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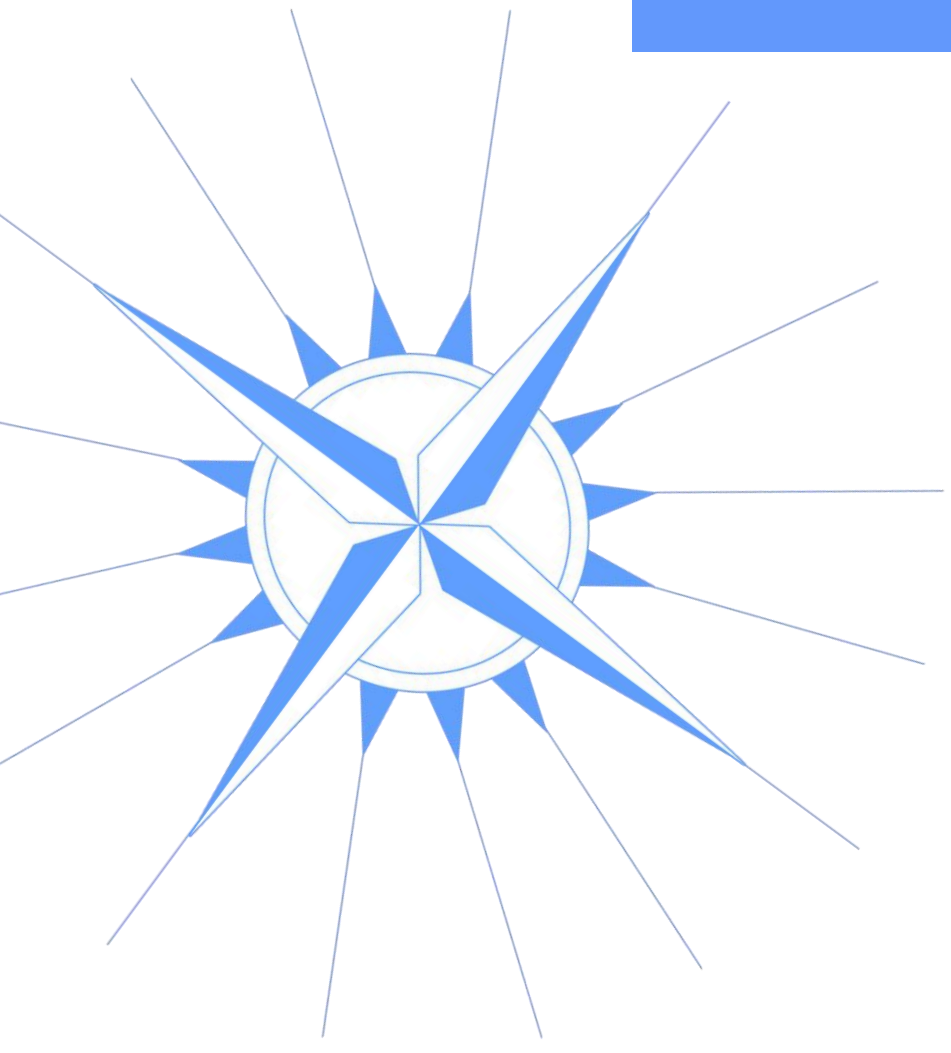
ASSECO POLAND S.A.

Annual Report
for the year ended 31 December 2014



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for the year ended 31 December 2014

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FINANCIAL HIGHLIGHTS OF ASSECO POLAND S.A.

for the year ended 31 December 2014

FINANCIAL HIGHLIGHTS OF ASSECO POLAND S.A.

Financial highlights of Asseco Poland S.A. are presented in the following table.

	12 months ended 31 Dec. 2014 PLN millions	12 months ended 31 Dec. 2013 PLN millions	12 months ended 31 Dec. 2014 EUR millions	12 months ended 31 Dec. 2013 EUR millions
Sales revenues	1,321.3	1,428.4	315.4	339.2
Operating profit	240.3	255.7	57.4	60.7
Pre-tax profit	344.1	329.7	82.1	78.3
Net profit	**290.3**	**280.3**	**69.3**	**66.6**
Net cash provided by (used in) operating activities	207.8	259.4	49.6	61.6
Net cash provided by (used in) investing activities	50.7	(155.3)	12.1	(36.9)
Net cash provided by (used in) financing activities	(279.6)	(286.9)	(66.7)	(68.1)
Cash and cash equivalents at the end of period	86.7	108.2	20.3	26.1
Earnings per ordinary share (in PLN/EUR)	3.50	3.38	0.84	0.80

The financial highlights disclosed in these financial statements were translated into EUR in the following way:

- items of the 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:
  - in the period from 1 January 2014 to 31 December 2014: EUR 1 = PLN 4.1892
  - in the period from 1 January 2013 to 31 December 2013: EUR 1 = PLN 4.2110
- The Company's cash and cash equivalents as at the end of the reporting period and the comparable period of the previous year have been translated into EUR at daily mid exchange rates as published by the National Bank of Poland. These exchange rates were respectively:
  - exchange rate effective on 31 December 2014: EUR 1 = PLN 4.2623
  - exchange rate effective on 31 December 2013: EUR 1 = PLN 4.1472

FINANCIAL STATEMENTS OF ASSECO POLAND S.A.

for the year 31 December 2014
prepared in accordance with the International Financial Reporting Standards endorsed by the EU

FINANCIAL STATEMENTS

of Asseco Poland S.A. for the year ended 31 December 2014

These financial statements have been approved for publication by the Management Board of Asseco Poland S.A. on 13 March 2015.

Management Board:

Adam Góral	President of the Management Board
Przemysław Borzestowski	Vice President of the Management Board
Andrzej Dopierała	Vice President of the Management Board
Tadeusz Dyrga	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
Włodzimierz Serwiński	Vice President of the Management Board
Przemysław Sęczkowski	Vice President of the Management Board
Robert Smułkowski	Vice President of the Management Board

Person responsible for maintaining the accounting books:

Danuta Stec	Chief Accountant

INCOME STATEMENT OF ASSECO POLAND S.A.

	Note	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Sales revenues	1	**1,321.3**	**1,428.4**
Cost of sales	1	**(949.3)**	**(1,038.0)**
Gross profit on sales		**372.0**	**390.4**
Selling costs	1	(53.4)	(52.6)
General and administrative expenses	1	(78.5)	(83.5)
Net profit on sales		**240.1**	**254.3**
Other operating income	2	3.7	4.1
Other operating expenses	2	(3.5)	(2.7)
Operating profit		**240.3**	**255.7**
Financial income	3	146.7	117.2
Financial expenses	3	(42.9)	(43.2)
Pre-tax profit		**344.1**	**329.7**
Corporate income tax *(current and deferred tax expense)*	4	(53.8)	(49.4)
Net profit for the reporting period		**290.3**	**280.3**
Earnings per share (in PLN):			
Basic earnings per share for the reporting period	5	3.50	3.38
Diluted earnings per share for the reporting period	5	3.50	3.38

STATEMENT OF COMPREHENSIVE INCOME OF ASSECO POLAND S.A.

	Note	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Net profit for the reporting period		**290.3**	**280.3**
Other comprehensive income:			
Components that may be reclassified to profit or loss			
Net profit/loss on valuation of financial assets available for sale	11	0.2	-
Income tax relating to components of other comprehensive income		0.1	0.1
Components that will not be reclassified to profit or loss			
Amortization of intangible assets recognized directly in equity, net of deferred income tax		(0.8)	(0.8)
Total other comprehensive income		**(0.5)**	**(0.7)**
TOTAL COMPREHENSIVE INCOME FOR THE REPORTING PERIOD		**289.8**	**279.6**

STATEMENT OF FINANCIAL POSITION OF ASSECO POLAND S.A.

ASSETS	Note	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Non-current assets			
Property, plant and equipment	7	376.1	404.0
Intangible assets	8	2,370.8	2,390.3
of which goodwill from mergers	8	*2,057.3*	*2,057.3*
Investment property		0.4	0.8
Investments in subsidiaries and associates	9	1,999.5	1,967.1
Long-term receivables	13	12.7	18.7
Long-term financial assets	11	65.0	35.3
Deferred tax assets	4	-	9.8
Long-term prepayments and accrued income	12	9.5	12.5
		4,834.0	**4,838.5**
Current assets			
Inventories	15	13.8	51.0
Trade receivables	13	207.6	239.3
Corporate income tax receivable		23.6	5.1
Other receivables	13	301.0	227.4
Other non-financial assets		2.2	10.8
Financial assets	11	15.3	35.8
Prepayments and accrued income	12	23.5	31.9
Cash and short-term deposits	16	86.7	108.2
Non-current assets held for sale	17	13.2	15.0
		686.9	**724.5**
TOTAL ASSETS		**5,520.9**	**5,563.0**

STATEMENT OF FINANCIAL POSITION OF ASSECO POLAND S.A.

EQUITY AND LIABILITIES	Note	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
TOTAL EQUITY			
Share capital	19	83.0	83.0
Share premium	19	4,180.1	4,180.1
Retained earnings and current net profit		710.7	637.1
		4,973.8	**4,900.2**
Non-current liabilities			
Long-term interest-bearing bank loans, borrowings and debt securities	20	89.9	122.1
Long-term finance lease liabilities	21	104.6	119.5
Deferred tax liabilities	4	15.2	-
Other long-term liabilities	23	1.9	1.4
Long-term provisions	22	28.7	34.1
Long-term deferred income	24	49.7	50.3
		290.0	**327.4**
Current liabilities			
Interest-bearing bank loans, borrowings and debt securities	20	13.3	16.0
Finance lease liabilities	21	18.1	16.4
Financial liabilities		-	0.8
Trade payables	23	84.0	116.5
Liabilities to the state and local budgets	23	27.0	36.6
Other liabilities	23	42.9	70.9
Provisions	22	7.9	4.2
Accruals	24	51.0	54.8
Deferred income	24	12.9	19.2
		257.1	**335.4**
TOTAL LIABILITIES		**547.1**	**662.8**
TOTAL EQUITY AND LIABILITIES		**5,520.9**	**5,563.0**

STATEMENT OF CHANGES IN EQUITY OF ASSECO POLAND S.A.

	Note	Share capital	Share premium	Retained earnings and current net profit	Total equity
		PLN millions	PLN millions	PLN millions	PLN millions
As at 1 January 2014 (audited)		**83.0**	**4,180.1**	**637.1**	**4,900.2**
Net profit for the reporting period		**-**	**-**	290.3	**290.3**
Total other comprehensive income for the reporting period		-	-	(0.5)	**(0.5)**
Merger with PiW Postinfo	9	-	-	(0.4)	**(0.4)**
Dividend for the year 2013	6	-	-	(215.8)	**(215.8)**
As at 31 December 2014 (audited)		**83.0**	**4,180.1**	**710.7**	**4,973.8**
As at 1 January 2013 (audited)		**83.0**	**4,180.1**	**557.5**	**4,820.6**
Net profit for the reporting period		**-**	**-**	280.3	**280.3**
Total other comprehensive income for the reporting period		-	-	(0.7)	**(0.7)**
Dividend for the year 2012	6	-	-	(200.0)	**(200.0)**
As at 31 December 2013 (audited)		**83.0**	**4,180.1**	**637.1**	**4,900.2**

STATEMENT OF CASH FLOWS OF ASSECO POLAND S.A.

	Note	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Cash flows – operating activities			
Pre-tax profit		344.1	329.7
Total adjustments:		**(90.6)**	**(10.5)**
Depreciation and amortization	1	60.3	59.7
Changes in working capital	26	(44.9)	1.1
Interest income/expenses		5.3	7.1
(Gain)/loss on foreign exchange differences		3.7	3.5
Dividend income		(99.3)	(105.7)
Other financial (income)/expenses		(14.3)	22.6
Impairment write-downs on intangible assets		-	3.1
(Gain)/loss on investing activities		(1.4)	(1.9)
Cash generated from operating activities		**253.5**	**319.2**
Corporate income tax paid		(45.7)	(59.8)
Net cash provided by (used in) operating activities		**207.8**	**259.4**
Cash flows – investing activities			
Disposal of tangible fixed assets and intangible assets		4.0	2.8
Acquisition of tangible fixed assets and intangible assets	26	(18.2)	(60.2)
Expenditures for development projects in progress	26	(6.9)	(4.0)
Prepayments for the acquisition of shares		-	0.4
Acquisition of shares in related companies	26	(7.0)	(135.2)
Cash and cash equivalents in subsidiaries acquired		0.1	-
Disposal of financial assets carried at fair value through profit or loss		2.6	-
Loans collected	26	18.8	48.1
Loans granted	26	(41.0)	(122.7)
Interest received		6.3	5.5
Dividends received	26	92.0	110.0
Net cash provided by (used in) investing activities		**50.7**	**(155.3)**
Cash flows – financing activities			
Dividend paid out	26	(215.8)	(200.0)
Repayment of bank loans and borrowings	26	(34.7)	(55.6)
Finance lease liabilities paid		(16.5)	(15.1)
Interest paid		(12.6)	(16.2)
Net cash provided by (used in) financing activities		**(279.6)**	**(286.9)**
Net change in cash and cash equivalents		**(21.1)**	**(182.8)**
Net foreign exchange differences		(0.4)	(1.3)
Cash and cash equivalents as at 1 January		108.2	292.3
Cash and cash equivalents as at 31 December	16	**86.7**	**108.2**

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

I. GENERAL INFORMATION

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

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

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

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

The period of the Company's operations is indefinite.

Asseco Poland S.A. is the largest IT company listed on the Warsaw Stock Exchange. Asseco also ranked in the top ten of the largest producers of software in Europe (Top 100 European Software Vendors, Truffle Capital 2014).

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

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

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

1. Basis for preparation

These financial statements were prepared in accordance with the historical cost convention, except for financial assets carried at fair value through profit or loss and financial assets available for sale which are also measured at fair value.

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

These financial statements were prepared on a going-concern basis, assuming the Company will continue its business operations over a period not shorter than 12 months from 31 December 2014. Till the date of approving these financial statements, we have not observed any circumstances that would threaten the Company's ability to continue as a going concern.

2. Compliance statement

These financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU IFRS"). As at the date of approving these financial statements for publication, given the ongoing process of implementation of IFRS in the EU as well as the nature of the Company's operations, within the scope of accounting policies applied by the Company, there are differences between IFRS and IFRS endorsed by the EU. The Company took advantage of the option, which is given to adopters of the International Financial Reporting Standards endorsed by the EU, to apply IFRIC 21 only for annual periods beginning on or after 1 January 2015, as well as to apply the amendments to IFRS 2 and IFRS 3 (which resulted from the Annual Improvements to IFRSs: 2010-2012 Cycle) only for annual periods beginning on or after 1 January 2016.

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

The Company has for the first time adopted the International Financial Reporting Standards in preparing its financial statements for the annual periods beginning after 1 January 2005.

3. Estimates

In the period of 12 months ended 31 December 2014, our approach to making estimates was not subject to any substantial change.

4. Professional judgement

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

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, and whose estimates, if changed, could significantly affect the Company's future results.

i. Valuation of IT contracts and measurement of their completion

The Company executes a number of contracts for construction and implementation of information technology systems. Additionally, some of those contracts are denominated in foreign currencies. Valuation of IT contracts requires that future operating cash flows are determined in order to arrive at the fair value of income and expenses and to provide the fair value of the embedded currency derivatives, as well as it requires measurement of the progress of contract execution. The percentage of contract completion shall be measured as the relation of costs already incurred (provided such costs contribute to the progress of work) to the total costs planned, or as a portion of man-days worked out of the total work effort required.

Assumed future operating cash flows are not always consistent with the agreements with customers or suppliers due to modifications of IT projects implementation schedules. As at 31 December 2014, receivables generated from valuation of IT contracts amounted to PLN 192.3 million, while liabilities arising from such valuation equalled PLN 12.5 million.

In case of contracts denominated in foreign currencies deemed to be functional currencies or in case of contracts denominated in EUR (even if

EUR is not a functional currency), embedded financial derivatives are not disclosed separately. In the Management's opinion, EUR should be regarded as a currency commonly used in contracts for the sale or purchase of IT systems and services. Revenues and expenses relating to such contracts are determined on the basis of spot exchange rates. In all the other cases embedded derivatives are separated from their host contracts. When an embedded instrument is separated, revenues resulting from the host contract are recognized at the embedded exchange rate; whereas, any foreign exchange differences between the exchange rate applied in the issued invoice and the embedded exchange rate are recognized as financial income or expense. As at 31 December 2014, no embedded instruments were separated from any effective agreements.

ii. Rates of depreciation and amortization

The level of depreciation and amortization rates is determined on the basis of anticipated period of useful economic life of the components of tangible and intangible assets. The Company verifies the adopted periods of useful life on an annual basis, taking into account the current estimates. In 2014, the rates of depreciation and amortization applied by the Company were not subject to any significant modifications.

iii. Internally generated intangible assets

The costs of internally generated intangible assets are measured and capitalized in line with the Company's accounting policy. The determination of when to begin the capitalization of such costs is subject to the management's professional judgement as to the technological and economic feasibility of completing the development project. This moment is determined by reaching a stage (milestone) of the project, at which the Company is reasonably certain of being able to complete the intangible asset so that it will be available for use or sale, and that future economic benefits to be obtained from use or sale of such intangible asset will exceed its production cost.

Thus, when determining the amount of capitalizable expenditures, the Management Board needs to estimate the present value of future cash flows to be generated by the intangible asset.

iv. Impairment of non-financial assets

At each balance sheet date, the Company determines whether there are any indications of possible impairment of non-financial fixed assets (including intangible assets, tangible fixed assets, and investments in subsidiaries). If such indications are identified or if it is necessary to perform an annual impairment test on non-financial assets, the Company shall compare the carrying value of an asset with the higher of the following two amounts: the market value or value in use of such an asset or of the cash-generating unit, to which such an asset has been allocated. Determination of the value in use of an asset or cash-generating unit requires estimating the future cash flows expected to be achieved from such an asset or cash-generating unit, as well as determining a discount rate to be subsequently used in order to calculate the present value of those cash flows. Disclosures concerning the annual impairment test, which was performed as at 31 December 2014, have been presented in explanatory note 10 to these interim condensed financial statements.

v. Classification of lease agreements

The Company classifies its lease contracts as operating or financial depending on whether substantially all the risks and rewards incidental to ownership of leased assets are retained by the lessor or transferred to the lessee. Such assessment is based on the economic substance of each leasing transaction.

5. Changes in the accounting policies applied

The accounting policies adopted in the preparation of these financial statements are consistent with those followed when preparing the Company's annual financial statements for the year ended 31 December 2013, which were published on 21 March 2014, except for the adoption of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2014:

- IFRS 10 Consolidated Financial Statements – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply this IFRS from the annual period beginning on 1 January 2014;

- IFRS 11 Joint Arrangements – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply this IFRS from the annual period beginning on 1 January 2014;
- IFRS 12 Disclosure of Interests in Other Entities – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply this IFRS from the annual period beginning on 1 January 2014;
- Amendments of IFRS 10, IFRS 11 and IFRS 12 Transitional Provisions – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply this IFRS from the annual period beginning on 1 January 2014;
- IAS 27 Separate Financial Statements – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply the amended IAS from the annual period beginning on 1 January 2014;
- IAS 28 Investments in Associates and Joint Ventures – effective for annual periods beginning on or after 1 January 2013 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2014. The Company has decided to apply the amended IAS from the annual period beginning on 1 January 2014;
- Amendments to IAS 32 Financial Instruments: Presentation: Offsetting of Financial Assets and Financial Liabilities – effective for annual periods beginning on or after 1 January 2014;
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (issued on 29 May 2013) – effective for annual periods beginning on or after 1 January 2014;
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013) – effective for annual periods beginning on or after 1 January 2014;
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities – effective for annual periods beginning on or after 1 January 2014;

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

Following an analysis of the above-mentioned standards, the Company concluded that their entry into force had no significant impact on the Company's separate financial statements. Concurrently, we concluded that that the entry into force of standards governing the consolidation process, i.e. IFRS 10, 11 and 12, has significantly influenced the consolidated financial statements that are prepared by the Company.

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:

- Annual Improvements to IFRSs: 2012-2014 Cycle (issued on 25 September 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- 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) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;

- IFRIC 21 Levies – effective for annual periods beginning on or after 1 January 2014 – to be applied in the EU at the latest for annual periods beginning on or after 17 June 2014;
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (issued on 21 November 2013) – effective for annual periods beginning on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 February 2015;
- Annual Improvements to IFRSs: 2010-2012 Cycle – some amendments are effective for annual periods beginning on or after 1 July 2014, and some prospectively for transactions occurring on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 February 2015;
- Annual Improvements to IFRSs: 2011-2013 Cycle – effective for annual periods beginning on or after 1 July 2014 – to be applied in the EU at the latest for annual periods beginning on or after 1 January 2015;
- IFRS 14 Regulatory Deferral Accounts – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRS 15 Revenue from Contracts with Customers – effective for annual periods beginning on or after 1 January 2017 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- IFRS 9 Financial Instruments – effective for annual periods beginning on or after 1 January 2018 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (issued on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements;
- Amendments to IAS 1 Disclosure Initiative (issued on 18 December 2014) – effective for annual periods beginning on or after 1 January 2016 – not yet endorsed by the EU till the date of approval of these financial statements.

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

7. Corrections of material errors

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

8. Changes in the presentation methods applied

In the reporting period, the applied methods of presentation were changed as follows:

Following a review of the revenue classification methods applied by the Company, we have modified the definitions of the following categories of revenues: “Proprietary licenses and services” and “Third-party licenses and services”, with effect from 1 January 2014:

- The category of “Proprietary licenses and services” includes revenues from contracts with customers under which we supply our own software and provide related services. Such services may be performed by the Company’s employees (internal resources) as well as by subcontractors (external resources). The engagement of subcontractors in this category of revenues has no impact on the scope of responsibility or relationship between the Company and the customer to whom a service is provided. It is entirely up to the Company to decide whether services required for this type of projects should be performed by subcontractors or by own employees. In addition, this category includes revenues from the provision of own services for third-party software and infrastructure.

- As of 1 January 2014, the category of "Third-party licenses and services" includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, mast be carried out by subcontractors (this applies to hardware and software maintenance services as well as to software outsourcing services provided by their manufacturers).

In previous years, revenues from all services performed by subcontractors were accounted for as sales of third-party services.

Modification of the definitions of our revenue categories made it necessary to redefine the rules for the allocation of the "Cost of goods, materials and third-party services sold", in order to divide them into own costs (including all services performed by subcontractors which are treated and resold as own services) and third-party costs (including purchases of third-party hardware, licenses and services resold within the category of "Third-party licenses and services").

In previous years, the "Cost of goods, materials and third-party services sold" was not divided into own costs and third-party costs.

Hence, the comparable data disclosed in the income statement have been restated accordingly. Such restatement had no impact on total sales revenues or total cost of sales.

III. SIGNIFICANT ACCOUNTING POLICIES

1. Property, plant and equipment

Property, plant and equipment are disclosed at purchase cost or production cost decreased by accumulated depreciation and any impairment write-downs. The initial value of tangible assets corresponds to their purchase cost increased by expenditures related directly to the purchase and adaptation of such assets to their intended use. Such expenditures may also include the cost of spare parts to be replaced on machinery or equipment at the time when incurred, if the recognition criteria are met. Any costs incurred after a tangible asset is made available for use, such as maintenance or repair fees, are expensed in the income statement at the time when incurred.

At the time of purchase tangible assets are divided into components of significant value for which separate periods of useful life may be adopted. General overhaul expenses constitute a component of assets as well.

Such assets are depreciated using the straight-line method over their expected useful lives.

A tangible asset may be derecognized from the balance sheet after it is disposed of or when no economic benefits are expected from its further use. Any gains or losses resulting from derecognition of an asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying value) are recognized in the income statement for the period when such derecognition is made.

Investments in progress relate to tangible assets under construction or during assembly and are recognized at purchase cost or production cost, decreased by any potential impairment write-downs. Tangible assets under construction are not depreciated until their construction is completed and they are made available for use.

2. Intangible assets

Intangible assets purchased in a separate transaction shall be capitalized at purchase cost. Intangible assets acquired as a result of a company take-over shall be capitalized at fair value as at the take-over date.

The period of useful life of an intangible asset shall be assessed and classified as definite or indefinite. Intangible assets with a definite period of useful life are amortized using the straight-line method over the expected useful life, and amortization charges are expensed adequately in the income statement.

Impairment tests shall be performed every year for intangible assets with an indefinite period of useful life and those which are no longer used. The remaining intangible assets shall be tested for impairment if there are indications of a possible impairment. Should the carrying value exceed the estimated recoverable amount (the higher of the following two amounts: net sales price or value in use), the value of these assets shall be reduced to the recoverable amount.

Any gains or losses resulting from derecognition of an intangible asset from the balance sheet (measured as the difference between net proceeds from disposal of such asset and its carrying value) are recognized as other operating income or expenses in the income statement at the time when such derecognition is made.

Internally generated intangible assets

The Company presents in separate categories the final products of development projects ("internally generated software") and the products which have not been finished yet ("costs of development projects in progress"). An intangible asset generated internally as a result of development work (or completion of the development phase of an internal project) may be recognized if, and only if, the Company is able to demonstrate:

- the technical feasibility of completing such intangible asset so that it would be available for use or sale;
- the intention to complete the construction of such intangible asset;
- the ability to use or sell such intangible asset;
- how such intangible asset is going to generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development work and to make the intangible asset ready for use or sale;
- its ability to measure reliably the expenditure for the development work attributable to such intangible asset.

The cost of an internally generated intangible asset is the sum of expenditures incurred from the date when the intangible asset first meets the above-mentioned recognition criteria. Expenditures previously recognized as expenses may not be capitalized. The cost of an internally generated intangible asset comprises directly attributable costs necessary to create, produce, and prepare that asset to be capable of operating in the manner intended by management. Such costs shall include:

- costs of benefits for employees who are directly involved in the generation of an intangible asset;
- all directly attributable costs necessary to create, produce, and adjust an intangible asset, including any legal title registration fees and amortization of patents and licenses that are used to generate such intangible asset;
- costs of materials and services that are used or consumed directly in generating an intangible asset;
- indirect costs that are directly attributable to the generation of an intangible asset, including depreciation of equipment used in the generation process as well as rental costs of any office space utilized by the work team.

The cost of an internally generated intangible asset shall not include:

- selling, administrative and other general overhead expenditures;
- clearly identified work inefficiencies and initial operating losses incurred before an intangible asset achieves planned performance; and
- expenditures on training staff to operate such intangible asset.

Until completion of the development work, accumulated costs directly attributable to such development work are disclosed as “costs of development projects in progress”. Upon completion of the development work, the ready-made product of the development work is reclassified to the category of “Internally generated software” and from that time the Company begins to amortize such internally generated software. Costs of development work which satisfy the above-mentioned criteria are recognized at purchase cost less accumulated amortization and accumulated impairment write-downs. All the expenditures carried forward to future periods are subject to amortization over the estimated period in which the related undertaking generates sales revenues.

3. Government grants

Government grants are recognized if, and only if, there is reasonable assurance that a beneficiary company will comply with the conditions attached to such grants and that such grants will be received. A grant shall be accounted for using the same approach irrespective of whether it is received in cash or as a reduction of liabilities towards the government.

If a grant is related to a specific cost item, then it shall be recognized as income (or as a reduction of expense) proportionally to the costs that the grant is intended to compensate.

Whereas, if a grant is related to a specific asset, then its fair value is accounted for as deferred income which is afterwards systematically, by way of equal annual write-offs, recognized in the income statement over the estimated useful life of the related asset as a reduced depreciation expense.

4. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, that requires substantial time to be prepared to its intended use or sale, shall be capitalized as part of such asset’s purchase cost or production cost. Other borrowing costs shall be recognized as an expense in the period in which they are incurred. Borrowing costs include interest expense as well as foreign exchange gains or losses to the extent achievable by an adjustment of interest expense.

5. Impairment of non-financial assets

At each balance sheet date, the Company determines whether there are any indications of impairment of non-financial fixed assets. In the event such indications occur, or when it is necessary to carry out an annual impairment test, the Company estimates the recoverable amount of a given asset or cash-generating unit to which such asset has been allocated.

The recoverable amount of an asset or cash-generating unit corresponds to the fair value of such asset or cash-generating unit less the costs necessary to make the sale of such asset or cash-generating unit, or to the value in use of such asset or cash-generating unit, whichever is higher. This recoverable amount is measured for individual assets unless a given asset does not

generate cash flows significantly independent from cash flows generated by other assets or groups of assets. Impairment takes place when the carrying value of an asset is higher than its recoverable amount, in which case such asset shall be written-down to the determined recoverable amount. In order to determine the value in use, estimated future cash flows shall be discounted to their present value by applying a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks related to the given asset. Impairment write-downs on assets used in continuing operations are recognized as operating expenses.

At each balance sheet date, the Company determines whether there are any indications for reversal or reduction of an impairment charge that was recognized on a given asset in the prior periods. If such indications exist, the Company needs to estimate the recoverable amount of relevant asset. A formerly recognized impairment charge may be reversed only when, from the date of the last recognition of impairment, changes in the estimates applied for determination of the recoverable amount of the relevant asset occurred. If this is the case, the carrying value of such asset shall be increased to its recoverable amount. The increased amount cannot exceed the given asset's book value (net of depreciation) that would be carried in case no impairment charge was recognized on such asset in the prior years. A reversal of an impairment charge shall be immediately recognized as a reduction of operating expenses. Following a reversal of an impairment write-down, the depreciation charges made on the relevant asset during subsequent financial periods shall be adjusted in such a way as to enable systematic depreciation of the asset's verified book value (net of residual value) over the remaining period of its useful life.

6. Investments in subsidiaries and associates

Subsidiaries are companies where the Company holds more than a half of votes at the general meeting of shareholders or is able to manage the financial and operating policy of such entities in any other way. Assessment whether the Company controls other companies is made considering the existence and influence of potential voting rights, which may be exercised at the general meeting of shareholders of such entities.

Associates are entities in which the Company holds more than 20% and not more than 50% of voting rights at the general meeting of shareholders and on which the Company exerts a significant influence, however, without the ability to control them jointly. This means they are neither subsidiaries nor joint ventures.

Investments in subsidiaries and associates are recognized by the Company at historical cost less any impairment charges.

7. Combination of businesses under common control

A business combination involving business entities under common control is a business combination whereby all of the combining business entities are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory. This refers in particular to transactions such as a transfer of companies or ventures between individual companies within a capital group, or a merger of a parent company with its subsidiary.

The effects of combinations of businesses under common control are accounted for by the Company by the pooling of interests method, assuming that:

- assets and liabilities of the combining business entities are measured at their carrying values as disclosed in the Company's consolidated financial statements. This means that goodwill recognized initially in the consolidated financial statements as well as any other intangible assets recognized in the merger accounting process are transferred to the separate financial statements;
- merger-related transaction costs are expensed in the income statement (financial expenses);
- mutual balances of accounts receivable/payable are eliminated;
- any difference between the purchase price paid/transferred and the value of net assets acquired (at their carrying values disclosed in the consolidated financial statements) shall be recognized in equity of the acquirer (such amounts recognized in equity are not included in reserve capital, and therefore they are not distributable);
- the income statement presents the financial results of both combined entities from the date when their merger was effected; whereas, the results for earlier reporting periods are not restated.

In the event of a business combination in which an investment in one subsidiary is contributed to another subsidiary or in which two subsidiaries of Asseco Poland are combined, the carrying value of investment in the acquiree subsidiary is only transferred to the value of investment in the acquirer subsidiary. Hence, a take-over of one subsidiary by another subsidiary has no impact on the Company's financial results whatsoever.

8. Financial assets

Financial assets are divided into the following categories:

- Financial assets held to maturity,
- Financial instruments carried at fair value through profit or loss,
- Loans and receivables,
- Financial assets available for sale.

Financial assets held to maturity are financial assets quoted on an active market that are not derivative instruments, have identified or identifiable payments and a fixed maturity date, which the Company intends and is able to hold till maturity, and are different from:

- financial assets designated at the initial recognition as carried at fair value through profit or loss,
- financial assets designated as available for sale,
- assets qualifying as loans and receivables.

Financial assets held to maturity are valued at amortized cost using the effective interest rate. Financial assets held to maturity shall be classified as fixed assets if their maturity exceeds 12 months from the balance sheet date.

Financial assets carried at fair value through profit or loss include assets that satisfy one of the following conditions:

- have been classified as assets held for trading. Financial assets are classified as held for trading if they are:
  - purchased for resale in short term (up to 3 months),
  - a part of the portfolio of specific financial instruments which are managed together, and which are likely to generate short-term gains,
  - derivative instruments, except for derivatives which are used as the elements of hedge accounting or financial guarantee contracts;
- have been classified in this category, in accordance with IAS 39, at the time of initial recognition.

Financial assets carried at fair value through profit or loss are measured at the market value of financial instruments as at the balance sheet date with no regard to any costs of their disposal transaction. Changes in the value of such financial instruments are recognized as financial income or expenses in the income statement. In the event a contract includes one or more embedded financial derivatives, the whole contract may be classified as a financial asset carried at fair value through profit or loss. This is not applicable where the embedded derivative instrument does not significantly modify the cash flows that otherwise would be required by the contract, or it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative is prohibited. Financial assets may be initially recognized as assets carried at fair value through profit or loss provided the following criteria are met: (i) such qualification eliminates or substantially decreases any inconsistency in recognition or measurement (accounting mismatch); or (ii) such assets belong to the group of financial assets which are managed and evaluated on a fair value basis, according to a documented risk management strategy.

Loans and receivables are financial assets, not classified as derivative instruments, with identified or identifiable payments which are not quoted on an active market. They are recognized as current assets unless their maturity periods are longer than 12 months from the balance sheet date. Loans granted and receivables with maturity periods longer than 12 months from the balance sheet date are recognized as fixed assets.

Financial assets available for sale comprise financial assets which are not derivative instruments, and which have been designated as available for sale, or do not belong to any of the above three categories of financial assets. Financial assets available for sale are carried at fair value, increased by the transaction-related costs that are directly attributable to the acquisition or issuance of a financial asset. If financial instruments are not quoted on an active market and it is impossible to determine their fair value reliably with alternative methods, such financial assets available for sale shall be measured at purchase cost adjusted by impairment charges. Provided financial instruments have a market price determined in a regulated active market or it is possible to determine their fair value in other reliable way, any positive or negative differences between the fair value and purchase cost of such assets available for sale (after deducting any deferred tax liabilities) shall be recognized in other comprehensive income. A decrease in the value of assets available for sale, resulting from their impairment, shall be recognized as a financial expense.

Purchases or disposals of financial assets are recognized in the accounting books at the transaction date. At the initial recognition, financial assets are measured at fair value which, in case of assets not classified as carried at fair value through profit or loss, shall be increased by directly attributable transaction-related expenses.

A financial asset shall be derecognized from the balance sheet if the Company no longer controls the contractual rights arising from such financial instrument; this usually takes place when the instrument is sold or when all cash flows generated by that instrument are transferred to an independent third party.

9. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial liabilities under any guarantees issued are initially recognized and measured at fair value. Subsequently to such initial recognition, all financial liabilities are measured at the higher of the following two amounts: amortized cost calculated using the effective interest rate method, or expected actual settlement of a liability resulting from a financial guarantee.

10. Inventories

The Company distinguishes two categories of inventories: goods for resale, and service parts (spare parts and computer hardware that have been purchased for the purposes of maintenance service contracts).

At each balance sheet date, an ageing analysis of goods for resale is performed, providing rationale for making any write-downs subject to the following rules:

- 100% write-down on goods stored for 24 months or longer,
- 75% write-down on goods stored between 18 and 24 months,
- 50% write-down on goods stored between 12 and 18 months,
- 25% write-down on goods stored between 6 and 12 months.

The initial value of service parts is expensed on a straight-line basis over the duration of the maintenance service contract, for which such parts have been purchased.

Every year the Company verifies whether the adopted principles for recognition of write-downs correspond to the actual impairment of its inventories.

Write-downs on inventories shall be recognized as operating expenses.

11. Prepayments and accrued income

Prepayments comprise expenses incurred before the balance sheet date that relate to future periods or to future revenues.

Prepayments may in particular include the following items:

- prepaid third-party services (inclusive of maintenance services) which shall be provided in future periods,
- rents paid in advance,
- advance payments of insurance and subscription fees,
- any other expenses incurred in the current period, but related to future periods.

12. Trade receivables

Trade receivables, usually with payment terms ranging from 14 and 30 days, are recognized and disclosed at the amounts initially invoiced, less any allowances for doubtful accounts. Receivables with remote payment terms are recognized at the present value of expected payments.

Allowances for doubtful receivables are estimated when it is no longer probable that the entire amount of original receivables will be collected. The amount of allowances represents the difference between the nominal amount of receivables and their recoverable amount, which corresponds to the net present value of expected cash flows discounted using the interest rate applicable to similar debtors. Doubtful receivables are expensed as operating costs at the time when they are deemed uncollectible.

Receivables are revaluated taking into account the probabilities of their collection, by making allowances for:

- receivables from debtors who went into liquidation or bankruptcy – up to the amount receivable not covered by any guarantee or other collateral, reported to the liquidator or magistrate in bankruptcy proceedings;
- receivables from debtors in case the declaration of bankruptcy is dismissed and the debtor's assets are insufficient to satisfy the costs of bankruptcy proceedings – in full amount receivable;
- receivables disputed by debtors and past-due where, following an assessment of the debtor's property and financial condition, collection of full contractual amounts is unlikely – up to the amount receivable not covered by any guarantee or other collateral;
- receivables that constitute an increase of other receivables subject to prior allowances – in full amount receivable until they are received or written-off as uncollectible;
- past-due (or not yet due) receivables, where it is highly probable they will become uncollectible because of the type of business or structure of customers – in the amount of reliably measured or full allowance for doubtful receivables.

Furthermore, the minimum levels of allowances for receivables as recognized by the Company are:

- 100% in relation to receivables in litigation, unless the Management Board believes that obtaining a favourable judgment by the Company is almost certain;
- 100% in relation to receivables past-due over 12 months (from the payment deadline), taking into account any partial payments or arrangements made after the balance sheet date;
- 50% in relation to receivables past-due between 6 and 12 months (from the payment deadline), taking into account any partial payments or arrangements made after the balance sheet date.

When deciding on any allowances, the Group takes into consideration not only events that took place before the balance sheet date, but also later events that took place prior to the preparation of financial statements if such events are related to receivables carried in the books as at the balance sheet date. Every year the Company verifies whether the adopted principles for recognition of allowances correspond to the actual impairment of its receivables.

Allowances for trade receivables are recognized as operating expenses. Allowances for other receivables are recognized as other operating expenses. Allowances for accrued interest receivable are recognized as financial expenses.

If the cause for recognition of an allowance is no longer valid, such allowance shall be reversed, in the whole amount or in appropriate portion, being recognized as an increase in the value of a relevant asset or as an adjustment to respective cost items.

13. Interest-bearing bank loans and borrowings

All bank loans, borrowings and debt securities are initially recognized at their purchase cost, being the fair value of cash received net of any costs associated with obtaining a credit or loan, or with issuing a debt security.

Subsequently to such initial recognition, bank loans, borrowings and debt securities are measured at amortized purchase cost using the effective interest rate. Determination of the amortized purchase cost shall take into account the costs related to obtaining a credit or loan, or issuing a debt security, as well as the discounts or bonuses obtained on repayment of the liability.

The difference between the cash received (net of costs related to obtaining a credit or loan, or issuing a debt security) and the repayment amount shall be disclosed in the income statement over the term of such financing.

14. Leasing (Company as a lessee)

Lease agreements, under which substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the Company, are classified as finance lease agreements and recognized in the balance sheet at the commencement of the lease term, at the fair value of the leased tangible asset or at the present value of the minimum lease payments, whichever is lower. Lease payments are allocated between the finance charge and the reduction of the outstanding lease liability so as to obtain a constant periodic rate of interest on the remaining balance of the liability.

Financial expenses are recognized in the income statement unless they are eligible for capitalization (both in 2014 and the comparable period, the Company did not capitalize any interest expenses incurred under finance lease agreements).

Property, plant and equipment used under finance lease agreements are subject to depreciation over their estimated useful life or the lease term, whichever is shorter. However, if the lease agreement provides that after its termination the lessee shall obtain ownership of the leased asset, then such an asset shall be depreciated over its estimated useful life, i.e. following the depreciation rules applicable to similar owned assets.

Lease agreements, whereby the lessor retains substantially all the risks and rewards incidental to ownership of the leased asset, are considered as operating lease. Leasing fees and instalments under operating lease are recognized as operating expenses in profit or loss on a straight-line basis over the lease term. The conditional leasing fees are recognized as expense in the period when they become due.

15. Trade payables

Trade payables relating to operating activities are recognized and disclosed at the amounts due for payment, and are recognized in the reporting periods which they relate to.

16. Transactions and items in foreign currencies

Transactions denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rate applicable for the transaction date as published by the National Bank of Poland.

As at the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are translated to Polish zlotys at the mid exchange rates of such currencies as published by the National Bank of Poland and in effect on the last day of the reporting period. Foreign currency differences resulting from such translation are accounted for respectively as financial income or financial expenses.

Non-cash assets and liabilities carried at historical cost expressed in a foreign currency are disclosed the historical exchange rate of the transaction date. Non-cash assets and liabilities carried at fair value expressed in a foreign currency are reported at the exchange rate from the date when fair value measurement was carried out.

17. Provisions

A provision should be recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Company expects that the expenditure required to settle a provision is to be reimbursed, e.g. under an insurance contract, this reimbursement should be recognized as a separate asset. When, and only when, it is virtually certain that such reimbursement will be received, expenses relating to such provision shall be disclosed in the income statement, net of the amount of any reimbursements.

The Company recognizes provisions for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received therefrom.

Where the effect of the time value of money is material, the amount of a provision shall be determined by discounting the expected future cash flows to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks related to the liability. Where discounting method is used, the increase in a provision due to the passage of time is recognized as a financial expense.

18. Provision for warranty repairs

The provision for warranty repairs is created to cover anticipated future costs of warranty or service obligations resulting from the executed IT contracts. The costs of fulfilment of our warranty obligations comprise mainly labour costs (number of man-days multiplied by the standard rate) as well as the cost of goods, materials and third-party services used in performing such warranty obligations.

This provision is set aside in the cases where:

- the client has not signed any contract for maintenance services;
- the scope of the maintenance services contract does not fully cover all anticipated costs of the fulfilment of warranty obligations;
- the scope of the manufacturer's warranty for any equipment resold is narrower than the scope of warranty the Company is contractually committed to provide to its client.

The provision amount recognized at the balance sheet date shall be proportional to the progress of the IT contract execution.

Any costs associated with the provision of our warranty services shall be, when incurred, deducted from the previously created provision. At each balance sheet date, the Company verifies the amount of carried provision for warranty repairs. If the actual costs of warranty services or anticipated future costs are lower/higher than assumed at the time of initial recognition of a provision, such provision shall be decreased/increased accordingly to reflect the

Company's current expectations in respect of fulfilment of its warranty obligations in future periods.

19. Sales revenues

- Sales revenues

Sales revenues are recognized if the amount of revenue can be measured reliably and if it is highly probable that economic benefits associated with the transaction will flow to the Company.

Should it be impossible to estimate reliably the amount of revenue from a service transaction, such revenue shall only be recognized in the amount of costs incurred which the Company expects to recover.

The company identifies the following types of revenues:

- revenues from the sale of proprietary licenses and services,
- revenues from the sale of third-party licenses and services, and
- revenues from the sale of hardware.

The category of "Proprietary licenses and services" includes revenues from contracts with customers under which we supply our own software and provide related services. Such services may be performed by the Company's employees (internal resources) as well as by subcontractors (external resources). The engagement of subcontractors in this category of revenues has no impact on the scope of responsibility or relationship between the Company and the customer to whom a service is provided. It is entirely up to the Company to decide whether services required for this type of projects should be performed by subcontractors or by own employees. In addition, this category includes revenues from the provision of own services for third-party software and infrastructure.

The category of "Third-party licenses and services" includes revenues from the sale of third-party licenses as well as from the provision of services which, due to technological or legal reasons, mast be carried out by subcontractors (this applies to hardware and software maintenance and outsourcing services provided by their manufacturers).

Revenues from the sale of own software licenses and/or services, which are supplied/rendered under an implementation contract, shall be recognized proportionally to the completion of the entire contract. The rules for recognition of sales revenues from implementation contracts are described in explanatory note 20 to these financial statements.

In the case of own software licenses and/or services, revenues are recognized in the period in which the Company expects to be required to provide such services to the client.

Revenues from the sale of third-party software licenses and/or services may be recognized as sales of goods or as sales of services, depending on the nature of the contract with the client.

In the case of third-party software licenses and/or services for which the significant risks and rewards of ownership are transferred to the buyer at the time of the sale, revenues are recognized as sales of goods, this is in a lump sum at the time of the sale, regardless of whether a third-party license and/or service is provided for a specified or unspecified period of time. The Company considers that significant risks are transferred to the buyer when, after the delivery of a license/service, the Company is not obligated to provide any additional and potentially costly benefits to the client.

In other cases, i.e. when the significant risks and rewards incidental to the ownership of a third-party license and/or service are not transferred to the buyer at the time of the sale, revenues are recognized as sales of services, this is over a period in which such services are performed and proportionally to the completion of the entire transaction.

Revenues from the sale of hardware are recognized as sales of goods, provided that the significant risks and rewards resulting from a contract have been transferred to the buyer and the amount of revenue can be measured reliably.

- Interest

Interest income shall be recognized on a time proportion basis (taking into account the effective yield, this is the interest rate which accurately discounts future cash flows during the estimated useful life of a financial instrument) on the net book value of a financial asset.

Interest income comprises interest on loans granted, investments in securities held to maturity, bank deposits and other items, as well as the discounts on costs (liabilities) according to the method of the effective interest rate.

- Dividends

Dividends shall be recognized when the shareholders' right to receive payment is vested.

20. Revenues and costs related to the execution of implementation contracts

Revenues from implementation contracts shall include highly probable revenues resulting from the concluded contracts and/or orders, which can be measured reliably. Therefore, the pool of such revenues does not include any proceeds that are doubtful despite being determined in a signed contract (e.g., the Company anticipates that a client may decide to resign from a portion of contracted work).

Contract revenues include the following:

- revenues resulting from issued invoices,
- future revenues resulting from signed agreements and/or orders placed on the basis of framework agreements.

Contract costs include the following:

- costs of goods, materials and third-party services sold (COGS), and
- costs of internal resources being involved in the contract execution.

The costs of internal resources employed in the contract execution are calculated on the basis of actual workload (for ended periods) or estimated workload (for forecast periods), and appropriate standard (cost) rate covering the production costs.

The standard rate corresponds to the cost of man-hour (or man-day) of our own production resources calculated on the basis of production costs budgeted for a given year.

Valuation of implementation contracts

The purpose for valuation of an IT implementation contract is to determine the amount of revenues to be recognized in a given period. The Company performs such valuation using the percentage of completion method.

Should the percentage progress of incurred costs, decreased by expected losses and increased by profits included in the income statement, exceed the percentage progress of invoiced sales, the amount of uninvoiced sales resulting from such difference shall be disclosed as other receivables in the balance sheet, under “Receivables arising from valuation of IT contracts”.

On the other hand, if the percentage progress of invoiced sales exceeds the percentage progress of costs incurred, decreased by expected losses and increased by profits included in the income statement, then future-related revenues resulting from such difference shall be disclosed as other liabilities, under “Liabilities arising from valuation of IT contracts”.

In case of contracts denominated in foreign currencies deemed to be functional currencies or in case of contracts denominated in EUR (even if EUR is not a functional currency), embedded financial derivatives are not disclosed separately. In the Management’s opinion, EUR should be regarded as a currency commonly used in Poland in contracts for the sale or purchase of IT systems and services. Revenues and expenses relating to such contracts are determined on the basis of spot exchange rates. In all the other cases embedded derivatives are separated from their host contracts. When an embedded instrument is separated, revenues resulting from the host contract are recognized at the embedded exchange rate; whereas, any foreign exchange differences between the exchange rate applied in the issued invoice and the embedded exchange rate are recognized as financial income or expense.

Loss generating contracts

Loss generating contract is a contract, under which total revenues are lower than total costs.

In the event it is highly probable that the total contract execution costs exceed the total contract revenues, the anticipated loss shall be recognized as cost in the reporting period in which it has been detected, by creating a provision for contractual losses.

The amount of such provision and/or its legitimacy are subject to verification at each subsequent reporting date, until the completion of the contract.

The amount of created provisions for losses shall be disclosed in other liabilities, under “Liabilities and provisions for losses arising from valuation of IT contracts”.

Methods for measuring the percentage of contract completion

In order to measure the progress of contract completion, the Company applies a variety of methods allowing to determine reliably the percentage of work executed under the contract. Depending on the contract nature, these methods may include:

- determination of the proportion of costs incurred for work performed up to the balance sheet date to the estimated total contract costs;
- measurement of work performed; or
- comparison of work performed as a physical proportion of total work under the contract.

The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenues and contract costs. The effects of changes in estimates of contract revenues or contract costs are recognized in the period in which such changes occur.

Combining and segmenting of implementation contracts

Valuation is usually performed on single contracts or contracts with annexes thereto, if such annexes modify the main contract by extending or limiting the subject thereof. In the event an annex represents an additional order, going beyond the subject of the main contract, and the price of such order is determined without reference to the main contract price, such annex shall be valued separately.

When a contract covers a number of elements, the implementation of each element should be treated as a separate contract, only if the following conditions are jointly met:

- separate offers have been submitted for each of the identified elements;
- each element has been subject to separate negotiations; and
- the costs and revenues of each element can be identified – revenues must be specified in the contract and/or order.

Whereas, a group of contracts may be treated as a single contract, if the following conditions are jointly met:

- the group of contracts is negotiated as a single package;
- the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and
- the contracts are performed concurrently or in a continuous sequence.

21. Operating costs

The Company maintains cost accounting both by cost nature and by cost function. Cost of sales comprises the costs resulted directly from purchases of goods sold and generation of services sold. Selling costs include the costs of distribution, marketing and sponsoring activities. General and administrative expenses include the costs of the Company's management and administration activities.

22. Income tax and value added tax

For the purpose of financial reporting, deferred income tax is calculated applying the balance sheet liability method to all temporary differences that exist, at the balance sheet date, between the tax base of an asset or liability and its carrying value disclosed in the financial statements. Deferred tax liabilities are recognized in relation to all positive temporary differences – except for situations when a deferred tax liability arises from initial recognition of goodwill or initial recognition of an asset or liability on a transaction other than combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss, as well as in relation to positive temporary differences arising from investments in subsidiaries or associates or from interests in joint ventures – except for situations when the investor is able to control the timing of reversal of such temporary differences and when it is probable that such temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized in relation to all negative temporary differences, as well as unutilized deferred tax assets or unutilized tax losses carried forward to subsequent years, in such amount that it is probable that future taxable income will be sufficient to allow the above-mentioned temporary differences, assets or losses to be utilized. This does not apply to situations when deferred tax assets related to negative temporary differences arise from initial recognition of an asset or liability on a transaction other than combination of businesses, which at the time of its conclusion has no influence on pre-tax profit, taxable income or tax loss. In relation to negative temporary differences arising from investments in subsidiaries or associates or from interests in joint ventures, deferred tax assets are recognized in the balance sheet in such amount only that it is probable that the above-mentioned temporary differences will be reversed in the foreseeable future and that

sufficient taxable income will be available to offset such negative temporary differences.

The carrying value of an individual deferred tax asset shall be verified at every balance sheet date and shall be adequately decreased or increased in order to reflect any changes in the estimates of achieving taxable profit sufficient to utilize such deferred tax asset partially or entirely.

Deferred tax assets and deferred tax liabilities shall be valued using the future tax rates anticipated to be applicable at the time when a deferred tax asset is realized or a deferred tax liability is reversed, based on the tax rates (and tax regulations) legally or factually in force at the balance sheet date.

Income tax relating to items that are directly recognized in equity shall be disclosed under equity and not in the income statement.

Revenues, expenses and assets shall be disclosed in the amounts excluding value added tax unless:

- value added tax paid at the purchase of goods or services is not recoverable; in such event the value added tax paid shall be recognized as a part of the purchase cost of an asset or as an expense, and
- receivables and liabilities are presented including value added tax.

Any excess of the value added tax paid over the amount collected, or an excess of the value added tax collected over the amount paid, shall be disclosed in the statement of financial position, respectively under receivables or liabilities.

23. Earnings per share (basic and diluted)

Basic earnings per share for each reporting period shall be computed by dividing the net profit from continuing operations for the reporting period by the weighted average number of shares outstanding in the given reporting period.

Diluted earnings per share for each reporting period shall be calculated by dividing the net profit from continuing operations for the reporting period by the total of weighted average number of shares outstanding in the given reporting period and all shares of potential new issues.

IV. INFORMATION ON OPERATING SEGMENTS

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

Banking and Finance – this segment offers comprehensive baking systems, capital market systems (for brokerage houses, banks, firms and institutions engaged in investing activities) as well as highly specialized solutions and IT services for the commercial insurance sector. During the year ended 31 December 2014, the segment's major clients included: PKO BP Bank, PZU Insurance Group, and Bank Gospodarki Żywnościowej. Revenues from none of the above-mentioned clients exceeded 10% of the Company's total turnover in the year ended 31 December 2014.

Public Administration – within this segment Asseco Poland S.A. executes projects including design, development, implementation and exploitation of dedicated IT systems. During the year ended 31 December 2014, the main public institutions served were the Social Insurance Institution (ZUS), Agency for Restructuring and Modernization of Agriculture (ARMiR), and the Marshal's Office of Subcarpathian Province. Only revenues obtained from the Social Insurance Institution exceeded the threshold of 10% of the Company's total turnover in the year ended 31 December 2014.

General Business – this segment is engaged in the provision of dedicated IT solutions for large and medium-sized industrial enterprises. This segment is primarily a provider of information technology services such as IT consulting, systems integration and implementation as well as provision of the related support services. During the year ended 31 December 2014, the segment's major clients included: Orange Poland (telecommunications), Tauron Group (energy industry), and Municipal Transport Union of the Upper Silesian Industrial Region. Revenues from none of the above-mentioned clients exceeded 10% of the Company's total turnover in the year ended 31 December 2014.

Infrastructure – this segment is engaged in the provision of integration services for clients who, due to the nature of their business operations, belong to other operating segments identified by the Company, i.e. financial institutions, central and local administration bodies, and enterprises.

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

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

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

For the period of 12 months ended 31 December 2014 (audited)	Banking and Finance PLN millions	Public Administration PLN millions	General Business PLN millions	Infrastructure PLN millions	Other PLN millions	Eliminations PLN millions	Total PLN millions
Sales to external customers	371.6	601.5	305.9	-	42.3	-	1,321.3
Inter-segment settlements	57.7	32.2	37.2	47.0	1.0	(175.1)	-
Net profit on sales of reportable segment	**114.6**	**77.5**	**49.4**	**8.6**	**(10.0)**	**-**	**240.1**
Depreciation and amortization	(16.4)	(22.0)	(16.1)	(2.9)	(0.5)	-	**(57.9)**
Average workforce in the reporting period, recalculated into full-time salaried jobs	**1,013**	**1,156**	**638**	**146**	**14**	**-**	**2,967**
Goodwill from mergers allocated to the segment	**871.4**	**925.2**	**129.7**	**131.0**	**n/a**	**n/a**	**2,057.3**
For the period of 12 months ended 31 December 2013 (audited)							
Sales to external customers	410.8	663.1	280.3	-	74.2	-	1,428.4
Inter-segment settlements	61.1	26.5	55.8	48.5	3.0	(194.9)	-
Net profit on sales of reportable segment	**111.7**	**103.4**	**43.7**	**8.0**	**(12.5)**	-	**254.3**
Depreciation and amortization	(19.7)	(23.7)	(9.7)	(3.4)	(1.5)	-	**(58.0)**
Average workforce in the reporting period, recalculated into full-time salaried jobs	**1,070**	**1,144**	**531**	**158**	**71**	**-**	**2,974**
Goodwill from mergers allocated to the segment	**871.4**	**925.2**	**129.7**	**131.0**	**n/a**	**n/a**	**2,057.3**

V. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Sales revenues and operating costs

Operating revenues and costs during the year ended 31 December 2014 and in the comparable period were as follows:

	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Sales revenues		
Proprietary licenses and services	1,049.8	1,106.2
Third-party licenses and services	134.8	132.4
Hardware and infrastructure	136.1	189.1
Other sales	0.6	0.7
Total	**1,321.3**	**1,428.4**
Operating costs		
Cost of goods and third-party services sold	(259.0)	(319.4)
Employee benefits	(416.0)	(411.6)
Depreciation and amortization	(57.9)	(58.0)
Services for internal purposes	(248.8)	(256.9)
Other	(99.5)	(128.2)
Total	**(1,081.2)**	**(1,174.1)**
Cost of sales	**(949.3)**	**(1,038.0)**
Selling costs	**(53.4)**	**(52.6)**
General and administrative expenses	**(78.5)**	**(83.5)**
Total	**(1,081.2)**	**(1,174.1)**

In 2014, other operating costs were incurred primarily for business trips in the amount of PLN 51.0 million, as well as for maintenance of property and business cars in the amount of PLN 10.6 million. Whereas, in the comparable period other operating costs were incurred primarily for business trips in the amount of PLN 61.9 million, as well as for maintenance of property and business cars in the amount of PLN 11.8 million.

Following a review of the revenue classification methods applied by the Company, we have modified the definitions of the following categories of revenues: “Proprietary licenses and services” and “Third-party licenses and services”, with effect from 1 January 2014. Such modification made it necessary to redefine the rules for allocation of the “Cost of goods, materials and third-party services sold”, in order to divide them into own costs (including all services performed by subcontractors which are treated and resold as own services) and external costs (including purchases of third-party hardware, licenses and services resold within the category of “Third-party licenses and services”). Hence, the comparable data have been restated accordingly. The above-mentioned changes in the presentation methods have been described in detail in section II “Basis for the preparation of financial statements”, in note 8 “Changes in the presentation methods applied”.

i. Costs of employee benefits

	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Salaries	(351.5)	(352.7)
Social insurance contributions	(28.3)	(29.0)
Retirement benefit expenses	(25.7)	(25.4)
Other post-employment benefits	(4.0)	(1.3)
Other costs of employee benefits	(6.5)	(3.2)
Total employee benefit expenses	**(416.0)**	**(411.6)**

ii. Reconciliation of depreciation and amortization charges

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

	Note	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Depreciation charge for the year as disclosed in the table of changes in property, plant and equipment	7	(36.6)	(34.1)
Amortization charge for the year as disclosed in the table of changes in intangible assets	8	(28.8)	(31.1)
Amortization charge recognized directly in other comprehensive income		0.8	0.8
Reduction of amortization charge due to recognition of a grant to internally generated licenses		4.0	4.6
Depreciation of rental property recognized in other operating expenses		2.4	1.7
Amortization charges capitalized for development projects in progress		0.3	0.1
Total depreciation and amortization charges recognized in operating costs		**(57.9)**	**(58.0)**

2. Other operating income and expenses

Other operating income in the period of 12 months ended 31 December 2014 and in the comparable period was as follows:

Other operating income	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Gain on disposal of property, plant and equipment	2.2	2.3
Reversal of provisions, of which:	0.1	0.1
provisions for the costs of court litigation	*0.1*	*0.1*
Compensations received	1.0	-
Other	0.4	1.7
Total	**3.7**	**4.1**

Other operating expenses in the period of 12 months ended 31 December 2014 and in the comparable period were as follows:

Other operating expenses	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Loss on rental of office space	(0.3)	-
Creation of provisions, of which:	(1.0)	(1.0)
provisions for tax arrears	*(1.0)*	*(0.7)*
other provisions	-	*(0.3)*
Grants made	(0.4)	(0.4)
Costs of post-accident repairs	(1.0)	(0.9)
Liquidation of property, plant and equipment, and intangible assets	(0.8)	(0.4)
Total	**(3.5)**	**(2.7)**

3. Financial income and expenses

Financial income earned during the period of 12 months ended 31 December 2014 and in the comparable period was as follows:

Financial income	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Interest income on bank deposits, loans granted, own receivables, and debt securities	7.2	9.0
Other interest income	0.5	0.6
Foreign exchange differences	-	1.3
Dividends received and receivable	99.3	105.7
Reversal of impairment write-downs on financial assets	28.4	0.6
Gain on exercise and/or valuation of derivative instruments	0.1	-
Other financial income	11.2	-
Total	**146.7**	**117.2**

In the line "Reversal of impairment write-downs on financial assets", the Company recognized PLN 28.1 million of income resulting from the reversal of allowances for commercial papers and other receivables from Prokom Investments, because these receivables have been settled by Prokom. Moreover, following the settlement of our receivables by Prokom, the Company recognized an interest income of PLN 3.0 million representing formerly unrecognized interest on receivables from Prokom. This transaction has been described in detail in explanatory note 11 to these financial statements.

Financial expenses incurred during the period of 12 months ended 31 December 2014 and in the comparable period were as follows:

Financial expenses	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Interest expenses on bank loans, debt securities and liabilities	(5.4)	(7.9)
Interest expenses under finance leases	(7.4)	(8.0)
Other interest expenses	(1.8)	(1.7)
Loss on foreign exchange differences	(3.2)	-
Impairment write-down on investments in subsidiaries	(25.0)	(5.7)
Loss on impairment of financial assets	-	(14.3)
Loss on exercise and/or valuation of derivative instruments	-	(3.3)
Other financial expenses	(0.1)	(2.3)
Total	**(42.9)**	**(43.2)**

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

Interest expenses on bank loans were incurred mainly on an investment loan that was taken out to finance the construction of the Company's new office building in Wilanów, Warsaw. In 2014, the Company made an early repayment of a portion of this loan, thus managing to reduce its interest expenses in the year ended 31 December 2014 in relation to the comparable period.

Interest expenses under finance leases are associated with leasing an office building in Gdynia (see explanatory note 21 to these financial statements).

As at 31 December 2014, the Company recognized an impairment write-down on its investment in R-Style Softlab, which has been described in more detail in explanatory note 10 to these financial statements.

Whereas, the impairment write-down recognized by the Company as at 31 December 2013 is related to our investment in Podkarpacki Fundusz Nieruchomości Sp. z o.o., which has been described in more detail in explanatory note 10 to these financial statements.

Loss on impairment of financial assets resulted from an allowance for commercial papers issued by Prokom Investments S.A. that was recognized by the Company as at 31 December 2013, as described in more detail in explanatory note 11 to these financial statements.

4. Corporate income tax

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

	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Current corporate income tax and prior years adjustments	(28.7)	(51.5)
Deferred portion of income tax	(25.1)	2.1
Income tax expense as disclosed in the income statement	**(53.8)**	**(49.4)**

During the period of 12 months ended 31 December 2014, the effective tax rate equalled 15.6% as compared with 14.9% in the comparable period last year.

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

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

	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Pre-tax profit from continuing operations	**344.1**	**329.7**
Statutory corporate income tax rate	19%	19%
Corporate income tax computed at the statutory tax rate	**65.4**	**62.6**
Dividends received from subsidiaries and associates	(14.0)	(17.3)
Representation expenses	0.4	0.3
Taxes and charges (PFRON)	0.6	0.4
Public issuance expenses	-	0.4
Depreciation of tangible fixed assets (inclusive of cars with the initial value exceeding EUR 20 thousand)	0.1	0.1
Write-off of deferred tax assets	-	1.1
Adjustments to the prior years' current income tax	(1.3)	-
Impairment of investments in subsidiaries	2.6	1.1
Other permanent differences	-	0.7
Corporate income tax computed at the effective tax rate	**53.8**	**49.4**

	Deferred tax liabilities		Deferred tax assets		Comprehensive income for the period 12 months ended 31 Dec. 2014
	31 Dec. 2014 PLN millions (audited)	31 Dec. 2013 PLN millions (audited)	31 Dec. 2014 PLN millions (audited)	31 Dec. 2013 PLN millions (audited)	PLN millions (audited)
Property, plant and equipment	11.0	13.6	10.3	13.4	(0.5)
Investment property	-	-	-	0.1	(0.1)
Intangible assets	32.3	33.5	-	0.1	1.1
Shares in subsidiaries	-	-	0.2	0.2	-
Financial assets available for sale	-	-	0.2	0.2	-
Financial assets carried at fair value through profit or loss	1.2	1.6	-	-	0.4
Borrowings	0.2	0.6	0.1	3.6	(3.1)
Inventories	-	-	0.3	0.3	-
Prepayments and accrued income	0.2	0.5	14.0	15.3	(1.0)
Trade receivables	0.1	0.1	1.0	1.4	(0.4)
Other receivables	44.2	29.7	9.4	12.6	(17.7)
Cash and cash equivalents	-	0.1	-	-	0.1
Non-current assets classified as held for sale	0.7	0.8	-	-	0.1
Interest-bearing bank loans, borrowings and debt securities	-	-	0.1	0.1	-
Provisions	-	-	7.7	7.3	0.4
Trade payables	-	0.1	-	-	0.1
Financial liabilities	-	-	12.5	14.3	(1.8)
Other liabilities	-	-	4.3	5.8	(1.5)
Accruals	-	-	9.6	10.8	(1.2)
Deferred income	-	-	5.0	4.9	0.1
Deferred tax liabilities, gross	**89.9**	**80.6**	-	-	**(9.3)**
Deferred tax assets, gross			**74.7**	**90.4**	**(15.7)**
Deferred tax assets (+)/liabilities (-), net	**(15.2)**	**-**	**-**	**9.8**	
Change in deferred income tax in the reporting period, of which:					**(25.0)**
change in deferred income tax recognized directly in other comprehensive income					*0.1*
deferred income tax change recognized in the income statement					***(25.1)***

5. Earnings per share

Basic earnings per share are computed by dividing net profit for the reporting period by the weighted average number of ordinary shares outstanding during that financial year.

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

Both during the period of 12 months ended 31 December 2014 and the comparable period, no events occurred that would cause a dilution of earnings per share.

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

	12 months ended 31 Dec. 2014 (audited)	12 months ended 31 Dec. 2013 (audited)
Weighted average number of ordinary shares outstanding, used for calculation of basic earnings per share	83,000,303	83,000,303
Net profit for the reporting period (in PLN millions)	290.3	280.3
Net earnings per share (in PLN)	**3.50**	**3.38**

6. Information on dividends paid out

In 2014 the Company paid out to its shareholders a dividend for the year 2013. On 12 May 2014, the Ordinary General Meeting of Shareholders of Asseco Poland S.A. passed a resolution to allocate PLN 215.8 million out of the Company's net profit for the financial year 2013 to payment of a dividend amounting to PLN 2.60 per share. The remaining portion of net profit in the amount of PLN 64.5 million was allocated to reserve capital. The dividend record date was set for 21 May 2014; whereas, the dividend payment was scheduled for 5 June 2014.

In 2013 the Company paid out to its shareholders a dividend for the year 2012. On 24 April 2013, the Ordinary General Meeting of Shareholders of Asseco Poland S.A. passed a resolution to allocate PLN 200.0 million out of the Company's net profit for the financial year 2012 to payment of a dividend amounting to PLN 2.41 per share. The remaining portion of net profit in the amount of PLN 123.7 million was allocated to reserve capital. The dividend record date was set for 20 May 2013; whereas, the dividend payment was scheduled for 4 June 2013.

7. Property, plant and equipment

The net book value of property, plant and equipment, during the period of 12 months ended 31 December 2014 and in the comparable period, changed as a result of the following transactions:

	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
As at 1 January 2014, less depreciation and impairment write-downs	**291.2**	**82.8**	**13.1**	**16.1**	**0.8**	**404.0**
Additions, of which:	**0.1**	**3.0**	**6.4**	**0.6**	**0.7**	**10.8**
Purchases and modernization	0.1	2.8	5.9	0.6	0.7	**10.1**
Transfers from tangible assets under construction	-	0.2	0.5	-	-	**0.7**
Reductions, of which:	**(13.8)**	**(15.5)**	**(5.7)**	**(3.0)**	**(0.7)**	**(38.7)**
Depreciation charges for the reporting period	(13.8)	(15.4)	(4.7)	(2.7)	-	**(36.6)**
Disposal and liquidation	-	(0.1)	(1.0)	(0.3)	-	**(1.4)**
Transfers from tangible assets under construction	-	-	-	-	(0.7)	**(0.7)**
As at 31 December 2014, less depreciation and impairment write-downs	**277.5**	**70.3**	**13.8**	**13.7**	**0.8**	**376.1**
As at 1 January 2014						
Gross value	343.5	138.5	34.0	32.0	0.8	**548.8**
Depreciation and impairment write-downs	(52.3)	(55.7)	(20.9)	(15.9)	-	**(144.8)**
Net book value as at 1 January 2014	**291.2**	**82.8**	**13.1**	**16.1**	**0.8**	**404.0**
As at 31 December 2014						
Gross value	343.2	137.2	31.8	31.3	0.8	**544.3**
Depreciation and impairment write-downs	(65.7)	(66.9)	(18.0)	(17.6)	-	**(168.2)**
Net book value as at 31 December 2014	**277.5**	**70.3**	**13.8**	**13.7**	**0.8**	**376.1**

As at 31 December 2013, the Company reclassified – from the property, plant and equipment to the assets classified as held for sale – several of its real estate properties (land, business premises and office buildings) which it intends to dispose of (described in detail in explanatory note 17 to these financial statements). At the moment of reclassification, the fair values of these properties (determined on the basis of professional appraisal reports) exceeded their carrying values.

	Land and buildings	Computers and other office equipment	Transportation vehicles	Other tangible assets	Tangible assets under construction	Total
As at 1 January 2013, less depreciation and impairment write-downs	**305.3**	**66.7**	**12.2**	**18.1**	**1.8**	**404.1**
Additions, of which:	**14.7**	**28.4**	**6.4**	**1.2**	**5.5**	**56.2**
Purchases and modernization	12.8	21.7	3.4	0.6	5.5	**44.0**
Finance leases	-	5.7	-	-	-	**5.7**
Transfers from tangible assets under construction	1.9	1.0	3.0	0.6	-	**6.5**
Reductions, of which:	**(28.8)**	**(12.3)**	**(5.5)**	**(3.2)**	**(6.5)**	**(56.3)**
Depreciation charges for the reporting period	(13.8)	(12.3)	(5.1)	(2.9)	-	**(34.1)**
Disposal and liquidation	-	-	(0.4)	(0.3)	-	**(0.7)**
Reclassifications to “Assets held for sale”	(15.0)	-	-	-	-	**(15.0)**
Transfers from tangible assets under construction	-	-	-	-	(6.5)	**(6.5)**
As at 31 December 2013, less depreciation and impairment write-downs	**291.2**	**82.8**	**13.1**	**16.1**	**0.8**	**404.0**
As at 1 January 2013						
Gross value	349.6	116.9	32.8	33.2	1.8	**534.3**
Depreciation and impairment write-downs	(44.3)	(50.2)	(20.6)	(15.1)	-	**(130.2)**
Net book value as at 1 January 2013	**305.3**	**66.7**	**12.2**	**18.1**	**1.8**	**404.1**
As at 31 December 2013						
Gross value	343.5	138.5	34.0	32.0	0.8	**548.8**
Depreciation and impairment write-downs	(52.3)	(55.7)	(20.9)	(15.9)	-	**(144.8)**
Net book value as at 31 December 2013	**291.2**	**82.8**	**13.1**	**16.1**	**0.8**	**404.0**

8. Intangible assets

The net book value of intangible assets, during the period of 12 months ended 31 December 2014, changed as a result of the following transactions:

	Goodwill	Internally generated software	Costs of development projects in progress	Purchased software, patents, licenses and other intangibles	Intangible assets recognized in business combinations	"ASSECO" trademark	Total
As at 1 January 2014, less amortization and impairment write-downs	**2,057.3**	**23.2**	**4.9**	**46.1**	**121.2**	**137.6**	**2,390.3**
Additions, of which:	**-**	**2.2**	**7.2**	**2.2**	**-**	**-**	**11.6**
Purchases and modernization	-	-	-	2.3	**-**	**-**	**2.3**
Capitalization of the costs of research and development projects	-	-	7.2	-	**-**	**-**	**7.2**
Transfers from the costs of development projects in progress	-	2.1	-	-	**-**	**-**	**2.1**
Changes in presentation method	-	0.1		(0.1)			**-**
Reductions, of which:	**-**	**(7.7)**	**(2.1)**	**(10.3)**	**(11.0)**	**-**	**(31.1)**
Amortization charges for the reporting period	n/a	(7.7)	n/a	(10.3)	(10.8)	n/a	**(28.8)**
Impairment write-downs	-	-	-	-	-	-	**-**
Disposal and liquidation	-	-	-	-	(0.2)	-	**(0.2)**
Transfers to internally generated software	-	-	(2.1)	-	-	-	**(2.1)**
Net book value as at 31 December 2014	**2,057.3**	**17.7**	**10.0**	**38.0**	**110.2**	**137.6**	**2,370.8**
As at 1 January 2014							
Gross value	2,057.4	61.6	12.9	108.2	203.0	137.6	**2,580.7**
Amortization and impairment write-downs	(0.1)	(38.4)	(8.0)	(62.1)	(81.8)	-	**(190.4)**
Net book value as at 1 January 2014	**2,057.3**	**23.2**	**4.9**	**46.1**	**121.2**	**137.6**	**2,390.3**
As at 31 December 2014							
Gross value	2,057.4	63.8	18.0	110.4	193.1	137.6	**2,580.3**
Amortization and impairment write-downs	(0.1)	(46.1)	(8.0)	(72.4)	(82.9)	-	**(209.5)**
Net book value as at 31 December 2014	**2,057.3**	**17.7**	**10.0**	**38.0**	**110.2**	**137.6**	**2,370.8**

Goodwill

The largest portion of intangible assets is constituted by goodwill resulting from mergers conducted by the Company in the years 2007-2011. As at 31 December 2014 as well as in the comparable period, goodwill arising from mergers amounted to PLN 2,057.3 million and it was allocated to the beneath mentioned operating segments, which are treated as cash-generating units:

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Goodwill allocated to the segment of "Banking and Finance"	871.4	871.4
Goodwill allocated to the segment of "Public Administration"	925.2	925.2
Goodwill allocated to the segment of "General Business"	129.7	129.7
Goodwill allocated to the segment of "Infrastructure"	131.0	131.0
	2,057.3	**2,057.3**

Costs of development projects in progress

The Company carries out a number of development projects, including those co-financed from EU funds. The Company begins to capitalize the costs of such projects which qualify under the requirements of IAS 38, i.e. only the development phase expenditures that can be directly attributed to a performed project are capitalized. Such costs shall include basically employee benefits, expenditures for materials and services that are used or consumed directly in the project implementation, depreciation charges on equipment used in the generation process, as well as costs of any office space utilized by the work team.

In the year ended 31 December 2014, total development expenditures amounted to PLN 7.2 million, of which PLN 2.2 million were spent in the Banking and Finance segment, PLN 4.6 million were spent in the Public Administration segment, while PLN 0.4 million were spent in the General Business segment.

The largest development projects conducted during the year ended 31 December 2014 included the following:

- Public Services Card

The main task of this project will be to automate the process of collecting cashless smart card payments made for services provided by public administration, local government and public benefit institutions, as well as to create an interface to external payment clearing systems.

The research phase was performed as part of the Silesian Public Services Card project carried out for KZK GOP, whereas its development phase has been commenced from the beginning of the third quarter of 2014. Until 31 December 2014, total expenditures that have been capitalized as intangible assets amounted to PLN 3.4 million. The project is scheduled for completion till 31 December 2015.

- SOUG (Group Insurance Management System)

This project is intended to create an IT module for the definition and management of group insurance products. This software enables flexible configuration of insurance products based on risks, clauses, occupations, base rates, terms and conditions, as well as other parameterization dictionaries.

The research phase of this project was initiated in the second quarter of 2011, whereas its development phase in the third quarter of 2013. Until 31 December 2014, total expenditures that have been capitalized as intangible assets amounted to PLN 2.0 million, of which PLN 1.0 million in 2014 alone. The project is scheduled for completion till 30 June 2015.

- Asseco Medical Network

This system is dedicated for the networks of public and non-public healthcare centers, which provide medical services within in-house, closed or specialized treatment schemes, this is for the networks of hospitals and specialist outpatient clinics. This software is distinguished by its interoperability and expandable functionality, cooperation with Data Centers, definable workflow, as well as scalable system architecture.

The research phase of this project was initiated in March 2014, whereas its development phase in June 2014. Until 31 December 2014, total expenditures that have been capitalized as intangible assets amounted to PLN 0.8 million. The project is scheduled for completion in the third quarter of 2016.

- def3000/CBP

The main objective of def3000/CBP (Customer Banking Platform) solution will be to enable access to the system's business functionality by means of the so-called mini-applications, i.e. software components that communicate with other elements of the system through a defined, open interface. In addition, the software will provide the following functionality:

- multiple banking products and services for bank customers within one platform accessible over the Internet;
- flexible arrangement of the offered functions by grouping them within dedicated mini-applications;
- active responding to the needs of bank customers through the interpretation and prediction of activities;
- possibility of extending the offered functionality by external service providers;
- ability to use the system on any desktop, tablet or mobile device with a web browser.

The development phase of this project was initiated in January 2014. Until 31 December 2014, total expenditures that have been capitalized as intangible assets amounted to PLN 0.6 million. The project is scheduled for completion in the third quarter of 2015.

- Consolidator

CCR (Comprehensive Consolidated Reporting) is a web-based application, operating in the cloud, which is designed to support the process of preparation of consolidated financial reports. The application features flexible mechanisms allowing to define various types of statements and reports. It also enables the creation of summaries to facilitate the analysis of financial data. Built-in mechanisms allow for rapid implementation of changes in the templates applied for financial reporting.

In addition to the functionality of entering and verification of financial reports and intragroup transactions, the CCR application provides support for the entire process of consolidation, including the calculation of consolidation eliminations (automatic and manual), as well as conversion of currencies. Furthermore, the application is capable of importing and exporting of .xls files and has a built-in communicator, allowing to share comments among participants in the consolidation process.

The research phase of this project was initiated in January 2012, whereas its development phase in October 2012. Total expenditures that have been capitalized as intangible assets amounted to PLN 1.4 million till 31 December 2014, of which PLN 0.6 million in 2014 alone. The project is scheduled for completion till the end of 2015.

- BSS Cloud

The aim of this project is to create a product allowing for comprehensive handling of processes performed by Business Support Systems of retail and wholesale telecommunications and television operators, both small-sized (with up to 1000 subscribers) and medium-sized (with up to 10,000 subscribers). As a result, Asseco Poland will be able to offer comprehensive BSS and Network Inventory for the above-mentioned service providers.

The research phase of this project was initiated in April 2014, whereas its development phase in May 2014. Until 31 December 2014, total expenditures that have been capitalized as intangible assets amounted to PLN 0.4 million. The project is scheduled for completion till the end of 2015.

Expenditures made by the Company for other development projects carried out in 2014 amounted in total to PLN 0.4 million.

Purchased software, patents, licenses and other intangibles

During the year ended 31 December 2014, the Company did not make any significant purchases of third-party software, patents or other licenses.

"ASSECO" trademark

The ASSECO trademark is the only intangible asset considered by the Management Board to have an indefinite useful life. Therefore, this asset is not amortized and only tested for impairment on an annual basis.

For impairment testing purposes, this trademark is considered to be a common asset and its value is allocated on a consistent basis to individual operating segments that are treated as cash-generating units.

Intangible assets recognized in business combinations

	Customer relations	Internally generated software	Total
As at 1 January 2014:			
Gross value	130.0	73.0	**203.0**
Amortization	(40.0)	(41.8)	**(81.8)**
Net book value as at 1 January 2014	**90.0**	**31.2**	**121.2**
As at 31 December 2014:			
Gross value	130.0	63.1	**193.1**
Amortization	(46.9)	(36.0)	**(82.9)**
Net book value as at 31 December 2014	**83.1**	**27.1**	**110.2**
Amortization charge for the reporting period	(7.0)	(3.8)	**10.8**

The net book value of intangible assets, during the period of 12 months ended 31 December 2013, changed as a result of the following transactions:

	Goodwill	Internally generated software	Costs of development projects in progress	Purchased software, patents, licenses and other intangibles	Intangible assets recognized in business combinations	"ASSECO" trademark	Total
As at 1 January 2013, less amortization and impairment write-downs	**2,057.3**	**19.7**	**19.1**	**33.2**	**133.7**	**137.6**	**2,400.6**
Additions, of which:	**-**	**15.1**	**4.1**	**19.9**	**-**	**-**	**39.1**
Purchases and modernization	-	-	-	19.9	-	-	**19.9**
Capitalization of the costs of research and development projects	-	-	4.1	-	-	-	**4.1**
Transfers from the costs of development projects in progress	-	15.1	-	-	-	-	**15.1**
Reductions, of which:	**-**	**(11.6)**	**(18.3)**	**(7.0)**	**(12.5)**	**-**	**(49.4)**
Amortization charges for the reporting period	n/a	(11.6)	n/a	(7.0)	(12.5)	n/a	**(31.1)**
Impairment write-downs	-	-	(3.2)	-	-	-	**(3.2)**
Transfers to internally generated software	-	-	(15.1)	-	-	-	**(15.1)**
Net book value as at 31 December 2013	**2,057.3**	**23.2**	**4.9**	**46.1**	**121.2**	**137.6**	**2,390.3**
As at 1 January 2013							
Gross value	2,057.4	46.5	23.9	88.3	203.0	137.6	**2,556.7**
Amortization and impairment write-downs	(0.1)	(26.8)	(4.8)	(55.1)	(69.3)	-	**(156.1)**
Net book value as at 1 January 2013	**2,057.3**	**19.7**	**19.1**	**33.2**	**133.7**	**137.6**	**2,400.6**
As at 31 December 2013							
Gross value	2,057.4	61.6	12.9	108.2	203.0	137.6	**2,580.7**
Amortization and impairment write-downs	(0.1)	(38.4)	(8.0)	(62.1)	(81.8)	-	**(190.4)**
Net book value as at 31 December 2013	**2,057.3**	**23.2**	**4.9**	**46.1**	**121.2**	**137.6**	**2,390.3**

Costs of development projects in progress

In the year ended 31 December 2013, total development expenditures amounted to PLN 4.1 million, of which PLN 2.4 million were spent in the Banking and Finance segment, while PLN 1.7 million were spent in the Public Administration segment.

In January 2013, the Company completed work on its AMMS project, hence total expenditures incurred in the project development phase, amounting to PLN 13.5 million, have been transferred from the category of "Costs of development projects in progress" to the category of "Internally generated software".

Purchased software, patents, licenses and other intangibles

During the year ended 31 December 2013, the Company did not make any significant purchases of third-party software, patents or other licenses.

"ASSECO" trademark

The ASSECO trademark is the only intangible asset considered by the Management Board to have an indefinite useful life. Therefore, this asset is not amortized and only tested for impairment on an annual basis.

For impairment testing purposes, this trademark is considered to be a common asset and its value is allocated on a consistent basis to individual operating segments that are treated as cash-generating units.

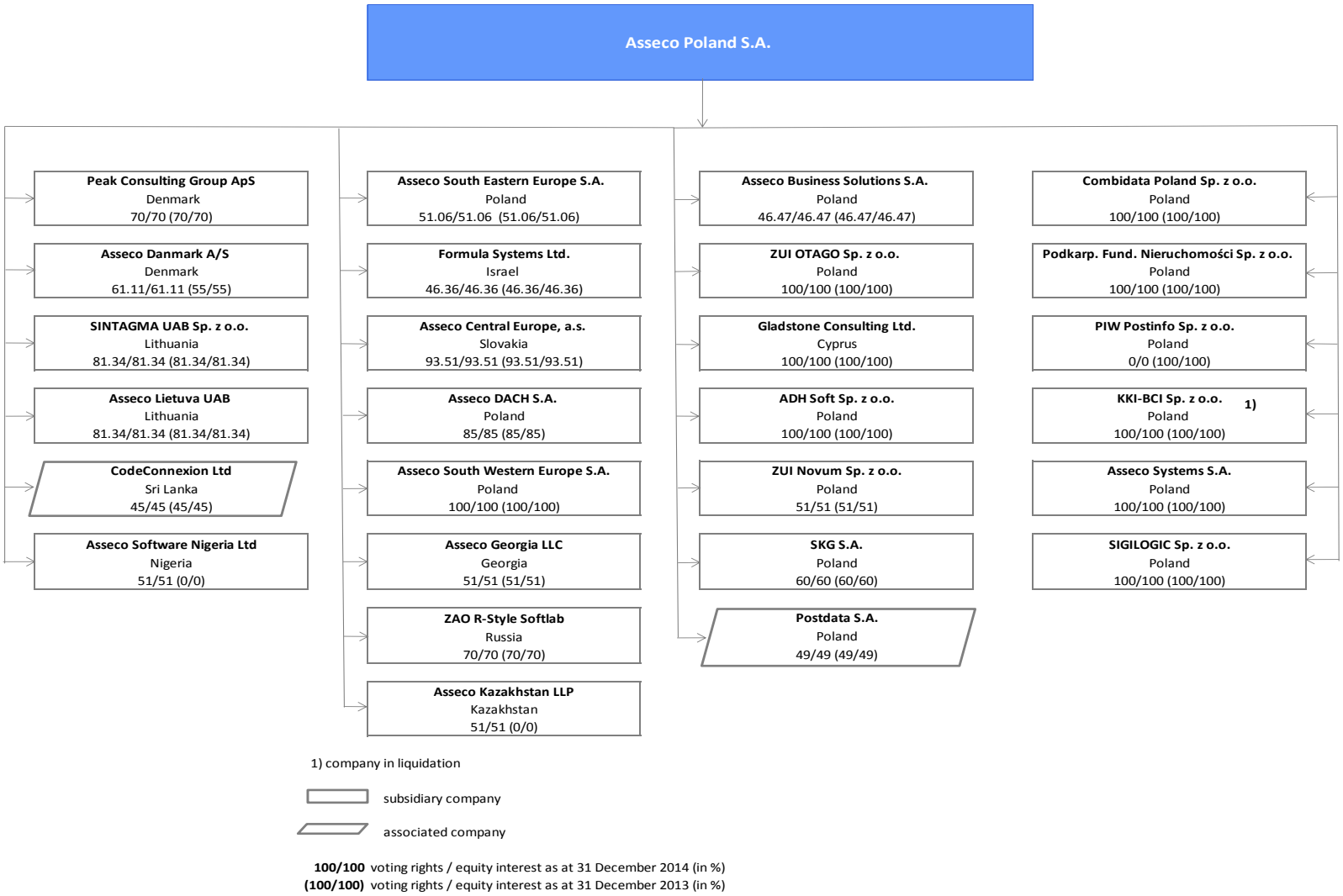
Intangible assets recognized in business combinations

Intangible assets recognized in the purchase price allocation process include the following:

	Customer relations	Internally generated software	Total
As at 1 January 2013:			
Gross value	130.0	73.0	**203.0**
Amortization	(33.0)	(36.3)	**(69.3)**
Net book value as at 1 January 2013	**97.0**	**36.7**	**133.7**
As at 31 December 2013:			
Gross value	130.0	73.0	**203.0**
Amortization	(40.0)	(41.8)	**(81.8)**
Net book value as at 31 December 2013	**90.0**	**31.2**	**121.2**
Amortization charge for the reporting period	(7.0)	(5.5)	**(12.5)**

9. Investments in subsidiaries and associates

The structure of Asseco Poland's investments in subsidiaries and associates is charted below:



The Company's capital investments held as at 31 December 2014 and in the comparable period are disclosed in the table below:

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Investments in companies quoted on active markets		
Asseco Central Europe a.s.	478.0	478.0
Asseco Business Solutions S.A.	69.0	69.0
Formula Systems (1985), Ltd.	427.0	416.7
Asseco South Eastern Europe S.A.	270.4	270.4
Investments in non-listed companies		
ZAO R-Style Softlab	67.9	92.9
Z.U.I. Otago Sp. z o.o.	26.3	26.3
ZUI Novum Sp. z o.o.	3.9	3.9
ADH-Soft Sp. z o.o.	7.0	7.0
Combidata Poland Sp. z o.o.	56.7	56.7
Asseco DACH S.A.	158.5	158.5
Asseco South Western Europe S.A.	93.6	93.6
Asseco Danmark A/S	29.2	29.2
Peak Consulting Group ApS	8.4	8.4
CodeConnexion Ltd.	2.8	2.8
Sintagma UAB and Asseco Lietuva UAB	19.4	19.4
Gladstone Consulting Ltd	33.8	33.8
Podkarpacki Fundusz Nieruchomości Sp. z o.o.	89.2	49.7
Postdata S.A.	1.0	1.0
SKG S.A.	8.7	8.7
Asseco Systems S.A.	136.5	135.4
Asseco Georgia LLC	4.9	4.9
Sigilogic Sp. z o.o.	1.2	-
Asseco Kazakhstan LLP	3.0	n/a
Asseco Software Nigeria Ltd.	3.1	n/a
Other entities	-	0.8
	1,999.5	**1,967.1**

During the period of 12 months ended 31 December 2014, Asseco Poland's investments in subsidiaries and associates changed as follows:

- ***Registration of the merger of Asseco Poland S.A. with PIW Postinfo Sp. z o.o.***

The merger of Asseco Poland S.A. with PIW "POSTINFO" Sp. z o.o. was registered on 2 January 2014. Because the Company already held all the shares in PIW Postinfo Sp. z o.o., the merger was executed without increasing the share capital of Asseco Poland, and without offering any shares of Asseco Poland in exchange.

This transaction had no significant impact on these financial statements. The effects of this merger have been presented in the statement of changes in equity.

- ***Higher shareholding in Podkarpacki Fundusz Nieruchomości Sp. z o.o.***

On 13 March 2014, Asseco Poland signed an agreement with Podkarpacki Fundusz Nieruchomości Sp. z o.o. to acquire 79,150 of its newly issued shares with a par value of PLN 50 each, in exchange for a cash consideration amounting to PLN 39.5 million. The PFN's share capital was increased following a memorandum of understanding signed with Prokom Investments (this transaction has been described in explanatory note 11 to these financial statements).

- ***Higher shareholding in Sigilogic Sp. z o.o.***

On 10 April 2014, Asseco Poland signed an agreement with Sigilogic Sp. z o.o. to acquire 24,594 of its newly issued shares with a par value of PLN 50 each, in exchange for a cash consideration amounting to PLN 1.2 million. Sigilogic Sp. z o.o. was established by Asseco Poland on 19 November 2013. The Company specializes in the implementation of building automation projects.

- ***Acquisition of shares in Asseco Kazakhstan LLP***

On 11 June 2014, Asseco Poland signed an agreement to acquire 51% of shares in New Technology Integrator LLP, an information technology company based in Almaty, Kazakhstan, for the price of USD 1.0 million. Following this transaction, the acquired company has been renamed as Asseco Kazakhstan LLP.

Asseco Kazakhstan LLP was founded in 2006. Its operations include three business lines: information security, information management, and the newly launched cloud computing services. The company focuses primarily on the public sector clients as well as on large telecommunications and energy enterprises.

- ***Acquisition of shares in Asseco Software Nigeria Ltd.***

On 28 July 2014, Asseco Poland acquired 5,100 thousand shares in Asseco Software Nigeria Ltd seated in Lagos, Nigeria. The acquired shares represent 51% of the share capital of Asseco Software Nigeria and carry 51% of voting rights at the general meeting of that company.

10. Impairment testing of non-financial assets

Both as at 31 December 2014 and during the period of 12 months ended 31 December 2014, the stock market capitalization of Asseco Poland remained under the Company's book value (the so called "low capitalization"). The Management Board of Asseco considered such situation as an indication of possible impairment of the Company's assets.

In order to analyze the indications of possible impairment, the Company's assets were divided into two groups:

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

Ref. 1 Assets employed in operating activities

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

Each of the identified cash-generating units was tested for impairment by estimating the value in use of a given unit/segment.

Individual segment cash flows applied in the value-in-use model were based on our budget for 2015 as well as on growth forecasts for the IT market in Poland in the years 2016-2019. The residual value was determined assuming no growth of the achieved margins after the forecast period.

The discount rate applied to determine the present value of expected future cash flows was equivalent to the Company's estimated weighted average cost of capital that equalled 7.2% (in real value terms) as at 31 December 2014. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient (deleveraged β of 0.85 was adopted that was subsequently leveraged to reflect the average market debt/equity ratio) as well as the expected market yield.

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

- real discount rate applied for the residual period, i.e. cash flows generated after 2019;
- average annual effective rate of change in free cash flows over the forecast period, i.e. in the years 2015-2019;

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

The results of the conducted sensitivity analysis are presented in the table below:

	Discount rate		Effective rate of change in cash flows	
	applied in the model	terminal	applied in the model	terminal
Goodwill allocated to the segment of "Banking and Finance"	7.2%	8.0%	11.7%	10.3%
Goodwill allocated to the segment of "Public Administration"	7.2%	7.5%	2.1%	1.8%
Goodwill allocated to the segment of "General Business"	7.2%	50.2%	17.7%	(6.3%)
Goodwill allocated to the segment of "Infrastructure"	7.2%	10.1%	28.5%	23.2%

Ref. 2 Assets related to investing activities

Each impairment test on investments in subsidiaries requires making estimates of the recoverable amount of a cash-generating unit or a group of cash-generating units constituted by individual subsidiaries.

In the case of cash-generating units constituted by companies quoted on an active market, the recoverable amount may equal the market value (i.e. stock market capitalization) of a company or its value in use, whichever is higher. Therefore, for cash-generating units constituted by companies quoted on an active market, impairment testing was performed in two stages. First of all, the book value of an investment in a company was compared to its market value (capitalization). If the market value exceeded the book value of an investment, no impairment was deemed to have occurred. Otherwise, we estimated the value in use of an investment in a company by applying the model of discounted free cash flow to firm (FCFF).

In the case of investments in companies not quoted on an active market, the recoverable amount was determined as their value in use by applying the model of discounted free cash flow to firm (FCFF).

Our companies quoted on active markets include: Asseco Central Europe a.s., Asseco Business Solutions S.A., Formula Systems (1985), Ltd., and Asseco South Eastern Europe S.A. The table below compares the market values of our investments against their book values:

	Asseco Central Europe a.s. PLN millions	Formula Systems (1985), Ltd. PLN millions	Asseco South Eastern Europe S.A. PLN millions	Asseco Business Solutions S.A. PLN millions
31 Dec. 2014				
(audited)				
book value	478.0	427.0	270.4	69.0
fair value	317.8	575.3	205.0	192.5
surplus (+) / deficit (-) of fair value over book value	**(160.2)**	**148.3**	**(65.4)**	**123.5**
31 Dec. 2013				
(audited)				
book value	478.0	416.7	270.4	69.0
fair value	407.8	512.8	254.0	200.7
surplus (+) / deficit (-) of fair value over book value	**(70.2)**	**96.1**	**(16.4)**	**131.7**

As shown in the table above, the market value of an investment exceeds its book value only in the case of Asseco Business Solutions and Formula Systems. Therefore, our investments in Asseco Central Europe S.A. (hereinafter ACE) and Asseco South Eastern Europe (hereinafter ASEE) were tested for impairment by estimating their value in use.

As at 31 December 2014, we estimated the value in use of investments in companies not quoted on an active market as well as of investments in ACE and ASEE.

In the calculation of the value in use of cash-generating units or groups, which are constituted by individual subsidiaries, the following assumptions have been adopted:

- for each subsidiary, the so-called business units were analyzed which, when put together, comprise the budget and forecasts of the whole subsidiary company;
- detailed forecasts covered the period of 5 years with an assumed increase in cash flows, while the residual value for later operations of each subsidiary was computed assuming no growth in cash flows;
- the assumed increases in cash flows depend upon the strategy of the entire Group, tactical plans of individual companies, they take due account of conditions prevailing in particular geographical markets and sectors, and at the same time they reflect the present and potential order backlogs. The potential order backlog presumes gaining new clients whilst keeping the present ones;

- the forecasts for foreign subsidiaries assumed growth of sales in their functional currencies;
- the discount rates applied were equivalent to the weighted average cost of capital for particular companies. Particular components of the discount rate were determined taking into account the market values of risk-free interest rates, the beta coefficient leveraged to reflect the average market debt/equity ratio, as well as the expected market yield.

As a result of the conducted impairment test, we have determined that the value of our investment in R-Style Softlab shall be written down by PLN 25 million. The write-down was recognized in financial expenses. This impairment write-down has been made largely due to the macroeconomic problems of the Russian economy and a significant decline in the exchange rate of the ruble. In order to estimate the free cash flow to firm (FCFF), we assumed that the average annual effective rate of change in free cash flows over the forecast period (i.e. in the years 2015-2019) will be 7.1% per annum. The residual value was determined assuming no growth in margins achieved after the detailed forecast period. The discount rate applied to determine the present value of expected future cash flows was equivalent to the estimated weighted average cost of capital of ZAO R-Style Softlab, which equalled 22.2% as at 31 December 2014. Additionally, we carried out a sensitivity analysis in order to examine how the amount of the recognized impairment write-down would change in response to changes in the discount rate applied for the residual period as well as in the average annual effective rate of change in free cash flows, as shown in the table below:

		Discount rate (base rate applied in the model 22.2%)						
		(3.0%)	**(2.0%)**	**(1.0%)**	**0.0%**	**1.0%**	**2.0%**	**3.0%**
Average annual effective rate of change in free cash flows over the forecast period (base rate 7.1%)	**3.0%**	(14.8)	(16.3)	(17.6)	(18.9)	(20.0)	(21.1)	(22.0)
	2.0%	(17.5)	(18.9)	(20.2)	(21.4)	(22.5)	(23.5)	(24.4)
	1.0%	(19.7)	(21.1)	(22.3)	(23.5)	(24.5)	(25.5)	(26.3)
	0.0%	(21.9)	(23.2)	(24.4)	(25.0)	(26.5)	(27.4)	(28.3)
	(1.0%)	(23.5)	(24.8)	(26.0)	(27.0)	(28.0)	(28.9)	(29.7)
	(2.0%)	(25.7)	(26.9)	(28.0)	(29.1)	(30.0)	(30.8)	(31.6)
	(3.0%)	(27.9)	(29.1)	(30.1)	(31.1)	(32.0)	(32.8)	(33.6)

In the case of other impairment tests performed as at 31 December 2014, the value in use of our investments was higher than their book value. The Company also carried out a sensitivity analysis in relation to the impairment tests performed for our investing activity assets. Such sensitivity analysis examined the impact of changes in the applied:

- real discount rate applied for the residual period, i.e. cash flows generated after 2019;
- average annual effective rate of change in free cash flows over the forecast period, i.e. in the years 2015-2019;

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

The results of the conducted sensitivity analysis are presented in the table below:

	Book value of investment	Discount rate		Effective rate of change in cash flows	
	PLN millions	applied for the residual period	terminal	applied for the forecast period	terminal
Investments in companies quoted on active markets					
Asseco Central Europe a.s.	478.0	6.9%	51.9%	8.7%	(11.3%)
Asseco South Eastern Europe S.A.	270.4	8.8%	60.8%	22.1%	3.7%
Investments in non-listed companies					
Asseco DACH S.A.	158.5	6.9%	19.8%	7.3%	(7.8%)
Asseco South Western Europe S.A.	93.6	9.8%	∞	9.4%	(14.6%)
Asseco Systems S.A.	136.5	9.6%	35.8%	21.8%	3.6%
Z.U.I. Otago Sp. z o.o.	26.3	9.0%	∞	27.7%	(2.6%)
ZUI Novum Sp. z o.o.	3.9	10.8%	∞	(4.5%)	(84.7%)
ADH-Soft Sp. z o.o.	7.0	10.8%	∞	31.0%	(9.5%)
Combidata Poland Sp. z o.o.	56.7	9.0%	12.3%	18.6%	11.6%
Asseco Danmark A/S	29.2	7.3%	10.6%	(4.4%)	(10.1%)
Peak Consulting Group ApS	8.4	7.3%	10.6%	(4.4%)	(10.1%)
Sintagma UAB and Asseco Lietuva UAB	19.4	10.8%	34.6%	(21.6%)	(32.9%)
Gladstone Consulting Ltd	33.8	10.4%	15.9%	22.0%	19.6%
SKG S.A.	8.7	10.8%	60.2%	8.6%	(10.1%)
Asseco Georgia LLC	4.9	18.0%	47.4%	105.4%	89.4%
Asseco Kazakhstan LLP	3.0	22.2%	∞	30.5%	(9.5%)

∞ - means that the terminal discount rate for the residual period is greater than 100%; hence, no reasonable modification of the discount rate for the residual period would indicate impairment.

Due to the nature of the business of Podkarpacki Fundusz Nieruchomości Sp. z o.o. (hereinafter "PFN"), the value of investment in this company is tested by being compared to the value of net assets held by PFN. As at 31 December 2014, we made a comparison of the book values of individual properties held by PFN with their actual market values, as determined in property valuation reports prepared by professional appraisers. In the case where the book value of a property was higher than its actual market value, such property was subject to an impairment write-down. Following such revaluations, the value of net assets of PFN decreased which resulted in the need to recognize an impairment write-down on our investment in Podkarpacki Fundusz Nieruchomości Sp. z o.o. in the amount of PLN 5.1 million. The write-down was recognized in financial expenses.

11. Financial assets

As at 31 December 2014 and in the comparable period, the Company held the following categories and classes of financial assets:

	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	Long-term	*Short-term*	*Long-term*	*Short-term*
	PLN millions	PLN millions	PLN millions	PLN millions
Loans, of which:				
granted to related parties	52.3	11.6	12.9	32.4
granted to employees	0.5	0.3	-	0.7
granted to other entities	-	-	7.3	-
	52.8	**11.9**	**20.2**	**33.1**
Financial assets carried at fair value through profit or loss, of which:				
currency forward contracts (EUR & USD)	2.7	3.4	5.9	2.7
	2.7	**3.4**	**5.9**	**2.7**
Financial assets available for sale, of which:				
shares in companies quoted on active markets	0.7	-	0.5	-
shares in companies not listed on stock markets	8.8	-	8.7	-
	9.5	**-**	**9.2**	**-**
Total	**65.0**	**15.3**	**35.3**	**35.8**

Loans granted are measured at amortized cost at the balance sheet date. Loans to related parties were granted on an arm's length basis.

Loans granted to related parties

Loans granted to related parties include the following:

Loans granted to related parties	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Z.U.I. Otago Sp. z o.o.	2.1	3.1
Asseco DACH S.A.	-	11.9
Combidata Poland Sp. z o.o.	4.4	9.0
Podkarpacki Fundusz Nieruchomości Sp. z o.o.	36.5	2.9
Asseco Resovia S.A. [1)]	14.4	12.2
Gdyński Klub Koszykówki Arka S.A.[2)]	6.5	6.2
Total	**63.9**	**45.3**

1) *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Adam Góral, President of the Company's Management Board, served as Member of the Supervisory Board of Asseco Resovia S.A., whereas Mr. Marek Panek, Vice President of the Company's Management Board, served as President of the Management Board of Asseco Resovia S.A.*

2) *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as Member of the Management Board of Gdyński Klub Koszykówki Arka S.A.*

During the period of 12 months ended 31 December 2014, the largest changes in the amounts of loans granted to related parties were observed in the case of Podkarpacki Fundusz Nieruchomości Sp. z o.o. The loan was granted under an agreement of 15 April 2014. The loan interest rate is variable and equals 3M WIBOR + margin. Such interest is charged and paid on a quarterly basis. The loan shall be repaid till 30 April 2019. The loan has been secured by a promissory note.

Loans granted to other entities

During the period of 12 months ended 31 December 2014, our receivables from commercial papers issued by Prokom Investments S.A. were fully settled.

On 17 March 2014, Asseco Poland S.A. and Prokom Investments S.A. signed an annex to their memorandum of understanding of 20 December 2012, whereby the parties agreed that Prokom Investments' liabilities under commercial papers and other payables towards Asseco Poland shall amount to PLN 39.6 million, and they changed the deadline for repayment of Prokom's outstanding liabilities. Under the said annex, Prokom agreed to repay all liabilities to Asseco on the date of selling its shares in Park Wodny Sopot Sp. z o.o. seated in Sopot.

On 18 March 2014, Podkarpacki Fundusz Nieruchomości Sp. z o.o. (hereinafter "PFN") and Prokom Investments signed an agreement for the sale of shares in Park Wodny Sopot Sp. z o.o. Under the agreement, PFN acquired 18,143 shares in Park Wodny Sopot Sp. z o.o. representing 98.34% of the share capital of that company, for the total price of PLN 39.6 million. PFN was authorized to pay the total sale price to Asseco Poland on behalf and by assignment of Prokom Investments. PFN accepted the assignment and became liable and responsible for payment of the whole price directly to Asseco.

Concurrently, Asseco Poland S.A. had a liability towards PFN in the amount of PLN 39.6 million which resulted from the acquisition of new shares in PFN, in accordance with the declaration made on 14 March 2014.

On 18 March 2014, Asseco Poland and PFN concluded an agreement to offset their mutual obligations, both of which were therefore reduced by PLN 39.6 million. As a result, Asseco's liabilities to PFN have been entirely extinguished with its receivables from Prokom; whereas, PFN's liabilities to Asseco have been entirely compensated with the payment due from Asseco for the acquisition of new shares in PFN.

Following the above-mentioned transactions, Asseco Poland's claims against Prokom Investments have been fully settled.

The nominal value (i.e. before allowances) of commercial papers, which were settled on the basis of the memorandum of understanding of 17 March 2014, amounted to PLN 26.0 million; whereas, their carrying value as at 31 December 2013 equalled PLN 7.3 million, as estimated by the Company's Management. The said transaction resulted in reversing the allowances that were recognized for these commercial papers in prior reporting periods.

The gain achieved on such revaluation of commercial papers was recognized in financial income (see: explanatory note 3 to these financial statements). Furthermore, as at 31 December 2013, the nominal value (i.e. before allowances) of other receivables from Prokom Investments, which were settled on the basis of the memorandum of understanding of 17 March 2014, amounted to PLN 10.6 million; whereas, their carrying value as at 31 December 2013 equalled PLN 1.2 million, as estimated by the Company's Management. The said transaction resulted in reversing the allowances that were recognized for these receivables in prior reporting periods. The gain achieved on such revaluation of receivables was recognized in financial income (see explanatory note 3 to these financial statements).

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

The fair values of currency forward contracts and embedded derivatives are determined at each balance sheet date using calculation models based on inputs that are directly observable in active markets.

Financial assets available for sale include primarily equity investments not exceeding 20% of the target company's outstanding stock. Investments in companies quoted on active markets are measured at fair value at each balance sheet date, on the basis of their closing prices on the balance sheet date. Investments in companies not quoted on active markets are measured at their purchase cost adjusted by any impairment charges.

12. Prepayments and accrued income

As at 31 December 2014 and in the comparable period, prepayments and accrued income included the following items:

	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	Long-term	*Short-term*	*Long-term*	*Short-term*
	PLN millions	PLN millions	PLN millions	PLN millions
Prepaid services, of which:	9.5	21.9	12.3	28.9
Prepaid maintenance services and license fees	*5.4*	*7.7*	*4.0*	*13.2*
Prepaid sponsoring	*2.8*	*9.9*	*7.3*	*11.5*
Prepaid rents and averaging of instalments under operating leases	*-*	*0.6*	*-*	*0.5*
Prepaid insurance	*0.2*	*0.7*	*-*	*1.1*
Other prepaid services	*1.1*	*3.0*	*1.0*	*2.6*
Expenses related to services performed for which revenues have not been recognized yet	-	1.3	-	2.5
Other prepayments and accrued income	-	0.3	0.2	0.5
Total	**9.5**	**23.5**	**12.5**	**31.9**

As at 31 December 2014 as well as at the end of the comparable period, prepayments and accrued income comprised mainly:

- costs of prepaid maintenance services and licensing fees that will be gradually expensed in the income statement in future periods;
- prepaid marketing and advertising expenses, mostly in favour of Asseco Resovia S.A. (volleyball club) and Gdyński Klub Koszykówki Arka S.A. (basketball club).

In connection with the existing sponsorship agreements concluded with Gdyński Klub Koszykówki Arka S.A. and Asseco Resovia S.A., the Company has off-balance-sheet liabilities arising from remunerations payable under these agreements. The sponsorship agreement with Gdyński Klub Koszykówki Arka S.A shall remain in effect till 31 July 2017 and the amount of outstanding payments equals PLN 9.4 million. The sponsorship agreement with Asseco Resovia S.A. shall remain in effect till 31 May 2016 and the amount of outstanding payments equals PLN 8.2 million.

13. Long-term and short-term receivables

	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	Long-term	*Short-term*	*Long-term*	*Short-term*
	PLN millions	PLN millions	PLN millions	PLN millions
Trade receivables, of which:	**0.1**	**216.1**	**2.8**	**252.2**
from related parties, of which:	-	4.1	-	4.2
from subsidiaries	-	*0.3*	-	*1.1*
from associates	-	*2.3*	-	*1.6*
from other related parties	-	*1.5*	-	*1.5*
from other entities	0.1	212.0	2.8	248.0
Allowance for doubtful receivables	**-**	**(8.5)**	**-**	**(12.9)**
Total trade receivables	**0.1**	**207.6**	**2.8**	**239.3**

Other receivables	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	Long-term	*Short-term*	*Long-term*	*Short-term*
	PLN millions	PLN millions	PLN millions	PLN millions
Receivables from valuation of IT contracts	-	192.3	-	141.8
Receivables from uninvoiced deliveries	-	85.5	-	69.2
Receivables from dividends	-	13.5	-	7.3
Receivables from disposal of tangible fixed assets	-	-	-	0.2
Receivables from bonds and guarantees of due performance of contracts	12.9	7.2	14.9	6.8
Receivables from grants	-	-	-	-
Receivables in court litigation	-	0.5	-	0.6
Other receivables	0.2	2.8	8.4	4.2
Allowance for other uncollectible receivables	(0.5)	(0.8)	(7.4)	(2.7)
Total other receivables	**12.6**	**301.0**	**15.9**	**227.4**

Related party transactions have been presented in explanatory note 25 to these financial statements.

Receivables from valuation of IT contracts (implementation contracts) result from the surplus 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 balance sheet date.

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

As at 31 December 2014, other receivables include primarily amounts receivable from Nordinfo Capital Sp. z o.o. resulting from the sale of shares in KOMA Nord Sp. z o.o. as well as receivables from other operating activities.

As described in explanatory note 11, in the period of 12 months ended 31 December 2014, our receivables from Prokom Investments S.A. were fully settled. As at 31 December 2013, the nominal value (i.e. before allowances) of other receivables from Prokom Investments, which were settled on the basis of the memorandum of understanding of 17 March 2014, amounted to PLN 10.6 million; whereas, their carrying value as at 31 December 2013, as estimated by the Company's Management Board, equalled PLN 1.2 million. The said transaction resulted in reversing the allowances that were recognized for these receivables in prior reporting periods. The gain achieved on such revaluation of receivables was recognized in financial income (see explanatory note 3 to these financial statements).

The Company's policy is to sell its products and services to reliable clients. Owing to that, in the Management's opinion the credited sales risk would not exceed the level covered with allowances for doubtful trade receivables. The Company's policy for establishing allowances for doubtful receivables is described in item 12 of the Significant Accounting Policies.

The following table presents the ageing structure of gross receivables (i.e. before allowances and discounts) as at 31 December 2014 and 31 December 2013, which provides the basis for recognition of allowances following the general rules:

Ageing of trade receivables	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	PLN millions	%	PLN millions	%
Receivables not yet due	**169.7**	**78.5%**	**226.4**	**88.8%**
Past-due receivables	**32.2**	**14.9%**	**25.4**	**9.9%**
Receivables past-due up to 3 months	*20.0*	9.2%	*18.2*	7.1%
Receivables past-due from 3 to 6 months	*6.9*	3.2%	*1.3*	0.5%
Receivables past-due from 6 to 12 months	*1.2*	0.6%	*1.3*	0.5%
Receivables past-due over 12 months	*4.1*	1.9%	*4.6*	1.8%
	201.9	**93.4%**	**251.8**	**98.7%**
Trade receivables in court litigation	**14.3**	**6.6%**	**3.2**	**1.3%**
Total	**216.2**	**100.0%**	**255.0**	**100.0%**

As at 31 December 2014, the Company had PLN 17.6 million in trade receivables from Mostostal Warszawa S.A., including: PLN 10.3 million for work performed in the construction of the Sports and Entertainment Hall in Czyżyny, PLN 3.9 million for work performed at the shopping mall Brama Mazur in Ełk, and PLN 3.1 million for the construction of the Białystok University campus. Because these trade receivables have not been settled, in accordance with its accounting policy, the Company should create an allowance for such receivables in the amount of PLN 10.0 million. However, as the Company completed all of its work and the said payments are delayed as a result of ongoing acceptance procedures between Mostostal S.A. and project investors, the Company's Management decided not to recognize any allowances because the collection of our receivables is not at risk.

14. Implementation contracts

In the years 2014 and 2013, the Company executed a number of the so-called IT implementation contracts. In line with IAS 11, sales generated from such contracts are recognized according to the percentage of completion of relevant contracts. The Company measures the percentage of completion of IT implementation contracts using the "cost-to-cost" method (this is by determining the relation of costs incurred to the overall project costs) or by the "effort-expended" method (by determining the portion of work completed out of the total work effort required in a project).

The following table includes basic data about the ongoing IT implementation contracts:

	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Revenues from execution of IT contracts recognized in the reporting period	443.5	548.5
For all projects being in progress at the balance sheet date:		
Revenues recognized from execution of IT contracts (cumulative) (-)	717.0	2,496.4
Costs incurred due to execution of IT contracts (cumulative) (-)	(592.7)	(1,645.3)
Net provisions for losses on IT contracts	(7.9)	(12.7)
Profit (loss) on execution of IT contracts	116.4	838.4
Invoiced revenues from execution of IT contracts (cumulative)	537.2	2,367.2
Receivables arising from valuation of IT contracts	192.3	141.8
Liabilities arising from valuation of IT contracts	(12.5)	(12.6)

15. Inventories

The Company holds two main categories of inventories: goods for resale, and service parts. The category of goods for resale includes mainly computer hardware and third-party software licenses intended for resale under the implementation or supply contracts. Hence, majority of goods for resale are purchased for the purpose of execution of already signed or highly probable contracts.

The category of service parts includes computer hardware, spare parts and other materials that have been purchased for the performance of maintenance services.

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Computer hardware, third-party software licenses and other goods for resale	14.6	52.1
Computer hardware, spare parts and other materials intended for the performance of repair/maintenance services	1.3	1.5
Write-down on goods for resale (-)	(2.1)	(2.6)
Total	**13.8**	**51.0**

A significant decrease in inventories in 2014 resulted from the completion or considerable progress in the implementation of the following projects:

- Silesian Public Services Card – performed under a contract with the Municipal Transport Union of the Upper Silesian Industrial Region (KZK GOP). We are about to complete one of the successive stages of the project, which involves the supply of individual and common infrastructure for the participating municipalities and KZK GOP, as well as installation of computer hardware;

- Subcarpathian Medical Information System – we have completed the project in cooperation with several regional hospitals. These medical centers have been equipped with computer hardware, network infrastructure, as well as diagnostic and radiological equipment;
- The Company has also completed several smaller-size projects, including the Dynamic Passenger Information System for KZK GOP, supply of Active Network Devices for the cities of Łęczna and Zabrze, as well as supply of IT infrastructure for the Agricultural Social Insurance Fund.

16. Cash and cash equivalents

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Cash at bank	4.8	13.7
Short-term (overnight) bank deposits	81.9	94.5
Total cash and cash equivalents as disclosed in the balance sheet	**86.7**	**108.2**
Bank overdraft facilities utilized for current liquidity management	-	-
Total cash and cash equivalents as disclosed in the cash flow statement	**86.7**	**108.2**

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.

17. Non-current assets held for sale

In 2013, the Company reclassified several of its real estate properties (land, business premises and office buildings) worth PLN 15.0 million, from the property, plant and equipment into the assets classified as held for sale. All the reclassified properties are available for immediate sale in their existing condition (presently these properties are not used by the Company). The decisions have been made to sell all of these properties and we actively seek potential buyers.

As at 31 December 2014, the fair values of these reclassified properties (determined on the basis of professional appraisal reports) exceeded their carrying values, hence, as at 31 December 2014, there were no indications of impairment of any of the reclassified properties.

On 15 December 2014, the Company sold its real estate located in Gdynia, at 1 Króla Jana III St. The selling price of this property amounted to PLN 1.7 million and was higher than its carrying value.

On 28 November 2014, the Company signed a preliminary agreement to sell its real estate located in Warsaw, at 74, 17 Stycznia St. The determined selling price of this property was also higher than its carrying value. The final agreement to sell the above-mentioned property was signed on 24 February 2015.

18. Assets and liabilities of the Company Social Benefits Fund

The Social Benefits Fund Act dated 4 March 1994 (with subsequent amendments) requires enterprises that have at least 20 full-time employees to establish and run a social benefits fund. The purpose of our Social Benefits Fund is to finance the Company's social activities, loans to employees, and other social expenditures. The Company has offset the Fund's assets against its liabilities towards the Fund, because such assets do not qualify as the Company's assets.

The structure of assets, liabilities and costs of the Social Benefits Fund is presented in the table below.

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Fixed assets contributed to the Fund	-	-
Loans granted to employees	0.1	0.1
Cash and cash equivalents	0.4	0.4
Liabilities of the Fund	(0.5)	(0.4)
Balance after netting off	**-**	**0.1**
Amounts contributed to the Fund in the reporting period	**(0.8)**	**(0.8)**

19. Share capital and other components of equity

Share capital

The Company's share capital as at 31 December 2014 and in the comparable period amounted to PLN 83,000,303.00 and has been fully paid up. The share capital is divided into 83,000,303 ordinary shares with a par value of PLN 1 each. The Company has not issued any preference shares.

During the year ended 31 December 2014, the amount of the share capital remained unchanged.

The Company's authorized capital is equal to its share capital.

Reserve capital

In accordance with the Commercial Companies Code (CCC), reserve capital was established from the premium of issuance price over the par value on shares (less the share issuance-related expenses) and from the retained earnings that have been appropriated to reserve capital by the Company's General Meeting of Shareholders.

In the Statement of Changes in Equity, the reserve capital is presented within "Retained earnings and current net profit".

In 2013, the reserve capital also reflected the results of transactions involving treasury shares (cancellation and sale). The Company's reserve capital was reduced by the amount of special purpose fund intended for the buy-back of own shares for cancellation, pursuant to the Extraordinary General Meeting's resolution of 3 November 2011. This resolution was effective for a period of 36 months from the date of signing, hence it expired on 3 November 2014 and the funds intended for the buy-back of own shares for cancellation have been automatically transferred to the reserve capital.

In order to demonstrate the Company's ability to pay out dividends, the table below presents the components and balance of the Company's reserve capital as at 31 December 2014 and 31 December 2013.

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Share premium	4,180.1	4,180.1
Retained earnings appropriated to reserve capital by the General Meeting of Shareholders	1,132.5	1,068.0
Result on settlement of transactions in treasury shares	(734.0)	(734.0)
Reserve fund intended for the buy-back of own shares for cancellation	-	(450.0)
	4,578.6	**4,064.1**

In accordance with the Commercial Companies Code, the Company is required to create a reserve capital to be able to cover its losses. At least 8% of the reported net profit for each financial year must be appropriated to such reserve capital until the amount thereof reaches at least one-third of the Company's share capital. The General Meeting of Shareholders may decide on any distributions from the Company's reserve capital and other capital reserves; however, the amount of reserve capital equalling one-third of the Company's share capital (i.e. PLN 27.7 million) can be only used to cover any losses reported in the financial statements and cannot be allocated for any other purpose. As at 31 December 2014, there were no other restrictions as regards payment of dividends.

20. Interest-bearing bank loans and debt securities issued

Type of loan	Maximum debt limit available as at 31 Dec. 2014	Effective interest rate	Repayment date	Outstanding debt as at: 31 Dec. 2014 (audited) PLN millions	Outstanding debt as at: 31 Dec. 2013 (audited) PLN millions
Bank overdraft facility	150.0	1M WIBOR + margin	2015-12-31	-	-
Bank overdraft facility	150.0	1M WIBOR + margin	2016-09-30	-	-
Bank overdraft facility	150.0	1M WIBOR + margin	2016-08-31	-	-
Bank overdraft facility	70.0	1M WIBOR + margin	2016-03-31	-	-
	520.0			**-**	**-**
Investment loan	n/a	3M WIBOR + margin	2022-11-18	103.2	138.1

As at 31 December 2014 and in the comparable period, total funds available to the Company under bank account overdraft facilities reached PLN 520 million. Both as at 31 December 2014 and 31 December 2013, no liabilities were outstanding under such bank overdrafts.

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

During the period of 12 months ended 31 December 2014, the Company made an early repayment of a portion of this loan in the amount of PLN 20.0 million. As a result of this partial repayment, the future payments of principal have been reduced, yet the schedule of future payments of principal and interest remained unchanged.

The table below presents the ageing structure of liabilities under the investment loan, including interest payable, as at 31 December 2014 and 31 December 2013.

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Investment loan	**117.9**	**164.0**
falling due within 3 months	4.1	5.2
falling due within 3 to 12 months	12.2	15.5
falling due within 1 to 5 years	60.7	76.6
falling due after 5 years	40.9	66.7
Total	**117.9**	**164.0**

Both as at 31 December 2014 and in the comparable period, no other assets served as security for any bank loans.

21. Finance lease liabilities

As at 31 December 2014, the subjects of finance lease agreements, where the Company is a lessee, included:

- office building located at 21 Podolska St. in Gdynia;
- IT hardware.

The table below presents the ageing structure of finance lease liabilities as at 31 December 2014 and in the comparable period:

	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	Long-term PLN millions	*Short-term* PLN millions	*Long-term* PLN millions	*Short-term* PLN millions
Leasing of real estate	101.5	16.8	115.1	15.1
Leasing of IT hardware	3.1	1.3	4.4	1.3
Total	**104.6**	**18.1**	**119.5**	**16.4**

Leasing of real estate

The net value of the office building in Gdynia, which is held under a finance lease agreement, amounted to PLN 42.8 million as at 31 December 2014, as compared with PLN 50.2 million as at 31 December 2013.

Future minimum cash flows and liabilities under the real estate finance lease agreement are as follows:

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Minimum lease payments		
in the period shorter than 1 year	23.1	22.1
in the period from 1 to 5 years	95.9	91.9
in the period longer than 5 years	20.7	44.0
Future minimum lease payments	**139.7**	**158.0**
Future interest expense	**21.4**	**27.8**
Present value of finance lease commitment		
in the period shorter than 1 year	16.8	15.1
in the period from 1 to 5 years	81.5	73.5
in the period longer than 5 years	20.0	41.6
Finance lease commitment	**118.3**	**130.2**

As at 31 December 2014, the effective rate of return on the above finance leases equalled 5.83% and it remained unchanged from the level observed as at 31 December 2013.

Leasing of IT hardware

As at 31 December 2014, net value of IT hardware held under finance lease agreements amounted to PLN 4.4 million. As at 31 December 2014, the Company did not lease any passenger cars.

Whereas, as at 31 December 2013, the net value of IT hardware held under finance lease agreements amounted to PLN 5.7 million. As at 31 December 2013, the Company did not lease any passenger cars.

The aggregate future cash flows and liabilities under such finance leases of equipment are as follows:

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Minimum lease payments		
in the period shorter than 1 year	1.6	1.6
in the period from 1 to 5 years	3.3	4.8
in the period longer than 5 years	-	-
Future minimum lease payments	**4.9**	**6.4**
Future interest expense	**0.5**	**0.7**
Present value of finance lease commitment		
in the period shorter than 1 year	1.3	1.3
in the period from 1 to 5 years	3.1	4.4
in the period longer than 5 years	-	-
Finance lease commitment	**4.4**	**5.7**

As at 31 December 2014, the effective rate of return on the above finance leases equalled 6.2% and it remained unchanged from the level observed as at 31 December 2013.

22. Provisions

During the period of 12 months ended 31 December 2014, the amount of provisions changed as follows:

	Provision for post-employment benefits (audited) PLN millions	Provision for warranty repairs (audited) PLN millions	Total (audited) PLN millions
As at 1 January 2014	**1.7**	**36.6**	**38.3**
Provisions created (+)	0.3	5.0	**5.3**
Unwinding of discount (+)	-	-	**-**
Utilized (-)	-	(3.3)	**(3.3)**
Reversed (-)	-	(3.7)	**(3.7)**
As at 31 December 2014 (audited), of which:	**2.0**	**34.6**	**36.6**
Short-term as at 31 December 2014	0.3	7.6	**7.9**
Long-term as at 31 December 2014	1.7	27.0	**28.7**
As at 1 January 2013	**1.4**	**10.8**	**12.2**
Provisions created (+)	0.3	32.8	**33.1**
Unwinding of discount (+)	-	0.1	**0.1**
Utilized (-)	-	(3.1)	**(3.1)**
Reversed (-)	-	(4.0)	**(4.0)**
As at 31 December 2013 (audited), of which:	**1.7**	**36.6**	**38.3**
Short-term as at 31 December 2013	0.2	4.0	**4.2**
Long-term as at 31 December 2013	1.5	32.6	**34.1**

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

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

In order to measure the value of such liabilities as at the balance sheet date, the actuary made the following main assumptions:

	31 Dec. 2014	31 Dec. 2013
Discount rate (%)	2.70%	4.36%
Forecast inflation rate (%)	2.50%	2.50%
Probability of leaving the job prior to becoming eligible for benefits (%)	9.00%	8.60%
Projected rate of salaries increase (%)	5.00%	5.00%

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

As at 31 December 2014 and in the comparable period, the Company had the following liabilities:

	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	Long-term	*Short-term*	*Long-term*	*Short-term*
	PLN millions	PLN millions	PLN millions	PLN millions
Trade payables, of which				
To related parties, of which:	-	5.1	-	7.0
to subsidiaries	-	*4.7*	-	*6.7*
to associates	-	*0.1*	-	-
to other related parties	-	*0.3*	-	*0.3*
To other entities	0.2	78.9	0.3	109.5
	0.2	**84.0**	**0.3**	**116.5**
Corporate income tax payable	**-**	**-**	**-**	**-**
Liabilities to the state and local budgets				
Value added tax (VAT)	-	12.6	-	23.3
Personal income tax (PIT)	-	5.8	-	4.9
Social Insurance Institution (ZUS)	-	8.1	-	7.7
Withholding income tax	-	0.2	-	0.5
Other	-	0.3	-	0.2
	-	**27.0**	**-**	**36.6**
Other liabilities				
Liabilities and provisions for losses arising from valuation of IT contracts	-	20.4	-	25.3
Liabilities for uninvoiced deliveries	-	19.6	-	36.0
Prepayments received	-	1.5	-	2.5
Liabilities for purchases of tangible assets and intangible assets	-	1.2	-	6.4
Other liabilities	1.7	0.2	1.1	0.7
	1.7	**42.9**	**1.1**	**70.9**

Trade payables are non-interest bearing.

Related party transactions have been presented in explanatory note 25 to these financial statements.

The table below discloses the Company's gross trade payables as at 31 December 2014 and 31 December 2013, by maturity period based on contractual undiscounted payments.

	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	PLN millions	%	PLN millions	%
Trade payables				
Liabilities due already	6.9	8.2%	11.0	9.4%
Liabilities falling due within 3 months	68.9	81.8%	104.0	89.1%
Liabilities falling due within 3 to 6 months	0.5	0.6%	0.6	0.5%
Liabilities falling due after more than 6 months	7.9	9.4%	1.2	1.0%
	84.2	**100.0%**	**116.8**	**100.0%**

24. Accruals and deferred income

	31 Dec. 2014 (audited)		31 Dec. 2013 (audited)	
	Long-term	*Short-term*	*Long-term*	*Short-term*
	PLN millions	PLN millions	PLN millions	PLN millions
Accruals, of which:				
Accrual for unused holiday leaves	-	12.6	-	12.6
Accrual for employee and management bonuses	-	28.6	-	35.3
Provision for expenses	-	9.8	-	6.9
	-	**51.0**	-	**54.8**
Deferred income, of which:				
Prepaid maintenance services and licenses	16.3	11.4	15.6	15.2
Grants for the development of assets	33.4	1.5	34.7	4.0
	49.7	**12.9**	**50.3**	**19.2**

The balance of accruals comprises: accruals for unused holiday leaves, accruals for salaries of the current period to be paid out in future periods which result from the bonus schemes applied by the Company, provision for the audit of financial statements, and provisions for operating expenses of the Company which were incurred in the current reporting period, but the relevant invoices have not been booked until the balance sheet date.

The balance 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 Company in connection with its development projects or projects related to the creation of IT competence centers.

25. Related party transactions

Asseco Poland sales to related parties:		12 months ended 31 Dec. 2014 (audited)	12 months ended 31 Dec. 2013 (audited)
Name of entity	**Transaction type**	**PLN millions**	**PLN millions**
Transactions with entities controlled by the Company			
ADH Soft Sp. z o.o.	*rental of office space*	0.6	-
ACE DanubePay, a.s.	*sale of goods and services related to implemented IT projects*	0.3	-
Asseco Business Solutions S.A.	*sale of goods and services related to implemented IT projects; rental of office space*	1.9	0.3
Asseco Dach S.A.	*sale of goods and services related to implemented IT projects; rental of office space*	0.1	-
Asseco Danmark A/S	*Sale of services related to implemented IT projects*	-	0.1
Asseco South Eastern Europe S.A.	*sale of advisory services; rental of office space*	0.2	-
Asseco Systems S.A.	*sale of goods and services related to implemented IT projects; rental of office space*	0.1	-
P.I.W. Postinfo Sp. z o.o.	*Sale of services related to implemented IT projects*	n/a	0.3
ZAO R-Style Softlab	*sale of goods and services related to implemented IT projects*	1.2	-
Sapiens Software Solutions (IDIT) Ltd	*sale of goods and services related to implemented IT projects*	0.5	3.0
Sigilogic Sp. z o.o.	*sale of goods and services related to implemented IT projects and other activities; rental of office space*	5.3	-
SKG S.A.	*sale of goods and services related to implemented IT projects*	0.1	-
Z.U.I. Otago Sp. z o.o.	*rental of office space; sale of goods and services related to implemented IT projects*	0.5	0.2
Gdyński Klub Koszykówki Arka S.A.[1)]	*rental of office space*	0.2	0.4
		11.0	**4.3**
Transactions with associates			
Postdata S.A.	*sale of goods and services related to implemented IT projects*	8.4	8.1
		8.4	**8.1**
Transactions with entities related through the Key Management Personnel			
Polnord S.A.[2)]	*sale of goods and services related to implemented IT projects; rental of office space*	n/a	15.3
Decsoft S.A.[3)]	*sale of goods and services related to implemented IT projects*	4.6	18.1
Ruch S.A. 4)	*sale of goods and services related to implemented IT projects*	0.6	1.0
		5.2	**34.4**
Transactions with the Management Board Members and Commercial Proxies			
Włodzimierz Serwiński	*sale of goods and services related to other activities*	-	0.1
Piotr Jakubowski	*sale of goods and services related to other activities*	0.02	-
		0.02	**0.1**
Transactions with the Supervisory Board Members			
Dariusz Brzeski	*sale of goods and services related to other activities*	0.02	0.02
		0.02	**0.02**
TOTAL TRANSACTIONS		**24.6**	**46.9**

[1)] *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as Member of the Management Board of Gdyński Klub Koszykówki Arka S.A.*

[2] *In the period of 12 months ended 31 December 2013, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as Member of the Supervisory Board of Polnord S.A. He held this position till 2 December 2013; hence, in the period of 12 months ended 31 December 2014, Polnord S.A. was no longer an entity related through the Key Management Personnel.*

[3] *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Jacek Duch, Chairman of the Company's Supervisory Board, served as Member of the Supervisory Board of Decsoft S.A.*

[4] *In the period of 12 months ended 31 December 2014, Mr. Dariusz Stolarczyk, Member of the Company's Supervisory Board served as Member of the Management Board of Ruch S.A. He has held this position since 1 September 2013.*

Asseco Poland purchases from related parties:		12 months ended 31 Dec. 2014 (audited)	12 months ended 31 Dec. 2013 (audited)
Name of entity	**Transaction type**	**PLN millions**	**PLN millions**
Transactions with entities controlled by the Company			
ADH Soft Sp. z o.o.	*purchase of services related to implemented IT projects*	0.5	1.2
Asseco Business Solutions S.A.	*purchase of goods and services related to implemented IT projects; rental of office space*	2.9	2.7
Asseco Central Europe a.s.	*purchase of goods and services related to implemented IT projects*	0.5	-
Asseco South Eastern Europe S.A.	*purchase of goods and services related to implemented IT projects*	1.2	0.4
Combidata Poland Group	*purchase of goods and services related to implemented IT projects*	1.2	5.4
Z.U.I. Otago Sp. z o.o.	*purchase of goods and services related to implemented IT projects*	2.1	6.9
Podkarpacki Fundusz Nieruchomości Sp. z o.o.	*purchase of services related to implemented IT projects; rental of office space*	-	0.3
CK Zeto S.A.	*purchase of goods and services related to implemented IT projects*	1.9	0.6
PI Zeto Bydgoszcz S.A.	*purchase of services related to implemented IT projects*	0.1	0.1
P.I.W. Postinfo Sp. z o.o.	*purchase of services related to implemented IT projects*	n/a	13.2
Sigilogic Sp. z o.o.	*purchase of goods and services related to implemented IT projects*	43.7	n/a
SKG S.A.	*purchase of services related to implemented IT projects*	4.6	-
ZAO R-Style Softlab	*purchase of services related to other activities*	0.1	-
Gdyński Klub Koszykówki Arka S.A.[1)]	*sponsoring*	7.4	5.4
Asseco Resovia S.A.[2)]	*sponsoring*	7.6	6.8
		73.8	**43.0**
Transactions with associates			
Postdata S.A.	*purchase of goods and services related to implemented IT projects*	0.7	0.8
		0.7	**0.8**
Transactions with entities related through the Key Management Personnel			
Koma Nord Sp. z o.o.[3)]	*purchase of services related to implemented IT projects*	0.4	0.4
Ostrobramska Student Sports Club[4)]	*sponsoring*	-	0.1
Top Fin Sp. z o.o.[5)]	*rental of office space*	2.7	1.8
E-Kiosk S.A. 6)	*purchase of services related to other activities*	0.1	n/a
		3.2	**2.3**
Transactions with the Management Board Members and Commercial Proxies			
Piotr Jakubowski	*purchase of advisory services*	0.4	0.4
Andrzej Gerlach	*purchase of advisory services*	0.1	0.1
		0.5	**0.5**
Transactions with the Supervisory Board Members			
Dariusz Brzeski	*purchase of advisory services*	1.7	1.0
		1.7	**1.0**
TOTAL TRANSACTIONS		**79.9**	**47.6**

[1)] *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as Member of the Management Board of Gdyński Klub Koszykówki Arka S.A.*

2) *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Adam Góral, President of the Company's Management Board, served as Member of the Supervisory Board of Asseco Resovia S.A., whereas Mr. Marek Panek, Vice President of the Company's Management Board, served as President of the Management Board of Asseco Resovia S.A.*

3) *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Andrzej Gerlach, the Company's Commercial Proxy, served as Member of the Supervisory Board of Koma Nord Sp. z o.o.*

4) *In the period from 1 January to 14 October 2013, Mr. Dariusz Brzeski, Member of the Company's Supervisory Board, served as President of the Management Board of Ostrobramska Student Sports Club. He performed this function till 14 October 2013, and then Ostrobramska Student Sports Club ceased to be an entity related through our Key Management Personnel.*

5) *In the period of 12 months ended 31 December 2014 and in the comparable period, Mr. Andrzej Gerlach, the Company's Commercial Proxy, and Mrs. Ewa Góral, the wife of Mr. Adam Góral, President of the Company's Management Board, as well as Mrs. Jolanta Wiza, the wife of Mr. Artur Wiza, the Company's Managing Director, were partners in the company Top Fin Sp. z o.o. Moreover, in the analyzed period Mrs. Jolanta Wiza served as President of the Management Board of Top Fin Sp. z o.o. In addition, since July 2013, Mr. Adam Góral, President of the Company's Management Board, has been the owner of business premises rented out to Top Fin Sp. z o.o.*

6) *In the period of 12 months ended 31 December 2014, Mr. Artur Kucharski, Member of the Company's Supervisory Board, served as Member of the Supervisory Board of Kiosk S.A. He held this position till 8 October 2014.*

Name of entity	Trade and other receivables from related parties		Trade and other liabilities to related parties	
	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Transactions with entities controlled by the Company				
ADH-Soft Sp. z o.o.	-	-	0.1	-
Asseco Business Solutions S.A.	0.1	0.2	0.3	0.5
ACE DanubePay, a.s.	-	0.1	-	-
Asseco South Eastern Europe S.A.	-	0.1	0.4	0.1
Combidata Polska Sp. z o.o.	-	-	0.4	1.7
Z.U.I. Otago Sp. z o.o.	-	0.3	0.5	0.6
P.I.W. Postinfo Sp. z o.o.	-	-	-	0.7
Sapiens Software Solutions (IDIT) Ltd	0.2	0.6	-	-
Centrum Komputerowe ZETO S.A.	-	-	0.7	0.1
PI ZETO Bydgoszcz S.A.	-	-	0.2	0.1
Sigilogic Sp. z o.o.	1.6	-	0.2	-
SKG S.A.	-	-	0.8	-
Gdyński Klub Koszykówki Arka S.A. [1)]	0.1	0.4	0.5	0.6
Asseco Resovia S.A. 2)	-	-	1.7	2.7
	2.0	**1.7**	**5.8**	**7.1**
Transactions with associates				
Postdata S.A.	3.0	1.8	0.2	0.1
	3.0	**1.8**	**0.2**	**0.1**
Transactions with entities related through the Key Management Personnel				
Koma Nord Sp. z o.o. [3)]	-	-	-	0.1
Polnord S.A. [4)]	n/a	2.1	n/a	-
Ruch S.A. [5)]	0.7	1.2	-	-
DECSOFT S.A.[6)]	3.3	0.6	-	-
Top Fin Sp. z o.o. 7)	0.3	-	0.2	0.2
E-Kiosk S.A. 8)	-	-	0.1	-
	4.3	**3.9**	**0.3**	**0.3**
Transactions with the Management Board Members and Commercial Proxies				
Piotr Jakubowski	0.01	0.01	0.04	0.04
Andrzej Gerlach	-	-	0.01	0.01
	0.01	**0.01**	**0.05**	**0.05**
Transactions with the Supervisory Board Members and Commercial Proxies				
Dariusz Brzeski	-	-	0.1	0.1
	-	**-**	**0.1**	**0.1**
TOTAL TRANSACTIONS	**9.3**	**7.4**	**6.5**	**7.7**

1) *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as Member of the Management Board of Gdyński Klub Koszykówki Arka S.A.*

2) *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Adam Góral, President of the Company's Management Board, served as Member of the Supervisory Board of Asseco Resovia S.A., whereas Mr. Marek Panek, Vice President of the Company's Management Board, served as President of the Management Board of Asseco Resovia S.A.*

3) *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Andrzej Gerlach, the Company's Commercial Proxy, served as Member of the Supervisory Board of Koma Nord Sp. z o.o.*

4) *In the period of 12 months ended 31 December 2013, Mr. Przemysław Sęczkowski, Vice President of the Company's Management Board, served as Member of the Supervisory Board of Polnord S.A. He held this position till 2 December 2013; hence, in the period of 12 months ended 31 December 2014, Polnord S.A. was no longer an entity related through the Key Management Personnel.*

[5] *In the period of 12 months ended 31 December 2014, Mr. Dariusz Stolarczyk, Member of the Company's Supervisory Board served as Member of the Management Board of Ruch S.A. He has held this position since 1 September 2013.*

[6] *In the period of 12 months ended 31 December 2014 as well as in the comparable period, Mr. Jacek Duch, Chairman of the Company's Supervisory Board, served as Member of the Supervisory Board of Decsoft S.A.*

[7] *In the period of 12 months ended 31 December 2014 and in the comparable period, Mr. Andrzej Gerlach, the Company's Commercial Proxy, and Mrs. Ewa Góral, the wife of Mr. Adam Góral, President of the Company's Management Board, as well as Mrs. Jolanta Wiza, the wife of Mr. Artur Wiza, the Company's Managing Director, were partners in the company Top Fin Sp. z o.o. Moreover, in the analyzed period Mrs. Jolanta Wiza served as President of the Management Board of 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.*

[8] *In the period of 12 months ended 31 December 2014, Mr. Artur Kucharski, Member of the Company's Supervisory Board, served as Member of the Supervisory Board of Kiosk S.A. He held this position till 8 October 2014.*

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

As at 31 December 2014, the balance of receivables from related parties comprised trade receivables (PLN 4.1 million) as well as other receivables (PLN 5.2 million). As at 31 December 2013, the balance of receivables from related parties comprised trade receivables (PLN 4.2 million) as well as other receivables (PLN 3.2 million).

As at 31 December 2014, liabilities to related parties comprised trade payables (PLN 5.1 million) as well as other liabilities (PLN 1.4 million). As at 31 December 2013, liabilities to related parties comprised trade payables (PLN 7.0 million) as well as other liabilities (PLN 0.7 million).

26. Notes to the Statement of Cash Flows

Cash flows – operating activities

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

	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Change in inventories	37.3	(17.8)
Change in receivables	(21.7)	(1.8)
Change in liabilities	(63.8)	16.2
Change in prepayments and accruals	4.9	(21.6)
Change in provisions	(1.6)	26.1
Total	**(44.9)**	**1.1**

Cash flows – investing activities

In the period of 12 months ended 31 December 2014, the balance of cash flows from investing activities was affected primarily by the following proceeds and expenditures:

- Acquisitions of property, plant and equipment amounting to PLN 10.6 million, including purchases of transportation vehicles and computer hardware;
- Acquisitions of intangible assets for PLN 7.6 million, including purchases of third-party software and licenses to be used by the Company's employees;
- Expenditures for development projects amounting to PLN 6.9 million;
- Acquisitions of shares in related companies for PLN 7.0 million. These expenditures were incurred primarily due to the acquisition of shares in Asseco Kazakhstan LLP for PLN 3.0 million as well as in Asseco Software Nigeria Ltd. for PLN 3.1 million;
- Dividends received from subsidiaries and associates amounting to PLN 92.0 million.

- The following table presents detailed cash flows relating to loans during the period of 12 months ended 31 December 2014:

Name of entity	Loans collected PLN millions	Loans granted PLN millions
Combidata Poland Sp. z o.o.	4.4	-
Zakład Usług Informatycznych Otago Sp. z o.o.	1.0	-
Asseco Dach S.A.	9.4	-
Asseco Resovia S.A.	-	(2.1)
Podkarpacki Fundusz Nieruchomości Sp. z o.o.	2.9	(36.0)
Gdyński Klub Koszykówki Arka S.A.	-	(1.5)
Other entities	1.1	(1.4)
Total	**18.8**	**(41.0)**

Cash flows – financing activities

- Dividends paid out – this item includes the divided of PLN 215.8 million distributed by the Company in 2014, which has been described in detail in explanatory note 6 to these financial statements;
- Repayment of bank loans and borrowings – this item represents partial repayment of the investment loan that was taken out by the Company to finance the construction of its new office building in Wilanów, Warsaw.

27. Off-balance-sheet liabilities towards related parties

As at 31 December 2014, guarantees and sureties granted by Asseco Poland for its direct subsidiary Sigilogic Sp. z o.o. were as follows:

- on 1 April 2014, Asseco Poland committed itself to grant a surety up to the amount of PLN 13.5 million in favour of Erbud S.A., in order to secure due performance of a project by Sigilogic. Asseco Poland's liability under this surety shall expire on 15 August 2015.

As at 31 December 2014, off-balance-sheet liabilities of Asseco Poland towards its direct subsidiary Asseco South Eastern Europe S.A. were as follows:

- Asseco Poland had an off-balance-sheet liability resulting from a loan granted to its subsidiary Asseco South Eastern Europe S.A. in order to provide financing of its current business operations. The maximum amount of this loan shall not exceed PLN 4.0 million. The loan shall be repaid till 30 June 2015.

As at 31 December 2014, guarantees and sureties granted by Asseco Poland for an entity controlled by its related Gdyński Klub Koszykówki Arka S.A. were as follows:

- guarantee up to the amount of PLN 1.3 million (EUR 0.3 million) issued in favour of Euroleague Properties NV in order to secure the participation of Arka Gdynia Basketball Club in the Euroleague. Asseco Poland's liability under this guarantee shall expire on 30 July 2015.

As at 31 December 2014, no guarantees were granted to any other related parties.

28. Off-balance-sheet liabilities towards other entities

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

	31 Dec. 2014 (audited) PLN millions	31 Dec. 2013 (audited) PLN millions
Liabilities under leases of space		
In the period up to 1 year	9.0	10.7
In the period from 1 to 5 years	21.9	22.6
Over 5 years	3.1	0.2
	34.0	**33.5**

29. Employment

Average workforce in the reporting period*	12 months ended 31 Dec. 2014 (audited)	12 months ended 31 Dec. 2013 (audited)
Management Board	11	10
Production departments	2,523	2,519
Sales departments	100	102
Administration departments	333	343
Total	**2,967**	**2,974**

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

Workforce in persons as at:	31 Dec. 2014 (audited)	31 Dec. 2013 (audited)
Management Board	11	11
Production departments	2,581	2,651
Sales departments	109	109
Administration departments	361	366
Total	**3,062**	**3,137**

30. Objectives and principles of financial risk management

Asseco Poland S.A. is exposed to various types of risk arising either from the macroeconomic situation in Poland as well as from microeconomic situation in its own enterprise. The main external factors that may have an adverse impact on the Company's financial performance are: (i) fluctuations in foreign currency exchange rates versus the Polish zloty, and (ii) changes in official interest rates. The financial results are also indirectly affected by the pace of GDP growth, value of public orders for IT solutions, level of capital expenditures made by enterprises, and the inflation rate. Whereas, the internal factors with potential negative bearing on the Company's performance are: (i) risk related to the increasing cost of work, (ii) risk arising from underestimation of the project costs when entering into contracts, and (iii) risk of concluding a contract with a dishonest customer.

- Foreign currency risk

The Company's main functional currency is the Polish zloty, however, certain IT contracts or property lease agreements are denominated in foreign currencies (EUR and USD). With regard to the above, the Company is exposed to fluctuations in its financial performance resulting from differences in foreign currency exchange rates versus the Polish zloty in the period from concluding a contract until it is invoiced or paid for.

Identification: According to the Company's procedures pertaining to entering into commercial contracts, each agreement that is concluded or denominated in a foreign currency shall be entered into a detailed record.

Measurement: The foreign currency risk exposure is measured by the amount of an embedded financial instrument on one hand, and on the other by the amount of currency derivative instruments concluded in the financial market. The procedures applicable to the execution of IT projects require making systematic updates of the project implementation schedules as well as of cash flows generated under individual projects.

Objective: The purpose of counteracting the risk of fluctuations in foreign currency exchange rates is to mitigate their negative impact on the financial results of contracts.

Actions: Contracts settled in foreign currencies are hedged with simple derivatives such as currency forward contracts (deliverable or non-deliverable, depending on a type of the hedged contract).

Matching the actions to hedge against the foreign currency risk means selecting suitable financial instruments to offset the impact of changes in the risk-causing factor on the Company's financial performance (the changes in embedded instruments and concluded instruments are balanced out). Nevertheless, because the project implementation schedules and cash flows generated thereby are characterized by a high degree of changeability, the Company is prone to changes in its exposure to foreign exchange risk. Therefore, the Company dynamically transfers its existing hedging instruments or concludes new ones with the objective to ensure the most effective matching. It has to be taken into account that the valuation of embedded instruments changes with the reference to the parameters as at the contract signing date (spot rate and swap points), while transferring or conclusion of new instruments in the financial market may only be effected on the basis of current rates available. Hence, it is possible that the value of financial instruments will not be matched and the Company's financial result will be potentially exposed to the foreign currency risk.

- Interest rate risk

The Company is exposed to the risk of interest rate changes primarily in two areas of its business activities: (i) change in the value of interest charged on loans granted to the Company, which are based on variable interest rates, and (ii) change in valuation of the concluded and embedded derivative instruments, which are based on the forward interest rate curve.

Identification: The interest rate risk arises and is recognized by the Company at the time of concluding a transaction or financial instrument based on a variable interest rate.

Measurement: The Company measures its exposure to the interest rate risk by preparing statements of the total amounts resulting from all the financial instruments based on a variable interest rate. Additionally, the Company maintains records of debt planned to be incurred during the next 12 months, and in case of long-term instruments – for the period of their maturity.

Objective: The purpose of reducing such risk is to eliminate incurrence of higher expenses due to the concluded financial instruments based on a variable interest rate.

Actions: In order to reduce its interest rate risk, the Company may: (i) try to avoid incurring liabilities based on a variable interest rate or, if not possible, (ii) conclude forward rate agreements.

Matching: The Company gathers and analyzes the current market information concerning its present exposure to the interest rate risk. For the time being the Company does not hedge against changes of interest rates due to a high degree of unpredictability of the repayment schedules of its liabilities based on a variable interest rate.

- Counterparty credit risk

The Company is exposed to the risk of defaulting contractors. This risk is associated firstly with the financial credibility and good will of clients to whom the Company provides its IT solutions, and secondly with the financial credibility of contractors with whom supply transactions are concluded.

Identification: The risk is identified each time when concluding contracts with clients, and afterwards during the settlement of payments.

Measurement: Determination of this type of risk requires the knowledge of complaints or pending judicial proceedings against a client already at the time of signing an agreement. Every two weeks the Company is obliged to control the settlement of payments under the concluded contracts, inclusive of the profit and loss analysis for individual projects.

Objective: Minimizing the amount of uncollectible receivables.

Actions: The risk control involves monitoring of the timely execution of bank transfers and, if needed, sending a reminder of outstanding payment, or turning receivables over to debt collection agencies.

- Financial liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool, which considers the maturity of its assets and liabilities as well as projected cash flows from its operations.

The Company's objective is to maintain a balance between continuity and flexibility of financing by using various sources of funds.

- Effects of reducing the foreign currency risk

The Company tries to conclude contracts with its clients in the Polish currency in order to avoid exposure to the risk arising from fluctuations in foreign currency exchange rates versus the Polish zloty.

As at 31 December 2014 as well as at 31 December 2013, the Company's financial assets and liabilities did not include any open currency positions denominated in foreign currencies other than EUR, hence the Company only analyzed its sensitivity to changes in the exchange rate of EUR. The analysis of sensitivity shows that if PLN appreciated 10% versus EUR, the Company would recognize a gain of PLN 9.2 million. Analogically, if PLN depreciated 10% versus EUR, the Company's financial results would deteriorate by PLN 9.2 million.

As at 31 Dec. 2014 (audited)	Amount exposed to risk	Impact on financial results of the Company	
EUR	**PLN millions**	**(10%)**	**10%**
Financial assets			
Forward contracts	6.1	(2.6)	2.6
Liabilities			
Finance lease liabilities	118.3	11.8	(11.8)
Balance		**9.2**	**(9.2)**

As at 31 Dec. 2013 (audited)	Amount exposed to risk	Impact on financial results of the Company	
EUR	PLN millions	(10%)	10%
Financial assets			
Forward contracts	8.6	(3.6)	3.6
Liabilities			
Finance lease liabilities	130.2	13.0	(13.0)
Balance		**9.4**	**(9.4)**

- Effects of reducing the interest rate risk

The Company generally tries to avoid taking out loan facilities based on a variable interest rate. In case it is necessary to conclude a loan agreement based on a variable interest rate, the Company does not really have a strategy for hedging against the rate risk involved. As at the balance sheet date, the Company's total liabilities under variable interest rate loans aggregated at PLN 103.2 million, as compared with PLN 138.1 million as at the end of 2013. Such liabilities arose mainly from a specific purpose loan, which was taken out in order to finance the construction of the Company's new office in Warsaw.

The following table presents the impact of the loan base interest rate (3M WIBOR) on the interest expense incurred in 2014:

As at 31 Dec. 2014 (audited)	Amount exposed to risk	Impact on financial results of the Company	
Bank loans based on the WIBOR variable interest rate	PLN millions	(15%)	15%
Interest-bearing bank loans and debt securities issued	103.2	(0.1)	0.1

The following table presents the impact of the loan base interest rate (3M WIBOR) on the interest expense incurred in 2013:

As at 31 Dec. 2013 (audited)	Amount exposed to risk	Impact on financial results of the Company	
Bank loans based on the WIBOR variable interest rate	PLN millions	(15%)	15%
Interest-bearing bank loans and debt securities issued	138.1	(0.2)	0.2
		(0.2)	**0.2**

The interest rate risk involved in the Company's assets and other liabilities, which are based on variable interest rates, is insignificant and therefore has not been analyzed.

- Other types of risk

Other types of risk are not analyzed for sensitivity due to their nature and impossibility of absolute classification.

- Methods adopted for conducting the sensitivity analysis

The analysis of sensitivity to fluctuations in foreign exchange rates with potential impact on our financial results was conducted using the percentage deviations of +/-10%, by which the reference exchange rates, effective as at the balance sheet date, were increased or decreased. The sensitivity of interest rate exposure was analyzed using the percentage deviations of +/- 15%.

- Fair value

As at 31 December 2014, the Company held the following financial assets measured at fair value:

As at 31 Dec. 2014 (audited)	Book value	Level 1[i)]	Level 2 ii)	Level 3[iii)]
Financial assets carried at fair value through profit or loss				
Currency forward contracts	6.1	-	6.1	-
Total	**6.1**	**-**	**6.1**	**-**
Financial assets available for sale				
Shares in companies listed on regulated markets	0.7	0.7	-	-
Shares in companies not listed on regulated markets	8.8	-	-	8.8
Total	**9.5**	**0.7**	**-**	**8.8**

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

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

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

As at 31 December 2013, the Company held the following financial assets measured at fair value:

As at 31 Dec. 2013 (audited)	Book value	Level 1[i)]	Level 2 ii)	Level 3[iii)]
Financial assets carried at fair value through profit or loss				
Currency forward contracts	8.6	-	8.6	-
Total	**8.6**	**-**	**8.6**	**-**
Financial assets available for sale				
Shares in companies listed on regulated markets	0.5	0.5	-	-
Shares in companies not listed on regulated markets	8.7	-	-	8.7
Total	**9.2**	**0.5**	**-**	**8.7**

Both as at 31 December 2014 and 31 December 2013, the fair values of financial assets and financial liabilities held by the Company did not significantly differ from their book values, except for investments in the companies of Asseco Central Europe, Asseco Business Solutions, Asseco South Eastern Europe, and Formula Systems Ltd. as described in explanatory note 10 to these financial statements.

- Items of income, expenses, gains and losses recognized in the income statement

As at 31 December 2014, the following items of income, expenses, gains and losses were recognized in the Company's income statement:

Items of income, expenses, gains and losses recognized in the income statement as at 31 December 2014 (audited):	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Total
Financial assets:	**7.1**	**1.3**	**27.8**	**36.2**
Financial assets carried at fair value through profit or loss	-	0.1	-	0.1
Currency forward contracts	-	*0.1*	-	*0.1*
Cash and cash equivalents	1.4	0.3	-	1.7
Loans and receivables:	5.7	0.9	27.8	34.4
Loans granted to related parties	*2.5*	-	-	*2.5*
Loans granted to other entities	*0.3*	-	*28.1*	*28.4*
Trade receivables from related parties	-	-	-	-
Trade receivables from other entities	*2.9*	*0.9*	*(0.3)*	*3.5*
Financial liabilities:	**(5.4)**	**(4.4)**	**-**	**(9.8)**
Financial liabilities carried at fair value through profit or loss:	-	(3.4)	-	(3.4)
Other derivative instruments and financial liabilities	-	*(3.4)*	-	*(3.4)*
Interest-bearing bank loans, borrowings and debt securities issued:	(5.0)	-	-	(5.0)
Bank loans	*(5.0)*	-	-	*(5.0)*
Trade payables:	(0.4)	(1.0)	-	(1.4)
Related party transactions	-	-	-	-
Transactions with other entities	*(0.4)*	*(1.0)*	-	*(1.4)*

As at 31 December 2013, the following items of income, expenses, gains and losses were recognized in the Company's income statement:

Items of income, expenses, gains and losses recognized in the income statement as at 31 December 2013 (audited):	Interest income (expenses):	Gain (loss) on foreign exchange differences	Reversal (recognition) of impairment write-downs	Total
Financial assets:	**8.9**	**2.7**	**(1.0)**	**10.6**
Financial assets carried at fair value through profit or loss	-	(0.6)	-	(0.6)
Currency forward contracts	-	*(0.6)*	-	*(0.6)*
Cash and cash equivalents	3.7	3.6	-	7.3
Loans and receivables:	5.2	(0.3)	(1.0)	3.9
Loans granted to related parties	*2.4*	-	-	*2.4*
Loans granted to other entities	*1.9*	-	*0.1*	*2.0*
Trade receivables from related parties	-	-	-	-
Trade receivables from other entities	*0.9*	*(0.3)*	*(1.1)*	*(0.5)*
Financial liabilities:	**(7.9)**	**(2.1)**	**-**	**(10.0)**
Financial liabilities carried at fair value through profit or loss:	-	(2.4)	-	(2.4)
Other derivative instruments and financial liabilities	-	*(2.4)*	-	*(2.4)*
Interest-bearing bank loans, borrowings and debt securities issued:	(7.5)	-	-	(7.5)
Bank loans	*(7.5)*	-	-	*(7.5)*
Trade payables:	(0.4)	0.3	-	(0.1)
Related party transactions	-	-	-	-
Transactions with other entities	*(0.4)*	*0.3*	-	*(0.1)*

31. Remuneration of the entity authorized to audit financial statements

The table below discloses the amounts due to the entity authorized to audit financial statements of the Company, namely Ernst & Young Audyt Polska Sp. z o.o. sp.k. (formerly: Ernst & Young Audit Sp. z o.o.), paid or payable for the years ended 31 December 2014 and 31 December 2013, in a breakdown by type of service:

	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Obligatory audit of the annual financial statements	1.4	1.4
Total	**1.4**	**1.4**

32. Remuneration of the Management Board and Supervisory Board of Asseco Poland S.A.

The table below presents the amounts of remuneration payable to individual Members of the Company's Management Board and Supervisory Board for performing their duties during the years 2014 and 2013.

	12 months ended 31 Dec. 2014 (audited) PLN millions	12 months ended 31 Dec. 2013 (audited) PLN millions
Management Board		
Adam Góral	2.2	1.9
Przemysław Borzestowski	1.4	1.5
Andrzej Dopierała [1)]	1.2	0.7
Tadeusz Dyrga	1.6	1.8
Rafał Kozłowski	1.0	0.8
Marek Panek	1.3	1.1
Paweł Piwowar	1.8	1.7
Zbigniew Pomianek	2.3	2.0
Włodzimierz Serwiński	1.2	1.2
Przemysław Sęczkowski	1.9	1.7
Robert Smułkowski	2.0	1.9
Total	**17.9**	**16.3**
Supervisory Board		
Jacek Duch	0.20	0.17
Piotr Augustyniak	0.10	0.07
Dariusz Brzeski	0.10	0.07
Artur Kucharski	0.10	0.07
Adam Noga	0.14	0.11
Dariusz Stolarczyk	0.10	0.07
Total	**0.74**	**0.56**

[1)] The Company's Supervisory Board, during its meeting held on 21 June 2013, appointed Mr. Andrzej Dopierała to serve as Member and Vice President of the Company's Management Board over the five-year joint term of office running from 2011 to 2016. Mr. Andrzej Dopierała has taken the position of Vice President of the Management Board as of 1 September 2013.

33. Capital management

The primary objective of the Company's capital management is to maintain a favourable credit rating and a safe level of capital ratios in order to support the Company's business operations and maximize shareholder value.

The Company manages its capital structure and makes necessary adjustments in response to the changing economic conditions. In order to maintain or adjust its capital structure, the Company may decide to pay out a dividend, return some capital to shareholders, or issue new shares.

The Company consistently monitors the balance of its capital using the leverage ratio, which is calculated as a relation of net liabilities to total equity increased by net liabilities. Net liabilities include interest-bearing loans and borrowings, trade payables and other liabilities, decreased by cash and cash equivalents.

	31 Dec. 2014 PLN millions	31 Dec. 2013 PLN millions
Interest-bearing loans and borrowings	103.2	138.1
Finance lease liabilities	122.7	135.9
Trade payables and other liabilities	128.8	188.8
Minus cash and cash equivalents (-)	(86.7)	(108.2)
Net debt	**268.0**	**354.6**
Equity	4,973.8	4,900.2
Equity and net debt	**5,241.8**	**5,254.8**
Leverage ratio	**5.1%**	**6.7%**

34. Significant events after the balance sheet date

❑ *Acquisition of shares in Szczecin-based UNIZETO TECHNOLOGIES S.A. by Asseco Systems S.A.*

On 13 February 2015, the Company signed an agreement to purchase 911,150 shares representing 81.3% of the share capital and voting rights at the general meeting of UNIZETO TECHNOLOGIES S.A. seated at 21 Królowej Korony Polskiej St., 70-486 Szczecin (hereinafter referred to as "Unizeto"). The agreement has been concluded between our subsidiary Asseco Systems S.A., acting as the Buyer, and 45 natural person shareholders of Unizeto, acting as the Sellers. This agreement is conditional because the Articles of Association of Unizeto provide the holders of preference shares in Unizeto with the right of pre-emption, which can be exercised by submitting a declaration to buy the Shares subject to the above-mentioned agreement within one week of receiving relevant notification.

As the entitled shareholders did not exercise their pre-emption rights to acquire shares in Unizeto within the deadline determined in the above-mentioned agreement, on 23 February 2015, Asseco Systems S.A. effectively purchased 911,150 shares in Unizeto.

On 26 February 2015, Asseco Systems S.A. concluded the next conditional agreement to purchase 100,844 registered preference shares representing 9.0% of the share capital and voting rights at the general meeting of Unizeto. This agreement is conditional because the Articles of Association of Unizeto provide the holders of preference shares in Unizeto with the right of pre-emption, which can be exercised by submitting a declaration to buy the Shares subject to the above-mentioned agreement within one week of receiving relevant notification.

❑ *Disposal of real estate located at 74, 17 Stycznia St., Warsaw*

On 28 November 2014, the Company signed a preliminary agreement to sell its real estate located in Warsaw, at 74, 17 Stycznia St. The final agreement to sell the above-mentioned property was signed on 24 February 2015.

❑ *Signing an annex to a loan agreement of 6 March 2013*

On 26 February 2015, the Company signed Annex No. 2 to the Loan Agreement of 6 March 2013 that was concluded with our subsidiary Gdyński Klub Koszykówki Arka S.A. in order to extend the loan maturity period till 31 December 2018, and the interest payment deadline till 14 January 2019.

❑ *Signing a loan agreement on 25 February 2015*

On 25 February 2015, the Company concluded an agreement to grant a loan to Unizeto. The loan amount equals PLN 5.0 million and it bears an interest of 3M WIBOR + margin. Unizeto agreed to repay the loan till 31 December 2015.

❑ *Signing a loan agreement on 6 March 2015*

On 6 March 2015, the Company concluded an agreement to grant a loan to its subsidiary Asseco Resovia S.A. The loan amount equals PLN 3.0 million and it bears an interest of 3M WIBOR + margin. Asseco Resovia S.A. agreed to repay the loan till 31 December 2020 at the latest.

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