SOUTH EASTERN EUROPE

ANNUAL REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED FINANCIAL STATEMENTS OF ASSECO SOUTH EASTERN EUROPE GROUP INCLUDING THE OPINION OF INDEPENDENT CERTIFIED AUDITORS

Rzeszów, 18 February 2015

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FOR THE YEAR ENDED 31 DECEMBER 2014

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

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

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

Piotr Jeleński	President of the Management Board
Miljan Mališ	Member of the Management Board
Miodrag Mirčetić	Member of the Management Board
Marcin Rulnicki	Member of the Management Board

FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP

		Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
		PLN'000	**PLN'000**	**EUR'000**	**EUR'000**
I.	Sales revenues	500,930	470,401	119,577	111,708
II.	Operating profit	46,232	42,115	11,036	10,001
III.	Pre-tax profit	46,217	43,369	11,032	10,299
IV.	Net profit for the reporting period	39,040	35,967	9,319	8,541
V.	Net profit attributable to Shareholders of the Parent Company	**39,035**	**35,949**	**9,318**	**8,537**
VI.	Net cash provided by (used in) operating activities	72,863	40,538	17,393	9,627
VII.	Net cash provided by (used in) investing activities	(59,049)	(25,574)	(14,096)	(6,073)
VIII.	Net cash provided by (used in) financing activities	14,760	(29,604)	3,523	(7,030)
IX.	Cash and cash equivalents at the end of period	88,973	58,353	20,874	14,070
X.	Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.75	0.69	0.18	0.16
XI.	Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.75	0.69	0.18	0.16

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

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

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Sales revenues	1	**500,930**	**470,401**
Cost of sales (-)	2	(383,337)	(358,247)
Gross profit on sales		**117,593**	**112,154**
Selling costs (-)	2	(36,460)	(35,520)
General and administrative expenses (-)	2	(35,156)	(35,271)
Net profit on sales		**45,977**	**41,363**
Other operating income	3	1,676	1,591
Other operating expenses (-)	3	(1,695)	(1,344)
Share of profits of associates		*274*	*505*
Operating profit		**46,232**	**42,115**
Financial income	4	3,182	2,479
Financial expenses (-)	4	(3,197)	(1,225)
Pre-tax profit		**46,217**	**43,369**
Corporate income tax (current and deferred tax expense)	5	(7,177)	(7,402)
Net profit for the reporting period		**39,040**	**35,967**
Attributable to:			
Shareholders of the Parent Company		**39,035**	**35,949**
Non-controlling interests		5	18

Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN)			
Basic consolidated earnings per share from continuing operations for the reporting period	6	0.75	0.69
Diluted consolidated earnings per share from continuing operations for the reporting period	6	0.75	0.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Net profit for the reporting period	**39,040**	**35,967**
Other comprehensive income, of which:	**8,310**	**(11,081)**
Components that may be reclassified to profit or loss	*8,310*	*(11,081)*
Exchange differences on translation of foreign operations	*8,310*	*(11,081)*
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	**47,350**	**24,886**
Attributable to:		
Shareholders of the Parent Company	*47,359*	*24,928*
Non-controlling interests	*(9)*	*(42)*

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Non-current assets		**612,945**	**564,377**
Property, plant and equipment	8	69,846	33,897
Investment property		1,214	1,230
Intangible assets	9	38,114	32,772
Goodwill arising from consolidation	10	498,113	491,656
Investments in associates		1,538	1,374
Shares in subsidiaries		-	11
Long-term financial assets	13	232	155
Long-term receivables		1,056	300
Deferred tax assets	5	2,257	2,562
Long-term prepayments and accrued income	15	575	420
Current assets		**235,352**	**212,438**
Inventories	11	16,339	17,669
Prepayments and accrued income	15	12,332	7,395
Trade receivables	12	90,959	107,274
Corporate income tax receivable	12	713	1,997
Other receivables from the state and local budgets	12	1,285	416
Receivables arising from valuation of IT contracts	24	14,632	8,193
Other receivables	12	7,473	9,703
Short-term financial assets	13	2,646	1,438
Cash and short-term deposits	14	88,973	58,353
TOTAL ASSETS		**848,297**	**776,815**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Equity (attributable to shareholders of the Parent Company)		**679,006**	**648,253**
Share capital	16	518,942	518,942
Share premium	17	38,825	38,825
Exchange differences on translation of foreign operations		(66,555)	(74,879)
Retained earnings and current net profit		187,794	165,365
Non-controlling interests	18	**162**	**171**
Total equity		**679,168**	**648,424**
Non-current liabilities		**26,543**	**12,353**
Interest-bearing bank loans and borrowings	21	21,018	7,157
Deferred tax liabilities	5	2,127	2,422
Long-term provisions	19	1,623	1,373
Long-term financial liabilities	20	962	718
Long-term deferred income	23	813	683
Current liabilities		**142,586**	**116,038**
Interest-bearing bank loans and borrowings	21	22,051	6,314
Trade payables	22	55,619	52,253
Corporate income tax payable	22	1,608	66
Other liabilities to the state and local budgets	22	13,246	13,998
Financial liabilities	20	2,274	2,073
Liabilities and provisions arising from valuation of IT contracts (-)	24	3,997	1,270
Other liabilities	22	15,616	13,870
Short-term provisions	19	1,160	2,682
Deferred income	23	7,033	7,863
Accruals	23	19,982	15,649
TOTAL LIABILITIES		**169,129**	**128,391**
TOTAL EQUITY AND LIABILITIES		**848,297**	**776,815**

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2014	**518,942**	**38,825**	**(74,879)**	**165,365**	**648,253**	**171**	**648,424**
Net profit (loss) for the reporting period	-	-	-	39,035	**39,035**	5	**39,040**
Other comprehensive income	-	-	8,324	-	**8,324**	(14)	**8,310**
Total comprehensive income for the reporting period	**-**	**-**	**8,324**	**39,035**	**47,359**	**(9)**	**47,350**
Dividend	-	-	-	(16,606)	**(16,606)**	-	**(16,606)**
As at 31 December 2014 (audited)	**518,942**	**38,825**	**(66,555)**	**187,794**	**679,006**	**162**	**679,168**

for the year ended 31 December 2013

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

All figures in thousands of PLN, unless stated otherwise

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Cash flows – operating activities			
Pre-tax profit		46,217	43,369
Total adjustments:		**30,619**	**5,302**
Depreciation and amortization		23,012	13,936
Change in inventories		(1,413)	(1,166)
Change in receivables		13,992	(27,066)
Change in liabilities		(1,715)	21,123
Change in prepayments and accruals		(2,912)	884
Change in provisions		(160)	(1,065)
Interest income and expenses		905	(1,348)
Gain (loss) on foreign exchange differences		(743)	438
Gain (loss) on investing activities		(366)	(440)
Other		19	6
Net cash generated from operating activities		**76,836**	**48,671**
Corporate income tax paid		(3,973)	(8,133)
Net cash provided by (used in) operating activities		**72,863**	**40,538**
Cash flows – investing activities			
Disposal of property, plant and equipment and intangible assets		1,709	739
Acquisition of property, plant and equipment and intangible assets	8.9	(52,330)	(23,547)
Expenditures for development projects	9	(8,073)	(12,502)
Acquisition of subsidiaries and associates	26	(69)	(10,363)
Cash and cash equivalents in subsidiaries acquired		-	318
Disposal of financial assets carried at fair value through profit or loss	13	490	9,529
Acquisition of financial assets carried at fair value through profit or loss	13	(422)	(9,500)
Disposal of Treasury bonds		-	3,350
Bank deposits withdrawn	13	3,549	21,283
Bank deposits made	13	(5,208)	(4,798)
Acquisition of interests		-	(1,703)
Loans collected (granted)	13	(4)	(80)
Interest received		910	1,699
Dividends received		447	-
Other		(48)	1
Net cash provided by (used in) investing activities		**(59,049)**	**(25,574)**

	Note	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Cash flows – financing activities			
Proceeds from (repayments of) short-term bank loans and borrowings		(223)	2,438
Proceeds from other bank loans and borrowings	21	43,927	10,786
Repayments of other bank loans and borrowings	21	(10,105)	-
Finance lease liabilities paid		(383)	(417)
Dividends paid out to shareholders of the Parent Company	7	(16,606)	(42,034)
Acquisition of non-controlling interests	26	-	(210)
Interest paid		(1,772)	(220)
Other		(78)	53
Net cash provided by (used in) financing activities		**14,760**	**(29,604)**
Net increase (decrease) in cash and cash equivalents		28,574	(14,640)
Net foreign exchange differences		1,250	(16)
Cash and cash equivalents as at 1 January	14	58,293	72,949
Cash and cash equivalents as at 31 December	**14**	**88,117**	**58,293**

All figures in thousands of PLN, unless stated otherwise

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 in Asseco South Eastern Europe S.A. (the "Parent Company", "Company", "Issuer", "ASEE S.A.") seated at 14 Olchowa St., Rzeszów, Poland.

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

ASEE S.A. is the Parent Company of Asseco South Eastern Europe Group. The Parent Company shall operate within the territory of the Republic of Poland as well as abroad. The 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 and online payment settlement systems, while it also delivers and performs 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.

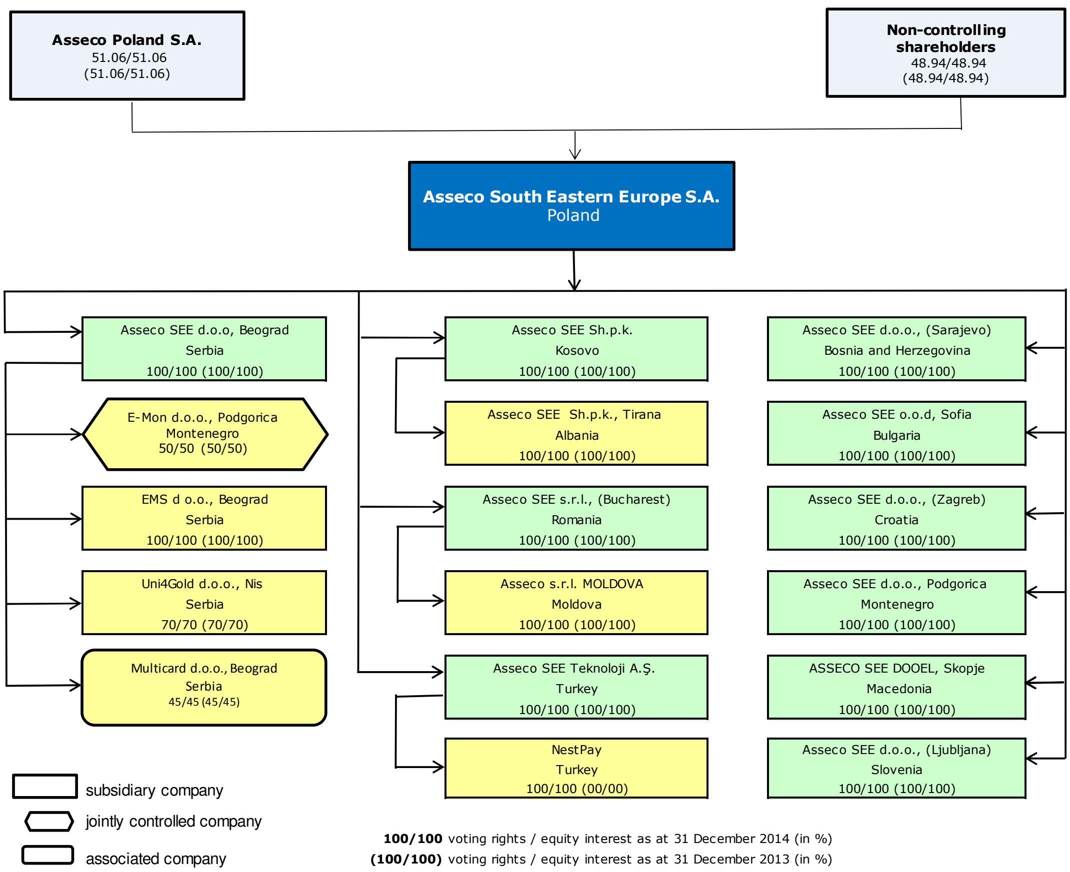
The scope of Asseco South Eastern Europe Group's core business broken down by relevant segments is described in Section VI of these consolidated financial statements.

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

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

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

II. 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 December 2014.

Both as at 31 December 2014 and 31 December 2013, voting rights held by the Group in ASEE Group companies were proportional to the Group's equity interests in these entities.

III. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF ASEE S.A. AND THEIR COMMITTEES

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

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

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

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

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

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

IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis for the preparation of consolidated financial statements

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

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

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

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

2. Compliance statement

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

Some of the Group companies maintain their accounting books in accordance with the accounting policies set forth in their respective local regulations. The 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. Functional currency and reporting currency

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

Separate and consolidated financial statements of the Group companies are drawn up in the functional currencies of their primary business environments.

The functional currencies of direct subsidiaries of ASEE S.A. include the Romanian leu (RON), Croatian kuna (HRK), Serbian dinar (RDS), Macedonian denar (MKD), euro (EUR), Turkish lira (TRY), Bulgarian lev (BGN), and Bosnia and Herzegovina convertible mark (BAM).

4. Changes in estimates

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

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

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

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

The amount of write-downs on inventories reported as at 31 December 2014 increased by PLN 2,282 thousand as compared with those of 31 December 2013, of which by PLN 700 thousand as a result of the above-mentioned changes in estimates.

In the period of 12 months ended 31 December 2014, our approach to making estimates was not subject to any other substantial change.

5. Professional judgement

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. Despite the estimates and assumptions have been adopted based on the Group's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated.

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

i. Operating cash flows assumed for valuation of IT contracts as well as measurement of their completion

The Group executes a number of contracts for construction and implementation of information technology systems. Valuation of IT contracts requires determination of future operating cash flows in order to provide the fair value of revenues and expenses, as well as measurement of the progress of contract execution. The percentage of contract completion shall be measured as the relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work effort required. As at 31 December 2014, receivables generated from valuation of IT contracts amounted to PLN 14,632 thousand, while liabilities arising from such valuation equalled PLN 2,186 thousand.

ii. Rates of depreciation and amortization

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

iii. Goodwill impairment testing

As at 31 December 2014, the Management Board of the Parent Company performed an impairment test on goodwill arising from the acquisition of subsidiaries.

This task required making estimates of the recoverable amount of goodwill allocated to individual operating segments. The recoverable amount is estimated by determination of the future cash flows expected to be achieved from the cash-generating unit and determination of a discount rate to be subsequently used in order to calculate the net present value of those cash flows. As at 31 December 2014, goodwill arising from the acquisition of subsidiaries amounted to PLN 498,113 thousand as compared with PLN 491,656 thousand reported as at 31 December 2013.

iv. Liabilities to pay for the remaining stakes of shares in subsidiaries

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

v. Deferred tax assets

As at 31 December 2014, the Group recognized deferred tax assets in the amount of PLN 2,257 thousand and deferred tax liabilities of PLN 2,127 thousand. In the period of 12 months ended 31 December 2014, the balance of deferred tax assets and liabilities changed by PLN 38 thousand, as compared with PLN (1,095) thousand change in the comparable period of 2013.

Based on the current financial budget and applicable tax regulations, the Group's management believes that future utilization of deferred tax assets recognized in the consolidated financial statements in the amount of PLN 2,257 thousand is very likely.

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

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

6. New standards and interpretations published but not in force yet

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

- IFRS 9 *Financial Instruments* (issued on 24 July 2014) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRIC 21 *Levies* (issued on 20 May 2013) – effective for annual periods beginning on or after 1 January 2014 – to be applied in the EU at the latest for annual periods beginning on or after 17 June 2014;
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions* (issued on 21 November 2013) – effective for annual periods beginning on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 February 2015;
- *Annual Improvements to IFRSs: 2010-2012 Cycle* (issued on 12 December 2013) – some amendments are effective for annual periods beginning on or after 1 July 2014, and some prospectively for transactions occurring on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 February 2015;
- *Annual Improvements to IFRSs: 2011-2013 Cycle* (issued on 12 December 2013) – effective for annual periods beginning on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2015;
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – effective for annual periods beginning on or after 1 January 2016 – it has not yet been decided when EFRAG shall perform specific steps for the endorsement of this standard – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* (issued on 6 May 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization* (issued on 12 May 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014) – effective for annual periods beginning on or after 1 January 2017 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* (issued on 30 June 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* (issued on 12 August 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- *Annual Improvements to IFRSs: 2012-2014 Cycle* (issued on 25 September 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;

- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (issued on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 1 *Disclosure Initiative* (issued on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements.

7. Significant accounting policies

i. Consolidation rules

These consolidated financial statements comprise the financial statements of the Parent Company, Asseco South Eastern Europe S.A., as well as the financial data of its subsidiaries in each case prepared for the period from 1 January 2014 to 31 December 2014. The financial data of subsidiaries have been prepared using consistent accounting policies and based on uniform accounting policies applied to transactions and business events of similar nature.

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

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

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

All balances of settlements and transactions between the Group companies, including unrealized profits resulting from transactions within the Group, are fully eliminated during the consolidation. Losses are eliminated to the extent in which they do not indicate impairment.

Subsidiaries are subject to consolidation in the period from the date the Group obtains control over such entities until such control ceases.

Any changes in the parent company's equity interest in a subsidiary that do not result in a loss of control are accounted for as capital transactions. In such events, in order to reflect changes in the ownership of a respective subsidiary, the Group shall adjust the carrying value of controlling interests and non-controlling interests. Any differences between the change in non-controlling interests and the fair value of consideration paid or received are recognized directly in equity and attributed to the owners of the parent company.

The Group's interests in associates and joint ventures are accounted for using the equity method.

Investments in associates and joint ventures are disclosed in the balance sheet at purchase cost increased by further changes in the Group's share in net assets of these entities, and decreased by any impairment charges. The income statement reflects the Group's share in the results of its associates and joint ventures. In the case of any changes recognized directly in the equity of associates or joint ventures, the Group recognizes its share in each such change and, if applicable, discloses it in the statement of changes in equity. Investment in an associated entity or joint venture shall comprise goodwill arising from their acquisition. Should the Group's participation in losses of an associated entity or joint venture equal or exceed the investment value, the Group does not recognize any further losses unless it committed itself to settle the liabilities of or to make payments to such associated entity or joint venture.

From the date on which an entity ceases to be a joint venture and does not become a subsidiary or an associate of the Group, the Group shall account for its interest in such entity at fair value. Any differences between the carrying value of a former joint venture and the fair value of the present investment, as well as any proceeds from disposal shall be recognized in the income statement. In the event the remaining portion of investment is significant, it shall be accounted for as an investment in an associate.

ii. Combination of businesses under common control

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

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

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

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

iii. Goodwill

Goodwill arising from the acquisition of an entity is initially recognized at purchase cost, which represents the excess of:

- the aggregate of:
  - (i) the value of the consideration transferred,
  - (ii) the amount of any non-controlling interest in the acquired entity; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquired entity.
- over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is accounted for at purchase cost less any accumulated impairment charges. Goodwill is tested for impairment on an annual basis, or more frequently if there are indications to do so. Goodwill is not subject to amortization.

As at the acquisition date, the acquired goodwill is allocated to every cash-generating unit which may benefit from synergy effects of the related business combination.

Each cash-generating unit or group of units to which the goodwill is so allocated shall:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment identified in accordance with IFRS 8 Operating Segments.

An impairment write-down is determined by estimating the recoverable amount of a cash-generating unit to which goodwill has been allocated. In the event the recoverable amount of a cash-generating unit is lower than its carrying value, an impairment charge shall be recognized. In the event a cash-generating unit contains goodwill and a part of business of this cash-generating unit is sold, goodwill related to the disposed business shall be included in its carrying value for the purpose of determining a gain or loss on disposal of that business. In such circumstances the value of goodwill sold shall be measured as a proportion of the value of business disposed to the value of the cash-generating unit retained.

iv. Translation of items expressed in foreign currencies

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

Separate and consolidated financial statements of the Group companies are drawn up in the currency of their primary business environment (in their functional currencies). 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), and Bosnia and Herzegovina convertible mark (BAM).

Transactions denominated in foreign currencies are first recognized at the functional currency exchange rate of the transaction date. Assets and liabilities expressed in foreign currencies are converted at the functional currency exchange rate prevailing at the balance sheet date. Foreign currency non-cash items valued at historical cost are converted at the exchange rate as at the initial transaction date. Foreign currency non-cash items valued at fair value are converted using the exchange rate as of the date when such fair value is determined.

As at the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rates of such currencies as published by the National Bank of Poland and in effect on the last day of the reporting period. Foreign currency differences resulting from such translation are reported respectively as financial income (expenses) or in equity.

As at the balance sheet date, assets and liabilities of those foreign subsidiaries have been restated in the reporting currency of Asseco South Eastern Europe Group using the exchange rate effective on the balance sheet date, and their income statements have been restated at the average exchange rate for the reporting period. Foreign currency differences resulting from such restatement are reported directly under own equity, as a separate component thereof. On the date of disposal of a foreign company, the accumulated deferred exchange rate differences carried under own equity and relating to that foreign company shall be recognized in the income statement.

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

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

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

Currency	for the year ended 31 Dec. 2014	for the year ended 31 Dec. 2013
USD	3.1784	3.1653
EUR	4.1892	4.2110
RON	0.9440	0.9543
HRK	0.5488	0.5557
RSD	0.0357	0.0372
BGN	2.1420	2.1531
MKD	0.0680	0.0681
BAM	2.1412	2.1512
TRY	1.4508	1.6498

v. Put options for non-controlling shareholders

During a year non-controlling interests are recognized in equity along with any changes in their value resulting from allocation of a portion of net profit attributable to minority shareholders, from their share in changes of other equity items as well as from any dividends declared until the balance sheet date.

At each balance sheet date, non-controlling interests are temporarily reversed, as if such minority interests being subject to put options were redeemed on that date.

The resulting financial liabilities are recognized at fair value at each balance sheet date. Whereas, the difference between the values of a reversed non-controlling interest and the corresponding financial liability is recognized in equity as at each balance sheet date.

Any exercise of put option rights is accounted for as described above; whereas, the financial liability is extinguished through an actual payment of the option exercise price.

If an option expires unexercised, any adjustments to equity made in the past at each balance sheet date shall be reversed, and the non-controlling interest shall be recognized in the amount at which it would be carried if the option was not accounted for by the Company.

The above described policy addresses the accounting treatment of currently held put option.

vi. Property, plant and equipment

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

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

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

All figures in thousands of PLN, unless stated otherwise

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

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

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

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

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

vii. Investment property

Investment property is initially recognized at purchase cost or production cost.

Subsequently to such initial recognition, an investment property owned by the Group is accounted for in accordance with the requirements applicable to tangible fixed assets, this is at purchase cost or production cost decreased by accumulated depreciation and accumulated impairment write-downs, except for the investment property that meets the criteria to be qualified as held for sale or is disclosed in the group of assets classified as held for sale.

An investment property shall be removed from the balance sheet after it is disposed of or definitely withdrawn from use, when no future economic benefits are expected from its sale. Any gain or loss resulting from removal of an investment property from the balance sheet shall be disclosed in the income statement for the period in which such derecognition is made.

Such assets are depreciated using the straight-line method over their expected useful lives.

viii. Intangible assets

Purchased separately or as a result of merger of companies

Intangible assets purchased in a separate transaction shall be capitalized at purchase cost. Intangible assets acquired as a result of a company take-over shall be capitalized at fair value as at the take-over date.

The period of useful life of an intangible asset shall be assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over the expected useful life, and amortization charges are expensed adequately in the income statement. The periods of useful life, being the basis for determination of amortization rates, are subject to annual verification and, if needed, they are adjusted starting from the next financial year.

Except for development work, intangible assets generated internally by the Group shall not be capitalized, but expenditures on their production shall be expensed in the income statement for the period in which they were incurred.

Impairment tests shall be performed every year for intangible assets with an indefinite period of useful life and those which are no longer used. The remaining intangible assets shall be tested for impairment if there are indications of a possible impairment in value. Should the carrying value exceed the estimated recoverable amount (the higher of the following two amounts: net sales price or value in use), the value of these assets shall be reduced to the recoverable amount.

Cost of development work

An intangible asset generated as a result of development work (or completion of the development phase of an internal project) should be recognized if, and only if, the Group is able to demonstrate:

- the technical feasibility of completing such intangible asset so that it would be suitable for use or sale;
- the intention of finishing the construction of such intangible asset and the intention to use or sell the item;
- the ability to use or sell such intangible asset;
- how such intangible asset is going to generate probable future economic benefits. First of all the company should demonstrate there is a market for products made with the use of the given intangible asset, or that such intangible asset may itself be sold, or that such intangible asset is useful if it is to be used by the company;
- the availability of relevant technical, financial and other resources required to finish the development work and to make the intangible asset ready for use or sale;
- its ability to measure reliably the expenditure for the development work attributable to such intangible asset.

Costs of development work which do not satisfy the above criteria shall be expensed in the income statement.

Costs of development work which satisfy the above-mentioned criteria are recognized at purchase cost less accumulated amortization and accumulated impairment write-downs. All the expenditures carried forward to future periods are subject to amortization over the estimated period in which the related undertaking generates sales revenues. The costs of development work shall be amortized over the period of economic use of an intangible asset, but not longer than for 5 years.

The costs of development work are reviewed concerning a possible impairment on an annual basis – if the related asset has not been made available for use, or more frequently – if during the reporting period there is an indication of impairment, as a result of which the book value may not be recovered.

All the intangible assets subject to amortization are amortized under the straight-line method. Presented below are the periods of useful life adopted for intangible assets:

Type	Period of useful life
Cost of development work	2–5 years
Computer software	2–5 years
Patents and licenses	2–5 years
Other	3-10 years

Any gains or losses resulting from derecognition of an intangible asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying value) are recognized as other income or other expenses in the income statement at the time when such derecognition is made.

ix. Leases

Finance lease agreements, under which substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the Group, are recognized in the balance sheet at the commencement of the lease term, at fair value of the leased tangible asset or at present value of the minimum lease payments, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly as expenses in the income statement.

Property, plant and equipment used under finance lease agreements are subject to depreciation over the estimated useful life or the lease term, whichever is shorter.

Lease agreements, whereby the Group retains substantially all the risks and rewards incidental to ownership of the leased asset, are considered as operating leases. The initial direct costs incurred during the negotiation of operating lease agreements are added to the carrying value of the leased asset and are subsequently recognized over the lease term, on the same basis as revenues from rental. The conditional leasing fees are recognized as income for the period when they become receivable.

x. Borrowing costs

The costs of external financing are capitalized as a part of the production cost of tangible assets, investment property, or intangible assets, as the case may be. The costs of external financing include any interest computed using the effective interest rate, financial charges under finance lease agreements, or foreign exchange differences that are incurred as a result of external financing up to the amount of interest expense adjustment.

xi. Financial instruments

Financial instruments are divided into the following categories:

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

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

Financial assets held to maturity are investments with identified or identifiable payments and with a fixed maturity date, which the Group intends and is able to hold till maturity. Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity shall be classified as fixed assets if their maturity exceeds 12 months from the balance sheet date.

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

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

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

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

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

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

xii. Derivative financial instruments and hedges

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

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

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

Hedge accounting includes the following types of hedges:

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

xiii. Impairment of financial assets

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

Financial assets carried at amortized cost

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

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

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

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative instrument that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of impairment loss is measured as the difference between the carrying value of the financial asset involved and the present value of estimated future cash flows discounted at the current market rate of return for similar financial assets.

Financial assets available for sale

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

xiv. Inventories

Inventories are valued at the lower of the following two values: purchase cost/production cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The Group measures the value of consumed inventories at the price (cost) of earlier purchased (generated) assets, following the first-in first-out principle.

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

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

xv. Prepayments and accrued income

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

Prepayments may in particular include the following items:

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

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

xvi. Trade receivables

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

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

xvii. Cash and cash equivalents, restricted cash

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

The balance of cash and cash equivalents disclosed in the consolidated statement of cash flows consists of the above-defined cash and cash equivalents. For the purposes of the statement of cash flows, the Group decided not to present bank overdraft facilities (used as an element of financing) and restricted cash in the balance of cash and cash equivalents.

xviii. Interest-bearing bank loans and borrowings

All bank loans and borrowings are initially recognized at purchase cost, being the fair value of cash received net of any costs associated with obtaining the loan.

Subsequently to such initial recognition, bank loans and borrowings are measured at amortized purchase cost using the effective interest rate method. Determination of the amortized purchase cost shall take into account any costs associated with obtaining a loan.

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

xix. Trade payables

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

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

xx. Provisions

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

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

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

Provision for warranty repairs

The provision for warranty repairs is created to cover anticipated future costs of warranty or service obligations resulting from the executed IT contracts. The costs of fulfilment of our warranty obligations comprise mainly labour costs (number of man-days multiplied by the standard rate) as well as the cost of goods, materials and third-party services used in performing such warranty obligations.

This provision is set aside in the cases where:

- the client has not signed any contract for maintenance services;
- the scope of the maintenance services contract does not fully cover all anticipated costs of the fulfilment of warranty obligations;
- the scope of the manufacturer’s warranty for any equipment resold is narrower than the scope of warranty the Group is contractually committed to provide to its client.

The provision amount recognized at the balance sheet date shall be proportional to the progress of the IT contract execution. In particular in the case of implementation contracts, where revenues are recognized based on the percentage of contract completion, the provision amount shall be determined by multiplying such percentage of completion by the amount of costs that individual companies of the Group expect to incur in performing the warranty obligations. Hence, the cost of provision for warranty repairs is recognized proportionally to the progress of contract execution, yet it is not included in the project cost budget and, therefore, does not affect the percentage of contract completion, as it is accounted for in parallel with the project budget.

Any costs associated with the provision of our warranty services shall be, when incurred, deducted from the created provision (utilization of the provision). At each balance sheet date, the Group verifies the amount of carried provision for warranty repairs. If the actual costs of warranty services or anticipated future costs are lower/higher than assumed when the provision was created, the provision shall be decreased/increased accordingly to reflect the Group’s current expectations in respect of fulfilment of its warranty obligations in future periods.

Retirement benefits, other post-employment benefits and accrual for unused holiday leaves

The Group creates a provision for the present value of liabilities relating to future payments of retirement benefits. Furthermore, the Group recognizes an accrual for unused holiday leaves, which relate to periods prior to the balance sheet date and which will be used in future periods. Here the amount of related payment depends on the average monthly remuneration and the number of due but untaken leave days as at the balance sheet date. Costs of both termination benefits and untaken leaves are based on estimates and recognized in accordance with the accrual accounting.

xxi. Sales revenues

Revenues and costs related to the execution of implementation contracts

Sales of services executed under a contract, which as at the balance sheet date are not completed but provided to a considerable extent, shall be recognized at the balance sheet date proportionally to the percentage of completion of such services, on condition the amount of revenue can be determined in a reliable way. The progress of contract execution shall be measured as a percentage of the total estimated contract execution costs incurred from the date of contract conclusion till the day when the related revenues are being determined, or as a portion of work completed out of the total work effort required. When determining the contract execution costs incurred till the balance sheet date, any expenses for future activities related to the contract shall not be taken into account.

Should it be impossible to estimate reliably the result of the contract, the revenues shall only be recognized in the amount of costs incurred which the Group expects to recover.

Should it be impossible to reliably estimate the progress of a service execution as at the balance sheet date, sales revenues shall be recognized in the amount of costs incurred in the reporting period, which should however be limited to the amount of costs that are likely to be paid by the ordering party in the future.

In case it is probable that the total contract execution costs exceed the total contract revenues, the anticipated loss shall be recognized as cost in the reporting period in which it has been detected.

Production costs of unfinished services shall comprise the costs incurred since the effective date of relevant agreement till the balance sheet date. Production costs that have been incurred prior to concluding the agreement and are related to the subject matter thereof shall be capitalized, provided they are likely to be covered with future revenues received from the ordering party.

Should the percentage progress of incurred costs, decreased by expected losses and increased by profits included in the income statement, exceed the percentage progress of invoiced sales, the amount of uninvoiced sales resulting from such difference shall be disclosed as other receivables in the balance sheet.

On the other hand, if the progress of invoiced sales exceeds the proportion of costs incurred, decreased by expected losses and increased by profits included in the income statement, then future-related (unearned) revenues resulting from such difference shall be disclosed as other liabilities.

Sales revenues

Accounting policies relating to the recognition of sales revenues from execution of IT contracts have been already described above in this supplementary information. Revenues shall be recognized in the amount reflecting probable economic benefits associated with the transaction to be obtained by the Group and when the amount of revenue can be measured reliably.

The Group presents its revenues from the sales of licenses, services and hardware. Those revenues are generated from the execution of information technology projects, which include development of IT systems and maintenance services.

While recognizing revenues the following criteria are also taken into account:

Sales revenues

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

Interest

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

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

Dividends

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

xxii. Taxes

Current income tax

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

Deferred income tax

For the purpose of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying value disclosed in the financial statements.

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

Deferred tax assets are recognized in relation to all negative temporary differences, as well as unutilized tax losses carried forward to subsequent years, in such amount that it is probable that future taxable income will be sufficient to allow the above-mentioned temporary differences, assets or losses to be utilized – except for situations when deferred tax assets arise from initial recognition of an asset or liability on a transaction other than combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss; as well as in relation to negative temporary differences arising from investments in subsidiaries or associates or from interests in joint ventures, in which cases deferred tax assets are recognized in the balance sheet in such amount only that it is probable that the above-mentioned temporary differences will be reversed in the foreseeable future and that sufficient taxable income will be available to offset such negative temporary differences.

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

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

Value added tax

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

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

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

8. Seasonal nature of business

The Group's business operations are subject to seasonality, which involves revenue fluctuations in individual quarters of the year. Because bulk of sales revenues are generated from IT services contracts executed for large companies and public institutions, the fourth quarter turnovers tend to be higher than in the remaining periods. Such phenomenon occurs for the reason that the 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.

9. Changes in the accounting policies applied

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

The above-mentioned change has been described in detail in item VI.11.

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

10. Changes in the presentation methods applied

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

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

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

In addition, in the period of 12 months ended 31 December 2014, we have changed the method of allocating some of the managerial staff remuneration to production costs, selling costs or general and administrative expenses, in order to unify the recognition of such remuneration costs across the entire ASEE Group. The Management Board has verified the rules for allocation of such costs. The presentation methods applied this year are correct. Financial data for the corresponding period of 2013 have been adjusted to ensure comparability. The effects of the above described changes have been described in item 11 below.

Apart from those described above, we have not introduced any other presentation changes in the reporting period.

11. Changes in the comparable data

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

Change in the accounting for E-Mon Montenegro

ASEE Group holds a 50% stake in E-mon Montenegro which is a provider of online payment solutions. Until 31 December 2013, this company was classified as a jointly controlled entity and accounted for using the proportionate method under the provisions of IAS 31 Interests in Joint Ventures.
Due to the entry into force of IFRS 11 Joint Arrangements, which is effective in the European Union at the latest for annual periods beginning on or after 1 January 2014, and the resulting impossibility to apply the proportionate method, in these consolidated financial statements the company of E-mon Montenegro has been accounted for using the equity method. The equity method has been also applied retrospectively to the comparable data reported for 12 months ended 31 December 2013. The impact of changing the method of accounting, from proportionate to equity-based, on the comparable data has been shown in the tables below.

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

Due to unifying the presentation of the costs of remuneration of managerial staff of the Group companies in the period of 12 months ended 31 December 2014, we have changed the method of allocating some of such costs to production costs, selling costs or general and administrative expenses. Financial data for the corresponding period of 2013 have been adjusted accordingly to ensure comparability. The resulting changes to the comparable data have been presented in the tables below.

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

All figures in thousands of PLN, unless stated otherwise

Changes in comparable data **Consolidated income statement for 12 months ended 31 Dec. 2013**	**Report for 12 months ended 31 Dec. 2013** **(published)**	**Change in the method of accounting for E-Mon**	**Changes in the presentation of managerial staff remuneration**	**Restated income statement for 12 months ended 31 Dec. 2013** **(restated)**
Sales revenues	**471,692**	**(1,291)**	**-**	**470,401**
Cost of sales (-)	(354,210)	786	(4,823)	**(358,247)**
Gross profit on sales	**117,482**	**(505)**	**(4,823)**	**112,154**
Selling costs (-)	(38,744)	-	3,224	**(35,520)**
General and administrative expenses (-)	(36,870)	-	1,599	**(35,271)**
Net profit on sales	**41,868**	**(505)**	**-**	**41,363**
Other operating income (+)	1,591	-	-	**1,591**
Other operating expenses (-)	(1,344)	-	-	**(1,344)**
Share of profits of associates	-	*505*	-	**505**
Operating profit	**42,115**	**-**	**-**	**42,115**

Changes in comparable data **Consolidated statement of cash flows for 12 months ended 31 Dec. 2013**	**Report for 12 months ended 31 Dec. 2013** **(published)**	**Change in the method of accounting for E-Mon**	**Restated statement of cash flows for 12 months ended 31 Dec. 2013** **(restated)**
Net cash provided by (used in) operating activities	40,538	-	**40,538**
Net cash provided by (used in) investing activities	(25,574)	-	**(25,574)**
Net cash provided by (used in) financing activities	(29,604)	-	**(29,604)**
Net increase (decrease) in cash and cash equivalents	**(14,640)**	-	**(14,640)**
Net foreign exchange differences	(393)	377	**(16)**
Cash and cash equivalents as at 1 January	74,133	(1,184)	**72,949**
Cash and cash equivalents as at 31 December	**59,100**	**(807)**	**58,293**

VI. INFORMATION ON OPERATING SEGMENTS

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

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

Banking Solutions

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

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

This segment also provides systems enabling secure authentication of bank clients or IT system users, as well as e-banking solutions available on mobile phones. These solutions are marketed as an integral part of the core and multi-channel banking systems offered by the Group companies, or separately for the purpose of being integrated with legacy IT solutions or third-party software already utilized by banks. Our offering features the authentication technologies that make use of mobile tokens, SMS, PKI (Public Key Infrastructure) / chip cards (smartcards) acting as electronic signature devices. The ASEBA JiMBA mobile banking system and a variety of e-commerce solutions are state-of-the-art products providing access to banking services over the Internet from mobile phones.

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

All figures in thousands of PLN, unless stated otherwise

Payment Solutions

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

This operating segment also provides IT systems for the settlement of internet credit card payments as well as for fast and direct online money transfers. ASEE Group offers these systems based on its proprietary IT solutions – a group of software products developed on the NestPay® platform. These solutions are offered both in the form of outsourcing or on-premise implementation of software.

Systems Integration

This segment is engaged in the development of customized IT systems, integration of third-party software and elements of infrastructure, as well as in the sale and installation of hardware solutions. Furthermore, the Systems Integration segment includes the presentation of sales of a number of the Group’s proprietary solutions. Among such solutions are ASEBA BPS (content management solution), *call/contact center* systems, CRM ASEBA LIVE platform, Fidelity (asset lifecycle management solution), and SKAI (billing system for utilities).

For the year ended 31 December 2014 and as at 31 December 2014 in PLN thousands (audited)	**Banking Solutions (I)**	**Payment Solutions (II)**	***Total Banking Business (I-II)***	**Systems Integration (III)**	**Unallocated**	**Eliminations / Reconcilia-tions**	**Total**
Sales revenues:	**143,473**	**140,123**	***283,596***	**242,657**	**8,625**	**(33,948)**	**500,930**
Sales to external customers	125,499	135,352	*260,851*	240,079	-	-	**500,930**
Inter/intra segment sales	17,974	4,771	*22,745*	2,578	8,625	(33,948)	**-**
Gross profit on sales	**36,752**	**42,004**	***78,756***	**38,837**	**-**	**-**	**117,593**
Selling costs (-)	(9,827)	(8,369)	*(18,196)*	(18,264)	-	-	**(36,460)**
General and administrative expenses (-)	(13,959)	(12,161)	*(26,120)*	(9,036)	-	-	**(35,156)**
Net profit on sales	**12,966**	**21,474**	***34,440***	**11,537**	**-**	**-**	**45,977**
goodwill arising from consolidation	*196,645*	*112,810*	***309,455***	*188,658*	-	-	***498,113***

For the year ended 31 Dec. 2014 in EUR thousands	**Banking Solutions (I)**	**Payment Solutions (II)**	***Total Banking Business (I-II)***	**Systems Integration (III)**	**Unallocated**	**Eliminations / Reconcilia-tions**	**Total**
Sales revenues:	**34,249**	**33,449**	***67,698***	**57,924**	**2,059**	**(8,104)**	**119,577**
Sales to external customers	29,958	32,310	*62,268*	57,309	-	-	**119,577**
Inter/intra segment sales	4,291	1,139	*5,430*	615	2,059	(8,104)	**-**
Gross profit on sales	**8,773**	**10,027**	***18,800***	**9,271**	**-**	**-**	**28,071**
Selling costs (-)	(2,346)	(1,998)	*(4,344)*	(4,360)	-	-	**(8,704)**
General and administrative expenses (-)	(3,332)	(2,903)	*(6,235)*	(2,157)	-	-	**(8,392)**
Net profit on sales	**3,095**	**5,126**	***8,221***	**2,754**	**-**	**-**	**10,975**

The above figures have been converted at the average exchange rate for the period from 1 January 2014 to 31 December 2014: EUR 1 = PLN 4.1892

For the year ended 31 December 2013 and as at 31 December 2013 in PLN thousands (restated)	**Banking Solutions (I)**	**Payment Solutions (II)**	***Total Banking Business (I-II)***	**Systems Integration (III)**	**Unallocated**	**Eliminations / Reconcilia-tions**	**Total**
Sales revenues:	**139,201**	**117,370**	***256,571***	**238,207**	**10,788**	**(35,165)**	**470,401**
Sales to external customers	123,551	112,001	*235,552*	234,849	-	-	**470,401**
Inter/intra segment sales	15,650	5,369	*21,019*	3,358	10,788	(35,165)	**-**
Gross profit on sales	**40,907**	**36,343**	***77,250***	**34,904**	**-**	**-**	**112,154**
			-				
Selling costs (-)	(10,106)	(7,742)	***(17,848)***	(17,672)	**-**	-	**(35,520)**
General and administrative expenses (-)	(15,708)	(10,409)	***(26,117)***	(9,154)	-	-	**(35,271)**
Net profit on sales	**15,093**	**18,192**	***33,285***	**8,078**	**-**	**-**	**41,363**
goodwill arising from consolidation	*194,480*	*112,685*	***307,165***	*184,491*	-	-	**491,656**

For the year ended 31 Dec. 2013 in EUR thousands	**Banking Solutions (I)**	**Payment Solutions (II)**	***Total Banking Business (I-II)***	**Systems Integration (III)**	**Unallocated**	**Eliminations / Reconcilia-tions**	**Total**
Sales revenues:	**33,056**	**27,872**	***60,928***	**56,568**	**2,562**	**(8,351)**	**111,707**
Sales to external customers	29,340	26,597	*55,937*	55,770	-	-	**111,707**
Inter/intra segment sales	3,716	1,275	*4,991*	798	2,562	(8,351)	**-**
Gross profit on sales	**9,714**	**8,631**	***18,345***	**8,289**	**-**	**-**	**26,634**
							-
Selling costs (-)	(2,400)	(1,839)	*(4,239)*	(4,197)	-	-	**(8,436)**
General and administrative expenses (-)	(3,730)	(2,472)	*(6,202)*	(2,174)	-	-	**(8,376)**
Net profit on sales	**3,584**	**4,320**	***7,904***	**1,918**	**-**	**-**	**9,822**

The above figures have been converted at the average exchange rate for the period from 1 January 2013 to 31 December 2013: EUR 1 = PLN 4.2110

All figures in thousands of PLN, unless stated otherwise

VII. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Breakdown of sales revenues

During the year ended 31 December 2014 and in the comparable period, operating revenues were as follows:

Sales revenues by type of products	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Proprietary software and services	279,540	240,713
Third-party software and services	77,573	68,345
Hardware and infrastructure	143,817	161,343
	500,930	**470,401**

2. Breakdown of operating costs

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Employee benefits (-)	(159,078)	(144,481)
Third-party non-project services and outsourcing of employees (-)	(22,239)	(20,035)
Depreciation and amortization (-)	(23,012)	(13,936)
Maintenance costs of property and business cars (-)	(30,819)	(27,565)
Business trips (-)	(4,712)	(6,013)
Advertising (-)	(4,331)	(7,457)
Other operating expenses (-)	(5,198)	(3,083)
	(249,389)	**(222,570)**
Production costs (-)	(177,773)	(151,779)
Selling costs (-)	(36,460)	(35,520)
General and administrative expenses (-)	(35,156)	(35,271)
Cost of goods and third-party services sold (-)	(205,564)	(206,468)

Third-party non-project services include consulting services which are not related to specific projects, as well as auditing, legal, banking, postal, courier services, and stock exchange fees.

Maintenance costs of property and business cars include the costs of equipment repairs and spare parts used for the executed projects, costs of repairs and maintenance of tangible assets (including infrastructure provided under our outsourcing contracts), maintenance costs of intangible assets, office space rental and maintenance fees, as well as maintenance of company cars.

3. Other operating income and expenses

Other operating income	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Gain on disposal of property, plant and equipment	693	373
Income from leases of space	151	147
Inventory count surplus	70	5
Compensations received	195	253
Reversal of other provisions	9	97
Other	558	716
	1,676	**1,591**

The line of "Other", as presented in other operating income for the year ended 31 December 2014, includes prior year's income of ASEE Serbia and ASEE Croatia that has been recognized in the current reporting period.

Other operating income for the year ended 31 December 2013, in the line of "Other", includes the disposal of an organized part of enterprise conducted by ASEE Croatia. The disposed organized part of enterprise was engaged in the provision of telecom sector solutions, disclosed under our Systems Integration operating segment. The total gain on this transaction reached PLN 500 thousand, of which PLN 487 thousand were recognized as other operating income in the line of "Other", whereas PLN 13 thousand were recognized as a gain on disposal of property, plant and equipment.

Other operating expenses	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Loss on disposal of property, plant and equipment (-)	(340)	(64)
Other provisions created (-)	-	(231)
Liquidation of property, plant and equipment, intangible assets, and inventories (-)	(113)	(35)
Charitable contributions to unrelatec parties (-)	(429)	(496)
Costs of post-accident repairs (-)	(106)	(39)
Chargeback invoices (-)	(34)	-
Inventory count deficit (-)	(113)	(26)
Penalties and compensations (-)	(44)	(158)
Other (-)	(516)	(295)
	(1,695)	**(1,344)**

4. Financial income and expenses

Financial income	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Interest income on loans granted and bank deposits	1,101	1,960
Other interest income	7	7
Gain on valuation/exercise of derivative instruments	72	80
Positive foreign exchange differences	1,877	246
Other financial income	125	186
	3,182	**2,479**

Financial expenses	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Interest expense (-)	(1,587)	(157)
Other interest expenses (-)	(55)	(29)
Bank fees and commissions (-)	(186)	(144)
Negative foreign exchange differences (-)	(1,148)	(870)
Interest expenses under finance leases (-)	(49)	(16)
Loss on valuation/exercise of derivative instruments (-)	(158)	-
Other financial expenses	(14)	(9)
	(3,197)	**(1,225)**

All figures in thousands of PLN, unless stated otherwise

5. Corporate income tax

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

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Current portion of income tax and prior years adjustments	(7,215)	(6,307)
Deferred portion of income tax	38	(1,095)
Income tax expense as disclosed in the income statement, of which:	**(7,177)**	**(7,402)**
Income tax attributable to continuing operations	*(7,177)*	*(7,402)*

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)	*Change*
Pre-tax profit	**46,217**	**43,369**	**2,848**
Current portion of income tax			
-withholding tax on dividends	(1,085)	(1,264)	179
-current income taxes of companies	(6,130)	(5,043)	(1,087)
	(7,215)	**(6,307)**	**(908)**
Deferred portion of income tax			
-change in deferred tax assets from tax losses	(725)	(882)	157
-other temporary differences	763	(213)	976
	38	**(1,095)**	**1,133**
Effective tax rate	**15.53%**	**17.07%**	

In 2014, the Group's effective tax rate equalled 15.53% as compared with 17.07% in 2013. The effective tax rate decreased as the Group's pre-tax profit for 2014 was higher than for 2013, while our income tax expense remained at a similar level.

Stronger financial performance of the Group has been described in detail in the Management Report on the Group's Operations.

The similar level of income tax expense was maintained despite higher current income tax incurred primarily in Serbia (on stronger profits).

The above-mentioned increase in current tax expense was offset by the origination or reversal of temporary differences with a positive impact on financial results primarily in ASEE S.A. (establishing of deferred tax assets related to an increase in provisions in 2014), as well as in ASEE Serbia (establishing of deferred tax assets related to higher write-downs on inventories).

The withholding tax on dividends represents withheld income taxes on dividends received by ASEE S.A. (PLN 660 thousand), ASEE Serbia (PLN 320 thousand), and ASEE Kosovo (PLN 105 thousand).

As at 31 December 2014, the Group recognized deferred tax assets in the amount of PLN 2,257 thousand (vs. PLN 2,562 thousand as at 31 December 2013) and deferred tax liabilities of PLN 2,127 thousand (vs. PLN 2,422 thousand as at 31 December 2013).

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

All figures in thousands of PLN, unless stated otherwise

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

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Pre-tax profit	**46,217**	**43,369**
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	**(8,781)**	**(8,240)**
[A] Non-taxable income recognized in the balance sheet	**3,672**	**3,150**
-non-taxable income achieved in a special technological zone	*3,203*	*2,943*
-other	*469*	*207*
[B] Taxable income not recognized in the balance sheet	**(2,155)**	**(4,878)**
-change in estimates of deferred tax assets recognized on the so-called "external temporary differences" resulting from dividend payments within the Group	*(2,034)*	*(4,878)*
-other	*(121)*	*-*
[C] Non-tax-deductible expenses recognized in the balance sheet	**(3,021)**	**(3,738)**
-non-tax-deductible expenses incurred in a technological zone	*(1,917)*	*(2,090)*
-representation expenses	*(134)*	*(104)*
-difference between the tax and accounting depreciation and amortization	*(250)*	*(479)*
-allowances for receivables and write-downs on inventories	*(71)*	*(267)*
-other	*(649)*	*(798)*
[D] Utilization of tax losses and change in deferred tax assets from tax losses	**1,331**	**3,404**
[E] Utilization of tax credits and other tax deductibles	**329**	**919**
[F] Difference due to different rates of corporate income tax paid abroad	**1,417**	**1,888**
[G] Correction of an error in the calculation of deferred tax in previous reporting periods (+) / (-)	**31**	**93**
Corporate income tax at the effective tax rate of 15.53% in 2014 and 17.07% in 2013	**(7,177)**	**(7,402)**

	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Deferred tax assets		
Receivables / Liabilities arising from book valuation of IT contracts	68	44
Valuation of financial assets and/or financial liabilities at fair value	79	77
Accruals, provisions and other liabilities	890	474
Allowances for receivables	323	243
write-downs on inventories	1,027	687
Losses deductible against future taxable income	828	1,418
Shares in subsidiaries	5	103
Other temporary differences	204	59
Total	**3,424**	**3,105**
Deferred tax liabilities		
Difference between tax depreciation and accounting depreciation	748	374
Provision for income tax payable to a subsidiary upon the dividend payment	2,085	2,517
Prepayments and accrued income	450	6
Other temporary differences	11	69
Total	**3,294**	**2,966**
Deferred tax assets (+), net of deferred tax liabilities	**2,257**	**2,562**
Deferred tax liabilities (-), net of deferred tax assets	**2,127**	**2,422**

All figures in thousands of PLN, unless stated otherwise

6. 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 elements that would cause a dilution of basic earnings per share.

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

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.	**39,035**	**35,949**
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN)		
Basic consolidated earnings per share from continuing operations for the reporting period	0.75	0.69
Diluted consolidated earnings per share from continuing operations for the reporting period	0.75	0.69

7. Information on dividends paid out or declared

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

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

b) the amount of PLN 16,606,160.32 has been distributed to all the Company's shareholders through payment of a dividend amounting to PLN 0.32 per share.

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

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

All figures in thousands of PLN, unless stated otherwise

8. Property, plant and equipment

for the year ended 31 December 2014 (audited)	**Land and buildings**	**Outsourcing and other equipment**	**Transportation vehicles**	**Other tangible assets**	**Tangible assets under construction**	**Total**
As at 1 January 2014, less depreciation	**-**	**22,331**	**5,278**	**883**	**5,405**	**33,897**
Additions, of which:	-	52,198	1,258	462	24,886	78,804
Purchases	-	23,125	507	459	24,886	48,977
Finance leases	-	-	738	-	-	738
Transfers from tangible assets under construction	-	25,803	13	3	-	25,819
Transfers from inventories	-	3,249	-	-	-	3,249
Other changes	-	21	-	-	-	21
Reductions, of which:	-	(15,119)	(2,050)	(493)	(25,843)	(43,505)
Depreciation charges for the reporting period (-)	-	(14,108)	(1,585)	(491)	-	(16,184)
Disposal and liquidation (-)	-	(1,011)	(440)	-	-	(1,451)
Transfers from tangible assets under construction (-)	-	-	-	-	(25,819)	(25,819)
Other changes (-)	-	-	(25)	(2)	(24)	(51)
Exchange differences on translation of foreign operations (+/-)	-	489	22	24	115	650
As at 31 December 2014, less depreciation	**-**	**59,899**	**4,508**	**876**	**4,563**	**69,846**
As at 1 January 2014						
Gross value	-	47,411	13,012	4,188	5,405	70,016
Depreciation (-)	-	(25,080)	(7,734)	(3,305)	-	(36,119)
Net book value as at 1 January 2014	**-**	**22,331**	**5,278**	**883**	**5,405**	**33,897**
As at 31 December 2014						
Gross value	-	97,512	12,592	4,455	4,563	119,122
Depreciation (-)	-	(37,613)	(8,084)	(3,579)	-	(49,276)
Net book value as at 31 December 2014	**-**	**59,899**	**4,508**	**876**	**4,563**	**69,846**

Some pieces of equipment have been transferred from inventories to tangible assets because they are utilized in the performance of our outsourcing contracts. Tangible assets under construction amounting to PLN 4,563 thousand (PLN 5,405 thousand as at 31 December 2013) comprised mainly infrastructure prepared to be rented in the outsourcing model.

for the year ended 31 December 2013 (restated)	**Land and buildings**	**Outsourcing and other equipment**	**Transportation vehicles**	**Other tangible assets**	**Tangible assets under construction**	**Total**
As at 1 January 2013, less depreciation	**481**	**14,113**	**4,417**	**1,204**	**-**	**20,215**
Additions, of which:	-	16,083	2,812	151	7,571	**26,617**
Purchases	-	12,529	1,674	118	7,571	**21,892**
Finance leases	-	-	1,087	-	-	**1,087**
Obtaining control over subsidiaries	-	738	45	13	-	**796**
Transfers from tangible assets under construction	-	2,052	-	-	-	**2,052**
Transfers from inventories	-	764	-	-	-	**764**
Other changes	-	-	6	20	-	**26**
Reductions, of which:	(481)	(7,294)	(1,856)	(483)	(2,052)	(12,166)
Depreciation charges for the reporting period (-)	(16)	(6,452)	(1,575)	(481)	-	**(8,524)**
Loss of control (-)	-	(694)	-	-	-	**(694)**
Disposal and liquidation (-)	-	(143)	(281)	(1)	-	**(425)**
Transfers from tangible assets under construction (-)	-	-	-	-	(2,052)	**(2,052)**
Transfers to investment property	(465)	-	-	-	-	**(465)**
Other changes (-)	-	(5)	-	(1)	-	**(6)**
Exchange differences on translation of foreign operations (+/-)	-	(571)	(95)	11	(114)	**(769)**
As at 31 December 2013, less depreciation	**-**	**22,331**	**5,278**	**883**	**5,405**	**33,897**
As at 1 January 2013						
Gross value	645	34,708	11,980	4,128	-	**51,461**
Depreciation (-)	(164)	(20,595)	(7,563)	(2,924)	-	**(31,246)**
Net book value as at 1 January 2013	**481**	**14,113**	**4,417**	**1,204**	**-**	**20,215**
As at 31 December 2013						
Gross value	-	47,411	13,012	4,188	5,405	**70,016**
Depreciation (-)	-	(25,080)	(7,734)	(3,305)	-	**(36,119)**
Net book value as at 31 December 2013	**-**	**22,331**	**5,278**	**883**	**5,405**	**33,897**

As at 31 December 2014, property, plant and equipment with the book value of PLN 4,467 thousand served as security for bank loans.

As at 31 December 2013, property, plant and equipment did not serve as security for any bank loans taken out.

All figures in thousands of PLN, unless stated otherwise

9. Intangible assets

for the year ended 31 December 2014 (audited)	Own software and licenses	Costs of development projects in progress	Software, patents and licenses purchased	Total
As at 1 January 2014, less amortization	**15,102**	**13,804**	**3,866**	**32,772**
Additions, of which:	9,730	8,186	2,974	20,890
Purchases	-	-	2,974	2,974
Capitalization of project development costs	-	8,186	-	8,186
Transfer of the costs of completed development projects	9,730	-	-	9,730
Reductions, of which:	(5,234)	(9,730)	(1,744)	(16,708)
Amortization charges for the reporting period (-)	(5,234)	-	(1,683)	(6,917)
Transfer of the costs of completed development projects (-)	-	(9,730)	-	(9,730)
Disposal and liquidation (-)	-	-	(51)	(51)
Other changes (-)	-	-	(10)	(10)
Exchange differences on translation of foreign operations (+/-)	865	149	146	1,160
As at 31 December 2014, less amortization	**20,463**	**12,409**	**5,242**	**38,114**
As at 1 January 2014				
Gross value	25,606	13,804	11,733	51,143
Amortization (-)	(10,504)	-	(7,867)	(18,371)
Net book value as at 1 January 2014	**15,102**	**13,804**	**3,866**	**32,772**
As at 31 December 2014				
Gross value	36,458	12,409	14,848	63,715
Amortization (-)	(15,995)	-	(9,606)	(25,601)
Net book value as at 31 December 2014	**20,463**	**12,409**	**5,242**	**38,114**

As at 31 December 2014, intangible assets did not serve as security for any bank loans taken out.

for the year ended 31 December 2013 (restated)	Own software and licenses	Costs of development projects in progress	Software, patents and licenses purchased	Total
As at 1 January 2013, less amortization	**11,956**	**10,999**	**3,714**	**26,669**
Additions, of which:	8,910	12,728	2,371	24,009
Purchases	-	-	2,339	2,339
Capitalization of project development costs	-	12,728	-	12,728
Transfer of the costs of completed development projects	8,910	-	-	8,910
Obtaining control over subsidiaries	-	-	32	32
Reductions, of which:	(3,648)	(8,910)	(1,907)	**(14,465)**
Amortization charges for the reporting period (-)	(3,648)	-	(1,867)	**(5,515)**
Transfer of the costs of completed development projects (-)	-	(8,910)	-	**(8,910)**
Disposal and liquidation (-)	-	-	(40)	**(40)**
Exchange differences on translation of foreign operations (+/-)	(2,116)	(1,013)	(312)	**(3,441)**
As at 31 December 2013, less amortization	**15,102**	**13,804**	**3,866**	**32,772**
As at 1 January 2013				
Gross value	19,871	10,999	10,298	**41,168**
Amortization (-)	(7,915)	-	(6,584)	**(14,499)**
Net book value as at 1 January 2013	**11,956**	**10,999**	**3,714**	**26,669**
As at 31 December 2013				
Gross value	25,606	13,804	11,733	**51,143**
Amortization (-)	(10,504)	-	(7,867)	**(18,371)**
Net book value as at 31 December 2013	**15,102**	**13,804**	**3,866**	**32,772**

As at 31 December 2013, intangible assets did not serve as security for any bank loans taken out.

All figures in thousands of PLN, unless stated otherwise

Development projects

The Group carries out development projects focusing on the generation of new software or significant modification/extension of applications already marketed by the Group.

In the year ended 31 December 2014, the total capitalized costs of development projects amounted to PLN 8,186 thousand, in comparison to PLN 12,728 thousand in the previous year ended 31 December 2013.

Expenditures for development projects disclosed in the statement of cash flows amounted to PLN 8,073 thousand in 2014 and PLN 12,502 thousand in 2013. The project development costs presented in the table are higher, because ASEE Turkey received grants related to the generation of such assets, which decreased their expenditures.

In 2014, capitalized costs of development projects were incurred in the following operating segments:

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Banking Solutions	5,669	9,816
Payment Solutions	632	1,169
Systems Integration	1,885	1,743
	8,186	**12,728**

Within the Banking Solutions segment, capitalized development expenditures were related to the product line of ASEBA Experience – banking software offered in the areas of distribution channels, core banking systems, and Business Intelligence solutions. Due to the development of our ASEBA and ASEBA Experience product lines, in 2014 we capitalized expenditures for the Experience solutions platform, Product Studio (banking products management solution), and ASEBA PFM (personal finance management solution).

Furthermore, in 2014 we capitalized expenditures made for the development of InACT software (transaction monitoring, anti-fraud and anti-money laundering solution) as well as LeaseFlex software (fully-fledged lease and asset lifecycle management solution dedicated to leasing companies).

The Payment Solutions segment develops a solution marketed under the NestPay® brand. It is a B2B platform handling the settlements of online card payments between headquarters and a network of dealers, which is designed to enable banks to offer card acceptance services for web merchants.

A major product developed by the Systems Integration segment in 2014 was Fidelity – comprehensive solution that automates the full lifecycle of assets and spending processes.

The value of completed development projects amounted to PLN 9,730 thousand in the period of 12 months ended 31 December 2014.

The Banking Solutions segment completed the development of a series of ASEBA Experience products, including ASEBA JiMBa (mobile banking platform designed for both retail and corporate customers), ASEBA S&S (authentication software), ASEBA Experience Relationship Manager (customer relationship management module). In addition, the costs of completed development projects were related to LeaseFlex solution, RKL (software designed to enhance the authentication of payments made through ATMs and POS terminals), as well as mobile device payment solutions.

In the Systems Integration segment, the costs of completed development projects were related to Fidelity software, IVN® (interactive solution for *call/contact cent*ers), Document Management System – DMS, E-Procurement (vendor relationship management software), SMART (solution facilitating the consolidation and analysis of financial data).

In line with the requirements of IAS 36 Impairment of Assets, the Group measured the recoverable amount of the costs of development projects in progress as at 31 December 2014. Components of intangible assets that are not yet available for use shall be valued on an annual basis, regardless of whether there are indications of possible impairment. During both the financial years 2014 and 2013, the Group did not make any impairment write-downs on such intangible assets.

10. Goodwill arising from consolidation

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

All figures in thousands of PLN, unless stated otherwise

	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Goodwill from consolidation at the beginning of the period	**491,656**	**488,031**
Banking Solutions	194,480	194,684
Payment Solutions	112,685	104,156
Systems Integration	184,491	189,191
Change in consolidation goodwill due to the acquisition of shares (+/-)	**-**	**12,064**
Banking Solutions	-	-
Payment Solutions	-	11,674
Systems Integration	-	390
Exchange differences on translation of goodwill in foreign subsidiaries (+/-)	**6,457**	**(8,439)**
Banking Solutions	2,165	(204)
Payment Solutions	125	(3,145)
Systems Integration	4,167	(5,090)
Total book value at the end of period	**498,113**	**491,656**
Banking Solutions	196,645	194,480
Payment Solutions	112,810	112,685
Systems Integration	188,658	184,491

Impairment tests of goodwill from consolidation

Goodwill from consolidation is subject to impairment testing on an annual basis.

Goodwill resulting from the acquisition of subsidiaries was tested for impairment of value as at 31 December 2014. The value of cash-generating units (to which goodwill has been allocated) was determined on the basis of their recoverable amount, by applying the model of discounted free cash flow to firm (FCFF).

The calculations were based on the following uniform assumptions:

- the so-called business units were analyzed which, when put together, comprise the budget and forecasts of the whole Group;
- detailed forecasts covered the period of 5 years, for which increasing cash flows were assumed, while for further time of each subsidiary operations the residual value was computed assuming no growth in cash flows;
- the assumed increases in cash flows depend upon the strategy of the entire Group, plans of individual companies, they take due account of conditions prevailing in particular markets by region and sector, and at the same time they reflect the present and potential order backlogs. The potential order backlog presumes gaining new clients whilst keeping the present ones. The assumed rates of growth are not materially different from average growth observed in relevant markets,
- forecasts for foreign subsidiaries assume growth in EUR;
- the discount rate applied was equivalent to the weighted average cost of capital in the market of South Eastern Europe.

Based on the conducted tests, we did not recognize any impairment write-downs on goodwill in the year ended 31 December 2014 nor in the comparable period.

Additionally, the Parent Company carried out a sensitivity analysis of the impairment tests conducted on goodwill arising from the acquisition of shares in its subsidiaries.

The results of such sensitivity analysis as at 31 December 2014 and 31 December 2013 have been summarized in the following tables:

31 Dec. 2014	Discount rate applied in the model	Discount rate terminal	Sales revenue growth rate applied in the model	Sales revenue growth rate terminal
Banking Solutions	9.4%	12.9%	9.5%	6.4%
Payment Solutions	8.5%	15.2%	8.4%	2.9%
Systems Integration	8.5%	11.5%	7.0%	5.3%

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

Due to recognizing a write-down on our investment in ASEE Kosovo in the separate financial statements of ASEE S.A. prepared as at 31 December 2014, we have analyzed net assets of that company disclosed in the consolidated financial statements of ASEE Group with regard to possible impairment. The analysis was based on the model for forecasting of free cash flows, as used to estimate the value of investment in ASEE Kosovo disclosed in the separate financial statements of ASEE S.A. The conducted test did not indicate a necessity to recognize any impairment charge on net assets of ASEE Kosovo disclosed in the consolidated financial statements of the Group. Any reasonable modification of the assumptions adopted in the model should not indicate impairment of such assets.

31 Dec. 2013	Discount rate applied in the model	Discount rate terminal	Sales revenue growth rate applied in the model	Sales revenue growth rate terminal
Banking Solutions	9.8%	15.5%	8.8%	4.2%
Payment Solutions	9.5%	18.7%	10.0%	3.1%
Systems Integration	9.5%	10.9%	5.9%	5.1%

All figures in thousands of PLN, unless stated otherwise

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

11. Inventories

Inventories	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Goods for resale	16,731	16,006
Maintenance inventories	7,515	7,288
Revaluation write-down on inventories (-)	(7,907)	(5,625)
	16,339	**17,669**

In the year ended 31 December 2014, the Group made write-downs on inventories in the total amount of PLN 2,971 thousand, while it reversed PLN 744 thousand of such write-downs. The amount of created write-downs increased by PLN 700 thousand as we changed the method for recognition of inventory write-downs. Furthermore, we verified and wrote down the value of spare parts purchased for specific projects carried out by ASEE Serbia, which also resulted in an increase of inventory write-downs recognized in 2014. Write-down reversals were related to sold inventories, which were previously written-down in accordance with the Group's policy. In the year ended 31 December 2013, the Group made write-downs on inventories in the total amount of PLN 1,064 thousand, while it reversed revaluation write-downs of PLN 1,766 thousand.

12. Short-term receivables

Trade receivables	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Trade receivables, of which:	94,625	111,468
From related companies	1,048	1,318
From other companies	93,577	110,150
Allowance for doubtful receivables (-)	(3,666)	(4,194)
	90,959	**107,274**

Trade receivables are non-interest bearing.

As at 31 December 2014, receivables in the amount of PLN 737 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2014, we had no liabilities under bank loans secured with such assets; however, bank guarantees extended under a bank guarantee facility secured with those receivables amounted to PLN 1,163 thousand.

As at 31 December 2013, receivables in the amount of PLN 259 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2013, we had no liabilities under bank loans secured with such assets; however, bank guarantees extended under a bank guarantee facility secured with those receivables amounted to PLN 4,183 thousand.

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

Ageing of trade receivables	31 December 2014 (audited)		31 December 2013 (restated)	
	amount	structure	amount	structure
Receivables not yet due	74,477	81.9%	87,821	81.9%
Receivables past-due up to 3 months	12,641	13.9%	16,775	15.6%
Receivables past-due over 3 months	3,841	4.2%	2,678	2.5%
	90,959	**100.00%**	**107,274**	**100.00%**

	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Allowances recognized as at 1 January	**4,194**	**3,042**
Established	1,638	2,568
Reversed (-)	(1,773)	(1,409)
Utilized (-)	(467)	(24)
Exchange differences on translation of foreign operations (+/-)	74	17
Allowances recognized as at 31 December	**3,666**	**4,194**

The reversed allowances amounting to PLN 1,773 thousand were related primarily to a project implemented by ASEE Romania. In previous years, we recognized an allowance for doubtful receivables generated from this project. As a result of the conducted negotiations, the above-mentioned amount has been paid by the client.

The established allowances are related to receivables written-down according to the Group's accounting policy, and have been recognized primarily at ASEE Macedonia, ASEE Serbia and ASEE Romania.

Receivables from the state and local	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Value added tax	732	1
Corporate income tax (CIT)	713	1,997
Other	553	415
	1,998	**2,413**

All figures in thousands of PLN, unless stated otherwise 38

Other receivables	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Receivables from uninvoiced deliveries	5,100	4,269
Advance payments to suppliers	1,390	3,794
Security deposits receivable	154	201
Other receivables	829	1,600
Allowances for other receivables (-)	-	(161)
	7,473	**9,703**

Receivables relating to uninvoiced deliveries result from the sale of licenses and IT services, for which invoices have not been issued yet.

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

Other receivables disclosed as at 31 December 2014 and 31 December 2013 include, among others, restricted cash amounting to PLN 293 thousand and PLN 837 thousand, respectively.

13. Financial assets

	31 Dec. 2014 (audited)	Acquired / Granted / Deposited	Disposed / Repaid / Withdrawn	Foreign currency translation differences	Other	31 Dec. 2013 (restated)
Assets available for sale						
Shares in companies listed on regulated markets	106	-	-	(4)	-	110
Shares in companies not listed on regulated markets	20	-	-	1	-	19
total, of which:	**126**	**-**	**-**	**(3)**	**-**	**129**
- long-term	*100*					*104*
- short-term	*26*					*25*
Loans granted						
Loans granted to related parties	-	150	(137)	(4)	(299)	290
Loans granted to employees	59	-	(9)	2	-	66
total, of which:	**59**	**150**	**(146)**	**(2)**	**(299)**	**356**
- long-term	*56*					*51*
- short-term	*3*					*305*
Cash deposits						
Deposits for 3 to 12 months	2,617	5,133	(3,549)	24	-	1,009
Deposits for over 12 months	76	75	-	1	-	-
total, of which:	**2,693**	**5,208**	**(3,549)**	**25**	**-**	**1,009**
- long-term	*76*					*-*
- short-term	*2,617*					*1,009*
Financial assets carried at fair value through profit or loss						
Currency forward contracts – valuation	-	-	-	-	(99)	99
Currency forward contracts – exercise	-	-	(63)	-	63	-
Investment fund units	-	422	(427)	5	-	-
total, of which:	**-**	**422**	**(490)**	**5**	**(36)**	**99**
- long-term	*-*					*-*
- short-term	*-*					*99*

Loans granted to related parties comprised:

- PLN 249 thousand as at 31 December 2013 of a non-interest bearing loan granted to Multicard Serbia (an associated company), date of repayment 31 October 2014;
- PLN 41 thousand as at 31 December 2013 of a non-interest bearing loan granted to a Member of the Management Board. The whole amount of the loan was repaid after 31 December 2013.

The book values of financial assets held by the Group as at 31 December 2014 and 31 December 2013 did not differ from their fair values. The levels of in the fair value hierarchy of financial assets have been presented in explanatory note 34 to these financial statements.

14. Cash and short-term deposits

	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Cash at bank and in hand	55,946	33,716
Short-term bank deposits	33,009	24,581
Cash equivalents	18	31
Cash being transferred	-	25
	88,973	**58,353**
Interest accrued on cash and cash equivalents as at the balance sheet date	*(28)*	*(26)*
Overdraft facilities utilized for liquidity management	*(828)*	*(34)*
Cash and cash equivalents as disclosed in the cash flow statement	**88,117**	**58,293**

All figures in thousands of PLN, unless stated otherwise 39

15. Prepayments and accrued income

Long-term	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Prepaid maintenance services and license fees	7	248
Other	568	172
	575	**420**

Short-term	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Prepaid maintenance services and license fees	8,568	5,344
Prepaid insurance	328	345
Prepaid rents	907	370
Prepaid consulting services	422	426
Other prepaid services	351	99
Other	1,756	811
	12,332	**7,395**

Both as at 31 December 2014 and 31 December 2013, prepayments included primarily the costs of maintenance services amounting to PLN 8,568 thousand and PLN 5,344 thousand, respectively, that will be successively expensed in future periods. The amounts of prepaid maintenance services and license fees increased substantially in ASEE Romania, ASEE Serbia, ASEE Croatia, ASEE Macedonia, and ASEE Turkey.

16. Share capital

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

* Following a reverse split of series D shares

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

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

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

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

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

17. Share premium

All figures in thousands of PLN, unless stated otherwise

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

18. Non-controlling interests

The table below presents changes in non-controlling interests. The amount of PLN 85 thousand for 2013 represents a loss attributed to non-controlling interests, which were subject to a put option. In accordance with the Group's policy of accounting for non-controlling interests covered by a put option, such financial result shall be reversed at each balance sheet date and recognized in the Group's equity, as a change in non-controlling interests (reversal of a loss).

	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
At the beginning of the period	**171**	**181**
Share in profits of subsidiaries	5	18
Recognition of financial result attributable to non-controlling interests	-	85
Exchange differences on translation of foreign operations	(14)	(27)
Acquisition of shares in a subsidiary	-	33
Buy-out of non-controlling interests	-	(86)
Other	-	(33)
At the end of the period	**162**	**171**

19. Provisions

	Provision for warranty repairs and returns	Costs related to on-going court proceedings	Provision for post-employment benefits	Other provisions	Total
As at 1 January 2014	**2,518**	**198**	**1,167**	**172**	**4,055**
Established during the financial year	665	-	301	124	**1,090**
Utilized (-)	(115)	-	(36)	(19)	**(170)**
Reversed (-)	(2,093)	-	(79)	(10)	**(2,182)**
Exchange differences on translation of foreign operations (+/-)	(43)	13	(41)	61	**(10)**
As at 31 December 2014 (audited)	**932**	**211**	**1,312**	**328**	**2,783**
Short-term	932	-	108	120	**1,160**
Long-term	-	211	1,204	208	**1,623**
As at 31 December 2013 (restated)	**2,518**	**198**	**1,167**	**172**	**4,055**
Short-term	2,518	-	88	76	**2,682**
Long-term	-	198	1,079	96	**1,373**

Provision for warranty repairs

The provision for the costs of warranty repairs was created in connection with our obligations to provide contractually guaranteed repair services on software and hardware products supplied to our clients. The amount of reversed provisions represents our project-related provisions that were created in previous periods (based on historical data) and, subsequently, were not utilized for such projects.

Provision for post-employment benefits

The provision for benefits after the employment period relates entirely to retirement benefits which are to be paid to the Group's employees when they go into retirement.

20. Long-term and short-term financial liabilities

Long-term	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Finance lease liabilities	962	718
	962	**718**

Short-term	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Currency forward contracts	51	-
Finance lease liabilities	373	273
Liabilities for the acquisition of shares	1,850	1,800
	2,274	**2,073**

As at 31 December 2014 and 31 December 2013, liabilities for the acquisition of shares included the remaining portion of payment for the acquisition of 100% of shares in EŽR Croatia amounting to PLN 1,850 thousand and PLN 1,800 thousand, respectively, which shall depend on the financial results of that company.

All figures in thousands of PLN, unless stated otherwise

21. Interest-bearing bank loans and borrowings

Name of entity	Effective interest rate %	Currency	Repayment date	Amounts drawn as at 31 Dec. 2014 (audited) long-term portion	31 Dec. 2014 (audited) short-term portion	31 Dec. 2013 (restated) long-term portion	31 Dec. 2013 (restated) short-term portion
BANK OVERDRAFT FACILITIES							
NLB Tutunska Banka AD Skopje	14%	MKD	31-12-2014	-	12	-	13
Komercijalna Banka AD Skopje	14%	MKD	31-12-2014	-	15	-	21
Unicredit Banka Slovenije d.d.	3M EURIBOR + margin	EUR	02-04-2015	-	162	-	-
Banka Koper d.d.	3M EURIBOR + margin	PLN	11-02-2015	-	639	-	-
OTHER BANK LOANS							
Yapi Kredi Bankasi A.Ş.	-	TRY	31-03-2014	-	-	-	17
Garanti Bank Levent/Istanbul	-	TRY	13-01-2015	-	20	-	236
Akbank, Istanbul	-	TRY	02-01-2015	-	164	-	136
Raiffeisen banca	6M EURIBOR + margin	EUR	31-12-2015	-	-	-	2,482
Banca Intesa	EURIBOR + margin	EUR	28-01-2016	460	1,792	-	-
Privredna banka Zagreb d.d.	3M EURIBOR + margin	HRK/EUR	30-04-2019	11,940	2,559	151	23
Kreditna banka Zagreb d.d.	7%	HRK/EUR	30-06-2014	-	-	-	244
Kreditna banka Zagreb d.d.	7%	HRK/EUR	31-01-2015	-	21	-	-
Unicredit Banka Slovenije d.d.	3M EURIBOR + margin	EUR	31-07-2017	1,581	1,155	-	-
Intesa Sanpaolo bank	6%	BAM	08-05-2017	514	364	-	-
Zagrebacka banka d.d. /HBOR	12M Treasury bonds + margin	HRK/EUR	30-11-2016	1,856	1,855	3,478	1,966
Zagrebacka banka d.d./HBOR	12M EURIBOR + margin	HRK/EUR	31-03-2017	4,227	3,386	3,528	1,176
Komercijalna Banka	4.75%	RSD	19-03-2016	440	4,840	-	-
ING Bank	1M EURIBOR + margin	EUR	31-05-2015	-	5,067	-	-
				21,018	**22,051**	**7,157**	**6,314**

An increase in the level of debt by approx. PLN 30 million as at 31 December 2014 in comparison to the end of the previous year resulted primarily from the Group's transition towards the provision of payment process outsourcing services. Expenditures for purchases of infrastructure used under such contracts are financed more and more with external capital. The largest debt increases were reported by ASEE Croatia, ASEE Serbia and ASEE Romania.

In order to finance the above-mentioned expenditures, in 2014 we obtained nearly PLN 38.7 million from bank loans as compared with approx. PLN 10 million in the comparable period.

Repayment of a bank loan granted to ASEE Croatia by Zagrebačka banka d.d./HBOR has been secured with a guarantee of PLN 10,130 thousand, which is provided by ASEE S.A. and effective till 31 May 2017. It is an off-balance-sheet item.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the year 2014 amounted to PLN 43.9 million (proceeds) and PLN 10.1 million (repayments).

On 18 December 2014, ASEE S.A. signed a loan agreement with ING Bank Śląski S.A. The Bank will provide ASEE with a line of credit up to the amount of EUR 9 million in order to enable financing of loans to be granted by the Company to its subsidiaries for the implementation of outsourcing contracts. The amount of EUR 2 million out of the above-mentioned limit may be alternatively used for company acquisitions. Interest will be payable on the amount of loan actually drawn and shall be based on the 1M EURIBOR rate plus margin.

Repayment of the loan to the Bank shall be secured by providing sureties from our subsidiaries as well as by transferring the amounts receivable under loans granted to our subsidiaries, in accordance with the assignment agreement. The line of credit has been opened for the period of 2 years. The loan repayment deadline has been determined for 4 years after closing the line of credit. As at 31 December 2014, we had no liabilities under this loan facility.

As at 31 December 2014, tangible assets with a book value of PLN 4,467 thousand as well as inventories with a book value of PLN 1,065 thousand served as security for bank loans. As at 31 December 2014, liabilities secured with such assets amounted to PLN 8,200 thousand. As at 31 December 2013, tangible assets did not serve as security for any bank loans taken out.

All figures in thousands of PLN, unless stated otherwise

22. Short-term trade payables and other liabilities

Short-term trade payables	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
To related companies	200	893
To other companies	55,419	51,360
	55,619	**52,253**

An increase in the amount of trade payables as at 31 December 2014 in comparison with 31 December 2013 resulted from purchases of equipment and services for the needs of ongoing projects. The term for repayment of the Group's liabilities is 48 days on average.

Ageing of trade payables	31 Dec. 2014 (audited)		31 Dec. 2013 (restated)	
	amount	structure	amount	structure
Liabilities due already, of which:	11,351	20.4%	13,442	25.7%
-Liabilities past-due up to 3 months	*9,943*	17.9%	*11,445*	*21.9%*
-Liabilities past-due from 3 to 6 months	*728*	1.3%	*227*	*0.4%*
-Liabilities past-due over 6 months	*680*	1.2%	*1,770*	*3.4%*
Liabilities falling due within 3 months	41,932	75.4%	38,098	72.9%
Liabilities falling due within 3 to 12 months	2,273	4.1%	713	1.4%
Liabilities falling due after 1 year	63	0.1%	-	-
	55,619	**100.0%**	**52,253**	**100.0%**

Other current liabilities	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Liabilities to employees relating to salaries and wages	5,777	5,103
Liabilities for uninvoiced deliveries	830	1,248
Trade prepayments received	8,022	6,404
Liabilities for purchases of tangible assets and intangible assets	311	704
Other liabilities	676	411
	15,616	**13,870**

Current liabilities to the state and local budgets	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Value added tax	9,510	10,784
Corporate income tax (CIT)	1,608	66
Personal income tax (PIT)	1,482	1,225
Social security payable	1,925	1,817
Other	329	172
	14,854	**14,064**

23. Accruals and deferred income

Short-term accruals	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Accrual for unused holiday leaves	1,455	1,321
Accrual for employee bonuses	11,606	9,150
Provision for uninvoiced costs	6,586	4,811
Provision for auditing expenses	335	367
	19,982	**15,649**

Accruals comprise mainly accruals for unused holiday leaves, accruals for employee bonuses of the current period to be paid out in future periods which result from the incentive schemes applied by ASEE Group, as well as provisions for the current operating expenses which have been incurred but not yet invoiced.

Long-term deferred income	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Maintenance services paid in advance	11	293
Grants for the development of assets	755	390
Other	47	-
	813	**683**

Short-term deferred income	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Maintenance services paid in advance	5,578	6,811
Other prepaid services	280	127
Grants for the development of assets	-	95
Other	1,175	830
	7,033	**7,863**

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

24. Implementation contracts

In the years 2014 and 2013, ASEE Group executed a number of the so-called IT implementation contracts. In line with IAS 11, sales generated from such contracts are recognized according to the percentage of completion of relevant contracts. In 2014 and 2013, the Group measured the percentage of completion of IT implementation contracts using the "cost-to-cost" method (this is by determining the relation of costs incurred to the overall project costs) or by the "effort-expended" method.

In the year ended 31 December 2014, sales revenues recognized from the execution of all long-term IT contracts reached PLN 52,702 thousand; whereas, in the comparable period of 2013 they amounted to PLN 52,908 thousand.

All figures in thousands of PLN, unless stated otherwise

The following table includes basic data about the ongoing IT implementation contracts. It presents the aggregate data for contracts being in progress as at 31 December 2014, accumulated since their commencement.

	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Long-term IT contracts in progress at the end of the reporting period:		
Costs incurred due to execution of IT contracts (-)	(34,435)	(28,104)
Profit (loss) on execution of IT contracts	**7,505**	**14,901**
Invoiced sales revenues from execution of IT contracts	31,234	35,871
Receivables arising from valuation of IT contracts	14,632	8,193
Liabilities arising from valuation of IT contracts (-)	(2,186)	(1,270)
Provision for potential losses arising from valuation of IT contracts (-)	(1,811)	(165)
Exchange differences on translation of foreign operations (+/-)	71	376

25. Finance lease liabilities

The aggregate future cash flows and liabilities under such finance lease of cars and equipment are as follows:

Leasing of cars and equipment	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Minimum lease payments		
in the period shorter than 1 year	436	312
in the period from 1 to 5 years	1,023	781
in the period longer than 5 years	2	-
Future minimum lease payments	**1,461**	**1,093**
Future interest expense	(126)	(102)
Present value of finance lease commitment	**1,335**	**991**
in the period shorter than 1 year	373	273
in the period from 1 to 5 years	960	718
in the period longer than 5 years	2	-

26. Information and explanations to the statement of cash flows

The table below presents expenditures incurred by ASEE Group in the years ended 31 December 2014 and 31 December 2013 for the acquisition of shares in subsidiaries as well as for the acquisition of non-controlling interests:

Acquisition of shares in subsidiaries and associates	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
EŽR Croatia	-	(9,898)
Uni4Gold Serbia	-	(465)
Multicard Serbia	(69)	-
	(69)	**(10,363)**

Acquisition of non-controlling interests	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2013 (restated)
Sigma Turkey	-	(210)
	-	**(210)**

27. Contingent liabilities and receivables

Both as at 31 December 2014 and 31 December 2013, the Group had a liability amounting to PLN 1,850 thousand resulting from a contingent payment for the acquisition of shares in EŽR Croatia, depending on the financial results of that company.

Within its commercial activities ASEE Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. As at 31 December 2014, the related contingent liabilities equalled PLN 29,707 thousand, while as at 31 December 2013 they amounted to PLN 37,321 thousand.

Assets serving as security for bank guarantee facilities:

Category of assets	Net value of assets		Amount of granted guarantee secured with assets	
	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Trade receivables	737	259	1,163	4,183
Other receivables (restricted cash)	293	837	2,007	4,104
Total	**1,030**	**1,096**	**3,170**	**8,287**

As the Group companies rent office space, both as at 31 December 2014 and 31 December 2013, the Group was a party to a number of rental, leasing and other contracts of similar nature, resulting in the following future payments:

Liabilities under leases of space	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
In the period up to 1 year	12,556	12,486
In the period from 1 to 5 years	29,867	30,651
	42,423	**43,137**

Liabilities under operating lease of property, plant and equipment	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
In the period up to 1 year	2,428	1,299
In the period from 1 to 5 years	3,189	2,886
	5,617	**4,185**

All figures in thousands of PLN, unless stated otherwise

28. Information on related parties

The table below presents the structure of ASEE Group along with the equity interests and voting rights at the general meetings of shareholders/partners of ASEE Group companies as at 31 December 2014 and 31 December 2013:

Full name of entity	Short name as used in this report	Country of registration	Equity interest / Voting rights 31 Dec. 2014	31 Dec. 2013
Asseco South Eastern Europe S.A.	**ASEE S.A.**	Poland		
Asseco SEE s.r.l. (Bucharest)	**ASEE Romania**	Romania	100.00%	100.00%
Asseco s.r.l. MOLDOVA	ASEE Moldova	Moldova	100.00%	100.00%
Asseco SEE d.o.o., Beograd	**ASEE Serbia**	Serbia	100.00%	100.00%
E-Mon d.o.o., Podgorica	E-Mon, Montenegro	Montenegro	50.00%	50.00%
eMS d.o.o., Beograd	eMS, Serbia	Serbia	100.00%	100.00%
Uni4Gold d.o.o., Nis	Uni4Gold, Serbia	Serbia	70.00%	70.00%
Multicard d.o.o., Beograd	Multicard, Serbia	Serbia	45.00%	45.00%
Asseco SEE d.o.o., Podgorica	ASEE Montenegro	Montenegro	-	100.00%
Asseco SEE d.o.o. (Zagreb)	**ASEE Croatia**	Croatia	100.00%	100.00%
BDS-Platus d.o.o.	BDS-Platus, Croatia	Croatia	-	100.00%
EŽ Računalstvo 2013 d.o.o., (Zagreb)	**EŽR Croatia**	Croatia	-	100.00%
Asseco SEE Sh.p.k. (Pristina)	**ASEE Kosovo**	Kosovo	100.00%	100.00%
Asseco SEE Sh.p.k., Tirana	ASEE Albania	Albania	100.00%	100.00%
Asseco SEE Teknoloji A.Ş. (Istanbul)	**ASEE Turkey**	Turkey	100.00%	100.00%
Nestpay Odeme Hizmetleri A.S.	ASEE Nestpay	Turkey	100.00%	-
SC I.T.D Romania s.r.l.	SC I.T.D Romania	Romania	-	95.38%
Asseco SEE d.o.o., (Ljubljana)	**ASEE Slovenia**	Slovenia	100.00%	100.00%
Asseco SEE DOOEL, Skopje	**ASEE Macedonia**	Macedonia	100.00%	100.00%
Asseco SEE d.o.o. (Sarajevo)	**ASEE B&H**	Bosnia and Herzegovina	100.00%	100.00%
Asseco SEE o.o.d., Sofia	**ASEE Bulgaria**	Bulgaria	100.00%	100.00%
Asseco SEE d.o.o., Podgorica	**ASEE Montenegro**	Montenegro	100.00%	-

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company).

As at 31 December 2014, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

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

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

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

Both as at 31 December 2014 and 31 December 2013, voting rights held by the Group in ASEE Group companies were proportional to the Group's equity interests in these entities.

Changes in ASEE Group composition

During the year ended 31 December 2014, the organizational structure of ASEE Group changed as follows:

On 2 January 2014, a merger of our two Croatian subsidiaries, namely ASEE Croatia (the taking-over company) and EŽR Croatia (the acquired company) was registered. This merger had no impact on these consolidated financial statements of ASEE Group.

On 18 June 2014, the Company acquired 1% of shares in ASEE Montenegro from ASEE Serbia, and the remaining 99% of shares on 19 August 2014. As a result of these transactions, ASEE Montenegro has become a direct subsidiary of ASEE S.A. The said transaction had no impact on these consolidated financial statements of ASEE Group.

In the period of 12 months ended 31 December 2014, the company Platus d.o.o. (a subsidiary of ASEE Croatia) has been liquidated.

The process of liquidation of SC I.T.D Romania seated in Bucharest (a subsidiary of ASEE Turkey) was completed on 3 November 2014. Shares in this company were acquired in 2010, as part of the acquisition of ITD. Turkey (presently ASEE Turkey).

All figures in thousands of PLN, unless stated otherwise

The above-mentioned company has been liquidated because the Group's business operations in Romania are conducted by ASEE Romania.

Moreover, in 2014, ASEE Turkey established a new subsidiary company NestPay that is going to offer the NestPay family products directly to retailers operating over the Internet.

During the period of 12 months ended 31 December 2014, there were no other changes in the organizational structure of ASEE Group and the Issuer.

Related party transactions

The values of transactions conducted by ASEE Group with Asseco Poland S.A. (a shareholder with significant influence on the Group's operations), with other related parties of Asseco Poland Group, as well as with our associates and joint ventures during the years ended 31 December 2014 and 31 December 2013, as well as outstanding balances of receivables and liabilities arising from such transactions as at 31 December 2014 and 31 December 2013 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Party having significant influence over the Group:				
2014	1242	328	416	46
2013	425	229	47	41
Other related parties:				
2014	372	188	552	107
2013	989	283	966	86
Associates:				
2014	604	4	129	-
2013	934	-	640	-

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

Apart from trade receivables, the above table also discloses receivables from deposits we have paid under space rental agreements, amounting to PLN 47 thousand as at 31 December 2014 and PLN 47 thousand as at 31 December 2013.

Transactions conducted with or through the Key Management Personnel (members of Management Boards and Supervisory Boards) of ASEE Group companies

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

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Key Management Personnel (members of Management Boards and Supervisory Boards) of ASEE S.A. and the Group companies:				
2014	35	9,032	4	63
2013	999	9,559	352	767

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

The above table does not include the remuneration received for performing managerial or supervisory functions in subsidiaries that are presented in explanatory note 30 to these financial statements.

Additionally, as at 31 December 2013, ASEE Kosovo used bank guarantee facilities amounting to PLN 6,221 thousand that were secured with a pledge on a building owned by that company's management staff. As at 31 December 2014, this collateral was no longer effective.

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

During the year ended 31 December 2014, ASEE Serbia incurred space rental costs that were paid to its related parties MHM d.o.o., Beograd[1], DM3 d.o.o., Beograd[1] and MiniInvest d.o.o., Beograd[2], amounting in total to PLN 4,443 thousand, as compared with PLN 4,776 thousand incurred in the year ended 31 December 2013.

During the year ended 31 December 2014, ASEE Macedonia incurred space rental costs that were paid to its related party MPS d.o.o., Skopje[3],

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

[2] 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.

[3] Mihail Petreski, Member of the Supervisory Board of ASEE S.A. is the sole shareholder in MPS d.o.o., Skopje.

All figures in thousands of PLN, unless stated otherwise

amounting in total to PLN 637 thousand, as compared with PLN 590 thousand incurred in the year ended 31 December 2013.

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

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

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

29. Employment

Group's workforce as at	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Management Board of the Parent Company*	4	5
Management Boards of the Group companies	24	25
Production departments	1,067	1075
Sales departments	153	139
Administration departments	155	163
	1,403	**1,407**

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

Numbers of employees in the Group companies as at	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
ASEE S.A.	27	25
ASEE Romania	148	164
ASEE Serbia Group 1)	461	485
ASEE Croatia 2)	250	231
ASEE Kosovo	82	84
ASEE Turkey	188	174
ASEE Bulgaria	21	25
ASEE B&H (Sarajevo)	46	47
ASEE Macedonia	141	144
ASEE Slovenia	28	28
ASEE Montenegro 1)	10	n/a
ASEE Nestpay	1	n/a
	1,403	**1,407**

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

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

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

30. Remuneration of Members of the Management Board and Supervisory Board of the Parent Company and its subsidiaries

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

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

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

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

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

Total remunerations paid or payable to members of the Management Boards and Supervisory Boards of subsidiaries of ASEE Group in the year ended 31 December 2014 amounted to PLN 9,768 thousand (excluding the amounts stated in the tables above).

Total remunerations paid or payable to members of the Management Boards and Supervisory Boards of subsidiaries of ASEE Group in the year ended 31 December 2013 amounted to PLN 10,348 thousand (excluding the amounts stated in the tables above).

All figures in thousands of PLN, unless stated otherwise

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

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

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

32. Capital management

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

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

Over the last two years, the largest change in our capital structure was the increase of bank loan liabilities resulting from our investments in POS terminals and ATMs, which are provided to our clients in the outsourcing model within the operations of the Payment Solutions segment. The Group takes bank loans for this purpose always in the currency in which a given outsourcing contract has been signed, and for a period not exceeding the term of such contract. Our future investments of a similar nature will be financed in the same way, which may lead to a further increase in the amount of net debt.

Apart from the above-mentioned change, during the years ended 31 December 2014 and 31 December 2013, the Group did not introduce any significant changes to its objectives, policies and processes adopted in the area of capital management.

Capital management	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Interest-bearing loans and borrowings	43,069	13,471
Trade payables and other liabilities	93,110	83,530
Minus cash and cash equivalents (-)	(88,973)	(58,353)
Net debt	**47,206**	**38,648**
Equity	679,006	648,253
Equity and net debt	**726,212**	**686,901**
Leverage ratio	**6.50%**	**5.63%**

33. Objectives and principles of financial risk management

The main external factors that may have an adverse impact on the Group's financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in official interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate. Whereas, the internal factors with potential negative bearing on the Group's performance are: (i) risk related to the increasing cost of work, (ii) risk arising from underestimation of the project costs when entering into contracts, and (iii) risk of concluding a contract with a dishonest customer.

Foreign currency risk

The currency used for presentation of the Group's financial results is the Polish zloty (PLN); whereas, the functional currencies of foreign subsidiaries of the Group are currencies of the countries where these entities are legally registered in. Consequently, assets and financial results of such subsidiaries need to be converted to Polish zlotys and their values presented in the Group's financial statements remain under the influence of foreign currency exchange rates.

Interest rate risk

Changes in the market interest rates may have a negative influence on the financial results of the Group. The Group's exposure to the above-mentioned risk may result in changes of the amounts of interest charged to the Group companies on third-party borrowings which are based on variable interest rates.

The interest rate risk arises and is recognized by individual companies of the Group at the time of concluding a transaction or a financial instrument based on a variable interest rate. All such agreements are subject to analysis by appropriate departments within the Group companies, hence the knowledge of that issue is complete and acquired directly.

All figures in thousands of PLN, unless stated otherwise

The Group companies measure their exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate. Additionally, the Group companies maintain records of debt planned to be incurred during the next 12 months, and in case of long-term instruments – for the period of their maturity. The purpose of reducing such risk is to minimize expenses arising from the concluded financial instruments based on a variable interest rate.

In order to reduce their interest rate risk, the Group companies may: (i) try to avoid taking out loan facilities based on a variable interest rate or, if not possible, (ii) conclude forward rate agreements.

The Group gathers and analyzes the current market information concerning its present exposure to the interest rate risk. At present the Group companies do not apply any interest rate hedges.

Credit risk

The Group concludes transactions only with well-known companies with a good credit rating. All customers who wish to trade on credit terms are subject to the procedures of preliminary verification of their creditworthiness. Furthermore, current monitoring of receivables makes it possible to eliminate the risk of uncollectible receivables almost entirely.

In relation to other financial assets, such as cash and cash equivalents, financial assets available for sale and some financial derivatives, the Group's credit risk results from the contracting party's inability to settle their payments, whereas the maximum exposure to such risk is limited to the book value of such financial instruments. There is no particular concentration of credit risk in any segment of the Group's operations.

Financial liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This toll takes into account the maturity deadlines of investments and financial assets (e.g. receivables, financial assets) as well as the anticipated cash flows from operating activities. The Group's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

The ageing structure of the Group's trade payables as at 31 December 2014 and 31 December 2013, by maturity period based on contractual undiscounted payments, has been presented in explanatory note 22 to these financial statements.

The table below presents the ageing structure of finance lease liabilities as at 31 December 2014 and 31 December 2013.

Ageing of finance lease liabilities	31 Dec. 2014 (audited)	31 Dec. 2013 (restated)
Liabilities falling due within 3 months	113	105
Liabilities falling due within 3 to 12 months	323	206
Liabilities falling due within 1 to 5 years	1,023	782
Liabilities falling due after 5 years	2	-
	1,461	**1,093**

Effects of reducing the foreign currency risk

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

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

All figures in thousands of PLN, unless stated otherwise

As at 31 Dec. 2013 (restated)	Amount exposed to risk	Impact on financial results of the Group (10%)	10%
EUR:			
Trade receivables	16,447	(478)	478
Trade payables	18,777	1,404	(1,404)
Foreign currency bank accounts	8,655	(641)	641
Balance		**285**	**(285)**
USD:			
Trade receivables	4,940	(494)	494
Trade payables	11,056	1,106	(1,106)
Foreign currency bank accounts	4,790	(479)	479
Balance		**133**	**(133)**

Methods adopted for conducting the sensitivity analysis

The analysis of sensitivity to fluctuations in foreign exchange rates, with potential impact on our financial results, was conducted using the percentage deviations of +/-10% by which the reference exchange rates, effective as at the balance sheet date, were increased or decreased. The table was prepared on the basis of separate financial statements of Asseco Group companies, in which specific currency risks were identified from the perspective of an individual company.

Effects of reducing the interest rate risk

The Group companies use external sources of financing in the form of bank loans and borrowings, which are appropriated primarily for operating activities (financing of working capital) as well as for the Group's investing activities (purchase/construction of fixed assets, capital investments).

The Group's total liabilities under all bank loans and borrowings aggregated at PLN 43,069 million as at 31 December 2014, of which the amount of PLN 36,678 million was exposed to the interest rate risk.

The Group does not really have a strategy for hedging against the interest rate risk.

The interest rate risk involved in other items of financial assets and liabilities is not substantial.

34. Financial instruments

Fair value

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

	Book value 31 Dec. 2014	Level 1 i)	Level 2 ii)	Level 3 iii)	Book value 31 Dec. 2013	Level 1 i)	Level 2 ii)	Level 3 iii)
Financial assets carried at fair value through profit or loss	**-**	**-**	**-**	**-**	**99**	**99**	**-**	**-**
Currency forward contracts	-	-	-	-	99	99	-	-
Financial assets available for sale	**126**	**106**	**-**	**20**	**129**	**110**	**19**	**-**
Shares in companies listed on regulated markets	106	106	-	-	110	110	-	-
Shares in companies not listed on regulated markets	20	-	-	20	19	-	19	-
Financial assets held to maturity	**2,693**	**-**	**2,693**	**-**	**1,487**	**-**	**1,487**	**-**
Treasury bonds	-	-	-	-	-	-	-	-
Bank deposits (3 to 12 months long)	2,617	-	2,617	-	1,487	-	1,487	-
Deposits for over 12 months	76	-	76	-	-	-	-	-
Borrowings	**59**	**-**	**59**	**-**	**435**	**-**	**435**	**-**
Loans granted to related entities	-	-	-	-	369	-	369	-
loans granted to employees	59	-	59	-	66	-	66	-
loans granted to other entities	-	-	-	-	-	-	-	-

i. fair value determined on the basis of quoted prices offered in active markets for identical assets;
ii. fair value determined using calculation models based on inputs that are, either directly or indirectly, observable in active markets;
iii. fair value determined using calculation models based on inputs that are not, directly or indirectly, observable in active markets.

All figures in thousands of PLN, unless stated otherwise

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

Year ended 31 Dec. 2014 (audited)	Category according to IAS 39	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Other	Total
Financial assets							
Cash deposits	OFLaAC	16	-	-	-	-	16
Financial assets carried at fair value	FVtPL	7	189	-	-	-	196
Loans granted and receivables	L&R	50	536	424	-	-	1,010
Receivables from dividends and disposed shares			1,169				1,169
Cash and cash equivalents	FVtPL	1,056	320				1,376
Financial liabilities							
Interest-bearing bank loans and borrowings	**OFLaAC**	**(1,846)**	**(34)**	**-**	**-**	**(39)**	**(1,919)**
Other liabilities, of which:		**(52)**	**(1,451)**	**-**	**(149)**		**(1,652)**
Finance lease liabilities		(49)	-	-	-	-	(49)
Liabilities for unpaid shares		-	(704)	-	-	-	(704)
Currency forward contracts	FVtPL	-	63	-	(149)	-	(86)
Trade payables	OFLaAC	(3)	(810)	-	-	-	(813)
Total		**(769)**	**729**	**424**	**(149)**	**(39)**	**196**

Year ended 31 Dec. 2013 (restated)	Category according to IAS 39	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Gain (loss) on revaluation	Total
Financial assets						
Cash deposits	OFLaAC	551	-	-	-	**551**
Financial assets carried at fair value	FVtPL	-	-	-	26	**26**
Loans granted and receivables	L&R	-	284	(2,827)	-	**(2,543)**
Receivables from dividends and disposed shares		-	281	-	-	**281**
Cash and cash equivalents	FVtPL	1,473	734	-	-	**2,207**
Financial liabilities						
Interest-bearing bank loans and borrowings	**OFLaAC**	**(300)**	**(7)**	**-**	**-**	**(307)**
Other liabilities, of which:	**OFLaAC**	**(46)**	**(1,916)**	**-**	**76**	**(1,886)**
Finance lease liabilities	OFLaAC	(16)	-	-	-	**(16)**
Liabilities for unpaid shares		-	(1,583)	-	-	**(1,583)**
Currency forward contracts	FVtPL	-	21	-	76	**97**
Trade payables	OFLaAC	(30)	(354)	-	-	**(384)**
Total		**1,678**	**(624)**	**(2,827)**	**102**	**(1,671)**

35. Significant events after the balance sheet date

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

36. Significant events related to prior years

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

All figures in thousands of PLN, unless stated otherwise