Asseco Business Solutions S.A.

Quarterly financial statements
for the 3 months ended 31 March 2017

27 April 2017

CONTENTS

(in PLN thousand)

Selected financial data of Asseco Business Solutions S.A.

The following table contains selected financial data of Asseco Business Solutions S.A.

	in PLN thou.		**in EUR thou.**	
	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Revenues on sale	47,962	41,306	11,182	9,483
Gross profit on sales	21,963	17,911	5,121	4,112
Profit on operating activities	16,114	12,743	3,757	2,925
Gross profit	16,621	12,862	3,875	2,953
Net profit	13,404	10,381	3,125	2,383
Net cash from financing activities	10,521	9,457	2,453	2,171
Net cash from investing activities	(1,774)	(6,098)	(414)	(1,400)
Net cash from financing activities	–	–	–	–
Cash and short-term deposits	79,252	43,945	18,781	10,295
Weighted average number of shares	33,418,193	33,418,193	33,418,193	33,418,193
Earnings per ordinary share	0.40	0.31	0.09	0.07

Selected financial data presented in these condensed financial statements has been converted into the EURO as follows:

- the Company's cash position at the end of the current reporting period and at the end of the previous reporting period is translated at the average exchange rate announced by the National Bank of Poland on the balance sheet date.

On 31 March 2017, 1 EUR = 4.2198 PLN,

On 31 March 2016, 1 EUR = 4.2684 PLN.

- selected items from the interim statement of comprehensive income and the interim statement of cash flows are translated at the exchange rate being the arithmetic average of average exchange rates announced by the National Bank of Poland on the last day of each month.

Between 1 January and 31 March 2017, 1 EUR = 4.2891 PLN.

Between 1 January and 31 March 2016, 1 EUR = 4.3559 PLN.

Interim condensed financial statements

for the three months ended 31 March 2017 prepared in accordance with the International Financial Reporting Standard 34 – Interim Financial Reporting – approved by the EU

(in PLN thousand)

Interim condensed statement of comprehensive income

For the 3 months ended 31 March 2017

	Note	*3 months ended 31 March 2017 (unaudited)*	*3 months ended 31 March 2016 (unaudited)*
Revenues on sale	4.1	47,962	41,306
Own cost of sales	4.2	(25,999)	(23,395)
Gross profit on sales		**21,963**	**17,911**
Cost of sale	4.2	(2,068)	(1,853)
General and administrative expenses	4.2	(3,891)	(3,363)
Net profit on sales		**16,004**	**12,695**
Other operating income	4.3	206	134
Other operating expenses	4.3	(96)	(86)
Profit on operating activities		**16,114**	**12,743**
Financial income	4.4	815	289
Financial expenses	4.4	(308)	(170)
Gross profit		**16,621**	**12,862**
Income tax	4.5	(3,217)	(2,481)
Net profit from continuing operations		**13,404**	**10,381**
Discontinued operations			
Net profit for the financial year		**13,404**	**10,381**
Other total income			
- Items subject to conversion to profit/loss in subsequent reporting periods		-	-
- Items not subject to conversion to profit/loss in subsequent reporting periods		-	-
Other total net income		-	-
Total income for period		**13,404**	**10,381**
Earnings per share:	4.6		
- basic/diluted profit for the reporting period		0.40	0.31
- basic/diluted from profit on continued operations in the reporting period		0.40	0.31

(in PLN thousand)

Interim condensed balance sheet

as at 31 March 2017

ASSETS	Note	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Non-current assets		**194,569**	**195,877**	**194,365**
Property, plant and equipment	4.7	11,146	11,721	10,929
Intangible assets	4.8	10,533	10,528	10,636
Goodwill		170,938	170,938	170,938
Long-term receivables		599	599	599
Deferred tax assets		1,268	1,995	1,190
Long-term accruals and deferred income	4.11	85	96	73
Current assets		**114,511**	**105,805**	**100,024**
Inventories	4.9	1,025	194	446
Prepayments and accrued income	4.11	1,140	1,053	791
Trade receivables	4.12	29,834	31,302	24,264
Other receivables	4.12	2,905	2,800	2,145
Financial instruments valued at fair value through profit or loss	4.10	355	–	–
Other financial assets	4.13	–	–	28,433
Cash and short-term deposits	4.13	79,252	70,456	43,945
TOTAL ASSETS		**309,080**	**301,682**	**294,389**

LIABILITIES				
Share capital		167,091	167,091	167,091
Premium	i	62,543	62,543	62,543
Retained gains		58,778	45,374	46,642
Total equity		**288,412**	**275,008**	**276,276**
Non-current liabilities		**902**	**888**	**783**
Provisions		888	888	781
Long-term accruals and deferred income		14	–	2
Current liabilities		**19,766**	**25,786**	**17,330**
Trade liabilities	4.15	2,394	3,005	2,418
Other liabilities	4.15	6,659	6,166	5,833
Income tax liabilities	4.15	1,118	3,738	759
Financial liabilities		–	164	47
Provisions		378	378	382
Accruals and deferred income	4.16	9,217	12,335	7,891
Total liabilities		**20,668**	**26,674**	**18,113**
TOTAL EQUITY AND LIABILITIES		**309,080**	**301,682**	**294,389**

Additional explanatory notes to these financial statements attached on pages 11 to 35 constitute their integral part.

(in PLN thousand)

Interim condensed statement of cash flows

For the 3 months ended 31 March 2017

	Note	*3 months ended 31 March 2017 (unaudited)*	*3 months ended 31 March 2016 (unaudited)*
Cash flows from operating activities			
Gross profit		16,621	12,862
Adjustments:		**(6,100)**	**(3,405)**
Amortization/Depreciation	4.2	2,681	2,731
Change in inventories		(831)	(81)
Change in receivables		1,363	2,416
Change in liabilities, excluding credits and loans		(119)	(2,218)
Change in prepayments and accruals		(3,180)	(2,761)
Change in provisions		–	–
Revenue on interest		(296)	(287)
Investment gain/(loss)		(609)	30
Income tax paid		(5,109)	(3,235)
Net cash from operating activities		**10,521**	**9,457**
Cash flows from investing activities			
Proceeds from the sale of non-financial assets		211	48
Acquisition of property, plant and equipment		(568)	(1,670)
Acquisition of intangible assets		(1,636)	(1,637)
Acquisition/settlement of financial assets at fair value through profit and loss		(28)	(25)
Established bank deposits		–	(3,019)
Interest received		247	205
Net cash from investing activities		**(1,774)**	**(6,098)**
Cash flows from financing activities			
Dividend paid		–	–
Net cash from financing activities		**–**	**–**
Increase/(Decrease) in net cash and cash equivalents		8,747	3,359
Net differences in exchange rates		–	–
Opening cash	**4.13**	**70,370**	**40,573**
Closing cash	**4.13**	**79,117**	**43,932**

(in PLN thousand)

Interim condensed statement of changes in equity

For the 3 months ended 31 March 2017

	Share capital	Surplus from the sale of shares above their nominal value	Retained gains	Total equity
3 months ended 31 March 2017 (unaudited)				
As at 1 January 2017	**167,091**	**62,543**	**45,374**	**275,008**
Total income for period	–	–	13,404	**13,404**
Payment of the Dividend	–	–	–	**–**
As at 31 March 2017	**167,091**	**62,543**	**58,778**	**288,412**
12 months ended 31 December 2016				
As at 1 January 2016	**167,091**	**62,543**	**36,261**	**265,895**
Total income for period	–	–	42,531	**42,531**
Payment of the Dividend	–	–	(33,418)	**(33,418)**
As at 31 December 2016	**167,091**	**62,543**	**45,374**	**275,008**
3 months ended 31 March 2016 (unaudited)				
As at 1 January 2016	**167,091**	**62,543**	**36,261**	**265,895**
Total income for period	–	–	10,381	**10,381**
Dividends	–	–	–	**–**
As at 31 March 2016	**167,091**	**62,543**	**46,642**	**276,276**

Additional notes

1. Basic information

1.1 General Information

Asseco Business Solutions S.A. (“the Company”) was established under a Notarial Deed dated 18 May 2001. The Company is headquartered in Lublin at ul. Konrada Wallenroda 4c, 20-607.

The Company is registered in the Companies' Register of the National Court Register maintained by the District Court in Lublin, VI Economic Department of the National Court Register, under KRS: 0000028257 The Company has a business statistical number REGON 017293003.

The Company was established for an indefinite period of time.

The primary activity of Asseco Business Solutions S.A., according to the classification adopted by the Warsaw Stock Exchange, is “information technology.”

Asseco Business Solutions is part of the international Asseco Group, a Europe-leading vendor of proprietary software. The Group is a federation of companies involved in the advancement of information technology. It is present in over 50 geographies, including most European countries, USA, Canada, Israel, or Japan. The comprehensive offering of Asseco Business Solutions includes ERP systems that support business processes in SMEs, a suite of applications for small-company management, programs optimizing the HR area, mobile SFA applications for the mobile workforce marketed Europe-wide, data exchange platforms, and programs handling factoring transactions. All products designed by Asseco BS are based on the knowledge and expertise of experienced professionals, proven project methodology and the use of tomorrow's information technology tools. With the original high quality products and related services, the software from Asseco BS has been successful in supporting the operations of tens of thousands of companies for more than fifteen years. Asseco BS’s track record covers dozens of completed software deployments in Poland and in most European countries.

The direct parent of Asseco Business Solutions S.A. is Asseco Enterprise Solutions a.s., headquartered Bratislava, Slovakia, which holds 46.47% of the shares of the Company. The parent company of the Group is Asseco Poland S.A., the founder and sole shareholder of Asseco Enterprise Solutions a.s. In accordance with IFRS 10, the existence of control has been established as follows:

- the decisions at the General Meeting are taken by a simple majority of votes present at the meeting;
- the Company’s shareholding structure is fragmented and placed outside Asseco Poland S.A. (form 19 December 2016 – Asseco Enterprise Solutions a.s. – a subsidiary of Asseco Poland S.A.); there are only two shareholders holding more than 5% of votes at the General Meeting;
- there is no evidence that there is or was any agreement by or among any of the shareholders as to the joint voting at the General Meeting;
- within five years, i.e. from 2012 to 2016, the percentage of shareholders present at the General Meetings ranged from 64% to 73%. This means that shareholders’ activity is relatively low or moderate. Considering that Asseco Enterprise Solutions a.s. currently holds 46.47% of the total number of votes at the General Meeting, the attendance would have to exceed 86% for Asseco not to have the absolute majority of votes at the General Meeting. In the opinion of the Management Board, such a level of attendance is highly unlikely.

(in PLN thousand)

These interim condensed financial statements for the 3 months ended 31 March 2017 was approved by the Management Board for publication on 27 April 2017.

1.2 Asseco Business Solutions S.A. – the Executives

At the date of publication of these financial statements, i.e. 27 April 2017, the Management Board of the Company consisted of:

Wojciech Barczentewicz	President of the Management Board
Piotr Masłowski	Vice-President of the Management Board
Andreas Enders	Vice-President of the Management Board
Mariusz Lizon	Member of the Management Board

In the period from 1 January 2017 to 31 March 2017, the composition of the Supervisory Board of the Company was as follows:

Romuald Rutkowski	Chairman of the Supervisory Board
Adam Góral	Vice-Chairman of the Supervisory Board
Zbigniew Pomianek	Member of the Supervisory Board
Adam Pawłowicz	Member of the Supervisory Board
Grzegorz Ogonowski	Member of the Supervisory Board

On the date of publication of these financial statements, i.e. 7 April 2017, the Supervisory Board of the Company consists of:

Romuald

Rutkowski Adam

Góral Zbigniew

Pomianek Jozef

Klein

Adam Pawłowicz

The Supervisory Board does not operate through separate committees, the committees' duties are performed by the Supervisory Board.

1.3 Stocks and shares held by the persons in the executive and supervisory capacity in Asseco Business Solutions S.A.

Overview of the shares of Asseco Business Solutions S.A. held by the persons in the executive and supervisory capacity:

(in PLN thousand)

	number of shares held (corresponds to % in the total number of votes at GM) - **as at**	change from the previous report	**number of shares held** (corresponds to % in the total number of votes at GM) - **as at**	change from the previous report
Executive persons				
Wojciech Barczentewicz	461,267	0.00%	1.4%	0.00%
Piotr Masłowski	715,063	0.00%	2.1%	0.00%
Mariusz Lizon	183,000	0.00%	0.5%	0.00%
Supervising persons				
Romuald Rutkowski	426,828	0.00%	1.3%	0.00%
TOTAL	**1,786,158**	**0.00%**	**5.3%**	**0.00%**

1.4 The shareholding structure of Asseco Business Solutions S.A.

To the best knowledge of the Management Board of Asseco Business Solutions S.A., that is, on 27 April 2017, and based on the notification of changes in the shareholding received later, the shareholders of Asseco Business Solutions S.A. holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting on the day of 20 April 2017 are as follows:

Shareholder	**Number of shares held**	**Shareholding in %**	**Number of votes**	**% in the total number of votes at GM**
Asseco Enterprise Solutions	15,528,570	46.47%	15,528,570	46.47%
Metlife Otwarty Fundusz Emerytalny	4,500,000	13.47%	4,500,000	13.47%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	3,337,000	9.99%	3,337,000	9.99%
Other shareholders	10,052,623	30.08%	10,052,623	30.08%
	33,418,193	**100.00%**	**33,418,193**	**100.00%**

As at 3 March 2017, i.e. on the date of publication of the former interim financial statements, the shareholders of Asseco Business Solutions S.A., exercising directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting, were as follows:

Shareholder	**Number of shares held**	**Shareholding in %**	**Number of votes**	**% in the total number of votes at GM**
Asseco Enterprise Solutions	15,528,570	46.47%	15,528,570	46.47%
Metlife Otwarty Fundusz Emerytalny	4,816,439	14.41%	4,816,439	14.41%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	3,330,000	9.96%	3,330,000	9.96%
Other shareholders	9,743,184	29.16%	9,743,184	29.16%
	33,418,193	**100.00%**	**33,418,193**	**100.00%**

As at 31 March 2017, the share capital of Asseco Business Solutions S.A. totalled PLN 167,091 thousand and was divided into 33,418,193 ordinary shares with the nominal value of PLN 5 each, carrying a total of 33,418,193 votes at the General Meeting of Asseco Business Solutions S.A.

2. Basis for the preparation of these financial statements and the accounting rules (policies)

2.1 Basis for the preparation

These interim condensed financial statements have been prepared in accordance with the historical cost accounting model, except for financial assets measured at fair value through profit or loss.

The functional and presentation currency is Polish Zloty (PLN). All values, unless stated otherwise, are given in PLN thousand (PLN thou.).

These interim condensed financial statements have been prepared on the understanding that Asseco Business Solutions S.A. intended to continue its business activity for the period of no less than 12 months as of 31 March 2017. At the date of approval of these financial statements, no fact or circumstances were identified that might pose a threat to the Company in continuing its business.

These interim condensed financial statements do not include all information and disclosures required in annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2016, approved for publication on 3 March 2017.

The interim financial results may not reflect the full realizable financial result for the financial year.

2.2 Statement of compliance

These interim condensed financial statements have been prepared in accordance with the International Accounting Standard 34 approved by the EU ("IAS 34").

On the day of approval of these financial statements for publication, taking into consideration the EU's ongoing process of introducing the IFRS and activities conducted by the Company, there is no difference in the accounting rules applied by the Company between the IFRS, which entered into force, and the IFRS approved by the EU.

The International Financial Reporting Standards comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

2.3 Estimates

In the first three months ended 31 March 2017, there were no major changes in the manner of making estimates.

2.4 Professional judgement

The preparation of interim financial statements in concert with IFRS requires estimates and assumptions that affect the amounts indicated in the financial statements. Although the estimates and assumptions are based on the Company Management's best knowledge of the current activities and events, the actual results may differ materially from those projected.

As regards the application of the accounting rules (policies), in addition to the accounting estimates, the areas shown below have been of crucial importance in terms of the professional judgement of the management; thus, any change in estimates in these areas could have a significant impact on the Company's results in the future.

i *Valuation of IT contracts and the measurement of the degree of progress*

The Company is performing under a number of contracts for the development and implementation of information systems. The valuation of IT contracts requires the establishment of future operating cash flows in order to determine the fair value of revenues and expenses, and to measure the degree of progress of the project work. The degree of progress is determined as the ratio of costs incurred (to increase the progress) to the planned cost, or as the ratio of man-days worked in relation to the total working time.

The adopted future operating cash flows are not always consistent with agreements with clients or suppliers due to the changes in implementation schedules of IT projects. At 31 March 2017, the receivables linked to the valuation of IT contracts were PLN 2,262 thousand and the liabilities amounted to PLN 136 thousand.

ii *Amortization/depreciation rates*

The amount of amortization/depreciation rates is determined on the basis of the expected economic lifetime of tangible fixed assets and intangible assets. The Company reviews the adopted periods of useful life based on current estimates annually. In 2017, there were no significant changes to the amortization/depreciation rates applied by the Company.

iii *Goodwill and intangible assets of indefinite useful life – impairment test*

In accordance with the Company's policy, on 31 December, the Management Board performs an annual impairment test of the cash flow generating units, to which the goodwill is allocated, this goodwill arising from the acquisition of a subsidiary and mergers, along with intangible assets with indefinite useful life. At each interim balance sheet date, the Management Board reviews the evidence indicating an impairment of cash flow generating units, to which goodwill is allocated along with/or intangible assets with indefinite useful life. If such evidence is identified, an impairment test is also carried out at an interim balance sheet date.

Each time, an impairment test requires the estimation of value in use of cash-generating units, to which goodwill is allocated along with/or intangible assets with indefinite useful life. Estimating the value in use consists in determining future cash flows generated by the cash-generating unit and the discount rate that is subsequently used to calculate the current value of those cash flows.

iv *Deferred tax asset*

The Company recognizes deferred tax asset based on the assumption that the future tax profits will be achieved allowing for its use. Deterioration of the tax results in the future could make the assumption unjustified.

2.5 Changes in accounting rules used

The accounting rules (policies) used to prepare the interim condensed financial statements are consistent with those applied in preparing the Company's financial statements for the year begun on 1 January 2016, with the exception of the application of the following new or changed standards and interpretations applicable to the annual periods beginning after 1 January 2017.

The Company has not opted for early application of any other standard, interpretation or amendment that was published but did not yet enter into force.

2.6 New standards and interpretations that have been published and not yet in force

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee and are not yet in force:

- Amendments to IAS 12 *Recognition and Measurement of Deferred Tax Assets Arising from Unrelieved Losses* (published on 19 January 2016) – applicable to annual periods beginning on or after 1 January 2017; not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 7 *Disclosure Initiative* (published on 29 January 2016) – – applicable to annual periods beginning on or after 1 January 2017 – not approved by the EU until the date of approval of these financial statements,
- Clarification to IFRS 15 *Revenue from Contracts with Customers* (published on 12 April 2016) – – applicable to annual periods beginning on or after 1 January 2018 – not approved by the EU until the date of approval of these financial statements,
- Amendments to IFRS 2 *Classification and Measurement of Share-Based Payment Transactions* (published on 20 June 2016) – applicable to annual periods beginning on or after 1 January 2018; not approved by the EU until the date of approval of these financial statements.
- Amendments to IFRS 4: Application of IFRIC 9 *Financial Instruments* with IFRIC 4 *Insurance Contracts* (published on 12 September 2016) – applicable to annual periods beginning on or after 1 January 2018; not approved by the EU until the date of approval of these financial statements.
- *Amendments resulting from the review of IFRS 2014-2016 concerning four standards: IFRS 1, IFRS 12, IAS 28* (published on 8 December 2016) - Amendments to IFRS 12 apply to annual periods beginning on or after 1 January 2017, while the Amendments to IFRS 1 and IAS 28 apply to annual periods beginning on or after 1 January 2018 – not approved by the EU until the date of approval of these financial statements.

- Interpretation of IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (published on 18 December 2014) – applicable to annual periods beginning on or after 1 January 2018; not approved by the EU until the date of approval of these financial statements.
- Amendments to IAS 40 *Investment Property* (published on 8 December 2016)
– – applicable to annual periods beginning on or after 1 January 2018 – not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 10 and IAS 28 *Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture* (published on 11 September 2014) – applicable to annual periods beginning on or after 1 January 2016; the work intended to approve these amendments have been postponed by the EU for an unlimited period of time. The date of entry into force has been postponed by the IASB for an indefinite period of time.
- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) – applicable to annual periods beginning on or after 1 January 2016; as decided by the European Commission, the process of approving the standard in its preliminary version will not be initiated before the final version of the standard is ready; not approved by the EU until the date of approval of these financial statements.

The Company is currently analysing how the introduction of these standards and interpretations may influence the financial statements and on the Company's accounting rules (policy).

The Management Board's analysis and preliminary impact assessment of the new or amended standards on the Company's accounting rules (policies) and future financial statements covered, in particular, the impact of new IFRS 9, 15 and 16 which may affect or cause changes to the accounting and reporting practice of the Company in the years 2018-2019.

IFRS 15 Revenues from Contracts with Customers

The standard was published on 28 May 2014 and will apply to the annual periods beginning on or after 1 January 2018. The standard was adopted by the European Union on 22 September 2016.

IFRS 15 introduces a five-step model of recognising revenue from contracts with customers. According to the standard, revenues are recognised in the amount that reflects the value of the remuneration that the Company is entitled to (expects) in exchange for the transfer of goods or services to the customer.

The new standard will replace all the existing requirements concerning revenue recognition in accordance with IFRS. With regard to the annual periods beginning on or after 1 January 2018, it is required to apply the full retrospective approach or a modified retrospective approach. Earlier application of the standard is allowed.

The Company plans to implement the new standard as from the date of its entry into force. On the date of publication of these financial statements, the Management Board is analysing the impact of this standard on the Company's financial statements.

IAS 9 Financial Instruments:

In July 2014, the IASB published the final version of IFRS 9 *Financial Instruments*. This standard replaces previous IAS 39 *Financial Instruments*: *Recognition and Measurement* and all the previous versions of IFRS 9. IFRS 9 combines all the three aspects of financial instruments accounting: classification and measurement, impairment, and hedge accounting.

IFRS 9 will be effective for the annual periods beginning on or after 1 January 2018; earlier application is allowed.

For this standard, representative application is obligatory, excluding hedge accounting; at the same time, the presentation of comparable data is required. For hedge accounting, the prospective approach is required with several exceptions. The Company plans to implement the new standard as from the date of entry into force.

IFRS 9 contains new requirements and guidance on the classification and measurement of financial assets and modifies the recognition of hedging transactions.

On the day of approval of the financial statements for publication, the Management Board had not yet completed the work on the assessment of the impact of the introduction of the standard on the Company’s financial statements.

IFRS 16 Leases

On the day of approval of the financial statements for publication, the Management Board had not yet completed the work on the assessment of the introduction of IFRS 16 *Leases* on the Company's application of the accounting rule in relation to the Company's financial results or performance. A detailed analysis will be carried out in the years 2017-2018.

2.7 Error correction

In the reporting period, there were no events resulting in the need to correct the fundamental error.

3. Information of operation segments

In accordance with IFRS 8, an operating segment is a distinguishable component of the Company, for which separate financial information is available that is reviewed regularly by the operations management responsible for the resource allocation and assessment of performance.

For the management purposes, the Company was divided into segments reflecting its manufactured products and rendered services. Based on that, the Management Board have identified the ERP systems segment which accounts for more than 94% of total Company's revenues. Other activities do not meet the quantitative thresholds of IFRS 8 and are not separated. Changes in the size and significance of developed products and provided services may result in a change of composition of operating segments.

The ERP systems segment is made up of Oracle and Microsoft-based ERP solutions that support business management and original SFA and FFA solutions intended for businesses operating through the teams of sales representatives. These applications support business processes and information flow processes, covering most areas of the business, including: finance and accounting, personnel management, HR and payroll, logistics and WMS, mobile and retail sales in chains of stores, production and Internet applications. The systems provide a number of management tools: advanced reporting instruments and Business Intelligence solutions. The technological capacity of the systems enables their deployment in various network architectures (including WAN) and combination with specialized software and hardware.

As unallocated revenue presented is the sale not attributable to any of the main Company's segments.

(in PLN thousand)

The segment results do not include the unallocated part of administrative costs, the value of resold goods, materials and external services (COGS) related to unallocated sales and operating expenses of the organizational unit generating unallocated sales.

The Management Board monitors the operating results in separate segments in order to make decisions about allocating resources, assessing the impact of this allocation, and performance. The basis for the assessment of performance is profit or loss on operating activities, which to some extent, as explained in the table below, are measured differently than the profit or loss from operations in the financial statements. The financing of the Company (including costs and financial income) and income tax are monitored at the levels of the Company and they are not allocated to the segments.

Transaction prices used in transactions between operating segments are determined on the arm's length basis as in transactions with unrelated parties.

3 months ended 31 March 2017 (unaudited)	**ERP Systems**	**Unallocated**	**Activity total**
Sales to external customers	45,289	2,673	47,962
Sales between segments			–
Total segment revenues	**45,289**	**2,673**	**47,962**
Gains on segment sales	**15,782**	**222**	**16,004**
Other net operating income/(expenses)		110	110
Net financial income/(expenses)		507	507
Income tax		(3,217)	(3,217)
Profit for period	**15,782**	**(2,378)**	**13,404**
Other information			
Amortization/Depreciation	(2,671)	(10)	**(2,681)**

Segment operating profit does not include financial income (PLN 815 thousand), financial expenses (PLN 308 thousand), other operating income (PLN 206 thousand) and other operating expenses (PLN 96 thousand) and the result of unallocated activity (PLN 222 thousand).

3 months ended 31 March 2016 (unaudited)	**ERP Systems**	**Unallocated**	**Activity total**
Sales to external customers	38,680	2,626	41,306
Sales between segments			–
Total segment revenues	**38,680**	**2,626**	**41,306**
Gains on segment sales	**12,463**	**232**	**12,695**
Other net operating income/(expenses)		48	48
Net financial income/(expenses)		119	119
Income tax		(2,481)	(2,481)
Profit for period	**12,463**	**(2,082)**	**10,381**
Other information			

Amortization/Depreciation	(2,719)	(12)	**(2,731)**

Segment operating profit does not include financial income (PLN 289 thousand), financial expenses (PLN 170 thousand), other operating income (PLN 134 thousand) and other operating expenses (PLN 86 thousand) and the result of unallocated activity (PLN 232 thousand).

Geographic information

Revenues from external customers:

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Poland	41,419	35,331
Abroad, including:	6,543	5,975
– The Netherlands	3,453	3,502
– France	1,377	715
- Romania	240	502
- Germany	707	528
– Spain	171	174
– Portugal	84	85
- Turkey	51	55
- Czech Republic	154	115
- the Baltics (Lithuania, Latvia, Estonia) and Russia	18	108
- others	288	191
	47,962	**41,306**

This information is based on data from customers' headquarters.

4. Explanatory notes to the interim condensed financial statements

4.1 Structure of revenues on sales

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
ERP Systems	45,289	38,680
Unallocated	2,673	2,626
Total	**47,962**	**41,306**

(in PLN thousand)

4.2 Cost structure of operating activities

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
The value of goods sold, materials and external services (COGS)	(2,598)	(2,498)
Consumption of materials and energy	(604)	(546)
External services	(4,704)	(4,051)
Remuneration	(17,398)	(15,177)
Employee benefits	(3,752)	(3,285)
Amortization/Depreciation	(2,681)	(2,731)
Taxes and fees	(194)	(169)
Business trips	(117)	(160)
Other	90	6
Total	**(31,958)**	**(28,611)**
Own cost of sales, including:	(25,999)	(23,395)
production cost	*(23,401)*	*(20,897)*
value of goods sold, materials and external services (COGS)	*(2,598)*	*(2,498)*
Cost of sale	(2,068)	(1,853)
Cost of management and administration	(3,891)	(3,363)
Total	**(31,958)**	**(28,611)**

4.3 Other operating income and expenses

The other operating income and expenses in the first quarter of 2017 and in the comparable period were as follows:

Other operating income	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit from the sale of non-financial assets	121	45
Proceeds from rental of office space	81	81
Other	4	8
Total	**206**	**134**

Other operating expenses	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Donations to unrelated parties	(8)	(19)
Liquidation of fixed assets	(3)	(4)

(in PLN thousand)

Other operating expenses	(85)	(63)
Total	**(96)**	**(86)**

4.4 Financial income and expenses

The structure of financial income and expenses in the first quarter of 2017 and in the comparable period were as follows:

Financial income	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Income from bank interest	296	287
Other interest income	–	2
Loss from changes in fair value of foreign currency derivatives - entered forward contracts	519	–
Total	**815**	**289**

Financial expenses	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Negative exchange rates	(280)	(94)
Other interest expense	–	(3)
Losses from foreign currency derivatives execution - entered forward contracts	(28)	(25)
Losses from changes in fair value of foreign currency derivatives - entered forward contracts	–	(48)
Total	**(308)**	**(170)**

4.5 Income tax

The main items of the corporate income tax burden (current and deferred):

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Current income tax	(2,490)	(1,946)
Deferred income tax	(727)	(535)
Tax expense reported in profit and loss account, including:	**(3,217)**	**(2,481)**

(in PLN thousand)

Income tax attributed to continued operations	*(3,217)*	*(2,481)*

4.6 Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Company by the weighted average number of issued ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of issued ordinary shares outstanding during the period, adjusted by the weighted average of ordinary shares, which would be issued on conversion of all dilutive potential equity instruments into ordinary shares.

Below is the data on earnings and shares that were used in calculating basic and diluted earnings per share:

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Net profit from continuing operations	13,404	10,381
Loss from discontinued operations	–	–
Net profit	13,404	10,381
Interest on redeemable preference shares convertible into ordinary shares	–	–
Net profit attributable to ordinary shareholders used in the calculation of diluted earnings per share	13,404	10,381
Weighted average number of issued ordinary shares used to calculate basic earnings per share	33,418,193	33,418,193
Effect of dilution:	–	–
Stock options	–	–
Redeemable preference shares	–	–
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	33,418,193	33,418,193
Basic/diluted earnings per share	**0.40**	**0.31**

During the reporting period as well as in the comparable period, there were no elements diluting the basic earnings per share.

4.7 Property, plant and equipment.

During the 3 months ended 31 March 2017, the Company acquired plant, property and equipment valued at PLN 568 thousand (during the 3 months ended 31 March 2016: PLN 1,670 thousand).

During the 3 months ended 31 March 2017, the Company sold the items of property, plant and equipment of the net value of PLN 90 thousand (during the 3 months ended 31 March 2016: PLN 3 thousand).

(in PLN thousand)

During the 3 months ended 31 March 2017 (or in the same period of the previous year), the Company did not recognize impairment losses on assets.

4.8 Intangible assets

During the 3 months ended 31 March 2017, the Company acquired intangible assets valued at PLN 20 thousand and its R&D expenses topped PLN 1,620 thousand (during the 3 months ended 31 March 2016: PLN 40 thousand and 1,606 thousand, respectively). During the 3 months ended 31 March 2017, the Company did not (as in the corresponding period of the previous year) sell any items of intangible assets.

During the 3 months ended 31 March 2017 (or in the same period of the previous year), the Company did not recognize impairment losses on intangible assets.

4.9 Inventories

At 31 March 2017, the inventory write-down amounted to PLN 133 thousand (as at 31 March 2016: PLN 109 thousand).

4.10 Financial assets

Financial assets	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Short-term forward currency contracts	355	–	–
Total	**355**	**–**	**–**

Financial assets measured at fair value through profit and loss include forward transactions concluded in order to secure foreign exchange risk resulting from contracts settled in foreign currency.

4.11 Short-term and long-term accruals and prepayments

Accruals and deferred income	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Prepaid maintenance services	414	401	303
Prepaid insurance	308	438	239
Prepaid subscriptions	5	8	20
Prepaid training	135	93	57
Other prepaid services	363	209	245
Total	**1,225**	**1,149**	**864**
- short-term	1,140	1,053	791
- long-term	85	96	73

(in PLN thousand)

Prepayments as at 31 March 2017 consisted primarily of:

- prepaid cost of maintenance services and licence fees to be paid successively in the future periods,

- prepaid insurance costs.

4.12 Long-term and short-term receivables

Trade receivables (short-term)	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Trade receivables	29,717	30,892	24,127
Trade receivables from related parties	117	410	137
Trade receivables (net)	**29,834**	**31,302**	**24,264**
Allowance on doubtful accounts	692	702	585
Trade receivables (gross)	**30,526**	**32,004**	**24,849**

Transactions with related parties are shown in pt 4.17 of these interim condensed financial statements.

The Company has appropriate policies in place governing the sales only to verified customers. Thus, in the opinion of the Management Board, there is no additional credit risk beyond the level specified in the allowance for bad debts applicable to the Company's trade receivables.

The fair value of receivables does not differ significantly from the value at which they were presented in the financial statements.

Other receivables	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Receivables arising from the valuation of long-term IT contracts	2,262	2,206	1,574
Advances paid to suppliers	62	46	69
Other trade receivables (bid bonds, deposits)	375	455	205
Receivables from employees	33	26	32
CSBF	–	7	–
Other receivables	173	60	265
	2,905	**2,800**	**2,145**

Receivables from the valuation of IT contracts (implementation contracts) result from the degree of advancement of the execution of implementation contracts in relation to the invoices issued.

Other trade receivables (deposits, bid bonds) comprise a financial guarantee given to customers to cover potential losses arising in case of failure to meet with the obligations of contract execution.

(in PLN thousand)

4.13 Cash and short-term deposits

Cash at bank bears interest at variable interest rates, the amount of which depends on the rate on overnight bank deposits. Short-term deposits are made at different periods, from one day to six months, depending on the actual Company's demand for cash, and bear interest at a fixed interest rate. Deposits with a maturity of up to three months are classified as cash equivalents. Deposits with a maturity of 3 to 6 months are presented as other current financial assets.

Cash and short-term deposits

The fair value of cash and short-term deposits at 31 March 2017 amounted to PLN 79,252 thousand (31 December 2016: PLN 70,456 thousand).

The balance of cash and short-term deposits shown in the balance sheet and in the statement of cash flows consisted of the following items:

Cash	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Cash at bank and in hand	4,956	1,442	4,363
Short-term deposits up to 3 months	74,296	69,014	39,582
Cash in the balance	**79,252**	**70,456**	**43,945**
Interest accrued on short-term deposits	(135)	(86)	(13)
Cash in cash flows statement	**79,117**	**70,370**	**43,932**

As at 31 March 2017 , the Company did not hold other financial assets.

4.14 Interest-bearing loans, issued securities and sureties and guarantees granted by Asseco Business Solutions S.A.

As at 31 March 2017, the Company did not have open credit lines.

During the reporting period, the Issuer did not grant any guarantees or sureties for credits or loans – collectively to a single entity or its subsidiary – where the total value of the existing securities or guarantees would be the equivalent of at least 10% of the Issuer's equity.

4.15 Current and non-current trade and other liabilities

Trade liabilities	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
To related parties	72	51	23

(in PLN thousand)

To other parties	2,322	2,954	2,395
Total	**2,394**	**3,005**	**2,418**

Other liabilities	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Amounts owed to employees as wages	243	315	221
Liabilities arising from the valuation of long-term IT contracts	136	361	90
Liabilities due to non-invoiced deliveries	106	169	243
Advance payments for supplies	9	7	2
Other liabilities	157	305	121
Total	**651**	**1,157**	**677**

Liabilities from taxes, duties, social security and other	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Liabilities from taxes, duties, social security and other	6,008	5,009	5,156
Liabilities to Social Security	2,609	1,476	2,209
Personal income tax	885	652	749
VAT	2,477	2,843	2,162
Other budgetary commitments	37	38	36
Tax liabilities on corporate income tax	1,118	3,738	759
Total	**7,126**	**8,747**	**5,915**
- short-term	7,126	8,747	5,915
- long-term	–	–	–

Transactions with related parties are shown in pt 4.17 of these interim financial statements.

Trade and other liabilities are not interest-bearing.

4.16 Accruals and deferred income

	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Accrued expenses for:			
Unused leaves	3,115	2,567	3,035
Bonuses	5,315	8,697	4,078
Provision for other expenses	489	741	390
	8,919	**12,005**	**7,503**
Accrued income for:			
Prepaid services	312	330	390

(in PLN thousand)

Other income	–	–	–
	312	**330**	**390**
Total	**9,231**	**12,335**	**7,893**
- short-term	9,217	12,335	7,891
- long-term	14	–	2

The balance of accrued expenses consists of: provisions for unused leaves, provisions for salaries in the period to be paid in future periods and resulting from the introduced bonus schemes at Asseco Business Solutions S.A., and provisions for current operation expenses of the Company that were incurred during the reporting period but had not been invoiced before the balance sheet date.

The balance of deferred income relates mainly to future revenues from services settled over time, such as IT maintenance and supervision.

4.17 Related party transactions

Transactions with related parties are held at arm's length.

The amounts of outstanding payments are not protected and will be settled in cash. No guarantees were granted or received. In the accounting period, the costs attributable to bad or unsafe debts arising from transactions with related parties were not recognised.

Receivables from related parties	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Asseco Poland S.A. (the parent of the Group)	100	390	121
Other related parties	97	73	16
Total	**197**	**463**	**137**

Liabilities to related parties	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Asseco Poland S.A. (the parent of the Group)	15	57	13
Other related parties	87	41	19
Total	**102**	**98**	**32**

Sales to related parties	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Asseco Poland S.A. (the parent of the Group)	312	403
Other related parties	67	39
Total	**379**	**442**

(in PLN thousand)

Purchase from related parties	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Asseco Poland S.A. (the parent of the Group)	382	399
Other related parties	97	32
Total	**479**	**431**

As at 31 March 2017 and at 31 December 2016, the balance of receivables from related parties includes the balance of trade receivables (PLN 117 thousand and PLN 410 thousand, respectively) and the balance of other receivables (PLN 80 thousand and PLN 53 thousand, respectively). The balance of liabilities from related parties as at 31 March 2016 includes the balance of trade liabilities.

The balances of liabilities from related parties as at 31 March 2017 and at 31 December and 31 March 2016 comprise the balance of trade liabilities (PLN 72 thousand, PLN 51 thousand and PLN 23 thousand, respectively) and the balance of other liabilities (PLN 30 thousand, PLN 47 thousand and PLN 9 thousand, respectively).

According to the information held by Asseco Business Solutions S.A., at 31 March 2017 there were no outstanding receivables or liabilities arising from related party transactions held by the Company Executives and with the Company Executives.

According to Asseco Business Solutions records, in the 3 months ended 31 March 2017, the value (net) of purchases transactions of goods and services (including rental) from related parties by the Company Executives and with the Company Executives amounted to PLN 472 thousand.

According to the information held by Asseco Business Solutions S.A., at 31 December 2016 there were no balances of outstanding receivables or liabilities arising from related party transactions held by the Company Executives and with the Company Executives.

In the financial year ended 31 December 2016, the value (net) of purchases transactions of goods and services (including rental) from related parties by the Company Executives and with the Company Executives amounted, according to the records of Asseco Business Solutions S.A., to PLN 1,900 thousand. The (net) value of the sale of goods and services to related parties by the Company Executives and to the Company Executive was PLN 37 thousand.

4.18 Contingent liabilities

At 31 March 2017 (and at 31 December 2016), the Company did not have any contingent liabilities.

4.19 Employment

Average FTEs during the reporting period	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Management Board	4*	4*
Developers	540	501
Sales personnel	46	44
Administration	43	41

(in PLN thousand)

Total	**633**	**590**

FTEs on	31 March 2017 (unaudited)	31 March 2016 (unaudited)
Management Board	4*	4*
Developers	542	503
Sales personnel	46	43
Administration	42	41
Total	**634**	**591**

* One of the Management Board members is employed under a civil-law contract.

4.20 Seasonality and cyclicality

The operations of Asseco Business Solutions S.A. are subject to moderate seasonal fluctuations. As regards ERP systems, the highest sales figures are reported in the first and fourth quarter of the year. This can be explained by the choice of the calendar year as fiscal year by most Company's customers, which translates into a tendency to launch information systems and modify the IT infrastructure of enterprises on the turn-of-the-year basis or beginning-of-the-year basis.

5. Comments and additional information to the quarterly financial statements of Asseco Business Solutions S.A.

5.1 Financial data of Asseco Business Solutions S.A. for the first 3 months of 2017

Financial results of Asseco Business Solutions S.A. for the first 3 months of 2017:

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)	Growth rate 3 mths 2017 3 mths 2016
Revenues on sale	47,962	41,306	16.11%
Gross profit on sales	21,963	17,911	22.62%
EBIT	16,114	12,743	26.45%
EBITDA	18,795	15,474	21.46%
Net profit	13,404	10,381	29.12%

Profitability ratios

In the third quarter of 2017, revenues on sale were 16.1% higher compared with the same period of the previous year, while the gross profit on sales increased by 22.6%. At the same time, operating expenses (excluding COGS) increased by 12.4 %, while the value of goods, materials and external services sold (COGS) upped by 4%. In absolute terms, the growth of revenue was significant enough to be reflected in a significant improvement of the profitability ratios.

(in PLN thousand)

Profitability ratios	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Gross margin on sales	45.79%	43.36%
EBITDA profit margin	39.19%	37.46%
Operating margin	33.60%	30.85%
Net margin	27.95%	25.13%

Liquidity ratios

Working capital is defined as the difference between current assets and current liabilities and represents the volume of fixed capital (equity and long-term foreign capital) that finances current assets. As the most liquid part of the capital, it secures the liabilities arising from the current cash cycle in the company. The working capital in the Company as at 31 March 2017 totalled PLN 94,745 thousand and was higher by PLN 14,726 thousand compared with 31 December 2016. Current liabilities decreased by 23.3%, while the level of current assets was increased by 8.2%. The decrease in liabilities can be primarily attributed to the repayment of corporate income tax burden for 2016 resulting from the annual settlement and lower provisions for prepaid expenses, especially the cost of bonuses. On the asset side, the level of receivables was slightly reduced, while cash increased. The Company's liquidity ratios improved, which reaffirms its capacity to timely satisfy its current liabilities and promises financial security.

Liquidity ratios	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
Working capital (in PLN thou.)	94,745	80,019	82,694
Current ratio	5.79	4.10	5.77
Quick ratio	5.68	4.05	5.70
Super quick ratio	4.01	2.73	2.54

These ratios have been calculated using the following formulas:

Working capital = current assets (short-term) - current liabilities

Current ratio = current assets (short-term) / current liabilities

Quick ratio = (current assets - inventories - accruals and prepayments) / current liabilities

Super quick ratio = (bonds and securities held to maturity + cash and short-term deposits) / current liabilities

Debt ratios

The Company's operations are financed from its current activity. In the current period, the total value of liabilities decreased compared with the end of 2016 by PLN 6,006 thousand (22.5%), while the level of assets increased by PLN 7,398 thousand, i.e. by 2.5%. The total debt ratio at the end of the third quarter of 2017 fell from 8.8% to 6.7%.

(in PLN thousand)

Debt ratios	31 March 2017 (unaudited)	31 December 2016	31 March 2016 (unaudited)
General debt ratio	6.7%	8.8%	6.2%

These ratios have been calculated using the following formulas:

Debt ratio = (long-term liabilities + current liabilities) / assets

5.2 Factors affecting the financial results

The most important factors that affected the Company's performance in the reporting period are:

- Execution of IT contracts concluded in previous periods.
- Award and execution of significant IT contracts in the reporting quarter.
- Seasonal changes in demand for products marketed by the Company – a distinguishing feature of the IT industry is the seasonal fluctuation of sales.
- Good sales of Mobile Touch both in Poland and in the European market.

5.3 Extraordinary or non-recurring events affecting the financial results

In the 3 months ended 31 March 2017, there were no extraordinary or non-recurring events that affected the Company's results for the quarter.

During the 3 months ended 31 March 2017, there were no items affecting assets, liabilities, equity, net result or cash flows that were extraordinary in terms of type, value, or frequency.

5.4 Information on dividends paid

Pursuant to the decision of the Ordinary General Meeting of Shareholders of Asseco Business Solutions S.A. on 20 April 2017, the net profit for the financial year 2016 in the amount of PLN 42,446 thousand has been divided as follows:

- part of the net profit for the year 2016 in the amount of PLN 42,441 thousand was earmarked for distribution among the shareholders, i.e. for the payment of the dividend in the amount of PLN 1.27 per share;

- the reminder of the net profit for 2016 in the amount of PLN 5 thousand was transferred to supplementary capital.

The dividend date was set on 12 May 2017 and the dividend payment date on 1 June 2017.

The company did not pay an advance for dividend for the year 2017.

5.5 Significant events during the reporting period

Important agreements concluded in the first quarter of 2017:

- Kent Gida Maddeleri Sanayii ve Ticaret Anonim Sirketi – licensing and deployment of Mobile Touch and the provision of comprehensive maintenance services for the deployed solution,
- GDD Sp. z o.o. sp. komandytowa – upgrade of Asseco Softlab ERP.

5.6 List of proceedings pending before the court, competent authority for arbitration or a public administration body

During this reporting period, no proceedings were pending before any court, competent authority for arbitration or a public administration body concerning the Company's liabilities or receivables, whose value was at least 10% of the Company’s equity.

5.7 Capital expenditure

In the period ended 31 March 2017, the Company made investment outlays in the amount of PLN 2,208 thousand.

5.8 Feasibility assessment of financial forecast published by the Management Board for 2017

The Management Board of Asseco Business Solutions S.A. did not publish financial forecast for 2017.

5.9 Issuance, redemption and repayment of non-equity and equity securities

In the presented reporting period, Asseco Business Solutions S.A. did not issue, redeem or repay any equity or non-equity securities.

5.10 Indication of factors that, in the Management Board’s opinion, will have an impact on the Company’s results at least within the current financial year

In the opinion of the Management Board of Asseco Business Solutions S.A., the financial situation and the market position of Asseco Business Solutions SA are satisfactory and promise advantageous conditions for further development and operations in 2017. In the opinion of the Management Board, the most important external and internal factors that may affect the operations of Asseco Business Solutions S.A. and its prospective results in the following year are:

External factors:

- developments in global financial and economic marketplace and their impact on the economic situation in Poland,

- attitude of potential customers to investment in IT against the backdrop of the general economic situation,
- risk of time-shifting of potential clients' investment decisions
- intense direct and indirect competition from both Polish and foreign IT companies,
- market openness and absorption capacity for new product solutions.
- opportunities and risks associated with a relatively rapid technological progress and innovation in the IT market.

Internal factors

- the results of intense and ongoing trade activities both domestically and abroad,
- activities run under currently valid agreements,
- the need to attract and keep the most qualified and key employees,
- effects of work on new products.

5.11 Information on other important factors that could have affected the assessment of the financial position, assets and personnel

There is no other information but the one given above whose disclosure could materially affect the assessment of the Company's financial position, assets, and personnel.

5.12 Significant events after the balance sheet date

- On 11 April 2017, Asseco BS published a Tender Offer for the acquisition of shares representing 100% of the share capital and carrying 100% of the total number of votes at the General Meeting of Macrologic S.A., the company having its registered office in Warsaw. This acquisition will result in the establishment of the Asseco Business Solutions Capital Group with the development and implementation of proprietary ERP software as the core business. The combination of the companies will boost the ERP expertise and technological know-how by, among others, pooling the human resources into a single competence centre. The process of knowledge sharing and synergy development will broaden the product offering of both entities as well as raising the quality of own products and services. This will give a competitive edge to the fledgling Capital Group over Poland's largest IT companies.

- On 11 April 2017, the Management Board of Asseco Business Solutions S.A. decided to obtain a credit facility of up to PLN 70 million intended for operating activities, including, in particular, the purchase of the shares of Macrologic S.A.

- On 20 April 2017, the Ordinary General Meeting of the Company adopted the resolutions on:
  - the approval of the financial statements of the Company for the financial year 2016,

- the approval of the Management Board's Report on the Company's Operations in the Financial Year 2016,
- a vote of approval to the Members of the Management Board for the discharge of their duties during the financial year 2016,
- a vote of approval to the Members of the Supervisory Board for the discharge of their duties during the financial year 2016,
- the distribution of profit for the financial year 2016 and on the payment of the dividend. The details of the resolution are provided in pt 5.4 of these statements,
- the appointment to the Supervisory Board of the Company for a new joint term (2017-2022) of: Adam Góral, Romulad Rutkowski, Zbigniew Pomianek, Jozef Klein, Adam Pawłowicz.

- On 24 April 2017, Mr Adam Pawłowicz tendered his resignation as member of the Supervisory Board of Asseco Business Solutions S.A. effective from 31 May 2017.

- The Management Board of Asseco Business Solutions convened an Extraordinary General Meeting on 22 May 2017. The main items of the agenda are:
  - Adoption of a resolution on amendments to the Articles of Association;
  - Adoption of a resolution on the change in the composition of the Supervisory Board;
  - Adoption of a resolution on the remuneration due to the Members of the Supervisory Board;

5.13 Significant events concerning previous years

To the date of these financial statements for the 3 months ended 31 March 2017, that is, until 27 April 2017, there were no events concerning previous years that are not, and should be, included in these financial statements.

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