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

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

Rzeszów, 5 August 2016

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FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE GROUP

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

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

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

- the Group's cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at the mid exchange rates as published by the National Bank of Poland. These exchange rates were as follows:
 - exchange rate effective on 30 June 2016: EUR 1 = PLN 4.4255
 - exchange rate effective on 30 June 2015: EUR 1 = PLN 4.1944

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period of 6 months ended 30 June 2016

	Share capital	Share premium	Exchange differences on translation of foreign operations	Retained earnings and current net profit	Equity attributable to shareholders of the Parent Company	Non-controlling interests	Total equity
As at 1 January 2016	518,942	38,825	(79,074)	210,616	689,309	-	689,309
Net profit (loss) for the reporting period	-	-	-	20,376	20,376	(37)	20,339
Other comprehensive income	-	-	23,094	-	23,094	(2)	23,092
Total comprehensive income for the reporting period	-	-	23,094	20,376	43,470	(39)	43,431
Changes in the Group structure, of which:	-	-	-	(7)	(7)	3,633	3,626
Acquisition of shares in a subsidiary	-	-	-	-	-	4,336	4,336
Acquisition of non-controlling interests	-	-	-	(7)	(7)	(703)	(710)
Dividend	-	-	-	(21,796)	(21,796)	-	(21,796)
As at 30 June 2016 (unaudited)	518,942	38,825	(55,980)	209,189	710,976	3,594	714,570

for the period of 6 months ended 30 June 2015

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

for the period of 12 months ended 31 December 2015

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

I. GENERAL INFORMATION

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

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

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

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

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

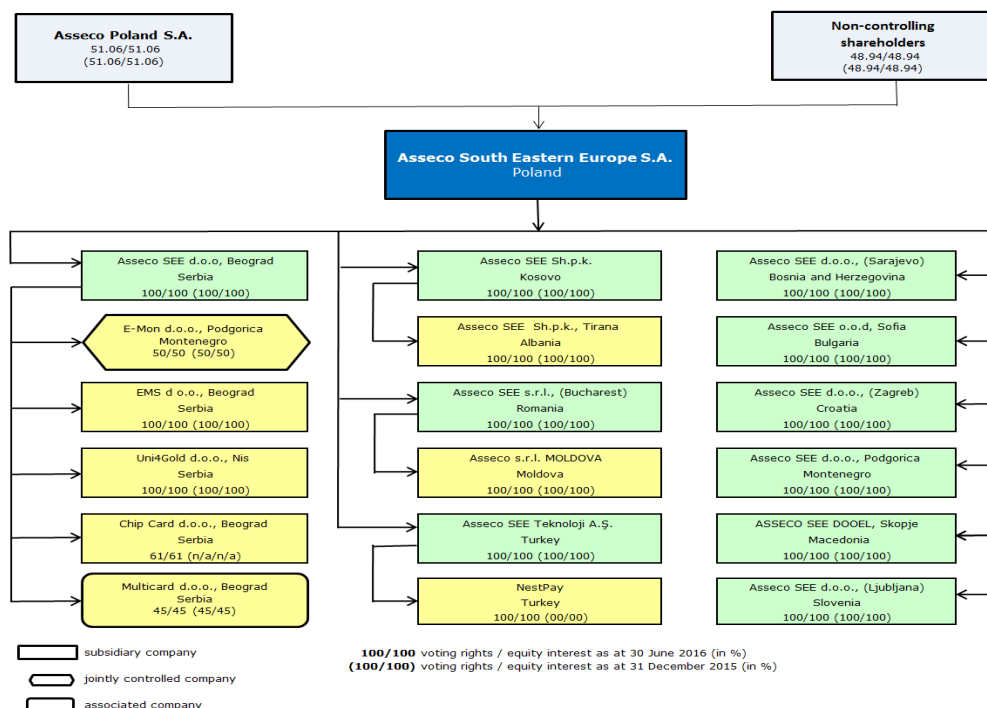
The Group's business profile and product portfolio have been described in detail in its financial statements for the year 2015 which are available at the Issuer's website: www.asseco.com/see.

These interim condensed consolidated financial statements cover the period of 6 months ended 30 June 2016 and contain comparable data for the period of 6 months ended 30 June 2015 in the case of the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, as well as comparable data as at 31 December 2015 in the case of the statement of financial position. The income statement as well as notes to the income statement cover the period of 3 months ended 30 June 2016 and contain comparable data for the period of 3 months ended 30 June 2015; these data have not been reviewed by certified auditors.

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

These interim consolidated financial statements have been approved for publication by the Management Board of ASEE S.A. on 5 August 2016.

II. ORGANIZATIONAL STRUCTURE OF ASSECO SOUTH EASTERN EUROPE GROUP



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

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

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

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

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

Both as at 30 June 2016 and 31 December 2015, voting rights held by the Group in its subsidiaries were equivalent to the Group's equity interests in these entities.

III. EFFECTS OF CHANGES IN THE GROUP'S STRUCTURE

During the period of 6 months ended 30 June 2016, the organizational structure of ASEE Group changed as follows:

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

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

IV. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

2. Compliance statement

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

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

3. Significant accounting policies

The significant accounting policies adopted by ASEE Group have been described in its consolidated financial statements for the year ended 31 December 2015, which were published on 18 February 2016 and are available at the Issuer's website: www.asseco.com/see. These interim condensed consolidated financial statements do not include all the information and disclosures required for annual consolidated financial statements and therefore they should be read together with the

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

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

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

- Amendments to IFRS 2 *Share-based Payment*

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

- Amendments to IFRS 3 *Business Combinations*

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

- Amendments to IFRS 8 *Operating Segments*

These amendments shall be applied retrospectively and clarify that:

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

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

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

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

- Amendments to IFRS 13 *Fair Value Measurement*

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

- Amendments to IAS 24 *Related Party Disclosures*

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

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

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

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

- Amendments to IAS 34 *Interim Financial Reporting*

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

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

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

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

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

- Amendments to IAS 1 *Disclosure Initiative*

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

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

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

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

4. Functional currency and reporting currency

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

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

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

5. Professional judgement and changes in estimates

Preparation of consolidated financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements. Despite the estimates and assumptions have been adopted based on the Group's management best knowledge on the current activities and occurrences, the actual results may differ from those anticipated. The main areas which, in the process of applying the accounting policies, were largely subject to the management's professional judgement remained unchanged as compared with their description presented in the annual financial statements for the year ended 31 December 2015.

The changes of estimates as at 30 June 2016 included the calculation of deferred income tax, preparation of impairment tests for goodwill as described in note 9, as well as the estimated value of accruals for employee benefits as disclosed in note 18.

6. Seasonal nature of business

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

7. Corrections of material errors

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

V. INFORMATION ON OPERATING SEGMENTS

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

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

Banking Solutions

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

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

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

Payment Solutions

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

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

Systems Integration

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

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

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

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

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

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

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

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

VI. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Breakdown of sales revenues

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

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

2. Breakdown of operating costs

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

3. Other operating income and expenses

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

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

4. Financial income and expenses

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

5. Corporate income tax

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

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

Income tax expense for the period of 6 months ended 30 June 2016 resulted from the current income tax paid in individual countries (PLN -3,547 thousand), withholding tax on dividends paid out to ASEE S.A. by its subsidiaries (PLN -46 thousand), as well as from the origination and reversal of temporary differences (PLN -47 thousand). Whereas, in the comparable period of 2015 it included the current income tax paid in individual countries (PLN -3,071 thousand), withholding tax on dividends paid out to ASEE S.A. by its subsidiaries (PLN -1,458 thousand), as well as from the origination and reversal of temporary differences (PLN 192 thousand).

6. Earnings per share

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

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

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

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

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

7. Information on dividends paid out or declared

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

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

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

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

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

8. Property, plant and equipment, and intangible assets

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

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

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

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

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

9. Goodwill

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

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

Acquisition of Chip Card a.d. (Serbia)

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

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

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

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

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

Impairment testing of goodwill

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

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

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

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

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

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

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

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

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

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

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

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

10. Inventories

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

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

11. Short-term receivables

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

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

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

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

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

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

12. Financial assets

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

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

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

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

13. Cash and short-term deposits

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

14. Prepayments and accrued income

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

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

15. Long-term and short-term financial liabilities

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

16. Interest-bearing bank loans and borrowings

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

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

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

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

17. Current liabilities

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

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

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

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

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

18. Accruals and deferred income

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

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

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

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

19. Contingent liabilities and receivables

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

Assets serving as security for bank guarantee facilities:

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

20. Employment

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

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

Numbers of employees in the Group companies as at	30 June 2016 (unaudited)	31 Dec. 2015 (audited)
ASEE S.A.	24	27
ASEE Romania Group	166	160
ASEE Serbia Group	471	476
ASEE Croatia	239	242
ASEE Kosovo Group	58	60
ASEE Turkey	176	190
ASEE Bulgaria	19	19
ASEE B&H	48	45
ASEE Macedonia	142	147
ASEE Slovenia	35	35
ASEE Montenegro	10	9
ASEE Nestpay	9	10
	1,397	1,420

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

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

22. Information on related parties

Related party transactions

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

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

Apart from trade receivables, the above table also discloses receivables from deposits we have paid in under space rental agreements, amounting to PLN 47 thousand as at 30 June 2016 and PLN 47 thousand as at 31 December 2015.

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

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

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

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

Purchases from and sales to related parties presented in the table above are associated primarily with the rental of space and purchases or sales of hardware and services that were conducted by companies of ASEE Group with parties related through the Key Management Personnel or directly with the Key Management Personnel.

The figures disclosed in the table above include the following transactions concluded with or through the Key Management Personnel (members of the Management Board and Supervisory Board) of ASEE S.A.:

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

During the period of 6 months ended 30 June 2016, ASEE Macedonia incurred space rental costs that were paid to its related party MPS d.o.o., Skopje³, amounting in total to PLN 334 thousand, as compared with PLN 278 thousand incurred in the period of 6 months ended 30 June 2015.

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

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2016 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board and Supervisory Board of ASEE S.A. in the total gross amount of PLN 1,953 thousand. The above-stated amount does not include dividends payable to Asseco Poland S.A.⁴. The dividend was paid out on 15 July 2016.

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

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

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

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

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

23. Outsourcing contracts

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

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

24. Financial instruments

During the period of 6 months ended 30 June 2016, the types of financial instruments held by the Group did not change in relation to those described in the annual consolidated financial statements of ASEE Group for the year 2015. There were also no changes in the classification of financial assets due to any changes in their intended use or any transfers between individual levels of the fair value hierarchy of financial instruments.

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

25. Capital management

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

26. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2016, our financial risk exposure as well as objectives and principles adopted for financial risk management have not changed substantially in relation to those described in the annual consolidated financial statements of ASEE Group for the year 2015.

27. Significant events after the reporting period

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

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

28. Significant events related to prior years

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



**INTERIM CONDENSED FINANCIAL STATEMENTS
OF ASSECO SOUTH EASTERN EUROPE S.A.**

**FOR THE PERIOD OF 6 MONTHS
ENDED 30 JUNE 2016
INCLUDING THE REPORT OF
INDEPENDENT CERTIFIED AUDITORS**

Rzeszów, 5 August 2016

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

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FINANCIAL HIGHLIGHTS OF ASSECO SOUTH EASTERN EUROPE S.A.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUPPLEMENTARY INFORMATION AND EXPLANATORY NOTES

I. GENERAL INFORMATION

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

In accordance with its Articles of Association, the Company is engaged in holding operations as well as sales of services and software. The Company's business profile and product portfolio have been described in detail in its annual report for the year 2015, which is available at the Issuer's website: www.asseco.com/see.

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

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

These interim condensed financial statements cover the period of 6 months ended 30 June 2016 and contain comparable data for the period of 6 months ended 30 June 2015 in the case of the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, as well as comparable data as at 31 December 2015 in the case of the statement of financial position. The income statement as well as notes to the income statement cover the period of 3 months ended 30 June 2016 and contain comparable data for the period of 3 months ended 30 June 2015; these data have not been reviewed by certified auditors.

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

These interim condensed financial statements have been approved for publication by the Management Board on 5 August 2016.

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

II. ACCOUNTING POLICIES APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

1. Basis for the preparation of interim condensed financial statements

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

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

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

Till the date of approving these financial statements, we have not observed any circumstances that would threaten the Company's ability to continue as a going concern for at least 12 months after the reporting period.

2. Compliance statement

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

3. Significant accounting policies

The significant accounting policies adopted by ASEE S.A. have been described in its financial statements for the year ended 31 December 2015, which were published on 18 February 2016 and are available at the Issuer's website: www.asseco.com/see. These interim condensed financial statements do not include all the information and disclosures required for annual financial statements and therefore they should be read together with the Company's financial statements for the year ended 31 December 2015.

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

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

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

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

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

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

- Amendments to IAS 1 *Disclosure Initiative*

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

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

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

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

4. Professional judgement and changes in estimates

Preparation of financial statements in accordance with IFRS requires making estimates and assumptions which have an impact on the data disclosed in such financial statements.

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

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

The changes of estimates as at 30 June 2016 included the calculation of deferred income tax as presented in note 6, preparation of impairment tests for investments as described in note 10, as well as the estimated value of accruals for employee benefits as presented in note 16.

5. Seasonal nature of business

Because we are a holding company, the distribution of our financial results during a fiscal year depends largely on the dates when our subsidiaries adopt resolutions to pay out dividends. Sales of IT services and software are not subject to seasonal fluctuations.

6. Changes in the presentation methods

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

7. Corrections of material errors

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

III. INFORMATION ON OPERATING SEGMENTS

The Company's operating activities comprise holding operations as well as sales of IT services and software.

The Holding Activities segment includes revenues and expenses related to managing the Group. The segment's revenues comprise primarily dividends and sales of business and technical support services to the Company's subsidiaries.

The IT Services segment includes revenues and expenses related to our information technology operations in two areas: authentication solutions (banking) and voice automation solutions (systems integration).

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

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

IV. EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. Holding activities – Dividend income and service revenues

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

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

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

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

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

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

Both in the period of 6 months ended 30 June 2016 and in the comparable period, operating activities included revenues from licensing fees as well as

from maintenance, implementation and consulting services.

3. Breakdown of operating costs

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

4. Other operating income and expenses

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

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

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

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

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

civil law transactions, amounting to PLN 320 thousand.

5. Financial income and expenses

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

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

Financial expenses for the period of 6 months ended 30 June 2016 include an impairment write-down on our investment in ASEE Kosovo, amounting to PLN 4,000 thousand. Such write-down was recognized on the basis of impairment tests carried out and due to lower than expected financial performance of that company.

In addition, our financial expenses and income include the results of valuation of currency forward contracts which amounted to PLN -580 thousand (PLN -1,216 thousand recognized in expenses and

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

6. Corporate income tax

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

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

Income tax expense incurred in the period of 6 months ended 30 June 2016 resulted from income tax on profit earned which amounted to PLN 477 thousand, withholding tax on dividends from our subsidiaries in the amount of PLN 46 thousand, as well as from the origination or reversal of temporary differences in the amount of PLN 213 thousand (mainly due to the recognition of accruals for employee bonuses, as well as foreign exchange differences arising from the valuation of currency instruments).

The effective tax rate for the period of 6 months ended 30 June 2016 equalled 19.01%. The effective tax rate was higher than in the comparable period due to the expiration of tax-deductible losses by the end of 2015.

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

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

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

7. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period by the weighted average number of ordinary shares outstanding during that financial year. Both during the reporting period and the comparable period, there were no

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

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

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

8. Information on dividends paid out or declared

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

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

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

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

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

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

9. Property, plant and equipment, and intangible assets

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

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

10. Investments in subsidiaries

Full name of company	Short name	30 June 2016 (unaudited)	31 Dec. 2015 (audited)
Asseco SEE d.o.o., (Sarajevo)	ASEE B&H	25,830	25,830
Asseco SEE o.o.d. (Sofia)	ASEE Bulgaria	4,265	4,265
Asseco SEE d.o.o. (Zagreb)	ASEE Croatia	118,167	118,167
Asseco SEE Sh.p.k. (Pristina)	ASEE Kosovo	35,241	39,241
Asseco SEE DOEL, (Skopje)	ASEE Macedonia	98,480	98,480
Asseco SEE s.r.l., (Bucharest)	ASEE Romania	147,485	147,485
Asseco SEE d.o.o., (Beograd)	ASEE Serbia	80,297	80,297
Asseco SEE d.o.o., (Ljubljana)	ASEE Slovenia	2,332	2,332
Asseco SEE Teknoloji A.Ş. (Istanbul)	ASEE Turkey	71,460	71,460
Asseco SEE d.o.o., (Podgorica)	ASEE Montenegro	1,009	1,009
		584,566	588,566

Subsidiaries of ASEE S.A. are primarily engaged in the development of IT solutions for the financial, industrial, and public administration sectors, settlement of on-line payments, as well as in the provision of card payment solutions and integration services. The Company's investments in subsidiaries have been described in detail in its annual report for the year 2015, which was published on 18 February 2016 and is available at the Issuer's website: www.asseco.com/see.

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

Impairment testing of investments

At every reporting period end, ASEE S.A. carries out a valuation of its assets concerning possible impairment. Should there be any indications of impairment, the Company shall estimate the recoverable amount of an investment. If the carrying value of an asset exceeds its recoverable amount, impairment charges are made in order to reduce such carrying value to the level of recoverable amount.

As at 30 June 2016, we estimated the recoverable amounts of our investments in the companies of ASEE Bulgaria, ASEE Kosovo and ASEE Romania because their actual financial results were weaker than expected.

The recoverable amount of investments in the above-mentioned subsidiaries as at 30 June 2016 was determined on the basis of their value in use, applying the forecasted free cash flow to firm (FCFF) based on financial forecasts approved by our management personnel. The residual value was determined assuming no growth of the achieved margins after the forecast period.

The discount rate applied to determine the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital for each individual company.

Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient that was leveraged to reflect the market debt-equity structure, as well as the expected market yield.

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

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

The table below presents the basic assumptions concerning the discount rate and sales revenue growth as adopted in the testing model prepared as at 30 June 2016 and 31 December 2015:

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

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

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

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

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

11. Short-term and long-term receivables

Trade receivables	30 June 2016	31 Dec. 2015
	(unaudited)	(audited)
Invoiced deliveries, of which from:	3,322	2,357
- related parties	2,451	1,197
- other entities	871	1,160
Uninvoiced deliveries, of which from:	-	346
- related parties	-	-
- other entities	-	346
	3,322	2,703

The amount of PLN 2,451 thousand of receivables from related parties resulted from sales of consulting, business and technical support services to subsidiaries of ASEE Group.

As at 30 June 2016, receivables outstanding under transactions conducted with Asseco Poland S.A. amounted to PLN 1 thousand. As at 31 December 2015, no receivables were outstanding under transactions conducted with Asseco Poland S.A.

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

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

On 6 May 2013, ASEE S.A. sold a 38.22% stake of shares it held in Sigma Turkey to ASEE Turkey. On 11 September 2013, there was registered a merger between our Turkish subsidiaries, namely ASEE Turkey and Sigma Turkey. As at 30 June 2016, receivables of ASEE S.A. from disposal of the above-mentioned shares amounted to PLN 7,722 thousand (of which PLN 6,289 thousand is presented in long-term receivables and PLN 1,433 thousand in short-term receivables). As at 31 December 2015, such receivables amounted to PLN 8,621 thousand (of which PLN 7,217 thousand is presented in long-term receivables and PLN 1,404 thousand in short-term receivables).

12. Cash and short-term deposits

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

13. Financial assets

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

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

14. Trade payables, financial liabilities

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

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

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

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

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

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

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

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

15. Bank loans

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

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

As at 30 June 2016, liabilities outstanding under this bank loan amounted to EUR 3,230 thousand (PLN 14,291 thousand), as compared with EUR 3,401 thousand (PLN 15,052 thousand) as at 31 December 2015. This liability shall be repaid in quarterly instalments till 19 December 2020. Interest will be payable on the amount of loan actually drawn and shall be based on the 1M EURIBOR rate plus margin. Repayment of the loan to the bank is secured by sureties furnished by our subsidiaries as well as by the assignment of the amounts receivable under loans granted to our subsidiaries. Funds obtained under this bank loan have been used to grant loans to ASEE Group subsidiaries in order to finance their outsourcing projects.

16. Prepayments, accruals, deferred income and provisions

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

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

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

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

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

The balance of deferred income relates to prepayments for ongoing maintenance services as well as for other services to be provided in future periods.

17. Information and explanations to the statement of cash flows

The table below presents items comprising changes in working capital as disclosed in the statement of cash flows:

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

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

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

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

The table below discloses the amounts of dividend income received by ASEE S.A. from its subsidiaries:

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

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

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

18. Information on related parties

Related party transactions

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

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

Apart from trade receivables, the above table also discloses receivables from deposits we have paid in under space rental agreements, amounting to PLN 47 thousand as at 30 June 2016 and PLN 47 thousand as at 31 December 2015.

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

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

Dividends payable to shareholders of ASEE S.A. which are disclosed under financial liabilities as at 30 June 2016 include dividends payable to the Management Board Members as well as to parties that are related through Members of the Management Board and Supervisory Board of ASEE S.A. in the total gross amount of PLN 1,953 thousand. The above-stated amount does not include dividends payable to Asseco Poland S.A.⁵. The dividend was paid out on 15 July 2016.

During the periods of 6 months ended 30 June 2016 and 30 June 2015, ASEE S.A. did not conduct any other transactions directly with its Key Management Personnel nor with any parties related through the Key Management Personnel.

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

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

19. Contingent liabilities

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

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

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

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

20. Capital management

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

21. Objectives and principles of financial risk management

During the period of 6 months ended 30 June 2016, our financial risk exposure as well as objectives and principles adopted for financial risk management have not changed substantially in relation to those described in the annual financial statements of ASEE S.A. for the year 2015.

22. Significant events after the reporting period

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

23. Significant events related to prior years

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