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**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE PERIOD OF 6 MONTHS ENDED
30 JUNE 2016**

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

Rzeszów, 5 August 2016

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OF ASSECO SOUTH EASTERN EUROPE GROUP
INCLUDING THE REPORT OF INDEPENDENT CERTIFIED AUDITORS
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FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP

| | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|--|--|--|--|
| | PLN'000 | PLN'000 | EUR'000 | EUR'000 |
| I. Sales revenues | 260,038 | 220,400 | 59,362 | 53,312 |
| II. Operating profit | 23,961 | 24,024 | 5,470 | 5,811 |
| III. Pre-tax profit | 23,979 | 24,092 | 5,474 | 5,828 |
| IV. Net profit for the reporting period | 20,339 | 19,755 | 4,643 | 4,779 |
| V. Net profit attributable to Shareholders of the Parent Company | 20,376 | 19,778 | 4,652 | 4,784 |
| VI. Net cash provided by (used in) operating activities | 17,459 | 18,068 | 3,986 | 4,370 |
| VII. Net cash provided by (used in) investing activities | (25,532) | (26,396) | (5,829) | (6,385) |
| VIII. Net cash provided by (used in) financing activities | (7,160) | (3,642) | (1,635) | (881) |
| IX. Cash and cash equivalents at the end of period | 90,134 | 74,908 | 20,367 | 17,859 |
| X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR) | 0.39 | 0.38 | 0.09 | 0.09 |
| XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR) | 0.39 | 0.38 | 0.09 | 0.09 |

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

- items of the interim condensed consolidated income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
 - for the period from 1 January 2016 to 30 June 2016: EUR 1 = PLN 4.3805
 - for the period from 1 January 2015 to 30 June 2015: EUR 1 = PLN 4.1341

- 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 2016: EUR 1 = PLN 4.4255
 - exchange rate effective on 30 June 2015: EUR 1 = PLN 4.1944

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| | Note | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|----------|--|--|--|--|
| Sales revenues | <u>1</u> | 140,165 | 260,038 | 121,847 | 220,400 |
| Cost of sales (-) | <u>2</u> | (106,384) | (198,244) | (89,847) | (162,329) |
| Gross profit on sales | | 33,781 | 61,794 | 32,000 | 58,071 |
| Selling costs (-) | <u>2</u> | (10,476) | (19,314) | (9,296) | (17,609) |
| General and administrative expenses (-) | <u>2</u> | (10,232) | (19,586) | (8,625) | (17,719) |
| Net profit on sales | | 13,073 | 22,894 | 14,079 | 22,743 |
| Other operating income | <u>3</u> | 627 | 1,018 | 572 | 1,890 |
| Other operating expenses (-) | <u>3</u> | (114) | (259) | (623) | (738) |
| <i>Share of profits of associates and joint ventures (+/-)</i> | | 159 | 308 | 129 | 129 |
| Operating profit | | 13,745 | 23,961 | 14,157 | 24,024 |
| Financial income | <u>4</u> | 1,361 | 2,556 | 414 | 2,163 |
| Financial expenses (-) | <u>4</u> | (1,339) | (2,538) | (625) | (2,095) |
| Pre-tax profit | | 13,767 | 23,979 | 13,946 | 24,092 |
| Corporate income tax (current and deferred tax expense) | <u>5</u> | (1,577) | (3,640) | (2,297) | (4,337) |
| Net profit for the reporting period | | 12,190 | 20,339 | 11,649 | 19,755 |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | 12,227 | 20,376 | 11,649 | 19,778 |
| Non-controlling interests | | (37) | (37) | - | (23) |
| Consolidated earnings per share for the reporting period attributable to Shareholders of ASECO S.A. (in PLN): | | | | | |
| Basic consolidated earnings per share for the reporting period | <u>6</u> | 0.24 | 0.39 | 0.22 | 0.38 |
| Diluted consolidated earnings per share for the reporting period | <u>6</u> | 0.24 | 0.39 | 0.22 | 0.38 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|--|--|--|--|
| Net profit for the reporting period | 12,190 | 20,339 | 11,649 | 19,755 |
| Other comprehensive income, of which: | 20,904 | 23,092 | 8,003 | (14,824) |
| <i>Components that may be reclassified to profit or loss</i> | 20,904 | 23,092 | 8,003 | (14,824) |
| Exchange differences on translation of foreign operations | 20,904 | 23,092 | 8,003 | (14,824) |
| TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD | 33,094 | 43,431 | 19,652 | 4,931 |
| Attributable to: | | | | |
| <i>Shareholders of the Parent Company</i> | 33,133 | 43,470 | 19,649 | 4,950 |
| <i>Non-controlling interests</i> | (39) | (39) | 3 | (19) |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS | Note | 30 June 2016 | 31 Dec. 2015 |
|--|------|----------------|----------------|
| | | (unaudited) | (audited) |
| Non-current assets | | 644,060 | 614,876 |
| Property, plant and equipment | 8 | 94,669 | 86,369 |
| Investment property | | 1,183 | 1,160 |
| Intangible assets | 8 | 35,615 | 33,566 |
| Goodwill arising from consolidation | 9 | 507,665 | 489,600 |
| Investments accounted for using the equity method | | 1,413 | 1,028 |
| Long-term financial assets | 12 | 97 | 177 |
| Long-term receivables | | 387 | 607 |
| Deferred tax assets | | 2,414 | 1,864 |
| Long-term prepayments and accrued income | 14 | 617 | 505 |
| Current assets | | 261,245 | 235,154 |
| Inventories | 10 | 29,568 | 15,506 |
| Prepayments and accrued income | 14 | 12,823 | 12,234 |
| Trade receivables | 11 | 88,483 | 83,683 |
| Corporate income tax receivable | | 909 | 91 |
| Other receivables from the state and local budgets | | 1,117 | 904 |
| Receivables arising from valuation of IT contracts | | 22,942 | 15,951 |
| Other receivables | 11 | 3,004 | 2,997 |
| Short-term financial assets | 12 | 12,265 | 2,713 |
| Cash and short-term deposits | 13 | 90,134 | 101,075 |
| TOTAL ASSETS | | 905,305 | 850,030 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| EQUITY AND LIABILITIES | Note | 30 June 2016 | 31 Dec. 2015 |
|---|------|----------------|----------------|
| | | (unaudited) | (audited) |
| Equity (attributable to shareholders of the Parent Company) | | 710,976 | 689,309 |
| Share capital | | 518,942 | 518,942 |
| Share premium | | 38,825 | 38,825 |
| Exchange differences on translation of foreign operations | | (55,980) | (79,074) |
| Retained earnings and current net profit | | 209,189 | 210,616 |
| Non-controlling interests | | 3,594 | - |
| Total equity | | 714,570 | 689,309 |
| Non-current liabilities | | 24,648 | 29,376 |
| Interest-bearing bank loans and borrowings | 16 | 19,283 | 24,849 |
| Deferred tax liabilities | | 1,116 | 684 |
| Long-term provisions | | 1,236 | 1,156 |
| Long-term financial liabilities | 15 | 2,307 | 2,023 |
| Long-term deferred income | 18 | 706 | 664 |
| Current liabilities | | 166,087 | 131,345 |
| Interest-bearing bank loans and borrowings | 16 | 23,434 | 20,480 |
| Trade payables | 17 | 57,452 | 47,001 |
| Corporate income tax payable | 17 | 786 | 1,032 |
| Other liabilities to the state and local budgets | 17 | 8,407 | 13,723 |
| Financial liabilities | 15 | 22,605 | 750 |
| Liabilities and provisions arising from valuation of IT contracts (-) | | 8,845 | 4,562 |
| Other liabilities | 17 | 11,383 | 15,348 |
| Short-term provisions | | 914 | 1,520 |
| Deferred income | 18 | 13,414 | 12,532 |
| Accruals | 18 | 18,847 | 14,397 |
| TOTAL LIABILITIES | | 190,735 | 160,721 |
| TOTAL EQUITY AND LIABILITIES | | 905,305 | 850,030 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period of 6 months ended 30 June 2016

| | Share capital | Share premium | Exchange differences on translation of foreign operations | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity |
|--|----------------|---------------|---|--|---|---------------------------|----------------|
| As at 1 January 2016 | 518,942 | 38,825 | (79,074) | 210,616 | 689,309 | - | 689,309 |
| Net profit (loss) for the reporting period | - | - | - | 20,376 | 20,376 | (37) | 20,339 |
| Other comprehensive income | - | - | 23,094 | - | 23,094 | (2) | 23,092 |
| Total comprehensive income for the reporting period | - | - | 23,094 | 20,376 | 43,470 | (39) | 43,431 |
| Changes in the Group structure, of which: | - | - | - | (7) | (7) | 3,633 | 3,626 |
| 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) |
| As at 30 June 2016 (unaudited) | 518,942 | 38,825 | (55,980) | 209,189 | 710,976 | 3,594 | 714,570 |

for the period of 6 months ended 30 June 2015

| | Share capital | Share premium | Exchange differences on translation of foreign operations | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity |
|--|----------------|---------------|---|--|---|---------------------------|----------------|
| As at 1 January 2015 | 518,942 | 38,825 | (66,555) | 187,794 | 679,006 | 162 | 679,168 |
| Net profit (loss) for the reporting period | - | - | - | 19,778 | 19,778 | (23) | 19,755 |
| Other comprehensive income | - | - | (14,828) | - | (14,828) | 4 | (14,824) |
| Total comprehensive income for the reporting period | - | - | (14,828) | 19,778 | 4,950 | (19) | 4,931 |
| Dividend | - | - | - | (20,758) | (20,758) | - | (20,758) |
| As at 30 June 2015 (unaudited) | 518,942 | 38,825 | (81,383) | 186,814 | 663,198 | 143 | 663,341 |

for the period of 12 months ended 31 December 2015

| | Share capital | Share premium | Exchange differences on translation of foreign operations | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity |
|--|----------------|---------------|---|--|---|---------------------------|----------------|
| As at 1 January 2015 | 518,942 | 38,825 | (66,555) | 187,794 | 679,006 | 162 | 679,168 |
| Net profit (loss) for the reporting period | - | - | - | 43,580 | 43,580 | (78) | 43,502 |
| Other comprehensive income | - | - | (12,519) | - | (12,519) | 3 | (12,516) |
| Total comprehensive income for the reporting period | - | - | (12,519) | 43,580 | 31,061 | (75) | 30,986 |
| Dividend | - | - | - | (20,758) | (20,758) | (87) | (20,845) |
| As at 31 December 2015 (audited) | 518,942 | 38,825 | (79,074) | 210,616 | 689,309 | - | 689,309 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) | | Note | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|------|---|---|--|-----------|---|---|
| Cash flows – operating activities | | | | Cash flows – financing activities | | | |
| Pre-tax profit | | 23,979 | 24,092 | Proceeds from (repayments of) short-term bank loans and borrowings | | (42) | (164) |
| Total adjustments: | | (1,836) | (1,542) | Proceeds from other bank loans and borrowings | 16 | 2,313 | 5,563 |
| Depreciation and amortization | | 17,825 | 14,162 | Repayments of other bank loans and borrowings | 16 | (8,490) | (7,776) |
| Change in inventories | | (16,874) | (6,048) | Finance lease liabilities paid | | (403) | (322) |
| Change in receivables | | (7,578) | 4,696 | Interest paid | | (538) | (943) |
| Change in liabilities, accruals and provisions | | 6,548 | (14,707) | Net cash provided by (used in) financing activities | | (7,160) | (3,642) |
| Interest income and expenses | | 586 | 73 | Net increase (decrease) in cash and cash equivalents | | (15,233) | (11,970) |
| Gain/Loss on foreign exchange differences | | (662) | 514 | Net foreign exchange differences | | 2,642 | (1,397) |
| Gain/Loss on investing activities | | (1,539) | (174) | Cash and cash equivalents as at 1 January | 13 | 99,868 | 88,117 |
| Other | | (142) | (58) | Cash and cash equivalents as at 30 June | 13 | 87,277 | 74,750 |
| Net cash generated from operating activities | | 22,143 | 22,550 | | | | |
| Corporate income tax paid | | (4,684) | (4,482) | | | | |
| Net cash provided by (used in) operating activities | | 17,459 | 18,068 | | | | |
| Cash flows – investing activities | | | | | | | |
| Disposal of property, plant and equipment and intangible assets | | 846 | 826 | | | | |
| Acquisition of property, plant and equipment and intangible assets | 8 | (10,857) | (16,877) | | | | |
| Expenditures for development projects | | (1,944) | (2,580) | | | | |
| Acquisition of subsidiaries | 9 | (4,265) | - | | | | |
| Acquisition of financial instruments carried at fair value through profit or loss | | (13,732) | (3,412) | | | | |
| Disposal of financial instruments carried at fair value through profit or loss | | 4,147 | - | | | | |
| Bank deposits withdrawn | | - | 4,830 | | | | |
| Bank deposits made | | - | (9,800) | | | | |
| Loans collected | | 51 | 4 | | | | |
| Loans granted | | (35) | (322) | | | | |
| Interest received | | 255 | 660 | | | | |
| Dividends received | | 1 | 275 | | | | |
| Other | | 1 | - | | | | |
| Net cash provided by (used in) investing activities | | (25,532) | (26,396) | | | | |

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.

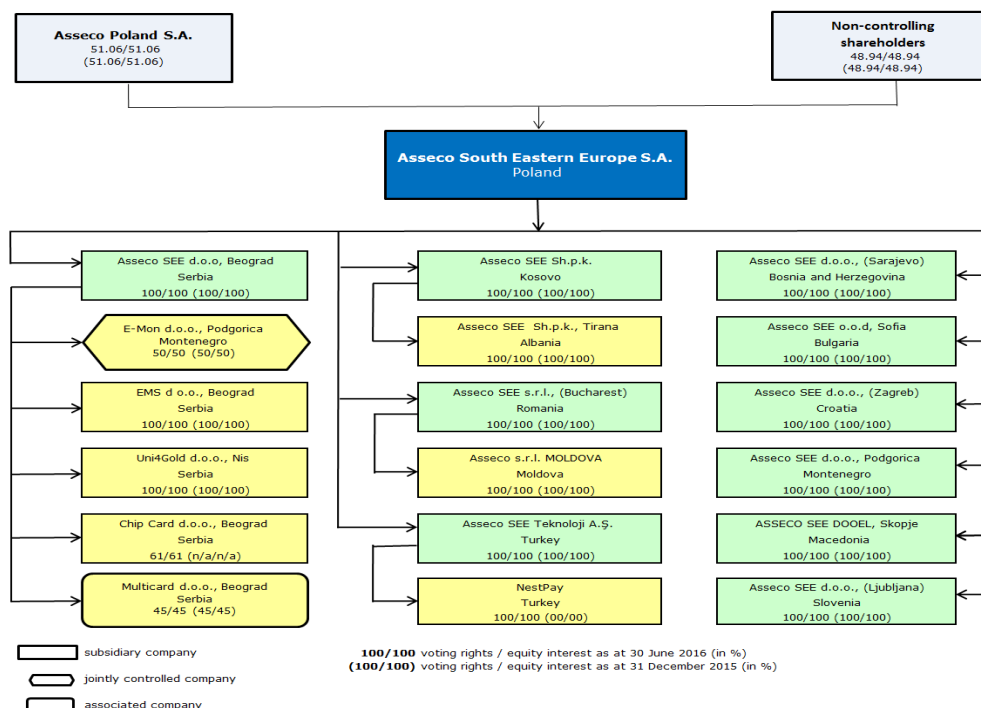
The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2015 which are available at the Issuer's website: www.asseco.com/see.

These interim condensed consolidated financial statements cover the period of 6 months ended 30 June 2016 and contain comparable data for the period of 6 months ended 30 June 2015 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 2015 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 2016 and contain comparable data for the period of 3 months ended 30 June 2015; 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 5 August 2016.

II. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP



The chart above presents the structure of ASEE Group along with equity interests and voting rights at the general meetings of shareholders/partners as at 30 June 2016.

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company). As at 30 June 2016, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

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

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

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

Both as at 30 June 2016 and 31 December 2015, voting rights held by the 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 2016, the organizational structure of ASEE Group changed as follows:

On 14 March 2016, ASEE Serbia, a subsidiary of ASEE S.A., was registered as the owner of 136,121 shares, representing 53.81% of the share capital in Chip Card a.d. The control over that company was obtained on 1 April 2016. The purchase price of these shares amounted to EUR 1,171 thousand. On 28 April 2016, ASEE Serbia acquired an additional 7.49% stake of shares in Chip Card for EUR 163 thousand. Hence, the total equity interest in the acquired company reached 61.3% as at 30 June 2016. After the reporting period, on 5 July 2016, ASEE Serbia purchased an additional 15.59% stake of shares for the amount of EUR 342 thousand, thereby increasing its shareholding in the acquired company to 76.89%.

Chip Card is engaged in processing and authentication of payment transactions.

IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Till the date of approving these financial statements, we have not observed any circumstances that would threaten the Company and the Group companies' ability to continue as going concerns 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 2015, which were published on 18 February 2016 and are available at the Issuer's website: www.asseco.com/see. These interim condensed consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and therefore they should be read together with the

Group's consolidated financial statements for the year ended 31 December 2015.

The accounting policies adopted in the preparation of this report are consistent with those followed when preparing the consolidated financial statements for the year ended 31 December 2015, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2016:

- *Annual Improvements to IFRSs: 2010-2012 Cycle*, including:

- Amendments to IFRS 2 *Share-based Payment*

These amendments shall be applied prospectively and clarify the definitions of 'market condition' and 'vesting condition' as well as introduce the definitions for 'service condition' and 'performance condition' which shall be satisfied in vesting of rights.

- Amendments to IFRS 3 *Business Combinations*

These amendments shall be applied prospectively and clarify that contingent consideration which is not classified as an equity instrument shall be measured at fair value through profit or loss regardless of whether it is within the scope of IAS 39 or not.

- Amendments to IFRS 8 *Operating Segments*

These amendments shall be applied retrospectively and clarify that:

- An entity is required to disclose the judgements made by its management in applying the aggregation criteria to operating segments in accordance with paragraph 12 of IFRS 8, including a brief description of segments that have been aggregated as well as a description of economic characteristics that have been used in order to assess the similarity of operating segments.
- An entity shall only provide a reconciliation of the segments' total assets to the entity's assets if such data are reported to the chief operating decision maker.

- Amendments to IAS 16 *Property, Plant and Equipment* and to IAS 38 *Intangible Assets*

These amendments shall be applied retrospectively and clarify that an asset can be revalued on the basis of observable market inputs by adjusting the gross value of such asset to its market value, or by

proportionate restatement of the gross value so that the carrying amount of such asset corresponded to its market value. In addition, accumulated depreciation/amortization shall represent the difference between the gross value and the carrying amount of an asset.

- Amendments to IFRS 13 *Fair Value Measurement*

These amendments clarify that the deletion of paragraph B5.4.12 from IFRS 9 Financial Instruments: Recognition and Measurement was not intended amend the requirements for measuring short-term receivables and payables. Therefore, entities are still able to measure short-term receivables and payables with no stated interest rate at their nominal amounts if the effect of discounting is immaterial for the financial data presented.

- Amendments to IAS 24 *Related Party Disclosures*

These amendments shall be applied retrospectively and clarify that a management entity (providing key management personnel services) to the reporting entity shall be treated as a related party for the related party disclosure purposes. Moreover, if an entity obtains key management personnel services from a management entity, the entity is required to disclose any costs incurred on this account.

- *Annual Improvements to IFRSs: 2012-2014 Cycle*, including:

- Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. These amendments clarify that changing from one of these disposal methods to the other would not be considered a new plan of disposal, but a continuation of the original plan.

- Amendments to IAS 34 *Interim Financial Reporting*

These amendments clarify that interim disclosure requirements can be satisfied by providing appropriate disclosures in the interim financial report or by making a cross-reference between the interim financial report and another report (e.g. management report on the entity's operations). Any such disclosures required in interim reporting must be available to users on the same basis and at the same time as the interim financial report itself.

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*

These amendments clarify the rules set forth in IAS 16 and IAS 38 stating that revenue-based methods of depreciation/amortization reflect the pattern of generation of economic benefits that arise from an asset, rather than the pattern of consumption of an asset's expected future economic benefits. Therefore, a revenue-based method cannot be applied for the depreciation of property, plant and equipment, while it can be appropriate for the amortization of intangible assets in limited circumstances only. These amendments shall be applied prospectively.

- Amendments to IAS 27 *Equity Method in Separate Financial Statements*

These amendments allow entities to use the equity method to disclose their investments in subsidiaries, associates and joint ventures in separate financial statements. If an entity that already applies IFRSs decides to change the method of accounting for its investments into the equity method, it shall be applied retrospectively.

- Amendments to IAS 1 *Disclosure Initiative*

These amendments clarify the existing IAS 1 requirements with respect to:

- materiality,
- aggregation and subtotals,
- order of the presentation of notes,
- aggregated information on the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in a single line.

Furthermore, these amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position as well as in the income statement or in the statement of other comprehensive income.

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

4. Functional currency and reporting currency

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

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

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

5. Professional judgement and changes in estimates

Preparation of consolidated financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. Despite the estimates and assumptions have been adopted based on the Group's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated. 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 2015.

The changes of estimates as at 30 June 2016 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.

6. 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.

7. 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

This segment deals with integrated banking systems based on the Oracle and Microsoft platforms, including primarily *core banking systems*.

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

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

Payment Solutions

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

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

Systems Integration

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

The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2015.

| For the period of 6 months ended 30 June 2016 and as at 30 June 2016 in thousands of PLN (unaudited) | Banking Solutions (I) | Payment Solutions (II) | Total Banking Business (I-II) | Systems Integration (III) | Unallocated | Eliminations / Reconcilia- tions | Total |
|--|-----------------------------|------------------------------|--|---------------------------------|--------------|--|----------------|
| Sales revenues: | 76,160 | 90,095 | 166,255 | 109,707 | 4,910 | (20,834) | 260,038 |
| Sales to external customers | 65,806 | 87,155 | 152,961 | 107,077 | - | - | 260,038 |
| Inter/intra segment sales | 10,354 | 2,940 | 13,294 | 2,630 | 4,910 | (20,834) | - |
| Gross profit on sales | 16,788 | 26,995 | 43,783 | 18,011 | - | - | 61,794 |
| Selling costs (-) | (5,134) | (5,424) | (10,558) | (8,756) | - | - | (19,314) |
| General and administrative expenses (-) | (7,089) | (7,132) | (14,221) | (5,365) | - | - | (19,586) |
| Net profit on sales | 4,565 | 14,439 | 19,004 | 3,890 | - | - | 22,894 |
| <i>Goodwill</i> | 201,685 | 113,857 | 315,542 | 192,123 | - | - | 507,665 |

| For the period of 6 months ended 30 June 2016 in thousands of EUR (unaudited) | Banking Solutions (I) | Payment Solutions (II) | Total Banking Business (I-II) | Systems Integration (III) | Unallocated | Eliminations / Reconcilia- tions | Total |
|--|-----------------------------|------------------------------|--|---------------------------------|--------------|--|---------------|
| Sales revenues: | 17,386 | 20,567 | 37,953 | 25,044 | 1,121 | (4,756) | 59,362 |
| Sales to external customers | 15,022 | 19,896 | 34,918 | 24,444 | - | - | 59,362 |
| Inter/intra segment sales | 2,364 | 671 | 3,035 | 600 | 1,121 | (4,756) | - |
| Gross profit on sales | 3,832 | 6,163 | 9,995 | 4,112 | - | - | 14,107 |
| Selling costs (-) | (1,172) | (1,238) | (2,410) | (1,999) | - | - | (4,409) |
| General and administrative expenses (-) | (1,618) | (1,628) | (3,246) | (1,225) | - | - | (4,471) |
| Net profit on sales | 1,042 | 3,297 | 4,339 | 888 | - | - | 5,227 |

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

| For the period of 6 months ended 30 June 2015 and as at 31 December 2015 in thousands of PLN (unaudited) | Banking Solutions (I) | Payment Solutions (II) | Total Banking Business (I-II) | Systems Integration (III) | Unallocated | Eliminations / Reconcilia- tions | Total |
|--|-----------------------------|------------------------------|--|---------------------------------|--------------|--|----------------|
| Sales revenues: | 71,633 | 79,322 | 150,955 | 83,128 | 4,733 | (18,416) | 220,400 |
| Sales to external customers | 60,813 | 77,400 | 138,213 | 82,187 | - | - | 220,400 |
| Inter/intra segment sales | 10,820 | 1,922 | 12,742 | 941 | 4,733 | (18,416) | - |
| Gross profit on sales | 20,082 | 23,867 | 43,949 | 14,122 | - | - | 58,071 |
| Selling costs (-) | (5,101) | (4,768) | (9,869) | (7,740) | - | - | (17,609) |
| General and administrative expenses (-) | (6,322) | (5,859) | (12,181) | (5,538) | - | - | (17,719) |
| Net profit on sales | 8,659 | 13,240 | 21,899 | 844 | - | - | 22,743 |
| <i>Goodwill</i> | 194,590 | 110,292 | 304,882 | 184,718 | - | - | 489,600 |

| For the period of 6 months ended 30 June 2015 in thousands of EUR (unaudited) | Banking Solutions (I) | Payment Solutions (II) | Total Banking Business (I-II) | Systems Integration (III) | Unallocated | Eliminations / Reconcilia- tions | Total |
|--|-----------------------------|------------------------------|--|---------------------------------|--------------|--|---------------|
| Sales revenues: | 17,327 | 19,187 | 36,514 | 20,108 | 1,145 | (4,455) | 53,312 |
| Sales to external customers | 14,710 | 18,722 | 33,432 | 19,880 | - | - | 53,312 |
| Inter/intra segment sales | 2,617 | 465 | 3,082 | 228 | 1,145 | (4,455) | - |
| Gross profit on sales | 4,858 | 5,773 | 10,631 | 3,416 | - | - | 14,047 |
| Selling costs (-) | (1,234) | (1,153) | (2,387) | (1,872) | - | - | (4,259) |
| General and administrative expenses (-) | (1,529) | (1,417) | (2,946) | (1,340) | - | - | (4,286) |
| Net profit on sales | 2,095 | 3,203 | 5,298 | 204 | - | - | 5,502 |

The above figures have been converted at the average exchange rate for the period from 1 January 2015 to 30 June 2015: EUR 1 = PLN 4.1341

VI. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Breakdown of sales revenues

During the period of 6 months ended 30 June 2016 operating revenues were as follows:
and in the comparable period last year,

| Sales revenues by type of products | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|------------------------------------|---|---|---|---|
| Proprietary software and services | 83,107 | 157,810 | 71,490 | 136,545 |
| Third-party software and services | 26,218 | 44,311 | 21,539 | 33,814 |
| Hardware and infrastructure | 30,840 | 57,917 | 28,818 | 50,041 |
| | 140,165 | 260,038 | 121,847 | 220,400 |

2. Breakdown of operating costs

| | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|---|---|---|---|
| Employee benefits (-) | (47,044) | (88,215) | (40,063) | (77,913) |
| Third-party non-project services and outsourcing of employees (-) | (4,146) | (8,885) | (4,692) | (8,842) |
| Depreciation and amortization (-) | (9,142) | (17,825) | (7,253) | (14,162) |
| Maintenance costs of property and business cars (-) | (7,992) | (15,557) | (6,852) | (14,185) |
| Business trips (-) | (1,156) | (2,038) | (1,220) | (2,294) |
| Advertising (-) | (1,242) | (1,701) | (1,006) | (1,813) |
| Other operating expenses (-) | (1,847) | (4,294) | (395) | (1,713) |
| | (72,569) | (138,515) | (61,481) | (120,922) |
| Cost of sales, of which (-) | (106,384) | (198,244) | (89,847) | (162,329) |
| Cost of goods and third-party services sold (-) | (54,523) | (98,629) | (46,287) | (76,735) |
| Production costs (-) | (51,861) | (99,615) | (43,560) | (85,594) |
| Selling costs (-) | (10,476) | (19,314) | (9,296) | (17,609) |
| General and administrative expenses (-) | (10,232) | (19,586) | (8,625) | (17,719) |

3. Other operating income and expenses

| Other operating income | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|---|---|---|---|
| Gain on disposal of property, plant and equipment and intangible assets | 370 | 420 | 142 | 330 |
| Reimbursement of tax paid on civil law transactions | - | - | - | 915 |
| Income from leases of space | 25 | 48 | 50 | 99 |
| Other | 232 | 550 | 380 | 546 |
| | 627 | 1,018 | 572 | 1,890 |

| Other operating expenses | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|---|---|---|---|
| Loss on disposal of property, plant and equipment (-) | (16) | (22) | (202) | (208) |
| Charitable contributions to unrelated parties (-) | (79) | (86) | (44) | (44) |
| Expenses related to reimbursement of tax paid on civil law transactions (-) | - | - | (324) | (324) |
| Other (-) | (19) | (151) | (53) | (162) |
| | (114) | (259) | (623) | (738) |

4. Financial income and expenses

| Financial income | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|--|--|--|--|
| Interest income on loans granted and bank deposits | 332 | 638 | 247 | 876 |
| Interest related to reimbursement of tax paid on civil law transactions | - | - | - | 502 |
| Positive foreign exchange differences | 935 | 1,281 | 68 | 677 |
| Gain on valuation of derivative instruments | 93 | 636 | 99 | 99 |
| Other financial income | 1 | 1 | - | 9 |
| | 1,361 | 2,556 | 414 | 2,163 |
| Financial expenses | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
| Interest expense (-) | (257) | (562) | (352) | (778) |
| Bank fees and commissions (-) | (30) | (42) | (44) | (75) |
| Negative foreign exchange differences (-) | - | (519) | (75) | (1,011) |
| Company acquisition related expenses (-) | (32) | (145) | - | - |
| Interest expenses under finance leases (-) | (28) | (53) | (23) | (35) |
| Loss on valuation of derivative instruments (-) | (992) | (1,217) | (120) | (194) |
| Other financial expenses (-) | - | - | (11) | (2) |
| | (1,339) | (2,538) | (625) | (2,095) |

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 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|--|--|--|--|
| Current portion of income tax and prior years' adjustments | (1,392) | (3,593) | (2,921) | (4,529) |
| Deferred portion of income tax | (185) | (47) | 624 | 192 |
| Income tax expense as disclosed in the income statement | (1,577) | (3,640) | (2,297) | (4,337) |

Income tax expense for the period of 6 months ended 30 June 2016 resulted from 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). Whereas, in the comparable period of 2015 it included the current income tax paid in individual countries (PLN -3,071 thousand), withholding tax on dividends paid out to ASEE S.A. by its subsidiaries (PLN -1,458 thousand), as well as from the origination and reversal of temporary differences (PLN 192 thousand).

6. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during that financial year. Both during the reporting period and the comparable period, there were no elements that would cause a dilution of basic earnings per share.

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.

The Company's tax-deductible losses not accounted for in deferred tax assets amounted to PLN 37,338 thousand as at 30 June 2015. Deferred tax assets arising from unrealized tax losses were recognized in the amount of PLN 438 thousand as at 30 June 2015. In 2015, assets arising from unrealized tax losses have been fully utilized in connection with the partial realization of tax losses. Due to the expiration of tax-deductible losses by the end of 2015, there is no basis for further recognition of deferred tax assets.

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 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|---|---|---|---|
| Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A. | 12,227 | 20,376 | 11,649 | 19,778 |
| Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share | 51,894,251 | 51,894,251 | 51,894,251 | 51,894,251 |
| Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN): | | | | |
| Basic consolidated earnings per share from operations for the reporting period | 0.24 | 0.39 | 0.22 | 0.38 |
| Diluted consolidated earnings per share from operations for the reporting period | 0.24 | 0.39 | 0.22 | 0.38 |

7. Information on dividends paid out or declared

The Ordinary General Meeting of Shareholders of ASEE S.A. seated in Rzeszów, by its resolution passed on 31 March 2016, decided that the net profit for the financial year 2015 amounting to PLN 55,298,295.23, as well as retained earnings for the financial year 2013 amounting to PLN 2,825,183.42 and retained earnings for the financial year 2014 amounting to PLN 17,260,325.40 shall be distributed as follows:

a) the amount of PLN 4,423,863.62 from the net profit for the financial year 2015 shall be allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 21,795,585.42 shall be distributed among all the Company's shareholders through payment of a dividend amounting to PLN 0.42 per share.

c) the remaining portion of the net profit for 2015 amounting to PLN 49,164,355.01 shall be allocated to the reserve capital created by the Company in order to pay out dividends in future years and provide financing for the Company's investments.

The Company's Ordinary General Meeting of Shareholders established 30 June 2016 as the dividend record date. The dividend was paid out on 15 July 2016. The number of shares eligible for dividend was 51,894,251.

8. Property, plant and equipment, and intangible assets

| | Tangible assets | Intangible assets |
|---|-----------------|-------------------|
| Net book value as at 1 January 2016 | 86,369 | 33,566 |
| 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 charge (-) | (13,304) | (4,598) |
| Disposal and liquidation (-) | (426) | - |
| Exchange differences on translation of foreign operations (+/-) | 3,391 | 1,103 |
| Net book value as at 30 June 2016 | 94,669 | 35,615 |

| | Tangible assets | Intangible assets |
|---|-----------------|-------------------|
| Net book value as at 1 January 2015 | 69,846 | 38,114 |
| Purchases | 15,589 | 1,214 |
| Capitalization of project development costs | - | 2,580 |
| Transfers from inventories | 1,515 | - |
| Finance lease liabilities | 861 | - |
| Depreciation/amortization charge (-) | (10,177) | (4,026) |
| Disposal and liquidation (-) | (663) | (18) |
| Exchange differences on translation of foreign operations (+/-) | (1,070) | (1,966) |
| Net book value as at 30 June 2015 | 75,901 | 35,898 |

The higher value of tangible assets both as at 30 June 2016 (PLN 94,669 thousand) and 31 December 2015 (PLN 86,369 thousand) resulted primarily from purchases of ATMs, POS terminals and other elements of infrastructure to be offered in the outsourcing model, as well as from taking control over a subsidiary company.

In the first half of 2016, capitalized costs of development projects amounted to PLN 1,944 thousand as compared with PLN 2,580 thousand in the comparable period of 2015.

Liabilities resulting from purchases of property, plant and equipment and intangible assets amounted to PLN 333 thousand as at 30 June 2016, as compared with PLN 170 thousand as at 31 December 2015.

9. Goodwill

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

| | 6 months ended 30 June 2016 (unaudited) | 12 months ended 31 Dec. 2015 (audited) |
|--|--|---|
| Goodwill at the beginning of the period | 489,600 | 498,113 |
| Banking Solutions | 194,590 | 196,645 |
| Payment Solutions | 110,292 | 112,810 |
| Systems Integration | 184,718 | 188,658 |
| Change in consolidation goodwill due to the acquisition of shares (+) | 94 | - |
| Banking Solutions | - | - |
| Payment Solutions | 94 | - |
| Systems Integration | - | - |
| Exchange differences on translation of goodwill in foreign subsidiaries (+/-) | 17,971 | (8,513) |
| Banking Solutions | 7,095 | (2,055) |
| Payment Solutions | 3,471 | (2,518) |
| Systems Integration | 7,405 | (3,940) |
| Total book value at the end of period | 507,665 | 489,600 |
| Banking Solutions | 201,685 | 194,590 |
| Payment Solutions | 113,857 | 110,292 |
| Systems Integration | 192,123 | 184,718 |

Acquisition of Chip Card a.d. (Serbia)

On 14 March 2016, ASEE Serbia, a subsidiary of ASEE S.A., was registered as the owner of 136,121 shares, representing 53.81% of the share capital in Chip Card a.d. The control over that company was obtained on 1 April 2016. The purchase price of these shares amounted to EUR 1,171 thousand (PLN 5,145 thousand). On 28 April 2016, ASEE Serbia acquired an additional 7.49% stake of shares in Chip Card for EUR 163 thousand (PLN 713 thousand). Hence, the total equity interest in the acquired company reached 61.3% as at 30 June 2016. Whereas, total expenditures for the acquisition of the above-mentioned company equalled PLN 5,859 thousand in the first half of 2016. In the statement of cash flows, this amount has been presented net of cash held by the acquired company as at the acquisition date, i.e. after deducting PLN 1,593 thousand. After the reporting period, on 5 July 2016, ASEE Serbia purchased an

additional 15.59% stake of shares for the amount of EUR 342 thousand, thereby increasing its shareholding in the acquired company to 76.89%. Chip Card is engaged in processing and authentication of payment transactions.

As at 30 June 2016, the process of purchase price allocation has not yet been completed. Therefore, goodwill recognized on this acquisition may be subject to change in the period of 12 months from the date of obtaining control over this company. The provisional values of identifiable assets and liabilities of the acquired company as at the acquisition date are presented below:

| | Provisional value as at the acquisition date |
|--|---|
| Chip Card | |
| Non-current assets | 7,331 |
| Intangible assets | 2,336 |
| Real estate | 4,204 |
| Other property, plant and equipment | 791 |
| Current assets | 2,697 |
| Receivables | 1,104 |
| Cash and short-term deposits | 1,593 |
| TOTAL ASSETS | 10,028 |
| Equity | 9,387 |
| Liabilities and provisions | 641 |
| TOTAL EQUITY AND LIABILITIES | 10,028 |
| Purchase price | 5,145 |
| Equity interest acquired | 53.81% |
| Value of net assets acquired | 5,051 |
| Goodwill as at the acquisition date | 94 |

Goodwill arising from the acquisition of shares in this company has been allocated to the Payment Solutions segment.

Impairment testing of goodwill

As at 31 December 2015, the Management Board of the Parent Company performed an impairment test on goodwill arising from the acquisition of subsidiaries. This task required making estimates of the value in use of cash-generating units to which goodwill is allocated. Estimation of the value in use involved determining the future cash flows expected to be generated by a cash-generating unit, as well as determining a discount rate which was subsequently used in the calculation of the net present value of those cash flows.

As at 30 June 2016, the Company verified its assumptions for the impairment test performed on goodwill as at 31 December 2015. In particular we checked whether the assumptions for financial results achieved by individual cash-generating units in 2015 were not materially different from their actual financial performance in the first half of 2016, and whether internal or external factors did not

cause a deterioration of our financial forecasts for the next years.

As at 30 June 2016, ASEE S.A. performed an impairment test on goodwill allocated to the Systems Integration segment. The test was carried out because financial performance of this operating segment was weaker than expected.

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

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

| | Discount rate | | Sales revenue growth rate | |
|---------------------|----------------------|----------|---------------------------|----------|
| | applied in the model | terminal | applied in the model | terminal |
| 30 June 2016 | 8.2% | 9.9% | 10.3% | 9.5% |
| 31 Dec. 2015 | 8.6% | 11.9% | 11.5% | 9.5% |

In the case of goodwill allocated to the Systems Integration segment, the recoverable amount of goodwill would be equal to its carrying value if the discount rate applied in the model was changed by 1.7 pp (or by 3.3 pp as at 31 December 2015) with other assumptions remaining constant, or if the sales revenue growth rate was reduced by 0.8 pp (or by 2.0 pp as at 31 December 2015) with other assumptions remaining constant. The excess of the recoverable amount of goodwill allocated to the Systems Integration segment over its carrying value equalled PLN 45 million as at 30 June 2016, as compared with PLN 80 million as at 31 December 2015.

In the case of goodwill allocated to the segments of Banking Solutions and Payment Solutions, we have not detected any indications to perform impairment tests as at 30 June 2016.

In line with the Group's policy, goodwill allocated to all of our operating segments will be tested for impairment as at 31 December 2016, even if there are no indications of impairment.

Due to recognizing a write-down on our investment in ASEE Kosovo in the separate financial statements of ASEE S.A. prepared as at 30 June 2016, we have analyzed net assets of that company disclosed in the consolidated financial statements of ASEE Group with regard to their possible impairment. The analysis was based on the model for forecasting of free cash flows, as used to estimate the value of investment in ASEE Kosovo disclosed in the separate financial statements of ASEE S.A. The conducted test did not indicate a necessity to recognize any impairment charge on net assets of ASEE Kosovo disclosed in the consolidated financial

statements of the Group. Any reasonable modification of the assumptions adopted in the model should not indicate impairment of such assets.

10. Inventories

| Inventories | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|-------------------------------|-----------------------------|---------------------------|
| Goods for resale | 31,375 | 16,873 |
| Maintenance inventories | 8,099 | 7,437 |
| Write-down on inventories (-) | (9,906) | (8,804) |
| | 29,568 | 15,506 |

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

11. Short-term receivables

| Trade receivables | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|-----------------------------|---------------------------|
| Trade receivables, of which: | 77,165 | 75,231 |
| From related parties | 736 | 566 |
| From other entities | 79,962 | 77,541 |
| Allowance for trade receivables (-) | (3,533) | (2,876) |
| Receivables from uninvoiced deliveries, of which: | 11,318 | 8,452 |
| From related parties | - | - |
| From other entities | 11,318 | 8,452 |
| | 88,483 | 83,683 |

| Ageing of trade receivables | 30 June 2016 (unaudited) | | 31 Dec. 2015 (audited) | |
|-------------------------------------|-----------------------------|---------------|---------------------------|---------------|
| | amount | structure | amount | structure |
| Receivables not yet due | 59,041 | 76.5% | 59,708 | 79.4% |
| Receivables past-due up to 3 months | 12,306 | 15.9% | 13,232 | 17.6% |
| Receivables past-due over 3 months | 5,818 | 7.6% | 2,291 | 3.0% |
| | 77,165 | 100.0% | 75,231 | 100.0% |

| Other receivables | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|-------------------------------------|-----------------------------|---------------------------|
| Advance payments to other suppliers | 1,849 | 2,036 |
| Security deposits receivable | 517 | 451 |
| Other receivables | 638 | 510 |
| | 3,004 | 2,997 |

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

Other receivables disclosed both as at 30 June 2016 and 31 December 2015 include, among others, restricted cash amounting to PLN 172 thousand as at 30 June 2016 as compared with PLN 166 thousand as at 31 December 2015.

In addition, other receivables disclosed as at 30 June 2016 and 31 December 2015 include receivables from employees.

12. Financial assets

| | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|--------------------------------|------------------------------|
| Financial assets available for sale: | 124 | 129 |
| Shares in companies listed on regulated markets | 104 | 109 |
| Shares in companies not listed on regulated markets | 20 | 20 |
| Loans granted: | 36 | 49 |
| Loans granted to unrelated entities | 36 | - |
| Loans granted to employees | - | 49 |
| Bank deposits: | 31 | 93 |
| Deposits for 3 to 12 months | 31 | 17 |
| Deposits for over 12 months | - | 76 |
| Financial assets carried at fair value through profit or loss: | 12,171 | 2,619 |
| Investment fund units | 12,171 | 2,619 |
| long-term | 97 | 177 |
| short-term | 12,265 | 2,713 |

As at 30 June 2016 and 31 December 2015, financial assets carried at fair value through profit or loss included investment fund units with a value of PLN 12,171 thousand and PLN 2,619 thousand, respectively, that are held by ASEE Macedonia.

During the first half of 2016, expenditures for the acquisition of investment fund units amounted to PLN 13,452 thousand (as compared with PLN 3,342 thousand in the first half of 2015), whereas proceeds from the disposal of investment fund units amounted to PLN 4,144 thousand (none in the comparable period).

The book values of financial assets held by the Group as at 30 June 2016 and 31 December 2015 did not significantly differ from their fair values.

13. Cash and short-term deposits

| | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|--|--------------------------------|------------------------------|
| Cash at bank and in hand | 36,532 | 41,558 |
| Short-term bank deposits | 53,588 | 59,512 |
| Cash equivalents | 14 | 5 |
| | 90,134 | 101,075 |
| <i>Interest accrued on cash and cash equivalents as at the end of the reporting period</i> | (3) | (14) |
| <i>Overdraft facilities utilized for liquidity management</i> | (2,854) | (1,193) |
| Cash and cash equivalents as disclosed in the cash flow statement | 87,277 | 99,868 |

14. Prepayments and accrued income

| | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|--------------------------------|------------------------------|
| Long-term | | |
| Prepaid maintenance services and license fees | 264 | 244 |
| Other | 353 | 261 |
| | 617 | 505 |
| Short-term | | |
| Prepaid maintenance services and license fees | 8,127 | 7,489 |
| Prepaid insurance | 1,096 | 583 |
| Prepaid rents | 417 | 591 |
| Prepaid consulting services | 738 | 1,068 |
| Other prepaid services | 1,018 | 362 |
| Costs of services performed for which revenues have not been recognized yet | 641 | 883 |
| Other | 786 | 1,258 |
| | 12,823 | 12,234 |

Both as at 30 June 2016 and 31 December 2015, prepayments included primarily the costs of maintenance services amounting to PLN 8,391 thousand and PLN 7,733 thousand, respectively, that will be successively expensed in future periods.

15. Long-term and short-term financial liabilities

| | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|--------------------------------|------------------------------|
| Long-term | | |
| Currency forward contracts | 741 | 394 |
| Finance lease liabilities | 1,566 | 1,629 |
| | 2,307 | 2,023 |
| Short-term | | |
| Dividends payable to shareholders of ASE S.A. | 21,796 | - |
| Finance lease liabilities | 761 | 663 |
| Currency forward contracts | - | 31 |
| Other | 48 | 56 |
| | 22,605 | 750 |

16. Interest-bearing bank loans and borrowings

| Effective interest rate % | Currency | Repayment date | Amounts drawn as at | | | |
|----------------------------------|----------|----------------|-----------------------------|--------------------|---------------------------|--------------------|
| | | | 30 June 2016 (unaudited) | | 31 Dec. 2015 (audited) | |
| | | | long-term portion | short-term portion | long-term portion | short-term portion |
| BANK OVERDRAFT FACILITIES | | | | | | |
| fixed interest rate | BAM | 01-07-2016 | - | - | - | 649 |
| fixed interest rate | MKD | 31-12-2015 | - | - | - | 4 |
| fixed interest rate | MKD | 30-06-2016 | - | 21 | - | 22 |
| 3M EURIBOR + margin | EUR | 31-03-2017 | - | 1,505 | - | 315 |
| 3M EURIBOR + margin | EUR | 21-06-2016 | - | - | - | 852 |
| 1M EURIBOR + margin | EUR | 15-06-2017 | - | 8,553 | - | 7,285 |
| fixed interest rate | EUR | 10-03-2017 | - | 1,328 | - | - |
| OTHER BANK LOANS | | | | | | |
| - | TRY | 02-01-2016 | - | - | - | 3 |
| - | TRY | 01-07-2016 | - | 170 | - | 144 |
| EURIBOR + margin | EUR | 19-03-2016 | - | - | - | 458 |
| 3M EURIBOR + margin | HRK/EUR | 30-04-2019 | 6,801 | 3,710 | 8,347 | 3,577 |
| 3M EURIBOR + margin | EUR | 31-07-2017 | 1,540 | 832 | 430 | 1,155 |
| fixed interest rate | BAM | 08-05-2017 | - | 345 | 174 | 338 |
| 12M Treasury bonds + margin | HRK/EUR | 30-11-2016 | - | 969 | - | 1,859 |
| 12M EURIBOR + margin | HRK/EUR | 31-03-2017 | - | 2,652 | 846 | 3,383 |
| fixed interest rate | RSD | 28-01-2016 | - | - | - | 436 |
| 1M EURIBOR + margin | EUR | 18-12-2020 | 10,942 | 3,349 | 15,052 | - |
| | | | 19,283 | 23,434 | 24,849 | 20,480 |

As at 30 June 2016, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 42,717 thousand as compared with PLN 45,329 thousand as at 31 December 2015.

Proceeds from and repayments of bank loans disclosed in the statement of cash flows for the first half of 2016 amounted to PLN 2.3 million (proceeds) and PLN 8.5 million (repayments). In addition, net cash flows (proceeds less repayments) from short-term bank loans amounted to PLN -42 thousand.

As at 30 June 2016 and 31 December 2015, tangible assets with a book value of PLN 3,318 thousand and PLN 3,650 thousand, respectively, served as security for bank loans. As at 30 June 2016, liabilities that were secured with such assets amounted to PLN 8,898 thousand, as compared with PLN 8,255 thousand as at 31 December 2015.

17. Current liabilities

| Trade payables | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|--|-----------------------------|---------------------------|
| Trade payables, of which: | 49,205 | 41,186 |
| To related parties | 142 | 187 |
| To other entities | 49,063 | 40,999 |
| Liabilities for uninvoiced deliveries, of which: | 8,247 | 5,815 |
| To related parties | - | - |
| To other entities | 8,247 | 5,815 |
| | 57,452 | 47,001 |

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

| Ageing of trade payables | 30 June 2016 (unaudited) | | 31 Dec. 2015 (audited) | |
|---|-----------------------------|---------------|---------------------------|---------------|
| | amount | structure | amount | structure |
| Liabilities due already, of which: | 8,813 | 17.9% | 10,446 | 25.4% |
| -Liabilities past-due up to 3 months | 7,540 | 15.3% | 9,047 | 22.0% |
| -Liabilities past-due from 3 to 6 months | 730 | 1.5% | 1,031 | 2.5% |
| -Liabilities past-due over 6 months | 543 | 1.1% | 368 | 0.9% |
| Liabilities falling due within 3 months | 34,764 | 70.7% | 30,740 | 74.6% |
| Liabilities falling due within 3 to 12 months | 5,584 | 11.3% | - | 0.0% |
| Liabilities falling due after more than 12 months | 44 | 0.1% | - | 0.0% |
| | 49,205 | 100.0% | 41,186 | 100.0% |

| Other current liabilities | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|--|-----------------------------|---------------------------|
| Liabilities to employees relating to salaries | 4,080 | 6,843 |
| Trade prepayments received | 6,190 | 8,073 |
| Liabilities for purchases of tangible assets and intangible assets | 333 | 170 |
| Other liabilities | 780 | 262 |
| | 11,383 | 15,348 |

| Current liabilities to the state and local budgets | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|------------------------------------|----------------------------------|
| Value added tax | 5,120 | 9,355 |
| Corporate income tax (CIT) | 786 | 1,032 |
| Personal income tax (PIT) | 892 | 1,705 |
| Social security payable | 2,104 | 2,181 |
| Other | 291 | 482 |
| | 9,193 | 14,755 |

18. Accruals and deferred income

| Short-term accruals | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|------------------------------------|----------------------------------|
| Recognition of accruals for unused holiday leaves | 2,630 | 2,105 |
| Recognition of accruals for employee bonuses | 16,217 | 12,292 |
| | 18,847 | 14,397 |

| Long-term deferred income | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|--------------------------------------|------------------------------------|----------------------------------|
| Prepaid maintenance services | 263 | 152 |
| Grants for the development of assets | 416 | 497 |
| Other | 27 | 15 |
| | 706 | 664 |

| Short-term deferred income | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|--------------------------------------|------------------------------------|----------------------------------|
| Prepaid maintenance services | 10,536 | 9,428 |
| Prepaid implementation services | 1,316 | 794 |
| License fees | 1,016 | 56 |
| Grants for the development of assets | 197 | 191 |
| Other | 349 | 2,063 |
| | 13,414 | 12,532 |

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

19. Contingent liabilities and receivables

Within its commercial activities ASEE Group uses bank guarantees, letters of credit, contract performance guarantees as well as tender deposits as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. As at 30 June 2016, the related contingent liabilities equalled PLN 25,072 thousand, while as at 31 December 2015 they amounted to PLN 27,638 thousand.

Assets serving as security for bank guarantee facilities:

| Category of assets | Net value of assets | | Amount of granted guarantee secured with assets | |
|-------------------------------------|----------------------------|---------------------|--|---------------------|
| | 30 June 2016 | 31 Dec. 2015 | 30 June 2016 | 31 Dec. 2015 |
| Tangible assets | 3,318 | 3,650 | 8,898 | 8,255 |
| Trade receivables | 5,915 | 883 | 2,830 | 3,176 |
| Other receivables (restricted cash) | 172 | 159 | 2,168 | 2,259 |
| Total | 9,405 | 4,692 | 13,896 | 13,690 |

20. Employment

| Asseco Group workforce as at ¹⁾ | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|------------------------------------|----------------------------------|
| Management Board of the Parent Company* | 4 | 4 |
| Management Boards of the Group companies | 21 | 23 |
| Production departments | 1,068 | 1,078 |
| Sales departments | 125 | 145 |
| Administration departments | 179 | 170 |
| | 1,397 | 1,420 |

* 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 2016 (unaudited) | 31 Dec. 2015 (audited) |
|--|------------------------------------|----------------------------------|
| ASEE S.A. | 24 | 27 |
| ASEE Romania Group | 166 | 160 |
| ASEE Serbia Group | 471 | 476 |
| ASEE Croatia | 239 | 242 |
| ASEE Kosovo Group | 58 | 60 |
| ASEE Turkey | 176 | 190 |
| ASEE Bulgaria | 19 | 19 |
| ASEE B&H | 48 | 45 |
| ASEE Macedonia | 142 | 147 |
| ASEE Slovenia | 35 | 35 |
| ASEE Montenegro | 10 | 9 |
| ASEE Nestpay | 9 | 10 |
| | 1,397 | 1,420 |

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

Total remuneration paid or payable to all members of the Management Boards and Supervisory Boards of the Parent Company as well as subsidiary and jointly controlled companies of Asseco South Eastern Europe Group in the period of 6 months ended 30 June 2016 amounted to PLN 7,747 thousand, as compared with PLN 6,305 thousand in the period of 6 months ended 30 June 2015.

22. Information on related parties

Related party transactions

The values of transactions conducted by ASEE Group with Asseco Poland S.A. (a shareholder with significant influence on the Group's operations) as well as with other related parties of Asseco Poland Group during the periods of 6 months ended 30 June 2016 and 30 June 2015, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2016 and 31 December 2015 are presented in the table below:

| Related party | Sales to related parties | Purchases from related parties | Receivables from related parties | Liabilities to related parties |
|---|--------------------------|--------------------------------|----------------------------------|--------------------------------|
| Parties having significant influence over the Group: | | | | |
| 2016 | 23 | 151 | 49 | - |
| 2015 | 357 | 147 | 47 | 59 |
| Other related parties: | | | | |
| 2016 | 255 | - | 202 | - |
| 2015 | 312 | 22 | 155 | - |
| Associates and joint ventures: | | | | |
| 2016 | 286 | - | 527 | - |
| 2015 | 428 | - | 407 | - |

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 2016 and PLN 47 thousand as at 31 December 2015.

In addition, Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2016 include PLN 11,128 thousand payable to Asseco Poland S.A. The dividend was paid out on 15 July 2016.

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

The values of transactions conducted by ASEE Group with or through the Key Management Personnel (members of the Management Boards and Supervisory Boards) of the Group companies during the periods of 6 months ended 30 June 2016 and 30 June 2015, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2016 and 31 December 2015 are presented in the table below:

| Related party | Sales to related parties | Purchases from related parties | Receivables from related parties | Liabilities to related parties |
|--|--------------------------|--------------------------------|----------------------------------|--------------------------------|
| Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A. or the Group companies: | | | | |
| 2016 | 24 | 4,645 | 5 | 142 |
| 2015 | 18 | 4,527 | 4 | 128 |

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 2016, ASEE Serbia incurred space rental costs that were paid to its related parties MHM d.o.o., Beograd¹, DM3 d.o.o., Beograd¹ and MiniInvest d.o.o., Beograd², amounting in total to PLN 3,268 thousand, as compared with PLN 3,175 thousand incurred in the period of 6 months ended 30 June 2015.

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., Skopje³, amounting in total to PLN 334 thousand, as compared with PLN 278 thousand incurred in the period of 6 months ended 30 June 2015.

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

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2016 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 1,953 thousand. The above-stated amount does not include dividends payable to Asseco Poland S.A.⁴. The dividend was paid out on 15 July 2016.

¹ Mihail Petreski, Member of the Supervisory Board of ASEE S.A. is a shareholder in Liatrix d.o.o. which as at 30 June 2016 held a 6.45% stake in ASEE S.A. (as at 31 December 2015: 6.48%). Mihail Petreski and Liatrix d.o.o. hold 40% of shares in MHM d.o.o. as well as 50% of shares in DM3 d.o.o. Furthermore, President of the Management Board of ASEE S.A. holds indirectly a 15% stake in MHM d.o.o. through his wholly-owned Kompania Petyhorska d.o.o. Whereas, 20% of shares in MHM d.o.o. are held by I4 Invention d.o.o. which is also a shareholder in ASEE S.A. 100% of shares in I4 Invention d.o.o. are owned by Miodrag Mirčetić, Member of the Management Board of Asseco SEE d.o.o., Beograd and Member of the Management Board of ASEE S.A.;

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

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

⁴ Adam Góral, President of the Management Board of Asseco Poland serving as Chairman of the Supervisory Board of ASEE S.A., and Jacek Duch, Chairman of the Supervisory Board of Asseco Poland serving as Member of the Supervisory Board of ASEE S.A., are both shareholders in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 30 June 2016, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

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

23. Outsourcing contracts

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

| | 30 June 2016 | 31 Dec. 2015 |
|--------------------------------------|-----------------|-----------------|
| | (unaudited) | (audited) |
| Future minimum lease payments | | |
| (i) within 1 year | 31,111 | 32,256 |
| (ii) within 1 to 5 years | 56,968 | 56,590 |
| (iii) within more than 5 years | 1,743 | 4,234 |
| | 89,822 | 93,080 |

24. Financial instruments

During the period of 6 months ended 30 June 2016, 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 2015. 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 2016 and 31 December 2015 did not significantly differ from their fair values.

25. Capital management

During the period of 6 months ended 30 June 2016 as well as in the period of 6 months ended 30 June 2015, the Group did not introduce any changes to its objectives, policies and processes adopted in the area of capital management.

26. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2016, 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 2015.

27. Significant events after the reporting period

After the reporting period, on 5 July 2016, ASEE Serbia purchased an additional 15.59% stake of shares in Chip Card for the amount of EUR 342 thousand, thereby increasing its shareholding in the acquired company to 76.89%.

In the period from 30 June 2016 till the date of approval of these interim condensed consolidated financial statements, this is until 5 August 2016, we have not observed any other significant events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE Group.

28. Significant events related to prior years

Until the date of preparing these interim condensed financial statements, this is until 5 August 2016, 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 2016
INCLUDING THE REPORT OF
INDEPENDENT CERTIFIED AUDITORS**

Rzeszów, 5 August 2016

INTERIM CONDENSED FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE S.A.
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2016

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FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE S.A.

| | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|--|--|--|--|
| | PLN'000 | PLN'000 | EUR'000 | EUR'000 |
| I. Revenues from holding activities | 10,192 | 26,791 | 2,327 | 6,480 |
| II. Revenues from operating activities | 3,290 | 3,923 | 751 | 949 |
| III. Operating profit | 7,051 | 24,032 | 1,610 | 5,813 |
| IV. Pre-tax profit | 3,871 | 25,376 | 884 | 6,138 |
| V. Net profit for the reporting period | 3,135 | 24,105 | 716 | 5,831 |
| VI. Net cash provided by (used in) operating activities | 6,157 | 18,129 | 1,406 | 4,385 |
| VII. Net cash provided by (used in) investing activities | (4,915) | (15,116) | (1,122) | (3,656) |
| VIII. Net cash provided by (used in) financing activities | (1,458) | 5,442 | (333) | 1,316 |
| IX. Cash and cash equivalents at the end of period | 32,716 | 16,362 | 7,393 | 3,901 |
| X. Basic earnings per ordinary share for the reporting period (in PLN/EUR) | 0.06 | 0.46 | 0.01 | 0.11 |
| XI. Diluted earnings per ordinary share for the reporting period (in PLN/EUR) | 0.06 | 0.46 | 0.01 | 0.11 |

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

- items of the interim condensed income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were as follows:
 - for the period from 1 January 2016 to 30 June 2016: EUR 1 = PLN 4.3805
 - for the period from 1 January 2015 to 30 June 2015: EUR 1 = PLN 4.1341
- 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 2016: EUR 1 = PLN 4.4255
 - exchange rate effective on 30 June 2015: EUR 1 = PLN 4.1944

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

| | Note | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|------|--|--|--|--|
| Holding activities | 1 | 7,784 | 10,192 | 17,561 | 26,791 |
| Dividend income | | 5,283 | 5,283 | 15,455 | 22,294 |
| Revenues from sales of services | | 2,501 | 4,909 | 2,106 | 4,497 |
| Operating activities | 2 | 1,556 | 3,290 | 2,007 | 3,923 |
| Revenues from sales of IT services and software | | 1,556 | 3,290 | 2,007 | 3,923 |
| Total sales revenues | | 9,340 | 13,482 | 19,568 | 30,714 |
| Cost of sales (-) | 3 | (2,758) | (4,521) | (2,596) | (5,721) |
| Gross profit on sales | | 6,582 | 8,961 | 16,972 | 24,993 |
| Selling costs (-) | 3 | (1,101) | (1,898) | (844) | (1,516) |
| General and administrative expenses (-) | 3 | (17) | (34) | (21) | (42) |
| Net profit on sales | | 5,464 | 7,029 | 16,107 | 23,435 |
| Other operating income | 4 | 22 | 24 | 5 | 921 |
| Other operating expenses (-) | 4 | - | (2) | (324) | (324) |
| Operating profit | | 5,486 | 7,051 | 15,788 | 24,032 |
| Financial income | 5 | 2,094 | 2,180 | 412 | 1,577 |
| Financial expenses (-) | 5 | (5,065) | (5,360) | (309) | (233) |
| Pre-tax profit | | 2,515 | 3,871 | 15,891 | 25,376 |
| Corporate income tax (current and deferred tax expense) | 6 | (431) | (736) | (500) | (1,271) |
| Net profit for the reporting period | | 2,084 | 3,135 | 15,391 | 24,105 |
| Earnings per share for the reporting period (in PLN): | | | | | |
| Basic earnings per share | 7 | 0.04 | 0.06 | 0.30 | 0.46 |
| Diluted earnings per share | 7 | 0.04 | 0.06 | 0.30 | 0.46 |

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

| | Note | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|------|--|--|--|--|
| Net profit for the reporting period | | 2,084 | 3,135 | 15,391 | 24,105 |
| Other comprehensive income | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD | | 2,084 | 3,135 | 15,391 | 24,105 |

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

| ASSETS | Note | 30 June 2016 | 31 Dec. 2015 |
|---|-------------|-------------------------|-------------------------|
| | | (unaudited) | (audited) |
| Non-current assets | | | |
| | | 620,744 | 619,172 |
| Property, plant and equipment | 9 | 323 | 386 |
| Goodwill arising from business combinations | 9 | 4,567 | 4,567 |
| Intangible assets | 9 | 750 | 486 |
| Investments in subsidiaries | 10 | 584,566 | 588,566 |
| Deferred tax assets | | 165 | 378 |
| Long-term financial assets | 13 | 24,084 | 17,572 |
| Other long-term receivables | 11 | 6,289 | 7,217 |
| Current assets | | | |
| | | 47,908 | 47,237 |
| Inventories | | 2 | 2 |
| Prepayments and accrued income | 16 | 1,479 | 608 |
| Trade receivables | 11 | 3,322 | 2,703 |
| Other short-term receivables | 11 | 1,589 | 1,529 |
| Short-term financial assets | 13 | 8,800 | 9,466 |
| Cash and short-term deposits | 12 | 32,716 | 32,929 |
| TOTAL ASSETS | | 668,652 | 666,409 |

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

| EQUITY AND LIABILITIES | Note | 30 June 2016 | 31 Dec. 2015 |
|--|-------------|-------------------------|-------------------------|
| | | (unaudited) | (audited) |
| Equity | | | |
| Share capital | | 518,942 | 518,942 |
| Share premium | | 38,825 | 38,825 |
| Retained earnings and current net profit | | 70,742 | 89,403 |
| Total equity | | 628,509 | 647,170 |
| Non-current liabilities | | | |
| | | 11,683 | 15,446 |
| Interest-bearing bank loans | 15 | 10,942 | 15,052 |
| Long-term financial liabilities | 14 | 741 | 394 |
| Current liabilities | | | |
| | | 28,460 | 3,793 |
| Interest-bearing bank loans | 15 | 3,349 | - |
| Trade payables | 14 | 864 | 1,602 |
| Liabilities to the state and local budgets | 14 | 427 | 172 |
| Financial liabilities | 14 | 21,796 | 31 |
| Other liabilities | | 36 | 44 |
| Deferred income | 16 | 1,262 | 716 |
| Accruals | 16 | 618 | 1,125 |
| Short-term provisions | 16 | 108 | 103 |
| TOTAL LIABILITIES | | 40,143 | 19,239 |
| TOTAL EQUITY AND LIABILITIES | | 668,652 | 666,409 |

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

for 6 months ended 30 June 2016, for 12 months ended 31 December 2015, and for 6 months ended 30 June 2015

| | Share capital | Share premium | Retained earnings and current net profit | Total equity |
|--|----------------|---------------|--|-----------------|
| As at 1 January 2016 | 518,942 | 38,825 | 89,403 | 647,170 |
| Net profit for the reporting period | - | - | 3,135 | 3,135 |
| Total comprehensive income for the reporting period | - | - | 3,135 | 3,135 |
| Dividends | - | - | (21,796) | (21,796) |
| As at 30 June 2016 (unaudited) | 518,942 | 38,825 | 70,742 | 628,509 |
| As at 1 January 2015 | 518,942 | 38,825 | 54,863 | 612,630 |
| Net profit for the reporting period | - | - | 55,298 | 55,298 |
| Total comprehensive income for the reporting period | - | - | 55,298 | 55,298 |
| Dividends | - | - | (20,758) | (20,758) |
| As at 31 December 2015 (audited) | 518,942 | 38,825 | 89,403 | 647,170 |
| As at 1 January 2015 | 518,942 | 38,825 | 54,863 | 612,630 |
| Net profit for the reporting period | - | - | 24,105 | 24,105 |
| Total comprehensive income for the reporting period | - | - | 24,105 | 24,105 |
| Dividends | - | - | (20,758) | (20,758) |
| As at 30 June 2015 (unaudited) | 518,942 | 38,825 | 58,210 | 615,977 |

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

| | Note | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|-----------|---|---|
| Cash flows – operating activities | | | |
| Pre-tax profit | | 3,871 | 25,376 |
| Total adjustments: | | (3,940) | (24,714) |
| Depreciation and amortization | | 126 | 143 |
| Change in inventories | | - | (1) |
| Change in receivables | 17 | (599) | (1,002) |
| Change in liabilities, accruals and provisions | 17 | (1,629) | (523) |
| Interest income and expenses | | (351) | (244) |
| Gain/Loss on foreign exchange differences | | (789) | (821) |
| Impairment write-down on investments in subsidiaries | | 4,000 | - |
| Gain/Loss on investing activities | | (4,703) | (22,294) |
| Other | | 5 | 28 |
| Selected operating cash flows | | 6,414 | 17,467 |
| Disposal of shares in subsidiaries | 17 | 1,057 | - |
| Dividends received | 17 | 5,357 | 17,467 |
| Net cash generated from operating activities | | 6,345 | 18,129 |
| Corporate income tax paid | | (188) | - |
| Net cash provided by (used in) operating activities | | 6,157 | 18,129 |
| Cash flows – investing activities | | | |
| Acquisition of property, plant and equipment and intangible assets | | (327) | (6) |
| Disposal of property, plant and equipment | | - | 1 |
| Settlement of financial assets carried at fair value through profit or loss | | (264) | (70) |
| Bank deposits withdrawn | | - | 2,300 |
| Bank deposits made | | - | (9,800) |
| Loans granted | 13 | (8,184) | (8,776) |
| Loans collected | 13 | 3,353 | 1,155 |
| Interest received | 13 | 507 | 80 |
| Net cash provided by (used in) investing activities | | (4,915) | (15,116) |
| Cash flows – financing activities | | | |
| Proceeds from bank loans | | - | 5,469 |
| Repayments of bank loans | | (1,314) | - |
| Proceeds from borrowings | | - | 3,663 |
| Repayments of borrowings | | - | (3,663) |
| Interest repaid | | (144) | (27) |
| Net cash provided by (used in) financing activities | | (1,458) | 5,442 |
| Net increase/(decrease) in cash and cash equivalents | | (216) | 8,455 |
| Net foreign exchange differences | | 3 | - |
| Cash and cash equivalents as at 1 January | 12 | 32,929 | 7,907 |
| Cash and cash equivalents as at 30 June | 12 | 32,716 | 16,362 |

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 2015, which is available at the Issuer's website: www.asseco.com/see.

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

The parent of ASEE S.A. is Asseco Poland S.A. (the higher-level parent company). As at 30 June 2016, 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 2016 and contain comparable data for the period of 6 months ended 30 June 2015 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 2015 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 2016 and contain comparable data for the period of 3 months ended 30 June 2015; 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 5 August 2016.

The Company also prepared the interim consolidated financial statements of Asseco South Eastern Europe Group for the period of 6 months ended 30 June 2016, which have been approved for publication by the Management Board on 5 August 2016.

II. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

1. Basis for the preparation of interim condensed financial statements

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

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

These interim condensed financial statements were prepared on the going-concern basis, assuming the Company will continue its business activities in the foreseeable future.

Till the date of approving these financial statements, we have not observed any circumstances that would threaten the Company's ability to continue as a going concern 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 2015, which were published on 18 February 2016 and are available at the Issuer's website: www.asseco.com/see. These interim condensed financial statements do not include all the information and disclosures required for annual financial statements and therefore they should be read together with the Company's financial statements for the year ended 31 December 2015.

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 2015, except for the adoption of amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2016:

- *Annual Improvements to IFRSs: 2010-2012 Cycle*, including:
 - Amendments to IFRS 2 *Share-based Payment*
These amendments shall be applied prospectively and clarify the definitions of 'market condition' and 'vesting condition' as well as introduce the definitions for 'service condition' and 'performance condition' which shall be satisfied in vesting of rights.
 - Amendments to IFRS 3 *Business Combinations*
These amendments shall be applied prospectively and clarify that contingent consideration which is not classified as an equity instrument shall be measured at fair value through profit or loss regardless of whether it is within the scope of IAS 39 or not.
 - Amendments to IFRS 8 *Operating Segments*
These amendments shall be applied retrospectively and clarify that:
 - An entity is required to disclose the judgements made by its management in applying the aggregation criteria to operating segments in accordance with paragraph 12 of IFRS 8, including a brief description of segments that have been aggregated as well as a description of economic characteristics that have been used in order to assess the similarity of operating segments.
 - An entity shall only provide a reconciliation of the segments' total assets to the entity's assets if such data are reported to the chief operating decision maker.
 - Amendments to IAS 16 *Property, Plant and Equipment* and to IAS 38 *Intangible Assets*
These amendments shall be applied retrospectively and clarify that an asset can be revalued on the basis of observable market inputs by adjusting the gross value of such asset to its market value, or by proportionate restatement of the gross value so that the carrying amount of such asset corresponded to its market value. In addition, accumulated depreciation/ amortization shall represent the difference between the gross value and the carrying amount of an asset.
- Amendments to IFRS 13 *Fair Value Measurement*
These amendments clarify that the deletion of paragraph B5.4.12 from IFRS 9 Financial Instruments: Recognition and Measurement was not intended amend the requirements for measuring short-term receivables and payables. Therefore, entities are still able to measure short-term receivables and payables with no stated interest rate at their nominal amounts if the effect of discounting is immaterial for the financial data presented.
- Amendments to IAS 24 *Related Party Disclosures*
These amendments shall be applied retrospectively and clarify that a management entity (providing key management personnel services) to the reporting entity shall be treated as a related party for the related party disclosure purposes. Moreover, if an entity obtains key management personnel services from a management entity, the entity is required to disclose any costs incurred on this account.
- *Annual Improvements to IFRSs: 2012-2014 Cycle*, including:
 - Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. These amendments clarify that changing from one of these disposal methods to the other would not be considered a new plan of disposal, but a continuation of the original plan.
 - Amendments to IAS 34 *Interim Financial Reporting*
These amendments clarify that interim disclosure requirements can be satisfied by providing appropriate disclosures in the interim financial report or by making a cross-reference between the interim financial report and another report (e.g. management report on the entity's operations). Any such disclosures required in interim reporting must be available to users on the same basis and at the same time as the interim financial report itself.

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*

These amendments clarify the rules set forth in IAS 16 and IAS 38 stating that revenue-based methods of depreciation/amortization reflect the pattern of generation of economic benefits that arise from an asset, rather than the pattern of consumption of an asset's expected future economic benefits. Therefore, a revenue-based method cannot be applied for the depreciation of property, plant and equipment, while it can be appropriate for the amortization of intangible assets in limited circumstances only. These amendments shall be applied prospectively.

- Amendments to IAS 27 *Equity Method in Separate Financial Statements*

These amendments allow entities to use the equity method to disclose their investments in subsidiaries, associates and joint ventures in separate financial statements. If an entity that already applies IFRSs decides to change the method of accounting for its investments into the equity method, it shall be applied retrospectively.

- Amendments to IAS 1 *Disclosure Initiative*

These amendments clarify the existing IAS 1 requirements with respect to:

- materiality,
- aggregation and subtotals,
- order of the presentation of notes,
- aggregated information on the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in a single line.

Furthermore, these amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position as well as in the income statement or in the statement of other comprehensive income.

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

4. 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.

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

The main areas which, in the process of applying the accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year ended 31 December 2015.

The changes of estimates as at 30 June 2016 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.

5. 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.

6. Changes in the presentation methods

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

7. 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 2016 in thousands of PLN (unaudited) | Holding activities | IT services | Total |
|---|--------------------|--------------|----------------|
| Dividend income | 5,283 | - | 5,283 |
| Revenues from sales of services | 4,909 | - | 4,909 |
| Revenues from sales of IT services and software | - | 3,290 | 3,290 |
| Total sales revenues | 10,192 | 3,290 | 13,482 |
| Gross profit on sales | 7,942 | 1,019 | 8,961 |
| Selling costs (-) | (1,383) | (515) | (1,898) |
| General and administrative expenses (-) | - | (34) | (34) |
| Net profit on sales | 6,559 | 470 | 7,029 |

| For the period of 6 months ended 30 June 2015 in thousands of PLN (unaudited) | Holding activities | IT services | Total |
|---|--------------------|--------------|----------------|
| Dividend income | 22,294 | - | 22,294 |
| Revenues from sales of services | 4,497 | - | 4,497 |
| Revenues from sales of IT services and software | - | 3,923 | 3,923 |
| Total sales revenues | 26,791 | 3,923 | 30,714 |
| Gross profit on sales | 23,800 | 1,193 | 24,993 |
| Selling costs (-) | (954) | (562) | (1,516) |
| General and administrative expenses (-) | - | (42) | (42) |
| Net profit on sales | 22,846 | 589 | 23,435 |

IV. EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. Holding activities – Dividend income and service revenues

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

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

Cash inflows generated from dividends received in the first half of 2016 amounted to PLN 5,357 thousand, as compared with PLN 17,467 thousand received in the first half of 2015.

| | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---------------------------------|---|---|---|---|
| Dividends from related parties | 5,283 | 5,283 | 15,455 | 22,294 |
| Revenues from sales of services | 2,501 | 4,909 | 2,106 | 4,497 |
| | 7,784 | 10,192 | 17,561 | 26,791 |

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

| | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|---|---|---|---|
| Revenues from sales of software and IT services | 1,556 | 3,290 | 2,007 | 3,923 |

Both in the period of 6 months ended 30 June 2016 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 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|---|---|---|---|
| Employee benefits (-) | (1,241) | (1,799) | (1,445) | (2,483) |
| Third-party services and outsourcing of employees (-) | (1,060) | (1,778) | (395) | (1,650) |
| Depreciation and amortization (-) | (61) | (126) | (70) | (143) |
| Maintenance costs of property and business cars (-) | (310) | (596) | (280) | (532) |
| Business trips (-) | (161) | (308) | (137) | (253) |
| Advertising (-) | (29) | (41) | (13) | (18) |
| Other expenses (-) | (169) | (182) | (125) | (236) |
| | (3,031) | (4,830) | (2,465) | (5,315) |
| Cost of sales, of which (-) | (2,758) | (4,521) | (2,596) | (5,721) |
| Cost of goods and third-party services sold (-) | (845) | (1,623) | (996) | (1,964) |
| Production costs (-) | (1,913) | (2,898) | (1,600) | (3,757) |
| Selling costs (-) | (1,101) | (1,898) | (844) | (1,516) |
| General and administrative expenses (-) | (17) | (34) | (21) | (42) |

4. Other operating income and expenses

| Other operating income | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|---|---|---|---|
| Other operating income | 22 | 24 | 5 | 6 |
| Reimbursement of excessive tax paid on civil law transactions | - | - | - | 915 |
| | 22 | 24 | 5 | 921 |

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.

Other operating income for the period of 6 months ended 30 June 2015 includes primarily the reimbursement of excessive tax paid on civil law transactions for the years 2008–2010, amounting to PLN 915 thousand.

| Other operating expenses | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|---|---|---|---|
| Expenses related to recovery of excessive tax paid on civil law transactions | - | - | (320) | (320) |
| Other operating expenses | - | (2) | (4) | (4) |
| | - | (2) | (324) | (324) |

Other operating expenses in the period of 6 months ended 30 June 2015 include primarily expenses related to the recovery of excessive tax paid on

civil law transactions, amounting to PLN 320 thousand.

5. Financial income and expenses

| Financial income | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|---|---|---|---|
| Positive foreign exchange differences | 1,589 | 798 | 60 | 613 |
| Interest received on cash deposits and loans granted | 381 | 684 | 198 | 282 |
| Commissions received on guarantees granted | 31 | 62 | 55 | 81 |
| Gain on valuation of derivative instruments | 93 | 636 | 99 | 99 |
| Interest on excessive tax paid on civil law transactions | - | - | - | 502 |
| | 2,094 | 2,180 | 412 | 1,577 |

| Financial expenses | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|--|--|--|--|
| Loss on valuation of derivative instruments (-) | (993) | (1,216) | (282) | (195) |
| Interest paid on bank loans and borrowings (-) | (72) | (144) | (22) | (27) |
| Commissions paid on bank guarantees (-) | - | - | (5) | (11) |
| Impairment write-down on investments (-) | (4,000) | (4,000) | - | - |
| | (5,065) | (5,360) | (309) | (233) |

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 results of valuation of currency forward contracts which amounted to PLN -580 thousand (PLN -1,216 thousand recognized in expenses and

PLN 636 thousand recognized in income) in the period of 6 months ended 30 June 2016, as compared with PLN -96 thousand (PLN -195 thousand recognized in expenses and PLN 99 thousand recognized in income) in the comparable period. The increase in those expenses resulted from the actual exchange rates of foreign currencies underlying such contracts as well as from the higher volume of such transactions concluded in the second half of 2015.

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 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|--|--|--|--|
| Current portion of income tax | (335) | (477) | - | - |
| Income tax on dividends | - | (46) | (448) | (707) |
| Deferred income tax related to origination and reversal of temporary differences | (96) | (213) | (52) | (564) |
| Income tax expense as disclosed in the income statement | (431) | (736) | (500) | (1,271) |

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 2016 equalled 19.01%. The effective tax rate was higher than in the comparable period due to the expiration of tax-deductible losses by the end of 2015.

In the period of 6 months ended 30 June 2015, income tax expense resulted from withholding tax on dividends from our subsidiaries which amounted to PLN 707 thousand, as well as from the origination and reversal of temporary differences in the amount of PLN 564 thousand, including the utilization of deferred tax assets arising from tax-deductible losses.

The effective tax rate for the period of 6 months ended 30 June 2016 equalled 5.64%. The difference between our effective tax rate and the statutory corporate income tax rate of 19% resulted primarily from permanent differences such as tax-exempt dividends (PLN 1,301 thousand), deduction of taxes already paid by our subsidiaries on their dividend distributions (PLN 958 thousand), tax-exempt income (reimbursement of excessive tax paid on civil law transactions, PLN 269 thousand), as well as changes in our estimates of tax-deductible losses included in deferred tax assets (impact on the effective tax rate amounted to PLN 255 thousand).

The Company's tax-deductible losses not accounted for in deferred tax assets amounted to PLN 37,338 thousand as at 30 June 2015. Deferred tax assets arising from unrealized tax losses were recognized in the amount of PLN 438 thousand as at 30 June 2015. In 2015, assets arising from unrealized tax losses have been fully utilized in connection with the partial realization of tax losses. The utilization of tax-deductible losses was possible till the end of 2015. As a consequence, there is no basis for further recognition of deferred tax assets.

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

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

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

| | 3 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2016 (unaudited) | 3 months ended 30 June 2015 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|---|---|---|---|
| Net profit for the reporting period | 2,084 | 3,135 | 15,391 | 24,105 |
| Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share | 51,894,251 | 51,894,251 | 51,894,251 | 51,894,251 |
| Earnings per share for the reporting period (in PLN): | | | | |
| Basic earnings per share | 0.04 | 0.06 | 0.30 | 0.46 |
| Diluted earnings per share | 0.04 | 0.06 | 0.30 | 0.46 |

8. Information on dividends paid out or declared

The Ordinary General Meeting of Shareholders of ASEE S.A. seated in Rzeszów, by its resolution passed on 31 March 2016, decided that the net profit for the financial year 2015 amounting to PLN 55,298,295.23, as well as retained earnings for the financial year 2013 amounting to PLN 2,825,183.42 and retained earnings for the financial year 2014 amounting to PLN 17,260,325.40 shall be distributed as follows:

a) the amount of PLN 4,423,863.62 from the net profit for the financial year 2015 shall be allocated to the reserve capital pursuant to art. 396 § 1 of the Commercial Companies Code;

b) the amount of PLN 21,795,585.42 shall be distributed among all the Company's shareholders

through payment of a dividend amounting to PLN 0.42 per share.

c) the remaining portion of the net profit for 2015 amounting to PLN 49,164,355.01 shall be allocated to the reserve capital created by the Company in order to pay out dividends in future years and provide financing for the Company's investments.

The Company's Ordinary General Meeting of Shareholders established 30 June 2016 as the dividend record date. The dividend was paid out on 15 July 2016. The number of shares eligible for dividend was 51,894,251.

9. Property, plant and equipment, and intangible assets

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

In the period of 6 months ended 30 June 2016, the book values of property, plant and equipment and intangible assets changed as a result of purchases associated with the implementation of PMS (Performance Management System), as well as due to depreciation and amortization charges. As at 30 June 2016, liabilities resulting from purchases of property, plant and equipment as well as intangible assets amounted to PLN 21 thousand. Whereas, as at 30 June 2015, we had no liabilities resulting from purchases of property, plant and equipment or intangible assets.

10. Investments in subsidiaries

| Full name of company | Short name | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|--------------------------------------|-----------------|-----------------------------|---------------------------|
| Asseco SEE d.o.o., (Sarajevo) | ASEE B&H | 25,830 | 25,830 |
| Asseco SEE o.o.d. (Sofia) | ASEE Bulgaria | 4,265 | 4,265 |
| Asseco SEE d.o.o. (Zagreb) | ASEE Croatia | 118,167 | 118,167 |
| Asseco SEE Sh.p.k. (Pristina) | ASEE Kosovo | 35,241 | 39,241 |
| 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 |
| | | 584,566 | 588,566 |

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 2015, which was published on 18 February 2016 and is available at the Issuer's website: www.asseco.com/see.

As at 30 June 2016, we recognized an impairment write-down on our investment in ASEE Kosovo due to lower than expected financial performance of that company and on the basis of conducted impairment tests which are described below.

Impairment testing of investments

At every reporting period end, 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 2016, we estimated the recoverable amounts of our investments in the companies of ASEE Bulgaria, ASEE Kosovo and ASEE Romania because their actual financial results were weaker than expected.

The recoverable amount of investments in the above-mentioned subsidiaries as at 30 June 2016 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.

Based on the conducted tests, we decided to recognize an impairment write-down amounting to PLN 4,000 thousand on our investment in ASEE Kosovo. The write-down was recognized in financial expenses.

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

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 2016 and 31 December 2015:

| | Discount rate applied in the model | Sales revenue growth rate applied in the model |
|---------------------|--|--|
| 30 June 2016 | | |
| ASEE Bulgaria | 6.9% | 7.2% |
| ASEE Kosovo | 8.6% | -1.4% |
| ASEE Romania | 7.3% | 10.5% |
| 31 Dec. 2015 | | |
| ASEE Bulgaria | 7.4% | 8.6% |
| ASEE Kosovo | 9.7% | 13.7% |
| ASEE Romania | 7.5% | 8.6% |

In the case of ASEE Kosovo, taking into account the recognized write-down and current assumptions, the carrying value of this investment is equal to its recoverable amount. Any increase in the applied discount rate or decrease in the assumed revenue growth rate might result in further write-downs on our investment in ASEE Kosovo. According to our estimates, the Company does not currently plan to reverse or increase the recognized impairment charge.

In the case of ASEE Bulgaria, the recoverable amount of this investment would be equal to its carrying value if the revenue growth rate applied in the model was changed by 1.9 pp (or by 2.2 pp as at 31 December 2015) with other assumptions remaining constant. The recoverable amount of our investment in ASEE Bulgaria exceeds its carrying value by PLN 5.3 million (as compared with PLN 6.2 million as at 31 December 2015).

In the case of ASEE Romania, the recoverable amount of this investment would be equal to its carrying value if the discount rate applied in the model was changed by 1.5 pp (or by 1.07 pp as at 31 December 2015) with other assumptions remaining constant, or if the adopted revenue growth rate was changed by 1.1 pp (or by 0.95 pp as at 31 December 2015) with other assumptions remaining constant. The recoverable amount of our investment in ASEE Romania exceeds its carrying value by PLN 29.4 million (as compared with PLN 22 million as at 31 December 2015).

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 2016 | 31 Dec. 2015 |
|--|-----------------|-----------------|
| | (unaudited) | (audited) |
| Invoiced deliveries, of which from: | 3,322 | 2,357 |
| - related parties | 2,451 | 1,197 |
| - other entities | 871 | 1,160 |
| Uninvoiced deliveries, of which from: | - | 346 |
| - related parties | - | - |
| - other entities | - | 346 |
| | 3,322 | 2,703 |

The amount of PLN 2,451 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 2016, receivables outstanding under transactions conducted with Asseco Poland S.A. amounted to PLN 1 thousand. As at 31 December 2015, no receivables were outstanding under transactions conducted with Asseco Poland S.A.

In the period of 6 months ended 30 June 2016, our sales to Asseco Poland S.A. amounted to PLN 1 thousand, as compared with PLN 338 thousand in the comparable period.

| Other receivables | 30 June 2016 | 31 Dec. 2015 |
|--|-----------------|-----------------|
| | (unaudited) | (audited) |
| Receivables from disposal of shares | 7,722 | 8,621 |
| Other receivables | 156 | 125 |
| | 7,878 | 8,746 |
| - short-term | 1,589 | 1,529 |
| - long-term | 6,289 | 7,217 |

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 2016, receivables of ASEE S.A. from disposal of the above-mentioned shares amounted to PLN 7,722 thousand (of which PLN 6,289 thousand is presented in long-term receivables and PLN 1,433 thousand in short-term receivables). As at 31 December 2015, such receivables amounted to PLN 8,621 thousand (of which PLN 7,217 thousand is presented in long-term receivables and PLN 1,404 thousand in short-term receivables).

12. Cash and short-term deposits

| | 30 June 2016 | 31 Dec. 2015 |
|--------------------------|-----------------|-----------------|
| | (unaudited) | (audited) |
| Cash at bank and in hand | 8,861 | 2,995 |
| Short-term bank deposits | 23,855 | 29,934 |
| | 32,716 | 32,929 |

13. Financial assets

| Financial assets | 31 Dec. 2015 | Granted | Repaid | Interest accrued | Interest repaid | Foreign exchange differences | 30 June 2016 |
|---|-----------------|--------------|----------------|---------------------|--------------------|------------------------------------|---------------|
| Loans, of which receivable from: | 27,038 | 8,184 | (3,353) | 494 | (507) | 1,028 | 32,884 |
| ASEE Croatia | 5,204 | - | (528) | 92 | (99) | 190 | 4,859 |
| ASEE B&H | 3,071 | - | (312) | 68 | (76) | 112 | 2,863 |
| ASEE Turkey | 3,125 | - | - | 32 | (31) | 63 | 3,189 |
| ASEE Slovenia | 3,843 | - | (389) | 46 | (54) | 139 | 3,585 |
| ASEE Serbia | 6,392 | 8,184 | - | 162 | (162) | 316 | 14,892 |
| ASEE Montenegro | 4,630 | - | (1,991) | 82 | (72) | 178 | 2,827 |
| ASEE Bulgaria | 773 | - | (133) | 12 | (13) | 30 | 669 |
| | 27,038 | 8,184 | (3,353) | 494 | (507) | 1,028 | 32,884 |
| - long-term | 17,572 | | | | | | 24,084 |
| - short-term | 9,466 | | | | | | 8,800 |

The book values of financial assets held by the Company as at 30 June 2016 and 31 December 2015 did not significantly differ from their fair values.

14. Trade payables, financial liabilities

| Short-term trade payables | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---------------------------------------|--------------------------------|------------------------------|
| Invoiced deliveries, of which from: | 566 | 1,071 |
| -related parties | 129 | 158 |
| -other entities | 437 | 913 |
| Uninvoiced deliveries, of which from: | 298 | 531 |
| -related parties | - | - |
| -other entities | 298 | 531 |
| | 864 | 1,602 |

As at 30 June 2016, the outstanding balance of trade payables to Asseco Poland S.A. arising from invoiced deliveries amounted to PLN 1 thousand, as compared with PLN 45 thousand as at 31 December 2015. Other related party liabilities included payables to subsidiaries arising from purchases we made in order to provide IT services in the amount of PLN 120 thousand (as compared with PLN 28 thousand as at 31 December 2015) as well as payables for the performance of Group functions in the amount of PLN 8 thousand (as compared with PLN 85 thousand as at 31 December 2015).

In the period of 6 months ended 30 June 2016, our purchases from Asseco Poland S.A. amounted to PLN 150 thousand, as compared with PLN 108 thousand in the period of 6 months ended 30 June 2015.

The table below discloses the Company's trade payables as at 30 June 2016 and 31 December 2015, by maturity period based on contractual undiscounted payments.

| Ageing of trade payables | 30 June 2016 (unaudited) | | 31 Dec. 2015 (audited) | |
|--|--------------------------------|---------------|------------------------------|---------------|
| | Amount | Structure | Amount | Structure |
| Liabilities due already | 79 | 9.1% | 974 | 60.8% |
| Liabilities falling due within 3 months | 785 | 90.9% | 628 | 39.2% |
| Liabilities falling due after more than 3 months | - | - | - | - |
| | 864 | 100.0% | 1,602 | 100.0% |

| Financial liabilities | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|------------------------------|--------------------------------|------------------------------|
| Dividend payment liabilities | 21,796 | - |
| Currency forward contracts | 741 | 425 |
| | 22,537 | 425 |
| - short-term | 21,796 | 31 |
| - long-term | 741 | 394 |

Dividend payment liabilities reported as at 30 June 2016 comprised dividends payable to shareholders of ASEE S.A. The dividend was paid out on 15 July 2016.

| Liabilities to the state and local budgets | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|--|--------------------------------|------------------------------|
| Corporate income tax (CIT) | 288 | - |
| Personal income tax (PIT) | 39 | 53 |
| Social security payable | 91 | 74 |
| Value added tax | - | 36 |
| Other | 9 | 9 |
| | 427 | 172 |

15. Bank loans

| Interest-bearing bank loans | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|-----------------------------|-----------------------------|------------------------------|
| Interest-bearing bank loans | 14,291 | 15,052 |
| | 14,291 | 15,052 |
| - short-term | 3,349 | - |
| - long-term | 10,942 | 15,052 |

Liabilities under interest-bearing bank loans resulted from a bank credit facility provided by ING Bank Śląski for the period of 2 years (till 19 December 2016) and up to the amount of EUR 9,000 thousand.

As at 30 June 2016, liabilities outstanding under this bank loan amounted to EUR 3,230 thousand (PLN 14,291 thousand), as compared with EUR 3,401 thousand (PLN 15,052 thousand) as at 31 December 2015. This liability shall be repaid in quarterly instalments till 19 December 2020. Interest will be payable on the amount of loan actually drawn and shall be based on the 1M EURIBOR rate plus margin. Repayment of the loan to the bank 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

| Prepayments | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|-----------------------------|---------------------------|
| Prepaid maintenance services and license fees | 1,237 | 567 |
| Prepaid insurance | 27 | 19 |
| Other | 215 | 22 |
| | 1,479 | 608 |
| - short-term | 1,479 | 608 |
| - long-term | - | - |

| Short-term provisions | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|-----------------------------|---------------------------|
| Provision for the audit of financial statements | 108 | 103 |
| - short-term | 108 | 103 |
| - long-term | - | - |

| Accruals | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|---|-----------------------------|---------------------------|
| Recognition of accruals for unused holiday leaves | 221 | 194 |
| Recognition of accruals for employee bonuses | 397 | 931 |
| | 618 | 1,125 |
| - short-term | 618 | 1,125 |
| - long-term | - | - |

Provisions and accruals disclosed both as at 30 June 2016 and 31 December 2015, comprised the provision for the audit of financial statements, the accrual for salaries along with payroll overheads to be paid out in future periods that resulted from bonus schemes applied by ASEE S.A., as well as the accrual for unused holiday leaves.

| Deferred income | 30 June 2016 (unaudited) | 31 Dec. 2015 (audited) |
|------------------------------|-----------------------------|---------------------------|
| Prepaid maintenance services | 1,262 | 463 |
| Other | - | 253 |
| | 1,262 | 716 |
| - short-term | 1,262 | 716 |
| - long-term | - | - |

The balance of deferred income relates to prepayments for ongoing maintenance services as well as for other 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:

| Changes in working capital | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|--|--|
| Change in inventories | - | (1) |
| Change in receivables | (599) | (1,002) |
| Change in liabilities | (802) | (1,868) |
| Change in prepayments, accruals and provisions | (827) | 1,345 |
| | (2,228) | (1,526) |

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

| Changes in working capital | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|---|--|--|
| Changes in liabilities as per the statement of financial position | 21,621 | 18,890 |
| Dividends payable | (21,796) | (20,758) |
| Corporate income tax paid | (289) | - |
| Acquisition/settlement of financial assets carried at fair value through profit or loss | (316) | - |
| Other adjustments | (22) | - |
| Total changes affecting operating cash flows | (802) | (1,868) |

| Changes in working capital | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--|--|--|
| Changes in receivables as per the statement of financial position | 249 | (5,964) |
| Disposal of shares in Sigma – foreign exchange differences | 157 | 602 |
| Disposal of shares in Sigma | (1,057) | - |
| Other adjustments | 52 | - |
| Receivables from dividends | - | 4,360 |
| Total changes affecting operating cash flows | (599) | (1,002) |

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 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|--------------------------|---|---|
| ASEE Serbia | - | 6,164 |
| ASEE Croatia | 2,446 | 2,490 |
| ASEE Romania | 2,020 | - |
| ASEE Kosovo | - | 1,546 |
| ASEE Macedonia | - | 6,223 |
| ASEE B&H | 891 | 1,044 |
| | 5,357 | 17,467 |

| Disposal of shares in subsidiaries | 6 months ended 30 June 2016 (unaudited) | 6 months ended 30 June 2015 (unaudited) |
|------------------------------------|---|---|
| SIGMA Turkey | 1,057 | - |

In the period of 6 months ended 30 June 2016, proceeds from disposal of shares in subsidiaries amounted to PLN 1,057 thousand and were related to the sale of a 38.22% stake of shares in Sigma Turkey to ASEE Turkey in 2013. In the period of 6 months ended 30 June 2015, we received no proceeds from disposal of shares in subsidiaries.

18. Information on related parties

Related party transactions

The total values of transactions conducted with our related parties during the periods of 6 months ended 30 June 2016 and 30 June 2015, as well as outstanding balances of receivables and liabilities arising from such transactions as at 30 June 2016 and 31 December 2015 are presented in the table below:

| Related party | Sales to related parties | Purchases from related parties | Receivables from related parties | Liabilities to related parties |
|---------------------------|-----------------------------|--------------------------------------|--|--------------------------------------|
| Parent company: | | | | |
| <i>Asseco Poland S.A.</i> | | | | |
| 2016 | 1 | 150 | 48 | 1 |
| 2015 | 338 | 108 | 47 | 45 |
| Subsidiaries: | | | | |
| 2016 | 4,945 | 300 | 2,450 | 128 |
| 2015 | 4,010 | 263 | 1,197 | 113 |

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 2016 and PLN 47 thousand as at 31 December 2015.

In addition, Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2016 include PLN 11,128 thousand payable to Asseco Poland S.A. The dividend was paid out on 15 July 2016.

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

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2016 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 1,953 thousand. The above-stated amount does not include dividends payable to Asseco Poland S.A.⁵. The dividend was paid out on 15 July 2016.

During the periods of 6 months ended 30 June 2016 and 30 June 2015, 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.

⁵ Adam Góral, President of the Management Board of Asseco Poland serving as Chairman of the Supervisory Board of ASEE S.A., and Jacek Duch, Chairman of the Supervisory Board of Asseco Poland serving as Member of the Supervisory Board of ASEE S.A., are both shareholders in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 30 June 2016, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

19. Contingent liabilities

Guarantees and sureties granted by the Company as at 30 June 2016 as well as at 31 December 2015 were as follows:

| Guarantees and sureties | 30 June 2016 | | | Date of expiration | 31 Dec. 2015 | | | Date of expiration |
|--|---------------|--------------|----------|--------------------|---------------|--------------|----------|--------------------|
| | PLN'000 | in thousands | currency | | PLN'000 | in thousands | currency | |
| Bank loans | 10,698 | | | | 10,152 | | | |
| - ASEE Croatia | 10,698 | 18,200 | HRK | 31.05.2017 | 10,152 | 18,200 | HRK | 31.05.2017 |
| Guarantee facilities | 2,656 | | | | 1,278 | | | |
| - ASEE Kosovo | 1,328 | 300 | EUR | 11.02.2019 | - | - | - | - |
| - ASEE Kosovo | 1,328 | 300 | EUR | 20.08.2017 | 1,278 | 300 | EUR | 20.08.2017 |
| Guarantees for due performance of contracts | 2,523 | | | | 2,430 | | | |
| - ASEE Serbia | 1,416 | 320 | EUR | 31.05.2017 | 1,364 | 320 | EUR | 31.05.2017 |
| - ASEE Slovenia | 443 | 100 | EUR | 15.07.2019 | 426 | 100 | EUR | 15.07.2019 |
| - ASEE Slovenia | 266 | 60 | EUR | 31.01.2020 | 256 | 60 | EUR | 31.01.2020 |
| - ASEE Slovenia | 398 | 90 | EUR | 05.06.2020 | 384 | 90 | EUR | 05.06.2020 |
| Total guarantees and sureties | 15,877 | - | - | - | 13,860 | - | - | - |

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

As at 30 June 2016 and 31 December 2015, the Company had no other contingent or off-balance-sheet liabilities.

20. Capital management

During the period of 6 months ended 30 June 2016 as well as in the period of 6 months ended 30 June 2015, the Group did not introduce any changes to its objectives, policies and processes adopted in the area of capital management.

21. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2016, 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 2015.

22. Significant events after the reporting period

In the period from 30 June 2016 till the date of approval of these interim condensed financial statements, this is until 5 August 2016, we have not observed any significant events, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of ASEE S.A.

23. Significant events related to prior years

Until the date of preparing these interim condensed financial statements, this is until 5 August 2016, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.