



**FINANCIAL STATEMENTS OF
ASSECO BUSINESS SOLUTIONS SA
FOR THE FIRST QUARTER OF 2014**

7 May 2014



**SELECTED FINANCIAL DATA OF
ASSECO BUSINESS SOLUTIONS SA**

SELECTED FINANCIAL DATA OF ASSECO BUSINESS SOLUTIONS SA

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

	in PLN thou.		in EUR thou.	
	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Revenue on sales	39,121	33,700	9,338	8,074
Gross profit on sales	13,730	10,765	3,277	2,579
Profit on operating activities	9,186	7,657	2,193	1,835
Gross profit	9,550	8,306	2,280	1,990
Net profit	7,696	6,717	1,837	1,609
Net cash from operating activities	7,093	9,635	1,693	2,308
Net cash from investing activities	(3,008)	(1,687)	(718)	(404)
Net cash from financing activities Cash and short- term deposits	-	-	-	-
	58,836	56,525	14,105	13,531
Weighted average number of shares	33,418,193	33,418,193	33,418,193	33,418,193
Earnings per ordinary share	0.23	0.20	0.05	0.05

Selected financial data presented in these interim 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 2014, 1 EUR = 4.1713 PLN,

On 31 March 2013, 1 EUR = 4.1744 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 2014, 1 EUR = 4.1894 PLN.

Between 1 January and 31 March 2013, 1 EUR = 4.1738 PLN.

GENERAL

I. GENERAL

Asseco Business Solutions SA was established under a Notarial Deed dated 18 May 2001. The Company headquarters is located in Lublin, 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 SA, according to the classification adopted by the Warsaw Stock Exchange, is "information technology".

Within the Asseco Capital Group, the Company serves as a Competence Centre accountable for the development of ERP software, mobile reporting systems (SFA), factoring systems and software for SMEs. The Company's offering also covers deployment and maintenance services, including a post-deployment support for the systems named above. A significant portion of undertaken projects is carried out in the full outsourcing model based on the Company's own Data Centre.

The direct parent of Asseco Business Solutions SA is Asseco Poland SA, which holds 46.67% of the Company's share and, in accordance with the Company's Articles of Association, is able to exercise its right to appoint three of the five members of the Supervisory Board as long as it remains a Company's shareholder holding at least 20% of the Company's share capital.

II. ASSECO BUSINESS SOLUTIONS SA – THE EXECUTIVES

On the date of publication of these financial statements, i.e. 7 May 2014, the Supervisory Board of the Company consists of:

Name and surname	Function
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

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

At the date of publication of these financial statements, i.e. 7 May 2014, the Management Board of the Company consists of:

Name and surname	Function
Wojciech Barczentewicz	President of the Board
Piotr Masłowski	Vice-President of the Board
Mariusz Lizon	Member of the Board

III. STOCKS AND SHARES HELD BY THE PERSONS IN THE EXECUTIVE AND SUPERVISORY CAPACITY IN ASSECO BUSINESS SOLUTIONS SA

Overview of the shares of Asseco Business Solutions SA in possession of the persons in the executive and supervisory capacity.

	Number of shares (corresponds to % in the total number of of votes at GM) - As at 07/05/2014	change from the date of the last report	Number of shares (corresponds to % in the total number of of votes at GM) - As at 07/05/2014	change from the date of the last report
Executive persons				
Wojciech Barczentewicz	461,267	0.00%	1.4%	0.00%
Piotr Masłowski	715,063	-27.41%	2.1%	-27.41%
Mariusz Lizon	254,954	0.00%	0.8%	0.00%
Supervising persons				
Romuald Rutkowski	426,828	0.00%	1.3%	0.00%
TOTAL	1,858,112	-27.41%	5.6%	-27.41%

IV. THE SHAREHOLDING STRUCTURE OF ASSECO BUSINESS SOLUTIONS SA

According to the best knowledge of the Management Board of the Company, on the date of publication of these financial statements, i.e. 7 May 2014, the shareholders of Asseco Business Solutions SA holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the General Meeting on the day of 15 April 2014 are as follows:

Shareholder	Number of shares held	Shareholding	Number of votes	% in the total number of votes at GM
Asseco Poland SA	15,528,570	46.47%	15,528,570	46.47%
Amplico Otwarty Fundusz E	3,500,000	10.47%	3,500,000	10.47%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	3,289,847	9.84%	3,289,847	9.84%
Other shareholders	11,099,776	33.21%	11,099,776	33.21%
	33,418,193	100.00%	33,418,193	100.00%

At 31 March 2014, the share capital of Asseco Business Solutions SA totalled PLN 167,091 thousand and was divided into 33,418,193 ordinary shares with a nominal value of PLN 5 each, giving a total of 33,418,193 votes at the General Meeting of Asseco Business Solutions SA.

**INTERIM CONDENSED FINANCIAL STATEMENTS
OF ASSECO BUSINESS SOLUTIONS SA**

**for the three months ended
31 March 2014
prepared in accordance with
the International Financial Reporting Standards**

**FINANCIAL STATEMENTS OF
ASSECO BUSINESS SOLUTIONS SA
FOR THE PERIOD ENDED 31 March 2014**

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**FINANCIAL STATEMENTS OF ASSECO
BUSINESS SOLUTIONS FOR THE FIRST
QUARTER OF 2014**

These financial statements were approved for publication by the Management Board of Asseco Business Solutions SA on 7 May 2014.

The Management Board:

Wojciech Barczentewicz President of the Management Board

Piotr Masłowski Vice-President of the Management Board

Mariusz Lizon Member of the Management Board

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2014

	<i>3 months ended 31 March 2014 (unaudited)</i>	<i>3 months ended 31 March 2013 (unaudited)</i>
Revenue on sales	39,121	33,700
Own cost of sales	(25,391)	(22,935)
Gross profit on sales	13,730	10,765
Cost of sale	(1,868)	(654)
General and administrative expenses	(2,700)	(2,836)
Net profit on sales	9,162	7,275
Other operating income	155	460
Other operating expenses	(131)	(78)
Profit on operating activities	9,186	7,657
Financial income	371	677
Financial expenses	(7)	(28)
Gross profit	9,550	8,306
Income tax	(1,854)	(1,589)
Net profit from continuing operations	7,696	6,717
Discontinued operations		
Net profit for the financial year	7,696	6,717
Other total income	-	-
- Other total net income subject to reclassification to profit/loss in subsequent reporting periods	-	-
- Other total net income not subject to reclassification to profit/loss in subsequent reporting periods	-	-
Other total net income	-	-
Total income for the period	7,696	6,717
Earnings per share:		
- basic/diluted profit for the period period	0.23	0.20
- basic/diluted from profit on continued operations in the reporting period	0.23	0.20

**INTERIM CONDENSED BALANCE SHEET
as at 31 March 2014**

ASSETS	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Non-current assets	194,593	194,515	195,158
Property, plant and equipment	10,038	9,822	10,410
Intangible assets	12,192	11,907	12,484
Goodwill	170,938	170,938	170,938
Non-current receivables	601	601	602
Deferred tax assets	755	1,218	662
Long-term prepayments and accrued income	69	29	62
Current assets	89,211	96,881	84,181
Inventories	1,515	2,646	673
Prepayments and accrued income	822	637	773
Trade receivables	25,335	36,596	22,178
Income tax receivables	-	-	2,014
Other receivables	2,703	2,275	2,007
Financial assets valued at fair value through financial result	-	-	11
Cash and short-term deposits	58,836	54,727	56,525
Non-current assets classified as held for sale	-	-	-
TOTAL ASSETS	283,804	291,396	279,339
EQUITY AND LIABILITIES			
Share capital	167,091	167,091	167,091
The surplus from the sale of shares above their nominal value	62,423	62,423	62,423
Retained gains	37,218	29,522	35,811
Total equity	266,732	259,036	265,325
Non-current liabilities	390	394	282
Provisions	368	368	282
Long-term accruals and deferred income	22	26	-
Current liabilities	16,682	31,966	13,732
Trade liabilities	2,884	13,915	2,002
Budgetary commitments	4,548	5,658	4,699
Income tax liabilities	358	-	-
Other liabilities	1,633	3,295	1,006
Provisions	373	373	6
Accruals and deferred income	6,886	8,725	6,019
Total liabilities	17,072	32,360	14,014
TOTAL EQUITY AND LIABILITIES	283,804	291,396	279,339

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2014

	Share capital	The surplus from the sale of shares above their nominal value	Retained profit/(loss) and current period	Equity total
3 months ended 31 March 2014 (unaudited)				
As at 1 January 2014	167,091	62,423	29,522	259,036
Total income for period	–	–	7,696	7,696
Payment of dividend	–	–	–	–
As at 31 March 2014	167,091	62,423	37,218	266,732
12 months ended 31 December 2013				
As at 1 January 2013	167,091	62,423	29,094	258,608
Total income for period	–	–	26,828	26,828
Payment of the dividend	–	–	(26,400)	(26,400)
As at 31 December 2013	167,091	62,423	29,522	259,036
3 months ended 31 March 2013 (unaudited)				
As at 1 January 2013	167,091	62,423	29,094	258,608
Total income for period	–	–	6,717	6,717
Dividends	–	–	–	–
As at 31 March 2013	167,091	62,423	35,811	265,325

**INTERIM CONDENSED STATEMENT OF
CASH FLOWS
for the period ended 31 March 2014**

	<i>3 months ended 31 March 2014 (unaudited)</i>	<i>3 months ended 31 March 2013 (unaudited)</i>
Cash flows from operating activities		
Gross profit	9,550	8,306
Adjustments:	(2,457)	1,329
Amortization/Depreciation	2,856	2,938
Change in inventories	1,131	973
Change in receivables	10,833	3,466
Change in liabilities, excluding credits and loans	(12,759)	(1,601)
Change in accruals and prepayments	(2,068)	(1,606)
Change in provisions	-	(250)
Revenue on interest	(356)	(608)
Investment gain/(loss)	(17)	(84)
Income tax paid	(2,077)	(1,899)
Net cash from operating activities	7,093	9,635
Cash flows from investing activities		
Proceeds from the sale of non-financial assets	25	172
Acquisition of property, plant and equipment	(1,177)	(821)
Acquisition of intangible assets	(2,188)	(1,590)
Acquisition/settlement of financial assets at fair value through profit or loss	-	22
Established bank deposits	-	-
Cash returned from bank deposits	-	-
Interest received	332	530
Net cash from investing activities	(3,008)	(1,687)
Cash flows from financing activities		
Dividend paid	-	-
Repayment of interest	-	-
Repayment of liabilities under lease agreements	-	0
Net cash from financing activities	0	0
Increase/(Decrease) in net cash and cash Equivalents	4,085	7,948
Net differences in exchange rates	-	-
Opening cash	54,630	48,200
Closing cash	58,715	56,148

ADDITIONAL NOTES AND INFORMATION

I. BASIS FOR THE PREPARATION OF THESE FINANCIAL STATEMENTS AND ACCOUNTING RULES (POLICIES)

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 financial data is presented in thousands of Polish zloty unless stated otherwise.

This interim condensed financial statements have been prepared on the understanding that Asseco Business Solutions SA intended to continue its business activity for the period of no less than 12 months as of 31 March 2014. On 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 2013, approved for publication on 5 March 2014. The interim financial results may not reflect the full realizable financial result for the financial year.

2. Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in particular in accordance with IAS 34 and the IFRS adopted by the EU. 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 adopted by the EU.

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

3. Estimates

In the first three months ended 31 March 2014, there were no major changes in the manner of making estimates.

4. Professional judgement

The preparation of interim financial statements in concert with the 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 2014, the receivables under the valuation of IT contracts were PLN 1,911 thousand and the liabilities amounted to PLN 175 thousand.

ii Amortization rates

The amount of amortization 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 economic useful life annually based on current estimates.

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 cash flow generating units, to which the goodwill is allocated' the goodwill arises from the acquisition of a subsidiary and mergers, along with intangible assets with of 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.

5. Changes in accounting rules used

The accounting rules (policy) used to prepare these interim condensed financial statements are consistent with those applied in preparing the Company's financial statements for the year ended 31 December 2013, with the exception of the application of the following changes to the standards and new interpretations applicable to annual periods beginning on or after 1 January 2014.

- IFRS 10 *Consolidated Financial Statements* – applicable to annual periods beginning on or after 1 January 2014,

- IFRS 11 *Joint Ventures* – applicable to annual periods beginning on or after 1 January 2014,
- IFRS 12 *Disclosure of Interests in Other Entities* – applicable to annual periods beginning on or after 1 January 2014,
- IFRS 13 *Fair Value Measurement* – applicable to annual periods beginning on or after 1 January 2014,
- IAS 27 *Consolidated and Separate Financial Statements* – applicable to annual periods beginning on or after 1 January 2014,
- IAS 28 *Investment in Associates and Joint Ventures* – applicable to annual periods beginning on or after 1 January 2014,
- Amendments to IAS 32 *Financial Instruments: Presentation: Compensation of Financial Assets and Liabilities* – applicable to annual periods beginning on or after 1 January 2014,
- Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* – applicable to annual periods beginning on or after 1 January 2014,
- Amendments to IAS 39 *Novation of Derivatives and Continuation of hedge Accounting* – applicable to annual periods beginning on or after 1 January 2014,
- Amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance* – applicable to annual periods beginning on or after 1 January 2014,
- Amendments to IFRS 10, IFRS 12 and IFRS 27 *Investment Entities* – applicable to annual periods beginning on or after 1 January 2014,

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

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:

- First phase of IFRS 9 *Financial Instruments: Classification and Measurement* – entry into force has been postponed by the IFRS Advisory Council without any indication of the planned date of approval,
- IFRS 14 *Regulatory Deferral Accounts* (published on 30 January 2014) – applicable to annual periods beginning on or after 1 January 2016; not approved by the EU until the date of approval of these financial statements,
- Amendments to IAS 19 *Defined Benefits Plans: Employee Benefits* (published on 21 November 2013) – applicable to annual periods beginning on or after 1 July 2014; not approved by the EU until the date of approval of these financial statements,
- IFRIC 21 *Levies* (published on 20 May 2013) – applicable to annual periods beginning on or after 1 January 2014; not approved by the EU until the date of approval of these financial statements,

- Amendments resulting from the review of IFRS 2010-2012 (published on 12 December 2013) – applicable to annual periods beginning on or after 1 July 2014; not approved by the EU until the date of approval of these financial statements,
- Amendments resulting from the review of IFRS 2011-2013 (published on 12 December 2013) – applicable to annual periods beginning on or after 1 July 2014; not approved by the EU until the date of approval of these financial statements,

The management does not anticipate that the introduction of these standards and interpretations may have a significant impact on the Company's applicable accounting rules (policies).

7. Changes in presentation

During the reporting period, there were no changes to the applicable rules of presentation.

8. Error correction

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

II. INFORMATION ON SEGEMENTS OF OPERATION

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 management purposes, the Company has been divided into segments for the manufactured products and rendered services respectively. Based on that, the Management Board have identified the ERP systems segment which accounts for more than 85% 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. Technical capabilities allow these systems to be implemented in various network architectures, in wide area networks and in connection with specialized software and hardware.

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

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 financial income and expenses) and the income tax are monitored at the Company level and 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 2014 (unaudited)	ERP systems	Unallocated	Activity total
Sales to external customers	33,264	5,857	39,121
Sales between segments			-
Total segment revenue	33,264	5,857	39,121
Segment profit/(loss)	8,444	718	9,162
Other net operating income/(expenses)		24	24
Net financial income/(expenses)		364	364
Income tax		(1,854)	(1,854)
Profit for period	8,444	(748)	7,696
Other information			0
Amortization/depreciation	(2,837)	(19)	(2,856)

Segment operating profit does not include financial income (PLN 371 thousand), financial expenses (PLN 7 thousand), other operating income (PLN 155 thousand) and other operating expenses (PLN 131 thousand).

3 months ended 31 March 2013 (unaudited)	ERP systems	Unallocated	Activity total
Sales to external customers	31,676	2,024	33,700
Sales between segments			-
Total segment revenue	31,676	2,024	33,700
Segment profit	6,943	332	7,275
Other net operating income/(expenses)		382	382
Net financial income/(expenses)		649	649
Income tax		(1,589)	(1,589)
Profit for period	6,943	(226)	6,717
Other information			
Amortization/depreciation	(2,919)	(19)	(2,938)

Segment operating profit does not include financial income (PLN 677 thousand), financial expenses (PLN 28 thousand), other operating income (PLN 460 thousand) and other operating expenses (PLN 78 thousand).

Geographic information

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Poland	37,507	32,106
Abroad, including:	1,614	1,594
- The Netherlands	266	357
- France	877	368
- Spain	172	181
- Portugal	87	101
- Turkey	51	197
- the Baltics (Lithuania, Latvia, Estonia) and Russia	150	134
- other	31	256
	39,121	33,700

This information is based on data from customers' headquarters.

III. SUMMARY AND ANALYSIS OF THE RESULTS OF ASSECO BUSINESS SOLUTIONS FOR THE FIRST QUARTER OF 2014

Financial results of Asseco Business Solutions SA for the first three months of 2014:

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)	Growth rate 3 mths 2014 3 mths 2013
Revenue on sales	39,121	33,700	16.09%
Gross profit on sales	13,730	10,765	27.54%
EBIT	9,186	7,657	19.97%
EBITDA	12,042	10,595	13.66%
Net profit	7,696	6,717	14.57%

Profitability ratios

In the first quarter of 2014, revenues on sale were 16.09% higher than in the same period of the previous year, while operating expenses (excluding COGS) were maintained at a comparable level.

These changes are reflected in the profitability ratios.

Profitability ratios	3 months to 31 March 2014 (unaudited)	3 months to 31 March 2013 (unaudited)
Gross margin on sales	35.10%	31.94%
EBITDA profit margin	30.78%	31.44%
Operating margin	23.48%	22.72%
Net margin	19.67%	19.93%

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 finance 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 2014 totalled PLN 72,529 thousand and was higher by PLN 7,614 thousand compared with 31 December 2013. Current liabilities decreased by 47.8%, while the level of current assets was reduced by 7.9%. The decrease in liabilities was primarily due to the repayment of trade payables. On the side of assets, trade receivables and inventories decreased. The Company's liquidity ratios are reported at higher levels, which reaffirms its capacity to timely satisfy its current liabilities and promises financial security.

Liquidity ratios	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Working capital (in PLN thou)	72,529	64,915	70,449
Current ratio	5.35	3.03	6.13
Quick ratio	5.21	2.93	6.02
Super quick ratio	3.53	1.71	4.12

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 ratio

The Company's operations are financed from its current activity. In the current period, total liabilities decreased compared with the end of 2013 by PLN 15,288 thousand (47.2%), while the level of assets was reduced by 2.6%. It resulted in a reduction of the total debt ratio at the end of the first quarter of 2014 from 11.1% to 6.0%.

Debt ratios	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Total debt ratio	6.0%	11.1%	5.0%

These ratios have been calculated using the following formulas:

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

EXPLANATORY NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. Structure of revenues on sales

	3 months ended 31 March 2014 (unaudited)	3 months to 31 March 2013 (unaudited)
ERP systems	33,264	31,676
Unallocated	5,857	2,024
Total	39,121	33,700

2. Structure of operating expenses

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Value of resold goods, materials and external services (COGS)	(6,538)	(3,045)
Consumption of materials and energy	(656)	(646)
External services	(3,943)	(4,224)
Remuneration	(12,809)	(12,590)
Employee benefits	(2,760)	(2,643)
Amortisation/depreciation	(2,856)	(2,938)
Taxes and charges	(171)	(166)
Business trips	(211)	(188)
Other	(15)	15
Total	(29,959)	(26,425)
Own cost of sales, including:		
<i>cost of manufacture</i>	(25,391)	(22,935)
<i>value of resold goods, materials and external services (COGS)</i>	(18,853)	(19,890)
	(6,538)	(3,045)
Cost of sale	(1,868)	(654)
Cost of management and administration	(2,700)	(2,836)
Total	(29,959)	(26,425)

3. Other operating income and expenses

The other operating income and expenses in the first quarter of 2014 and in the comparable period were as follows:

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Other operating income		
Profit from the sale of non-financial assets	25	90
Proceeds from rental of office space	86	70
Termination of provisions	-	261

Received compensation	29	-
Other	15	39
	155	460

Other operating expenses	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Donations to unrelated parties	(13)	(8)
Accident repair costs	(37)	(14)
Liquidation of fixed assets	(8)	-
Other operating expenses	(73)	(56)
	(131)	(78)

4. Financial income and expenses

Operating income and expenses in the first quarter of 2014 and in the comparable period were as follows:

Financial income	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Income from bank interest	356	608
Other interest income	-	3
Positive exchange rates	15	44
Gains from foreign currency derivatives – entered forward contracts	-	22
Total financial income	371	677

Financial expenses	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Foreign exchange losses	(7)	-
Loss from changes in fair value of currency derivatives – entered forward contracts	-	(28)
Total financial expenses	(7)	(28)

5. Income tax

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

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Current income tax	(1,391)	(1,182)
Deferred income tax	(463)	(407)

Tax expense reported in the statement of comprehensive income, including:	(1,854)	(1,589)
<i>Income tax attributed to discontinued operations</i>	<i>(1,854)</i>	<i>(1,589)</i>

6. Earnings per share

Basic earnings per share is 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 are data on earnings and shares, which were used in calculating basic and diluted earnings per share:

	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Net profit from continuing operations	7,696	6,717
Loss from discontinued operations	–	–
Net profit	7,696	6,717
Interest on redeemable preference shares convertible into ordinary shares	–	–
Net profit attributable to ordinary shareholders used in the calculation of diluted earnings per share	7,696	6,717
Weighted average number of issued shares used in the calculation of 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 from profit per share total	0.23	0.20

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

7. Factors affecting the financial results

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

- Performance under IT contracts concluded in previous periods

- Seasonal changes in demand for products marketed by the Company – a distinguishing feature of the IT industry is the seasonal fluctuation of sales.
- The effects of launching the new Mobile Touch system becoming increasingly popular both in Poland and abroad.

8. Extraordinary or non-recurring events affecting the financial results

In the 3 months ended 31 March 2014, there were no extraordinary or non-recurring events that affected the Company's results for the quarter.

9. Information on dividends paid

Pursuant to the decision of the General Meeting of Shareholders of Asseco Business Solutions, held on 15 April 2014, the net profit for the financial year 2013 in the amount of PLN 26,828 thousand was divided as follows:

- part of the net profit for the year 2013 in the amount of PLN 26,735 thousand was earmarked for distribution among the shareholders, i.e. for the payment of dividend in the amount of PLN 0.80 per share;
- the reminder of the net profit for 2013 in the amount of PLN 94 thousand was transferred to supplementary capital.

The dividend date was set on 14 May 2014, the dividend payment date on 2 June 2014.

10. Significant events during the reporting period

Important agreements concluded in the first quarter of 2014:

- USP Zdrowie Sp. z o.o. – licensing and deployment of Mobile Touch and the provision of comprehensive maintenance services for the deployed solution.
- Atlas Sp. z o.o. – licensing and deployment of Mobile Preselling and Connector Enterprise and the provision of comprehensive maintenance services for the deployed solutions.
- Dr Oetker Polska Sp. z o.o. – licensing and deployment of Mobile Touch and the provision of comprehensive maintenance services for the deployed solution.
- Ameet Sp. z o.o. – licensing and deployment of Asseco Softlab ERP.
- Bioconcept-Gardenia Sp. z o.o. – licensing and deployment of Asseco Softlab ERP.
- Sanden Manufacturing Sp. z o.o. – licensing and deployment of Asseco Softlab ERP.
- Spółdzielcza Kasa Oszczędnościowo-Kredytowa Piast seated in Tychy – implementation of the central data processing system and an infrastructure outsourcing agreement.

11. Property, plant and equipment

During the 3 months ended 31 March 2014, the Company acquired plant, property and equipment valued at PLN 1,777 thousand (during the 3 months ended 31 March 2013: PLN 821 thousand).

During the 3 months ended 31 March 2014, the Company sold items of property, plant and equipment of the value of PLN 0 (during the 3 months ended 31 March 2013: PLN 82 thousand).

During the 3 months ended 31 March 2014 (or in the same period of the previous year), the Company did not recognize impairment losses on assets.

12. Intangible assets

During the 3 months ended 31 March 2014, the Company acquired intangible assets valued at PLN 421 thousand and its R&D expenses topped PLN 1,777 thousand (during the 3 months ended 31 March 2013: PLN 83 thousand and 1,523 thousand, respectively). During the 3 months ended 31 March 2014, 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 2014 (or in the same period of the previous year), the Company did not recognize impairment losses on intangible assets.

13. Inventories

At 31 March 2014 inventory write-down amounted to PLN 147 thousand (as at 31 March 2013: PLN 154 thousand).

14. Financial assets

At 31 March 2014 and in the comparable period, the Company held the following financial assets:

Financial assets	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Short-term forward currency contracts	-	-	11
Total	-	-	11

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.

15. Short-term and long-term accruals and prepayments

Prepayments	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Prepaid maintenance services	294	162	273
Prepaid insurance	227	212	284
Prepaid subscriptions	15	20	19
Other repaid services	355	272	259
Total	891	666	835
- short-term	822	637	773
- long-term	69	29	62

Prepayments as at 31 March 2014 consisted primarily of:

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

16. Current and non-current receivables

Trade receivables (short-term)	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Trade receivables, including:	26,178	37,384	23,048
From related parties	988	783	609
From other parties	25,190	36,601	22,439
Allowance on doubtful accounts	(843)	(788)	(870)
Total	25,335	36,596	22,178

Transactions with related parties are shown in pt 21 of these interim financial statements.

The Company has appropriate policies in place governing the sales only to verified customers. Thus, in the opinion of the Management, 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 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Receivables arising from the valuation of long-term IT contracts	1,911	1,658	1,287
Advances paid to suppliers	113	9	35
Other trade receivables (bid bonds, deposits)	562	577	558
Receivables from employees	44	25	47
CSBF	-	6	-
Other receivables	73	-	80
	2,703	2,275	2,007

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.

17. 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 for 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.

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 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
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Cash at bank and in hand	130	878	1,686
Short-term deposits up to 3 months	58,706	53,849	54,839
Cash in the balance	58,836	54,727	56,525
Interest accrued on short-term deposits	(121)	(97)	(377)
Cash in cash flow statement	58,715	54,630	56,148

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

At 31 March 2014, 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.

19. Current and non-current trade and other liabilities

Trade liabilities	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
To related parties	19	37	-
To other parties	2,865	13,878	2,002
Total	2,884	13,915	2,002

Liabilities from taxes, duties, social security and other	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Liabilities from taxes, duties, social security and others	4,548	4,613	4,699
Payables to the National Insurance	1,893	1,227	2,088
Personal income tax	624	508	632
VAT	1,983	2,829	1,931
Other budgetary liabilities	48	49	48
Corporate income tax	358	1,045	-
Total	4,906	5,658	4,699
- short-term	4,906	5,658	4,699
- long-term	-	-	-

Other liabilities	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Amounts owed to employees as wages	225	341	201
Liabilities arising from the valuation of long-term IT contracts	175	168	125
Liabilities due to non-invoiced deliveries	1,049	2,548	477
Advance payments for supplies	7	144	32
CSBF	163	-	157

Other liabilities	14	94	14
Total	1,633	3,295	1,006

Transactions with related parties are shown in pt 21 of these interim financial statements.
Trade and other liabilities are not interest-bearing.

20. Accruals and deferred income

	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Accrued expenses for:			
Unused leaves	2,416	1,811	2,150
Bonuses	3,006	5,575	2,571
Provision for other expenses	649	689	422
	6,071	8,075	5,143
Deferred income for:			
Prepaid services	814	497	834
Other income	23	179	42
	837	676	876
Total	6,908	8,751	6,019
- short-term	6,886	8,725	6,019
- long-term	22	26	-

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 SA, 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.

21. 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 debt arising from transactions with related parties were not recognised.

Receivables from related parties	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
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Asseco Poland S.A. (parent)	874	482	776
Other related parties	114	301	257
Total	988	783	1,033

Liabilities to related parties	31 March 2014 (unaudited)	31 December 2013	31 March 2013 (unaudited)
Asseco Poland S.A. (parent)	11	53	-
Other related parties	9	7	71
Total	20	60	71

Sales to related parties	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Asseco Poland SA (parent)	1,043	747
Other related parties	(104)	68
Total	939	815

Purchase from related parties	3 months ended 31 March 2014 (unaudited)	3 months ended 31 March 2013 (unaudited)
Asseco Poland SA (parent)	422	52
Other related parties	-	-
Total	422	52

The balance of receivables from related parties as at 31 March 2013 and 31 December 2013 includes the balance of trade receivables. The balance of receivables from related parties as at 31 March 2013 includes the balance of trade receivables (PLN 609 thousand) and the balance of other receivables (PLN 424 thousand).

The balance of liabilities from related parties as at 31 March 2014 includes the balance of trade liabilities. The balance of liabilities from related parties as at 31 December 2013 includes the balance of trade liabilities (PLN 37 thousand) and the balance of other liabilities (PLN 24 thousand). The balance of liabilities from related parties as at 31 March 2014 includes the balance of other liabilities.

According to information held by Asseco Business Solutions SA, at 31 March 2014, there were no outstanding balances of receivables or liabilities arising from transactions with related parties concluded by the Company Executives and with the Company Executives.

According to Asseco Business Solutions SA's records, in the three months ended 31 March 2014, the value (net) of purchase transactions of goods and services (including rental) with related parties by the Company Executives and with the Company Executives amounted to PLN 456 thousand.

According to information held by Asseco Business Solutions SA, at 31 December 2013, there were no outstanding balances of receivables or liabilities arising from transactions with related parties concluded by the Company Executives and with the Company Executives.

According to Asseco Business Solutions SA's records, in the financial year ended 31 December 2013, the value (net) of purchase transactions of goods and services (including rental) with

related parties by the Company Executives and with the Company Executives amounted to PLN 1,811 thousand.

22. Contingent liabilities

On 4 March 2014, the Company received a letter from the law firm, Brudkiewicz, Suchecka & Partners in Warsaw, requesting Asseco Business Solutions SA to redeem a bill of exchange in the amount of PLN 128,410.87. This amount is related to the claim made against the Company by Garrick Investments Sp. z o.o. and is fully covered for by the relevant provision. On 18 April 2014, the Company made a settlement with the creditor and on 29 April 2014 repaid the liability, in accordance with the terms of the agreement.

23. Employment

Average FTEs during the reporting period	3 months to 31 March 2014 (unaudited)	3 months to 31 March 2013 (unaudited)
Management Board	3	3
Production departments	493	521
Trade departments	45	17
Administrative departments	41	36
Total	582	577

FTEs at	31 March 2014 (unaudited)	31 March 2013 (unaudited)
Management Board	3	3
Production departments	492	530
Trade departments	46	17
Administrative departments	42	38
Total	583	588

24. Seasonality and cyclicity

The activities of Asseco Business Solutions are subject to moderate seasonal fluctuations. The largest sales are usually recorded in the first and fourth quarter. This is explained by the choice of the calendar year as fiscal year by most Company's clients, 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.

25. 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.

26. Capital expenditure

In the period ended 31 March 2014, the Company made investment outlays in the amount of PLN 3,375 thousand.

27. Feasibility assessment of financial forecast published by the Management Board for 2014

The Management Board of Asseco Business Solutions SA did not publish financial forecast for 2014.

28. Issuance, redemption and repayment of non-equity and equity securities

During the reporting period, Asseco Business Solutions did not issue, redeem or repay any equity or non-equity securities.

29. 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 SA, the current financial situation of the Company is satisfactory and conducive to further growth in 2014. In the opinion of the Management Board, the most important external and internal factors that may affect the operations of Asseco Business Solutions SA and its prospective results in the following year are:

External factors:

- developments in the global financial and economic marketplace and their impact on the economic situation in Poland,
- attitude of potential clients to investment in IT against the backdrop of the general economic situation,
- intensity of direct and indirect competitive activity,
- market openness and absorption capacity for new product solutions.

Internal factors

- results of current business activities,
- activities run under currently valid agreements.
- quality of new personnel hired for the implementation of projects
- effects of work on new products.

30. 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.

31. Significant events after the balance sheet date

On 15 April 2014, the Ordinary General Meeting was held of Asseco Business Solutions SA which adopted the following resolutions:

- approval of the financial statements for the financial year 2013;
- approval of the Management Board's report on the Company's operations in the financial year 2013;
- a vote of approval to the Members of the Management Board for the discharge of their duties in the financial year 2013,
- a vote of approval to the Members of the Supervisory Board for discharging their duties in the financial year 2013;
- division of profit generated by the Company in the financial year 2013,

- approval of the Company's financial statements for the financial year 2013.

After the balance sheet date there were no significant events that could have a significant impact on the presented results for the three months ended 31 March 2014, not included in these financial statements.

32. Significant events concerning previous years

To the date of these financial statements for the three months ended 31 March 2014, that is, until 7 May 2014, there were no events concerning previous years that were not, and should be, included in these financial statements.