



**MANAGEMENT REPORT ON OPERATIONS
OF ASSECO SOUTH EASTERN EUROPE GROUP
FOR THE PERIOD OF 6 MONTHS
ENDED 30 JUNE 2015**

Rzeszów, 5 August 2015

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1. GENERAL INFORMATION ON THE ISSUER

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

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

2. BUSINESS PROFILE OF THE ISSUER AND ITS CAPITAL GROUP

Asseco South Eastern Europe S.A. is engaged in holding operations which involve primarily management of companies that belong to ASEE Group in South Eastern Europe and Turkey, as well as investments in new IT sector companies in that region. ASEE S.A. is also a provider of services and software for voice automation solutions, payment systems and mobile communication systems.

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

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

- Banking Solutions,
- Payment Solutions,
- Systems Integration.

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

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

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

The Systems Integration segment is engaged in the development of customized IT systems, integration of third-party software and elements of infrastructure, as well as in the sale and installation of hardware solutions. Furthermore, the Systems Integration segment includes the presentation of sales of a number of the Group's proprietary solutions.

3. COMPOSITION OF THE ISSUER'S MANAGEMENT AND SUPERVISORY BODIES AND THEIR COMMITTEES

As at the date of publication of this report, this is on 5 August 2015, the Company's Management Board and Supervisory Board and its Audit Committee were composed of the following persons:

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

During the reporting period as well as in the period from 30 June 2015 till the publication of this report, this is till 5 August 2015, the compositions of the Company's Management Board, Supervisory Board and Audit Committee remained unchanged.

4. ORGANIZATIONAL STRUCTURE OF ASECO SOUTH EASTERN EUROPE GROUP

The table below presents the ASEE Group's structure along with equity interests and voting rights at the general meetings of shareholders/partners of its subsidiaries as at 30 June 2015:

Full name of entity	Short name as used in this report	Country of registration	Equity interest / Voting rights	
			30 June 2015	31 Dec. 2014
Asseco South Eastern Europe S.A.	ASEE S.A.	Poland		
Asseco SEE s.r.l. (Bucharest)	ASEE Romania	Romania	100.00%	100.00%
Asseco s.r.l. MOLDOVA	ASEE Moldova	Moldova	100.00%	100.00%
Asseco SEE d.o.o., Beograd	ASEE Serbia	Serbia	100.00%	100.00%
E-Mon d.o.o., Podgorica	E-Mon Montenegro	Montenegro	50.00%	50.00%
eMS d.o.o., Beograd	eMS Serbia	Serbia	100.00%	100.00%
Uni4Gold d.o.o., Nis	Uni4Gold Serbia	Serbia	70.00%	70.00%
Multicard d.o.o., Beograd	Multicard Serbia	Serbia	45.00%	45.00%
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	Croatia	100.00%	100.00%
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	Kosovo	100.00%	100.00%
Asseco SEE Sh.p.k., Tirana	ASEE Albania	Albania	100.00%	100.00%
Asseco SEE Teknoloji A.Ş. (Istanbul)	ASEE Turkey	Turkey	100.00%	100.00%
Nestpay Odeme Hizmetleri A.S.	ASEE Nestpay	Turkey	100.00%	100.00%
Asseco SEE d.o.o., (Ljubljana)	ASEE Slovenia	Slovenia	100.00%	100.00%
Asseco SEE DOOEL, Skopje	ASEE Macedonia	Macedonia	100.00%	100.00%
Asseco SEE d.o.o. (Sarajevo)	ASEE B&H	Bosnia and Herzegovina	100.00%	100.00%
Asseco SEE o.o.d., Sofia	ASEE Bulgaria	Bulgaria	100.00%	100.00%
Asseco SEE d.o.o., Podgorica	ASEE Montenegro	Montenegro	100.00%	100.00%

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company). As at 30 June 2015, Asseco Poland S.A. held a 51.06% stake in the share capital of ASEE S.A.

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

Multicard Serbia is an associated company accounted for using the equity method. The remaining companies incorporated within the Group are treated as subsidiaries and are subject to full consolidation.

Both as at 30 June 2015 and 31 December 2014, voting rights held by the Group in its subsidiaries were proportional to the Group's equity interests in these entities.

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

During the period of 6 months ended 30 June 2015, the organizational structure of ASEE Group remained unchanged.

6. INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS

For the period of 6 months ended 30 June 2015 in PLN thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	824	7,384	2,204	34,532	4,793	6,441	29,038	4,217	38,448	60,940	6,581	24,998	220,400
Cost of sales (-)	(557)	(5,158)	(1,974)	(26,876)	(3,233)	(4,917)	(20,551)	(2,525)	(31,104)	(44,506)	(4,912)	(16,016)	(162,329)
Gross profit on sales	267	2,226	230	7,656	1,560	1,524	8,487	1,692	7,344	16,434	1,669	8,982	58,071
Selling costs (-)	(59)	(422)	(172)	(2,988)	(351)	(354)	(1,693)	(739)	(3,411)	(5,389)	(87)	(1,944)	(17,609)
General and administrative expenses (-)	(90)	(675)	(349)	(3,239)	(309)	(454)	(1,433)	(373)	(2,604)	(3,593)	(488)	(4,112)	(17,719)
Net profit (loss) on sales	118	1,129	(291)	1,429	900	716	5,361	580	1,329	7,452	1,094	2,926	22,743
Other operating income	-	29	131	27	4	33	156	921	101	(23)	-	511	1,890
Other operating expenses	-	(2)	(34)	(31)	(4)	(4)	(69)	(324)	(14)	(256)	-	-	(738)
Share of profits of associates	-	-	-	-	273	-	-	-	-	(144)	-	-	129
Operating profit	118	1,156	(194)	1,425	1,173	745	5,448	1,177	1,416	7,029	1,094	3,437	24,024

For the period of 6 months ended 30 June 2015 in EUR thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	199	1,786	533	8,353	1,159	1,558	7,024	1,020	9,300	14,741	1,592	6,047	53,312
Cost of sales (-)	(134)	(1,248)	(477)	(6,501)	(782)	(1,189)	(4,971)	(611)	(7,524)	(10,766)	(1,188)	(3,874)	(39,265)
Gross profit on sales	65	538	56	1,852	377	369	2,053	409	1,776	3,975	404	2,173	14,047
Selling costs (-)	(14)	(102)	(42)	(723)	(84)	(86)	(410)	(179)	(825)	(1,303)	(21)	(470)	(4,259)
General and administrative expenses (-)	(22)	(163)	(84)	(783)	(75)	(110)	(347)	(90)	(630)	(869)	(118)	(995)	(4,286)
Net profit (loss) on sales	29	273	(70)	346	218	173	1,296	140	321	1,803	265	708	5,502
Other operating income	-	7	32	7	1	9	38	221	25	(6)	-	124	458
Other operating expenses	-	-	(9)	(8)	(1)	(1)	(17)	(78)	(3)	(62)	-	-	(179)
Share of profits of associates	-	-	-	-	66	-	-	-	-	(35)	-	-	31
Operating profit	29	280	(47)	345	284	181	1,317	283	343	1,700	265	832	5,812

For the period of 6 months ended 30 June 2014 in PLN thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	774	6,343	1,975	33,171	4,731	6,237	23,073	2,968	53,265	59,681	5,213	22,867	220,298
Cost of sales (-)	(419)	(4,316)	(1,822)	(26,221)	(3,712)	(5,400)	(17,070)	(2,456)	(45,287)	(43,964)	(4,275)	(13,381)	(168,323)
Gross profit on sales	355	2,027	153	6,950	1,019	837	6,003	512	7,978	15,717	938	9,486	51,975
Selling costs (-)	(98)	(682)	(252)	(2,395)	(168)	(327)	(1,588)	(796)	(3,227)	(5,414)	(131)	(2,373)	(17,451)
General and administrative expenses (-)	(167)	(705)	(434)	(2,989)	(282)	(558)	(1,166)	(5)	(2,553)	(3,807)	(368)	(3,162)	(16,196)
Net profit (loss) on sales	90	640	(533)	1,566	569	(48)	3,249	(289)	2,198	6,496	439	3,951	18,328
Other operating income	1	26	15	137	31	49	422	44	65	122	-	38	950
Other operating expenses	-	(192)	(2)	(209)	-	(25)	(283)	(27)	(37)	(154)	-	(16)	(945)
Share of profits of associates	-	-	-	-	220	-	-	-	-	-	-	-	220
Operating profit	91	474	(520)	1,494	820	(24)	3,388	(272)	2,226	6,464	439	3,973	18,553

For the period of 6 months ended 30 June 2014 in EUR thousands	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
Sales revenues	185	1,518	473	7,939	1,132	1,492	5,522	710	12,748	14,283	1,248	5,473	52,723
Cost of sales (-)	(100)	(1,033)	(436)	(6,276)	(888)	(1,292)	(4,085)	(587)	(10,839)	(10,522)	(1,024)	(3,201)	(40,283)
Gross profit on sales	85	485	37	1,663	244	200	1,437	123	1,909	3,761	224	2,272	12,440
Selling costs (-)	(23)	(163)	(61)	(573)	(40)	(78)	(380)	(191)	(772)	(1,296)	(31)	(569)	(4,177)
General and administrative expenses (-)	(40)	(169)	(104)	(715)	(67)	(134)	(279)	(1)	(611)	(911)	(88)	(757)	(3,876)
Net profit (loss) on sales	22	153	(128)	375	137	(12)	778	(69)	526	1,554	105	946	4,387
Other operating income	-	6	4	33	7	12	101	10	16	29	-	8	226
Other operating expenses	-	(46)	-	(50)	-	(6)	(68)	(6)	(9)	(37)	-	(4)	(226)
Share of profits of associates	-	-	-	-	53	-	-	-	-	-	-	-	53
Operating profit	22	113	(124)	358	197	(6)	811	(65)	533	1,546	105	950	4,440

7. SUMMARY AND ANALYSIS OF THE FINANCIAL RESULTS OF ASEE GROUP

	3 months ended 30 June 2015 (unaudited)	3 months ended 30 June 2014 (unaudited)	Change %	6 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2014 (unaudited)	Change %
PLN'000						
Sales revenues	121,847	121,017	1%	220,400	220,298	0%
Gross profit on sales	32,000	28,341	13%	58,071	51,975	12%
Net profit on sales	14,079	10,509	34%	22,743	18,328	24%
Operating profit	14,157	10,549	34%	24,024	18,553	29%
EBITDA	21,410	16,207	32%	38,186	28,837	32%
Net profit for the reporting period	11,649	9,094	28%	19,755	16,108	23%
Net profit attributable to Shareholders of the Parent Company	11,649	9,110	28%	19,778	16,125	23%

	3 months ended 30 June 2015 (unaudited)	3 months ended 30 June 2014 (unaudited)	Change %	6 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2014 (unaudited)	Change %
EUR'000						
Sales revenues	29,473	28,962	2%	53,312	52,723	1%
Gross profit on sales	7,740	6,783	14%	14,047	12,440	13%
Net profit on sales	3,406	2,515	35%	5,502	4,387	25%
Operating profit	3,424	2,525	36%	5,811	4,440	31%
EBITDA	5,179	3,879	34%	9,237	6,901	34%
Net profit for the reporting period	2,818	2,176	30%	4,779	3,855	24%
Net profit attributable to Shareholders of the Parent Company	2,818	2,180	29%	4,784	3,859	24%

Financial results achieved by ASEE Group in the second quarter of 2015 were stronger than in the comparable period last year. This has been the fifth consecutive quarter when the Company managed to improve its financial performance in relation to comparable data. Our results for the second quarter of 2015 show a continuation of trends already observed in the first three months of the year – increasing sales and improving margins of profit in the segments of Banking Solutions and Payment Solutions, and on the other hand a weaker financial performance of the Systems Integration segment. The most important events that have affected the reported financial results are presented in more detail below.

Sales revenues

In the second quarter of 2015, sales revenues presented in PLN and EUR increased by 1% and 2%, respectively, both in comparison to sales generated in the comparable period of 2014. Although consolidated revenues of ASEE Group remained fairly unchanged, their structure in the second quarter of 2015 was different than a year ago, similarly as in the first three months of 2015. The growing revenues from own products and services in the segments of Banking Solutions and Payment Solutions were accompanied by a decline in the sales of infrastructure and third-party solutions which are presented within the Systems Integration segment.

Sales revenues by segments

	3 months ended 30 June 2015 (unaudited)	3 months ended 30 June 2014 (restated)	Change %	6 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2014 (restated)	Change %
PLN'000						
Banking Solutions	32,419	26,563	22%	60,813	50,449	21%
Payment Solutions	40,364	36,755	10%	77,400	65,853	18%
Systems Integration	49,064	57,699	-15%	82,187	103,996	-21%
	121,847	121,017	1%	220,400	220,298	0%

	3 months ended 30 June 2015 (unaudited)	3 months ended 30 June 2014 (restated)	Change %	6 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2014 (restated)	Change %
EUR'000						
Banking Solutions	7,842	6,357	23%	14,710	12,074	22%
Payment Solutions	9,763	8,796	11%	18,722	15,760	19%
Systems Integration	11,868	13,809	-14%	19,880	24,889	-20%
	29,473	28,962	2%	53,312	52,723	1%

In the first half of 2015, consolidated sales of ASEE Group improved by EUR 590 thousand. Revenues of the Banking Solutions segment increased by EUR 2.6 million or 22% in this period. A significant portion of this growth (EUR 890 thousand) was generated in Serbia, where we continue to execute large banking projects for local clients and are engaged in several international implementations. Hence, the segment recorded higher sales also in the countries such as Bosnia and Herzegovina, Kosovo and Bulgaria, which do not offer their own banking solutions and have to rely on banking systems provided by other foreign operations of ASEE. Revenues of our Banking Solutions segment increased also in Croatia by EUR 650 thousand, on the back of stronger demand for our mobile solutions. Whereas, the segment's revenues in Turkey improved by EUR 290 thousand owing to new contracts for the implementation of InAct solution.

Sales revenues of the Payment Solutions segment in the first half of 2015 exceeded EUR 18.7 million, increasing by nearly EUR 3.0 million or 19% in relation to the comparable period last year. Higher revenues were generated both in the area of online payments processing as well as in physical payments. In the first half of 2015, revenues from handling of physical payments increased the most in Serbia (by EUR 850 thousand), Macedonia (by EUR 880 thousand) and in Slovenia (by EUR 340 thousand). However, most of the revenue growth in Macedonia and almost half in Serbia resulted from larger deliveries of infrastructure in the traditional model of maintenance of ATMs and POS terminals.

The Systems Integration segment closed the first half of 2015 with sales at the level of EUR 19.9 million, reflecting a decrease of EUR 5.0 million or 20% in comparison with the previous year. The segment's revenues declined primarily in the supply of infrastructure and provision of integration services. The results of this business line deteriorated particularly in Romania, where sales for the first half of 2015 dropped by EUR 3.5 million from the last year's level, as well as in Serbia (a decline by EUR 1.3 million). Such lower revenues were a consequence of the lack of significant contracts that would be comparable to those executed by ASEE Group in the first half of 2014.

Gross profit on sales

In the first half of 2015, sales revenues of ASEE Group increased by EUR 590 thousand in relation to the comparable period last year. At the same

time, our cost of sales decreased by EUR 1.0 million, which resulted in an increase of gross profit on sales by EUR 1.6 million or 13% as compared with the first six months of 2014.

The cost of sales was reduced primarily due to the lower cost of goods, materials and third-party services sold (COGS). In the first half of 2015, COGS amounted to PLN 18.6 million, decreasing by over EUR 2 million from the year-ago level. Whereas, our production costs increased by EUR 1.1 million to the level of EUR 20.7 million in the first six months of 2015. A substantial portion of the increase in production costs (EUR 700 thousand) resulted from additional depreciation charges on equipment provided to our clients under the outsourcing of payment solutions.

Changes in the cost of sales reflect a greater share of our own services and solutions in the Group's revenue structure. In the first half of 2015, sales of our own services and solutions reached EUR 33 million (or 62% of total revenues) as compared with EUR 30 million (or 57% of total revenues) generated a year ago. Projects that involve own services and solutions, as a general rule, generate higher margins of profit than the resale of third-party goods and services, and therefore the said change in our revenue structure contributed to an increase in the gross profit margin. This margin reached 26.3% in the first half of 2015 and was up from the level of 23.6% reported for the corresponding period of 2014.

Net profit on sales

Consolidated net profit on sales for the first half of 2015 improved by over EUR 1.1 million, as a cumulative effect of an increase in gross profit on sales by EUR 1.6 million, increase in selling expenses by EUR 83 thousand, and an increase in general and administrative expenses by EUR 410 thousand. General and administrative expenses increased basically due to the higher amount of variable remunerations resulting from the Group's improving financial performance, as well as the costs of renting additional office space in Turkey and Croatia. Consolidated net profit on sales of ASEE Group for the first half of 2015 improved owing to considerably stronger results achieved by our segments of Banking Solutions and Payment Solutions. These positive achievements were partially offset by a weaker performance from the Systems Integration segment. The reasons behind such changes have been described in more detail in the above section on sales revenues as well as in the below section discussing our operating profit.

Net profit on sales by segments

	3 months ended 30 June 2015	3 months ended 30 June 2014	Change	6 months ended 30 June 2015	6 months ended 30 June 2014	Change
PLN'000	(unaudited)	(restated)	%	(unaudited)	(restated)	%
Banking Solutions	6,205	2,126	192%	8,659	2,379	264%
Payment Solutions	6,225	5,396	15%	13,240	10,179	30%
Systems Integration	1,649	2,987	-45%	844	5,770	-85%
Net profit on sales	14,079	10,509	34%	22,743	18,328	24%

	3 months ended 30 June 2015	3 months ended 30 June 2014	Change	6 months ended 30 June 2015	6 months ended 30 June 2014	Change
EUR'000	(unaudited)	(restated)	%	(unaudited)	(restated)	%
Banking Solutions	1,501	509	195%	2,095	570	268%
Payment Solutions	1,506	1,291	17%	3,203	2,436	31%
Systems Integration	399	715	-44%	204	1,381	-85%
Net profit on sales	3,406	2,515	35%	5,502	4,387	25%

Operating profit and EBITDA

Operating profit of ASEE Group for the first half of 2015 reached EUR 5.8 million, increasing by almost EUR 1.4 million or as much as 31% in comparison with the first half of 2014.

Our consolidated operating profit grew primarily due to a stronger performance of the Banking Solutions segment. In the first half of 2015, the segment's EBIT amounted to nearly EUR 2.1 million, reflecting an increase by EUR 1.5 million if compared with the first six months of the previous year. Such growth was achieved mainly on the back of robust results in Serbia (where EBIT increased by EUR 510 thousand) as well as in Macedonia (an increase by EUR 280 thousand). Both the teams are currently engaged in the implementation of banking projects both in their local markets and in other countries of the Group's operations. Higher sales of InAct solution helped improve the segment's operating results in Turkey, where EBIT increased by EUR 220 thousand. Operating profit improved also in Romania, where slightly higher sales accompanied by cost savings resulted in an increase of EBIT by EUR 240 thousand.

Operating profit earned by the Payment Solutions segment in the first half of 2015 reached EUR 3.2 million, increasing by EUR 0.8 million or 34% above the year-ago level. A significant portion of that increase (EUR 580 thousand) was generated from handling of physical payments. Stronger results of this segment were achieved, among others, in Slovenia (an increase in EBIT by EUR 190 thousand) where we observe a dynamic growth in the outsourcing of our payment solutions. The segment managed to improve its results also in Serbia (an increase by EUR 130 thousand), Macedonia (an increase by EUR 170

thousand) and in Bulgaria (an increase by EUR 50 thousand), however operating profits in these countries were largely generated from the traditional supply and maintenance of payment devices.

The Systems Integration segment earned EUR 170 thousand in operating profit for the first half of 2015 and it declined by EUR 1.2 million in comparison to the comparable period last year. The largest deterioration of operating results was seen in Turkey (a decline by EUR 660 thousand), which generated lower levels of sales and EBIT basically across all the product lines included in the Systems Integration segment. Operating profit deteriorated also in Romania (a decrease by EUR 450 thousand) and in Serbia (a decrease by EUR 450 thousand also). In the first half of 2014, the segment was engaged in large integration projects in both these countries, which has not been the case in 2015 so far. The Management believes the Systems Integration segment will be able to improve its results in the second half of 2015.

It should be noted that the Group's operating profit for the first quarter of 2015 was favourably influenced by the received reimbursement of the excessive amount of civil law transactions tax paid by the holding company in the years 2008–2010. The net amount of reimbursed tax (after deducting the costs of legal proceedings) equalled EUR 144 thousand and was recognized in operating income. Furthermore, ASEE Group recognized a financial income of EUR 121 thousand representing the amount of interest accrued on the awarded reimbursement.

Consolidated EBITDA for the first half of 2015 reached EUR 9.2 million, improving by EUR 2.3 million or 34% in relation to the comparable period last year. The most significant growth of EBITDA (by more than EUR 1.7 million or 47%) was

recorded in the Payment Solutions segment, where it increased faster than operating profit as a result of higher depreciation charges on equipment provided to our clients in the outsourcing model. EBITDA in the Banking Solutions segment increased by nearly EUR 1.6 million, whereas in the Systems Integration segment it declined by almost EUR 1.2 million. An additional increase in EBITDA amounting to EUR 260 thousand was related to the operations which are not allocated to any of our operating segments.

Net profit

Consolidated net profit of ASEE Group for the first half of 2015 reached EUR 4.8 million, improving by EUR 0.9 million or 24% in comparison to the corresponding period last year. Our net profit grew somewhat slower than operating profit primarily as a result of higher income tax expense incurred in the first half of 2015.

Income tax expense resulted from our current business operations conducted in individual countries as well as from income taxes on dividends received by the holding company from its subsidiaries. In the first half of 2015, our income tax expense amounted to just over EUR 1.0 million (effective tax rate of 18.0%) as compared with EUR 0.6 million incurred in the previous year (effective tax rate of 13.3%). Higher income tax resulted primarily from larger dividends received by the holding company from its subsidiaries operating outside the territory of the European Union (amounting to EUR 3.6 million in 2015 as compared with EUR 2.7 million in 2014). This

Analysis of financial ratios

	3 months ended 30 June 2015 (unaudited)	3 months ended 30 June 2014 (unaudited)	6 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2014 (unaudited)
Gross profit margin	26.3%	23.4%	26.3%	23.6%
EBITDA margin	17.6%	13.4%	17.3%	13.1%
Operating profit margin	11.6%	8.7%	10.9%	8.4%
Net profit margin	9.6%	7.5%	9.0%	7.3%
Return on equity (ROE)			6.5%	5.6%
Return on assets (ROA)			5.2%	4.5%

*The above ratios have been computed using the following formulas:
Gross profit margin = gross profit on sales / sales
EBITDA margin = (operating profit + depreciation and amortization) / sales
Operating profit margin = operating profit / sales
Net profit margin = net profit for the reporting period attributable to Shareholders of the Parent Company / sales*

necessitated the payment of withholding tax as well as higher utilization of deferred tax assets arising from tax-deductible losses. Moreover, we incurred a higher effective rate of income tax paid on our operations. This was caused by the increasing share of companies with relatively high tax rates in the structure of our taxable income (Serbia, Slovenia), as well as by higher effective tax rates in certain countries, especially in Turkey due to the less favourable mix of tax-exempt and taxable income.

Financial income for the first half of 2015 offset our financial expenses, just as in the first six months of 2014. Yet it should be noted that the above-mentioned reimbursement of excessive tax paid on civil law transactions along with the accrued interest resulted in the recognition of a one-off financial income of EUR 121 thousand. If this amount was deducted, the Group's net result on financial operations would equal EUR -105 thousand in the first half of 2015 and it would decrease by EUR 109 thousand in relation to the comparable period last year. Hence, the comparable result on financial items decreased primarily as we paid more interest on bank loans (an increase by EUR 46 thousand) and incurred a higher loss on foreign exchange differences (an increase by EUR 130 thousand), both in comparison with the first half of 2014. Concurrently, we earned EUR 80 thousand more in interest income on bank term deposits as the companies of ASEE Group held more spare cash than a year ago.

*Return on equity (ROE) = net profit for the period of trailing 12 months attributable to Shareholders of the Parent Company / average annual equity attributable to Shareholders of the Parent Company
Return on assets (ROA) = net profit for the period of trailing 12 months attributable to Shareholders of the Parent Company / average annual assets*

In the first half of 2015, gross profit margin reached 26.3%, increasing by 2.7 percentage points in comparison to the corresponding period last year. As described above, our profitability at this level improved primarily as a result of higher share of own services and solutions in the revenue structure of ASEE Group.

At the same time, EBITDA margin grew by over 4 percentage points, from the level of 13.1% in the first half of 2014 to 17.3% in the first six months of the current year. EBITDA margin increased more dynamically than our operating profit margin chiefly due to higher depreciation charges recognized on POS terminals and ATMs that are provided to clients of our Payment Solutions

segment under the outsourcing of payment processes.

Operating profit margin in the first half of 2015 equalled 10.9%, improving by 2.5 percentage points. Changes in the levels of our operating profit and margin have been explained in detail above.

Net profit margin increased by 1.7 percentage points and reached 9.0% in the first six months of 2015.

Stronger financial performance of ASEE over the last four quarters resulted in an increase in the rates of return on equity and assets. Return on equity (ROE) for the trailing 12 months ended 30 June 2015 equalled 6.5% growing by 0.9 percentage points; whereas, return on assets (ROA) reached the level of 5.2% improving by 0.7 percentage points.

	30 June 2015	31 Dec. 2014
	(unaudited)	(unaudited)
Working capital (in PLN thousands)	83,412	92,766
Current liquidity ratio	1.59	1.65
Quick liquidity ratio	1.36	1.45
Absolute liquidity ratio	0.61	0.64

The above ratios have been computed using the following formulas:
Working capital = current assets - current liabilities
Current liquidity ratio = current assets / current liabilities
Quick liquidity ratio = (current assets - inventories - prepayments) / current liabilities
Absolute liquidity ratio = (bonds and securities held to maturity + cash and short-term bank deposits) / current liabilities

Our working capital decreased by more than PLN 9 million in comparison with the end of December 2014. In the first half of 2015, current assets decreased by almost PLN 10 million, mainly due to lower receivables and cash and cash equivalents, while current liabilities decreased by over PLN 0.6 million. The balance of liabilities changed as a result of the repayment of trade payables and state budget liabilities in the total amount of over PLN 22 million, as well as recognition of over PLN 21 million in financial liabilities representing dividends payable to shareholders of ASEE.

Our liquidity ratios as at the end of June 2015 were slightly lower than as at 31 December 2014, yet they still remain at safe levels.

Analysis of debt

	30 June 2015	31 Dec. 2014
	(unaudited)	(unaudited)
Total debt ratio	20.2%	19.9%
Debt / equity ratio	6.0%	6.3%
Debt / (debt + equity) ratio	5.7%	6.0%

The above ratios have been computed using the following formulas:
Total debt ratio = (long-term liabilities + short-term liabilities) / assets
Debt / equity ratio = interest-bearing bank loans / equity
Debt / (debt + equity) ratio = interest-bearing bank loans / (interest-bearing bank loans + equity)

The total debt ratio increased from 19.9% reported as at the end of 2014 to the level of 20.2% as at 30 June 2015. This small change resulted from a decrease in total assets chiefly as a consequence of translation of goodwill arising from consolidation, as well as lower amounts of receivables and cash and cash equivalents, while our liabilities remained at a similar level. A partial repayment of our bank loans (the outstanding balance has been reduced by more than PLN 3 million as compared with the level of 31 December 2014) resulted in a slight decrease in the ratio of debt to equity, as well as in the ratio of debt to total equity and liabilities.

Structure of the statement of cash flows

	6 months ended 30 June 2015	6 months ended 30 June 2014
	(unaudited)	(unaudited)
Net cash provided by (used in) operating activities	18,068	24,003
Net cash provided by (used in) investing activities	(26,396)	(37,976)
Net cash provided by (used in) financing activities	(3,642)	20,568
Net change in cash and cash equivalents	(11,970)	6,595

In the first half of 2015, our operating activities provided PLN 18 million of cash inflows. These inflows resulted basically from changes in the relation of cash to other working capital items. Following strong operating cash flows generated in the fourth quarter of 2014, at the end of last December our cash and cash equivalents remained at a relatively high level of PLN 89 million, just as our trade payables and tax and legal liabilities which totalled PLN 78 million. During the first six months of 2015, ASEE Group settled nearly PLN 25 million of its current liabilities. In the same period, the aggregated change in receivables, inventories, prepayments, accruals and provisions resulted in an increase of our cash balance by nearly PLN 9 million. Such large fluctuations in the Group's working capital resulted from the values and phases of ongoing projects, and above all from the schedule of settlements with suppliers and customers of ASEE.

Expenditures in investing activities amounted to PLN 26.4 million in the first half of 2015, decreasing by more than PLN 11.5 million from the comparable period last year. Such lower capital expenditures were a consequence of a smaller number and scale of new projects as well as a smaller number of equipment replacements under active projects carried out in the Payment Solutions segment. In the first half of 2014, ASEE Group invested more than PLN 26 million in equipment used for the outsourcing of payment transaction processes, which included mainly new POS

terminals provided to our banking clients in Croatia and Serbia. In the same period of 2015, the Company spent approximately PLN 11.7 million for purchases of new POS terminals and ATMs.

In the first quarter of 2015, net cash used in our financing activities amounted to PLN 3.6 million. These outflows resulted mainly from the amount of interest paid (PLN 943 thousand) as well as the excess of repayments over proceeds from bank loans and borrowings (PLN 2.2 million). Proceeds from new bank loans are related to our continued

8. FACTORS WHICH IN THE MANAGEMENT'S OPINION WILL AFFECT THE GROUP'S FINANCIAL PERFORMANCE AT LEAST TILL THE END OF THIS FINANCIAL YEAR

Because Asseco South Eastern Europe S.A. is primarily engaged in holding operations, directions of the Company's development need to be examined taking into account the development and business performance of the entire group of Asseco South Eastern Europe.

The Management Board of ASEE S.A. believes the Group's current financial standing, production potential and market position pose no threats to its ability to continue as a going concern throughout 2015. However, there are numerous factors, of both internal and external nature, which may directly or indirectly affect the Group's financial performance in the next quarters.

The external factors with a bearing on the future performance of ASEE Group include:

- economic situation in the region of South Eastern Europe and Turkey, especially in the context of continued weak economic conditions that may have an impact on the volume of orders and financial condition of ASEE Group's customers, as well as the future economic situation and eventual return to a sustainable growth path;
- availability of the EU structural funds in Romania, Bulgaria and Croatia, as well as pre-accession funds in other countries;
- condition of the IT market in the SEE region and Turkey; this part of Europe remains still way underinvested in terms of information technology as compared with the West European countries;
- implementation of informatization processes at the region's public administration in order to upgrade the quality and functionality of their services to international standards and especially to the European Union requirements;

investments in infrastructure to be provided under outsourcing projects conducted by the Payment Solutions segment. During the last six months, such new investments were made primarily in Croatia, Serbia, Romania, and Slovenia. Whereas, repayments of bank loans are related to external financing obtained for the same purpose by ASEE companies operating in Croatia and Serbia in the years 2013-2014.

- consolidation and development of the banking sector in SEE countries and Turkey;
- prospects for expansion of the Group's operations into new markets through cooperation with partners;
- prospects for expansion of the Group's product portfolio in connection with potential future acquisitions;
- inflation and fluctuations in the currency exchange rates of the countries where the Group operates;
- more and more severe competition both from local and international IT companies, which is observed especially when it comes to the execution of large and prestigious contracts;
- changes in the credit standing, financial liquidity, and availability of debt financing for customers;
- opportunities and risks resulting from rapid technological changes and innovations in the IT market.

The internal factors with a bearing on the future performance of ASEE Group include:

- premium quality and comprehensive offer of ASEE Group;
- research and development expenditures;
- stability and experience of our managerial staff;
- transparent organizational structure and efficient operations of the Group;
- experience in the execution of complex IT projects involving the provision of diversified services in broad geographical regions;
- effective activities of our sales and marketing force;
- execution of complex information technology projects carried out under long-term agreements;
- implementation of the Group's business strategy that involves focusing on strategic products and services, expansion into New Markets, and improving operating efficiency;
- successful completion of potential future company acquisitions.

9. OPINION OF THE MANAGEMENT BOARD ON FEASIBILITY OF MEETING THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS

The Management Board of Asseco South Eastern Europe S.A. did not publish any financial forecasts for 2015.

10. MAJOR SHAREHOLDERS

To the best knowledge of the Management Board of ASEE S.A., as at the date of publication of this report, this is on 5 August 2015, the shareholders who, either directly or through their subsidiaries, hold at least 5% of total voting rights at the General Meeting of Shareholders are as follows:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting rights at GMS
Asseco Poland S.A.	26,494,676	51.06%
Aviva Pension Fund	6,571,636	12.66%
EBRD	4,810,880	9.27%
Liatris d.o.o.	3,415,843	6.58%
Other shareholders	10,601,216	20.43%
	51,894,251	100.00%

According to the best knowledge of the Management Board of ASEE S.A., as at 30 June 2015, the shareholders who, either directly or through their subsidiaries, held at least 5% of total voting rights at the General Meeting of Shareholders were as follows:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting rights at GMS
Asseco Poland S.A.	26,494,676	51.06%
Aviva Pension Fund	6,571,636	12.66%
EBRD	4,810,880	9.27%
Liatris d.o.o.	3,500,000	6.74%
Other shareholders	10,517,059	20.27%
	51,894,251	100.00%

According to the best knowledge of the Management Board of ASEE S.A. as at 31 March 2015 as well as at the date of publication of the first quarter report, i.e. on 23 April 2015, the shareholders who, either directly or through their subsidiaries, held at least 5% of total voting rights at the General Meeting of Shareholders were as follows:

Name of shareholder	Number of shares held and votes at GMS	Equity interest and voting rights at GMS
Asseco Poland S.A.	26,494,676	51.06%
Aviva Pension Fund	5,000,000	9.63%
EBRD	4,810,880	9.27%
Liatris d.o.o.	3,838,683	7.40%
Other shareholders	11,750,012	22.64%
	51,894,251	100.00%

Both as at 30 June 2015 and at the date of publication of this report, this is on 5 August 2015, the share capital of Asseco South Eastern Europe S.A. amounted to PLN 518,942,510 and it was divided into 51,894,251 ordinary shares with a par value of PLN 10.00 each, which entitled to 51,894,251 votes at the Company's General Meeting of Shareholders.

11. COMPANY'S SHARES AND RIGHTS TO SHARES HELD BY ITS MANAGEMENT AND SUPERVISORY STAFF

Supervisory Board Members	Number of shares held as at			
	5 August 2015	30 June 2015	23 April 2015	31 March 2015
Adam Góral ¹⁾	-	-	-	-
Jacek Duch ²⁾	-	-	-	-
Jan Dauman	-	-	-	-
Andrzej Mauberg	-	-	-	-
Mihail Petreski ³⁾	-	-	-	-
Przemysław Sęczkowski	-	-	-	-
Gabriela Żukowicz	150	150	150	150

Management Board Members	Number of shares held as at			
	5 August 2015	30 June 2015	23 April 2015	31 March 2015
Piotr Jeleński	550	550	550	550
Miljan Mališ ⁴⁾	-	-	-	-
Miodrag Mirčetić ⁵⁾	-	-	-	-
Marcin Rulnicki	-	-	-	-

¹⁾ Adam Góral, President of the Management Board of Asseco Poland S.A., acting as Chairman of the Supervisory Board of ASEE S.A., is a shareholder in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; both as at 30 June 2015 and 5 August 2015, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

²⁾ Jacek Duch, Chairman of the Supervisory Board of Asseco Poland S.A., acting as Member of the Supervisory Board of ASEE S.A., is a shareholder in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; both as at 30 June 2015 and 5 August 2015, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

³⁾ Mihail Petreski, Member of the Supervisory Board of ASEE S.A. and a shareholder in the company Liatris d.o.o. which in turn is a shareholder in ASEE S.A.; as at 30 June 2015 and 5 August 2015, Liatris d.o.o. held respectively 3,500,000 shares and 3,415,843 shares in ASEE S.A.

⁴⁾ Miljan Mališ, Member of the Management Board of ASEE S.A. and a shareholder in the company Mini Invest d.o.o. which in turn is a shareholder in ASEE S.A.; both as at 30 June 2015 and 5 August 2015, Mini Invest d.o.o. held 500,000 shares in ASEE S.A.

⁵⁾ Miodrag Mirčetić, Member of the Management Board of ASEE S.A. and a shareholder in the company I4-INVENTION d.o.o. which in turn is a shareholder in ASEE S.A.; both as at 30 June 2015 and 5 August 2015, I4-INVENTION d.o.o. held 1,072,973 shares in ASEE S.A.

12. INFORMATION ON PENDING LEGAL PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF ASECO SOUTH EASTERN EUROPE S.A. OR ITS SUBSIDIARIES

During the reporting period, no proceedings were instituted or pending before any court, arbitration authority or public administration authority, concerning any liabilities or receivables of ASEE S.A. or its subsidiaries, whose aggregate value would equal or exceed 10% of the Company's equity.

13. RELATED PARTY TRANSACTIONS

In the period of 6 months ended 30 June 2015, neither Asseco South Eastern Europe S.A. nor any of its subsidiaries conducted any transactions with their related parties other than on an arm's length basis.

Information on related party transactions carried out during the period of 6 months ended 30 June 2015 has been presented in explanatory note 22 to the interim condensed consolidated financial statements of ASEE Group for the period of 6 months ended 30 June 2015.

14. INFORMATION ON BANK LOAN SURETIES OR GUARANTEES GRANTED BY THE ISSUER

During the period of 6 months ended 30 June 2015, neither the Issuer nor any of its subsidiaries granted any sureties to secure bank loans and borrowings or any payment guarantees to any single entity or its subsidiary, where the aggregate value of all the existing sureties or guarantees extended in favour of such entity would equal at least 10% of the Issuer's equity.

Information on sureties granted by the Issuer to secure bank loans and borrowings during the period of 6 months ended 30 June 2015 has been presented in explanatory note 18 to the interim condensed financial statements of ASEE S.A. for the period of 6 months ended 30 June 2015.

15. OTHER FACTORS SIGNIFICANT FOR THE ASSESSMENT OF HUMAN RESOURCES, ASSETS AND FINANCIAL POSITION

During the reporting period, the Management Board of ASEE S.A. has not become aware of any information other than that provided in this report, the disclosure of which might significantly affect the assessment of human resources, assets and financial position of Asseco South Eastern Europe Group.

16. DESCRIPTION OF MAJOR RISK FACTORS AND THREATS

a. Major risk factors involved in the Group's business environment

Risk related to general macroeconomic situation in South Eastern Europe and Turkey

ASEE S.A. is the parent company of the Group which runs operations in the countries of South Eastern Europe and Turkey. The Company's and the Group's strategy assumes reinforcement of our position in the region as well as further expansion in the region and in other emerging markets. As a consequence of the planned growth, business operations of ASEE may be influenced by factors depending on the economic and political stability of the region. Development of the IT services sector is closely correlated to the overall economic situation of South Eastern European countries. Our financial results are to a large extent driven by the pace of GDP growth, level of capital expenditures made by enterprises, and the inflation rate.

Risk associated with political instability in the region of South Eastern Europe and Turkey

Potential changes in the governments of South Eastern European countries and Turkey as well as civil unrest may initiate periods of political instability, which may result in a reduction of public spending.

Risk related to intensified competition in South Eastern Europe and Turkey

The market of information technology infrastructure and services is becoming more and more competitive in South Eastern Europe. With a variety of services and products in our portfolio, we are tough competition to large consulting firms, multinational technological giants, IT outsourcing providers as well as software houses, inclusive of internal IT departments of large corporations operating in the region. The IT industry undergoes rapid changes resulting from investments in new technologies made primarily by large companies and acquisitions of local businesses by international players. Furthermore, the biggest global corporations, which have been so far active only in the large enterprises market, expand their offerings with solutions and implementation methodologies dedicated also to medium-sized companies.

The risk associated with the condition of the regional banking sector

The provision of IT solutions and services to banks and other financial institutions is one of our core businesses. The financial sector experiences a lack of stability and is under strong pressure to cut investment spending and optimize operating costs, which may have an adverse impact on the Group's operations. The banking sector around the world, and especially in South Eastern Europe, undergoes intensive processes of consolidation where much attention paid to the standardization of solutions and optimization of costs at the corporate level. If headquarters of a bank group choose other global participants of the IT market as their preferred suppliers of IT technologies, this may have adverse effects for the Group's operations.

Risk of potential legal disputes concerning copyrights

Development of the Group's operations in the market of IT products depends to a large degree on ownership of intellectual property rights, and especially copyrights to computer programs. Because of a variety of legal regulations pertaining to the protection of intellectual property applicable in the countries where our subsidiaries operate, there is a risk that in some circumstances there may be doubts as to the effectiveness of assignment of copyrights in software codes compiled by employees in favour of their employers.

Furthermore, there is also a risk that in some countries where the Group operates, local regulations may not provide adequate protection of copyrights in computer programs owned by our subsidiaries. Taking advantage of such situation by other local firms with a similar business profile may lead to the loss of ASEE's competitive edge in a given market.

Risk of changes in local tax regulations

Some of the Group companies are engaged in innovative research and development activities which, according to local regulations, may be taxed on a preferential basis compared to typical operations. In the event of any amendment of local tax regulations, there is a risk of losing tax benefits in this respect and thus increasing the tax burden on ASEE's income.

Foreign currency exposure risk

The Group conducts business operations in many countries of South Eastern Europe and Turkey. Contracts concluded by the Group companies are denominated in miscellaneous currencies, also in currencies that are foreign to the countries where the Group operates. Temporary fluctuations in the currency exchange rates as well as long-term trends in the currency market may impact the financial results of the Group.

b. Major risk factors involved in the Group's business operations

Risk of fluctuations in revenues and expenditures

Due to the project-driven nature of IT investments, sales revenues generated by the Group companies may be subject to considerable fluctuations from period to period. It is possible that in the future our revenues and operating results will fall short of the market expectations because of the completion of work performed under large-scale projects. Moreover, due to technological changes, the Group's existing technology and products may become obsolete and will require making sizeable new investments. The above processes may have negative impact on the rate of return on investment or the amount of dividends to be paid out.

Risk of non-performance or improper performance of projects and losing the clients' trust

In each area of our business, the provision of services by the Group depends on the clients' trust and the quality of our products and services. Adequate implementation of an IT project, which is mission critical for the operations of our client, in most cases results in signing a long-term contract. The quality of solutions and customer service provided to our clients determines their confidence in our Group.

Risk associated with fixed-price contracts

Some contracts for provision of IT services or products concluded by the Group determine a fixed remuneration and therefore they are not settled on the *time-and-material basis*. If we miscalculate the resources and time required for the project performance, future salary increases, inflation or foreign exchange rates, or if we fail to perform our contractual obligations within the agreed deadline, this may have an adverse impact on the Group's financial results and cash flows.

Risk associated with gaining new IT contracts

Some of the Group's sales revenues are generated from projects won in tendering procedures organized by state institutions and companies as well as by large private enterprises. Most of such tenders are attended by leading IT companies in the region and major foreign companies, which results in a fairly high competition. Our business depends on the availability of reliable information about future investment plans, in the public and private sectors, with regard to information and telecommunications technology. Access to such information, in particular regarding the state sector, is very limited. Additionally, the lack of procedures and experience in obtaining the EU structural funds in Romania, Bulgaria and Croatia may hinder our ability to achieve the expected level of growth.

Risk of becoming dependent on the key customers

The Group's business is to a great extent based on the execution of long-term projects which require a large work effort. Implementation of the key account contracts will heavily impact the level of our sales revenues in the coming years.

Risk of becoming dependent on the key suppliers

The Group's business is characterized by close cooperation with big international companies. There is a risk that the key suppliers to our Group may change their strategies for cooperation with local partners or may want to tighten their cooperation with one partner of their choice. Furthermore, they may start to offer the implementation services for their products themselves or else increase the prices of the products supplied.

Risk related to the profitability of integration projects

In some of the markets where the Group operates, providers of integration services generate higher margins of profit than average margins realized in mature economies. Hence, it may be expected that such margins will be squeezed once these markets become saturated.

Risk related to insolvency or misconduct of our subcontractors

In certain cases, we provide our clients with the solutions developed and completed by our subcontractors. Just as any other entrepreneurs, our subcontractors may face business or financial difficulties and become unable to fulfil their obligations towards us or our clients.

Risk related to technological changes in the industry and development of new products and services

The IT sector is characterized by rapid development of solutions and technologies. Hence, the product lifecycles in such a market are relatively short. In order to maintain a competitive advantage in this market, it is necessary to undertake research work and invest in new products. There is a risk that new solutions will be launched to the market, causing the products and services offered by the Group to become less attractive and eventually not as profitable as expected.

Risk involved in strategic investments in complementary industries, technologies, services or products as well as in strategic alliances with third parties

While implementing the Group's development strategy, we may engage in strategic investments, establish companies, undertake joint ventures and make acquisitions related to complementary industries, technologies, services or products. Despite exercising due care when selecting our business partners, we may be unable to identify a suitable partner or to manage such a venture or acquisition appropriately. As a consequence we may be exposed to typical risks involved in mergers and acquisitions.

Risk of misfortunate acquisitions

Business acquisitions are one of the cornerstones of ASEE's development. We are trying to take over businesses that are truly complementary to the Group's offering and are in good financial condition. Our acquisition processes are based on the best market practices. However, there is a risk that our acquisition decisions will turn out to be wrong and that acquired companies will fail to meet our expectations, which may adversely affect the Group's financial results.

Risk involved in integration of the Group

The Group is exposed to a risk associated with effective integration of ASEE S.A. and its subsidiaries, especially as the Group's companies operate in various markets and in various countries. It is our strategy to integrate the subsidiary undertakings with Asseco South Eastern Europe S.A. and to make further company acquisitions in South Eastern Europe. Nonetheless, we cannot entirely exclude the risks of delays, partial completion or failure to complete the intended integration process. Apart from that, even our subsidiaries and further potentially acquired entities are successfully integrated with the Group, we may still be unable to fully integrate the products and services portfolios of particular companies, or to continue the development processes in line with our present corporate practices.

Risk of becoming dependent on the key management personnel

Just as in the majority of companies developing IT systems, highly qualified personnel and managerial staff are the main pillars of the Group's success. We operate in the information technology industry which is characterized by a high rotation of personnel. It is probable that the Group will be unable to retain its present employees or to recruit new, equally highly qualified employees in the future. In most cases, key members of the management staff are concurrently the founders of our subsidiaries. Acquisition of new investments often depends on the business contacts obtained by the key personnel. Losing some of the key management members would have a negative impact on the Group's operations, financial position and results as well as on its future development outlook.

Risk of impairment of intangible assets

A significant portion of our consolidated balance sheet is represented by intangible assets acquired through the acquisition of companies that currently comprise ASEE Group, and to a smaller extent our proprietary software created with capitalized software development expenditures. These assets are tested for impairment at the end of each year. In the event such test showed that the fair value of an asset was lower than its carrying value, we would have to recognize a fair value impairment write-down that would weigh on the Group's financial results. Impairment tests conducted both as at 30 June 2015 and 31 December 2014 did indicate a necessity to recognize any write-downs on our intangible assets; however, there is a risk that such a situation may arise in the future.

Risk of low liquidity and loss of value of our shares

Investors considering the purchase of ASEE shares should take into account that the trading price of our shares may change in the future and that they may not be able to recover all invested funds. Furthermore, any purchase or sale of ASEE shares depend on the market liquidity, hence the execution of an investment decision may not be possible at a given time.

Risk related to dividends

Our potential investors should be aware of the fact that distribution of any dividends will depend on a number of factors, such as the Group's operating results, its financial standing as well as the current and anticipated demand for cash. It is the Management Board intention to allocate a portion of our net earnings to dividends; however, the Company is not in the position to guarantee that such plans will be actually executed nor to determine the amounts of future dividend payments.

Risk related to the influence exerted by the Company's majority shareholder

As at the date of publication of this report, Asseco Poland S.A., our majority shareholder, holds 51.06% of shares in our Company. We expect that Asseco Poland S.A. will maintain its position as a majority shareholder and retain significant influence on our Company's business operations. Asseco Poland S.A. is entitled to exercise broad rights with respect to its shareholding in our Company and it must be taken into account that in the present situation Asseco Poland S.A. has a decisive impact on the Company's strategic decisions.

