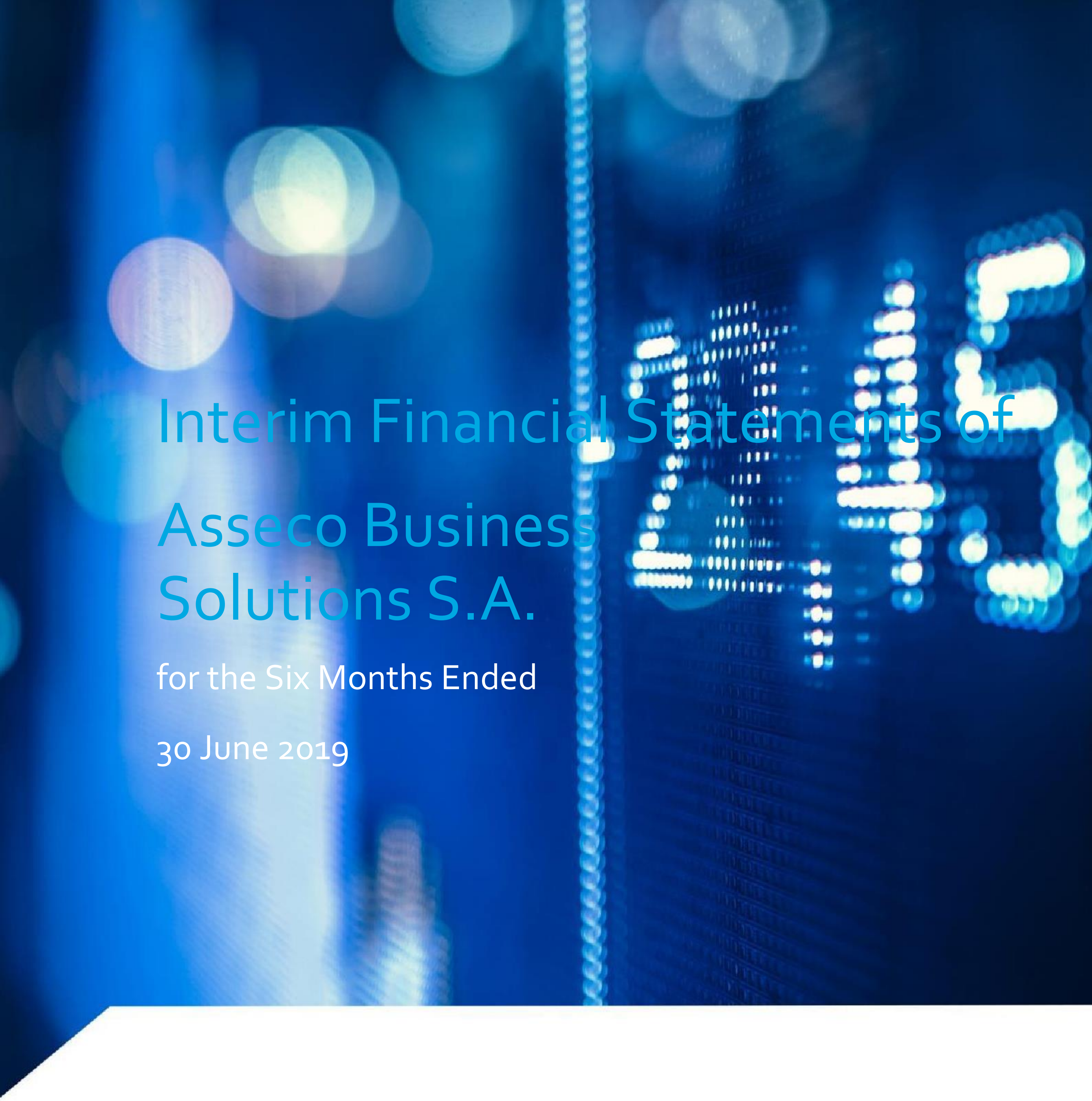

Interim Financial Statements of

Asseco Business Solutions S.A.

for the Six Months Ended

30 June 2019

CONTENTS

Selected financial data of Asseco Business Solutions S.A.

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

	6 months to 30 June 2019 (unaudited) *PLN thou.*	6 months to 30 June 2018 (unaudited) *PLN thou.*	6 months to 30 June 2019 (unaudited) *EUR thou.*	6 months to 30 June 2018 (unaudited) *EUR thou.*
Operating revenues	125,568	125,355	29,284	29,569
Operating income	36,330	35,888	8,472	8,465
Profit before tax	35,729	35,540	8,332	8,383
Net profit for reporting period	29,489	29,225	6,877	6,894
Net cash from operating activities	46,276	33,888	10,792	7,993
Net cash generated (used) in investing activities	(8,550)	(6,751)	(1,994)	(1,592)
Net cash from financing activities	(46,149)	(26,690)	(10,762)	(6,296)
Cash and cash equivalents at end of period (comparable period: 31/12/2018)	4,377	12,800	1,029	2,977
Net income per ordinary share (in PLN/EUR)	0.88	0.87	0.21	0.21

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 in the corresponding period of the previous year is translated at the average exchange rate announced by the National Bank of Poland on the balance sheet date.
  - On 30 June 2019, 1 EUR = 4.2520 PLN.
  - On 31 December 2018, 1 EUR = 4.3000 PLN.
- selected items from the interim condensed statements of comprehensive income and the interim condensed statements of cash flows are translated at the exchange rate being the arithmetic average of the average exchange rates announced by the National Bank of Poland on the last day of each month.
  - In the period from 1 January to 30 June 2019: EUR 1 = PLN 4,2880.
  - In the period from 1 January to 30 June 2018: EUR 1 = PLN 4,2395.

All amounts given in the financial statements are expressed in thousands of Polish złotys (PLN), unless stated otherwise.

Interim Condensed Financial Statements

for the 6 Months Ended 30 June 2019 drawn up in accordance with International Accounting Standard 34 Interim Financial Reporting approved by the EU

Interim condensed profit and loss account and interim condensed statement of comprehensive income of Asseco Business Solutions S.A.

PROFIT AND LOSS ACCOUNT	Notes	3 months to 30 June 2019 *(unaudited)* ***PLN thou.***	6 months to 30 June 2019 *(unaudited)* ***PLN thou.***	3 months to 30 June 2018 *(unaudited)* ***PLN thou.***	6 months to 30 June 2018 *(unaudited)* ***PLN thou.***
Operating revenues	1.1	61,687	125,568	63,646	125,355
Own cost of sales	1.2	(36,618)	(73,974)	(37,139)	(73,189)
Allowance for impairment of trade receivables	1.2	(16)	(253)	(200)	(261)
Gross profit on sales		**25,053**	**51,341**	**26,307**	**51,905**
Cost of sales	1.2	(2,970)	(6,142)	(3,509)	(7,034)
Administrative expenses	1.2	(4,770)	(9,167)	(4,911)	(9,183)
Net profit on sales		**17,313**	**36,032**	**17,887**	**35,688**
Other operating income		150	392	167	431
Other operating expenses		(67)	(94)	(109)	(231)
Operating income		**17,396**	**36,330**	**17,945**	**35,888**
Financial income		119	265	476	655
Financial expenses		(457)	(866)	(752)	(1,003)
Profit before tax		**17,058**	**35,729**	**17,669**	**35,540**
Tax on profit or loss	1.3	(2,994)	(6,240)	(3,166)	(6,315)
Net profit		**14,064**	**29,489**	**14,503**	**29,225**
Net income per ordinary share (in PLN):					
basic from net profit	1.4	0.42	0.88	0.43	0.87
diluted from net profit	1.4	0.42	0.88	0.43	0.87

TOTAL INCOME:	Notes	3 months to 30 June 2019 *(unaudited)* ***PLN thou.***	6 months to 30 June 2019 *(unaudited)* ***PLN thou.***	3 months to 30 June 2018 *(unaudited)* ***PLN thou.***	6 months to 30 June 2018 *(unaudited)* ***PLN thou.***
Net profit		**14,064**	**29,489**	**14,503**	**29,225**
Items that may be reclassified to profit and loss account:		-	-	-	-
Items not subject to reclassification to profit and loss account:		-	-	-	-
Actuarial gains/losses		-	-	-	-
Income tax on remaining comprehensive income		-	-	-	-
Other comprehensive income total:		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR PERIOD		**14,064**	**29,489**	**14,503**	**29,225**

Interim condensed balance sheet of Asseco Business

ASSETS	Notes	30 June 2019 *(unaudited)* *PLN thou.*	31 December 2018 *(unaudited)* *PLN thou.*
Non-current assets			
Property, plant and equipment.	2.1	13,513	20,334
Intangible assets	2.2	276,582	277,429
including goodwill from merger	2.2	*252,879*	*252,879*
Assets from right of use	2.3	42,421	-
Assets under contracts with customers and long-term receivables	2.7	1,284	1,085
Deferred tax assets		3,353	1,896
Prepaid expenses and accrued income	2.6	58	34
		337,211	**300,778**
Current assets			
Inventories	2.4	185	390
Assets from contracts	2.7	385	565
Trade receivables	2.7	39,501	46,359
Other receivables	2.7	662	321
Prepaid expenses and accrued income	2.6	1,338	918
Other assets		448	131
Cash and short-term deposits	2.8	4,377	12,800
		46,896	**61,484**
TOTAL ASSETS		**384,107**	**362,262**

Interim condensed balance sheet of Asseco Business

LIABILITIES	Notes	30 June 2019 (unaudited) PLN thou.	31 December 2018 (unaudited) PLN thou.
TOTAL EQUITY			
Subscribed capital		167,091	167,091
Premium		62,543	62,543
Retained earnings		43,109	68,895
		272,743	**298,529**
Long-term liabilities			
Bank loans	2.9	-	6,701
Lease liabilities	2.10	40,302	4,502
Provisions	2.12	1,809	1,809
		42,111	**13,012**
Short-term liabilities			
Bank loans	2.9	21,593	6,650
Lease liabilities	2.10	7,069	1,688
Liabilities under contracts with customers	2.11	10,770	11,134
Trade liabilities	2.11	4,778	5,029
Tax liabilities on corporate income tax	2.11	1,502	1,551
Budgetary commitments and other liabilities	2.11	9,765	12,178
Provisions	2.12	725	882
Accrued expenses	2.13	13,050	11,537
Deferred income	2.13	1	72
		69,253	**50,721**
TOTAL LIABILITIES		**111,364**	**63,733**
TOTAL EQUITY AND LIABILITIES		**384,107**	**362,262**

Interim condensed statement of changes in equity of Asseco Business Solutions S.A.

	Notes	Share capital	Surplus from the sale of shares above their nominal value	Retained earnings	Equity total
		PLN thou.	PLN thou.	PLN thou.	PLN thou.
As at 1 January 2019		**167,091**	**62,543**	**68,895**	**298,529**
Impact of adoption of IFRS 16 on opening balance	II.5	-	-	(5,148)	**(5,148)**
As at 1 January 2019		**167,091**	**62,543**	**63,747**	**293,381**
Profit in reporting period		-	-	29,489	**29,489**
Dividend for 2018	1.5	-	-	(50,127)	**(50,127)**
As at 30 June 2019 (unaudited)		**167,091**	**62,543**	**43,109**	**272,743**
As at 01 January 2018		**167,091**	**62,543**	**50,023**	**279,657**
Profit in reporting period		-	-	29,225	**29,225**
Dividend for 2017	1.5	-	-	(43,444)	**(43,444)**
Total of other comprehensive income in reporting period		-	-	(62)	**(62)**
As at 30 June 2018 (unaudited)		**167,091**	**62,543**	**35,742**	**265,376**

Interim condensed statement of cash flow of Asseco Business Solutions S.A.

	Notes	6 months to 30 June 2019 *(unaudited)* *PLN thou.*	6 months to 30 June 2018 *(unaudited)* *PLN thou.*
Cash flow from operating activities			
Profit before tax		35,729	35,540
Adjustments:		**17,085**	**7,202**
Amortisation/Depreciation	1.2	12,152	9,183
Changes in working capital	3.1	4,345	(2,775)
Interest income/expenses		803	288
Other financial income/expenses		(234)	408
Investment gain/(loss)		14	29
Other adjustments		5	69
Cash generated from operating activities		**52,814**	**42,742**
Income tax paid		(6,538)	(8,854)
Net cash from operating activities		**46,276**	**33,888**
Cash flow from investing activities			
Receipts:			
Receipts from the sale of fixed assets and intangible assets	3.1	107	157
Repaid loans		-	54
Interest received		-	33
Other receipts		87	209
Outflows:			
Purchase of fixed assets and intangible assets	3.1	(3,111)	(1,973)
Expenses related to ongoing development projects	3.1	(5,633)	(5,231)
Net cash used in investing activities		**(8,550)**	**(6,751)**
Cash flow from financing activities			
Receipts:			
Receipts from obtained loans		21,593	17,486
Outflows:			
Expenses related to loans		(13,351)	-
Repayment of finance lease obligations		(3,457)	(410)
Interest paid		(807)	(322)
Dividend paid		(50,127)	(43,444)
Net cash from financing activities		**(46,149)**	**(26,690)**
Change in net cash and cash equivalents		**(8,423)**	**447**

Cash and cash equivalents at 1 January		12,800	8,014
Revolving credits as part of cash management as at 1 January		-	-
Cash and cash equivalents as at 30 June	**2.8**	**4,377**	**8,461**

Explanatory notes to the interim condensed financial statements

I. Basic information

Basic information about the Company	
Name	**Asseco Business Solutions S.A.**
Registered office	**ul. Konrada Wallenroda 4c, 20-607 Lublin**
Registration no. KRS:	**0000028257**
Business ID REGON:	**017293003**
Tax ID NIP:	**522-26-12-717**
Basic activity	**Information technology**

Asseco Business Solutions S.A. ("the Company," "Issuer," "Asseco BS") was established under a Notarial Deed dated 18 May 2001. The Company was established for an indefinite period of time.

Asseco Business Solutions is part of the international Asseco Group, a Europe-leading vendor of proprietary software. The Group is a constellation of enterprises engaged in the advancement of information technology and is present in over 50 countries around the world, including most European countries and the USA, Canada, Israel, and Japan.

The comprehensive offering of Asseco Business Solutions S.A. 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.

Asseco Business Solutions S.A. operates a Data Centre whose capacity parameters meet the highest standards of security, reliability and effectiveness of systems operation. 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 high-quality products and related services, the software from Asseco BS has been successful in supporting the operations of tens of thousands of companies. 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 in Bratislava, Slovakia, which holds 46.47% of the Company's shares. The parent of the entire Group is Asseco Poland S.A., holding, directly and through subsidiaries, 96.41% of shares in Asseco Enterprise Solutions a.s.

As regards Asseco Business Solutions S.A., the decision of maintaining control over the 6 months ended 30 June 2019 in accordance with IFRS 10 was based on the following factors:

- decisions are taken by a simple majority of votes present at the General Meeting;
- the Company's shareholding is dispersed and, apart from 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; the larger of them holds approx. 12.9% of votes;

- 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 the last five years, i.e. from 2014 to 2019, the percentage of shareholders present at the General Meetings ranged from 58.77% to 76.2%. 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 92.93% for Asseco Enterprise Solutions a.s. not to have the absolute majority of vote at the General Meeting. In the opinion of the Management Board, such a level of attendance is highly unlikely.

Given the above, in the opinion of Asseco Business Solutions S.A., despite the lack of an absolute majority in the share capital of the Company, Asseco Enterprise Solutions a.s. controls the Company within the meaning of IFRS 10.

1. Composition of the Issuer's governing bodies

During the six months ended 30 June 2019, there were no changes in the Company's governing bodies.

On the date of publication of these financial statements, i.e. on 1 August 2019, the Management Board of Asseco Business Solution S.A. was made up of:

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

On the date of publication of these financial statements, i.e. 1 August 2019, the Supervisory Board of the Company was made up of:

Jozef Klein	President of the Supervisory Board
Adam Góral	Vice-Chairman of the Supervisory Board
Romuald Rutkowski	Member of the Supervisory Board
Zbigniew Pomianek	Member of the Supervisory Board
Piotr Stępniak	Member of the Supervisory Board

The Supervisory Board has an audit committee composed of Piotr Stępniak (chairman), Romuald Rutkowski and Adam Góral (members).

II. Basis for the preparation of these interim condensed financial statements and the 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 or through other comprehensive income, financial liabilities measured at fair value through profit or loss.

The interim condensed financial statements have been prepared on a going concern basis for a period of not less than 12 months as from 30 June 2019. At the date of approval of these financial statements, no fact or circumstances were identified that might pose a threat to the Company's going concern.

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 Asseco Business Solutions S.A. for the year ended 31 December 2018, approved for publication on 27 February 2019.

2. Statement of conformity

The scope of these condensed financial statements as part of the interim report is in line with the requirements of IAS 34 Interim Financial Reporting and the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on the conditions for recognition as equivalent of the information required by the laws of a non-member state (Journal of Laws of 2018, No. 33, item 757) ("Regulation") and covers a period of six months from 1 January to 30 June 2019 and the comparable period from 1 January to 30 June 2018 for the income statement and cash flow statement, respectively, as well as the balance sheet as at 30 June 2019 and the comparable data as at 31 December 2018.

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

3. Functional currency and presentation currency

These separate and condensed financial statements are presented in zloty ("PLN") and all values, unless specified otherwise, are expressed in thousands of PLN. The functional currency of Asseco Business Solution S.A. is also the Polish złoty.

Transactions denominated in currencies other than the Polish zloty are translated into the Polish zloty at the rate applicable on the date of transaction.

As at the balance sheet date:

- monetary items are translated using the closing rate, i.e. the average exchange rate for the currency announced by the National Bank of Poland on this day,
- non-cash items measured at historical cost in a foreign currency are translated using the exchange rate on the date of the original transaction,
- non-cash items measured at fair value in a foreign currency are translated using the exchange rate on the date of determining the fair value.

For the purpose of the balance sheet valuation, the following EUR and USD rates were adopted (and parallel rates for other currencies quoted by the National Bank of Poland):

- ✓ the exchange rate effective on 30 June 2019: 1 EUR = 4.2520 PLN
- ✓ the exchange rate effective on 30 June 2018: 1 EUR = 4.3616 PLN
- ✓ the exchange rate effective on 30 June 2019: 1 USD = 3.7336 PLN
- ✓ the exchange rate effective on 30 June 2018: 1 USD = 3.7440 PLN

4. Estimates and professional judgement

The preparation of 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's Management's best knowledge of the current activities and events, the actual results may differ materially from those projected.

In the period of six months ended 30 June 2019, there were no major changes to the method of making estimates compared with the standards described in the Company's financial statements for the year ended 31 December 2018, except for the newly adopted accounting standards described in item I.5 of these financial statements.

As at 30 June 2019, the Company reported negative working capital of PLN 22,357 thousand due to a credit on running account. The Management Board sees no threat to the Company's liquidity because it shows positive financial results.

5. Changes in accounting rules used

A description of significant accounting rules applied by the Issuer is included in the financial statements for the year ended 31 December 2018 – published on 27 February 2019.

The accounting rules (policies) used to prepare these interim condensed financial statements are consistent with those applied in preparing the Issuer's financial statements for the year ended day 31 December 2018, except for adopted new accounting standard IFRS 16 Leasing.

The Company adopted IFRS 16 Leasing on 1 January 2019 in accordance with the transitional provisions contained therein. The impact of adoption of the standard on the Company's financial statements is presented in the table below.

The Company has to applied IFRS 16 retrospectively (simplified retrospective approach) with reference to the cumulative effect of the first application as the standard as an adjustment to the opening balance of retained earnings as at 1 January 2019. In accordance with C8(b) of IFRS 16, in relation to individual lease agreements, the Company, at the point of implementing the standard, measured assets from the right of use or the carrying amount, as if IFRS 16 had been applied from the effective date of the lease agreement or in the amount equal to the appropriately calculated lease liability as at 1 January 2019.

As at 31 December 2018, the Company was a party to both agreements that were classified as operating lease in accordance with IAS 17 (liabilities under such agreements were disclosed in the financial statements as off-balance sheet liabilities), agreements classified as finance lease as well as right to perpetual usufruct agreements.

The translation of agreements that until 31 December 2018 had been considered operating leases had the most significant impact on these interim condensed financial statements; these were primarily office lease agreements.

To translate the agreements, the Company used the marginal lending rate calculated as the total of the investment credit margin secured on the leased asset and the amount of interest on the bonds for the lease agreement currency. Both the margin and the interest rate on the bonds were selected to match the lease periods.

Practical exceptions upon translation

By applying this standard retrospectively, the Company benefited from the following exemptions:

- The Company does not apply this standard to contracts that were not previously identified as lease agreements in accordance with IAS 17 and IFRIC 4,
- The Company applies a single discount rate to the portfolio of leases a similar nature,
- Operating lease agreements, with the remaining lease term shorter than 12 months as at 1 January 2019, are treated as short-term lease and, thus, the recognition of such agreements does not change,
- Operating lease agreements, for which the underlying asset is of low value (i.e. below USD 5 thousand - ca. PLN 18 thousand, e. g. office equipment), were not translated and their recognition did not change,
- the Company used the knowledge gained after the fact in determining the lease term (for example, if the agreement provides for the option of extension or termination),
- the Company excluded the initial direct costs from the valuation of an asset due to the right of use on the date of first application,
- The Company did not separate lease and non-lease items.

Impact of adoption of IFRS 16 as from 1 January 2019

The table below presents the capital impact of the adoption of IFRS 16 as at 1 January 2019:

1 January 2019	Impact in PLN thou.
Assets	***46,329***
Assets from right of use	37,917
Deferred tax assets*	8,412
Liabilities	***51,477***
Provision for deferred tax*	7,204
Lease liabilities	44,273
- long-term	38,990
- short-term	5,283
Net impact on equity, including:	**(5,148)**
Retained earnings	(5,148)

(*) The amounts of assets and provisions have been presented in a spaced style for information purposes. Ultimately, they were disclosed in the financial statements on balance, in accordance with the Company's accounting policy.

The above impact is related to the fact that the Company rents office space, which was previously recognised as operating lease in accordance with IAS 17. Due to the fact that almost all lease agreements are concluded for periods longer than 12 months, the Company performed adequate translation and reclassification of the liabilities previously disclosed as off-balance sheet liabilities to lease liabilities using the marginal lending rate. The impact on retained earnings results from the fact that some of the agreement are translated as if IFRS 16 were in force from the moment of their conclusion.

In the amount of assets from right of use presented in the balance sheet as at 30 June 2019, in addition to the amount of PLN 37,917 thousand included in the above table, also assets were included that were previously recognized as part of the balance of property, plant and equipment (the balance as at 1 January 2019 was PLN 7,175,000), and which, until 31 December 2018, had been recognized as property, plant and equipment used under finance lease in accordance with IAS 17.

In the table below, the Company presents the reconciliation of lease liability under IAS 17 as at 31 December 2018 with the liability estimated as at 1 January 2019 in accordance with IFRS 16:

	Lease liabilities *PLN thou.*
Finance lease liabilities as at 31 December 2018 (IAS 17)	**6,190**
Liabilities (and changes thereto) not recognized in balance sheet as at 31 December 2018, including:	**44,273**
Operating lease liabilities as at 31 December 2018 (IAS 17)	2,493
Discount value at marginal lending rate	(6,021)
Short-term lease (a practical exception resulting in non-recognition of the liability as at 1 January 2019)	(725)
Adjustment resulting from a change in Company's judgement on the use of the option of extension or termination	48,526
Lease liabilities as at 1 January 2019	**50,463**

The table below presents the impact of changing standards on the value of revenues and the individual levels of the financial results for the six months ended 30 June 2019

	Six months ended 30 June 2019	Adjustment due to application of IFRS 16	Six months ended 30 June 2019 (without applying IFRS 16 - the amounts in accordance with IAS 17)
Operating income (in total)	125,960	-	125,960
Operating expenses (in total)	(89,630)	(806)	(90,436)
Profit (loss) from operating activities	**36,330**	**(806)**	**35,524**
Financial income and expenses	(601)	684	83
Gross profit/(loss)	**35,729**	**(122)**	**35,607**
Income tax (current and deferred tax expense)	(6,240)	23	(6,217)
Net profit/(loss) from business operations	**29,489**	**(99)**	**29,390**

Changes to the Company's accounting policy made as a result of adoption of IFRS 16.

IFRS 16 has introduced one model of the lease recognition in the lessee's accounts. In general, IFRS 16 provides for the recognition of all lease agreements in a model similar to that of financial lease under IAS 17. The new standard has replaced current standard IAS 17 and interpretations of IFRIC 4, SIC 15 and SIC 27.

In accordance with IFRS 16, an agreement is a lease or contains lease if it transfers the right to control an identified asset over a given period in exchange for payment. The right of control is transferred to the lessee under a concluded agreement if, throughout the entire period of use, the lessee enjoys:

- the right to reap essentially all economic benefits from the use of the identified asset, and
- the right to direct the use of the identified asset.

Therefore, all rights arising from tenancy, lease, use (including perpetual) agreements that meet the above definition as from 1 January 2019 the Company measures and recognizes in its balance sheet as a separate item within non-current assets as assets from the right of use (of the underlying asset).

The Company has been applying the aforesaid rules of identification of lease since the adoption of the standard, whereas, as described above, on the date of first application, the Company used the practical exception allowed in IFRS 16 and, thus, did not re-assess whether the agreement is a lease or contains a lease for agreements that had been concluded before the first application of the new standard.

Assets from right of use

Initial recognition

As from 1 January 2019, for agreements identified as a lease, the Company has been recognizing assets from right of use as at the beginning of the lease in its balance sheet (i.e. as at the date when an asset covered by the lease agreement is made available to the Company for use).

Assets from right of use are initially recognized at cost.

The cost of an asset from right of use includes: the amount of the initial valuation of the lease liability, any lease payments paid on or before the initial date of the lease, less any leasing incentives received, initial direct costs incurred by the lessee, and an estimate of the costs to be incurred by the lessee in connection with the disassembly and removal of the underlying asset.

Later valuation of an asset from right of use

The issuer measures an asset from right of use using the cost model, i.e. less depreciation write-downs and possible losses due to impairment, but also after appropriate adjustment for recalculated lease liabilities (i.e. modifications that do not require the recognition of a separate lease).

Depreciation of assets from right of use in the Company is generally carried out on a straight-line basis. If under a lease agreement, the ownership of the underlying asset is transferred to the Company at the end of the lease period or if the cost of an asset from right of use takes into account that the Company will take advantage of the purchase option, the Company depreciates the asset from right of use from the initial date up to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the asset from right of use from the date of inception of the lease to the end of the useful life of the asset or to the end of the lease period, whichever is earlier.

To estimate the possible impairment of assets from right of use, the Company applies IAS 36 Impairment of Assets.

Lease liabilities

Initial recognition

At the inception of the lease, the Company measures the lease liability in the amount of the current value of lease payments remaining due on that date. The lease payments are discounted using the marginal interest rate.

The lease payments include fixed fees (including essentially fixed lease payments) less any leasing incentives, variable lease fees that depend on the index or rate, the amount of guaranteed final value and the price in the case of taking advantage of the purchase option (if it can be stated with reasonable certainty that the Company will use this option) and fines for termination (if there is reasonable certainty that the Company will use from this option).

Variable lease payments that do not depend on the index or rate are recognized immediately as the cost of the period in which the event or condition behind the payment occurs.

Later valuation

In subsequent periods, the lease liability is reduced by repayments and increased by accrued interest. To calculate interest, the Company uses the lessee's marginal rate which is the total of the risk-free rate (for its determination, the Company uses government bond interest rate quotas for relevant currencies) and the Company's credit risk premiums, which is quantified based on the available offering of margins for investment loans secured on the Company’s assets.

If a lease agreement is amended, e.g. if there is a change to the period or amount of substantially constant leasing payments or a change in judgement regarding the purchase option for the leased asset, then, the lease liability is recalculated to reflect the changes. Adjustment of the value of the liability also requires adjustment of the value of the asset from right of use.

Simplifications for short-term agreements and low-value assets

The Company takes advantage of a practical exception regarding lease and similar agreements concluded for a period shorter than 12 months from the date of inception of the lease.

The exception regarding the rental of low-value assets is used in the Company to lease mainly IT equipment and other equipment with a low initial value. According to the IASB’s guidelines, low-value items are those whose value does not exceed USD 5 thousand (about PLN 18 thousand).

Lease payments for both exceptions are recognized in the costs of the period to which they belong, using, in principle, the straight-line method. Neither assets from right of use nor the corresponding financial liability are recognized in this case.

Exemptions from the application of IFRS 16

The Company does not apply IFRS 16 to lease or similar agreements covering assets recognized as intangible assets. Also, IFRS 16 does not apply to intellectual property licence agreements: this area falls under IFRS 15.

Estimates and professional judgement upon implementing IFRS 16

The adoption and application of IFRS 16 required the Company to perform various estimates and professional judgement. The relevant area concerned the assessment of lease periods, agreements for an indefinite period and extendable agreements. When determining the lease period, the Company had to consider all facts and circumstances, including business incentives to use or not to use the option of agreement extension and the option to terminate the agreement. When determining the lease period, attention was paid to the value of expenses incurred for adapting the leased asset to individual needs and to the size of the market in a specific location and the nature of the leased property in the case of real property lease.

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

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

- IFRS 17 Insurance Contracts was published by the International Accounting Standards Board on 18 May 2017 and is effective for annual periods beginning on or after 1 January 2021. The new IFRS 17 Insurance Contracts will replace the current IFRS 4 which permits a variety of practices as regards the settlement of insurance contracts. IFRS 17 will fundamentally change the accounting practices for all entities that deal with insurance contracts and investment contracts. On the date of these financial statements, the new standard had not yet been approved by the European Union.

- IFRS 3 Business combination. As a result of the amendment to IFRS 3, the definition of "business" has been modified. The currently binding definition is narrowed and is likely to result in more acquisitions to be qualified as a purchase of assets. Amendments to IFRS 3 apply to annual periods beginning on or after 1 January 2020. On the date of these financial statements, the new standard had not yet been approved by the European Union.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The IASB have published a new definition of "materiality." The amendments to IAS 1 and IAS 8 clarify the definition of materiality and increase consistency between the standards but are not expected to have a significant impact on the preparation of financial statements. The requirement is obligatory for annual periods beginning on or after 1 January 2020. The European Union has decided not to approve IFRS 14.

- IFRS 14 Regulatory Deferral Accounts This standard allows entities that prepare financial statements in accordance with IFRS for the first time (as of 1 January 2016 or later) to recognise amounts resulting from rate-regulated activities in accordance with the accounting rules applied so far. To improve comparability with entities that already apply IFRS and do not recognise such amounts, according to published IFRS 14, the amounts from rate-regulated activities should be presented in a separate item both in the statement of financial position as well as in the profit and loss account and statement of other comprehensive income. The European Union has decided not to approve IFRS 14.

- Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associates or joint ventures. The amendments resolve the issue of the existing inconsistency between IFRS 10 and IAS 28. Recognition depends on whether non-cash assets sold or contributed to an associate or joint venture are "business." In the event that non-cash assets are a "business," the investor will show a full profit or loss on transaction. If the assets do not meet the definition of a business, the investor will recognise profit or loss excluding the part representing the shares of other investors.

  The amendments were published on 11 September 2014. The International Accounting Standards Board has not been determined the effective date for the amended regulations.

  On the date of these financial statements, the approval of this agreement had been postponed by the European Union.

- Changes in references to the IFRS Conceptual Framework Changes in the references to the IFRS Conceptual Framework will apply as of 1 January 2020.

Effective dates are based on the standards published by the Financial Reporting Council. The dates of application in the European Union may differ from the dates of application resulting from the content of the standards and are announced at the time of EU's approval for application.

The Company is currently analyzing how the introduction of the above standards and interpretations may affect the Company's financial statements and applicable accounting rules (policy).

III. Information on operating 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 has been 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 95% of total Company's revenues. Other activities do not meet the quantitative thresholds imposed by IFRS 8 and are not isolated as segments. 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 includes ERP solutions for enterprise management, in-house SFA and FFA mobile solutions intended for companies operating through mobile workforce, and sales support systems for the retail industry. The solutions are based on the Oracle and Microsoft technology, and in the case of Macrologic S.A., on the original MacroBASE database system. The IT applications support business processes and information flow and are able to handle 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 enable their deployment in various network architectures (including WAN) and combination with specialized software and hardware.

The "Unallocated" item shows sales that cannot be allocated to the Company's main business segment, the cost of goods sold (COGS) related to unallocated sales and the operating costs of the organisational unit responsible for 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 for intra-segment transactions are determined at arm's length as in the case of transactions with unrelated parties.

6 months to 30 June 2019	**ERP segment**	**Unallocated**	**Total**
	PLN	***PLN***	***PLN***
Sales to external customers	118,920	6,648	125,568
Settlements between segments	-	-	-
Net profit on sales in reporting segment	**35,712**	**320**	**36,032**
Amortization	(12,047)	(105)	(12,152)
Intangible assets recognised during the settlement of combination assigned to segment	2,137	-	2,137
Goodwill from combinations assigned to segment	252,879	-	252,879

6 months to 30 June 2018	ERP segment *PLN thou.*	Unallocated *PLN thou.*	Total *PLN* thou.
Sales to external customers	117,729	7,626	125,355
Settlements between segments	-	-	-
Gains on reported segment sales	**35,059**	**629**	**35,688**
Amortisation/Depreciation	(9,154)	(29)	(9,183)
Intangible assets recognised during the settlement of combination assigned to segment	2,448	-	2,448
Goodwill from combinations assigned to segment	252,879	-	252,879

IV. Explanatory notes to the interim condensed financial statements

1. Explanatory notes to the profit and loss account and statement of comprehensive income

1.1. Structure of revenues on sales

Operating income in the six months ended 30 June 2019 and in the comparable period was as follows:

	3 months to 30 June 2019 *PLN thou.*	6 months to 30 June 2019 *PLN thou.*	3 months to 30 June 2018 *PLN thou.*	6 months to 30 June 2018 *PLN thou.*
Operating revenues				
Licences and own services	58,098	118,600	57,894	115,772
Licences and external services	2,299	4,583	3,844	6,075
Equipment and infrastructure	1,290	2,385	1,908	3,508
Total	**61,687**	**125,568**	**63,646**	**125,355**

i. Revenues from contracts with customers in total operating income according to the method of recognition in profit and loss account

	3 months to 30 June 2019 *PLN thou.*	6 months to 30 June 2019 *PLN thou.*	3 months to 30 June 2018 *PLN thou.*	6 months to 30 June 2018 *PLN thou.*
Operating revenues recognised in accordance with IFRS 15				
From goods or services provided at a specified time, including:	6,774	16,486	9,557	21,910
ERP segment	*3,497*	10,280	*5,448*	*15,554*
Unallocated	*3,277*	6,206	*4,109*	*6,356*
From goods or services provided over time, including:	54,913	109,082	54,089	103,445
ERP segment	54,643	108,640	*53,457*	*102,175*
Unallocated	*270*	442	*632*	*1,270*
Operating income total	**61,687**	**125,568**	**63,646**	**125,355**

ii. *Geographic information*

	6 months to 30 June 2019 *PLN thou.*	6 months to 30 June 2018 *PLN thou.*
Poland	109,460	110,480
ROW, including:	16,108	14,875
– The Netherlands	3,836	3,881
– France	5,434	5,408
- Romania	1,893	1,423
- Germany	2,386	1,245
- United Kingdom	691	806
– Spain	399	203
- Italy	329	-
- Turkey	102	101
- Czech Republic	252	233
- the Baltics (Lithuania, Latvia, Estonia) and Russia	42	50
- others	744	1,525
	125,568	**125,355**

This information on revenue is based on data on customers' headquarters.

1.2. Structure of operating expenses

	3 months to 30 June 2019 *PLN thou.*	6 months to 30 June 2019 *PLN thou.*	3 months to 30 June 2018 *PLN thou.*	6 months to 30 June 2018 *PLN thou.*
Operating expenses				
Value of goods and external services sold	(3,325)	(6,209)	(4,914)	(8,144)
Employee benefits	(29,096)	(57,915)	(27,771)	(55,648)
Amortisation/Depreciation	(6,023)	(12,152)	(4,638)	(9,183)
External services	(4,018)	(9,702)	(6,505)	(13,198)
Other	(1,912)	(3,558)	(1,931)	(3,494)
Total	**(44,374)**	**(89,536)**	**(45,759)**	**(89,667)**
Own cost of sales	(36,618)	(73,974)	(37,139)	(73,189)
Cost of sales	(2,970)	(6,142)	(3,509)	(7,034)
Administrative expenses	(4,770)	(9,167)	(4,911)	(9,183)
Allowance for impairment of trade receivables	(16)	(253)	(200)	(261)
Total	**(44,374)**	**(89,536)**	**(45,759)**	**(89,667)**

1.3. Tax on profit or loss

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

	3 months to 30 June 2019	6 months to 30 June 2019	3 months to 30 June 2018	6 months to 30 June 2018
	PLN thou.	*PLN thou.*	*PLN thou.*	*PLN thou.*
Current income tax	(3,362)	(6,489)	(2,982)	(4,473)
Deferred tax	368	249	(184)	(1,842)
Tax expense reported in the profit and loss account	**(2,994)**	**(6,240)**	**(3,166)**	**(6,315)**

The effective tax rate in the six months ended 30 June 2019 was 17.5 % compared to 17.8 % in the comparable period.

1.4. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary shareholders of the Issuer 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 Issuer's 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 potentially dilutive equity instruments into ordinary shares.

Data on earnings and shares that were used to calculate the basic and diluted earnings per share:

	3 months to 30 June 2019	6 months to 30 June 2019	3 months to 30 June 2018	6 months to 30 June 2018
Weighted average number of issued ordinary shares used to calculate basic earnings per share (in pcs)	33,418,193	33,418,193	33,418,193	33,418,193
Net profit for the reporting period (in PLN thou.)	14,064	29,489	14,503	29,225
Net profit per share (in PLN)	**0.42**	**0.88**	**0.43**	**0.87**

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

1.5. Information on dividends paid

Pursuant to the decision of the General Meeting of Shareholders of Asseco Business Solutions S.A. of 13 may 2019, the net profit for the financial year 2018 in the amount of PLN 62,569 thousand was divided as follows:
- part of the net profit for the year 2018 in the amount of PLN 50,127 thousand was earmarked for distribution among the shareholders, i.e. for the payment of dividend in the amount of PLN 1.5 per share;
- the reminder of the net profit for 2018 in the amount of PLN 12,441 thousand was transferred to retained earnings.

The dividend date was set on 31 May 2019 and the dividend payment date on 13 June 2019.

The company did not pay interim dividend for the year 2018.

Pursuant to the decision of the Ordinary General Meeting of Shareholders of Asseco Business Solutions S.A. held on 23 April 2018, the net profit for the financial year 2017 in the amount of PLN 47,284 thousand has been divided as follows:

- part of the net profit for the year 2017 in the amount of PLN 43,444 thousand was earmarked for distribution among the shareholders, i.e. for the payment of dividend in the amount of PLN 1.3 per share;
- the reminder of the net profit for 2017 in the amount of PLN 3,840 thousand was transferred to retained earnings. The dividend date was set on 15 May 2018 and the dividend payment date on 05 June 2018.

The company did not pay interim dividend for the year 2018.

2. Explanatory notes to the balance sheet

2.1. Property, plant and equipment.

Changes in net worth of property, plant and equipment in the period of the six months ended 30 June 2019 and in the comparable period were attributed to the following:

	6 months to 30 June 2019 PLN thou.	6 months to 30 June 2018 PLN thou.
Net value of fixed assets as at 1 January	**20,334**	**17,851**
Increase through:	**3,012**	**6,337**
Purchase and upgrade	3,012	6,337
Decrease through:	**(9,833)**	**(3,182)**
Reclassification to assets from right of use (IFRS 16) as at 01/01/2019	(7,175)	-
Depreciation allowance for reporting period	(2,537)	(3,088)
Sales and liquidation	(121)	(94)
Net value of fixed assets as at 30 June	**13,513**	**21,046**

2.2. Intangible assets

Change in the net value of intangible assets during the six months ended 30 June 2019 and in the comparable period was due to the following events:

	6 months to 30 June 2019 PLN thou.	6 months to 30 June 2018 PLN thou.
Net value of intangible assets as at 1 January	**24,550**	**26,810**
Increase through:	**5,732**	**5,477**
Purchase	99	243
Capitalized costs of ongoing development projects	5,633	5,234
Decrease through:	**(6,579)**	**(6,195)**
Depreciation allowance for reporting period	(6,579)	(6,195)
Net value of intangible assets as at 30 June	**23,703**	**26,092**

Goodwill

Goodwill shown in the interim condensed financial statements includes goodwill created from the merger of Asseco Business Solutions S.A., Safo Sp. z o.o., Softlab Sp. z o.o., Softlab Trade Sp. z o.o. and WA-PRO Sp. z o.o., goodwill on consolidation resulting from the merger of Asseco Business Solutions S.A. with Anica System S.A. and goodwill created upon the acquisition of Macrologic S.A.

	30 June 2019 PLN thou.	31 December 2018 PLN thou.
Carrying value of goodwill	252,879	252,879
Goodwill presented in intangible assets	**252,879**	**252,879**

Goodwill is allocated to the cash-generating unit, which was also a separate operating segment – ERP Systems.

At 30 June 2019, there were no indications that there might be any loss of goodwill, and any assumptions to the impairment test at the end of 2018 (which are described in the financial statements for the year ended 31 December 2018 in Note 2.3) remain valid on the balance sheet date of 30 June 2019.

2.3. Assets from right of use

As described in II.5, in connection with the implementation of IFRS 16 as from 1 January 2019, assets from right of use of leased space were recognized in the Company's balance sheet.

During the six months ended 30 June 2019, changes in the net worth of these assets resulted from the following events:

	6 months to 30 June 2019 PLN thou.
Net value of assets from right of use as at 1 January	-
Translation of data resulting from adoption of IFRS 16	37,917
Reclassification from property, plant and equipment as at 1 January 2019	7,175
Increase through:	**365**
Purchase and upgrade	70
Modifications of agreements	295
Decrease through:	**(3,036)**
Depreciation allowance for reporting period	(3,036)
Net value of assets from right of use under economic activity as at 30 January	**42,421**

2.4. Inventories

The value of inventory write-down did not change significantly compared to the end of 2018, and as at 30 June 2018 amounted to PLN 161 thousand.

2.5. Financial assets

As at 30 June 2019 and as at 31 December 2018, the balance of financial assets comprised the following items:

	30 June 2019		31 December 2018	
	Long-term PLN thou. thou.	Short-term PLN thou.	Long-term PLN thou.	Short-term PLN
Financial assets valued at fair value through profit or loss, including				
forward contracts	-	256	-	109
Total	**-**	**256**	**-**	**109**

Financial assets measured at fair value through profit or loss included forward transactions concluded to hedge currency risk arising from foreign currency agreements.

In the six months ended 30 June 2019, the Company did not change the method of determining the fair value of financial instruments measured at fair value, and there were no transfers of instruments between levels of the fair value hierarchy.

According to the Company's assessment, the fair value of cash, short-term deposits, trade receivables, trade liabilities and other short-term liabilities does not differ from the carrying amounts largely due to the short period of maturity. The fair value of financial assets held by the Company as at 30 June 2019 and as at 31 December 2018 does not differ significantly from their carrying value.

As at 30 June 2019 and as at 31 December 2018, the Company held the following financial instruments measured at fair value:

30 June 2019	Carrying value	Level 1 i)	Level 2 ii)	Level 3 iii)
Financial assets measured at fair value through profit or loss				
Concluded forward contracts	256	-	256	-
Total	**256**	**-**	**256**	**-**

31 December 2018	Carrying value	Level 1 i)	Level 2 ii)	Level 3 iii)
Financial assets measured at fair value through profit or loss				
Concluded forward contracts	109	-	109	-
Total	**109**	**-**	**109**	**-**

i. fair value is determined based on quoted prices offered for identical assets in active markets;
ii. fair value determined by using models for which the input data is observable either directly or indirectly in active markets;
iii. fair value determined by using models for which the input data is not observable either directly or indirectly in active markets;

2.6. Prepaid expenses and accrued income

As at 30 June 2019 and as at 31 December 2018, the balance of prepayments and accruals consisted of the following items:

	30 June 2019		31 December 2018	
	Non-current	Current	Non-current	Current
	PLN thou.	*PLN thou.*	*PLN thou.*	*PLN thou.*
Prepaid services, including:	58	1,338	34	918
maintenance services and licence fees	46	465	21	254
insurances	-	534	-	37
prepaid training	-	*13*	-	*73*
other services	12	326	13	554
Total	**58**	**1,338**	**34**	**918**

2.7. Assets under contracts with customers and receivables

The table below presents balances of receivables and balances of assets under contracts with customers as at 30 30 June 2019 and as at 31 December 2018.

	30 June 2019	31 December 2018		
	Long-term	Short-term	Long-term	Short-term
	PLN thou. thou.	*PLN thou.*	*PLN thou.*	*PLN*
Trade receivables	-	**41,529**	-	**48,134**
From related parties, including:	-	**55**	-	**85**
Invoiced receivables	-	55	-	85
From other parties, including:	-	**41,474**	-	**48,049**
Invoiced receivables	-	41,361	-	47,924
Receivables not invoiced	-	113	-	125
Allowance on doubtful accounts (-)	-	**(2,028)**		**(1,775)**
Total trade receivables	-	**39,501**	-	**46,359**

The Company has appropriate policies in place for making the sale only to verified customers. In the opinion of the management, there is no need to create an additional write-down for expected credit losses.

Related party transactions are shown in item 2.14 of these interim condensed financial statements.

The following table presents the balances of contract assets as at 30 June 2019
31 and as at 31 December 2018.

	30 June 2019		31 December 2018	
	Long-term *PLN thou.*	Short-term *PLN thou.*	Long-term *PLN thou.*	Short-term *PLN*
Assets from contracts with customers				
Assets under contracts with customers	-	385	-	565
Total receivables under contracts with	-	**385**	-	**565**

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

Other receivables	30 June 2019 Non-current PLN thou.	Current PLN thou.	31 December 2018 Non-current PLN thou.	Current PLN thou.
Receivables from paid deposits	1,284	141	1,085	196
Other receivables	-	521	-	125
Other receivables total	**1,284**	**662**	**1,085**	**321**

Deposit receivables consist of deposits on the ESCROW account securing the payment of rent, tendering securities and securities of contracts as well as deposits for office rental.

2.8. Cash and short-term deposits

Cash at bank bears interest at variable interest rates, the amount of which depends on the interest rate on bank deposits.

The fair value of cash and short-term deposits at 30 June 2019 amounts to PLN 4,377 thousand (31 December 2018: PLN 12,800 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:

	30 June 2019 PLN thou.	31 December 2018 PLN thou.
Cash at bank in current accounts	4,265	1,387
Cash at bank in split payment accounts	70	60
Short-term deposits (overnight)	-	11,233
Cash in hand	33	40
Cash in transit	9	80
Total cash balance shown in balance sheet	**4,377**	**12,800**
Overdraft facilities used for current liquidity management	-	-
Total cash balance shown in cash flow statement	**4,377**	**12,800**

2.9. Bank loans

On 30 May 2017 Asseco Business Solutions S.A. entered into a credit facility agreement with Raiffeisen Bank Polska S.A. covering the amount of PLN 65,000 thousand. The credit facility is being used as follows:
- an overdraft facility of up to PLN 45,000 thousand with the repayment date of 30 June 2020;
- a revolving loan facility of up to PLN 20,000 thousand with the repayment date of 30 September 2020.

The collateral security is a power of attorney to the bank accounts at Raiffeisen Bank Polska S.A. and a declaration of submission to enforcement. The facility's interest is WIBOR 1M + margin.

In the reporting period, the Company did not grant any significant credit or loan sureties or guarantees – collectively to a single entity or its subsidiary.

	Maximum amount of debt	Effective interest rate %	Repayment date	30 June 2019		31 December 2018	
				Long-term	Short-term	Long-term	Short-term
Credits on running accounts				**-**	**21,593**	**-**	**-**
Credit on running account	45,000	WIBOR 1 mth+margin	30/06/2020	-	21,593	-	-
Credits revolving				**-**	**-**	**6,701**	**6,650**
Revolving credit	20,000	WIBOR 1 mth + margin	30/09/2020	-	-	6,701	6,650
TOTAL				**-**	**21,593**	**6,701**	**6,650**

In February 2019, the entire balance of the revolving loan liability of PLN 13,351 thousand PLN was repaid. However, as at 30 June 2019, the Company still had an overdraft facility.

2.10. Lease liabilities

As at 30 June 2019, the subject of finance lease agreements with the Company as the lessee were vehicles and real property.

The table below presents the balance of liabilities under finance lease as at 30 June 2019 and as at 31 December 2018:

	30 June 2019 (IFRS 16)		31 December 2018 (IAS 17)	
	Non-current PLN thou.	Current PLN thou.	Non-current PLN thou.	Current PLN thou.
Real property lease	36,669	5,347	-	-
Vehicle lease	3,633	1,722	4,502	1,688
Total	**40,302**	**7,069**	**4,502**	**1,688**

Real property lease

As at 30 June 2019, the net value of real property leased under finance lease agreements was PLN 35,782 thousand.

The total future cash flows and liabilities under real property lease agreements are as follows:

	30 June 2019 (IFRS 16) *PLN thou.*	31 December 2018 (IAS 17)* *PLN thou.*
Future undiscounted lease fees		
in less than 1 year	6,623	1,518
from 1 to 5 years	31,066	975
more than 5 years	9,640	-
Future undiscounted lease payments	**47,329**	**2,493**
Future interest expense	**(5,313)**	-
Current value of lease liabilities		
in less than 1 year	5,347	-
from 1 to 5 years	27,391	-
more than 5 years	9,278	-
Lease liability	**42,016**	-

(*) the comparable data in this note should be analyzed together with Note II.5: the table of reconciliation of lease liabilities under IAS 17 as at 31 December 2018 and the liability estimated as at 1 January 2019 in accordance with IFRS 16

Vehicle lease

As at 30 June 2019, the net value of leased vehicles within the meaning of IFRS 16 amounted to PLN 6,639 thousand.

The net worth of leased vehicles within the meaning of IAS 17 as at 31 December 2018 was PLN 7,175 thousand.

The total future cash flows and liabilities under vehicle lease agreements are as follows:

	30 June 2019 (IFRS 16) *PLN thou.*	31 December 2018 (IAS 17) *PLN thou.*
Future undiscounted lease fees		
in less than 1 year	1,917	1,917
from 1 to 5 years	3,868	4,826
more than 5 years	-	-
Future undiscounted lease payments	**5,785**	**6,743**
Future interest expense	**(430)**	**(553)**
Current value of lease liabilities		
in less than 1 year	1,722	1,688
from 1 to 5 years	3,633	4,502
more than 5 years	-	-
Lease liability	**5,355**	**6,190**

2.11. Liabilities under contracts with customers; current and non-current trade and other liabilities

As at 30 June 2019 and as at 31 December 2018, the Company's trade liabilities were as follows:

	30 June 2019	31 December 2018		
	Long-term	Short-term	Long-term	Short-term
	PLN thou. thou.	*PLN thou.*	*PLN thou.*	*PLN*
Trade liabilities				
To related parties, including:	**-**	**66**	**-**	**79**
Invoiced liabilities	-	66	-	40
to related parties	-	*66*	-	*40*
Liabilities not invoiced	-	-	-	39
to related parties	-	-	-	*39*
To other parties, including:	**-**	**4,712**	**-**	**4,950**
Invoiced liabilities	-	3,898	-	3,891
Liabilities not invoiced	-	814	-	1,059
Total trade liabilities	**-**	**4,778**	**-**	**5,029**

Trade liabilities are not interest-bearing. Related party transactions are shown in item 2.14 of the explanatory notes to these interim condensed financial statements.

As at 30 June 2019 and as at 31 December 2018, liabilities under contracts with customers were as follows:

	30 June 2019		31 December 2018	
	Long-term *PLN thou.*	Short-term *PLN thou.*	Long-term *PLN thou.*	Short-term *PLN thou.*
Liabilities under contracts with customers				
To other parties, including:	**-**	**10,770**	**-**	**11,134**
Prepaid expenses and accrued income from contracts with customers, including:		10,769	-	11,117
- *pre-paid maintenance services*	-	3,224	-	3,147
- *licence fees*	-	7,545	-	7,970
Liabilities from IT contract valuation	-	1	-	17
Total liabilities under contracts with customers	**-**	**10,770**	**-**	**11,134**

As at 30 June 2019 and as at 31 December 2018, other Company's liabilities arise from the following:

	30 June 2019		31 December 2018	
	Long-term *PLN thou.*	Short-term *PLN thou.*	Long-term *PLN thou.*	Short-term *PLN thou.*
Corporate income tax liabilities	**-**	**1,502**	**-**	**1,551**
Budgetary commitments				
VAT	-	3,810	-	5,229
Personal income tax (PIT)	-	734	-	1,656
Social Insurance Institution	-	3,372	-	3,357
Other	-	63	-	70
Total budgetary commitments	**-**	**7,979**	**-**	**10,312**
Other liabilities				
Other liabilities	-	1,786	-	1,866
Total other liabilities	**-**	**1,786**	**-**	**1,866**
Total budgetary commitments and other liabilities	**-**	**9,765**	**-**	**12,178**

2.12. Provisions

Changes in provisions in the six months ended 30 June 2019 and in the comparable period were attributed to the following:

	Provision for contractual penalties *PLN thou.*	Post-employment benefits *PLN thou.*	Provision for guarantee repairs *PLN thou.*	Other provisions *PLN thou.*	In total *PLN thou.*
As at 1 January 2019	**450**	**1,868**	**-**	**373**	**2,691**
Establishment (+)	113	-	-	-	**113**
Use (-)/Reversal (-)	(270)	-	-	-	**(270)**
As at 30 June 2019, including:	**293**	**1,868**	**-**	**373**	**2,534**
Current	293	59	-	373	**725**
Non-current	-	1,809	-	-	**1,809**
As at 01 January 2018	**-**	**1,462**	**25**	**373**	**1,860**
Establishment (+)	24	-	-	-	**24**
Use (-)/Reversal (-)	-	-	(25)	-	**(25)**
As at 30 June 2018, including:	**24**	**1,462**	**-**	**373**	**1,859**
Current	24	385	-	373	**782**
Non-current	-	1,077	-	-	**1,077**

Post-employment benefits are updated on a yearly basis.

2.13. Accruals

As at 30 June 2019 and as at 31 December 2018, the Company's accruals and deferred income were as follows:

	30 June 2019	**31 December 2018**		
	Non-current *PLN thou.*	**Current** *PLN thou.*	**Non-current** *PLN thou.*	**Current** *PLN thou.*
Accrued expenses, including				
Provision for unused leaves	-	5,004	-	3,642
Provision for bonuses for the management	-	8,046	-	7,895
	Total	**13,050**	**-**	**11,537**
Deferred income, including:				
Other	-	1	-	72
Total		**1**	**-**	**72**

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 scheme 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.

2.14. Related party transactions

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

Sales to related parties: Party's name	Transaction type	6 months to 30 June 2019 PLN thou.	6 months to 30 June 2018 PLN thou.
Transactions with related parties	i		
Asseco Poland S.A.	*sale of goods and services related to the rest of activities*	813	1,400
Other related parties	*sale of goods and services related to the rest of activities*	188	130
TRANSACTIONS TOTAL		**1,001**	**1,530**

Purchases from related parties Party's name	Transaction type	6 months to 30 June 2019 PLN thou.	6 months to 30 June 2018 PLN thou.
Transactions with related parties			
Asseco Poland S.A.	*rents and leases*	253	811
Asseco Poland S.A.	*interest on lease*	170	-
Other related parties	*rents and leases*	23	241
TRANSACTIONS TOTAL		**446**	**1,052**

Party's name	Trade and other receivables from related parties		Trade and other liabilities from related parties	
	30 June 2019 PLN thou.	31 December 2018 PLN thou.	30 June 2019 PLN thou.	31 December 2018 PLN thou.
Transactions with related parties				
Asseco Poland S.A.	19	40	7,936	67
Other related parties	36	45	6	12
TRANSACTIONS TOTAL	**55**	**85**	**7,942**	**79**

As at 30 June 2019, the balance of lease liabilities with related parties committed by the Company Executives was PLN 10,612 thousand. As at 30 June 2019, there were no outstanding balances of receivables arising from transactions with related parties committed by the Company Executives and with the Company Executives.

In the first six months of 2019, the cost of interest arising from lease with related parties committed by the Company Executives was PLN 199 thousand.

As at 31 December 2018, there were no outstanding balances of receivables or liabilities arising from transactions with related parties committed by the Company Executives and with the Company Executives.

According to the records of Asseco Business Solutions, in the six months ended 30 June 2019, the value (net) of purchases transactions of goods and services (including rental) from related parties by the Company Executives and with the Company Executive amounted to PLN 958 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 15 thousand.

3. Other explanatory notes

3.1. Additional explanations to cash flow statement

The table below shows items that were included in the row, “Changes in working capital:”

	6 months to 30 June 2019 *PLN thou.*	6 months to 30 June 2018 *PLN thou.*
Change in inventories	205	10
Change in receivables	6,498	(173)
Change in non-financial fixed assets	(170)	(83)
Change in the balance of liabilities and accruals and prepayments	(2,031)	(2,528)
Change in provisions	(157)	(1)
Total	**4,345**	**(2,775)**

The following table lists items concerning investing activities:

	6 months to 30 June 2019 *PLN thou.*	6 months to 30 June 2018 *PLN thou.*
Sale of property, plant and equipment	107	157
Acquisition of property, plant and equipment	(3,012)	(1,730)
Acquisition of intangible assets	(99)	(243)
Expenses for development work	(5,633)	(5,231)

3.2. Contingent liabilities

At 30 June 2019 (and at 31 December 2018), the Company did not have any contingent liabilities.

3.3. Headcount

Average employment during the reporting period	6 months to 30 June 2019	6 months to 30 June 2018
Management Board	4*	4*
Production departments	776	789
Trade departments	44	46
Administrative departments	43	47
Total	**867**	**886**

Employment as at:	30 June 2019	30 June 2018
Management Board	4*	4*
Production departments	799	801
Trade departments	50	51
Administrative departments	43	49
Total	**896**	**905**

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

3.4. Seasonality and cyclicality

The operations of Asseco Business Solutions 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.

3.5. Significant events after the balance sheet date

In the first six months of 2019, the Company concluded a vehicle lease agreement for five years. The lessor made the assets available to the Company in July 2019, so they were posted in the accounts in the same month. The estimated value of the lease liability is PLN 2,745 thousand.

3.6. Significant events concerning previous years

To the date of these financial statements for the six months ended 30 June 2019, that is, until 1 August 2019, there had been no events concerning previous years that are not, and should be, included in these financial statements.

3.7. Signatures of Board Members

Full name	Position/Function	Signature
Wojciech Barczentewicz	President of the Management Board	Signature Not Verified Document signed by Wojciech Barczentewicz Date: 2019.08.01 13:53:51 CEST
Piotr Masłowski	Vice-President of the Management Board	Signature Not Verified Document signed by Piotr Jerzy Masłowski Date: 2019.08.01 14:10:26 CEST
Andreas Enders	Vice-President of the Management Board	Signature Not Verified Digitally signed by Andreas Enders Date: 2019.08.01 16:18:35 CEST
Mariusz Lizon	Member of the Management Board	Signature Not Verified Document signed by Mariusz Paweł Lizon Date: 2019.08.01 12:44:16 CEST
Artur Czabaj	Person responsible for book-keeping	Signature Not Verified Document signed by Artur Czabaj Date: 2019.08.01 12:53:07 CEST

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