



**ANNUAL REPORT  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

**CONSOLIDATED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
INCLUDING THE OPINION OF INDEPENDENT CERTIFIED AUDITORS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**Table of contents**

	<b>Page</b>
FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP.....	5
CONSOLIDATED INCOME STATEMENT.....	6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	8
CONSOLIDATED STATEMENT OF CASH FLOWS.....	9
SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES .....	10
I. GENERAL INFORMATION.....	10
II. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP .....	10
III. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF ASEE S.A. AND THEIR COMMITTEES .....	11
IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS.....	11
1. Basis for the preparation of consolidated financial statements .....	11
2. Compliance statement.....	11
3. Functional currency and reporting currency .....	11
4. Professional judgement and changes in estimates.....	11
5. New standards and interpretations published but not in force yet .....	12
6. Significant accounting policies .....	14
<i>i. Consolidation rules</i> .....	14
<i>ii. Combination of businesses under common control</i> .....	14
<i>iv. Translation of items expressed in foreign currencies</i> .....	15
<i>v. Property, plant and equipment</i> .....	16
<i>vi. Investment property</i> .....	16
<i>vii. Intangible assets</i> .....	17
<i>viii. Leases</i> .....	18
<i>ix. Borrowing costs</i> .....	18
<i>x. Financial instruments</i> .....	18
<i>xi. Derivative financial instruments and hedges</i> .....	19
<i>xii. Impairment of financial assets</i> .....	19
<i>xiii. Inventories</i> .....	20
<i>xiv. Prepayments and accrued income</i> .....	20
<i>xv. Trade receivables</i> .....	20
<i>xvi. Cash and cash equivalents, restricted cash</i> .....	21
<i>xvii. Interest-bearing bank loans and borrowings</i> .....	21
<i>xviii. Trade payables</i> .....	21
<i>xix. Provisions</i> .....	21
<i>xx. Revenues</i> .....	22
<i>xxi. Taxes</i> .....	24
7. Seasonal nature of business.....	25
8. Changes in the accounting policies applied.....	25
9. Changes in the presentation methods applied .....	25
V. INFORMATION ON OPERATING SEGMENTS.....	26
VI. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	29
1. Breakdown of sales revenues .....	29
2. Breakdown of operating costs .....	29
3. Other operating income and expenses.....	29
4. Financial income and expenses.....	29
5. Corporate income tax.....	30
6. Earnings per share.....	32
7. Information on dividends paid out or declared.....	32

8.	Property, plant and equipment .....	33
9.	Intangible assets .....	34
11.	Inventories .....	37
12.	Short-term receivables .....	37
13.	Financial assets .....	38
14.	Cash and short-term deposits .....	39
15.	Prepayments and accrued income .....	39
16.	Share capital .....	39
17.	Share premium .....	40
18.	Non-controlling interests .....	40
19.	Provisions .....	40
20.	Long-term and short-term financial liabilities .....	41
21.	Interest-bearing bank loans and borrowings .....	41
22.	Current liabilities .....	42
23.	Accruals and deferred income .....	42
24.	Implementation contracts .....	42
25.	Finance lease liabilities .....	43
27.	Information and explanations to the statement of cash flows .....	43
28.	Contingent liabilities and receivables .....	43
29.	Information on related parties .....	44
30.	Employment .....	47
31.	Remuneration of Members of the Management Board and Supervisory Board of the Parent Company and its subsidiaries .....	47
32.	Remuneration of certified auditors or the entity authorized to audit financial statements .....	47
33.	Capital management .....	47
34.	Objectives and principles of financial risk management .....	48
35.	Financial instruments .....	50
36.	Significant events after the balance sheet date .....	51
37.	Significant events related to prior years .....	51

**CONSOLIDATED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
INCLUDING THE OPINION OF INDEPENDENT CERTIFIED AUDITORS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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. 2015 (audited)	Year ended 31 Dec. 2014 (audited)	Year ended 31 Dec. 2015	Year ended 31 Dec. 2014
	PLN'000	PLN'000	EUR'000	EUR'000
I. Sales revenues	487,205	500,930	116,423	119,577
II. Operating profit	53,097	46,232	12,688	11,036
III. Pre-tax profit	53,664	46,217	12,824	11,032
IV. Net profit for the reporting period	43,502	39,040	10,395	9,319
V. Net profit attributable to Shareholders of the Parent Company	<b>43,580</b>	<b>39,035</b>	<b>10,414</b>	<b>9,318</b>
VI. Net cash provided by (used in) operating activities	75,279	72,863	17,989	17,393
VII. Net cash provided by (used in) investing activities	(41,583)	(59,049)	(9,937)	(14,096)
VIII. Net cash provided by (used in) financing activities	(20,467)	14,760	(4,891)	3,523
IX. Cash and cash equivalents at the end of period	101,075	88,973	23,718	20,874
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.84	0.75	0.20	0.18
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.84	0.75	0.20	0.18

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 2015 to 31 December 2015: EUR 1 = PLN 4.1848
  - in the period from 1 January 2014 to 31 December 2014: EUR 1 = PLN 4.1892
- 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 2015: EUR 1 = PLN 4.2615
  - exchange rate effective on 31 December 2014: EUR 1 = PLN 4.2623

**CONSOLIDATED INCOME STATEMENT**

	Note	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Sales revenues</b>	1	<b>487,205</b>	<b>500,930</b>
Cost of sales (-)	2	(361,781)	(383,337)
<b>Gross profit on sales</b>		<b>125,424</b>	<b>117,593</b>
 Selling costs (-)	2	(37,413)	(36,460)
General and administrative expenses (-)	2	(35,999)	(35,156)
<b>Net profit on sales</b>		<b>52,012</b>	<b>45,977</b>
Other operating income	3	2,545	1,676
Other operating expenses (-)	3	(1,916)	(1,695)
 Share of profits of associates and joint ventures		456	274
<b>Operating profit</b>		<b>53,097</b>	<b>46,232</b>
Financial income	4	4,142	3,182
Financial expenses (-)	4	(3,575)	(3,197)
<b>Pre-tax profit</b>		<b>53,664</b>	<b>46,217</b>
Corporate income tax (current and deferred tax expense)	5	(10,162)	(7,177)
 <b>Net profit for the reporting period</b>		<b>43,502</b>	<b>39,040</b>
Attributable to:			
<b>Shareholders of the Parent Company</b>		<b>43,580</b>	<b>39,035</b>
Non-controlling interests		(78)	5
 <b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN)</b>			
Basic consolidated earnings per share from continuing operations for the reporting period	6	0.84	0.75
Diluted consolidated earnings per share from continuing operations for the reporting period	6	0.84	0.75

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Net profit for the reporting period</b>	<b>43,502</b>	<b>39,040</b>
<b>Other comprehensive income, of which:</b>	<b>(12,516)</b>	<b>8,310</b>
Components that may be reclassified to profit or loss	(12,516)	8,310
Exchange differences on translation of foreign operations	(12,516)	8,310
 <b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>30,986</b>	<b>47,350</b>
<b>Attributable to:</b>		
<i>Shareholders of the Parent Company</i>	31,061	47,359
<i>Non-controlling interests</i>	(75)	(9)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 Dec. 2015	31 Dec. 2014
		(audited)	(restated)
<b>Non-current assets</b>		<b>614,876</b>	<b>612,945</b>
Property, plant and equipment	8	86,369	69,846
Investment property		1,160	1,214
Intangible assets	9	33,566	38,114
Goodwill	10	489,600	498,113
Investments accounted for using the equity method		1,028	1,538
Long-term financial assets	13	177	232
Long-term receivables		607	1,056
Deferred tax assets	5	1,864	2,257
Long-term prepayments and accrued income	15	505	575
<b>Current assets</b>		<b>235,154</b>	<b>235,352</b>
Inventories	11	15,506	16,339
Prepayments and accrued income	15	12,234	12,332
Trade receivables	12	83,683	96,059
Corporate income tax receivable	12	91	713
Other receivables from the state and local budgets	12	904	1,285
Receivables arising from valuation of IT contracts	24	15,951	14,632
Other receivables	12	2,997	2,373
Short-term financial assets	13	2,713	2,646
Cash and short-term deposits	14	101,075	88,973
<b>TOTAL ASSETS</b>		<b>850,030</b>	<b>848,297</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	31 Dec. 2015	31 Dec. 2014
		(audited)	(restated)
<b>Equity (attributable to shareholders of the Parent Company)</b>		<b>689,309</b>	<b>679,006</b>
Share capital	16	518,942	518,942
Share premium	17	38,825	38,825
Exchange differences on translation of foreign operations		(79,074)	(66,555)
Retained earnings and current net profit		210,616	187,794
<b>Non-controlling interests</b>	18	-	<b>162</b>
<b>Total equity</b>		<b>689,309</b>	<b>679,168</b>
<b>Non-current liabilities</b>		<b>29,376</b>	<b>26,543</b>
Interest-bearing bank loans and borrowings	21	24,849	21,018
Deferred tax liabilities	5	684	2,127
Long-term provisions	19	1,156	1,623
Long-term financial liabilities	20	2,023	962
Long-term deferred income	23	664	813
<b>Current liabilities</b>		<b>131,345</b>	<b>142,586</b>
Interest-bearing bank loans and borrowings	21	20,480	22,051
Trade payables	22	47,001	63,035
Corporate income tax payable	22	1,032	1,608
Other liabilities to the state and local budgets	22	13,723	13,246
Financial liabilities	20	750	2,274
Liabilities and provisions arising from valuation of IT contracts (-)	24	4,562	3,997
Other liabilities	22	15,348	14,786
Short-term provisions	19	1,520	1,495
Deferred income	23	12,532	7,033
Accruals	23	14,397	13,061
<b>TOTAL LIABILITIES</b>		<b>160,721</b>	<b>169,129</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>850,030</b>	<b>848,297</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2015

	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
<b>As at 1 January 2015</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,555)</b>	<b>187,794</b>	<b>679,006</b>	<b>162</b>	<b>679,168</b>
Net profit (loss) for the reporting period	-	-	-	43,580	43,580	(78)	43,502
Other comprehensive income	-	-	(12,519)	-	(12,519)	3	(12,516)
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>(12,519)</b>	<b>43,580</b>	<b>31,061</b>	<b>(75)</b>	<b>30,986</b>
Dividend	-	-	-	(20,758)	(20,758)	(87)	(20,845)
<b>As at 31 December 2015 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(79,074)</b>	<b>210,616</b>	<b>689,309</b>	<b>-</b>	<b>689,309</b>

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
<b>As at 1 January 2014</b>	<b>518,942</b>	<b>38,825</b>	<b>(74,879)</b>	<b>165,365</b>	<b>648,253</b>	<b>171</b>	<b>648,424</b>
Net profit (loss) for the reporting period	-	-	-	39,035	39,035	5	39,040
Other comprehensive income	-	-	8,324	-	8,324	(14)	8,310
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>8,324</b>	<b>39,035</b>	<b>47,359</b>	<b>(9)</b>	<b>47,350</b>
Dividend	-	-	-	(16,606)	(16,606)	-	(16,606)
<b>As at 31 December 2014 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,555)</b>	<b>187,794</b>	<b>679,006</b>	<b>162</b>	<b>679,168</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		53,664	46,217
<b>Total adjustments:</b>		<b>30,647</b>	<b>30,619</b>
Depreciation and amortization		30,299	23,012
Change in inventories		(2,284)	(1,413)
Change in receivables		8,987	13,992
Change in liabilities, accruals and provisions		(8,003)	(4,787)
Interest income and expenses		194	905
Gain/Loss on foreign exchange differences		1,175	(743)
Gain/Loss on investing activities		324	(366)
Other		(45)	19
<b>Net cash generated from operating activities</b>		<b>84,311</b>	<b>76,836</b>
Corporate income tax paid		(9,032)	(3,973)
<b>Net cash provided by (used in) operating activities</b>		<b>75,279</b>	<b>72,863</b>
<b>Cash flows – investing activities</b>			
Disposal of property, plant and equipment and intangible assets		1,220	1,709
Acquisition of property, plant and equipment and intangible assets	8.9	(38,519)	(52,330)
Expenditures for development projects	9	(5,188)	(8,073)
Acquisition of subsidiaries and associates	27	(1,686)	(69)
Redemption of shares in a joint venture		839	-
Disposal of financial instruments carried at fair value through profit or loss	13	9,567	490
Acquisition of financial instruments carried at fair value through profit or loss	13	(11,985)	(422)
Bank deposits withdrawn	13	12,366	3,549
Bank deposits made	13	(9,816)	(5,208)
Loans collected	13	330	146
Loans granted	13	(321)	(150)
Interest received		1,060	910
Dividends received		554	447
Other		(4)	(48)
<b>Net cash provided by (used in) investing activities</b>		<b>(41,583)</b>	<b>(59,049)</b>

Note	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Cash flows – financing activities</b>		
Proceeds from (repayments of) short-term bank loans and borrowings	393	(223)
Proceeds from other bank loans and borrowings	21	17,807
Repayments of other bank loans and borrowings	21	(15,771)
Finance lease liabilities paid		(617)
Dividends paid out to shareholders of the Parent Company	7	(20,757)
Dividends paid out to non-controlling shareholders	18	(87)
Interest paid		(1,435)
Other		(78)
<b>Net cash provided by (used in) financing activities</b>	<b>(20,467)</b>	<b>14,760</b>
Net increase/(decrease) in cash and cash equivalents	13,229	28,574
Net foreign exchange differences	(1,478)	1,250
Cash and cash equivalents as at 1 January	14	88,117
<b>Cash and cash equivalents as at 31 December</b>	<b>99,868</b>	<b>88,117</b>

## SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

### I. GENERAL INFORMATION

Asseco South Eastern Europe Group (the "Group", "ASEE Group", "ASEE") is a group of companies, the Parent Company of which 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. 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.

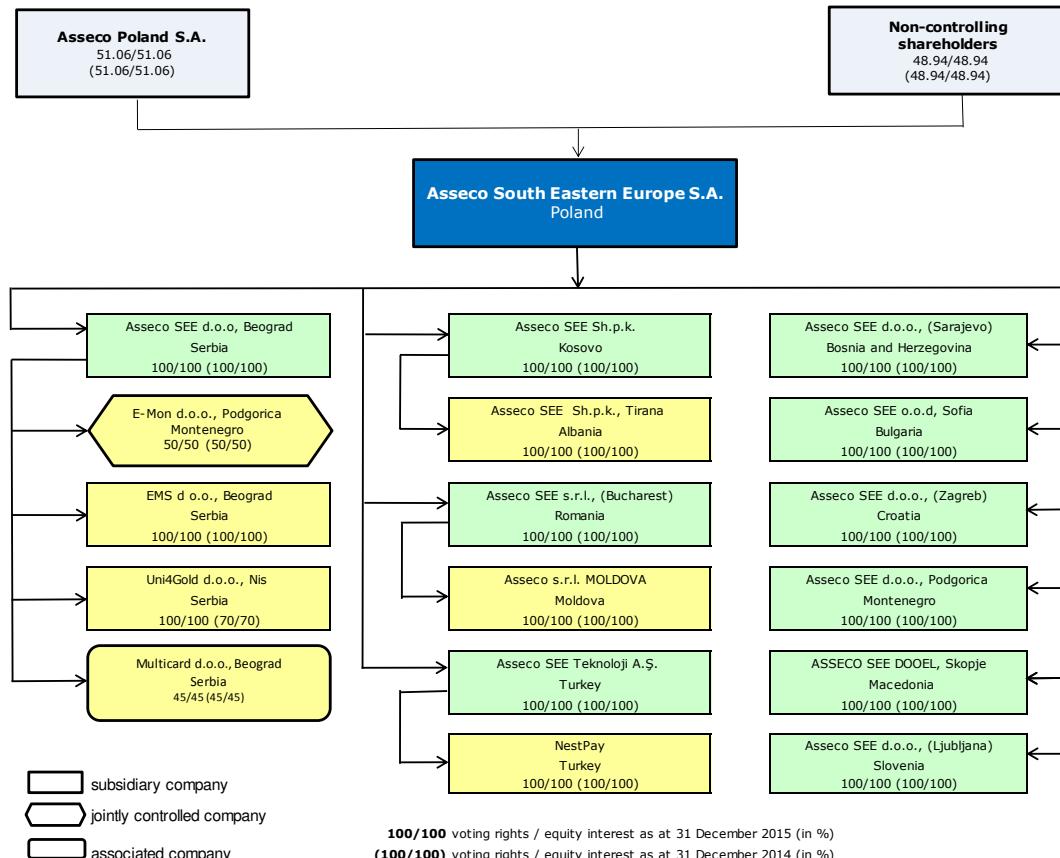
The scope of Asseco South Eastern Europe Group's core business broken down by relevant segments is described in section V of these consolidated financial statements.

These consolidated financial statements cover the year ended 31 December 2015 and contain comparable data for the year ended 31 December 2014.

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

These consolidated financial statements for the year ended 31 December 2015 have been approved for publication by the Management Board on 18 February 2016.

### 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 2015.

Both as at 31 December 2015 and 31 December 2014, voting rights held by the Group in ASEE Group companies were equivalent to the Group's equity interests in these entities.

Changes in the Group's composition have been described in explanatory note 29 to these consolidated financial statements.

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

As at 31 December 2015 and 31 December 2014 as well as on the date of publication of this report, i.e. on 18 February 2016, the Company's Management Board and Supervisory Board and its Audit Committee were composed of the following persons:

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

On 10 February 2016, the Company received from Mr. Andrzej Mauberg a letter of resignation from the position of Member of the Supervisory Board, with effect from 26 February 2016.

### **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 endorsed 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. Professional judgement and changes in estimates**

Preparation of consolidated financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. 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 2015, receivables generated from valuation of IT contracts amounted to PLN 15,951 thousand, while liabilities and provisions arising from such valuation equalled PLN 4,562 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. Impairment testing of goodwill**

As at 31 December 2015, 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 2015, goodwill arising from the acquisition of subsidiaries amounted to PLN 489,600 thousand as compared with PLN 498,113 thousand reported as at 31 December 2014.

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

Our deferred liability resulting from the acquisition of shares in EŽR Croatia, which was disclosed as at 31 December 2014, was settled in the third quarter of 2015 by paying the amount of PLN 1,686 thousand. Determination of the amount of that liability as at 31 December 2014 required making estimates of the company's financial results.

**v. Deferred tax assets**

As at 31 December 2015, the Group recognized deferred tax assets in the amount of PLN 1,864 thousand and deferred tax liabilities of PLN 684 thousand. In the period of 12 months ended 31 December 2015, the balance of deferred tax assets and liabilities changed by PLN 1,015 thousand, as compared with the change of PLN 38 thousand in the comparable period of 2014.

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 Group's consolidated financial statements in the amount of PLN 1,864 thousand is very likely.

Deferred tax assets arising from the Company's unrealized tax losses were recognized in the amount of PLN 693 thousand as at 31 December 2014, this is to the extent it was probable that future taxable income would enable writing such unrealized losses off. As at 31 December 2014, unrealized tax losses not accounted for in deferred tax assets amounted to PLN 54,573 thousand. In 2015, deferred tax assets have been fully utilized in connection with the partial realization of tax losses. As a result of the expiration of tax losses, there is no basis for further recognition of deferred tax assets.

**5. 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) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2018;
- 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;

- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;
- 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;
- 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;
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014), including the amendment of the Effective Date of IFRS 15 (issued on 11 September 2015) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2018;
- 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;
- 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;
- 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) – it has not yet been decided when the EFRAG shall perform specific steps for the endorsement of these amendments – not yet endorsed by the EU till the date of approval of these financial statements – the effective date of these amendments has been deferred indefinitely by the IASB;
- Annual Improvements to IFRSs: 2012-2014 Cycle (issued on 25 September 2014) – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* (issued on 18 December 2014) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2016;
- Amendments to IAS 1 *Disclosure Initiative* (issued on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016;
- IFRS 16 *Leases* (issued on 13 January 2016) – it has not yet been decided when the EFRAG shall perform specific steps for the endorsement of these amendments – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2019;
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses* (issued on 19 January 2016) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2017;
- Amendments to IAS 7 *Disclosure Initiative* (issued on 29 January 2016) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2017.

The Management Board is currently analyzing the impact of the above-mentioned amendments on the Group's financial statements and financial position.

## 6. 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 2015 to 31 December 2015. 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 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 takeover 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:

<b>Currency</b>	<b>As at</b>	<b>As at</b>
-----------------	--------------	--------------

	31 Dec. 2015	31 Dec. 2014
USD	3.9011	3.5072
EUR	4.2615	4.2623
RON	0.9421	0.9510
HRK	0.5578	0.5566
RSD	0.0349	0.0352
BGN	2.1789	2.1793
MKD	0.0689	0.0693
BAM	2.1690	2.1793
TRY	1.3330	1.5070

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

Currency	For the year ended	For the year ended
	31 Dec. 2015	31 Dec. 2014
USD	3.7928	3.1784
EUR	4.1848	4.1893
RON	0.9421	0.9440
HRK	0.5492	0.5488
RSD	0.0346	0.0357
BGN	2.1396	2.1420
MKD	0.0680	0.0680
BAM	2.1400	2.1412
TRY	1.3818	1.4508

#### **v. Property, plant and equipment**

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

At the time of purchase tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well. Such assets are depreciated using the straight-line method over their expected useful lives which are as follows:

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

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

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

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

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

#### **vi. 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.

**vii. 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 takeover shall be capitalized at fair value as at the takeover 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.

#### **viii. 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.

#### **ix. 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.

#### **x. 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 if the Management Board intends to sell them within 12 months from the balance sheet date.

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.

***xi. 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.

***xii. 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 granted or receivables carried at amortized cost has been incurred, the amount of an allowance 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 recognizing 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.

**xiii. Inventories**

Inventories are measured 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.

**xiv. 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.

**xv. 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% allowance 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.

**xvi. 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.

**xvii. 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.

**xviii. 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.

**xix. 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.

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. Accrual for unused holiday leaves is presented under accruals.

**xx. Revenues**

*Sales revenues*

Sales revenues are recognized if the amount of revenue can be measured reliably and if it is highly probable that economic benefits associated with the transaction will flow to the Group.

Should it be impossible to estimate reliably the amount of revenue from a service transaction, such revenue shall only be recognized in the amount of costs incurred which the Group expects to recover. The Group identifies the following types of revenues:

- Revenues from the sale of proprietary licenses and services,
- Revenues from the sale of third-party licenses and services, and
- Revenues from the sale of hardware.

The category of "Proprietary licenses and services" includes revenues from contracts with customers under which we supply our own software and provide related services. Such services may be performed by the Company's employees (internal resources) as well as by subcontractors (external resources). In addition, this category includes revenues from the provision of own services for third-party software and infrastructure.

The category of "Third-party licenses and services" includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, must be carried out by subcontractors (this applies to hardware and software maintenance and outsourcing services provided by their manufacturers).

Revenues from the sale of own software licenses and/or services, which are supplied/rendered under an implementation contract, shall be recognized proportionally to the completion of the entire contract.

In the case of other own software licenses and/or services, revenues are recognized in the period in which the Group expects to be required to provide such services to the client. Revenues from the sale of third-party software licenses and/or services may be recognized as sales of goods or as sales of services, depending on the nature of the contract with the client.

In the case of third-party software licenses and/or services for which the significant risks and rewards of ownership are transferred to the buyer at the time of the sale, revenues are recognized as sales of goods, this is in a lump sum at the time of the sale, regardless of whether a third-party license and/or service is provided for a specified or unspecified period of time. The Group considers that significant risks are transferred to the buyer when, after the delivery of a license/service, the Group is not obligated to provide any additional benefits to the client.

In other cases, i.e. when after the delivery of a license/service, the Group is obligated to provide additional benefits to the client, revenues are recognized as sales of services, this is over a period in which such services are performed and proportionally to the completion of the entire transaction.

Revenues from the sale of hardware are recognized as sales of goods, provided that the significant risks and rewards resulting from a contract have been transferred to the buyer and the amount of revenue can be measured reliably.

*Revenues and costs related to the execution of implementation contracts*

Revenues from implementation contracts shall include highly probable revenues resulting from the concluded contracts and/or orders, which can be measured reliably. Therefore, the pool of such revenues does not include any proceeds that are considered as doubtful despite being determined in a signed contract (e.g. the Group anticipates that a client may decide to resign from a portion of contracted work).

Contract revenues include the following:

- a. revenues resulting from issued invoices,
- b. future revenues resulting from signed agreements and/or orders placed on the basis of framework agreements.

Contract costs include the following:

- a. costs of goods, materials and third-party services sold (COGS), and
- b. costs of internal resources being involved in the contract execution.

The costs of internal resources employed in the contract execution are calculated on the basis of actual workload (for ended periods) or estimated workload (for forecast periods), and appropriate standard (cost) rate covering the production costs.

The standard rate corresponds to the cost of man-hour (or man-day) of our own production resources calculated on the basis of production costs budgeted for a given year.

*Valuation of implementation contracts*

The purpose for valuation of an IT implementation contract is to determine the amount of revenues to be recognized in a given period. The Group performs such valuation using the percentage of completion method.

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 uninvited sales resulting from such difference shall be disclosed as other receivables in the balance sheet, under "Receivables arising from valuation of IT contracts". On the other hand, if the percentage progress of invoiced sales exceeds the percentage progress of costs incurred, decreased by expected losses and increased by profits included in the income statement, then future-related revenues resulting from such difference shall be disclosed as other liabilities, under "Liabilities arising from valuation of IT contracts".

*Loss generating contracts*

Loss generating contract is a contract, under which total revenues are lower than total costs.

In the event it is highly 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, by creating a provision for contractual losses. The amount of such provision and/or its legitimacy are subject to verification at each subsequent reporting date, until the completion of the contract.

The amount of created provisions for losses shall be disclosed in other liabilities, under "Liabilities arising from valuation of IT contracts".

*Methods for measuring the percentage of contract completion*

In order to measure the progress of contract completion, the Company applies a variety of methods allowing to determine reliably the percentage of work executed under the contract. Depending on the contract nature, these methods may include:

- a. determination of the proportion of costs incurred for work performed up to the balance sheet date to the estimated total contract costs;
- b. measurement of work performed; or
- c. comparison of work performed as a physical proportion of total work under the contract.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenues and contract costs. The effects of changes in estimates of contract revenues or contract costs are recognized in the period in which such changes occur.

*Combining and segmenting of implementation contracts*

Valuation is usually performed on single contracts or contracts with annexes thereto, if such annexes modify the main contract by extending or limiting the subject thereof. In the event an annex represents an additional order, going beyond the subject of the main contract, and the price of such order is determined without reference to the main contract price, such annex shall be valued separately.

When a contract covers a number of elements, the implementation of each element should be treated as a separate contract, only if the following conditions are jointly met:

- a. separate offers have been submitted for each of the identified elements;
- b. each element has been subject to separate negotiations; and
- c. the costs and revenues of each element can be identified – revenues must be specified in the contract and/or order.

Whereas, a group of contracts may be treated as a single contract, if the following conditions are jointly met:

- a. the group of contracts is negotiated as a single package;
- b. the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and
- c. the contracts are performed concurrently or in a continuous sequence.

#### *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.

#### ***xxi. 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.

#### **7. Seasonal nature of business**

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

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

In the reporting period, the Group has not introduced any changes to the applied accounting policies, except for adopting the amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2015.

The accounting policies adopted in the preparation of this report are consistent with those followed when preparing the annual financial statements for the year ended 31 December 2014, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2015:

- Amendments resulting from the Annual Improvements to IFRSs: 2011-2013 Cycle, including:
- Amendments to IFRS 3 *Business Combinations*

The amendments clarify that not only joint ventures but also joint arrangements are excluded from the scope of IFRS 3, with the only exception applicable to the preparation of financial statements of a joint arrangement. This amendment shall be applied prospectively.

- Amendments to IFRS 13 *Fair Value Measurement*

The amendments clarify that the investment portfolio exception applies not only to financial assets and financial liabilities, but also to other contracts accounted for within the scope of IAS 39. These amendments shall be applied prospectively.

- Amendments to IAS 40 *Investment property*

The definition of additional services provided in IAS 40 differentiates between investment property and owner-occupied property (classified as property, plant and equipment). This amendment shall be applied prospectively and it clarifies that IFRS 3, and not the definition of additional services provided in IAS 40, shall be used to determine whether a specific transaction is the acquisition of an asset or a business.

- IFRIC 21 *Levies*

The interpretation clarifies that an entity shall recognize a liability for a levy imposed by a government upon the occurrence of an obligating event, this is the activity that triggers the payment of the levy in accordance with relevant laws or regulations. If a levy is payable upon reaching a minimum threshold, the liability shall not be recognized until that minimum threshold has been met or exceeded. IFRIC 21 shall be applied retrospectively.

Adoption of the above-mentioned amendments had no impact on the Group's financial position or the results of its operations.

The Group did not decide on early adoption of any other standard, interpretation or amendment which has been published but has not yet become effective in accordance with the EU regulations.

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

##### **Changes in the presentation of receivables and liabilities**

As of 1 January 2015, the Group has changed the method of classification of certain receivables and liabilities, and in particular the way of recognizing receivables/liabilities as related to trade or other activities. Starting from 1 January 2015, the Group decided that all receivables resulting in the recognition of sales revenues shall be presented as trade receivables. Hence, as of 1 January 2015, trade receivables include the following categories:

- receivables from issued invoices,
- receivables from uninvoiced deliveries.

Until 31 December 2014, the last-mentioned category used to be presented by the Group in "other receivables".

Trade receivables	31 Dec. 2014 (restated)	Change	31 Dec. 2014 (audited)
<b>Trade receivables, of which:</b>			
From related parties	90,959	-	90,959
From other entities	1,048	-	1,048
Allowance for trade receivables (-)	93,577	-	93,577
Receivables from uninvoiced deliveries, of which:			
From related parties	5,100	5,100	-
From other entities	-	-	-
Other receivables	5,100	5,100	-
<b>96,059</b>	<b>5,100</b>		<b>90,959</b>
<b>Other receivables</b>			
Receivables from uninvoiced deliveries	-	(5,100)	5,100
Advance payments to other suppliers	1,390	-	1,390
Security deposits receivable	154	-	154
Other receivables	829	-	829
<b>2,373</b>	<b>(5,100)</b>		<b>7,473</b>
<b>Changes in the presentation of receivables resulted in the necessity of introducing analogous changes in the methods of presentation of liabilities. This involved in particular the following reclassifications:</b>			
▪ liabilities for uninvoiced deliveries as well as provisions for other costs have been, as of 1 January 2015, classified as trade payables;			
▪ provision for the audit of financial statements is disclosed under short-term provisions.			
<b>Short-term trade payables</b>			
Trade payables, of which:	31 Dec. 2014 (restated)	Change	31 Dec. 2014 (audited)
From related parties	55,619	-	55,619
From other entities	200	-	200
Liabilities for uninvoiced deliveries:	55,419	-	55,419
From related parties	7,416	7,416	-
From other entities	-	-	-
<b>63,035</b>	<b>7,416</b>		<b>55,619</b>
<b>Other current liabilities</b>			
Liabilities for uninvoiced deliveries	31 Dec. 2014 (restated)	Change	31 Dec. 2014 (audited)
Liabilities to employees	-	(830)	830
Prepayments received	5,777	-	5,777
Liabilities for purchases of tangible assets and intangible assets	8,022	-	8,022
Other liabilities	311	-	311
<b>14,786</b>	<b>(830)</b>		<b>15,616</b>
<b>Short-term accruals</b>			
	31 Dec.	Change	31 Dec.

	2014 (restated)		2014 (audited)
Accrual for unused holiday leaves	1,455	-	1,455
Accrual for employee bonuses	11,606	-	11,606
Provision for other costs (uninvoiced)	-	(6,586)	6,586
Provision for the audit of financial statements	-	(335)	335
<b>13,061</b>	<b>(6,921)</b>		<b>19,982</b>
<b>Short-term provisions</b>			
Provision for the audit of financial statements	31 Dec. 2014 (restated)	Change	31 Dec. 2014 (audited)
Provision for post-employment benefits	108	-	108
Provision for warranty repairs	932	-	932
Other	120	-	120
<b>1,495</b>	<b>335</b>		<b>1,160</b>

### Changes in the presentation of operating segments

For the year ended 31 December 2014 in PLN thousands	Banking Solutions (I) (restated)	Change	Banking Solutions (I) (audited)
<b>Sales revenues:</b>			
Sales to external customers	<b>136,187</b>	<b>(7,286)</b>	<b>143,473</b>
Inter/intra segment sales	118,213	(7,286)	125,499
<b>Gross profit on sales</b>	<b>32,571</b>	<b>(4,181)</b>	<b>36,752</b>
Selling costs (-)	(8,770)	1,057	(9,827)
General and administrative expenses (-)	(12,621)	1,338	(13,959)
<b>Net profit on sales</b>	<b>11,181</b>	<b>(1,785)</b>	<b>12,966</b>
For the year ended 31 December 2014 in PLN thousands	Systems Integration (III) (restated)	Change	Systems Integration (III) (audited)
<b>Sales revenues:</b>			
Sales to external customers	<b>249,943</b>	<b>7,286</b>	<b>242,657</b>
Inter/intra segment sales	247,365	7,286	240,079
<b>Gross profit on sales</b>	<b>43,018</b>	<b>4,181</b>	<b>38,837</b>
Selling costs (-)	(19,321)	(1,057)	(18,264)
General and administrative expenses (-)	(10,374)	(1,338)	(9,036)
<b>Net profit on sales</b>	<b>13,322</b>	<b>1,785</b>	<b>11,537</b>

We have changed the comparable data of operating segments for the period of 12 months ended 31 December 2014. The effects of these changes are presented in the tables above. These changes resulted from a reclassification of one of software solutions in Turkey which, by the Management's decision, has been transferred from the Banking Solutions segment to the Systems Integration segment. Apart from those described above, we have not introduced any other presentation changes in the reporting period.

### V. 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, 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 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.

#### *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 BPS (content management solution), *call/contact center* systems, CRM LIVE platform, Fidelity (asset lifecycle management solution), and SKAI (billing system for utilities). Furthermore, the product portfolio of the Systems Integration segment includes LeaseFlex, a fully-fledged lease product and asset lifecycle management solution.

For the year ended 31 December 2015 and as at 31 December 2015 in PLN thousands (audited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>155,843</b>	<b>164,888</b>	<b>320,731</b>	<b>195,203</b>	<b>9,220</b>	<b>(37,949)</b>	<b>487,205</b>
Sales to external customers	134,384	160,130	294,514	192,691	-	-	487,205
Inter/intra segment sales	21,459	4,758	26,217	2,512	9,220	(37,949)	-
<b>Gross profit on sales</b>	<b>42,298</b>	<b>48,566</b>	<b>90,864</b>	<b>34,560</b>	-	-	<b>125,424</b>
Selling costs (-)	(11,654)	(9,564)	(21,218)	(16,195)	-	-	(37,413)
General and administrative expenses (-)	(13,189)	(12,107)	(25,296)	(10,703)	-	-	(35,999)
<b>Net profit on sales</b>	<b>17,455</b>	<b>26,895</b>	<b>44,350</b>	<b>7,662</b>	-	-	<b>52,012</b>
Goodwill	194,590	110,292	304,882	184,718	-	-	489,600

For the year ended 31 Dec. 2015 in EUR thousands	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>37,240</b>	<b>39,402</b>	<b>76,642</b>	<b>46,646</b>	<b>2,203</b>	<b>(9,068)</b>	<b>116,423</b>
Sales to external customers	32,112	38,265	70,377	46,046	-	-	116,423
Inter/intra segment sales	5,128	1,137	6,265	600	2,203	(9,068)	-
<b>Gross profit on sales</b>	<b>10,108</b>	<b>11,605</b>	<b>21,713</b>	<b>8,259</b>	-	-	<b>29,972</b>
Selling costs (-)	(2,785)	(2,285)	(5,070)	(3,870)	-	-	(8,940)
General and administrative expenses (-)	(3,152)	(2,893)	(6,045)	(2,558)	-	-	(8,603)
<b>Net profit on sales</b>	<b>4,171</b>	<b>6,427</b>	<b>10,598</b>	<b>1,831</b>	-	-	<b>12,429</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2015 to 31 December 2015: EUR 1 = PLN 4.1848

For the year ended 31 December 2014 and as at 31 December 2014 in PLN thousands (restated)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>136,187</b>	<b>140,123</b>	<b>276,310</b>	<b>249,943</b>	<b>8,625</b>	<b>(33,948)</b>	<b>500,930</b>
Sales to external customers	118,213	135,352	253,565	247,365	-	-	500,930
Inter/intra segment sales	17,974	4,771	22,745	2,578	8,625	(33,948)	-
<b>Gross profit on sales</b>	<b>32,571</b>	<b>42,004</b>	<b>74,575</b>	<b>43,018</b>	-	-	<b>117,593</b>
Selling costs (-)	(8,770)	(8,369)	(17,139)	(19,321)	-	-	(36,460)
General and administrative expenses (-)	(12,620)	(12,161)	(24,781)	(10,375)	-	-	(35,156)
<b>Net profit on sales</b>	<b>11,181</b>	<b>21,474</b>	<b>32,655</b>	<b>13,322</b>	-	-	<b>45,977</b>
Goodwill	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
<b>Sales revenues:</b>	<b>32,510</b>	<b>33,449</b>	<b>65,959</b>	<b>59,663</b>	<b>2,059</b>	<b>(8,104)</b>	<b>119,577</b>
Sales to external customers	28,219	32,310	60,529	59,048	-	-	119,577
Inter/intra segment sales	4,291	1,139	5,430	615	2,059	(8,104)	-
<b>Gross profit on sales</b>	<b>7,776</b>	<b>10,027</b>	<b>17,803</b>	<b>10,268</b>	-	-	<b>28,071</b>
Selling costs (-)	(2,094)	(1,998)	(4,092)	(4,612)	-	-	(8,704)
General and administrative expenses (-)	(3,013)	(2,903)	(5,916)	(2,476)	-	-	(8,392)
<b>Net profit on sales</b>	<b>2,669</b>	<b>5,126</b>	<b>7,795</b>	<b>3,180</b>	-	-	<b>10,975</b>

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

## VI. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Breakdown of sales revenues

During the year ended 31 December 2015 and in the comparable period, operating revenues were as follows:

Sales revenues by type of products	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
Proprietary software and services	297,218	279,540
Third-party software and services	72,781	77,573
Hardware and infrastructure	117,206	143,817
<b>487,205</b>	<b>500,930</b>	

### 2. Breakdown of operating costs

	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
Employee benefits (-)	(163,498)	(159,078)
Third-party non-project services and outsourcing of employees (-)	(19,057)	(22,239)
Depreciation and amortization (-)	(30,299)	(23,012)
Maintenance costs of property and business cars (-)	(28,953)	(30,819)
Business trips (-)	(4,350)	(4,712)
Advertising (-)	(4,059)	(4,331)
Other operating expenses (-)	(6,050)	(5,198)
<b>(256,266)</b>	<b>(249,389)</b>	
<b>Cost of sales, of which:</b>	<b>(361,781)</b>	<b>(383,337)</b>
Cost of goods and third-party services sold (-)	(178,927)	(205,564)
Production costs (-)	(182,854)	(177,773)
Selling costs (-)	(37,413)	(36,460)
General and administrative expenses (-)	(35,999)	(35,156)

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. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
Gain on disposal of property, plant and equipment and intangible assets	567	693
Reimbursement of tax paid on civil law transactions	915	-
Income from leases of space	189	151
Other	874	832
<b>2,545</b>	<b>1,676</b>	

In 2015, following a decision issued by the Taxation Chamber, ASEE S.A. received a reimbursement of the excessive amount of civil law transactions tax paid by the Company in the years 2008 – 2010 in connection with increasing its share capital. The recovered tax amounted in total to PLN 1,417 thousand, of which the principal amount of PLN 915 thousand has been recognized in other operating income, whereas the accrued interest amounting to PLN 502 thousand in financial income.

The line of "Other" for the year ended 31 December 2015, includes mainly income from the recovery of withholding tax paid on license purchases by ASEE Turkey in previous years, as well as discounts related to previous years that were received by our companies.

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

Other operating expenses	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
Loss on disposal of property, plant and equipment (-)	(649)	(340)
Expenses related to reimbursement of tax paid on civil law transactions (-)	(320)	-
Charitable contributions to unrelated parties (-)	(305)	(429)
Liquidation costs of property, plant and equipment, intangible assets, and inventories (-)	(100)	(113)
Cost of recharge invoices (-)	(88)	(34)
Creation of provisions	(134)	-
Other (-)	(320)	(779)
<b>(1,916)</b>	<b>(1,695)</b>	

### 4. Financial income and expenses

Financial income	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
Interest income on loans granted and bank deposits	1,485	1,108
Interest related to reimbursement of tax paid on civil law transactions	502	-
Gain on valuation of derivative instruments	274	72
Positive foreign exchange differences	1,720	1,877
Other financial income	161	125
<b>4,142</b>	<b>3,182</b>	

Financial expenses	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
Interest expense (-)	(1,303)	(1,642)
Bank fees and commissions (-)	(196)	(186)
Negative foreign exchange differences (-)	(1,359)	(1,148)
Company acquisition related expenses (-)	(24)	-
Interest expenses under finance leases (-)	(90)	(49)
Loss on valuation of derivative instruments (-)	(584)	(158)
Other financial expenses (-)	(19)	(14)
	<b>(3,575)</b>	<b>(3,197)</b>

## 5. Corporate income tax

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

	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
Current portion of income tax and prior years' adjustments	(11,177)	(7,215)
Deferred portion of income tax	1,015	38
<b>Income tax expense as disclosed in the income statement, of which:</b>	<b>(10,162)</b>	<b>(7,177)</b>
<i>Income tax attributable to continuing operations</i>	<i>(10,162)</i>	<i>(7,177)</i>
	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Pre-tax profit</b>	<b>53,664</b>	<b>46,217</b>
<b>Current portion of income tax</b>		
- withholding tax on dividends	(2,232)	(1,085)
- current income taxes of companies	(8,945)	(6,130)
	<b>(11,177)</b>	<b>(7,215)</b>
<b>Deferred portion of income tax</b>		
- change in deferred tax assets arising from tax losses	(693)	(725)
- other temporary differences	1,708	763
	<b>1,015</b>	<b>38</b>
<b>Effective tax rate</b>	<b>18.94%</b>	<b>15.53%</b>
		<b>3.41%</b>

In 2015, the Group's effective tax rate equalled 18.94% as compared with 15.53% in 2014. The effective tax rate for 2015 increased in comparison with that for 2014 as a result of the higher amount of withholding tax on dividends from our subsidiaries as well as higher income tax expenses incurred by individual companies of the Group.

Withholding tax on dividends represents income taxes withheld against dividends received by ASEE S.A. amounting to PLN 2,182 thousand (vs. PLN 660 thousand in 2014), by ASEE Serbia amounting to PLN 50 thousand (vs. PLN 320 thousand in 2014), and by ASEE Kosovo (vs. PLN 105 thousand in 2014). Withholding tax on dividends increased as a result of the higher amount of dividends paid out by our subsidiaries in 2015 (PLN 53 million) in comparison with 2014 (PLN 20 million). The Company's dividend strategy for the foreseeable future does not assume making any dividend payments that might have a material impact on its fiscal position.

An increase in the effective tax rate and current income tax expense was recorded primarily in ASEE Turkey (due to a decrease in non-taxable income achieved in a special technological zone).

Deferred portion of income tax resulted basically from the provision created for deferred tax liabilities of ASEE Macedonia, originating at the moment of dividend payment and not at the moment of income recognition. The said provision has been utilized once ASEE Macedonia paid out a dividend to ASEE S.A.

As at 31 December 2015, the Group recognized deferred tax assets in the amount of PLN 1,864 thousand (vs. PLN 2,257 thousand as at 31 December 2014) and deferred tax liabilities in the amount of PLN 684 thousand (vs. PLN 2,127 thousand as at 31 December 2014).

Deferred tax assets arising from the Company's unrealized tax losses were recognized in the amount of PLN 693 thousand as at 31 December 2014, this is to the extent it was probable that future taxable income would enable writing such unrealized losses off. As at 31 December 2014, unrealized tax losses not accounted for in deferred tax assets amounted to PLN 54,573 thousand. In 2015, deferred tax assets have been fully utilized in connection with the partial realization of tax losses. As a result of the expiration of tax losses, there is no basis for further recognition of deferred tax assets.

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. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Pre-tax profit</b>	<b>53,664</b>	<b>46,217</b>
Statutory corporate income tax rate	19%	19%
<b>Corporate income tax computed at the statutory tax rate</b>	<b>(10,196)</b>	<b>(8,781)</b>
<b>[A] Non-taxable income recognized in the balance sheet</b>	<b>3,117</b>	<b>3,672</b>
- non-taxable income achieved in a special technological zone	2,797	3,203
- other	320	469
<b>[B] Taxable income not recognized in the balance sheet</b>	<b>37</b>	<b>(121)</b>
- other	37	(121)
<b>[C] Non-tax-deductible expenses recognized in the balance sheet</b>	<b>(3,291)</b>	<b>(3,021)</b>
- non-tax-deductible expenses incurred in a technological zone	(2,234)	(1,917)
- representation expenses	(129)	(134)
- difference between the tax and accounting depreciation and amortization	(171)	(250)
- write-downs on receivables/inventories/tangible assets	(229)	(71)
- losses on contracts	(101)	-
- other	(427)	(649)
<b>[D] Utilization of tax losses and change in deferred tax assets arising from tax losses</b>	<b>3,575</b>	<b>1,331</b>
<b>[E] Utilization of tax credits and other tax deductibles</b>	<b>559</b>	<b>329</b>
<b>[F] Change in estimates of deferred tax assets recognized on the so-called "external temporary differences" resulting from dividend payments within the Group</b>	<b>(6,212)</b>	<b>(2,034)</b>
<b>[G] Difference due to different rates of corporate income tax paid abroad</b>	<b>2,243</b>	<b>1,417</b>
<b>[H] Correction of an error in the calculation of deferred tax in previous reporting periods (+) / (-)</b>	<b>6</b>	<b>31</b>
<b>Corporate income tax at the effective tax rate of 18.94% in 2015 and 15.53% in 2014</b>	<b>(10,162)</b>	<b>(7,177)</b>

	31 Dec. 2015 (audited)	31 Dec. 2014 (audited)
<b>Deferred tax assets</b>		
Receivables / Liabilities arising from book valuation of IT contracts	68	68
Valuation of financial assets and/or financial liabilities at fair value	79	79
Accruals, provisions and other liabilities	1,340	890
Allowances for receivables	293	323
Write-downs on inventories	1,354	1,027
Losses deductible against future taxable income	203	828
Other temporary differences	193	209
<b>Total</b>	<b>3,530</b>	<b>3,424</b>
<b>Deferred tax liabilities</b>		
Difference between tax depreciation and accounting depreciation	1,224	748
Provision for income tax payable to a subsidiary upon the dividend payment	-	2,085
Prepayments and accrued income	844	450
Other temporary differences	282	11
<b>Total</b>	<b>2,350</b>	<b>3,294</b>
<b>Deferred tax assets (+), net of deferred tax liabilities</b>	<b>1,864</b>	<b>2,257</b>
<b>Deferred tax liabilities (-), net of deferred tax assets</b>	<b>684</b>	<b>2,127</b>

## 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. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.</b>	<b>43,580</b>	<b>39,035</b>
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN)</b>		
Basic consolidated earnings per share from continuing operations for the reporting period	0.84	0.75
Diluted consolidated earnings per share from continuing operations for the reporting period	0.84	0.75

## 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 31 March 2015, decided that the net profit for the financial year 2014 amounting to PLN 1,500,897.86, as well as retained earnings for the financial year 2012 amounting to PLN 3,102,417.79 and retained earnings for the financial year 2013 amounting to PLN 17,655,282.61 shall be distributed as follows:

a) the amount of PLN 1,500,897.86 from the net profit for the financial year 2014 shall be allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 20,757,700.40 (of which: PLN 3,102,417.79 from the net profit for 2012, and PLN 17,655,282.61 from the net profit for 2013) shall be distributed among all the Company's shareholders through payment of a dividend amounting to PLN 0.40 per share.

The remaining portion of the net profit for 2013 amounting to PLN 2,825,183.42 as well as the remaining portion of the net profit for 2014 amounting to PLN 17,260,325.40 have been retained as undistributed prior years' earnings. The Company's Ordinary General Meeting of Shareholders established 30 June 2015 as the dividend record date. The dividend was paid out on 15 July 2015. The number of shares eligible for dividend was 51,894,251.

**8. Property, plant and equipment**

for the year ended 31 December 2015 (audited)	Outsourcing and other equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
<b>As at 1 January 2015, less depreciation</b>					
	<b>59,899</b>	<b>4,508</b>	<b>876</b>	<b>4,563</b>	<b>69,846</b>
Additions, of which:					
	39,623	2,484	254	7,712	50,073
Purchases	28,266	865	232	7,712	37,075
Finance leases	-	1,619	-	-	1,619
Transfers from tangible assets under construction	9,672	-	-	-	9,672
Transfers from inventories	1,682	-	-	-	1,682
Other changes	3	-	22	-	25
Reductions, of which:					
	(21,157)	(1,854)	(463)	(9,672)	(33,146)
Depreciation charges for the reporting period (-)	(20,071)	(1,522)	(455)	-	(22,048)
Disposal and liquidation (-)	(988)	(332)	(8)	-	(1,328)
Transfers from tangible assets under construction (-)	-	-	-	(9,672)	(9,672)
Other changes (-)	(98)	-	-	-	(98)
Exchange differences on translation of foreign operations (+/-)	(255)	(56)	(43)	(50)	(404)
<b>As at 31 December 2015, less depreciation</b>					
	<b>78,110</b>	<b>5,082</b>	<b>624</b>	<b>2,553</b>	<b>86,369</b>
As at 1 January 2015					
Gross value	97,512	12,592	4,455	4,563	119,122
Depreciation (-)	(37,613)	(8,084)	(3,579)	-	(49,276)
<b>Net book value as at 1 January 2015</b>	<b>59,899</b>	<b>4,508</b>	<b>876</b>	<b>4,563</b>	<b>69,846</b>
As at 31 December 2015					
Gross value	131,771	12,482	4,521	2,553	151,327
Depreciation (-)	(53,661)	(7,400)	(3,897)	-	(64,958)
<b>Net book value as at 31 December 2015</b>	<b>78,110</b>	<b>5,082</b>	<b>624</b>	<b>2,553</b>	<b>86,369</b>

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 2,553 thousand (vs. PLN 4,563 thousand as at 31 December 2014) comprised mainly infrastructure prepared to be rented in the outsourcing model.

for the year ended 31 December 2014 (restated)	Outsourcing and other equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
<b>As at 1 January 2014, less depreciation</b>					
	<b>22,331</b>	<b>5,278</b>	<b>883</b>	<b>5,405</b>	<b>33,897</b>
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
<b>As at 31 December 2014, less depreciation</b>					
	<b>59,899</b>	<b>4,508</b>	<b>876</b>	<b>4,563</b>	<b>69,846</b>
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)
<b>Net book value as at 1 January 2014</b>	<b>22,331</b>	<b>5,278</b>	<b>883</b>	<b>5,405</b>	<b>33,897</b>
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)
<b>Net book value as at 31 December 2014</b>	<b>59,899</b>	<b>4,508</b>	<b>876</b>	<b>4,563</b>	<b>69,846</b>

As at 31 December 2015, property, plant and equipment with the book value of PLN 3,650 thousand served as security for bank loans.

As at 31 December 2015, property, plant and equipment with the book value of PLN 4,467 thousand served as security for bank loans.

**9. Intangible assets**

for the year ended 31 December 2015 (audited)	Own software and licenses	Costs of development projects in progress	Software, patents and licenses purchased	Total
<b>As at 1 January 2015, less amortization</b>	<b>20,463</b>	<b>12,409</b>	<b>5,242</b>	<b>38,114</b>
Additions, of which:				
Purchases	15,196	5,188	2,745	23,129
Capitalization of project development costs	-	-	2,745	2,745
Transfer of the costs of completed development projects	15,196	-	-	15,196
Reductions, of which:				
Amortization charges for the reporting period (-)	(7,573)	(15,196)	(2,100)	(24,869)
Transfer of the costs of completed development projects (-)	(6,273)	-	(2,072)	(8,345)
Disposal and liquidation (-)	-	(15,196)	-	(15,196)
Exchange differences on translation of foreign operations (+/-)	(1,300)	-	(28)	(1,328)
<b>As at 31 December 2015, less amortization</b>	<b>26,152</b>	<b>1,850</b>	<b>5,564</b>	<b>33,566</b>
As at 1 January 2015				
Gross value	36,458	12,409	14,848	63,715
Amortization (-)	(15,995)	-	(9,606)	(25,601)
<b>Net book value as at 1 January 2015</b>	<b>20,463</b>	<b>12,409</b>	<b>5,242</b>	<b>38,114</b>
As at 31 December 2015				
Gross value	47,471	1,850	16,625	65,946
Amortization (-)	(21,319)	-	(11,061)	(32,380)
<b>Net book value as at 31 December 2015</b>	<b>26,152</b>	<b>1,850</b>	<b>5,564</b>	<b>33,566</b>

As at 31 December 2015, intangible assets did not serve as security for any bank loans.

During the period of 12 months ended 31 December 2015, the Group recognized the costs of liquidation of its proprietary software and licenses in the amount of PLN 1,300 thousand.

for the year ended 31 December 2014 (restated)	Own software and licenses	Costs of development projects in progress	Software, patents and licenses purchased	Total
<b>As at 1 January 2014, less amortization</b>	<b>15,102</b>	<b>13,804</b>	<b>3,866</b>	<b>32,772</b>
Additions, of which:				
Purchases	9,730	8,186	2,974	20,890
Capitalization of project development costs	-	-	2,974	2,974
Transfer of the costs of completed development projects	-	8,186	-	8,186
Reductions, of which:				
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
<b>As at 31 December 2014, less amortization</b>	<b>20,463</b>	<b>12,409</b>	<b>5,242</b>	<b>38,114</b>
As at 1 January 2014				
Gross value	25,606	13,804	11,733	51,143
Amortization (-)	(10,504)	-	(7,867)	(18,371)
<b>Net book value as at 1 January 2014</b>	<b>15,102</b>	<b>13,804</b>	<b>3,866</b>	<b>32,772</b>
As at 31 December 2014				
Gross value	36,458	12,409	14,848	63,715
Amortization (-)	(15,995)	-	(9,606)	(25,601)
<b>Net book value as at 31 December 2014</b>	<b>20,463</b>	<b>12,409</b>	<b>5,242</b>	<b>38,114</b>

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

## 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 2015, the total capitalized costs of development projects amounted to PLN 5,188 thousand, in comparison to PLN 8,186 thousand spent in the previous year ended 31 December 2014.

Expenditures for development projects disclosed in the statement of cash flows amounted to PLN 5,188 thousand in 2015 and PLN 8,073 thousand in 2014. The difference in relation to the additions disclosed in the table of changes for 2014 resulted from grants for the generation of such assets that were received by ASEE Turkey, decreasing their expenditures.

In 2015, capitalized costs of development projects were incurred in the following operating segments:

	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (restated)
Banking Solutions	3,186	5,669
Payment Solutions	368	632
Systems Integration	1,634	1,885
<b>5,188</b>	<b>8,186</b>	

Within the Banking Solutions segment, capitalized development expenditures were related to the product line of Experience – banking software offered in the areas of distribution channels, core banking systems, and Business Intelligence solutions. Due to the development of our Experience product line, in 2015 we capitalized expenditures for the Experience solutions platform and Multichannel solution, which is an integrated e-banking solution designed to enable the distribution of banking services via new, alternative channels.

Furthermore, in 2015 we capitalized expenditures made for the development of InACT software (transaction monitoring, anti-fraud and anti-money laundering solution).

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.

Major products developed by the Systems Integration segment in 2015 included Fidelity (comprehensive solution that automates the full lifecycle of assets and spending processes) and LeaseFlex (fully-fledged lease product and asset lifecycle management solution dedicated to leasing companies).

The value of completed development projects amounted to PLN 15,196 thousand in the period of 12 months ended 31 December 2015.

The Banking Solutions segment completed the development of a series of Experience products, including the Experience solutions platform, PFM (personal finance management solution), Product Studio (banking products management solution), Experience Deposit Back Office (deposits management module), and Experience Loans Back Office (loan portfolio management module).

In the Payment Solutions segment the costs of completed development projects were incurred for NestPay® software, whereas in the Systems Integration segment they were related to Fidelity software and LeaseFlex software modules.

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 2015. 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 2015 and 2014, the Group did not make any impairment write-downs on development projects in progress, but recognized the costs of liquidation of its proprietary software and licenses in the amount of PLN 1,300 thousand.

## 10. Goodwill

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

Because in 2015 one of our Turkish software solutions and another IT solution were reclassified within the Group structure, from the Banking Solutions segment to the Systems Integration segment, we have analyzed the allocation of goodwill to individual operating segments. As a result, goodwill arising from the acquisition of subsidiaries have been reallocated to our operating segments using the method of their relative fair values.

	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
<b>Goodwill at the beginning of the period</b>	<b>498,113</b>	<b>491,656</b>
Banking Solutions	196,645	194,480
Payment Solutions	112,810	112,685
Systems Integration	188,658	184,491
<b>Exchange differences on translation of goodwill in foreign subsidiaries (+/-)</b>	<b>(8,513)</b>	<b>6,457</b>
Banking Solutions	(2,055)	2,165
Payment Solutions	(2,518)	125
Systems Integration	(3,940)	4,167
<b>Total book value at the end of period</b>	<b>489,600</b>	<b>498,113</b>
Banking Solutions	194,590	196,645
Payment Solutions	110,292	112,810
Systems Integration	184,718	188,658

### Impairment testing of goodwill

Goodwill 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 2015. 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 backlog. 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 2015 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 2015 and 31 December 2014 have been summarized in the following tables:

31 Dec. 2015	Discount rate applied in the model	Sales revenue growth rate applied in the model	terminal	terminal
Banking Solutions	9.1%	15.5%	6.9%	2.5%
Payment Solutions	8.4%	17.5%	6.0%	-1.0%
Systems Integration	8.6%	11.9%	11.5%	9.5%

In the case of goodwill allocated to the Systems Integration segment, the recoverable amount of this investment would be equal to its carrying value if the discount rate applied in the model was changed by 3.3 pp with other assumptions remaining constant, or if the sales revenue growth rate was changed by 2 pp with other assumptions remaining constant. As at 31 December 2015, the excess of the recoverable amount of goodwill allocated to the Systems Integration segment over its carrying value equalled PLN 80 million.

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

31 Dec. 2014	Discount rate applied in the model	Sales revenue growth rate applied in the model	terminal	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%

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 as at 31 December 2014 with regard to their 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 as at 31 December 2014. In the year ended 31 December 2015, ASEE S.A. did not recognize any

impairment write-down on this investment in its separate financial statements.

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. 2015 (audited)	31 Dec. 2014 (restated)
Goods for resale	16,873	16,731
Maintenance inventories	7,437	7,515
Impairment write-down on inventories (-)	(8,804)	(7,907)
<b>15,506</b>	<b>16,339</b>	

In the year ended 31 December 2015, the Group made write-downs on inventories in the total amount of PLN 2,984 thousand, while it reversed PLN 1,554 thousand of such write-downs. 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.

As at 31 December 2015, inventories did not serve as security for any bank loans.

As at 31 December 2014, inventories with a book value of PLN 1,065 thousand served as security for bank loans.

## 12. Short-term receivables

Trade receivables	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Trade receivables, of which:	75,231	90,959
From related parties	566	1,048
From other entities	77,541	93,577
Allowance for doubtful receivables (-)	(2,876)	(3,666)
Receivables from uninvoiced deliveries, of which:	8,452	5,100
From related parties	-	-
From other entities	8,452	5,100
	<b>83,683</b>	<b>96,059</b>

Trade receivables are non-interest bearing.

As at 31 December 2015, receivables in the amount of PLN 883 thousand served as security for bank loans and bank guarantee facilities. As at 31 December 2015, 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 3,176 thousand.

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.

Presented below is the ageing analysis of trade receivables as at 31 December 2015 and 31 December 2014.

Ageing of trade receivables	31 Dec. 2015 (audited)		31 Dec. 2014 (restated)	
	amount	structure	amount	structure
Receivables not yet due	59,708	79.4%	74,477	81.9%
Receivables past-due up to 3 months	13,232	17.6%	12,641	13.9%
Receivables past-due over 3 months	2,291	3.0%	3,841	4.2%
	<b>75,231</b>	<b>100.0%</b>	<b>90,959</b>	<b>100.0%</b>

	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (restated)
<b>Allowances recognized as at 1 January</b>	<b>3,666</b>	<b>4,194</b>
Created	1,599	1,638
Reversed (-)	(1,687)	(1,773)
Utilized (-)	(654)	(467)
Exchange differences on translation of foreign operations (+/-)	(48)	74
<b>Allowances recognized as at 31 December</b>	<b>2,876</b>	<b>3,666</b>

The created 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.

Allowances reversed in 2015 amounted to PLN 1,687 thousand and were related primarily to projects implemented by ASEE Romania and ASEE Macedonia. These allowances were reversed following collection of the related receivables from customers.

Allowances reversed in 2014 amounted to PLN 1,773 thousand and 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.

Receivables from the state and local	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Value added tax	438	732
Corporate income tax (CIT)	91	713
Other	466	553
<b>995</b>	<b>1,998</b>	

Other receivables	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Advance payments to suppliers	2,036	1,390
Security deposits receivable	451	154
Other receivables	510	829
<b>2,997</b>	<b>2,373</b>	

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

Other receivables disclosed as at 31 December 2015 and 31 December 2014 include, among others, restricted cash amounting to PLN 166 thousand and PLN 293 thousand, respectively.

In addition, other receivables disclosed as at 31 December 2015 and 31 December 2014 include receivables from employees.

### 13. Financial assets

	31 Dec. 2015 (audited)	Acquired / Granted / Deposited	Disposed / Repaid / Withdrawn	Foreign currency translation differences	31 Dec. 2014 (restated)
<b>Assets available for sale</b>					
Shares in companies listed on regulated markets	109	3	-	-	106
Shares in companies not listed on regulated markets	20	-	-	-	20
<b>Total, of which:</b>	<b>129</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>126</b>
- long-term	101				100
- short-term	28				26
<b>Loans granted</b>					
Loans granted to unrelated entities	-	321	(321)	-	-
Loans granted to employees	49	-	(9)	(1)	59
<b>Total, of which:</b>	<b>49</b>	<b>321</b>	<b>(330)</b>	<b>(1)</b>	<b>59</b>
- long-term	-				56
- short-term	49				3
<b>Cash deposits</b>					
Deposits for 3 to 12 months	17	9,816	(12,366)	(50)	2,617
Deposits for over 12 months	76	-	-	-	76
<b>Total, of which:</b>	<b>93</b>	<b>9,816</b>	<b>(12,366)</b>	<b>(50)</b>	<b>2,693</b>
- long-term	76				76
- short-term	17				2,617
<b>Financial assets carried at fair value through profit or loss</b>					
Investment fund units	2,619	11,985	(9,503)	137	-
<b>Total, of which:</b>	<b>2,619</b>	<b>11,985</b>	<b>(9,503)</b>	<b>137</b>	<b>-</b>
- short-term	2,619				

As at 31 December 2015, financial assets included bank cash deposits amounting to PLN 93 thousand held by ASEE Slovenia and ASEE Macedonia. As at 31 December 2014, financial assets included bank cash deposits amounting to PLN 2,693 thousand held by ASEE Macedonia, ASEE Serbia, and ASEE Slovenia.

During the year 2015, outflows for bank deposits made amounted to PLN 9,816 thousand, whereas inflows from bank deposits withdrawn amounted to PLN 12,366 thousand.

As at 31 December 2015, financial assets carried at fair value through profit or loss included investment fund units with a value of PLN 2,619 thousand held by ASEE Macedonia. During the year 2015, expenditures for the acquisition of investment fund units amounted to PLN 11,985 thousand.

The book values of financial assets held by the Group as at 31 December 2015 and 31 December 2014 did not differ from their fair values.

The levels of in the fair value hierarchy of financial assets have been presented in explanatory note 35 to these financial statements.

#### 14. Cash and short-term deposits

	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Cash at bank and in hand	41,558	55,946
Short-term bank deposits	59,512	33,009
Cash equivalents	5	18
<b>101,075</b>	<b>88,973</b>	
<i>Interest accrued on cash and cash equivalents as at the balance sheet date</i>	(14)	(28)
<i>Overdraft facilities utilized for liquidity management</i>	(1,193)	(828)
<b>Cash and cash equivalents as disclosed in the cash flow statement</b>	<b>99,868</b>	<b>88,117</b>

#### 15. Prepayments and accrued income

Long-term	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Prepaid maintenance services and license fees	244	7
Other	261	568
<b>505</b>	<b>575</b>	

#### 16. Share capital

Share capital	Par value		31 Dec. 2015 (audited)		31 Dec. 2014 (restated)	
Shares	Series	per share	Number of shares	Value of shares	Number of shares	Value of shares
Ordinary registered shares	A*	0.1	5,000,000	500	5,000,000	500
Ordinary registered shares	B*	0.1	5,000,000	500	5,000,000	500
Ordinary registered shares	C*	0.1	2,567,000,900	256,700	2,567,000,900	256,700
Ordinary registered shares	D	10	25,770,009	257,700	25,770,009	257,700
Ordinary registered shares	E	10	956,447	9,565	956,447	9,565
Ordinary registered shares	F	10	1,475,509	14,755	1,475,509	14,755
Ordinary registered shares	G	10	2,708,378	27,084	2,708,378	27,084
Ordinary registered shares	H	10	1,062,030	10,620	1,062,030	10,620
Ordinary registered shares	I	10	1,770,609	17,706	1,770,609	17,706
Ordinary registered shares	J	10	1,714,209	17,142	1,714,209	17,142
Ordinary registered shares	K	10	4,590,470	45,905	4,590,470	45,905
Ordinary registered shares	L	10	2,100,000	21,000	2,100,000	21,000
Ordinary registered shares	M	10	4,810,880	48,109	4,810,880	48,109
Ordinary registered shares	N	10	1,078,909	10,789	1,078,909	10,789
Ordinary registered shares	P	10	1,524,269	15,242	1,524,269	15,242
Ordinary registered shares	R	10	592,941	5,929	592,941	5,929
Ordinary registered shares	S	10	837,472	8,375	837,472	8,375
Ordinary registered shares	T	10	902,119	9,021	902,119	9,021
			<b>51,894,251</b>	<b>518,942</b>	<b>51,894,251</b>	<b>518,942</b>

\* Following a reverse split of series D shares

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

#### As at 18 February 2016:

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%
Aviva Pension Fund	6,571,636	12.66%
EBRD	4,810,880	9.27%
Liatris d.o.o.	3,349,350	6.45%
Other shareholders	10,667,709	20.56%
	<b>51,894,251</b>	<b>100.00%</b>

Both as at 31 December 2015 and 31 December 2014, prepayments included primarily the costs of maintenance services amounting to PLN 7,733 thousand and PLN 8,575 thousand, respectively, that will be successively expensed in future periods.

#### As at 31 December 2015:

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%
Aviva Pension Fund	6,571,636	12.66%
EBRD	4,810,880	9.27%
Liatris d.o.o.	3,364,898	6.48%
Other shareholders	10,652,161	20.53%
	<b>51,894,251</b>	<b>100.00%</b>

**As at 31 December 2014:**

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%
	<b>51,894,251</b>	<b>100.00%</b>

Both as at 31 December 2015 and 31 December 2014, 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**

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.

	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
<b>At the beginning of the period</b>	<b>162</b>	<b>171</b>
Share in profits of subsidiaries	(78)	5
Exchange differences on translation of foreign operations	3	(14)
Dividends paid out to non-controlling shareholders	(87)	-
<b>At the end of the period</b>	<b>-</b>	<b>162</b>

**19. Provisions**

	Provision for warranty repairs and returns	Costs related to on-going court proceedings	Provision for post-employment benefits	Other provisions	Total
<b>As at 1 January 2015</b>					
Created during the financial year	<b>932</b>	<b>211</b>	<b>1,312</b>	<b>663</b>	<b>3,118</b>
502	66	388	623	623	<b>1,579</b>
Utilized (-)	(284)	-	(308)	(352)	(944)
Reversed (-)	(373)	-	(311)	(232)	(916)
Exchange differences on translation of foreign operations (+/-)	(9)	(26)	(121)	(5)	(161)
<b>As at 31 December 2015 (audited)</b>					
Short-term	<b>768</b>	<b>251</b>	<b>960</b>	<b>697</b>	<b>2,676</b>
Long-term	768	-	55	697	<b>1,520</b>
	-	251	905	-	<b>1,156</b>
<b>As at 31 December 2014 (restated)</b>					
Short-term	<b>932</b>	<b>211</b>	<b>1,312</b>	<b>663</b>	<b>3,118</b>
932	-	108	455	455	<b>1,495</b>
Long-term	-	211	1,204	208	<b>1,623</b>

**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. 2015 (audited)	31 Dec. 2014 (restated)
Currency forward contracts	394	-
Finance lease liabilities	1,629	962
	<b>2,023</b>	<b>962</b>

Short-term	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Currency forward contracts	31	51
Finance lease liabilities	663	373
Liabilities for the acquisition of shares	-	1,850
Other	56	-
	<b>750</b>	<b>2,274</b>

**21. Interest-bearing bank loans and borrowings**

Effective interest rate %	Currency	Repayment date	Amounts drawn as at			
			31 Dec. 2015 (audited)	long-term portion	short-term portion	31 Dec. 2014 (restated)
<b>BANK OVERDRAFT FACILITIES</b>						
fixed interest rate	BAM	01-07-2016	-	649	-	-
fixed interest rate	MKD	31-12-2015	-	4	-	12
fixed interest rate	MKD	31-12-2015	-	22	-	15
3M EURIBOR + margin	EUR	31-03-2016	-	315	-	162
3M EURIBOR + margin	EUR	21-06-2016	-	852	-	639
1M EURIBOR + margin	EUR	31-05-2016	-	7,285	-	5,067
<b>OTHER BANK LOANS</b>						
-	TRY	02-01-2016	-	3	-	20
-	TRY	02-01-2016	-	144	-	164
EURIBOR + margin	EUR	19-03-2016	-	458	460	1,792
3M EURIBOR + margin	HRK/EUR	30-04-2019	8,347	3,577	11,940	2,559
fixed interest rate	HRK/EUR	31-01-2015	-	-	-	21
3M EURIBOR + margin	EUR	31-07-2017	430	1,155	1,581	1,155
fixed interest rate	BAM	08-05-2017	174	338	514	364
12M Treasury bonds + margin	HRK/EUR	30-11-2016	-	1,859	1,856	1,855
12M EURIBOR + margin	HRK/EUR	31-03-2017	846	3,383	4,227	3,386
fixed interest rate	RSD	28-01-2016	-	436	440	4,840
1M EURIBOR + margin	EUR	18-12-2020	15,052	-	-	-
			<b>24,849</b>	<b>20,480</b>	<b>21,018</b>	<b>22,051</b>

The Group's total debt amounted to PLN 45,329 thousand as at 31 December 2015 (vs. PLN 43,069 thousand as at 31 December 2014), of which loans taken in order to finance our projects of payment processes outsourcing amounted to PLN 42,828 thousand (vs. PLN 41,179 thousand in the comparable period).

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the year 2015 amounted to PLN 17.8 million (proceeds) and PLN 15.8 million (repayments). New bank loans have been utilized for our capital expenditures for POS terminals and ATMs mainly in Croatia, Slovenia, Bosnia and Herzegovina, and Montenegro. Whereas, the repayments were related primarily to bank loans taken by our companies operating in Serbia and Croatia to finance their purchases of POS terminals in the years 2013-2014.

As at 31 December 2014, 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 depending on the financial results of the acquired company. In 2015, we repaid PLN 1,686 thousand out of these liabilities.

As at 31 December 2015, tangible assets with a book value of PLN 3,650 thousand served as security for bank loans. As at 31 December 2015, liabilities that were secured with such assets amounted to PLN 8,255 thousand. 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 that were secured with such assets amounted to PLN 8,200 thousand.

In the reporting period, the margins realized by lenders to ASEE Group companies ranged from 1.5 to 4.5 percentage points on an annual basis.

Whereas, in the comparable period such margins ranged from 1.5 to 5.25 percentage points per annum.

## 22. Current liabilities

Trade payables	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)		
Trade payables, of which:	41,186	55,619		
To related parties	187	200		
To other entities	40,999	55,419		
Liabilities for uninvoiced deliveries, of which:	5,815	7,416		
To related parties	-	-		
To other entities	5,815	7,416		
	<b>47,001</b>	<b>63,035</b>		
The term for repayment of the Group's liabilities is 49 days on average.				
Ageing of trade payables	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)		
	amount	structure	amount	structure
Liabilities due already, of which:				
-Liabilities past-due up to 3 months	10,446	25.4%	11,351	20.4%
-Liabilities past-due from 3 to 6 months	9,047	22.0%	9,943	17.9%
-Liabilities past-due over 6 months	1,031	2.5%	728	1.3%
Liabilities falling due within 3 months	368	0.9%	680	1.2%
Liabilities falling due within 3 to 12 months	30,740	74.6%	41,932	75.4%
Liabilities falling due after 1 year	-	0.0%	2,273	4.1%
	<b>41,186</b>	<b>100.0%</b>	<b>55,619</b>	<b>100.0%</b>
Other current liabilities	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)		
Liabilities to employees relating to salaries	6,843	5,777		
Trade prepayments received	8,073	8,022		
Liabilities for purchases of tangible assets and intangible assets	170	311		
Other liabilities	262	676		
	<b>15,348</b>	<b>14,786</b>		
Current liabilities to the state and local budgets	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)		
Value added tax	9,355	9,510		
Corporate income tax (CIT)	1,032	1,608		
Personal income tax (PIT)	1,705	1,482		
Social security payable	2,181	1,925		
Other	482	329		
	<b>14,755</b>	<b>14,854</b>		

## 23. Accruals and deferred income

Short-term accruals	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Accrual for unused holiday leaves	2,105	1,455
Accrual for employee bonuses	12,292	11,606
	<b>14,397</b>	<b>13,061</b>
Long-term deferred income	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Prepaid maintenance services	152	11
Grants for the development of assets	497	755
Other	15	47
	<b>664</b>	<b>813</b>
Short-term deferred income	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Maintenance services	9,428	5,578
Prepaid implementation services	794	-
License fees	56	-
Grants for the development of assets	191	-
Other	2,063	1,455
	<b>12,532</b>	<b>7,033</b>

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 2015 and 2014, 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 2015 and 2014, 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 2015, sales revenues recognized from the execution of all long-term IT contracts reached PLN 56,208 thousand; whereas, in the comparable period of 2014 they amounted to PLN 52,702 thousand.

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 2015, accumulated since their commencement.

	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Long-term IT contracts in progress at the end of the reporting period:		
Costs incurred due to execution of IT contracts (-)	(44,141)	(34,435)
Profit (loss) on execution of IT contracts	<b>7,428</b>	<b>7,505</b>
Invoiced sales revenues from execution of IT contracts	40,299	31,234
Receivables arising from valuation of IT contracts	15,951	14,632
Liabilities arising from valuation of IT contracts (-)	(1,914)	(2,186)
Provision for potential losses arising from valuation of IT contracts (-)	(2,648)	(1,811)
Exchange differences on translation of foreign operations (+/-)	(119)	71

## 25. Finance lease liabilities

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

<b>Leasing of cars and equipment</b>	<b>31 Dec. 2015 (audited)</b>	<b>31 Dec. 2014 (restated)</b>
<b>Minimum lease payments</b>		
in the period shorter than 1 year	745	436
in the period from 1 to 5 years	1,726	1,023
in the period longer than 5 years	-	2
<b>Future minimum lease payments</b>	<b>2,471</b>	<b>1,461</b>
Future interest expense	(179)	(126)
<b>Present value of finance lease commitment</b>	<b>2,292</b>	<b>1,335</b>
in the period shorter than 1 year	663	373
in the period from 1 to 5 years	1,629	960
in the period longer than 5 years	-	2

## 26. Outsourcing contracts

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

<b>Future minimum lease payments</b>	<b>31 Dec. 2015 (audited)</b>
(i) within 1 year	32,256
(ii) within 1 to 5 years	56,590
(iii) within more than 5 years	4,234
<b>Total</b>	<b>93,080</b>

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

The table below presents expenditures incurred by ASEE Group in the years ended 31 December 2015 and 31 December 2014 for the acquisition of shares in subsidiaries as well as for the acquisition of non-controlling interests:

<b>Acquisition of shares in subsidiaries and associates</b>	<b>Year ended 31 Dec. 2015 (audited)</b>	<b>Year ended 31 Dec. 2014 (audited)</b>
EŽR Croatia	(1,686)	-
Multicard Serbia	-	(69)
<b>Total</b>	<b>(1,686)</b>	<b>(69)</b>

## 28. Contingent liabilities and receivables

Within its commercial activities ASEE Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. As at 31 December 2015, the related contingent liabilities equalled PLN 27,638 thousand, while as at 31 December 2014 they amounted to PLN 29,707 thousand.

Assets serving as security for bank loans and guarantee facilities:

<b>Category of assets</b>	<b>Net value of assets</b>		<b>Amount of granted guarantee secured with assets</b>	
	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>	<b>31 Dec. 2015</b>	<b>31 Dec. 2014</b>
Tangible assets	3,650	4,467	8,255	3,130
Inventories	-	1,065	-	5,070
Trade receivables	883	737	3,176	1,163
Other receivables (restricted cash)	159	293	2,259	2,007
<b>Total</b>	<b>4,692</b>	<b>6,562</b>	<b>13,690</b>	<b>11,370</b>

As the Group companies rent office space, both as at 31 December 2015 and 31 December 2014, the Group was a party to a number of rental, leasing and other contracts of similar nature, resulting in the following future payments:

<b>Liabilities under leases of space</b>	<b>31 Dec. 2015 (audited)</b>	<b>31 Dec. 2014 (audited)</b>
In the period up to 1 year	12,503	12,556
In the period from 1 to 5 years	22,862	29,867
<b>Total</b>	<b>35,365</b>	<b>42,423</b>

<b>Liabilities under operating lease of property, plant and equipment</b>	<b>31 Dec. 2015 (audited)</b>	<b>31 Dec. 2014 (audited)</b>
In the period up to 1 year	2,304	2,428
In the period from 1 to 5 years	2,057	3,189
<b>Total</b>	<b>4,361</b>	<b>5,617</b>

## 29. 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 2015 and 31 December 2014:

Full name of entity	Short name as used in this report	Country of registration	Equity interest / Voting rights	
			31 Dec. 2015	31 Dec. 2014
<b>Asseco South Eastern Europe S.A.</b>	<b>ASEE S.A.</b>	Poland		
<b>Asseco SEE s.r.l. (Bucharest)</b>	<b>ASEE Romania</b>	Romania	100.00%	100.00%
Asseco s.r.l. MOLDOVA	ASEE Moldova	Moldova	100.00%	100.00%
<b>Asseco SEE d.o.o., Beograd</b>	<b>ASEE Serbia</b>	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	100.00%	70.00%
Multicard d.o.o., Beograd	Multicard, Serbia	Serbia	45.00%	45.00%
<b>Asseco SEE d.o.o. (Zagreb)</b>	<b>ASEE Croatia</b>	Croatia	100.00%	100.00%
<b>Asseco SEE Sh.p.k. (Pristina)</b>	<b>ASEE Kosovo</b>	Kosovo	100.00%	100.00%
Asseco SEE Sh.p.k., Tirana	ASEE Albania	Albania	100.00%	100.00%
<b>Asseco SEE Teknoloji A.Ş. (İstanbul)</b>	<b>ASEE Turkey</b>	Turkey	100.00%	100.00%
NestPay Odeme Hizmetleri A.S.	ASEE NestPay	Turkey	100.00%	100.00%
<b>Asseco SEE d.o.o., (Ljubljana)</b>	<b>ASEE Slovenia</b>	Slovenia	100.00%	100.00%
<b>Asseco SEE DOOEL, Skopje</b>	<b>ASEE Macedonia</b>	Macedonia	100.00%	100.00%
<b>Asseco SEE d.o.o. (Sarajevo)</b>	<b>ASEE B&amp;H</b>	Bosnia and Herzegovina	100.00%	100.00%
<b>Asseco SEE o.o.d., Sofia</b>	<b>ASEE Bulgaria</b>	Bulgaria	100.00%	100.00%
<b>Asseco SEE d.o.o., Podgorica</b>	<b>ASEE Montenegro</b>	Montenegro	100.00%	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 2015, 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 2015 and 31 December 2014, voting rights held by the Group in ASEE Group companies were equivalent to the Group's equity interests in these entities.

### Changes in ASEE Group composition

During the year ended 31 December 2015, the organizational structure of ASEE Group changed as follows:

In July 2015, ASEE Serbia acquired 30% of shares in Uni4Gold from its non-controlling shareholders. As a result of this transaction, ASEE Serbia held

100% of shares in that company as at 31 December 2015.

Moreover, in October 2015 ASEE Serbia won a tender for the acquisition of 87,176 shares in Chip Card a.d. (Serbia), a company engaged in processing and authentication of payment transactions. At the same time, the company signed a conditional agreement to purchase additional 18,945 shares from one of the existing shareholders of Chip Card a.d. Concurrently, ASEE Serbia made a commitment to acquire 30,000 of newly issued shares in Chip Card a.d. Execution of the above-mentioned transactions is subject to a number of conditions precedent, including the resignation of the existing shareholders of Chip Card a.d. from their pre-emption rights as well as obtaining the consent of the local antimonopoly authority. If the above-mentioned transactions are completed, ASEE Serbia will hold 136,121 shares in Chip Card a.d., representing 53.81% of the share capital of the acquired company. ASEE Serbia is conducting negotiations with the remaining shareholders of Chip Card a.d. in order to buy further shares in the company.

During the period of 12 months ended 31 December 2015, 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 2015 and 31 December 2014, as well as outstanding balances of receivables and liabilities arising from such transactions as at 31 December 2015 and 31 December 2014 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
<b>Party having significant influence over the Group:</b>				
2015	337	284	47	59
2014	1,242	328	416	46
<b>Other related parties:</b>				
2015	678	39	155	-
2014	372	188	552	107
<b>Associates:</b>				
2015	969	-	407	-
2014	604	4	129	-

Our Parent Company, Asseco Poland S.A. received dividends from ASEE S.A. in the gross amount of PLN 10,598 thousand, as compared with PLN 8,478 thousand in 2014.

Apart from trade receivables, the above table also discloses receivables from deposits we have paid in under space rental agreements, amounting to PLN 47 thousand as at 31 December 2015 and PLN 47 thousand as at 31 December 2014.

### 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 Management Boards and Supervisory Boards) of the Group companies during the years ended 31 December 2015 and 31 December 2014, as well as outstanding balances of receivables and liabilities arising from such transactions as at 31 December 2015 and 31 December 2014 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
<b>Key Management Personnel (members of Management Boards and Supervisory Boards) of ASEE S.A. and the Group companies:</b>				
2015	43	7,546	4	128
2014	35	9,032	4	63

<sup>1</sup> Petreski, Member of the Supervisory Board of ASEE S.A. is a shareholder in Liatris d.o.o. which as at 31 December 2015 held a 6.48% stake in ASEE S.A. (as at 31 December 2014: 7.40%). Mihail

Purchases from and sales to related parties presented in the table above are associated 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 31 to these financial statements.

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

During the year ended 31 December 2015, ASEE Serbia incurred space rental costs that were paid to its related parties MHM d.o.o., Beograd<sup>1</sup>, DM3

d.o.o., Beograd<sup>1</sup> and MiniInvest d.o.o., Beograd<sup>2</sup>, amounting in total to PLN 4,804 thousand, as compared with PLN 4,443 thousand incurred in the year ended 31 December 2014.

During the year ended 31 December 2015, ASEE Macedonia incurred space rental costs that were paid to its related party MPS d.o.o., Skopje<sup>3</sup>, amounting in total to PLN 611 thousand, as compared with PLN 637 thousand incurred in the year ended 31 December 2014.

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 2,029 thousand, as compared with PLN 1,983 thousand distributed in 2014. The above-stated amounts do not include dividends payable to Asseco Poland S.A.<sup>4</sup>. The dividend was paid out on 15 July 2015.

---

d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Whereas, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in ASEE S.A. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, President of the Management Board of Asseco SEE d.o.o., Beograd and Member of the Management Board of ASEE S.A;  
<sup>2</sup> Mijan Mališ, Member of the Management Board of ASEE S.A. is a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.

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

<sup>4</sup> Adam Góral, President of the Management Board of Asseco Poland serving as Chairman of the Supervisory Board of ASEE S.A., and Jacek Duch, Chairman of the Supervisory Board of Asseco Poland serving as 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 2015, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

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.

### 30. Employment

Group's workforce as at	31 Dec. 2015 (audited)	31 Dec. 2014 (audited)
Management Board of the Parent Company*	4	4
Management Boards of the Group companies	23	24
Production departments	1,078	1,067
Sales departments	145	153
Administration departments	170	155
<b>1,420</b>	<b>1,403</b>	

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

Numbers of employees in the Group companies as at	31 Dec. 2015 (audited)	31 Dec. 2014 (audited)
ASEE S.A.	27	27
ASEE Romania	160	148
ASEE Serbia Group	476	461
ASEE Croatia	242	250
ASEE Kosovo	60	82
ASEE Turkey	190	188
ASEE Bulgaria	19	21
ASEE B&H (Sarajevo)	45	46
ASEE Macedonia	147	141
ASEE Slovenia	35	28
ASEE Montenegro	9	10
NestPay	10	1
<b>1,420</b>	<b>1,403</b>	

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

The table below presents the amounts of remuneration payable to individual Members of the Company's Management Board and Supervisory Board for performing their duties during the years 2015 and 2014:

Fixed remuneration for the period of	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Management Board</b>		
Piotr Jeleński	365	360
Călin Bârseti*	-	281
Miljan Mališ	153	153
Miodrag Mirčetić	212	213
Marcin Rulnicki	281	231
<b>1,011</b>	<b>1,238</b>	
<b>Supervisory Board</b>		
Adam Góral	-	-
Jacek Duch	-	-
Jan Dauman	-	-
Andrzej Mauberg	-	-
Mihail Petreski	186	179
Przemysław Sęczkowski	-	-
Gabriela Žukowicz	-	-
<b>186</b>	<b>179</b>	

Variable remuneration for the period of	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
<b>Management Board</b>		
Piotr Jeleński	1,600	1,170
Călin Bârseti*	-	479
Miljan Mališ	587	539
Miodrag Mirčetić	837	710
Marcin Rulnicki	349	229
<b>3,373</b>	<b>3,127</b>	
<b>Supervisory Board</b>		
Adam Góral	-	-
Jacek Duch	-	-
Jan Dauman	-	-
Andrzej Mauberg	-	-
Mihail Petreski	-	-
Przemysław Sęczkowski	-	-
Gabriela Žukowicz	-	-

\*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 2015 amounted to PLN 10,831 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 2014 amounted to PLN 9,768 thousand (excluding the amounts stated in the tables above).

### 32. 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 2015 and 31 December 2014:

Remuneration for the period of	Year ended 31 Dec. 2015 (audited)	Year ended 31 Dec. 2014 (audited)
Obligatory audit of the annual financial statements and review of semi-annual financial statements	203	205

### 33. 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 2015 and 31 December 2014, 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. 2015 (audited)	31 Dec. 2014 (restated)
Interest-bearing loans and borrowings	45,329	43,069
Trade payables and other liabilities	82,416	98,946
Minus cash and cash equivalents (-)	(101,075)	(88,973)
<b>Net debt</b>	<b>26,670</b>	<b>53,042</b>
Equity	689,309	679,168
<b>Equity and net debt</b>	<b>715,979</b>	<b>732,210</b>
<b>Leverage ratio</b>	<b>3.72%</b>	<b>7.24%</b>

#### 34. Objectives and principles of financial risk management

Asseco South Eastern Europe Group is exposed to a number of risks arising either from the macroeconomic situation of the countries where the Group companies operate as well as from microeconomic situation in individual companies. 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. In addition, our subsidiaries just as the Parent Company are directly exposed to the risk of changes in foreign exchange rates as they hold loans and other liabilities as well as receivables, cash and other assets denominated in currencies other than the functional currencies of their countries.

#### 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.

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.

The Group companies may conclude forward rate agreements in order to mitigate the risk of interest rate changes.

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 2015 and 31 December 2014, 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 2015 and 31 December 2014.

Ageing of finance lease liabilities	31 Dec. 2015 (audited)	31 Dec. 2014 (restated)
Liabilities falling due within 1 year	745	436
Liabilities falling due within 1 to 5 years	1,726	1,023
Liabilities falling due after 5 years	-	2
	<b>2,471</b>	<b>1,461</b>

#### Effects of reducing the foreign currency risk

The analysis of sensitivity of our trade receivables, cash at foreign currency bank accounts, as well as bank loans payable, trade payables and other financial liabilities, to fluctuations in the exchange rates of the American dollar against the functional currencies of the Group's companies, indicates that the Group will incur a potential loss of PLN 871 thousand if the dollar depreciates 10% versus our functional currencies. Whereas, if the euro depreciates 10% versus the functional currencies of the Group companies, the Group will potentially gain PLN 2,810 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 net total of PLN 1,937 thousand. In contrast, if the dollar and euro appreciated by 10% versus those functional currencies, the Group would incur an additional net financial loss of PLN 1,937 thousand.

	As at 31 Dec. 2015 (audited)	Amount exposed to risk	Impact on financial results of the Group (10%)	10%
<b>EUR:</b>				
Trade receivables	16,760	(1,140)	1,140	
Cash and cash equivalents	20,369	(1,480)	1,480	
Bank loans	39,829	3,708	(3,708)	
Trade payables	19,231	1,714	(1,714)	
Financial liabilities carried at fair value through profit or loss	64	6	(6)	
<b>Balance</b>	<b>2,808</b>	<b>(2,808)</b>		
<b>USD:</b>				
Trade receivables	5,906	(591)	591	
Cash and cash equivalents	9,527	(953)	953	
Trade payables	6,369	637	(637)	
Financial liabilities carried at fair value through profit or loss	361	36	(36)	
<b>Balance</b>	<b>(871)</b>	<b>871</b>		
	As at 31 Dec. 2014 (restated)	Amount exposed to risk	Impact on financial results of the Group (10%)	10%
<b>EUR:</b>				
Trade receivables	10,489	(353)	353	
Financial assets held to maturity	2,138	(213)	213	
Cash and cash equivalents	6,999	(568)	568	
Bank loans	24,199	2,340	(2,340)	
Trade payables	19,771	1,386	(1,386)	
Financial liabilities carried at fair value through profit or loss	1,850	185	(185)	
<b>Balance</b>	<b>2,777</b>	<b>(2,777)</b>		
<b>USD:</b>				
Trade receivables	2,276	(228)	228	
Cash and cash equivalents	5,478	(548)	548	
Trade payables	9,005	901	(901)	
<b>Balance</b>	<b>125</b>	<b>(125)</b>		

### 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 45,329 million as at 31 December 2015, of which the amount of PLN 43,559 million was exposed to the interest rate risk.

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

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

### 35. Financial instruments

#### Fair value

The book values of financial assets and liabilities held by the Group both as at 31 December 2015 and 31 December 2014 did not significantly differ from their fair values.

	Book value 31 Dec. 2015	Level 1 <sup>i)</sup>	Level 2 ii)	Level 3 iii)	Book value 31 Dec. 2014	Level 1 <sup>i)</sup>	Level 2 ii)	Level 3 iii)
<b>Financial assets carried at fair value through profit or loss</b>								
Investment fund units	2,619	-	2,619	-	-	-	-	-
	2,619	-	2,619	-	-	-	-	-
<b>Financial assets available for sale</b>								
Shares in companies listed on regulated markets	129	109	-	20	126	106	-	20
Shares in companies not listed on regulated markets	109	109	-	-	106	106	-	-
	20	-	-	20	20	-	-	20
Financial assets held to maturity	20	-	-	-	2,693	-	2,693	-
Bank deposits (3 to 12 months long)	93	-	93	-	2,693	-	2,693	-
Deposits for over 12 months	17	-	17	-	2,617	-	2,617	-
Borrowings	76	-	76	-	76	-	76	-
Granted to employees	49	-	49	-	59	-	59	-
	49	-	49	-	59	-	59	-

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.

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

Year ended 31 Dec. 2015 (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
<b>Financial assets</b>							
Cash deposits	OFLaAC	179	-	-	-	-	179
Financial assets carried at fair value	FVtPL	103	-	-	-	-	103
Loans granted and receivables	L&R	-	1,201	19	-	-	1,220
Receivables from dividends and disposed shares		-	912	-	-	-	912
Cash and cash equivalents	FVtPL	1,203	1,274	-	-	-	2,477
<b>Financial liabilities</b>							
Interest-bearing bank loans and borrowings	OFLaAC	(1,303)	(2,038)	-	-	-	(3,341)
Other liabilities, of which:		(90)	(988)	-	(374)	133	(1,319)
Finance lease liabilities		(90)	-	-	-	-	(90)
Liabilities for unpaid shares		-	31	-	-	133	164
Currency forward contracts	FVtPL	-	64	-	(374)	-	(310)
Trade payables	OFLaAC	-	(1,083)	-	-	-	(1,083)
<b>Total</b>		92	361	19	(374)	133	231

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
<b>Financial assets</b>							
Cash deposits	OFLaAC	16	-	-	-	-	<b>16</b>
Financial assets carried at fair value	FVtPL	7	189	-	-	-	<b>196</b>
Loans granted and receivables	L&R	50	536	424	-	-	<b>1,010</b>
Receivables from dividends and disposed shares			1,169	-	-	-	<b>1,169</b>
Cash and cash equivalents	FVtPL	1,056	320	-	-	-	<b>1,376</b>
<b>Financial liabilities</b>							
Interest-bearing bank loans and borrowings	OFLaAC	(1,846)	(34)	-	-	(39)	<b>(1,919)</b>
Other liabilities, of which:		(52)	(1,451)	-	(149)	-	<b>(1,652)</b>
<i>Finance lease liabilities</i>		(49)	-	-	-	-	<b>(49)</b>
<i>Liabilities for unpaid shares</i>		-	(704)	-	-	-	<b>(704)</b>
<i>Currency forward contracts</i>	FVtPL	-	63	-	(149)	-	<b>(86)</b>
<i>Trade payables</i>	OFLaAC	(3)	(810)	-	-	-	<b>(813)</b>
<b>Total</b>		<b>(769)</b>	<b>729</b>	<b>424</b>	<b>(149)</b>	<b>(39)</b>	<b>196</b>

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

In the period from 31 December 2015 till the date of approval of these consolidated financial statements, this is until 18 February 2016, we have not observed any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE Group.

### 37. Significant events related to prior years

Until the date of preparing these consolidated financial statements, this is until 18 February 2016, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.