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**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE PERIOD OF 6 MONTHS ENDED  
30 JUNE 2017**

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

**Rzeszów, 9 August 2017**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2017**

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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 2017**

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

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

Piotr Jeleński	President of the Management Board
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Miljan Mališ	Member of the Management Board
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Miodrag Mirčetić	Member of the Management Board
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Marcin Rułnicki	Member of the Management Board
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**FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP**

	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Sales revenues	282,821	260,038	66,587	59,362
II. Operating profit	30,730	23,961	7,235	5,470
III. Pre-tax profit	31,490	23,979	7,414	5,474
IV. Net profit for the reporting period	25,696	20,339	6,050	4,643
V. Net profit attributable to Shareholders of the Parent Company	<b>25,535</b>	<b>20,376</b>	<b>6,012</b>	<b>4,652</b>
VI. Net cash provided by (used in) operating activities	20,006	17,459	4,710	3,986
VII. Net cash provided by (used in) investing activities	(22,937)	(25,532)	(5,400)	(5,829)
VIII. Net cash provided by (used in) financing activities	(6,063)	(7,160)	(1,427)	(1,635)
IX. Cash and cash equivalents at the end of period	103,780	90,134	24,555	20,367
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.49	0.39	0.12	0.09
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.49	0.39	0.12	0.09

The financial highlights 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 2017 to 30 June 2017: EUR 1 = PLN 4.2474
  - for the period from 1 January 2016 to 30 June 2016: EUR 1 = PLN 4.3805
- 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 2017: EUR 1 = PLN 4.2265
  - exchange rate effective on 30 June 2016: EUR 1 = PLN 4.4255

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Sales revenues</b>	<u>1</u>	<b>149,616</b>	<b>282,821</b>	<b>140,165</b>	<b>260,038</b>
Cost of sales (-)	<u>2</u>	(112,091)	(214,738)	(106,384)	(198,244)
<b>Gross profit on sales</b>		<b>37,525</b>	<b>68,083</b>	<b>33,781</b>	<b>61,794</b>
Selling costs (-)	<u>2</u>	(8,700)	(16,784)	(10,476)	(19,314)
General and administrative expenses (-)	<u>2</u>	(10,974)	(20,507)	(10,232)	(19,586)
<b>Net profit on sales</b>		<b>17,851</b>	<b>30,792</b>	<b>13,073</b>	<b>22,894</b>
Other operating income	<u>3</u>	245	698	627	1,018
Other operating expenses (-)	<u>3</u>	(210)	(760)	(114)	(259)
Share of profits of associates and joint ventures (+/-)		-	-	159	308
<b>Operating profit</b>		<b>17,886</b>	<b>30,730</b>	<b>13,745</b>	<b>23,961</b>
Financial income	<u>4</u>	1,371	3,531	1,361	2,556
Financial expenses (-)	<u>4</u>	(736)	(2,771)	(1,339)	(2,538)
<b>Pre-tax profit</b>		<b>18,521</b>	<b>31,490</b>	<b>13,767</b>	<b>23,979</b>
Corporate income tax (current and deferred tax expense)	<u>5</u>	(2,977)	(5,794)	(1,577)	(3,640)
<b>Net profit for the reporting period</b>		<b>15,544</b>	<b>25,696</b>	<b>12,190</b>	<b>20,339</b>
Attributable to:					
<b>Shareholders of the Parent Company</b>		<b>15,453</b>	<b>25,535</b>	<b>12,227</b>	<b>20,376</b>
Non-controlling interests		91	161	(37)	(37)
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):</b>					
Basic consolidated earnings per share for the reporting period	<u>6</u>	0.30	0.49	0.24	0.39
Diluted consolidated earnings per share for the reporting period	<u>6</u>	0.30	0.49	0.24	0.39

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Net profit for the reporting period</b>	<b>15,544</b>	<b>25,696</b>	<b>12,190</b>	<b>20,339</b>
<b>Other comprehensive income, of which:</b>	<b>2,804</b>	<b>(29,196)</b>	<b>20,904</b>	<b>23,092</b>
Components that may be reclassified to profit or loss	2,804	(29,196)	20,904	23,092
Foreign exchange differences on translation of foreign operations	2,804	(29,196)	20,904	23,092
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>18,348</b>	<b>(3,500)</b>	<b>33,094</b>	<b>43,431</b>
Attributable to:				
Shareholders of the Parent Company	18,236	(3,588)	33,133	43,470
Non-controlling interests	112	88	(39)	(39)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS	Note	30 June 2017	31 Dec. 2016
		(unaudited)	(audited)
<b>Non-current assets</b>		<b>635,563</b>	<b>642,938</b>
Property, plant and equipment	8	117,864	102,161
Investment property		671	1,160
Intangible assets	8	26,740	30,180
Goodwill	9	485,059	505,634
Long-term financial assets	12	688	162
Long-term receivables		589	385
Deferred tax assets		2,758	2,621
Long-term prepayments and accrued income	14	1,194	635
<b>Current assets</b>		<b>257,490</b>	<b>303,510</b>
Inventories	10	19,209	23,474
Prepayments and accrued income	14	13,223	14,380
Trade receivables	11	98,732	126,498
Corporate income tax receivable		461	166
Other receivables from the state and local budgets		1,448	1,002
Receivables arising from valuation of IT contracts		16,588	11,722
Other receivables	11	3,924	3,632
Short-term financial assets	12	125	3,090
Cash and short-term deposits	13	103,780	119,546
<b>TOTAL ASSETS</b>		<b>893,053</b>	<b>946,448</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EQUITY AND LIABILITIES	Note	30 June 2017	31 Dec. 2016
		(unaudited)	(audited)
<b>Equity (attributable to shareholders of the Parent Company)</b>		<b>701,688</b>	<b>730,201</b>
Share capital		518,942	518,942
Share premium		38,825	38,825
Foreign exchange differences on translation of foreign operations		(95,549)	(66,426)
Retained earnings and current net profit		239,470	238,860
<b>Non-controlling interests</b>		<b>1,350</b>	<b>2,210</b>
<b>Total equity</b>		<b>703,038</b>	<b>732,411</b>
<b>Non-current liabilities</b>		<b>26,218</b>	<b>29,279</b>
Interest-bearing bank loans and borrowings	16	18,981	21,807
Deferred tax liabilities		1,492	1,328
Long-term trade payables and other liabilities		766	696
Long-term provisions		1,242	1,274
Long-term financial liabilities	15	1,913	2,756
Long-term deferred income	18	1,824	1,418
<b>Current liabilities</b>		<b>163,797</b>	<b>184,758</b>
Interest-bearing bank loans and borrowings	16	18,974	22,789
Trade payables	17	50,452	68,674
Corporate income tax payable	17	1,746	2,539
Other liabilities to the state and local budgets	17	10,804	22,143
Financial liabilities	15	25,847	1,198
Liabilities and provisions arising from valuation of IT contracts (-)		4,811	7,811
Other liabilities	17	17,923	23,373
Short-term provisions		1,077	864
Deferred income	18	14,358	21,752
Accruals	18	17,805	13,615
<b>TOTAL LIABILITIES</b>		<b>190,015</b>	<b>214,037</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>893,053</b>	<b>946,448</b>

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

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 (unaudited)</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>

for the period of 6 months ended 30 June 2016

	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 2016</b>	<b>518,942</b>	<b>38,825</b>	<b>(78,739)</b>	<b>209,247</b>	<b>688,275</b>	<b>-</b>	<b>688,275</b>
Net profit (loss) for the reporting period	-	-	-	20,376	20,376	(37)	20,339
Other comprehensive income	-	-	23,094	-	23,094	(2)	23,092
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>23,094</b>	<b>20,376</b>	<b>43,470</b>	<b>(39)</b>	<b>43,431</b>
<b>Changes in the Group structure, of which:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>(7)</b>	<b>3,633</b>	<b>3,626</b>
Acquisition of shares in a subsidiary	-	-	-	-	-	4,336	4,336
Acquisition of non-controlling interests	-	-	-	(7)	(7)	(703)	(710)
Dividend	-	-	-	(21,796)	(21,796)	-	(21,796)
<b>As at 30 June 2016 (restated)</b>	<b>518,942</b>	<b>38,825</b>	<b>(55,645)</b>	<b>207,820</b>	<b>709,942</b>	<b>3,594</b>	<b>713,536</b>

for the period of 12 months ended 31 December 2016

	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 2016</b>	<b>518,942</b>	<b>38,825</b>	<b>(78,739)</b>	<b>209,247</b>	<b>688,275</b>	<b>-</b>	<b>688,275</b>
Net profit (loss) for the reporting period	-	-	-	51,468	51,468	80	51,548
Other comprehensive income	-	-	12,313	-	12,313	-	12,313
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>12,313</b>	<b>51,468</b>	<b>63,781</b>	<b>80</b>	<b>63,861</b>
<b>Changes in the Group structure, of which:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(59)</b>	<b>(59)</b>	<b>2,130</b>	<b>2,071</b>
Acquisition of shares in a subsidiary	-	-	-	-	-	5,063	5,063
Acquisition of non-controlling interests	-	-	-	(59)	(59)	(2,933)	(2,992)
Dividend	-	-	-	(21,796)	(21,796)	-	(21,796)
<b>As at 31 December 2016 (audited)</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>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		31,490	23,979
<b>Total adjustments:</b>		<b>(4,809)</b>	<b>(1,836)</b>
Depreciation and amortization		19,231	17,825
Change in inventories		(216)	(16,874)
Change in receivables		12,981	(7,578)
Change in liabilities, accruals and provisions		(37,836)	6,548
Interest income and expenses		184	586
Gain/Loss on foreign exchange differences		2,052	(662)
Gain/Loss on investing activities		(1,256)	(1,539)
Other		51	(142)
<b>Net cash generated from operating activities</b>		<b>26,681</b>	<b>22,143</b>
Corporate income tax paid		(6,675)	(4,684)
<b>Net cash provided by (used in) operating activities</b>		<b>20,006</b>	<b>17,459</b>
<b>Cash flows – investing activities</b>			
Disposal of property, plant and equipment and intangible assets		234	846
Acquisition of property, plant and equipment, and intangible assets	8	(25,285)	(10,857)
Expenditures for development projects		(1,389)	(1,944)
Expenditures for the acquisition of subsidiaries, less cash acquired		-	(4,265)
Acquisition of financial instruments carried at fair value through profit or loss		(9,466)	(13,732)
Disposal of financial instruments carried at fair value through profit or loss		12,166	4,147
Loans collected		13	51
Loans granted		(26)	(35)
Interest received		804	255
Dividends received		-	1
Other		12	1
<b>Net cash provided by (used in) investing activities</b>		<b>(22,937)</b>	<b>(25,532)</b>

	Note	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Cash flows – financing activities</b>			
Proceeds from (repayments of) short-term bank loans and borrowings		1	(42)
Proceeds from other bank loans and borrowings	16	4,794	2,313
Repayments of other bank loans and borrowings	16	(8,695)	(8,490)
Finance lease liabilities paid		(559)	(403)
Acquisition of non-controlling interests		(692)	-
Dividends paid out to non-controlling interests		(272)	-
Interest paid		(640)	(538)
<b>Net cash provided by (used in) financing activities</b>		<b>(6,063)</b>	<b>(7,160)</b>
Net increase (decrease) in cash and cash equivalents		(8,994)	(15,233)
Net foreign exchange differences		(5,715)	2,642
Cash and cash equivalents as at 1 January	13	118,058	99,868
<b>Cash and cash equivalents as at 30 June</b>	<b>13</b>	<b>103,349</b>	<b>87,277</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 and online payment settlement systems, while it also delivers and performs maintenance of ATMs and POS terminals, and provides integration and implementation services for IT systems and hardware. The Group conducts business operations

in the markets of Poland, South Eastern Europe, and Turkey.

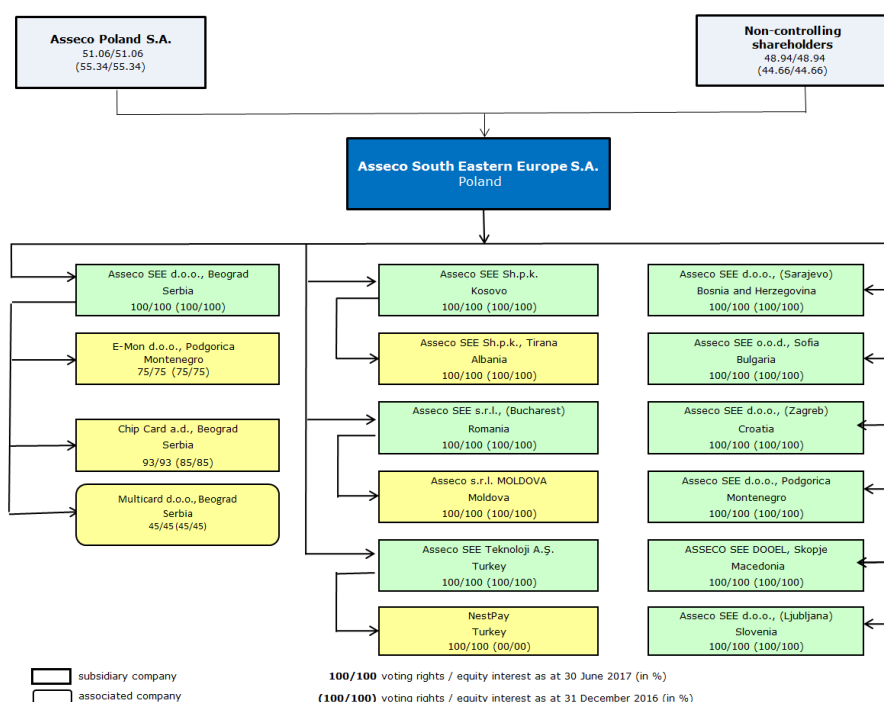
The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2016 which are available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

These interim condensed consolidated financial statements cover the period of 6 months ended 30 June 2017 and contain comparable data for the period of 6 months ended 30 June 2016 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 2016 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 2017 and contain comparable data for the period of 3 months ended 30 June 2016; 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 9 August 2017.

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



The chart above presents the structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners as at 30 June 2017.

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company). As at 30 June 2017, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

Since 1 October 2016, E-Mon Montenegro has been treated as a subsidiary company 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.

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

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

Both as at 30 June 2017 and 31 December 2016, 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 2017, the organizational structure of ASEE Group changed as follows:

#### **Merger of EMS d o.o. with ASEE Serbia**

The merger of ASEE Serbia (acting as the taking-over company) and EMS d o.o. Serbia (being the acquired company) was registered on 20 January 2017. This merger had no impact on the consolidated financial statements of ASEE Group.

#### **Acquisition of shares in Chip Card a.d. (Serbia)**

On 26 May 2017, ASEE Serbia acquired an additional 7.49% stake of shares in Chip Card for EUR 163 thousand, thereby increasing its shareholding in that company from 85.02% to 92.5%. Expenditures for the acquisition of these non-controlling interests amounting in total to EUR 163 thousand (PLN 692 thousand) have been disclosed in the statement of cash flows in financing activities. In addition, the effects of accounting for this acquisition have been presented in the statement of changes in equity in the line "Acquisition of non-controlling interests".

#### **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 financial instruments and assets that are carried at fair value through profit or loss.

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

These interim condensed consolidated financial statements 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 2016, which were published on 17 February 2017 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 2016.

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 2016.

No new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2016 have been issued since 1 January 2016.

##### **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 9 *Financial Instruments* (issued on 24 July 2014) – effective for annual periods beginning on or after 1 January 2018;
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014), including the amendment to IFRS 15 *Effective Date of IFRS 15* (issued on 11 September 2015) – effective for annual periods beginning on or after 1 January 2018;
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses* (issued on 19 January 2016) – effective for annual periods beginning on or after 1 January 2017 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 7 *Disclosure Initiative* (issued on 29 January 2016) – effective for annual periods beginning on or after 1 January 2017 – not yet endorsed by the EU till the date of approval of these financial statements;
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (issued on 12 April 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;

- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (issued on 20 June 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued on 12 September 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Annual Improvements to IFRSs: 2014-2016 Cycle (issued on 8 December 2016) – Amendments to IFRS 12 shall be effective for annual periods beginning on or after 1 January 2017, whereas Amendments to IFRS 1 and IAS 28 shall be effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Interpretation IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 40 *Transfers of Investment Property* (issued on 8 December 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB;
- IFRS 16 *Leases* (issued on 13 January 2016) – effective for annual periods beginning on or after 1 January 2019 – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – effective for annual periods beginning on or after 1 January 2016 – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements;

- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) – effective for annual periods beginning on or after 1 January 2021 – not yet endorsed by the EU till the date of approval of these financial statements;

- Interpretation IFRIC 23 *Uncertainty over Income Tax Treatments* (issued on 7 June 2017) – effective for annual periods beginning on or after 1 January 2019 – not yet endorsed by the EU till the date of approval of these financial statements.

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. The Management's analysis and initial assessment of the impact of new or amended standards on the Group's accounting policies and future financial statements included, in particular, the impact of new IFRSs 9, 15 and 16, application of which may result in changes to the Group's accounting and reporting in the years 2018-2019.

## 5. IFRS 15 Revenue from Contracts with Customers

This standard was issued on 28 May 2014 and shall apply to annual reporting periods beginning on or after 1 January 2018. The standard was endorsed by the European Union on 22 September 2016. According to this standard, revenue shall be recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to customers; whereas, the time of revenue recognition shall best correspond to the actual transfer of promised goods or services to customers. The new standard will replace all current requirements for revenue recognition in compliance with IFRS, including in particular IAS 18 Revenue and IAS 11 Construction contracts. Application of this standard is mandatory for all companies that prepare their financial statements in accordance with the International Financial Reporting Standards, for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. ASEE Group intends to adopt this new standard as of the required effective date, thus it will be first applied in our financial statements for the reporting period starting from 1 January 2018.

The Company is currently analyzing the impact of new principles stipulated in IFRS 15 on its financial statements. According to the transition guidance provided in the standard, entities are allowed to choose from two methods for the presentation of comparable data:

- a) retrospective approach to each prior period reported in compliance with IAS 8, or
- b) retrospective approach while recognizing the cumulative effect of applying the new standard as at the date of its initial application.

The approach described in item b above would result in recognizing an adjustment to the opening balance of retained earnings in the financial statements for reporting periods starting from 1 January 2018 onwards. At this stage, the Company is still considering which of the two above-described approaches will be applied.

## **6. Functional currency and reporting currency**

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

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

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

## **7. 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 2016.

The changes of estimates as at 30 June 2017 included the calculation of deferred income tax, preparation of impairment tests for goodwill as described in note 9, as well as the estimated value of accruals for employee benefits as disclosed in note 18.

## **8. Seasonal nature of business**

The Group's business operations are subject to seasonality, which involves revenue fluctuations in individual quarters of the year. Because 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.

## **9. 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'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. We also offer our clients on-line 24x7 services and consultancy in the area of electronic banking and digital transformation.

### Payment Solutions

ASEE provides complete payment industry solutions, for non-financial and financial institutions, supporting card and card-less transactions. Our product portfolio includes solutions for e-commerce (NestPay®, MSU), mobile payments (mPOS, HCE), payment card processing, as well as ATM and POS related services. We deliver software, services including outsourcing and equipment, providing

the highest level of expertise, maintenance and support through the entire portfolio.

### Systems Integration

Asseco South Eastern Europe Group is a top player on the market of integration services in Macedonia, Romania, and Serbia. 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. The Systems Integration segment also presents a group of proprietary solutions of ASEE. Among such solutions are BPS content management solution, LIVE contact center solutions, Fidelity asset lifecycle management solution, and SKAI billing system for utilities. Furthermore, the product portfolio of the Systems Integration segment includes LeaseFlex, a fully-fledged lease and asset lifecycle management solution. The Group's business profile has been described in detail in its financial statements for the year 2016.

For the period of 6 months ended 30 June 2017 and as at 30 June 2017 in thousands of PLN (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>79,712</b>	<b>110,728</b>	<b>105,876</b>	<b>4,119</b>	<b>(17,614)</b>	<b>282,821</b>
Sales to external customers	71,293	107,618	103,910	-	-	282,821
Inter/intra segment sales	8,419	3,110	1,966	4,119	(17,614)	-
<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>
<i>Goodwill</i>	<i>197,736</i>	<i>107,687</i>	<i>179,636</i>	-	-	<b>485,059</b>

For the period of 6 months ended 30 June 2017 in thousands of EUR (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>18,767</b>	<b>26,069</b>	<b>24,928</b>	<b>970</b>	<b>(4,147)</b>	<b>66,587</b>
Sales to external customers	16,785	25,337	24,465	-	-	66,587
Inter/intra segment sales	1,982	732	463	970	(4,147)	-
<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>

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

For the period of 6 months ended 30 June 2016 and as at 31 December 2016 in thousands of PLN (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>76,160</b>	<b>90,095</b>	<b>109,707</b>	<b>4,910</b>	<b>(20,834)</b>	<b>260,038</b>
Sales to external customers	65,806	87,155	107,077	-	-	260,038
Inter/intra segment sales	10,354	2,940	2,630	4,910	(20,834)	-
<b>Gross profit on sales</b>	<b>16,788</b>	<b>26,995</b>	<b>18,011</b>	-	-	<b>61,794</b>
Selling costs (-)	(5,134)	(5,424)	(8,756)	-	-	(19,314)
General and administrative expenses (-)	(7,089)	(7,132)	(5,365)	-	-	(19,586)
<b>Net profit on sales</b>	<b>4,565</b>	<b>14,439</b>	<b>3,890</b>	-	-	<b>22,894</b>
<i>Goodwill</i>	<i>205,749</i>	<i>111,842</i>	<i>188,043</i>	-	-	<i>505,634</i>

For the period of 6 months ended 30 June 2016 in thousands of EUR (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Systems Integration (III)	Unallocated	Eliminations / Reconcilia- tions	Total
<b>Sales revenues:</b>	<b>17,386</b>	<b>20,567</b>	<b>25,044</b>	<b>1,121</b>	<b>(4,756)</b>	<b>59,362</b>
Sales to external customers	15,022	19,896	24,444	-	-	59,362
Inter/intra segment sales	2,364	671	600	1,121	(4,756)	-
<b>Gross profit on sales</b>	<b>3,832</b>	<b>6,163</b>	<b>4,112</b>	-	-	<b>14,107</b>
Selling costs (-)	(1,172)	(1,238)	(1,999)	-	-	(4,409)
General and administrative expenses (-)	(1,618)	(1,628)	(1,225)	-	-	(4,471)
<b>Net profit on sales</b>	<b>1,042</b>	<b>3,297</b>	<b>888</b>	-	-	<b>5,227</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2016 to 30 June 2016: EUR 1 = PLN 4.3805



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

### 1. Breakdown of sales revenues

During the period of 6 months ended 30 June 2017 revenues were as follows:  
 and in the comparable period last year, operating

Sales revenues by type of products	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Proprietary software and services	93,176	176,065	83,107	157,810
Third-party software and services	27,174	48,516	26,218	44,311
Hardware and infrastructure	29,266	58,240	30,840	57,917
	<b>149,616</b>	<b>282,821</b>	<b>140,165</b>	<b>260,038</b>

Sales revenues of ASEE Group in the period of 6 months ended 30 June 2017 were by PLN 22,783 thousand or 9% higher than in the comparable period, of which the biggest portion of PLN 18,255 thousand was generated from proprietary software and services. The largest revenue growth was achieved by our subsidiaries ASEE Romania, ASEE

Serbia and ASEE Croatia on the back of robust sales of own software in the Banking Solutions segment, as well as by expanding our product portfolio with payment processing and authentication services following the acquisition of Chip Card company, which services are presented in the Payment Solutions segment.

### 2. Breakdown of operating costs

	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Employee benefits (-)	(46,772)	(89,206)	(47,044)	(88,215)
Third-party non-project services and outsourcing of employees (-)	(5,401)	(10,080)	(4,146)	(8,885)
Depreciation and amortization (-)	(9,792)	(19,231)	(9,142)	(17,825)
Maintenance costs of property and business cars (-)	(8,237)	(16,806)	(7,992)	(15,557)
Business trips (-)	(938)	(1,749)	(1,156)	(2,038)
Advertising (-)	(901)	(1,552)	(1,242)	(1,701)
Other operating expenses (-)	(2,730)	(4,134)	(1,847)	(4,294)
	<b>(74,771)</b>	<b>(142,758)</b>	<b>(72,569)</b>	<b>(138,515)</b>
<b>Cost of sales, of which (-)</b>	<b>(112,091)</b>	<b>(214,738)</b>	<b>(106,384)</b>	<b>(198,244)</b>
Cost of goods and third-party services sold (-)	(56,994)	(109,271)	(54,523)	(98,629)
Production costs (-)	(55,097)	(105,467)	(51,861)	(99,615)
Selling costs (-)	(8,700)	(16,784)	(10,476)	(19,314)
General and administrative expenses (-)	(10,974)	(20,507)	(10,232)	(19,586)

### 3. Other operating income and expenses

Other operating income	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Gain on disposal of property, plant and equipment and intangible assets	10	103	370	420
Income from leases of space	13	26	25	48
Other	222	569	232	550
	<b>245</b>	<b>698</b>	<b>627</b>	<b>1,018</b>

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 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Loss on disposal of property, plant and equipment (-)	-	(26)	(16)	(22)
Charitable contributions to unrelated parties (-)	(25)	(38)	(79)	(86)
Provisions for the costs of court litigation relating to other operations (-)	-	(262)	-	-
Liquidation of property, plant and equipment, and intangible assets (-)	(4)	(186)	-	-
Other (-)	(181)	(248)	(19)	(151)
	<b>(210)</b>	<b>(760)</b>	<b>(114)</b>	<b>(259)</b>

#### 4. Financial income and expenses

Financial income	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Interest income on loans granted and bank deposits	536	921	332	638
Gain on valuation of derivative instruments	544	1,709	93	636
Positive foreign exchange differences	285	871	935	1,281
Other financial income	6	30	1	1
	<b>1,371</b>	<b>3,531</b>	<b>1,361</b>	<b>2,556</b>
Financial expenses	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Interest expense (-)	(194)	(407)	(257)	(562)
Bank fees and commissions (-)	(75)	(178)	(30)	(42)
Negative foreign exchange differences (-)	(175)	(1,773)	-	(519)
Company acquisition related expenses (-)	-	-	(32)	(145)
Interest expenses under finance leases (-)	(26)	(58)	(28)	(53)
Loss on valuation of derivative instruments (-)	(257)	(346)	(992)	(1,217)
Other financial expenses (-)	(9)	(9)	-	-
	<b>(736)</b>	<b>(2,771)</b>	<b>(1,339)</b>	<b>(2,538)</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 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Current portion of income tax and prior years' adjustments	(3,781)	(5,754)	(1,392)	(3,593)
Deferred portion of income tax	804	(40)	(185)	(47)
<b>Income tax expense as disclosed in the income statement</b>	<b>(2,977)</b>	<b>(5,794)</b>	<b>(1,577)</b>	<b>(3,640)</b>

Income tax expense for the period of 6 months ended 30 June 2017 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). Whereas, in the comparable period of 2016 it included the current income tax paid in individual countries (PLN -3,547 thousand), withholding tax on dividends paid out to ASEE S.A. by its subsidiaries (PLN -46 thousand), as well as from the origination and reversal of temporary differences (PLN -47 thousand).

During the period of 6 months ended 30 June 2017, our effective tax rate equalled 18.4% as compared with 15.2% in the comparable period last year.

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 2017, the Group recognized deferred tax assets in the amount of PLN 2,758 thousand (vs. PLN 2,621 thousand as at 31 December 2016) and deferred tax liabilities in the amount of PLN 1,492 thousand (vs. PLN 1,328 thousand as at 31 December 2016).

## 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 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.</b>	<b>15,453</b>	<b>25,535</b>	<b>12,227</b>	<b>20,376</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 from operations for the reporting period	0.30	0.49	0.24	0.39
Diluted consolidated earnings per share from operations for the reporting period	0.30	0.49	0.24	0.39

## 7. Information on dividends paid out or declared

The Ordinary 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, decided that the net profit for the financial year 2016 amounting to PLN 19,069.06 and a portion of the capital reserve established pursuant to Resolution No. 7 of the Company's Ordinary General Meeting of Shareholders of 31 March 2016, shall be distributed as follows:

- the amount of PLN 1,525.52 from the net profit for the financial year 2016 has been allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;
- the amount of PLN 17,543.54 from the net profit for the financial year 2016 as well as the amount of PLN 24,891,696.94 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 0.48 per share.

The Company's Ordinary General Meeting of Shareholders established 30 June 2017 as the dividend record date. The dividend was paid out on 14 July 2017. 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 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 and investment property	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>

	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2016</b>	<b>86,369</b>	<b>33,566</b>
Purchases	9,866	1,167
Capitalization of project development costs	-	1,944
Transfers from inventories	3,444	-
Finance lease liabilities	371	-
Obtaining control over a subsidiary	4,995	2,336
Other increases/decreases (+/-)	(37)	97
Depreciation/amortization charges (-)	(13,304)	(4,598)
Disposal and liquidation (-)	(426)	-
Foreign exchange differences on translation of foreign operations (+/-)	3,391	1,103
<b>Net book value as at 30 June 2016</b>	<b>94,669</b>	<b>35,615</b>

The higher value of tangible assets as at 30 June 2017 (PLN 117,864 thousand) and as at 31 December 2016 (PLN 102,161 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 2017, capitalized costs of development projects amounted to PLN 1,467 thousand as compared with PLN 1,944 thousand in the comparable period of 2016.

Liabilities resulting from purchases of property, plant and equipment and intangible assets amounted to PLN 8,410 thousand as at 30 June 2017, as compared with PLN 1,179 thousand as at 31 December 2016.

## 9. Goodwill

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

	6 months ended 30 June 2017 (unaudited)	12 months ended 31 Dec. 2016 (audited)
<b>Goodwill at the beginning of the period</b>	<b>505,634</b>	<b>488,566</b>
Banking Solutions	205,749	193,556
Payment Solutions	111,842	110,292
Systems Integration	188,043	184,718
<b>Change in consolidation goodwill due to the acquisition of shares (+)</b>	<b>-</b>	<b>6,409</b>
Banking Solutions	-	6,315
Payment Solutions	-	94
Systems Integration	-	-
<b>Foreign exchange differences on translation of goodwill in foreign subsidiaries (+/-)</b>	<b>(20,575)</b>	<b>10,659</b>
Banking Solutions	(8,013)	5,878
Payment Solutions	(4,155)	1,456
Systems Integration	(8,407)	3,325
<b>Total book value at the end of period</b>	<b>485,059</b>	<b>505,634</b>
Banking Solutions	197,736	205,749
Payment Solutions	107,687	111,842
Systems Integration	179,636	188,043

### Impairment testing of goodwill

As at 31 December 2016, 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 2017, the Company verified its assumptions for the impairment test performed on goodwill as at 31 December 2016. In particular we checked whether the assumptions for financial results achieved by individual cash-generating units in 2016 were not materially different from their actual financial performance in the first half of 2017, and whether internal or external factors did not cause a deterioration of our forecasts for the next financial years.

Due to the improvement of financial results of the whole Group as well as in individual operating segments in the period of 6 months ended 30 June 2017 in comparison to the first half of the previous year, we have found no reasons to conduct tests for impairment of goodwill allocated to any of our operating segments at 30 June 2017.

The Systems Integration segment, in particular, managed to improve its financial performance against the comparable period as well as in relation to the assumptions adopted for 2017 in the valuation model as at 31 December 2016, and therefore we have detected no indications of impairment of goodwill allocated to this segment as at 30 June 2017.

In the case of goodwill allocated to the Systems Integration segment that was tested for impairment as at 31 December 2016, the recoverable amount of goodwill would be equal to its carrying value if the discount rate applied in the model was changed by 1.3 pp with other assumptions remaining constant, or if the sales revenue growth rate was reduced by 0.8 pp with other assumptions remaining constant. As at 31 December 2016, the excess of the recoverable amount of goodwill allocated to the Systems Integration segment over its carrying value equalled PLN 30 million.

In line with the Group's policy, goodwill allocated to all of our operating segments will be tested for impairment as at 31 December 2017, even if there are no indications of impairment.

## 10. Inventories

Inventories	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Goods for resale	21,626	25,388
Maintenance inventories	10,303	9,870
Write-down on inventories (-)	(12,720)	(11,784)
	<b>19,209</b>	<b>23,474</b>

During the period of 6 months ended 30 June 2017, the Group recognized impairment write-downs on inventories in the amount of PLN 2,198 thousand (mainly in ASEE Serbia, ASEE Romania, and ASEE B&H), while the amount of reversed write-downs equalled PLN 452 thousand.

## 11. Short-term receivables

Trade receivables	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Trade receivables, of which:	88,332	117,511
From related parties	807	837
From other entities	90,879	119,940
Allowance for trade receivables (-)	(3,354)	(3,266)
Receivables from uninvoiced deliveries, of which:	10,400	8,987
From related parties	-	25
From other entities	10,400	8,962
	<b>98,732</b>	<b>126,498</b>

Ageing of trade receivables		30 June 2017		31 Dec. 2016
		(unaudited)		(audited)
	amount	structure	Amount	structure
Receivables not yet due	70,992	80.4%	100,498	85.5%
Receivables past-due up to 3 months	13,842	15.6%	14,761	12.6%
Receivables past-due over 3 months	3,498	4.0%	2,252	1.9%
	<b>88,332</b>	<b>100.0%</b>	<b>117,511</b>	<b>100.0%</b>

Other receivables	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Advance payments to other suppliers	1,382	2,403
Security deposits receivable	271	354
Other receivables	2,271	875
	<b>3,924</b>	<b>3,632</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 2017 include receivables from assets transferred under finance lease contracts (PLN 1,488 thousand), receivables from cash transferred for ATMs testing (PLN 306 thousand), receivables from employees (PLN 218 thousand), restricted cash (PLN 45 thousand), as well as receivables from disposal of tangible assets (PLN 14 thousand).

Other receivables disclosed as at 31 December 2016 include, among others, restricted cash (PLN 174 thousand), receivables from employees, receivables from disposal of tangible assets, as well as other amounts receivable.

## 12. Financial assets

	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
<b>Financial assets available for sale:</b>	<b>129</b>	<b>138</b>
Shares in companies listed on regulated markets	108	117
Shares in companies not listed on regulated markets	21	21
<b>Loans granted:</b>	<b>100</b>	<b>89</b>
Loans granted to unrelated entities	87	89
Loans granted to employees	13	-
<b>Bank deposits:</b>	<b>28</b>	<b>29</b>
Deposits for 3 to 12 months	21	22
Deposits for over 12 months	7	7
<b>Financial assets carried at fair value through profit or loss:</b>	<b>556</b>	<b>2,996</b>
Currency forward contracts	556	-
Investment fund units	-	2,996
Long-term	688	162
Short-term	125	3,090

As at 30 June 2017, financial assets carried at fair value through profit or loss included currency forward contracts that are held by ASEE S.A.; whereas, as at 31 December 2016, they included investment fund units held by ASEE Macedonia.

During the first half of 2017, expenditures for the acquisition of investment fund units amounted to PLN 9,246 thousand (as compared with PLN 13,452 thousand in the first half of 2016), whereas proceeds from the disposal of investment fund units amounted to PLN 12,166 thousand (as compared with PLN 4,144 thousand in the comparable period).

The book values of financial assets held by the Group as at 30 June 2017 and 31 December 2016 did not significantly differ from their fair values.

**13. Cash and short-term deposits**

	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Cash at bank and in hand	57,733	80,745
Short-term bank deposits	46,035	38,801
Cash equivalents	12	-
	<b>103,780</b>	<b>119,546</b>
Interest accrued on cash and cash equivalents as at the end of the reporting period	(54)	(47)
Overdraft facilities utilized for liquidity management	(377)	(1,441)
<b>Cash and cash equivalents as disclosed in the cash flow statement</b>	<b>103,349</b>	<b>118,058</b>

**14. Prepayments and accrued income**

Long-term	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Prepaid maintenance services and license fees	997	527
Other	197	108
	<b>1,194</b>	<b>635</b>

Short-term	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Prepaid maintenance services and license fees	7,976	9,883
Prepaid insurance	1,183	644
Prepaid rents	305	391
Prepaid consulting services	555	773
Other prepaid services	1,289	845
Costs of services performed for which revenues have not been recognized yet	974	556
Other	941	1,288
	<b>13,223</b>	<b>14,380</b>

Both as at 30 June 2017 and 31 December 2016, prepayments included primarily the costs of maintenance services amounting to PLN 8,973 thousand and PLN 10,410 thousand, respectively, that will be successively expensed in future periods.

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

Long-term	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Currency forward contracts	37	821
Finance lease liabilities	1,876	1,935
	<b>1,913</b>	<b>2,756</b>

Short-term	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Dividends payable to shareholders of ASEE S.A.	24,909	-
Finance lease liabilities	914	923
Currency forward contracts	-	240
Other	24	35
	<b>25,847</b>	<b>1,198</b>

Financial liabilities disclosed as at 30 June 2017 include primarily dividends payable to shareholders of ASEE S.A. in the amount of PLN 24,909 thousand. This liability was settled on 14 July 2017.

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

Effective interest rate %	Currency	Repayment date	Amounts drawn as at			
			30 June 2017 (unaudited)		31 Dec. 2016 (audited)	
			long-term portion	short-term portion	long-term portion	short-term portion
<b>BANK OVERDRAFT FACILITIES</b>						
fixed interest rate	MKD	30-06-2017	-	11	-	13
fixed interest rate	MKD	30-06-2017	-	28	-	26
6M EURIBOR + margin	EUR	31-03-2018	-	338	-	960
fixed interest rate	EUR	10-03-2017	-	-	-	442
<b>OTHER BANK LOANS</b>						
1M EURIBOR + margin	EUR	15-06-2018	-	9,605	-	9,975
-	TRY	01-01-2017	-	-	-	6
3M EURIBOR + margin	HRK/EUR	30-04-2019	2,958	3,549	4,955	3,716
3M EURIBOR + margin	HRK/EUR	31-12-2022	2,588	739	3,161	709
6M EURIBOR + margin	EUR	30-04-2019	596	270	624	916
fixed interest rate	EUR	31-03-2021	2,929	452	-	-
fixed interest rate	BAM	08-05-2017	-	-	-	158
12M EURIBOR + margin	HRK/EUR	31-03-2017	-	-	-	883
EURIBOR + margin	EUR	30-06-2021	1,524	508	1,863	532
1M EURIBOR + margin	EUR	18-12-2020	7,405	3,258	11,204	4,453
6M EURIBOR + margin	EUR	13-03-2020	981	216	-	-
			<b>18,981</b>	<b>18,974</b>	<b>21,807</b>	<b>22,789</b>

As at 30 June 2017, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 37,955 thousand as compared with PLN 44,596 thousand as at 31 December 2016.

Proceeds from and repayments of bank loans disclosed in the statement of cash flows for the first half of 2017 amounted to PLN 4.8 million (proceeds) and PLN 8.7 million (repayments).

As at 30 June 2017 and 31 December 2016, tangible assets with a book value of PLN 1,055 thousand and PLN 2,516 thousand, respectively, served as security for bank loans. As at 30 June 2017, liabilities that were secured with such assets amounted to PLN 9,605 thousand, as compared with PLN 10,133 thousand as at 31 December 2016.

## 17. Current liabilities

Trade payables	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Trade payables, of which:	43,443	61,046
To related parties	89	190
To other entities	43,354	60,856
Liabilities for uninvoiced deliveries, of which:	7,009	7,628
To related parties	-	-
To other entities	7,009	7,628
	<b>50,452</b>	<b>68,674</b>

The term for repayment of the Group's liabilities is 79 days on average.

Ageing of trade payables	30 June 2017 (unaudited)		31 Dec. 2016 (restated)	
	amount	structure	amount	Structure
Liabilities due already, of which:				
-Liabilities past-due up to 3 months	7,806	18.0%	9,975	16.3%
-Liabilities past-due from 3 to 6 months	6,438	14.8%	7,630	12.5%
-Liabilities past-due over 6 months	205	0.5%	244	0.4%
	1,163	2.7%	2,101	3.4%
Liabilities falling due within 3 months	32,957	75.9%	50,651	83.0%
Liabilities falling due within 3 to 12 months	2,680	6.1%	376	0.6%
Liabilities falling due after more than 12 months	-	0.0%	44	0.1%
	43,443			
	3	100.0%	61,046	100.0%

Other current liabilities	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Liabilities to employees relating to salaries	3,383	12,127
Trade prepayments received	6,162	9,419
Liabilities from purchases of tangible assets and intangible assets	7,928	1,179
Other liabilities	450	648
	<b>17,923</b>	<b>23,373</b>

Current liabilities to the state and local budgets	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Value added tax	7,545	16,563
Corporate income tax (CIT)	1,746	2,539
Personal income tax (PIT)	826	2,014
Social security payable	2,056	3,260
Other	377	306
	<b>12,550</b>	<b>24,682</b>

## 18. Accruals and deferred income

Short-term accruals	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Recognition of accruals for unused holiday leaves	2,547	1,928
Recognition of accruals for employee bonuses	15,258	11,687
	<b>17,805</b>	<b>13,615</b>

Long-term deferred income	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Prepaid maintenance services	1,298	1,284
Grants for the development of assets	166	-
License fees	184	67
Prepaid implementation services	176	67
	<b>1,824</b>	<b>1,418</b>

Short-term deferred income	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Prepaid maintenance services	11,878	13,609
Prepaid implementation services	1,481	1,894
License fees	238	419
Grants for the development of assets	151	443
Other	610	5,387
	<b>14,358</b>	<b>21,752</b>

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

As at 30 June 2017, the line "Other" includes prepayments received under infrastructure contracts for equipment in the amount of PLN 385 thousand (as compared with PLN 5,192 thousand as at 31 December 2016), as well as deferred interest income arising from a finance lease contract, which is recognized as financial income over time at the effective lease interest rate, in the amount of PLN 220 thousand (as compared with PLN 195 thousand as at 31 December 2016).



## 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 2017, the related contingent liabilities equalled PLN 20,046 thousand, while as at 31 December 2016 they amounted to PLN 29,561 thousand.

During the period of 6 months ended 30 June 2017, our contingent liability under the surety granted by ASEE S.A. to secure the repayment of a bank loan by ASEE Croatia expired. As at 31 December 2016, this liability amounted to PLN 10,652 thousand. As at 30 June 2017, this liability was no longer recognized as the above-mentioned bank loan had been entirely repaid.

Assets serving as security for bank guarantee facilities:

Category of assets	Net value of assets		Amount of granted guarantee secured with assets	
	30 June 2017	31 Dec. 2016	30 June 2017	31 Dec. 2016
Trade receivables	1,117	1,720	3,267	5,283
Other receivables (restricted cash)	38	167	553	1,466
<b>Total</b>	<b>1,155</b>	<b>1,887</b>	<b>3,820</b>	<b>6,749</b>

## 20. Cases in court

As at 30 June 2017, ASEE Romania is a party to legal proceedings brought by Romsys S.R.L., which demands ASEE Romania to pay a compensation in the amount of EUR 1,226 thousand in order to compensate for the losses so far incurred due to allegedly unfair competition. 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.

## 21. Employment

Asseco Group workforce as at <sup>1)</sup>	30 June 2017 (unaudited)	31 Dec. 2016 (restated)
Management Board of the Parent Company*	4	4
Management Boards of the Group companies	32	34
Production departments	1,158	1,142
Sales departments	122	123
Administration departments	170	177
	<b>1,486</b>	<b>1,480</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.

Numbers of employees in the Group companies as at	30 June 2017 (unaudited)	31 Dec. 2016 (restated)
ASEE S.A.	26	24
ASEE Romania Group	183	186
ASEE Serbia Group	526	510
ASEE Croatia	243	241
ASEE Kosovo Group	59	59
ASEE Turkey Group	172	187
ASEE Bulgaria	20	20
ASEE B&H	60	59
ASEE Macedonia	151	148
ASEE Slovenia	36	36
ASEE Montenegro	10	10
	<b>1,486</b>	<b>1,480</b>

## 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 2017 amounted to PLN 8,957 thousand, as compared with PLN 7,747 thousand in the period of 6 months ended 30 June 2016.

## 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 shares in ASEE S.A. The total number of ASEE shares covered by this plan is 2,221,356, 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 remaining 648,932 shares were acquired by the management staff of subsidiary companies of ASEE Group.

As a result of these transactions, the shareholding of Asseco Poland S.A. in ASEE S.A. dropped from 55.34% to 51.06%. The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2.

The purchase rights were vested on 23 June 2017. The acquisition price was set at PLN 10.89 per share. As at the acquisition date, the market price per share equalled PLN 12.60. According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, i.e. as of 23 June 2017. The consideration for the shares shall be paid in eight annual instalments till 31 July 2024. The right

to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling the shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 2 years in relation to 50% of shares and 3 years for the remaining 50% of shares. The managers shall be entitled to make an earlier payment for shares acquired at the contractual price of PLN 10.89 per share, except for shares being subject to the lock-up obligation. Therefore, over a period of 2 years from the date of concluding the agreement, payments for shares acquired must be made in accordance with the agreed schedule. Hence, after 2 years have passed and still before the lapse of 3 years, the managers can make an early payment for 50% of shares at maximum. Upon expiry of the 3-year period, early payment can be made for all shares acquired.

The agreements also provide for put and call options, enabling the parties to resell or repurchase any unpaid shares.

An unpaid portion of the selling price shall be secured by establishing a pledge on the shares of each buyer.

In these interim consolidated financial statements, we have not disclosed any costs associated with the share-based payment plan due to the insignificant amount of such costs arising from the date of signing the agreements, i.e. in the period from 23 June to 30 June 2017. According to our best estimates at the time of preparing this report, the total cost of this plan at the level of ASEE Group should not exceed PLN 6,500 thousand. The Management is currently estimating the exact amount of costs of this plan. Costs arising from valuation of the plan will affect the financial results of ASEE Group for the years 2017-2020.

## 24. Information on related parties

### Related party transactions

The values of transactions conducted by ASEE Group with Asseco Poland S.A. (a shareholder with significant influence on the Group's operations) as well as with other related parties of Asseco Poland Group during the periods of 6 months ended 30 June 2017 and 30 June 2016, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2017 and 31 December 2016 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>Parties having significant influence over the Group:</b>				
2017	32	122	47	37
2016	23	151	86	51
<b>Other related parties:</b>				
2017	255	5	43	-
2016	255	-	93	-
<b>Associates and joint ventures:</b>				
2017	207	-	674	-
2016	286	-	694	-

Apart from trade receivables, the above table also discloses receivables from deposits we have paid in under space rental agreements, amounting to PLN 47 thousand as at 30 June 2017 and PLN 47 thousand as at 31 December 2016.

In addition, dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2017 include PLN 12,717 thousand payable to Asseco Poland S.A. The dividend was paid out on 14 July 2017.

### 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 2017 and 30 June 2016, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2017 and 31 December 2016 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>				
2017	340	3,525	283	52
2016	24	4,645	36	139

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 2017, ASEE Serbia incurred space rental costs that were paid to its related parties MHM d.o.o., Beograd<sup>1</sup> and Mini Invest d.o.o., Beograd<sup>2</sup>, amounting in total to PLN 2,995 thousand. As at 30 June 2017, the company DM3 d.o.o., Beograd<sup>1</sup> was no longer our related entity.

During the period of 6 months ended 30 June 2016, ASEE Serbia incurred space rental costs that were paid to its related parties MHM d.o.o., Beograd<sup>1</sup>, DM3 d.o.o., Beograd<sup>1</sup> and Mini Invest d.o.o., Beograd<sup>2</sup>, amounting in total to PLN 3,268 thousand.

During the period of 6 months ended 30 June 2016, ASEE Macedonia incurred space rental costs that were paid to its related party MPS d.o.o., Skopje<sup>3</sup>, amounting in total to PLN 334 thousand. As at 30 June 2017, the company MPS d.o.o., Skopje<sup>3</sup> was no longer our related entity.

In the period of 6 months ended 30 June 2017, ASEE Serbia recognized revenues in the amount of PLN 332 thousand from the company iPay See, d.o.o. Beograd<sup>4</sup>. Such revenues were related to the sale of a software solution for authentication and processing of payment transactions.

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

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 detail in note 22 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:

<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. 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., Beograd as well as Member of the Management Board of ASEE S.A.; Furthermore, as at 30 June 2016, MPS d.o.o., Skopje was also related through Mihail Petreski, who used to serve as Member of the Supervisory Board of ASEE S.A. till 31 December 2016, and who is a shareholder in Liatriis d.o.o. and a former shareholder in ASEE S.A. Mihail Petreski and Liatriis d.o.o. hold 40% of shares in MHM d.o.o. as well as 50% of shares in DM3 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> As at 30 June 2016, MPS d.o.o., Skopje was a related party through its shareholder, namely Mihail Petreski, who used to serve as Member of the Supervisory Board of ASEE S.A. till 31 December 2016;

<sup>4</sup> 80% of shares in the company I-Pay d.o.o. is held by I4 Invention d.o.o., 100% in the company I4 Invention d.o.o. is held by Miodrag Mirčetić, Member of the Management Board of Asseco SEE d.o.o., Beograd and Member of the Management Board of ASEE S.A.;

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 <sup>3)</sup>	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.

<sup>3)</sup> Marcin Rulnicki, Member of the Management Board ASEE S.A., is a shareholder in the company Alves 2 Sp. z o.o. which in turn is a shareholder in ASEE S.A.; on 23 June 2017, Alves 2 Sp. z o.o. acquired 30,000 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 2017 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 755 thousand. The above-stated amount does not include dividends payable to Asseco Poland S.A.<sup>5</sup>. 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 14 July 2017.

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 2017 (unaudited)	31 Dec. 2016 (audited)
(i) within 1 year	42,687	41,022
(ii) within 1 to 5 years	58,624	46,892
(iii) within more than 5 years	7,211	2,598
	<b>108,522</b>	<b>90,512</b>

<sup>5</sup> Adam Góral, President of the Management Board of Asseco Poland serving as Vice Chairman of the Supervisory Board of ASEE S.A., and Jacek Duch, Chairman of the Supervisory Board of Asseco Poland serving as Member of the Supervisory Board of ASEE S.A., are both shareholders in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 30 June 2017, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

**26. Financial instruments**

During the period of 6 months ended 30 June 2017, the types of financial instruments held by the Group did not change in relation to those described in the annual consolidated financial statements of ASEE Group for the year 2016. There were also no changes in the classification of financial assets due to any changes in their intended use or any transfers between individual levels of the fair value hierarchy of financial instruments.

The book values of financial assets and liabilities held by the Group both as at 30 June 2017 and 31 December 2016 did not significantly differ from their fair values.

**27. Capital management**

During the period of 6 months ended 30 June 2017 as well as in the period of 6 months ended 30 June 2016, the Group did not introduce any changes to its objectives, policies and processes adopted in the area of capital management.

**28. Objectives and principles of financial risk management**

During the period of 6 months ended 30 June 2017, 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 2016.

**29. Significant events after the reporting period**

On 2 August 2017, the Company and ING Bank Śląski signed an annex to the loan agreement of 19 December 2014. Under this annex, the Bank agreed to provide the Company with a line of credit up to the amount of EUR 6.5 million in order to enable financing of loans to be granted by the Company to its subsidiaries for the implementation of outsourcing contracts. The line of credit may be used over a period of two years, i.e. 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.

In the period from 30 June 2017 till the date of approval of these interim condensed consolidated financial statements, this is until 9 August 2017, 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.

**30. Significant events related to prior years**

Until the date of preparing these interim condensed financial statements, this is until 9 August 2017, 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 2017  
INCLUDING THE REPORT OF  
INDEPENDENT CERTIFIED AUDITORS**

**Rzeszów, 9 August 2017**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2017**

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**INTERIM CONDENSED FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE S.A.  
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2017**

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

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

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

## FINANCIAL HIGHLIGHTS

	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
	PLN'000	PLN'000	EUR'000	EUR'000
I. Revenues from holding activities	18,276	10,192	4,303	2,327
II. Revenues from operating activities	3,339	3,290	786	751
III. Operating profit	14,341	7,051	3,376	1,610
IV. Pre-tax profit	14,430	3,871	3,397	884
V. Net profit for the reporting period	<b>13,294</b>	<b>3,135</b>	<b>3,130</b>	<b>716</b>
VI. Net cash provided by (used in) operating activities	13,333	6,157	3,139	1,406
VII. Net cash provided by (used in) investing activities	15,528	(4,915)	3,656	(1,122)
VIII. Net cash provided by (used in) financing activities	(4,463)	(1,458)	(1,051)	(333)
IX. Cash and cash equivalents at the end of period	35,515	32,716	8,403	7,393
X. Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.26	0.06	0.06	0.01
XI. Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.26	0.06	0.06	0.01

The financial highlights 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 2017 to 30 June 2017: EUR 1 = PLN 4.2474
  - for the period from 1 January 2016 to 30 June 2016: EUR 1 = PLN 4.3805
- 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 2017: EUR 1 = PLN 4.2265
  - exchange rate effective on 30 June 2016: EUR 1 = PLN 4.4255

## INTERIM CONDENSED INCOME STATEMENT

	Note	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Holding activities</b>	<u>1</u>	<b>7,602</b>	<b>18,276</b>	<b>7,784</b>	<b>10,192</b>
Dividend income		5,095	14,156	5,283	5,283
Revenues from sales of services		2,507	4,120	2,501	4,909
<b>Operating activities</b>	<u>2</u>	<b>1,772</b>	<b>3,339</b>	<b>1,556</b>	<b>3,290</b>
Revenues from sales of IT services and software		1,772	3,339	1,556	3,290
<b>Total sales revenues</b>		<b>9,374</b>	<b>21,615</b>	<b>9,340</b>	<b>13,482</b>
Cost of sales (-)	<u>3</u>	(2,897)	(5,461)	(2,758)	(4,521)
<b>Gross profit on sales</b>		<b>6,477</b>	<b>16,154</b>	<b>6,582</b>	<b>8,961</b>
Selling costs (-)	<u>3</u>	(1,182)	(1,816)	(1,101)	(1,898)
General and administrative expenses (-)	<u>3</u>	(15)	(29)	(17)	(34)
<b>Net profit on sales</b>		<b>5,280</b>	<b>14,309</b>	<b>5,464</b>	<b>7,029</b>
Other operating income	<u>4</u>	2	215	22	24
Other operating expenses (-)	<u>4</u>	-	(183)	-	(2)
<b>Operating profit</b>		<b>5,282</b>	<b>14,341</b>	<b>5,486</b>	<b>7,051</b>
Financial income	<u>5</u>	846	2,283	2,094	2,180
Financial expenses (-)	<u>5</u>	(610)	(2,194)	(5,065)	(5,360)
<b>Pre-tax profit</b>		<b>5,518</b>	<b>14,430</b>	<b>2,515</b>	<b>3,871</b>
Corporate income tax (current and deferred tax expense)	<u>6</u>	(327)	(1,136)	(431)	(736)
<b>Net profit for the reporting period</b>		<b>5,191</b>	<b>13,294</b>	<b>2,084</b>	<b>3,135</b>
<b>Earnings per share for the reporting period (in PLN):</b>					
Basic earnings per share	<u>7</u>	0.10	0.26	0.04	0.06
Diluted earnings per share	<u>7</u>	0.10	0.26	0.04	0.06

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Net profit for the reporting period</b>		<b>5,191</b>	<b>13,294</b>	<b>2,084</b>	<b>3,135</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>		<b>5,191</b>	<b>13,294</b>	<b>2,084</b>	<b>3,135</b>



## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
<b>Non-current assets</b>		<b>600,305</b>	<b>606,970</b>
Property, plant and equipment	9	689	507
Goodwill arising from business combinations	9	4,567	4,567
Intangible assets	9	839	925
Investments in subsidiaries	10	580,101	580,101
Deferred tax assets		215	416
Long-term financial assets	13	9,595	14,478
Other long-term receivables	11	4,299	5,976
<b>Current assets</b>		<b>52,651</b>	<b>38,308</b>
Inventories		-	2
Prepayments and accrued income	16	1,517	900
Trade receivables	11	3,091	1,569
Other short-term receivables	11	1,515	1,719
Short-term financial assets	13	11,013	22,910
Cash and short-term deposits	12	35,515	11,208
<b>TOTAL ASSETS</b>		<b>652,956</b>	<b>645,278</b>

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
<b>Equity</b>			
Share capital		518,942	518,942
Share premium		38,825	38,825
Retained earnings and current net profit		56,011	67,626
<b>Total equity</b>		<b>613,778</b>	<b>625,393</b>
<b>Non-current liabilities</b>		<b>7,442</b>	<b>12,025</b>
Interest-bearing bank loans	15	7,405	11,204
Long-term financial liabilities	14	37	821
<b>Current liabilities</b>		<b>31,736</b>	<b>7,860</b>
Interest-bearing bank loans	15	3,258	4,453
Trade payables	14	704	831
Liabilities to the state and local budgets	14	396	398
Financial liabilities	14	24,909	240
Other liabilities		53	101
Deferred income	16	1,629	783
Accruals	16	679	951
Short-term provisions	16	108	103
<b>TOTAL LIABILITIES</b>		<b>39,178</b>	<b>19,885</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>652,956</b>	<b>645,278</b>

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

for the periods of 6 months ended 30 June 2017, 12 months ended 31 December 2016, and 6 months ended 30 June 2016

	Share capital	Share premium	Retained earnings and current net profit	Total equity
<b>As at 1 January 2017</b>	<b>518,942</b>	<b>38,825</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>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>56,011</b>	<b>613,778</b>
<b>As at 1 January 2016</b>	<b>518,942</b>	<b>38,825</b>	<b>89,403</b>	<b>647,170</b>
Net profit for the reporting period	-	-	19	<b>19</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>19</b>
Dividends	-	-	(21,796)	<b>(21,796)</b>
<b>As at 31 December 2016 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>67,626</b>	<b>625,393</b>
<b>As at 1 January 2016</b>	<b>518,942</b>	<b>38,825</b>	<b>89,403</b>	<b>647,170</b>
Net profit for the reporting period	-	-	3,135	<b>3,135</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>3,135</b>	<b>3,135</b>
Dividends	-	-	(21,796)	<b>(21,796)</b>
<b>As at 30 June 2016 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>70,742</b>	<b>628,509</b>

## INTERIM CONDENSED STATEMENT OF CASH FLOWS

Note	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Cash flows – operating activities</b>		
Pre-tax profit	14,430	3,871
<b>Total adjustments:</b>	<b>(15,206)</b>	<b>(3,940)</b>
Depreciation and amortization	177	126
Change in inventories	2	-
Change in receivables	17 (1,495)	(599)
Change in liabilities, accruals and provisions	17 (74)	(1,629)
Interest income and expenses	(266)	(351)
Gain/Loss on foreign exchange differences	1,803	(789)
Impairment write-down on investments	-	4,000
Gain/loss on valuation of derivative instruments	(1,360)	580
Gain/Loss on investing activities	(13,973)	(5,283)
Other	(20)	5
<b>Selected operating cash flows</b>	<b>14,470</b>	<b>6,414</b>
Disposal of shares in subsidiaries	17 1,052	1,057
Dividends received	17 13,418	5,357
<b>Net cash generated from operating activities</b>	<b>13,694</b>	<b>6,345</b>
Corporate income tax paid	(361)	(188)
<b>Net cash provided by (used in) operating activities</b>	<b>13,333</b>	<b>6,157</b>
<b>Cash flows – investing activities</b>		
Acquisition of property, plant and equipment, and intangible assets	(544)	(327)
Disposal of property, plant and equipment	19	-
Acquisition/settlement of financial instruments carried at fair value through profit or loss	(220)	(264)
Loans granted	13 (921)	(8,184)
Loans collected	13 16,742	3,353
Interest received	13 452	507
<b>Net cash provided by (used in) investing activities</b>	<b>15,528</b>	<b>(4,915)</b>
<b>Cash flows – financing activities</b>		
Repayments of bank loans	(4,312)	(1,314)
Interest repaid	(151)	(144)
<b>Net cash provided by (used in) financing activities</b>	<b>(4,463)</b>	<b>(1,458)</b>
Net increase/(decrease) in cash and cash equivalents	24,398	(216)
Net foreign exchange differences	(91)	3
<b>Cash and cash equivalents as at 1 January</b>	<b>12 11,208</b>	<b>32,929</b>
<b>Cash and cash equivalents as at 30 June</b>	<b>12 35,515</b>	<b>32,716</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 2016, 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 of ASEE S.A. is Asseco Poland S.A. (the higher-level parent company). As at 30 June 2017, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

These interim condensed financial statements cover the period of 6 months ended 30 June 2017 and contain comparable data for the period of 6 months ended 30 June 2016 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 2016 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 2017 and contain comparable data for the period of 3 months ended 30 June 2016; 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 9 August 2017.

The Company also prepared the interim consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2017, which have been approved for publication by the Management Board on 9 August 2017.

## 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.

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 2016, which were published on 17 February 2017 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 2016.

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 2016.

No new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2016 have been issued since 1 January 2016.

#### 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 9 *Financial Instruments* (issued on 24 July 2014) – effective for annual periods beginning on or after 1 January 2018;
- IFRS 15 *Revenue from Contracts with Customers* (issued on 28 May 2014), including the amendment to IFRS 15 Effective Date of IFRS 15 (issued on 11 September 2015) – effective for annual periods beginning on or after 1 January 2018;
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses* (issued on 19 January 2016) – effective for annual periods beginning on or after 1 January 2017 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 7 *Disclosure Initiative* (issued on 29 January 2016) – effective for annual periods beginning on or after 1 January 2017 – not yet endorsed by the EU till the date of approval of these financial statements;
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* (issued on 12 April 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (issued on 20 June 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (issued on 12 September 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Annual Improvements to IFRSs: 2014-2016 Cycle (issued on 8 December 2016) – Amendments to IFRS 12 shall be effective for annual periods beginning on or after 1 January 2017, whereas Amendments to IFRS 1 and IAS 28 shall be effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Interpretation IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 40 *Transfers of Investment Property* (issued on 8 December 2016) – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* (issued on 11 September 2014) – work for the endorsement of these amendments has been postponed by the EU – the effective date of these amendments has been deferred indefinitely by the IASB;
- IFRS 16 *Leases* (issued on 13 January 2016) – effective for annual periods beginning on or after 1 January 2019 – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRS 14 *Regulatory Deferral Accounts* (issued on 30 January 2014) – effective for annual periods beginning on or after 1 January 2016 – the European Commission has decided not to initiate the process of endorsement of this standard until the release of its final version – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) – effective for annual periods beginning on or after 1 January 2021 – not yet endorsed by the EU till the date of approval of these financial statements;

- Interpretation IFRIC 23 *Uncertainty over Income Tax Treatments* (issued on 7 June 2017) – effective for annual periods beginning on or after 1 January 2019 – not yet endorsed by the EU till the date of approval of these financial statements.

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. The Management's analysis and initial assessment of the impact of new or amended standards on the Company's accounting policies and future financial statements included, in particular, the impact of new IFRSs 9, 15 and 16, application of which may result in changes in the Company's accounting and reporting in the years 2018-2019.

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

This standard was issued on 28 May 2014 and shall apply to annual reporting periods beginning on or after 1 January 2018. The standard was endorsed by the European Union on 22 September 2016. According to this standard, revenue shall be recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to customers; whereas, the time of revenue recognition shall best correspond to the actual transfer of promised goods or services to customers. The new standard will replace all current requirements for revenue recognition in compliance with IFRS, including in particular IAS 18 Revenue and IAS 11 Construction contracts. Application of this standard is mandatory for all companies that prepare their financial statements in accordance with the International Financial Reporting Standards, for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted. ASEE Group intends to adopt this new standard as of the required effective date, thus it will be first applied in our financial statements for the reporting period starting from 1 January 2018. The Company is currently analyzing the impact of new principles stipulated in IFRS 15 on its financial statements. According to the transition guidance provided in the standard,

entities are allowed to choose from two methods for the presentation of comparable data:

- a) retrospective approach to each prior period reported in compliance with IAS 8, or
- b) retrospective approach while recognizing the cumulative effect of applying the new standard as at the date of its initial application.

The approach described in item b above would result in recognizing an adjustment to the opening balance of retained earnings in the financial statements for reporting periods starting from 1 January 2018 onwards. At this stage, the Company is still considering which of the two above-described approaches will be applied.

## **6. 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 2016.

The changes of estimates as at 30 June 2017 included the calculation of deferred income tax as presented in note 6, preparation of impairment tests for investments as described in note 10, as well as the estimated value of accruals for employee benefits as presented in note 16.

## 7. 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.

## 8. Changes in the presentation methods

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

## 9. 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.

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>

For the period of 6 months ended 30 June 2016 in thousands of PLN (unaudited)	Holding activities	IT services	Total
Dividend income	5,283	-	<b>5,283</b>
Revenues from sales of services	4,909	-	<b>4,909</b>
Revenues from sales of IT services and software	-	3,290	<b>3,290</b>
<b>Total sales revenues</b>	<b>10,192</b>	<b>3,290</b>	<b>13,482</b>
<b>Gross profit on sales</b>	<b>7,942</b>	<b>1,019</b>	<b>8,961</b>
Selling costs (-)	(1,383)	(515)	<b>(1,898)</b>
General and administrative expenses (-)	-	(34)	<b>(34)</b>
<b>Net profit on sales</b>	<b>6,559</b>	<b>470</b>	<b>7,029</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 ASSEE Group. As the Company is primarily engaged in holding

operations, the above-mentioned categories of revenues are presented in operating activities.

Cash inflows generated from dividends received in the first half of 2017 amounted to PLN 13,418 thousand, as compared with PLN 5,357 thousand received in the first half of 2016.

	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Dividends from related parties	5,095	14,156	5,283	5,283
Revenues from sales of services	2,507	4,120	2,501	4,909
	<b>7,602</b>	<b>18,276</b>	<b>7,784</b>	<b>10,192</b>

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

	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Revenues from sales of software and IT services	1,772	3,339	1,556	3,290

Both in the period of 6 months ended 30 June 2017 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 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Employee benefits (-)	(1,292)	(2,145)	(1,241)	(1,799)
Third-party services and outsourcing of employees (-)	(1,157)	(2,138)	(1,060)	(1,778)
Depreciation and amortization (-)	(90)	(177)	(61)	(126)
Maintenance costs of property and business cars (-)	(455)	(850)	(310)	(596)
Business trips (-)	(147)	(248)	(161)	(308)
Advertising (-)	(41)	(76)	(29)	(41)
Other expenses (-)	(16)	(27)	(169)	(182)
	<b>(3,198)</b>	<b>(5,661)</b>	<b>(3,031)</b>	<b>(4,830)</b>
<b>Cost of sales, of which (-)</b>	<b>(2,897)</b>	<b>(5,461)</b>	<b>(2,758)</b>	<b>(4,521)</b>
Cost of goods and third-party services sold (-)	(896)	(1,645)	(845)	(1,623)
Production costs (-)	(2,001)	(3,816)	(1,913)	(2,898)
Selling costs (-)	(1,182)	(1,816)	(1,101)	(1,898)
General and administrative expenses (-)	(15)	(29)	(17)	(34)

## 4. Other operating income and expenses

	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Other operating income</b>				
Other operating income	1	22	22	24
Compensations received	1	193	-	-
	<b>2</b>	<b>215</b>	<b>22</b>	<b>24</b>

Other operating income for the period of 6 months ended 30 June 2017 includes primarily PLN 193 thousand of compensations received, as well as PLN 22 thousand of proceeds from the disposal of tangible assets.

Other operating income for the period of 6 months ended 30 June 2016 includes primarily the reimbursement of costs of proceedings with the Tax Chamber, amounting to PLN 22 thousand.

	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Other operating expenses</b>				
Cost of tangible assets liquidated	-	(182)	-	-
Other operating expenses	-	(1)	-	(2)
	<b>-</b>	<b>(183)</b>	<b>-</b>	<b>(2)</b>

In the period of 6 months ended 30 June 2017, other operating expenses include primarily the cost of tangible assets liquidated.



## 5. Financial income and expenses

Financial income	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Positive foreign exchange differences	-	-	1,589	798
Interest received on cash deposits and loans granted	282	527	381	684
Gain on valuation of derivative instruments	542	1,705	93	636
Commissions received on guarantees granted	22	51	31	62
	<b>846</b>	<b>2,283</b>	<b>2,094</b>	<b>2,180</b>

Financial expenses	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Negative foreign exchange differences (-)	(298)	(1,711)	-	-
Interest paid on bank loans and borrowings (-)	(51)	(128)	(72)	(144)
Loss on valuation of derivative instruments (-)	(257)	(345)	(993)	(1,216)
Impairment write-down on investments (-)	-	-	(4,000)	(4,000)
Other	(4)	(10)	-	-
	<b>(610)</b>	<b>(2,194)</b>	<b>(5,065)</b>	<b>(5,360)</b>

Financial expenses for the period of 6 months ended 30 June 2017 present the result of 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).

Financial expenses for the period of 6 months ended 30 June 2016 include an impairment write-down on our investment in ASEE Kosovo, amounting to PLN 4,000 thousand.

Such write-down was recognized on the basis of impairment tests carried out and due to lower than expected financial performance of that company. In addition, our financial expenses and income include the result of valuation of currency forward contracts which amounted to PLN -580 thousand (including PLN -1,216 thousand recognized in expenses and PLN 636 thousand recognized in income) in the period of 6 months ended 30 June 2016.

## 6. Corporate income tax

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

	3 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
Current portion of income tax	(328)	(328)	(335)	(477)
Income tax on dividends	(594)	(594)	-	(46)
Adjustments to the prior years' income tax	-	(12)	-	-
Deferred income tax related to origination and reversal of temporary differences	595	(202)	(96)	(213)
<b>Income tax expense as disclosed in the income statement</b>	<b>(327)</b>	<b>(1,136)</b>	<b>(431)</b>	<b>(736)</b>

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).

Income tax expense incurred in the period of 6 months ended 30 June 2016 resulted from income tax on profit earned which amounted to PLN -477 thousand, withholding tax on dividends from our subsidiaries in the amount of PLN -46 thousand, as well as from the origination or reversal of temporary differences in the amount of PLN -213 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 2017 equalled 7.87%, as compared with 19.01% in the period of 6 months ended 30 June 2016.



Our effective tax rate was lower than in the comparable period primarily as a result of deduction of income taxes in the amount of PLN 1,264 thousand that have been already paid by our subsidiaries on their dividend distributions in accordance with Art. 20

of the Corporate Income Tax Act. Moreover, the high level of tax rate in the comparable period was a consequence of recognizing a write-down on our investment in ASEE Kosovo which was not a tax-deductible expense.

## 7. 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 2017 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Net profit for the reporting period</b>	<b>5,191</b>	<b>13,294</b>	<b>2,084</b>	<b>3,135</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	0.10	0.26	0.04	0.06
Diluted earnings per share	0.10	0.26	0.04	0.06

## 8. Information on dividends paid out or declared

The Ordinary 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, decided that the net profit for the financial year 2016 amounting to PLN 19,069.06 and a portion of the capital reserve established pursuant to Resolution No. 7 of the Company's Ordinary General Meeting of Shareholders of 31 March 2016, shall be distributed as follows:

a) the amount of PLN 1,525.52 from the net profit for the financial year 2016 has been allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 17,543.54 from the net profit for the financial year 2016 as well as the amount of PLN 24,891,696.94 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 0.48 per share.

The Company's Ordinary General Meeting of Shareholders established 30 June 2017 as the dividend record date. The dividend was paid out on 14 July 2017.

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

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

	Tangible assets	Goodwill arising from business combinations	Intangible assets
<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>

	Tangible assets	Goodwill arising from business combinations	Intangible assets
<b>Net book value as at 1 January 2016</b>	<b>386</b>	<b>4,567</b>	<b>486</b>
Purchases	20	-	307
Depreciation/amortization charges (-)	(83)	-	(43)
<b>Net book value as at 30 June 2016</b>	<b>323</b>	<b>4,567</b>	<b>750</b>

In the period of 6 months ended 30 June 2017, the book values of property, plant and equipment, and intangible assets changed due to purchases and disposals of business cars, as well as depreciation and amortization charges recognized in this period.

As at 30 June 2017, we had no liabilities resulting from purchases of property, plant and equipment as well as intangible assets, as compared with PLN 21 thousand of such liabilities as at 30 June 2016.

## 10. Investments in subsidiaries

Full name of company	Short name	30 June 2017 (unaudited)	31 Dec. 2016 (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	122,967	122,967
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	30,241	30,241
Asseco SEE DOEL, (Skopje)	ASEE Macedonia	98,480	98,480
Asseco SEE s.r.l., (Bucharest)	ASEE Romania	147,485	147,485
Asseco SEE d.o.o., (Beograd)	ASEE Serbia	80,297	80,297
Asseco SEE d.o.o., (Ljubljana)	ASEE Slovenia	2,332	2,332
Asseco SEE Teknoloji A.Ş. (Istanbul)	ASEE Turkey	71,460	71,460
Asseco SEE d.o.o., (Podgorica)	ASEE Montenegro	1,009	1,009
		<b>580,101</b>	<b>580,101</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 2016, which was published on 17 February 2017 and is available at the Issuer's website: [www.asseco.com/see](http://www.asseco.com/see).

### 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 2017, we estimated the recoverable amounts of our investments in ASEE Kosovo due to lower than expected financial performance of that company, as well as in ASEE Croatia and ASEE Romania because valuations of these investments showed vulnerability to changes in the key parameters applied as at 31 December 2016, which has been described in the annual financial statements of ASEE S.A. prepared as at 31 December 2016. In respect of the write-down of the whole value of our investment in ASEE Bulgaria as at 31 December 2016, 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 2017.

The recoverable amount of investments in the above-mentioned subsidiaries as at 30 June 2017 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 2017 and 31 December 2016:

30 June 2017	Discount rate applied in the model	Sales revenue growth rate applied in the model
ASEE Croatia	8.05%	5.10%
ASEE Kosovo	10.23%	13.26%
ASEE Romania	8.43%	10.84%
31 Dec. 2016	Discount rate applied in the model	Sales revenue growth rate applied in the model
ASEE Croatia	9.35%	8.13%
ASEE Kosovo	9.32%	9.27%
ASEE Romania	7.83%	8.96%

In the case of ASEE Croatia, the investment's recoverable amount would be equal to its carrying value if the discount rate applied in the model was increased by 4.3 pp (1.2 pp as at 31 December 2016) with other assumptions remaining constant, or if the revenue growth rate was decreased by 2.6 pp (0.9 pp as at 31 December 2016) with other assumptions remaining constant. The excess of the recoverable amount of our investment in ASEE Croatia over its carrying value equalled PLN 55.2 million as at 30 June 2017, as compared with PLN 16.9 million as at 31 December 2016.

In the case of ASEE Romania, the investment's recoverable amount would be equal to its carrying value if the discount rate applied in the model was increased by 2.1 pp (1.3 pp as at 31 December 2016) with other assumptions remaining constant, or if the revenue growth rate was decreased by 1.6 pp (0.94 pp as at 31 December 2016) with other assumptions remaining constant. The excess of the recoverable amount of our investment in ASEE Romania over its carrying value equalled PLN 38.8 million as at 30 June 2017, as compared with PLN 26 million as at 31 December 2016.

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 0.05 pp with other assumptions remaining constant, or if the revenue growth rate was decreased by 0.06 pp with other assumptions remaining constant. As at 30 June 2017, the excess of the recoverable amount of our investment in ASEE Kosovo over its carrying value equalled PLN 150 thousand. In 2016 we recognized a write-down on our investment in ASEE Kosovo in the amount of PLN 9,000 thousand.

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

## 11. Short-term and long-term receivables

Trade receivables	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Invoiced deliveries, of which from:	3,080	1,569
- related parties	2,644	1,136
- other entities	436	433
Uninvoiced deliveries, of which from:	11	-
- related parties	11	-
- other entities	-	-
	<b>3,091</b>	<b>1,569</b>

The amount of PLN 2,655 thousand of receivables from related parties resulted from sales of consulting, business and technical support services to subsidiaries of ASEE Group.

As at 30 June 2017, we had no receivables outstanding under transactions conducted with Asseco Poland S.A., as compared with PLN 1 thousand of such receivables as at 31 December 2016.

In the period of 6 months ended 30 June 2017, we made no sales to Asseco Poland S.A., as compared with PLN 1 thousand of such revenues in the comparable period.

Other receivables	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Receivables from disposal of shares	5,633	7,481
Other receivables	181	214
	<b>5,814</b>	<b>7,695</b>
- short-term	1,515	1,719
- long-term	4,299	5,976

On 6 May 2013, ASEE S.A. sold a 38.22% stake of shares it held in Sigma Turkey to ASEE Turkey. On 11 September 2013, there was registered a merger between our Turkish subsidiaries, namely ASEE Turkey and Sigma Turkey. As at 30 June 2017, receivables of ASEE S.A. from disposal of the above-mentioned shares amounted to PLN 5,633 thousand (of which PLN 4,299 thousand is presented in long-term receivables and PLN 1,334 thousand in short-term receivables). As at 31 December 2016, such receivables amounted to PLN 7,481 thousand (of which PLN 5,976 thousand is presented in long-term receivables and PLN 1,505 thousand in short-term receivables).

## 12. Cash and short-term deposits

	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Cash at bank and in hand	15,877	2,850
Short-term bank deposits	19,638	8,358
	<b>35,515</b>	<b>11,208</b>

### 13. Financial assets

Financial assets	31 Dec. 2016	Granted/ Evaluated	Repaid	Interest accrued	Interest repaid	Foreign exchange differences	30 June 2017
<b>Loans, of which receivable from:</b>	<b>37,388</b>	<b>921</b>	<b>(16,742)</b>	<b>394</b>	<b>(452)</b>	<b>(1,457)</b>	<b>20,052</b>
ASEE Croatia	6,570	-	(788)	105	(108)	(287)	5,492
ASEE B&H	2,704	-	(308)	53	(36)	(115)	2,298
ASEE Turkey	1,675	-	(1,567)	10	(14)	(104)	-
ASEE Slovenia	3,192	-	(383)	35	(36)	(140)	2,668
ASEE Serbia	20,128	671	(11,609)	151	(210)	(690)	8,441
ASEE Montenegro	2,495	-	(2,087)	29	(40)	(96)	301
ASEE Bulgaria	535	250	-	9	(8)	(21)	765
Other	89	-	-	2	-	(4)	87
<b>Currency forward contracts</b>	<b>-</b>	<b>556</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>556</b>
	<b>37,388</b>	<b>1,477</b>	<b>(16,742)</b>	<b>394</b>	<b>(452)</b>	<b>(1,457)</b>	<b>20,608</b>
- long-term	14,478						9,595
- short-term	22,910						11,013

The book values of financial assets held by the Company as at 30 June 2017 and 31 December 2016 did not significantly differ from their fair values.

### 14. Trade payables, financial liabilities

Short-term trade payables	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Invoiced deliveries, of which from:	460	613
-related parties	172	218
-other entities	288	395
Uninvoiced deliveries, of which from:	244	218
-related parties	-	-
-other entities	244	218
	<b>704</b>	<b>831</b>

As at 30 June 2017, the outstanding balance of trade payables to Asseco Poland S.A. arising from invoiced deliveries amounted to PLN 37 thousand, as compared with PLN 61 thousand as at 31 December 2016. Liabilities to other related parties included payables to subsidiaries arising from purchases we made in order to provide IT services in the amount of PLN 110 thousand (as compared with PLN 27 thousand as at 31 December 2016), as well as payables for the performance of Group functions in the amount of PLN 25 thousand (as compared with PLN 130 thousand as at 31 December 2016).

In the period of 6 months ended 30 June 2017, our purchases from Asseco Poland S.A. amounted to PLN 152 thousand, as compared with PLN 150 thousand in the comparable period.

The book values of the Company's liabilities as at 30 June 2017 and 31 December 2016 did not significantly differ from their fair values.

The table below discloses the Company's trade payables as at 30 June 2017 and 31 December 2016, by maturity based on contractual undiscounted payments.

Ageing of trade payables	30 June 2017 (unaudited)		31 Dec. 2016 (audited)	
	Amount	Structure	Amount	Structure
Liabilities due already	475	67.5%	371	44.6%
Liabilities falling due within 3 months	229	32.5%	460	55.4%
Liabilities falling due after more than 3 months	-	-	-	-
	<b>704</b>	<b>100.0%</b>	<b>831</b>	<b>100.0%</b>
<b>Financial liabilities</b>	<b>30 June 2017 (unaudited)</b>		<b>31 Dec. 2016 (audited)</b>	
Dividends payable to shareholders of ASEE S.A.	24,909		-	
Currency forward contracts	37		1,061	
	<b>24,946</b>		<b>1,061</b>	
- short-term	24,909		240	
- long-term	37		821	

Dividend payment liabilities reported as at 30 June 2017 comprised dividends payable to shareholders of ASEE S.A. The dividend was paid out on 14 July 2017.

Liabilities to the state and local budgets	30 June 2017 (unaudited)	31 Dec. 2016 (audited)
Corporate income tax (CIT)	252	273
Personal income tax (PIT)	46	48
Social security payable	98	71
Other	-	6
	<b>396</b>	<b>398</b>

## 15. Bank loans

<b>Interest-bearing bank loans</b>	<b>30 June 2017</b>	<b>31 Dec. 2016</b>
	(unaudited)	(audited)
Interest-bearing bank loans	10,633	15,657
	<b>10,633</b>	<b>15,657</b>
- short-term	3,258	4,453
- long-term	7,405	11,204

Liabilities under interest-bearing bank loans resulted from a bank credit facility provided by ING Bank Śląski up to the amount of EUR 9,000 thousand. On 2 August 2017, the Company and ING Bank Śląski signed an annex to this loan agreement. The line of credit may be used over a period of two years, i.e. till 31 July 2019. Whereas, the repayment term has been scheduled for a period of 6 years, till 31 July 2023.

As at 30 June 2017, liabilities outstanding under this bank loan amounted to EUR 2,523 thousand (PLN 10,633 thousand), as compared with EUR 3,401 thousand (PLN 15,657 thousand) as at 31 December 2016. Interest is payable on the amount of loan actually drawn and shall be based on the 1M EURIBOR rate plus margin. Repayment of the loan to the bank is secured by sureties furnished by our subsidiaries as well as by the assignment of the amounts receivable under loans granted to our subsidiaries. Funds obtained under this bank loan have been used to grant loans to ASEE Group subsidiaries in order to finance their outsourcing projects.

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

<b>Prepayments</b>	<b>30 June 2017</b>	<b>31 Dec. 2016</b>
	(unaudited)	(audited)

Prepaid maintenance services and license fees	1,334	841
Prepaid insurance	44	38
Other	139	21
	<b>1,517</b>	<b>900</b>
- short-term	1,517	900
- long-term	-	-

<b>Short-term provisions</b>	<b>30 June 2017</b>	<b>31 Dec. 2016</b>
	(unaudited)	(audited)

Provision for the audit of financial statements	108	103
- short-term	108	103
- long-term	-	-

<b>Accruals</b>	<b>30 June 2017</b>	<b>31 Dec. 2016</b>
	(unaudited)	(audited)

Accrual for unused holiday leaves	277	189
Accrual for salaries	402	762
	<b>679</b>	<b>951</b>
- short-term	679	951
- long-term	-	-

Provisions and accruals disclosed both as at 30 June 2017 and 31 December 2016, 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.

<b>Deferred income</b>	<b>30 June 2017</b>	<b>31 Dec. 2016</b>
	(unaudited)	(audited)
Prepaid maintenance services	1,629	783
	<b>1,629</b>	<b>783</b>
- short-term	1,629	783
- long-term	-	-

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

## 17. 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:

<b>Changes in working capital</b>	<b>6 months ended 30 June 2017</b>	<b>6 months ended 30 June 2016</b>
	(unaudited)	(unaudited)
Change in inventories	2	-
Change in receivables	(1,495)	(599)
Change in liabilities	(36)	(802)
Change in prepayments, accruals and provisions	(38)	(827)
	<b>(1,567)</b>	<b>(2,228)</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:

<b>Changes in working capital</b>	<b>6 months ended 30 June 2017</b>	<b>6 months ended 30 June 2016</b>
	(unaudited)	(unaudited)
<b>Changes in liabilities as per the statement of financial position</b>	<b>23,708</b>	<b>21,621</b>
Dividends payable	(24,909)	(21,796)
Corporate income tax paid	21	(289)
Acquisition/settlement of financial assets carried at fair value through profit or loss	1,024	(316)
Other adjustments	120	(22)
<b>Total changes affecting operating cash flows</b>	<b>(36)</b>	<b>(802)</b>

Changes in working capital	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Changes in receivables as per the statement of financial position</b>	<b>359</b>	<b>249</b>
Disposal of shares in Sigma – foreign exchange differences	(795)	157
Disposal of shares in Sigma	(1,052)	(1,057)
Other adjustments	(7)	52
<b>Total changes affecting operating cash flows</b>	<b>(1,495)</b>	<b>(599)</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 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
ASEE Serbia	2,805	-
ASEE Croatia	-	2,446
ASEE Romania	2,133	2,020
ASEE Macedonia	8,480	-
ASEE B&H	-	891
	<b>13,418</b>	<b>5,357</b>

Disposal of shares in subsidiaries	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
SIGMA Turkey	1,052	1,057

In the period of 6 months ended 30 June 2017, proceeds from disposal of shares in subsidiaries amounted to PLN 1,052 thousand (as compared with PLN 1,057 thousand received in the comparable period) and were related to the sale of a 38.22% stake of shares in Sigma Turkey to ASEE Turkey in 2013.

## 18. Share-based payment plan

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. The total number of ASEE shares covered by this plan is 2,221,356, 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 remaining 648,932 shares were acquired by the management staff of subsidiary companies of ASEE Group.

As a result of these transactions, the shareholding of Asseco Poland S.A. in ASEE S.A. dropped from 55.34% to 51.06%. The above-mentioned agreements constitute an equity-settled share-based payment transaction as defined by IFRS 2.

The purchase rights were vested on 23 June 2017. The acquisition price was set at PLN 10.89 per share. As at the acquisition date, the market price per share equalled PLN 12.60.

According to the concluded agreements, the managers shall exercise all the rights attached to shares acquired (dividend rights, voting rights, etc.) since the shares acquisition date, i.e. as of 23 June 2017. The consideration for the shares shall be paid in eight annual instalments till 31 July 2024. The right to pay the acquisition price in instalments is granted to persons participating in this plan provided they continue to serve in a managerial position at the Group and do not violate any material conditions of the agreement (among others, make timely payments according to the schedule, establish a pledge on shares acquired, refrain from selling the shares during the lock-up period, etc.). The managers are not allowed to sell these shares over a lock-up period of 2 years in relation to 50% of shares and 3 years for the remaining 50% of shares. The managers shall be entitled to make an earlier payment for shares acquired at the contractual price of PLN 10.89 per share, except for shares being subject to the lock-up obligation. Therefore, over a period of 2 years from the date of concluding the agreement, payments for shares acquired must be made in accordance with the agreed schedule. Hence, after 2 years have passed and still before the lapse of 3 years, the managers can make an early payment for 50% of shares at maximum. Upon expiry of the 3-year period, early payment can be made for all shares acquired.

The agreements also provide for put and call options, enabling the parties to resell or repurchase any unpaid shares.

An unpaid portion of the selling price shall be secured by establishing a pledge on the shares of each buyer.

In these interim financial statements, we have not disclosed any costs associated with the share-based payment plan due to the insignificant amount of such costs arising from the date of signing the agreements, i.e. in the period from 23 June to 30 June 2017. According to our best estimates at the time of preparing this report, the total cost of this plan at the level of ASEE Group should not exceed PLN 6,500 thousand. The Management is currently estimating the exact amount of costs of this plan. Costs arising from valuation of the plan will affect the financial results of the Company and ASEE Group for the years 2017-2020.

The standalone financial statements will include 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.



## 19. 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 2017 and 30 June 2016, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2017 and 31 December 2016 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>Parent company:</b>				
<b>Asseco Poland S.A.</b>				
2017	-	152	47	37
2016	1	150	48	61
<b>Subsidiaries:</b>				
2017	4,182	615	2,655	135
2016	4,945	300	1,166	157

Apart from trade receivables, the above table also discloses receivables from deposits we have paid in under space rental agreements, amounting to PLN 47 thousand as at 30 June 2017 and PLN 47 thousand as at 31 December 2016.

In addition, dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2017 include PLN 12,717 thousand payable to Asseco Poland S.A. The dividend was paid out on 14 July 2017.

### 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 detail in note 18 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 <sup>3)</sup>	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.
- <sup>3)</sup> Marcin Rulnicki, Member of the Management Board ASEE S.A., is a shareholder in the company Alves 2 Sp. z o.o. which in turn is a shareholder in ASEE S.A.; on 23 June 2017, Alves 2 Sp. z o.o. acquired 30,000 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 2017 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 755 thousand. The above-stated amount does not include dividends payable to Asseco Poland S.A.<sup>6</sup>. 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 14 July 2017.

During the periods of 6 months ended 30 June 2017 and 30 June 2016, 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.

<sup>6</sup> Adam Góral, President of the Management Board of Asseco Poland serving as Vice Chairman of the Supervisory Board of ASEE S.A., and Jacek Duch, Chairman of the Supervisory Board of Asseco Poland serving as Member of the Supervisory Board of ASEE S.A., are both shareholders in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 30 June 2017, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

## 20. Contingent liabilities

Guarantees and sureties granted by the Company as at 30 June 2017 as well as at 31 December 2016 were as follows:

Guarantees and sureties	30 June 2017	30 June 2017		Date of expiration	31 Dec. 2016	31 Dec. 2016		Date of expiration
	PLN'000	in thousands	currency		PLN'000	in thousands	currency	
<b>Bank loans</b>					<b>10,652</b>			
- ASEE Croatia	-	-	-	-	10,652	18,200	HRK	31.05.2017
<b>Guarantee facilities</b>	<b>2,536</b>				<b>2,654</b>			
- ASEE Kosovo	1,268	300	EUR	11.02.2019	1,327	300	EUR	11.02.2019
- ASEE Kosovo	1,268	300	EUR	20.08.2017	1,327	300	EUR	20.08.2017
<b>Guarantees for due performance of contracts</b>	<b>1,057</b>				<b>1,278</b>			
- ASEE Serbia	-	-	-	-	173	39	EUR	31.05.2017
- ASEE Slovenia	423	100	EUR	15.07.2019	442	100	EUR	15.07.2019
- ASEE Slovenia	254	60	EUR	31.01.2020	265	60	EUR	31.01.2020
- ASEE Slovenia	380	90	EUR	05.06.2020	398	90	EUR	05.06.2020
<b>Total guarantees and sureties</b>	<b>3,593</b>	-	-	-	<b>14,584</b>	-	-	-

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

As at 30 June 2017 and 31 December 2016, the Company had no other contingent or off-balance-sheet liabilities.

## 21. Capital management

During the period of 6 months ended 30 June 2017 as well as in the period of 6 months ended 30 June 2016, the Group did not introduce any changes to its objectives, policies and processes adopted in the area of capital management.

## 22. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2017, 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 2016.

## 23. Significant events after the reporting period

On 2 August 2017, the Company and ING Bank Śląski signed an annex to the loan agreement of 19 December 2014. Under this annex, the Bank agreed to provide the Company with a line of credit up to the amount of EUR 6.5 million in order to enable financing of loans to be granted by the Company to its subsidiaries for the implementation of outsourcing contracts. The line of credit may be used over a period of two years, i.e. 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.

In the period from 30 June 2017 till the date of approval of these interim condensed financial statements, this is until 9 August 2017, 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.

## 24. Significant events related to prior years

Until the date of preparing these interim condensed financial statements, this is until 9 August 2017, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.