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**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE PERIOD OF 6 MONTHS  
ENDED 30 JUNE 2018**

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

**Rzeszów, 8 August 2018**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
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FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2018**

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2018**

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

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

Miljan Mališ      Member of  
                            the Management Board

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

	<b>6 months ended 30 June 2018 (unaudited)</b>	<b>6 months ended 30 June 2017 (unaudited)</b>	<b>6 months ended 30 June 2018 (unaudited)</b>	<b>6 months ended 30 June 2017 (unaudited)</b>
	<b>PLN'000</b>	<b>PLN'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
I. Sales revenues	297,344	282,821	70,137	66,587
II. Operating profit	30,881	30,730	7,284	7,235
III. Pre-tax profit	33,573	31,490	7,919	7,414
IV. Net profit for the reporting period	26,780	25,696	6,317	6,050
V. Net profit attributable to Shareholders of the Parent Company	<b>26,620</b>	<b>25,535</b>	<b>6,279</b>	<b>6,012</b>
VI. Net cash provided by (used in) operating activities	6,837	20,006	1,613	4,710
VII. Net cash provided by (used in) investing activities	(21,200)	(22,937)	(5,001)	(5,400)
VIII. Net cash provided by (used in) financing activities	6,678	(6,063)	1,575	(1,427)
IX. Cash and cash equivalents at the end of period	111,102	103,780	25,473	24,555
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.51	0.49	0.12	0.12
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.51	0.49	0.12	0.12

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

- items of the interim condensed consolidated income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - for the period from 1 January 2018 to 30 June 2018: EUR 1 = PLN 4.2395
  - for the period from 1 January 2017 to 30 June 2017: EUR 1 = PLN 4.2474
- 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 2018: EUR 1 = PLN 4.3616
  - exchange rate effective on 30 June 2017: EUR 1 = PLN 4.2265

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Sales revenues</b>	<u>1</u>	<b>158,740</b>	<b>297,344</b>	<b>149,616</b>	<b>282,821</b>
Cost of sales (-)	<u>2</u>	(119,127)	(225,211)	(111,471)	(214,188)
Recognition (Reversal) of impairment write-downs on financial assets (+/-)	<u>2</u>	(139)	(436)	(620)	(550)
<b>Gross profit on sales</b>		<b>39,474</b>	<b>71,697</b>	<b>37,525</b>	<b>68,083</b>
Selling costs (-)	<u>2</u>	(11,063)	(21,605)	(8,700)	(16,784)
General and administrative expenses (-)	<u>2</u>	(10,348)	(19,031)	(10,974)	(20,507)
<b>Net profit on sales</b>		<b>18,063</b>	<b>31,061</b>	<b>17,851</b>	<b>30,792</b>
Other operating income	<u>3</u>	181	496	245	698
Other operating expenses (-)	<u>3</u>	(247)	(467)	(210)	(760)
Share of profits of associates and joint ventures (+/-)		(209)	(209)	-	-
<b>Operating profit</b>		<b>17,788</b>	<b>30,881</b>	<b>17,886</b>	<b>30,730</b>
Financial income	<u>4</u>	2,798	4,333	1,371	3,531
Financial expenses (-)	<u>4</u>	(1,146)	(1,641)	(736)	(2,771)
<b>Pre-tax profit</b>		<b>19,440</b>	<b>33,573</b>	<b>18,521</b>	<b>31,490</b>
Corporate income tax (current and deferred tax expense)	<u>5</u>	(3,917)	(6,793)	(2,977)	(5,794)
<b>Net profit for the reporting period</b>		<b>15,523</b>	<b>26,780</b>	<b>15,544</b>	<b>25,696</b>
Attributable to:					
<b>Shareholders of the Parent Company</b>		<b>15,454</b>	<b>26,620</b>	<b>15,453</b>	<b>25,535</b>
Non-controlling interests		69	160	91	161

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

Basic consolidated earnings per share for the reporting period	<u>6</u>	0.30	0.51	0.30	0.49
Diluted consolidated earnings per share for the reporting period	<u>6</u>	0.30	0.51	0.30	0.49

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Net profit for the reporting period</b>		<b>15,523</b>	<b>26,780</b>	<b>15,544</b>	<b>25,696</b>
<b>Other comprehensive income, of which:</b>		<b>20,817</b>	<b>21,819</b>	<b>2,804</b>	<b>(29,196)</b>
Components that may be reclassified to profit or loss		20,817	21,819	2,804	(29,196)
Foreign exchange differences on translation of foreign operations		20,817	21,819	2,804	(29,196)
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>		<b>36,340</b>	<b>48,599</b>	<b>18,348</b>	<b>(3,500)</b>
<b>Attributable to:</b>					
<i>Shareholders of the Parent Company</i>		36,247	48,402	18,236	(3,588)
<i>Non-controlling interests</i>		93	197	112	88

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS	Note	30 June 2018	31 Dec. 2017
		(unaudited)	(audited)
<b>Non-current assets</b>		<b>652,988</b>	<b>630,553</b>
Property, plant and equipment	<u>8</u>	138,291	131,958
Investment property		658	650
Intangible assets	<u>8</u>	16,688	17,946
Goodwill	<u>9</u>	492,031	475,360
Investments in associates		205	-
Prepayments for shares in subsidiaries		-	84
Long-term financial assets	<u>13</u>	649	279
Long-term receivables		261	345
Deferred tax assets		3,468	3,190
Long-term prepayments and accrued income	<u>14</u>	737	741
<b>Current assets</b>		<b>291,713</b>	<b>287,762</b>
Inventories	<u>10</u>	23,039	24,792
Prepayments and accrued income	<u>14</u>	15,561	10,047
Trade receivables	<u>11</u>	111,826	120,154
Corporate income tax receivable		1,825	132
Other receivables from the state and local budgets		1,406	770
Receivables arising from valuation of IT contracts		21,113	12,025
Other receivables	<u>11</u>	4,823	3,338
Short-term financial assets	<u>13</u>	1,018	792
Cash and short-term deposits	<u>12</u>	111,102	115,712
<b>TOTAL ASSETS</b>		<b>944,701</b>	<b>918,315</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EQUITY AND LIABILITIES	Note	30 June 2018	31 Dec. 2017
		(unaudited)	(audited)
<b>Equity (attributable to shareholders of the Parent Company)</b>		<b>740,362</b>	<b>717,740</b>
Share capital		518,942	518,942
Share premium		38,825	38,825
Other capitals		1,879	660
Foreign exchange differences on translation of foreign operations		(87,502)	(109,270)
Retained earnings and current net profit		268,218	268,583
<b>Non-controlling interests</b>		<b>1,407</b>	<b>1,572</b>
<b>Total equity</b>		<b>741,769</b>	<b>719,312</b>
<b>Non-current liabilities</b>		<b>29,647</b>	<b>29,418</b>
Interest-bearing bank loans and borrowings	<u>16</u>	23,326	22,281
Deferred tax liabilities		1,886	1,462
Long-term trade payables and other liabilities		222	529
Long-term provisions		1,561	1,823
Long-term financial liabilities	<u>15</u>	1,567	1,568
Long-term deferred income	<u>18</u>	1,085	1,755
<b>Current liabilities</b>		<b>173,285</b>	<b>169,585</b>
Interest-bearing bank loans and borrowings	<u>16</u>	32,139	22,710
Trade payables	<u>17</u>	42,176	57,585
Corporate income tax payable	<u>17</u>	3,157	2,696
Other liabilities to the state and local budgets	<u>17</u>	11,097	20,400
Financial liabilities	<u>15</u>	28,001	998
Liabilities and provisions arising from valuation of IT contracts (-)		3,735	4,105
Other liabilities	<u>17</u>	13,457	26,666
Short-term provisions		2,236	1,937
Deferred income	<u>18</u>	19,010	20,373
Accruals	<u>18</u>	18,277	12,115
<b>TOTAL LIABILITIES</b>		<b>202,932</b>	<b>199,003</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>944,701</b>	<b>918,315</b>

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

for the period of 6 months ended 30 June 2018

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Other capitals	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>(109,270)</b>	<b>660</b>	<b>268,583</b>	<b>717,740</b>	<b>1,572</b>	<b>719,312</b>
Net profit (loss) for the reporting period	-	-	-	-	26,620	26,620	160	26,780
Other comprehensive income	-	-	21,768	14	-	21,782	37	21,819
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>21,768</b>	<b>14</b>	<b>26,620</b>	<b>48,402</b>	<b>197</b>	<b>48,599</b>
Valuation of share-based payment plan	-	-	-	1,205	-	1,205	-	1,205
Dividend	-	-	-	-	(26,985)	(26,985)	(362)	(27,347)
<b>As at 30 June 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>(87,502)</b>	<b>1,879</b>	<b>268,218</b>	<b>740,362</b>	<b>1,407</b>	<b>741,769</b>
<b>(unaudited)</b>								

for the period of 6 months ended 30 June 2017

	Share capital	Share premium	Foreign exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,426)</b>	<b>238,860</b>	<b>730,201</b>	<b>2,210</b>	<b>732,411</b>
Net profit (loss) for the reporting period	-	-	-	25,535	25,535	161	25,696
Other comprehensive income	-	-	(29,123)	-	(29,123)	(73)	(29,196)
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>(29,123)</b>	<b>25,535</b>	<b>(3,588)</b>	<b>88</b>	<b>(3,500)</b>
<b>Changes in the Group structure, of which:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>(16)</b>	<b>(676)</b>	<b>(692)</b>
Acquisition of non-controlling interests	-	-	-	(16)	(16)	(676)	(692)
Dividend	-	-	-	(24,909)	(24,909)	(272)	(25,181)
<b>As at 30 June 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>(95,549)</b>	<b>239,470</b>	<b>701,688</b>	<b>1,350</b>	<b>703,038</b>
<b>(unaudited)</b>							

for the period of 12 months ended 31 December 2017

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		33,573	31,490
<b>Total adjustments:</b>		<b>(18,827)</b>	<b>(4,809)</b>
Depreciation and amortization		22,244	19,231
Change in inventories		2,692	(216)
Change in receivables		1,157	12,981
Change in liabilities, accruals and provisions		(45,110)	(37,836)
Interest income and expenses		700	184
Gain/Loss on foreign exchange differences		(2,385)	2,052
Gain/Loss on investing activities		602	(1,256)
Costs of share-based payment plan		1,205	-
Other		68	51
<b>Net cash generated from operating activities</b>		<b>14,746</b>	<b>26,681</b>
Corporate income tax paid		(7,909)	(6,675)
<b>Net cash provided by (used in) operating activities</b>		<b>6,837</b>	<b>20,006</b>
<b>Cash flows – investing activities</b>			
Disposal of property, plant and equipment and intangible assets		293	234
Acquisition of property, plant and equipment, and intangible assets	8	(19,320)	(25,285)
Expenditures for development projects		(1,101)	(1,389)
Acquisition of financial instruments carried at fair value through profit or loss		(160)	(9,466)
Disposal of financial instruments carried at fair value through profit or loss		180	12,166
Bank deposits made		(1,219)	-
Loans collected		13	13
Loans granted		-	(26)
Interest received		114	804
Other		-	12
<b>Net cash provided by (used in) investing activities</b>		<b>(21,200)</b>	<b>(22,937)</b>

	Note	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Cash flows – financing activities</b>			
Proceeds from (repayments of) short-term bank loans and borrowings		(19)	1
Proceeds from other bank loans and borrowings	16	14,685	4,794
Repayments of other bank loans and borrowings	16	(6,447)	(8,695)
Finance lease liabilities paid		(650)	(559)
Acquisition of non-controlling interests		-	(692)
Dividends paid out to non-controlling interests		(362)	(272)
Interest paid		(529)	(640)
<b>Net cash provided by (used in) financing activities</b>		<b>6,678</b>	<b>(6,063)</b>
Net increase (decrease) in cash and cash equivalents		(7,685)	(8,994)
Net foreign exchange differences		3,080	(5,715)
Cash and cash equivalents as at 1 January	12	115,562	118,058
<b>Cash and cash equivalents as at 30 June</b>	<b>12</b>	<b>110,957</b>	<b>103,349</b>

## SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

### I. GENERAL INFORMATION

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

The Parent Company Asseco South Eastern Europe S.A. was established on 10 April 2007. The Company has been listed on the main market of the Warsaw Stock Exchange since 28 October 2009.

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

Asseco South Eastern Europe Group is engaged in the sale of its own and third-party software as well as in the provision of implementation, integration and outsourcing services. The Group is a provider of IT solutions, authentication solutions, online payment settlement systems, while it is also engaged in the sale, outsourcing and maintenance of ATMs and POS terminals, and provides integration and implementation services for IT systems and hardware.

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

The chart below presents the structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners as at 30 June 2018.

The parent company of Asseco South Eastern Europe S.A. is Asseco International a.s. (our higher-level parent). As at 30 June 2018, Asseco International a.s. held a 51.06% equity interest in ASEE S.A.

Since 1 November 2016, E-Mon Montenegro has been treated as a subsidiary company within the Group's organizational structure and therefore it is fully consolidated. Until the date of obtaining control by ASEE Serbia, that company was treated as a jointly controlled company and therefore consolidated under the equity method in line with IFRS 11.

The Group conducts business operations in the markets of Poland, South Eastern Europe, and Turkey.

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2017 which are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

These interim condensed consolidated financial statements cover the period of 6 months ended 30 June 2018 and contain comparable data for the period of 6 months ended 30 June 2017 in the case of the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, as well as comparable data as at 31 December 2017 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 2018 and contain comparable data for the period of 3 months ended 30 June 2017; these data have not been reviewed by certified auditors.

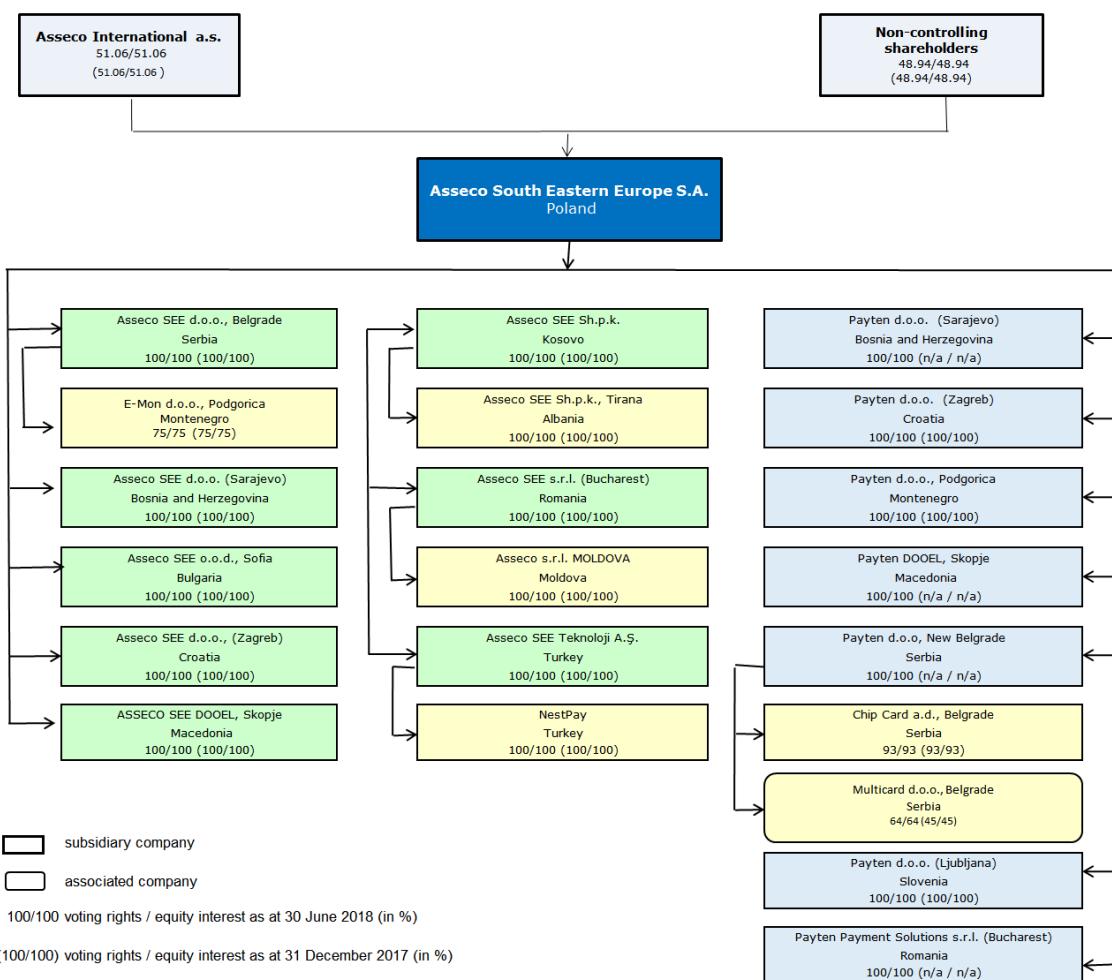
The Group draws up its financial statements in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

These interim consolidated financial statements have been approved for publication by the Management Board of ASEE S.A. on 8 August 2018.

Multicard Serbia is an associated company accounted for using the equity method. During the reporting period, as a result of conversion of Multicard Serbia's debt towards Payten Serbia to equity, the equity interest held by Payten Serbia in Multicard increased from 45% to 63.70%. Because the articles of association of Multicard stipulate that most resolutions of its general meeting must be adopted by unanimous decision, Payten Serbia has not obtained control over that company.

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

Both as at 30 June 2018 and 31 December 2017, voting rights held by ASEE Group in its subsidiaries were equivalent to the Group's equity interests in these entities.



### III. EFFECTS OF CHANGES IN THE GROUP'S STRUCTURE

During the period of 6 months ended 30 June 2018, the Group's organizational structure changed as follows. These changes were implemented as part of a broader process aiming to formally spin off our payment services into a standalone organizational unit. The planned spin-off of payment services has been described in the Management report on operations of the Company and Group for the year ended 31 December 2017.

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

On 3 January 2018, a new company called Payten Serbia was officially separated from ASEE Serbia. Such division resulted in the creation of two separate entities engaged in the payment business and other operations, respectively.

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

On 10 January 2018, ASEE Montenegro was renamed as Payten Montenegro. Because our operations in Montenegro are focused primarily on payment services, they will all be incorporated into the new structure of Payten Montenegro.

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

On 8 February 2018, a new company called Payten DOOEL Skopje (Payten Macedonia) was registered in Macedonia. The existing operations of ASEE Macedonia in the area of payment services will be transferred into the new company.

#### Establishing of Payten d.o.o. Sarajevo (Payten B&H)

On 7 May 2018, a new company called Payten d.o.o. Sarajevo (Payten B&H) was registered in Bosnia and Herzegovina. The existing operations of ASEE B&H in the area of payment services will be transferred into the new company.

### **Increasing the shareholding in Multicard**

On 9 May 2018, a resolution was passed in order to convert Multicard's debt towards Payten Serbia in the amount of RSD 24,713 thousand. As a result of such conversion the equity interest held by Payten Serbia in Multicard increased from 45% to 63.70%. Because the articles of association of Multicard stipulate that most resolutions of its general meeting must be adopted by unanimous decision, Payten Serbia has not obtained control over that company and Multicard is still accounted for using the equity method.

### **Separation of Payten Payment Solution s.r.l., Bucharest (Payten Romania)**

On 16 May 2018, a new company called Payten Romania was officially separated from ASEE Romania. Such division resulted in the creation of two separate entities engaged in the payment business and other operations, respectively.

### **Changing the name of Asseco SEE d.o.o., (Ljubljana) to Payten d.o.o., (Ljubljana) (Payten Slovenia)**

The company of ASEE Slovenia was renamed as Payten Slovenia on 5 July 2018 (after the end of the reporting period). Because our operations in Slovenia are focused primarily on payment services, they will all be incorporated into the new structure of Payten Slovenia.

## **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 have been prepared in accordance with the historical cost convention, except for derivative instruments and financial assets that are carried at fair value through profit or loss.

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

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

Till the date of approving these financial statements, we have not observed any circumstances that would threaten the Company and the Group companies'

ability to continue as going concerns for at least 12 months after the reporting period.

### **2. Compliance statement**

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

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

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

The significant accounting policies adopted by ASEE Group have been described in its consolidated financial statements for the year ended 31 December 2017, which were published on 19 February 2018 and are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see). These interim condensed consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements and therefore they should be read together with the Group's consolidated financial statements for the year ended 31 December 2017.

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

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

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

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

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

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

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

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

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

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

#### **Licenses**

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

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

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

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

## Warranties

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

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

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

## Sale of hardware

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

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

## Contract assets and liabilities

Contract assets include receivables arising from valuation of IT contracts. Contract liabilities include liabilities arising from valuation of IT contracts as well as deferred income from such contracts.

## IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). IFRS 9 specifies three aspects involved in accounting for financial instruments: classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

### a) Classification and measurement

The standard introduces the following categories of financial assets:

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

The table below compares the classification of financial assets in accordance with IFRS 9 and IAS 39:

IFRS 9	IAS 39
<b>Investments in equity instruments carried at fair value through other comprehensive income:</b> Shares in companies listed on regulated markets Shares in companies not listed on regulated markets	<b>Financial assets available for sale:</b> Shares in companies listed on regulated markets Shares in companies not listed on regulated markets
<b>Investments in debt securities and cash deposits carried at amortized cost:</b> Loans granted to unrelated entities Loans granted to employees Deposits for 3 to 12 months Deposits for over 12 months	<b>Loans granted and cash deposits:</b> Loans granted to unrelated entities Loans granted to employees Deposits for 3 to 12 months Deposits for over 12 months
<b>Financial assets carried at fair value through profit or loss:</b> Currency forward contracts Investment fund units	<b>Financial assets carried at fair value through profit or loss:</b> Currency forward contracts Investment fund units

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

Financial assets so far measured at amortized cost as well as those measured at fair value through profit or loss or through other comprehensive income have been recognized analogically since 1 January 2018.

b) Impairment of financial assets

IFRS 9 introduced a new model for estimating impairment write-downs on financial assets. The model of incurred losses as applied in IAS 39 has been replaced with the model of impairment based on expected losses.

The expected loss impairment model applies to financial assets measured at amortized cost as well as to financial assets measured at fair value through other comprehensive income, except for investments in equity instruments.

In order to estimate impairment write-downs on financial assets, the Group applies the following approaches:

- ✓ general approach;
- ✓ simplified approach.

The Group applies the general approach for financial assets measured at fair value through other comprehensive income as well as for financial assets measured at amortized cost, except for trade receivables. Under the general approach, the Group estimates impairment write-downs on financial assets using a three-stage model based on changes in the credit risk of financial assets since their initial recognition. Where the credit risk of financial assets has not increased significantly since initial recognition (stage 1), the Group estimates an allowance for 12-month expected credit losses. Where the credit risk of financial assets has increased significantly since initial recognition (stages 2 and 3), the Group estimates an allowance for expected credit losses over the lifetime of financial instruments. At each reporting date, the Group analyzes if there are indications of a significant increase in the credit risk of financial assets held.

In the case of trade receivables, since 1 January 2018 the Group has applied the simplified approach and measured an allowance for expected credit losses at an amount equal to expected credit losses over the full lifetime of receivables. However, due to the nature of our trade receivables, despite introducing the methodology changes required by the said standard, the impairment allowance for receivables has remained at a similar level as calculated according to the principles that were effective before 1 January 2018. Hence, the implementation of IFRS 9 had a minor impact on the Group's retained earnings.

**4. New standards and interpretations published but not in force yet**

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

- IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019);
- IFRS 17 'Insurance Contracts' (effective for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture and subsequent amendments (the effective date of these amendments has been deferred until completion of the research project on the equity method of accounting);
- Amendments to IAS 19 'Employee Benefits' – Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' – Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019);
- Amendments to various standards provided as part of the 'Annual Improvements to IFRSs: 2015-2017 Cycle' (in relation to IFRS 3, IFRS 11, IAS 12 and IAS 23) with the aim of removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019);
- Interpretation IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019).

The specified effective dates have been set forth in the standards published by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union.

The Group is currently conducting an analysis of how the introduction of the above-mentioned standards and interpretations may affect the

financial statements and accounting policies applied by the Group.

#### **5. Functional currency and presentation currency**

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

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

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

#### **6. Professional judgement and estimates**

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

unchanged as compared with their description presented in the annual financial statements for the year ended 31 December 2017.

Changes in estimates as at 30 June 2018 included the calculation of deferred income tax, the preparation of impairment tests for goodwill as described in note 9, as well as the estimated value of accruals for employee benefits as presented in note 18.

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

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

#### **8. Corrections of material errors**

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

## V. INFORMATION ON OPERATING SEGMENTS

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

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

### *Banking Solutions*

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

### *Payment Solutions*

Asseco SEE provides complete payment industry solutions, for non-financial and financial institutions, supporting card and cardless transactions. Our product portfolio includes solutions for e-commerce (NestPay®, MSU, Paratika), mobile payments (mPOS, HCE), payment card processing, as well as ATM and POS related services. The Group delivers software, services including outsourcing and equipment, providing the highest level of expertise, maintenance and support through the entire portfolio.

### *Systems Integration*

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

The Group's business profile has been described in detail in its financial statements for the year 2017.

For the period of 6 months ended 30 June 2018 and as at 30 June 2018 in thousands of PLN (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Unallocated	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>76,003</b>	<b>127,355</b>	<b>105,988</b>	-	(12,002)	<b>297,344</b>
Sales to external customers	69,755	123,171	104,418	-	-	<b>297,344</b>
Inter/intra segment sales	6,248	4,184	1,570	-	(12,002)	-
<b>Gross profit on sales</b>	<b>19,753</b>	<b>34,018</b>	<b>17,926</b>	-	-	<b>71,697</b>
Selling costs (-)	(5,755)	(6,833)	(9,017)	-	-	(21,605)
General and administrative expenses (-)	(7,153)	(7,387)	(4,491)	-	-	(19,031)
<b>Net profit on sales</b>	<b>6,846</b>	<b>19,798</b>	<b>4,418</b>	-	-	<b>31,061</b>
Other operating activities	76	(38)	(9)	-	-	<b>29</b>
Share of profits of associates	-	(209)	-	-	-	(209)
<b>Operating profit</b>	<b>6,922</b>	<b>19,551</b>	<b>4,408</b>	-	-	<b>30,881</b>
Goodwill	202,461	109,465	180,105	-	-	<b>492,031</b>

For the period of 6 months ended 30 June 2018 in thousands of EUR (unaudited)	Banking Solutions	Payment Solutions	Systems Integration	Unallocated	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>17,928</b>	<b>30,040</b>	<b>25,000</b>	-	(2,831)	<b>70,137</b>
Sales to external customers	16,454	29,053	24,630	-	-	<b>70,137</b>
Inter/intra segment sales	1,474	987	370	-	(2,831)	-
<b>Gross profit on sales</b>	<b>4,659</b>	<b>8,025</b>	<b>4,228</b>	-	-	<b>16,912</b>
Selling costs (-)	(1,357)	(1,612)	(2,127)	-	-	(5,096)
General and administrative expenses (-)	(1,687)	(1,743)	(1,059)	-	-	(4,489)
<b>Net profit on sales</b>	<b>1,615</b>	<b>4,670</b>	<b>1,042</b>	-	-	<b>7,327</b>
Other operating activities	17	(9)	(2)	-	-	<b>6</b>
Share of profits of associates	-	(49)	-	-	-	(49)
<b>Operating profit</b>	<b>1,632</b>	<b>4,612</b>	<b>1,040</b>	-	-	<b>7,284</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2018 to 30 June 2018: EUR 1 = PLN 4.2395

For the period of 6 months ended 30 June 2017 and as at 31 June 2017 in thousands of PLN (restated)	Banking Solutions	Payment Solutions	Systems Integration	Unallocated	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>79,181</b>	<b>111,159</b>	<b>105,867</b>	(507)	(12,880)	<b>282,821</b>
Sales to external customers	71,293	107,618	103,910	-	-	<b>282,821</b>
Inter/intra segment sales	7,888	3,541	1,957	(507)	(12,880)	-
<b>Gross profit on sales</b>	<b>22,070</b>	<b>28,188</b>	<b>17,825</b>	-	-	<b>68,083</b>
Selling costs (-)	(4,979)	(5,080)	(6,725)	-	-	(16,784)
General and administrative expenses (-)	(7,225)	(8,454)	(4,828)	-	-	(20,507)
<b>Net profit on sales</b>	<b>9,866</b>	<b>14,654</b>	<b>6,272</b>	-	-	<b>30,792</b>
Other operating activities	(231)	123	46	-	-	(62)
Share of profits of associates	-	-	-	-	-	-
<b>Operating profit</b>	<b>9,635</b>	<b>14,777</b>	<b>6,318</b>	-	-	<b>30,730</b>
goodwill	194,330	106,449	174,581	-	-	<b>475,360</b>

For the period of 6 months ended 30 June 2017 in thousands of EUR (restated)	Banking Solutions	Payment Solutions	Systems Integration	Unallocated	Eliminations / Reconcilia-tions	Total
<b>Sales revenues:</b>	<b>18,641</b>	<b>26,171</b>	<b>24,926</b>	(119)	(3,032)	<b>66,587</b>
Sales to external customers	16,785	25,337	24,465	-	-	<b>66,587</b>
Inter/intra segment sales	1,856	834	461	(119)	(3,032)	-
<b>Gross profit on sales</b>	<b>5,196</b>	<b>6,637</b>	<b>4,196</b>	-	-	<b>16,029</b>
Selling costs (-)	(1,172)	(1,197)	(1,582)	-	-	(3,951)
General and administrative expenses (-)	(1,701)	(1,990)	(1,137)	-	-	(4,828)
<b>Net profit on sales</b>	<b>2,323</b>	<b>3,450</b>	<b>1,477</b>	-	-	<b>7,250</b>
Other operating activities	(54)	28	11	-	-	(15)
Share of profits of associates	-	-	-	-	-	-
<b>Operating profit</b>	<b>2,269</b>	<b>3,478</b>	<b>1,488</b>	-	-	<b>7,235</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2017 to 30 June 2017: EUR 1 = PLN 4.2474

**VI. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Breakdown of sales revenues**

During the period of 6 months ended 30 June 2018 and in the comparable period last year, operating revenues were as follows:

Sales revenues by type of products	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Proprietary software and services	103,363	191,051	93,176	176,065
Third-party software and services	24,614	41,641	27,174	48,516
Hardware and infrastructure	30,763	64,652	29,266	58,240
	<b>158,740</b>	<b>297,344</b>	<b>149,616</b>	<b>282,821</b>

Sales revenues of ASEE Group in the period of 6 months ended 30 June 2018 improved by PLN 14,523 thousand or 5% in relation to the comparable period last year. Revenues from proprietary software and services increased by PLN

14,986 thousand, sales of hardware and infrastructure increased by PLN 6,412 thousand, while revenues from third-party software and services declined by PLN 6,875 thousand.

Sales revenues: Banking Solutions	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Proprietary software and services	35,938	66,940	35,817	65,849
Third-party software and services	1,025	1,519	1,049	2,266
Hardware and infrastructure	626	1,296	2,057	3,178
	<b>37,589</b>	<b>69,755</b>	<b>38,923</b>	<b>71,293</b>

Sales revenues: Payment Solutions	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Proprietary software and services	44,884	84,405	37,703	71,968
Third-party software and services	1,859	4,316	1,288	2,622
Hardware and infrastructure	10,626	34,450	15,580	33,028
	<b>57,369</b>	<b>123,171</b>	<b>54,571</b>	<b>107,618</b>

Sales revenues: Systems Integration	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Proprietary software and services	22,541	39,706	19,656	38,248
Third-party software and services	21,730	35,806	24,837	43,628
Hardware and infrastructure	19,511	28,906	11,629	22,034
	<b>63,782</b>	<b>104,418</b>	<b>56,122</b>	<b>103,910</b>

Sales revenues	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Revenues other than from contracts with customers recognized in accordance with IFRS 15 – operating leases	19,879	38,681	4,536	18,802
Revenues from contracts with customers recognized in the reporting period	138,861	258,663	145,080	264,019
	<b>158,740</b>	<b>297,344</b>	<b>149,616</b>	<b>282,821</b>

## 2. Breakdown of operating costs

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Employee benefits (-)	(49,401)	(96,014)	(46,772)	(89,206)
Third-party non-project services and outsourcing of employees (-)	(5,676)	(10,279)	(5,401)	(10,080)
Depreciation and amortization (-)	(11,442)	(22,244)	(9,792)	(19,231)
Maintenance costs of property and business cars (-)	(10,596)	(18,945)	(8,237)	(16,806)
Business trips (-)	(1,279)	(2,298)	(938)	(1,749)
Advertising (-)	(1,253)	(1,885)	(901)	(1,552)
Other operating expenses (-)	(676)	(3,126)	(2,730)	(4,134)
	<b>(80,323)</b>	<b>(154,791)</b>	<b>(74,771)</b>	<b>(142,758)</b>
<b>Cost of sales, of which (-)</b>	<b>(119,127)</b>	<b>(225,211)</b>	<b>(111,471)</b>	<b>(214,188)</b>
Cost of goods and third-party services sold (-)	(60,354)	(111,492)	(56,994)	(109,271)
Production costs (-)	(58,773)	(113,719)	(54,477)	(104,917)
Recognition (Reversal) of impairment write-downs on financial assets (+/-)	(139)	(436)	(620)	(550)
Selling costs (-)	(11,063)	(21,605)	(8,700)	(16,784)
General and administrative expenses (-)	(10,348)	(19,031)	(10,974)	(20,507)

## 3. Other operating income and expenses

Other operating income	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Gain on disposal of property, plant and equipment and intangible assets	-	98	10	103
Income from leases of space	16	30	13	26
Reversal of a provision for the costs of court litigation relating to other operations	29	128	-	-
Other	136	240	222	569
	<b>181</b>	<b>496</b>	<b>245</b>	<b>698</b>

The line 'Other' for the first half of 2018 includes primarily compensations received by the Group, proceeds related to past-due liabilities written off, discounts and rebates related to prior years that were obtained by the Group, as well as proceeds from recharge invoices unrelated to the core business of our companies.

The line 'Other' for the first half of 2017 includes primarily compensations received by the Group (PLN 259 thousand), proceeds related to past-due liabilities written off (PLN 101 thousand), amounts received from sponsors (PLN 67 thousand), recharge invoices unrelated to the core business of our companies, as well as discounts and rebates related to prior years that were obtained by the Group.

Other operating expenses	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Loss on disposal of property, plant and equipment (-)	(15)	(35)	-	(26)
Provisions for the costs of court litigation relating to other operations (-)	-	-	-	(262)
Charitable contributions to unrelated parties (-)	(18)	(157)	(25)	(38)
Liquidation of property, plant and equipment, and intangible assets (-)	(11)	(28)	(4)	(186)
Other (-)	(203)	(247)	(181)	(248)
	<b>(247)</b>	<b>(467)</b>	<b>(210)</b>	<b>(760)</b>

## 4. Financial income and expenses

Financial income	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Interest income on loans granted and bank deposits	381	765	536	921
Gain on valuation of derivative instruments	44	199	544	1,709
Positive foreign exchange differences	2,373	3,363	285	871
Other financial income	-	6	6	30
	<b>2,798</b>	<b>4,333</b>	<b>1,371</b>	<b>3,531</b>

Financial expenses	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Interest expense (-)	(267)	(500)	(194)	(407)
Bank fees and commissions (-)	(18)	(32)	(75)	(178)
Negative foreign exchange differences (-)	(115)	(215)	(175)	(1,773)
Interest expenses under finance leases (-)	(9)	(52)	(26)	(58)
Loss on valuation of derivative instruments (-)	(733)	(838)	(257)	(346)
Other financial expenses (-)	(4)	(4)	(9)	(9)
	<b>(1,146)</b>	<b>(1,641)</b>	<b>(736)</b>	<b>(2,771)</b>

## 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 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Current portion of income tax and prior years' adjustments	(4,023)	(6,694)	(3,781)	(5,754)
Deferred portion of income tax	106	(99)	804	(40)
<b>Income tax expense as disclosed in the income statement</b>	<b>(3,917)</b>	<b>(6,793)</b>	<b>(2,977)</b>	<b>(5,794)</b>

Income tax expense for the period of 6 months ended 30 June 2018 resulted from the current income tax paid in individual countries (PLN -6,117 thousand), withholding tax on dividends paid out by subsidiaries of ASEE S.A. (PLN -454 thousand) and ASEE Serbia (PLN -98 thousand), adjustments to prior years' income tax (PLN -25 thousand), as well as from the origination and reversal of temporary differences (PLN -99 thousand). Whereas, in the comparable period of 2017, income tax expense resulted from the current income tax paid in individual countries (PLN -5,215 thousand), withholding tax on dividends paid out by subsidiaries of ASEE S.A. (PLN -594 thousand) and ASEE Serbia (PLN -73 thousand), adjustments to prior years' income tax (PLN 128 thousand), as well as from the origination and reversal of temporary differences (PLN -40 thousand).

During the period of 6 months ended 30 June 2018, our effective tax rate equalled 20.2% as compared

with 18.4% in the comparable period last year. Such increase in our effective tax rate was chiefly a consequence of higher income tax expense in Serbia due to non-tax-deductible losses incurred as a result of termination of a contract with NKBM, about which the Company informed in its regulatory filing no. 9/2018.

The Company's dividend strategy for the foreseeable future does not assume making any dividend payments that might have a material impact on its fiscal position.

As at 30 June 2018, the Group recognized deferred tax assets in the amount of PLN 3,468 thousand (vs. PLN 3,190 thousand as at 31 December 2017) and deferred tax liabilities in the amount of PLN 1,886 thousand (vs. PLN 1,462 thousand as at 31 December 2017).

## 6. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during that financial year.

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share.

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

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.</b>	<b>15,454</b>	<b>26,620</b>	<b>15,453</b>	<b>25,535</b>
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
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):</b>				
Basic consolidated earnings per share for the reporting period	0.30	0.51	0.30	0.49
Diluted consolidated earnings per share for the reporting period	0.30	0.51	0.30	0.49

## 7. Information on dividends paid out or declared

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

- the amount of PLN 1,586,479.14 from the net profit for the financial year 2017 has been allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;
- the amount of PLN 18,244,510.05 from the net profit for the financial year 2017 as well as the amount of PLN 8,740,500.47 representing a portion of the above-mentioned capital reserve have been allocated for distribution among all of the Company's shareholders by payment of a dividend amounting to PLN 0.52 per share.

The Company's Annual General Meeting of Shareholders established 29 June 2018 as the dividend record date. The dividend was paid out on 12 July 2018. The number of shares eligible for dividend was 51,894,251.

## 8. Property, plant and equipment, and intangible assets

	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2018</b>	<b>131,958</b>	<b>17,946</b>
Purchases	19,931	559
Capitalization of project development costs	-	1,101
Transfers from inventories	367	-
Finance lease liabilities	627	-
Other increases/decreases (+/-)	(121)	10
Depreciation/amortization charges (-)	(19,692)	(2,536)
Disposal and liquidation (-)	(238)	-
Foreign exchange differences on translation of foreign operations (+/-)	5,459	(392)
<b>Net book value as at 30 June 2018</b>	<b>138,291</b>	<b>16,688</b>

	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2017</b>	<b>102,161</b>	<b>30,180</b>
Purchases	30,694	1,013
Capitalization of project development costs	-	1,467
Transfers from inventories	4,103	-
Finance lease liabilities	613	-
Other increases/decreases (+/-)	(24)	21
Depreciation/amortization charges (-)	(15,567)	(3,725)
Disposal and liquidation (-)	(463)	-
Foreign exchange differences on translation of foreign operations (+/-)	(3,653)	(2,216)
<b>Net book value as at 30 June 2017</b>	<b>117,864</b>	<b>26,740</b>

The higher value of tangible assets as at 30 June 2018 (PLN 138,291 thousand) and as at 31 December 2017 (PLN 131,958 thousand) resulted primarily from purchases of ATMs, POS terminals and other elements of infrastructure to be offered in the outsourcing model.

In the first half of 2018, capitalized costs of development projects amounted to PLN 1,101 thousand as compared with PLN 1,467 thousand in the comparable period of 2017.

Liabilities resulting from purchases of property, plant and equipment and intangible assets amounted to PLN 2,960 thousand as at 30 June 2018, as compared with PLN 1,778 thousand as at 31 December 2017.

## 9. Goodwill

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

	6 months ended 30 June 2018 (unaudited)	12 months ended 31 Dec. 2017 (audited)
<b>Goodwill at the beginning of the period</b>	<b>475,360</b>	<b>505,634</b>
Banking Solutions	194,330	205,749
Payment Solutions	106,449	111,842
Systems Integration	174,581	188,043
<b>Foreign exchange differences on translation of goodwill in foreign subsidiaries (+/-)</b>	<b>16,671</b>	<b>(30,274)</b>
Banking Solutions	8,131	(11,419)
Payment Solutions	3,016	(5,393)
Systems Integration	5,524	(13,462)
<b>Total book value at the end of period</b>	<b>492,031</b>	<b>475,360</b>
Banking Solutions	202,461	194,330
Payment Solutions	109,465	106,449
Systems Integration	180,105	174,581

### Impairment testing of goodwill

As at 31 December 2017, 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 operating segments that constitute 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 2018, the Company verified its assumptions for the impairment test performed on goodwill as at 31 December 2017. In particular we checked whether the assumptions for financial results achieved by individual cash-generating units in 2017 were not materially different from their actual financial performance in the first half of 2018, and whether internal or external factors did not cause a deterioration of our forecasts for the next financial years.

In the case of the Systems Integration segment, we determined that its weaker-than-expected financial performance is an indication to perform an impairment test on goodwill allocated to this segment as at 30 June 2018.

Additionally, the Parent Company carried out a sensitivity analysis in relation to the conducted impairment test of goodwill allocated to this segment. The analysis of sensitivity shows how much the recoverable amount is going to change if the discount rate is increased by 1 pp with other

assumptions remaining constant, or if the revenue growth rate is decreased by 1 pp with other assumptions remaining constant.

The results of such sensitivity analysis carried out as at 30 June 2018 and 31 December 2017 are presented in the following table:

	Discount rate	Sales revenue growth rate
	Change by 1 pp	Change by 1 pp
<b>30 June 2018</b>		
Systems Integration	-24,310	-26,830
<b>31 Dec. 2017</b>		
Systems Integration	-25,168	-26,870

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

In line with the Group's policy, goodwill allocated to all of our operating segments will be tested for impairment as at 31 December 2018, even if there are no indications of impairment.

## 10. Inventories

Inventories	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Goods for resale	24,424	26,177
Maintenance inventories	10,975	10,129
Impairment write-down on inventories (-)	(12,360)	(11,514)
	<b>23,039</b>	<b>24,792</b>

During the period of 6 months ended 30 June 2018, the Group recognized impairment write-downs on inventories in the amount of PLN 1,536 thousand (mainly in ASEE Macedonia, ASEE Romania, Payten Croatia and Payten Serbia), while the amount of reversed write-downs equalled PLN 1,145 thousand.

## 11. Short-term receivables

Trade receivables	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Trade receivables, of which:	98,009	110,016
From related parties	336	944
From other entities	101,027	112,465
Allowance for trade receivables (-)	(3,354)	(3,393)
Receivables from uninvoiced deliveries, of which:	13,817	10,138
From related parties	-	-
From other entities	13,817	10,138
	<b>111,826</b>	<b>120,154</b>

Ageing of trade receivables	30 June 2018 (unaudited)	31 Dec. 2017 (audited)		
	amount	structure	amount	structure
Receivables not yet due	72,086	73.6%	92,302	83.9%
Receivables past-due up to 3 months	21,411	21.8%	14,105	12.8%
Receivables past-due over 3 months	4,512	4.6%	3,609	3.3%
	<b>98,009</b>	<b>100.0%</b>	<b>110,016</b>	<b>100.0%</b>

Other receivables	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Advance payments to other suppliers	2,610	2,305
Security deposits receivable	374	307
Other receivables	1,839	726
	<b>4,823</b>	<b>3,338</b>

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

Other receivables disclosed as at 30 June 2018 and 31 December 2017 include mainly receivables from employees, restricted cash, receivables from disposal of tangible assets, as well as other amounts receivable.

## 12. Cash and short-term deposits

	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Cash at bank and in hand	51,071	68,366
Short-term bank deposits	60,031	47,346
	<b>111,102</b>	<b>115,712</b>
Interest accrued on cash and cash equivalents as at the end of the reporting period	(30)	(48)
Overdraft facilities utilized for liquidity management	(115)	(102)
<b>Cash and cash equivalents as disclosed in the cash flow statement</b>	<b>110,957</b>	<b>115,562</b>

## 13. Financial assets

	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
<b>Investments in equity instruments carried at fair value through other comprehensive income:</b>	<b>95</b>	<b>90</b>
Shares in companies listed on regulated markets	74	70
Shares in companies not listed on regulated markets	21	20
<b>Investments in debt securities and cash deposits carried at amortized cost:</b>	<b>1,367</b>	<b>124</b>
Loans granted to unrelated entities	92	88
Loans granted to employees	9	8
Deposits for 3 to 12 months	729	21
Deposits for over 12 months	537	7
<b>Financial assets carried at fair value through profit or loss:</b>	<b>205</b>	<b>857</b>
Currency forward contracts	171	824
Investment fund units	34	33
Long-term	649	279
Short-term	1,018	792

The book values of financial assets held by the Group as at 30 June 2018 and 31 December 2017 did not significantly differ from their fair values.

## 14. Prepayments and accrued income

Long-term	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Prepaid maintenance services and license fees	564	436
Other	173	305
	<b>737</b>	<b>741</b>
Short-term	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Prepaid maintenance services and license fees	11,330	6,262
Prepaid insurance	1,268	511
Prepaid rents	237	245
Prepaid consulting services	32	558
Other prepaid services	1,047	1,002
Costs of services performed for which revenues have not been recognized yet	734	267
Other	913	1,202
	<b>15,561</b>	<b>10,047</b>

Both as at 30 June 2018 and 31 December 2017, prepayments included primarily the costs of maintenance services amounting to PLN 11,894 thousand and PLN 6,698 thousand, respectively, that will be successively expensed in future periods.

**15. Long-term and short-term financial liabilities**

Long-term	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Currency forward contracts	27	-
Finance lease liabilities	1,540	1,568
	<b>1,567</b>	<b>1,568</b>

Short-term	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Dividends payable to shareholders of ASEE S.A.	26,985	-
Finance lease liabilities	994	976
Currency forward contracts	6	-
Other	16	22
	<b>28,001</b>	<b>998</b>

Financial liabilities disclosed as at 30 June 2018 include primarily dividends payable to shareholders of ASEE S.A. in the amount of PLN 26,985 thousand. This liability was settled on 12 July 2018.

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

Effective interest rate %	Currency	Repayment date	Amounts drawn as at					
			30 June 2018 (unaudited)	long-term portion	31 Dec. 2017 (audited)	short-term portion		
<b>BANK OVERDRAFT FACILITIES</b>								
fixed interest rate								
fixed interest rate	MKD	01-07-2018	-	8	-	10		
fixed interest rate	MKD	01-07-2018	-	28	-	34		
6M EURIBOR + margin	EUR	31-03-2019	-	79	-	58		
<b>OTHER BANK LOANS</b>								
1M EURIBOR + margin	EUR	15-06-2019	-	10,057	-	9,556		
-	TRY	01-07-2018	-	5	-	5		
3M EURIBOR + margin	HRK/EUR	30-04-2019	-	3,051	1,177	3,531		
3M EURIBOR + margin	HRK/EUR	31-12-2021	1,906	762	2,207	736		
3M EURIBOR + margin	HRK/EUR	31-11-2022	3,436	959	3,699	925		
6M EURIBOR + margin	EUR	30-04-2019	-	384	146	442		
fixed interest rate	EUR	31-03-2021	1,631	929	2,002	888		
3M EURIBOR + margin	EUR	15-06-2019	-	6,685	-	-		
1M EURIBOR + margin	EUR	31-07-2023	10,564	5,281	9,489	4,085		
6M EURIBOR + margin	EUR	13-03-2020	336	449	538	430		
3M EURIBOR + margin	EUR	21-09-2020	1,108	855	1,485	612		
fixed interest rate	EUR	13-11-2019	869	1,738	1,538	1,398		
3M EURIBOR + margin	EUR	28-06-2021	3,476	869	-	-		
			<b>23,326</b>	<b>32,139</b>	<b>22,281</b>	<b>22,710</b>		

As at 30 June 2018, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 55,465 thousand as compared with PLN 44,991 thousand as at 31 December 2017.

Proceeds from and repayments of bank loans disclosed in the statement of cash flows for the first half of 2018 amounted to PLN 14.7 million (proceeds) and PLN 6.5 million (repayments).

As at 30 June 2018 and 31 December 2017, tangible assets with a book value of PLN 1,091 thousand and PLN 1,043 thousand, respectively, served as security for bank loans. As at 30 June 2018, liabilities that were secured with such assets amounted to PLN 10,057 thousand, as compared with PLN 9,556 thousand as at 31 December 2017.

**17. Current liabilities**

Trade payables	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Trade payables, of which:	35,809	53,361
To related parties	51	52
To other entities	35,758	53,309
Liabilities for uninvited deliveries, of which:	6,367	4,224
To related parties	-	-
To other entities	6,367	4,224
	<b>42,176</b>	<b>57,585</b>

The term for repayment of the Group's liabilities is 64 days on average.

Ageing of trade payables		30 June 2018 (unaudited)		31 Dec. 2017 (restated)	
		amount	structure	Amount	Structure
Liabilities due already, of which:					
-Liabilities past-due up to 3 months	8,400	23.5%	12,419	23.3%	
-Liabilities past-due from 3 to 6 months	6,331	17.7%	11,192	21.0%	
-Liabilities past-due over 6 months	1,192	3.3%	470	0.9%	
Liabilities falling due within 3 months	877	2.4%	757	1.4%	
Liabilities falling due within 3 to 12 months	27,242	76.1%	40,627	76.1%	
Liabilities falling due within 12 to 18 months	167	0.5%	126	0.2%	
Liabilities falling due after more than 12 months	-	0.0%	189	0.4%	
	<b>35,809</b>	<b>100.0%</b>	<b>53,361</b>	<b>100.0%</b>	

Other current liabilities		30 June 2018 (unaudited)		31 Dec. 2017 (audited)	
Liabilities to employees relating to salaries		5,032		12,161	
Trade advance payments received		4,562		12,533	
Liabilities from purchases of tangible assets and intangible assets		2,738		1,478	
Other liabilities		1,125		494	
		<b>13,457</b>		<b>26,666</b>	

Current liabilities to the state and local budgets		30 June 2018 (unaudited)		31 Dec. 2017 (audited)	
Value added tax		6,758		14,859	
Corporate income tax (CIT)		3,157		2,696	
Personal income tax (PIT)		832		1,860	
Social security payable		2,995		3,301	
Other		512		380	
		<b>14,254</b>		<b>23,096</b>	

## 18. Accruals and deferred income

Short-term accruals		30 June 2018 (unaudited)		31 Dec. 2017 (audited)	
Recognition of accruals for unused holiday leaves		2,764		2,253	
Recognition of accruals for employee bonuses		15,513		9,862	
		<b>18,277</b>		<b>12,115</b>	

Long-term deferred income		30 June 2018 (unaudited)		31 Dec. 2017 (audited)	
Prepaid maintenance services		710		1,431	
License fees		373		165	
Prepaid implementation services		2		159	
		<b>1,085</b>		<b>1,755</b>	

Short-term deferred income		30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Prepaid maintenance services		17,457	10,671
Prepaid implementation services		900	1,508
License fees		415	198
Other		238	7,996
		<b>19,010</b>	<b>20,373</b>

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

The line 'Other' includes advance payments received under infrastructure contracts for equipment to be delivered during 2018.

## 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 2018, the related contingent liabilities equalled PLN 26,765 thousand, while as at 31 December 2017 they amounted to PLN 15,550 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 2018	31 Dec. 2017	30 June 2018	31 Dec. 2017
Trade receivables	640	3,467	1,988	2,833
<b>Total</b>	<b>640</b>	<b>3,467</b>	<b>1,988</b>	<b>2,833</b>

## 20. Cases in court

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

ASEE Croatia is party to legal proceedings brought by eSanctuary SAGL that demands ASEE Croatia to pay compensation in the amount of EUR 306 thousand for commissions on contracts executed by ASEE Croatia in the Italian market. Until 2016, the parties were bound by the Partner and Reseller Agreement which was terminated by ASEE Croatia. The upcoming court hearing in this case is scheduled for 11 October 2018. The Management of ASEE Croatia, after seeking legal opinion, believes it is unlikely that the company will incur any significant losses in connection with these proceedings.

## 21. Employment

Number of employees in the Group as at	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Management Board of the Parent Company*	4	4
Management Boards of the Group companies	38	33
Production departments	1,221	1,194
Sales departments	134	125
Administration departments	172	183
<b>1,569</b>	<b>1,539</b>	

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

Number of employees in the Group companies as at	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
ASEE S.A.	27	25
ASEE Romania Group	143	189
ASEE Serbia Group	410	526
ASEE Croatia	138	144
ASEE Kosovo Group	58	61
ASEE Turkey Group	177	179
ASEE Bulgaria	20	19
ASEE B&H	57	75
ASEE Macedonia	154	175
Payten Slovenia	33	37
Payten Montenegro	12	10
Payten Croatia	104	99
Payten B&H	31	-
Payten Macedonia	28	-
Payten Serbia Group	126	-
Payten Romania	51	-
<b>1,569</b>	<b>1,539</b>	

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

## 22. 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 related companies incorporated within Asseco South Eastern Europe Group in the period of 6 months ended 30 June 2018 amounted to PLN 9,183 thousand, as compared with PLN 8,957 thousand in the period of 6 months ended 30 June 2017.

## 23. Share-based payment plan

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of 2,221,356 shares in ASEE S.A., representing 4.28% of the company's share capital. Members of the Management Board of ASEE S.A. as well as parties related through Members of the Management Board of ASEE S.A. acquired 1,572,424 shares in total.

The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2.

A detailed description of the plan is provided in the consolidated financial statements of ASEE Group for the year 2017.

The costs of the share-based payment plan disclosed in these consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2018 amounted to PLN 1,205 thousand. No such costs were recognized in the comparable period as the plan was only initiated in the second half of 2017. In correspondence, this transaction was recognized as a separate item of the Group's equity, in the same amount as disclosed in remuneration costs.

## 24. Information on related parties

### Related party transactions

The values of transactions conducted by ASEE Group with related parties of Asseco Poland Group during the periods of 6 months ended 30 June 2018 and 30 June 2017, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2018 and 31 December 2017 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
2018	7,029	120	358	125
2017	287	127	84	-

#### Related parties of Asseco Poland Group:

2018	7,029	120	358	125
2017	287	127	84	-

#### Associates and joint ventures:

2018	211	-	94	-
2017	207	-	875	-

The increase in sales to related parties in comparison with the first half of 2017 resulted from a sale transaction carried out by ASEE Serbia in favour of a company incorporated within Asseco Central Europe Group, amounting to approx. PLN 6.6 million.

Apart from trade receivables, the above table also discloses receivables from deposits paid-in by us under space rental agreements, amounting to PLN 47 thousand as at 30 June 2018 and PLN 47 thousand as at 31 December 2017.

In addition, dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2018 include the dividend of PLN 13,777 thousand payable to Asseco International a.s. The dividend was paid out on 12 July 2018.

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

The values of transactions conducted by ASEE Group with or through the Key Management Personnel (members of the Management Boards and Supervisory Boards) of the Group companies during the periods of 6 months ended 30 June 2018 and 30 June 2017, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2018 and 31 December 2017 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
<b>Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A. or the Group companies:</b>				
2018	161	1,278	66	50
2017	340	1,668	32	52

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.

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 2018, ASEE Serbia incurred space rental costs that were paid to its related party MHM d.o.o., Belgrade<sup>1</sup>, amounting to PLN 999 thousand.

<sup>1</sup> President of the Management Board of ASEE S.A. holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Whereas, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in ASEE S.A.

During the period of 6 months ended 30 June 2018, Payten Serbia incurred space rental costs that were paid to its related party Mini Invest d.o.o., Belgrade<sup>2</sup>, amounting to PLN 94 thousand.

During the period of 6 months ended 30 June 2017, ASEE Serbia incurred space rental costs that were paid to its related parties MHM d.o.o., Beograd1 and Mini Invest d.o.o., Beograd2, amounting in total to PLN 1,137 thousand.

During the period of 6 months ended 30 June 2018, ASEE Serbia recognized revenues in the amount of PLN 161 thousand (as compared with PLN 332 thousand as at 30 June 2017) from the company iPay See d.o.o., Belgrade<sup>3</sup>. Such revenues were related to the sale of a software solution for authorization and processing of payment transactions.

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

On 23 June 2018, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A., which has been described in detail in explanatory note 23 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, have acquired the following numbers of shares:

Management Board Members	Number of shares acquired
Piotr Jeleński	966,942
Miljan Mališ <sup>1)</sup>	300,000
Miodrag Mirčetić <sup>2)</sup>	275,482
Marcin Rulnicki	30,000
	<b>1,572,424</b>

<sup>1)</sup> 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. On 23 June 2017, Mini Invest d.o.o. acquired 300,000 shares in ASEE S.A. under the agreement concluded with Asseco Poland S.A.

<sup>2)</sup> Miodrag Mirčetić, Member of the Management Board of ASEE S.A., is a shareholder in the company I4 INVENTION d.o.o. which in turn is a shareholder in ASEE S.A. On 23 June 2017, I4 INVENTION d.o.o. acquired 275,482 shares in ASEE S.A. under the agreement concluded with Asseco Poland S.A.

100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, Member of the Management Board of Asseco SEE d.o.o., Belgrade as well as Member of the Management Board of ASEE S.A. Purchases from related parties are presented in the amount of 35% of total costs that were incurred in favour of MHM d.o.o.

<sup>2</sup> 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.

<sup>3</sup> 80% of shares in the company iPay SEE d.o.o. are held by I4 Invention d.o.o., 100% in the company I4 Invention d.o.o. are held by Miodrag Mirčetić, Member of the Management Board of Asseco SEE d.o.o., Belgrade as well as Member of the Management Board of ASEE S.A.

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2018 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board and Supervisory Board of ASEE S.A. in the total gross amount of PLN 818 thousand. The above-stated amount does not include dividends payable to Asseco International a.s. The numbers of ASEE shares held by its management and supervisory staff as well as by their related parties have been presented in note 12 of the Management Report on the Group's Operations. The dividend was paid out on 12 July 2018.

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

## 25. Outsourcing contracts

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

Future minimum lease payments	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
(i) within 1 year	58,545	54,133
(ii) within 1 to 5 years	73,569	64,254
(iii) within more than 5 years	7,139	7,048
<b>139,253</b>	<b>125,435</b>	

## 26. Capital management

During the period of 6 months ended 30 June 2018 as well as in the period of 6 months ended 30 June 2017, the Group did not introduce any changes to its objectives, policies and processes adopted in the area of capital management.

## 27. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2018, 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 2017.

## 28. Significant events after the reporting period

### Changing the name of Asseco SEE d.o.o., (Ljubljana) to Payten d.o.o., (Ljubljana) (Payten Slovenia)

On 5 July 2018, the company of ASEE Slovenia was renamed as Payten Slovenia. Because our operations in Slovenia are focused primarily on payment services, they will all be incorporated into the new structure of Payten Slovenia. In the period from 30 June 2018 till the date of approval of these interim condensed consolidated financial statements, this is until 8 August 2018, we have not observed any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE Group.

## 29. Significant events related to prior years

Until the date of preparing these interim condensed financial statements, this is until 8 August 2018, 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 2018**

**INCLUDING THE REPORT OF  
INDEPENDENT CERTIFIED AUDITORS**

**Rzeszów, 8 August 2018**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2018**

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**INTERIM CONDENSED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2018**

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.:

Miljan Mališ      Member of  
                            the Management Board

**FINANCIAL HIGHLIGHTS**

	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I.	Revenues from holding activities	20,232	18,276	4,772
II.	Revenues from operating activities	4,024	3,339	949
III.	Operating profit	15,511	14,341	3,659
IV.	Pre-tax profit	16,532	14,430	3,900
V.	Net profit for the reporting period	<b>15,275</b>	<b>13,294</b>	<b>3,603</b>
VI.	Net cash provided by (used in) operating activities	15,063	13,333	3,553
VII.	Net cash provided by (used in) investing activities	810	15,528	191
VIII.	Net cash provided by (used in) financing activities	1,372	(4,463)	324
IX.	Cash and cash equivalents at the end of period	43,401	35,515	9,951
X.	Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.29	0.26	0.07
XI.	Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.29	0.26	0.07

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

- items of the interim condensed income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
  - for the period from 1 January 2018 to 30 June 2018: EUR 1 = PLN 4.2395
  - for the period from 1 January 2017 to 30 June 2017: EUR 1 = PLN 4.2474
- 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 2018: EUR 1 = PLN 4.3616
  - exchange rate effective on 30 June 2017: EUR 1 = PLN 4.2265

**INTERIM CONDENSED INCOME STATEMENT**

	Note	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2017 (unaudited)
<b>Holding activities</b>		<b>17,273</b>	<b>20,232</b>	<b>7,602</b>	<b>18,276</b>
Dividend income	1	14,517	14,517	5,095	14,156
Revenues from sales of services	1	2,756	5,715	2,507	4,120
<b>Operating activities</b>		<b>1,991</b>	<b>4,024</b>	<b>1,772</b>	<b>3,339</b>
Revenues from sales of IT services and software	2	1,991	4,024	1,772	3,339
<b>Total sales revenues</b>		<b>19,264</b>	<b>24,256</b>	<b>9,374</b>	<b>21,615</b>
Cost of sales (-)	3	(3,738)	(6,739)	(2,897)	(5,461)
<b>Gross profit on sales</b>		<b>15,526</b>	<b>17,517</b>	<b>6,477</b>	<b>16,154</b>
Selling costs (-)	3	(930)	(1,873)	(1,182)	(1,816)
General and administrative expenses (-)	3	(64)	(133)	(15)	(29)
<b>Net profit on sales</b>		<b>14,532</b>	<b>15,511</b>	<b>5,280</b>	<b>14,309</b>
Other operating income		-	16	2	215
Other operating expenses (-)		(16)	(16)	-	(183)
<b>Operating profit</b>		<b>14,516</b>	<b>15,511</b>	<b>5,282</b>	<b>14,341</b>
Financial income	4	1,506	1,969	846	2,283
Financial expenses (-)	4	(789)	(948)	(610)	(2,194)
<b>Pre-tax profit</b>		<b>15,233</b>	<b>16,532</b>	<b>5,518</b>	<b>14,430</b>
Corporate income tax (current and deferred tax expense)	5	(931)	(1,257)	(327)	(1,136)
<b>Net profit for the reporting period</b>		<b>14,302</b>	<b>15,275</b>	<b>5,191</b>	<b>13,294</b>
<hr/>					
<b>Earnings per share for the reporting period (in PLN):</b>					
Basic earnings per share	6	0.28	0.29	0.10	0.26
Diluted earnings per share	6	0.28	0.29	0.10	0.26

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

	Note	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Net profit for the reporting period</b>		<b>14,302</b>	<b>15,275</b>	<b>5,191</b>	<b>13,294</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>		<b>14,302</b>	<b>15,275</b>	<b>5,191</b>	<b>13,294</b>

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>Note</b>	<b>30 June 2018</b>	<b>31 Dec. 2017</b>
		(unaudited)	(audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	615	599
Goodwill arising from business combinations	8	4,567	4,567
Intangible assets	8	860	894
Investments in subsidiaries	9	571,173	571,101
Prepayments for shares in subsidiaries		-	83
Deferred tax assets		-	87
Long-term financial assets	12	14,265	14,173
Other long-term receivables	10	2,705	3,459
<b>Current assets</b>		<b>62,290</b>	<b>42,319</b>
Prepayments and accrued income	15	1,350	441
Trade receivables	10	4,081	2,377
Other short-term receivables	10	2,792	2,586
Short-term financial assets	12	10,666	10,841
Cash and short-term deposits	11	43,401	26,074
<b>TOTAL ASSETS</b>		<b>656,475</b>	<b>637,282</b>

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30 June 2018</b>	<b>31 Dec. 2017</b>
		(unaudited)	(audited)
<b>Equity</b>			
Share capital		518,942	518,942
Share premium		38,825	38,825
Other capitals		1,073	528
Retained earnings and current net profit		50,838	62,548
<b>Total equity</b>		<b>609,678</b>	<b>620,843</b>
<b>Non-current liabilities</b>			
		<b>10,631</b>	<b>9,489</b>
Interest-bearing bank loans	14	10,564	9,489
Long-term financial liabilities	13	27	-
Deferred tax liabilities		40	-
<b>Current liabilities</b>		<b>36,166</b>	<b>6,950</b>
Interest-bearing bank loans	14	5,281	4,085
Trade payables	13	1,085	857
Liabilities to the state and local budgets	13	731	351
Financial liabilities	13	26,985	-
Other liabilities		25	12
Deferred income	15	1,267	507
Accruals	15	646	1,042
Short-term provisions	15	146	96
<b>TOTAL LIABILITIES</b>		<b>46,797</b>	<b>16,439</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>656,475</b>	<b>637,282</b>

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

for the periods of 6 months ended 30 June 2018, 12 months ended 31 December 2017, and 6 months ended 30 June 2017

	Share capital	Share premium	Other capitals	Retained earnings and current net profit	Total equity
<b>As at 1 January 2018</b>	<b>518,942</b>	<b>38,825</b>	<b>528</b>	<b>62,548</b>	<b>620,843</b>
Net profit for the reporting period	-	-	-	15,275	<b>15,275</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,275</b>	<b>15,275</b>
Valuation of share-based payment plan	-	-	545	-	<b>545</b>
Dividends	-	-	-	(26,985)	<b>(26,985)</b>
<b>As at 30 June 2018 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>1,073</b>	<b>50,838</b>	<b>609,678</b>
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>-</b>	<b>67,626</b>	<b>625,393</b>
Net profit for the reporting period	-	-	-	19,831	<b>19,831</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,831</b>	<b>19,831</b>
Valuation of share-based payment plan	-	-	528	-	<b>528</b>
Dividends	-	-	-	(24,909)	<b>(24,909)</b>
<b>As at 31 December 2017 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>528</b>	<b>62,548</b>	<b>620,843</b>
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</b>	<b>-</b>	<b>67,626</b>	<b>625,393</b>
Net profit for the reporting period	-	-	-	13,294	<b>13,294</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,294</b>	<b>13,294</b>
Dividends	-	-	-	(24,909)	<b>(24,909)</b>
<b>As at 30 June 2017 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>-</b>	<b>56,011</b>	<b>613,778</b>

## INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		16,532	14,430
<b>Total adjustments:</b>		<b>(16,204)</b>	<b>(15,206)</b>
Depreciation and amortization		233	177
Change in inventories		-	2
Change in receivables	16	(1,558)	(1,495)
Change in liabilities, accruals and provisions	16	(166)	(74)
Interest income and expenses		(276)	(266)
Gain/Loss on foreign exchange differences		(1,174)	1,803
Gain/loss on valuation of derivative instruments		624	(1,360)
Gain/Loss on investing activities		(14,518)	(13,973)
Valuation of share-based payment plan		545	-
Other		86	(20)
<b>Selected operating cash flows</b>		<b>15,082</b>	<b>14,470</b>
Sale of shares in subsidiaries	16	962	1,052
Payments for equity in Payten Macedonia and Payten B&H		(86)	-
Dividends received	16	14,206	13,418
<b>Net cash generated from operating activities</b>		<b>15,410</b>	<b>13,694</b>
Corporate income tax paid		(347)	(361)
<b>Net cash provided by (used in) operating activities</b>		<b>15,063</b>	<b>13,333</b>
<b>Cash flows – investing activities</b>			
Acquisition of property, plant and equipment, and intangible assets		(229)	(544)
Disposal of property, plant and equipment		-	19
Acquisition/settlement of financial instruments carried at fair value through profit or loss		25	(220)
Loans granted	12	(3,861)	(921)
Loans collected	12	4,678	16,742
Interest received	12	197	452
<b>Net cash provided by (used in) investing activities</b>		<b>810</b>	<b>15,528</b>
<b>Cash flows – financing activities</b>			
Proceeds from bank loans		3,865	-
Repayments of bank loans		(2,350)	(4,312)
Interest repaid		(143)	(151)
<b>Net cash provided by (used in) financing activities</b>		<b>1,372</b>	<b>(4,463)</b>
Net increase/(decrease) in cash and cash equivalents		17,245	24,398
Net foreign exchange differences		82	(91)
<b>Cash and cash equivalents as at 1 January</b>	11	26,074	11,208
<b>Cash and cash equivalents as at 30 June</b>	11	<b>43,401</b>	<b>35,515</b>

## 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 2017, which is available at the Issuer's website: [www.asseco.com/see](http://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 company of ASEE S.A. is Asseco International a.s. (our higher-level parent). As at 30 June 2018, Asseco International a.s. held a 51.06% equity interest in ASEE S.A.

These interim condensed financial statements cover the period of 6 months ended 30 June 2018 and contain comparable data for the period of 6 months ended 30 June 2017 in the case of the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, as well as comparable data as at 31 December 2017 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 2018 and contain comparable data for the period of 3 months ended 30 June 2017; 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 endorsed by the European Union.

These interim condensed financial statements have been approved for publication by the Management Board on 8 August 2018.

The Company also prepared the interim consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2018, which have been approved for publication by the Management Board on 8 August 2018.

### II. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

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

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

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

These interim condensed financial statements have been prepared on a 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 for at least 12 months after the reporting period.

#### 2. Compliance statement

These interim condensed financial statements have been prepared in conformity with the International Accounting Standard 34 Interim Financial Reporting as endorsed 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 2017, which were published on 19 February 2018 and are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see). These interim condensed financial statements do not include all 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 2017.

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

## IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

The Company generates revenues in the following segments:

- IT services;
- holding activities.

The IT services segment includes revenues resulting from the sale of own services (including mainly implementation and modification, and subsequently maintenance services), from the sale of third-party services and licenses, as well as from the sale of hardware and related services.

The holding activities segment includes revenues 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.

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

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

## Licenses

The Company does not sell its own licenses. Recognition of revenue from third-party licenses is each time subject to the analysis of contractual provisions.

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

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

Whereas, licenses with the right to access require their provider to undertake activities that will significantly affect the intellectual property to which the customer is entitled under the license agreement, expose the customer to both positive

and negative effects of activities undertaken by the provider, and do not lead to further transfer of goods or services to the customer. Such a license is granted in order to enable the customer to access intellectual property in the form in which it exists throughout the licensing period.

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

#### **Sale of hardware**

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

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

#### **Revenues from holding activities**

Dividend income is recognized when the shareholders' right to receive payment is vested. Whereas, revenues from the sale of business and technical support services to our subsidiaries are recognized when such services are actually fulfilled. The Company has not identified any changes in the approach to revenue recognition in these areas in relation to the previous year.

#### **Contract assets and liabilities**

Contract assets include receivables arising from valuation of IT contracts. Contract liabilities include liabilities arising from valuation of IT contracts as well as deferred income from such contracts.

#### **IFRS 9 Financial Instruments**

In July 2014, the International Accounting Standards Board issued the International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). IFRS 9 specifies three aspects involved in accounting for financial instruments: classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

##### a) Classification and measurement

The standard introduces the following categories of financial assets:

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

The table below compares the classification of financial assets in accordance with IFRS 9 and IAS 39:

IFRS 9	IAS 39
<b>Investments in debt securities and cash deposits carried at amortized cost:</b>	<b>Loans granted and cash deposits:</b>
Loans granted to related parties	Loans granted to related parties
Loans granted to employees	Loans granted to employees
Deposits for 3 to 12 months	Deposits for 3 to 12 months
Deposits for over 12 months	Deposits for over 12 months
<b>Financial assets carried at fair value through profit or loss:</b>	<b>Financial assets carried at fair value through profit or loss:</b>
Currency forward contracts	Currency forward contracts

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

Financial assets so far measured at amortized cost as well as those measured at fair value through profit or loss or through other comprehensive income have been recognized analogically since 1 January 2018.

b) Impairment of financial assets

IFRS 9 introduced a new model for estimating impairment write-downs on financial assets. The model of incurred losses as applied in IAS 39 has been replaced with the model of impairment based on expected losses.

The expected loss impairment model applies to financial assets measured at amortized cost as well as to financial assets measured at fair value through other comprehensive income, except for investments in equity instruments.

In order to estimate impairment write-downs on financial assets, the Company applies the following approaches:

- ✓ general approach;
- ✓ simplified approach.

The Company applies the general approach for financial assets measured at fair value through other comprehensive income as well as for financial assets measured at amortized cost, except for trade receivables. Under the general approach, the Company estimates impairment write-downs on financial assets using a three-stage model based on changes in the credit risk of financial assets since their initial recognition. Where the credit risk of financial assets has not increased significantly since initial recognition (stage 1), the Company estimates an allowance for 12-month expected credit losses. Where the credit risk of financial assets has increased significantly since initial recognition (stages 2 and 3), the Company estimates an allowance for expected credit losses over the lifetime of financial instruments. At each reporting date, the Company analyzes if there are indications of a significant increase in the credit risk of financial assets held.

In the case of loans granted to subsidiaries, in order to estimate expected credit losses the Company applied the probability of default based on the borrower's credit rating, however not higher than the rating of the borrower's country of residence. As at 30 June 2018, no allowance has been recognized due to its insignificant amount.

In the case of trade receivables, since 1 January 2018 the Company has applied the simplified approach and measured an allowance for expected credit losses at an amount equal to expected credit losses over the lifetime of receivables. However, due to the nature of our trade receivables, despite introducing the methodology changes required by the said standard, the impairment allowance for receivables has remained at a similar level as calculated according to the principles that were

effective before 1 January 2018. Hence, the implementation of IFRS 9 had a minor impact on the Group's retained earnings.

In the interim income statement for the period of 6 months ended 30 June 2018, we have not presented a separate line item for impairment losses on financial instruments (including reversal of impairment losses and impairment gains) due to their insignificant amount. In the reporting period, the total impact of such events on our profit equalled PLN 16 thousand.

**4. New standards and interpretations published but not in force yet**

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

- IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019);
- IFRS 17 'Insurance Contracts' (effective for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture and subsequent amendments (the effective date of these amendments has been deferred until completion of the research project on the equity method of accounting);
- Amendments to IAS 19 'Employee Benefits' – Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' – Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019);

- Amendments to various standards provided as part of the 'Annual Improvements to IFRSs: 2015-2017 Cycle' (in relation to IFRS 3, IFRS 11, IAS 12 and IAS 23) with the aim of removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019);
- Interpretation IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019).

The specified effective dates have been set forth in the standards published by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union.

The Company is currently conducting an analysis of how the introduction of the above-mentioned standards and interpretations may affect the financial statements and accounting policies applied by the Company.

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

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.

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

The main areas which, in the process of applying the accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year ended 31 December 2017.

Changes in estimates as at 30 June 2018 included the calculation of deferred income tax as presented in note 5, the preparation of impairment tests for investments as described in note 9, as well as the estimated value of accruals for employee benefits as presented in note 15.

##### **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. Sales of IT services and software are not subject to seasonal fluctuations.

##### **7. Changes in the presentation methods**

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.

### 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 2018 in thousands of PLN (unaudited)	Holding activities	IT services	Total
Dividend income	14,517	-	<b>14,517</b>
Revenues from sales of services	5,715	-	<b>5,715</b>
Revenues from sales of IT services and software	-	4,024	<b>4,024</b>
<b>Total sales revenues</b>	<b>20,232</b>	<b>4,024</b>	<b>24,256</b>
<b>Gross profit on sales</b>	<b>15,890</b>	<b>1,627</b>	<b>17,517</b>
Selling costs (-)	(1,437)	(436)	<b>(1,873)</b>
General and administrative expenses (-)	-	(133)	<b>(133)</b>
<b>Net profit on sales</b>	<b>14,453</b>	<b>1,058</b>	<b>15,511</b>

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 2017 in thousands of PLN (unaudited)	Holding activities	IT services	Total
Dividend income	14,156	-	<b>14,156</b>
Revenues from sales of services	4,120	-	<b>4,120</b>
Revenues from sales of IT services and software	-	3,339	<b>3,339</b>
<b>Total sales revenues</b>	<b>18,276</b>	<b>3,339</b>	<b>21,615</b>
<b>Gross profit on sales</b>	<b>15,283</b>	<b>871</b>	<b>16,154</b>
Selling costs (-)	(1,453)	(363)	<b>(1,816)</b>
General and administrative expenses (-)	-	(29)	<b>(29)</b>
<b>Net profit on sales</b>	<b>13,830</b>	<b>479</b>	<b>14,309</b>

### 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.

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Dividends from related parties, of which:				
ASEE Croatia	14,517	14,517	5,095	14,156
ASEE Macedonia	4,257	4,257	-	-
ASEE Romania	4,496	4,496	-	9,061
ASEE Serbia	1,283	1,283	2,127	2,127
	4,481	4,481	2,968	2,968

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Revenues from sales of services	2,756	5,715	2,507	4,120

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

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Revenues from sales of software and IT services	1,991	4,024	1,772	3,339

Both in the period of 6 months ended 30 June 2018 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 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Employee benefits (-)	(1,654)	(3,174)	(1,292)	(2,145)
Third-party services and outsourcing of employees (-)	(1,411)	(2,526)	(1,157)	(2,138)
Depreciation and amortization (-)	(119)	(233)	(90)	(177)
Maintenance costs of property and business cars (-)	(413)	(782)	(455)	(850)
Business trips (-)	(204)	(383)	(147)	(248)
Advertising (-)	(33)	(44)	(41)	(76)
Other expenses (-)	(45)	(73)	(16)	(27)
	<b>(3,879)</b>	<b>(7,215)</b>	<b>(3,198)</b>	<b>(5,661)</b>
<b>Cost of sales, of which (-)</b>	<b>(3,738)</b>	<b>(6,739)</b>	<b>(2,897)</b>	<b>(5,461)</b>
Cost of goods and third-party services sold (-)	(853)	(1,530)	(896)	(1,645)
Production costs (-)	(2,885)	(5,209)	(2,001)	(3,816)
Selling costs (-)	(930)	(1,873)	(1,182)	(1,816)
General and administrative expenses (-)	(64)	(133)	(15)	(29)

### 4. Financial income and expenses

Financial income	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Positive foreign exchange differences	1,166	1,191	-	-
Interest received on cash deposits and loans granted	298	586	282	527
Gain on valuation of derivative instruments	35	180	542	1,705
Commissions received on guarantees granted	7	12	22	51
	<b>1,506</b>	<b>1,969</b>	<b>846</b>	<b>2,283</b>
Financial expenses	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Negative foreign exchange differences (-)	-	-	(298)	(1,711)
Interest paid on bank loans and borrowings (-)	(73)	(143)	(51)	(128)
Loss on valuation of derivative instruments (-)	(715)	(804)	(257)	(345)
Other (-)	(1)	(1)	(4)	(10)
	<b>(789)</b>	<b>(948)</b>	<b>(610)</b>	<b>(2,194)</b>

Financial income and expenses for the period of 6 months ended 30 June 2018 present the result from valuation and settlement of currency forward contracts which amounted to PLN -624 thousand (including PLN 180 thousand recognized in income and PLN -804 thousand recognized in expenses).

Financial income and expenses for the period of 6 months ended 30 June 2017 present the result from valuation of currency forward contracts which amounted to PLN 1,360 thousand (including PLN 1,705 thousand recognized in income and PLN -345 thousand recognized in expenses).

### 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 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
Current portion of income tax	(531)	(676)	(328)	(328)
Income tax on dividends	(454)	(454)	(594)	(594)
Adjustments to the prior years' income tax		-	-	(12)
Deferred income tax related to origination and reversal of temporary differences	54	(127)	595	(202)
<b>Income tax expense as disclosed in the income statement</b>	<b>(931)</b>	<b>(1,257)</b>	<b>(327)</b>	<b>(1,136)</b>

Income tax expense incurred in the period of 6 months ended 30 June 2018 resulted from income tax on profit earned which amounted to PLN -676 thousand, withholding tax on dividends from our subsidiaries in the amount of PLN -454 thousand, as well as from the origination or reversal of temporary differences in the amount of PLN -127 thousand (mainly due to the recognition of accruals for employee bonuses, as well as foreign exchange differences arising from the valuation of currency instruments).

Income tax expense incurred in the period of 6 months ended 30 June 2017 resulted from income tax on profit earned which amounted to PLN -328 thousand, withholding tax on dividends from our

subsidiaries in the amount of PLN -594 thousand, adjustments to prior years' income tax amounting to PLN -12 thousand, as well as from the origination or reversal of temporary differences in the amount of PLN -202 thousand (mainly due to the recognition of accruals for employee bonuses, as well as foreign exchange differences arising from the valuation of currency instruments).

The effective tax rate for the period of 6 months ended 30 June 2018 equalled 7.60%, as compared with 7.87% in the period of 6 months ended 30 June 2017.

## 6. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period by the weighted average number of ordinary shares outstanding during that financial year.

Both during the reporting period and the comparable period, there were no instruments that could potentially dilute basic earnings per share.

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

	3 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Net profit for the reporting period</b>	<b>14,302</b>	<b>15,275</b>	<b>5,191</b>	<b>13,294</b>
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
<b>Earnings per share for the reporting period (in PLN):</b>				
Basic earnings per share	0.28	0.29	0.10	0.26
Diluted earnings per share	0.28	0.29	0.10	0.26

## 7. Information on dividends paid out or declared

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

a) the amount of PLN 1,586,479.14 from the net profit for the financial year 2017 has been allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

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

The Company's Annual General Meeting of Shareholders established 29 June 2018 as the dividend record date. The dividend was paid out on 12 July 2018.

The number of shares eligible for dividend was 51,894,251.

## 8. Property, plant and equipment, and intangible assets

	Tangible assets	Goodwill arising from business combinations	Intangible assets		Tangible assets	Goodwill arising from business combinations	Intangible assets
<b>Net book value as at 1 January 2018</b>	<b>599</b>	<b>4,567</b>	<b>894</b>				
Purchases	145	-	70				
Liquidation and disposal of tangible assets (-)	-	-	-				
Depreciation/amortization charges (-)	(129)	-	(104)				
<b>Net book value as at 30 June 2018</b>	<b>615</b>	<b>4,567</b>	<b>860</b>				
<b>Net book value as at 1 January 2017</b>	<b>507</b>	<b>4,567</b>	<b>925</b>				
Purchases	455	-	-				
Liquidation and disposal of tangible assets (-)	(182)	-	-				
Depreciation/amortization charges (-)	(91)	-	(86)				
<b>Net book value as at 30 June 2017</b>	<b>689</b>	<b>4,567</b>	<b>839</b>				

In the period of 6 months ended 30 June 2018, the book values of property, plant and equipment, and intangible assets changed due to purchases, as well as depreciation and amortization charges recognized in this period.

## 9. Investments in subsidiaries

Full name of company	Short name	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Asseco SEE d.o.o. (Sarajevo)	ASEE B&H	25,830	25,830
Asseco SEE o.o.d. (Sofia)	ASEE Bulgaria	-	-
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	56,783	56,783
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	21,241	21,241
Asseco SEE DOEL (Skopje)	ASEE Macedonia	98,480	98,480
Asseco SEE s.r.l. (Bucharest)	ASEE Romania	97,919	147,485
Asseco SEE d.o.o. (Belgrade)	ASEE Serbia	60,680	80,297
Asseco SEE Teknoloji A.S. (Istanbul)	ASEE Turkey	71,460	71,460
Payten d.o.o. (Sarajevo)	Payten B&H	2	-
Payten d.o.o., Zagreb	Payten Croatia	66,184	66,184
Payten d.o.o. (Podgorica)	Payten Montenegro	1,009	1,009
Payten DOEL (Skopje)	Payten Macedonia	84	-
Payten Payment Solution s.r.l. (Bucharest)	Payten Romania	49,552	-
Payten d.o.o. (Belgrade)	Payten Serbia	19,617	-
Payten d.o.o. (Ljubljana)	Payten Slovenia	2,332	2,332
		<b>571,173</b>	<b>571,101</b>

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 2017, which was published on 19 February 2018 and is available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

During the period of 6 months ended 30 June 2018, the organizational structure of ASEE Group changed as follows: These changes were implemented as part of a broader process aiming to formally spin off our payment services into a standalone organizational unit. The planned spin-off of payment services has been described in the Management report on operations of the Company and Group for the year ended 31 December 2017. If a given change involved dividing a company, the previous value of our investment was allocated to entities created from such division on the basis of the share

Both as at 30 June 2018 and 31 December 2017, we had no liabilities resulting from purchases of property, plant and equipment as well as intangible assets.

in fair value of each of these companies that was estimated on the basis of their discounted cash flows.

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

On 3 January 2018, a new company called Payten Serbia was officially separated from ASEE Serbia. Such division resulted in the creation of two separate entities engaged in the payment business and other operations, respectively. Before the division, the value of investment stood at PLN 80,297 thousand. Subsequently, the amount of PLN 19,617 thousand was allocated to Payten Serbia, while PLN 60,680 thousand was allocated to ASEE Serbia.

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

On 10 January 2018, ASEE Montenegro was renamed as Payten Montenegro. Because our operations in Montenegro are focused primarily on

payment services, they will all be incorporated into the new structure of Payten Montenegro.

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

On 8 February 2018, a new company called Payten DOOEL Skopje (Payten Macedonia) was registered in Macedonia. The existing operations of ASEE Macedonia in the area of payment services will be transferred into the new company. The value of investment in this new company amounted to EUR 20 thousand (PLN 84 thousand).

**Establishing of Payten d.o.o. Sarajevo (Payten B&H)**

On 7 May 2018, a new company called Payten d.o.o. Sarajevo (Payten B&H) was registered in Bosnia and Herzegovina. The existing operations of ASEE B&H in the area of payment services will be transferred into the new company. The value of investment in this new company amounted to EUR 500 (PLN 2 thousand).

**Separation of Payten Payment Solution s.r.l., Bucharest (Payten Romania)**

On 16 May 2018, a new company called Payten Romania was officially separated from ASEE Romania. Such division resulted in the creation of two separate entities engaged in the payment business and other operations, respectively.

Before the division, the value of investment stood at PLN 147,485 thousand. Subsequently, the amount of PLN 49,552 thousand was allocated to Payten Romania, while PLN 97,919 thousand was allocated to ASEE Romania. 1 (one) share in Payten Romania was transferred to ASEE Romania in order to meet the legal requirements related to the division process. This 1 share was worth PLN 14 thousand.

**Changing the name of Asseco SEE d.o.o., (Ljubljana) to Payten d.o.o., (Ljubljana) (Payten Slovenia)**

The company of ASEE Slovenia was renamed as Payten Slovenia on 5 July 2018 (after the end of the reporting period). Because our operations in Slovenia are focused primarily on payment services, they will all be incorporated into the new structure of Payten Slovenia.

**Impairment testing of investments**

At the end of every reporting period, 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 of an investment. 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 2018, we estimated the recoverable amounts of our investments in the companies of ASEE Kosovo, ASEE Romania and Payten Romania because their actual financial results were weaker than expected. In respect of the write-down of the whole value of our investment in ASEE Bulgaria as at 31 December 2017, we have not observed any indications for its reversal and therefore the investment in ASEE Bulgaria has not been retested for impairment as at 30 June 2018.

The recoverable amount of investments in the above-mentioned subsidiaries as at 30 June 2018 was determined on the basis of their value in use, applying the forecasted free cash flow to firm (FCFF) based on 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.

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model prepared as at 30 June 2018 and 31 December 2017:

30 June 2018	Discount rate applied in the model	Discount rate terminal
ASEE Kosovo	10.47%	10.91%
ASEE Romania	10.87%	13.10%
Payten Romania	10.90%	13.59%

30 June 2018	Sales revenue growth rate applied in the model	Sales revenue growth rate terminal
ASEE Kosovo	5.52%	5.19%
ASEE Romania	7.85%	6.32%
Payten Romania	9.33%	7.17%

In the case of ASEE Romania (after the division), the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 2.23 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.53 pp with other assumptions remaining constant. As at 30 June 2018, the excess of the recoverable amount of our investment in ASEE Romania over its carrying value equalled PLN 21 million.

In the case of Payten Romania, the investment's recoverable amount would have been equal to its carrying value if the discount rate applied in the model was increased by 2.69 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 2.16 pp with other assumptions remaining constant. As at 30 June 2018, the excess of the recoverable amount of our investment in Payten Romania over its carrying value equalled PLN 10 million.

In the case of ASEE Kosovo, the investment's recoverable amount would be equal to its carrying value if the discount rate applied in the model was increased by 0.44 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.33 pp with other assumptions remaining constant. As at 30 June 2018, the excess of the recoverable amount of our investment in ASEE Kosovo over its carrying value equalled PLN 800 thousand.

31 Dec. 2017	Discount rate applied in the model	Discount rate terminal
ASEE Kosovo	9.94%	9.94%
ASEE Romania*	10.03%	12.22%
Payten Romania*	n/a	n/a

31 Dec. 2017	Sales revenue growth rate applied in the model	Sales revenue growth rate terminal
ASEE Kosovo	4.86%	4.86%
ASEE Romania*	9.18%	7.46%
Payten Romania*	n/a	n/a

\*On 16 May 2018, a new company called Payten Romania was officially separated from ASEE Romania. Such division resulted in the creation of two separate entities engaged in the payment business and other operations, respectively. As at 31 December 2017, both the above-mentioned operations were tested for impairment in aggregate and presented as ASEE Romania.

In the case of ASEE Romania, the investment's recoverable amount would have been equal to its carrying value as at 31 December 2017 if the discount rate applied in the model was increased by 2.19 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.72 pp with other assumptions remaining constant. As at 31 December 2017, the excess of the recoverable

amount of our investment in ASEE Romania over its carrying value equalled PLN 35 million.

In the case of ASEE Kosovo, taking into account a write-down of PLN 9 million that was recognized in 2017 and the adopted assumptions, the carrying value of this investment was equal to its recoverable amount as at 31 December 2017.

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 2018 (unaudited)	31 Dec. 2017 (audited)
Invoiced deliveries, of which from:		
- related parties	4,081	2,322
- other entities	3,490	1,976
- allowance for doubtful receivables	612	383
	(21)	(37)
Uninvoiced deliveries, of which from:		
- related parties	-	55
- other entities	-	-
	-	55
	<b>4,081</b>	<b>2,377</b>

The amount of PLN 3,490 thousand of receivables from related parties resulted from sales of consulting, business and technical support services to subsidiaries of ASEE Group.

Other receivables	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Receivables from sale of shares	4,006	4,665
Dividends receivable from ASEE Romania	1,297	1,245
Other receivables	194	135
	<b>5,497</b>	<b>6,045</b>
- short-term	2,792	2,586
- long-term	2,705	3,459

As at 30 June 2018, receivables of ASEE S.A. from the sale of shares in Sigma Turkey amounted to PLN 4,006 thousand (including PLN 2,658 thousand presented in long-term receivables and PLN 1,348 thousand in short-term receivables).

As at 31 December 2017, receivables from the sale of shares in Sigma Turkey amounted to PLN 4,665 thousand (including PLN 3,412 thousand presented in long-term receivables and PLN 1,253 thousand in short-term receivables).

## 11. Cash and short-term deposits

	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Cash at bank and in hand	6,803	2,606
Short-term bank deposits	36,598	23,468
<b>43,401</b>	<b>26,074</b>	

## 12. Financial assets

Financial assets	31 Dec. 2017	Granted/ Evaluated	Repaid	Interest accrued	Interest repaid	Foreign exchange difference s	30 June 2018
<b>Investments in debt securities carried at amortized cost:</b>							
<b>Loans, of which receivable from:</b>	<b>24,194</b>	<b>3,861</b>	<b>(4,678)</b>	<b>419</b>	<b>(197)</b>	<b>1,161</b>	<b>24,760</b>
ASEE B&H	4,686	-	(406)	81	(75)	198	4,484
ASEE Bulgaria	6	-	-	13	(13)	-	6
ASEE Croatia	3	-	-	-	-	-	3
ASEE Serbia	5,602	(4,025)	(694)	20	(57)	226	1,072
Payten Croatia	11,359	3,861	(1,942)	228	-	667	14,173
Payten Montenegro	5	-	-	-	-	-	5
Payten Serbia	-	4,025	(1,064)	51	(25)	(29)	2,958
Payten Slovenia	2,445	-	(572)	26	(27)	95	1,967
Other	88	-	-	-	-	4	92
<b>Financial assets carried at fair value through profit or loss:</b>							
<b>Currency forward contracts</b>	<b>820</b>					<b>171</b>	
	<b>25,014</b>					<b>24,931</b>	
- long-term	14,173					14,265	
- short-term	10,841					10,666	

In the case of loans granted to subsidiaries, in order to estimate expected credit losses the Company applied the probability of default based on the borrower's credit rating, however not higher than the rating of the borrower's country of residence.

As at 30 June 2018, no allowance has been recognized due to its insignificant amount.

The book values of financial assets held by the Company as at 30 June 2018 and 31 December 2017 did not significantly differ from their fair values.

## 13. Trade payables, financial liabilities

Short-term trade payables	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Invoiced deliveries, of which from:	787	378
-related parties	313	155
-other entities	474	223
Uninvoiced deliveries, of which from:	298	479
-related parties	-	86
-other entities	298	393
<b>1,085</b>	<b>857</b>	

The table below discloses the Company's trade payables as at 30 June 2018 and 31 December 2017, by maturity based on contractual undiscounted payments.

Ageing of trade payables	30 June 2018 (unaudited)		31 Dec. 2017 (audited)	
	Amount	Structure	Amount	Structure
Liabilities due already	315	29.03%	76	8.87%
Liabilities falling due within 3 months	770	70.97%	781	91.13%
<b>1,085</b>	<b>100.00%</b>		<b>857</b>	<b>100.00%</b>

Financial liabilities	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Dividends payable to shareholders of ASEE S.A.	26,985	-
Currency forward contracts	27	-
	<b>27,012</b>	
- short-term	26,985	-
- long-term	27	-

Dividend payment liabilities reported as at 30 June 2018 comprised dividends payable to shareholders of ASEE S.A. The dividend was paid out on 12 July 2018.

Liabilities to the state and local budgets	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Corporate income tax (CIT)	528	201
Personal income tax (PIT)	64	60
Social security payable	139	82
Value added tax	-	8
	<b>731</b>	<b>351</b>

#### 14. Bank loans

Interest-bearing bank loans	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Interest-bearing bank loans	15,845	13,574
- short-term	5,281	4,085
- long-term	10,564	9,489

Liabilities under interest-bearing bank loans resulted from a bank credit facility provided by ING Bank Śląski up to the amount of EUR 9 million. On 2 August 2017, the Company signed an annex to this loan agreement. The line of credit may be used over a period of two years till 31 July 2019. Whereas, the repayment term has been scheduled for a period of 6 years till 31 July 2023. Interest is payable on the amount of loan actually drawn and shall be based on the 1-month EURIBOR rate plus margin. Repayment of the loan to the bank is secured by sureties furnished by our subsidiaries as well as by the assignment of the amounts receivable under loans granted to our subsidiaries.

As at 30 June 2018, liabilities outstanding under this bank loan amounted to EUR 3,633 thousand (PLN 15,845 thousand), as compared with EUR 3,401 thousand (PLN 13,574 thousand) as at 31 December 2017. Funds obtained under this bank loan have been used to grant loans to ASEE Group subsidiaries in order to finance their outsourcing projects.

#### 15. Prepayments, accruals, deferred income and provisions

Prepayments	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Prepaid maintenance services and license fees	1,212	387
Prepaid insurance	138	29
Other	-	25
<b>1,350</b>	<b>441</b>	
- short-term	1,350	441
- long-term	-	-
<b>Short-term provisions</b>	<b>30 June 2018 (unaudited)</b>	<b>31 Dec. 2017 (audited)</b>
Provision for the audit of financial statements	146	96
- short-term	146	96
- long-term	-	-
<b>Accruals</b>	<b>30 June 2018 (unaudited)</b>	<b>31 Dec. 2017 (audited)</b>
Accrual for unused holiday leaves	300	259
Accrual for salaries	346	783
<b>646</b>	<b>1,042</b>	
- short-term	646	1,042
- long-term	-	-

Provisions and accruals disclosed both as at 30 June 2018 and 31 December 2017, comprised the provision for the audit of financial statements, the accrual for salaries along with payroll overheads to be paid out in future periods that resulted from bonus schemes applied by ASEE S.A., as well as the accrual for unused holiday leaves.

Deferred income	30 June 2018 (unaudited)	31 Dec. 2017 (audited)
Prepaid maintenance services	1,267	507
- short-term	1,267	507
- long-term	-	-

The balance of deferred income relates to advance payments received for maintenance services to be provided in future periods.

#### 16. 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 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
Change in inventories	-	2
Change in receivables	(1,558)	(1,495)
Change in liabilities	329	(36)
Change in prepayments, accruals and provisions	(495)	(38)
<b>(1,724)</b>	<b>(1,567)</b>	

The following tables present the reconciliation between changes in working capital recognized in the statement of financial position, and changes that affect operating cash flows as reported in the statement of cash flows:

Changes in working capital	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Changes in liabilities as per the statement of financial position</b>	<b>27,633</b>	<b>23,708</b>
Dividends payable	(26,985)	(24,909)
Corporate income tax paid	(329)	21
Acquisition/settlement of financial assets carried at fair value through profit or loss	-	1,024
Other adjustments	10	120
<b>Total changes affecting operating cash flows</b>	<b>329</b>	<b>(36)</b>

Changes in working capital	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
<b>Changes in receivables as per the statement of financial position</b>		
Sale of shares in Sigma – foreign exchange differences	289	(795)
Sale of shares in Sigma	(948)	(1,052)
Dividend receivable (Romania)	(1,262)	-
Dividend received (Romania)	1,315	-
Other adjustments	204	(7)
<b>Total changes affecting operating cash flows</b>	<b>(1,558)</b>	<b>(1,495)</b>

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 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
ASEE Serbia	4,263	2,805
ASEE Croatia	4,338	-
ASEE Romania	1,262	2,133
ASEE Macedonia	4,343	8,480
	<b>14,206</b>	<b>13,418</b>
 <b>Sale of shares in subsidiaries</b>		
	<b>6 months ended 30 June 2018 (unaudited)</b>	<b>6 months ended 30 June 2017 (unaudited)</b>
Transferring of 1 share in Payten Romania	14	-
SIGMA Turkey	948	1,052
	<b>962</b>	<b>1,052</b>

## 17. Share-based payment plan

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of 2,221,356 shares in ASEE S.A., representing 4.28% of the company's share capital. Members of the Management Board of ASEE S.A. as well as parties related through Members of the Management Board of ASEE S.A. acquired 1,572,424 shares in total. The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2.

A detailed description of the plan is provided in the financial statements of ASEE S.A. for the year 2017.

The standalone financial statements present the costs related to the acquisition of 1,003,442 shares, including 966,942 shares acquired by Piotr Jeleński, CEO of ASEE S.A., and 30,000 shares acquired by Marcin Rulnicki, Member of the Management Board of ASEE S.A.

The costs of the share-based payment plan disclosed in these financial statements of ASEE S.A. for the period of 6 months ended 30 June 2018 amounted to PLN 545 thousand. No such costs were recognized in the comparable period as the plan was only initiated in the second half of 2017. In

correspondence, this transaction was recognized as a separate item of the Company's equity, in the same amount as disclosed in remuneration costs.

## 18. Information on related parties

### Related party transactions

The total values of transactions conducted with our related parties during the periods of 6 months ended 30 June 2018 and 30 June 2017, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2018 and 31 December 2017 are presented in the table below:

Related party	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
<b>Asseco Poland Group</b>				
2018	3	153	48	3
2017	-	152	65	-
<b>Subsidiaries:</b>				
2018	5,757	847	3,497	310
2017	4,182	615	1,965	241

Apart from trade receivables, the above table also discloses receivables from deposits paid-in by us under space rental agreements, amounting to PLN 47 thousand as at 30 June 2018 and PLN 47 thousand as at 31 December 2017.

In addition, ASEE S.A. granted loans to its related parties as described in explanatory note 12 in this report. As at 30 June 2018, our receivables resulting from such loans amounted to PLN 24,668 thousand, as compared with PLN 24,106 thousand as at 31 December 2017.

In other receivables, ASEE S.A. disclosed receivables from the sale of shares in Sigma Turkey to ASEE Turkey. As at 30 June 2018, such receivables amounted to PLN 4,006 thousand, as compared with PLN 4,665 thousand as at 31 December 2017.

In addition, dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2018 include the dividend of PLN 13,777 thousand payable to Asseco International a.s. The dividend was paid out on 12 July 2018.

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

On 23 June 2017, Asseco Poland S.A. and managers of ASEE Group companies signed agreements for the acquisition of shares in ASEE S.A., which has been described in explanatory note 17 in this report. Members of the Management Board of ASEE S.A., acting directly or through their related parties, have acquired the following numbers of shares:

Management Board Members	Number of shares acquired
Piotr Jeleński	966,942
Miljan Mališ <sup>1)</sup>	300,000
Miodrag Mirčetić <sup>2)</sup>	275,482
Marcin Rulnicki	30,000
	<b>1,572,424</b>

<sup>1)</sup> 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. On 23 June 2017, Mini Invest d.o.o. acquired 300,000 shares in ASEE S.A. under the agreement concluded with Asseco Poland S.A.

<sup>2)</sup> Miodrag Mirčetić, Member of the Management Board of ASEE S.A., is a shareholder in the company I4 INVENTION d.o.o. which in turn is a shareholder in ASEE S.A. On 23 June 2017, I4 INVENTION d.o.o. acquired 275,482 shares in ASEE S.A. under the agreement concluded with Asseco Poland S.A.

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2018 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board of ASEE S.A. in the total gross amount of PLN 818 thousand. The above-stated amount does not include dividends payable to Asseco International a.s. The numbers of ASEE shares held by its management and supervisory staff as well as by their related parties have been presented in note 11 of the Management Report on the Group's Operations. The dividend was paid out on 12 July 2018.

During the periods of 6 months ended 30 June 2018 and 30 June 2017, ASEE S.A. did not conduct any other transactions directly with its Key Management Personnel nor with any parties related through the Key Management Personnel.

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

## 19. Contingent liabilities

Guarantees and sureties granted by the Company as at 30 June 2018 as well as at 31 December 2017 were as follows:

Guarantees and sureties	30 June 2018		30 June 2018		Date of expiration	31 Dec. 2017		31 Dec. 2017		Date of expiration
	PLN'000	in thousands	Currency	PLN'000	in thousands	currency	PLN'000	in thousands	currency	
<b>Guarantee facilities</b>	<b>2,180</b>						<b>1,251</b>			
- ASEE Kosovo	1,308	300	EUR	11.02.2019	1,251	300	EUR	11.02.2019		
- ASEE Kosovo	872	200	EUR	06.09.2013	-	-	-	-	-	-
<b>Guarantees for due performance of contracts</b>	<b>1,091</b>						<b>1,042</b>			
- ASEE Slovenia	436	100	EUR	15.07.2019	417	100	EUR	15.07.2019		
- ASEE Slovenia	262	60	EUR	31.01.2020	250	60	EUR	31.01.2020		
- ASEE Slovenia	393	90	EUR	05.06.2020	375	90	EUR	05.06.2020		
<b>Total guarantees and sureties</b>	<b>3,271</b>						<b>2,293</b>			

Moreover, ASEE S.A. is party to a partner agreement with a large hardware vendor which provides that in the case of non-performance of contractual obligations by any subsidiaries of ASEE Group, the vendor shall be entitled to demand the outstanding payment directly from ASEE S.A.

All of the granted guarantees constitute off-balance-sheet items. They have been provided on an arm's length basis.

As at 30 June 2018 and 31 December 2017, the Company had no other contingent or off-balance-sheet liabilities.

## **20. Capital management**

During the period of 6 months ended 30 June 2018 as well as in the period of 6 months ended 30 June 2017, the Group did not introduce any changes to its objectives, policies and processes adopted in the area of capital management.

## **22. Significant events after the reporting period**

In the period from 30 June 2018 till the date of approval of these interim condensed financial statements, this is until 8 August 2018, we have not observed any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE S.A.

## **21. Objectives and principles of financial risk management**

During the period of 6 months ended 30 June 2018, 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 2017.

## **23. Significant events related to prior years**

Until the date of preparing these interim condensed financial statements, this is until 8 August 2018, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.