

# **Asseco Group**

## **Semi-Annual Report**

Semi-Annual Report for the period of  
6 months ended 30 June 2017

**asseco**

Present in

**54**

countries

**4,162** mPLN

in sales revenues

**22,431**

highly committed  
employees

**113** mPLN

in net profit for  
Shareholders of the  
Parent Company

**7,449** mPLN

in order backlog  
for 2017

**6<sup>th</sup>**

largest software  
vendor in Europe

# SEMI-ANNUAL REPORT OF ASSECO GROUP

For the period of 6 months ended 30 June 2017

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# Financial Highlights of Asseco Group

Selected financial data of Asseco Group  
for the period of 6 months  
ended 30 June 2017



ASSECO

## FINANCIAL HIGHLIGHTS OF ASSECO GROUP

The following table presents selected financial data of Asseco Group.

|   | 6 months ended<br>30 June 2017<br>mPLN | 6 months ended<br>30 June 2016<br>mPLN | 6 months ended<br>30 June 2017<br>mEUR | 6 months ended<br>30 June 2016<br>mEUR |
|---|--|--|--|--|
| Sales revenues  | 4,162.0                                | 3,770.6                                | 979.9                                  | 860.8                                  |
| Operating profit  | 309.2                                  | 361.7                                  | 72.8                                   | 82.6                                   |
| Pre-tax profit and share of profits of associates and joint ventures                              | 243.9                                  | 336.2                                  | 57.4                                   | 76.7                                   |
| Net profit  | 181.8                                  | 249.6                                  | 42.8                                   | 57.0                                   |
| Net profit attributable to Shareholders of the Parent Company                                     | <b>113.3</b>                           | <b>142.4</b>                           | <b>26.7</b>                            | <b>32.5</b>                            |
| Net cash provided by (used in) operating activities   | 257.3                                  | 278.1                                  | 60.6                                   | 63.5                                   |
| Net cash provided by (used in) investing activities   | (506.2)                                | (196.9)                                | (119.2)                                | (44.9)                                 |
| Net cash provided by (used in) financing activities   | (229.8)                                | (512.1)                                | (54.1)                                 | (116.9)                                |
| Cash and cash equivalents at the end of period (comparable data as at 31 December 2016)           | 1,080.0                                | 1,502.6                                | 255.5                                  | 339.6                                  |
| Basic earnings per ordinary share attributable to Shareholders of the Parent Company (in PLN/EUR) | 1.37                                   | 1.72                                   | 0.32                                   | 0.39                                   |

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

- Items of the interim condensed consolidated income statement and statement of cash flows have been translated into EUR at the arithmetic average of mid exchange rates as published by the National Bank of Poland and in effect on the last day of each month. These exchange rates were 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 Group's cash and cash equivalents as at the end of the reporting period and the comparable period, i.e. 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 Consolidated Financial Statements

Interim Condensed Consolidated Financial  
Statements of Asseco Group  
for the period of 6 months ended 30 June 2017  
prepared in accordance with  
the International Financial Reporting Standard 34  
“Interim Financial Reporting”  
as endorsed by the EU



ASSECO

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**of Asseco Group for the period of 6 months ended 30 June 2017**

These interim condensed consolidated 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 |



## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

### ASSECO GROUP

|  |      | 3 months ended<br>30 June 2017 | 6 months ended<br>30 June 2017 | 3 months ended<br>30 June 2016<br>(restated) | 6 months ended<br>30 June 2016<br>(restated) |
|--|------|--------------------------------|--------------------------------|--|--|
|  | Note | mPLN                           | mPLN                           | mPLN   | mPLN   |
| Sales revenues   | 1    | 2,093.7                        | 4,162.0                        | 1,926.2                                      | 3,770.6                                      |
| Cost of sales  | 1    | (1,667.7)                      | (3,287.3)                      | (1,481.3)                                    | (2,883.6)                                    |
| <b>Gross profit on sales</b>   |      | <b>426.0</b>                   | <b>874.7</b>                   | <b>444.9</b>                                 | <b>887.0</b>                                 |
| Selling costs  | 1    | (122.2)                        | (248.2)                        | (117.8)                                      | (231.2)                                      |
| General and administrative expenses  | 1    | (158.2)                        | (311.0)                        | (153.9)                                      | (294.4)                                      |
| <b>Net profit on sales</b>   |      | <b>145.6</b>                   | <b>315.5</b>                   | <b>173.2</b>                                 | <b>361.4</b>                                 |
| Other operating income   |      | 9.9                            | 17.3                           | 16.4   | 25.1   |
| Other operating expenses   |      | (11.5)                         | (23.6)                         | (13.5)                                       | (24.8)                                       |
| <b>Operating profit</b>  |      | <b>144.0</b>                   | <b>309.2</b>                   | <b>176.1</b>                                 | <b>361.7</b>                                 |
| Financial income   | 2    | 15.3                           | 29.5                           | 6.0  | 14.9   |
| Financial expenses   | 2    | (41.6)                         | (94.8)                         | (8.1)  | (40.4)                                       |
| <b>Pre-tax profit and share of profits of associates and joint ventures</b>  |      | <b>117.7</b>                   | <b>243.9</b>                   | <b>174.0</b>                                 | <b>336.2</b>                                 |
| Corporate income tax<br>(current and deferred tax expense)                   | 3    | (32.5)                         | (61.4)                         | (45.1)                                       | (88.1)                                       |
| Share of profits of associates and joint ventures                            | 9    | (0.4)                          | (0.7)                          | 1.2  | 1.5  |
| <b>Net profit for the reporting period</b>                                   |      | <b>84.8</b>                    | <b>181.8</b>                   | <b>130.1</b>                                 | <b>249.6</b>                                 |
| <i>Attributable to:</i>  |      |                                |                                |  |  |
| <b>Shareholders of the Parent Company</b>                                    |      | <b>52.4</b>                    | <b>113.3</b>                   | <b>76.9</b>                                  | <b>142.4</b>                                 |
| <b>Non-controlling interests</b>   | 10   | <b>32.4</b>                    | <b>68.5</b>                    | <b>53.2</b>                                  | <b>107.2</b>                                 |
| Basic consolidated earnings per share<br>for the reporting period (in PLN)   |      | 0.63                           | 1.37                           | 0.93   | 1.72   |
| Diluted consolidated earnings per share<br>for the reporting period (in PLN) |      | 0.63                           | 1.37                           | 0.93   | 1.72   |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**ASSECO GROUP**

|   | 3 months ended<br>30 June 2017 | 6 months ended<br>30 June 2017 | 3 months ended<br>30 June 2016<br>(restated) | 6 months ended<br>30 June 2016<br>(restated) |
|---|--------------------------------|--------------------------------|--|--|
|   | mPLN                           | mPLN                           | mPLN   | mPLN   |
| <b>Net profit for the reporting period</b>  | <b>84.8</b>                    | <b>181.8</b>                   | <b>130.1</b>                                 | <b>249.6</b>                                 |
| <b>Other comprehensive income:</b>  |                                |                                |  |  |
| <i><b>Components that may be reclassified to profit or loss</b></i>                             |                                |                                |  |  |
| Net profit/loss on valuation of financial assets available for sale, net of deferred income tax | (0.7)                          | 0.4                            | 0.3  | 1.1  |
| Foreign exchange differences on translation of foreign operations                               | (119.1)                        | (251.1)                        | 203.1  | 154.8  |
| <i><b>Components that will not be reclassified to profit or loss</b></i>                        |                                |                                |  |  |
| Amortization of intangible assets recognized directly in equity                                 | (0.2)                          | (0.4)                          | (0.2)  | (0.4)  |
| Actuarial gains/losses  | (0.4)                          | (6.2)                          | (1.1)  | 0.1  |
| Income tax relating to components of other comprehensive income                                 | 0.2                            | 1.5                            | 0.3  | -  |
| <b>Total other comprehensive income</b>   | <b>(120.2)</b>                 | <b>(255.8)</b>                 | <b>202.4</b>                                 | <b>155.6</b>                                 |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD</b>                                      | <b>(35.4)</b>                  | <b>(74.0)</b>                  | <b>332.5</b>                                 | <b>405.2</b>                                 |
| <i><b>Attributable to:</b></i>  |                                |                                |  |  |
| Shareholders of the Parent Company  | 53.5                           | 95.7                           | 140.7  | 221.5  |
| Non-controlling interests   | (88.9)                         | (169.7)                        | 191.8  | 183.7  |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSECO GROUP

| ASSETS  | Note | 30 June 2017    | 31 Dec. 2016    | 30 June 2016<br>(restated) |
|---|------|-----------------|-----------------|----------------------------|
|   |      | mPLN            | mPLN            | mPLN                       |
| <b>Non-current assets</b>                         |      |                 |                 |                            |
| Property, plant and equipment                     | 5    | 797.0           | 781.5           | 777.4                      |
| Intangible assets                                 | 6    | 1,205.9         | 1,124.8         | 1,001.0                    |
| Investment property                               |      | 24.4            | 24.9            | 24.5                       |
| Goodwill  | 7    | 6,168.7         | 5,978.5         | 5,678.6                    |
| Investments accounted for using the equity method | 9    | 143.8           | 112.2           | 114.0                      |
| Long-term receivables                             | 13   | 117.4           | 53.8            | 67.2                       |
| Deferred tax assets                               |      | 91.8            | 93.7            | 99.1                       |
| Other non-financial assets                        |      | 19.2            | 18.4            | -                          |
| Long-term financial assets                        | 11   | 162.6           | 238.8           | 172.8                      |
| Long-term prepayments and accrued income          | 12   | 43.6            | 32.8            | 35.8                       |
|   |      | <b>8,774.4</b>  | <b>8,459.4</b>  | <b>7,970.4</b>             |
| <b>Current assets</b>                             |      |                 |                 |                            |
| Inventories                                       |      | 69.5            | 76.1            | 85.3                       |
| Prepayments and accrued income                    | 12   | 183.4           | 155.3           | 166.7                      |
| Trade receivables                                 | 13   | 2,162.8         | 2,209.0         | 1,984.5                    |
| Corporate income tax receivable                   | 13   | 71.5            | 69.7            | 75.9                       |
| Receivables from the state and local budgets      | 13   | 23.7            | 24.0            | 31.7                       |
| Other receivables                                 | 13   | 53.7            | 42.2            | 38.4                       |
| Other non-financial assets                        |      | 8.3             | 9.1             | 9.9                        |
| Financial assets                                  | 11   | 129.0           | 233.4           | 268.5                      |
| Cash and short-term deposits                      | 14   | 1,080.0         | 1,502.6         | 1,281.3                    |
| Non-current assets classified as held for sale    |      | 10.0            | 10.4            | 11.0                       |
|   |      | <b>3,791.9</b>  | <b>4,331.8</b>  | <b>3,953.2</b>             |
| <b>TOTAL ASSETS</b>                               |      | <b>12,566.3</b> | <b>12,791.2</b> | <b>11,923.6</b>            |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### ASSECO GROUP

| EQUITY AND LIABILITIES   | Note | 30 June 2017    | 31 Dec. 2016    | 30 June 2016<br>(restated) |
|--|------|-----------------|-----------------|----------------------------|
|  |      | mPLN            | mPLN            | mPLN                       |
| <b>Equity (attributable to shareholders of the Parent Company)</b> |      |                 |                 |                            |
| Share capital  |      | 83.0            | 83.0            | 83.0                       |
| Share premium  |      | 4,180.1         | 4,180.1         | 4,180.1                    |
| Transactions with non-controlling interests                        |      | (119.9)         | (108.9)         | (125.1)                    |
| Foreign exchange differences on translation of foreign operations  |      | 24.0            | 40.3            | 21.5                       |
| Retained earnings / accumulated losses                             |      | 1,172.8         | 1,310.6         | 1,154.2                    |
|  |      | <b>5,340.0</b>  | <b>5,505.1</b>  | <b>5,313.7</b>             |
| <b>Non-controlling interests</b>                                   |      |                 |                 |                            |
|  |      | <b>2,971.2</b>  | <b>3,165.5</b>  | <b>3,036.1</b>             |
| <b>Total equity</b>  |      |                 |                 |                            |
|  |      | <b>8,311.2</b>  | <b>8,670.6</b>  | <b>8,349.8</b>             |
| <b>Non-current liabilities</b>                                     |      |                 |                 |                            |
| Interest-bearing bank loans, borrowings and debt securities        | 15   | 856.1           | 837.2           | 656.1                      |
| Long-term finance lease liabilities                                |      | 59.2            | 72.9            | 85.4                       |
| Other financial liabilities  | 17   | 295.7           | 359.3           | 199.3                      |
| Deferred tax liabilities   |      | 225.2           | 192.1           | 158.8                      |
| Long-term provisions   |      | 78.7            | 83.6            | 61.3                       |
| Long-term deferred income  | 18   | 74.5            | 58.8            | 54.0                       |
| Other long-term liabilities  | 16   | 19.8            | 20.8            | 17.7                       |
|  |      | <b>1,609.2</b>  | <b>1,624.7</b>  | <b>1,232.6</b>             |
| <b>Current liabilities</b>   |      |                 |                 |                            |
| Interest-bearing bank loans, borrowings and debt securities        | 15   | 671.4           | 438.8           | 525.8                      |
| Finance lease liabilities  |      | 26.2            | 28.2            | 26.6                       |
| Other financial liabilities  | 17   | 146.8           | 123.9           | 136.3                      |
| Trade payables   | 16   | 678.9           | 817.5           | 608.6                      |
| Corporate income tax payable                                       | 16   | 52.7            | 46.7            | 33.4                       |
| Liabilities to the state and local budgets                         | 16   | 135.4           | 165.6           | 113.7                      |
| Other liabilities  | 16   | 261.0           | 292.0           | 231.4                      |
| Provisions   |      | 51.7            | 64.2            | 97.5                       |
| Deferred income  | 18   | 376.1           | 260.2           | 336.2                      |
| Accruals   | 18   | 245.7           | 258.8           | 231.7                      |
|  |      | <b>2,645.9</b>  | <b>2,495.9</b>  | <b>2,341.2</b>             |
| <b>TOTAL LIABILITIES</b>   |      |                 |                 |                            |
|  |      | <b>4,255.1</b>  | <b>4,120.6</b>  | <b>3,573.8</b>             |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                |      |                 |                 |                            |
|  |      | <b>12,566.3</b> | <b>12,791.2</b> | <b>11,923.6</b>            |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ASSECO GROUP

|   | Share capital | Share premium  | Transactions with non-controlling interests | Foreign exchange differences on translation of foreign operations | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity   |
|---|---------------|----------------|---|---|--|---|---------------------------|----------------|
|   | mPLN          | mPLN           | mPLN  | mPLN  | mPLN                                     | mPLN  | mPLN                      | mPLN           |
| <b>As at 1 January 2017</b>   | <b>83.0</b>   | <b>4,180.1</b> | <b>(108.9)</b>                              | <b>40.3</b>   | <b>1,310.6</b>                           | <b>5,505.1</b>  | <b>3,165.5</b>            | <b>8,670.6</b> |
| Net profit for the reporting period   | -             | -              | -   | -   | 113.3                                    | 113.3   | 68.5                      | 181.8          |
| Other comprehensive income for the reporting period   | -             | -              | -   | (16.3)  | (1.3)                                    | (17.6)  | (238.2)                   | (255.8)        |
| <b>Total comprehensive income for the reporting period</b>  | -             | -              | -   | <b>(16.3)</b>   | <b>112.0</b>                             | <b>95.7</b>   | <b>(169.7)</b>            | <b>(74.0)</b>  |
| Dividend for the year 2016  | -             | -              | -   | -   | (249.8)                                  | (249.8)   | (90.8)                    | (340.6)        |
| Share-based payment transactions with employees   | -             | -              | -   | -   | -  | -   | 6.3                       | 6.3            |
| Transactions with non-controlling interests (including settlement of contingent financial liabilities to non-controlling interests (put options)) | -             | -              | (11.0)                                      | -   | -  | (11.0)  | 58.8                      | 47.8           |
| Loss of control over subsidiaries   | -             | -              | -   | -   | -  | -   | 0.2                       | 0.2            |
| Obtaining control over subsidiaries   | -             | -              | -   | -   | -  | -   | 0.9                       | 0.9            |
| <b>As at 30 June 2017</b>   | <b>83.0</b>   | <b>4,180.1</b> | <b>(119.9)</b>                              | <b>24.0</b>   | <b>1,172.8</b>                           | <b>5,340.0</b>  | <b>2,971.2</b>            | <b>8,311.2</b> |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**ASSECO GROUP (continued)**

|   | Share capital | Share premium  | Transactions with non-controlling interests | Foreign exchange differences on translation of foreign operations | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity   |
|---|---------------|----------------|---|---|--|---|---------------------------|----------------|
| <b>As at 1 January 2016</b>   | <b>83.0</b>   | <b>4,180.1</b> | <b>(106.8)</b>                              | <b>(57.9)</b>   | <b>1,262.3</b>                           | <b>5,360.7</b>  | <b>2,967.2</b>            | <b>8,327.9</b> |
| Net profit for the reporting period   | -             | -              | -   | -   | 142.4                                    | 142.4   | 107.2                     | 249.6          |
| Other comprehensive income for the reporting period   | -             | -              | -   | 79.4  | (0.3)                                    | 79.1  | 76.5                      | 155.6          |
| <b>Total comprehensive income for the reporting period</b>  | <b>-</b>      | <b>-</b>       | <b>-</b>                                    | <b>79.4</b>   | <b>142.1</b>                             | <b>221.5</b>  | <b>183.7</b>              | <b>405.2</b>   |
| Dividend for the year 2015  | -             | -              | -   | -   | (249.8)                                  | (249.8)   | (121.4)                   | (371.2)        |
| Share-based payment transactions with employees   | -             | -              | -   | -   | -  | -   | 9.3                       | 9.3            |
| Transactions with non-controlling interests (including settlement of contingent financial liabilities to non-controlling interests (put options)) | -             | -              | (18.3)                                      | -   | (0.4)                                    | (18.7)  | (7.8)                     | (26.5)         |
| Obtaining control over subsidiaries   | -             | -              | -   | -   | -  | -   | 5.1                       | 5.1            |
| <b>As at 30 June 2016 (restated)</b>  | <b>83.0</b>   | <b>4,180.1</b> | <b>(125.1)</b>                              | <b>21.5</b>   | <b>1,154.2</b>                           | <b>5,313.7</b>  | <b>3,036.1</b>            | <b>8,349.8</b> |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ASSECO GROUP (continued)

|   | Share capital | Share premium  | Transactions with non-controlling interests | Foreign exchange differences on translation of foreign operations | Retained earnings and current net profit | Equity attributable to shareholders of the Parent Company | Non-controlling interests | Total equity   |
|---|---------------|----------------|---|---|--|---|---------------------------|----------------|
|   | mPLN          | mPLN           | mPLN  | mPLN  | mPLN                                     | mPLN  | mPLN                      | mPLN           |
| <b>As at 1 January 2016</b>   | <b>83.0</b>   | <b>4,180.1</b> | <b>(106.8)</b>                              | <b>(57.9)</b>   | <b>1,262.3</b>                           | <b>5,360.7</b>  | <b>2,967.2</b>            | <b>8,327.9</b> |
| Net profit for the reporting period   | -             | -              | -   | -   | 301.3                                    | 301.3   | 242.3                     | 543.6          |
| Other comprehensive income for the reporting period   | -             | -              | -   | 98.2  | (3.2)                                    | 95.0  | 185.3                     | 280.3          |
| <b>Total comprehensive income for the reporting period</b>  | <b>-</b>      | <b>-</b>       | <b>-</b>                                    | <b>98.2</b>   | <b>298.1</b>                             | <b>396.3</b>  | <b>427.6</b>              | <b>823.9</b>   |
| Dividend for the year 2015  | -             | -              | -   | -   | (249.8)                                  | (249.8)   | (164.3)                   | (414.1)        |
| Share-based payment transactions with employees   | -             | -              | -   | -   | -  | -   | 17.3                      | 17.3           |
| Transactions with non-controlling interests (including settlement of contingent financial liabilities to non-controlling interests (put options)) | -             | -              | (2.1)                                       | -   | -  | (2.1)   | (149.6)                   | (151.7)        |
| Obtaining control over subsidiaries   | -             | -              | -   | -   | -  | -   | 67.3                      | 67.3           |
| <b>As at 31 December 2016</b>   | <b>83.0</b>   | <b>4,180.1</b> | <b>(108.9)</b>                              | <b>40.3</b>   | <b>1,310.6</b>                           | <b>5,505.1</b>  | <b>3,165.5</b>            | <b>8,670.6</b> |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### ASSECO GROUP

|   | Note | 6 months ended<br>30 June 2017 | 6 months ended<br>30 June 2016<br>(restated) |
|---|------|--------------------------------|--|
|   |      | mPLN                           | mPLN   |
| <b>Cash flows – operating activities</b>  |      |                                |  |
| Pre-tax profit and share of profits of associates and joint ventures                    |      | 243.9                          | 336.2  |
| <b>Total adjustments:</b>   |      | <b>95.0</b>                    | <b>25.5</b>                                  |
| Depreciation and amortization   | 1    | 159.4                          | 144.0  |
| Changes in working capital  | 20   | (134.8)                        | (140.5)                                      |
| Interest income/expenses  |      | 22.3                           | 14.3   |
| Gain/loss on foreign exchange differences   |      | 45.0                           | 3.9  |
| Gain/loss on financial assets (valuation, disposal, impairment, etc.)                   |      | (8.5)                          | (2.8)  |
| Other financial income/expenses   |      | 6.3                            | 3.2  |
| Gain/loss on disposal of property, plant and equipment and intangible assets            |      | (2.1)                          | (6.2)  |
| Gain on loss of control over subsidiaries   |      | (0.3)                          | -  |
| Costs of share-based payment transactions with employees                                | 1    | 7.9                            | 9.3  |
| Other adjustments to pre-tax profit   |      | (0.2)                          | 0.3  |
| <b>Cash provided by (used in) operating activities</b>                                  |      | <b>338.9</b>                   | <b>361.7</b>                                 |
| Corporate income tax paid   |      | (81.6)                         | (83.6)                                       |
| <b>Net cash provided by (used in) operating activities</b>                              |      | <b>257.3</b>                   | <b>278.1</b>                                 |
| <b>Cash flows – investing activities</b>  |      |                                |  |
| Disposal of property, plant and equipment, intangible assets, and investment property   |      | 20.3                           | 5.4  |
| Acquisition of property, plant and equipment, and intangible assets                     | 20   | (111.0)                        | (88.0)                                       |
| Acquisition of subsidiaries, associates and joint ventures                              | 20   | (612.9)                        | (142.3)                                      |
| Cash and cash equivalents in subsidiaries acquired                                      | 20   | 31.8                           | 9.6  |
| Disposal of shares in related companies   |      | 8.8                            | -  |
| Cash and cash equivalents in subsidiaries disposed of                                   |      | (6.4)                          | -  |
| Disposal/settlement of financial assets carried at fair value through profit or loss    |      | 30.0                           | 33.6   |
| Acquisition/settlement of financial assets carried at fair value through profit or loss |      | (11.5)                         | (47.6)                                       |
| Disposal of financial assets available for sale   | 20   | 146.5                          | 13.7   |
| Acquisition of financial assets available for sale                                      |      | (10.1)                         | (18.1)                                       |
| Loans granted   | 20   | (32.9)                         | (22.4)                                       |
| Loans collected   | 20   | 32.4                           | 55.6   |
| Interest received   |      | 8.8                            | 10.2   |
| Dividends received  |      | 0.8                            | 0.9  |
| Other cash flows from investing activities  |      | (0.8)                          | (7.5)  |
| <b>Net cash provided by (used in) investing activities</b>                              |      | <b>(506.2)</b>                 | <b>(196.9)</b>                               |



| (continued)  | Note | 6 months ended<br>30 June 2017 | 6 months ended<br>30 June 2016<br>(restated) |
|--|------|--------------------------------|--|
|  |      | mPLN                           | mPLN   |
| <b>Cash flows – financing activities</b>                       |      |                                |  |
| Proceeds from the implementation of employee stock option plan |      | 2.8                            | 3.3  |
| Expenditures for the acquisition of non-controlling interests  | 20   | (0.7)                          | (77.1)                                       |
| Proceeds from bank loans and borrowings                        | 20   | 321.4                          | 58.6   |
| Redemption of debt securities                                  |      | (14.2)                         | -  |
| Repayments of bank loans and borrowings                        | 20   | (154.9)                        | (124.0)                                      |
| Finance lease liabilities paid                                 |      | (14.8)                         | (13.2)                                       |
| Interest paid  |      | (20.4)                         | (19.5)                                       |
| Dividends paid out by the Parent Company                       | 4    | (249.8)                        | (249.8)                                      |
| Dividends paid out to non-controlling shareholders             | 10   | (99.2)                         | (90.3)                                       |
| Other cash flows from financing activities                     |      | -                              | (0.1)  |
| <b>Net cash provided by (used in) financing activities</b>     |      | <b>(229.8)</b>                 | <b>(512.1)</b>                               |
| <b>Net increase (decrease) in cash and cash equivalents</b>    |      | <b>(478.7)</b>                 | <b>(430.9)</b>                               |
| Net foreign exchange differences                               |      | (92.9)                         | 34.4   |
| Net cash and cash equivalents as at 1 January                  |      | 1,472.1                        | 1,488.6                                      |
| <b>Net cash and cash equivalents as at 30 June</b>             | 14   | <b>900.5</b>                   | <b>1,092.1</b>                               |

## SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### I. GENERAL INFORMATION

Asseco Group (“Asseco Group”, the “Group”) is a group of companies, whose Parent Company is Asseco Poland S.A. (the “Parent Company”, “Company”, “Issuer”) with registered office at 14 Olchowa St., Rzeszów, Poland.

The Company 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 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. The Company is also a major player in the European software producers market.

As a leader of the Group, Asseco Poland S.A. is actively engaged in business 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.

Our comprehensive offering includes products dedicated for the sectors of banking and finance, public institutions, as well as industry, trade, and services. The Group has got a wide-range portfolio of proprietary products, unique competence and experience in the execution of complex IT projects, and a broad customer base, including the largest financial institutions, major industrial enterprises as well as public administration bodies.

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

### 1. Basis for preparation

These interim condensed consolidated 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. All of the above-mentioned items are measured at fair value.

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

These interim condensed consolidated financial statements have been prepared on a going-concern basis, assuming the Group will continue its business operations over a period not shorter than 12 months from 30 June 2017. Till the date of approving these interim condensed consolidated financial statements, we have not observed any circumstances that would threaten the Group companies' ability to continue as going concerns.

These interim condensed consolidated 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 consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows, as well as comparable data as at 31 December 2016 in the case of the consolidated statement of financial position. The consolidated income statement as well as notes to the consolidated 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 consolidated financial statements do not include all information and disclosures required for annual consolidated financial statements, and therefore they should be read together with the Group's audited consolidated financial statements for the year ended 31 December 2016, which were published on 16 March 2017.

### 2. Compliance statement

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

### 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 consolidated 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 Group management's best knowledge on the current activities and occurrences, the actual results may differ from those anticipated.

Presented below are the main areas which in the process of applying our accounting policies were subject not only to accounting estimates, but also to the management's professional judgement. Therefore, a change in estimates made for the following areas might have a significant impact on the Group's future results.

#### *i. Consolidation of entities in which the Group holds less than 50% of voting rights*

The Group's Management has not changed its judgement regarding the existence of control over entities in which the Parent Company holds less than 50% of shares in relation to such judgement that has been described in detail in the consolidated financial statements for the year ended 31 December 2016.

As at 30 June 2017, the Parent Company maintained control over Formula Systems (1985) Ltd. despite holding less than 50% in its share capital. The conclusion regarding the existence of control was based on the fact that Mr. Guy Bernstein, CEO of Formula Systems, granted an authorization for the exercise of voting rights with respect to all of his shares by Mr. Marek Panek, Member of the Management Board of Asseco Poland S.A., or another Member of the Management Board of Asseco Poland S.A. acting in his place. Such authorization was issued in 2015, and on 3 November 2016 it was extended for the next 12 months. Pursuant to this

authorization, when exercising voting rights attached to all shares held by Mr. Bernstein, Mr. Marek Panek is obligated to vote as recommended by the Management Board of Asseco Poland S.A.

Consequently, taking into account the principles of voting, despite the lack of an absolute majority of shares in Formula Systems (1985) Ltd. in the period of 6 months ended 30 June 2017, Asseco Poland S.A. retained an absolute majority of voting rights at the general meeting of shareholders of that company.

In the case of Sapiens International Corporation NV (hereinafter "Sapiens"), the conclusion regarding the existence of control in line with IFRS 10 in the period of 6 months ended 30 June 2017 was made considering the following factors:

#### 1. Governing bodies of Sapiens:

- decisions of the general meeting are taken by a simple majority of votes represented at the general meeting;
- the annual (ordinary) general meeting adopts resolutions to appoint individual directors, choose the company's financial auditors for the next year, as well as to approve the company's financial statements and the management's report on operations;
- in accordance with the company's articles of association, the board of directors of Sapiens is responsible for managing the company's current business operations and is authorized to take substantially all decisions which are not specifically reserved to shareholders by the articles of association, including decisions to pay out dividends;
- the company's board of directors is composed of 7 members, 5 of whom are independent directors. For the last 6 years, Formula Systems has consistently reappointed the same members of the board of directors. Likewise, the previous composition of the board of directors was re-elected during the general meeting that was held in May 2016, this is when Formula's equity interest in Sapiens was already below 50%.

#### 2. Shareholder structure of Sapiens:

- the company's shareholder structure is dispersed because, apart from Formula Systems, just one shareholder holds more

than 5% of voting rights at the general meeting (5.36% of votes);

- there is no evidence that any shareholders have or had any agreement for common voting at the general meeting;
- over the last four years (i.e. 2013-2016), the company's general meetings were attended by shareholders representing in aggregate between 70% and 77% of total voting rights. This means that the level of activity of the company's shareholders is relatively moderate or low. Bearing in mind that Formula presently holds approx. 48.7% of total voting rights, the attendance from shareholders would have to be higher than 97% in order to deprive Formula of an absolute majority of votes at the general meeting. The Management believes that achieving such high attendance seems unlikely.

In the case of Magic Software Enterprises Ltd (hereinafter "Magic", a subsidiary of Formula Systems (1985) Ltd), the conclusion regarding the existence of control in line with IFRS 10 was made considering the following factors:

#### 1. Governing bodies of Magic:

- decisions of the general meeting are taken by a simple majority of votes represented at the general meeting;
- the annual (ordinary) general meeting adopts resolutions to appoint individual directors, choose the company's financial auditors for the next year, as well as to approve the company's financial statements and the management's report on operations;
- in accordance with the company's articles of association, the board of directors of Magic is responsible for managing the company's current business operations and is authorized to take substantially all decisions which are not specifically reserved to shareholders by the articles of association, including decisions to pay out dividends;
- the company's board of directors is composed of 5 members, 3 of whom are independent directors. In recent years, Formula Systems has consistently reappointed the same members of the board of directors.

2. Shareholder structure of Magic:

- the Magic's shareholder structure may be considered as dispersed because, apart from Formula, just one shareholder holds approx. 5% of voting rights, and the next major shareholder holds approx. 4.7% of voting rights;
- there is no evidence that any shareholders have or had any agreement for common voting at the general meeting;
- over the last three years (i.e. 2014-2016), the company's general meetings were attended by shareholders representing in aggregate not more than 70% of total voting rights. This means that the level of activity of the company's shareholders is relatively moderate or low. Bearing in mind that Formula presently holds approx. 47.17% of total voting rights, the attendance from shareholders would have to be higher than 94% in order to deprive Formula of an absolute majority of votes at the general meeting. The Management believes that achieving such high attendance seems unlikely.

With regard to the above, the Group has determined that Formula Systems, despite the lack of an absolute majority of shares in Magic, is still able to influence the appointment of directors at Magic, and therefore may affect the directions of development as well as current business operations of that company.

In the case of Matrix IT Ltd. (hereinafter "Matrix IT"), in which the Group held 49.5% of total voting rights as at 30 June 2017, the conclusion regarding the existence of control in line with IFRS 10 was made considering the following factors:

1. Governing bodies of Matrix IT:

- decisions of the general meeting are taken by a simple majority of votes represented at the general meeting;
- the annual (ordinary) general meeting adopts resolutions to appoint individual directors, choose the company's financial auditors for the next year, as well as to approve the company's financial statements and the management's report on operations;
- in accordance with the company's articles of association, the board of directors of Matrix IT is responsible for managing the company's current business operations and is authorized to take substantially all decisions

which are not specifically reserved to shareholders by the articles of association, including the decision to pay out dividends;

- the company's board of directors is composed of 6 members, 3 of whom are independent directors. In recent years, Formula Systems has consistently reappointed the same members of the board of directors.

2. Shareholder structure of Matrix IT:

- the shareholder structure of Matrix IT may be considered as dispersed because, apart from Formula, just one shareholder holds more than 5% of voting rights (11.02%);
- there is no evidence that any shareholders have or had any agreement for common voting at the general meeting;
- over the last three years (i.e. 2014-2016), the company's general meetings were attended by shareholders representing in aggregate between 75% and 82% of total voting rights. This means that the level of activity of the company's shareholders is relatively moderate. Bearing in mind that Formula presently holds approx. 49.5% of total voting rights, the attendance from shareholders would have to be higher than 99% in order to deprive Formula of an absolute majority of votes at the general meeting. The Management believes that achieving such high attendance seems unlikely.

With regard to the above, the Group has determined that Formula Systems, despite the lack of an absolute majority of shares in Matrix IT, is still able to influence the appointment of directors at Matrix IT, and therefore may affect the directions of development as well as current business operations of that company.

In the case of Asseco Business Solutions S.A., the conclusion regarding the existence of control in line with IFRS 10 in the period of 6 months ended 30 June 2017 was made considering the following factors:

- decisions of the general meeting are taken by a simple majority of votes represented at the general meeting;
- the company's shareholder structure is dispersed because, apart from Asseco Enterprise Solutions, a.s. (a subsidiary of Asseco Poland), just two shareholders hold

more than 5% of voting rights at the general meeting;

- there is no evidence that any shareholders have or had any agreement for common voting at the general meeting;
- over the last five years (i.e. 2013-2017), the company's general meetings were attended by shareholders representing in aggregate between 64% and 76% of total voting rights. This means that the level of activity of the company's shareholders is relatively moderate or low. Bearing in mind that Asseco Enterprise Solutions, a.s. presently holds approx. 46.47% of total voting rights, the attendance from shareholders would have to reach nearly 93% in order to deprive Asseco Enterprise Solutions, a.s. of an absolute majority of votes at the general meeting. The Management believes that achieving such high attendance seems unlikely.

With regard to the above, despite the lack of an absolute majority of shares in Asseco Business Solutions, Asseco Group is still able to influence the directions of development as well as current business operations of that company.

Moreover, the Group has analyzed its relationships with entities related through the key management personnel and concluded that, in accordance with IFRS 10, it maintains control over Asseco Resovia S.A. and Gdynski Klub Koszykówki Arka S.A. Such decision resulted from the following factors:

- the management boards and supervisory boards of both those companies are mostly composed of the key management personnel of Asseco Poland S.A.;
- both those companies are to a large extent dependent on financing obtained from Asseco Poland S.A.

Hence, in these interim condensed consolidated financial statements, the financial data of Formula Systems, Sapiens, Magic, Matrix IT, Asseco Business Solutions, Asseco Resovia, and Arka Gdynia have been accounted for using the acquisition method.

## 5. Accounting policies applied

The significant accounting policies adopted by the Parent Company have been described in its consolidated 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 Group's annual consolidated financial statements for the year ended 31 December 2016, with the exception of standards or amendments to standards that came into force after 1 January 2017.

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

## 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 Group 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 regulations 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 Group 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 companies of Asseco Group, no major changes are expected. IFRS 9 also incorporates a new impairment model based on expected rather than incurred credit losses. For Asseco Group, 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 Group companies will need to conduct a more detailed analysis, considering all reasonable and supportable information including elements of forecasting.

The Parent Company's Management estimates that the application of this standard will not have a significant impact on the consolidated 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 Group in relation to its business operations or financial results. A detailed analysis will be carried out in the years 2017-2018.

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



## 7. Changes in the presentation methods applied

In the reporting period, the applied methods of presentation were not subject to any change.

## 8. Corrections of material errors

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

## 9. Changes in comparable data

The comparable data presented in these interim condensed consolidated financial statements have been subject to the following restatements:

### *a. Changes resulting from the completion of purchase price allocation*

In the first half of 2017, the Group completed the allocation of the purchase price of Programa Logistics Systems Ltd. (a subsidiary of Matrix IT), Roshtov Software Industries Ltd. and Twingo Ltd. (subsidiaries of Magic), as well as 4Sight Business Intelligence Inc. (a subsidiary of Sapiens); whereas in 2016, the Group completed the purchase price allocation of Exictos SGPS S.A., InterWay, a.s., and exe, a.s.

This process resulted in changing the values of some assets and liabilities disclosed as at 30 June 2016, as well as some items disclosed in the income statement for the first half of 2016, which necessitated a restatement of comparable data. The detailed information on the acquired assets and liabilities has been presented in explanatory note 7 to these interim condensed consolidated financial statements, as well as in explanatory note 11 to the consolidated financial statements for the year ended 31 December 2016.

The impact of the above-mentioned changes on comparable data has been presented in the tables on the next page.

### *b. Changes resulting from changes in subsidiaries*

The comparable data presented in these interim condensed consolidated financial statements of Asseco Group have been revised due to the fact that Matrix IT, a subsidiary of Formula Systems Group, made a retrospective adjustment to its financial data relating to the valuation of put options granted to non-controlling shareholders in its subsidiary called Matrix BI. This resulted in an adjustment to the valuation of liabilities under put options by a total amount of PLN 18.9 million, as well as adjustments to equity attributable to Shareholders of the Parent Company by PLN -3.7 million, and equity attributable to non-controlling interests by PLN -15.2 million, all as at 30 June 2016.

The effects of comparable data adjustments are presented in the tables on the next page.

The following tables present the restated statement of financial position as at 30 June 2016:

| Restatement of comparable data as at 30 June 2016 | 30 June 2016    | Completion of purchase price allocation | Changes in subsidiaries | 30 June 2016 (restated) |
|---|-----------------|---|-------------------------|-------------------------|
|   | mPLN            | mPLN                                    | mPLN                    | mPLN                    |
| <b>Non-current assets</b>                         | <b>7,968.0</b>  | <b>2.4</b>                              | -                       | <b>7,970.4</b>          |
| Property, plant and equipment                     | 777.4           | -                                       | -                       | 777.4                   |
| Intangible assets                                 | 989.1           | 11.9                                    | -                       | 1,001.0                 |
| Investment property                               | 24.5            | -                                       | -                       | 24.5                    |
| Goodwill  | 5,688.1         | (9.5)                                   | -                       | 5,678.6                 |
| Investments in associates                         | 114.0           | -                                       | -                       | 114.0                   |
| Long-term receivables                             | 67.2            | -                                       | -                       | 67.2                    |
| Deferred tax assets                               | 99.1            | -                                       | -                       | 99.1                    |
| Financial assets                                  | 172.8           | -                                       | -                       | 172.8                   |
| Prepayments and accrued income                    | 35.8            | -                                       | -                       | 35.8                    |
| <b>Current assets</b>                             | <b>3,953.2</b>  | -                                       | -                       | <b>3,953.2</b>          |
| <b>TOTAL ASSETS</b>                               | <b>11,921.2</b> | <b>2.4</b>                              | -                       | <b>11,923.6</b>         |

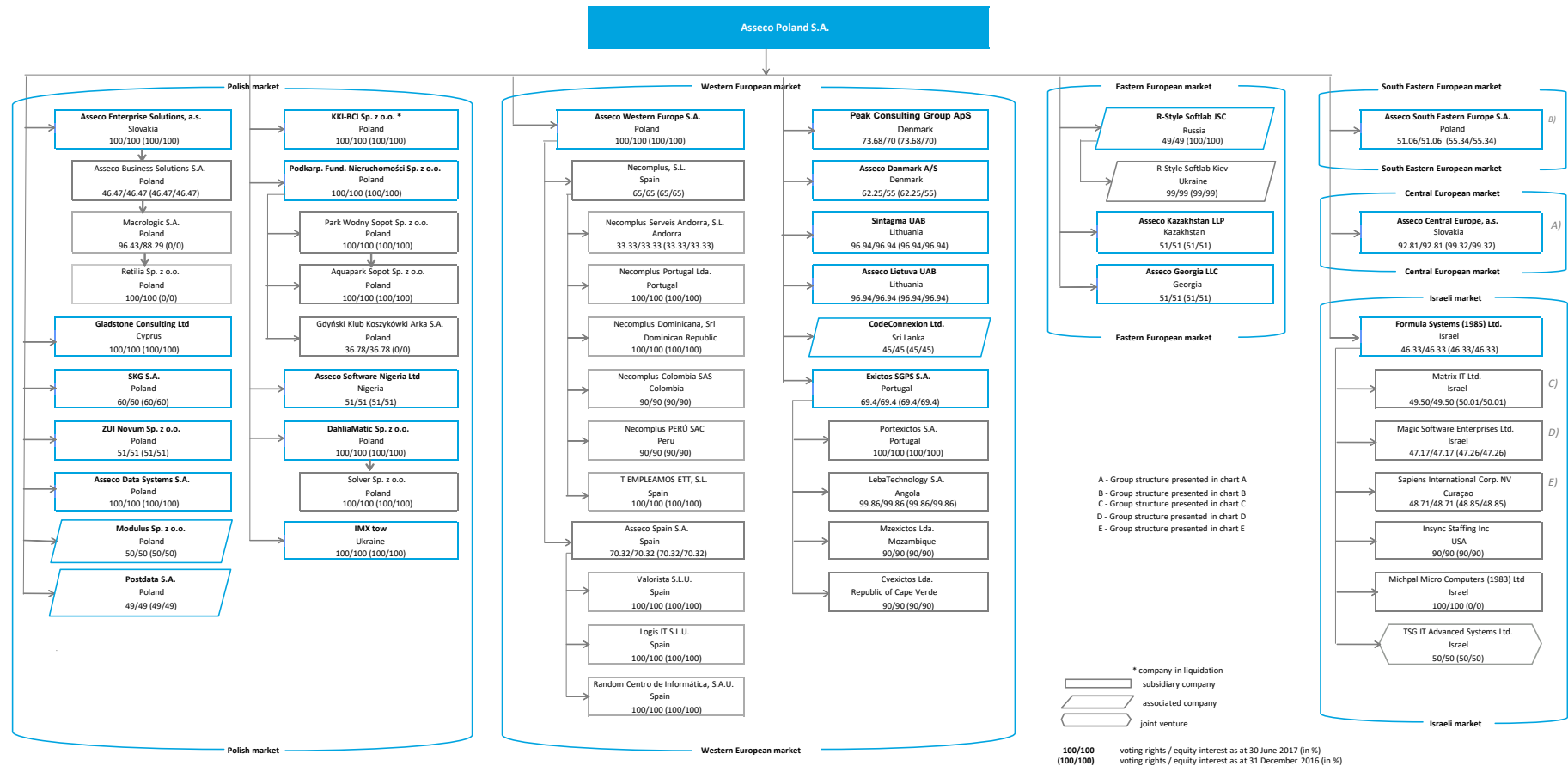
| Restatement of comparable data as at 30 June 2016           | 30 June 2016    | Completion of purchase price allocation | Changes in subsidiaries | 30 June 2016 (restated) |
|---|-----------------|---|-------------------------|-------------------------|
|   | mPLN            | mPLN                                    | mPLN                    | mPLN                    |
| <b>Total equity</b>   | <b>8,366.5</b>  | <b>2.2</b>                              | <b>(18.9)</b>           | <b>8,349.8</b>          |
| Equity (attributable to shareholders of the Parent Company) | 5,315.8         | 1.6                                     | (3.7)                   | 5,313.7                 |
| Non-controlling interests                                   | 3,050.7         | 0.6                                     | (15.2)                  | 3,036.1                 |
| <b>Non-current liabilities</b>                              | <b>1,213.5</b>  | <b>0.2</b>                              | <b>18.9</b>             | <b>1,232.6</b>          |
| Interest-bearing bank loans, borrowings and debt securities | 656.1           | -                                       | -                       | 656.1                   |
| Long-term finance lease liabilities                         | 85.4            | -                                       | -                       | 85.4                    |
| Long-term financial liabilities                             | 182.4           | (2.0)                                   | 18.9                    | 199.3                   |
| Deferred tax liabilities                                    | 156.6           | 2.2                                     | -                       | 158.8                   |
| Long-term provisions  | 61.3            | -                                       | -                       | 61.3                    |
| Long-term deferred income                                   | 54.0            | -                                       | -                       | 54.0                    |
| Other long-term liabilities                                 | 17.7            | -                                       | -                       | 17.7                    |
| <b>Current liabilities</b>                                  | <b>2,341.2</b>  | -                                       | -                       | <b>2,341.2</b>          |
| <b>TOTAL LIABILITIES</b>                                    | <b>3,554.7</b>  | <b>0.2</b>                              | <b>18.9</b>             | <b>3,573.8</b>          |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <b>11,921.2</b> | <b>2.4</b>                              | -                       | <b>11,923.6</b>         |

The following table presents the restated income statement for the period of 6 months ended 30 June 2016:

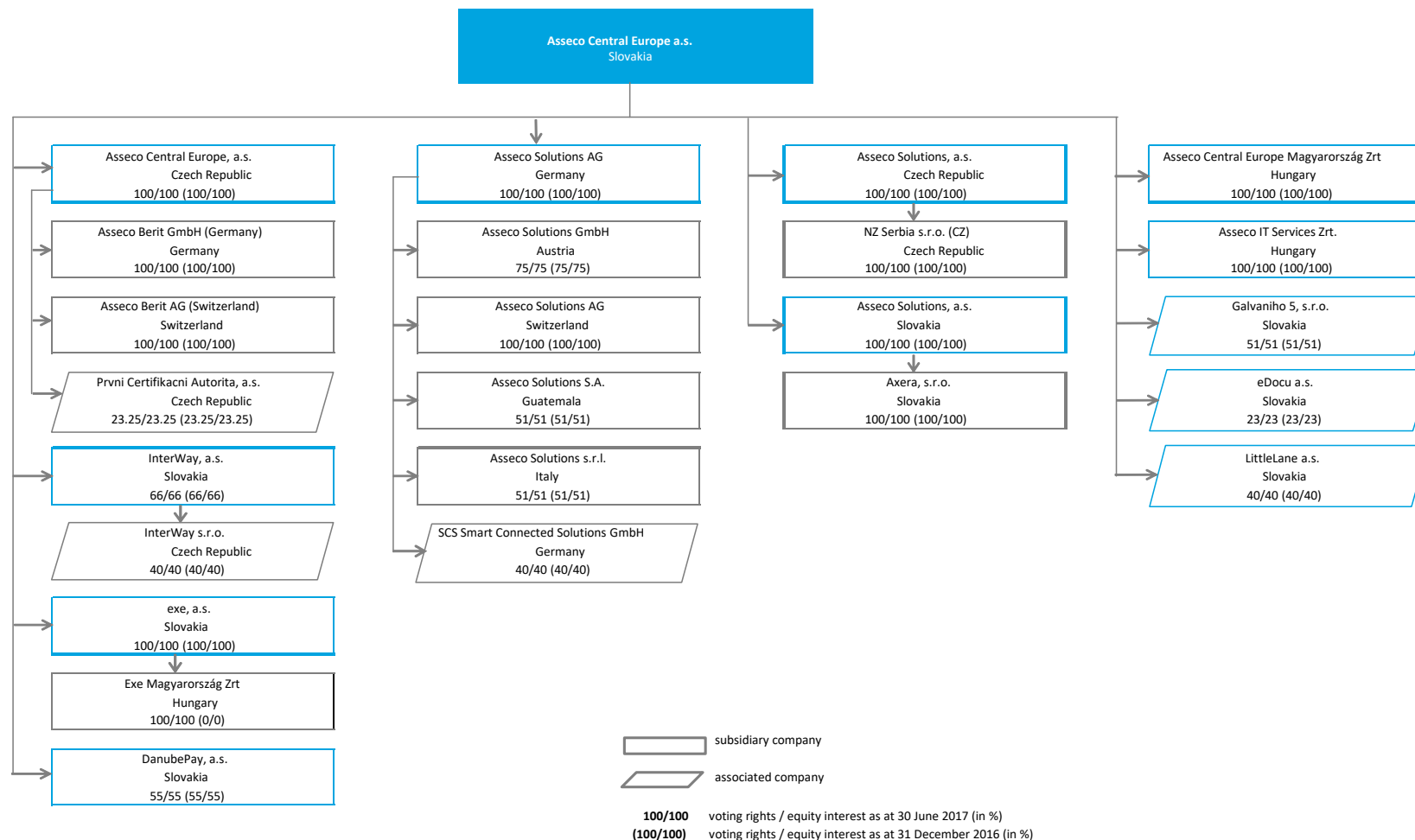
| Restatement of comparable data for the consolidated statement of income     | for the period of | Completion of  | Changes in   | for the period of  |
|---|-------------------|----------------|--------------|--------------------|
|   | 6 months ended    | purchase price | subsidiaries | 6 months ended     |
|   | 30 June 2016      | allocation     |              | 30 June 2016       |
|   | mPLN              | mPLN           | mPLN         | (restated)<br>mPLN |
| Sales revenues  | 3,770.6           | -              | -            | 3,770.6            |
| Cost of sales   | (2,882.9)         | (0.7)          | -            | (2,883.6)          |
| <b>Gross profit on sales</b>  | <b>887.7</b>      | <b>(0.7)</b>   | -            | <b>887.0</b>       |
| Selling costs   | (231.2)           | -              | -            | (231.2)            |
| General and administrative expenses   | (294.4)           | -              | -            | (294.4)            |
| <b>Net profit on sales</b>  | <b>362.1</b>      | <b>(0.7)</b>   | -            | <b>361.4</b>       |
| Other operating income  | 25.1              | -              | -            | 25.1               |
| Other operating expenses  | (24.8)            | -              | -            | (24.8)             |
| <b>Operating profit</b>   | <b>362.4</b>      | <b>(0.7)</b>   | -            | <b>361.7</b>       |
| Financial income  | 14.9              | -              | -            | 14.9               |
| Financial expenses  | (39.5)            | -              | (0.9)        | (40.4)             |
| <b>Pre-tax profit and share of profits of associates and joint ventures</b> | <b>337.8</b>      | <b>(0.7)</b>   | <b>(0.9)</b> | <b>336.2</b>       |
| Corporate income tax  | (88.2)            | 0.1            | -            | (88.1)             |
| Share of profits of associates and joint ventures                           | 1.5               | -              | -            | 1.5                |
| <b>Net profit for the reporting period</b>                                  | <b>251.1</b>      | <b>(0.6)</b>   | <b>(0.9)</b> | <b>249.6</b>       |
| <i>of which attributable to:</i>  |                   |                |              |                    |
| <b>Shareholders of the Parent Company</b>                                   | <b>142.9</b>      | <b>(0.5)</b>   | -            | <b>142.4</b>       |
| <b>Non-controlling interests</b>  | <b>108.2</b>      | <b>(0.1)</b>   | <b>(0.9)</b> | <b>107.2</b>       |

III. ORGANIZATION AND CHANGES IN THE STRUCTURE OF ASSECO GROUP, INCLUDING THE ENTITIES SUBJECT TO CONSOLIDATION

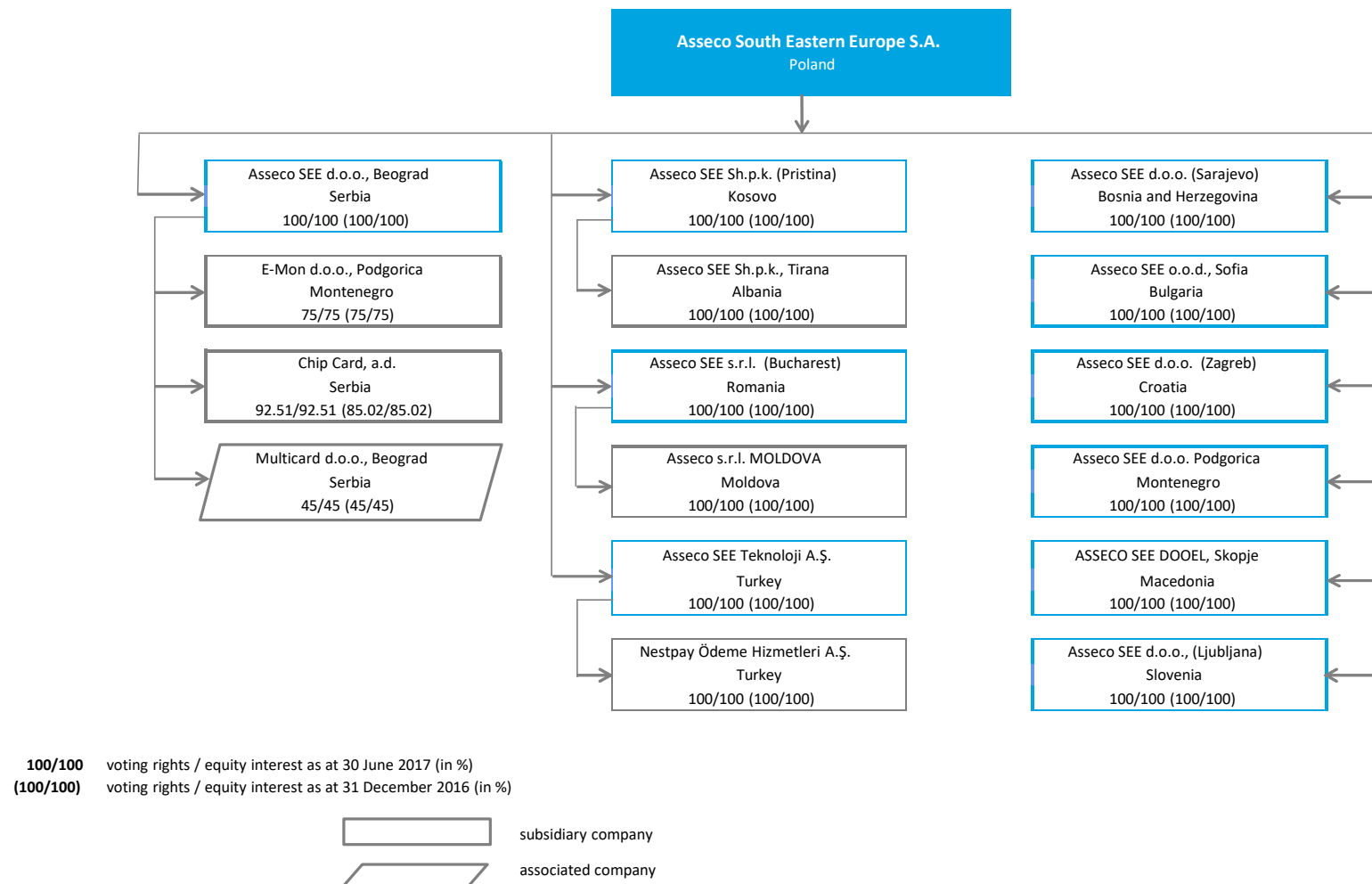
The chart below presents the organizational structure of Asseco Group as at 30 June 2017 and in the comparable period:



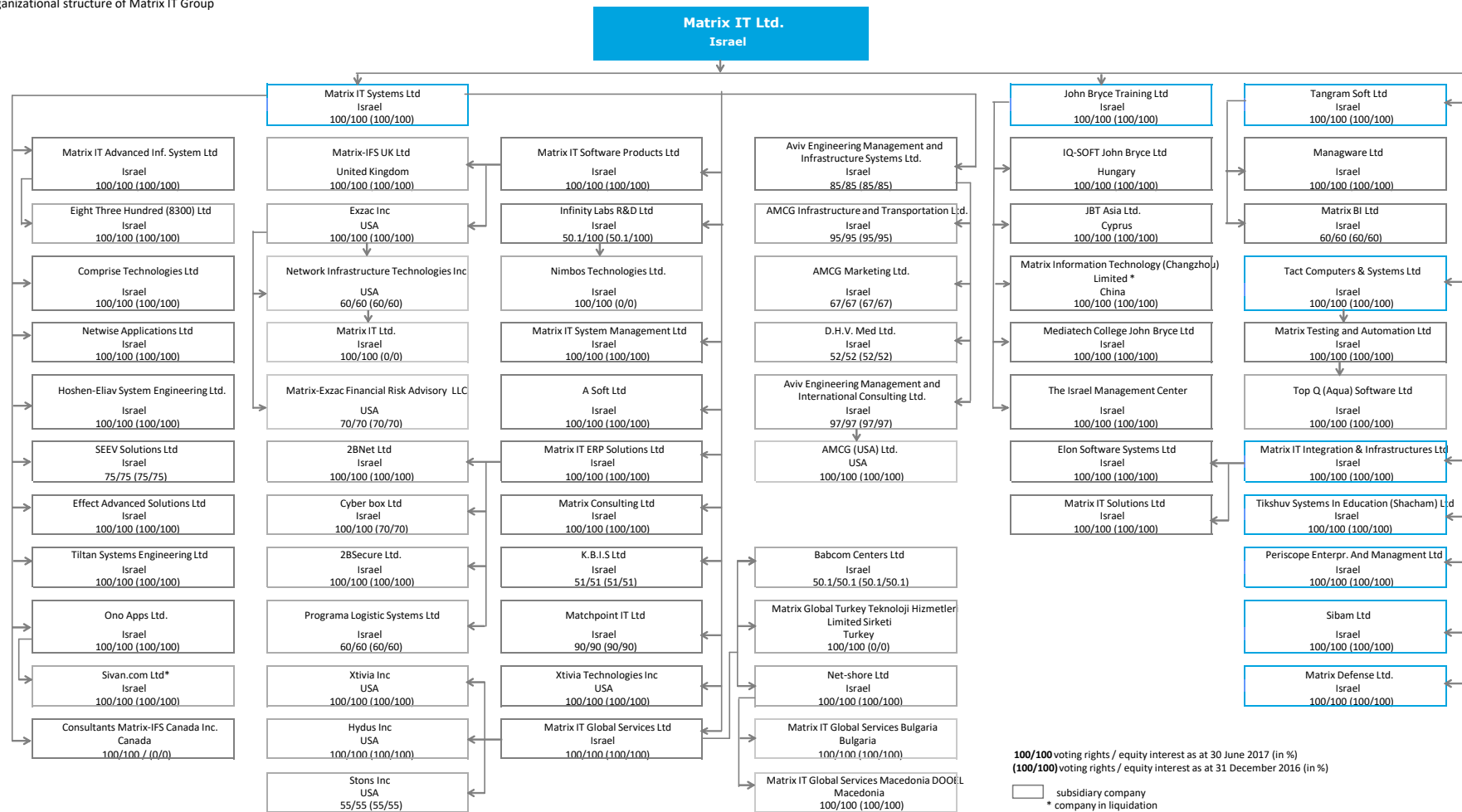
A. Organizational structure of Asseco Central Europe Group



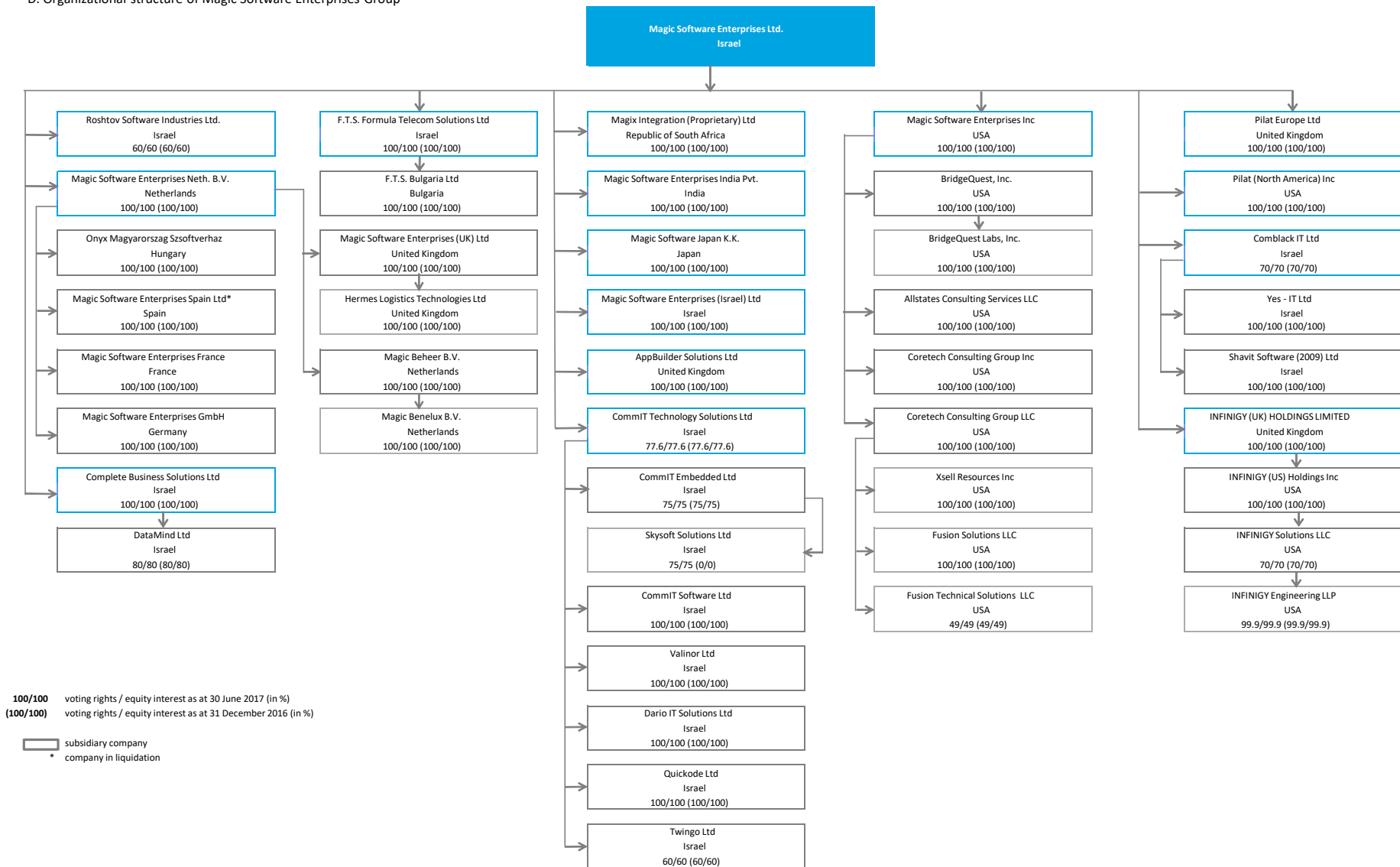
B. Organizational structure of Asseco South Eastern Europe Group



C. Organizational structure of Matrix IT Group



D. Organizational structure of Magic Software Enterprises Group

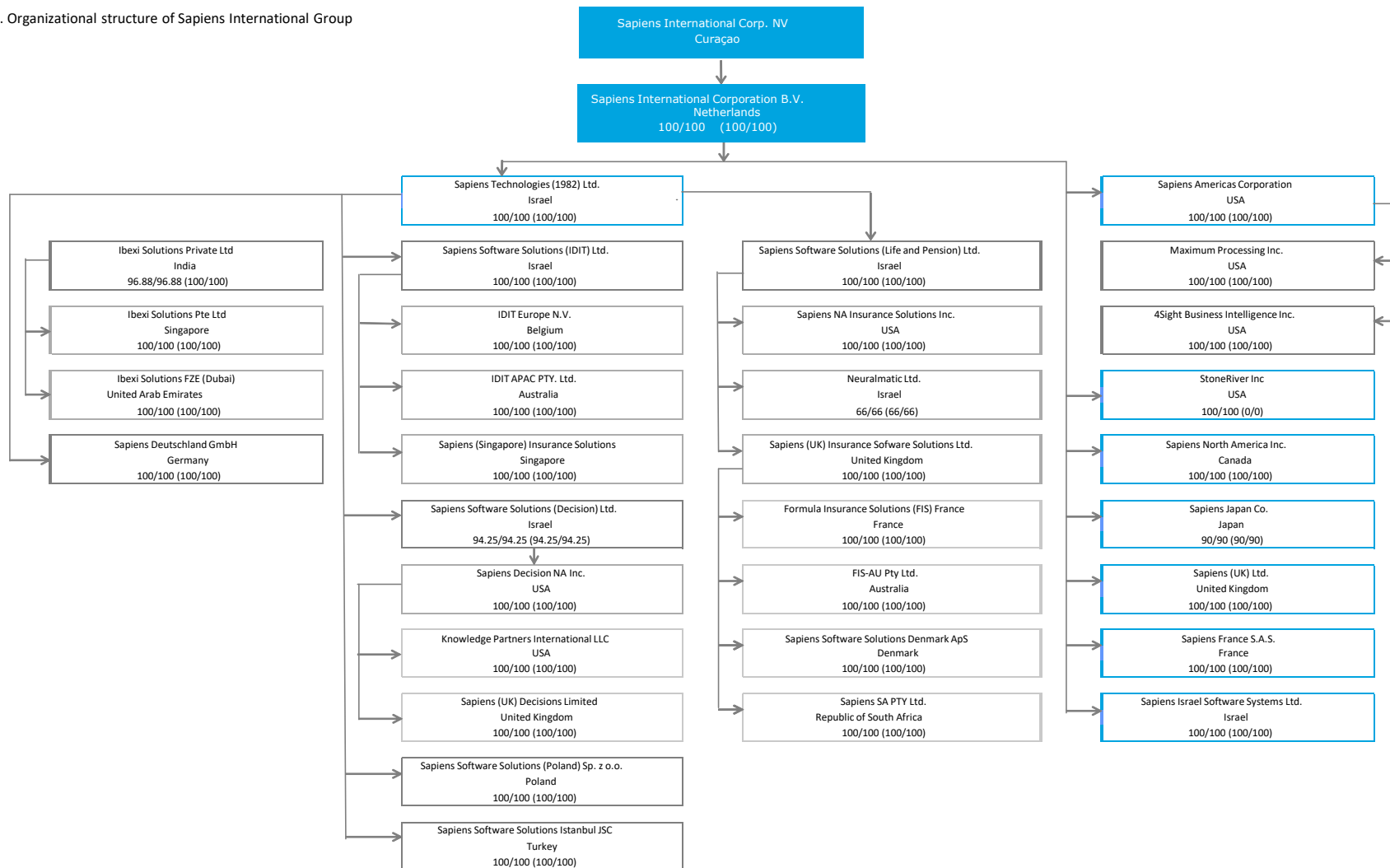


**100/100** voting rights / equity interest as at 30 June 2017 (in %)  
**(100/100)** voting rights / equity interest as at 31 December 2016 (in %)

□ subsidiary company  
 \* company in liquidation



E. Organizational structure of Sapiens International Group



**100/100** voting rights / equity interest as at 30 June 2017 (in %)  
**(100/100)** voting rights / equity interest as at 31 December 2016 (in %)

subsidiary company

During the period of 6 months ended 30 June 2017, the Group's composition changed as follows:

### **Asseco Poland**

#### **☐ Merger of Asseco Data Systems S.A. with CTPartners S.A. and Sigilogic Sp. z o.o.**

On 2 January 2017, the merger of Asseco Data Systems S.A. with the companies CTPartners S.A. and Sigilogic Sp. z o.o. was entered in the National Court Register by the District Court in Gdańsk. This transaction had no impact on the consolidated financial statements of Asseco Group.

#### **☐ 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.

As a result of this sale transaction, the Group recognized an amount of PLN 0.1 million in its consolidated income.

#### **☐ 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.

This transaction had no impact of the Group's financial results, however it caused an increase in the Group's equity by PLN 1.1 million that was recognized under "Transactions with non-controlling interests".

#### **☐ 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.

This transaction had no impact of the Group's financial results, however it caused a decrease in the Group's equity by PLN -6.6 million that was recognized under "Transactions with non-controlling interests".

#### **☐ Acquisition of Macrologic S.A. by Asseco Business Solutions S.A.**

Transactions concluded under the tender offer for shares of Macrologic S.A. that was announced by Asseco Business Solutions S.A. on 11 April 2017, were cleared on 14 June 2017. Following the tender offer settlement, Asseco Business Solutions holds 1,667,603 shares in Macrologic S.A., representing 88.29% of the share capital and voting rights at the general meeting of Macrologic S.A. Moreover, Macrologic S.A. holds 159,436 of treasury shares, representing approx. 8.44% of its share capital and voting rights at its general meeting. The purchase price under the tender offer equalled PLN 59 per share. The total value of transaction amounted to PLN 98.4 million.

The details concerning this acquisition are presented in explanatory note 7 to these interim condensed consolidated financial statements.

**▣ Acquisition of Gdynski Klub Koszykówki Arka S.A. by Podkarpacki Fundusz Nieruchomości Sp. z o.o.**

On 12 May 2017, Podkarpacki Fundusz Nieruchomości Sp. z o.o. purchased a stake of 36.78% shares in Gdynski Klub Koszykówki Arka S.A.

**Asseco Central Europe**

**▣ Establishing of Exe Magyarország Zrt.**

On 18 January 2017, we registered a new company called Exe Magyarország Zrt. 100% of shares in the newly founded company were acquired by exe, a.s.

**▣ Merger of Asseco Solutions AG Germany with Mjthos GmbH**

On 1 April 2017, the company Mjthos GmbH was merged with Asseco Solutions AG Germany. This transaction had no impact on the consolidated financial statements of Asseco Group.

**Asseco South Eastern Europe**

**▣ Merger of ASEE Serbia with EMS d o.o.**

The merger of ASEE Serbia with EMS d o.o. Serbia was registered on 20 January 2017. This merger had no impact on the consolidated financial statements of ASEE Group.

**▣ Acquisition of shares in Chip Card a.d.**

On 26 May 2017, ASEE Serbia purchased an additional 7.49% stake in Chip Card. At present, ASEE Serbia holds 92.51% of shares in the acquired company. The transaction value amounted to EUR 163 thousand.

**Formula Systems 1985 Ltd. (hereinafter "Formula")**

**▣ Acquisition of Michpal Micro Computers (1983) Ltd. by Formula Systems (1985)**

On 3 January 2017, Formula Systems (1985) Ltd. effectively acquired Michpal Micro Computers (1983) Ltd., a company specialized in the production of payroll management software on the Israeli market. The transaction price amounted to approx. USD 22.1 million. The acquired company has a strong market position and a stable customer base of approx. 8,000 entities. The company employs 42 people. The details concerning this acquisition are presented in explanatory note 7 to these interim condensed consolidated financial statements.

**Matrix IT Ltd.**

**▣ Establishing of Nimbos Technologies Ltd.**

On 20 February 2017, we registered a new company called Nimbos Technologies Ltd., based in Israel. 100% of shares in the newly founded company were acquired by Infinity Labs R&D Ltd.

**▣ Transferring of shares in Cyber box Ltd**

On 1 June 2017, 30% of shares in the company Cyber box Ltd were transferred to Matrix IT ERP Solutions Ltd. As a result of this transaction, Matrix IT ERP Solutions Ltd holds 100% of shares in Cyber box Ltd.

**Magic Software Enterprises Ltd.**

**▣ Acquisition of Skysoft Solutions Ltd.**

On 15 February 2017, CommIT Embedded Ltd. entered into an agreement to acquire Skysoft Solutions Ltd., based in Israel. Skysoft Solutions is a provider of application development, business analysis and education services.

**Sapiens International Corporation**

**▣ Acquisition of StoneRiver Inc.**

On 28 February 2017, Sapiens International Corporation entered into a definitive agreement to acquire StoneRiver Inc. based in the United States, for USD 101.7 million. StoneRiver delivers a wide range of solutions and services for the insurance industry in North America, for all major business lines across property, casualty and life insurance. StoneRiver's rich set of solutions complements Sapiens' existing offerings, and will allow Sapiens to accelerate its growth in the U.S. market and globally. StoneRiver currently services more than 200 U.S. insurance customers, and has a team of approx. 500 insurance professionals.

The details concerning this acquisition are presented in explanatory note 7 to these interim condensed consolidated financial statements.

**▣ Acquisition of Sapiens Deutschland GmbH from Sapiens International Corporation B.V.**

On 1 April 2017, Sapiens Technologies (1982) Ltd. purchased the company of Sapiens Deutschland GmbH from Sapiens International Corporation B.V.

#### IV. INFORMATION ON OPERATING SEGMENTS

According to IFRS 8, an operating segment is a separable component of the Group'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.

Asseco Group has identified the following reportable segments (a reportable segment is an operating segment that is required for disclosure under IFRS 8):

**Polish market** – this segment groups our companies which generate revenues mostly in the domestic market. Performance of this segment is analyzed on a regular basis by the Parent Company's Management Board acting as the chief operating decision maker. This segment comprises, among others, the following companies: Asseco Poland, Asseco Business Solutions, Asseco Data Systems, DahliaMatic, Macrologic, Asseco Enterprise Solutions, SKG, ZUI Novum, Asseco Software Nigeria, and Gladstone Consulting. The above-mentioned companies offer comprehensive IT services intended for a broad range of clients operating in the sectors of financial institutions, public institutions and general business.

**South Eastern European market** – this segment groups our companies which generate revenues mostly in the markets of Serbia, Romania, Croatia, Macedonia, and Turkey. Performance of these companies is assessed on a periodic basis by the Management Board of Asseco South Eastern Europe. This segment is identical with the composition of Asseco South Eastern Europe Group. The segment's performance as a whole is subject to regular verification by the Management Board of Asseco Poland. The aforementioned companies offer comprehensive IT services intended for a broad range of clients operating primarily in the sector of financial institutions.

**Central European market** – this segment groups our companies which generate revenues mostly in the markets of Slovakia, Czech Republic, Hungary, and Germany. Performance of these companies is assessed on a periodic basis by the Management Board of Asseco Central Europe. This segment is identical with the composition of Asseco Central Europe Group. The segment's performance as a whole is subject to regular verification by the Management Board of Asseco Poland. The above-mentioned companies offer comprehensive IT services intended for a broad range of clients

operating in the sectors of financial institutions, public administration and general business.

**Israeli market** – this segment includes our companies which generate revenues mostly in North America, Japan, and Europe, Middle East, and Africa (EMEA region). Performance of these companies is assessed on a periodic basis by the Management Board of Formula Systems; hence, the segment's composition corresponds to the structure of Formula Systems Group. The segment's performance as a whole is subject to regular verification by the Management Board of Asseco Poland.

**Western European market** – this segment includes our companies which generate revenues mostly in the countries of Western Europe, including Spain, Portugal, and Denmark. The segment's performance as a whole is subject to regular verification by the Management Board of Asseco Poland. This segment is comprised of the following companies: Asseco Spain Group, Necomplus Group, Exictos Group, Asseco Danmark, Peak Consulting, Sintagma, and Asseco Lietuva.

**Eastern European market** – this segment gathers our companies which generate revenues mostly in the countries of Eastern Europe. The segment's performance as a whole is subject to regular verification by the Management Board of Asseco Poland. This segment is comprised of the following companies: R-Style Softlab (being consolidated under the equity method since 1 March 2017), Asseco Georgia, and Asseco Kazakhstan.

Revenues from none of our clients exceeded 10% of total sales generated by the Group in the period of 6 months ended 30 June 2017.

| 6 months ended 30 June 2017   | Polish market  | Central European market | South Eastern European market | Israeli market | Western European market | Eastern European market | Eliminations | Total          |
|---|----------------|-------------------------|-------------------------------|----------------|-------------------------|-------------------------|--------------|----------------|
|   | mPLN           | mPLN                    | mPLN                          | mPLN           | mPLN                    | mPLN                    | mPLN         | mPLN           |
| <b>Sales to external customers</b>  | <b>711.7</b>   | <b>371.6</b>            | <b>282.5</b>                  | <b>2,494.6</b> | <b>294.0</b>            | <b>7.6</b>              | -            | <b>4,162.0</b> |
| Inter-segment sales   | 3.2            | 0.8                     | 0.3                           | 17.4           | 2.0                     | 0.1                     | (23.8)       | -              |
| <b>Operating profit/(loss) of operating segment</b>                       | <b>98.6</b>    | <b>30.8</b>             | <b>30.7</b>                   | <b>127.6</b>   | <b>25.6</b>             | <b>(3.3)</b>            | <b>(0.8)</b> | <b>309.2</b>   |
| Interest income <sup>1</sup>  | 3.2            | 0.8                     | 0.9                           | 2.3            | 1.9                     | 0.1                     | -            | <b>9.2</b>     |
| Interest expenses <sup>2</sup>  | (4.7)          | (0.1)                   | (0.4)                         | (18.2)         | (0.2)                   | -                       | -            | <b>(23.6)</b>  |
| <b>Corporate income tax</b>   | <b>(12.0)</b>  | <b>(8.2)</b>            | <b>(5.8)</b>                  | <b>(30.5)</b>  | <b>(5.5)</b>            | <b>0.6</b>              | -            | <b>(61.4)</b>  |
| Non-cash items:   |                |                         |                               |                |                         |                         |              |                |
| Depreciation and amortization   | (44.8)         | (9.6)                   | (19.2)                        | (79.3)         | (7.1)                   | (1.1)                   | 1.7          | <b>(159.4)</b> |
| Impairment write-downs on segment assets:                                 | 0.7            | 1.3                     | (1.1)                         | (2.6)          | 0.7                     | -                       | -            | <b>(1.0)</b>   |
| <i>net write-down on operating assets</i>                                 | <i>0.7</i>     | <i>1.3</i>              | <i>(1.1)</i>                  | <i>(2.6)</i>   | <i>0.7</i>              | -                       | -            | <b>(1.0)</b>   |
| Share of profits of associates and joint ventures                         | (1.3)          | 0.4                     | -                             | 1.6            | -                       | (1.4)                   | -            | <b>(0.7)</b>   |
| <b>Net profit/loss attributable to shareholders of the Parent Company</b> | <b>66.2</b>    | <b>28.2</b>             | <b>14.1</b>                   | <b>(0.1)</b>   | <b>8.9</b>              | <b>(3.6)</b>            | <b>(0.4)</b> | <b>113.3</b>   |
| <b>Cash provided by (used in) operating activities <sup>3</sup></b>       | <b>64.2</b>    | <b>7.4</b>              | <b>26.7</b>                   | <b>214.1</b>   | <b>28.6</b>             | <b>(2.8)</b>            | <b>0.7</b>   | <b>338.9</b>   |
| <b>Goodwill</b>   | <b>2,581.9</b> | <b>428.2</b>            | <b>511.4</b>                  | <b>2,499.5</b> | <b>144.4</b>            | <b>3.3</b>              | -            | <b>6,168.7</b> |

<sup>1</sup> Interest income on loans granted, debt securities, finance leases, trade receivables, and bank deposits

<sup>2</sup> Interest expense on bank loans, borrowings, debt securities, finance leases, and trade payables

<sup>3</sup> Cash generated from operating activities before income tax paid

| 6 months ended 30 June 2016<br>(restated)                                 | Polish market<br>mPLN | Central European<br>market<br>mPLN | South Eastern<br>European market<br>mPLN | Israeli market<br>mPLN | Western European<br>market<br>mPLN | Eastern European<br>market<br>mPLN | Eliminations<br>mPLN | Total<br>mPLN  |
|---|-----------------------|------------------------------------|--|------------------------|------------------------------------|------------------------------------|----------------------|----------------|
| <b>Sales to external customers</b>  | <b>829.9</b>          | <b>329.7</b>                       | <b>259.7</b>                             | <b>2,026.8</b>         | <b>290.2</b>                       | <b>34.3</b>                        | -                    | <b>3,770.6</b> |
| Inter-segment sales   | 5.4                   | 0.4                                | 0.3                                      | 26.6                   | 0.1                                | -                                  | (32.8)               | -              |
| <b>Operating profit/(loss) of operating segment</b>                       | <b>131.2</b>          | <b>26.8</b>                        | <b>23.7</b>                              | <b>159.5</b>           | <b>21.9</b>                        | <b>(0.4)</b>                       | <b>(1.0)</b>         | <b>361.7</b>   |
| Interest income <sup>1</sup>  | 1.6                   | 0.5                                | 0.6                                      | 3.7                    | 2.2                                | 0.4                                | (0.1)                | <b>8.9</b>     |
| Interest expenses <sup>2</sup>  | (6.0)                 | (0.1)                              | (0.6)                                    | (16.3)                 | (0.8)                              | -                                  | 0.1                  | <b>(23.7)</b>  |
| <b>Corporate income tax</b>   | <b>(29.3)</b>         | <b>(7.6)</b>                       | <b>(3.6)</b>                             | <b>(42.2)</b>          | <b>(5.7)</b>                       | <b>0.2</b>                         | <b>0.1</b>           | <b>(88.1)</b>  |
| Non-cash items:   |                       |                                    |  |                        |                                    |                                    |                      |                |
| Depreciation and amortization   | (45.6)                | (8.9)                              | (17.8)                                   | (62.5)                 | (8.0)                              | (2.9)                              | 1.7                  | <b>(144.0)</b> |
| Impairment write-downs on segment assets:                                 | 4.9                   | (0.8)                              | (0.9)                                    | 4.7                    | (3.8)                              | -                                  | -                    | <b>4.1</b>     |
| <i>net write-down on operating assets</i>                                 | 4.9                   | (0.8)                              | (0.9)                                    | 4.7                    | (3.8)                              | -                                  | -                    | <b>4.1</b>     |
| Share of profits of associates and joint ventures                         | 0.4                   | -                                  | 0.3                                      | 0.8                    | -                                  | -                                  | -                    | <b>1.5</b>     |
| <b>Net profit/loss attributable to shareholders of the Parent Company</b> | <b>83.4</b>           | <b>19.3</b>                        | <b>10.4</b>                              | <b>16.4</b>            | <b>13.6</b>                        | <b>0.4</b>                         | <b>(1.1)</b>         | <b>142.4</b>   |
| <b>Cash provided by (used in) operating activities <sup>3</sup></b>       | <b>64.1</b>           | <b>4.6</b>                         | <b>22.1</b>                              | <b>251.2</b>           | <b>23.7</b>                        | <b>(3.7)</b>                       | <b>(0.3)</b>         | <b>361.7</b>   |
| <b>Goodwill</b>   | <b>2,549.1</b>        | <b>440.7</b>                       | <b>532.9</b>                             | <b>2,001.0</b>         | <b>151.4</b>                       | <b>3.5</b>                         | -                    | <b>5,678.6</b> |

<sup>1</sup> Interest income on loans granted, debt securities, finance leases, trade receivables, and bank deposits

<sup>2</sup> Interest expense on bank loans, borrowings, debt securities, finance leases, and trade payables

<sup>3</sup> Cash generated from operating activities before income tax paid

V. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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<br>30 June 2017 | 6 months ended<br>30 June 2017 | 3 months ended<br>30 June 2016<br>(restated) | 6 months ended<br>30 June 2016<br>(restated) |
|---|--------------------------------|--------------------------------|--|--|
|   | mPLN                           | mPLN                           | mPLN   | mPLN   |
| <i>Sales revenues by type of products</i>   |                                |                                |  |  |
| Proprietary software and services           | 1,689.9                        | 3,391.4                        | 1,528.1                                      | 3,019.7                                      |
| Third-party software and services           | 184.9                          | 321.5                          | 173.6  | 322.0  |
| Hardware and infrastructure                 | 218.4                          | 447.5                          | 223.3  | 426.5  |
| Other sales                                 | 0.5                            | 1.6                            | 1.2  | 2.4  |
| <b>Total</b>                                | <b>2,093.7</b>                 | <b>4,162.0</b>                 | <b>1,926.2</b>                               | <b>3,770.6</b>                               |
| <i>Sales revenues by sectors</i>            |                                |                                |  |  |
| Banking and Finance                         | 826.3                          | 1,612.5                        | 753.8  | 1,463.3                                      |
| General Business                            | 836.6                          | 1,691.9                        | 799.4  | 1,531.8                                      |
| Public Institutions                         | 430.8                          | 857.6                          | 373.0  | 775.5  |
| <b>Total</b>                                | <b>2,093.7</b>                 | <b>4,162.0</b>                 | <b>1,926.2</b>                               | <b>3,770.6</b>                               |
| <i>Operating costs</i>                      |                                |                                |  |  |
| Cost of goods and third-party services sold | (348.1)                        | (658.7)                        | (341.9)                                      | (640.2)                                      |
| Employee benefits                           | (1,064.0)                      | (2,144.8)                      | (930.4)                                      | (1,853.3)                                    |
| Depreciation and amortization*              | (77.5)                         | (157.8)                        | (71.2)                                       | (143.4)                                      |
| Third-party services                        | (283.9)                        | (553.1)                        | (256.3)                                      | (485.4)                                      |
| Other                                       | (174.6)                        | (332.1)                        | (153.2)                                      | (286.9)                                      |
| <b>Total</b>                                | <b>(1,948.1)</b>               | <b>(3,846.5)</b>               | <b>(1,753.0)</b>                             | <b>(3,409.2)</b>                             |
| Cost of sales                               | (1,667.7)                      | (3,287.3)                      | (1,481.3)                                    | (2,883.6)                                    |
| Selling costs                               | (122.2)                        | (248.2)                        | (117.8)                                      | (231.2)                                      |
| General and administrative expenses         | (158.2)                        | (311.0)                        | (153.9)                                      | (294.4)                                      |
| <b>Total</b>                                | <b>(1,948.1)</b>               | <b>(3,846.5)</b>               | <b>(1,753.0)</b>                             | <b>(3,409.2)</b>                             |

\* Additionally, we recognized a depreciation charge of PLN 1.6 million in other operating activities.

In the period of 6 months ended 30 June 2017, other operating costs included primarily business trips in the amount of PLN 52.5 million, as well as maintenance of property and business cars in the amount of PLN 225.8 million. In the comparable period, costs of business trips amounted to PLN 49.7 million, whereas costs of maintenance of property and business cars amounted to PLN 204.7 million.

Under agreements with our clients, the Group implements a number of contracts, among others, for outsourcing of payment transaction processes. The total amounts of future minimum lease revenues (fees to be paid by our clients in future periods) under such contracts have been estimated as follows:

- PLN 46.0 million within 1 year,
- PLN 67.5 million within 1 to 5 years, and
- PLN 8.4 million within more than 5 years.

*i. Costs of employee benefits*

|  | 3 months ended<br>30 June 2017 | 6 months ended<br>30 June 2017 | 3 months ended<br>30 June 2016 | 6 months ended<br>30 June 2016 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | mPLN                           | mPLN                           | mPLN                           | mPLN                           |
| Remuneration   | (890.8)                        | (1,785.3)                      | (774.7)                        | (1,525.7)                      |
| Social insurance contributions                           | (65.7)                         | (129.0)                        | (55.6)                         | (113.4)                        |
| Retirement benefit expenses                              | (76.3)                         | (158.6)                        | (75.1)                         | (150.9)                        |
| Costs of share-based payment transactions with employees | (4.0)                          | (7.9)                          | (4.5)                          | (9.3)                          |
| Other costs of employee benefits                         | (27.2)                         | (64.0)                         | (20.5)                         | (54.0)                         |
| <b>Total employee benefit expenses</b>                   | <b>(1,064.0)</b>               | <b>(2,144.8)</b>               | <b>(930.4)</b>                 | <b>(1,853.3)</b>               |

The average level of employment during the reporting period presented in full-time salaried jobs, i.e. employment in full-time jobs adjusted for (reduced by) positions which are not salaried by the Group companies (such as an unpaid leave, maternity leave, etc.), exclusive of companies whose financial results are disclosed under other operating activities or discontinued operations, however inclusive of companies which joined the Group during the reporting period (calculated proportionally to the period of their consolidation) equalled 21,331 persons as compared with 20,374 persons in the comparable period.

*ii. Share-based payment transactions with employees*

The costs of share-based payment transactions with employees correspond to stock option plans that were awarded to employees and management members of companies incorporated within Formula Systems Group. During the period of 6 months ended 30 June 2017, such costs amounted to PLN 7.9 million as compared with PLN 9.3 million in the comparable period.

|   | 6 months ended<br>30 June 2017 | 6 months ended<br>30 June 2016 |
|---|--------------------------------|--------------------------------|
|   | mPLN                           | mPLN                           |
| Stock option plan for managers of Formula Systems                                       | (1.0)                          | (1.5)                          |
| Stock option plan for managers and employees of Matrix IT Group                         | (2.7)                          | (2.9)                          |
| Stock option plan for managers and employees of Magic Software Enterprises Group        | (0.1)                          | (0.4)                          |
| Stock option plan for managers and employees of Sapiens International Corporation Group | (4.1)                          | (4.5)                          |
| <b>Total costs of share-based payment transactions with employees</b>                   | <b>(7.9)</b>                   | <b>(9.3)</b>                   |

*iii. 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 5) and in intangible assets (note 6):

|   |      | 3 months ended<br>30 June 2017 | 6 months ended<br>30 June 2017 | 3 months ended<br>30 June 2016<br>(restated) | 6 months ended<br>30 June 2016<br>(restated) |
|---|------|--------------------------------|--------------------------------|--|--|
|   | Note | mPLN                           | mPLN                           | mPLN   | mPLN   |
| Depreciation charges for the year as disclosed in the table of changes in property, plant and equipment | 5    | (31.5)                         | (62.6)                         | (29.5)                                       | (58.9)                                       |
| Amortization charges for the year as disclosed in the table of changes in intangible assets             | 6    | (47.4)                         | (98.1)                         | (43.0)                                       | (86.5)                                       |
| Amortization charges recognized directly in other comprehensive income                                  |      | 0.2                            | 0.4                            | 0.2  | 0.4  |
| Reduction of amortization charges due to recognition of grants to internally generated licenses         |      | 0.3                            | 0.8                            | 0.4  | 0.9  |
| Amortization charges capitalized for development projects in progress                                   |      | 0.1                            | 0.1                            | 0.1  | 0.1  |
| <b>Total depreciation and amortization charges disclosed in the statement of cash flows</b>             |      | <b>(78.3)</b>                  | <b>(159.4)</b>                 | <b>(71.8)</b>                                | <b>(144.0)</b>                               |
| Depreciation charges transferred to other operating activities  |      | 0.8                            | 1.6                            | 0.6  | 0.6  |
| <b>Total depreciation and amortization charges recognized in operating costs</b>                        |      | <b>(77.5)</b>                  | <b>(157.8)</b>                 | <b>(71.2)</b>                                | <b>(143.4)</b>                               |



## 2. Financial income and expenses

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

| Financial income  | 3 months ended | 6 months ended | 3 months ended             | 6 months ended             |
|---|----------------|----------------|----------------------------|----------------------------|
|   | 30 June 2017   | 30 June 2017   | 30 June 2016<br>(restated) | 30 June 2016<br>(restated) |
|   | mPLN           | mPLN           | mPLN                       | mPLN                       |
| Interest income on loans granted, debt securities, finance leases, trade receivables, and bank deposits | 4.8            | 9.2            | 4.4                        | 8.9                        |
| Other interest income   | -              | -              | 0.1                        | 0.2                        |
| Foreign exchange differences  | 0.2            | 0.6            | -                          | -                          |
| Exercise and/or valuation of financial assets carried at fair value through profit or loss              | 6.1            | 13.2           | 2.0                        | 5.0                        |
| Gain on disposal of subsidiaries and associates   | -              | 0.3            | -                          | -                          |
| Gain/loss on revaluation of liabilities from the acquisition of minority interests (put options)        | (0.3)          | 1.5            | (0.4)                      | 0.2                        |
| Other financial income  | 4.5            | 4.7            | (0.1)                      | 0.6                        |
| <b>Total financial income</b>   | <b>15.3</b>    | <b>29.5</b>    | <b>6.0</b>                 | <b>14.9</b>                |

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

| Financial expenses   | 3 months ended | 6 months ended | 3 months ended | 6 months ended |
|--|----------------|----------------|----------------|----------------|
|  | 30 June 2017   | 30 June 2017   | 30 June 2016   | 30 June 2016   |
|  | mPLN           | mPLN           | mPLN           | mPLN           |
| Interest expense on bank loans, borrowings, debt securities, finance leases and trade payables | (12.7)         | (23.6)         | (11.7)         | (23.7)         |
| Other interest expenses  | (1.8)          | (5.5)          | (0.6)          | (2.2)          |
| Foreign exchange differences   | (21.6)         | (47.4)         | 8.6            | (6.5)          |
| Expenses related to obtaining control over subsidiaries  | (0.6)          | (3.9)          | -              | (0.1)          |
| Exercise and/or valuation of financial assets carried at fair value through profit or loss *)  | (0.5)          | (3.4)          | (1.4)          | (2.8)          |
| Loss on revaluation of deferred payments for controlling interests in subsidiaries             | (1.7)          | (2.0)          | (0.2)          | (0.4)          |
| Loss on revaluation of liabilities from the acquisition of minority interests (put options)    | (1.1)          | (3.9)          | (1.3)          | (2.1)          |
| Other financial expenses   | (1.6)          | (5.1)          | (1.5)          | (2.6)          |
| <b>Total financial expenses</b>  | <b>(41.6)</b>  | <b>(94.8)</b>  | <b>(8.1)</b>   | <b>(40.4)</b>  |

\*) The amount of PLN (3.4) million includes the valuation of foreign exchange rate derivatives in the amount of PLN (2.5) million.

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

Gain/loss on revaluation of deferred payments for controlling interests in subsidiaries resulted from changes in the estimates of deferred contingent liabilities arising from the acquisition of controlling interests in subsidiaries.

### 3. Corporate income tax

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

|  | 3 months ended<br>30 June 2017 | 6 months ended<br>30 June 2017 | 3 months ended<br>30 June 2016<br>(restated) | 6 months ended<br>30 June 2016<br>(restated) |
|--|--------------------------------|--------------------------------|--|--|
|  | mPLN                           | mPLN                           | mPLN   | mPLN   |
| Current portion of income tax and prior years' adjustments     | (36.9)                         | (78.2)                         | (40.2)                                       | (71.3)                                       |
| Deferred portion of income tax                                 | 4.4                            | 16.8                           | (4.9)  | (16.8)                                       |
| <b>Income tax expense as disclosed in the income statement</b> | <b>(32.5)</b>                  | <b>(61.4)</b>                  | <b>(45.1)</b>                                | <b>(88.1)</b>                                |

During the period of 6 months ended 30 June 2017, our effective tax rate equalled 25.2% as compared with 26.2% in the comparable period last year.

### 4. Information on dividends paid out

In 2017, the Parent 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 Parent 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 allocated to retained earnings. The dividend record date was set for 16 May 2016; whereas, the dividend payment was scheduled for 2 June 2016.

### 5. 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<br>30 June 2017<br>mPLN | 6 months ended<br>30 June 2016<br>mPLN |
|--|--|--|
| <b>Net book value of property, plant and equipment as at 1 January</b>   | <b>781.5</b>                           | <b>776.1</b>                           |
| <b>Additions, of which:</b>  | <b>92.0</b>                            | <b>56.4</b>                            |
| purchases and modernization  | 74.7                                   | 46.0                                   |
| obtaining control over subsidiaries                                      | 11.6                                   | 6.2                                    |
| finance leases   | 1.3                                    | 0.8                                    |
| transfers from inventories   | 4.4                                    | 3.4                                    |
| <b>Reductions, of which:</b>   | <b>(64.4)</b>                          | <b>(60.4)</b>                          |
| depreciation charges for the reporting period                            | (62.6)                                 | (58.9)                                 |
| loss of control over subsidiaries  | (0.3)                                  | -                                      |
| disposal and liquidation   | (1.5)                                  | (1.5)                                  |
| <b>Changes in presentation methods</b>                                   | <b>-</b>                               | <b>(2.4)</b>                           |
| <b>Foreign exchange differences on translation of foreign operations</b> | <b>(12.1)</b>                          | <b>7.7</b>                             |
| <b>Net book value of property, plant and equipment as at 30 June</b>     | <b>797.0</b>                           | <b>777.4</b>                           |

## 6. 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<br>30 June 2017 | 6 months ended<br>30 June 2016<br>(restated) |
|--|--------------------------------|--|
|  | mPLN                           | mPLN   |
| <b>Net book value of intangible assets as at 1 January</b>               | <b>1,124.8</b>                 | <b>991.2</b>                                 |
| <b>Additions, of which:</b>  | <b>254.3</b>                   | <b>72.1</b>                                  |
| purchases and modernization  | 4.7                            | 8.9  |
| obtaining control over subsidiaries                                      | 213.3                          | 27.2   |
| capitalization of project development costs*                             | 35.3                           | 36.0   |
| other increases  | 1.0                            | -  |
| <b>Reductions, of which:</b>   | <b>(130.5)</b>                 | <b>(86.5)</b>                                |
| amortization charges for the reporting period                            | (98.1)                         | (86.5)                                       |
| disposal and liquidation   | (0.1)                          | -  |
| loss of control over subsidiaries  | (32.3)                         | -  |
| <b>Changes in presentation methods</b>                                   | <b>-</b>                       | <b>1.8</b>                                   |
| <b>Foreign exchange differences on translation of foreign operations</b> | <b>(42.7)</b>                  | <b>22.4</b>                                  |
| <b>Net book value of intangible assets as at 30 June</b>                 | <b>1,205.9</b>                 | <b>1,001.0</b>                               |

\* of which: In the period of 6 months ended 30 June 2017: PLN 9.8 million in the Polish market, PLN 1.5 million in the South Eastern European market, PLN 19.7 million in the Israeli market, PLN 3.5 million in the Central European market, PLN 0.7 million in the Western European market, and PLN 0.1 million in the Eastern European market. In the period of 6 months ended 30 June 2016: PLN 12.5 million in the Polish market, PLN 1.9 million in the South Eastern European market, PLN 19.6 million in the Israeli market, PLN 1.2 million in the Central European market, and PLN 0.8 million in the Western European market.

## 7. Goodwill

For impairment testing purposes, goodwill arising from obtaining control over subsidiaries is allocated by the Group in the following way:

- to the groups of cash-generating units that constitute an operating segment; or
- to individual subsidiaries; or
- to operating segments identified by the Parent Company (including: “Banking and Finance”, “Public Administration”, or “General Business”).

The following table presents the amounts of goodwill as at 30 June 2017 and in the comparable periods, indicating the type of cash-generating units to which it has been allocated:

|  | 30 June 2017   | 31 Dec. 2016   | 30 June 2016<br>(restated) |
|--|----------------|----------------|----------------------------|
|  | mPLN           | mPLN           | mPLN                       |
| <b>groups of companies that constitute an operating segment</b>                        | <b>939.6</b>   | <b>973.4</b>   | <b>973.6</b>               |
| Asseco Central Europe Group  | 428.2          | 441.4          | 440.7                      |
| Asseco South Eastern Europe Group  | 511.4          | 532.0          | 532.9                      |
| <b>individual subsidiaries or groups of subsidiaries<br/>(narrower than a segment)</b> | <b>3,231.9</b> | <b>2,968.0</b> | <b>2,643.9</b>             |
| <b>Israeli market (Formula Systems Group), of which:</b>                               | <b>2,499.5</b> | <b>2,293.6</b> | <b>2,001.0</b>             |
| Magic Software Enterprises Ltd.  | 751.1          | 826.6          | 697.2                      |
| Matrix IT Ltd.   | 899.8          | 923.7          | 797.4                      |
| Sapiens International Corporation N.V.   | 793.0          | 543.3          | 506.4                      |
| Michpal Micro Computers (1983) Ltd.  | 55.6           | -              | -                          |
| <b>Western European market, of which:</b>  | <b>144.4</b>   | <b>153.5</b>   | <b>151.4</b>               |
| Asseco Spain S.A.  | 17.0           | 20.1           | 18.9                       |
| Necomplus S.L.   | 16.2           | 16.9           | 16.8                       |
| Asseco Danmark A/S <sup>1)</sup>   | 32.1           | 33.6           | 32.6                       |
| Sintagma UAB <sup>2)</sup>   | 15.8           | 16.6           | 16.6                       |
| Exictos SGPS S.A.  | 63.3           | 66.3           | 66.5                       |
| <b>Eastern European market, of which:</b>  | <b>3.3</b>     | <b>3.5</b>     | <b>3.5</b>                 |
| Asseco Georgia LLC   | 2.2            | 2.3            | 2.4                        |
| Asseco Kazakhstan LLP  | 1.1            | 1.2            | 1.1                        |
| <b>Polish market, of which:</b>  | <b>584.7</b>   | <b>517.4</b>   | <b>488.0</b>               |
| Asseco Business Solutions Group  | 244.3          | 172.3          | 172.3                      |
| Asseco Data Systems S.A.   | 244.3          | 244.3          | 111.6                      |
| Gladstone Consulting Ltd   | 35.8           | 40.3           | 38.4                       |
| ZUI Novum Sp. z o.o  | 0.3            | 0.3            | 0.3                        |
| SKG S.A.   | 4.4            | 4.4            | 4.4                        |
| Asseco Software Nigeria Ltd.   | 0.9            | 1.1            | 1.1                        |
| DahliaMatic Sp. z o.o.   | 54.7           | 54.7           | -                          |
| Infovide-Matrix S.A.   | -              | -              | 159.9                      |
| <b>operating segments identified within the Parent Company</b>                         | <b>1,997.2</b> | <b>2,037.1</b> | <b>2,061.1</b>             |
| Goodwill allocated to the segment of "Banking and Finance" <sup>3)</sup>               | 890.2          | 930.1          | 884.0                      |
| Goodwill allocated to the segment of "Public Administration"                           | 926.0          | 926.0          | 916.4                      |
| Goodwill allocated to the segment of "General Business"                                | 181.0          | 181.0          | 129.7                      |
| Goodwill allocated to the segment of "Infrastructure"                                  | -              | -              | 131.0                      |
|  | <b>6,168.7</b> | <b>5,978.5</b> | <b>5,678.6</b>             |

<sup>1)</sup> Goodwill recognized on the acquisition of Asseco Danmark and Peak Consulting.

<sup>2)</sup> Goodwill recognized on the acquisition of Sintagma UAB and Asseco Lietuva UAB.

<sup>3)</sup> In the comparable periods, goodwill arising from the acquisition of R-Style Softlab was allocated to the cash-generating unit constituted by the "Banking and Finance" segment identified within the Parent Company.

During the period of 6 months ended 30 June 2017, the following changes in goodwill arising from consolidation were observed (the table includes changed components only):

| Goodwill as allocated to reportable segments:                 | Goodwill<br>at the beginning<br>of the period | Obtaining of control /<br>Loss of control | Foreign exchange<br>differences (+/-) | Goodwill at the end<br>of the period |
|---|---|---|---------------------------------------|--------------------------------------|
|   | mPLN  | mPLN                                      | mPLN                                  | mPLN                                 |
| <b>Polish market</b>  |   |   |                                       |                                      |
| Gladstone Consulting Ltd                                      | 40.3  | -   | (4.5)                                 | <b>35.8</b>                          |
| Asseco Business Solutions Group                               | 172.3   | 72.0                                      | -                                     | <b>244.3</b>                         |
| Asseco Software Nigeria Ltd.                                  | 1.1   | -   | (0.2)                                 | <b>0.9</b>                           |
| Goodwill allocated to the segment of<br>"Banking and Finance" | 930.1   | (41.2)                                    | 1.3                                   | <b>890.2</b>                         |
| <b>Central European market</b>                                |   |   |                                       |                                      |
| Asseco Central Europe Group                                   | 441.4   | 0.1                                       | (13.3)                                | <b>428.2</b>                         |
| <b>South Eastern European market</b>                          |   |   |                                       |                                      |
| Asseco South Eastern Europe Group                             | 532.0   | -   | (20.6)                                | <b>511.4</b>                         |
| <b>Israeli market</b>   |   |   |                                       |                                      |
| Magic Software Enterprises Ltd.                               | 826.6   | -   | (75.5)                                | <b>751.1</b>                         |
| Matrix IT Ltd.  | 923.7   | -   | (23.9)                                | <b>899.8</b>                         |
| Sapiens International Corporation N.V.                        | 543.3   | 292.1                                     | (42.4)                                | <b>793.0</b>                         |
| Michpal Micro Computers (1983) Ltd.                           | -   | 55.6                                      | -                                     | <b>55.6</b>                          |
| <b>Western European market</b>                                |   |   |                                       |                                      |
| Asseco Spain S.A.   | 20.1  | -   | (3.1)                                 | <b>17.0</b>                          |
| Necomplus S.L.  | 16.9  | -   | (0.7)                                 | <b>16.2</b>                          |
| Asseco Danmark A/S  | 33.6  | -   | (1.5)                                 | <b>32.1</b>                          |
| Sintagma UAB  | 16.6  | -   | (0.8)                                 | <b>15.8</b>                          |
| Exictos SGPS S.A.   | 66.3  | -   | (3.0)                                 | <b>63.3</b>                          |
| <b>Eastern European market</b>                                |   |   |                                       |                                      |
| Asseco Georgia LLC  | 2.3   | -   | (0.1)                                 | <b>2.2</b>                           |
| Asseco Kazakhstan LLP   | 1.2   | -   | (0.1)                                 | <b>1.1</b>                           |

In the period of 6 months ended 30 June 2017, the balance of goodwill arising from consolidation was affected by the following transactions:

*i. Acquisition of StoneRiver Inc.*

On 28 February 2017, Sapiens International Corporation entered into a definitive agreement to acquire StoneRiver Inc. based in the United States. The purchase price of 100% stake amounted to USD 101.7 million (PLN 414.6 million). Until 30 June 2017, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of StoneRiver Inc. may still be subject to change.

The provisional values of identifiable assets and liabilities of StoneRiver Inc. as at the date of obtaining control were as follows (converted at the exchange rate of PLN/USD effective as at the acquisition date):

|  | Provisional value as at<br>the acquisition date<br>millions of USD | Provisional value as at<br>the acquisition date<br>millions of PLN |
|--|--|--|
| <b>Assets acquired</b>                     |  |  |
| Property, plant and equipment              | 0.6  | 2.4  |
| Intangible assets                          | 38.9   | 158.6  |
| Trade receivables                          | 14.4   | 58.7   |
| Other receivables                          | 0.1  | 0.4  |
| Prepayments and accrued income             | 1.6  | 6.5  |
| Cash and cash equivalents                  | 5.3  | 21.6   |
| <b>Total assets</b>                        | <b>60.9</b>  | <b>248.2</b>   |
| <b>Liabilities acquired</b>                |  |  |
| Trade payables                             | 3.0  | 12.2   |
| Liabilities to the state and local budgets | 1.6  | 6.5  |
| Deferred tax liabilities                   | 14.7   | 59.9   |
| Prepayments and accrued income             | 17.1   | 69.7   |
| Other liabilities                          | 1.6  | 6.5  |
| <b>Total liabilities</b>                   | <b>38.0</b>  | <b>154.8</b>   |
| <b>Net assets value</b>                    | <b>22.9</b>  | <b>93.4</b>  |
| <b>Value of non-controlling interests</b>  | -  | -  |
| <b>Equity interest acquired</b>            | <b>100%</b>  | <b>100%</b>  |
| <b>Purchase price</b>                      | <b>101.7</b>   | <b>414.6</b>   |
| <b>Goodwill as at the acquisition date</b> | <b>78.8</b>  | <b>321.2</b>   |

*ii. Acquisition of Michpal Micro Computers (1983) Ltd.*

The transaction price amounted to USD 22.1 million (PLN 93.1 million).

Until 30 June 2017, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Michpal Micro Computers (1983) Ltd. may still be subject to change.

The provisional values of identifiable assets and liabilities of Michpal Micro Computers (1983) Ltd. as at the date of obtaining control were as follows (converted at the exchange rate of PLN/NIS effective as at the acquisition date):

|  | Provisional value as at<br>the acquisition date<br>millions of NIS | Provisional value as at<br>the acquisition date<br>millions of PLN |
|--|--|--|
| <b>Assets acquired</b>                     |  |  |
| Property, plant and equipment              | 0.4  | 0.4  |
| Intangible assets                          | 41.6   | 45.6   |
| Trade receivables                          | 3.1  | 3.4  |
| Cash and cash equivalents                  | 11.0   | 12.0   |
| <b>Total assets</b>                        | <b>56.1</b>  | <b>61.4</b>  |
| <b>Liabilities acquired</b>                |  |  |
| Trade payables                             | 0.9  | 1.0  |
| Liabilities to the state and local budgets | 2.5  | 2.7  |
| Deferred tax liabilities                   | 9.7  | 10.6   |
| Prepayments and accrued income             | 9.0  | 9.9  |
| Other liabilities                          | 1.0  | 1.1  |
| <b>Total liabilities</b>                   | <b>23.1</b>  | <b>25.3</b>  |

|  |             |             |
|--|-------------|-------------|
| <b>Net assets value</b>                    | <b>33.0</b> | <b>36.1</b> |
| <b>Value of non-controlling interests</b>  | -           | -           |
| <b>Equity interest acquired</b>            | <b>100%</b> | <b>100%</b> |
| <b>Purchase price</b>                      | <b>85.0</b> | <b>93.1</b> |
| <b>Goodwill as at the acquisition date</b> | <b>52.0</b> | <b>57.0</b> |

### *iii. Acquisition of Macrologic S.A.*

Following the tender offer settlement, Asseco BS holds 1,667,603 shares in Macrologic, representing 88.29% of the share capital and voting rights at the general meeting of Macrologic S.A. Moreover, Macrologic S.A. holds 159,436 of treasury shares, representing approx. 8.44% of its share capital and voting rights at its general meeting. As a consequence, Asseco Business Solutions S.A. effectively holds 96.43% of total voting rights at the general meeting of Macrologic S.A. The purchase price under the tender offer equalled PLN 59 per share. The total value of transaction amounted to PLN 98.4 million.

The company of Macrologic S.A. has been acquired by the Group with the objective to build up expertise and technological competence in the area of ERP systems. We intend to share knowledge and take advantage of synergy effects in order to enrich our products portfolio and upgrade the quality of products and services offered.

Until 30 June 2017, the process of purchase price allocation has not yet been completed by the Group. Therefore, goodwill recognized on the acquisition of Macrologic S.A. may still be subject to change. We do not expect any portion of goodwill recognized to be deducted for tax purposes.

|  | <b>Provisional value as at<br/>the acquisition date<br/>millions of PLN</b> |
|--|---|
| <b>Assets acquired</b>                     |   |
| Property, plant and equipment              | 8.6   |
| Intangible assets                          | 18.6  |
| Trade receivables                          | 7.1   |
| Cash and cash equivalents                  | 0.9   |
| Other assets                               | 1.5   |
| <b>Total assets</b>                        | <b>36.7</b>   |
| <b>Liabilities acquired</b>                |   |
| Bank loans and borrowings                  | 1.5   |
| Trade payables                             | 2.3   |
| Finance lease liabilities                  | 1.8   |
| Provisions                                 | 0.4   |
| Prepayments and accrued income             | 1.2   |
| Other liabilities                          | 2.1   |
| <b>Total liabilities</b>                   | <b>9.3</b>  |
| <b>Net assets value</b>                    | <b>27.4</b>   |
| <b>Value of non-controlling interests</b>  | <b>1.0</b>  |
| <b>Equity interest acquired</b>            | <b>96.43%</b>   |
| <b>Purchase price</b>                      | <b>98.4</b>   |
| <b>Goodwill as at the acquisition date</b> | <b>72.0</b>   |

*iv. Completion of purchase price allocation of Programa Logistics Systems Ltd.*

The purchase price for 60% of shares in that company amounted to NIS 8.4 million (PLN 8.7 million), of which NIS 1.1 million (PLN 1.2 million) constitutes a conditional payment depending on future operating results of the acquired company.

The purchase price allocation process has been completed by the Group in the first quarter of 2017. The fair values of identifiable assets and liabilities of Programa Logistics System Ltd. as at the date of obtaining control were as follows:

|  | Provisional value<br>as at the acquisition<br>date<br>thousands of NIS | Provisional value<br>as at the acquisition<br>date<br>millions of PLN | Fair value as at<br>the acquisition date<br>thousands of NIS | Fair value as at<br>the acquisition date<br>millions of PLN |
|--|--|---|--|---|
| <b>Assets acquired</b>   |  |   |  |   |
| Property, plant and equipment                                      | 202  | 0.2   | 202  | 0.2   |
| Intangible assets  | 3,875  | 4.0   | 4,581  | 4.7   |
| Trade receivables  | 4,443  | 4.6   | 4,443  | 4.6   |
| Cash and cash equivalents  | 6,880  | 7.1   | 6,880  | 7.1   |
| Other assets   | 378  | 0.4   | 394  | 0.4   |
| <b>Total assets</b>  | <b>15,778</b>  | <b>16.3</b>   | <b>16,500</b>  | <b>17.0</b>   |
| <b>Liabilities acquired</b>  |  |   |  |   |
| Trade payables   | 1,205  | 1.2   | 1,205  | 1.2   |
| Liabilities to the state and local budgets                         | 1,221  | 1.3   | 7,509  | 7.7   |
| Deferred tax liabilities   | 1,296  | 1.3   | 980  | 1.0   |
| Other liabilities  | 7,509  | 7.8   | 1,221  | 1.3   |
| <b>Total liabilities</b>   | <b>11,231</b>  | <b>11.6</b>   | <b>10,915</b>  | <b>11.2</b>   |
| <b>Net assets value</b>  | <b>4,547</b>   | <b>4.7</b>  | <b>5,585</b>   | <b>5.8</b>  |
| <b>Liabilities under put options for non-controlling interests</b> | <b>10,403</b>  | <b>10.7</b>   | <b>9,307</b>   | <b>9.6</b>  |
| <b>Equity interest acquired</b>                                    | <b>60%</b>   | <b>60%</b>  | <b>60%</b>   | <b>60%</b>  |
| <b>Purchase price</b>  | <b>9,325</b>   | <b>9.6</b>  | <b>8,439</b>   | <b>8.7</b>  |
| <b>Goodwill as at the acquisition date</b>                         | <b>15,181</b>  | <b>15.6</b>   | <b>12,161</b>  | <b>12.5</b>   |

*v. Completion of purchase price allocation of Chip Card a.d.*

On 14 March 2016, ASEE Serbia, a subsidiary of Asseco South Eastern Europe S.A., was registered as the owner of 136,121 shares, representing 53.81% of the share capital in Chip Card a.d. The control over that company was obtained on 1 April 2016. The purchase price of these shares amounted to EUR 1.2 million (PLN 5.2 million). On 28 April 2016, ASEE Serbia acquired an additional stake of 7.49% of shares in Chip Card for EUR 163 thousand, and subsequently, it purchased further 15.59% of shares for EUR 342 thousand on 5 July 2016, and further 8.13% of shares for EUR 179 thousand on 26 November 2016, and further 7.49% of shares for EUR 163 thousand on 26 May 2017. At present, ASEE Serbia holds 92.51% in the share capital of Chip Card.

As at 30 June 2017, the Group has already completed the process of purchase price allocation. The fair values of identifiable assets and liabilities of Chip Card a.d. as at the date of obtaining control were as follows (converted at the exchange rate of RSD/PLN effective as at the acquisition date):



|  | Fair value as at<br>the acquisition date<br>millions of RSD | Fair value as at<br>the acquisition date<br>millions of PLN |
|--|---|---|
| <b>Assets acquired</b>                     |   |   |
| Property, plant and equipment              | 118.1   | 4.2   |
| Intangible assets                          | 65.6  | 2.3   |
| Trade receivables                          | 31.0  | 1.1   |
| Cash and cash equivalents                  | 44.7  | 1.6   |
| Other assets                               | 22.2  | 0.8   |
| <b>Total assets</b>                        | <b>281.6</b>  | <b>10.0</b>   |
| <b>Liabilities acquired</b>                | <b>18.0</b>   | <b>0.6</b>  |
| <b>Net assets value</b>                    | <b>263.6</b>  | <b>9.4</b>  |
| <b>Value of non-controlling interests</b>  | <b>121.8</b>  | <b>4.3</b>  |
| <b>Equity interest acquired</b>            | 53.81%  | 53.81%  |
| <b>Purchase price</b>                      | <b>144.5</b>  | <b>5.2</b>  |
| <b>Goodwill as at the acquisition date</b> | <b>2.7</b>  | <b>0.1</b>  |

*vi. Completion of purchase price allocation of Maximum Processing Inc.*

The purchase price of this 100% stake amounted to USD 4.3 million (PLN 17 million).

As at 30 June 2017, the Group has already completed the process of purchase price allocation. The fair values of identifiable assets and liabilities of Maximum Processing Inc. as at the date of obtaining control were as follows (converted at the exchange rate of PLN/USD effective as at the acquisition date):

|  | Fair value as at<br>the acquisition date<br>millions of USD | Fair value as at<br>the acquisition date<br>millions of PLN |
|--|---|---|
| <b>Assets acquired</b>                     |   |   |
| Property, plant and equipment              | 2.0   | 7.9   |
| Intangible assets                          | 2.0   | 7.9   |
| Trade receivables                          | 1.0   | 4.0   |
| Cash and cash equivalents                  | 0.1   | 0.4   |
| <b>Total assets</b>                        | <b>5.1</b>  | <b>20.2</b>   |
| <b>Liabilities acquired</b>                |   |   |
| Bank loans and borrowings                  | 1.1   | 4.4   |
| Trade payables                             | 1.3   | 5.1   |
| Liabilities to the state and local budgets | 0.6   | 2.4   |
| Other liabilities                          | 0.6   | 2.4   |
| <b>Total liabilities</b>                   | <b>3.6</b>  | <b>14.3</b>   |
| <b>Net assets value</b>                    | <b>1.5</b>  | <b>5.9</b>  |
| <b>Value of non-controlling interests</b>  | -   | -   |
| <b>Equity interest acquired</b>            | 100%  | 100%  |
| <b>Purchase price</b>                      | <b>4.3</b>  | <b>17.0</b>   |
| <b>Goodwill as at the acquisition date</b> | <b>2.8</b>  | <b>11.1</b>   |

*vii. Completion of purchase price allocation of 4Sight Business Intelligence Inc.*

The purchase price of this 100% stake amounted to USD 0.3 million (PLN 1.2 million).

As at 30 June 2017, the Group has already completed the process of purchase price allocation. The fair values of identifiable assets and liabilities of 4Sight Business Intelligence Inc. as at the date of obtaining control were as follows (converted at the exchange rate of PLN/USD effective as at the acquisition date):

|  | Fair value as at<br>the acquisition date<br>millions of USD | Fair value as at<br>the acquisition date<br>millions of PLN |
|--|---|---|
| <b>Assets acquired</b>                     |   |   |
| Intangible assets                          | 0.4   | 1.6   |
| Trade receivables                          | 0.2   | 0.8   |
| Cash and cash equivalents                  | 0.1   | 0.4   |
| <b>Total assets</b>                        | <b>0.7</b>  | <b>2.8</b>  |
| <b>Liabilities acquired</b>                |   |   |
| Trade payables                             | 0.3   | 1.2   |
| Deferred tax liabilities                   | 0.1   | 0.4   |
| Other liabilities                          | 0.3   | 1.2   |
| <b>Total liabilities</b>                   | <b>0.7</b>  | <b>2.8</b>  |
| <b>Net assets value</b>                    | -   | -   |
| <b>Value of non-controlling interests</b>  | -   | -   |
| <b>Equity interest acquired</b>            | 100%  | 100%  |
| <b>Purchase price</b>                      | <b>0.3</b>  | <b>1.2</b>  |
| <b>Goodwill as at the acquisition date</b> | <b>0.3</b>  | <b>1.2</b>  |

*viii. Completion of purchase price allocation of Roshtov Software Industries Ltd.*

In the third quarter of 2016, Magic Software Enterprises Ltd. acquired 60% of shares in the company Roshtov Software Industries Ltd. based in Israel. The purchase price of this 60% stake amounted to NIS 81.0 million (PLN 83.8 million).

As at 30 June 2017, the Group has already completed the process of purchase price allocation. The fair values of identifiable assets and liabilities of Roshtov Software Industries Ltd. as at the date of obtaining control were as follows (converted at the exchange rate of PLN/NIS effective as at the acquisition date):

|                             | Fair value as at<br>the acquisition date<br>thousands of NIS | Fair value as at<br>the acquisition date<br>millions of PLN |
|-----------------------------|--|---|
| <b>Assets acquired</b>      |  |   |
| Tangible assets             | 1,757  | 1.8   |
| Intangible assets           | 87,337   | 90.4  |
| Trade receivables           | 10,192   | 10.5  |
| Cash and cash equivalents   | 1,965  | 2.0   |
| Other assets                | 2,669  | 2.8   |
| <b>Total assets</b>         | <b>103,920</b>   | <b>107.5</b>  |
| <b>Liabilities acquired</b> |  |   |
| Trade payables              | 267  | 0.3   |
| Deferred tax liabilities    | 22,609   | 23.4  |
| Other liabilities           | 14,293   | 14.8  |
| <b>Total liabilities</b>    | <b>37,169</b>  | <b>38.5</b>   |
| <b>Net assets value</b>     | <b>66,751</b>  | <b>69.0</b>   |

|  |               |             |
|--|---------------|-------------|
| Value of non-controlling interests         | 53,889        | 55.8        |
| Equity interest acquired                   | 60%           | 60%         |
| Purchase price                             | 81,000        | 83.8        |
| <b>Goodwill as at the acquisition date</b> | <b>68,138</b> | <b>70.6</b> |

*ix. Completion of purchase price allocation of Twingo Ltd.*

The purchase price of this 60% stake amounted to NIS 9.3 million (PLN 9.6 million).

As at 30 June 2017, the Group has already completed the process of purchase price allocation. The fair values of identifiable assets and liabilities of Twingo Ltd. as at the date of obtaining control were as follows (converted at the exchange rate of PLN/NIS effective as at the acquisition date):

|  | Fair value as at<br>the acquisition date<br>thousands of NIS | Fair value as at<br>the acquisition date<br>millions of PLN |
|--|--|---|
| <b>Assets acquired</b>                     |  |   |
| Tangible assets                            | 473  | 0.5   |
| Intangible assets                          | 3,820  | 3.9   |
| Trade receivables                          | 984  | 1.0   |
| Cash and cash equivalents                  | 3,874  | 4.0   |
| Other assets                               | 5,550  | 5.7   |
| <b>Total assets</b>                        | <b>14,701</b>  | <b>15.1</b>   |
| <b>Liabilities acquired</b>                |  |   |
| Bank loans and borrowings                  | 144  | 0.1   |
| Trade payables                             | 1,737  | 1.8   |
| Deferred tax liabilities                   | 955  | 1.0   |
| Other liabilities                          | 4,070  | 4.2   |
| <b>Total liabilities</b>                   | <b>6,906</b>   | <b>7.1</b>  |
| <b>Net assets value</b>                    | <b>7,795</b>   | <b>8.0</b>  |
| <b>Value of non-controlling interests</b>  | <b>4,643</b>   | <b>4.8</b>  |
| Equity interest acquired                   | 60%  | 60%   |
| Purchase price                             | 9,331  | 9.6   |
| <b>Goodwill as at the acquisition date</b> | <b>6,179</b>   | <b>6.4</b>  |

**8. Impairment testing**

Whereas, as at the end of each interim reporting period, the Management Board of the Parent Company performs only 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 or group of cash-generating units 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.

Each impairment test requires making estimates of the recoverable amount of a cash-generating unit or a group of cash-generating units to which goodwill is allocated.

In the case of cash-generating units constituted by companies quoted on an active market, potential impairment may be indicated by an excess of the book value of a cash-generating unit over its market value.

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 book value of the Group's assets. The Management Board of Asseco considered such situation as an indication of possible impairment of our cash-generating units to which goodwill has been allocated.

Our companies or groups of companies quoted on an active market include: Asseco Business Solutions S.A., Magic Software Enterprises Ltd, Matrix IT Ltd, Sapiens International Corporation N.V., and Asseco South Eastern Europe S.A.

The table below compares the market values of our cash-generating units constituted by companies or groups of companies quoted on an active market against their carrying values as at 30 June 2017:

| 30 June 2017  | Asseco South Eastern Europe S.A. | Asseco Business Solutions S.A. | Magic Software Enterprises Ltd. | Matrix IT Ltd. | Sapiens International Corporation N.V. |
|---|----------------------------------|--------------------------------|---------------------------------|----------------|--|
|   | mPLN                             | mPLN                           | mPLN                            | mPLN           | mPLN                                   |
| carrying value of cash-generating unit                        | 718.6                            | 314.7                          | 1,155.2                         | 1,456.9        | 1,008.2                                |
| fair value  | 651.4                            | 979.5                          | 1,308.1                         | 2,309.8        | 2,273.1                                |
| <b>excess (+) / deficit (-) of fair value over book value</b> | <b>(67.2)</b>                    | <b>664.8</b>                   | <b>152.9</b>                    | <b>852.9</b>   | <b>1,264.9</b>                         |

The fair values of our cash-generating units constituted by Asseco Business Solutions S.A., Magic Software Enterprises Ltd, Matrix IT Ltd, and Sapiens International Corporation N.V. are much higher than their carrying values, hence it was deemed unnecessary to perform any additional interim impairment tests or to recognize impairment write-downs on any of those cash-generating units.

For Asseco South Eastern Europe Group which constitutes a cash-generating unit whose carrying value exceeds its fair value, the Group reviewed the assumptions adopted for the impairment test performed as at 31 December 2016 and concluded that:

- discount rate applicable in determining the present value of expected future cash flows (i.e. the estimated weighted average cost of capital) as at 30 June 2017 would not surpass the level of respective terminal rates for those cash-generating units which were estimated by analyzing the sensitivity of results of the impairment test carried out as at 31 December 2016;
- cash flows applied in the value-in-use model prepared as at 31 December 2016 were based on the annual budget for 2017; the actual budget execution in the period of 6 months ended 30 June 2017 does not pose any risk for reaching the annual budget targets.

With regard to the above, there is still a considerable excess of the value in use of this cash-generating unit over its carrying value, hence it was deemed unnecessary to perform an interim impairment test for this cash-generating unit.

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, the Group has found indications of possible impairment for the following companies: Asseco Central Europe, a.s., Exictos SGPS S.A., Asseco Danmark and Peak Consulting, Gladstone Consulting Ltd, and Asseco Georgia LLC. In each of the above cases, such indications correspond to the necessary reduction of forecasted future results, because their actual results achieved in the first half of 2017 were lower than assumed in the impairment test performed as at 31 December 2016.

Cash flows applied in the value-in-use model for each cash-generating unit were based on the forecasts of IT market growth in individual countries in the years 2017 - 2021. Assumptions for the financial forecasts of operating segments identified within the Parent Company have been described in explanatory note 10 to the interim standalone financial statements of Asseco Poland.

The conducted impairment test did not indicate a necessity for the Group to recognize any impairment charges on any of its cash-generating units as at 30 June 2017.

## Analysis of sensitivity

We carried out a sensitivity analysis for all the impairment tests performed as at 30 June 2017 which involved the estimation of the value in use. 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 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.

|   | Carrying value of cash-generating unit<br>mPLN | Discount rate                   |          | Average effective rate of change in cash flows |          |
|---|--|---------------------------------|----------|--|----------|
|   |  | applied for the residual period | terminal | applied for the residual period                | terminal |
|   |  | %                               | %        | %  | %        |
| <b>Cash-generating units constituted by companies or groups of companies</b>                    |  |                                 |          |  |          |
| Asseco Central Europe, a.s.   | 495.3  | 6.3%                            | 27.1%    | 2.0%   | (15.6%)  |
| Exictos SGPS S.A.   | 147.4  | 10.6%                           | 28.9%    | 0.3%   | (7.8%)   |
| Asseco Danmark and Peak Consulting  | 60.4   | 6.6%                            | 22.1%    | 31.6%  | 10.2%    |
| Gladstone Consulting Ltd  | 38.5   | 10.1%                           | 12.4%    | 6.6%   | 5.0%     |
| Asseco Georgia LLC  | 4.2  | 18.3%                           | ∞        | 3.2%   | (36.8%)  |
| <b>Cash-generating units constituted by operating segments identified by the Parent Company</b> |  |                                 |          |  |          |
| Goodwill allocated to the segment of "Public Administration"                                    | 1,357.3  | 7.5%                            | 8.4%     | 10.7%  | 10.3%    |
| Goodwill allocated to the segment of "General Business"   | 291.7  | 7.5%                            | 9.9%     | (1.2%)   | (6.4%)   |

∞ - means that the terminal discount rate for the residual period is greater than 100%.

## 9. Associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method (see section III in these interim condensed consolidated financial statements). The key financial data of such companies are presented in the table below.

| Financial data of associates and joint ventures          | 30 June 2017 | 31 Dec. 2016 | 30 June 2016 |
|--|--------------|--------------|--------------|
|  | mPLN         | mPLN         | mPLN         |
| Non-current assets                                       | 188.1        | 206.8        | 209.8        |
| Current assets   | 137.5        | 130.8        | 128.2        |
| Non-current liabilities                                  | 28.3         | 24.2         | 72.0         |
| Current liabilities                                      | 107.9        | 85.1         | 92.0         |
| <b>Net assets</b>  | <b>189.4</b> | <b>228.3</b> | <b>174.0</b> |
| Revenues   | 156.4        | 204.8        | 61.6         |
| Operating profit   | 6.2          | 7.6          | 1.1          |
| Net profit/(loss)  | 1.1          | 1.9          | 0.6          |
| <b>Book value of investments</b>                         | <b>143.8</b> | <b>112.2</b> | <b>114.0</b> |
| <b>Share of profits of associates and joint ventures</b> | <b>(0.7)</b> | <b>2.7</b>   | <b>1.5</b>   |

The higher value of investments in associates and joint ventures as at 30 June 2017 is primarily a consequence of the loss of control over R-Style Softlab company which is now accounted for using the equity method. As at 30 June 2017, the largest portion of investments in associates and joint ventures is constituted by the investment of Formula Systems in TSG company which is worth PLN 90.9 million.

#### 10. Entities with significant non-controlling interests

In section III of these interim condensed consolidated financial statements, we have presented information on entities in which the Group holds less than 100% of shares, including their company names, countries of registration, as well as equity interests and voting rights held by the Group.

In the Management's opinion, the entities with significant individual non-controlling interests are: Asseco South Eastern Europe S.A., Asseco Business Solutions S.A., Magic Software Enterprises Ltd, Matrix IT Ltd, and Sapiens International Corporation N.V. In the case of other entities with non-controlling interests, individual non-controlling interests do not exceed 2% of total non-controlling interests therein, hence they have not been considered as entities with significant non-controlling interests.

The tables below present the selected financial data of entities with significant individual non-controlling interests for the period of 6 months ended 30 June 2017 and as at 30 June 2017. These figures do not include eliminations of intercompany transactions.

|  | For the period of 6 months ended 30 June 2017 |                                |                                 |                |  |                                  |
|--|---|--------------------------------|---------------------------------|----------------|--|----------------------------------|
|  | Asseco South Eastern Europe S.A.              | Asseco Business Solutions S.A. | Magic Software Enterprises Ltd. | Matrix IT Ltd. | Sapiens International Corporation N.V. | Other individually insignificant |
|  | mPLN  | mPLN                           | mPLN                            | mPLN           | mPLN                                   | mPLN                             |
| Sales revenues   | 282.8   | 89.6                           | 491.9                           | 1,468.1        | 489.3                                  | 762.0                            |
| Operating profit   | 30.7  | 28.0                           | 47.6                            | 93.7           | (10.8)                                 | 63.6                             |
| Net profit for the reporting period  | 25.7  | 22.8                           | 34.6                            | 54.8           | (19.4)                                 | 16.4                             |
| <b>Profit for the reporting period attributable to non-controlling interests</b> | <b>11.6</b>                                   | <b>12.2</b>                    | <b>28.0</b>                     | <b>42.5</b>    | <b>(15.0)</b>                          | <b>(10.8)</b>                    |
| Net cash provided by (used in) operating activities                              | 20.0  | 22.2                           | 59.0                            | 61.7           | 35.5                                   | 51.1                             |
| Net cash provided by (used in) investing activities                              | (22.9)  | (103.9)                        | (23.4)                          | 12.9           | (253.4)                                | (68.9)                           |
| Net cash provided by (used in) financing activities                              | (6.1)   | (22.5)                         | 3.8                             | (67.5)         | 147.6                                  | (229.8)                          |
| <b>Dividends paid out to non-controlling shareholders</b>                        | <b>(0.3)</b>                                  | <b>(22.7)</b>                  | <b>(13.3)</b>                   | <b>(28.4)</b>  | -                                      | <b>(34.5)</b>                    |

|                                    | As at 30 June 2017               |                                |                                 |                |  |                                  |
|------------------------------------|----------------------------------|--------------------------------|---------------------------------|----------------|--|----------------------------------|
|                                    | Asseco South Eastern Europe S.A. | Asseco Business Solutions S.A. | Magic Software Enterprises Ltd. | Matrix IT Ltd. | Sapiens International Corporation N.V. | Other individually insignificant |
|                                    | mPLN                             | mPLN                           | mPLN                            | mPLN           | mPLN                                   | mPLN                             |
| Current assets                     | 257.5                            | 52.9                           | 678.9                           | 1,141.2        | 440.0                                  | 635.4                            |
| Current liabilities                | (163.8)                          | (68.9)                         | (194.5)                         | (907.4)        | (375.2)                                | (482.9)                          |
| <b>Working capital</b>             | <b>93.7</b>                      | <b>(16.0)</b>                  | <b>484.4</b>                    | <b>233.8</b>   | <b>64.8</b>                            | <b>152.5</b>                     |
| Non-current assets                 | 636.6                            | 294.9                          | 604.7                           | 941.3          | 892.4                                  | 588.5                            |
| Non-current liabilities            | (26.2)                           | (22.6)                         | (297.2)                         | (374.4)        | (205.4)                                | (383.4)                          |
| Cash and cash equivalents          | 103.8                            | 9.7                            | 323.5                           | 231.4          | 172.0                                  | 190.5                            |
| Long-term and short-term debt      | (40.8)                           | (65.3)                         | (160.5)                         | (482.9)        | (141.9)                                | (450.9)                          |
| <b>Net cash (+) / Net debt (-)</b> | <b>63.0</b>                      | <b>(55.6)</b>                  | <b>163.0</b>                    | <b>(251.5)</b> | <b>30.1</b>                            | <b>(260.4)</b>                   |

The tables below present the selected financial data of entities with significant individual non-controlling interests for the period of 6 months ended 30 June 2016 and as at 30 June 2016. These figures do not include eliminations of intercompany transactions.

|  | For the period of 6 months ended 30 June 2016 |                                   |                                    |                |  |  |
|--|---|-----------------------------------|------------------------------------|----------------|--|--|
|  | Asseco South<br>Eastern Europe<br>S.A.        | Asseco Business<br>Solutions S.A. | Magic Software<br>Enterprises Ltd. | Matrix IT Ltd. | Sapiens<br>International<br>Corporation N.V. | Other<br>individually<br>insignificant |
|  | mPLN  | mPLN                              | mPLN                               | mPLN           | mPLN   | mPLN                                   |
| Sales revenues   | 260.0   | 80.8                              | 362.2                              | 1,247.1        | 403.2  | 733.5                                  |
| Operating profit   | 23.7  | 23.5                              | 37.1                               | 82.3           | 60.1   | 32.6                                   |
| Net profit for the reporting period  | 20.3  | 19.3                              | 30.2                               | 48.6           | 38.4   | 15.2                                   |
| <b>Profit for the reporting period<br/>attributable to non-controlling interests</b> | <b>9.9</b>                                    | <b>10.3</b>                       | <b>24.3</b>                        | <b>37.5</b>    | <b>29.6</b>                                  | <b>(4.4)</b>                           |
| Net cash provided by (used in) operating activities                                  | 17.5  | 20.0                              | 58.7                               | 77.8           | 78.4   | 8.1                                    |
| Net cash provided by (used in) investing activities                                  | (24.8)  | 19.8                              | (32.4)                             | (13.2)         | (19.7)                                       | (64.9)                                 |
| Net cash provided by (used in) financing activities                                  | (7.9)   | (33.4)                            | (13.3)                             | (90.5)         | (38.9)                                       | (128.9)                                |
| <b>Dividends paid out to non-controlling<br/>shareholders</b>                        | <b>-</b>                                      | <b>(17.9)</b>                     | <b>(9.2)</b>                       | <b>(23.4)</b>  | <b>(19.7)</b>                                | <b>(20.1)</b>                          |

|                                    | As at 30 June 2016                     |                                   |                                    |                |  |  |
|------------------------------------|--|-----------------------------------|------------------------------------|----------------|--|--|
|                                    | Asseco South<br>Eastern Europe<br>S.A. | Asseco Business<br>Solutions S.A. | Magic Software<br>Enterprises Ltd. | Matrix IT Ltd. | Sapiens<br>International<br>Corporation N.V. | Other<br>individually<br>insignificant |
|                                    | mPLN                                   | mPLN                              | mPLN                               | mPLN           | mPLN   | mPLN                                   |
| Current assets                     | 261.2                                  | 78.0                              | 574.9                              | 995.5          | 542.5  | 857.4                                  |
| Current liabilities                | (166.1)                                | (20.0)                            | (135.9)                            | (769.0)        | (256.5)                                      | (501.5)                                |
| <b>Working capital</b>             | <b>95.1</b>                            | <b>58.0</b>                       | <b>439.0</b>                       | <b>226.5</b>   | <b>286.0</b>                                 | <b>355.9</b>                           |
| Non-current assets                 | 644.1                                  | 194.5                             | 456.8                              | 842.5          | 502.9  | 538.6                                  |
| Non-current liabilities            | (24.6)                                 | (0.8)                             | (66.8)                             | (266.2)        | (39.1)                                       | (471.8)                                |
| Cash and cash equivalents          | 90.1                                   | 47.1                              | 262.0                              | 187.8          | 239.9  | 442.0                                  |
| Long-term and short-term debt      | (45.1)                                 | -                                 | (6.4)                              | (407.2)        | -  | (532.5)                                |
| <b>Net cash (+) / Net debt (-)</b> | <b>45.0</b>                            | <b>47.1</b>                       | <b>255.6</b>                       | <b>(219.4)</b> | <b>239.9</b>                                 | <b>(90.5)</b>                          |

## 11. Other financial assets

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

|   | 30 June 2017      |                    | 31 Dec. 2016      |                    | 30 June 2016      |                    |
|---|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
|   | Long-term<br>mPLN | Short-term<br>mPLN | Long-term<br>mPLN | Short-term<br>mPLN | Long-term<br>mPLN | Short-term<br>mPLN |
| <b>Loans, of which:</b>   |                   |                    |                   |                    |                   |                    |
| granted to related parties  | 11.2              | 1.5                | 9.4               | 1.9                | 0.8               | 0.6                |
| granted to employees  | 0.4               | 2.6                | 0.4               | 2.9                | 0.2               | 1.4                |
| granted to other entities   | 130.8             | 30.4               | 136.7             | 41.4               | 112.1             | 26.3               |
| term cash deposits  | 1.1               | 30.3               | 1.1               | 25.5               | 1.0               | 13.1               |
|   | <b>143.5</b>      | <b>64.8</b>        | <b>147.6</b>      | <b>71.7</b>        | <b>114.1</b>      | <b>41.4</b>        |
| <b>Financial assets carried at fair value through profit or loss, of which:</b> |                   |                    |                   |                    |                   |                    |
| currency forward contracts (EUR & USD)  | 0.8               | 7.3                | -                 | 1.0                | 0.2               | 3.7                |
| corporate bonds (quoted on active markets)                                      | -                 | 7.5                | -                 | 23.2               | -                 | 40.5               |
| Treasury bonds  | -                 | 1.9                | -                 | 1.7                | -                 | 3.9                |
| shares in companies quoted on active markets                                    | -                 | 0.1                | -                 | 3.5                | -                 | 4.9                |
| other assets  | 7.9               | -                  | 8.9               | 2.9                | -                 | 12.2               |
|   | <b>8.7</b>        | <b>16.8</b>        | <b>8.9</b>        | <b>32.3</b>        | <b>0.2</b>        | <b>65.2</b>        |
| <b>Financial assets available for sale, of which:</b>                           |                   |                    |                   |                    |                   |                    |
| shares in companies quoted on active markets                                    | 0.8               | -                  | 0.8               | 1.0                | 0.9               | 1.0                |
| shares in companies not listed on stock markets                                 | 9.6               | -                  | 9.5               | -                  | 9.5               | -                  |
| Treasury and corporate bonds (quoted on active markets)                         | -                 | 47.4               | 72.0              | 128.4              | 48.1              | 160.9              |
|   | <b>10.4</b>       | <b>47.4</b>        | <b>82.3</b>       | <b>129.4</b>       | <b>58.5</b>       | <b>161.9</b>       |
| <b>Total</b>  | <b>162.6</b>      | <b>129.0</b>       | <b>238.8</b>      | <b>233.4</b>       | <b>172.8</b>      | <b>268.5</b>       |



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**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.

The largest portion of loans granted to other entities is represented by a loan granted to the company Matrix42 Service GmbH (formerly: Blitz D14-310 GmbH). As at 30 June 2017, the amount outstanding under this loan was PLN 105.5 million. This loan has been described in detail in explanatory note 15 to the consolidated financial statements of Asseco Group for the year ended 31 December 2016. Moreover, loans granted also include a loan amounting to PLN 22.9 million that has been granted by Asseco Data Systems S.A. to the Silesian Metropolitan Network, as well as promissory notes amounting to PLN 19.3 million that are held by Asseco Central Europe Group.

Term cash deposits include bank deposits with an original maturity of more than 3 months.

**Financial assets carried at fair value** through profit or loss include forward transactions for purchase or sale of foreign currencies and the portfolio of financial assets held for trading, which comprise corporate bonds quoted on active markets and investment-rated Treasury bonds, as well as shares in companies quoted on active markets. Investments in debt securities and company shares are an alternative form of spare cash management as applied by Matrix IT Ltd. (a subsidiary of the Formula Systems Group). Forward transactions have been concluded primarily in order to hedge against the foreign currency risk resulting from trade contracts as well as from contracts for financial leasing of real estate.

The fair value of currency forward contracts is determined at the end of each reporting period using calculation models based on inputs that are directly observable in active markets. Whereas, the fair value of the portfolio of financial assets is determined on the basis of quoted prices for such assets in active markets.

**Financial assets available for sale** include primarily equity investments not exceeding 20% of the target company's outstanding stock as well as bonds purchased without an intention to be held to maturity.

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. Any changes in such valuation are recognized in other comprehensive income. Investments in companies not quoted on active markets are measured at their purchase cost adjusted by any impairment charges.

The most significant portion of assets available for sale is represented by corporate bonds worth PLN 47.4 million that are held by Magic Software. The company chose this form of investing its spare cash as an alternative to bank deposits, because bonds are expected to bring a higher return than bank deposits. All the purchased bonds are investment grade and are measured at fair value on the basis of their market quoted prices (level 2).

#### **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 Group 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 | Level 1 <sup>i)</sup> | Level 2 <sup>ii)</sup> | Level 3 <sup>iii)</sup> |
|--|----------------|-----------------------|------------------------|-------------------------|
|  | mPLN           | mPLN                  | mPLN                   | mPLN                    |
| <b>Financial assets carried at fair value through profit or loss</b> |                |                       |                        |                         |
| Currency forward contracts   | 8.1            | -                     | 8.1                    | -                       |
| Treasury and corporate bonds   | 9.4            | 9.4                   | -                      | -                       |
| Shares in companies quoted on active markets                         | 0.1            | 0.1                   | -                      | -                       |
| Other assets   | 7.9            | -                     | 7.9                    | -                       |
| <b>Total</b>   | <b>25.5</b>    | <b>9.5</b>            | <b>16.0</b>            | <b>-</b>                |
| <b>Financial assets available for sale</b>                           |                |                       |                        |                         |
| Shares in companies listed on regulated markets                      | 0.8            | 0.8                   | -                      | -                       |
| Shares in companies not listed on regulated markets                  | 9.6            | -                     | -                      | 9.6                     |
| Treasury and corporate bonds   | 47.4           | -                     | 47.4                   | -                       |
| <b>Total</b>   | <b>57.8</b>    | <b>0.8</b>            | <b>47.4</b>            | <b>9.6</b>              |

- 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 | Level 1 <sup>i)</sup> | Level 2 <sup>ii)</sup> | Level 3 <sup>iii)</sup> |
|--|----------------|-----------------------|------------------------|-------------------------|
|  | mPLN           | mPLN                  | mPLN                   | mPLN                    |
| <b>Financial assets carried at fair value through profit or loss</b> |                |                       |                        |                         |
| Currency forward contracts   | 1.0            | -                     | 1.0                    | -                       |
| Treasury and corporate bonds   | 24.9           | 24.9                  | -                      | -                       |
| Shares in companies quoted on active markets                         | 3.5            | 3.5                   | -                      | -                       |
| Other assets   | 11.8           | -                     | 11.8                   | -                       |
| <b>Total</b>   | <b>41.2</b>    | <b>28.4</b>           | <b>12.8</b>            | <b>-</b>                |
| <b>Financial assets available for sale</b>                           |                |                       |                        |                         |
| Shares in companies listed on regulated markets                      | 1.8            | 1.8                   | -                      | -                       |
| Shares in companies not listed on regulated markets                  | 9.5            | -                     | -                      | 9.5                     |
| Treasury and corporate bonds   | 200.4          | -                     | 200.4                  | -                       |
| <b>Total</b>   | <b>211.7</b>   | <b>1.8</b>            | <b>200.4</b>           | <b>9.5</b>              |

- 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 periods, 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:  | 43.0         | 156.1        | 32.8         | 138.3        | 35.7         | 154.0        |
| <i>maintenance services and license fees</i>   | 42.3         | 121.4        | 32.0         | 112.8        | 34.4         | 124.0        |
| <i>rents and averaging of instalments under operating leases</i>                       | 0.1          | 5.6          | 0.1          | 2.6          | 0.3          | 2.3          |
| <i>insurances</i>  | -            | 8.7          | -            | 5.3          | 0.1          | 6.6          |
| <i>other services</i>  | 0.6          | 20.4         | 0.7          | 17.6         | 0.9          | 21.1         |
| Expenses related to services performed for which revenues have not been recognized yet | 0.6          | 12.5         | -            | 6.9          | 0.1          | 4.5          |
| Other prepayments and accrued income   | -            | 14.8         | -            | 10.1         | -            | 8.2          |
| <b>Total</b>   | <b>43.6</b>  | <b>183.4</b> | <b>32.8</b>  | <b>155.3</b> | <b>35.8</b>  | <b>166.7</b> |

13. Long-term and short-term receivables

|   | 30 June 2017      |                    | 31 Dec. 2016      |                    | 30 June 2016      |                    |
|---|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
|   | Long-term<br>mPLN | Short-term<br>mPLN | Long-term<br>mPLN | Short-term<br>mPLN | Long-term<br>mPLN | Short-term<br>mPLN |
| <b>Trade receivables, of which:</b>                 |                   |                    |                   |                    |                   |                    |
| <b>Invoiced receivables</b>                         | <b>5.4</b>        | <b>1,680.2</b>     | <b>8.0</b>        | <b>1,841.4</b>     | <b>7.1</b>        | <b>1,546.6</b>     |
| from related parties                                | -                 | 3.7                | -                 | 4.7                | -                 | 3.2                |
| from other entities                                 | 5.4               | 1,676.5            | 8.0               | 1,836.7            | 7.1               | 1,543.4            |
| <b>Uninvoiced receivables</b>                       | <b>-</b>          | <b>375.6</b>       | <b>-</b>          | <b>278.2</b>       | <b>-</b>          | <b>316.0</b>       |
| from related parties                                | -                 | 0.7                | -                 | 0.1                | -                 | 0.6                |
| from other entities                                 | -                 | 374.9              | -                 | 278.1              | -                 | 315.4              |
| <b>Receivables from valuation of IT contracts</b>   | <b>-</b>          | <b>194.1</b>       | <b>-</b>          | <b>180.1</b>       | <b>-</b>          | <b>210.8</b>       |
| from related parties                                | -                 | 0.3                | -                 | 0.1                | -                 | 1.2                |
| from other entities                                 | -                 | 193.8              | -                 | 180.0              | -                 | 209.6              |
| <b>Allowance for doubtful receivables (-)</b>       | <b>-</b>          | <b>(87.1)</b>      | <b>-</b>          | <b>(90.7)</b>      | <b>-</b>          | <b>(88.9)</b>      |
|   | <b>5.4</b>        | <b>2,162.8</b>     | <b>8.0</b>        | <b>2,209.0</b>     | <b>7.1</b>        | <b>1,984.5</b>     |
| <b>Corporate income tax receivable</b>              | <b>-</b>          | <b>71.5</b>        | <b>-</b>          | <b>69.7</b>        | <b>-</b>          | <b>75.9</b>        |
| <b>Receivables from the state and local budgets</b> |                   |                    |                   |                    |                   |                    |
| Value added tax                                     | -                 | 9.7                | -                 | 9.0                | -                 | 17.4               |
| Other   | -                 | 14.0               | -                 | 15.0               | -                 | 14.3               |
|   | <b>-</b>          | <b>23.7</b>        | <b>-</b>          | <b>24.0</b>        | <b>-</b>          | <b>31.7</b>        |
| <b>Other receivables</b>                            |                   |                    |                   |                    |                   |                    |
| Other receivables                                   | 112.0             | 58.0               | 45.8              | 46.3               | 60.1              | 42.1               |
| Allowance for other uncollectible receivables (-)   | -                 | (4.3)              | -                 | (4.1)              | -                 | (3.7)              |
|   | <b>112.0</b>      | <b>53.7</b>        | <b>45.8</b>       | <b>42.2</b>        | <b>60.1</b>       | <b>38.4</b>        |

Related party transactions have been presented in explanatory note 19 to these interim condensed consolidated 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 include 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, and also receivables relating to guarantees of due performance of contracts (i.e. security in cash extended in favour of customers in order to compensate for their potential losses should our company fail to fulfil its contractual obligations), receivables from disposal of tangible assets, as well as receivables from security deposits paid-in.

#### 14. Cash and cash equivalents

|  | 30 June 2017   | 31 Dec. 2016   | 30 June 2016   |
|--|----------------|----------------|----------------|
|  | mPLN           | mPLN           | mPLN           |
| Cash at bank   | 928.6          | 1,065.1        | 1,005.6        |
| Cash on hand   | 0.7            | 1.0            | 1.4            |
| Short-term bank deposits (up to 3 months)                                      | 150.5          | 436.3          | 274.1          |
| Cash equivalents   | 0.2            | 0.2            | 0.2            |
| <b>Total cash and cash equivalents as disclosed in the balance sheet</b>       | <b>1,080.0</b> | <b>1,502.6</b> | <b>1,281.3</b> |
| Interest accrued on cash and cash equivalents                                  | (0.1)          | (0.1)          | (0.1)          |
| Bank overdraft facilities utilized for current liquidity management            | (179.4)        | (30.4)         | (189.1)        |
| <b>Total cash and cash equivalents as disclosed in the cash flow statement</b> | <b>900.5</b>   | <b>1,472.1</b> | <b>1,092.1</b> |

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. Interest-bearing bank loans and debt securities issued

The table below presents the Group's debt outstanding as at 30 June 2017 and 31 December 2016.

|                        | 30 June 2017 |              | 31 Dec. 2016 |              |
|------------------------|--------------|--------------|--------------|--------------|
|                        | Long-term    | Short-term   | Long-term    | Short-term   |
|                        | mPLN         | mPLN         | mPLN         | mPLN         |
| <b>Bank loans</b>      | 630.4        | 660.3        | 587.3        | 417.4        |
| - overdraft facilities | -            | 427.4        | -            | 226.0        |
| - non-revolving loans  | 630.4        | 232.9        | 587.3        | 191.4        |
| <b>Bonds</b>           | 216.1        | -            | 231.7        | 13.7         |
| <b>Borrowings</b>      | 9.6          | 11.1         | 18.2         | 7.7          |
| <b>Total</b>           | <b>856.1</b> | <b>671.4</b> | <b>837.2</b> | <b>438.8</b> |

The Group's total liabilities under all bank loans and borrowings obtained and debt securities issued aggregated at PLN 1,527.5 million as at 30 June 2017, as compared with PLN 1,276.0 million outstanding as at 31 December 2016.

Bank overdraft facilities outstanding as at 30 June 2017 and 31 December 2016 are presented in the tables below.

| Loan currency | Effective interest rate | Actual amount of debt as at 30 June 2017<br>mPLN | Maximum debt limit available<br>mPLN | Unused amount of loan facilities<br>mPLN |
|---------------|-------------------------|--|--------------------------------------|--|
| EUR           | EONIA + margin          | -  | 4.2                                  | 4.2                                      |
|               | EURIBOR + margin        | 9.2  | 54.6                                 | 45.4                                     |
|               | Fixed interest rate     | 9.5  | 12.8                                 | 3.3                                      |
| NIS           | Prime (Israel) + margin | 200.2  | 200.2                                | -  |
| PLN           | WIBOR + margin          | 200.1  | 635.4                                | 435.3                                    |
|               | Fixed interest rate     | -  | 0.2                                  | 0.2                                      |
| USD           | Fixed interest rate     | 7.3  | 7.3                                  | -  |
| MKD           | Fixed interest rate     | -  | 0.2                                  | 0.2                                      |
| DKK           | Fixed interest rate     | 1.1  | 3.4                                  | 2.3                                      |
|               |                         | <b>427.4</b>                                     | <b>918.3</b>                         | <b>490.9</b>                             |

| Loan currency | Effective interest rate | Actual amount of debt as at 31 December 2016<br>mPLN | Maximum debt limit available<br>mPLN | Unused amount of loan facilities<br>mPLN |
|---------------|-------------------------|--|--------------------------------------|--|
| EUR           | EONIA + margin          | -  | 4.4                                  | 4.4                                      |
|               | EURIBOR + margin        | 16.5   | 89.8                                 | 73.3                                     |
|               | Fixed interest rate     | 7.8  | 12.1                                 | 4.3                                      |
| NIS           | Prime (Israel) + margin | 176.4  | 176.4                                | -  |
| PLN           | WIBOR + margin          | 21.1   | 603.5                                | 582.4                                    |
|               | Fixed interest rate     | -  | 0.3                                  | 0.3                                      |
| USD           | Fixed interest rate     | 4.2  | 4.2                                  | -  |
| HUF           | BUBOR + margin          | -  | 1.4                                  | 1.4                                      |
|               |                         | <b>226.0</b>   | <b>892.1</b>                         | <b>666.1</b>                             |

Non-revolving bank loans outstanding as at 30 June 2017 and 31 December 2016 are presented in the table below.

| Loan currency | Effective interest rate | 30 June 2017      |                    | 31 Dec. 2016      |                    |
|---------------|-------------------------|-------------------|--------------------|-------------------|--------------------|
|               |                         | Long-term<br>mPLN | Short-term<br>mPLN | Long-term<br>mPLN | Short-term<br>mPLN |
| BAM           | Fixed interest rate     | -                 | -                  | -                 | 0.2                |
| EUR           | EURIBOR + margin        | 10.9              | 14.6               | 14.3              | 17.0               |
|               | Fixed interest rate     | 13.2              | 4.9                | -                 | -                  |
| HRK/EUR       | EURIBOR + margin        | 5.6               | 4.2                | 8.2               | 5.3                |
| NIS           | Fixed interest rate     | 410.6             | 166.1              | 499.3             | 155.2              |
| PLN           | WIBOR + margin          | 78.0              | 13.2               | 64.4              | 13.2               |
| USD           | Fixed interest rate     | 0.9               | 0.2                | 1.1               | 0.5                |
|               | LIBOR + margin          | 111.2             | 29.7               | -                 | -                  |
|               |                         | <b>630.4</b>      | <b>232.9</b>       | <b>587.3</b>      | <b>191.4</b>       |

Borrowings outstanding as at 30 June 2017 and 31 December 2016 are presented in the table below.

| Loan currency | Effective interest rate | Repayment date | 30 June 2017   |                 | 31 Dec. 2016   |                 |
|---------------|-------------------------|----------------|----------------|-----------------|----------------|-----------------|
|               |                         |                | Long-term mPLN | Short-term mPLN | Long-term mPLN | Short-term mPLN |
| EUR           | Fixed interest rate     | Q4 2018        | 2.9            | 5.2             | 4.0            | 4.3             |
|               |                         | 2019           | 0.1            | 0.1             | 0.2            | 0.1             |
|               |                         | 2020           | -              | -               | 0.1            | -               |
|               |                         | 2021           | 0.1            | -               | 0.2            | -               |
|               |                         | 2022           | 0.1            | -               | -              | -               |
| NIS           | Fixed interest rate     | not specified  | 1.9            | -               | 2.1            | -               |
| PLN           | Fixed interest rate     | 2019           | 4.5            | 5.8             | 4.3            | 2.1             |
|               |                         | 2021           | -              | -               | 7.3            | 1.2             |
|               |                         |                | <b>9.6</b>     | <b>11.1</b>     | <b>18.2</b>    | <b>7.7</b>      |

The Group's liabilities under non-revolving bank loans and borrowings amounted to PLN 884.0 million as at 30 June 2017, of which PLN 640.0 million represented debt with maturities of over 12 months. As at 31 December 2016, liabilities under non-revolving bank loans and borrowings amounted to PLN 804.6 million, of which PLN 605.5 million represented long-term debt.

In the reporting period, the margins realized by lenders to Asseco Group companies ranged from 0.1 to 6.0 percentage points on an annual basis. Whereas, in the comparable period such margins ranged from 1.0 to 4.8 percentage points per annum.

In 2015, Formula Systems issued bonds with a total face value of NIS 227.2 million. These bonds have been issued in two series:

- series A, with a total face value of NIS 102.2 million, represents bonds that have been secured with shares in subsidiaries of Formula Systems, bearing a fixed interest rate of 2.8% per annum;
- series B, with a total face value of NIS 125.0 million, represents bonds that can be converted into shares of Formula Systems, bearing a fixed interest rate of 2.74% per annum. These convertible bonds can be exchanged for the company's ordinary stock at the price of NIS 157 per share.

As at 30 June 2017, liabilities of Formula Systems under the above-mentioned bonds amounted to PLN 216.1 million.

| Debt securities issued by Formula Systems (1985) Ltd. | Division into short- and long-term portion | Series   | 30 June 2017 | 31 Dec. 2016 | Effective interest rate | Currency |
|---|--|----------|--------------|--------------|-------------------------|----------|
|   |  |          | mPLN         | mPLN         |                         |          |
|   | long-term portion                          | Series A | 94.0         | 96.4         | 3.07%                   | NIS      |
|   |  | Series B | 122.1        | 135.3        | 3.65%                   | NIS/USD  |
|   | short-term portion                         | Series A | -            | 13.7         | 3.07%                   | NIS      |
|   |  |          | <b>216.1</b> | <b>245.4</b> |                         |          |

Some loans obtained from Polish and Israeli banks come with the so-called covenants which impose an obligation to maintain certain financial ratios at the levels required by the bank. These ratios are related to the level of indebtedness, e.g. debt to EBITDA or debt to equity ratios, or to achieving the expected operating results. In the event a company carrying such a covenanted loan fails to satisfy the said requirements, the bank may apply a sanction in the form of a higher margin on the loan. Should the bank deem the new level of a ratio to be unacceptable, the bank may in certain cases exercise its rights in the collateral provided as security.

As at 30 June 2017, we did not infringe upon any of such covenants.

Assets serving as security for bank loan facilities as well as for debt securities:

| Category of assets                   | Net value of assets |                | Utilized amount of bank loans or debt under bonds secured with assets |              |
|--------------------------------------|---------------------|----------------|---|--------------|
|                                      | 30 June 2017        | 31 Dec. 2016   | 30 June 2017  | 31 Dec. 2016 |
|                                      | mPLN                | mPLN           | mPLN  | mPLN         |
| Land and buildings                   | 189.1               | 191.8          | 72.5  | 77.6         |
| Computers and other office equipment | -                   | 0.3            | -   | 0.2          |
| Other tangible assets                | 1.1                 | 2.2            | 9.6   | 10.0         |
| Long-term investments                | 1,325.1             | 1,322.8        | 269.5   | 339.1        |
| Current and future receivables       | -                   | 1.7            | -   | 7.7          |
| <b>Total</b>                         | <b>1,515.3</b>      | <b>1,518.8</b> | <b>351.6</b>  | <b>434.6</b> |

## 16. Long-term and short-term liabilities

As at 30 June 2017 and in the comparable periods, the Group 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         |
| <b>Trade payables, of which</b>                           |              |                |              |                |              |              |
| <b>Invoiced payables</b>                                  | <b>0.2</b>   | <b>437.0</b>   | <b>0.7</b>   | <b>595.9</b>   | -            | <b>398.8</b> |
| from related parties                                      | -            | 1.3            | -            | 1.4            | -            | 0.7          |
| from other entities                                       | 0.2          | 435.7          | 0.7          | 594.5          | -            | 398.1        |
| <b>Uninvoiced payables</b>                                | <b>8.4</b>   | <b>213.2</b>   | <b>9.7</b>   | <b>192.8</b>   | <b>8.0</b>   | <b>174.5</b> |
| from related parties                                      | -            | 0.1            | -            | 0.1            | -            | 0.1          |
| from other entities                                       | 8.4          | 213.1          | 9.7          | 192.7          | 8.0          | 174.4        |
| <b>Liabilities arising from valuation of IT contracts</b> | -            | <b>28.7</b>    | -            | <b>28.8</b>    | -            | <b>35.3</b>  |
| from related parties                                      | -            | -              | -            | -              | -            | -            |
| from other entities                                       | -            | 28.7           | -            | 28.8           | -            | 35.3         |
|   | <b>8.6</b>   | <b>678.9</b>   | <b>10.4</b>  | <b>817.5</b>   | <b>8.0</b>   | <b>608.6</b> |
| <b>Corporate income tax payable</b>                       | -            | <b>52.7</b>    | -            | <b>46.7</b>    | -            | <b>33.4</b>  |
| <b>Liabilities to the state and local budgets</b>         |              |                |              |                |              |              |
| Value added tax (VAT)                                     | -            | 76.6           | -            | 103.3          | -            | 54.8         |
| Personal income tax (PIT)                                 | -            | 19.0           | -            | 21.8           | -            | 19.8         |
| Social insurance  | -            | 33.5           | -            | 33.8           | -            | 29.8         |
| Withholding income tax                                    | -            | 2.2            | -            | 2.6            | -            | 4.7          |
| Other   | -            | 4.1            | -            | 4.1            | -            | 4.6          |
|   | -            | <b>135.4</b>   | -            | <b>165.6</b>   | -            | <b>113.7</b> |
| <b>Other liabilities</b>                                  |              |                |              |                |              |              |
| Liabilities to employees (including salaries payable)     | -            | 227.7          | -            | 248.6          | -            | 192.5        |
| Other liabilities   | 11.2         | 33.3           | 10.4         | 43.4           | 9.7          | 38.9         |
|   | <b>11.2</b>  | <b>261.0</b>   | <b>10.4</b>  | <b>292.0</b>   | <b>9.7</b>   | <b>231.4</b> |
| <b>Total</b>  | <b>19.8</b>  | <b>1,128.0</b> | <b>20.8</b>  | <b>1,321.8</b> | <b>17.7</b>  | <b>987.1</b> |

Trade payables are non-interest bearing. Related party transactions have been presented in explanatory note 19 to these interim condensed consolidated financial statements.



## 17. Other financial liabilities

As at 30 June 2017 and in the comparable periods, other financial liabilities were as follows:

|  | 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         |
| Dividend payment liabilities   | 9.5          | 17.8         | 9.8          | 28.2         | 9.8          | 35.8         |
| Liabilities from the acquisition of shares – deferred and conditional payments for controlling interests | 23.4         | 35.1         | 41.1         | 47.1         | 33.8         | 32.6         |
| Liabilities from the acquisition of minority interests in subsidiaries (put options)                     | 262.8        | 92.7         | 307.7        | 42.4         | 154.9        | 66.4         |
| Other financial liabilities  | -            | 1.2          | 0.7          | 6.2          | 0.8          | 1.5          |
| <b>Total</b>   | <b>295.7</b> | <b>146.8</b> | <b>359.3</b> | <b>123.9</b> | <b>199.3</b> | <b>136.3</b> |

As at 30 June 2017 and in the comparable periods, dividend payment liabilities comprised basically dividends payable to non-controlling shareholders in subsidiaries and indirect subsidiaries of the Parent Company.

As at 30 June 2017 and in the comparable periods, the Group carried estimated liabilities resulting from deferred and/or conditional payments for controlling interests. The amounts of the above-mentioned liabilities have been measured using the price calculation formula as defined in the controlling interest acquisition agreements, which shall correspond to a given company's profit for the contractual term multiplied by a predetermined coefficient.

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

The table below presents liabilities resulting from deferred and/or conditional payments for controlling interests in subsidiaries as at 30 June 2017 and in the comparable periods (long- and short-term portions in aggregate):

| Liabilities for deferred and/or conditional payments for controlling interests | 30 June 2017 | 31 Dec. 2016 | 30 June 2016 |
|--|--------------|--------------|--------------|
|  | mPLN         | mPLN         | mPLN         |
| Liabilities from acquisitions made within Asseco Central Europe Group          | 3.8          | 4.3          | 4.3          |
| Liabilities from acquisitions made within Magic Software Enterprises Group     | 16.7         | 34.7         | 19.5         |
| Liabilities from acquisitions made within Matrix IT Group                      | 14.8         | 21.7         | 17.6         |
| Liabilities from acquisitions made within Sapiens International Group          | 14.1         | 8.5          | 6.0          |
| Liabilities from acquisitions made by Asseco Poland S.A.                       | 9.1          | 19.0         | 19.0         |
| <b>Total</b>   | <b>58.5</b>  | <b>88.2</b>  | <b>66.4</b>  |

As at 30 June 2017 and in the comparable periods, the Group had liabilities resulting from the acquisition of non-controlling interests in subsidiaries (put options). The amounts of such liabilities have been estimated using the formula for calculation of the exercise price of options that the Group granted to non-controlling shareholders, which corresponds to a given company's profit for the contractual term multiplied by a predetermined coefficient.

The table below presents liabilities resulting from put options granted to non-controlling shareholders in subsidiaries as at 30 June 2017 and in the comparable periods (long- and short-term portions in aggregate):

| Liabilities under put options granted to non-controlling shareholders | 30 June 2017 | 31 Dec. 2016 | 30 June 2016<br>(restated) |
|---|--------------|--------------|----------------------------|
|   | mPLN         | mPLN         | mPLN                       |
| Companies of Matrix IT Group  | 113.9        | 118.1        | 69.1                       |
| Companies of Magic Software Enterprises Group                         | 103.2        | 85.5         | 13.5                       |
| Companies of Sapiens International Group                              | 3.4          | 3.8          | 2.2                        |
| Companies of Asseco Central Europe Group                              | 10.9         | 15.0         | 18.5                       |
| Companies in the Polish market  | 124.1        | 127.7        | 118.0                      |
| <b>Total</b>  | <b>355.5</b> | <b>350.1</b> | <b>221.3</b>               |

### 18. 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         |
| <b>Accruals, of which:</b>                  |              |              |              |              |              |              |
| Accrual for unused holiday leaves           | -            | 126.6        | -            | 103.3        | -            | 122.8        |
| Accrual for employee and management bonuses | -            | 119.1        | -            | 155.5        | -            | 108.9        |
|   | -            | <b>245.7</b> | -            | <b>258.8</b> | -            | <b>231.7</b> |
| <b>Deferred income, of which:</b>           |              |              |              |              |              |              |
| Maintenance services and license fees       | 39.0         | 332.5        | 23.0         | 227.3        | 20.1         | 274.9        |
| Other prepaid services                      | 0.2          | 36.3         | 0.1          | 25.2         | -            | 56.6         |
| Grants for the development of assets        | 35.3         | 6.3          | 35.6         | 7.0          | 33.7         | 3.7          |
| Other                                       | -            | 1.0          | 0.1          | 0.7          | 0.2          | 1.0          |
|   | <b>74.5</b>  | <b>376.1</b> | <b>58.8</b>  | <b>260.2</b> | <b>54.0</b>  | <b>336.2</b> |

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

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. Grants for the development of assets represent subsidies received by the Group in connection with its development projects or projects related to the creation of IT competence centers.

## 19. Related party transactions

| <b>Asseco Group sales to related parties:</b>  |   | <b>6 months ended<br/>30 June 2017</b> | <b>6 months ended<br/>30 June 2016</b> |
|--|---|--|--|
| <b>Name of entity</b>  |   | <b>mPLN</b>                            | <b>mPLN</b>                            |
| <b>Transactions with associates and joint ventures</b>   |   |  |  |
| Postdata S.A.  | <i>sale of goods and services related to implemented IT projects</i>            | 2.2                                    | 2.4                                    |
| E-Mon d.o.o.   | <i>sale of goods and services related to implemented IT projects</i>            | -                                      | 0.2                                    |
| Multicard d.o.o.   | <i>sale of goods and services related to implemented IT projects</i>            | 0.2                                    | 0.1                                    |
| eDocu, a.s.  | <i>sale of goods and services related to implemented IT projects</i>            | -                                      | 0.1                                    |
| SCS Smart Connected Solutions GmbH   | <i>sale of goods and services related to implemented IT projects</i>            | 1.0                                    | 0.8                                    |
| R-Style Softlab JSC  | <i>sale of goods and services related to implemented IT projects</i>            | 0.6                                    | -                                      |
|  | <b>Total</b>  | <b>4.0</b>                             | <b>3.6</b>                             |
| <b>Transactions with entities related through the Group's key management personnel</b>                                       |   |  |  |
| Konferenta UAB <sup>1)</sup>   | <i>sale of services related to implemented IT projects and other activities</i> | 0.1                                    | 0.1                                    |
| Artem Otrashesky <sup>2)</sup>   | <i>sale of shares</i>   | 16.0                                   | -                                      |
| Other entities related through the key management personnel  |   | 0.3                                    | -                                      |
|  | <b>Total</b>  | <b>16.4</b>                            | <b>0.1</b>                             |
| <b>Transactions with members of management and supervisory boards and commercial proxies of other companies of the Group</b> |   |  |  |
| Andrey Galkovsky <sup>3)</sup>   | <i>sale of shares</i>   | 14.3                                   | -                                      |
| Managers of ASEE Group <sup>4)</sup>   | <i>sale of shares</i>   | 21.8                                   | -                                      |
| Managers of ACE Group <sup>5)</sup>  | <i>sale of shares</i>   | 32.8                                   | -                                      |
| Other  |   | -                                      | 0.1                                    |
|  | <b>Total</b>  | <b>68.9</b>                            | <b>0.1</b>                             |
| <b>Total related party transactions</b>  |   | <b>89.3</b>                            | <b>3.8</b>                             |

<sup>1)</sup> In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Albertas Sermokas, a shareholder in UAB Konferenta, was a non-controlling shareholder in our subsidiaries UAB Sintagma and Asseco Lietuva. Till 28 June 2016, Mr. Evaldas Drasutis was a non-controlling shareholder in our subsidiaries Sintagma UAB and Asseco Lietuva UAB. Furthermore, they both served as members of the managerial staff of UAB Sintagma and Asseco Lietuva.

<sup>2)</sup> 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.

<sup>3)</sup> 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.

<sup>4)</sup> 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.

<sup>5)</sup> 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 Stoppiani, and Mr. Markus Haller.

| <b>Asseco Group purchases from related parties:</b>  |  | <b>6 months ended<br/>30 June 2017</b> | <b>6 months ended<br/>30 June 2016</b> |
|--|--|--|--|
| <b>Name of entity</b>  |  | <b>mPLN</b>                            | <b>mPLN</b>                            |
| <b>Transactions with associates</b>  |  |  |  |
| Postdata S.A.  | <i>purchase of goods and services related to implemented IT projects</i>   | 0.1                                    | 0.3                                    |
| SCS Smart Connected Solutions GmbH   | <i>purchase of goods and services related to implemented IT projects</i>   | 0.2                                    | -                                      |
| R-Style Softlab JSC  | <i>purchase of goods and services related to implemented IT projects</i>   | 0.3                                    | -                                      |
|  | <b>Total</b>   | <b>0.6</b>                             | <b>0.3</b>                             |
| <b>Transactions with entities related through the Group's key management personnel</b>                                 |  |  |  |
| Top Fin Sp. z o.o. <sup>1)</sup>   | <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                                    |
| MHM d.o.o. <sup>2)</sup>   | <i>rental of office space</i>  | 2.9                                    | 2.9                                    |
| UAB Linkas <sup>3)</sup>   | <i>rental of office space; purchase of services related to other activities</i>  | 0.6                                    | 0.6                                    |
| Magna Virtus Consulting SA <sup>4)</sup>   | <i>purchase of services related to other activities</i>  | 1.0                                    | 1.2                                    |
| Gestso-Soc. De Gestao <sup>5)</sup>  | <i>rental of office space</i>  | 0.3                                    | 0.4                                    |
| Other entities related through the key management personnel  |  | 0.9                                    | 2.7                                    |
|  | <b>Total</b>   | <b>6.8</b>                             | <b>9.1</b>                             |
| <b>Transactions with members of management and supervisory boards and commercial proxies of companies of the Group</b> |  |  |  |
| Dariusz Brzeski  | <i>purchase of advisory services</i>   | 0.8                                    | 1.3                                    |
| Andrzej Gerlach  | <i>purchase of advisory services</i>   | 0.3                                    | 0.3                                    |
| Jacek Duch   | <i>purchase of advisory services</i>   | -                                      | 0.2                                    |
| Transactions with other members of management and supervisory boards and commercial proxies                            |  | 1.2                                    | 1.5                                    |
|  | <b>Total</b>   | <b>2.3</b>                             | <b>3.3</b>                             |
|  | <b>Total related party transactions</b>  | <b>9.7</b>                             | <b>12.7</b>                            |

<sup>1)</sup> 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.

<sup>2)</sup> In the period of 6 months ended 30 June 2017 as well as in the comparable period, shareholders in MHM d.o.o. served as members of the managerial staff of subsidiaries of Asseco South Eastern Europe.

<sup>3)</sup> In the period of 6 months ended 30 June 2017 as well as in the comparable period, shareholders in UAB Linkas, Mr. Albertas Sermokas and Mr. Evaldas Drasutis were non-controlling shareholders in our subsidiary UAB Sintagma and Asseco Lietuva. Furthermore, they both served as members of the managerial staff of UAB Sintagma and Asseco Lietuva.

<sup>4)</sup> In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Miguel Lucio served as Member of the Management Board of MagnaVirtus Consulting and of Exictos.

<sup>5)</sup> In the period of 6 months ended 30 June 2017 as well as in the comparable period, Mr. Jose Rocha, a shareholder in Gestso, served as Member of the Management Board of Exictos.

| Name of entity   | Trade receivables and other receivables as at |              | Trade payables and other liabilities as at |              |
|--|---|--------------|--|--------------|
|  | 30 June 2017                                  | 31 Dec. 2016 | 30 June 2017                               | 31 Dec. 2016 |
|  | mPLN  | mPLN         | mPLN                                       | mPLN         |
| <b>Associates and jointly controlled companies</b>   |   |              |  |              |
| Postdata S.A.  | 1.0   | 1.2          | -  | -            |
| Multicard d.o.o.   | 0.7   | 0.7          | -  | -            |
| eDocu, a.s.  | 0.1   | 0.1          | 0.3  | 0.3          |
| SCS Smart Connected Solutions GmbH   | 2.5   | 2.9          | 0.5  | 0.2          |
| InterWay, a.s.   | 0.1   | -            | -  | -            |
|  | <b>4.4</b>                                    | <b>4.9</b>   | <b>0.8</b>                                 | <b>0.5</b>   |
| <b>Transactions with individuals and entities related through the Group's key management personnel</b>                       |   |              |  |              |
| Top Fin Sp. z o.o.   | 0.3   | 0.3          | -  | 0.2          |
| UAB Linkas   | -   | -            | 0.4  | 0.2          |
| Artem Otrashesky   | 16.4  | -            | -  | -            |
| Other  | 0.3   | -            | -  | 0.4          |
| <b>Total</b>   | <b>17.0</b>                                   | <b>0.3</b>   | <b>0.4</b>                                 | <b>0.8</b>   |
| <b>Transactions with Members of the Management Board and Supervisory Board and Commercial Proxies of Asseco Poland S.A.</b>  |   |              |  |              |
| Dariusz Brzeski  | -   | -            | 0.1  | 0.1          |
| Andrzej Gerlach  | -   | -            | -  | 0.1          |
| <b>Total</b>   | <b>-</b>                                      | <b>-</b>     | <b>0.1</b>                                 | <b>0.2</b>   |
| <b>Transactions with members of management and supervisory boards and commercial proxies of other companies of the Group</b> |   |              |  |              |
| Andrey Galkovsky   | 14.6  | -            | -  | -            |
| Managers of ASEE Group   | 21.8  | -            | -  | -            |
| Managers of ACE Group  | 24.3  | -            | -  | -            |
| Other  | 1.1   | 1.1          | 0.1  | 0.1          |
| <b>Total</b>   | <b>61.8</b>                                   | <b>1.1</b>   | <b>0.1</b>                                 | <b>0.1</b>   |
| <b>Total related party transactions</b>  | <b>83.2</b>                                   | <b>6.3</b>   | <b>1.4</b>                                 | <b>1.6</b>   |

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 4.7 million, as well as other receivables amounting to PLN 78.5 million.

As at 31 December 2016, receivables from related parties comprised trade receivables amounting to PLN 4.9 million, as well as other receivables amounting to PLN 1.4 million.

As at 30 June 2017, liabilities to related parties comprised trade payables amounting to PLN 1.4 million.

As at 31 December 2016, liabilities to related parties comprised trade payables amounting to PLN 1.5 million, as well as other liabilities amounting to PLN 0.1 million.

## 20. 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<br>30 June 2017 | 6 months ended<br>30 June 2016 |
|------------------------------------|--------------------------------|--------------------------------|
|                                    | mPLN                           | mPLN                           |
| Change in inventories              | 1.5                            | (14.6)                         |
| Change in receivables              | 105.5                          | 255.9                          |
| Change in liabilities              | (248.6)                        | (383.1)                        |
| Change in prepayments and accruals | 25.2                           | 30.0                           |
| Change in provisions               | (18.4)                         | (28.7)                         |
| <b>Total</b>                       | <b>(134.8)</b>                 | <b>(140.5)</b>                 |

### 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:

- Acquisitions of property, plant and equipment and intangible assets include purchases of property, plant and equipment for PLN 70.4 million, purchases of intangible assets for PLN 5.3 million, as well as expenditures for ongoing development projects amounting to PLN 35.3 million.
- Disposal of financial assets available for sale held by Sapiens in the amount of PLN 137.8 million and by Magic Software in the amount of PLN 8.7 million.
- Expenditures for the acquisition of subsidiaries, associates and joint ventures, as well as cash and cash equivalents in the acquired subsidiaries as at the date of obtaining control:

| for the period of 6 months ended 30 June 2017              | Acquisition of<br>subsidiaries<br>mPLN | Cash in subsidiaries<br>acquired<br>mPLN |
|--|--|--|
| Acquisitions made within Formula Systems Group             | (86.1)                                 | 11.9                                     |
| Acquisitions made within Magic Software Enterprises Group  | (14.9)                                 | -  |
| Acquisitions made within Matrix IT Group                   | (7.2)                                  | -  |
| Acquisitions made within Sapiens International Corp. Group | (395.8)                                | 20.6                                     |
| Acquisitions made within Asseco Central Europe Group       | (0.6)                                  | (0.1)                                    |
| Acquisitions made within ABS Group                         | (98.4)                                 | (0.6)                                    |
| Acquisitions made by Asseco Poland                         | (9.9)                                  | -  |
| <b>Total</b>   | <b>(612.9)</b>                         | <b>31.8</b>                              |

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

|  | Loans collected<br>mPLN | Loans granted<br>mPLN |
|--|-------------------------|-----------------------|
| Loans for employees  | 1.1                     | (0.7)                 |
| Loans for related parties                                      | -                       | (2.6)                 |
| Loans for other entities                                       | 27.4                    | (18.0)                |
| Term cash deposits with original maturities exceeding 3 months | 3.9                     | (11.6)                |
| <b>Total</b>   | <b>32.4</b>             | <b>(32.9)</b>         |

### Cash flows – financing activities

- Proceeds from bank loans and borrowings in the reporting period are primarily related to a bank loan amounting to PLN 155.9 million that was obtained by Sapiens International Corp., as well as to the increase of bank loan debt in Magic Software by the amount of PLN 25 million, and in Matrix IT by the amount of PLN 62.8 million.
- Repayments of bank loans and borrowings in the reporting period are primarily related to bank loans and borrowings repaid by Matrix IT in the amount of PLN 70.5 million, and by Formula Systems in the amount of PLN 43.4 million.
- Expenditures for the acquisition of non-controlling interests amounting to PLN 0.7 million are related to the purchase of additional shares in Chip Card only.

### 21. Off-balance-sheet liabilities towards other entities

The Group 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 | 31 Dec. 2016 | 30 June 2016 |
|--|--------------|--------------|--------------|
|  | mPLN         | mPLN         | mPLN         |
| <b>Liabilities under leases of space</b>           |              |              |              |
| In the period up to 1 year                         | 121.0        | 140.4        | 92.4         |
| In the period from 1 to 5 years                    | 204.9        | 217.9        | 244.8        |
| Over 5 years                                       | 12.8         | 14.5         | 24.8         |
|  | <b>338.7</b> | <b>372.8</b> | <b>362.0</b> |
| <b>Liabilities under operating lease contracts</b> |              |              |              |
| In the period up to 1 year                         | 46.5         | 54.4         | 50.9         |
| In the period from 1 to 5 years                    | 41.8         | 45.8         | 42.5         |
| Over 5 years                                       | -            | -            | -            |
|  | <b>88.3</b>  | <b>100.2</b> | <b>93.4</b>  |

During the presented reporting period ended 30 June 2017, neither the Company nor any of the Group subsidiaries were engaged in any legal proceedings pending before any court, competent arbitration body or public administration authority, concerning their 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 Asseco Group companies are 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, both the Company and its subsidiaries raise arguments that claims made by other parties are groundless.

### 22. Seasonal and cyclical nature of business

The Group'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 the sale of IT services for large enterprises and public institutions. Such entities often decide to make higher purchases of hardware and licenses in the last months of a year.

## 23. Employment

| Number of employees in the Group companies as at: | 30 June 2017  | 31 Dec. 2016  | 30 June 2016  |
|---|---------------|---------------|---------------|
| Management Board of the Parent Company            | 9             | 10            | 11            |
| Management Boards of the Group companies          | 121           | 118           | 120           |
| Production departments                            | 19,175        | 19,283        | 17,912        |
| Sales departments                                 | 1,501         | 1,323         | 1,291         |
| Administration departments                        | 1,625         | 1,630         | 1,625         |
| <b>Total</b>                                      | <b>22,431</b> | <b>22,364</b> | <b>20,959</b> |

| Number of employees in the Group companies as at: | 30 June 2017  | 31 Dec. 2016  | 30 June 2016  |
|---|---------------|---------------|---------------|
| <b>Polish market</b>                              |               |               |               |
| Asseco Poland S.A.                                | 2,664         | 2,812         | 2,757         |
| Asseco Business Solutions Group                   | 948           | 634           | 608           |
| Asseco Data Systems S.A.*)                        | 876           | 939           | 835           |
| DahliaMatic Sp. z o.o.**)                         | 54            | 50            | -             |
| Asseco Software Nigeria Ltd.                      | 22            | 18            | 15            |
| Park Wodny Sopot Sp. z o.o.                       | 53            | 58            | 60            |
| Gdynski Klub Koszykówki "Arka" S.A.               | 7             | 7             | 7             |
| Asseco Resovia S.A.                               | 4             | 4             | 4             |
| ZUI Novum Sp. z o.o.                              | 66            | 65            | 63            |
| SKG S.A.  | 31            | 32            | 33            |
| Infovide-Matrix Group ***)                        | -             | -             | 435           |
| <b>Central European market</b>                    |               |               |               |
| Asseco Central Europe Group                       | 1,795         | 1,745         | 1,704         |
| <b>South Eastern European market</b>              |               |               |               |
| Asseco South Eastern Europe Group                 | 1,486         | 1,480         | 1,397         |
| <b>Israeli market</b>                             |               |               |               |
| Formula Systems Group                             | 13,101        | 12,682        | 11,170        |
| <b>Western European market</b>                    |               |               |               |
| Asseco Western Europe Group                       | 699           | 632           | 639           |
| Asseco Danmark A/S                                | 37            | 35            | 38            |
| Peak Consulting Group ApS                         | 29            | 29            | 25            |
| Exictos SGPS Group                                | 387           | 403           | 379           |
| Sintagma UAB                                      | 133           | 131           | 135           |
| <b>Eastern European market</b>                    |               |               |               |
| R-Style Softlab JSC ****)                         | -             | 560           | 611           |
| Asseco Georgia LLC                                | 28            | 36            | 29            |
| Asseco Kazakhstan LLC                             | 11            | 12            | 15            |
| <b>Total</b>                                      | <b>22,431</b> | <b>22,364</b> | <b>20,959</b> |

\*) The merger of Asseco Data Systems S.A. with the companies Sigilogic sp. z o.o. and CTPartners S.A. was registered on 2 January 2017, as a result of which employees of Sigilogic as at 30 June 2016 and 31 December 2016, as well as employees of CTPartners as at 31 December 2016 have been presented in Asseco Data Systems.

\*\*) Employees of DahliaMatic sp. z o.o. and CT Partners S.A. as at 30 June 2016 have been included in Infovide-Matrix Group.

\*\*\*) The merger of Infovide-Matrix S.A. with Asseco Poland S.A. was registered on 1 July 2016.

\*\*\*\*) As at 30 June 2017, R-Style Softlab JSC was no longer controlled by Asseco Group.



## 24. Significant events after the reporting period

### *Asseco Poland S.A. – sale of shares in Formula Systems (1985) Ltd 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. The sale transactions were 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.

### *Asseco Poland S.A. – 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.

### *Asseco Enterprise Solutions a.s. – 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, while Asseco Poland maintains indirect control over Asseco Enterprise Solutions through ACE Group.

### *Asseco Business Solutions S.A. – buyout of shares in Macrologic S.A. by Asseco Business Solutions S.A.*

On 19 July 2017, Asseco Business Solutions S.A. announced a compulsory buyout of all shares held by minority shareholders in Macrologic S.A., this is 61,680 shares. The buyout date was set for 24 July 2017, and the buyout price equalled PLN 59 per share. On 24 July 2017, upon the settlement of the compulsory buyout transaction, Asseco Business Solutions S.A. purchased the remaining shares in Macrologic S.A. As a result, Asseco Business Solutions S.A. holds 1,729,283 shares in Macrologic S.A., representing 91.56% of the share capital and voting rights at the general meeting of Macrologic S.A. The remaining 8.44% stake of shares in Macrologic S.A. is constituted by treasury shares held by Macrologic S.A. itself, meaning that, following the compulsory buyout transaction, Asseco Business Solutions S.A. effectively holds 100% of shares in the acquired company.

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*▣ Asseco South Eastern Europe S.A. – signing an annex to a loan agreement*

On 2 August 2017, the company and ING Bank Śląski signed an annex to the loan agreement of 19 December 2014. Under this annex, the bank agreed to provide the company with a line of credit up to the amount of EUR 6.5 million in order to enable financing of loans to be granted by the company to its subsidiaries for the implementation of outsourcing contracts. The line of credit may be used over a period of two years, i.e. till 31 July 2019. Whereas, the repayment term has been scheduled for a period of 6 years, till 31 July 2023. Interest is payable on the amount of loan actually drawn and shall be based on the 1-month EURIBOR rate plus margin.

*▣ Asseco Spain S.A. – merger of Asseco Spain S.A. with Random Centro de Informatica S.A.U.*

On 14 August 2017, the General Meeting of Shareholders of Asseco Spain S.A. approved the merger of Asseco Spain S.A. (acting as the taking-over company) with Random Centro de Informatica S.A.U. (being the acquired company). The merger came into effect on 1 January 2017. The said transaction has no impact on the consolidated financial statements of Asseco Group.

## **25. Significant events related to prior years**

Until the date of preparing these interim condensed consolidated 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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