

Semi-Annual Report

Asseco Poland S.A.



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SEMI-ANNUAL REPORT OF ASSECO POLAND S.A.

for the period of 6 months ended 30 June 2017

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FINANCIAL HIGHLIGHTS OF ASSECO POLAND S.A.

The following table presents selected financial data of Asseco Poland S.A.

	6 months ended 30 June 2017 mPLN	6 months ended 30 June 2016 mPLN	6 months ended 30 June 2017 mEUR	6 months ended 30 June 2016 mEUR
Sales revenues	399.2	452.5	94.0	103.3
Operating profit	53.6	90.7	12.6	20.7
Pre-tax profit	178.0	280.0	41.9	63.9
Net profit from continuing operations for the reporting period	173.1	257.1	40.8	58.7
Net profit for the reporting period	173.1	255.8	40.8	58.4
Net cash provided by (used in) operating activities	34.6	6.3	8.1	1.4
Net cash provided by (used in) investing activities	125.8	98.3	29.6	22.4
Net cash provided by (used in) financing activities	(271.5)	(270.4)	(63.9)	(61.7)
Cash and cash equivalents at the end of period (comparable data as at 31 December 2016)	17.3	21.7	4.1	4.9
Earnings per ordinary share (in PLN/EUR)	2.09	3.10	0.49	0.71

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

- Items of the interim condensed income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were respectively:
 - for the period from 1 January 2017 to 30 June 2017: EUR 1 = PLN 4.2474
 - for the period from 1 January 2016 to 30 June 2016: EUR 1 = PLN 4.3805
- The Company's cash and cash equivalents as at the end of the reporting period as well as at the end of the previous financial year have been translated into EUR at daily mid exchange rates as published by the National Bank of Poland. These exchange rates were respectively:
 - exchange rate effective on 30 June 2017: EUR 1 = PLN 4.2265
 - exchange rate effective on 31 December 2016: EUR 1 = PLN 4.4240

Interim Condensed Financial Statements of Asseco Poland S.A.



INTERIM CONDENSED FINANCIAL STATEMENTS**of Asseco Poland S.A. the period of 6 months ended 30 June 2017**

These interim condensed financial statements have been approved for publication by the Management Board of Asseco Poland S.A. on 23 August 2017.

Management Board:

Adam Góral	President of the Management Board
Przemysław Borzestowski	Vice President of the Management Board
Tadeusz Dyrga	Vice President of the Management Board
Krzysztof Groyecki	Vice President of the Management Board
Rafał Kozłowski	Vice President of the Management Board
Marek Panek	Vice President of the Management Board
Paweł Piwowar	Vice President of the Management Board
Zbigniew Pomianek	Vice President of the Management Board
Przemysław Sęczkowski	Vice President of the Management Board

Person responsible for maintaining the accounting books:

Renata Bojdo	Chief Accountant
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**INTERIM CONDENSED INCOME STATEMENT
 OF ASSECO POLAND S.A.**

	Note	3 months ended 30 June 2017	6 months ended 30 June 2017	3 months ended 30 June 2016	6 months ended 30 June 2016
Continuing operations					
Sales revenues	1	196.3	399.2	239.5	452.5
Cost of sales	1	(142.4)	(285.0)	(162.8)	(305.4)
Gross profit on sales		53.9	114.2	76.7	147.1
Selling costs	1	(11.3)	(21.5)	(11.4)	(21.8)
General and administrative expenses	1	(21.2)	(40.3)	(18.4)	(35.5)
Net profit on sales		21.4	52.4	46.9	89.8
Other operating income	2	1.0	2.1	0.7	1.9
Other operating expenses	2	(0.3)	(0.9)	(0.5)	(1.0)
Operating profit		22.1	53.6	47.1	90.7
Financial income	3	19.0	167.1	44.8	200.1
Financial expenses	3	(9.8)	(42.7)	(4.4)	(10.8)
Pre-tax profit		31.3	178.0	87.5	280.0
Corporate income tax (current and deferred tax expense)	4	(4.2)	(4.9)	(13.5)	(22.9)
Net profit from continuing operations for the reporting period		27.1	173.1	74.0	257.1
Discontinued operations					
Net profit from discontinued operations for the reporting period		-	-	0.4	(1.3)
Net profit for the reporting period		27.1	173.1	74.4	255.8
Earnings per share (in PLN):					
Basic earnings per share from continuing operations for the reporting period	5	0.33	2.09	0.89	3.10
Diluted earnings per share from continuing operations for the reporting period	5	0.33	2.09	0.89	3.10

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
 OF ASSECO POLAND S.A.**

	3 months ended 30 June 2017	6 months ended 30 June 2017	3 months ended 30 June 2016	6 months ended 30 June 2016
Net profit for the reporting period	27.1	173.1	74.4	255.8
Other comprehensive income:				
Components that may be reclassified to profit or loss				
Net profit/loss on valuation of financial assets available for sale, net of deferred income tax	(0.5)	0.1	(0.1)	0.1
Components that will not be reclassified to profit or loss				
Amortization of intangible assets recognized directly in equity, net of deferred income tax	(0.2)	(0.4)	(0.2)	(0.4)
Total other comprehensive income	(0.7)	(0.3)	(0.3)	(0.3)
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD	26.4	172.8	74.1	255.5

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
 OF ASSECO POLAND S.A.**

ASSETS	Note	30 June 2017 mPLN	31 Dec. 2016 mPLN	30 June 2016 mPLN
Non-current assets				
Property, plant and equipment	7	325.3	335.4	345.0
Intangible assets	8	2,304.3	2,311.7	2,206.9
<i>of which goodwill from business combinations</i>	8	2,012.6	2,012.6	1,901.0
Investment property		0.4	0.4	0.4
Investments in subsidiaries and associates	9	2,298.4	2,404.8	2,165.6
Long-term receivables	13	95.8	15.5	16.2
Long-term financial assets	11	62.5	63.9	74.1
Long-term prepayments and accrued income	12	1.3	1.9	2.4
		5,088.0	5,133.6	4,810.6
Current assets				
Inventories		6.0	6.5	5.5
Trade receivables	13	355.1	366.0	381.1
Corporate income tax receivable		15.3	7.4	8.2
Other receivables	13	45.1	44.2	67.0
Other non-financial assets		1.5	1.3	3.2
Other financial assets	11	9.2	3.7	76.9
Prepayments and accrued income	12	9.6	8.8	8.6
Cash and short-term deposits	14	17.3	21.7	9.3
Assets held for sale	15	6.5	6.7	273.6
		465.6	466.3	833.4
TOTAL ASSETS		5,553.6	5,599.9	5,644.0

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
 OF ASSECO POLAND S.A.**

EQUITY AND LIABILITIES	Note	30 June 2017	31 Dec. 2016	30 June 2016
		mPLN	mPLN	mPLN
TOTAL EQUITY				
Share capital		83.0	83.0	83.0
Share premium		4,180.1	4,180.1	4,180.1
Retained earnings and current net profit		770.0	847.0	732.2
		5,033.1	5,110.1	4,995.3
Non-current liabilities				
Long-term interest-bearing bank loans, borrowings and debt securities	16	61.3	68.7	70.8
Long-term finance lease liabilities		53.2	66.5	77.6
Other long-term financial liabilities	18	-	9.5	9.5
Deferred tax liabilities		11.5	15.3	23.4
Other long-term liabilities	17	0.1	3.6	3.8
Long-term provisions	19	28.2	37.8	30.7
Long-term deferred income	20	36.8	38.3	39.9
		191.1	239.7	255.7
Current liabilities				
Interest-bearing bank loans, borrowings and debt securities	16	123.9	17.1	145.0
Finance lease liabilities		21.4	22.4	21.0
Financial liabilities	18	10.2	14.9	9.5
Trade payables	17	90.0	94.6	69.4
Liabilities to the state and local budgets	17	13.1	15.0	11.2
Other liabilities	17	4.7	5.8	13.0
Provisions	19	24.6	30.5	30.3
Accruals	20	26.7	37.4	28.8
Deferred income	20	14.8	12.4	20.0
Liabilities directly related to assets held for sale		-	-	44.8
		329.4	250.1	393.0
TOTAL LIABILITIES		520.5	489.8	648.7
TOTAL EQUITY AND LIABILITIES		5,553.6	5,599.9	5,644.0

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
 OF ASSECO POLAND S.A.**

	Note	Share capital	Share premium	Retained earnings and current net profit	Total equity
		mPLN	mPLN	mPLN	mPLN
As at 1 January 2017		83.0	4,180.1	847.0	5,110.1
Net profit for the reporting period		-	-	173.1	173.1
Total other comprehensive income for the reporting period		-	-	(0.3)	(0.3)
Dividend for the year 2016	6	-	-	(249.8)	(249.8)
As at 30 June 2017		83.0	4,180.1	770.0	5,033.1
As at 1 January 2016		83.0	4,180.1	726.5	4,989.6
Net profit for the reporting period		-	-	255.8	255.8
Total other comprehensive income for the reporting period		-	-	(0.3)	(0.3)
Dividend for the year 2015	6	-	-	(249.8)	(249.8)
As at 30 June 2016		83.0	4,180.1	732.2	4,995.3
As at 1 January 2016		83.0	4,180.1	726.5	4,989.6
Net profit for the reporting period		-	-	352.1	352.1
Total other comprehensive income for the reporting period		-	-	(0.8)	(0.8)
Dividend for the year 2015	6	-	-	(249.8)	(249.8)
Merger with Infovide-Matrix S.A.		-	-	19.0	19.0
As at 31 December 2016		83.0	4,180.1	847.0	5,110.1

**INTERIM CONDENSED STATEMENT OF CASH FLOWS
 OF ASSECO POLAND S.A.**

	Note	6 months ended 30 June 2017 mPLN	6 months ended 30 June 2016 mPLN
Cash flows – operating activities			
Pre-tax profit		178.0	278.4
Total adjustments:		(127.8)	(260.7)
Depreciation and amortization	1	26.9	26.8
Changes in working capital	22	(19.2)	(94.3)
Interest income/expenses		2.1	1.6
Gain/loss on foreign exchange differences		(0.7)	2.3
Dividend income	3	(134.0)	(195.5)
Loss on disposal of shares in related companies		14.4	-
Other financial (income)/expenses		(16.4)	(0.4)
Gain/loss on investing activities		(0.9)	(1.2)
Cash generated from operating activities		50.2	17.7
Corporate income tax paid		(15.6)	(11.4)
Net cash provided by (used in) operating activities		34.6	6.3
Cash flows – investing activities			
Disposal of property, plant and equipment and intangible assets	22	6.5	1.4
Acquisition of property, plant and equipment and intangible assets	22	(7.3)	(3.1)
Expenditures for development projects in progress	22	(4.9)	(6.9)
Disposal of investments in related companies	22	8.7	59.2
Acquisition of shares in related companies	22	(9.9)	(71.5)
Acquisition/disposal of financial assets carried at fair value through profit or loss		(2.0)	1.8
Loans collected	22	2.7	3.8
Loans granted	22	(1.1)	(41.4)
Interest received		1.9	2.3
Dividends received	22	131.2	152.7
Net cash provided by (used in) investing activities		125.8	98.3
Cash flows – financing activities			
Dividends paid out	22	(249.8)	(249.8)
Repayments of bank loans and borrowings	22	(7.5)	(6.5)
Finance lease liabilities paid		(10.7)	(9.8)
Interest paid		(3.5)	(4.3)
Net cash provided by (used in) financing activities		(271.5)	(270.4)
Net change in cash and cash equivalents		(111.1)	(165.8)
Net foreign exchange differences		(0.1)	-
Cash and cash equivalents as at 1 January		19.9	43.3
Cash and cash equivalents as at 30 June	14	(91.3)	(122.5)

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

I. GENERAL INFORMATION

Asseco Poland S.A. (the "Company", "Issuer", "Asseco") with registered office at 14 Olchowa St., Rzeszów, Poland, was established on 18 January 1989 as a limited liability company, and subsequently under notary deed of 31 August 1993 it was transformed into and since then has operated as a joint-stock company with registered office at 72a, 17 Stycznia St., Warsaw, Poland. The Company is entered in the Register of Entrepreneurs of the National Court Register under the number KRS 0000033391 (previously it was entered in the Commercial Register maintained by the District Court of the Capital City of Warsaw, Commercial Court, XVI Commercial and Registration Department, under the number RHB 17220).

On 4 January 2007, the Issuer changed its corporate name from Softbank S.A. to Asseco Poland S.A., and moved its registered office from 72a, 17 Stycznia St., Warsaw to 80 Armii Krajowej Av., Rzeszów.

On 8 March 2010, the Issuer moved its registered office from 80 Armii Krajowej Av., Rzeszów to 14 Olchowa St., Rzeszów.

Since 1998, the Company's shares have been listed on the main market of the Warsaw Stock Exchange S.A. The Company has been assigned the statistical ID number REGON 010334578.

The period of the Company's operations is indefinite.

Asseco Poland S.A. is the largest IT company listed on the Warsaw Stock Exchange.

Asseco Poland S.A. focuses on the production and development of proprietary software, dedicated for each sector of the economy. It is one of the very few companies in Poland to develop and implement centralized, comprehensive IT systems for the banking sector that are utilized by over half of domestic banks. Furthermore, Asseco offers software solutions for the insurance industry and implements dedicated systems for the public administration, among others for the Polish Social Insurance Institution (ZUS) or the Agency for Restructuring and Modernization of Agriculture (ARiMR). Asseco implements numerous IT projects for the energy industry, telecommunications, healthcare, local governments, agriculture, uniformed services, as well as for international organizations and institutions such as NATO or FRONTEX. Asseco's product portfolio also includes sector-independent ERP and Business Intelligence solutions.

As a leader of the Group, Asseco Poland S.A. intends to be actively engaged in mergers and acquisitions both in the domestic and foreign markets, seeking to strengthen its position across Europe and worldwide. Now the Company is expanding its investment spectrum for software houses, with an eye to gain insight into their local markets and customers, as well as access to innovative and unique IT solutions.

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES APPLIED

1. Basis for preparation

These interim condensed financial statements have been prepared in accordance with the historical cost convention, except for financial assets carried at fair value through profit or loss, financial assets available for sale, investment property, and financial liabilities carried at fair value through profit or loss, which are all measured at fair value.

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

These interim condensed financial statements have been prepared on a going-concern basis, assuming the Company will continue its business operations over a period not shorter than 12 months from 30 June 2017. As at the date of approving these interim condensed financial statements no circumstances that would indicate any threat to the Company's ability to continue as a going concern.

These interim condensed financial statements cover the period of 6 months ended 30 June 2017 and contain comparable data for the period of 6 months ended 30 June 2016 in the case of the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, as well as comparable data as at 31 December 2016 in the case of the statement of financial position. The income statement as well as notes to the income statement cover the period of 3 months ended 30 June 2017 and contain comparable data for the period of 3 months ended 30 June 2016; these data have not been reviewed by certified auditors.

These interim condensed financial statements do not include all information and disclosures required for annual financial statements, and therefore they should be read together with the financial statements of Asseco Poland S.A. for the year ended 31 December 2016 which were approved for publication on 16 March 2017.

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").

IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

3. Estimates

In the period of 6 months ended 30 June 2017, our approach to making estimates was not subject to any substantial change.

4. Professional judgement

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

In the period of 6 months ended 30 June 2017, our approach to making estimates, assumptions and professional judgements was not subject to any substantial change.

5. Accounting policies applied

The significant accounting policies adopted by the Company have been described in its financial statements for the year ended 31 December 2016 which were published on 16 March 2017.

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed when preparing the Company's annual financial statements for the year ended 31 December 2016.

6. New standards and interpretations published but not in force yet

The following standards and interpretations were issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC), but have not yet come into force:

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

- IFRS 17 *Insurance Contracts* (issued on 18 May 2017) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2021;
- Interpretation IFRIC 23 *Uncertainty over Income Tax Treatments* (issued on 7 June 2017) – not yet endorsed by the EU till the date of approval of these financial statements – effective for annual periods beginning on or after 1 January 2019.

The specified effective dates have been set forth in the standards published by the International Accounting Standards Board. The actual dates of adopting these standards in the European Union may differ from those set forth in the standards and they shall be announced once they are approved for application by the European Union.

The Company did not decide on early adoption of any standard, interpretation or amendment which has been published but has not yet become effective.

The Company is currently conducting an analysis of how the above-mentioned amendments are going to impact its financial statements.

IFRS 15 Revenue from Contracts with Customers

This standard was issued on 28 May 2014 and shall apply to annual reporting periods beginning on or after 1 January 2018. The standard was endorsed by the European Union on 22 September 2016.

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

stipulated in IFRS 15 on its financial statements. According to the transition guidance provided in the standard, entities are allowed to choose from two methods for the presentation of comparable data:

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

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

IFRS 9 Financial Instruments

The final version of IFRS 9 *Financial Instruments* was published by the IASB in July 2014. This standard supersedes IAS 39 *Financial Instruments: Recognition and Measurement*, as well as all previous versions of IFRS 9. IFRS 9 combines all three aspects of accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 shall be effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

It is mandatory to apply this standard retrospectively, except for hedge accounting, but the presentation of comparable data is not required. Prospective approach is required for hedge accounting with certain limited exceptions. Asseco Poland intends to adopt this new standard as of its effective date.

IFRS 9 contains new requirements and guidance on the classification and measurement of financial assets and modifies the recognition of hedging transactions. Given the nature of transactions carried out by Asseco, no major changes are expected. IFRS 9 also incorporates a new impairment model based on expected rather than incurred credit losses. For Asseco, it could result in impairment of not yet due receivables because of their uncertain nature. However, in order to assess the extent of potential effects, the Company will need to conduct a more detailed analysis, considering all reasonable and supportable information including elements of forecasting.

The Management estimates that the application of this standard will not have a significant impact on the financial statements, but at the end of the reporting period the impact analysis has not yet been completed.

IFRS 16 Leases

As part of its operations, the Company has signed a number of rental, hire, use and lease contracts that are currently classified as operating leases. The adoption of IFRS 16 will result in the recognition of a right-of-use asset and a lease liability in the statement of financial position.

As at the date of approving these financial statements for publication, the Management has not yet fully assessed the effects of the introduction of IFRS 16 Leases on the accounting policies adopted by the Company in relation to its business operations or financial results. A detailed analysis will be carried out in the years 2017-2018.

7. Corrections of material errors

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

III. INFORMATION ON OPERATING SEGMENTS

According to IFRS 8, an operating segment is a separable component of the Company's business for which separate financial information is available and regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Company has identified the following reportable segments:

Banking and Finance – this segment offers comprehensive banking systems, capital market systems (for brokerage houses, banks, firms and institutions engaged in investing activities) as well as highly specialized solutions and IT services for the commercial insurance sector. During the period of 6 months ended 30 June 2017, the segment's major clients included: Bank PKO BP S.A., Insurance Group PZU S.A., Deutsche Bank PBC S.A., mBank S.A., and Getin Noble Bank S.A. Only revenues obtained from Bank PKO BP S.A. exceeded the threshold of 10% of the Company's total sales in the period of 6 months ended 30 June 2017.

Public Administration – within this segment Asseco Poland S.A. executes projects including design, development, implementation and exploitation of dedicated IT systems. During the period of 6 months ended 30 June 2017, the segment's major clients included: Social Insurance Institution (ZUS), National Healthcare Fund (NFZ), Agency for Restructuring and Modernization of Agriculture (ARiMR), Agricultural Social Insurance Fund (KRUS), and Frontex – European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union. Only revenues obtained from the Social Insurance Institution exceeded the threshold of 10% of the Company's total sales in the period of 6 months ended 30 June 2017.

General Business – this segment is engaged in the provision of dedicated IT solutions for large and medium-sized industrial enterprises. This segment is primarily a provider of information technology services such as IT consulting, systems integration and implementation as well as provision of the related support services. During the period of 6 months ended 30 June 2017, the segment's major clients included: Orange Polska S.A. (telecom and media), Cyfrowy Polsat S.A. (telecom and media), Enea Group (energy industry), Tauron Group (energy

industry), PGE Group (energy industry), as well as energy industry clients in Ethiopia. Revenues from none of the above-mentioned clients exceeded 10% of the Company's total sales in the period of 6 months ended 30 June 2017.

None of the Company's operating segments needed to be combined with another segment in order to be identified as a reportable segment. The results achieved by individual segments are regularly monitored by the management in order to decide on allocation of resources among operating segments as well as to assess their performance and effects of such allocation. Operating profit (loss) is the main measure in evaluation of the segment's performance.

Financing activities (including financial expenses and income) as well as income taxes are monitored on the company level; therefore, these items are not taken into consideration when allocating resources to individual segments.

The transfer prices applied in transactions conducted between our operating segments are determined on an arm's length basis just as in case of transactions with unrelated parties.

<i>Period of 6 months ended 30 June 2017</i>	Continuing operations					Eliminations mPLN	Total mPLN
	Banking and Finance mPLN	Public Administration mPLN	General Business mPLN	Other mPLN	Total mPLN		
Sales to external customers	153.2	168.7	74.3	3.0	399.2	-	399.2
Inter-segment settlements	10.4	1.2	1.7	0.1	13.4	(13.4)	-
Net profit on sales of reportable segment	34.9	23.5	8.1	(14.1)	52.4	-	52.4
Depreciation and amortization	(8.7)	(11.3)	(4.0)	(0.8)	(24.8)	-	(24.8)
Average number of employees, recalculated into full-time salaried jobs	930	984	563	40	2,517	-	2,517
Goodwill from business combinations allocated to the segment	896.8	934.8	181.0	n/a	2,012.6	-	2,012.6
<hr/>							
<i>Period of 3 months ended 30 June 2017</i>							
Sales to external customers	78.2	80.1	36.6	1.4	196.3	-	196.3
Inter-segment settlements	5.6	0.7	0.9	(0.1)	7.1	(7.1)	-
Net profit on sales of reportable segment	17.1	9.2	1.7	(6.6)	21.4	-	21.4
Depreciation and amortization	(4.4)	(5.7)	(2.0)	(0.4)	(12.5)	-	(12.5)
Average number of employees, recalculated into full-time salaried jobs	932	955	559	40	2,486	-	2,486
Goodwill from business combinations allocated to the segment	896.8	934.8	181.0	n/a	2,012.6	-	2,012.6

<i>Period of 6 months ended 30 June 2016</i>	Continuing operations					Discontinued operations	Eliminations	Total
	Banking and Finance	Public Administration	General Business	Other	Total	Infrastructure		
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
Sales to external customers	150.8	211.3	84.6	5.8	452.5	64.1	-	516.6
Inter-segment settlements	8.2	2.4	3.8	2.4	16.8	1.9	(18.7)	-
Net profit on sales of reportable segment	35.1	46.0	5.6	3.1	89.8	(1.7)	-	88.1
Depreciation and amortization	(7.5)	(10.7)	(5.6)	(0.5)	(24.3)	(0.8)	-	(25.1)
Average number of employees, recalculated into full-time salaried jobs	810	1,066	546	46	2,468	91	-	2,559
Goodwill from business combinations allocated to the segment	854.2	925.2	121.6	n/a	1,901.0	n/a	-	1,901.0
<hr/>								
<i>Period of 3 months ended 30 June 2016</i>								
Sales to external customers	81.3	108.0	47.9	2.3	239.5	51.7	-	291.2
Inter-segment settlements	4.2	2.3	2.2	1.6	10.3	1.0	(11.3)	-
Net profit on sales of reportable segment	18.1	19.6	3.6	5.6	46.9	0.5	-	47.4
Depreciation and amortization	(3.7)	(5.4)	(2.7)	(0.2)	(12.0)	(0.4)	-	(12.4)
Average number of employees, recalculated into full-time salaried jobs	805	1,061	532	49	2,447	88	-	2,535
Goodwill from business combinations allocated to the segment	854.2	925.2	121.6	n/a	1,901.0	n/a	-	1,901.0

IV. NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
1. Sales revenues and operating costs

Operating revenues generated and operating costs incurred during the periods of 3 and 6 months ended 30 June 2017 and in the comparable periods were as follows:

	3 months ended 30 June 2017	6 months ended 30 June 2017	3 months ended 30 June 2016	6 months ended 30 June 2016
	mPLN	mPLN	mPLN	mPLN
Sales revenues				
Proprietary software and services	184.1	373.2	221.7	420.3
Third-party software and services	6.7	13.1	14.8	24.7
Hardware and infrastructure	5.1	11.9	2.4	5.6
Other sales	0.4	1.0	0.6	1.9
Total	196.3	399.2	239.5	452.5
Operating costs				
Cost of goods and third-party services sold	(10.5)	(22.8)	(20.3)	(33.6)
Employee benefits	(90.5)	(181.7)	(85.2)	(171.7)
Depreciation and amortization	(12.5)	(24.8)	(12.0)	(24.3)
Third-party services	(44.7)	(82.7)	(62.3)	(100.8)
Other	(16.7)	(34.8)	(12.8)	(32.3)
Total	(174.9)	(346.8)	(192.6)	(362.7)
Cost of sales	(142.4)	(285.0)	(162.8)	(305.4)
Selling costs	(11.3)	(21.5)	(11.4)	(21.8)
General and administrative expenses	(21.2)	(40.3)	(18.4)	(35.5)
Total	(174.9)	(346.8)	(192.6)	(362.7)

In the period of 6 months ended 30 June 2017, other operating costs included primarily maintenance of property and business cars in the amount of PLN 24.9 million, as well as local and international business trips in the amount of PLN 3.6 million.

Whereas, in the comparable period other operating costs included primarily maintenance of property and business cars in the amount of PLN 23.6 million, as well as local and international business trips in the amount of PLN 4.4 million.

i. Costs of employee benefits

	3 months ended 30 June 2017	6 months ended 30 June 2017	3 months ended 30 June 2016	6 months ended 30 June 2016
	mPLN	mPLN	mPLN	mPLN
Remuneration	(74.7)	(149.3)	(71.2)	(142.7)
Social insurance contributions	(6.4)	(12.9)	(5.9)	(12.2)
Retirement benefit expenses	(6.4)	(14.0)	(6.2)	(12.9)
Other post-employment benefits	(1.3)	(2.2)	(0.4)	(0.8)
Other costs of employee benefits	(1.7)	(3.3)	(1.5)	(3.1)
Other costs of employee benefits	(90.5)	(181.7)	(85.2)	(171.7)

ii. Reconciliation of depreciation and amortization charges

The table below presents the reconciliation of depreciation and amortization charges reported in the income statement with those disclosed in the tables of changes in property, plant and equipment (note 7) and in intangible assets (note 8):

	Note	6 months ended 30 June 2017 mPLN	6 months ended 30 June 2016 mPLN
Depreciation charges for the year as disclosed in the table of changes in property, plant and equipment	<u>7</u>	(14.4)	(15.2)
Amortization charges for the year as disclosed in the table of changes in intangible assets	<u>8</u>	(13.7)	(12.7)
Amortization charges recognized directly in other comprehensive income		0.4	0.4
Reduction of amortization charges due to recognition of grants to internally generated licenses		0.7	0.6
Capitalization of amortization charges on research and development projects in progress		0.1	0.1
Total depreciation and amortization charges disclosed in the statement of cash flows		(26.9)	(26.8)
Depreciation of rental property recognized in other operating expenses		2.1	1.7
Depreciation and amortization charges on discontinued operations		-	0.8
Total depreciation and amortization charges recognized in operating costs		(24.8)	(24.3)

2. Other operating income and expenses

Other operating income earned during the periods of 3 and 6 months ended 30 June 2017 and in the comparable periods was as follows:

Other operating income	3 months ended 30 June 2017 mPLN	6 months ended 30 June 2017 mPLN	3 months ended 30 June 2016 mPLN	6 months ended 30 June 2016 mPLN
Gain on disposal of property, plant and equipment	0.5	1.1	0.4	1.0
Gain on disposal of intangible assets	-	-	-	0.2
Other	0.5	1.0	0.3	0.7
Total	1.0	2.1	0.7	1.9

Other operating expenses incurred during the periods of 3 and 6 months ended 30 June 2017 and in the comparable periods were as follows:

Other operating expenses	3 months ended 30 June 2017 mPLN	6 months ended 30 June 2017 mPLN	3 months ended 30 June 2016 mPLN	6 months ended 30 June 2016 mPLN
Liquidation of property, plant and equipment, and intangible assets	-	(0.1)	-	-
Costs of post-accident repairs	(0.1)	(0.2)	(0.1)	(0.3)
Other	(0.2)	(0.6)	(0.4)	(0.7)
Total	(0.3)	(0.9)	(0.5)	(1.0)

3. Financial income and expenses

Financial income earned during the periods of 3 and 6 months ended 30 June 2017 and in the comparable periods was as follows:

Financial income	3 months ended 30 June 2017 mPLN	6 months ended 30 June 2017 mPLN	3 months ended 30 June 2016 mPLN	6 months ended 30 June 2016 mPLN
Interest income on bank deposits, loans granted, own receivables, and debt securities	2.4	3.1	1.6	2.7
Other interest income	-	-	-	0.2
Positive foreign exchange differences	-	-	0.3	-
Dividends received and receivable	9.4	134.0	41.5	195.5
Reversal of impairment write-downs on financial assets and investments in subsidiaries	0.1	19.9	-	0.1
Gain on disposal of shares in subsidiaries	1.6	1.6	0.2	0.2
Net gain on exercise and/or valuation of derivative instruments	5.5	8.5	1.2	1.4
Total	19.0	167.1	44.8	200.1

Reversal of impairment write-downs on financial assets and investments in subsidiaries resulted from the reversal of an impairment write-down on Asseco Western Europe S.A., which has been described in detail in explanatory note 10. Gain on disposal of shares in subsidiaries includes income earned on the sale of shares in Asseco South Eastern Europe S.A. in the amount of PLN 1.6 million.

Financial expenses incurred during the periods of 3 and 6 months ended 30 June 2017 and in the comparable periods were as follows:

Financial expenses	3 months ended 30 June 2017 mPLN	6 months ended 30 June 2017 mPLN	3 months ended 30 June 2016 mPLN	6 months ended 30 June 2016 mPLN
Interest expenses on bank loans, debt securities and liabilities	(0.9)	(1.6)	(0.8)	(1.6)
Interest expenses under finance leases	(1.1)	(2.3)	(1.4)	(2.9)
Other interest expenses	(0.4)	(0.8)	(0.4)	(0.8)
Negative foreign exchange differences	(6.7)	(8.6)	-	(3.1)
Loss on disposal of shares in subsidiaries	-	(16.5)	(1.2)	(1.2)
Revaluation of investments at fair value	-	(11.7)	-	-
Other financial expenses	(0.7)	(1.2)	(0.6)	(1.2)
Total	(9.8)	(42.7)	(4.4)	(10.8)

Positive and negative foreign exchange differences are presented in net amounts (reflecting the excess of positive differences over negative differences or otherwise).

Loss on disposal of shares in subsidiaries includes basically losses incurred on the sale of shares in Asseco Central Europe, a.s. in the amount of PLN 0.7 million, as well as shares in R-Style Softlab JSC in the amount of PLN 15.4 million.

Revaluation of investments at fair value corresponds to the fair value measurement of our investment in R-Style Softlab due to losing control over that company.

4. Corporate income tax

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

	3 months ended 30 June 2017	6 months ended 30 June 2017	3 months ended 30 June 2016	6 months ended 30 June 2016
	mPLN	mPLN	mPLN	mPLN
Current portion of income tax and prior years' adjustments	(3.9)	(8.6)	(5.3)	(6.9)
Deferred portion of income tax	(0.3)	3.7	(8.3)	(15.7)
Income tax expense related to discontinued operations	-	-	0.1	(0.3)
Income tax expense as disclosed in the income statement	(4.2)	(4.9)	(13.5)	(22.9)

During the period of 6 months ended 30 June 2017, our effective tax rate equalled 3% as compared with 8% in the comparable period last year.

On 15 July 2016, Poland's Tax Code was amended to include the provisions of General Anti-Abuse Rule (GAAR). GAAR is intended to prevent the creation and use of artificial legal arrangements aiming to avoid payment of taxes in Poland. GAAR defines tax avoidance as an action carried out for the essential purpose of obtaining a tax benefit that under the circumstances is inconsistent with the object and purpose of relevant tax provisions. According to GAAR, an action shall not result in achieving a tax advantage if it is conducted on a non-genuine basis. The occurrence of (i) an unjustified division of operations, (ii) involvement of intermediaries without an economic or commercial reason, (iii) mutually cancelling or offsetting elements, as well as (iv) any other actions of similar nature may be considered to indicate the undertaking of artificial actions that are subject to GAAR provisions. The new regulations will require much greater judgment when assessing the tax effects of each transaction.

The general anti-abuse rule shall apply to transactions conducted after its entry into force as well as to transactions that were carried out prior to its entry into force but brought tax benefits after that time or still continue to bring such benefits. The implementation of the above-mentioned regulations shall enable the Polish tax control authorities to put into question the legal arrangements and agreements undertaken by taxpayers, including the restructuring or reorganization of a group of companies.

Regulations applicable to the value added tax, corporate income tax, personal income tax or social security contributions are frequently amended, thereby depriving taxpayers of a possibility to refer to well established legal decisions and precedents. The current regulations in force are not always unambiguous, which may cause additional discrepancies in their interpretation. Tax treatments are subject to control by the taxation authorities. Should any irregularities in tax settlements be detected, a taxpayer is obliged to pay the outstanding amounts along with the statutory interest thereon. Payment of tax arrears does not always release a taxpayer from penal and fiscal liability. Such circumstances lift the tax-related risks in Poland above the level characteristic to countries with better developed taxation systems. Settlement of tax liabilities may come under control in a period of five years, counting from the end of the year in which relevant tax returns were filed. In effect, the amounts of taxes payable disclosed in the financial statements may be later changed, after they are finally determined by the taxation authorities.

Presented below is the reconciliation of corporate income tax payable on pre-tax profit at the statutory tax rate, with corporate income tax computed at the effective tax rate.

	3 months ended 30 June 2017	6 months ended 30 June 2017	3 months ended 30 June 2016	6 months ended 30 June 2016
	mPLN	mPLN	mPLN	mPLN
Pre-tax profit from continuing operations	31.3	178.0	87.5	280.0
Statutory corporate income tax rate	19%	19%	19%	19%
Corporate income tax computed at the statutory tax rate	5.9	33.8	16.6	53.2
Dividends received from subsidiaries and associates	(1.9)	(25.5)	(3.2)	(30.7)
Reversal of impairment write-downs on investments	-	(3.8)	-	-
Representation expenses	-	-	0.2	0.2
Taxes and charges (PFRON)	0.2	0.3	0.1	0.2
Cost of products sold (organized business unit)	(0.2)	(0.6)	-	-
Sale of shares in ACE	-	0.7	-	-
Change in write-down on investment in R-Style	-	(0.2)	-	-
Other permanent differences	0.2	0.2	(0.2)	-
Corporate income tax computed at the effective tax rate	4.2	4.9	13.5	22.9

5. 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.

Diluted earnings per share are computed by dividing the net profit for the reporting period by the adjusted (for the diluting impact of potential shares) weighted average number of ordinary shares outstanding during the reporting period, adjusted by the impact of diluting instruments.

Both during the period of 6 months ended 30 June 2017 and the comparable period, there were no instruments that could potentially dilute basic earnings per share.

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

	3 months ended 30 June 2017	6 months ended 30 June 2017	3 months ended 30 June 2016	6 months ended 30 June 2016
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	83,000,303	83,000,303	83,000,303	83,000,303
Net profit from continuing operations for the reporting period (in millions of PLN)	27.1	173.1	74.0	257.1
Earnings per share from continuing operations (in PLN)	0.33	2.09	0.89	3.10
Net profit for the reporting period (in millions of PLN)	27.1	173.1	74.4	255.8
Net earnings per share (in PLN)	0.33	2.09	0.90	3.08

6. Information on dividends paid out

In 2017 the Company paid out to its shareholders a dividend for the year 2016. On 25 April 2017, the Ordinary General Meeting of Shareholders of Asseco Poland S.A. passed a resolution to allocate PLN 249.8 million out of the Company's net profit for the financial year 2016 to the payment of a dividend amounting to PLN 3.01 per share. The remaining portion of net profit in the amount of PLN 102.3 million was disclosed in retained earnings. The dividend record date was set for 16 May 2017; whereas, the dividend payment was scheduled for 1 June 2017.

In 2016 the Company paid out to its shareholders a dividend for the year 2015. On 29 April 2016, the Ordinary General Meeting of Shareholders of Asseco Poland S.A. passed a resolution to allocate PLN 249.8 million out of the Company's net profit for the financial year 2015 to the payment of a dividend amounting to PLN 3.01 per share. The remaining portion of net profit in the amount of PLN 7.3 million was disclosed in retained earnings. The dividend record date was set for 16 May 2016; whereas, the dividend payment was scheduled for 2 June 2016.

7. Property, plant and equipment

The net book value of property, plant and equipment, during the period of 6 months ended 30 June 2017 and in the comparable period, changed as a result of the following transactions:

	6 months ended 30 June 2017 mPLN	6 months ended 30 June 2016 mPLN
Net book value of property, plant and equipment as at 1 January	335.4	360.3
Additions, of which:	4.6	3.2
Purchases and modernization	4.4	3.2
Reclassification from assets held for sale	0.2	-
Reductions, of which:	(14.7)	(18.5)
Depreciation charges for the reporting period	(14.4)	(15.2)
Disposal and liquidation	(0.3)	(0.4)
Reclassification to assets held for sale	-	(2.9)
Net book value of property, plant and equipment as at 30 June	325.3	345.0

8. Intangible assets

The net book value of intangible assets, during the period of 6 months ended 30 June 2017 and in the comparable period, changed as a result of the following transactions:

	6 months ended 30 June 2017 mPLN	6 months ended 30 June 2016 mPLN
Net book value of intangible assets as at 1 January	2,311.7	2,348.3
Additions, of which:	6.3	10.4
Purchases	1.4	3.4
Capitalization of project development costs	4.9	7.0
Reductions, of which:	(13.7)	(151.8)
Amortization charges for the reporting period	(13.7)	(12.7)
Reclassification to assets held for sale	-	(139.1)
Net book value of intangible assets as at 30 June	2,304.3	2,206.9

Goodwill

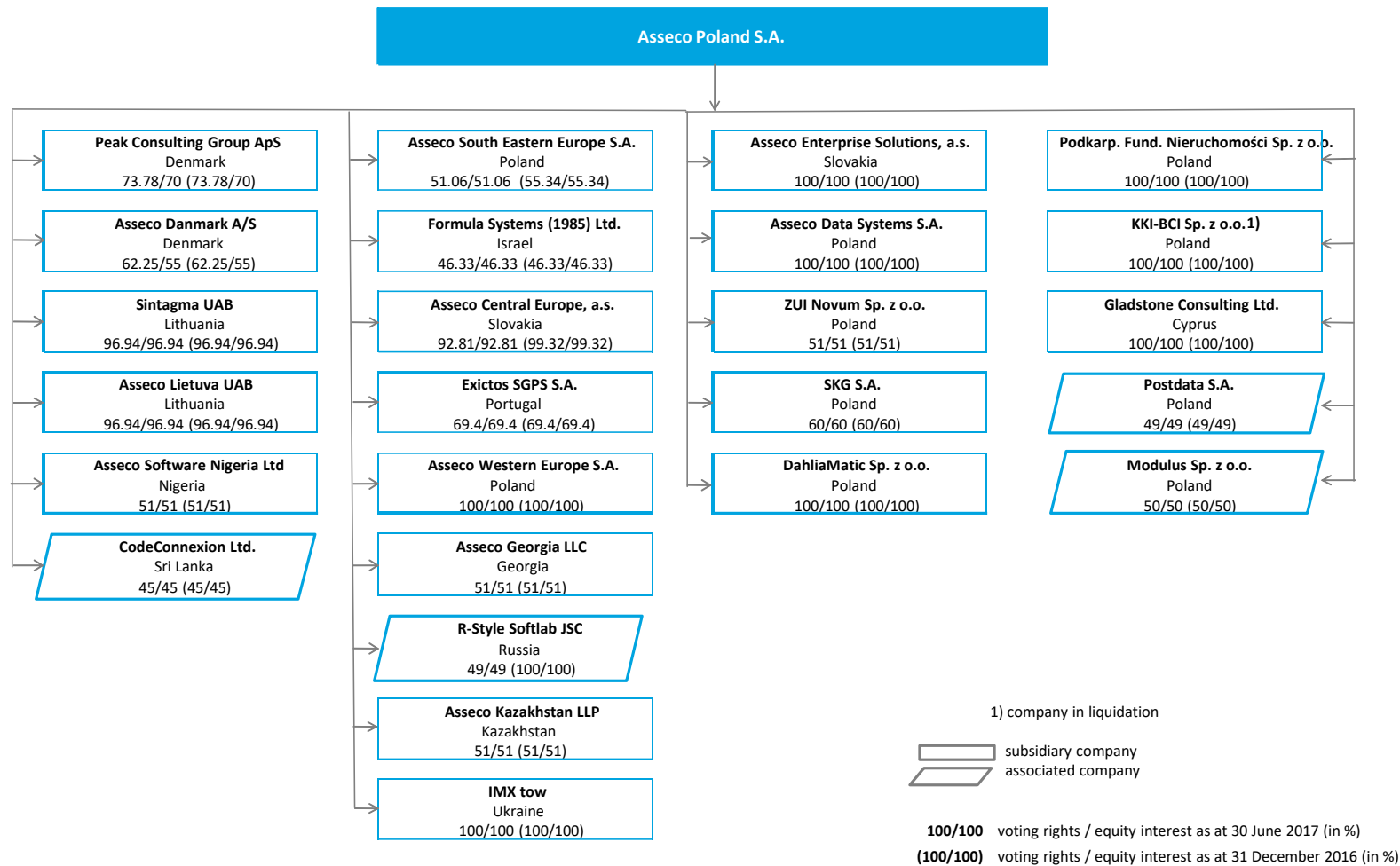
The largest portion of intangible assets is constituted by goodwill resulting from mergers conducted by the Company in previous years. As at 30 June 2017, goodwill arising from business combinations amounted to PLN 2,012.6 million.

Goodwill is allocated to the following operating segments which are treated as cash-generating units:

	30 June 2017	31 Dec. 2016	30 June 2016
	mPLN	mPLN	mPLN
Goodwill allocated to the segment of "Banking and Finance"	896.8	896.8	854.2
Goodwill allocated to the segment of "Public Administration"	934.8	934.8	925.2
Goodwill allocated to the segment of "General Business"	181.0	181.0	129.7
Goodwill allocated to the segment of "Infrastructure"	-	-	131.0
Total	2,012.6	2,012.6	2,040.1
Goodwill presented in assets held for sale	-	-	(139.1)
Goodwill presented in intangible assets	2,012.6	2,012.6	1,901.0

9. Investments in subsidiaries and associates

The structure of Asseco Poland's investments in subsidiaries and associates is presented in the chart below:



The Company's capital investments held as at 30 June 2017 and in the comparable periods are disclosed in the table below:

	30 June 2017	31 Dec. 2016	30 June 2016
	mPLN	mPLN	mPLN
Investments in companies quoted on active markets			
Formula Systems (1985), Ltd.	427.0	427.0	427.0
Asseco South Eastern Europe S.A.	268.8	291.5	270.4
Asseco Business Solutions S.A.*)	-	-	69.0
Investments in non-listed companies			
Asseco Central Europe, a.s.	473.8	507.3	478.0
Asseco Data Systems S.A.	414.6	414.6	226.5
Asseco Western Europe S.A.	212.8	193.0	193.0
Exictos SGPS S.A.	103.4	103.4	103.4
Podkarpacki Fundusz Nieruchomości Sp. z o.o.	89.2	89.2	89.2
DahliaMatic Sp. z o.o.	73.6	73.6	-
Asseco Enterprise Solutions A.S.	69.0	69.0	-
R-Style Softlab JSC	44.2	114.2	114.0
Gladstone Consulting Ltd.	33.8	33.8	33.8
Asseco Danmark A/S	29.2	29.2	29.2
Sintagma UAB and Asseco Lietuva UAB	24.0	24.0	24.0
SKG S.A.	8.7	8.7	8.7
Peak Consulting Group ApS	8.4	8.4	8.4
Asseco Georgia LLC	4.9	4.9	4.9
ZUI Novum Sp. z o.o.	3.9	3.9	3.9
Asseco Software Nigeria Ltd.	3.1	3.1	3.1
Asseco Kazakhstan LLP	3.0	3.0	3.0
Modulus Sp. z o.o.	2.0	2.0	-
Postdata S.A.	1.0	1.0	1.0
Infovide-Matrix S.A.	-	-	75.0
Sigilogic Sp. z o.o.	-	-	0.1
	2,298.4	2,404.8	2,165.6

* Shares in Asseco Business Solutions S.A. have been transferred to Asseco Enterprise Solutions A.S.

During the period of 6 months ended 30 June 2017, Asseco Poland's investments in subsidiaries and associates changed as follows:

▪ **Sale of shares in R-Style Softlab Joint Stock Company by Asseco Poland S.A.**

On 10 March 2017, Asseco Poland S.A. signed an agreement to sell 51 shares in R-Style Softlab Joint Stock Company, representing 51% of the share capital and voting rights at the General Meeting of R-Style. The agreed price amounted to PLN 71.0 million which shall be paid within 60 months from the date of concluding the transaction.

The sale agreement also contains put and call options, and the selling price has been secured by establishing a pledge on the shares of each buyer. The put options may be exercised within the maximum period of 5 years from 1 January 2018, whereas the period to exercise the call options shall begin 2 years after the shares selling date and last for 5 years from the date of concluding the sale agreement. The agreement was concluded with three natural persons. The result recognized on this sale transaction has been described in explanatory note 3.

▪ **Sale of shares in Asseco Central Europe a.s. by Asseco Poland S.A.**

On 20 March 2017, Asseco Poland S.A. signed an agreement to sell 1,390,535 shares in Asseco Central Europe a.s., representing 6.51% of the share capital and voting rights at the General Meeting of Asseco Central Europe a.s. The transaction value amounted to PLN 32.8 million, which shall be paid in 8 annual instalments, the first two of which have been already paid till the date of publication of this report. The ownership of shares was transferred on 29 March 2017.

The said agreement was concluded, directly or indirectly, with five managers of Asseco Central Europe Group, of which one agreement was concluded directly with a natural person, and four agreements were concluded with entities being directly controlled by those managers or by their related persons. The result recognized on this sale transaction has been described in explanatory note 3.

▪ **Sale of shares in Asseco South Eastern Europe S.A. by Asseco Poland S.A.**

On 23 June 2017, Asseco Poland S.A. signed an agreement to sell 2,221,356 shares in Asseco South Eastern Europe S.A., representing 4.28% of the share capital and voting rights at the General Meeting of that company. The transaction value amounted to PLN 24.2 million, which shall be paid in 8 annual instalments. The sale agreement also contains put and call options, and the selling price has been secured by establishing a pledge on the shares of each buyer.

Such agreements were concluded, directly or indirectly, with twenty-two managers of Asseco South Eastern Europe Group, of which eighteen agreements were concluded directly with natural persons, and four agreements were concluded with entities being directly controlled by those managers or by their related persons. The result recognized on this sale transaction has been described in explanatory note 3.

10. Impairment testing of non-financial assets

At the end of each interim reporting period, the Company performs a review of the indications of possible impairment of cash-generating units to which goodwill and/or intangible assets with indefinite useful life have been allocated. In the event such indications are identified, the Management Board shall first verify the assumptions adopted in the last annual impairment testing and, if necessary, carry out an impairment test on a given cash-generating unit also at the end of an interim reporting period. The procedures followed in interim impairment testing are consistent with those applied for annual impairment tests performed as at 31 December 2016.

Both as at 30 June 2017 and during the period of 6 months ended 30 June 2017, the stock market capitalization of Asseco Poland remained under the Company's book value. The Management Board of Asseco considered such situation as an indication of possible impairment of the Company's assets.

Therefore, as at 30 June 2017, the Company reviewed the assumptions adopted for annual impairment tests that were performed as at 31 December 2016. In order to analyze the indications of possible impairment, the Company's assets were divided into two groups:

1. assets employed in operating activities. These assets include among others goodwill, tangible and intangible assets as well as working capital of the Company;
2. assets related to investing activities, such as financial assets and capital investments in subsidiaries and associates.

Ref. 1 Assets employed in operating activities

As described in explanatory note 8 to these interim condensed financial statements, goodwill arising from business combinations has been allocated to the Company's operating segments. The value of individual cash-generating units has been subsequently increased by net operating assets, which are used by such units to generate cash flows.

Cash-generating units, whose current forecasts indicate a risk for the actual budget execution, were tested for impairment by estimating the value in use of a given unit/segment.

Individual segment cash flows applied in the value-in-use model were based on the forecasts for the Polish IT market growth in the years 2017 - 2021. While preparing its own forecasts, the Company took into account

the expected macroeconomic situation, planned EU programs, as well as the expected increase in spending from the current budget perspective for the years 2014-2020. The Management assumes the level of absorption of EU funds will increase considerably in the coming years, which will trigger off significant growth in public investments, and thus bring more contracts for the Company. Moreover, forecasts applied in the impairment tests of our cash-generating units do not anticipate significant changes in our customer base.

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 Company's estimated weighted average cost of capital that equalled 7.5% as at 30 June 2017. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient (deleveraged β of 0.78 was adopted that was subsequently leveraged to reflect the average market debt/equity ratio) as well as the expected market yield.

The conducted impairment tests did not indicate a necessity to recognize any impairment charges on assets allocated to cash-generating units as at 30 June 2017.

Analysis of sensitivity

Additionally, the Company carried out a sensitivity analysis in relation to the conducted impairment test. Such sensitivity analysis examined the impact of changes in:

- discount rate applied for the residual period, i.e. for cash flows generated after 2021;
- average annual effective rate of change in free cash flows over the period of forecast, i.e. in the years 2017-2021, as a factor with influence on the recoverable amount of a cash-generating unit, assuming other factors remain unchanged.

The objective of such sensitivity analysis was to find out how much the selected parameters applied in the model could be changed so that the estimated value in use of each cash-generating unit equalled its carrying value. The results of the conducted analysis are presented in the table below:

	Discount rate		Effective rate of change in cash flows	
	applied in the model	terminal	applied in the model	terminal
Goodwill allocated to the segment of "Public Administration"	7.5%	8.4%	10.7%	10.3%
Goodwill allocated to the segment of "General Business"	7.5%	9.9%	(1.2%)	(6.4%)

Ref. 2 Assets related to investing activities

In the case of cash-generating units constituted by companies quoted on an active market, factors indicating potential impairment may include: low market capitalization of a given cash-generating unit (i.e. excess of its book value over its market value).

The table below compares the market values of our capital investments against their book values as at 30 June 2017 as well as at the date of the last annual impairment test, this is as at 31 December 2016:

	Formula Systems (1985), Ltd. mPLN	Asseco South Eastern Europe S.A. mPLN
30 June 2017		
book value	427.0	268.8
fair value	1,015.5	332.6
excess (+) / deficit (-) of fair value over book value	588.5	63.8
31 Dec. 2016		
book value	427.0	291.5
fair value	1,129.7	265.7
excess (+) / deficit (-) of fair value over book value	702.7	(25.8)

The fair values of our investments in Formula Systems (1985), Ltd. and Asseco South Eastern Europe S.A. are much higher than their book values, hence it was deemed unnecessary to perform any additional interim impairment tests.

In the case of cash-generating units constituted by companies not quoted on an active market, factors indicating potential impairment may include the achievement of lower financial results than assumed for a given cash-generating unit in the last annual impairment test, or a substantial increase in discount rates resulting from changes in the market parameters used for determination of such discount rates.

As at 30 June 2017, we have found indications of possible impairment for the following companies: Asseco Central Europe a.s, Exictos SGPS S.A., Gladstone Consulting Ltd., Asseco Georgia LLC, Asseco Danmark A/S, and Peak Consulting APS. In all the cases, possible impairment was indicated by lower-than-expected earnings.

The conducted impairment tests did not indicate a necessity to recognize any impairment charges on our investments in subsidiaries as at 30 June 2017.

Analysis of sensitivity

Additionally, the Company carried out a sensitivity analysis in relation to the impairment test performed for our investing activity assets. Such sensitivity analysis examined the impact of changes in:

- a. discount rate applied for the residual period, i.e. for cash flows generated after 2021;
- b. average annual effective rate of change in free cash flows over the period of forecast, i.e. in the years 2017-2021;

as factors with influence on the recoverable amount of a cash-generating unit, assuming other factors remain unchanged.

The objective of such sensitivity analysis was to find out how much the selected parameters applied in the model could be changed so that the estimated value in use of each cash-generating unit equalled its carrying value. The results of the conducted analysis are presented in the table below:

	Book value of investment	Discount rate		Effective rate of change in cash flows	
		applied for the residual period	terminal	applied for the residual period	terminal
Asseco Central Europe a.s.	473.8	6.3%	50.0%	2.0%	(20.0%)
Exictos SGPS S.A.	103.4	10.6%	53.8%	0.3%	(11.5%)
Gladstone Consulting Ltd.	33.8	10.1%	16.5%	6.6%	1.1%
Asseco Danmark A/S and Peak Consulting APS	37.6	6.6%	23.7%	31.6%	9.3%
Asseco Georgia LLC	4.9	18.3%	20.4%	3.2%	(6.7%)

Reversal of an impairment write-down on our investment in Asseco Western Europe S.A.

In the first half of 2017, the Company analyzed the validity of indications for recognition of an impairment charge on our investment in Asseco Western Europe S.A. (hereinafter "AWE") that was created in previous years. The assets and thereby the value of Asseco Western Europe are constituted by investments in two subsidiaries, namely Asseco Spain and Necomplus. The said write-down was recognized in 2010 due to macroeconomic problems suffered by the Spanish economy as well as Asseco Spain's failure to achieve the budgeted targets. Our recent analysis of the indications of impairment showed that it is no longer justified to carry such a write-down on our subsidiary AWE. Since the time of recognizing the impairment charge on our investment in AWE, estimates applied for determination of the recoverable amount of relevant assets have changed. We also observed both a reduction in market interest rates and a substantial and continued improvement in economic results. As a result, the carrying value of our investment in AWE has been increased to match its carrying value from before making the write-down, this is by PLN 19.8 mln.

In order to estimate free cash flow to firm (FCFF), we assumed that the average revenue growth rate over the period of forecast (i.e. in the years 2017-2021) shall equal 7.3% per annum. The residual value was determined assuming no growth of the achieved margins after the forecast period. The discount rate applied to estimate the present value of expected future cash flows was equivalent to the Company's estimated weighted average cost of capital that equalled 9.2% as at 30 June 2017. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, expected market yield, as well as the beta coefficient (deleveraged β of 0.78 was adopted that was subsequently leveraged to reflect the market debt/equity ratio).

11. Other financial assets

As at 30 June 2017 and in the comparable period, the Company held the following categories and classes of financial assets (in addition to receivables and cash and cash equivalents which are presented in explanatory notes 13 and 14 to these interim condensed financial statements):

	30 June 2017		31 Dec. 2016		30 June 2016	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
Loans, of which:	52.7	2.3	54.4	2.7	64.3	75.1
granted to related parties	52.4	1.1	54.2	1.4	64.0	74.0
granted to employees	0.3	1.1	0.2	1.3	0.3	1.1
granted to other entities	-	0.1	-	-	-	-
Financial assets carried at fair value through profit or loss, of which:	0.3	6.9	-	1.0	0.2	1.8
currency forward contracts (EUR & USD)	0.3	6.9	-	1.0	0.2	1.8
Financial assets available for sale, of which:	9.5	-	9.5	-	9.6	-
shares in companies quoted on active markets	0.7	-	0.7	-	0.8	-
shares in companies not listed on stock markets	8.8	-	8.8	-	8.8	-
Total	62.5	9.2	63.9	3.7	74.1	76.9

Loans granted are measured at amortized cost at the end of each reporting period. Loans to related parties were granted on an arm's length basis.

Loans granted to related parties

Loans granted to related parties include basically loans granted to the following related entities:

Loans granted to related parties	30 June 2017	31 Dec. 2016	30 June 2016
	mPLN	mPLN	mPLN
Podkarpacki Fundusz Nieruchomości Sp. z o.o.	25.2	26.2	33.8
Asseco Resovia S.A. 1)	16.1	16.9	19.4
Gdyński Klub Koszykówki Arka S.A. 2)	11.7	11.7	11.4
Asseco Enterprise Solutions, a.s.	0.1	0.1	-
Modulus Sp. z o.o.	0.4	-	-
Asseco Data Systems S.A.	-	0.7	25.8
Infovide-Matrix S.A.	-	-	44.1
Sapiens Software Solutions (Poland) Sp. z o.o.	-	-	3.5
Total	53.5	55.6	138.0

- 1) In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Adam Góral, President of the Company's Management Board, served as Member of the Supervisory Board of Asseco Resovia S.A., whereas Mr. Marek Panek, Vice President of the Company's Management Board, served as Chairman of the Supervisory Board of Asseco Resovia S.A. Mr. Andrzej Gerlach, the Company's Commercial Proxy, served as Vice President of the Management Board of Asseco Resovia S.A., whereas Mrs. Renata Bojdo, the Company's Commercial Proxy, served as Member of the Supervisory Board of Asseco Resovia S.A.
- 2) In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as President of Gdyński Klub Koszykówki Arka S.A. Furthermore, Mr. Adam Góral, President of the Company's Management Board, served as Chairman of the Supervisory Board of Gdyński Klub Koszykówki Arka S.A., while Mrs. Renata Bojdo and Mr. Andrzej Gerlach, the Company's Commercial Proxies, served as Members of the Supervisory Board of Gdyński Klub Koszykówki Arka S.A.

Financial assets carried at fair value through profit or loss include forward transactions for the purchase or sale of foreign currencies – EUR and USD. Such forward transactions have been concluded in order to hedge against our foreign currency risk resulting from trade contracts as well as from contracts for financial leasing of real estate.

The fair values of currency forward contracts and embedded derivatives are determined at the end of each reporting period using calculation models based on inputs that are directly observable in active markets.

Financial assets available for sale include primarily equity investments not exceeding 20% of the target company's outstanding stock. Investments in companies quoted on active markets are measured at fair value at the end of each reporting period, on the basis of their closing prices at the end of the reporting period. Investments in companies not quoted on active markets are measured at their purchase cost adjusted by any impairment charges. As at 30 June 2017, these assets comprised mainly shares held in Bank Polskiej Spółdzielczości S.A.

Changes in the fair value measurement of financial instruments carried at fair value, and changes in the classification of financial instruments

In the period of 6 months ended 30 June 2017, the Company did not change its methods for measuring the fair value of financial instruments carried at fair value, did not transfer any instruments between individual levels of the fair value hierarchy, nor did it reclassify any financial instruments.

Both as at 30 June 2017 and 31 December 2016, the fair values of financial assets were not significantly different from their book values.

As at 30 June 2017	Carrying value mPLN	Level 1 ⁱ⁾ mPLN	Level 2 ⁱⁱ⁾ mPLN	Level 3 ⁱⁱⁱ⁾ mPLN
Financial assets carried at fair value through profit or loss				
Currency forward contracts	7.2	-	7.2	-
Total	7.2	-	7.2	-
Financial assets available for sale				
Shares in companies listed on regulated markets	0.7	0.7	-	-
Shares in companies not listed on regulated markets	8.8	-	-	8.8
Total	9.5	0.7	-	8.8

i. fair value determined on the basis of quoted prices offered in active markets for identical assets;

ii. fair value determined using calculation models based on inputs that are, either directly or indirectly, observable in active markets;

iii. fair value determined using calculation models based on inputs that are not, directly or indirectly, observable in active markets.

As at 31 December 2016	Carrying value mPLN	Level 1 ⁱ⁾ mPLN	Level 2 ⁱⁱ⁾ mPLN	Level 3 ⁱⁱⁱ⁾ mPLN
Financial assets carried at fair value through profit or loss				
Currency forward contracts	1.0	-	1.0	-
Total	1.0	-	1.0	-
Financial assets available for sale				
Shares in companies listed on regulated markets	0.7	0.7	-	-
Shares in companies not listed on regulated markets	8.8	-	-	8.8
Total	9.5	0.7	-	8.8

i. fair value determined on the basis of quoted prices offered in active markets for identical assets;

ii. fair value determined using calculation models based on inputs that are, either directly or indirectly, observable in active markets;

iii. fair value determined using calculation models based on inputs that are not, directly or indirectly, observable in active markets.

12. Prepayments and accrued income

As at 30 June 2017 and in the comparable period, prepayments and accrued income included the following items:

	30 June 2017		31 Dec. 2016		30 June 2016	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
Prepaid services, of which:	1.3	6.8	1.9	7.8	5.3	12.8
<i>maintenance services and license fees</i>	0.8	2.5	1.0	3.4	4.4	8.6
<i>rents and averaging of instalments under operating leases</i>	-	0.6	-	0.4	-	0.3
<i>insurances</i>	-	0.8	-	0.6	-	0.9
<i>other services</i>	0.5	2.9	0.9	3.4	0.9	3.0
Expenses related to services performed for which revenues have not been recognized yet	-	1.2	-	0.5	0.1	1.7
Other prepayments and accrued income	-	1.6	-	0.5	-	1.7
Goodwill presented in assets held for sale	-	-	-	-	(3.0)	(7.6)
Total	1.3	9.6	1.9	8.8	2.4	8.6

Both as at 30 June 2017 and at the end of the comparable period, prepayments included primarily the costs of maintenance services and license fees that will be successively expensed in future periods.

13. Long-term and short-term receivables

	30 June 2017		31 Dec. 2016		30 June 2016	
	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN	Long-term mPLN	Short-term mPLN
Trade receivables	-	372.8	-	382.2	1.9	500.7
From related parties, of which:	-	11.8	-	12.1	-	6.9
Invoiced receivables	-	2.2	-	2.8	-	3.1
<i>from subsidiaries</i>	-	2.0	-	1.9	-	2.8
<i>from associates</i>	-	0.2	-	0.9	-	0.3
<i>from other related parties</i>	-	-	-	-	-	-
Uninvoiced receivables	-	8.3	-	9.3	-	2.6
<i>from subsidiaries</i>	-	7.7	-	9.2	-	2.0
<i>from associates</i>	-	0.6	-	0.1	-	0.6
<i>from other related parties</i>	-	-	-	-	-	-
Receivables from valuation of IT contracts	-	1.3	-	-	-	1.2
<i>from subsidiaries</i>	-	1.2	-	-	-	-
<i>from associates</i>	-	0.1	-	-	-	1.2
<i>from other related parties</i>	-	-	-	-	-	-
From other entities, of which:	-	361.0	-	370.1	1.9	493.8
Invoiced receivables	-	162.7	-	190.8	1.9	291.3
Uninvoiced receivables	-	72.5	-	84.3	-	57.1
Receivables from valuation of IT contracts	-	125.8	-	95.0	-	145.4
Allowance for doubtful receivables (-)	-	(17.7)	-	(16.2)	-	(12.2)
Goodwill presented in assets held for sale	-	-	-	-	(1.9)	(107.4)
Total trade receivables	-	355.1	-	366.0	-	381.1

Related party transactions have been presented in explanatory note 21 to these financial statements.

Receivables from valuation of IT (implementation) contracts result from the excess of the percentage of completion of implementation contracts over invoices issued.

Receivables relating to uninvoiced deliveries result from sales of services which were performed during the reporting period, but have not been invoiced until the end of the reporting period.

Other receivables	30 June 2017		31 Dec. 2016		30 June 2016	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
Receivables from guarantees of due performance of contracts	1.1	3.7	1.0	3.1	1.1	3.2
Receivables from dividends	-	26.6	-	26.7	-	51.7
Receivables from disposal of property, plant and equipment	1.1	0.2	1.1	5.4	1.1	0.3
Receivables from disposal of financial instruments or capital investments	87.0	9.9	3.3	1.9	3.4	3.4
Receivables from security deposits paid-in	6.6	3.8	10.0	2.0	10.6	9.6
Receivables from grants	-	0.2	-	-	-	-
Receivables in court litigation	-	0.2	-	0.2	-	0.1
Other receivables	-	3.1	0.1	7.2	-	1.0
Allowance for other uncollectible receivables (-)	-	(2.6)	-	(2.3)	-	(2.2)
Goodwill presented in assets held for sale	-	-	-	-	-	(0.1)
Total other receivables	95.8	45.1	15.5	44.2	16.2	67.0

Receivables relating to guarantees of due performance of contracts constitute a security in cash extended in favour of customers in order to compensate for their potential losses should the company fail to fulfil its contractual obligations.

Receivables from disposal of financial instruments or capital investments include mostly receivables from the sale of shares in the companies: R-Style Softlab Joint Stock Company in the amount of PLN 43.9 million, Asseco Central Europe a.s. in the amount of PLN 24.3 million, and Asseco South Eastern Europe S.A. in the amount of PLN 24.2 million.

14. Cash and cash equivalents

	30 June 2017	31 Dec. 2016	30 June 2016
	mPLN	mPLN	mPLN
Cash at bank	15.1	11.8	8.1
Short-term (overnight) bank deposits	0.3	9.9	1.2
Cash being transferred	1.9	-	-
Total cash and cash equivalents as disclosed in the balance sheet	17.3	21.7	9.3
Bank overdraft facilities utilized for current liquidity management	(108.6)	(1.8)	(131.8)
Total cash and cash equivalents as disclosed in the cash flow statement	(91.3)	19.9	(122.5)

The interest on cash at bank is calculated with variable interest rates, depending on interest rates offered on bank deposits. Short-term deposits are made for varying periods of between one day and three months and earn interest at their respective fixed interest rates.

15. Assets held for sale and related liabilities

Total assets held for sale as at 30 June 2017 are comprised by non-current assets held for sale with the value of PLN 6.5 million. Such assets include real estate properties located across Poland.

In the comparable period, as at 30 June 2016, assets held for sale and related liabilities included the organized business unit referred to as the "Infrastructure Division", presented as discontinued operations, as well as the organized business unit referred to as the "Enterprises Division". The corresponding transactions have been described in detail in our interim standalone financial statements for the period of 6 months ended 30 June 2016.

16. Interest-bearing bank loans and debt securities issued

	Maximum debt limit available as at 30 June 2017	Effective interest rate	Repayment date	Actual amount of debt as at:						
				30 June 2017		31 Dec. 2016		30 June 2016		
				mPLN		mPLN		mPLN		
				Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	
Bank overdraft facility	150.0	1M WIBOR + margin	2017-12-31	-	48.0	-	-	-	-	42.5
Bank overdraft facility	200.0	1M WIBOR + margin	2018-07-31	-	-	-	-	-	-	36.8
Bank overdraft facility	n/a*	3M WIBOR + margin	2017-04-30	-	-	-	1.8	-	-	-
Bank overdraft facility	150.0	1M WIBOR + margin	2018-08-31**	-	36.7	-	-	-	-	31.9
Bank overdraft facility	70.0	1M WIBOR + margin	2018-04-02	-	23.9	-	-	-	-	20.6
	570.0			-	108.6	-	1.8	-	-	131.8
Investment loan	n/a	3M WIBOR + margin	2022-11-18	29.1	6.6	32.2	6.6	35.4	6.6	
Investment loan	n/a	3M WIBOR + margin	2022-11-18	29.0	6.6	32.2	6.6	35.4	6.6	
				58.1	13.2	64.4	13.2	70.8	13.2	
Loan	n/a	Fixed interest rate	2019-12-25	3.2	2.1	4.3	2.1	-	-	
TOTAL				61.3	123.9	68.7	17.1	70.8	145.0	

* As at 30 June 2017, this account was no longer active.

** Although as at 30 June 2017 the repayment term of this loan is longer than 12 months, the loan has been classified as short-term due to its operating nature.

As at 30 June 2017 and in the comparable period, total funds available to Asseco Poland S.A. under bank account overdraft facilities reached PLN 570 million. As at 30 June 2017, the Company's liabilities under bank overdraft facilities amounted to PLN 108.6 million, as compared with PLN 131.8 million outstanding as at 30 June 2016.

The investment loan represents a bank loan obtained by the Company to finance the construction of Asseco Poland's office building situated in Wilanów, Warsaw. The loan shall be ultimately repaid till 18 November 2022; whereas, its interest shall be based on 3M WIBOR variable interest rate plus the creditor margin. The repayment of this loan is secured with a contractual joint mortgage amounting up to PLN 218.6 million.

Both as at 30 June 2017 and in the comparable periods, no other assets served as security for any bank loans.

As at 30 June 2017, the Company used a loan in the amount of PLN 5.3 million. This loan is to be finally repaid not later than on 25 December 2019 and it bears a fixed interest rate. The loan was obtained to finance the purchase of products and services needed for one of the projects implemented by the Company.

17. Long-term and short-term trade payables and other liabilities

As at 30 June 2017 and in the comparable periods, the Company had the following liabilities:

	30 June 2017		31 Dec. 2016		30 June 2016	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
Trade payables						
To related parties, of which:	-	17.2	-	26.4	-	19.1
Invoiced payables	-	16.4	-	22.4	-	19.0
<i>to subsidiaries</i>	-	16.4	-	22.1	-	18.8
<i>to associates</i>	-	-	-	-	-	-
<i>to other related parties</i>	-	-	-	0.3	-	0.2
Uninvoiced payables	-	0.8	-	4.0	-	0.1
<i>to subsidiaries</i>	-	0.7	-	3.9	-	-
<i>to associates</i>	-	-	-	-	-	-
<i>to other related parties</i>	-	0.1	-	0.1	-	0.1
Liabilities arising from valuation of IT contracts	-	-	-	-	-	-
<i>to subsidiaries</i>	-	-	-	-	-	-
<i>to associates</i>	-	-	-	-	-	-
<i>to other related parties</i>	-	-	-	-	-	-
To other entities, of which:	-	72.8	-	68.2	-	92.1
Invoiced payables	-	19.2	-	35.0	-	53.9
Uninvoiced payables	-	50.0	-	26.3	-	27.5
Liabilities arising from valuation of IT contracts	-	3.6	-	6.9	-	10.7
Liabilities directly related to assets held for sale	-	-	-	-	-	(41.8)
	-	90.0	-	94.6	-	69.4
Liabilities to the state and local budgets						
Value added tax (VAT)	-	2.0	-	2.9	-	-
Personal income tax (PIT)	-	2.2	-	4.6	-	2.5
Social Insurance	-	8.0	-	7.2	-	7.9
Withholding income tax	-	-	-	-	-	-
Income tax on dividends paid out	-	-	-	-	-	-
Other	-	0.9	-	0.3	-	0.8
	-	13.1	-	15.0	-	11.2

Other liabilities	30 June 2017		31 Dec. 2016		30 June 2016	
	Long-term	Short-term	Long-term	Long-term	Short-term	Long-term
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
Prepayments received	-	-	-	0.6	-	1.1
Liabilities from purchases of tangible assets and intangible assets	-	0.7	-	2.4	-	4.0
Other liabilities	0.1	4.0	3.6	2.8	3.8	8.2
Liabilities directly related to assets held for sale	-	-	-	-	-	(0.3)
	0.1	4.7	3.6	5.8	3.8	13.0

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 21 to these financial statements. Other liabilities included primarily the amount of payables secured in an escrow account (short-term portion of PLN 3.4 million) which resulted from the sale of shares in Inseco Sp. z o.o. that has been described in our financial statements for the year ended 31 December 2015.

18. Financial liabilities

As at 30 June 2017 and in the comparable period, the Company held the following financial liabilities measured at fair value:

	As at 30 June 2017				As at 31 December 2016			
	Carrying value	Level 1 ⁱ⁾	Level 2 ⁱⁱ⁾	Level 3 ⁱⁱⁱ⁾	Carrying value	Level 1 ⁱ⁾	Level 2 ⁱⁱ⁾	Level 3 ⁱⁱⁱ⁾
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
Financial liabilities carried at fair value through profit or loss								
Currency forward contracts	1.1	-	1.1	-	5.4	-	5.4	-
Liabilities carried at amortized cost	9.1	-	-	9.1	19.0	-	-	19.0
Total	10.2	-	1.1	9.1	24.4	-	5.4	19.0

i. fair value determined on the basis of quoted prices offered in active markets for identical assets;

ii. fair value determined using calculation models based on inputs that are, either directly or indirectly, observable in active markets;

iii. fair value determined using calculation models based on inputs that are not, directly or indirectly, observable in active markets.

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

19. Provisions

During the period of 6 months ended 30 June 2017, the amount of provisions changed as follows:

	Post-employment benefits	Provision for warranty repairs	Provision for losses arising from valuation of long-term IT contracts	Other provisions	Total
	mPLN	mPLN	mPLN	mPLN	mPLN
As at 1 January 2017	2.0	49.8	16.4	0.1	68.3
Provisions created (+)	0.1	1.1	0.4	-	1.6
Unwinding of discount (+)	-	1.1	-	-	1.1
Provisions utilized (-) / reversed (-)	-	(12.8)	(5.4)	-	(18.2)
As at 30 June 2017, of which	2.1	39.2	11.4	0.1	52.8
Short-term	0.3	14.5	9.7	0.1	24.6
Long-term	1.8	24.7	1.7	-	28.2
As at 1 January 2016	1.4	67.7	0.4	-	69.5
Merger with Infovide-Matrix S.A.	0.2	19.7	17.5	0.1	37.5
Provisions created (+)	0.6	15.5	1.8	-	17.9
Unwinding of discount (+)	-	1.8	-	-	1.8
Contribution of an organized business unit (-)	(0.2)	(0.7)	(0.6)	-	(1.5)
Provisions utilized (-) / reversed (-)	-	(54.2)	(2.7)	-	(56.9)
As at 31 December 2016, of which	2.0	49.8	16.4	0.1	68.3
Short-term	0.3	19.2	10.9	0.1	30.5
Long-term	1.7	30.6	5.5	-	37.8

The provision for warranty repairs is held against future unidentified losses which may be incurred in the post-implementation phase of executed projects (or parts thereof) as a result of performing our contractual obligations to provide services (e.g. warranty repairs), for which the Company will not be paid or the received consideration will cover the total cost of performing such services.

The provision for post-employment benefits relates entirely to retirement benefits which are to be potentially paid to the Company's employees when they go into retirement. In compliance with the Labour Code provisions, Asseco Poland S.A. pays out a one-month average salary to each retiring employee. The amount of this post-employment benefits provision was based on the calculations prepared by an actuary.

20. Accruals and deferred income

	30 June 2017		31 Dec. 2016		30 June 2016	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
	mPLN	mPLN	mPLN	mPLN	mPLN	mPLN
Accruals, of which:						
Accrual for unused holiday leaves	-	13.6	-	11.4	-	12.6
Accrual for employee and management bonuses	-	13.1	-	26.0	-	17.5
Liabilities directly related to assets held for sale	-	-	-	-	-	(1.3)
	-	26.7	-	37.4	-	28.8
Deferred income, of which:						
Prepaid maintenance services and licenses	5.0	13.4	6.8	10.4	7.6	23.3
Grants for the development of assets	31.8	1.4	31.5	2.0	32.3	1.2
Liabilities directly related to assets held for sale	-	-	-	-	-	(4.5)
	36.8	14.8	38.3	12.4	39.9	20.0

The total amount of accruals comprises: accruals for unused holiday leaves, accruals for remunerations of the current period to be paid out in future periods which result from the bonus incentive schemes applied by the Company.

The total amount of deferred income comprises mainly future revenues recognized over time for the provision of services, such as IT support services, as well as grants for the development of assets. As at 30 June 2017, deferred income also includes revenues from software licenses provided for a specified period of time. Grants for the development of assets represent subsidies received by the Company in connection with its development projects or projects related to the creation of IT competence centers.

21. Related party transactions

Asseco Poland sales to related parties:		6 months ended 30 June 2017	6 months ended 30 June 2016
Name of entity	Transaction type	mPLN	mPLN
Transactions with entities controlled by the Company			
Asseco Business Solutions S.A.	<i>sale of goods and services related to implemented IT projects; rental of office space</i>	0.9	0.9
Asseco Central Europe a.s.	<i>sale of goods and services related to implemented IT projects</i>	0.5	0.1
Asseco South Eastern Europe S.A.	<i>sale of advisory services; rental of office space</i>	0.1	0.1
Sapiens International Corp. Group	<i>sale of goods and services related to implemented IT projects; sale of tangible and intangible assets</i>	2.1	3.5
Asseco Data Systems S.A. ¹⁾	<i>sale of advisory services</i>	6.7	2.6
DanubePay a.s.	<i>sale of goods and services related to implemented IT projects</i>	0.2	0.2
Gdyński Klub Koszykówki Arka S.A. ²⁾	<i>rental of office space</i>	0.1	0.1
DahliaMatic Sp. z o.o.	<i>sale of goods and services related to implemented IT projects</i>	16.1	-
Asseco Software Nigeria Ltd.	<i>sale of goods and services related to implemented IT projects</i>	0.2	-
Infovide-Matrix S.A.	<i>sale of goods and services related to implemented IT projects</i>	-	1.8
		26.9	9.3
Transactions with associates			
Postdata S.A.	<i>sale of goods and services related to implemented IT projects</i>	2.2	2.4
R-Style Softlab JSC ³⁾	<i>sale of goods and services related to implemented IT projects</i>	0.9	0.8
		3.1	3.2
Transactions with Members of the Management Board and Commercial Proxies			
Renata Bojdo	<i>other sales</i>	-	0.03
		-	0.03
Transactions with Members of the Supervisory Board			
Dariusz Brzeski	<i>other sales</i>	0.01	0.01
		0.01	0.01
Transactions with the Group's key management personnel			
Andrey Galkovsky ⁴⁾	<i>sale of shares in related entities</i>	14.3	-
Artem Otrashesky ⁵⁾	<i>sale of shares in related entities</i>	16.0	-
Managers of ASEE Group ⁶⁾	<i>sale of shares in related entities</i>	21.8	-
Managers of ACE Group ⁷⁾	<i>sale of shares in related entities</i>	32.8	-
		84.9	-
TOTAL TRANSACTIONS		114.9	12.5

¹⁾ The merger of Asseco Data Systems S.A. with the companies CTPartners S.A. and Sigilogic Sp. z o.o. was registered on 2 January 2017.

²⁾ In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as President of Gdyński Klub Koszykówki Arka S.A. Furthermore, Mr. Adam Góral, President of the Company's Management Board, served as Chairman of the Supervisory Board of Gdyński Klub Koszykówki Arka S.A., while Mrs. Renata Bojdo and Mr. Andrzej Gerlach, the Company's Commercial Proxies, served as Members of the Supervisory Board of Gdyński Klub Koszykówki Arka S.A.

³⁾ R-Style JSC was controlled by the Company till 10 March 2017. Sales generated during this period amounted to PLN 0.3 million.

⁴⁾ In the period of 6 months ended 30 June 2017, Mr. Andrey Galkovsky served as Member of the Management Board and Member of the Board of Directors of R-Style Softlab JSC.

⁵⁾ Mr. Artem Otrashesky is a son of Mr. Jurij Otrashesky who, in the period of 6 months ended 30 June 2017 and in the comparable period, served as Member of the Board of Directors of R-Style Softlab JSC.

⁶⁾ Shares in Asseco South Eastern Europe S.A. were sold to the following managers of ASEE Group companies or to their related entities: Mr. Piotr Jeleński, Mr. Miljan Mališ, Mr. Miodrag Mirčetić, Mr. Marcin Rulnicki, as well as to other managers.

⁷⁾ Shares in Asseco Central Europe, a.s. were sold to the following managers of ACE Group companies or to their related entities: Mr. Jozef Klein, Mr. Branislav Tkáčik, Mr. Marek Grác, Mr. David Stoppani, and Mr. Markus Haller.

Asseco Poland purchases from related parties:		6 months ended 30 June 2017	6 months ended 30 June 2016
Name of entity	Transaction type	mPLN	mPLN
Transactions with entities controlled by the Company			
Asseco Business Solutions S.A.	<i>purchase of services related to implemented IT projects; rental of office space</i>	0.6	1.0
SKG S.A.	<i>purchase of services related to implemented IT projects</i>	0.7	0.9
Asseco Central Europe a.s. Czech Republic	<i>purchase of services related to implemented IT projects</i>	0.4	0.4
Sapiens International Corp. Group	<i>purchase of services related to implemented IT projects</i>	15.9	27.2
Gdyński Klub Koszykówki Arka S.A. ¹⁾	<i>sponsorship</i>	0.6	3.7
Asseco Resovia S.A. ²⁾	<i>sponsorship</i>	6.8	3.8
DahliaMatic Sp. z o.o.	<i>purchase of services related to implemented IT projects</i>	24.7	-
Asseco Data Systems S.A. ³⁾	<i>purchase of goods and services related to implemented IT projects</i>	16.4	15.5
Asseco Software Nigeria Ltd.	<i>purchase of services related to implemented IT projects</i>	-	0.3
Sintagma UAB Sp. z o.o.	<i>purchase of services related to implemented IT projects</i>	0.8	-
Infovide-Matrix S.A.	<i>purchase of services related to implemented IT projects</i>	-	5.3
		66.9	58.1
Transactions with associates			
Postdata S.A.	<i>purchase of goods and services related to implemented IT projects</i>	0.1	0.3
R-Style Softlab JSC ⁴⁾	<i>purchase of goods and services related to implemented IT projects</i>	0.3	-
		0.4	0.3
Transactions with entities related through the key management personnel and Members of the Supervisory Board			
Top Fin Sp. z o.o. ⁵⁾	<i>rental of apartments (including reception, cleaning and security services, etc.) with parking lot spaces for the accommodation of employees on business trips</i>	1.1	1.3
Kosciuszko Institute – Institute for European Integration ⁶⁾	<i>sponsorship, workshops</i>	0.1	-
		1.2	1.3
Transactions with Members of the Management Board and Commercial Proxies			
Andrzej Gerlach	<i>purchase of advisory services</i>	0.3	0.3
		0.3	0.3
Transactions with Members of the Supervisory Board			
Dariusz Brzeski	<i>purchase of advisory services</i>	0.8	1.3
		0.8	1.3
TOTAL TRANSACTIONS		69.6	61.3

¹⁾ In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as President of Gdyński Klub Koszykówki Arka S.A. Furthermore, Mr. Adam Góral, President of the Company's Management Board, served as Chairman of the Supervisory Board of Gdyński Klub Koszykówki Arka S.A., while Mrs. Renata Bojdo and Mr. Andrzej Gerlach, the Company's Commercial Proxies, served as Members of the Supervisory Board of Gdyński Klub Koszykówki Arka S.A.

²⁾ In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Adam Góral, President of the Company's Management Board, served as Member of the Supervisory Board of Asseco Resovia S.A., whereas Mr. Marek Panek, Vice President of the Company's Management Board, served as Chairman of the Supervisory Board of Asseco Resovia S.A. Mr. Andrzej Gerlach, the Company's Commercial Proxy, served as Vice President of the Management Board of Asseco Resovia S.A., whereas Mrs. Renata Bojdo, the Company's Commercial Proxy, served as Member of the Supervisory Board of Asseco Resovia S.A.

³⁾ The merger of Asseco Data Systems S.A. with the companies CTPartners S.A. and Sigilogic Sp. z o.o. was registered on 2 January 2017.

⁴⁾ R-Style JSC was controlled by the Company till 10 March 2017.

⁵⁾ In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Andrzej Gerlach, the Company's Commercial Proxy, was a partner in the company Top Fin Sp. z o.o. Moreover, during the analyzed period, Mrs. Ewa Góral, the wife of Mr. Adam Góral, President of the Company's Management Board, was a partner in the company Top Fin Sp. z o.o.; whereas, Mrs. Jolanta Wiza, the wife of Mr. Artur Wiza who performs managerial functions in the Company, was the president and a partner in the company Top Fin Sp. z o.o. In addition, since July 2013, Mr. Adam Góral, President of the Company's Management Board, has been the owner of business premises rented out to Top Fin Sp. z o.o.

⁶⁾ In the period of 6 months ended 30 June 2017, Mrs. Izabela Albrycht, Member of the Company's Supervisory Board, served as President of the Management Board at the Kosciuszko Institute – Institute for European Integration.

Name of entity	Trade and other receivables from related parties		Trade payables and other liabilities to related parties	
	30 June 2017	31 Dec. 2016	30 June 2017	31 Dec. 2016
	mPLN	mPLN	mPLN	mPLN
Transactions with entities controlled by the Company				
Asseco Business Solutions S.A.	0.3	0.1	-	0.4
Asseco Central Europe a.s.	0.1	-	-	1.5
Asseco Data Systems S.A. ¹⁾	6.7	12.9	2.4	12.8
Asseco South Eastern Europe S.A.	-	0.1	-	0.1
Asseco Software Nigeria Ltd	0.2	0.1	-	-
Asseco Western Europe S.A.	-	-	0.2	-
DahliaMatic Sp. z o.o.	5.3	4.1	10.8	6.9
Sapiens International Corp. Group	4.2	1.0	7.2	9.1
SKG S.A.	-	-	0.1	0.5
Gdyński Klub Koszykówki Arka S.A. ²⁾	-	-	-	0.2
Solver Sp. z o.o.	-	-	-	0.1
	16.8	18.3	20.7	31.6
Transactions with associates				
Postdata S.A.	1.0	1.1	-	-
	1.0	1.1	-	-
Transactions with entities related through the Key Management Personnel				
Top Fin Sp. z o.o. ³⁾	0.3	0.3	-	0.2
R-Style Softlab JSC ⁴⁾	-	-	0.1	-
	0.3	0.3	0.1	0.2
Transactions with Members of the Management Board and Commercial Proxies				
Andrzej Gerlach	-	-	-	0.1
	-	-	-	0.1
Transactions with Members of the Supervisory Board and Commercial Proxies				
Dariusz Brzeski	-	-	0.1	0.1
	-	-	0.1	0.1
Transactions with the Group's key management personnel				
Artem Otrashesky ⁵⁾	16.4	-	-	-
Andrey Galkovsky ⁶⁾	14.6	-	-	-
Managers of ASEE Group ⁷⁾	21.8	-	-	-
Managers of ACE Group ⁸⁾	24.3	-	-	-
	77.0	-	-	-
TOTAL TRANSACTIONS	95.2	19.7	20.9	32.0

¹⁾ The merger of Asseco Data Systems S.A. with the companies CTPartners S.A. and Sigilogic Sp. z o.o. was registered on 2 January 2017.

²⁾ In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as President of Gdyński Klub Koszykówki Arka S.A. Furthermore, Mr. Adam Góral, President of the Company's Management Board, served as Chairman of the Supervisory Board of Gdyński Klub Koszykówki Arka S.A., while Mrs. Renata Bojdo and Mr. Andrzej Gerlach, the Company's Commercial Proxies, served as Members of the Supervisory Board of Gdyński Klub Koszykówki Arka S.A.

³⁾ In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Andrzej Gerlach, the Company's Commercial Proxy, was a partner in the company Top Fin Sp. z o.o. Moreover, during the analyzed period, Mrs. Ewa Góral, the wife of Mr. Adam Góral, President of the Company's Management Board, was a partner in the company Top Fin Sp. z o.o.; whereas, Mrs. Jolanta Wiza, the wife of Mr. Artur Wiza who performs managerial functions in the Company, was the president and a partner in the company Top Fin Sp. z o.o. In addition, since July 2013, Mr. Adam Góral, President of the Company's Management Board, has been the owner of business premises rented out to Top Fin Sp. z o.o.

⁴⁾ R-Style JSC was controlled by the Company till 10 March 2017.

⁵⁾ Mr. Artem Otrashesky is a son of Mr. Jurij Otrashesky who, in the period of 6 months ended 30 June 2017 and in the comparable period, served as Member of the Board of Directors of R-Style Softlab JSC.

⁶⁾ In the period of 6 months ended 30 June 2017, Mr. Andrey Galkovsky served as Member of the Management Board and Member of the Board of Directors of R-Style Softlab JSC.

⁷⁾ Shares in Asseco South Eastern Europe S.A. were sold to the following managers of ASEE Group companies or to their related entities: Mr. Piotr Jeleński, Mr. Miljan Mališ, Mr. Miodrag Mirčetić, Mr. Marcin Rulnicki, as well as to other managers.

⁸⁾ Shares in Asseco Central Europe, a.s. were sold to the following managers of ACE Group companies or to their related entities: Mr. Jozef Klein, Mr. Branislav Tkáčik, Mr. Marek Grác, Mr. David Stoppani, and Mr. Markus Haller.

Transactions with related parties are carried out on an arm's length basis.

As at 30 June 2017, receivables from related parties comprised trade receivables amounting to PLN 11.8 million, as well as other receivables amounting to PLN 83.4 million. As at 31 December 2016, receivables from related parties comprised trade receivables amounting to PLN 12.1 million, as well as other receivables amounting to PLN 7.6 million.

As at 30 June 2017, liabilities to related parties comprised trade payables amounting to PLN 17.2 million, as well as other liabilities amounting to PLN 3.7 million. As at 31 December 2016, liabilities to related parties comprised trade payables amounting to PLN 26.4 million, as well as other liabilities amounting to PLN 5.6 million.

22. Notes to the Statement of Cash Flows

Cash flows – operating activities

The table below presents items included in the line "Changes in working capital":

	6 months ended 30 June 2017	6 months ended 30 June 2016
	mPLN	mPLN
Change in inventories	0.5	(1.6)
Change in receivables	14.7	19.4
Change in other non-financial assets	(0.3)	(0.6)
Change in liabilities	(9.3)	(104.9)
Change in prepayments and accruals	(9.3)	0.5
Change in provisions	(15.5)	(7.1)
Total	(19.2)	(94.3)

Cash flows – investing activities

In the period of 6 months ended 30 June 2017, the amount of cash flows from investing activities was affected primarily by the following proceeds and expenditures:

- Disposal of property, plant and equipment and intangible assets for the amount of PLN 6.5 million;
- Acquisition of property, plant and equipment for the amount of PLN 5.3 million, including purchases of transportation vehicles and computer hardware;
- Acquisition of intangible assets for the amount of PLN 2.0 million, including purchases of third-party software and licenses to be used by the Company's employees;
- Expenditures for development projects amounting to PLN 4.9 million;
- Acquisition of shares in related companies resulting from the settlement of deferred payments of PLN 9.9 million for the stake of shares in Exictos SGPS S.A. acquired in 2015;
- Disposal of investments in related companies included primarily proceeds from the sale of shares in our subsidiary Asseco Central Europe, a.s. amounting to PLN 7.9 million, as well as payment received from the sale of One2Tribe Sp. z o.o. amounting to PLN 0.8 million.
- Dividends received from subsidiaries and associates amounting to PLN 131.2 million.

The following table presents detailed cash flows relating to loans during the period of 6 months ended 30 June 2017:

Name of entity	Loans collected	Loans granted
	mPLN	mPLN
Podkarpacki Fundusz Nieruchomości Sp. z o.o.	1.0	-
Asseco Resovia S.A.	0.8	-
Asseco Enterprise Solutions, a.s.	-	(0.1)
Modulus Sp. z o.o.	-	(0.4)
Other entities	0.9	(0.6)
Total	2.7	(1.1)

Cash flows – financing activities

- Dividends paid out represent the divided of PLN 249.8 million that was distributed by the Company for the year 2016, which has been described in detail in explanatory note 6;
- Repayments of bank loans and borrowings in the amount of PLN 7.5 million represent mainly instalments repaid under the investment loan that was obtained by the Company to finance the construction of its office building in Wilanów, Warsaw.

23. Seasonal and cyclical nature of business

The Company's sales revenues are subject to some seasonality in individual quarters of the year. The fourth quarter revenues tend to be somewhat higher than in the remaining periods, as bulk of such turnover is generated from IT services contracts executed for large enterprises and public institutions. Such entities make their purchases of hardware and licenses usually in the last months of a year.

24. Off-balance-sheet liabilities towards related parties

As at 30 June 2017, Asseco Poland S.A. does not carry any guarantees or sureties issued in favour of its subsidiaries.

25. Off-balance-sheet liabilities towards other entities

The Company is a party to a number of rental, leasing and other contracts of similar nature, resulting in the following off-balance-sheet liabilities for future payments:

	30 June 2017 mPLN	31 Dec. 2016 mPLN	30 June 2016 mPLN
Liabilities under leases of space			
In the period up to 1 year	15.1	17.0	10.0
In the period from 1 to 5 years	17.2	20.1	23.1
Over 5 years	-	-	-
	32.3	37.1	33.1

The aggregate amount of guarantees of due performance of contracts as well as tender guarantees issued by various banks in favour of Asseco Poland S.A. reached PLN 152.0 million as at 30 June 2017. In the Management's opinion, the likelihood of having to fulfil the obligations resulting from such guarantees is very low.

During the presented reporting period ended 30 June 2017, the Company was not engaged in any legal proceedings pending before any court, competent arbitration body or public administration authority, concerning its liabilities or receivables, whose aggregate value would equal or exceed 10% of the Company's equity.

The total value of claims under legal proceedings in which the Company is involved did not exceed 10% of the Company's equity, neither in the group of liabilities nor in the group of receivables. With regard to liabilities in litigation, the Company raises arguments that claims made by other parties are groundless.

26. Employment

Average number of employees during the reporting period*	6 months ended 30 June 2017	6 months ended 30 June 2016
Management Board	10	11
Production departments	2,088	2,131
Sales departments	79	91
Administration departments	340	326
Total	2,517	2,559

*Average employment during the reporting period in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Company (such as an unpaid leave, maternity leave, etc.)

Number of employees as at:	30 June 2017	30 June 2016
Management Board	9	11
Production departments	2,196	2,289
Sales departments	89	95
Administration departments	370	362
Total	2,664	2,757

27. Significant events after the reporting period

- **Increasing the share capital of Asseco Enterprise Solutions a.s.**

On 1 July 2017, the share capital of Asseco Enterprise Solutions a.s. was increased through the contribution of shares in Asseco Solutions a.s. seated in Slovakia as well as shares in Asseco Solutions AG seated in Germany, which was made by Asseco Central Europe, a.s. seated in Slovakia. Following that transaction, the direct shareholding of Asseco Poland S.A. in Asseco Enterprise Solutions a.s. dropped to 60.3%; whereas, the direct shareholding of Asseco Central Europe, a.s. in Asseco Enterprise Solutions a.s. reached the level of 39.7%. Pursuant to the provisions of the articles of association of Asseco Enterprise Solutions a.s., this company is directly controlled by Asseco Central Europe a.s., while Asseco Poland maintains indirect control over Asseco Enterprise Solutions a.s. through ACE Group.

- **Sale of shares in Formula Systems by Asseco Poland S.A.**

On 3 August 2017, Asseco Poland S.A. concluded a transaction to sell 2,356,605 shares in its subsidiary Formula Systems (1985) Ltd seated in Tel Aviv, representing 16% of the share capital and total voting rights at the General Meeting of Shareholders of Formula Systems. Following this transaction, the Company's shareholding in Formula Systems dropped to 30.33%. The sale transaction was conducted in Israel, out of the regulated market, with eleven Israeli financial institutions. The selling price was set at NIS (New Israeli Shekel) 124.14 per share. The total transaction value amounted to NIS 292.6 million.

In connection with concluding the transaction to sell this 16% stake in Formula Systems, as a consequence of which the Parent Company has lost control over the Israeli company, the CEO of Formula Systems notified the Management Board of Asseco Poland S.A. about his will to terminate the authorization for the exercise of voting rights by Asseco Poland with respect to all of his shares held in Formula Systems, which was granted to the Company on 3 November 2016. The Management Board accepted this termination notice, as a result of which the said authorization expired as of 3 August 2017.

Moreover, on 22 August 2017, the Company finalized a transaction to sell 589,151 shares in Formula Systems, representing 4% of the share capital and total voting rights at the General Meeting of Shareholders of Formula Systems. The sale transaction was conducted in Israel, out of the regulated market, in favour of an entity controlled by the CEO of Formula Systems. Following this transaction, the Company's shareholding in Formula Systems dropped to 26.33%.

The selling price has remained unchanged at NIS 124.14 per share. The total value of the sale of this 4% stake of shares amounted to NIS 73.1 million. The payment shall be made as follows:

- a) 50% of the transaction value, this is NIS 36.6 million, shall be paid within one working day from the transaction conclusion date;
- b) the remaining 50% of the transaction value along with due interest shall be paid within 5 years from the transaction conclusion date.

Payment of the consideration has been secured by depositing all unpaid shares with the Trustee.

- ***Disposal of real estates classified as assets held for sale***

On 4 August 2017, the Company sold real estates classified as held for sale with the carrying value PLN 0.7 million. The transaction value amounted to PLN 1.7 million.

28. Significant events related to prior years

Until the date of preparing these financial statements for the period of 6 months ended 30 June 2017, this is until 23 August 2017, we have not observed any significant events related to prior years, which have not but should have been included in these financial statements.

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