 12 months	7	7	7
<b>Financial assets carried at fair value through profit or loss:</b>	<b>840</b>	<b>857</b>	<b>10,116</b>
Currency forward contracts	807	824	102
Investment fund units	33	33	10,014
Long-term	254	279	257
Short-term	1,570	792	10,094

As at 31 March 2018 and 31 December 2017, financial assets carried at fair value through profit or loss included mainly currency forward contracts that are held by ASEE S.A.; whereas, as at 31 March 2017, they included investment fund units with held by ASEE Croatia and ASEE Macedonia.

The book values of financial assets held by the Group as at 31 March 2018, 31 December 2017 and 31 March 2017 did not differ from their fair values.

## 10. Cash and short-term deposits

	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Cash at bank and in hand	72,082	68,366	57,872
Short-term bank deposits	41,715	47,346	37,801
	<b>113,797</b>	<b>115,712</b>	<b>95,673</b>
<i>Interest accrued on cash and cash equivalents as at the end of the reporting period</i>	(45)	(48)	(49)
<i>Overdraft facilities utilized for liquidity management</i>	(35)	(102)	(1,034)
<b>Cash and cash equivalents as disclosed in the cash flow statement</b>	<b>113,717</b>	<b>115,562</b>	<b>94,590</b>

## 11. Prepayments and accrued income

Long-term	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Prepaid maintenance services and license fees	315	436	960
Other	189	305	158
	<b>504</b>	<b>741</b>	<b>1,118</b>
Short-term	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Prepaid maintenance services and license fees	9,848	6,262	10,013
Prepaid insurance	1,421	511	1,326
Prepaid rents	236	245	401
Prepaid consulting services	641	558	725
Other prepaid services	952	1,002	856
Costs of services performed for which revenues have not been recognized yet	260	267	969
Other	1,321	1,202	996
	<b>14,679</b>	<b>10,047</b>	<b>15,286</b>

As at 31 March 2018, 31 December 2017 and 31 March 2017, prepayments included primarily the costs of maintenance services and licensing fees amounting to PLN 10,163 thousand, PLN 6,698 thousand, and PLN 10,973 thousand, respectively, that will be successively expensed in future periods.

## 12. Interest-bearing bank loans and borrowings

As at 31 March 2018, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 46,288 thousand, as compared with PLN 44,991 thousand as at 31 December 2017, and PLN 37,632 thousand as at 31 March 2017.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the first 3 months of 2018 amounted to PLN 3,889 thousand (proceeds) and PLN 2,841 thousand (repayments).

As at 31 March 2018, tangible assets with a book value of PLN 1,052 thousand served as security for bank loans. As at 31 March 2018, liabilities that were secured with such assets amounted to PLN 9,669 thousand.



The book values of assets serving as security for bank loans as well as the amounts of liabilities that were secured with such assets in the comparable periods have been presented in the financial reports drawn up for those periods.

### 13. Long-term and short-term financial liabilities

Long-term	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Finance lease liabilities	1,399	1,568	1,888
	<b>1,399</b>	<b>1,568</b>	<b>1,888</b>
Short-term	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Dividends payable to shareholders of ASEE S.A.	-	-	24,909
Finance lease liabilities	993	976	908
Other	24	22	29
	<b>1,017</b>	<b>998</b>	<b>25,846</b>

### 14. Current liabilities

Trade payables	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Trade payables, of which:	40,795	53,361	33,703
To related parties	89	52	53
To other entities	40,706	53,309	33,650
Liabilities for un invoiced deliveries, of which:	5,218	4,224	9,937
To related parties	-	-	-
To other entities	5,218	4,224	9,937
	<b>46,013</b>	<b>57,585</b>	<b>43,640</b>

The term for repayment of the Group's liabilities is 162 days on average.

Other current liabilities	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Liabilities to employees relating to salaries	4,160	12,161	3,657
Trade advance payments received	5,922	12,533	6,269
Liabilities from purchases of tangible assets and intangible assets	2,427	1,478	723
Other liabilities	821	494	742
	<b>13,330</b>	<b>26,666</b>	<b>11,391</b>

Current liabilities to the state and local budgets	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Value added tax	4,909	14,859	5,340
Corporate income tax (CIT)	2,517	2,696	2,422
Personal income tax (PIT)	781	1,860	658
Social security payable	3,237	3,301	1,940
Other	479	380	332
	<b>11,923</b>	<b>23,096</b>	<b>10,692</b>

### 15. Accruals and deferred income

Short-term accruals	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Accrual for unused holiday leaves	2,625	2,253	2,273
Accrual for employee bonuses	11,937	9,862	11,979
	<b>14,562</b>	<b>12,115</b>	<b>14,252</b>

Long-term deferred income	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Maintenance services	610	1,431	1,239
Grants for the development of assets	-	-	224
Other	285	324	370
	<b>895</b>	<b>1,755</b>	<b>1,833</b>

Short-term deferred income	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
Maintenance services	16,533	10,671	15,402
Prepaid implementation services	1,157	1,508	727
License fees	638	198	213
Grants for the development of assets	-	-	142
Other	3,523	7,996	438
	<b>21,851</b>	<b>20,373</b>	<b>16,922</b>

### 16. Changes in impairment write-downs on assets

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
Trade receivables		
Opening balance	(3,393)	(3,266)
Created	(575)	(165)
Utilized	108	316
Reversed	278	248
Foreign exchange differences	(23)	145
Closing balance	<b>(3,605)</b>	<b>(2,722)</b>
Inventories		
Opening balance	(11,514)	(11,784)
Created	(645)	(900)
Utilized	-	-
Reversed	805	287
Foreign exchange differences	(55)	526
Closing balance	<b>(11,409)</b>	<b>(11,871)</b>

During the first 3 months of 2018 and in the comparable period of 2017, the Group did not recognize or reverse any impairment write-downs on its financial assets, property, plant and equipment, or 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

Number of employees in the Group as at	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (restated)
Management Board of the Parent Company*	4	4	4
Management Boards of the Group companies	33	33	34
Production departments	1,214	1,194	1,129
Sales departments	138	125	128
Administration departments	163	183	180
	<b>1,552</b>	<b>1,539</b>	<b>1,475</b>

\* Piotr Jeleński and Marcin Rulnicki serve in the Management Board of ASEE S.A. on the basis of employment contracts. The remaining members of the Company's Management Board perform their duties within ASEE S.A. by assignment.

Number of employees in the Group companies as at	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (restated)
ASEE S.A.	27	25	25
ASEE Romania Group	188	189	184
ASEE Serbia Group*	414	526	523
ASEE Croatia*	144	144	232
ASEE Kosovo Group	58	61	59
ASEE Turkey Group	171	179	178
ASEE Bulgaria	20	19	20
ASEE B&H	82	75	59
ASEE Macedonia*	166	175	149
ASEE Slovenia	35	37	36
Payten Montenegro	12	10	10
Payten Croatia*	101	99	-
Payten Macedonia*	8	-	-
Payten Serbia Group*	126	-	-
	<b>1,552</b>	<b>1,539</b>	<b>1,475</b>

\*Due to the process of official separation of our payment services into a standalone organizational unit, a number of employees of ASEE Croatia, ASEE Serbia and ASEE Macedonia, being responsible for the Payment Solutions segment, have been transferred to Payten Croatia, Payten Serbia and Payten Macedonia, respectively.

## 19. Outsourcing contracts – the Group acting as a lessor

The Group implements a number of contracts for outsourcing of payment transaction processes. The total amounts of future minimum lease payments under such contracts have been estimated as follows:

Future minimum lease payments	31 March 2018 (unaudited)	31 Dec. 2017 (audited)	31 March 2017 (unaudited)
(i) within 1 year	65,109	54,133	37,931
(ii) within 1 to 5 years	72,084	64,254	45,982
(iii) within more than 5 years	5,957	7,048	2,190
	<b>143,150</b>	<b>125,435</b>	<b>86,103</b>

## 20. Contingent liabilities

Within its commercial activities ASEE Group uses bank guarantees as well as contract performance guarantees as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. The value of such guarantees amounted to PLN 16,505 thousand as at 31 March 2018, as compared with PLN 15,550 thousand as at 31 December 2017, and PLN 27,054 thousand as at 31 March 2017.

Assets serving as security for bank guarantee facilities:

Category of assets	Net value of assets			Amount of granted guarantee secured with assets		
	31 March 2018	31 Dec. 2017	31 March 2017	31 March 2018	31 Dec. 2017	31 March 2017
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Trade receivables	2,296	3,467	6,572	1,224	2,833	4,874
Other receivables (restricted cash)	-	-	39	-	-	642
	<b>2,296</b>	<b>3,467</b>	<b>6,611</b>	<b>1,224</b>	<b>2,833</b>	<b>5,516</b>

## XIII. 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 carried out other than on an arm's length basis.

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

Since 2016, ASEE Romania has been party to legal proceedings brought by Romsys S.R.L., which has demanded ASEE Romania to pay compensation in the amount of EUR 1,226 thousand (initial estimate) in order to compensate for their losses so far incurred due to allegedly unfair competition. On 28 February 2018, the first instance court dismissed the claim made by Romsys S.R.L. This judgment is not legally valid and the party has the right to appeal against it. The Management of ASEE Romania upholds its position that it is unlikely that the company will incur any significant losses in connection with these proceedings. In line with the Management's standpoint, ASEE Romania created a provision for the costs of court proceedings only.

During the reporting period, no other significant 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.

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.

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

The Management Board of ASEE S.A. did not publish any financial forecasts for the year 2018.

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

During the period of 3 months ended 31 March 2018, neither the Issuer nor any of its subsidiaries granted any significant sureties to secure bank loans and borrowings or any significant payment guarantees to any single entity or its subsidiary.

**XVII. 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.

**XVIII. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

In the regulatory filing of 9 April 2018, the Management Board of ASEE S.A. informed that the agreement with Nova Kreditna Banka Maribor d.d. for the sale of a core banking system along with maintenance and support services was terminated as of 9 April 2018. The Issuer considered that agreement to be significant and earlier informed about its conclusion in the regulatory filing no. 28/2017. The contract was terminated following preparation of the GAP Analysis Document, due to the necessity of incurring higher system implementation costs than originally expected. The contract termination does not provide a basis for demanding payment of any contractual penalties or damages by any of the parties. Because of withdrawal from this contract, the Issuer's consolidated operating results for the first quarter of 2018 have been reduced by approx. EUR 650 thousand.

In the period from 31 March 2018 till the date of approval of these interim condensed consolidated financial statements, this is until 7 May 2018, 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.

**XIX. SIGNIFICANT EVENTS RELATED TO PRIOR YEARS**

Until the date of preparing these interim condensed consolidated financial statements, this is until 7 May 2018, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.

Solutions  
for demanding  
business.



**ASSECO SOUTH EASTERN EUROPE S.A.  
STANDALONE FINANCIAL DATA  
FOR THE FIRST QUARTER OF 2018**

**Rzeszów, 7 May 2018**

**FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE S.A.**

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Revenues from holding activities	2,959	10,674	708	2,489
II. Revenues from operating activities	2,033	1,567	487	365
III. Operating profit	995	9,060	238	2,112
IV. Pre-tax profit	1,299	8,913	311	2,078
V. Net profit for the reporting period	<b>973</b>	<b>8,104</b>	<b>233</b>	<b>1,889</b>
VI. Net cash provided by (used in) operating activities	51	(379)	12	(88)
VII. Net cash provided by (used in) investing activities	(1,742)	12,874	(417)	3,002
VIII. Net cash provided by (used in) financing activities	2,765	(3,521)	662	(821)
IX. Cash and cash equivalents at the end of period	27,148	20,148	6,451	4,775
X. Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.02	0.16	0.00	0.04
XI. Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.02	0.16	0.00	0.04

The selected financial data disclosed in these condensed financial statements have been translated into euros (EUR) in the following way:

- items of the interim condensed 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:
  - for the period from 1 January 2018 to 31 March 2018: EUR 1 = PLN 4.1784
  - for the period from 1 January 2017 to 31 March 2017: EUR 1 = PLN 4.2891
- 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 2018: EUR 1 = PLN 4.2085
  - exchange rate effective on 31 March 2017: EUR 1 = PLN 4.2198

**CONDENSED INCOME STATEMENT  
ASSECO SOUTH EASTERN EUROPE S.A.**

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Holding activities</b>	<b>2,959</b>	<b>10,674</b>
Dividend income	-	9,061
Revenues from sales of services	2,959	1,613
<b>Operating activities</b>	<b>2,033</b>	<b>1,567</b>
Revenues from sales of IT services and software	2,033	1,567
<b>Total sales revenues</b>	<b>4,992</b>	<b>12,241</b>
Cost of sales (-)	(2,712)	(2,564)
<b>Gross profit on sales</b>	<b>2,280</b>	<b>9,677</b>
Selling costs (-)	(1,232)	(634)
General and administrative expenses (-)	(69)	(14)
<b>Net profit on sales</b>	<b>979</b>	<b>9,029</b>
Other operating income	16	214
Other operating expenses (-)	-	(183)
<b>Operating profit</b>	<b>995</b>	<b>9,060</b>
Financial income	463	1,437
Financial expenses (-)	(159)	(1,584)
<b>Pre-tax profit</b>	<b>1,299</b>	<b>8,913</b>
Corporate income tax (current and deferred tax expense) (+/-)	(326)	(809)
<b>Net profit for the reporting period</b>	<b>973</b>	<b>8,104</b>
<b>Earnings per share for the reporting period (in PLN):</b>		
Basic earnings per share from continuing operations for the reporting period	0.02	0.16
Diluted earnings per share from continuing operations for the reporting period	0.02	0.16

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

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Net profit for the reporting period</b>	<b>973</b>	<b>8,104</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>973</b>	<b>8,104</b>

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

	31 March 2018	31 Dec. 2017	31 March 2017
	(unaudited)	(audited)	(unaudited)
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>595,668</b>	<b>594,963</b>	<b>601,417</b>
Property, plant and equipment	546	599	352
Goodwill arising from business combinations	4,567	4,567	4,567
Intangible assets	876	894	884
Investments in subsidiaries	571,185	571,101	580,101
Prepayments for shares in subsidiaries	-	83	-
Deferred tax assets	-	87	-
Long-term financial assets	15,408	14,173	10,226
Other long-term receivables	3,086	3,459	5,287
<b>Current assets</b>	<b>46,496</b>	<b>42,319</b>	<b>47,483</b>
Inventories	-	-	2
Prepayments and accrued income	1,768	441	2,082
Trade receivables	4,339	2,377	1,813
Other short-term receivables	1,379	2,586	10,535
Short-term financial assets	11,862	10,841	12,903
Cash and short-term deposits	27,148	26,074	20,148
<b>TOTAL ASSETS</b>	<b>642,164</b>	<b>637,282</b>	<b>648,900</b>

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

	31 March 2018	31 Dec. 2017	31 March 2017
	(unaudited)	(audited)	(unaudited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	518,942	518,942	518,942
Share premium	38,825	38,825	38,825
Other capitals	796	528	-
Retained earnings and current net profit	63,521	62,548	50,821
<b>Total equity</b>	<b>622,084</b>	<b>620,843</b>	<b>608,588</b>
<b>Non-current liabilities</b>	<b>11,561</b>	<b>9,489</b>	<b>8,512</b>
Interest-bearing bank loans	11,467	9,489	8,132
Deferred tax liabilities	94	-	380
<b>Current liabilities</b>	<b>8,519</b>	<b>6,950</b>	<b>31,800</b>
Interest-bearing bank loans	5,096	4,085	3,401
Trade payables	1,491	857	641
Liabilities to the state and local budgets	392	351	250
Financial liabilities	-	-	24,909
Other liabilities	35	12	14
Deferred income	921	507	2,007
Accruals	492	1,042	403
Short-term provisions	92	96	175
<b>TOTAL LIABILITIES</b>	<b>20,080</b>	<b>16,439</b>	<b>40,312</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>642,164</b>	<b>637,282</b>	<b>648,900</b>

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

for the periods of 3 months ended 31 March 2018, 3 months ended 31 March 2017, and 12 months ended 31 December 2017

	Share capital	Share premium	Other capitals	Retained earnings and current net profit	Total equity
<b>As at 1 January 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>528</b>	<b>62,548</b>	<b>620,843</b>
Net profit for the reporting period	-	-	-	973	<b>973</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>973</b>	<b>973</b>
Valuation of share-based payment plan	-	-	268	-	<b>268</b>
<b>As at 31 March 2018 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>796</b>	<b>63,521</b>	<b>622,084</b>
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>-</b>	<b>67,626</b>	<b>625,393</b>
Net profit for the reporting period	-	-	-	8,104	<b>8,104</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,104</b>	<b>8,104</b>
Dividends	-	-	-	(24,909)	<b>(24,909)</b>
<b>As at 31 March 2017 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>-</b>	<b>50,821</b>	<b>608,588</b>
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>-</b>	<b>67,626</b>	<b>625,393</b>
Net profit for the reporting period	-	-	-	19,831	<b>19,831</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,831</b>	<b>19,831</b>
Valuation of share-based payment plan	-	-	528	-	<b>528</b>
Dividends	-	-	-	(24,909)	<b>(24,909)</b>
<b>As at 31 December 2017 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>528</b>	<b>62,548</b>	<b>620,843</b>

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

	3 months ended 31 March 2018 (unaudited)	3 months ended 31 March 2017 (unaudited)
<b>Cash flows – operating activities</b>		
Pre-tax profit	1,299	8,913
<b>Total adjustments:</b>	<b>(2,519)</b>	<b>(9,310)</b>
Depreciation and amortization	114	89
Change in receivables	(2,025)	(99)
Change in liabilities, accruals and provisions	(639)	(404)
Interest income and expenses	(146)	(150)
Gain/Loss on foreign exchange differences	(36)	1,230
Gain/Loss on investing activities	(55)	(9,971)
Valuation of share-based payment plan	268	-
Other	-	(5)
<b>Selected operating cash flows</b>	<b>1,569</b>	<b>362</b>
Sale of shares in subsidiaries	306	362
Dividends received	1,263	-
<b>Net cash used in operating activities</b>	<b>349</b>	<b>(35)</b>
Corporate income tax paid	(298)	(344)
<b>Net cash provided by (used in) operating activities</b>	<b>51</b>	<b>(379)</b>
<b>Cash flows – investing activities</b>		
Acquisition of property, plant and equipment, and intangible assets	(21)	(164)
Disposal of property, plant and equipment and intangible assets	-	20
Acquisition/settlement of financial assets carried at fair value through profit or loss	68	(89)
Loans collected	1,975	12,859
Loans granted	(3,860)	-
Interest received	96	248
<b>Net cash provided by (used in) investing activities</b>	<b>(1,742)</b>	<b>12,874</b>
<b>Cash flows – financing activities</b>		
Proceeds from bank loans	3,866	-
Repayments of bank loans	(1,031)	(3,420)
Interest repaid	(70)	(101)
<b>Net cash provided by (used in) financing activities</b>	<b>2,765</b>	<b>(3,521)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,074</b>	<b>8,974</b>
Net foreign exchange differences	-	(34)
<b>Cash and cash equivalents as at 1 January</b>	<b>26,074</b>	<b>11,208</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>27,148</b>	<b>20,148</b>