



**REPORT OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE FIRST QUARTER OF 2016**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
OF ASSECO SOUTH EASTERN EUROPE GROUP  
FOR THE FIRST QUARTER OF 2016**

Rzeszów, 22 April 2016

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**OF ASSECO SOUTH EASTERN EUROPE GROUP**  
**FOR THE FIRST QUARTER OF 2016**

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

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

Piotr Jeleński                                      President of the Management Board

Miljan Mališ                                      Member of the Management Board

Miodrag Mirčetić                              Member of the Management Board

Marcin Rulnicki                              Member of the Management Board

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

	<b>3 months ended 31 March 2016 (unaudited)</b>	<b>3 months ended 31 March 2015 (unaudited)</b>	<b>3 months ended 31 March 2016 (unaudited)</b>	<b>3 months ended 31 March 2015 (unaudited)</b>
	<b>PLN'000</b>	<b>PLN'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
I. Sales revenues	119,873	98,553	27,519	23,754
II. Operating profit	10,216	9,867	2,345	2,378
III. Pre-tax profit	10,212	10,146	2,344	2,445
IV. Net profit for the reporting period	8,149	8,106	1,871	1,954
V. Net profit attributable to Shareholders of the Parent Company	<b>8,149</b>	<b>8,129</b>	<b>1,871</b>	<b>1,959</b>
VI. Net cash provided by (used in) operating activities	(9,195)	(79)	(2,111)	(19)
VII. Net cash provided by (used in) investing activities	(9,678)	(10,750)	(2,222)	(2,591)
VIII. Net cash provided by (used in) financing activities	(4,865)	(1,351)	(1,117)	(326)
IX. Cash and cash equivalents at the end of period	80,213	74,549	18,792	18,232
X. Basic earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.16	0.16	0.04	0.04
XI. Diluted earnings per ordinary share for the reporting period attributable to Shareholders of the Parent Company (in PLN/EUR)	0.16	0.16	0.04	0.04

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 31 March 2016: EUR 1 = PLN 4.3559
  - for the period from 1 January 2015 to 31 March 2015: EUR 1 = PLN 4.1489
- 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 31 March 2016: EUR 1 = PLN 4.2684
  - exchange rate effective on 31 March 2015: EUR 1 = PLN 4.0890

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
<b>Sales revenues</b>	1	<b>119,873</b>	<b>98,553</b>
Cost of sales (-)	2	(91,860)	(72,482)
<b>Gross profit on sales</b>		<b>28,013</b>	<b>26,071</b>
Selling costs (-)	2	(8,838)	(8,313)
General and administrative expenses (-)	2	(9,354)	(9,094)
<b>Net profit on sales</b>		<b>9,821</b>	<b>8,664</b>
Other operating income	3	391	1,354
Other operating expenses (-)		(145)	(151)
<i>Share of profits of associates and joint ventures (+/-)</i>		149	-
<b>Operating profit</b>		<b>10,216</b>	<b>9,867</b>
Financial income	4	1,501	1,795
Financial expenses (-)	4	(1,505)	(1,516)
<b>Pre-tax profit</b>		<b>10,212</b>	<b>10,146</b>
Corporate income tax (current and deferred tax expense) (+/-)		(2,063)	(2,040)
<b>Net profit for the reporting period</b>		<b>8,149</b>	<b>8,106</b>
Attributable to:			
<b>Shareholders of the Parent Company</b>		<b>8,149</b>	<b>8,129</b>
Non-controlling interests		-	(23)
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASECO S.A. (in PLN):</b>			
Basic consolidated earnings per share from continuing operations for the reporting period	5	0.16	0.16
Diluted consolidated earnings per share from continuing operations for the reporting period	5	0.16	0.16

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
<b>Net profit for the reporting period</b>	<b>8,149</b>	<b>8,106</b>
<b>Other comprehensive income, of which:</b>	<b>2,188</b>	<b>(22,827)</b>
<i>Components that may be reclassified to profit or loss:</i>	<i>2,188</i>	<i>(22,827)</i>
Exchange differences on translation of foreign operations	2,188	(22,827)
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>10,337</b>	<b>(14,721)</b>
<b>Attributable to:</b>		
<i>Shareholders of the Parent Company</i>	<i>10,337</i>	<i>(14,699)</i>
<i>Non-controlling interests</i>	<i>-</i>	<i>(22)</i>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

ASSETS	Note	31 March 2016	31 Dec. 2015	31 March 2015
		(unaudited)	(audited)	(unaudited)
<b>Non-current assets</b>		<b>622,977</b>	<b>614,876</b>	<b>594,675</b>
Property, plant and equipment	7	87,341	86,369	71,086
Investment property		1,149	1,160	1,152
Intangible assets	7	32,798	33,566	36,363
Goodwill	8	491,796	489,600	480,949
Investments accounted for using the equity method		1,165	1,028	1,275
Prepayments for shares in subsidiaries	5	5,023	-	-
Long-term financial assets	10	172	177	227
Long-term receivables		855	607	1,048
Deferred tax assets		2,152	1,864	1,867
Long-term prepayments and accrued income	12	526	505	708
<b>Current assets</b>		<b>219,556</b>	<b>235,154</b>	<b>203,663</b>
Inventories		19,420	15,506	20,338
Prepayments and accrued income	12	13,302	12,234	14,187
Trade receivables	9	79,289	83,683	69,989
Corporate income tax receivable		334	91	676
Other receivables from the state and local budgets		1,262	904	531
Receivables arising from valuation of IT contracts		19,364	15,951	15,851
Other receivables	9	3,784	2,997	2,644
Short-term financial assets	10	2,588	2,713	4,898
Cash and short-term deposits	11	80,213	101,075	74,549
<b>TOTAL ASSETS</b>		<b>842,533</b>	<b>850,030</b>	<b>798,338</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EQUITY AND LIABILITIES	Note	31 March 2016	31 Dec. 2015	31 March 2015
		(unaudited)	(audited)	(unaudited)
<b>Equity (attributable to shareholders of the Parent Company)</b>		<b>677,848</b>	<b>689,309</b>	<b>643,549</b>
Share capital		518,942	518,942	518,942
Share premium		38,825	38,825	38,825
Exchange differences on translation of foreign operations		(76,886)	(79,074)	(89,383)
Retained earnings and current net profit		196,967	210,616	175,165
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>140</b>
<b>Total equity</b>		<b>677,848</b>	<b>689,309</b>	<b>643,689</b>
<b>Non-current liabilities</b>		<b>23,616</b>	<b>29,376</b>	<b>25,472</b>
Interest-bearing bank loans and borrowings	13	19,114	24,849	20,033
Deferred tax liabilities		844	684	2,131
Long-term provisions		1,125	1,156	1,331
Long-term financial liabilities	14	1,697	2,023	933
Long-term liabilities		71	-	-
Long-term deferred income	16	765	664	1,044
<b>Current liabilities</b>		<b>141,069</b>	<b>131,345</b>	<b>129,177</b>
Interest-bearing bank loans and borrowings	13	24,157	20,480	20,504
Trade payables	15	37,601	47,001	36,378
Corporate income tax payable	15	1,333	1,032	2,323
Other liabilities to the state and local budgets	15	7,908	13,723	7,852
Financial liabilities	14	22,553	750	22,865
Liabilities and provisions arising from valuation of IT contracts (-)		6,556	4,562	1,315
Other liabilities	15	11,855	15,348	10,764
Short-term provisions		1,622	1,520	2,991
Deferred income	16	14,008	12,532	11,904
Accruals	16	13,476	14,397	12,281
<b>TOTAL LIABILITIES</b>		<b>164,685</b>	<b>160,721</b>	<b>154,649</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>842,533</b>	<b>850,030</b>	<b>798,338</b>

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

for the period of 3 months ended 31 March 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
<b>As at 1 January 2016</b>	<b>518,942</b>	<b>38,825</b>	<b>(79,074)</b>	<b>210,616</b>	<b>689,309</b>	-	<b>689,309</b>
Net profit (loss) for the reporting period	-	-	-	8,149	8,149	-	8,149
Other comprehensive income	-	-	2,188	-	2,188	-	2,188
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>2,188</b>	<b>8,149</b>	<b>10,337</b>	<b>-</b>	<b>10,337</b>
Dividend	-	-	-	(21,798)	(21,798)	-	(21,798)
<b>As at 31 March 2016 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(76,886)</b>	<b>196,967</b>	<b>677,848</b>	<b>-</b>	<b>677,848</b>

for the period of 3 months ended 31 March 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
<b>As at 1 January 2015</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,555)</b>	<b>187,794</b>	<b>679,006</b>	<b>162</b>	<b>679,168</b>
Net profit (loss) for the reporting period	-	-	-	8,129	8,129	(23)	8,106
Other comprehensive income	-	-	(22,828)	-	(22,828)	1	(22,827)
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>(22,828)</b>	<b>8,129</b>	<b>(14,699)</b>	<b>(22)</b>	<b>(14,721)</b>
Dividend	-	-	-	(20,758)	(20,758)	-	(20,758)
<b>As at 31 March 2015 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(89,383)</b>	<b>175,165</b>	<b>643,549</b>	<b>140</b>	<b>643,689</b>

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
<b>As at 1 January 2015</b>	<b>518,942</b>	<b>38,825</b>	<b>(66,555)</b>	<b>187,794</b>	<b>679,006</b>	<b>162</b>	<b>679,168</b>
Net profit (loss) for the reporting period	-	-	-	43,580	43,580	(78)	43,502
Other comprehensive income	-	-	(12,519)	-	(12,519)	3	(12,516)
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>(12,519)</b>	<b>43,580</b>	<b>31,061</b>	<b>(75)</b>	<b>30,986</b>
Dividend	-	-	-	(20,758)	(20,758)	(87)	(20,845)
<b>As at 31 December 2015 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>(79,074)</b>	<b>210,616</b>	<b>689,309</b>	<b>-</b>	<b>689,309</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
<b>Cash flows – operating activities</b>			
Pre-tax profit		10,212	10,146
<b>Total adjustments:</b>		<b>(17,257)</b>	<b>(9,444)</b>
Depreciation and amortization		8,683	6,909
Change in inventories		(6,972)	(4,776)
Change in receivables		(407)	20,382
Change in liabilities, accruals and provisions		(19,181)	(32,795)
Interest income and expenses		214	92
Gain/Loss on foreign exchange differences		660	941
Gain/Loss on investing activities		(208)	(140)
Other		(46)	(57)
<b>Net cash generated from operating activities</b>		<b>(7,045)</b>	<b>702</b>
Corporate income tax paid		(2,150)	(781)
<b>Net cash provided by (used in) operating activities</b>		<b>(9,195)</b>	<b>(79)</b>
<b>Cash flows – investing activities</b>			
Disposal of property, plant and equipment and intangible assets		151	372
Acquisition of property, plant and equipment and intangible assets		(3,999)	(8,223)
Expenditures for development projects		(1,006)	(1,212)
Prepayments for shares in subsidiaries		(5,144)	-
Disposal of financial assets carried at fair value through profit or loss		4,122	-
Acquisition of financial assets carried at fair value through profit or loss		(3,964)	(2,142)
Bank deposits withdrawn		-	2,485
Bank deposits made		-	(2,704)
Loans collected		35	4
Loans granted		(48)	-
Interest received		179	395
Dividends received		-	275
Other		(4)	-
<b>Net cash provided by (used in) investing activities</b>		<b>(9,678)</b>	<b>(10,750)</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
<b>Cash flows – financing activities</b>			
Proceeds from (repayments of) short-term bank loans and borrowings		827	(3)
Proceeds from other bank loans and borrowings		26	4,411
Repayments of other bank loans and borrowings		(5,208)	(5,102)
Finance lease liabilities paid		(202)	(160)
Interest paid		(308)	(497)
<b>Net cash provided by (used in) financing activities</b>		<b>(4,865)</b>	<b>(1,351)</b>
Net increase/(decrease) in cash and cash equivalents		(23,738)	(12,180)
Net foreign exchange differences		205	(2,103)
Cash and cash equivalents as at 1 January		99,868	88,117
<b>Cash and cash equivalents as at 31 March</b>	<b>11</b>	<b>76,335</b>	<b>73,834</b>



**SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES**

**I. GENERAL INFORMATION**

Asseco South Eastern Europe Group (the "Group", "ASEE Group") is a group of companies, the Parent Company of which in 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](http://www.asseco.com/see).

These interim condensed consolidated financial statements cover the interim period ended 31 March 2016 and contain comparable data for the interim period ended 31 March 2015 in case of the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows; and comparable data as at 31 December 2015 and 31 March 2015 in case of the statement of financial position.

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

These interim consolidated financial statements have been approved for publication by the Management Board of ASEE S.A. on 22 April 2016.

**II. MAJOR SHAREHOLDERS**

According to the best knowledge of the Management Board of ASEE S.A. as at 31 March 2016 as well as at the date of publication of this report, i.e. on 22 April 2016, 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:

<b>Name of shareholder</b>	<b>Number of shares held and votes at GMS</b>	<b>Equity interest and voting rights at GMS</b>
Asseco Poland S.A.	26,494,676	51.06%
Aviva Pension Fund	7,500,000	14.45%
EBRD	4,810,880	9.27%
Liatrix d.o.o.	3,349,350	6.45%
Other shareholders	9,739,345	18.77%
	<b>51,894,251</b>	<b>100.00%</b>

According to the best knowledge of the Management Board of ASEE S.A., as at 31 December 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:

<b>Name of shareholder</b>	<b>Number of shares held and votes at GMS</b>	<b>Equity interest and voting rights at GMS</b>
Asseco Poland S.A.	26,494,676	51.06%
Aviva Pension Fund	6,571,636	12.66%
EBRD	4,810,880	9.27%
Liatrix d.o.o.	3,364,898	6.48%
Other shareholders	10,652,161	20.53%
	<b>51,894,251</b>	<b>100.00%</b>

As at 31 March 2016, on the date of publication of this report, i.e. on 22 April 2016, as well as at 31 March 2015, the share capital of ASEE 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.

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

Supervisory Board Members	Number of shares held as at			
	22 April 2016	31 March 2016	18 Feb. 2016	31 Dec. 2015
Adam Góral <sup>1)</sup>	-	-	-	-
Jacek Duch <sup>2)</sup>	-	-	-	-
Jan Dauman	-	-	-	-
Artur Kucharski <sup>3)</sup>	-	-	n/a	n/a
Andrzej Mauberg <sup>4)</sup>	n/a	n/a	-	-
Mihail Petreski <sup>5)</sup>	-	-	-	-
Przemysław Sęczkowski	-	-	-	-
Gabriela Żukowicz	150	150	150	150

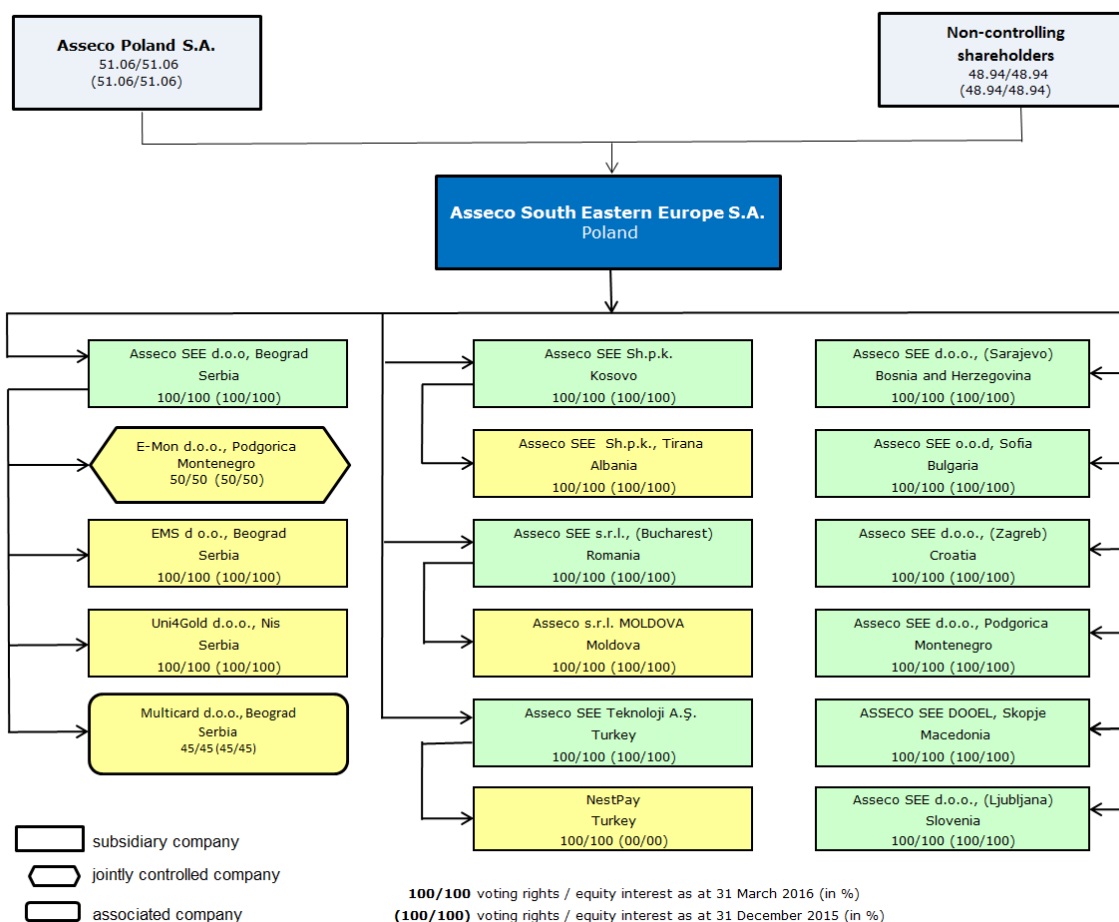
- 1) Adam Góral, President of the Management Board of Asseco Poland S.A., serving as Chairman of the Supervisory Board of ASEE S.A., is a shareholder in Asseco Poland S.A. which in turn is a shareholder in ASEE S.A.; as at 31 March 2016, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.
- 2) Jacek Duch, Chairman of the Supervisory Board of Asseco Poland S.A., serving 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.; as at 31 March 2016, Asseco Poland S.A. held 26,494,676 shares in ASEE S.A.

Management Board Members	Number of shares held as at			
	22 April 2016	31 March 2016	18 Feb. 2016	31 Dec. 2015
Piotr Jeleński	550	550	550	550
Miljan Mališ <sup>6)</sup>	-	-	-	-
Miodrag Mirčetić <sup>7)</sup>	-	-	-	-
Marcin Rulnicki	-	-	-	-

- 3) Artur Kucharski has been appointed as Member of the Supervisory Board of ASEE S.A. with effect from 31 March 2016.
- 4) Andrzej Mauberg resigned from the position of Member of the Supervisory Board of ASEE S.A. with effect from 26 February 2016.
- 5) Mihail Petreski, Member of the Supervisory Board of ASEE S.A. and a shareholder in the company Liatrix d.o.o. which in turn is a shareholder in ASEE S.A.; as at 31 March 2016, Liatrix d.o.o. held 3,349,350 shares in ASEE S.A.
- 6) 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.; as at 31 March 2016, Mini Invest d.o.o. held 500,000 shares in ASEE S.A.
- 7) 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.; as at 31 March 2016, I4-INVENTION d.o.o. held 1,072,973 shares in ASEE S.A.

**IV. ORGANIZATIONAL STRUCTURE OF ASECO SOUTH EASTERN EUROPE GROUP**

**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 31 March 2016.

The parent of Asseco South Eastern Europe S.A. is Asseco Poland S.A. (the higher-level parent company).

As at 31 March 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 31 March 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.

## **V. EFFECTS OF CHANGES IN THE ORGANIZATIONAL STRUCTURE**

During the period of 3 months ended 31 March 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 acquisition price of these shares amounted to EUR 1,171 thousand (PLN 5,023 thousand) and it was disclosed as a separate item on the consolidated statement of financial position of ASEE Group, in the line "Prepayments for shares in subsidiaries". Chip Card a.d. has not been accounted for using the full consolidation method as at 31 March 2016 due to the fact that the obtaining of control over that company is planned to take effect in the second quarter of 2016.

## **VI. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS**

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

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

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

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

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

### **2. Compliance statement**

These interim condensed consolidated financial statements have been prepared in conformity with the International Accounting Standard 34 Interim Financial Reporting as 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](http://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 annual 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.

#### **4. Functional currency and reporting currency**

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

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

#### **5. 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 2015.

#### **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. Changes in the accounting policies applied**

In the reporting period, the Group has not introduced any changes to the applied accounting policies, except for adopting the amendments to standards and new interpretations effective for annual periods beginning on or after 1 January 2016.

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

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

## **VII. 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, Fidelity (asset lifecycle management solution), and SKAI (billing system for utilities). Furthermore, the product portfolio of the Systems Integration segment includes LeaseFlex, a fully-fledged lease 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 3 months ended 31 March 2016 and as at 31 March 2016 in thousands of PLN (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconciliations	Total
<b>Sales revenues:</b>	<b>33,656</b>	<b>46,812</b>	<b>80,468</b>	<b>46,267</b>	<b>2,902</b>	<b>(9,764)</b>	<b>119,873</b>
Sales to external customers	29,790	45,707	<b>75,497</b>	44,376	-	-	<b>119,873</b>
Inter/intra segment sales	3,866	1,105	<b>4,971</b>	1,891	2,902	(9,764)	-
<b>Gross profit on sales</b>	<b>6,389</b>	<b>14,060</b>	<b>20,449</b>	<b>7,564</b>	-	-	<b>28,013</b>
Selling costs (-)	(2,731)	(2,548)	<b>(5,279)</b>	(3,559)	-	-	<b>(8,838)</b>
General and administrative expenses (-)	(3,461)	(3,309)	<b>(6,770)</b>	(2,584)	-	-	<b>(9,354)</b>
<b>Net profit on sales</b>	<b>197</b>	<b>8,203</b>	<b>8,400</b>	<b>1,421</b>	-	-	<b>9,821</b>
<i>Goodwill</i>	<i>195,734</i>	<i>110,157</i>	<i>305,891</i>	<i>185,905</i>	-	-	<i>491,796</i>

For the period of 3 months ended 31 March 2016 in thousands of EUR (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconciliations	Total
<b>Sales revenues:</b>	<b>7,727</b>	<b>10,747</b>	<b>18,474</b>	<b>10,621</b>	<b>666</b>	<b>(2,242)</b>	<b>27,519</b>
Sales to external customers	6,839	10,493	<b>17,332</b>	10,187	-	-	<b>27,519</b>
Inter/intra segment sales	888	254	<b>1,142</b>	434	666	(2,242)	-
<b>Gross profit on sales</b>	<b>1,467</b>	<b>3,228</b>	<b>4,695</b>	<b>1,736</b>	-	-	<b>6,431</b>
Selling costs (-)	(627)	(585)	<b>(1,212)</b>	(817)	-	-	<b>(2,029)</b>
General and administrative expenses (-)	(795)	(760)	<b>(1,555)</b>	(592)	-	-	<b>(2,147)</b>
<b>Net profit on sales</b>	<b>45</b>	<b>1,883</b>	<b>1,928</b>	<b>327</b>	-	-	<b>2,255</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2016 to 31 March 2016: EUR 1 = PLN 4.3559

For the period of 3 months ended 31 March 2015 and as at 31 March 2015 in thousands of PLN (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconciliations	Total
<b>Sales revenues:</b>	<b>33,488</b>	<b>38,344</b>	<b>71,832</b>	33,651	<b>2,271</b>	<b>(9,201)</b>	<b>98,553</b>
Sales to external customers	28,394	37,036	<b>65,430</b>	33,123	-	-	<b>98,553</b>
Inter/intra segment sales	5,094	1,308	<b>6,402</b>	528	2,271	(9,201)	-
<b>Gross profit on sales</b>	<b>7,967</b>	<b>12,179</b>	<b>20,146</b>	5,925	-	-	<b>26,071</b>
Selling costs (-)	(2,227)	(2,265)	<b>(4,492)</b>	<b>(3,821)</b>	-	-	<b>(8,313)</b>
General and administrative expenses (-)	(3,286)	(2,899)	<b>(6,185)</b>	(2,909)	-	-	<b>(9,094)</b>
<b>Net profit on sales</b>	<b>2,454</b>	<b>7,015</b>	<b>9,469</b>	(805)	-	-	<b>8,664</b>
<i>Goodwill</i>	<i>190,278</i>	<i>108,611</i>	<i>298,889</i>	<i>182,060</i>	-	-	<i>480,949</i>

For the period of 3 months ended 31 March 2015 in thousands of EUR (unaudited)	Banking Solutions (I)	Payment Solutions (II)	Total Banking Business (I-II)	Systems Integration (III)	Unallocated	Eliminations / Reconciliations	Total
<b>Sales revenues:</b>	<b>8,072</b>	<b>9,242</b>	<b>17,314</b>	<b>8,111</b>	<b>547</b>	<b>(2,218)</b>	<b>23,754</b>
Sales to external customers	6,843	8,927	<b>15,770</b>	7,984	-	-	<b>23,754</b>
Inter/intra segment sales	1,229	315	<b>1,544</b>	127	547	(2,218)	-
<b>Gross profit on sales</b>	<b>1,920</b>	<b>2,936</b>	<b>4,856</b>	<b>1,428</b>	-	-	<b>6,284</b>
Selling costs (-)	(537)	(546)	<b>(1,083)</b>	(921)	-	-	<b>(2,004)</b>
General and administrative expenses (-)	(792)	(699)	<b>(1,491)</b>	(701)	-	-	<b>(2,192)</b>
<b>Net profit on sales</b>	<b>591</b>	<b>1,691</b>	<b>2,282</b>	<b>(194)</b>	-	-	<b>2,088</b>

The above figures have been converted at the average exchange rate for the period from 1 January 2015 to 31 March 2015: EUR 1 = PLN 4.1489

**VIII. INFORMATION ON GEOGRAPHICAL STRUCTURE OF FINANCIAL RESULTS**

For the period of 3 months ended 31 March 2016 in thousands of PLN	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
<b>Sales revenues</b>	<b>721</b>	<b>3,931</b>	<b>1,880</b>	<b>18,080</b>	<b>1,416</b>	<b>2,800</b>	<b>12,187</b>	<b>1,640</b>	<b>17,748</b>	<b>39,586</b>	<b>4,803</b>	<b>15,081</b>	<b>119,873</b>
Cost of sales (-)	(584)	(2,753)	(1,599)	(15,163)	(916)	(2,259)	(8,009)	(889)	(15,081)	(31,085)	(3,796)	(9,726)	(91,860)
<b>Gross profit on sales</b>	<b>137</b>	<b>1,178</b>	<b>281</b>	<b>2,917</b>	<b>500</b>	<b>541</b>	<b>4,178</b>	<b>751</b>	<b>2,667</b>	<b>8,501</b>	<b>1,007</b>	<b>5,355</b>	<b>28,013</b>
Selling costs (-)	(12)	(165)	(37)	(1,568)	(36)	(73)	(798)	(307)	(1,504)	(2,655)	(76)	(1,607)	(8,838)
General and administrative expenses (-)	(62)	(412)	(214)	(1,813)	(165)	(237)	(816)	(5)	(1,410)	(2,241)	(229)	(1,750)	(9,354)
<b>Net profit/(loss) on sales</b>	<b>63</b>	<b>601</b>	<b>30</b>	<b>(464)</b>	<b>299</b>	<b>231</b>	<b>2,564</b>	<b>439</b>	<b>(247)</b>	<b>3,605</b>	<b>702</b>	<b>1,998</b>	<b>9,821</b>
Other operating income	-	-	22	22	31	17	59	2	42	10	-	186	391
Other operating expenses	-	-	(20)	(8)	(4)	(13)	(20)	(2)	(1)	(76)	-	(1)	(145)
Share of profits of associates	-	-	-	-	149	-	-	-	-	-	-	-	149
<b>Operating profit/(loss)</b>	<b>63</b>	<b>601</b>	<b>32</b>	<b>(450)</b>	<b>475</b>	<b>235</b>	<b>2,603</b>	<b>439</b>	<b>(206)</b>	<b>3,539</b>	<b>702</b>	<b>2,183</b>	<b>10,216</b>

For the period of 3 months ended 31 March 2016 in thousands of EUR	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
<b>Sales revenues</b>	<b>166</b>	<b>902</b>	<b>432</b>	<b>4,151</b>	<b>325</b>	<b>643</b>	<b>2,798</b>	<b>376</b>	<b>4,074</b>	<b>9,088</b>	<b>1,103</b>	<b>3,461</b>	<b>27,519</b>
Cost of sales (-)	(134)	(632)	(367)	(3,481)	(210)	(519)	(1,839)	(204)	(3,462)	(7,136)	(871)	(2,233)	(21,088)
<b>Gross profit on sales</b>	<b>32</b>	<b>270</b>	<b>65</b>	<b>670</b>	<b>115</b>	<b>124</b>	<b>959</b>	<b>172</b>	<b>612</b>	<b>1,952</b>	<b>232</b>	<b>1,228</b>	<b>6,431</b>
Selling costs (-)	(3)	(38)	(8)	(360)	(8)	(17)	(183)	(70)	(345)	(610)	(17)	(370)	(2,029)
General and administrative expenses (-)	(14)	(95)	(49)	(416)	(38)	(54)	(187)	(1)	(324)	(514)	(53)	(402)	(2,147)
<b>Net profit/(loss) on sales</b>	<b>15</b>	<b>137</b>	<b>8</b>	<b>(106)</b>	<b>69</b>	<b>53</b>	<b>589</b>	<b>101</b>	<b>(57)</b>	<b>828</b>	<b>162</b>	<b>456</b>	<b>2,255</b>
Other operating income	-	-	5	5	7	4	14	-	10	2	-	42	89
Other operating expenses	-	-	(5)	(2)	(1)	(3)	(5)	-	-	(17)	-	-	(33)
Share of profits of associates	-	-	-	-	34	-	-	-	-	-	-	-	34
<b>Operating profit/(loss)</b>	<b>15</b>	<b>137</b>	<b>8</b>	<b>(103)</b>	<b>109</b>	<b>54</b>	<b>598</b>	<b>101</b>	<b>(47)</b>	<b>813</b>	<b>162</b>	<b>498</b>	<b>2,345</b>

For the period of 3 months ended 31 March 2015 in thousands of PLN	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
<b>Sales revenues</b>	<b>508</b>	<b>4,017</b>	<b>1,750</b>	<b>15,484</b>	<b>1,273</b>	<b>2,427</b>	<b>12,108</b>	<b>2,131</b>	<b>15,501</b>	<b>28,173</b>	<b>2,776</b>	<b>12,405</b>	<b>98,553</b>
Cost of sales (-)	(362)	(2,735)	(1,492)	(13,178)	(715)	(2,007)	(8,215)	(1,016)	(12,012)	(20,915)	(1,895)	(7,940)	(72,482)
<b>Gross profit on sales</b>	<b>146</b>	<b>1,282</b>	<b>258</b>	<b>2,306</b>	<b>558</b>	<b>420</b>	<b>3,893</b>	<b>1,115</b>	<b>3,489</b>	<b>7,258</b>	<b>881</b>	<b>4,465</b>	<b>26,071</b>
Selling costs (-)	(31)	(185)	(103)	(1,186)	(80)	(159)	(790)	(559)	(1,593)	(2,393)	(47)	(1,187)	(8,313)
General and administrative expenses (-)	(46)	(359)	(161)	(1,642)	(144)	(251)	(777)	(166)	(1,332)	(1,972)	(252)	(1,992)	(9,094)
<b>Net profit/(loss) on sales</b>	<b>69</b>	<b>738</b>	<b>(6)</b>	<b>(522)</b>	<b>334</b>	<b>10</b>	<b>2,326</b>	<b>390</b>	<b>564</b>	<b>2,893</b>	<b>582</b>	<b>1,286</b>	<b>8,664</b>
Other operating income	-	6	24	5	-	20	67	915	69	37	-	211	1,354
Other operating expenses	-	(2)	(30)	(32)	(4)	(4)	(27)	7	(14)	(45)	-	-	(151)
Share of profits of associates	-	-	-	-	137	-	-	-	-	(137)	-	-	-
<b>Operating profit/(loss)</b>	<b>69</b>	<b>742</b>	<b>(12)</b>	<b>(549)</b>	<b>467</b>	<b>26</b>	<b>2,366</b>	<b>1,312</b>	<b>619</b>	<b>2,748</b>	<b>582</b>	<b>1,497</b>	<b>9,867</b>

For the period of 3 months ended 31 March 2015 in thousands of EUR	Albania	Bosnia	Bulgaria	Croatia	Montenegro	Kosovo	Macedonia	Poland	Romania	Serbia	Slovenia	Turkey	Total
<b>Sales revenues</b>	<b>122</b>	<b>968</b>	<b>422</b>	<b>3,732</b>	<b>307</b>	<b>585</b>	<b>2,918</b>	<b>514</b>	<b>3,736</b>	<b>6,791</b>	<b>669</b>	<b>2,990</b>	<b>23,754</b>
Cost of sales (-)	(87)	(659)	(360)	(3,176)	(172)	(484)	(1,980)	(245)	(2,895)	(5,041)	(457)	(1,914)	(17,470)
<b>Gross profit on sales</b>	<b>35</b>	<b>309</b>	<b>62</b>	<b>556</b>	<b>135</b>	<b>101</b>	<b>938</b>	<b>269</b>	<b>841</b>	<b>1,750</b>	<b>212</b>	<b>1,076</b>	<b>6,284</b>
Selling costs (-)	(7)	(45)	(25)	(286)	(19)	(38)	(190)	(135)	(384)	(577)	(11)	(287)	(2,004)
General and administrative expenses (-)	(11)	(87)	(39)	(396)	(35)	(60)	(187)	(40)	(321)	(475)	(61)	(480)	(2,192)
<b>Net profit/(loss) on sales</b>	<b>17</b>	<b>177</b>	<b>(2)</b>	<b>(126)</b>	<b>81</b>	<b>3</b>	<b>561</b>	<b>94</b>	<b>136</b>	<b>698</b>	<b>140</b>	<b>309</b>	<b>2,088</b>
Other operating income	-	1	6	1	-	5	16	221	17	9	-	50	326
Other operating expenses	-	-	(7)	(8)	(1)	(1)	(7)	2	(3)	(11)	-	-	(36)
Share of profits of associates	-	-	-	-	33	-	-	-	-	(33)	-	-	-
<b>Operating profit/(loss)</b>	<b>17</b>	<b>178</b>	<b>(3)</b>	<b>(133)</b>	<b>113</b>	<b>7</b>	<b>570</b>	<b>317</b>	<b>150</b>	<b>663</b>	<b>140</b>	<b>359</b>	<b>2,378</b>

**IX. SUMMARY AND ANALYSIS OF FINANCIAL RESULTS OF ASSECO SOUTH EASTERN EUROPE GROUP**

PLN'000	3 months ended	3 months ended	Change
	31 March 2016	31 March 2015	
	(unaudited)	(unaudited)	%
Sales revenues	119,873	98,553	22%
Gross profit on sales	28,013	26,071	7%
Net profit on sales	9,821	8,664	13%
Operating profit	10,216	9,867	4%
EBITDA	18,899	16,776	13%
Net profit for the reporting period	8,149	8,106	1%
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>8,149</b>	<b>8,129</b>	<b>0%</b>

EUR'000	3 months ended	3 months ended	Change
	31 March 2016	31 March 2015	
	(unaudited)	(unaudited)	%
Sales revenues	27,519	23,754	16%
Gross profit on sales	6,431	6,284	2%
Net profit on sales	2,255	2,088	8%
Operating profit	2,345	2,378	-1%
EBITDA	4,339	4,044	7%
Net profit for the reporting period	1,871	1,954	-4%
<b>Net profit attributable to Shareholders of the Parent Company</b>	<b>1,871</b>	<b>1,959</b>	<b>-4%</b>

Financial results achieved by ASEE Group in the first quarter of 2016 confirm our solid financial condition. Despite a significant increase in costs arising from the planned investments in production and sales resources, the Group generated a similar level of operating profit and improved its EBITDA in relation to the first quarter of the previous year. It should be noted that our financial performance in the first quarter last year was favourably affected by one-time events, which was not the case in the first three months of 2016.

The Payment Solutions segment continued its upward trend by systematically improving its financial results. Stronger results were generated also by the Systems Integration segment; however the first quarter of 2015 was not particularly successful for this segment, providing a low base for comparison. The Banking Solutions segment did not manage to improve its operating profit because of the delayed execution of several projects as well as recognition of additional provisions for ongoing projects. The most important events that have affected the reported financial results are presented below.

**Sales revenues**

In the first quarter of 2016, sales revenues presented in Polish zlotys and euros increased by PLN 21.3 million (or 22%) and by EUR 3.8 million (or 16%), respectively, both in relation to sales generated in the comparable period of 2015. The largest increase in revenues was achieved in the Systems Integration segment. Higher sales were generated also by the Payment Solutions segment. Whereas, the Banking Solutions segment revenues presented in EUR remained at a comparable level

as a year ago. The Systems Integration revenues grew the most dynamically, being accompanied by a slower increase in the Payment Solutions revenues and a stable level of the Banking Solutions revenues, all of which resulted in a smaller share of our own products and services in the total sales of ASEE Group. In the first quarter of 2016, such share equalled slightly over 62% as compared with the level of 66% observed in the corresponding period of the previous year. Due to the above described change in our revenue structure and an increase in production costs, our gross profit margin declined from the level of 26.5% recorded in the first quarter of 2015 to 23.4% in the first quarter of 2016.

PLN'000	3 months ended	3 months ended	Change
	31 March 2016	31 March 2015	
	(unaudited)	(unaudited)	
Banking Solutions	29,790	28,394	5%
Payment Solutions	45,707	37,036	23%
Systems Integration	44,376	33,123	34%
	<b>119,873</b>	<b>98,553</b>	<b>22%</b>

EUR'000	3 months ended	3 months ended	Change
	31 March 2016	31 March 2015	
	(unaudited)	(unaudited)	
Banking Solutions	6,839	6,843	0%
Payment Solutions	10,493	8,927	18%
Systems Integration	10,187	7,984	28%
	<b>27,519</b>	<b>23,754</b>	<b>16%</b>

In the first quarter of 2016, revenues of the Banking Solutions segment amounted to EUR 6.8 million, remaining at a similar level as in the first three months of the last year. Higher sales were generated, among others, in Serbia (by EUR 0.4 million) and in Macedonia (by EUR 0.2 million). At the same time, weaker sales were recorded primarily in Croatia (by EUR 0.2 million) and in Turkey (by EUR 0.2 million).



Revenues of the Payment Solutions segment reached EUR 10.5 million in the first quarter of 2016, increasing by EUR 1.6 million or 18% in relation to the previous year. Higher sales were achieved mainly in the business of physical payments processing. In the first quarter of 2016, revenues from handling of physical payments increased most dynamically in Croatia (by EUR 0.6 million), Serbia (by EUR 0.5 million), as well as in Slovenia (by EUR 0.4 million). This revenue growth was driven mainly by larger deliveries of infrastructure in the traditional model of maintenance of ATMs and POS terminals. Such deliveries were made both under the planned replacement of equipment based on existing contracts as well as under new equipment maintenance contracts. Whereas, revenues from processing of online payments improved by EUR 0.13 million in the first quarter of 2016. A significant portion of such additional sales was generated in Turkey.

The Systems Integration segment generated nearly EUR 10.2 million in revenues for the first quarter of 2016, achieving an increase of EUR 2.2 million or 28% in relation to the comparable period of 2015. Higher sales were recorded both in the section engaged in the supply of infrastructure and integration services and in the section offering proprietary software. In the first quarter of 2016, the segment's revenues increased particularly in Serbia (by EUR 1.5 million), Turkey (by EUR 0.55 million), as well as in Romania (by EUR 0.3 million), all in comparison with the year-ago levels.

#### Gross profit on sales

The above-mentioned increase in sales revenues by nearly EUR 3.8 million was accompanied by an increase in the cost of sales by slightly more than EUR 3.6 million, as a result of which our gross profit on sales for the first quarter of 2016 improved by EUR 147 thousand or 2.3%.

In the first three months of 2016, our production costs amounted to almost EUR 11 million and were by EUR 0.8 million higher than in the comparable period of the previous year. In the same period, the cost of goods, materials and third-party services sold (COGS) increased by nearly EUR 2.8 million. Such growth in the cost of goods, materials and third-party services sold resulted from higher sales of ATMs and POS terminals executed by the Payment Solutions segment, as well as higher sales of infrastructure and third-party software licenses by the Systems Integration segment in the first quarter of 2016. As a consequence, the revenue structure of ASEE Group has changed. In the first quarter of 2016, sales of our own services and solutions reached EUR 17.15 million (accounting for 62% of total revenues) as compared with EUR 15.7

million (66% of total revenues) achieved in the first quarter of 2015. 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 caused a decrease in the gross profit margin. This margin reached 23.4% in the first quarter of 2016 and was down from the level of 26.5% reported in the previous year.

#### Net profit on sales

Our consolidated net profit on sales for the first quarter of 2016 improved by EUR 167 thousand, as a cumulative effect of an increase in gross profit on sales by EUR 147 thousand, increase in selling expenses by EUR 25 thousand, and a decrease in general and administrative expenses by EUR 45 thousand.

PLN'000	3 months ended	3 months ended	Change
	31 March 2016 (unaudited)	31 March 2015 (unaudited)	
Banking Solutions	197	2,454	-92%
Payment Solutions	8,203	7,015	17%
Systems Integration	1,421	(805)	277%
	<b>9,821</b>	<b>8,664</b>	<b>13%</b>

EUR'000	3 months ended	3 months ended	Change
	31 March 2016 (unaudited)	31 March 2015 (unaudited)	
Banking Solutions	45	591	-92%
Payment Solutions	1,883	1,691	11%
Systems Integration	327	(194)	269%
	<b>2,255</b>	<b>2,088</b>	<b>8%</b>

Consolidated net profit on sales of ASEE Group for the first quarter of 2016 improved owing to stronger results achieved by the Systems Integration segment (an increase by EUR 0.5 million) and the Payment Solutions segment (an increase by EUR 0.2 million). These positive achievements were partially offset by the weaker net profit on sales of the Banking Solutions segment (a decrease by over EUR 0.5 million). 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.

### **Operating profit and EBITDA**

Operating profit of ASEE Group for the first quarter of 2016 reached EUR 2.35 million, reflecting a slight decrease by EUR 33 thousand or just above 1% in relation to the comparable period last year. It should be noted that the Group's operating profit for the first quarter of 2015 was favourably influenced by the reimbursement of excessive tax paid on civil law transactions 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. If this one-time event was eliminated from the comparable data, ASEE would record an increase by EUR 111 thousand or 5% in its operating profit for the first quarter of 2016.

Operating profit earned by the Payment Solutions segment in the first quarter of 2016 reached EUR 1.89 million, increasing by nearly EUR 0.2 million or 8% above the year-ago level. Stronger results were achieved both in the area of handling of physical payments and settlement of online payments. Operating profit earned on physical payments increased mostly in Croatia, while operating results on online payments improved basically in Turkey.

The Systems Integration segment earned EUR 0.3 million in operating profit for the first quarter of 2016, which is EUR 0.5 million more than in the comparable period last year when this segment reported a slim operating loss. This improvement was achieved mainly by the section engaged in the supply of infrastructure and integration services. New projects carried out in the first quarter contributed to stronger operating results primarily in Serbia and Turkey.

The growing operating profits of the Payment Solutions segment and the Systems Integration segment were offset by the weaker performance from our Banking Solutions segment. In the first quarter of 2016, EBIT generated by this segment amounted to EUR 45 thousand, decreasing by nearly EUR 0.5 million as compared with its previous year level. Such deterioration in the segment's results was caused by the lack of major new implementation projects in the first three months of this year as well as by the need to create provisions for additional costs of the projects that are currently in progress. The largest declines in operating profit were suffered in Turkey, Serbia, and Romania.

Consolidated EBITDA for the first quarter of 2016 reached EUR 4.3 million, improving by EUR 0.3 million or 7% in relation to the comparable period

last year. Both the Payment Solutions segment and the Systems Integration segment generated similar increases in the amount of EBITDA – by EUR 0.5 million and EUR 0.45 million, respectively. Whereas, EBITDA of the Banking Solutions segment dropped by EUR 0.45 million in the first quarter of 2016. A further decrease in EBITDA amounting to EUR 220 thousand was related to other operations which are not allocated to any of our operating segments. In the Payment Solutions segment, EBITDA increased faster than operating profit as a result of higher depreciation charges on equipment provided to our clients in the outsourcing model.

### **Net profit**

Consolidated net profit of ASEE Group for the first quarter of 2016 amounted to EUR 1.87 million, declining by EUR 83 thousand or 4% in comparison to the corresponding period last year.

The Group's net result on financial operations equalled EUR -1 thousand for the first three months of 2016, as compared with EUR 67 thousand reported a year ago. This year ASEE Group incurred lower interest expenses on its debt and achieved a better result on foreign exchange differences, including the valuation of hedging instruments. Whereas, in the first quarter of 2015, we earned a higher interest income on bank cash deposits. Yet it should be noted that in the first quarter of 2015, we recognized a one-off financial income of EUR 121 thousand which was related to the reimbursement of excessive tax paid on civil law transactions. If this amount was deducted, the Group would recognize a net financial expense of EUR 54 thousand for the first quarter of 2015, and consequently our result on financial operations for the first quarter of 2016 would be by EUR 53 thousand higher than a year ago.

In the first quarter of 2016, our income tax expense amounted to EUR 474 thousand (effective tax rate of 20.2%) as compared with EUR 492 thousand incurred in the previous year (effective tax rate of 20.1%). 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 quarter of 2015, the holding company received EUR 1.2 million in dividends from Serbia causing the obligation to pay withholding tax. During the first three months of 2016, no dividends were paid to the holding company, hence the income tax expense was incurred fully on our current business operations. The effective tax rate increased the most in our operations in Turkey, where it reached 21.4% in comparison with 11.9% incurred in the comparable

period last year. This was due to a less favourable structure of sales, which caused a decrease in the amount of tax reliefs arising from the location of a part of our business in special economic zones. The

effective tax rate increased also in Serbia – from 16.8% in the first quarter of 2015 to the level of 22.4% in the comparable period of this year.

### Analysis of financial ratios

PLN'000	3 months ended	3 months ended
	31 March 2016	31 March 2015
	(unaudited)	(unaudited)
Gross profit margin	23.4%	26.5%
EBITDA margin	15.8%	17.0%
Operating profit margin	8.5%	10.0%
Net profit margin	6.8%	8.2%
Return on assets (ROA)	6.6%	6.2%
Return on equity (ROE)	5.3%	5.1%

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  
 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 quarter of 2016, our gross profit margin equalled 23.4%, decreasing by 3.1 percentage points in comparison to the first three months of 2015. As described above, our profitability at this level declined primarily as a result of a higher share of infrastructure and third-party solutions in the total sales of ASEE Group.

Such change in the revenue structure also affected our profitability at other levels; hence, EBITDA margin decreased from 17.0% in the first quarter of 2015 to 15.8% in the comparable period of this year. At the same time, operating profit margin declined from 10% to 8.5%. Changes in the levels of our operating profit and margin have been explained in detail above.

Net profit margin dropped to a similar extent and reached the level of 6.8% in the first quarter of 2016.

Stronger financial performance of ASEE during the last 12 months resulted in an increase in the rates of return on equity and assets. Return on equity (ROE) for the trailing 12 months ended 31 March 2016 equalled 6.6% growing by 0.4 percentage points; whereas, return on assets (ROA) reached the level of 5.3% improving by 0.2 percentage points.

	31 March 2016	31 Dec. 2015	31 March 2015
	(unaudited)	(audited)	(unaudited)
Working capital (in thousands of PLN)	78,487	103,809	74,486
Current liquidity ratio	1.56	1.79	1.58
Quick liquidity ratio	1.32	1.58	1.31
Absolute liquidity ratio	0.59	0.79	0.62

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 = (short-term financial assets + cash and short-term bank deposits) / current liabilities

Our working capital decreased by PLN 25 million in comparison with the end of December 2015. In the first quarter of 2016, the total value of current assets declined by PLN 15.6 million, mainly due to a decrease in cash and cash equivalents by nearly PLN 21 million, which was partially offset by an increase in inventories by PLN 3.9 million as well as an increase in receivables arising from valuation of IT contracts by PLN 3.4 million. In the same period, current liabilities increased by PLN 9.7 million. Total current liabilities changed primarily as a result of the recognition of dividends payable to shareholders of ASEE amounting to PLN 21.8 million, as well as the settlement of trade payables (PLN 9.4 million) and state budget liabilities (PLN 5.5 million) during the first quarter of this year.

Our liquidity ratios as at the end of March 2016 were slightly lower than as at the end of the previous year, but they remain at safe levels.

### Analysis of debt

	31 March 2016	31 Dec. 2015	31 March 2015
	(audited)	(audited)	(audited)
Total debt ratio	19.6%	18.9%	19.4%
Debt / equity ratio	6.4%	6.6%	6.3%
Debt / (debt + equity) ratio	6.0%	6.2%	5.9%

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 18.9% reported as at the end of 2015 to the level of 19.6% as at 31 March 2016, in spite of a decrease in interest-bearing bank loans and borrowings by more than PLN 2 million. This change resulted primarily from the recognition of dividends payable to shareholders of ASEE amounting to PLN 21.8 million. The excess of bank loan repayments over proceeds from new bank loans resulted in a slight decrease in the ratio of debt to equity, as well as in the ratio of debt to total interest-bearing liabilities and equity.

#### Statement of cash flows

	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>99,868</b>	<b>88,117</b>
Net cash provided by (used in) operating activities	(9,195)	(79)
Net cash provided by (used in) investing activities	(9,678)	(10,750)
Net cash provided by (used in) financing activities	(4,865)	(1,351)
Net foreign exchange differences	205	(2,103)
<b>Cash and cash equivalents at the end of period</b>	<b>76,335</b>	<b>73,834</b>

In the first quarter of 2016, our operating activities generated net cash outflows of PLN 9.2 million. These negative cash flows resulted from changes in the relation of cash to other working capital items. Following strong operating cash flows generated in the third and fourth quarter of 2015, at the end of last December our cash and cash equivalents remained at a relatively high level of PLN 101 million, just as our trade payables, tax and legal liabilities and other liabilities which totalled PLN 77 million. During the first three months of 2016, ASEE Group settled more than PLN 18 million of its current liabilities and invested PLN 7 million to increase its inventories. Hence, the changes in our receivables, liabilities and inventories decreased our cash balance by the total amount of more than PLN 26.5 million.

Such large fluctuations in the Group's working capital result from the values and phases of

#### **X. FACTORS THAT IN THE MANAGEMENT'S OPINION MAY AFFECT THE GROUP'S FINANCIAL PERFORMANCE AT LEAST TILL THE NEXT QUARTER END**

The factors that will affect the Group's financial performance at least till the end of the next quarter have been indicated and explained as part of the summary and analysis of the financial results of ASEE Group in section IX of this report.

The factors that may affect the Group's financial performance in 2016 have been also described in the Management report on the Group's operations for the year 2015.

ongoing projects, and above all from the schedule of settlements with suppliers and customers of ASEE. Hence, the biggest changes in the balances of receivables and liabilities are observed in the countries where our major projects are implemented and settled. In the first three months of 2016, these were Croatia, Romania and Serbia. Furthermore, the first quarter of a year is the time to pay off tax and legal liabilities resulting from financial results of our subsidiaries as well as prior year remunerations, being an additional burden on cash flows without any impact on the income statement, which deteriorates the conversion of current profits into cash.

Net cash outflows in our investing activities amounted to PLN 9.7 million in the first quarter of 2016, decreasing by PLN 1 million in relation to the comparable period last year. In the first quarter of 2016, our investing activity cash flows were most considerably influenced by the acquisition of a 53.81% stake of shares in Chip Card a.d. in Serbia for the amount of nearly EUR 1.2 million (PLN 5.1 million). Whereas, our expenditures for infrastructure used in the outsourcing of payment processes amounted to PLN 1.9 million in the first quarter of 2016 and were significantly lower than a year ago. In the first quarter of 2015, such expenditures aggregated at almost PLN 5.5 million. Our capitalized software development costs amounted to PLN 1 million in the first quarter of 2016 and were also lower than PLN 1.2 million spent in the comparable period last year.

In the first quarter of 2016, net cash used in our financing activities amounted to PLN 4.9 million. These negative cash flows were primarily a consequence of our repayments of bank loans and borrowings in the amount of PLN 5.2 million. Such repayments were associated mainly with external financing obtained for the purchases of infrastructure used in the outsourcing projects that are implemented by the Payment Solutions segment.

In addition to the above-mentioned descriptions, in the next quarter our financial results will be influenced by common factors with impact on the Group's operations (the existing order backlog, efficient implementation of ongoing projects, potential new contracts, etc.). The Group continues to invest in the development of new products.

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

**1. Breakdown of sales revenues**

During the first quarter of 2016 and in the comparable period, operating revenues were as follows:

Sales revenues by type of products	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
Proprietary software and services	74,703	65,055
Third-party software and services	18,093	10,803
Hardware and infrastructure	27,077	22,695
	<b>119,873</b>	<b>98,553</b>

**2. Breakdown of operating costs**

	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
Employee benefits (-)	(41,171)	(37,850)
Third-party non-project services and outsourcing of employees (-)	(4,739)	(4,150)
Depreciation and amortization (-)	(8,683)	(6,909)
Maintenance costs of property and business cars (-)	(7,565)	(7,333)
Business trips (-)	(882)	(1,074)
Advertising (-)	(459)	(807)
Other expenses (-)	(2,447)	(1,318)
	<b>(65,946)</b>	<b>(59,441)</b>
<b>Cost of sales, of which:</b>	<b>(91,860)</b>	<b>(72,482)</b>
Cost of goods and third-party services sold (-)	(44,106)	(30,448)
Production costs (-)	(47,754)	(42,034)
Selling costs (-)	(8,838)	(8,313)
General and administrative expenses (-)	(9,354)	(9,094)

**3. Other operating income**

Other operating income	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
Gain on disposal of property, plant and equipment and intangible assets	50	188
Reimbursement of tax paid on civil law transactions	-	915
Income from leases of space	23	49
Other	318	202
	<b>391</b>	<b>1,354</b>

In the first quarter of 2015, by a decision issued by the Taxation Chamber, ASEE S.A. received a reimbursement of the excessive amount of civil law transactions tax paid by the Company in the years 2008 – 2010 in connection with increasing its share capital. The recovered tax amounted in total to PLN 1,417 thousand, of which the principal amount of PLN 915 thousand has been recognized in other operating income, whereas the accrued interest amounting to PLN 502 thousand in financial income.

**4. Financial income and expenses**

Financial income	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
Interest income on loans granted and bank deposits	306	629
Interest related to reimbursement of tax paid on civil law transactions	-	502
Gain on valuation of derivative instruments	543	-
Positive foreign exchange differences	652	645
Other financial income	-	19
	<b>1,501</b>	<b>1,795</b>

Financial expenses	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
Interest expense (-)	(305)	(426)
Bank fees and commissions (-)	(12)	(31)
Negative foreign exchange differences (-)	(825)	(972)
Company acquisition related expenses (-)	(113)	-
Interest expenses under finance leases (-)	(25)	(12)
Loss on valuation of derivative instruments (-)	(225)	(74)
Other financial expenses (-)	-	(1)
	<b>(1,505)</b>	<b>(1,516)</b>

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

	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
<b>Consolidated net profit for the reporting period attributable to Shareholders of ASEE S.A.</b>	<b>8,149</b>	<b>8,129</b>
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	51,894,251	51,894,251
<b>Consolidated earnings per share for the reporting period attributable to Shareholders of ASEE S.A. (in PLN):</b>		
Basic consolidated earnings per share from continuing operations for the reporting period	0.16	0.16
Diluted consolidated earnings per share from continuing operations for the reporting period	0.16	0.16

## 6. Information on dividends paid out or declared

The Ordinary General Meeting of Shareholders of Asseco South Eastern Europe S.A. seated in Rzeszów, acting on the basis of art. 395 § 2 item 2) of the Commercial Companies Code as well as pursuant to § 12 sec. 4 item 2) of the Company's Articles of Association, decided that the net profit for the year 2015 in the amount of PLN 55,298,295.23, and retained earnings for the year 2013 in the amount of PLN 2,825,183.42, as well as retained earnings for the year 2014 in the amount of 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 our 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 and 15 July 2016 as the dividend payment date. The number of shares eligible for dividend is 51,894,251.

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

	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2016</b>	<b>86,369</b>	<b>33,566</b>
Purchases (+)	3,968	385
Capitalization of project development costs (+)	-	1,006
Transfers from inventories (+)	3,036	-
Finance lease liabilities (+)	211	-
Other changes (+/-)	-	97
Depreciation/amortization charge (-)	(6,553)	(2,168)
Disposal and liquidation (-)	(71)	-
Exchange differences on translation of foreign operations (+/-)	381	(88)
<b>Net book value as at 31 March 2016</b>	<b>87,341</b>	<b>32,798</b>

	Tangible assets	Intangible assets
<b>Net book value as at 1 January 2015</b>	<b>69,846</b>	<b>38,114</b>
Purchases (+)	7,795	475
Capitalization of project development costs (+)	-	1,212
Transfers from inventories (+)	974	-
Finance lease liabilities (+)	210	-
Depreciation/amortization charge (-)	(4,920)	(2,009)
Disposal and liquidation (-)	(136)	(10)
Exchange differences on translation of foreign operations (+/-)	(2,683)	(1,419)
<b>Net book value as at 31 March 2015</b>	<b>71,086</b>	<b>36,363</b>

The higher value of tangible assets as at 31 March 2016 (PLN 87,341 thousand) and as at 31 December 2015 (PLN 86,369 thousand) both in comparison to those of 31 March 2015 (PLN 71,086 thousand) resulted primarily from purchases of ATMs, POS terminals and other elements of infrastructure to be offered in the outsourcing model.

In the first quarter of 2016, capitalized costs of development projects amounted to PLN 1,006 thousand as compared with PLN 1,212 thousand in the comparable period of 2015.

Liabilities resulting from purchases of property, plant and equipment and intangible assets amounted to PLN 497 thousand as at 31 March 2016, as compared with PLN 170 thousand as at 31 December 2015 and PLN 347 thousand as at 31 March 2015.

## 8. Goodwill

During the reporting period and comparable period, the amount of goodwill changed as follows:

	3 months ended 31 March 2016 (unaudited)	12 months ended 31 Dec. 2015 (audited)	3 months ended 31 March 2015 (unaudited)
<b>Goodwill at the beginning of the period</b>	<b>489,600</b>	<b>498,113</b>	<b>498,113</b>
Banking Solutions	194,590	196,645	196,645
Payment Solutions	110,292	112,810	112,810
Systems Integration	184,718	188,658	188,658
<b>Exchange differences on translation of goodwill in foreign subsidiaries (+/-)</b>	<b>2,196</b>	<b>(8,513)</b>	<b>(17,164)</b>
Banking Solutions	1,144	(2,055)	(6,367)
Payment Solutions	(135)	(2,518)	(4,199)
Systems Integration	1,187	(3,940)	(6,598)
<b>Total book value at the end of period</b>	<b>491,796</b>	<b>489,600</b>	<b>480,949</b>
Banking Solutions	195,734	194,590	190,278
Payment Solutions	110,157	110,292	108,611
Systems Integration	185,905	184,718	182,060

## 9. Short-term receivables

	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
<b>Trade receivables</b>	<b>71,236</b>	<b>75,231</b>	<b>63,928</b>
Trade receivables, of which:			
From related parties	755	566	683
From other entities	73,462	77,541	66,963
Allowance for doubtful receivables (-)	(2,981)	(2,876)	(3,718)
Receivables from un invoiced deliveries, of which:	8,053	8,452	6,061
From related parties	-	-	-
From other entities	8,053	8,452	6,061
	<b>79,289</b>	<b>83,683</b>	<b>69,989</b>

Other receivables	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Advance payments to other suppliers	2,812	2,036	1,681
Security deposits receivable	434	451	138
Other receivables	538	510	825
	<b>3,784</b>	<b>2,997</b>	<b>2,644</b>

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

Other receivables disclosed as at 31 March 2016, 31 December 2015 as well as at 31 March 2015 include, among others, restricted cash amounting to PLN 166 thousand, PLN 166 thousand and PLN 146 thousand, respectively.

## 10. Financial assets

	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
<b>Financial assets available for sale:</b>	<b>123</b>	<b>129</b>	<b>126</b>
Shares in companies listed on regulated markets	103	109	106
Shares in companies not listed on regulated markets	20	20	20
<b>Loans granted:</b>	<b>49</b>	<b>49</b>	<b>53</b>
Loans granted to unrelated entities	34	-	-
Loans granted to employees	15	49	53
<b>Financial assets held to maturity:</b>	<b>106</b>	<b>93</b>	<b>2,834</b>
Deposits for 3 to 12 months	30	17	2,761
Deposits for over 12 months	76	76	73
<b>Financial assets carried at fair value through profit or loss:</b>			
Currency <i>forward</i> contracts	-	-	112
Investment fund units	2,482	2,619	2,000

As at 31 March 2016 and 31 December 2015, financial assets included bank cash deposits (amounting to PLN 106 thousand and PLN 93 thousand) held by ASEE Slovenia and ASEE Macedonia. As at 31 March 2015, financial assets included bank cash deposits amounting to PLN 2,834 thousand held by ASEE Macedonia, ASEE Serbia, ASEE Slovenia, and ASEE S.A.

As at 31 March 2016, 31 December 2015 and 31 March 2015, financial assets carried at fair value through profit or loss included investment fund units with a value of PLN 2,482 thousand, PLN 2,619 thousand and PLN 2,000 thousand held by ASEE Macedonia. During the first quarter of 2016, expenditures for the acquisition of investment fund units amounted to PLN 3,964 thousand.

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

## 11. Cash and short-term deposits

	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Cash at bank and in hand	37,594	41,558	43,968
Short-term bank deposits	42,617	59,512	30,521
Cash equivalents	2	5	8
Cash being transferred	-	-	52
	<b>80,213</b>	<b>101,075</b>	<b>74,549</b>
<i>Interest accrued on cash and cash equivalents as at the balance sheet date</i>	(15)	(14)	(36)
<i>Overdraft facilities utilized for liquidity management</i>	(3,863)	(1,193)	(679)
<b>Cash and cash equivalents as disclosed in the cash flow statement</b>	<b>76,335</b>	<b>99,868</b>	<b>73,834</b>

## 12. Prepayments and accrued income

Long-term	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Prepaid maintenance services and license fees	165	244	198
Other	361	261	510
	<b>526</b>	<b>505</b>	<b>708</b>
Short-term	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Prepaid maintenance services and license fees	8,182	7,489	9,645
Prepaid insurance	1,419	583	698
Prepaid rents	486	591	780
Prepaid consulting services	940	1,068	864
Other prepaid services	433	362	941
Costs of services performed for which revenues have not been recognized yet	761	883	347
Other	1,081	1,258	912
	<b>13,302</b>	<b>12,234</b>	<b>14,187</b>

As at 31 March 2016, 31 December 2014 and 31 March 2016, prepayments included primarily the costs of maintenance services and license fees amounting to PLN 8,347 thousand, PLN 7,733 thousand and PLN 9,843 thousand, respectively, that will be successively expensed in future periods.

## 13. Interest-bearing bank loans and borrowings

As at 31 March 2016, total liabilities of ASEE Group under all bank loans and borrowings aggregated at PLN 43,271 thousand, as compared with PLN 45,329 thousand as at 31 December 2015, and PLN 40,537 thousand as at 31 March 2015.

Total proceeds from and repayments of bank loans disclosed in the statement of cash flows for the first 3 months of 2016 amounted to PLN 853 thousand (proceeds) and PLN 5,208 thousand (repayments).

As at 31 March 2016, tangible assets with a book value of PLN 3,195 thousand served as security for bank loans. As at 31 March 2016, liabilities that were secured with such assets amounted to PLN 7,742 thousand.

The book values of assets serving as security for bank loans as well as the amounts of liabilities that were secured with such assets in the comparable periods have been presented in the financial reports drawn up for those periods.

#### 14. Long-term and short-term financial liabilities

Long-term	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Currency forward contracts	102	394	-
Finance lease liabilities	1,595	1,629	933
	<b>1,697</b>	<b>2,023</b>	<b>933</b>

Short-term	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Dividends payable to shareholders of ASECO S.A.	21,796	-	20,758
Currency forward contracts	-	31	-
Finance lease liabilities	703	663	369
Liabilities for the acquisition of shares	-	-	1,738
Other	54	56	-
	<b>22,553</b>	<b>750</b>	<b>22,865</b>

As at 31 March 2015, liabilities for the acquisition of shares included the remaining portion of payment arising from the acquisition of 100% of shares in EŻR Croatia, amounting to PLN 1,738 thousand and depending on the financial results of the acquired company. These liabilities have been settled in the year 2015.

#### 15. Current liabilities

Trade payables	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Trade payables, of which:	30,458	41,186	29,360
To related parties	181	187	93
To other entities	30,277	40,999	29,267
Liabilities for uninvoiced deliveries, of which:	7,143	5,815	7,018
To related parties	-	-	-
To other entities	7,143	5,815	7,018
	<b>37,601</b>	<b>47,001</b>	<b>36,378</b>

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

Other current liabilities	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Liabilities to employees relating to salaries	3,635	6,843	3,313
Trade prepayments received	7,299	8,073	6,273
Liabilities for purchases of tangible assets and intangible assets	497	170	347
Other liabilities	424	262	831
	<b>11,855</b>	<b>15,348</b>	<b>10,764</b>

Current liabilities to the state and local budgets	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Value added tax	4,549	9,355	5,050
Corporate income tax (CIT)	1,333	1,032	2,323
Personal income tax (PIT)	821	1,705	579
Social security payable	2,264	2,181	1,894
Other	274	482	329
	<b>9,241</b>	<b>14,755</b>	<b>10,175</b>

#### 16. Accruals and deferred income

Short-term accruals	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Accrual for unused holiday leaves	2,276	2,105	1,815
Accrual for employee bonuses	11,200	12,292	10,466
	<b>13,476</b>	<b>14,397</b>	<b>12,281</b>

Long-term deferred income	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Prepaid maintenance services	270	152	399
Grants for the development of assets	495	497	616
Other	-	15	29
	<b>765</b>	<b>664</b>	<b>1,044</b>

Short-term deferred income	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Maintenance services	12,406	9,428	8,854
Prepaid implementation services	353	794	403
License fees	853	56	1,239
Grants for the development of assets	143	191	85
Other	253	2,063	1,323
	<b>14,008</b>	<b>12,532</b>	<b>11,904</b>



## 17. Changes in impairment write-downs on assets

	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
<b>Trade receivables</b>		
Opening balance	(2,876)	(3,666)
Created	(408)	(675)
Utilized	95	25
Reversed	211	379
Foreign exchange differences	(3)	219
Closing balance	<b>(2,981)</b>	<b>(3,718)</b>
<b>Inventories</b>		
Opening balance	(8,805)	(7,907)
Created	(933)	(545)
Utilized	-	1
Reversed	372	547
Foreign exchange differences	(4)	292
Closing balance	<b>(9,370)</b>	<b>(7,612)</b>

During the first 3 months of 2016 and in the comparable period of 2015, the Group did not recognize or reverse any impairment write-downs on its financial assets, property, plant and equipment, or intangible assets.

## 18. Issuance, redemption and repayment of non-equity and equity securities

In the reporting period, the Issuer did not conduct any transactions of issuance, redemption or repayment of debt securities.

## 19. Employment

Group's workforce as at	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
Management Board of the Parent Company*	4	4	4
Management Boards of the Group companies	22	23	23
Production departments	1,061	1,078	1,049
Sales departments	127	145	140
Administration departments	182	170	168
	<b>1,396</b>	<b>1,420</b>	<b>1,384</b>

Numbers of employees in the Group companies as at	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
ASEE S.A.	26	27	29
ASEE Romania	156	160	153
ASEE Serbia Group	467	476	463
ASEE Croatia	240	242	240
ASEE Kosovo	58	60	69
ASEE Turkey	178	190	179
ASEE Bulgaria	20	19	21
ASEE B&H	49	45	44
ASEE Macedonia	147	147	146
ASEE Slovenia	35	35	29
ASEE Montenegro	10	9	10
ASEE Nestpay	10	10	1
	<b>1,396</b>	<b>1,420</b>	<b>1,384</b>

## 20. Outsourcing contracts

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

Future minimum lease payments	31 March 2016 (unaudited)	31 Dec. 2015 (audited)	31 March 2015 (unaudited)
(i) within 1 year	32,375	32,256	24,918
(ii) within 1 to 5 years	57,437	56,590	48,425
(iii) within more than 5 years	2,029	4,234	2,167
	<b>91,841</b>	<b>93,080</b>	<b>75,510</b>

## 21. Contingent liabilities and receivables

Within its commercial activities ASEE Group uses bank guarantees as well as contract performance guarantees as forms of securing its business transactions with miscellaneous organizations, companies and administration bodies. The value of such guarantees amounted to PLN 27,846 thousand as at 31 March 2016, PLN 27,638 thousand as at 31 December 2015, and PLN 29,129 thousand as at 31 March 2015.

Assets serving as security for bank guarantee facilities:

Category of assets	Net value of assets			Amount of granted guarantee secured with assets		
	31 March 2016	31 Dec. 2015	31 March 2015	31 March 2016	31 Dec. 2015	31 March 2015
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Tangible assets	3,195	3,650	4,298	7,742	8,255	2,499
Inventories	-	-	1,022	-	-	4,882
Trade receivables	2,495	883	2,523	2,428	3,176	1,091
Other receivables (restricted cash)	159	159	139	2,096	2,259	3,379
	<b>5,849</b>	<b>4,692</b>	<b>7,982</b>	<b>12,266</b>	<b>13,690</b>	<b>11,851</b>

### **XIII. RELATED PARTY TRANSACTIONS**

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

### **XIV. INFORMATION ON PENDING LEGAL PROCEEDINGS CONCERNING LIABILITIES OR RECEIVABLES OF ASSECO 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 of its subsidiaries, whose aggregate value would equal or exceed 10% of the Company's equity.

To the best knowledge of the Management Board of ASEE S.A., during the reporting period the Group made significant settlements resulting from court litigation.

### **XV. OPINION OF THE MANAGEMENT BOARD ON FEASIBILITY OF MEETING THE PREVIOUSLY PUBLISHED FINANCIAL FORECASTS**

The Management Board of ASEE S.A. has not published any financial forecasts for the year 2016.

### **XVI. INFORMATION ON BANK LOAN SURETIES OR GUARANTEES GRANTED BY THE ISSUER**

During the period of 3 months ended 31 March 2016, 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.

### **XVII. OTHER FACTORS SIGNIFICANT FOR THE ASSESSMENT OF HUMAN RESOURCES, ASSETS AND FINANCIAL POSITION**

During the reporting period presented, the Management Board of ASEE S.A. has not become aware of any other significant factors that might affect the assessment of the Issuer's human resources, assets, and financial position.

### **XVIII. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE**

In the period from 31 March 2016 till the date of approval of these interim condensed consolidated financial statements, this is until 22 April 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 Group.

### **XIX. SIGNIFICANT EVENTS RELATED TO PRIOR YEARS**

Until the date of preparing these interim condensed consolidated financial statements, this is until 22 April 2016, we have not observed any significant events related to prior years, which have not but should have been included in our accounting books.



**ASSECO SOUTH EASTERN EUROPE S.A.  
STANDALONE FINANCIAL DATA  
FOR THE FIRST QUARTER OF 2016**

**Rzeszów, 22 April 2016**

**FINANCIAL HIGHLIGHTS OF ASECO SOUTH EASTERN EUROPE S.A.**

	<b>3 months ended 31 March 2016 (unaudited)</b>	<b>3 months ended 31 March 2015 (unaudited)</b>	<b>3 months ended 31 March 2016 (unaudited)</b>	<b>3 months ended 31 March 2015 (unaudited)</b>
	<b>PLN'000</b>	<b>PLN'000</b>	<b>EUR'000</b>	<b>EUR'000</b>
I. Revenues from holding activities	2,408	9,230	553	2,225
II. Revenues from operating activities	1,734	1,916	398	462
III. Operating profit	1,565	8,244	359	1,987
IV. Pre-tax profit	1,356	9,485	311	2,286
V. Net profit for the reporting period	1,051	8,715	241	2,101
VI. Net cash provided by (used in) operating activities	319	8,030	73	1,935
VII. Net cash provided by (used in) investing activities	(7,014)	(4,814)	(1,610)	(1,160)
VIII. Net cash provided by (used in) financing activities	(823)	2,835	(189)	683
IX. Cash and cash equivalents at the end of period	25,244	13,958	5,914	3,414
X. Basic earnings per ordinary share for the reporting period (in PLN/EUR)	0.02	0.17	0.00	0.04
XI. Diluted earnings per ordinary share for the reporting period (in PLN/EUR)	0.02	0.17	0.00	0.04

The financial highlights disclosed in these 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 31 March 2016: EUR 1 = PLN 4.3559
  - for the period from 1 January 2015 to 31 March 2015: EUR 1 = PLN 4.1489
  
- 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 31 March 2016: EUR 1 = PLN 4.2684
  - exchange rate effective on 31 March 2015: EUR 1 = PLN 4.0890

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

	3 months ended 31 March 2016 <small>(unaudited)</small>	3 months ended 31 March 2015 <small>(unaudited)</small>
<b>Holding activities</b>	<b>2,408</b>	<b>9,230</b>
Dividend income	-	6,840
Revenues from sales of services	2,408	2,390
<b>Operating activities</b>	<b>1,734</b>	<b>1,916</b>
Revenues from sales of IT services and software	1,734	1,916
<b>Total sales revenues</b>	<b>4,142</b>	<b>11,146</b>
Cost of sales (-)	(1,763)	(3,124)
<b>Gross profit on sales</b>	<b>2,379</b>	<b>8,022</b>
Selling costs (-)	(797)	(672)
General and administrative expenses (-)	(17)	(21)
<b>Net profit on sales</b>	<b>1,565</b>	<b>7,329</b>
Other operating income (+)	2	915
Other operating expenses (-)	(2)	-
<b>Operating profit</b>	<b>1,565</b>	<b>8,244</b>
Financial income	877	1,327
Financial expenses (-)	(1,086)	(86)
<b>Pre-tax profit</b>	<b>1,356</b>	<b>9,485</b>
Corporate income tax (current and deferred tax expense) (+/-)	(305)	(770)
<b>Net profit for the reporting period</b>	<b>1,051</b>	<b>8,715</b>
<b>Earnings per share for the reporting period (in PLN):</b>		
Basic earnings per share from continuing operations for the reporting period	0.02	0.17
Diluted earnings per share from continuing operations for the reporting period	0.02	0.17

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

	3 months ended 31 March 2016 <small>(unaudited)</small>	3 months ended 31 March 2015 <small>(unaudited)</small>
<b>Net profit for the reporting period</b>	<b>1,051</b>	<b>8,715</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>	<b>1,051</b>	<b>8,715</b>

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

<b>ASSETS</b>	<b>31 March 2016</b>	<b>31 Dec. 2015</b>	<b>31 March 2015</b>
	(unaudited)	(audited)	(unaudited)
<b>Non-current assets</b>	<b>626,724</b>	<b>619,172</b>	<b>603,680</b>
Property, plant and equipment	361	386	470
Goodwill arising from business combinations	4,567	4,567	4,567
Intangible assets	683	486	139
Investments in subsidiaries	588,565	588,566	588,566
Long-term financial assets	25,671	17,572	2,862
Deferred tax assets	261	378	486
Long-term receivables	6,616	7,217	6,590
<b>Current assets</b>	<b>39,814</b>	<b>47,237</b>	<b>27,755</b>
Inventories	2	2	4
Prepayments and accrued income	1,302	608	2,356
Trade receivables	3,493	2,703	3,119
Other receivables	1,566	1,529	2,495
Short-term financial assets	8,207	9,466	5,823
Cash and short-term deposits	25,244	32,929	13,958
<b>TOTAL ASSETS</b>	<b>666,538</b>	<b>666,409</b>	<b>631,435</b>

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

<b>EQUITY AND LIABILITIES</b>	<b>31 March 2016</b>	<b>31 Dec. 2015</b>	<b>31 March 2015</b>
	(unaudited)	(audited)	(unaudited)
<b>Equity</b>			
Share capital	518,942	518,942	518,942
Share premium	38,825	38,825	38,825
Retained earnings and current net profit	68,658	89,403	42,820
<b>Total equity</b>	<b>626,425</b>	<b>647,170</b>	<b>600,587</b>
<b>Non-current liabilities</b>	<b>11,409</b>	<b>15,446</b>	<b>2,862</b>
Interest-bearing bank loans	11,307	15,052	2,862
Long-term financial liabilities	102	394	-
<b>Current liabilities</b>	<b>28,704</b>	<b>3,793</b>	<b>27,986</b>
Interest-bearing bank loans	3,015	-	-
Trade payables	1,157	1,602	2,856
Liabilities to the state and local budgets	406	172	780
Financial liabilities	21,796	31	22,496
Other liabilities	360	44	12
Deferred income	1,503	716	1,481
Accruals	310	1,125	307
Short-term provisions	157	103	54
<b>TOTAL LIABILITIES</b>	<b>40,113</b>	<b>19,239</b>	<b>30,848</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>666,538</b>	<b>666,409</b>	<b>631,435</b>

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

for 3 months ended 31 March 2016, for 3 months ended 31 March 2015, and for 12 months ended 31 December 2015

	Share capital	Share premium	Retained earnings and current net profit	Total equity
<b>As at 1 January 2016</b>	<b>518,942</b>	<b>38,825</b>	<b>89,403</b>	<b>647,170</b>
Net profit for the reporting period	-	-	1,051	<b>1,051</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>1,051</b>	<b>1,051</b>
Dividends	-	-	(21,796)	<b>(21,796)</b>
<b>As at 31 March 2016 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>68,658</b>	<b>626,425</b>
<b>As at 1 January 2015</b>	<b>518,942</b>	<b>38,825</b>	<b>54,863</b>	<b>612,630</b>
Net profit for the reporting period	-	-	8,715	<b>8,715</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>8,715</b>	<b>8,715</b>
Dividends	-	-	(20,758)	<b>(20,758)</b>
<b>As at 31 March 2015 (unaudited)</b>	<b>518,942</b>	<b>38,825</b>	<b>42,820</b>	<b>600,587</b>
<b>As at 1 January 2015</b>	<b>518,942</b>	<b>38,825</b>	<b>54,863</b>	<b>612,630</b>
Net profit for the reporting period	-	-	55,298	<b>55,298</b>
<b>Total comprehensive income for the reporting period</b>	<b>-</b>	<b>-</b>	<b>55,298</b>	<b>55,298</b>
Dividends	-	-	(20,758)	<b>(20,758)</b>
<b>As at 31 December 2015 (audited)</b>	<b>518,942</b>	<b>38,825</b>	<b>89,403</b>	<b>647,170</b>

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

	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
<b>Cash flows – operating activities</b>		
Pre-tax profit	1,356	9,485
<b>Total adjustments:</b>	<b>(1,389)</b>	<b>(8,034)</b>
Depreciation and amortization	60	73
Change in receivables	(854)	(2,119)
Change in liabilities, accruals and provisions	(839)	841
Interest income and expenses	(230)	71
Gain/Loss on foreign exchange differences	468	(175)
Gain/Loss on investing activities	4	(6,723)
Other	2	(2)
<b>Selected operating cash flows</b>	<b>361</b>	<b>6,579</b>
Disposal of shares in subsidiaries	361	-
Dividends received	-	6,579
<b>Net cash used in operating activities</b>	<b>328</b>	<b>8,030</b>
Corporate income tax paid	(9)	-
<b>Net cash provided by (used in) operating activities</b>	<b>319</b>	<b>8,030</b>
<b>Cash flows – investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(188)	(7)
Bank deposits made	(4)	(2,306)
Interest received	254	28
Loans granted	(8,183)	(3,690)
Loans collected	1,107	1,161
<b>Net cash provided by (used in) investing activities</b>	<b>(7,014)</b>	<b>(4,814)</b>
<b>Cash flows – financing activities</b>		
Proceeds from bank loans	-	2,934
Repayments of bank loans	(751)	-
Proceeds from borrowings	-	3,663
Repayments of borrowings	-	(3,663)
Interest repaid	(72)	(99)
<b>Net cash provided by (used in) financing activities</b>	<b>(823)</b>	<b>2,835</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(7,518)</b>	<b>6,051</b>
Net foreign exchange differences	(167)	-
<b>Cash and cash equivalents as at 1 January</b>	<b>32,929</b>	<b>7,907</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>25,244</b>	<b>13,958</b>