



**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE PERIOD OF 6 MONTHS ENDED
30 JUNE 2014**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE GROUP
INCLUDING THE REPORT OF
INDEPENDENT CERTIFIED AUDITORS**

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OF ASSECO SOUTH EASTERN EUROPE GROUP
INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2014**

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

Management Board of Asseco South Eastern Europe S.A.

Piotr Jeleński President of the Management Board

Calin Barseti Member of the Management Board

Miljan Mališ Member of the Management Board

Miodrag Mirčetić Member of the Management Board

Marcin Rulnicki Member of the Management Board

FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP

	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (restated)	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (restated)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Sales revenues	220,298	213,261	52,723	50,608
II. Operating profit	18,553	18,894	4,440	4,484
III. Pre-tax profit	18,570	20,315	4,444	4,821
IV. Net profit for the reporting period	16,108	15,145	3,855	3,594
V. Net profit attributable to Shareholders of the Parent Company	16,125	15,182	3,859	3,603
VI. Net cash provided by (used in) operating activities	24,003	4,124	5,745	979
VII. Net cash provided by (used in) investing activities	(37,976)	(18,419)	(9,089)	(4,371)
VIII. Net cash provided by (used in) financing activities	20,568	1,796	4,922	426
IX. Cash and cash equivalents at the end of period	66,695	63,909	16,029	14,762
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.31	0.29	0.07	0.07
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.31	0.29	0.07	0.07

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

- items of the interim condensed consolidated income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
 - for the period from 1 January 2014 to 30 June 2014: EUR 1 = PLN 4.1784
 - for the period from 1 January 2013 to 30 June 2013: EUR 1 = PLN 4.2140
- 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 30 June 2014: EUR 1 = PLN 4.1609
 - exchange rate effective on 30 June 2013: EUR 1 = PLN 4.3292

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Sales revenues	<u>1</u>	121,017	220,298	112,628	213,261
Cost of sales (-)	<u>2</u>	(92,676)	(168,323)	(86,974)	(161,776)
Gross profit on sales		28,341	51,975	25,654	51,485
Selling costs (-)	<u>2</u>	(9,516)	(17,451)	(8,836)	(17,036)
General administrative expenses (-)	<u>2</u>	(8,316)	(16,196)	(8,770)	(16,705)
Net profit on sales		10,509	18,328	8,048	17,744
Other operating income	<u>3</u>	549	950	1,026	1,262
Other operating expenses (-)	<u>3</u>	(637)	(945)	(169)	(387)
Share in profits of associates (+/-)		128	220	132	275
Operating profit		10,549	18,553	9,037	18,894
Financial income	<u>4</u>	616	1,015	1,331	2,463
Financial expenses (-)	<u>4</u>	(622)	(998)	(454)	(1,042)
Pre-tax profit		10,543	18,570	9,914	20,315
Corporate income tax (current and deferred tax expense)	<u>5</u>	(1,449)	(2,462)	(2,565)	(5,170)
Net profit for the reporting period		9,094	16,108	7,349	15,145
Attributable to:					
Shareholders of the Parent Company		9,110	16,125	7,374	15,182
Non-controlling interests		(16)	(17)	(25)	(37)

Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):

Basic consolidated earnings per share from continuing operations for the reporting period	<u>6</u>	0.18	0.31	0.14	0.29
Diluted consolidated earnings per share from continuing operations for the reporting period	<u>6</u>	0.18	0.31	0.14	0.29

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Net profit for the reporting period	9,094	16,108	7,349	15,145
Other comprehensive income, of which:	2,628	4,116	13,710	32,552
Components that may be reclassified to profit or loss	2,628	4,116	13,710	32,552
Exchange differences on translation of foreign operations	2,628	4,116	13,710	32,552
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	11,722	20,224	21,059	47,697
Attributable to:				
<i>Shareholders of the Parent Company</i>	11,739	20,245	21,100	47,768
<i>Non-controlling interests</i>	(17)	(21)	(41)	(71)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 June 2014	31 Dec. 2013
		(unaudited)	(restated)
Non-current assets		600,040	564,377
Property, plant and equipment	8	61,796	33,897
Investment property		1,202	1,230
Intangible assets	8	36,377	32,772
Goodwill arising from consolidation	9	495,381	491,656
Investments accounted for using the equity method		1,343	1,374
Shares in subsidiaries		11	11
Long-term financial assets	12	224	155
Long-term receivables		345	300
Deferred tax assets		2,710	2,562
Long-term prepayments and accrued income	14	651	420
Current assets		215,342	212,438
Inventories	10	20,263	17,669
Prepayments and accrued income	14	9,597	7,395
Trade receivables	11	86,760	107,274
Corporate income tax receivable		2,281	1,997
Other receivables from the state and local budgets		683	416
Receivables arising from valuation of IT contracts		13,964	8,193
Other receivables	11	11,372	9,703
Short-term financial assets	12	3,727	1,438
Cash and short-term deposits	13	66,695	58,353
TOTAL ASSETS		815,382	776,815

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	30 June 2014	31 Dec. 2013
		(unaudited)	(restated)
Equity (attributable to shareholders of the Parent Company)		651,892	648,253
Share capital		518,942	518,942
Share premium		38,825	38,825
Exchange differences on translation of foreign operations		(70,759)	(74,879)
Retained earnings and current net profit		164,884	165,365
Non-controlling interests		150	171
Total equity		652,042	648,424
Non-current liabilities		28,803	12,353
Interest-bearing bank loans and borrowings	16	23,645	7,157
Deferred tax liabilities		2,330	2,422
Long-term provisions		1,422	1,373
Long-term financial liabilities	15	858	718
Long-term deferred income	18	548	683
Current liabilities		134,537	116,038
Interest-bearing bank loans and borrowings	16	13,288	6,314
Trade payables	17	47,335	52,253
Corporate income tax payable	17	234	66
Other liabilities to the state and local budgets	17	10,489	13,998
Financial liabilities	15	18,726	2,073
Liabilities arising from valuation of IT contracts		575	1,270
Other liabilities	17	15,264	13,870
Short-term provisions		1,619	2,682
Deferred income	18	7,910	7,863
Accruals	18	19,097	15,649
TOTAL LIABILITIES		163,340	128,391
TOTAL EQUITY AND LIABILITIES		815,382	776,815

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period of 6 months ended 30 June 2014

	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2014	518,942	38,825	(74,879)	165,365	648,253	171	648,424
Net profit (loss) for the reporting period	-	-	-	16,125	16,125	(17)	16,108
Other comprehensive income	-	-	4,120	-	4,120	(4)	4,116
Total comprehensive income for the reporting period	-	-	4,120	16,125	20,245	(21)	20,224
Dividend	-	-	-	(16,606)	(16,606)	-	(16,606)
As at 30 June 2014 (unaudited)	518,942	38,825	(70,759)	164,884	651,892	150	652,042

for the period of 6 months ended 30 June 2013

	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2013	518,942	38,825	(63,856)	170,761	664,672	181	664,853
Net profit (loss) for the reporting period	-	-	-	15,182	15,182	(37)	15,145
Other comprehensive income	-	-	32,586	-	32,586	(34)	32,552
Total comprehensive income for the reporting period	-	-	32,586	15,182	47,768	(71)	47,697
Changes in the Group structure, of which:	-	-	-	-	-	34	34
Acquisition of shares in a subsidiary	-	-	-	-	-	34	34
Recognition of financial result attributable to non-controlling interests	-	-	-	(19)	(19)	19	-
Dividend	-	-	-	(42,034)	(42,034)	-	(42,034)
As at 30 June 2013 (restated)	518,942	38,825	(31,270)	143,890	670,387	163	670,550

for the period of 12 months ended 31 December 2013

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (restated)
Cash flows – operating activities			
Pre-tax profit from continuing operations		18,570	20,315
Total adjustments:			
Depreciation and amortization		10,284	6,762
Change in inventories		(4,980)	(6,075)
Change in receivables		13,231	(13,477)
Change in liabilities		(10,070)	2,631
Change in prepayments and accruals		868	2,582
Change in provisions		(1,023)	(1,856)
Interest income and expenses		259	(1,148)
Gain (loss) on foreign exchange differences		(167)	(341)
Gain (loss) on investing activities		(283)	(186)
Other		82	21
Net cash generated from operating activities		26,771	9,228
Corporate income tax paid		(2,768)	(5,104)
Net cash provided by (used in) operating activities		24,003	4,124
Cash flows – investing activities			
Disposal of property, plant and equipment and intangible assets		579	605
Acquisition of property, plant and equipment and intangible assets	8	(32,393)	(8,878)
Expenditures for development projects		(4,328)	(6,621)
Acquisition of subsidiaries		-	(470)
Cash and cash equivalents in subsidiaries acquired		-	152
Disposal of financial assets carried at fair value through profit or loss	12	65	-
Acquisition of investment fund units	12	(420)	(9,500)
Bank deposits withdrawn	12	1,022	10,296
Bank deposits made	12	(2,971)	(3,300)
Loans collected (granted)		(88)	208
Interest received		329	847
Dividends received		229	-
Dividends paid out to former shareholders of a subsidiary		-	(1,759)
Other		-	1
Net cash provided by (used in) investing activities		(37,976)	(18,419)

	Note	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (restated)
Cash flows – financing activities			
Proceeds from (repayments of) short-term bank loans and borrowings		354	(274)
Proceeds from other bank loans and borrowings	16	26,493	2,234
Repayments of other bank loans and borrowings	16	(5,427)	(26)
Finance lease liabilities paid		(198)	(92)
Interest paid		(654)	(46)
Net cash provided by (used in) financing activities		20,568	1,796
Net increase (decrease) in cash and cash equivalents		6,595	(12,499)
Net foreign exchange differences		399	3,419
Cash and cash equivalents as at 1 January	13	58,293	72,949
Cash and cash equivalents as at 30 June	13	65,287	63,869

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

I. GENERAL INFORMATION

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

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

ASEE S.A. is the Parent 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 for the finance and telecommunication sectors, authentication solutions and internet payment systems, while it also sells 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.

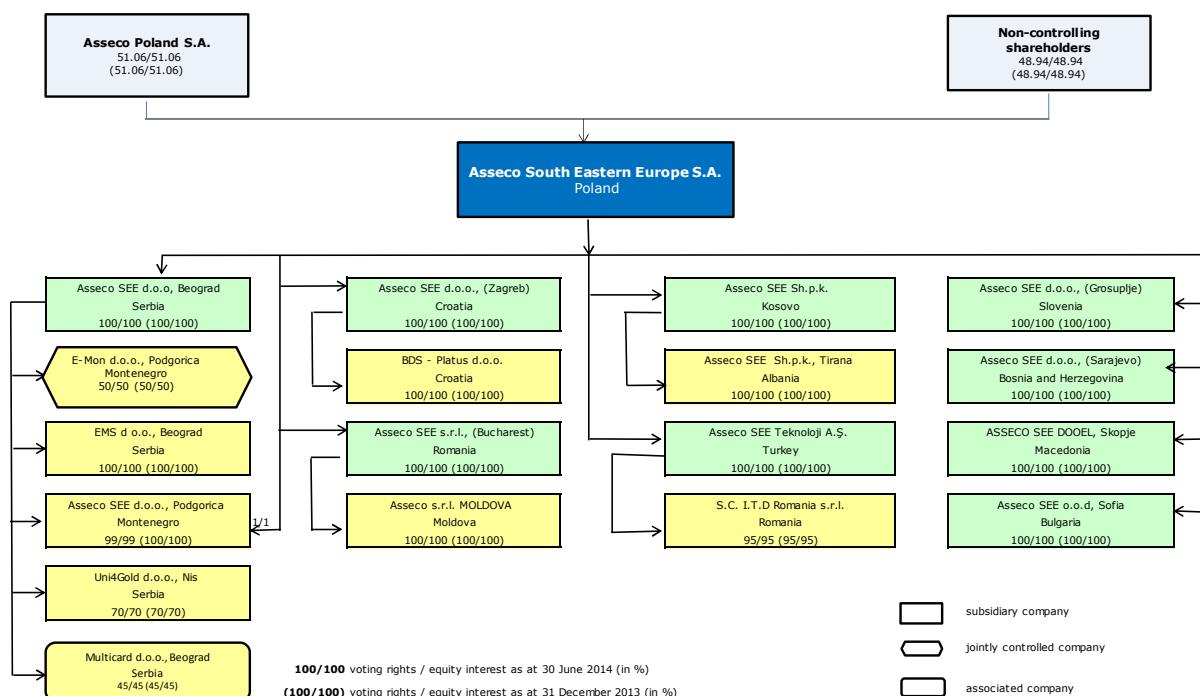
The Group's business profile and product portfolio have been described in detail in its annual report for the year 2013, which is available at the Issuer's website: www.asseco.com/see.

These interim condensed consolidated financial statements cover the period of 6 months ended 30 June 2014 and contain comparable data for the period of 6 months ended 30 June 2013 in the case of the statement of comprehensive income, statement of changes in equity and statement of cash flows, as well as comparable data as at 31 December 2013 in the case of the statement of financial position. The income statement as well as notes to the income statement cover the period of 3 months ended 30 June 2014 and contain comparable data for the period of 3 months ended 30 June 2013; these data have not been reviewed by certified auditors.

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

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

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 30 June 2014.

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company). As at 30 June 2014, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

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

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

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

Both as at 30 June 2014 and 31 December 2013, voting rights the Group was entitled to exercise in its subsidiaries were proportional to the Group's equity interests in these entities.

III. EFFECTS OF CHANGES IN THE GROUP'S AND ISSUER'S STRUCTURE

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

On 18 June 2014, the Company acquired 1% of shares in ASEE Montenegro from ASEE Serbia for PLN 38 thousand. The said transaction had no impact on these consolidated financial statements of ASEE Group.

During the period of 6 months ended 30 June 2014, there were no other changes in the organizational structures of ASEE Group and the Issuer.

IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

2. Compliance statement

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

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

3. Significant accounting policies

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

Group's consolidated financial statements for the year ended 31 December 2013.

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

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

Other accounting policies adopted for drawing up this report are coherent with those applied for the preparation of the annual consolidated financial statements for the year ended 31 December 2013, except for applying the amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2014:

- **IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements**

IFRS 10 replaces a part of the former IAS 27 *Consolidated and Separate Financial Statements* in the scope of consolidated financial statements and introduces a new definition of control. IFRS 10 may cause changes within the consolidated group concerning the possibility of consolidation of entities that have been previously consolidated or vice versa; however, it does not introduce any changes in the consolidation procedures or in the methods for purchase price allocation in the consolidated financial statements.

- **IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures**

IFRS 11 addresses the issue of joint arrangements. It classifies joint arrangements as either joint operations or joint ventures, and provides appropriate methods for their recognition.

Adoption of this standard may result in changing the applied method of accounting for joint arrangements (e.g. operations that have been previously classified as jointly controlled entities and accounted for using the proportionate method may now be classified as joint ventures and thus accounted for using the equity method).

IAS 28 has been amended and provides guidance on applying the equity method for joint operations.

- **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 requires extensive disclosures relating to an entity's interests in subsidiaries, associates and joint arrangements. Adoption of this

standard may result in broader disclosures in the financial statements, including:

- key financial information, including the risks associated with the Group's operations;
- interests in unconsolidated structured entities and the risks associated with such operations;
- information about each operation, in which the Group has a material non-controlling interest;
- information about significant judgements and assumptions made for classifying individual operations as subsidiaries, associates or joint arrangements.

- **Investment Entities – amendments to IFRS 10, IFRS 12 and IAS 27**

These amendments define investment entities that are exempt from the obligation to consolidate subsidiaries, and instead should measure their investments in particular subsidiaries at fair value through profit or loss.

- **Offsetting Financial Assets and Financial Liabilities – amendments to IAS 32**

These amendments to IAS 32 clarify the meaning and effects of a legally enforceable right to set off a financial asset against a financial liability, and also clarify the offsetting criteria for gross settlement mechanisms (such as clearing houses).

- **Recoverable Amount Disclosures for Non-Financial Assets – amendments to IAS 36**

These amendments removed the unintended consequences of IFRS 13 regarding some of the disclosure requirements under IAS 36. Furthermore, these amendments require the disclosure of the recoverable amount of individual assets or cash-generating units for which the entity has recognized or reversed an impairment loss during the reporting period, when their value in use equals their fair value less costs of disposal.

- **Novation of Derivatives and Continuation of Hedge Accounting – amendments to IAS 39**

These amendments to IAS 39 regard the continued application of hedge accounting after novation of derivatives and provide relief from discontinuing hedge accounting when a novation satisfies certain criteria set forth in IAS 39.

Adoption of the above-mentioned amendments affected neither the Group's financial position nor its financial performance, except for the amendments to IFRS 11.

4. Functional currency and reporting currency

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

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

5. Changes in estimates

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

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

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

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

Following the above change in estimates, as at 30 June 2014, the amount of write-downs on inventories increased by PLN 766 thousand as compared with those of 31 December 2013.

In the period of 6 months ended 30 June 2014, our approach to making estimates was not subject to any other substantial change.

6. Professional judgement

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

The changes of estimates as at 30 June 2014 included the calculation of deferred income tax as described in note 5, preparation of impairment tests for goodwill as described in note 9, as well as the estimated value of accruals for employee benefits as disclosed in note 18. The estimated value of our deferred payment for the acquisition of shares in EZR Croatia remained unchanged.

7. Seasonal nature of business

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

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

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

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

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

9. Corrections of material errors

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

10. Changes in the comparable data

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

Change in the accounting for E-Mon Montenegro

ASEE Group holds a 50% stake in E-mon Montenegro which is a provider of online payment solutions. Until 31 December 2013, this company was classified as a jointly controlled entity and

accounted for using the proportionate method under the provisions of IAS 31 *Interests in Joint Ventures*. Due to the entry into force of IFRS 11 *Joint Arrangements*, which is effective in the European Union at the latest for annual periods beginning on or after 1 January 2014, and the resulting impossibility to apply the proportionate method, in these interim condensed consolidated financial statements the company of E-mon Montenegro has been accounted for using the equity method. The equity method has been also applied retrospectively to the comparable data reported for 6 months ended 30 June 2013 and as at 31 December 2013. The impact of changing the method of accounting, from proportionate to equity-based, on the comparable data has been shown in the tables below.

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

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

Impact of the above described changes on the comparable data

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

Changes in the comparable data	Report for 6 months ended 30 June 2013 (published)	Change in the method of accounting for E-Mon	Changes in the presentation of managerial staff remuneration	Restated Income Statement for 6 months ended 30 June 2013 (restated)
Consolidated Income Statement for the period of 6 months ended 30 June 2013				
Sales revenues	213,921	(660)	-	213,261
Cost of sales (-)	(160,019)	385	(2,142)	(161,776)
Gross profit on sales	53,902	(275)	(2,142)	51,485
Selling costs (-)	(18,423)	-	1,387	(17,036)
General administrative expenses (-)	(17,460)	-	755	(16,705)
Net profit on sales	18,019	(275)	-	17,744
Other operating income (+)	1,262	-	-	1,262
Other operating expenses (-)	(387)	-	-	(387)
<i>Share in profits of associates</i>	-	275	-	275
Operating profit	18,894	-	-	18,894
Changes in the comparable data	Report for 6 months ended 30 June 2013		Change in the method of accounting for E-Mon	Restated Statement of Cash Flows for 6 months ended 30 June 2013 (restated)
Consolidated Statement of Cash Flows for 6 months ended 30 March 2013				
Net cash provided by (used in) operating activities	4,124	-	-	4,124
Net cash provided by (used in) investing activities	(18,419)	-	-	(18,419)
Net cash provided by (used in) financing activities	1,796	-	-	1,796
Net increase (decrease) in cash and cash equivalents	(12,499)	-	-	(12,499)
Net foreign exchange differences	3,328	91	-	3,419
Cash and cash equivalents as at 1 January	74,133	(1,184)	-	72,949
Cash and cash equivalents as at 30 June	64,962	(1,093)	-	63,869

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.

These reportable segments correspond to the Group's operating segments.

The Banking Solutions segment deals with integrated banking systems (including primarily *core banking systems*), systems enabling secure authentication of bank clients or IT system users, mobile banking systems, as well as solutions for leasing companies.

The Payment Solutions segment provides IT systems for the settlement of internet credit card payments as well as for fast and direct internet money transfers. This operating segment is also engaged in the sale and maintenance of ATMs and POS terminals as well as in the provision of related support services.

The Systems Integration 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.

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

For the period of 6 months ended 30 June 2014 and as at 30 June 2014 in PLN thousands (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
Sales revenues:	59,994	67,806	127,800	101,358	4,350	(13,210)	220,298
Sales to external customers	53,969	65,853	119,822	100,476	-	-	220,298
Inter/intra segment sales	6,025	1,953	7,978	882	4,350	(13,210)	-
Gross profit on sales	14,986	19,838	34,824	17,151	-	-	51,975
Selling costs (-)	(4,955)	(4,078)	(9,033)	(8,418)	-	-	(17,451)
General administrative expenses (-)	(6,495)	(5,581)	(12,076)	(4,120)	-	-	(16,196)
Net profit on sales	3,536	10,179	13,715	4,613	-	-	18,328
Goodwill arising from consolidation	196,439	112,653	309,092	186,289	-	-	495,381

For the period of 6 months ended 30 June 2014 in EUR thousands (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
Sales revenues:	14,358	16,227	30,585	24,258	1,041	(3,161)	52,723
Sales to external customers	12,916	15,760	28,676	24,047	-	-	52,723
Inter/intra segment sales	1,442	467	1,909	211	1,041	(3,161)	-
Gross profit on sales	3,587	4,748	8,335	4,105	-	-	12,440
Selling costs (-)	(1,186)	(976)	(2,162)	(2,015)	-	-	(4,177)
General administrative expenses (-)	(1,554)	(1,336)	(2,890)	(986)	-	-	(3,876)
Net profit on sales	847	2,436	3,283	1,104	-	-	4,387

The above figures have been converted at the average exchange rate for the period from 1 January 2014 to 30 June 2014: EUR 1 = PLN 4.1784

For the period of 6 months ended 30 June 2013 and as at 31 December 2013 in PLN thousands (restated)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
Sales revenues:	64,653	53,379	118,032	108,078	5,465	(18,314)	213,261
Sales to external customers	56,986	50,644	107,630	105,631	-	-	213,261
Inter/intra segment sales	7,667	2,735	10,402	2,447	5,465	(18,314)	-
Gross profit on sales	19,086	17,495	36,581	14,904	-	-	51,485
Selling costs (-)	(5,289)	(3,783)	(9,072)	(7,964)	-	-	(17,036)
General administrative expenses (-)	(7,342)	(4,897)	(12,239)	(4,466)	-	-	(16,705)
Net profit on sales	6,455	8,815	15,270	2,474	-	-	17,744
Goodwill arising from consolidation	194,480	112,685	307,165	184,491	-	-	491,656

For the period of 6 months ended 30 June 2013 in EUR thousands (restated)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
Sales revenues:	15,342	12,667	28,009	25,648	1,297	(4,346)	50,608
Sales to external customers	13,523	12,018	25,541	25,067	-	-	50,608
Inter/intra segment sales	1,819	649	2,468	581	1,297	(4,346)	-
Gross profit on sales	4,529	4,152	8,681	3,537	-	-	12,218
Selling costs (-)	(1,255)	(898)	(2,153)	(1,890)	-	-	(4,043)
General administrative expenses (-)	(1,742)	(1,161)	(2,903)	(1,060)	-	-	(3,963)
Net profit on sales	1,532	2,093	3,625	587	-	-	4,212

The above figures have been converted at the average exchange rate for the period from 1 January 2013 to 30 June 2013: EUR 1 = PLN 4.2140

VI. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Breakdown of sales revenues

During the period of 6 months ended 30 June 2014 and in the comparable period last year, operating revenues were as follows:

Sales revenues by type of products	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Proprietary software and services	67,059	125,549	57,078	111,914
Third-party software and services	21,043	35,602	17,634	31,911
Hardware and infrastructure	32,915	59,147	37,916	69,436
	121,017	220,298	112,628	213,261
Sales revenues by sectors	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Banking and finance	82,890	151,994	76,743	140,786
Central and local administration	21,216	32,836	13,717	21,749
Public utilities	1,916	2,610	5,517	7,836
Telecommunications and media	3,124	8,904	7,599	17,315
Other enterprises	11,871	23,954	9,052	25,575
	121,017	220,298	112,628	213,261

2. Breakdown of operating costs

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Employee benefits (-)	(38,439)	(75,366)	(35,916)	(70,096)
Third-party services and outsourcing of employees (-)	(5,445)	(9,719)	(4,469)	(9,148)
Depreciation and amortization (-)	(5,658)	(10,284)	(3,487)	(6,762)
Maintenance costs of property and business cars (-)	(7,489)	(14,853)	(7,022)	(13,298)
Business trips (-)	(1,280)	(2,461)	(1,542)	(2,564)
Advertising (-)	(1,391)	(2,332)	(2,041)	(3,718)
Other operating expenses (-)	(827)	(442)	(90)	109
	(60,529)	(115,457)	(54,567)	(105,477)
Production costs (-)	(42,697)	(81,810)	(36,961)	(71,736)
Selling costs (-)	(9,516)	(17,451)	(8,836)	(17,036)
General administrative expenses (-)	(8,316)	(16,196)	(8,770)	(16,705)
Cost of goods and third-party services sold (-)	(49,979)	(86,513)	(50,013)	(90,040)

3. Other operating income and expenses

Other operating income	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Gain on disposal of property, plant and equipment and intangible assets	270	360	327	417
Income from leases of space	37	75	45	88
Inventory count surplus	32	32	-	-
Compensations received	15	88	46	61
Other provisions	-	-	95	95
Other	195	395	513	601
	549	950	1,026	1,262

Other operating income for the period of 6 months ended 30 June 2014, in the line of "Other", includes prior year's income that has been recognized in the current reporting period. Other operating income for the period of 6 months ended 30 June 2013, in the line of "Other", includes the disposal of an organized part of enterprise conducted by ASEE Croatia. The disposed organized part of enterprise was engaged in the

provision of telecom sector solutions, disclosed under our Systems Integration operating segment. The total gain on this transaction reached PLN 501 thousand, of which PLN 488 thousand were recognized as other operating income in the line of "Other", whereas PLN 13 thousand were recognized as gain on disposal of property, plant and equipment.

Other operating expenses	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Cost of property, plant and equipment disposed (-)	(137)	(190)	(114)	(125)
Charitable contributions to unrelated parties (-)	(226)	(248)	(54)	(62)
Costs of post-accident repairs (-)	(54)	(55)	-	(15)
Chargeback invoices (-)	(36)	(105)	-	(53)
Inventory count deficit (-)	(36)	(39)	-	-
Penalties and compensations (-)	(35)	(36)	(1)	(48)
Other (-)	(113)	(272)	-	(84)
	(637)	(945)	(169)	(387)

4. Financial income and expenses

Financial income	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Interest income on loans granted and bank deposits	290	551	660	1,365
Positive foreign exchange differences	284	388	646	1,073
Gain on exercise of derivative instruments	37	71	-	-
Other financial income	5	5	25	25
	616	1,015	1,331	2,463

Financial expenses	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Interest expense (-)	(462)	(595)	(29)	(43)
Bank fees and commissions (-)	(39)	(76)	(39)	(71)
Negative foreign exchange differences (-)	(41)	(184)	(287)	(790)
Interest expenses under finance leases (-)	(13)	(25)	(3)	(7)
Loss on change in fair value and exercise of currency derivatives (-)	(67)	(117)	(60)	(83)
Other financial expenses (-)	-	(1)	(36)	(48)
	(622)	(998)	(454)	(1,042)

5. Corporate income tax

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

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (restated)	6 months ended 30 June 2013 (restated)
Current portion of income tax	(2,018)	(2,688)	(2,351)	(4,535)
Adjustments to the prior years' current income tax	-	-	(36)	(97)
Deferred income tax related to reversal of temporary differences	569	226	(178)	(538)
Income tax expense as disclosed in the income statement, of which:	(1,449)	(2,462)	(2,565)	(5,170)
<i>Income tax attributable to continuing operations</i>	(1,449)	(2,462)	(2,565)	(5,170)

Income tax expense decreased from PLN 5,170 thousand for the period of 6 months ended 30 June 2013 to PLN 2,462 thousand for the period of 6 months ended 30 June 2014, which resulted primarily from a lower amount of withholding tax charged on dividends received by ASEE S.A. from

its subsidiaries as well as from a smaller change in deferred tax assets arising from tax losses. In addition, lower income tax expense was a consequence of lower profits reported by some of our subsidiaries as well as of more effective

utilization of tax reliefs in the special economic zone in Turkey.

The Company's tax-deductible losses not accounted for in deferred tax assets amounted to PLN 61,241 thousand as at 30 June 2014, as compared with PLN 63,688 thousand as at 31 December 2013. Hence, in the period of 6 months ended 30 June 2014, the estimated amount of tax-deductible losses included in deferred tax assets increased by PLN 2,447 thousand.

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 prior year's

Deferred tax assets arising from unutilized tax losses were recognized in the amount of PLN 1,183 thousand as at 30 June 2014 (as compared with PLN 1,418 thousand as at 31 December 2013), this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. The utilization of those tax-deductible losses is possible till the end of 2015.

comparable period, no events occurred that would result in a dilution of earnings per share.

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

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.	9,110	16,125	7,374	15,182
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251	51,894,251	51,894,251
Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):				
Basic consolidated earnings per share from continuing operations for the reporting period	0.18	0.31	0.14	0.29
Diluted consolidated earnings per share from continuing operations for the reporting period	0.18	0.31	0.14	0.29

7. Information on dividends paid out or declared

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

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

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

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

8. Property, plant and equipment, and intangible assets

	Tangible assets	Intangible assets
Net book value as at 1 January 2014	33,897	32,772
Purchases	32,630	2,111
Capitalization of project development costs	-	4,350
Transfers from inventories	2,375	-
Finance lease liabilities	382	-
Other increases/decreases (+/-)	(18)	22
Depreciation/amortization charge (-)	(7,207)	(3,124)
Disposal and liquidation (-)	(377)	(3)
Exchange differences on translation of foreign operations (+/-)	114	249
Net book value as at 30 June 2014	61,796	36,377

In the period of 6 months ended 30 June 2014, capitalized costs of development projects amounted to PLN 4,350 thousand as compared with PLN 6,808 thousand in the comparable period of 2013. The capitalization of project development costs is related to the continuation of projects carried out as at 31 December 2013. A detailed description of these projects is provided in the Group's annual report for the year 2013.

In the period of 6 months ended 30 June 2014, purchases of tangible assets included primarily purchases of POS terminals and ATMs for the implementation of contracts for outsourcing of

payment transaction processes in Slovenia, Serbia, and Croatia.

In the period of 6 months ended 30 June 2014, the total value of capital expenditures for tangible and intangible assets as disclosed in the statement of cash flows reached PLN 32,393 thousand, of which approx. PLN 26,600 thousand were spent for POS terminals and ATMs intended for the implementation of outsourcing contracts. Whereas, in the comparable period capital expenditures for tangible and intangible assets amounted to PLN 8,878 thousand, of which approx. PLN 2,990 thousand were spent for purchases of POS terminals and ATMs.

Liabilities resulting from purchases of property, plant and equipment and intangible assets amounted to PLN 3,035 thousand as at 30 June 2014, as compared with PLN 704 thousand as at 31 December 2013.

As at 30 June 2014, tangible assets with a book value of PLN 4,502 thousand served as security for bank loans. As at 30 June 2014, liabilities secured with such assets amounted to PLN 3,900 thousand. As at 31 December 2013, tangible assets did not serve as security for any bank loans taken out.

9. Goodwill arising from consolidation

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

	30 June 2014 (unaudited)	30 June 2013 (restated)
Goodwill from consolidation at the beginning of the period	491,656	488,031
Banking Solutions	194,480	194,684
Payment Solutions	112,685	104,156
Systems Integration	184,491	189,191
Change in consolidation goodwill due to the acquisition of shares (+/-)	-	390
Banking Solutions	-	-
Payment Solutions	-	-
Systems Integration	-	390
Exchange differences on translation of goodwill in foreign subsidiaries (+/-)	3,725	25,549
Banking Solutions	1,959	11,101
Payment Solutions	(32)	4,853
Systems Integration	1,798	9,595
Total book value at the end of period	495,381	513,970
Banking Solutions	196,439	205,785
Payment Solutions	112,653	109,009
Systems Integration	186,289	199,176

Goodwill impairment testing

As at 31 December 2013, 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 value in use of cash-generating units to which goodwill is allocated. Estimation of the value in use involved determining the future cash flows expected to be generated by a cash-generating unit, as well as determining a discount rate which was subsequently used in the calculation of the net present value of those cash flows.

As at 30 June 2014, the Company verified its assumptions for the impairment test performed on goodwill as at 31 December 2013. In particular we checked whether the assumptions for financial results achieved by individual cash-generating units in 2013 were not materially different from their actual financial performance in the first half of 2014, and whether internal or external factors did not cause a deterioration of our financial forecasts for the next years.

As at 30 June 2014, ASEE S.A. performed an impairment test on goodwill allocated to the Systems Integration segment. The test was carried out because our calculations made as at 31 December 2013 showed that, as a result of a reasonable modification of the assumed discount rate and sales revenue growth rate, the recoverable amount of goodwill allocated to this segment might be equal to its carrying value.

The conducted test did not indicate a necessity to recognize any impairment charges on goodwill allocated to the Systems Integration segment.

The table below presents the key assumptions made for impairment testing of goodwill allocated to the Systems Integration segment:

	Discount rate		Sales revenue growth rate	
	applied in the model	terminal	applied in the model	terminal
30 June 2014	8.7%	10.5%	3.7%	2.7%
31 Dec. 2013	9.5%	10.9%	5.9%	5.1%

In the case of goodwill allocated to the Systems Integration segment, the recoverable amount of goodwill would be equal to its carrying value if the discount rate applied in the model was changed by 1.8 pp (or by 1.4 pp as at 31 December 2013) with other assumptions remaining constant, or if the sales revenue growth rate was reduced by 1.0 pp (or by 0.8 pp as at 31 December 2013) with other assumptions remaining constant. Both as at 30 June 2014 and 31 December 2013, the excess of the

recoverable amount of goodwill allocated to the Systems Integration segment over its carrying value equalled PLN 33 million.

In the case of goodwill allocated to the segments of Banking Solutions and Payment Solutions, we have not detected any indications to perform impairment tests as at 30 June 2014.

In line with the Group's policy, goodwill allocated to all of our operating segments will be tested for impairment as at 31 December 2014, even if there are no indications of impairment.

10. Inventories

Inventories	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Goods for resale	19,297	16,006
Maintenance inventories	7,357	7,288
Write-down on inventories (-)	(6,391)	(5,625)
TOTAL	20,263	17,669

The value of goods for resale increased in connection with projects carried out primarily in Romania, Serbia, and Kosovo.

11. Short-term receivables

Trade receivables	30 June 2014 (unaudited)	31 December 2013 (restated)
Trade receivables, of which:		
From related companies	89,960	111,468
From other companies	1,785	1,318
Allowance for doubtful receivables	88,175	110,150
(-)	(3,200)	(4,194)
86,760	107,274	
Ageing of trade receivables	30 June 2014 (unaudited)	31 December 2013 (restated)
	amount	structure
Receivables not yet due	67,153	77.4%
Receivables past-due up to 3 months	14,293	16.5%
Receivables past-due over 3 months	5,314	6.1%
86,760	100.0%	107,274
		100.0%

Other receivables	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Receivables from uninvoiced deliveries	5,860	4,269
Advance payments to other suppliers	3,930	3,794
Security deposits receivable	231	201
Other receivables	1,351	1,600
Allowances for other receivables (-)	-	(161)
	11,372	9,703

An increase in uninvoiced deliveries as at 30 June 2014 in comparison to those of 31 December 2013 is primarily due to ongoing projects implemented by ASEE Turkey, ASEE Bulgaria, ASEE Kosovo and ASEE B&H for many various clients. The work carried out under these projects has not yet been invoiced.

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

Other receivables disclosed as at 30 June 2014 and 31 December 2013 include, among others, restricted cash amounting to PLN 809 thousand and PLN 837 thousand, respectively.

12. Financial assets

	30 June 2014 (unaudited)	31 December 2013 (restated)
Financial assets available for sale:	128	129
Shares in companies listed on regulated markets	108	110
Shares in companies not listed on regulated markets	20	19
Loans granted:	396	356
Loans granted to related parties	334	290
Loans granted to employees	62	66
Bank deposits:	3,006	1,009
Deposits for 3 to 12 months	2,932	1,009
Deposits for over 12 months	74	-
Financial assets carried at fair value through profit or loss:	421	99
Currency forward contracts	3	99
Investment fund units	418	-
Long-term	224	155
Short-term	3,727	1,438
	3,951	1,593

Loans granted to related parties:

- PLN 334 thousand (PLN 249 thousand as at 31 December 2013) of a non-interest bearing loan granted to Multicard Serbia (an associated company), to be repaid till 31 October 2014;
- PLN 41 thousand as at 31 December 2013 of a non-interest bearing loan granted to a Member of the Management Board. The whole amount of the loan was repaid after 31 December 2013.

Moreover, as at 30 June 2014, financial assets included 3 to 12-month bank deposits amounting to PLN 2,932 thousand held by ASEE S.A. and ASEE Macedonia. As at 31 December 2013, financial assets included 3 to 12-month bank deposits amounting to PLN 1,009 thousand held by ASEE S.A. and ASEE Slovenia.

During the first half of 2014, outflows for bank deposits made amounted to PLN 2,971 thousand, whereas inflows from bank deposits withdrawn amounted to PLN 1,022 thousand.

As at 30 June 2014, financial assets carried at fair value through profit or loss included investment fund units with a value of PLN 418 thousand held by ASEE Macedonia, as well as currency forward derivatives with a value of PLN 3 thousand. Such financial assets disclosed as at 31 December 2013 comprised currency forward derivatives with a book value of PLN 99 thousand.

During the first half of 2014, expenditures for the acquisition of investment fund units amounted to PLN 420 thousand. In the period of 6 months ended 30 June 2014, proceeds from exercise of currency forward derivatives amounted to PLN 65 thousand.

The book values of financial assets held by the Group as at 30 June 2014 and 31 December 2013 did not significantly differ from their fair values.

13. Cash and short-term deposits

	30 June 2014 (unaudited)	31 December 2013 (restated)
Cash at bank and in hand	29,376	33,716
Short-term bank deposits	37,140	24,581
Cash equivalents	11	31
Cash being transferred	168	25
	66,695	58,353
<i>Interest accrued on cash and cash equivalents as at the balance sheet date</i>	(43)	(26)
<i>Overdraft facilities utilized for liquidity management</i>	(1,365)	(34)
Cash and cash equivalents as disclosed in the cash flow statement	65,287	58,293

14. Prepayments and accrued income

Long-term	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Prepaid maintenance services and license fees	141	248
Prepaid rents	510	-
Other	-	172
651	420	

As at 31 December 2013, long-term prepaid maintenance services and license fees resulted primarily from ASEE S.A. operations in the area of voice automation systems. As at 31 December 2013, long-term prepaid maintenance services and license fees were also associated with the provision of maintenance services in favour of a banking sector client by ASEE Turkey.

Short-term	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Prepaid maintenance services and license fees	6,257	5,344
Prepaid insurance	725	345
Prepaid rents	926	370
Prepaid consulting services	498	426
Other prepaid services	312	99
Other	879	811
9,597	7,395	

Both as at 30 June 2014 and 31 December 2013, prepayments included primarily the costs of maintenance services amounting to PLN 6,257 thousand and PLN 5,344 thousand, respectively, that will be successively expensed in future periods.

15. Long-term and short-term financial liabilities

Long-term	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Finance lease liabilities	858	718

Both as at 30 June 2014 and 31 December 2013, long-term financial liabilities included just finance lease commitments.

Short-term	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Dividend payment liabilities	16,606	-
Finance lease liabilities	302	273
Liabilities for the acquisition of shares	1,806	1,800
Currency forward contracts	12	-
18,726	2,073	

Dividend payment liabilities reported as at 30 June 2014 comprised dividends payable by ASEE S.A. to its shareholders.

As at 30 June 2014 and 31 December 2013, liabilities for the acquisition of shares included the remaining portion of payment for the acquisition of 100% of shares in EŽR Croatia amounting to PLN 1,806 thousand and PLN 1,800 thousand, respectively, which shall depend on the financial results of that company.

16. Interest-bearing bank loans and borrowings

Name of entity	Effective interest rate %	Currency	Repayment date	Amounts drawn as at			
				30 June 2014 (unaudited) long-term portion	30 June 2014 (unaudited) short-term portion	31 Dec. 2013 (restated) long-term portion	31 Dec. 2013 (restated) short-term portion
BANK OVERDRAFT FACILITIES							
NLB Tutunska Banka	14%	MKD	30-06-2014	-	9	-	13
Komercijalna Banka	14%	MKD	30-06-2014	-	9	-	21
Raiffeisen Bank	Euribor + margin	EUR	27-11-2014	-	827	-	-
UniCredit Bank	Euribor + margin	EUR	31-12-2014	520	-	-	-
OTHER BANK LOANS							
Yapi Kredi Bankasi	-	TRY	31-03-2014	-	-	-	17
Garanti Bank	-	TRY	02-07-2014	-	575	-	236
Akbank	-	TRY	02-07-2014	-	144	-	136
Raiffeisen Bank	6m Euribor + margin	EUR	31-12-2015	-	-	-	2,482
Banca Intesa	Euribor + margin	EUR	19-02-2016	1,334	1,710	-	-
Privredna Banka	EURIBOR 3M + margin	HRK/EUR	30-04-2019	12,895	2,496	151	23
Kreditna Banka	7%	HRK/EUR	30-06-2014	-	-	-	244
Kreditna Banka	7%	HRK/EUR	31-01-2015	-	146	-	-
UniCredit Bank	Euribor + margin	EUR	30-06-2017	-	1,523	-	-
Banca Intesa	6%	BAM	08-05-2017	854	176	-	-
Zagrebacka Banka /HBOR	12M Treasury bonds + margin	HRK/EUR	30-11-2016	2,747	1,831	3,478	1,966
Zagrebacka Banka /HBOR	12M Euribor + margin	HRK/EUR	31-03-2017	5,815	3,322	3,528	1,176
				23,645	13,288	7,157	6,314

An increase in the level of debt as at 30 June 2014 in comparison to the end of the previous year resulted primarily from our transition to the outsourcing of payment processing services.

Expenditures for purchases of infrastructure used under such contracts are increasingly financed with external capital. In order to finance such expenditures, in the first half of 2014 we obtained nearly PLN 23.9 million from bank loans as compared with PLN 2 million in the comparable period.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the first half of 2014 amounted to PLN 26 million (proceeds) and PLN 5 million (repayments), respectively.

As at 30 June 2014, tangible assets with a book value of PLN 4,502 thousand served as security for bank loans. As at 30 June 2014, liabilities secured with such assets amounted to PLN 3,900 thousand. As at 31 December 2013, tangible assets did not serve as security for any bank loans taken out.

17. Short-term trade payables and other liabilities

Short-term trade payables	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
To related companies	694	893
To other companies	46,641	51,360
47,335	52,253	

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

Ageing of trade payables	30 June 2014 (unaudited)	31 December 2013 (restated)
Liabilities due already, of which:		
- Liabilities past-due up to 3 months	12,041	25.4%
- Liabilities past-due from 3 to 6 months	10,421	22.0%
- Liabilities past-due over 6 months	690	1.4%
Liabilities falling due within 3 months	930	2.0%
Liabilities falling due within 3 to 12 months	35,112	74.2%
47,335	100.0%	52,253
47,335	100.0%	52,253
Other current liabilities	30 June 2014 (unaudited)	31 December 2013 (restated)
Liabilities to employees relating to salaries and wages	4,157	5,103
Liabilities for uninvited deliveries	1,664	1,248
Trade prepayments received	5,933	6,404
Liabilities for purchases of tangible assets and intangible assets	3,035	704
Other liabilities	475	411
15,264		13,870

Liabilities for purchases of tangible assets as at 30 June 2014 were higher than as at 31 December 2013 primarily as a result of equipment purchases under ongoing projects implemented by ASEE Slovenia and ASEE Serbia.

Current liabilities to the state and local budgets	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Value added tax	7,441	10,784
Corporate income tax (CIT)	234	66
Personal income tax (PIT)	806	1,225
Social security payable	1,968	1,817
Other	274	172
10,723		14,064

18. Accruals and deferred income

Long-term deferred income	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Maintenance services paid in advance	152	293
Grants for the development of assets	396	390
548	683	
Short-term accruals	30 June 2014 (unaudited)	31 December 2013 (restated)
Accrual for unused holiday leaves	2,096	1,321
Accrual for employee bonuses	11,423	9,150
Provision for uninvited costs	5,308	4,811
Provision for auditing expenses	270	367
19,097		15,649

Short-term deferred income	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
Maintenance services paid in advance	7,533	6,811
Prepaid consulting services	271	127
Grants for the development of assets	40	95
Other	66	830
7,910		7,863

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

19. Contingent liabilities and receivables

Within its commercial activities ASEE Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. As at 30 June 2014, the related contingent liabilities equalled PLN 30,635 thousand, while as at 31 December 2013 they amounted to PLN 37,321 thousand.

Assets serving as security for bank guarantee facilities:

Category of assets	Net value of assets		Amount of granted guarantee secured with assets	
	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013
Trade receivables	104	259	4,254	4,183
Other receivables (restricted cash)	809	837	3,434	4,104
Total	913	1,096	7,688	8,287

20. Employment

Asseco Group workforce as at ¹⁾	30 June 2014 (unaudited)	31 Dec. 2013 (restated) ²⁾
Management Board of the Parent Company*	5	5
Management Boards of the Group companies	24	25
Production departments	1,044	1,075
Sales departments	156	139
Administration departments	152	163
1,381	1,407	

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

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

Numbers of employees in the Group companies as at	30 June 2014 (unaudited)	31 Dec. 2013 (restated)
ASEE S.A.	29	25
ASEE Romania Group	147	164
ASEE Serbia Group ¹⁾	468	485
ASEE Croatia ²⁾	228	231
ASEE Kosovo Group	85	84
ASEE Turkey	179	174
ASEE Bulgaria	24	25
ASEE B&H	48	47
ASEE Macedonia	144	144
ASEE Slovenia	29	28
1,381	1,407	

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

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

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

Total remuneration paid or payable to all members of the Management Boards and Supervisory Boards of the Parent Company as well as subsidiary and jointly controlled companies of Asseco South Eastern Europe Group in the 6-month periods ended 30 June 2014 and 30 June 2013 amounted to PLN 5,193 thousand and PLN 7,996 thousand, respectively.

22. Information on related parties

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) as well as with other related parties of Asseco Poland Group during the 6-month periods ended 30 June 2014 and 30 June 2013, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2014 and 31 December 2013 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Parties having significant influence over the Group:				
2014	503	163	570	15
2013	318	95	47	41
Other related parties:				
2014	573	56	1,256	39
2013	96	32	966	86

Furthermore, both as at 30 June 2014 and 31 December 2013, the Group held related party receivables resulting from loans granted which have been described in explanatory note 12 to these financial statements.

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

The values of transactions conducted by ASEE Group with or through the Key Management Personnel (members of the Management Boards and Supervisory Boards) of the Group companies during the 6-month periods ended 30 June 2014 and 30 June 2013, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2014 and 31 December 2013 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A. or the Group companies:				
2014	74	6,025	6	640
2013	33	5,371	352	767

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

Additionally, as at 31 December 2013, ASEE Kosovo used bank guarantee facilities amounting to PLN 6,221 thousand that were secured with a pledge on a building owned by that company's management staff. During the period of 6 months ended 30 June 2014, the said collateral has been released and replaced with a guarantee granted by ASEE S.A. (the Parent Company). Consequently, the collateral was no longer effective as at 30 June 2014.

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

During the period of 6 months ended 30 June 2014, ASEE Serbia incurred space rental costs that were paid to its related parties MHM d.o.o., Beograd¹, DM3 d.o.o., Beograd¹ and MiniInvest d.o.o., Beograd², amounting in total to PLN 3,216 thousand, as compared with PLN 3,293 thousand incurred in the period of 6 months ended 30 June 2013.

During the period of 6 months ended 30 June 2014, ASEE Macedonia incurred space rental costs that were paid to its related party MPS d.o.o., Skopje³, amounting in total to PLN 298 thousand, as compared with PLN 293 thousand incurred in the period of 6 months ended 30 June 2013.

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

Members of the Management Board and parties related through members of the Management Board and Supervisory Board of Asseco South Eastern Europe S.A. received dividends from ASEE S.A. in the total gross amount of PLN 1,983 thousand, as compared with PLN 5,780 thousand distributed in 2013. The above-stated amounts do not include dividends payable to Asseco Poland S.A.⁴. Such dividends have not yet been paid out till the balance sheet date, i.e. till 30 June 2014.

¹ Mihail Petreski, Member of the Supervisory Board of ASEE S.A. is a shareholder in Liatris d.o.o. which as at 30 June 2014 held a 7.40% stake in ASEE S.A. (as at 31 December 2013: 7.40%). Mihail Petreski and Liatris d.o.o. hold 40% of shares in MHM d.o.o. as well as 50% of shares in DM3 d.o.o. Furthermore, President of the Management Board of ASEE S.A. holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompanija Petyhorska d.o.o. Whereas, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in ASEE S.A. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, President of the Management Board of Asseco SEE d.o.o., Beograd and Member of the Management Board of ASEE S.A.;

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

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

⁴ Adam Góral, Chairman of the Supervisory Board of ASEE S.A., and Jacek Duch, Member of the Supervisory Board of ASEE S.A., are both shareholders in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 30 June 2014, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

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

23. Outsourcing contracts

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

	30 June 2014 (unaudited)
Minimum future lease payments	
(i) within 1 year	15,418
(ii) within 1 to 5 years	38,801
(iii) within more than 5 years	2,039

24. Financial instruments

During the period of 6 months ended 30 June 2014, the types of financial instruments held by the Group did not change in relation to those described in the annual consolidated financial statements of ASEE Group for the year 2013. There were also no changes in the classification of financial assets due to any changes in their intended use or any transfers between individual levels of the fair value hierarchy of financial instruments.

The book values of financial assets and liabilities held by the Group both as at 30 June 2014 and 31 December 2013 did not significantly differ from their fair values.

25. Capital management

During the period of 6 months ended 30 June 2014 as well as in the period of 6 months ended 30 June 2013, the Group did not introduce any changes to its objectives, policies and processes adopted in the area of capital management.

26. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2014, our financial risk exposure as well as objectives and principles adopted for financial risk management have not changed substantially in relation to those described in the annual consolidated financial statements of ASEE Group for the year 2013.

**27. Significant events after the balance
sheet date**

In the period from 30 June 2014 till the date of approval of these interim condensed consolidated financial statements, this is until 5 August 2014, we have not observed any significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of ASEE Group.

28. Significant events related to prior years

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



**INTERIM CONDENSED FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE S.A.**

**FOR THE PERIOD OF 6 MONTHS
ENDED 30 JUNE 2014
INCLUDING THE REPORT OF
INDEPENDENT CERTIFIED AUDITORS**

Rzeszów, 5 August 2014

**INTERIM CONDENSED FINANCIAL STATEMENTS
ASSECO SOUTH EASTERN EUROPE S.A.
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2014**

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**INTERIM CONDENSED FINANCIAL STATEMENTS
ASSECO SOUTH EASTERN EUROPE S.A.
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2014**

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

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

Piotr Jeleński President of the Management Board

Calin Barseti Member of the Management Board

Miljan Mališ Member of the Management Board

Miodrag Mirčetić Member of the Management Board

Marcin Rulnicki Member of the Management Board

FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE S.A.

	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I.	Revenues from holding activities	18,227	34,379	4,362
II.	Revenues from operating activities	3,278	4,183	785
III.	Operating profit	14,591	31,290	3,492
IV.	Pre-tax profit	14,864	32,844	3,557
V.	Net profit for the reporting period	14,443	30,443	3,457
VI.	Net cash provided by (used in) operating activities	15,469	28,410	3,702
VII.	Net cash provided by (used in) investing activities	(1,910)	(11,460)	(457)
VIII.	Net cash provided by (used in) financing activities	-	-	-
IX.	Cash and cash equivalents at the end of period	16,512	19,589	3,968
X.	Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.28	0.59	0.07
XI.	Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.28	0.59	0.07

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

- items of the interim condensed income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
 - for the period from 1 January 2014 to 30 June 2014: EUR 1 = PLN 4.1784
 - for the period from 1 January 2013 to 30 June 2013: EUR 1 = PLN 4.2140
- the Company's cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
 - exchange rate effective on 30 June 2014: EUR 1 = PLN 4.1609
 - exchange rate effective on 30 June 2013: EUR 1 = PLN 4.3292

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

	Note	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Holding activities	1	11,628	18,227	10,034	34,379
Dividend income		9,172	13,553	7,615	29,708
Revenues from sales of services		2,456	4,674	2,419	4,671
Operating activities	2	1,807	3,278	1,857	4,183
Revenues from sales of IT services and software		1,807	3,278	1,857	4,183
Total sales revenues		13,435	21,505	11,891	38,562
Cost of sales (-)	3	(3,148)	(5,587)	(2,920)	(6,054)
Gross profit on sales		10,287	15,918	8,971	32,508
Selling costs (-)	3	(629)	(1,344)	(474)	(1,196)
General administrative expenses (-)	3	-	-	(17)	(34)
Net profit on sales		9,658	14,574	8,480	31,278
Other operating income		10	29	2	15
Other operating expenses (-)		(12)	(12)	(3)	(3)
Operating profit		9,656	14,591	8,479	31,290
Financial income	4	233	393	1,156	1,689
Financial expenses (-)	4	(71)	(120)	(100)	(135)
Pre-tax profit		9,818	14,864	9,535	32,844
Corporate income tax (current and deferred tax expense)	5	(167)	(421)	(1,169)	(2,401)
Net profit for the reporting period		9,651	14,443	8,366	30,443

Earnings per share for the reporting period (in PLN):

Basic earnings per share from continuing operations for the reporting period	6	0.19	0.28	0.16	0.59
Diluted earnings per share from continuing operations for the reporting period	6	0.19	0.28	0.16	0.59

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

	Note	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Net profit for the reporting period		9,651	14,443	8,366	30,443
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		9,651	14,443	8,366	30,443

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

ASSETS	Note	30 June 2014 (unaudited)	31 December 2013 (audited)
Non-current assets			
Property, plant and equipment	8	411	418
Goodwill arising from a merger	8	4,567	4,567
Intangible assets	8	207	233
Investments in subsidiaries	9	592,715	592,677
Deferred tax assets		1,460	1,488
Other long-term receivables	10	6,590	4,066
Long-term prepayments and accrued income	14	142	242
Current assets		24,993	15,027
Inventories		-	2
Prepayments and accrued income	14	1,860	2,075
Trade receivables	10	2,639	5,044
Other short-term receivables	10	1,031	3,856
Short-term financial assets	12	2,951	1,100
Cash and short-term deposits	11	16,512	2,950
TOTAL ASSETS		631,085	618,718

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

EQUITY AND LIABILITIES	Note	30 June 2014 (unaudited)	31 December 2013 (audited)
Equity			
Share capital		518,942	518,942
Share premium		38,825	38,825
Retained earnings and current net profit		50,545	52,708
Total equity		608,312	610,475
Non-current liabilities			
Long-term deferred income	14	152	292
Current liabilities		22,621	7,951
Trade payables	13	1,130	3,756
Liabilities to the state and local budgets		485	737
Financial liabilities	13	18,462	1,800
Other liabilities		35	24
Deferred income	14	1,401	1,190
Accruals	14	1,108	444
TOTAL LIABILITIES		22,773	8,243
TOTAL EQUITY AND LIABILITIES		631,085	618,718

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

for 6 months ended 30 June 2014, for 12 months ended 31 December 2013, and for 6 months ended 30 June 2013

	Share capital	Share premium	Retained earnings (deficit) and current net profit	Total equity
As at 1 January 2014	518,942	38,825	52,708	610,475
Net profit for the reporting period	-	-	14,443	14,443
Total comprehensive income for the reporting period	-	-	14,443	14,443
Dividends			(16,606)	(16,606)
As at 30 June 2014 (unaudited)	518,942	38,825	50,545	608,312
As at 1 January 2013	518,942	38,825	54,430	612,197
Net profit for the reporting period	-	-	40,312	40,312
Total comprehensive income for the reporting period	-	-	40,312	40,312
Dividends	-	-	(42,034)	(42,034)
As at 31 December 2013 (audited)	518,942	38,825	52,708	610,475
As at 1 January 2013	518,942	38,825	54,430	612,197
Net profit for the reporting period	-	-	30,443	30,443
Total comprehensive income for the reporting period	-	-	30,443	30,443
Dividends	-	-	(42,034)	(42,034)
As at 30 June 2013 (unaudited)	518,942	38,825	42,839	600,606

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

	Note	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)
Cash flows – operating activities			
Pre-tax profit		14,864	32,844
Total adjustments:		(12,825)	(32,271)
Depreciation and amortization		135	125
Change in inventories		2	4
Change in receivables	15	2,567	(1,122)
Change in liabilities	15	(2,880)	1,251
Change in prepayments and accruals	15	1,050	(1,702)
Interest income and expenses		(49)	(390)
Gain (loss) on foreign exchange differences		(190)	(625)
Gain (loss) on investing activities		(13,461)	(29,811)
Other		1	(1)
Selected operating cash flows		13,430	27,749
Disposal of shares in subsidiaries	15	230	1,349
Dividends received	15	13,200	26,400
Net cash generated from operating activities		15,469	28,322
Corporate income tax recovered (paid)		-	88
Net cash provided by (used in) operating activities		15,469	28,410
Cash flows – investing activities			
Acquisition of property, plant and equipment and intangible assets		(104)	(206)
Disposal of property, plant and equipment		31	-
Disposal of financial assets carried at fair value through profit or loss	12	65	-
Acquisition of financial assets carried at fair value through profit or loss	12	-	(9,500)
Bank deposits withdrawn	12	1,017	1,500
Bank deposits made	12	(2,500)	(3,300)
Loans granted	12	(419)	-
Other		-	46
Net cash provided by (used in) investing activities		(1,910)	(11,460)
Cash flows – financing activities			
Other		-	-
Net cash provided by (used in) financing activities		-	-
Net increase (decrease) in cash and cash equivalents		13,559	16,950
Net foreign exchange differences		3	(5)
Cash and cash equivalents as at 1 January	11	2,950	2,644
Cash and cash equivalents as at 30 June	11	16,512	19,589

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

I. GENERAL INFORMATION

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

In accordance with its Articles of Association, the Company is engaged in holding operations as well as sales of services and software. The Company's business profile and product portfolio have been described in detail in its annual report for the year 2013, which is available at the Issuer's website: www.asseco.com/see.

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

The parent of ASEE S.A. is Asseco Poland S.A. (the higher-level parent company). As at 30 June 2014, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

These interim condensed financial statements cover the period of 6 months ended 30 June 2014 and contain comparable data for the period of 6 months ended 30 June 2013 in the case of the statement of comprehensive income, statement of changes in equity and statement of cash flows, as well as comparable data as at 31 December 2013 in the case of the statement of financial position. The income statement as well as notes to the income statement cover the period of 3 months ended 30 June 2014 and contain comparable data for the period of 3 months ended 30 June 2013; these data have not been reviewed by certified auditors.

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

These interim condensed financial statements have been approved for publication by the Management Board on 5 August 2014.

The Company also prepared the interim consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2014, which have been approved for publication by the Management Board on 5 August 2014.

Asseco South Eastern Europe S.A. Report for the period of 6 months ended 30 June 2014

II. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

1. Basis for the preparation of interim condensed financial statements

These interim condensed financial statements were prepared in accordance with the historical cost convention, except for derivative instruments.

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

These interim condensed financial statements were prepared on the going-concern basis, assuming the Company will continue its 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's ability to continue as a going concern in the period of at least 12 months following the balance sheet date.

2. Compliance statement

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

3. Significant accounting policies

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

The accounting policies adopted for drawing up this report are coherent with those applied for the preparation of the annual financial statements for the year ended 31 December 2013, except for applying the amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2014:

- **IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements**
IFRS 10 replaces a part of the former IAS 27 Consolidated and Separate Financial Statements in the scope of consolidated financial statements and introduces a new definition of control. IFRS 10 may cause changes within the consolidated group concerning the possibility of consolidation of entities that have been previously consolidated or vice versa; however, it does not introduce any changes in the consolidation procedures or in the methods for purchase price allocation in the consolidated financial statements.
- **IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures**
IFRS 11 addresses the issue of joint arrangements. It classifies joint arrangements as either joint operations or joint ventures, and provides appropriate methods for their recognition.
Adoption of this standard may result in changing the applied method of accounting for joint arrangements (e.g. operations that have been previously classified as jointly controlled entities and accounted for using the proportionate method may now be classified as joint ventures and thus accounted for using the equity method).
IAS 28 has been amended and provides guidance on applying the equity method for joint operations.
- **IFRS 12 Disclosure of Interests in Other Entities**
IFRS 12 requires extensive disclosures relating to an entity's interests in subsidiaries, associates and joint arrangements. Adoption of this standard may result in broader disclosures in the financial statements, including:
 - key financial information, including the risks associated with the Group's operations;
 - interests in unconsolidated structured entities and the risks associated with such operations;
 - information about each operation, in which the Group has a material non-controlling interest;
 - information about significant judgements and assumptions made for classifying individual operations as subsidiaries, associates or joint arrangements.

- *Investment Entities* – amendments to IFRS 10, IFRS 12 and IAS 27

These amendments define investment entities that are exempt from the obligation to consolidate subsidiaries, and instead should measure their investments in particular subsidiaries at fair value through profit or loss.

- *Offsetting Financial Assets and Financial Liabilities* – amendments to IAS 32

These amendments to IAS 32 clarify the meaning and effects of a legally enforceable right to set off a financial asset against a financial liability, and also clarify the offsetting criteria for gross settlement mechanisms (such as clearing houses).

- *Recoverable Amount Disclosures for Non-Financial Assets* – amendments to IAS 36

These amendments removed the unintended consequences of IFRS 13 regarding some of the disclosure requirements under IAS 36. Furthermore, these amendments require the disclosure of the recoverable amount of individual assets or cash-generating units for which the entity has recognized or reversed an impairment loss during the reporting period, when their value in use equals their fair value less costs of disposal.

- *Novation of Derivatives and Continuation of Hedge Accounting* – amendments to IAS 39

These amendments to IAS 39 regard the continued application of hedge accounting after novation of derivatives and provide relief from discontinuing hedge accounting when a novation satisfies certain criteria set forth in IAS 39.

Adoption of the above-mentioned amendments affected neither the Company's financial position nor its financial performance.

4. Changes in estimates

In the period of 6 months ended 30 June 2014, our approach to making estimates was not subject to any substantial change.

5. Professional judgement

Preparation of financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements.

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

The main areas which, in the process of applying the accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year 2013.

The changes of estimates as at 30 June 2014 included the calculation of deferred income tax as described in note 5, preparation of impairment tests for investments as described in note 9, as

III. INFORMATION ON OPERATING SEGMENTS

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

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

For the period of 6 months ended 30 June 2014 in PLN thousands (unaudited)	Holding activities	IT services	Total
Dividend income	13,553	-	13,553
Revenues from sales of services	4,674	-	4,674
Revenues from sales of IT services and software	-	3,278	3,278
Total sales revenues	18,227	3,278	21,505
Gross profit on sales	15,521	397	15,918
Selling costs (-)	(720)	(624)	(1,344)
General administrative expenses (-)	-	-	-
Net profit on sales	14,801	(227)	14,574

well as the estimated value of accruals for employee benefits as disclosed in note 14. The estimated value of our deferred payment for the acquisition of shares in EŽR Croatia remained unchanged.

6. Seasonal nature of business

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

7. Changes in the presentation methods applied

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

8. Corrections of material errors

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

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

For the period of 6 months ended 30 June 2013 in PLN thousands (unaudited)	Holding activities	IT services	Total
Dividend income	29,708	-	29,708
Revenues from sales of services	4,671	-	4,671
Revenues from sales of IT services and software	-	4,183	4,183
Total sales revenues	34,379	4,183	38,562
Gross profit on sales	31,627	881	32,508
Selling costs (-)	(615)	(581)	(1,196)
General administrative expenses (-)	(34)	-	(34)
Net profit on sales	30,978	300	31,278

IV. EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. Holding activities – Dividend income and service revenues

Operating revenues from holding activities comprise dividends received from subsidiaries as well as revenues from the sale of consulting, business and technical support services which are provided to subsidiaries of ASEE Group.

As the Company is primarily engaged in holding operations, the above-mentioned categories of revenues are presented in operating activities.

Cash flows generated from dividends received in the first half of 2014 amounted to PLN 13,200 thousand, as compared with PLN 26,400 thousand received in the first half of 2013.

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Dividends from related companies	9,172	13,553	7,615	29,708
Revenues from sales of services	2,456	4,674	2,419	4,671
	11,628	18,227	10,034	34,379

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

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Revenues from sales of software and IT services	1,807	3,278	1,857	4,183

Both in the period of 6 months ended 30 June 2014 and in the comparable period, operating activities included revenues from licensing fees as well as

from maintenance, implementation and consulting services.

3. Breakdown of operating costs

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Employee benefits (-)	(977)	(2,282)	(713)	(1,682)
Third-party services and outsourcing of employees (-)	(1,111)	(1,822)	(1,269)	(2,335)
Depreciation and amortization (-)	(73)	(135)	(59)	(125)
Maintenance costs of property and business cars (-)	(131)	(266)	(128)	(251)
Business trips (-)	(159)	(230)	(160)	(250)
Advertising (-)	(47)	(62)	(53)	(71)
Other expenses (-)	(23)	(45)	(20)	(54)
	(2,521)	(4,842)	(2,402)	(4,768)
Production costs (-)	(1,892)	(3,498)	(1,911)	(3,538)
Selling costs (-)	(629)	(1,344)	(474)	(1,196)
General administrative expenses (-)	-	-	(17)	(34)
Cost of goods and third-party services sold (-)	(1,256)	(2,089)	(1,009)	(2,516)

4. Financial income and expenses

Financial income	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Positive foreign exchange differences	107	180	666	1,000
Interest on bank deposits	86	139	252	451
Gain on exercise of derivative instruments	37	71	-	-
Gain on change in fair value of derivative instruments	3	3	-	-
Gain on disposal of shares	-	-	238	238
	233	393	1,156	1,689

Financial income recognized by ASEE S.A. in the period of 6 months ended 30 June 2013 included a gain of PLN 238 thousand realized on the disposal of a stake of shares in Sigma Turkey to ASEE Turkey.

Proceeds from the above-mentioned transaction amounted to PLN 230 thousand in the period of 6 months ended 30 June 2014, as compared with PLN 832 thousand in the period of 6 months ended 30 June 2013. Payments due to ASEE S.A. from ASEE Turkey have been scheduled for a period of two years from the date of the transaction.

Financial expenses	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Loss on changes in fair value and exercise of derivative instruments (-)	(68)	(117)	(61)	(83)
Loss on valuation of financial assets carried at fair value through profit or loss (-)	-	-	(39)	(52)
Interest on bank guarantees used (-)	(3)	(3)	-	-
	(71)	(120)	(100)	(135)

Financial expenses recognized in the period of 6 months ended 30 June 2014 include primarily a loss on valuation of currency forward contracts in the amount of PLN 111 thousand as well as on their exercise in the amount of PLN 6 thousand.

Financial expenses recognized in the period of 6 months ended 30 June 2013 include a loss of PLN 52 thousand on valuation of units in a money market investment fund, as well as a loss of PLN 83 thousand on valuation of derivative instruments.

5. Corporate income tax

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

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Current portion of income tax	(262)	(393)	(119)	(1,264)
Deferred income tax related to origination and reversal of temporary differences	95	(28)	(1,050)	(1,137)
Income tax expense as disclosed in the income statement	(167)	(421)	(1,169)	(2,401)

In the period of 6 months ended 30 June 2014, income tax expense resulted basically from withholding tax on dividends from our subsidiaries which amounted to PLN 393 thousand. The effective tax rate for the period of 6 months ended 30 June 2014 equalled 2.83% primarily due to permanent differences such as tax-exempt dividends (PLN 5,000 thousand), deduction of taxes already paid by our subsidiaries on their dividend distributions (PLN 962 thousand), and changes in estimates of tax-deductible losses included in deferred tax assets (impact on the effective tax rate amounted to approx. PLN 430 thousand).

Income tax expense disclosed in the income statement for the period of 6 months ended 30 June 2013 resulted from withholding tax paid on dividends in the amount of PLN 1,264 thousand, as well as deferred income tax disclosed in the income statement due to the utilization of deferred tax assets arising from tax losses (negative impact on financial results in the amount of PLN 850 thousand). The effective tax rate for the period of 6 months ended 30 June 2013 equalled 7.31%.

The Company's tax-deductible losses not accounted for in deferred tax assets amounted to PLN 61,241 thousand as at 30 June 2014, as compared with PLN 63,688 thousand as at 31 December 2013. Hence, in the period of 6 months ended 30 June 2014, the estimated amount of tax-deductible losses included in deferred tax assets increased by PLN 2,447 thousand.

The Company did not recognize the entire balance of deferred tax assets related to tax losses. Deferred tax assets arising from unutilized tax losses were recognized in the amount of PLN 1,183 thousand as at 30 June 2014 (as compared with PLN 1,418 thousand as at 31 December 2013), this is to the extent it is probable that future taxable income will enable writing such unutilized losses off. The utilization of those tax-deductible losses is possible till the end of 2015.

6. 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.

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
Net profit for the reporting period	9,651	14,443	8,366	30,443
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251	51,894,251	51,894,251
Earnings per share for the reporting period (in PLN):				
Basic earnings per share	0.19	0.28	0.16	0.59
Diluted earnings per share	0.19	0.28	0.16	0.59

7. Information on dividends paid out or declared

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

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

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

Both during the reporting period and the prior year's comparable period, no events occurred that would result in a dilution of earnings per share.

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

	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2014 (unaudited)	3 months ended 30 June 2013 (unaudited)	6 months ended 30 June 2013 (unaudited)
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Net profit for the reporting period	9,651	14,443	8,366	30,443
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251	51,894,251	51,894,251
Earnings per share for the reporting period (in PLN):				
Basic earnings per share	0.19	0.28	0.16	0.59
Diluted earnings per share	0.19	0.28	0.16	0.59

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

8. Property, plant and equipment, and intangible assets

	Tangible assets	Goodwill arising from a merger	Intangible assets
Net book value as at 1 January 2014	418	4,567	233
Purchases	99	-	18
Disposal and liquidation (-)	(15)		
Depreciation/amortization charge (-)	(91)	-	(44)
Net book value as at 30 June 2014	411	4,567	207

As at 30 June 2014, liabilities resulting from purchases of property, plant and equipment and intangible assets amounted to PLN 13 thousand. As at 31 December 2013, we had no such liabilities.

9. Investments in subsidiaries

Full name of company	Short name	30 June 2014 (unaudited)	31 Dec. 2013 (audited)
Asseco SEE d.o.o., (Sarajevo)	ASEE B&H	25,830	25,830
Asseco SEE o.o.d. (Sofia)	ASEE Bulgaria	4,265	4,265
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	118,167	105,880
EŽ Računalstvo 2013 d.o.o., (Zagreb) ¹⁾	EŽR Croatia	-	12,287
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	44,361	44,361
Asseco SEE DOEL, (Skopje)	ASEE Macedonia	98,480	98,480
Asseco SEE s.r.l., (Bucharest)	ASEE Romania	147,485	147,485
Asseco SEE d.o.o., (Beograd)	ASEE Serbia	80,297	80,297
Asseco SEE d.o.o., (Ljubljana)	ASEE Slovenia	2,332	2,332
Asseco SEE Teknoloji A.Ş. (İstanbul)	ASEE Turkey	71,460	71,460
Asseco SEE d.o.o., (Podgorica)	ASEE Montenegro	38	-
		592,715	592,677

¹⁾ On 2 January 2014, a merger of our two Croatian subsidiaries, namely ASEE Croatia (the taking-over company) and EŽR Croatia (the acquired company) was registered.

Subsidiaries of ASEE S.A. are primarily engaged in the development of IT solutions for the financial, industrial, and public administration sectors, settlement of on-line payments, as well as in the provision of card payment solutions and integration services. The Company's investments in subsidiaries have been described in detail in its annual report for the year 2013, which was published on 19 February 2014 and is available at the Issuer's website: www.asseco.com/see.

Following the merger of ASEE Croatia and EŽR Croatia conducted on 2 January 2014, the carrying value of our investment in EŽR Croatia has been added to the value of investment in ASEE Croatia as at 30 June 2014. The carrying value of our investment in the merged companies is PLN 118,167 thousand.

On 18 June 2014, the Company acquired 1% of shares in ASEE Montenegro from ASEE Serbia for PLN 38 thousand.

Impairment testing of investments

At every balance sheet date, ASEE S.A. carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Company shall estimate the recoverable amount. If the carrying value of an asset exceeds its recoverable amount, impairment charges are made in order to reduce such carrying value to the level of recoverable amount.

As at 30 June 2014, we estimated the recoverable amounts of our investments in the companies of ASEE Bulgaria and ASEE Kosovo because the actual results generated by these companies in the first half of 2014 were considerably weaker than budgeted. Moreover, we estimated the value of our investment in ASEE Croatia because our calculations made as at 31 December 2013 showed that the recoverable amount of this investment was equal to its carrying value, and that a reasonable modification of our assumptions might result in an impairment charge.

The recoverable amount of investments in the above-mentioned subsidiaries as at 30 June 2014 was determined on the basis of their value in use, applying the forecasted free cash flow to firm (FCFF) based on the financial forecasts approved by our management personnel. The residual value was determined assuming no growth of the achieved margins after the forecast period.

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

The conducted impairment tests did not indicate a necessity to recognize any impairment charges on our investments in the companies of ASEE Bulgaria, ASEE Croatia, and ASEE Kosovo.

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

30 June 2014	Discount rate	Sales revenue growth rate
	applied in the model	applied in the model
ASEE Bulgaria	7.70%	32.27%
ASEE Croatia	8.68%	11.20%
ASEE Kosovo	9.26%	6.42%

In the case of ASEE Croatia, the recoverable amount of this investment would be equal to its carrying value if the discount rate applied in the model was changed by 0.2 pp with other assumptions remaining constant, or if the revenue growth rate was changed by 0.2 pp with other assumptions remaining constant.

The recoverable amount of our investment in ASEE Croatia exceeds its carrying value by PLN 3.1 million.

In the case of ASEE Kosovo, taking into account our current assumptions, the carrying value of this investment is equal to its recoverable amount. Any increase in the applied discount rate or decrease in the assumed revenue growth rate might result in a write-down on our investment in ASEE Kosovo.

Any reasonable modification of the key assumptions adopted in the valuation model for ASEE Bulgaria should not indicate a necessity of recognizing an impairment charge.

No indications of impairment were observed in respect of our investments in other subsidiaries.

10. Short-term and long-term receivables

Trade receivables	30 June 2014 (unaudited)	31 Dec. 2013 (audited)
Trade receivables, of which:	2,639	5,044
From related companies	1,895	1,434
From other companies	744	3,610

Receivables from related companies, as presented herein, resulted from sales of consulting, business and technical support services to subsidiaries of ASEE Group amounting to PLN 1,372 thousand, as well as from sales of maintenance and consulting services to Asseco Poland S.A. amounting to PLN 523 thousand. Whereas, as at 31 December 2013, trade receivables from related companies amounted to PLN 1,434 thousand, while no receivables were outstanding under transactions conducted with Asseco Poland S.A.

In the period of 6 months ended 30 June 2014, the value of sales to Asseco Poland S.A. reached PLN 566 thousand. Whereas, in the period of 6 months ended 30 June 2013, sales to Asseco Poland S.A. amounted to PLN 316 thousand.

Other receivables	30 June 2014 (unaudited)	31 Dec. 2013 (audited)
Receivables from disposal of shares	7,496	7,635
Other receivables	125	287
7,621	7,922	
- short-term	1,031	3,856
- long-term	6,590	4,066

As at 30 June 2014, receivables from disposal of shares resulted from the sale of shares in Sigma Turkey and amounted to PLN 7,496 thousand (of which PLN 6,590 thousand is presented in long-term receivables and PLN 906 thousand in short-term receivables). As at 31 December 2013, receivables from disposal of shares resulted from the sale of shares in Sigma Turkey and amounted to PLN 7,635 thousand (of which PLN 4,066 thousand was presented in long-term receivables and PLN 3,569 thousand in short-term receivables).

11. Cash and short-term deposits

	30 June 2014 (unaudited)	31 Dec. 2013 (audited)
Cash at bank and in hand	2,599	2,085
Short-term bank deposits	13,913	865
16,512	2,950	

12. Short-term financial assets

Short-term financial assets include bank cash deposits with maturities from 3 and 12 months, currency forward contracts, as well as loans granted.

As at 30 June 2014, bank deposits amounted to PLN 2,530 thousand inclusive of accrued interest (PLN 30 thousand); whereas, as at 31 December 2013, they amounted to PLN 1,001 thousand inclusive of accrued interest (PLN 1 thousand). In the period of 6 months ended 30 June 2014, outflows for bank deposits made amounted to PLN 2,500 thousand, inflows from bank deposits withdrawn amounted to PLN 1,017 thousand (including PLN 17 thousand of received interest), whereas accrued interest reached PLN 46 thousand. In the period of 6 months ended 30 June 2013, outflows for bank deposits amounted to PLN 3,300 thousand, inflows from bank deposits amounted to PLN 1,500 thousand, whereas accrued interest reached PLN 344 thousand.

Financial assets resulting from currency forward contracts amounted to PLN 3 thousand as at 30 June 2014, as compared with PLN 99 thousand as at 31 December 2013. In the period of 6 months ended 30 June 2014, proceeds from the settlement of currency forward contracts amounted to PLN 65 thousand, whereas in the comparable period no such proceeds were recognized.

As at 30 June 2014, the carrying value of a loan granted to ASEE Bulgaria amounted to PLN 416 thousand, while accrued interest equalled PLN 2 thousand.

Both as at 30 June 2014 and 31 December 2013, the Company held no units in money market investment funds (which are carried at fair value through profit or loss); however, we purchased and sold such assets during the year of 2013. In the period of 6 months ended 30 June 2013, outflows for the acquisition of investment fund units amounted to PLN 9,500 thousand.

The book values of financial assets held by the Group as at 30 June 2014 and 31 December 2013 did not significantly differ from their fair values.

13. Trade payables and financial liabilities

Short-term trade payables	30 June 2014 (unaudited)	31 Dec. 2013 (audited)
To related companies	269	412
To other companies	861	3,344
1,130	3,756	

As at 30 June 2014, the balance of trade payables under transactions conducted with Asseco Poland S.A. was PLN 13 thousand; whereas, as at 31 December 2013 such outstanding payables amounted to PLN 37 thousand. Other related party liabilities, amounting to PLN 256 thousand as at 30 June 2014 and PLN 71 thousand as at 31 December 2013, included payables to subsidiaries arising from purchases we made in order to provide IT services.

In the period of 6 months ended 30 June 2014, our purchases from Asseco Poland S.A. amounted to PLN 150 thousand, as compared with PLN 102 thousand in the period of 6 months ended 30 June 2013.

The table below discloses the Company's trade payables as at 30 June 2014 and 31 December 2013, by maturity period based on the contractual undiscounted payments.

Ageing of trade payables	30 June 2014		31 December 2013	
	Amount	Structure	Amount	Structure
Liabilities due already	324	28.7%	171	4.6%
Liabilities falling due within 3 months	806	71.3%	3,096	82.4%
Liabilities falling due after more than 3 months	-	-	489	13.0%
	1,130	100.0%	3,756	100.0%
<hr/>				
Current financial liabilities	30 June 2014		31 December 2013	
	(unaudited)		(audited)	
Dividend payment liabilities	16,606	-	-	-
Currency forward contracts	12	-	-	-
Liabilities for the acquisition of shares	1,844	-	1,800	-
	18,462		1,800	

Dividend payment liabilities reported as at 30 June 2014 comprised dividends payable to shareholders of ASEE S.A.

Financial liabilities for the acquisition of shares represent the outstanding portion of payment for shares acquired in EŽR Croatia, which shall depend on the financial results of that company. As at 30 June 2014 and 31 December 2013, this liability amounted to PLN 1,806 thousand and PLN 1,800 thousand, respectively. In addition, as at 30 June 2014, our liabilities for the acquisition of 1% of shares in ASEE Montenegro amounted to PLN 38 thousand.

14. Prepayments, accruals and deferred income

Prepayments	30 June 2014 (unaudited)	31 Dec. 2013 (audited)
Prepaid maintenance services and license fees	1,838	2,194
Prepaid insurance	20	17
Other	144	106
	2,002	2,317
- short-term	1,860	2,075
- long-term	142	242

Accruals	30 June 2014 (unaudited)	31 Dec. 2013 (audited)
Provision for the audit of financial statements	108	146
Accrual for unused holiday leaves	156	199
Accrual for salaries	247	17
Provision for operating costs	597	82
	1,108	444
- short-term	1,108	444
- long-term	-	-

Both as at 30 June 2014 and 31 December 2013, accruals comprised the provision for the audit of financial statements, provision for current operating costs which have been incurred but not yet invoiced, accrual for salaries along with payroll overheads to be paid out in future periods that resulted from the bonus schemes applied by ASEE S.A., as well as the accrual for unused holiday leaves.

Deferred income	30 June 2014 (unaudited)	31 Dec. 2013 (audited)
Maintenance services paid in advance	1,553	1,482
- short-term	1,401	1,190
- long-term	152	292

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

15. Information and explanations to the statement of cash flows

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

Changes in working capital	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)
Change in inventories	2	4
Change in receivables	2,567	(1,122)
Change in liabilities	(2,880)	1,251
Change in prepayments and accruals	1,050	(1,702)
	739	(1,569)

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

Changes in working capital	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)
Changes in liabilities as per the balance sheet	13,795	43,484
Change in liabilities arising from company acquisitions	(44)	-
Valuation of forward contracts	(12)	(60)
Liabilities for purchases of tangible assets	(13)	-
Dividends payable	(16,606)	(42,034)
Withholding income tax	(140)	
Other	-	1
Total changes affecting operating cash flows	(2,880)	1,251
Changes in working capital	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)
Changes in receivables as per the balance sheet	2,706	(12,419)
Corporate income tax recovered	-	(88)
Adjustment of receivables from disposal of EST A.Ş.	-	(517)
Disposal of shares in Sigma	(230)	9,621
Disposal of shares in Sigma – foreign exchange differences	91	(532)
Dividends receivable	-	2,813
Total changes affecting operating cash flows	2,567	(1,122)

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

Dividend income received	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)
ASEE Serbia	1,250	10,410
ASEE Croatia	830	-
ASEE Romania	4,262	4,400
ASEE Kosovo	636	648
ASEE Macedonia	4,140	8,313
ASEE B&H	2,082	2,629
13,200	26,400	
Disposal of shares in subsidiaries	6 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2013 (unaudited)
ASEE Turkey (former EST A.Ş., (Istanbul))	-	517
SIGMA Turkey	230	832
230	1,349	

In the period of 6 months ended 30 June 2014, proceeds from disposal of shares in subsidiaries amounted to PLN 230 thousand and were received from the sale of a 38.22% stake of shares in Sigma Turkey to ASEE Turkey.

In the period of 6 months ended 30 June 2013, total proceeds from disposal of shares in subsidiaries amounted to PLN 1,349 thousand and were received from the sale of a 23.1% stake in EST A.Ş. (Istanbul) to ASEE Turkey in 2011 (PLN 517

thousand) as well as from the sale of a 38.22% stake in Sigma Turkey to ASEE Turkey in 2013 (PLN 832 thousand).

16. Information on related parties

Related party transactions

The total values of transactions conducted with our related parties during the 6-month periods ended 30 June 2014 and 30 June 2013, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2014 and 31 December 2013 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Parent company:				
Asseco Poland S.A.				
2014	566	150	570	13
2013	316	102	47	37
Subsidiaries:				
2014	4,421	589	1,372	256
2013	4,687	1,667	1,434	375

Receivables from Asseco Poland S.A. disclosed as at 30 June 2014 comprise trade receivables amounting to PLN 523 thousand as well as other receivables (security deposits) amounting to PLN 47 thousand.

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

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

During the 6-month periods ended 30 June 2014 and 30 June 2013, ASEE S.A. did not conduct any significant transactions with the Key Management Personnel nor with any parties related through the Key Management Personnel.

⁵ Adam Góral, Chairman of the Supervisory Board of ASEE S.A., and Jacek Duch, Member of the Supervisory Board of ASEE S.A., are both shareholders in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 30 June 2014, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

Until the date of approval of these interim condensed 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.

17. Contingent liabilities

As at 30 June 2014, the Company had a liability amounting to PLN 1,806 thousand resulting from a contingent payment for the acquisition of shares in EŽR Croatia, which shall depend on the financial results of that company. As at 31 December 2013, this liability amounted to PLN 1,800 thousand.

The Company granted the following guarantees and sureties in order to secure:

- bank loan taken by ASEE Croatia up to the amount of PLN 9,999 thousand (HRK 18,200 thousand). This guarantee shall be effective till 31 May 2017;
- bank loan taken by ASEE Slovenia up to the amount of PLN 1,664 thousand (EUR 400 thousand). This guarantee shall be effective till 31 July 2017;
- bank overdraft facility taken by ASEE Slovenia up to the amount of PLN 832 thousand (EUR 200 thousand). This guarantee shall be effective till April 2015;
- bank overdraft facility taken by ASEE Kosovo up to the amount of PLN 624 thousand (EUR 150 thousand). This guarantee shall be effective till June 2015;
- bank guarantee facility taken by ASEE Kosovo up to the amount of PLN 1,040 thousand (EUR 250 thousand). This guarantee shall be effective till June 2015;
- bank guarantee facility taken by ASEE Kosovo up to the amount of PLN 1,456 thousand (EUR 350 thousand). This guarantee shall be effective till June 2017;
- due performance of a commercial contract by ASEE Serbia up to the amount of PLN 7,635 thousand (EUR 1,835 thousand). This surety shall be effective till June 2017.

All of the granted guarantees constitute off-balance-sheet items.

The Company had no other contingent liabilities both as at 30 June 2014 and 31 December 2013.

18. Capital management

During the period of 6 months ended 30 June 2014 as well as in the period of 6 months ended 30 June 2013, the Group did not introduce any changes to its objectives, policies and processes adopted in the area of capital management.

19. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2014, our financial risk exposure as well as objectives and principles adopted for financial risk management have not changed substantially in relation to those described in the annual financial statements of ASEE S.A. for the year 2013.

20. Significant events after the balance sheet date

In the period from 30 June 2014 till the date of approval of these interim condensed financial statements, this is until 5 August 2014, we have not observed any significant events, the disclosure of which might significantly affect the assessment of human resources, assets, and financial position of ASEE S.A.

21. Significant events related to prior years

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